UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

FOR QUARTERLY PERIOD ENDED SEPTEMBER 30, 2000

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM __________________ TO __________________

COMMISSION FILE NUMBER 333-76649

SALEM COMMUNICATIONS CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

<TABLE>
<CAPTION>

<S>	<C>
DELAWARE	77-0121400
(STATE OR OTHER JURISDICTION OF. . . . . INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NUMBER)
4880 SANTA ROSA ROAD, SUITE 300 CAMARILLO, CALIFORNIA.	93012
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

</TABLE>

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (805) 987-0400

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES [X] NO [ ]

As of November 1, 2000 there were 17,902,392 shares of Class A common stock and 5,553,696 shares of Class B common stock of Salem Communications Corporation outstanding.

SALEM COMMUNICATIONS CORPORATION

INDEX

SPECIAL CAUTIONARY NOTICE REGARDING FORWARD LOOKING STATEMENTS

This report includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, which involve risks and uncertainties. All statements, other than statements of historical facts, included in this report that address activities, events or developments that Salem Communications Corporation, a Delaware corporation (the "Company"), expects or anticipates will or may occur in the future, including such things as business strategy and measures to implement strategy, competitive strengths, goals, expansion and growth of the Company's business and operations, plans, references to future success and other such matters are forward-looking statements. When used in this report, the words "anticipates," "believes," "expects," or words of similar import are intended to identify forward-looking statements. The forward-looking statements are based on certain assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate in the circumstances. However, whether actual results and developments will conform to the Company's expectations and predictions is subject to a number of risks: general economic, market or business conditions; the opportunities (or lack thereof) that may be presented to and pursued by the Company; competitive actions by other companies; changes in laws or regulations; and other factors, many of which are beyond the control of the Company. Consequently, all of the forward-looking statements made in this report are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences to or effects on the Company or its business operations. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to publish revised forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. Readers are urged to carefully review and consider the various disclosures made by the Company to advise interested parties of certain risks and other factors that may affect the Company's business and operating results, including the disclosures made under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this report.

PART I - FINANCIAL INFORMATION

SALEM COMMUNICATIONS CORPORATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

SALEM COMMUNICATIONS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

<TABLE>
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	December 31 1999	September 30 2000

<S>

	<C>	<C> (Unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 34,124	$ 8,098
Accounts receivable (less allowance for doubtful accounts of $1,753 in 1999 and $2,901 in 2000)	17,481	20,719
Other receivables	645	618
Prepaid interest	--	6,462
Prepaid expenses	1,628	1,685
Due from stockholders	905	--
Other current assets	732	2,318
Total current assets	55,515	39,900
Property, plant and equipment, net	50,665	67,138
Intangible assets, net	150,520	357,040
Bond issue costs	2,750	2,485
Other assets	4,914	7,613
Total assets	$ 264,364	$ 474,176
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 3,856	$ 4,875
Accrued compensation and related	2,047	2,638
Accrued interest	2,546	732
Deferred subscription revenue	1,670	1,494
Income taxes	148	243
Current portion of long-term debt and capital lease obligations	3,248	123
Total current liabilities	13,515	10,105
Long-term debt and capital lease obligations, less current portion	100,087	288,750
Deferred income taxes	7,232	17,718
Other liabilities	691	1,034
Stockholders' equity:		
Class A common stock, $.01 par value; authorized 80,000,000 shares; issued and outstanding 17,902,392 shares.	179	179
Class B common stock, $.01 par value; authorized 20,000,000 shares; issued and outstanding 5,553,696 shares .	56	56
Additional paid-in capital	147,380	147,380
Retained earnings (deficit)	(4,776)	8,954
Total stockholders' equity	142,839	156,569
Total liabilities and stockholders' equity	$ 264,364	$ 474,176

</TABLE>

See accompanying notes

SALEM COMMUNICATIONS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)
(UNAUDITED)

<TABLE>
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	Three Months Ended September 30	Nine Months Ended September 30

-

	1999	2000	1999	2000
<S>	<C>	<C>	<C>	<C>
Gross broadcasting revenue	$ 23,584	$ 30,227	$ 69,315	$ 81,989
Less agency commissions	2,020	2,567	5,928	6,902
Net broadcasting revenue	21,564	27,660	63,387	75,087
Other media revenue	1,536	2,151	3,951	5,948
Total revenue	23,100	29,811	67,338	81,035
Operating expenses:				
Broadcasting operating expenses	11,198	15,671	33,547	41,882
Other media operating expenses	2,939	3,398	6,211	11,513
Corporate expenses	1,967	2,518	6,331	7,790
Stock and related cash grant	--	--	2,550	--
Depreciation and amortization (including $576 and $689 for the quarter ended September 30, 1999 and 2000 and $1,556 and $1,928 for the nine months ended September 30, 1999 and 2000 for other media businesses)	4,651	6,655	13,057	16,993
Total operating expenses	20,755	28,242	62,146	78,178
Net operating income	2,345	1,569	5,192	2,857
Other income (expense):				
Interest income	489	75	538	426
Gain (loss) on disposal of assets	--	25,577	(197)	29,985
Interest expense	(2,756)	(4,797)	(11,683)	(10,016)
Other expense, net	(170)	(355)	(366)	(775)
Income (loss) before income taxes and extraordinary item	(92)	22,069	(6,516)	22,477
Provision (benefit) for income taxes	46	8,283	(1,554)	8,747
Income (loss) before extraordinary item	(138)	13,786	(4,962)	13,730
Extraordinary loss net of income tax benefit	(3,570)	--	(3,570)	--
Net income (loss)	$ (3,708)	$ 13,786	$ (8,532)	$ 13,730
Basic and diluted net income (loss) per share before extraordinary item	$ (.01)	$ .59	$ (.26)	$ 59
Extraordinary loss	(.15)	--	(.19)	--
Basic and diluted net income (loss) per share	$ (.16)	$ .59	$ (.45)	$. 59
Basic and diluted weighted shares outstanding	23,456,088	23,456,088	18,935,978	23,456,088

</TABLE>

See accompanying notes

SALEM COMMUNICATIONS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(UNAUDITED)

<TABLE>
<CAPTION>

	Nine Months Ended September 30	
	1999	2000
<S>	<C>	<C>
OPERATING ACTIVITIES		
Net income (loss)	$ (8,532)	$ 13,730
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	13,507	16,993
Amortization of bond issue costs and loan fees	408	600
Deferred income taxes	(3,873)	8,161
Loss (gain) on sale of assets	197	(29,985)
Loss on early extinguishments of debt before tax benefit	5,556	--
Noncash stock grant	1,688	--
Changes in operating assets and liabilities:		
Accounts receivable	258	(3,028)
Prepaid expenses and other current assets	(1,170)	(5,717)
Accounts payable and accrued expenses	(5,201)	(222)
Deferred subscription revenue	19	(176)
Other liabilities	(108)	337
Income taxes	77	95
Net cash provided by operating activities	2,826	788
INVESTING ACTIVITIES		
Capital expenditures	(5,874)	(11,404)
Deposits on radio station acquisitions	(500)	--
Purchases of radio stations	(11,863)	(227,436)
Purchases of other media businesses	(8,672)	--
Proceeds from disposal of property, plant and equipment and intangible assets	50	30,030
Expenditures for tower construction project held for sale	(410)	--
Proceeds from sale of tower construction project	914	--
Other assets	(305)	213
Net cash used in investing activities	(26,660)	(208,597)
FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt and notes payable to stockholders	18,750	188,750
Net proceeds from issuance of common stock	140,097	--
Payments of long-term debt and notes payable to stockholders	(94,860)	(2,810)
Payments on capital lease obligations	(172)	(210)
Payment of premium on senior subordinated notes	(3,875)	--
Payment of costs related to bank credit facility and bridge loan facility	(709)	(3,947)
Net cash provided by financing activities	59,231	181,783
Net increase (decrease) in cash and cash equivalents	35,397	(26,026)
Cash and cash equivalents at beginning of period	1,917	34,124
Cash and cash equivalents at end of period	$ 37,314	$ 8,098
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 15,076	$ 10,622
Income taxes	275	490

</TABLE>

See accompanying notes

SALEM COMMUNICATIONS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1. BASIS OF PRESENTATION

Information with respect to the three months and nine months ended September 30, 2000 and 1999 is unaudited. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the unaudited interim financial statements contain all adjustments, consisting of normal recurring accruals, necessary for a fair presentation of the financial position, results of operations and cash flows of Salem Communications Corporation and Subsidiaries ("Salem", or "the Company"), for the periods presented. The results of operations for the interim periods are not necessarily indicative of the results of operations for the full year. For further information, refer to the consolidated financial statements and footnotes thereto included in our annual report on Form 10-K for the year ended December 31, 1999.

