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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 Or 15(d) of the
Securities Exchange Act Of 1934

Date of Report (Date of earliest event reported): February 25, 2013

SALEM COMMUNICATIONS CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware	**000-26497**	**77-0121400**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

4880 Santa Rosa Road, Camarillo, California	**93012**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: (805) 987-0400

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ]Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ]Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ]Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ]Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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On February 25, 2013, Salem Communications Corporation issued a press release regarding its results of operations for the quarter and fiscal year ended December 31, 2012.

ITEM 7.01 REGULATION FD DISCLOSURE

On February 25, 2013, Salem Communications Corporation issued a press release regarding its results of operations for the quarter and fiscal year ended December 31, 2012.

ITEM 8.01 OTHER EVENTS

Press Release

On February 25, 2013, Salem Communications Corporation (the "Company") issued a press release entitled "Salem Communications Announces Tender Offer and Consent Solicitation."

Risk Factors

In addition, the Company included the following risk factors related to the Company in the Offer to Purchase and Consent Solicitation Statement described in the press release entitled "Salem Communications Announces Tender Offer and Consent Solicitation":

- We have, and after entry into our new senior secured term loan we will have, a significant amount of debt, which could restrict our future operating and strategic flexibility and expose us to the risks of financial leverage.
- Our ability to meet our debt service obligations on our new senior secured term loan and our other debt will depend on our future performance, which will be subject to many factors that are beyond our control.
- We depend significantly upon the success of the religious and family issues format segment of the radio broadcasting industry.
- Our ability to successfully grow through acquisitions by acquiring radio stations in new and existing markets, as well as by expanding into non-broadcast media and acquiring businesses that share our commitment to serving our targeted audience depends on many factors, some of which are beyond our control.
- We are subject to risks of competition from other commercial and non-commercial radio stations as well as from other media, including broadcast and cable television, the Internet, newspapers, magazines, direct mail and billboard advertising.
- We are subject to risks and limitations due to government regulation of the broadcasting industry, including Federal Communications Commission control over the renewal and transfer of broadcasting licenses, which could materially adversely affect our operations and growth strategy.

As used in these risk factors, "we," "our," "ours" and "us" refer to the Company and its consolidated subsidiaries.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits. The following exhibits are furnished with this report on Form 8-K:

Exhibit No.	Description
99.1	Press release, dated February 25, 2013, of Salem Communications Corporation entitled “Salem Communications Announces Tender Offer and Consent Solicitation.”
99.2	Press release, dated February 25, 2013, of Salem Communications Corporation regarding its results of operations for the quarter and fiscal year ended December 31, 2012.

SIGNATURE

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

SALEM COMMUNICATIONS CORPORATION

Date: February 25, 2013

By:/s/EVAN D. MASYR
Evan D. Masyr
Senior Vice President and Chief Financial Officer

EXHIBIT INDEX

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SALEM COMMUNICATIONS ANNOUNCES TENDER OFFER AND CONSENT SOLICITATION

CAMARILLO, CA February 25, 2013 — Salem Communications Corporation (“Salem”) (NASDAQ: SALM), announced today that it has commenced a cash tender offer (the “Tender Offer”) and consent solicitation (the “Consent Solicitation,” and together with the Tender Offer, the “Offer”) for any and all of its $213.5 million aggregate principal amount of 9.625% Senior Secured Second Lien Notes due 2016 (CUSIP No. 794093 AF1) (the “Notes”). In conjunction with the Offer, Salem is seeking to secure senior credit financing consisting of a revolving credit facility of up to $25.0 million and a term loan facility of up to $300.0 million. Proceeds from the term loan facility will be used to fund the Offer.

The Offer is described in the Offer to Purchase and Consent Solicitation Statement dated February 25, 2013 (the “Offer to Purchase”). The Offer will expire at 12:00 midnight, New York City time, on the night of March 22, 2013 unless extended (the “Expiration Date”).

Holders who validly tender (and do not validly withdraw) their Notes and deliver (and do not validly revoke) their consents to the proposed amendments (the “Consents”) to the indenture governing the Notes (the “Indenture”) prior to the consent payment deadline of 5:00 p.m., New York City time, on March 8, 2013, unless extended (the “Consent Payment Deadline”), will receive the total consideration of $1,106.54 per $1,000 principal amount of the Notes, which includes a consent payment of $30.00 per $1,000 principal amount of the Notes, plus any accrued and unpaid interest on the Notes up to, but not including, the payment date for such Notes. The Offer contemplates an early settlement option, such that any holders who validly tender Notes and deliver Consents prior to the Consent Payment Deadline that are accepted for purchase could receive payment as early as March 14, 2013.

