

SALEM COMMUNICATIONS CORP /DE/  
Form DEF 14A  
April 27, 2012  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities**  
**Exchange Act of 1934 (Amendment No.)**

Filed by the Registrant

Filed by a Party other than the Registrant

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<input type="checkbox"/>	Soliciting Material Pursuant to Rule §240.14a-12		<b>Only (as permitted by Rule 14a-6(e)(2))</b>

**SALEM COMMUNICATIONS CORPORATION**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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**4880 Santa Rosa Road**

**Camarillo, CA 93012**

**(805) 987-0400**

May 4, 2012

Dear Stockholder:

You are cordially invited to attend the 2012 Annual Meeting of Stockholders (the Annual Meeting ) of Salem Communications Corporation ( Salem ). The Annual Meeting is scheduled to be held on Friday, June 22, 2012, at Salem s corporate offices, which are located at 4880 Santa Rosa Road, Camarillo, California, at 9:30 a.m. P.D.T. As described in the accompanying Notice of Annual Meeting of Stockholders and Proxy Statement, the agenda for the Annual Meeting includes:

1. The election of the eight persons named in the accompanying proxy statement to the board of directors to serve until the next annual meeting of stockholders or until their respective successors are duly elected and qualified.
2. Proposal to increase the number of shares reserved for issuance under the amended and restated 1999 stock incentive plan.
3. Proposal to ratify the appointment of SingerLewak LLP as the company s independent registered public accounting firm.
4. To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

The board of directors recommends that you vote **FOR** the election of the slate of director nominees, **FOR** the proposal to increase the number of shares reserved for issuance under the amended and restated 1999 stock incentive plan and **FOR** the proposal to ratify the appointment of SingerLewak LLP as the company s independent registered public accounting firm. Please refer to the Proxy Statement for detailed information on the proposals. Directors and executive officers of Salem will be present at the Annual Meeting to respond to questions that our stockholders may have regarding the business to be transacted.

This year, we are using the U.S. Securities and Exchange Commission rule that permits companies to furnish their proxy materials over the Internet. Instead of mailing you a paper copy of the proxy materials, we will be mailing to you a Notice containing instructions on how to access our proxy materials over the Internet. If you received a Notice, a proxy card was not sent to you and you may vote only by telephone or via the Internet if you do not attend the Annual Meeting.

**We urge you to vote your proxy as soon as possible.** Your vote is very important, regardless of the number of shares you own. Whether or not you plan to attend the Annual Meeting in person, we urge you to vote your shares on-line, by telephone or, if you receive paper copies of the proxy materials by mail, by signing, dating and returning the enclosed proxy card promptly in the accompanying postage prepaid envelope. You may, of course, attend the Annual Meeting and vote in person even if you have previously returned your proxy card. The approximate date on which this Proxy Statement and the enclosed proxy card and Notice are first being sent or made available to stockholders is May 4, 2012. On behalf of the board of directors and all of the employees of Salem, we wish to thank you for your support.

Sincerely yours,

STUART W. EPPERSON

*Chairman of the Board*

EDWARD G. ATSINGER III

*Chief Executive Officer*

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to Be Held on**

**June 22, 2012: Our proxy statement for the 2012 Annual Meeting of Stockholders and Annual Report on Form 10-K for**

**the year ended December 31, 2011 are available at [www.proxyvote.com](http://www.proxyvote.com)**

**If you have any questions concerning the Proxy Statement or the accompanying proxy card, or if you need any help in**

**voting your shares, please telephone Christopher J. Henderson of Salem at (805) 987-0400.**

**PLEASE VOTE YOUR SHARES**

**ON-LINE, BY TELEPHONE OR BY**

**SIGNING, DATING AND RETURNING**

**THE ENCLOSED PROXY CARD TODAY.**

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**4880 Santa Rosa Road**

**Camarillo, CA 93012**

**(805) 987-0400**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held on June 22, 2012**

NOTICE IS HEREBY GIVEN that the 2012 Annual Meeting of Stockholders (the "Annual Meeting") of Salem Communications Corporation ("Salem") will be held on Friday, June 22, 2012 at 9:30 a.m. P.D.T. at Salem's corporate offices, which are located at 4880 Santa Rosa Road, Camarillo, California, subject to adjournment or postponement by the board of directors, for the following purposes:

1. The election of the eight persons named in the accompanying proxy statement to the board of directors to serve until the next annual meeting of stockholders or until their respective successors are duly elected and qualified; and
2. Proposal to increase the number of shares reserved for issuance under the amended and restated 1999 stock incentive plan.
3. Proposal to ratify the appointment of SingerLewak LLP as the company's independent registered public accounting firm.

4. To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof. Only holders of record of Salem's Class A common stock, par value \$0.01 per share, and Class B common stock, par value \$0.01 per share, on April 24, 2012, the record date, are entitled to notice of, and to vote at, the Annual Meeting and any adjournments or postponements thereof. A list of such stockholders will be available for examination by any stockholder at the time and place of the Annual Meeting.

**Holders of a majority of the voting power of the outstanding shares of the Class A common stock and of the Class B common stock must be present in person or by proxy in order for the Annual Meeting to be held. Therefore, we urge you to review the accompanying proxy card and either vote by (a) Internet or by telephone as instructed in this proxy statement, or (b) by signing, dating and returning your completed proxy in the enclosed postage prepaid envelope whether or not you expect to attend the Annual Meeting in person. If you attend the Annual Meeting and wish to vote your shares personally, you may do so by validly revoking your proxy as described below.**

Prior to the voting thereof, a proxy may be revoked by the person executing such proxy by: (i) filing with the Secretary of Salem, prior to the commencement of the Annual Meeting, either a duly executed written notice dated subsequent to such proxy revoking the same or a duly executed proxy bearing a later date, or (ii) attending the Annual Meeting and voting in person.

By order of the board of directors,

CHRISTOPHER J. HENDERSON  
*Secretary*

Camarillo, California

May 4, 2012

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to Be Held on June 22, 2012: Our proxy statement for the 2012 Annual Meeting of Stockholders and Annual Report on Form 10-K for the year ended December 31, 2011, are available at**

*www.proxyvote.com*

**YOUR VOTE IS IMPORTANT.**

**TO VOTE YOUR SHARES, PLEASE VOTE**

**ONLINE, BY TELEPHONE OR BY**

**SIGNING AND DATING THE ENCLOSED PROXY CARD**

**AND MAILING IT PROMPTLY**

**IN THE ENCLOSED RETURN ENVELOPE.**

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**SALEM COMMUNICATIONS CORPORATION**

**4880 Santa Rosa Road**

**Camarillo, CA 93012**

**(805) 987-0400**

**PROXY STATEMENT**

**ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held on June 22, 2012**



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**INTRODUCTION**

This Proxy Statement is furnished in connection with the solicitation by the board of directors (the **board** or the **board of directors** ) of Salem Communications Corporation, a Delaware corporation (the **Company** ), of proxies for use at the 2012 Annual Meeting of Stockholders of the Company (the **Annual Meeting** ) scheduled to be held at the time and place and for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders.

