

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): December 11, 2013

**SALEM COMMUNICATIONS CORPORATION**

(Exact Name of Registrant as Specified in its Charter)



**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**000-26497**  
(Commission  
File Number)

**77-0121400**  
(IRS Employer  
Identification No.)

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

**93012**  
(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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ITEM 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

Appointment of President and Chief Operating Officer – Frank Wright

Effective January 1, 2014, Dr. Francis (“Frank”) Wright will be joining Salem Communications Corporation (the “Company”) as its President and Chief Operating Officer. Dr. Wright will be reporting directly to Salem’s Chief Executive Officer, Edward Atsinger.

Dr. Wright has served as President and Chief Executive Officer of the National Religious Broadcasters (the “NRB”), a position he held for the past eleven (11) years. Prior to joining the NRB in 2003, he served for seven (7) years as the Executive Director of the Center for Christian Statesmanship based on Capitol Hill. Having managed the world’s largest Christian media association, Dr. Wright has significant and wide-ranging experience in the electronic media marketplace, including active engagement in the regulatory and public policy processes centered in Washington, DC. Dr. Wright has also earned a doctorate in finance.

Employment Agreement with Francis Wright

Francis Wright entered into an employment agreement with Salem Communications Holding Corporation (“HoldCo”), a wholly-owned subsidiary of Salem Communications Corporation (the “Company”) on December 11, 2013 to serve the Company as its President and Chief Operating Officer. The Compensation Committee of the Board of Directors of the Company also approved the terms of Dr. Wright’s employment agreement.

Dr. Wright’s employment agreement with HoldCo will commence on January 1, 2014 and shall have an initial term of twelve (12) months (“Initial Term”). After the Initial Term expires, employment shall be one of voluntary employment “at-will” (“Subsequent Term”).

The employment agreement provides that, for as long as he remains employed by HoldCo, Dr. Wright’s base salary compensation schedule will be paid as follows: (a) at an annual rate of \$475,000 effective as of January 1, 2014, (b) at an annual rate of \$490,000 effective as of January 1, 2015, and (c) at an annual rate of \$505,000 effective as of January 1, 2016 and continuing through December 31, 2016.

In addition to his annual base salary, Dr. Wright will also be eligible for an annual merit bonus in an amount to be determined at the discretion of the Company’s Board of Directors.

If Dr. Wright’s employment is terminated without “Cause” (as defined in the employment agreement) during the Initial Term, HoldCo will pay Dr. Wright an amount equal to his then Base Salary for the greater of (i) the remainder of the Initial Term or (ii) six (6) months, less standard withholdings for tax and social security purposes, payable in equal monthly installments over six (6) consecutive months, commencing immediately following termination. If Dr. Wright’s employment is terminated without “Cause” (as defined in the employment agreement) during the Subsequent Term, HoldCo will pay Dr. Wright an amount equal to his then Base Salary for six (6) months, less standard withholdings for tax and social security purposes, payable in equal monthly installments over six (6) consecutive months, commencing immediately following termination.

Dr. Wright’s employment agreement is filed herewith as Exhibit 99.2 and is incorporated herein by reference into this Item 5.02.

New Employment Agreement with David Santrella

On December 11, 2013, Salem Communications Holding Corporation (“HoldCo”), a wholly-owned subsidiary of Salem Communications Corporation (the “Company”), and David Santrella entered into a new employment agreement pursuant to which Mr. Santrella will continue to serve as the Company’s President, Radio Division. The Compensation Committee (the “Committee”) of the Board of Directors of the Company also approved the terms of Mr. Santrella’s agreement.

Mr. Santrella’s current employment agreement with HoldCo is an “at-will” agreement, but the compensation schedule applicable to Mr. Santrella will expire on December 31, 2013. Mr. Santrella’s new employment agreement is also an “at-will” agreement that will become effective as of January 1, 2014 and will supersede and replace the employment agreement entered into by HoldCo and Mr. Santrella as of January 1, 2011.

The employment agreement provides that, for as long as he remains employed by HoldCo, Mr. Santrella will receive a base salary as follows: (a) at an annual rate of \$430,000 effective as of January 1, 2014, (b) at an annual rate of \$442,500 effective as of January 1, 2015, and (c) at an annual rate of \$455,000 effective as of January 1, 2016 and continuing through December 31, 2016.

In addition to his annual base salary, Mr. Santrella will also be eligible for an annual merit bonus in an amount to be determined at the discretion of the Company's Board of Directors.