Holders who validly tender (and do not validly withdraw) their Notes after the Consent Payment Deadline but on or prior to the Expiration Date will receive the tender offer consideration of $1,076.54 per $1,000 principal amount of the Notes, plus any accrued and unpaid interest on the Notes up to, but not including, the payment date for such Notes. Holders of Notes tendered after the Consent Payment Deadline will not receive a consent payment.

Certain of the proposed amendments to the Indenture (the “Majority Consent Amendments”) require the Consent of holders of at least a majority in aggregate principal amount of the outstanding Notes (the “Majority Consents”). The remainder of the proposed amendments to the Indenture (the “Supermajority Consent Amendments”) require the Consent of holders of at least 66 2/3% in aggregate principal amount of the outstanding Notes (the “Supermajority Consents” and together with the Majority Consents, the “Required Consents”). If Salem receives at least the Majority Consents, Salem will execute a supplemental indenture (the “Supplemental Indenture”) effecting the Majority Consent Amendments. If Salem receives the Supermajority Consents, the Supplemental Indenture will also effect the Supermajority Consent Amendments. Salem’s obligations to purchase any Notes and to pay the total consideration or the tender offer consideration, as applicable, in respect of any Notes are not conditioned on the receipt of the Majority Consents or the Supermajority Consents. Regardless of whether the Required Consents are obtained, Salem intends, at its sole discretion and without any obligation to do so, to retire any Notes that are not validly tendered and accepted for purchase pursuant to the Offer in accordance with the terms of the Indenture, which may include redeeming any such Notes in the manner described in the Offer to Purchase. Except in certain circumstances, tendered Notes may not be withdrawn and delivered Consents may not be revoked upon the earlier of (i) 5:00 p.m., New York City time, on March 8, 2013 and (ii) execution of the Supplemental Indenture.

The Offer is subject to a number of conditions that are set forth in the Offer to Purchase, including the receipt by Salem of net proceeds from a new senior secured term loan on terms and conditions acceptable to Salem that will aggregate to an amount that is sufficient to pay (a) the total consideration in respect of all Notes (regardless of the actual amount of Notes tendered) and (b) estimated fees and expenses relating to the foregoing transactions, each as more fully described in the Offer to Purchase.

Salem has engaged Wells Fargo Securities, LLC and SunTrust Robinson Humphrey, Inc. as co-dealer managers for the Offer. Persons with questions regarding the Offer should contact Wells Fargo Securities at (866) 309-6316 (toll free) or (704) 410-4760 (collect), or SunTrust Robinson Humphrey at (404) 926-5051. Requests for copies of the Offer to Purchase or other tender offer materials may be directed to Global Bondholder Services Corporation, the Information Agent, at (866) 470-4500 (toll free) or (212) 430-3774 (collect).

This press release does not constitute an offer to purchase the Notes or a solicitation of Consents to amend the Indenture. The Offer is made solely pursuant to the Offer to Purchase. The Tender Offer is not being made to holders of Notes in any jurisdiction in which the making or acceptance thereof would not be in compliance with the securities, blue sky or other laws of such jurisdiction.

Company Information and Forward Looking Statements

About Salem Communications Corporation

Salem Communications Corporation is the largest commercial U.S. radio broadcasting company that provides programming targeted at audiences interested in Christian and conservative opinion radio content, as measured by the number of stations and audience coverage. Upon completion of all announced transactions, Salem will own and/or operate a national portfolio of 99 radio stations in 38 markets, including 61 stations in the top 25 markets. Salem is one of only three commercial radio broadcasters with radio stations in all of the top 10 markets. Salem also programs the Family Talk™ Christian-themed talk format on SiriusXM Channel 131.

Salem also owns Salem Radio Network, a national radio network that syndicates talk, news and music programming to approximately 2,400 affiliated radio stations and Salem Media Representatives, a national media advertising sales firm with offices across the country.