**INFORMATION REGARDING VOTING AT THE ANNUAL MEETING**

**General**

At the Annual Meeting, the stockholders of the Company are being asked to consider and to vote upon the following proposals:

**Proposal 1** The election of the eight directors named in this Proxy Statement to serve until the annual meeting of stockholders to be held in the year 2013 or until their respective successors are duly elected and qualified.

For information regarding this proposal, see the section of this Proxy Statement entitled **PROPOSAL 1 ELECTION OF DIRECTORS**.

**Proposal 2** Proposal to increase the number of shares reserved for issuance under the amended and restated 1999 stock incentive plan.

For information regarding this proposal, see the section of this Proxy Statement entitled **PROPOSAL 2 PROPOSAL TO INCREASE THE NUMBER OF SHARES RESERVED FOR ISSUANCE UNDER THE AMENDED AND RESTATED 1999 STOCK INCENTIVE PLAN**.

**Proposal 3** Proposal to ratify the appointment of SingerLewak LLP as the company's independent registered public accounting firm.

For information regarding this proposal, see the section of this Proxy Statement entitled **PROPOSAL 3 PROPOSAL TO RATIFY THE APPOINTMENT OF SINGERLEWAK LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**.

Shares represented by properly executed proxies received by the Company will be voted at the Annual Meeting in the manner specified therein or, if no instructions are marked on the enclosed proxy card, **FOR** each of the director nominees identified on such proxy card for such directors, and **FOR** each of Proposals 2 and 3 as the holder of such shares is entitled to vote. Although management does not know of any matter other than the proposals described above to be acted upon at the Annual Meeting, unless contrary instructions are given, shares represented by valid proxies will be voted by the persons named on the accompanying proxy card in accordance with their respective best judgment in respect of any other matters that may properly be presented for a vote at the Annual Meeting.

Execution of a proxy will not in any way affect a stockholder's right to attend the Annual Meeting and vote in person, and any person giving a proxy has the right to revoke it at any time before it is exercised by: (a) filing with the Secretary of Salem, prior to the commencement of the Annual Meeting, either a duly executed written notice dated subsequent to such proxy revoking the same or a duly executed proxy bearing a later date, or (b) attending the Annual Meeting and voting in person.

The mailing address of the principal executive offices of the Company is 4880 Santa Rosa Road, Camarillo, California 93012, and its telephone number is (805) 987-0400.

**Record Date, Quorum and Voting**

Only stockholders of record on April 24, 2012 (the **Record Date** ) will be entitled to notice of and to vote at the Annual Meeting. There were outstanding on the Record Date 18,761,931 shares of Class A common stock, par value \$0.01 per share ( **Class A common stock** ), and 5,553,696 shares of Class B common stock, par value \$0.01 per share ( **Class B common stock** ) (the **Class A common stock** and the **Class B common stock** are collectively referred to as the **common stock** ). Each share of outstanding Class A common stock is entitled to one vote on each matter to be voted on at the Annual Meeting and



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each share of outstanding Class B common stock is entitled to ten votes on each matter to be voted on at the Annual Meeting, except that, as provided in the Company's Amended and Restated Certificate of Incorporation, the holders of Class A common stock shall be entitled to vote as a class, exclusive of the holders of the Class B common stock, to elect two Independent Directors. The two Independent Directors shall be elected by a majority of the votes of the shares of Class A common stock present in person or represented by proxy and entitled to vote on the election of the Independent Directors; the remaining six directors will be elected by a majority of the votes of the shares of Class A common stock and Class B common stock present in person or represented by proxy and entitled to vote on the election of such directors. For information regarding the election of the Independent Directors, see the section of this Proxy Statement entitled PROPOSAL 1 ELECTION OF DIRECTORS.

The presence, in person or by proxy, of the holders of at least a majority of the voting power of the common stock issued and outstanding and entitled to vote is necessary to constitute a quorum at the Annual Meeting. In the event there are not sufficient shares for a quorum at the time of the Annual Meeting, the Annual Meeting may be adjourned in order to permit the further solicitation of proxies.

Only votes cast in person at the Annual Meeting or received by proxy before the beginning of the Annual Meeting will be counted. Giving us your proxy means you authorize us to vote your shares at the Annual Meeting in the manner you direct. If your shares are held in your name, you can vote by proxy in three convenient ways as follows:

***On-Line Voting:*** Go to <http://www.proxyvote.com> and follow the instructions

***By Telephone:*** Call toll-free 1-800-690-6903 and follow the instructions

***By Mail:*** Complete, sign, date and return your proxy card in the enclosed envelope

Telephone and Internet voting facilities for stockholders of record will be available 24 hours a day and will close at 11:59 p.m. on June 21, 2012.

Under Delaware law and the Company's Amended and Restated Certificate of Incorporation and Bylaws, abstentions and broker non-votes are counted for the purpose of determining the presence or absence of a quorum for the transaction of business. With regard to the election of directors, votes may be cast in favor of or against any particular director nominee. With regard to Proposals 2 and 3, votes may be cast in favor of or against the respective proposal. Any stockholder proposals that properly come before the Annual Meeting require, in general, the affirmative vote of a majority of the voting power of the shares of Class A common stock and Class B common stock present, in person or represented by proxy, at the Annual Meeting and entitled to vote on the subject matter. For Proposals 1, 2 and 3, abstentions will be counted in tabulations of the votes cast on a proposal and will have the same effect as a vote against the proposal, whereas broker non-votes will not be counted for purposes of determining whether the proposal has been approved. If you hold shares of our common stock through a broker, bank or other nominee, then you hold shares in street name. Thus, you must instruct the broker, bank or other nominee as to how to vote your shares. Under the rules of the New York Stock Exchange ( NYSE ), if you do not provide such instructions, the firm that holds your shares will have discretionary authority to vote your shares with respect to routine matters. Pursuant to NYSE rules, Proposals 1 and 2 are not considered routine matters. Thus, your broker will not have discretionary authority to vote your shares in connection with Proposals 1 and 2 if you do not provide it with instructions.

**Electronic Access to Proxy Materials**

Pursuant to applicable United States Securities and Exchange Commission ( SEC ) rules, the Company is making this proxy statement and its Annual Report on Form 10-K available to its stockholders electronically via the Internet at [www.proxyvote.com](http://www.proxyvote.com). On or about May 4, 2012, we will mail to stockholders a Notice containing instructions on how to access this proxy statement along with our Annual Report on Form 10-K as well as instructions on how to vote online. The Notice also instructs you on how you may submit your proxy vote securely over the Internet or by telephone. You will not automatically receive a printed copy of the proxy statement and annual report. If you would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials as set forth in the Notice.