NOTE 2. ACQUISITIONS AND OTHER SIGNIFICANT TRANSACTIONS

We purchased the assets (principally intangibles) of the following radio stations for cash during the nine months ended September 30, 2000:

ACQUISITION DATE	STATION	MARKET SERVED	ALLOCATED PURCHASE PRICE
			(IN THOUSANDS)
January 4, 2000	WNIV-AM and WLTA-AM	Atlanta, GA	8,000
January 10, 2000	WABS-AM	Washington, D.C.	4,100
January 25, 2000	KJQI-FM	San Francisco, CA	8,000
February 15, 2000	KAIM-AM/FM	Honolulu, HI	1,800
February 16, 2000	KHNR-AM and KGU-AM	Honolulu, HI	1,700
April 4, 2000	WGKA-AM	Atlanta, GA	8,000
June 30, 2000	KSKY-AM	Dallas, TX	13,000
August 24, 2000	KALC-FM	Denver, CO	100,000
August 24, 2000	KDGE-FM	Dallas, TX	33,995
August 24, 2000	WYGY-FM	Cincinnati, OH	18,536
August 24, 2000	KEZY-AM	Anaheim, CA	12,473
August 24, 2000	KXMX-FM	Anaheim, CA	9,114
August 24, 2000	WKNR-AM	Cleveland, OH	6,794
August 24, 2000	WRMR-AM	Cleveland, OH	4,320
August 24, 2000	WBOB-AM	Cincinnati, OH	368
			$ 230,200

On January 18, 2000, we purchased real property in Dallas, TX, for $885,000.

On February 25, 2000, we purchased the KIEV-AM transmitter site in Los Angeles, California, for $2.8 million.

On March 31, 2000, we purchased all of the outstanding shares of stock of Reach Satellite Network, Inc. (RSN), for $3.1 million. RSN owns and operates Solid Gospel, a radio broadcasting network that produces and distributes music programming to its own radio stations WBOZ-FM and WVRY-FM, Nashville, Tennessee, and to independent radio station affiliates. RSN also owns and operates SolidGospel.com, a web site on the Internet.

On April 14, 2000 we sold certain software products of OnePlace for $1.1 million. We took back a promissory note with interest at the rate of 9% per annum, compounded monthly. Both principal and interest shall be due and payable in one installment on April 14, 2001.

On July 1, 2000 we sold certain assets of OnePlace for $650,000. We received 20% of the purchase price or $130,000 on July 12, 2000. We took back a promissory note in the amount of $520,000 with interest at the prime rate adjusted quarterly. Both principal and interest shall be due and payable in one installment on June 30, 2005. The note is collateralized by the assets conveyed.

On August 4, 2000, we sold our interest in our contract with KOZ.com in exchange for two promissory notes totaling $370,000.

On August 22, 2000, we sold the assets of radio station KLTX-AM, Los

Angeles, California for $29.5 million to a corporation owned by one of our Board members.

On August 29, 2000, we entered into an agreement to exchange the assets of radio station KDGE-FM, Dallas, Texas for the assets of radio station KLTY-FM, Dallas, Texas. We anticipate this transaction to close in the fourth quarter of 2000.

On September 1, 2000, we exchanged the assets of radio station KKHT-FM, Houston, Texas for the assets of radio stations WALR-FM, Atlanta, Georgia, KLUP-AM, San Antonio, Texas, and WSUN-AM, Tampa, Florida.

On September 6, 2000, we agreed to exchange The assets of radio station KDGE-FM, Dallas, Texas, for the assets of radio station KLTY-FM, Dallas, Texas. We anticipate this transaction to close in the fourth quarter of 2000.

On September 18, 2000, we agreed to sell the assets of radio station KALC-FM, Denver, Colorado for $100 million. We anticipate this transaction to close in the first quarter of 2001.

NOTE 3. DEBT

In August 2000, we amended our credit facility and obtained a bridge loan principally to finance the acquisition of eight radio stations on August 24, 2000. To finance the acquisitions we borrowed $109.1 million under the amended credit facility and $58 million under the bridge loan facility with $7.1 million of the proceeds used to fund a 12-month interest reserve.

At September 30, 2000, we had $130.8 million outstanding under our credit facility. Our amended credit facility increased our borrowing capacity from $150 million to $225 million, lowered the borrowing rates and modified current financial ratio tests to provide us with additional borrowing flexibility. The amended credit facility matures on June 30, 2007. Aggregate commitments under the amended credit facility begin to decrease commencing March 31, 2002.

At September 30, 2000, we had $58.0 million outstanding under our bridge facility with a balance of $6.5 million in the interest reserve. On November 7, 2000 we paid off the bridge facility using available cash, interest reserves and $48.3 million of borrowing under our existing credit facility. The bridge facility would otherwise have matured on August 23, 2001 had we not paid it off. Amounts outstanding under the bridge facility bore a floating interest rate of LIBOR plus a spread. The spread ranged from 5% to 6.5%. Interest was payable quarterly. Warrants for 4% of our fully diluted common stock were issued on August 24, 2000 but not released to the lenders. The warrants were canceled upon the pay off of the bridge loan. Since the bridge facility was replaced with borrowings under our long-term credit facility, the borrowings under the bridge facility are classified as long-term debt in our financial statements as of September 30, 2000.

NOTE 4. SUBSEQUENT EVENTS

On October 2, 2000, we purchased the assets of radio station KCBQ-AM, San Diego, California for $4.25 million.

On October 5, 2000, we purchased the assets of radio station WGTK-AM, Louisville, Kentucky for $1.75 million.

On October 20, 2000, we agreed to acquire the assets of radio stations WWTC-AM, Minneapolis, Minnesota and WZER-AM, Milwaukee, Wisconsin for $7 million. We anticipate this transaction to close in the first quarter of 2001.

On November 7, 2000, we paid off our short-term bridge financing using available cash, interest reserves and $48.3 million of borrowing under our existing credit facility.

On November 9, 2000, we entered into an agreement to exchange the assets of radio station WHK-AM, Cleveland, Ohio and WHK-FM, Canton, Ohio plus $10.5 million for the transmitting facility of radio station WCLV-FM, Cleveland, Ohio. We anticipate this transaction to close in the first half of 2001.

On November 10, 2000, we entered into an agreement to purchase the assets of radio station WXRT-AM, Chicago, Illinois for $29 million. We anticipate this transaction to close in the first half of 2001.

In November 2000, we entered into an agreement to purchase the assets of radio station WRBP-AM, Warren, Ohio for $675,000. We anticipate this transaction to close in the first quarter of 2001.

NOTE 5. UNAUDITED PRO FORMA INFORMATION

Pro forma information indicating the operating results of the radio stations acquired by the Company during the nine months ended September 30, 2000, as if such acquisitions had occurred at the beginning of the year, is not presented for such radio stations which changed the programming format, because the Company generally changes the programming format such that the source and nature of revenue and operating expenses are significantly different than they were prior to the acquisition and, accordingly, historical and pro forma financial information has not been considered meaningful by management.

During the nine months ended September 30, 2000, the Company purchased Twenty-three radio stations and a network, some of which the format remained unchanged. The pro forma unaudited results of operations for the nine months ended September 30, 1999 and September 30, 2000 presented below give effect to the purchase of radio stations and networks acquired where the format has not been changed. In addition, the pro forma unaudited results of operations give effect to the increased borrowing (net of proceeds from the sale of KLTX-AM, Los Angeles, California, and KALC-FM, Denver, Colorado) associated with these in-format stations as if they occurred on January 1, 1999. The pro forma statements of operations include adjustments for increases in depreciation expense, amortization expense and interest expense.

The pro forma unaudited results exclude the results, and related depreciation expense, amortization expense and interest expense, of KALC-FM, which the Company has agreed to sell.