In addition to its radio broadcast business, Salem owns an Internet and a publishing division. Salem Web Network is a provider of online Christian- and conservative-themed content and streaming and includes websites such as Christian faith focused Christianity.com, Questions and Answers about Jesus Christ at Jesus.org, Christian living focused Crosswalk.com®, online Bible at BibleStudyTools.com, Christian videos at GodTube.com, a leading website providing church media at WorshipHouseMedia.com and Christian radio ministries online at OnePlace.com. Additionally Salem owns conservative news leader Townhall.com® and conservative political blog HotAir.com, providing conservative commentary, news and blogging. Salem Publishing™ circulates Christian and conservative magazines such as Homecoming® The Magazine, YouthWorker Journal™, The Singing News®, FaithTalk Magazine™, Preaching™ and Townhall Magazine™. Xulon Press™ is a provider of self-publishing services targeting the Christian audience.

This press release contains forward-looking statements conveying management's expectations as to the future based on current plans, estimates and projections. Forward-looking statements involve inherent risks and uncertainties and Salem Communications Corporation cautions you that a number of important factors could cause actual results to differ materially from those contained in any such forward-looking statement. The forward-looking statements contained in this press release include statements related to the Offer, including the Expiration Date, Consent Payment Deadline and possible completion of the Offer. Investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Salem Communications Corporation does not undertake to update any of these statements in light of new information or future events, except, with respect to the Offer, as required by law.

Company Contact:
Evan Masyr
Salem Communications
(805) 384-4512
evanm@salem.cc

SALEM COMMUNICATIONS ANNOUNCES INCREASE IN FOURTH QUARTER 2012 TOTAL REVENUE OF 6.1% TO $60.6 MILLION

CAMARILLO, CA February 25, 2013 – Salem Communications Corporation (Nasdaq: SALM) released its results for the three and twelve months ended December 31, 2012.

Fourth Quarter 2012 Highlights

- Fourth quarter revenue increased 6.1% to $60.6 million compared to the industry which increased 4.3%
- Internet revenue increased 25.4%; acquired Godvine.com in October
- Internet revenue represents 17% of fourth quarter total revenue
- Began operating WTOH-FM in Columbus, Ohio and WGTK-FM in Greenville, South Carolina; closed on both the acquisitions in February 2013
- Leverage ratio of 4.87

Fourth Quarter 2012 Results

For the quarter ended December 31, 2012 compared to the quarter ended December 31, 2011:

<u>Consolidated</u>

- Total revenue increased 6.1% to $60.6 million from $57.1 million;
- Operating expenses increased 9.0% to $50.3 million from $46.2 million;
- Operating expenses excluding gain or loss on disposal of assets and impairment of long-lived assets increased 7.7% to $49.6 million from $46.0 million;
- Operating income decreased 6.0% to $10.2 million from $10.9 million;
- Net income increased 350.4% to $2.0 million, or $0.08 net income per diluted share, from $0.4 million, $0.02 net income per diluted share, in the prior year;
- EBITDA increased 5.0% to $13.9 million from $13.2 million; and
- Adjusted EBITDA increased 1.1% to $15.2 million from $15.1 million.

<u>Broadcast</u>

- Net broadcast revenue increased 2.5% to $47.0 million from $45.8 million;
- Station operating income (“SOI”) increased 0.6% to $16.5 million from $16.4 million;
- Same station net broadcast revenue increased 2.2% to $46.7 million from $45.7 million;
- Same station SOI increased 0.3% to $16.5 million from $16.4 million; and
- Same station SOI margin decreased to 35.3% from 36.0%.

<u>Internet</u>

- Internet revenue increased 25.4% to $10.2 million from $8.1 million; and
- Internet operating income increased 7.9% to $2.9 million from $2.7 million.

Publishing
- Publishing revenue increased 8.6% to $3.4 million from $3.1 million; and
- Publishing operating income decreased 72.3% to $0.1 million from $0.2 million.

Included in the results for the quarter ended December 31, 2012 are:
- A $0.2 million loss ($0.1 million, net of tax) on early retirement of long-term debt due to the repurchase of $4.0 million of the 9 5/8% senior secured second lien notes due in 2016;
- A $0.5 million gain ($0.3 million, net of tax, or $0.01 per diluted share) from insurance proceeds received related to storm damage in the New York market offset by disposal of assets;
- A $1.3 million impairment loss ($0.8 million, net of tax, or $0.03 per share) on land in Covina, California and mastheads; and
- A $0.4 million non-cash compensation charge ($0.2 million, net of tax, or $0.01 per share) related to the expensing of stock options consisting of:
  - $0.3 million non-cash compensation included in corporate expenses; and
  - $0.1 million non-cash compensation included in broadcast operating expenses.