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### **Solicitation**

The cost of preparing, assembling and sending the Notice of Annual Meeting of Stockholders, this Proxy Statement and the enclosed proxy card will be paid by the Company. Following the delivery of this Proxy Statement, directors, officers and other employees of the Company may solicit proxies by mail, telephone, facsimile or other electronic means or by personal interview. Such persons will receive no additional compensation for such services. Brokerage houses and other nominees, fiduciaries and custodians nominally holding shares of Class A common stock of record will be requested to forward proxy soliciting material to the beneficial owners of such shares, and will be reimbursed by the Company for their reasonable charges and expenses in connection therewith.

### **Householding**

With regard to the delivery of Annual Reports and Proxy Statements, under certain circumstances the SEC permits a single set of such documents or, where applicable, one Notice, to be sent to any household at which two or more stockholders reside if they appear to be members of the same family. Each stockholder, however, still receives a separate proxy card. This procedure, known as "householding," reduces the amount of duplicate information received at a household and reduces delivery and printing costs as well. A number of banks, brokers and other firms have instituted householding and have previously sent a notice to that effect to certain of the Company's stockholders whose shares are registered in the name of such bank, broker or other firm. As a result, unless the stockholders receiving such notice gave contrary instructions, only one Annual Report and/or Proxy Statement, as applicable, will be delivered to an address at which two or more stockholders reside. If any stockholder residing at such an address wishes to receive a separate Annual Report or Proxy Statement for the Annual Meeting or for future stockholder meetings, such stockholder should telephone toll-free 1-800-579-1639, or write to Salem Communications Corporation c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. A separate set of proxy materials relating to the Annual Meeting will be sent promptly following receipt of your request. In addition, if any stockholder who previously consented to householding desires to receive a separate copy of a Proxy Statement or Annual Report, as applicable, for each stockholder at his or her same address, such stockholder should contact his or her bank, broker or other firm in whose name the shares are registered or contact the Company at the address or telephone number listed on page 1 of this Proxy Statement. Similarly, a stockholder may use any of these methods if such stockholder is receiving multiple copies of a Proxy Statement or Annual Report and would prefer to receive a single copy in the future.

**Table of Contents****THE BOARD OF DIRECTORS AND EXECUTIVE OFFICERS****Board of Directors**

The board of directors presently consists of seven members and will be increased to eight members in connection with the election of directors at the Annual Meeting. The following table sets forth certain information as of April 24, 2012, except where otherwise indicated, with respect to the directors of the Company. Each of the directors of the Company serves a one-year term and all directors are subject to re-election at each annual meeting of stockholders.

<b>Name of Director</b>	<b>Age</b>	<b>First Became Company Director</b>	<b>Position(s) Held with the Company</b>
Stuart W. Epperson	75	1986	Chairman of the Board
Edward G. Atsinger III	72	1986	CEO and Director
David Davenport	61	2001	Director
Roland S. Hinz	73	1997	Director
Richard A. Riddle	67	1997	Director
Jonathan Ververloh	40	2011	Director
Dennis M. Weinberg	59	2005	Director
Frank Wright	59	N/A	Director Nominee

**Board Composition**

As a national media presence focused on the Christian and family themed audience and the conservative news talk audience, our business involves an operational structure that operates on a broad scale and encompasses research, technical developments, and marketing functions in a context characterized by rapidly evolving technologies, exposure to business cycles, and significant competition. The Company's Nominating and Corporate Governance Committee is responsible for reviewing and assessing with the board the appropriate skills, experience, and background sought of board members in the context of our business and the then-current membership on the board. This assessment of board skills, experience, and background includes numerous diverse factors, such as understanding of and experience in radio and new media; understanding of our audience and the ministries that serve them; and finance, marketing and advertising experience. The priorities and emphasis of the Nominating and Corporate Governance Committee and of the board with regard to these factors may change from time to time to take into account changes in the Company's business and other trends, as well as the portfolio of skills and experience of current and prospective board members. The Nominating and Corporate Governance Committee and the board will review and assess the continued relevance of and emphasis on these factors as part of the board's annual self-assessment process and in connection with candidate searches to determine if they are effective in helping to satisfy the board's goal of creating and sustaining a board that can appropriately support and oversee the Company's activities.

We believe that it is important for our board members to have diverse backgrounds, skills and experiences and seek such diversity in nominating director candidates. One goal of this diversity of backgrounds, skills and experience is to assist the board in its oversight concerning our business and operations. We consider the key skills, qualifications and experience listed below as important for our directors to have in light of our current business and structure. The directors' biographies provided later in this Proxy Statement note each director's relevant skills, qualifications and experience. As part of an annual effectiveness review, the board evaluates its composition to ensure that the board as a whole sufficiently represents a diverse set of relevant background, skill and experience.

*Senior Executive Leadership Experience.* Directors who have served in senior executive leadership positions are important to us, as they bring experience and perspective in analyzing, shaping, and overseeing the execution of important operational and policy issues at a senior level. The insights and guidance of these directors, particularly those directors who have experience at businesses or organizations that operated on a global scale, faced significant competition, and/or involved technology or other rapidly evolving business models, enhance our board's ability to assess and respond to situations faced by the Company.



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*Public Company Board Experience.* Directors who have served on other public company boards can offer insights with regard to the dynamics and operation of a board of directors; corporate governance matters, including experience with respect to the relationship of a board to the CEO and other management personnel; the importance of particular public company agenda and oversight matters; and oversight of a changing mix of strategic, operational, and compliance-related matters.

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*Business Development Experience.* Directors who have a background in business development can provide insight into developing and implementing strategies for growing our business through acquisitions.

*Financial Experience.* Knowledge of accounting and financial reporting processes, as well as the financial markets, financing and funding operations, is important because it assists our directors in understanding and overseeing the Company's financial reporting, internal controls, capital structure, financing and investing activities.

*Relevant Experience with our Audiences and Programmers.* Directors who have relevant experience with the Christian and family themed audience and the conservative news talk audience can provide insight and expertise in assisting the board's implementation of Company strategies for growing our business by providing an engaging experience with our radio stations, Internet sites and other services. Directors with experience and knowledge of the business of our programmers and content providers can also assist the board with analyzing, reviewing and approving mutually beneficial and significant relationships between these content providers and the Company.

*Legal Expertise.* Directors who have legal education and experience can assist the board in fulfilling its responsibilities related to the oversight of the Company's legal and regulatory compliance, and engagement with regulatory authorities.

*Radio Experience.* Knowledge of the radio industry and the challenges and opportunities of radio broadcasting companies is vitally important because it enables our directors to understand and oversee many aspects of the Company's operations, goals and strategies.