<TABLE>
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	Nine Months Ended September 30 1999	2000
	(In thousands, except per share data)	
Net revenues.	$83,047	$95,874
Net income (loss).	(11,440)	12,335
Per share data:		
Basic and diluted earnings (loss) . . .	(0.60)	0.53

</TABLE>

The allocation of the purchase price reflected in the September 30, 2000 condensed consolidated balance sheet is preliminary for some of the stations acquired. The Company has arranged to obtain an independent valuation of the acquired property, plant and equipment and intangible assets. Management expects to receive the completed reports during the fourth quarter of 2000.

NOTE 6. BASIC AND DILUTED NET INCOME (LOSS) PER SHARE

Basic net income (loss) per share is computed by dividing net income (loss) by the weighted average number of common stock shares outstanding. Diluted net income (loss) per share is computed by dividing net income (loss) by the weighted average number of common stock shares and when dilutive, common stock share equivalents outstanding. Options to purchase 354,500 shares of common stock with exercise prices greater than average market prices of common stock were outstanding as of September 30, 2000. These options were excluded from the respective computations of diluted net income (loss) per share because their effect would be anti-dilutive and, as such, basic and diluted net income (loss) per share are the same.

NOTE 7. NEW ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS 133 establishes accounting and reporting standards requiring that all derivatives be recorded in the balance sheet as either an asset or liability measured at fair value and that changes in fair value be recognized currently in earnings, unless specific hedge accounting criteria are met. Certain provisions of SFAS 133, including its required implementation date, were subsequently amended. The Company is now required to adopt SFAS 133, as amended, in the first quarter of 2001. The Company believes that foreign currency hedging instruments represent the majority of its existing derivatives for which the accounting may be impacted by SFAS 133. The Company currently does not anticipate that the adoption of SFAS 133, as amended, will have a material effect on its results of operations or financial position.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin (SAB) No. 101, "Revenue Recognition in Financial Statements". SAB 101 provides guidance on applying generally accepted accounting principles to revenue recognition issues in financial statements. The Company adopted SAB 101 in the fourth quarter of 2000 and its adoption has not had a material effect on the Company's results of operations or financial position.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements and related notes included elsewhere in this report. Our condensed consolidated financial statements are not directly comparable from period to period because of our acquisition and disposition of radio stations and our acquisition of other media businesses. See Note 2 to our condensed consolidated financial statements.

We are the largest U.S. radio broadcasting company, measured by number of stations and audience coverage, providing programming targeted at audiences interested in religious and family issues. Our core business, developed over the last 25 years, is the ownership and operation of radio stations in large metropolitan markets. After completing our pending transactions, we will own or operate 73 radio stations, including 52 stations which broadcast to 22 of the top 25 U.S. markets. We also operate Salem Radio Network, a national radio network offering syndicated talk, news and music programming to over 1,300 affiliated radio stations.

Historically, the principal sources of our revenue are:

- the sale of block program time, both to national and local program producers,

- the sale of advertising time on our radio stations, both to national and local advertisers, and

- the sale of advertising time on our national radio network.

- In 1999, we expanded our sources of revenue and product offerings with the acquisition of other media businesses.

Our broadcasting revenue is affected primarily by the program rates our radio stations charge and by the advertising rates our radio stations and network charge. The rates for block program time are based upon our stations' ability to attract audiences that will support the program producers through contributions and purchases of their products. Advertising rates are based upon the demand for advertising time, which in turn is based on our stations' and network's ability to produce results for its advertisers. Historically we have not subscribed to traditional audience measuring services. Instead, we market ourselves to advertisers based upon the responsiveness of our audience. Each of our radio stations and our network have a general pre-determined level of time that they make available for block programs and/or advertising, which may vary at different times of the day.

In recent years, we have begun to place greater emphasis on the development of local advertising in all of our markets. We encourage general managers and sales managers to increase advertising revenue. We can create additional advertising revenue in a variety of ways, such as removing block programming that generates marginal audience response, adjusting the start time of programs to add advertising in more desirable time slots and increasing advertising rates.

As is typical in the radio broadcasting industry, our second and fourth quarter advertising revenue generally exceeds our first and third quarter advertising revenue. Quarterly revenue from the sale of block program time does not tend to vary, however, since program rates are generally set annually.

Our cash flow is affected by a transition period experienced by radio stations we have acquired when, due to the nature of the radio station, our plans for the market and other circumstances, we find it beneficial or advisable to change its format. This transition period is when we develop the radio station's program customer and listener base. During this period, these stations typically generate negative or insignificant cash flow.

In the broadcasting industry, radio stations often utilize trade or barter agreements to exchange advertising time for goods or services (such as other media advertising, travel or lodging), in lieu of cash. In order to preserve the sale of our advertising time for cash, we generally enter into trade agreements only if the goods or services bartered to us will be used in our business. We have minimized our use of trade agreements and have generally sold most of our advertising time for cash. In 1999, we sold 92% of our advertising time for cash. In addition, it is our general policy not to preempt advertising paid for in cash with advertising paid for in trade.

The primary operating expenses incurred in the ownership and operation of our radio stations include employee salaries and commissions, and facility expenses (for example, rent and utilities). In addition to these expenses, our network incurs programming costs and lease expenses for satellite communication facilities. We also incur and will continue to incur significant depreciation, amortization and interest expense as a result of completed and future acquisitions of radio stations and existing and future borrowings.

OnePlace Ltd. has earned its revenue from the (1) sales of and advertising in print and online catalogs, (2) sales of software and software support contracts, (3) sales of products, services and banner advertising on the Internet, and (4) sales of web site development services. CCM Communications, Inc. earns its revenue by selling advertising in and subscriptions to its publications. The revenue and related operating expenses of these businesses are reported as "other media" on our condensed consolidated statements of operations.

The performance of a radio broadcasting company, such as Salem, is customarily measured by the ability of its stations to generate broadcast cash

flow, EBITDA and after-tax cash flow. We define broadcast cash flow as net operating income, excluding other media revenue and other media operating expenses, and before depreciation and amortization and corporate expenses. We define EBITDA as net operating income before depreciation and amortization. We define after-tax cash flow as income (loss) before extraordinary items minus gain (loss) on disposal of assets (net of income tax) plus depreciation and amortization.

Although broadcast cash flow, EBITDA and after-tax cash flow are not measures of performance calculated in accordance with generally accepted accounting principles, and should be viewed as a supplement to and not a substitute for our results of operations presented on the basis of generally accepted accounting principles, we believe that broadcast cash flow, EBITDA and after-tax cash flow are useful because they are generally recognized by the radio broadcasting industry as measures of performance and are used by analysts who report on the performance of broadcast companies. These measures are not necessarily comparable to similarly titled measures employed by other companies.

In the following discussion of our results of operations, we compare our results between periods on an as reported basis (that is, the results of operations of all radio stations and network formats owned or operated at any time during either period) and on a "same station" basis. We include in our same station comparisons the results of operations of radio stations and network formats that:

- we own or operate for all of both periods;

- we acquire or begin to operate at any time after the beginning of the first relevant comparison period if the station or network format (i) is in a market in which we already own or operate a radio station or network format and (ii) is integrated with the existing station or network format for our internal financial reporting purposes; or

- we sell or cease to operate at any time after the beginning of the first relevant comparison period if the station or network format (i) was integrated with another station or network format in a market for our internal financial reporting purposes prior to the sale or cessation of operations and (ii) we continue to own or operate the other station or network format following the sale or cessation of operations.

We include in our same station comparisons the results of operations of our integrated stations and network formats from the date that we acquire or begin to operate them or through the date that we sell or cease to operate them, as the case may be.