Included in the results for the quarter ended December 31, 2011 are:
- A $0.8 million loss ($0.5 million, net of tax, or $0.02 per share) on early retirement of long-term debt due to the repurchase of $12.5 million of the 9 5/8% senior secured second lien notes due in 2016;
- A $0.2 million loss ($0.01, net of tax) on disposal of assets;
- A $0.6 million loss, net of tax, or $0.02 per share, from the discontinued operations of Samaritan Fundraising; and
- A $0.3 million non-cash compensation charge ($0.2 million, net of tax, or $0.01 per share) related to the expensing of stock options primarily consisting of:
  - $0.2 million non-cash compensation included in corporate expenses; and
  - $0.1 million non-cash compensation included in broadcast operating expenses.

These results reflect the reclassification of the operations of Samaritan Fundraising to discontinued operations for the three months ended December 31, 2012 and 2011.

Per share numbers are calculated based on 25,266,368 diluted weighted average shares for the quarter ended December 31, 2012, and 24,737,629 diluted weighted average shares for the quarter ended December 31, 2011.

Year to Date 2012 Results

For the year ended December 31, 2012 compared to the year ended December 31, 2011:

Consolidated
- Total revenue increased 5.0% to $229.2 million from $218.2 million;
- Operating expenses increased 12.8% to $198.7 million from $176.2 million;
- Operating expenses excluding gain or loss on disposal of assets and impairment of long-lived assets increased 6.3% to $191.7 million from $180.3 million;
- Operating income decreased 27.4% to $30.5 million from $42.0 million;
- Net income decreased 21.2% to $4.4 million, or $0.18 net income per diluted share, from $5.6 million, or $0.23 net income per diluted share, in the prior year;

- EBITDA decreased 18.5% to $44.0 million from $54.0 million; and
- Adjusted EBITDA decreased 0.4% to $53.5 million from $53.7 million.

Broadcast

- Net broadcast revenue increased 2.5% to $183.2 million from $178.7 million;
- SOI decreased 1.3% to $62.4 million from $63.2 million;
- Same station net broadcast revenue increased 2.3% to $182.1 million from $178.0 million;
- Same station SOI decreased 1.2% to $62.4 million from $63.1 million; and
- Same station SOI margin decreased to 34.2% from 35.4%.

Internet

- Internet revenue increased 22.6% to $33.5 million from $27.3 million; and
- Internet operating income increased 29.8% to $8.3 million from $6.4 million.

Publishing

- Publishing revenue increased 3.2% to $12.5 million from $12.1 million; and
- Publishing operating income decreased 63.9% to $0.2 million from $0.7 million.

Included in the results for the twelve months ended December 31, 2012 are:

- A $1.1 million loss ($0.7 million, net of tax, or $0.03 per share) on early retirement of long-term debt due to the repurchase of $21.5 million of the 9$^{5}/_{8}$% senior secured second lien notes due in 2016;
- A $6.9 million impairment loss ($4.1 million, net of tax, or $0.17 per share) on land in Covina, California and mastheads; and
- A $1.4 million non-cash compensation charge ($0.8 million, net of tax, or $0.03 per share) related to the expensing of stock options primarily consisting of:
  - $0.9 million non-cash compensation included in corporate expenses;
  - $0.3 million non-cash compensation included in broadcast operating expenses; and
  - $0.1 million non-cash compensation included in Internet operating expenses.

Included in the results for the twelve months ended December 31, 2011 are:

- A $4.2 million gain ($2.5 million, net of tax, or $0.10 per diluted share) on disposal of assets comprised of a $2.4 million pre-tax gain from the sale of KKMO-AM in Seattle, Washington and a $2.1 million pre-tax gain from the sale of KXMX-AM in Los Angeles, California, partially offset by losses from various fixed asset and equipment disposals;
- A $2.2 million loss ($1.3 million, net of tax, or $0.05 per share) on early retirement of long-term debt due to the repurchase and redemption of $35.0 million of the 9$^{5}/_{8}$% senior secured second lien notes due in 2016;
- A $0.7 million loss, net of tax, or $0.03 per share, from the discontinued operations of Samaritan Fundraising; and
- A $1.0 million non-cash compensation charge ($0.6 million, net of tax, or $0.02 per share) related to the expensing of stock options consisting of:
  - $0.6 million non-cash compensation included in corporate expenses;
  - $0.3 million non-cash compensation included in broadcast operating expenses; and
  - $0.1 million non-cash compensation included in Internet operating expenses.