*New Media Experience.* As the radio industry is faced with challenges and opportunities created by the emergence of new media, the board benefits from including directors who have relevant experience with these new and emerging means of distributing programming and enhancing our audience's ability to access information provided by the Company.

Set forth below is certain information concerning the principal occupation and business experience of each of the directors during the past five years and other relevant experience.

### **Stuart W. Epperson**

Mr. Epperson has been Chairman of the Board of the Company since its inception. He is also a director of Salem Communications Holding Corporation, a wholly-owned subsidiary of the Company. Mr. Epperson has been engaged in the ownership and operation of radio stations since 1961. Mr. Epperson has been a member of the board of directors of the National Religious Broadcasters for a number of years; he was re-elected to a three-year term on that board in February 2010. Mr. Epperson is married to Nancy A. Epperson, who is Mr. Atsinger's sister.

As co-founder of the Company, Mr. Epperson provides the board with extensive and valuable radio and senior executive leadership experience, business development experience and insight into the background and vision of the Company. His past political experience as well as his continuing operation of radio stations for related businesses provide the board with valuable relevant experience with the needs and goals of our audience and our programmers and enable Mr. Epperson to contribute to the board by assessing the many and varied strategic opportunities presented to the Company.

### **Edward G. Atsinger III**

Mr. Atsinger has been Chief Executive Officer, a director of the Company and a director of each of the Company's subsidiaries since their inception. He was President of Salem from its inception through June 2007. He has been engaged in the ownership and operation of radio stations since 1969. Mr. Atsinger has been a member of the board of directors of the National Religious Broadcasters for a number of years; he was re-elected to a three-year term on that board in February 2010. He has also been a member of the National Association of Broadcasters Radio Board since 2008. Mr. Atsinger has been a member of the board of directors of Oaks Christian School in Westlake Village, California since 1999. Mr. Atsinger is the brother-in-law of Mr. Epperson.



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As co-founder of the Company, Mr. Atsinger provides the board with extensive and valuable radio and senior executive leadership experience, business development experience and insight into the background and vision of the Company. His longstanding association with and service on many broadcasting-related boards of directors over the years also provides valuable radio and new media experience as well as an understanding of the broader needs and challenges facing our industry.

### **David Davenport**

Mr. Davenport has been a director of the Company since November 2001. Mr. Davenport is Counselor to the Director of the Hoover Institution (since 2008) and a Research Fellow (since 2001). He was a Distinguished Professor of Public Policy at Pepperdine University from 2003 to 2008. Mr. Davenport was the Chief Executive Officer of Starwire Corporation, a software service company formerly known as Christianity.com, from June 2000 to May 2001. Mr. Davenport served as President of Pepperdine University from 1985 to 2000 and from 1980 through 1985 he served as a Professor of Law, General Counsel, and Executive Vice President of the University. Mr. Davenport currently serves on the boards of Forest Lawn Memorial Parks Association and California Forward. Mr. Davenport also served on the board of directors of Ameron International Corporation from December 2002 through March 2011.

As a scholar, educator, executive and attorney, Mr. Davenport brings to the board valuable senior executive leadership experience, new media experience, public company board experience, and legal expertise.

### **Roland S. Hinz**

Mr. Hinz has been a director of the Company since September 1997. Mr. Hinz has been the owner, President and Editor-in-Chief of Hi-Torque Publishing Company, a publisher of magazines covering the motorcycling and biking industries, since 1982. Mr. Hinz is also the managing member of Hi-Favor Broadcasting, LLC, the licensee of radio stations KLTX-AM, Long Beach, California, and KEZY-AM, San Bernardino, California (which were acquired from the Company in August 2000 and December 2001, respectively), and radio station KSDO-AM, San Diego, California. Mr. Hinz also serves on the board of directors of the Association for Community Education, Inc., a not-for-profit corporation operating Spanish Christian radio stations in California. Mr. Hinz also served on the board of directors of Truth for Life, a non-profit organization that is a customer of the Company, from 2000 through September 2010.

Mr. Hinz's qualifications to serve on the board include his extensive business experience, skills and acumen reflected in his senior executive management experience as President and Editor-in-Chief of a magazine publishing company. He also has served as a board member for several not-for-profit organizations, enabling him to bring valuable cross-board experience as well as relevant experience with our audience and programmers.

### **Richard A. Riddle**

Mr. Riddle has been a director of the Company since September 1997. Mr. Riddle is an independent businessman specializing in providing financial assistance and consulting to individuals and manufacturing companies. He was President and majority stockholder of I. L. Walker Company from 1988 to 1997 when that company was sold. He also was Chief Operating Officer and a major stockholder of Richter Manufacturing Corp. from 1970 to 1987. In October 2010, Mr. Riddle joined the board of directors of Truth for Life, a non-profit organization that is a customer of the Company.

Having an extensive career in financial matters, Mr. Riddle brings to the board significant financial experience enabling him to assess and provide oversight concerning business and financial matters addressed by the Company.

### **Jonathan Venverloh**

Mr. Venverloh has been a director of the Company since September 2011. Mr. Venverloh has worked in digital media and advertising since 1994, including more than ten years at Google and stints at a major news website and global advertising agencies. Mr. Venverloh has served as Senior Manager at Google since October 2011. He was previously at Google from 2000-2010 and he served as Head of Distribution Partnerships and launched Google's Enterprise Division. From 1997 to 1999, Mr. Venverloh led Weather.com's sales efforts for the West Coast. From 1994 to 1996 he worked at global ad agencies Saatchi & Saatchi and DDB Needham. Mr. Venverloh has also served as an advisor to digital media startups and served on the board of directors of several non-profits. He earned a Bachelor of Arts in Advertising from Southern Methodist University and a Master's Degree in Management from the Stanford Graduate School of Business.



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Mr. Venverloh brings to the board valuable senior executive leadership experience and extensive digital media and advertising expertise. With senior management experience at a large public Internet company as well as service as an advisor to smaller digital media startups, Mr. Venverloh is well-positioned to advise the board on a wide cross-section of new media matters.

### **Dennis M. Weinberg**

Mr. Weinberg has been director of the Company since 2005. Mr. Weinberg was one of the founding directors for WellPoint, a health benefits company. From February 2002 to May 2006, Mr. Weinberg served as President and Chief Executive Officer for ARCUS Enterprises, a WellPoint business development subsidiary. Previously, Mr. Weinberg served for nearly 20 years in a variety of CEO, Group President, and Executive Vice President positions with WellPoint and its various affiliates. Prior to WellPoint, Mr. Weinberg held a variety of business consulting positions with the accounting firm of Touche-Ross and Company (currently Deloitte & Touche) in Chicago. Before that, he was general manager for the CTX Products Division of Pet, Inc. at the time, an I.C. Industries Company in St. Louis, Missouri, a designer and manufacturer of commercial computerized processing equipment. Mr. Weinberg also serves as a board member and chairman of the audit committee for Dole Food Company (NYSE: DOLE) since November 2009. Mr. Weinberg serves as a board member of Renal Ventures Management and as a board member of Applied Merchants Systems, Inc. Mr. Weinberg is a General Member of the development companies of FRWII, LLC, SkyView Development, LLC and KNIC, LLC. He is the co-founder of Cornerstone Network Associates, Life Skills for American Families, and is an advisor for the Pacific Justice Institute. Mr. Weinberg served on the board of directors of Truth for Life from November 2003 to September 2007. Truth for Life is a non-profit organization that is a customer of the Company.