RESULTS OF OPERATIONS

QUARTER ENDED SEPTEMBER 30, 2000 COMPARED TO QUARTER ENDED SEPTEMBER 30, 1999

Net Broadcasting Revenue. Net broadcasting revenue increased $6.1 million or 28.2% to $27.7 million for the quarter ended September 30, 2000 from $21.6 million for the same quarter of the prior year. The inclusion of revenue from the acquisitions of radio stations and revenue generated from local marketing agreements entered into during 1999 and 2000, partially offset by the loss of revenues from three radio stations sold in 2000, provided $3.3 million of the increase. On a same station basis, net revenue improved $2.8 million or 13.0% to $24.3 million for the quarter ended September 30, 2000 from $21.5 million for the same quarter of the prior year. Included in the same station comparison are the results of three stations that we began to own or operate in 1999 for a total purchase price of $13.0 million and five stations that we began to own or operate in 2000 for a total purchase price of $39.0 million. The improvement was primarily due to an increase in revenue at the radio stations we acquired in 1998 and 1999 that previously operated with formats other than their current format, an increase in program rates and increases in advertising time and improved selling efforts at both the national and local level. Revenue from advertising as a percentage of our gross broadcasting revenue increased to 41.4% for the quarter ended September 30, 2000 from 37.0% for the same quarter of the prior year. Revenue from block program time as a percentage of our gross broadcasting revenue decreased to 45.6% for the quarter ended September 30, 2000 from 50.1% for the same quarter of the prior year. This change in our revenue mix is primarily due to our continued efforts to develop more advertising revenue in all of our markets.

Other Media Revenue. Other Media revenue increased $0.7 million or 46.7% to $2.2 million for the quarter ended September 30, 2000 from $1.5 million for the same quarter in the prior year. The increase is due primarily to our refocused Internet strategy and the inclusion of revenues from the acquisition of the Involved Christian Radio Network, which we acquired after September 30, 1999.

Broadcasting operating expenses. Broadcasting operating expenses increased $4.5 million or 40.2% to $15.7 million for the quarter ended September 30, 2000 from $11.2 million for the same quarter of the prior year. The inclusion of expenses from the acquisitions of radio stations and local marketing agreements entered into during 1999 and 2000, partially offset by the exclusion of

operating expenses of three radio stations sold in 2000, and provided $2.1 million of the increase. On a same station basis, broadcasting operating expenses increased $2.1 million or 18.9% to $13.2 million for the quarter ended September 30, 2000 from $11.1 million for the same quarter of the prior year, primarily due to incremental selling and production expenses incurred to produce the increased revenue in the same period and the inclusion of integrated stations acquired in 2000.

Other Media Operating Expenses. Other Media operating expenses increased $0.5 million or 17.2% to $3.4 million for the quarter ended September 30, 2000 from $2.9 million for the same quarter in the prior year. The increase is due primarily to the inclusion of operating expenses from the acquisition of the Involved Christian Radio Network, which we acquired after September 30, 1999, offset by the exclusion of operating expenses due to our refocused Internet strategy.

Broadcast Cash Flow. Broadcast cash flow increased $1.6 million or 15.4% to $12.0 million for the quarter ended September 30, 2000 from $10.4 million for the same quarter of the prior year. As a percentage of net broadcasting revenue, broadcast cash flow decreased to 43.3% for the quarter ended September 30, 2000 from 48.1% for the same quarter of the prior year. The decrease is primarily attributable to the effect of stations acquired during 1999 and 2000 that previously operated with formats other than their current format. Acquired and reformatted radio stations typically produce low margins during the first few years following conversion. Broadcast cash flow margins improve as we implement scheduled program rate increases and increase advertising revenue on our stations. On a same station basis, broadcast cash flow improved $0.7 million or 6.7% to $11.1 million for the quarter ended September 30, 2000 from $10.4 million for the same quarter of the prior year.

Corporate Expenses. Corporate expenses increased $0.5 million or 25.0% to $2.5 million in the quarter ended September 30, 2000 from $2.0 million in the same quarter of the prior year, primarily due to additional overhead costs associated with radio station and other media acquisitions in 1999 and 2000 and increased public reporting and related costs.

EBITDA. EBITDA increased $1.2 million or 17.1% to $8.2 million for the quarter ended September 30, 2000 from $7.0 million for the same quarter of the prior year. As a percentage of total revenue, EBITDA decreased to 27.5% for the quarter ended September 30, 2000 from 30.3% for the same quarter of the prior year. EBITDA was negatively impacted by the results of operations of our other media businesses acquired in 1999, which generated a net loss before depreciation and amortization of $1.2 million for the quarter ended September 30, 2000 as compared to $1.4 million for the same quarter of the prior year. EBITDA excluding the other media businesses increased $1.1 million or 13.1% to $9.5 million for the quarter ended September 30, 2000 from $8.4 million for the same quarter in the prior year. As a percentage of net broadcasting revenue, EBITDA excluding the other media business decreased to 34.3% for the quarter ended September 30, 2000 from 38.9% for the same quarter of the prior year. The decrease is primarily attributable to the effect of stations acquired during 1999 and 2000 that previously operated with formats other than their current format.

Depreciation and Amortization. Depreciation and amortization expense increased $2.0 million or 42.6% to $6.7 million for the quarter ended September 30, 2000 from $4.7 million for the same quarter of the prior year. The increase is primarily due to radio station and other media acquisitions consummated during 1999 and 2000.

Other Income (Expense). Interest income decreased $0.4 million to $0.1 million for the quarter ended September 30, 2000 from $0.5 million for the same quarter of the prior year, primarily due to a decrease in excess cash available for investment due to acquisitions of radio stations and other media businesses. Gain on disposal of assets of $25.6 million for the quarter ended September 30, 2000 is primarily due to gains recognized on the sale of radio stations KPRZ-FM, Colorado Springs, Colorado and KLTX-AM, Los Angeles, California, partially offset by the loss on sale of certain assets of our other media businesses. Interest expense increased $2.1 million or 77.8% to $4.8 million for the quarter ended September 30, 2000 from $2.7 million for the same quarter of the prior year. The increase is due to interest expense associated with borrowings on our credit facility and higher interest expense associated with short-term bridge financing to fund acquisitions in 2000. Other expense, net increased $.2 million to $.4 million for the quarter ended September 30, 2000 from $.2 million for the same quarter in the prior year primarily due to increased bank commitment fees.

Provision for Income Taxes. Provision for income taxes as a percentage of income (loss) before income taxes and extraordinary item (that is, the effective tax rate) was 37.6% for the quarter ended September 30, 2000 and 50.0% for the same quarter of the prior year. For the quarter ended September 30, 2000 and 1999 the effective tax rate differs from the federal statutory income rate of 34.0% primarily due to the effect of state income taxes and certain expenses that are not deductible for tax purposes.

Net Income (Loss). We recognized net income of $13.8 million for the

quarter ended September 30, 2000 as compared to a net loss of $(3.7) million for the same quarter of the prior year.

After-Tax Cash Flow. After-tax cash flow increased $0.3 million or 6.7% to $4.8 million for the quarter ended September 30, 2000 from $4.5 million for the same quarter of the prior year. This increase was offset by negative after-tax cash flow of our other media businesses. After-tax cash flow excluding our other media losses (net of income tax) increased $0.2 million or 3.7% to $5.6 million for the quarter ended September 30, 2000 from $5.4 million for the same quarter of the prior year. The increase is primarily due to an increase in broadcast cash flow and a decrease in interest expense.

NINE MONTHS ENDED SEPTEMBER 30, 2000 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 1999

Net Broadcasting Revenue. Net broadcasting revenue increased $11.7 million or 18.5% to $75.1 million for the nine months ended September 30, 2000 from $63.4 million for the same period of the prior year. The inclusion of revenue from the acquisitions of radio stations and revenue generated from local marketing agreements entered into during 1999 and 2000 partially offset by the loss of revenue from three radio stations sold in 2000, provided $4.9 million of the increase. On a same station basis, net revenue improved $6.8 million or 10.7% to $70.2 million for the nine months ended September 30, 2000 from $63.4 million for the same period of the prior year. Included in the same station comparison are the results three stations that we began to own or operate in 1999 for a total purchase price of $13.0 million and five stations that we began to own or operate in 2000 for a total purchase price of $39.0 million. The improvement was primarily due to an increase in revenue at the radio stations we acquired in 1998 and 1999 that previously operated with formats other than their current format, an increase in program rates and an increases in advertising time and improved selling efforts at both the national and local level. Revenue from advertising as a percentage of our gross broadcasting revenue increased to 38.0% for the nine months ended September 30, 2000 from 37.0% for the same period of the prior year. Revenue from block program time as a percentage of our gross broadcasting revenue decreased to 48.6% for the nine months ended September 30, 2000 from 50.1% for the same period of the prior year. This change in our revenue mix is primarily due to our continued efforts to develop more advertising revenue in all of our markets.