These results reflect the reclassification of the operations of Samaritan Fundraising to discontinued operations for the twelve months ended December 31, 2012 and 2011.

Per share numbers are calculated based on 24,986,966 diluted weighted average shares for the twelve months ended December 31, 2012, and 24,683,644 diluted weighted average shares for the twelve months ended December 31, 2011.

Balance Sheet

As of December 31, 2012, the company had $213.5 million of 9 $^{5}/_{8}$% senior secured second lien notes outstanding, $33.0 million drawn on its revolver, $7.5 million subordinated debt and $15.0 million subordinated debt payable to related parties. The company was in compliance with the covenants of its credit facility and bond indenture. The company's bank leverage ratio was 4.87 versus a compliance covenant of 6.25.

Today, Salem launched a tender offer to purchase for cash any and all of its outstanding 9 $^{5}/_{8}$% Notes and a related consent solicitation to amend the indenture governing the 9$^{5}/_{8}$% Notes (collectively, the "Tender Offer"). In connection with the Tender Offer, the company plans to enter into a new senior secured term loan of up to $300 million, which will be used to fund the purchase of any 9$^{5}/_{8}$% Notes that are tendered in the Tender Offer, and retire all other outstanding corporate debt. The company also plans to enter into a new senior secured revolving credit facility of up to $25 million. If the requisite consents have been obtained from holders of the 9$^{5}/_{8}$% Notes in the Tender Offer, substantially all of the restrictive covenants and certain events of default in the indenture governing the 9$^{5}/_{8}$% Notes will be eliminated and the liens on the assets that secure the 9$^{5}/_{8}$% Notes will be released, making any 9 $^{5}/_{8}$% Notes that remain outstanding after the consummation of the Tender Offer effectively subordinated to the new term loan and the new revolving credit facility to the extent of the value of the collateral. Holders of the 9$^{5}/_{8}$% Notes who tender by the consent payment deadline, which is anticipated to be March 8, 2013, will receive a consent payment as part of the Tender Offer consideration. The Tender Offer is anticipated to expire on March 22, 2013. Regardless of whether the company obtains the requisite consents from holders of the 9$^{5}/_{8}$% Notes in the Tender Offer, the company intends, at its sole discretion and without any obligation to do so, to retire any 9$^{5}/_{8}$% Notes that are not tendered in the Tender Offer in accordance with the terms of the indenture governing the 9$^{5}/_{8}$% Notes, which may include redeeming the 9 $^{5}/_{8}$% Notes.

Cash Distribution

Salem paid a cash distribution of $0.035 per share on its Class A and Class B common stock on December 28, 2012 to shareholders of record as of December 14, 2012. The distribution totaled approximately $0.9 million. For the year, Salem has paid $3.4 million, or $0.14 per share, in cash distributions.

Acquisitions and Divestitures

The following transactions were completed since October 1, 2012:

- On February 15, 2013, the company completed the acquisition of radio station WTOH-FM (formerly WJKR-FM) in Columbus, Ohio for $4.0 million;
- On February 5, 2013, the company completed the acquisition of radio station WGTK-FM (formerly WMUU-FM) in Greenville, South Carolina for $6.0 million, of which $1.0 million was paid upon closing, $2.0 million is payable in April 2014 and $3.0 million is payable in advertising credits;
- On December 12, 2012, the company redeemed an additional $4.0 million of the $9^{5}/_{8}$% senior secured second lien notes due 2016 for $4.1 million, or at a price equal to 103% of the face value. This transaction resulted in a $0.2 million pre-tax loss on the early retirement of debt; and
- On October 2, 2012, the company acquired Godvine.com for $4.2 million.

Conference Call Information

Salem will host a teleconference to discuss its results on February 25, 2013 at 2:00 p.m. Pacific Time. To access the teleconference, please dial (719) 325-2159, passcode 9294829 or listen via the investor relations portion of the company's website, located at www.salem.cc. A replay of the teleconference will be available through March 11, 2013 and can be heard by dialing (719) 457-0820, passcode 9294829 or on the investor relations portion on the company's website, located at www.salem.cc.