Mr. Weinberg has significant executive experience with the strategic, financial, and operational requirements of large research and manufacturing-oriented organizations, and brings to our board senior executive leadership and financial experience. In addition, having served as CEO of health care companies, he has substantial experience in dealing with research and development efforts and technological innovation, which has provided him with insight into the challenges and fast-moving developments of new media. As a director of another public company board, including serving as its audit committee chair, Mr. Weinberg also provides public company cross-board experience.

### **Frank Wright**

Mr. Wright serves as President and Chief Executive Officer of the National Religious Broadcasters (NRB), a position he has held for nine years. Prior to joining NRB in 2003, he served for seven years as Executive Director of the Center for Christian Statesmanship based on Capitol Hill. As head of the world's largest Christian media association, Mr. Wright has significant and wide-ranging experience in the electronic media marketplace, including active engagement in the regulatory and public policy processes centered in Washington, DC. He is an ordained Elder in the Presbyterian Church (PCA). Mr. Wright's extensive corporate governance experience includes board service for The Evangelical Council for Financial Accountability, Knox Theological Seminary, The NRB Television Network, and Evangelism Explosion International. Mr. Wright was recommended by the Nominating and Corporate Governance Committee and selected as a director nominee by the board.

It is anticipated that Mr. Wright will bring valuable financial expertise as both an academic and practitioner, along with broad and cross-sectional knowledge of the electronic media landscape as a director of the Company. With his knowledge of and recognized presence on Capitol Hill, Mr. Wright also brings added strength to the public policy process.

### **Director Independence and Executive Sessions**

The Company's board of directors evaluated the independence of each of the Company's directors pursuant to the listing standards of the NASDAQ Stock Market (NASDAQ Rules). During this review, and as more specifically described in the section of this Proxy Statement entitled "CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS", below, the board of directors considered various transactions and relationships among directors (and their affiliates or family members), members of the Company's senior management, affiliates and subsidiaries of the Company and certain other parties that occurred during the past three fiscal years. This review was conducted to determine whether, under the NASDAQ Rules, any such relationships or transactions would affect the board of directors' determination as to each director's independence from management.

Upon conclusion of this review, the board of directors determined that, of the directors nominated for election at the Annual Meeting, a majority of the board (comprised of Messrs. Davenport, Hinz, Riddle, Venverloh and Weinberg) is, or in the case of nominee Frank Wright, will if elected be, independent of the Company and its senior management as required by the NASDAQ Rules. As part of its evaluation of the independence of nominee Frank Wright, the board of directors considered



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his position as an executive officer of the NRB and determined that his service in such position does not have an adverse impact upon the board's determination that Mr. Wright will, if elected, be considered independent of the Company and its senior management as required by the NASDAQ Rules.

The NASDAQ Rules also require that independent members of the board of directors meet periodically in executive sessions during which only independent directors are present. The Company's independent directors have met separately in such executive sessions and in the future will regularly meet in executive sessions as required by the NASDAQ Rules.

**Committees of the Board of Directors**

The Company's board of directors has three committees: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. The following table identifies the independent members of the board of directors and lists the members and chairman of each of these committees:

Name	Independent	Audit	Compensation	Nominating and Corporate Governance
		Committee	Committee	Committee
Stuart W. Epperson				
Edward G. Atsinger III				
David Davenport	I		C	X
Roland S. Hinz	I	X	X	X
Richard A. Riddle	I	X	X	C
Jonathan Ververloh	I	X		X
Dennis M. Weinberg	I	C		X

**I = Director is independent**

**X = Current member of committee**

**C = Current member and chairman of the committee**

**Audit Committee**

The Audit Committee currently consists of Messrs. Weinberg (Chairman), Hinz, Riddle and Ververloh, each of whom is independent under the NASDAQ Rules and applicable SEC rules and regulations. The board of directors has determined that Mr. Weinberg, the Audit Committee Chairperson, qualifies as an audit committee financial expert, as defined and required by applicable SEC rules and regulations.

The Audit Committee held four regularly-scheduled meetings and three special meetings in 2011 and operates under a written charter adopted by the board of directors. The Audit Committee and the Company's board of directors annually (or more often as needed) review the charter to ensure it conforms to current laws and practices. This charter is available on the Company's Internet website ([www.salem.cc](http://www.salem.cc)) and a copy of the charter may be obtained upon written request from the Secretary of the Company. **Any information found on the Company's website is not a part of, or incorporated by reference into, this or any other report of the Company filed with, or furnished to, the SEC.**

The Audit Committee's responsibilities are generally to assist the board of directors in fulfilling its legal and fiduciary responsibilities relating to accounting, audit and reporting policies and practices of the Company and its subsidiaries. The Audit Committee also, among other things, oversees the Company's financial reporting process, retains and engages the Company's independent registered public accounting firm, approves



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the fees for the Company's independent registered public accounting firm, monitors and reviews the quality, activities and functions of the Company's independent registered public accounting firm, and monitors the adequacy of the Company's operating and internal controls and procedures as reported by management and the Company's independent registered public accounting firm. The Audit Committee Report set forth later in this Proxy Statement provides additional details about the duties and activities of this committee.

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### **Compensation Committee**

As provided under applicable laws and rules, the Company's board of directors delegates authority for compensation matters to the Compensation Committee of the board of directors. The Compensation Committee's membership is determined by the board of directors. The Compensation Committee currently consists of Messrs. Davenport (Chairman), Hinz and Riddle, each of whom is independent under the NASDAQ Rules. The Compensation Committee is authorized to review and approve compensation, including non-cash benefits, and severance arrangements for the Company's Section 16 officers and employees and to approve salaries, remuneration and other forms of additional compensation and benefits as it deems necessary. The Compensation Committee also administers the Company's Amended and Restated 1999 Stock Incentive Plan (the "Stock Plan").

The Compensation Committee held three regularly scheduled meetings in 2011. The Compensation Committee meets at least twice annually and at additional times as are necessary or advisable to fulfill its duties and responsibilities.