Other Media Revenue. Other media revenue increased $2.0 million or 51.3% to $5.9 million for the nine months ended September 30, 2000 from $3.9 million for the same period of the prior year. The increase is due primarily to our refocused Internet strategy and the inclusion of revenues from the acquisition of the Involved Christian Radio Network, which we acquired after September 30, 1999.

Broadcasting Operating Expenses. Broadcasting operating expenses increased $8.4 million or 25.1% to $41.9 million for the nine months ended September 30, 2000 from $33.5 million for the same period of the prior year. The inclusion of expenses from the acquisitions of radio stations and revenue generated from local marketing agreements entered into during 1999 and 2000, partially offset by the exclusion of operating expenses of three radio stations sold in 2000, provided $2.9 million of the increase. On a same station basis, broadcasting operating expenses increased $5.1 million or 13.1% to $44.0 million for the nine months ended September 30, 2000 from $38.9 million for the same period of the prior year, primarily due to incremental selling and production expenses incurred to produce the increased revenue in the same period.

Other Media Operating Expenses. Other media operating expenses increased $5.3 million or 85.5% to $11.5 million for the nine months ended September 30, 2000 from $6.2 million for the same period of the prior year. The increase is due primarily to the inclusion of operating expenses from the acquisition of the Involved Christian Radio Network, which we acquired after September 30, 1999, offset by the exclusion of operating expenses due to our refocused Internet strategy.

Broadcast Cash Flow. Broadcast cash flow increased $3.4 million or 11.4% to $33.2 million for the nine months ended September 30, 2000 from $29.8 million for the same period of the prior year. As a percentage of net broadcasting revenue, broadcast cash flow decreased to 44.2% for the nine months ended September 30, 2000 from 47.0% for the same period of the prior year. The decrease is primarily attributable to the effect of stations acquired during 1999 and 2000 that previously operated with formats other than their current format. Acquired and reformatted radio stations typically produce low margins during the first few years following conversion. Broadcast cash flow margins improve as we implement scheduled program rate increases and increase advertising revenue on our stations. On a same station basis, broadcast cash flow improved $2.7 million or 9.0% to $32.6 million for the nine months ended September 30, 2000 from $29.9 million for the same period of the prior year.

Corporate Expenses. Corporate expenses increased $1.5 or 23.8% to $7.8 million in the nine months ended September 30, 2000 from $6.3 million in the same period of the prior year, primarily due to additional overhead costs associated with radio station and other media acquisitions in 1999 and 2000 and increased public reporting and related costs.

EBITDA. EBITDA decreased $1.3 million or 6.1% to $19.9 million for the nine months ended September 30, 2000 from $21.2 million for the same period of the prior year. As a percentage of total revenue, EBITDA decreased to 24.6% for the nine months ended September 30, 2000 from 31.5% for the same period of the prior year. EBITDA was negatively impacted by the results of operations of our other media businesses acquired in 1999, which generated a net loss before depreciation and amortization of $5.6 million for the nine months ended September 30, 2000 as compared to $2.3 for the same period of the prior year.

EBITDA excluding the other media businesses increased $1.9 million or 8.1% to $25.4 million for the nine months ended September 30, 2000 from $23.5 million for the same period of the prior year. As a percentage of net broadcasting revenue, EBITDA excluding the other media business decreased to 34.0% for the nine months ended September 30, 2000 from 37.1% for the same period of the prior year. The decrease is primarily attributable to the effect of stations acquired during 1999 and 2000 that previously operated with formats other than their current format.

Depreciation and Amortization. Depreciation and amortization expense increased $3.5 million or 25.9% to $17.0 million for the nine months ended September 30, 2000 from $13.5 million for the same period of the prior year. The increase is primarily due to radio station and other media acquisitions consummated during 1999 and 2000.

Other Income (Expense). Interest income decreased $0.1 million to $0.4 million for the nine months ended September 30, 2000 from $0.5 million for the same period of the prior year, primarily due to a decrease in excess cash available for investment due to acquisitions of radio stations and other media businesses in 2000. Gain on disposal of assets of $30.0 million for the nine months ended September 30, 2000 is primarily due to the gain recognized on the sale of radio station KPRZ-FM, Colorado Springs, Colorado and KLTX-AM, Los Angeles, California, partially offset by the loss on sale of certain assets of our other media businesses. Interest expense decreased $1.7 million or 14.5% to $10.0 million for the nine months ended September 30, 2000 from $11.7 million in the same period of the prior year. The decrease is primarily due to interest expense associated with $50 million in principal amount of the senior subordinated notes repurchased in July 1999 offset by interest expense associated with additional borrowings under our credit facility and higher interest expense associated with short-term bridge financing to fund acquisitions in 2000. Other expense, net increased $0.4 million to $0.8 million for the nine months ended September 30, 2000 from $0.4 million for the same period of the prior year primarily due to increased bank commitment fees.

Provision (Benefit) for Income Taxes. Provision (benefit) for income taxes as a percentage of income (loss) before income taxes and extraordinary item (that is, the effective tax rate) was 38.7% for the nine months ended September 30, 2000 and (23.8)% for the same period of the prior year. For the nine months ended September 30, 2000 and 1999 the effective tax rate differs from the federal statutory income rate of 34.0% primarily due to the effect of state income taxes and certain expenses that are not deductible for tax purposes.

Net Income (Loss). We recognized net income of $13.7 for the nine months ended September 30, 2000 as compared to a net loss of $(8.5) million for the same period of the prior year.

After-Tax Cash Flow. After-tax cash flow increased $2.1 million or 19.8% to $12.7 million for the nine months ended September 30, 2000 from $10.6 million for the same period of the prior year. This increase was offset by negative after-tax cash flow of our other media businesses. After-tax cash flow excluding our other media losses (net of income tax) increased $4.2 million or 35.3% to $16.1 million for the nine months ended September 30, 2000 from $11.9 million for the same period of the prior year. The increase is primarily due to an increase in broadcast cash flow and a decrease in interest expense.

LIQUIDITY AND CAPITAL RESOURCES

We have historically financed acquisitions of radio stations through borrowings, including borrowings under bank credit facilities and, to a lesser extent, from operating cash flow and selected asset dispositions. We received net proceeds of $140.1 million from our initial public offering in July 1999, which was used to pay a portion of our senior subordinated notes and amounts outstanding under our credit facility. We have historically funded, and will continue to fund, expenditures for operations, administrative expenses, capital expenditures and debt service required by our credit facility and senior subordinated notes from operating cash flow. At September 30, 2000 we had $8.1

million of cash and cash equivalents and working capital of $29.8 million.

We will fund future acquisitions from cash on hand, borrowings under our amended credit facility, sales of existing radio stations and operating cash flow. We believe that cash on hand, cash flow from operations, borrowings under our amended credit facility, and proceeds from the sale of some of our existing radio stations will be sufficient to permit us to meet our financial obligations, fund our pending acquisitions and fund operations for at least the next twelve months.

In August 2000, we amended our credit facility and obtained a bridge loan principally to finance the acquisition of eight radio stations on August 24, 2000. To finance the acquisitions we borrowed $109.1 million under the amended credit facility and $58 million under the bridge loan facility with $7.1 million of the proceeds used to fund a 12-month interest reserve.

On August 24, 2000, we supplemented the indenture for our senior subordinated notes in connection with the assignment of substantially all of the assets and liabilities of the Company to Salem Communications Holding Corporation ("HoldCo"), including the obligations as successor issuer under the indenture.

At September 30, 2000, we had $130.8 million outstanding under our credit facility. Our amended credit facility increased our borrowing capacity from $150 million to $225 million, lowered the borrowing rates and modified current financial ratio tests to provide us with additional borrowing flexibility. The amended credit facility matures on June 30, 2007. Aggregate commitments under the amended credit facility begin to decrease commencing March 31, 2002.

Amounts outstanding under our credit facility bear interest at a base rate, at our option, of the bank's prime rate or LIBOR, plus a spread. For purposes of determining the interest rate under our credit facility, the prime rate spread ranges from 0% to 1.5%, and the LIBOR spread ranges from 0.875% to 2.75%.