First Quarter 2013 Outlook

For the first quarter of 2013, Salem is projecting total revenue to increase 1% to 3% over first quarter 2012 total revenue of $54.3 million. Salem is also projecting operating expenses before gain or loss on disposal of assets, terminated transaction costs and abandoned license upgrades and impairments to increase 2% to 5% as compared to the first quarter of 2012 operating expenses of $46.5 million.

About Salem Communications

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Salem also owns Salem Radio Network, a national radio network that syndicates talk, news and music programming to approximately 2,400 affiliated radio stations and Salem Media Representatives, a national media advertising sales firm with offices across the country.

In addition to its radio broadcast business, Salem owns an Internet and a publishing division. Salem Web Network is a provider of online Christian and conservative-themed content and streaming and includes websites such as Christian faith focused Christianity.com, Questions and Answers about Jesus Christ at Jesus.org, Christian living focused Crosswalk.com®, online Bible at BibleStudyTools.com, Christian videos at GodTube.com, a leading website providing church media at WorshipHouseMedia.com, Christian radio ministries online at OnePlace.com and GodVine.com, online site with content shared by users in an interactive environment. Additionally Salem owns conservative news leader Townhall.com® and conservative political blog HotAir.com, providing conservative commentary, news and blogging. Salem Publishing™ circulates Christian and conservative magazines such as Homecoming® The Magazine, YouthWorker Journal™, The Singing News, FaithTalk Magazine, Preaching and Townhall Magazine™. Xulon Press™ is a provider of self publishing services targeting the Christian audience.

Company Contact:
Evan D. Masyr
Salem Communications
(805) 384-4512
evanm@salem.cc

Forward-Looking Statements
Statements used in this press release that relate to future plans, events, financial results, prospects or performance are forward-looking statements as defined under the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those anticipated as a result of certain risks and uncertainties, including but not limited to the ability of Salem to close and integrate announced transactions, market acceptance of Salem's radio station formats, competition from new technologies, adverse economic conditions, and other risks and uncertainties detailed from time to time in Salem's reports on Forms 10-K, 10-Q, 8-K and other filings filed with or furnished to the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Salem undertakes no obligation to update or revise any forward-looking statements to reflect new information, changed circumstances or unanticipated events.

Regulation G
Station operating income, Internet operating income and publishing operating income, EBITDA and Adjusted EBITDA are financial measures not prepared in accordance with generally accepted accounting principles ("GAAP"). Station operating income is defined as net broadcast revenues minus broadcast operating expenses. Internet operating income is defined as net Internet revenue minus Internet operating expenses. Publishing operating income is defined as net publishing revenue minus publishing operating expenses. EBITDA is defined as net income before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA before impairment of long-lived assets, gain or loss on the disposal of assets and non-cash compensation expense. In addition, Salem has provided supplemental information as an attachment to this press release, reconciling these non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with GAAP. The company believes these non-GAAP financial measures, when considered in conjunction with the most directly comparable GAAP financial measures, provide useful measures of the company's operating performance.

Station operating income, Internet operating income, publishing operating income, EBITDA and Adjusted EBITDA are generally recognized by the broadcast industry as important measures of performance and are used by investors as well as analysts who report on the industry to provide meaningful comparisons between broadcast. Station operating income, Internet operating income publishing operating income, EBITDA and Adjusted EBITDA are not a measure of liquidity or of performance in accordance with GAAP, and should be viewed as a supplement to and not a substitute for, or superior to, the company's results of operations presented on a GAAP basis such as operating income and net income. In addition, Salem's definitions of station operating income, Internet operating income, publishing operating income, EBITDA and Adjusted EBITDA are not necessarily comparable to similarly titled measures reported by other companies.