The role of the Company's Compensation Committee is to oversee the Company's compensation and benefit plans and policies, administer the Stock Plan (including reviewing and approving equity grants to elected officers), and review and approve all compensation decisions relating to elected officers, including those for the Company's Named Executive Officers. In 2011, the actions of the Compensation Committee included: reviewing objective benchmarks and metrics by which a Named Executive Officer's performance can be measured; and analyzing peer compensation and performance data for comparison with the Company's Named Executive Officers. The Compensation Committee has delegated limited authority to Edward G. Atsinger III, the Company's Chief Executive Officer, to grant up to \$150,000 of options to purchase the Company's Class A common stock annually (measured each calendar year without carry-over of unused grant authority from year to year). The \$150,000 is calculated at a price equal to the price of the Company's Class A common stock at the NASDAQ market close on the date the stock options are granted. This delegated authority is subject to prompt notification to the Compensation Committee of the issuance of any such grants and ratification of any such grants at the next regularly scheduled Compensation Committee meeting following the date of such grants.

The Company's Named Executive Officers do not determine or approve any element or component of their own compensation. The Company's CEO provides a recommendation to the Compensation Committee for base salary and annual incentive compensation for the Named Executive Officers reporting to him.

The Compensation Committee operates pursuant to a charter that was approved by the board of directors. The charter sets forth the responsibilities of the Compensation Committee. The Compensation Committee and the Company's board of directors annually (or more often as needed) review the charter to ensure it conforms to current laws and practices. This charter is available on the Company's Internet website ([www.salem.cc](http://www.salem.cc)) and a copy of the charter may be obtained from the Secretary of the Company upon written request. ***Any information found on the Company's website is not a part of, or incorporated by reference into, this or any other report of the Company filed with, or furnished to, the SEC.***

### **Nominating and Corporate Governance Committee**

The Nominating and Corporate Governance Committee currently consists of Messrs. Riddle (Chairman), Davenport, Hinz, Venverloh and Weinberg, each of whom is independent under the NASDAQ Rules. The Nominating and Corporate Governance Committee held three regularly scheduled meetings in 2011.

The Nominating and Corporate Governance Committee is authorized to: (a) develop and recommend a set of corporate governance standards to the board of directors for adoption and implementation, (b) identify individuals qualified to become members of the board of directors, (c) recommend that director nominees be elected at the Company's next annual meeting of stockholders, (d) recommend nominees to serve on each standing committee of the board of directors, (e) lead in the annual review of board performance and evaluation of the board's effectiveness, (f) ensure that succession planning takes place for the position of chief executive officer and other key Company senior management positions, and (g) analyze, review and, where appropriate, approve all related party transactions to which the Company or its subsidiaries or affiliates are a party, all in accordance with applicable rules and regulations.

To qualify as a nominee for service on the board of directors, a candidate must have sufficient time and resources available to successfully carry out the duties required of a Company board member. The Nominating and Corporate Governance Committee desires to attract and retain highly qualified directors who will diligently execute their responsibilities and enhance their knowledge of the Company's core businesses and seeks directors who possess some or all of the skills, qualifications and experience described under "Board Composition" in this Proxy Statement.



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The Nominating and Corporate Governance Committee implements the Company's policy regarding stockholder nominations by considering nominees for director positions that are made by the Company's stockholders. Any stockholder desiring to make such a nomination must submit in writing the name(s) of the recommended nominee(s) to the Secretary of the Company at least 90 days before nor earlier than 120 days prior to the first anniversary of the preceding annual meeting of stockholders. The written submission must also contain biographical information about the proposed nominee, a description of the nominee's qualifications to serve as a member of the board of directors, and evidence of the nominee's valid consent to serve as a director of the Company if nominated and duly elected.

The Company's directors provide oversight of the Company's management and play a key role in shaping the strategic direction of the Company. Consistent with the Company's Nominating and Corporate Governance Charter, the Nominating and Corporate Governance Committee considers various criteria in board candidates, including, the skills, qualifications and experience described under Board Composition in this Proxy Statement, as well as their appreciation of the Company's core purpose, core values, and whether they have time available to devote to board activities. The Nominating and Corporate Governance Committee also considers whether a potential nominee would satisfy:

1. The criteria for director independence established by the NASDAQ; and

2. The SEC's definition of audit committee financial expert.

Whenever a vacancy exists on the board due to expansion of the board's size or the resignation, retirement or term expiration of an existing director, the Nominating and Corporate Governance Committee identifies and evaluates potential director nominees. The Nominating and Corporate Governance Committee considers recommendations of management, stockholders and others. The Nominating and Corporate Governance Committee has sole authority to retain and terminate any search firm to be used to identify director candidates, including approving its fees and other retention terms.

Director candidates are evaluated using the criteria described above and in light of the then-existing composition of the board, including its overall size, structure, backgrounds and areas of expertise of existing directors and the relative mix of independent and employee directors. The Nominating and Corporate Governance Committee also considers the specific needs of the various board committees. The Nominating and Corporate Governance Committee recommends potential director nominees to the full board, and final approval of a candidate for nomination is determined by the full board. This evaluation process is the same for director nominees who are recommended by our stockholders.

The board of directors has adopted a written charter for the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee and the Company's board of directors annually (or more often as needed) review the charter to ensure it conforms to current laws and practices. This charter is available on the Company's Internet website ([www.salem.cc](http://www.salem.cc)) and a copy of the charter may be obtained upon written request from the Secretary of the Company. ***Any information found on the Company's website is not a part of, or incorporated by reference into, this or any other report of the Company filed with, or furnished to, the SEC.***

The Nominating and Corporate Governance Committee did not receive any recommendations from stockholders proposing candidate(s) for election at the Annual Meeting. None of the directors serving on the Audit Committee, the Compensation Committee, or the Nominating and Corporate Governance Committee are employees of the Company.

Although the board does not have a formal policy on diversity, the Nominating and Corporate Governance Committee and the board review from time-to-time the membership of the board in light of the Company's operations and strategic objectives and consider whether the current board members possess the requisite skills, experience and perspectives to oversee the achievement of those goals. As part of an annual effectiveness review, the Nominating and Corporate Governance Committee evaluates the diversity of the board composition to ensure that it sufficiently represents a diverse set of background, skills and experience.

## **Board Leadership Structure**

Historically, the Company's board of directors has had a general policy that the positions of Chairman of the Board and CEO should be held by separate persons as an aid in the board's oversight of management. This policy has been in effect since the Company began operations. The Chairman of the Board is a full-time senior executive of the Company. The duties of the Chairman of the Board include:

presiding over all meetings of the board;

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preparing the agenda for board meetings in consultation with the CEO and other members of the board;

managing the board's process for annual director self-assessment and evaluation of the board and of the CEO; and

presiding over all meetings of stockholders.