The maximum amount that we may borrow under our credit facility is limited by a ratio of our existing adjusted debt to pro forma twelve month cash flow (the "Adjusted Debt to Cash Flow Ratio"). Our credit facility will allow us to adjust our total debt as used in such calculation by the lesser of 50% of the aggregate purchase price of acquisitions of newly acquired non-religious formatted radio stations that we reformat to a religious talk, conservative talk or religious music format or $30.0 million and the cash flow from such stations will not be considered in the calculation of the ratio. The maximum Adjusted Debt to Cash Flow Ratio allowed under our credit facility is 6.75 to 1 through December 30, 2000. Thereafter, the maximum ratio will decline periodically until December 31, 2005, at which point it will remain at 4.00 to 1 through June 2007. The Adjusted Debt to Cash Flow Ratio at September 30, 2000 was 5.94 to 1, resulting in a borrowing availability of approximately $29.7 million, assuming no additional permitted adjustments to our total debt, and $47.0 million, assuming the maximum permitted adjustments to total debt as defined in our credit facility.

The borrower under the amended credit facility is HoldCo, a wholly-owned subsidiary, which is the direct or indirect parent of all subsidiaries with the exception of two subsidiaries, both of which are direct or indirect subsidiaries.

Our credit facility contains additional restrictive covenants customary for credit facilities of the size, type and purpose contemplated which, with specified exceptions, limits our ability to enter into affiliate transactions, pay dividends, consolidate, merge or effect certain asset sales, make specified investments, acquisitions and loans and change the nature of our business. The credit facility also requires us to satisfy specified financial covenants, which covenants require the maintenance of specified financial ratios and compliance with certain financial tests, including ratios for maximum leverage as described, minimum interest coverage (not less than 1.75 to 1), minimum debt service coverage (a static ratio of not less than 1.1 to 1) and minimum fixed charge coverage (a static ratio of not less than 1.1 to 1). The credit facility is guaranteed by all of our subsidiaries and is secured by pledges of all of our and our subsidiaries' assets and all of the capital stock of our subsidiaries. The amended credit facility is guaranteed by the Company and all of its subsidiaries other than HoldCo and is secured by pledges of all of the capital stock of the Company's subsidiaries.

At September 30, 2000, we had $58.0 million outstanding under our bridge facility with a balance of $6.5 million in the interest reserve. On November 7, 2000 we paid off the bridge facility using available cash, interest reserves and $48.3 million of borrowing under our existing credit facility. The bridge facility would otherwise have matured on August 23, 2001 had we not paid it off. Amounts outstanding under the bridge facility bore a floating interest rate of LIBOR plus a spread. The spread ranged from 5% to 6.5%. Interest was payable quarterly. Warrants for 4% of our fully diluted common stock were issued on August 24, 2000 but not released to the lenders. The warrants were canceled upon the pay off of the bridge loan.

Net cash provided by operating activities decreased to $0.8 million for the nine months ended September 30, 2000 compared to $2.8 million in the same period of the prior year. The decrease is primarily due to the prepaid interest of $7.1 million for the bridge loan facility for the nine months ended September 30, 2000 as compared to the prior year.

Net cash used in investing activities increased to $208.6 million for the nine months ended September 30, 2000 compared to $26.7 million for the same period of the prior year, primarily due to acquisitions (cash used of $227.4 million to purchase 23 radio stations and a network during the nine months ended September 30, 2000 as compared to cash used of $20.6 million to purchase 3 radio

stations and other media businesses for the same period of the prior year).

Net cash provided by financing activities decreased to $181.8 million for the nine months ended September 30, 2000 compared to $59.2 million for the same period of the prior year. This was due primarily to increased borrowings for acquisitions during the nine months ended September 30, 2000 as compared to the same period of the prior year.

IMPACT OF YEAR 2000

In prior years, the Company discussed the nature and progress of its plans to become Year 2000 ready. In late 1999, the Company completed its remediation and testing of systems. As a result of those planning and implementation efforts, the Company experienced no significant disruptions in mission critical information technology and non-information technology systems and believes those systems successfully responded to the Year 2000 date change. The Company is not aware of any material problems resulting from Year 2000 issues, either with its products, its internal systems, or the products and services of third parties. The Company will continue to monitor its mission critical computer applications and those of its suppliers and vendors throughout the Year 2000 to ensure that any latent Year 2000 matters that may arise are addressed promptly.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Derivative Instruments. We do not invest, and during the quarter ended September 30, 2000 did not invest, in market risk sensitive instruments.

Market Risk. Our market risk exposure with respect to financial instruments is to changes in LIBOR and in the "prime rate" in the United States. As of September 30, 2000, we may borrow $47.0 million under our credit facility. At September 30, 2000, we had borrowed $130.8 million under our credit facility. Amounts outstanding under the credit facility bear interest at a base rate, at our option, of the bank's prime rate or LIBOR, plus a spread. For purposes of determining the interest rate under our credit facility, the prime rate spread ranges from 0% to 1.5%, and the LIBOR spread ranges from 0.875% to 2.75%. At September 30, 2000, the blended interest rate on amounts outstanding under the credit facility was 9.24%. At September 30, 2000, a hypothetical 100 basis point increase in the prime rate would result in additional interest expense of $1.3 million on an annualized basis.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is involved in various routine legal proceedings, incident to the ordinary course of its business. The Company's management believes that the outcome of all pending legal proceedings in the aggregate will not have a material adverse effect on the Company's consolidated financial condition or its results of operations.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

The use of proceeds from the offering is described in Note 2 in the Notes to Financial Statements in Part I above and is hereby incorporated by this reference.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters have been submitted to a vote of security holders, through the solicitation of proxies or otherwise, during the period covered by this report.

ITEM 5. OTHER INFORMATION

Minimum Advance Notice of Stockholder Proposals.

Any Salem stockholder who wishes to present a proposal to the Company's 2001 annual meeting of stockholders must either: (i) submit the proposal in accordance with Rule 14a-8 under the Securities Exchange Act of 1934 to Salem Communications Corporation, 4880 Santa Rosa Road, Suite 300, Camarillo, CA

93012, Attention: Secretary, not later than December 29, 2000 (120 days prior to the date of mailing of last year's proxy statement), in which case the proposal will be included, if appropriate, in Salem's proxy statement and form of proxy relating to its 2001 annual meeting; or (ii) give notice of such proposal to Salem in the manner prescribed in Salem's bylaws, which notice must be delivered to, or mailed and received by, Salem at the foregoing address between January 24, 2001 and February 23, 2001 (120 days and 90 days, respectively, prior to the first anniversary of Salem's 2000 annual meeting), in which case the proposal will not be included in Salem's proxy statement and form of proxy relating to its 2001 annual meeting.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

Set forth below is a list of exhibits included as part of this Quarterly Report:

EXHIBIT NUMBER	DESCRIPTION OF EXHIBITS
3.01	Amended and Restated Certificate of Incorporation of Salem Communications Corporation, a Delaware corporation. (5)
3.02	Bylaws of Salem Communications Corporation, a Delaware corporation. (5)
4.01	Indenture between Salem Communications Corporation, a California corporation, certain named guarantors and The Bank of New York, as Trustee, dated as of September 25, 1997, relating to the 9 1/2% Series A and Series B Senior Subordinated Notes due 2007. (1)
4.02	Form of 9 1/2% Senior Subordinated Note (filed as part of Exhibit 4.01). (1)
4.03	Form of Note Guarantee (filed as part of Exhibit 4.01). (1)
4.04	Credit Agreement, dated as of September 25, 1997, among Salem, the several Lenders from time to time parties thereto, and The Bank of New York, as administrative agent for the Lenders (incorporated by reference to Exhibit 4.07 of the previously filed Registration Statement on Form S-4). (2)
4.05	Borrower Security Agreement, dated as of September 25, 1997, by and between Salem and The Bank of New York, as Administrative Agent of the Lenders (incorporated by reference to Exhibit 4.07 of the previously filed Registration Statement on Form S-4). (1)
4.06	Subsidiary Guaranty and Security Agreement dated as of September 25, 1997, by and between Salem, certain named guarantors, and The Bank of New York, as Administrative Agent (incorporated by reference to Exhibit 4.09 of the previously filed Registration Statement on Form S-4). (1)
4.07	Amendment No. 1 and Consent No. 1, dated as of August 5, 1998, to the Credit Agreement, dated as of September 25, 1997, by and among Salem, The Bank of New York, as Administrative Agent for the Lenders, Bank of America NT&SA, as documentation agent, and the several Lenders (incorporated by reference to Exhibit 10.02 of previously filed Current Report on Form 8-K). (2)
4.08	Amendment No. 2 and Consent No. 2, dated as of January 22, 1999, to the Credit Agreement, dated as of September 25, 1997, by and among Salem, The Bank of New York, as Administrative Agent for the Lenders, Bank of America NT&SA, as documentation agent, and the Lenders. (5)
4.09	Specimen of Class A common stock certificate. (5)
4.10	Supplemental Indenture No. 1, dated as of March 31, 1999, to the Indenture, dated as of September 25, 1997, by and among Salem Communications Corporation, a California corporation, Salem Communications Corporation, a Delaware corporation, The Bank of New York, as Trustee, and the Guarantors named therein. (5)
4.10.01	Supplemental Indenture No. 2 dated as of August 24, 2000, by and among Salem Communications Corporation, a Delaware corporation, Salem Communications Holding Corporation, a Delaware corporation, the guarantors named therein and The Bank of New York, as Trustee (previously filed as Exhibit 4.11).(9)
4.11	Consent No. 3, dated as of March 31, 1999, to the Credit Agreement, dated as of September 25, 1997, by and among Salem, The Bank of New York, as Administrative Agent for the Lenders, Bank of America NT&SA, as Documentation Agent, and the Lenders named therein. (5)