Salem Communications Corporation
Condensed Consolidated Statements of Operations
(in thousands, except share, per share and margin data)

	Three Months Ended December 31, 2011	Three Months Ended December 31, 2012	Twelve Months Ended December 31, 2011	Twelve Months Ended December 31, 2012
	(Unaudited)			
Net broadcast revenue	$ 45,802	**$ 46,956**	$ 178,731	**$ 183,180**
Net Internet revenue	8,136	**10,205**	27,304	**33,474**
Net publishing revenue	3,122	**3,389**	12,131	**12,525**
Total revenue	57,060	**60,550**	218,166	**229,179**
Operating expenses:				
Broadcast operating expenses	29,428	**30,483**	115,482	**120,772**
Internet operating expenses	5,432	**7,287**	20,889	**25,145**
Publishing operating expenses	2,934	**3,337**	11,475	**12,288**
Corporate expenses	4,463	**4,578**	17,503	**18,892**
Impairment of long-lived assets	—	**1,288**	—	**6,896**
Depreciation and amortization	3,738	**3,872**	14,971	**14,647**
(Gain) loss on disposal of assets	190	**(514)**	(4,153)	**49**
Total operating expenses	46,185	**50,331**	176,167	**198,689**
Operating income	10,875	**10,219**	41,999	**30,490**
Other income (expense):				
Interest income	190	**23**	344	**106**
Interest expense	(6,540)	**(6,124)**	(27,665)	**(24,911)**
Loss on early redemption of long-term debt	(774)	**(195)**	(2,169)	**(1,088)**
Other income (expense), net	(20)	**8**	(40)	**79**
Income from continuing operations before income taxes	3,731	**3,931**	12,469	**4,676**
Provision for income taxes	2,705	**1,921**	6,110	**153**
Income from continuing operations	1,026	**2,010**	6,359	**4,523**
Loss from discontinued operations, net of tax	(580)	**(1)**	(741)	**(95)**
Net income	$ 446	**$ 2,009**	$ 5,618	**$ 4,428**
Basic income per share before discontinued operations	$ 0.04	**$ 0.08**	$ 0.26	**$ 0.18**
Income (loss) per share from discontinued operations, net of tax	(0.02)	**—**	(0.03)	**—**
Basic income per share after discontinued operations	$ 0.02	**$ 0.08**	$ 0.23	**$ 0.18**
Diluted income per share before discontinued operations	$ 0.04	**$ 0.08**	$ 0.26	**$ 0.18**
Income (loss) per share from discontinued operations, net of tax	(0.02)	**—**	(0.03)	**—**
Diluted income per share after discontinued operations	$ 0.02	**$ 0.08**	$ 0.23	**$ 0.18**
Dividends per share	$ —	**$ 0.03**	$ —	**$ 0.14**
Basic weighted average shares outstanding	24,554,245	**24,726,148**	24,475,102	**24,577,605**
Diluted weighted average shares outstanding	24,737,629	**25,266,368**	24,683,644	**24,986,966**
Other data:				
Station operating income	$ 16,374	**$ 16,473**	$ 63,249	**$ 62,408**
Station operating margin	35.7%	**35.1%**	35.4%	**34.1%**

Salem Communications Corporation
Condensed Consolidated Balance Sheets
(in thousands)

	December 31, 2011	December 31, 2012
Assets		
Cash	$ 67	$ **380**
Restricted cash	110	**—**
Trade accounts receivable, net	31,001	**32,874**
Deferred income taxes	6,403	**6,248**
Other current assets	4,385	**5,858**
Property, plant and equipment	111,222	**99,467**
Intangible assets, net	399,942	**406,729**
Deferred financing costs	5,489	**4,002**
Other assets	2,691	**3,669**
Total assets	$ 561,310	$ **559,227**
Liabilities and Stockholders' Equity		
Current liabilities	$ 36,515	$ **48,524**
Long-term debt and capital lease obligations	265,679	**248,872**
Deferred income taxes	48,077	**47,593**
Other liabilities	7,991	**8,169**
Stockholders' equity	203,048	**206,069**
Total liabilities and stockholders' equity	$ 561,310	$ **559,227**

Salem Communications Corporation
Supplemental Information
(in thousands)