The board of directors believes that there are advantages to having a separate Chairman for matters such as communications and relations between the board members, the CEO, and other senior management; in assisting the board in reaching consensus on particular strategies and policies; and in facilitating robust director, board, and CEO evaluation processes. In addition, having separate Chairman and CEO positions permits the CEO to focus on day-to-day business and allows the Chairman to lead the board in its oversight responsibilities. The board currently consists of the Chairman of the board, Mr. Epperson, the Company's CEO, Mr. Atsinger, and five independent directors. One of Mr. Epperson's roles is to oversee and manage the board of directors and its functions, including setting meeting agendas and running board meetings. In this regard, Mr. Epperson and the board in their advisory and oversight roles are particularly focused on assisting the CEO and senior management in seeking and adopting successful business strategies and risk management policies, and in making successful choices in management succession.

### **Board's Role in Risk Oversight**

The Company's board of directors as a whole has responsibility for risk oversight, with reviews of certain areas being conducted by the relevant board committees. These committees then provide reports to the full board. The oversight responsibility of the board and its committees is enabled by management reporting processes that are designed to provide visibility to the board about the identification, assessment, and management of critical risks. These areas of focus include strategic, operational, financial and reporting, succession and compensation, legal and compliance, and other risks. The board and its committees oversee risks associated with their respective areas of responsibility, as summarized above.

### **Director Attendance at Board Meetings and 2011 Annual Meeting of Stockholders**

The full board of directors held four regularly-scheduled meetings in 2011. During 2011, each of the Company's incumbent directors attended (either in person or telephonically) all of the regularly-scheduled meetings of the full board of directors. Mr. Weinberg did not participate in the December 2011 Nominating and Corporate Governance Committee meeting. Mr. Venverloh's board start date was September 1, 2011, but he was excused from the September 2011 Audit Committee Meeting. The Company encourages, but does not require, that each director attend the Company's annual meeting of stockholders. In 2011, each of the Company's then directors attended the 2011 annual meeting of stockholders, except for Mr. Epperson, who did not attend.

### **Communications between Stockholders and the Board**

The Company has historically handled communications between stockholders and the board of directors on an *ad hoc* basis. No formal policy or process for such communications has been adopted by the Company as of the date of this Proxy Statement. The Company has, however, taken actions to ensure that the views of its stockholders are communicated to the board or one or more of its individual directors, as applicable. The board considers its responsiveness to such communications as timely and exemplary.

### **Financial Code of Conduct**

The Company has adopted a Financial Code of Conduct that applies to each director of the Company, the Company's CEO, principal financial officer, principal accounting officer, controller and persons performing similar functions. This Financial Code of Conduct has been adopted by the board as a code of ethics that satisfies applicable NASDAQ Rules. The Financial Code of Conduct is available on the Company's Internet website ([www.salem.cc](http://www.salem.cc)) and a copy of the code may be obtained free of charge upon written request from the Secretary of the Company. ***Any information found on the Company's website is not a part of, or incorporated by reference into, this or any other report of the Company filed with, or furnished to, the SEC.***

**Table of Contents****Executive Officers**

Set forth below are the executive officers of the Company, together with the positions held by those persons as of April 24, 2012. The executive officers are elected annually and serve at the pleasure of the Company's board of directors; however, the Company has entered into employment agreements with each of the executive officers listed below. Certain payment provisions contained in the Company's employment agreements with Messrs. Atsinger, Santrella and Evans are described under the section of this Proxy Statement entitled "EXECUTIVE COMPENSATION Material Terms of NEO Employment Agreements Providing For Payment to NEOs Upon Termination or Change in Control" below.

<b>Name of Executive Officer</b>	<b>Age</b>	<b>Position(s) Held with the Company</b>
Stuart W. Epperson	75	Chairman of the Board
Edward G. Atsinger III	72	Chief Executive Officer and Director
David P. Santrella	50	President Radio Division
David A.R. Evans	49	President New Business Development, Interactive and Publishing
Greg R. Anderson	65	President Salem Radio Network
Christopher J. Henderson	48	VP, Legal and Human Resources, General Counsel and Secretary
Evan D. Masyr	40	Senior Vice President and Chief Financial Officer

Set forth below is certain information concerning the business experience during the past five years and other relevant experience of each of the individuals named above (excluding Messrs. Atsinger and Epperson, whose business experience is described in the section of this Proxy Statement entitled "THE BOARD OF DIRECTORS AND EXECUTIVE OFFICERS" Board of Directors above).

**David P. Santrella**

Mr. Santrella was promoted to President - Radio Division of the Company effective January 1, 2010. From October 2008 to December 31, 2009, he served as Operational Vice President over the Company's Minneapolis, Denver and Colorado Springs clusters in addition to his existing responsibility over the Chicago cluster. From March 2006 to October 2008, Mr. Santrella was the Operational Vice President of Chicago and Milwaukee. In November of 2003, he was given additional oversight responsibility of Milwaukee. Mr. Santrella started with the Company in 2001 as the General Manager of the Company's Chicago cluster.

**David A. R. Evans**

Mr. Evans has been President - New Business Development, Interactive and Publishing of the Company since July 2007. Mr. Evans was Executive Vice President - Business Development and Chief Financial Officer of the Company from September 2005 to June 2007. Mr. Evans was Executive Vice President and Chief Financial Officer from September 2003 to September 2005. From 2000 to 2003, Mr. Evans served as the Company's Senior Vice President and Chief Financial Officer. From 1997 to 2000, Mr. Evans served as Senior Vice President and Managing Director-Europe, Middle East, and Africa of Warner Bros. Consumer Products in London, England. He also served at Warner Bros. Consumer Products in Los Angeles, California, as Senior Vice President-Latin America, International Marketing, Business Development from 1996 to 1997 and Vice President-Worldwide Finance, Operations, and Business Development from 1992 to 1996. From 1990 to 1992, he served as Regional Financial Controller-Europe for Warner Bros. based in London, England. Prior to 1990, Mr. Evans was an audit manager with Ernst & Young LLP in Los Angeles, California and worked as a U.K. Chartered Accountant for Ernst & Young in London, England.

**Greg R. Anderson**

Mr. Anderson has been President - Salem Radio Network since 1996. From 1993 to 1994, Mr. Anderson was the Vice President - General Manager of this network. Mr. Anderson was employed by Multimedia, Inc. from 1980-1993. After serving as general manager at Multimedia stations in Greenville, South Carolina, Shreveport, Louisiana, and Milwaukee, Wisconsin, he was named Vice President, Operations of the Multimedia radio division in 1987. He was subsequently appointed as Executive Vice President and group head of Multimedia's radio division.

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**Christopher J. Henderson**

Mr. Henderson has been Vice President, Legal and Human Resources, General Counsel and Corporate Secretary of the Company since March 2008. Mr. Henderson was Vice President, Human Resources of the Company from August 2006 to February 2008. From 2001 to August 2006, Mr. Henderson served as Corporate Counsel for the Company. Prior to joining the Company, Mr. Henderson worked for 13 years as an Attorney for Cooksey, Toolen, Gage, Duffy & Woog, first as a trial attorney and then as a transactional attorney.