4.12	Assumption Agreement, dated as of March 31, 1999, by and between Salem Communications Corporation, a Delaware corporation, and The Bank of New York, as Administrative Agent. (5)
4.13	Amendment No. 1 to the Grant of Security Interest (Servicemarks) by Salem to The Bank of New York, as Administrative Agent, under the Borrower Security Agreement, dated as of September 25, 1997, with the Administrative Agent. (5)
4.14	Amendment No. 3 and Consent No. 4, dated as of April 23, 1999, under the Credit Agreement, dated as of September 25, 1997, by and among Salem, The Bank of New York, as Administrative Agent for the

	Lenders, Bank of America NT&SA, as Documentation Agent, and the Lenders party thereto. (5)
4.15	First Amended and Restated Credit Agreement by and among Salem, The Bank of New York, as Administrative Agent for the Lenders, Bank of America NT&SA, as Documentation Agent, and the Lenders named therein. (5)
4.16	Amendment No. 1 to First Amended and Restated Credit Agreement, by and among Salem, The Bank of New York, as Administrative Agent for the Lenders, Bank of America, N.A., as Documentation Agent and the Lenders party thereto. (6)
4.17	Amendment No. 2 to First Amended and Restated Credit Agreement, by and among Salem, The Bank of New York, as Administrative Agent for the Lenders, Bank of America, N.A., as Documentation Agent and the Lenders party thereto. (6)
4.18	Amendment No. 3 to First Amended and Restated Credit Agreement, dated as of August 17, 2000, by and among Salem, The Bank of New York, as Administrative Agent for the Lender, Bank of America, N.A., as Documentation Agent and the Lenders party thereto. (9)
4.19	Second amended and Restated Credit Agreement, dated as of August 24, 2000, by and among Salem Communications Holding Corporation, The Bank of New York, as Administrative Agent, Bank of America, N.A., as Syndication Agent, Fleet National Bank as Documentation Agent, Union Bank of California, N.A. and The Bank of Nova Scotia as Co-Agents and the Lenders party thereto. (9)
4.20	Credit Agreement, dated as of August 24, 2000, by and among Salem, ING (U.S.) Capital LLC as Administrative Agent, The Bank of New York as Syndication Agent, Fleet National Bank as Documentation Agent, and the Lenders party thereto.
10.01	Amended and Restated Employment Agreement, dated as of May 19, 1999, between Salem and Edward G. Atsinger III. (5)
10.02	Amended and Restated Employment Agreement, dated as of May 19, 1999, between Salem and Stuart W. Epperson. (5)
10.03.01	Employment Contract, dated November 7, 1991, between Salem and Eric H. Halvorson. (1)
10.03.02	First Amendment to Employment Contract, dated April 22, 1996, between Salem and Eric H. Halvorson. (1)
10.03.03	Second Amendment to Employment Contract, dated July 8, 1997, between Salem and Eric H. Halvorson. (1)
10.03.04	Deferred Compensation Agreement, dated November 7, 1991, between Salem and Eric H. Halvorson. (1)
10.03.05	Third Amendment to Employment Agreement, entered into May 26, 1999, between Salem and Eric Halvorson. (5)
10.05.01	Antenna/tower lease between Caron Broadcasting, Inc. (WHLO-AM/Akron, Ohio) and Messrs. Atsinger and Epperson expiring 2007. (1)
10.05.02	Antenna/tower/studio lease between Caron Broadcasting, Inc. (WTSJ-AM/ Cincinnati, Ohio) and Messrs. Atsinger and Epperson expiring 2007. (1)
10.05.03	Antenna/tower lease between Caron Broadcasting, Inc. (WHK-FM/Canton, Ohio) and Messrs. Atsinger and Epperson expiring 2007. (1)
10.05.04	Antenna/tower/studio lease between Common Ground Broadcasting, Inc. (KKMS-AM/Eagan, Minnesota) and Messrs. Atsinger and Epperson expiring in 2006. (1)
10.05.05	Antenna/tower lease between Common Ground Broadcasting, Inc. (WHK-AM/ Cleveland, Ohio) and Messrs. Atsinger and Epperson expiring 2008. (1)
10.05.06	Antenna/tower lease (KFAX-FM/Hayward, California) and Salem Broadcasting Company, a partnership consisting of Messrs. Atsinger and Epperson, expiring in 2003. (1)
10.05.07	Antenna/tower/studio lease between Inland Radio, Inc. (KKLA-AM/San

	Bernardino, California) and Messrs. Atsinger and Epperson expiring 2002. (1)
10.05.08	Antenna/tower lease between Inspiration Media, Inc. (KGNW-AM/Seattle, Washington) and Messrs. Atsinger and Epperson expiring in 2002. (1)
10.05.09	Antenna/tower lease between Inspiration Media, Inc. (KLFE-AM/Seattle, Washington) and The Atsinger Family Trust and Stuart W. Epperson Revocable Living Trust expiring in 2004. (1)
10.05.11.01	Antenna/tower/studio lease between Pennsylvania Media Associates, Inc. (WZZD-AM/WFIL-AM/Philadelphia, Pennsylvania) and Messrs. Atsinger and Epperson, as assigned from WEAZ-FM Radio, Inc., expiring 2004. (1)