	Three Months Ended December 31, 2011	Three Months Ended December 31, 2012	Twelve Months Ended December 31, 2011	Twelve Months Ended December 31, 2012
		(Unaudited)		
Capital Expenditures				
Acquisition related / income producing	$ 257	**$ 22**	$ 1,950	**$ 1,118**
Maintenance	1,334	**2,120**	5,572	**7,431**
Total capital expenditures	$ 1,591	**$ 2,142**	$ 7,522	**$ 8,549**
Reconciliation of Same Station Net Broadcast Revenue to Total Net Broadcast Revenue				
Net broadcast revenue – same station	$ 45,666	**$ 46,650**	$ 178,025	**$ 182,106**
Net broadcast revenue – acquisitions	115	**308**	232	**929**
Net broadcast revenue – dispositions	23	**(1)**	331	**5**
Net broadcast revenue – format changes	(2)	**(1)**	143	**140**
Total net broadcast revenue	$ 45,802	**$ 46,956**	$ 178,731	**$ 183,180**
Reconciliation of Same Station Broadcast Operating Expenses to Total Broadcast Operating Expenses				
Broadcast operating expenses – same station	$ 29,246	**$ 30,177**	$ 114,930	**$ 119,745**
Broadcast operating expenses revenue – acquisitions	102	**306**	211	**808**
Broadcast operating expenses – dispositions	79	**2**	187	**74**
Broadcast operating expenses – format changes	1	**(2)**	154	**145**
Total broadcast operating expenses	$ 29,428	**$ 30,483**	$ 115,482	**$ 120,772**
Reconciliation of Same Station Operating Income to Total Station Operating Expenses				
Station operating income – same station	$ 16,420	**$ 16,473**	$ 63,095	**$ 62,361**
Station operating income – acquisitions	13	**2**	21	**121**
Station operating income – dispositions	(56)	**(3)**	144	**(69)**
Station operating income – format changes	(3)	**1**	(11)	**(5)**
Total station operating income	$ 16,374	**$ 16,473**	$ 63,249	**$ 62,408**

Salem Communications Corporation
Supplemental Information
(in thousands)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2011	2012	2011	2012
		(Unaudited)		
Reconciliation of SOI and Internet Operating Income and Publishing Operating Income to Operating Income				
Station operating income	$ 16,374	**$ 16,473**	$ 63,249	**$ 62,408**
Internet operating income	2,704	**2,918**	6,415	**8,329**
Publishing operating income	188	**52**	656	**237**
Less:				
Corporate expenses	(4,463)	**(4,578)**	(17,503)	**(18,892)**
Depreciation and amortization	(3,738)	**(3,872)**	(14,971)	**(14,647)**
Impairment of long-lived assets	—	**(1,288)**	—	**(6,896)**
(Gain) loss on disposal of assets	(190)	**514**	4,153	**(49)**
Operating income	$ 10,875	**$ 10,219**	$ 41,999	**$ 30,490**
Reconciliation of Adjusted to EBITDA to EBITDA to Net Income				
Adjusted EBITDA	$ 15,087	**$ 15,246**	$ 53,727	**$ 53,529**
Less:				
Stock-based compensation	(304)	**(373)**	(950)	**(1,368)**
Loss on early retirement of long-term debt	(774)	**(195)**	(2,169)	**(1,088)**
Discontinued operations, net of tax	(580)	**(1)**	(741)	**(95)**
Impairment of long-lived assets	—	**(1,288)**	—	**(6,896)**
(Gain) loss on disposal of assets	(190)	**514**	4,153	**(49)**
EBITDA	13,239	**13,903**	54,020	**44,033**
Plus:				
Interest income	190	**23**	344	**106**
Less:				
Depreciation and amortization	(3,738)	**(3,872)**	(14,971)	**(14,647)**
Interest expense	(6,540)	**(6,124)**	(27,665)	**(24,911)**
Provision for income taxes	(2,705)	**(1,921)**	(6,110)	**(153)**
Net income	$ 446	**$ 2,009**	$ 5,618	**$ 4,428**
Reconciliation of Adjusted EBITDA to Free Cash Flow				
Adjusted EBITDA	$ 15,087	**$ 15,246**	$ 53,727	**$ 53,529**
Less:				
Cash interest	(12,116)	**(11,031)**	(26,053)	**(23,448)**
Cash taxes	(8)	**26**	(226)	**(220)**
Capital expenditures	(1,591)	**(2,142)**	(7,522)	**(8,549)**
Free Cash Flow	$ 1,372	**$ 2,099**	$ 19,926	**$ 21,312**

Selected Debt Data	**Outstanding at December 31, 2012**	**Applicable Interest Rate**
$9^{5}/_{8}$% senior subordinated notes	$ 213,500	9.63%
Revolving credit facility	33,000	3.32%
Subordinated debt	7,500	4.25%
Subordinated debt due to related parties	15,000	5.00%