**Evan D. Masyr**

Mr. Masyr has been Senior Vice President and Chief Financial Officer of the Company since July 2007. Mr. Masyr was Vice President Accounting and Finance of the Company from September 2005 to June 2007. From March 2004 to September 2005, Mr. Masyr was Vice President of Accounting and Corporate Controller of the Company. Prior to that time, Mr. Masyr was Vice President and Corporate Controller of the Company from January 2003 to March 2004. From February 2000 to December 2002, he served as the Company's Controller. From 1993 to February 2000, Mr. Masyr worked for PricewaterhouseCoopers LLP (formerly, Coopers & Lybrand LLP). Mr. Masyr has been a Certified Public Accountant since 1995.



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## EXECUTIVE COMPENSATION

**Summary Compensation Table**

The table below summarizes the total compensation paid to or earned by the Named Executive Officers for the Company's fiscal years ended December 31, 2011, and December 31, 2010:

Name and Principal Positions	Salary	Bonus	Option	All Other	Total
	(\$)	(1) (\$)	Awards (2) (\$)	Compensation (3, 4) (\$)	
Edward G. Atsinger III Chief Executive Officer (2011)	864,000	255,000	240,600	122,049	1,481,649
Edward G. Atsinger III Chief Executive Officer (2010)	774,000	135,000	345,600	102,405	1,357,005
David A. R. Evans President New Business Development, Interactive and Publishing (2011)	415,000	155,000	103,680	23,007	696,687
David A. R. Evans President New Business Development, Interactive and Publishing (2010)	375,000	56,250	103,680	21,095	556,025
David Santrella President Radio Division (2011)	363,000	103,000	70,175	19,994	556,169

- (1) Amounts set forth in the Bonus column represent bonuses paid by the Company for performance in the prior fiscal year. Bonuses are given at the discretion of the Company and are not earned by Company employees until they are paid.
- (2) Represents the aggregate grant date fair value of option awards granted within the fiscal year in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718 for stock-based compensation (formerly FAS 123R). These amounts reflect the total grant date fair value for these awards, and do not correspond to the actual cash value that will be recognized by the grantee when received. For a detailed discussion of the assumptions made in the valuation of option awards, please see the Notes to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011.
- (3) Amounts set forth in the All Other Compensation column consist of the following:

Item	Mr.	Mr.	Mr.
	Atsinger (\$)	Evans (\$)	Santrella (\$)
Perquisites and Other Personal Benefits (2011)	108,092	3,013	
Company Contributions to 401(k) Plan (2011)			
Medical, Dental, Life, Vision and Disability Premiums (2011)	13,957	19,994	19,994
<b>TOTAL (2011)</b>	<b>122,049</b>	<b>23,007</b>	<b>19,994</b>
Perquisites and Other Personal Benefits (2010)	89,428	2,526	
Company Contributions to 401(k) Plan (2010)			
Medical, Dental, Life, Vision and Disability Premiums (2010)	12,977	18,569	
<b>TOTAL (2010)</b>	<b>102,405</b>	<b>21,095</b>	



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- (4) Includes the following perquisites and personal benefits which have been valued by the Company based upon the incremental cost to the Company of providing these perquisites and personal benefits to the Named Executive Officers:

<b>Perquisite or Personal Benefit</b>	<b>Mr. Atsinger (\$)</b>	<b>Mr. Evans (\$)</b>	<b>Mr. Santrella (\$)</b>
Personal Use of Company Vehicle (2011)	10,703		
Split-Dollar Life Insurance Premiums (2011)	85,908		
Supplemental Medical, Travel and Expense Reimbursement (2011)	11,481		
Supplemental Life Insurance Premiums (2011)		3,013	
<b>TOTAL (2011)</b>	<b>108,092</b>	<b>3,013</b>	

<b>Perquisite or Personal Benefit</b>	<b>Mr. Atsinger (\$)</b>	<b>Mr. Evans (\$)</b>	<b>Mr. Santrella (\$)</b>
Personal Use of Company Vehicle (2010)	7,924		
Split-Dollar Life Insurance Premiums (2010)	77,568		
Supplemental Medical, Travel and Expense Reimbursement (2010)	3,936		
Supplemental Life Insurance Premiums (2010)		2,526	
<b>TOTAL (2010)</b>	<b>89,428</b>	<b>2,526</b>	

**Table of Contents****Outstanding Equity Awards at Fiscal Year-End**

The following table provides information as of December 31, 2011, in respect of outstanding equity awards made to the Company's NEOs that are exercisable into the Company's Class A common stock that may be issued under the Stock Plan, the Company's only existing equity compensation plan.

Name	Option Awards		Option Exercise Price (\$)	Option Expiration Date
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)		
	Exercisable	Unexercisable		
Edward G. Atsinger III	20,000		\$ 5.20	3/08/2016
		20,000(1)	\$ 5.20	3/08/2017
		30,000(2)	\$ 2.38	9/28/2017
		20,000(3)	\$ 5.20	3/08/2018
		30,000(4)	\$ 2.38	9/28/2018
		20,000(5)	\$ 5.20	3/08/2019
		30,000(6)	\$ 2.38	9/28/2019
		30,000(7)	\$ 2.38	9/28/2020
David A.R. Evans	6,250		\$ 11.80	3/14/2013
	6,250		\$ 11.80	3/14/2014
	6,250		\$ 11.80	3/14/2015
	6,250		\$ 11.80	3/14/2016
	6,000		\$ 5.20	3/08/2016
		6,000(1)	\$ 5.20	3/08/2017
		8,750(2)	\$ 2.38	9/28/2017
		6,000(3)	\$ 5.20	3/08/2018
		8,750(4)	\$ 2.38	9/28/2018
		6,000(5)	\$ 5.20	3/08/2019



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Name	Option Awards			
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Option	
			Exercise Price	Option Expiration
	Exercisable	Unexercisable	(\$)	Date
		50,000(8)	\$ 2.74	3/07/2020
		8,750(7)	\$ 2.38	9/28/2020
		50,000(9)	\$ 2.74	3/07/2021
David Santrella	500		\$ 13.51	3/15/2012
	625		\$ 16.75	5/18/2012
	750		\$ 11.80	3/14/2013
	500		\$ 13.51	3/15/2013
	625		\$ 16.75	5/18/2013
	750		\$ 11.80	3/14/2014
	500		\$ 13.51	3/15/2014
	625		\$ 16.75	5/18/2014
	750		\$ 11.80	3/14/2015
	500		\$ 13.51	3/15/2015
	6,000		\$ 3.38	11/03/2015
	750		\$ 11.80	3/14/2016
	6,667		\$ 0.67	5/04/2016
	6,000		\$ 3.38	