10.05.11.02	Antenna/tower/studio lease between Pennsylvania Media Associates, Inc. (WZZD-AM/WFIL-AM/Philadelphia, Pennsylvania) and The Atsinger Family Trust and Stuart W. Epperson Revocable Living Trust expiring 2004. (1)
10.05.12	Antenna/tower lease between Radio 1210,Inc. (KPRZ-AM/Olivenhain, California) and The Atsinger Family Trust expiring in 2002. (1)
10.05.13	Antenna/tower lease between Salem Media of Texas, Inc. and Atsinger Family Trust/Epperson Family Limited Partnership (KSLR-AM/San Antonio, Texas). (6)
10.05.14	Antenna/turner/studio leases between Salem Media Corporation (KLTX-AM/Long Beach and Paramount, California) and Messrs. Atsinger and Epperson expiring in 2002. (1)
10.05.15	Antenna/tower lease between Salem Media of Colorado, Inc. (KNUS-AM/Denver-Boulder, Colorado) and Messrs. Atsinger and Epperson expiring 2006. (1)
10.05.16	Antenna/tower lease between Salem Media of Colorado, Inc. and Atsinger Family Trust/Epperson Family Limited Partnership (KRKS-AM/KBJD-AM/Denver, Colorado). (6)
10.05.17.01	Studio Lease between Salem Media of Oregon, Inc. (KPDQ-AM/FM/Portland, Oregon) and Edward G. Atsinger III, Mona J. Atsinger, Stuart W. Epperson, and Nancy K. Epperson expiring 2002. (1)
10.05.17.02	Antenna/tower lease between Salem Media of Oregon, Inc. (KPDQ-AM/FM/Raleigh Hills, Oregon and Messrs. Atsinger and Epperson expiring 2002. (1)
10.05.18	Antenna/tower lease between Salem Media of Pennsylvania, Inc. (WORD-FM/WPIT-AM/Pittsburgh, Pennsylvania) and The Atsinger Family Trust and Stuart W. Epperson Revocable Living Trust expiring 2003. (1)
10.05.19	Antenna/tower lease between Salem Media of Texas, Inc. (KSLR-AM/San Antonio, Texas) and Epperson-Atsinger 1983 Family Trust expiring 2007. (1)
10.05.20	Antenna/tower lease between South Texas Broadcasting, Inc. (KENR-AM/Houston-Galveston, Texas) and Atsinger Family Trust and Stuart W. Epperson Revocable Living Trust expiring 2005. (1)
10.05.21	Antenna/tower lease between Vista Broadcasting, Inc. (KFIA-AM/Sacramento, California) and The Atsinger Family Trust and Stuart W. Epperson Revocable Living Trust expiring 2006. (1)
10.05.22	Antenna/tower lease between South Texas Broadcasting, Inc. (KKHT-FM/Houston-Galveston, Texas) and Sonsinger Broadcasting Company of Houston, LP expiring 2008. (3)
10.05.23	Antenna/tower lease between Inspiration Media of Texas, Inc. (KTEK-AM/Alvin, Texas) and the Atsinger Family Trust and The Stuart W. Epperson Revocable Living Trust expiring 2009. (3)
10.06.05	Asset Purchase Agreement dated as of September 30, 1996 by and between Infinity Broadcasting Corporation of Dallas and Inspiration Media of Texas, Inc.(KEWS, Arlington, Texas; KDFX, Dallas, Texas). (1)
10.06.07	Asset Purchase Agreement dated June 2, 1997 by and between New England Continental Media, Inc. and Hibernia Communications, Inc. (WPZE-AM, Boston, Massachusetts). (1)
10.06.08	Option to Purchase dated as of August 18, 1997 by and between Sonsinger, Inc. and Inspiration Media, Inc. (KKOL-AM, Seattle, Washington). (1)
10.06.09	Asset Purchase Agreement dated as of April 13, 1998 by and between New Inspiration Broadcasting Company and First Scientific Equity Devices Trust (KIEV-AM, Glendale, California) (incorporated by reference to Exhibit 2.01 of the previously filed Current Report on Form 8-K). (3)
10.06.10	Asset Purchase Agreement dated as of April 1,1999 by and between Inspiration Media, Inc. and

Sonsinger, Inc. (KKOL-AM, Seattle, Washington). (5)

10.07.01 Tower Purchase Agreement dated August 22, 1997 by and between Salem and Sonsinger Broadcasting Company of Houston, L.P. (1)

10.07.02 Amendment to the Tower Purchase Agreement dated November 10, 1997 by and between Salem and Sonsinger Broadcasting Company of Houston, L.P. (1)

10.07.03 Promissory Note dated November 11, 1997 made by Sonsinger Broadcasting Company of Houston, L.P. payable to Salem. (1)

10.07.04 Promissory Note dated December 24, 1997 made by Salem payable to Edward G. Atsinger III. (1)

10.07.05 Promissory Note dated December 24, 1997 made by Salem payable to Stuart W. Epperson. (1)

10.08.01 Local Marketing Agreement dated August 13, 1999 between

20

Concord Media Group, Inc. and Radio 1210, Inc. (6)

10.08.02 Asset Purchase Agreement dated as of August 18, 1999, by and between Salem Media of Georgia, Inc. and Genesis Communications, Inc. (WNIV-FM, Atlanta, Georgia and WLTA-FM, Alpharetta, Georgia). (6)

10.08.03 Asset Purchase Agreement dated as of November 29, 1999, by and among JW Broadcasting, Inc., Salem Media of Georgia, Inc. and Salem Communications Corporation (WGKA-AM, Atlanta, Georgia). (6)

10.08.04 Asset Exchange Agreement dated as of January 19, 2000 by and among Bison Media, Inc.; AMFM Texas Broadcasting, LP and AMFM Texas Licenses, LP (KSKY-AM, Balch Springs, TX; KPRZ-FM, Colorado Springs, CO). (7)

10.08.05 Asset Purchase Agreement dated as of March 6, 2000 by and among Salem, Citicasters Co., AMFM Texas Broadcasting, LP; AMFM Texas Licenses LP; AMFM Ohio, Inc.; AMFM Radio Licenses LLC; Capstar Radio Operating Company and Capstar TX Limited Partnership (WBOB-AM, KEZY-AM, KXMX-FM, KDGE-FM, WKNR-AM, WRMR-AM, KALC-FM, WYGY-FM). (7)

10.08.06 Asset Exchange Agreement dated as of May 31, 2000 by and among Salem; South Texas Broadcasting, Inc.; Cox Radio, Inc.; and CXR Holdings, Inc. (WALR-FM, Athens, GA; WSUN-AM, Plant City, FL, KLUP-AM, Terrell Hills, TX, KKHT-FM, Conroe, TX). (8)

10.08.07 Asset Purchase Agreement dated as of July 2000, by and among Salem Media of California and Hi-Favor Broadcasting, LLC (KLTX-AM Long Beach, CA). (8)

10.09.01 Evidence of Key man life insurance policy no. 2256440M insuring Edward G. Atsinger III in the face amount of $5,000,000. (1)

10.09.02 Evidence of Key man life insurance policy no. 2257474H insuring Edward G. Atsinger III in the face amount of $5,000,000. (1)

10.09.03 Evidence of Key man life insurance policy no. 2257476B insuring Stuart W. Epperson in the face amount of $5,000,000. (1)

10.10 1999 Stock Incentive Plan. (5)

21.01 Subsidiaries of Salem. (6)

27.01 Financial Data Schedule.

(1) Incorporated by reference to the exhibit of the same number, unless otherwise noted, of Salem's Registration Statement on Form S-4 (No. 333-41733), as amended, as declared effective by the Securities and Exchange Commission on February 9, 1998.

(2) Incorporated by reference to the exhibit of the same number, unless otherwise noted, of Salem's Current Report on Form 8-K, filed with the Securities and Exchange Commission on September 4, 1998.

(3) Incorporated by reference to the exhibit of the same number, unless otherwise noted, of Salem's Annual Report on Form 10-K, filed with the Securities and Exchange Commission on March 31, 1999.

(4) Incorporated by reference to the exhibit of the same number, unless otherwise noted, of Salem's Current Report on Form 8-K, filed with the Securities and Exchange Commission on April 14, 1999.

(5) Incorporated by reference to the exhibit of the same number to Salem's Registration Statement on Form S-1 (No. 333-76649) as amended, as declared, effective by the Securities and Exchange Commission on June 30, 1999.

(6) Incorporated by reference to the exhibit of the same number to Salem's Annual Report on Form 10-K, filed with the Securities and Exchange Commission on March 30, 2000.

(7) Incorporated by reference to the exhibit of the same number to Salem's Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission on May 15, 2000.

(8) Incorporated by reference to the exhibit of the same number to Salem's Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission on August 14, 2000.

(9) Incorporated by reference to the exhibit of the same number, unless

otherwise noted, to Salem's Current Report on Form 8-K; filed with the Securities and Exchange Commission on September 8, 2000.

(b) REPORTS ON FORM 8-K

On September 8, 2000, Salem filed a report on Form 8-K relating to its acquisition of assets of eight radio stations from Clear Channel Communications, Inc. and AMFM, Inc. Financial statements and pro forma financial information for radio stations for which assets were acquired were reported in an amended current report on Form 8-K/A filed November 7, 2000.

On September 18, 2000, Salem filed a report on Form 8-K relating to an agreement for the exchange of assets of Salem's radio station KKHT-FM (Houston, Texas) for the assets of Cox Radio, Inc.'s radio stations WALR-FM (Atlanta, Georgia), KLUP-AM (San Antonio, Texas), and WSUN-AM (Tampa, Florida). Salem will make a determination of what financial statements shall be reported for

this agreement and such information will be reported by amendment to the initial report on Form 8-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Salem Communications Corporation has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SALEM COMMUNICATIONS CORPORATION

Date: November 14, 2000

By: /s/ EDWARD G. ATSINGER III

Edward G. Atsinger III
President and Chief Executive Officer

Date: November 14, 2000

By: /s/ DAVID A. R. EVANS

David A. R. Evans
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS AS OF AND FOR THE PERIOD ENDED SEPTEMBER 30, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENECE TO SUCH FIANCIAL STATEMENTS.
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