If Mr. Santrella's employment is terminated without "Cause" (as defined in the employment agreement), HoldCo will pay Mr. Santrella as severance an amount equal to his then Base Salary for six (6) months, less standard withholdings for tax and social security purposes.

Additional benefits under Mr. Santrella's employment agreement include reimbursement from HoldCo for an amount up to a maximum of \$3,500 per year paid by Mr. Santrella for life insurance on his life.

Mr. Santrella's employment agreement is filed herewith as Exhibit 99.3 and is incorporated herein by reference into this Item 5.02.

*New Employment Agreement with David A. R. Evans*

On December 11, 2013, Salem Communications Holding Corporation ("HoldCo"), a wholly-owned subsidiary of Salem Communications Corporation (the "Company"), and David A.R. Evans entered into a new employment agreement pursuant to which Mr. Evans will continue to serve as the Company's Division President – Interactive, New Business Development. The Compensation Committee (the "Committee") of the Board of Directors of the Company also approved the terms of Mr. Evans' agreement.

Mr. Evans' new employment agreement is an "at-will" agreement that will become effective as of January 1, 2014 and will supersede and replace the employment agreement entered into by HoldCo and Mr. Evans as of September 15, 2011.

The employment agreement provides that, for as long as he remains employed by HoldCo, Mr. Evans will receive a base salary at an annual rate of \$475,000 effective January 1, 2014 through September 14, 2014.

In addition to his annual base salary, Mr. Evans will be eligible for two (2) quarterly incentive bonuses in the amount of \$10,000 each for achievement of the following: (a) each quarter that the employment agreement remains in effect for which the Company's Non-Broadcast Division meets or exceeds the "Revenue Budget" (as defined in the employment agreement) for the Non-Broadcast Division for the applicable quarter as set by the Company's management, and (b) each quarter that the employment agreement remains in effect for which the Company's Non-Broadcast Division meets or exceeds the "EBITDA Budget" (as defined in the employment agreement) for the Non-Broadcast Division for the applicable quarter as set by the Company's management. Mr. Evans will also be eligible for a merit bonus in an amount to be determined at the discretion of the Company's Board of Directors.

Mr. Evans' employment agreement generally provides that if: (a) his employment is terminated without "Cause" (as defined in the employment agreement), or (b) if HoldCo fails to offer Mr. Evans a new employment agreement at the expiration of the compensation schedule as of September 14, 2014 which contains terms generally consistent with those contained in Mr. Evans' January 1, 2014 employment agreement, HoldCo will pay Mr. Evans a severance amount equal to his then base salary for six (6) months and provide professional outplacement assistance for twelve (12) consecutive months. Additionally, if Mr. Evans dies prior to the expiration of the term of his employment agreement, any unvested or time-vested stock options previously granted to Mr. Evans shall become immediately one hundred percent (100%) vested.

Additional benefits under Mr. Evans' employment agreement include reimbursement from HoldCo for an amount up to a maximum of \$3,500 per year paid by Mr. Evans for life insurance on his life.

Mr. Evans' employment agreement is filed herewith as Exhibit 99.4 and is incorporated herein by reference into this Item 5.02.

*New Employment Agreement with Evan D. Masyr*

On December 11, 2013, Salem Communications Holding Corporation ("HoldCo"), a wholly-owned subsidiary of Salem Communications Corporation (the "Company"), and Evan D. Masyr entered into a new employment agreement pursuant to which Mr. Masyr will serve as the Company's Executive Vice President and Chief Financial Officer. The Compensation Committee (the "Committee") of the Board of Directors of the Company also approved the terms of Mr. Masyr's agreement.

Mr. Masyr's current employment agreement with HoldCo is an "at-will" agreement, but the compensation schedule applicable to Mr. Masyr will expire on December 31, 2013. Mr. Masyr's new employment agreement is also an "at-will" agreement that will become effective as of January 1, 2014 and will supersede and replace the employment agreement entered into by HoldCo and Mr. Masyr as

of January 1, 2011.

The employment agreement provides that, for as long as he remains employed by HoldCo, Mr. Masyr will receive a base salary as follows: (a) at an annual rate of \$377,500 effective as of January 1, 2014, (b) at an annual rate of \$390,000 effective as of January 1, 2015, and (c) at an annual rate of \$402,500 effective as of January 1, 2016 and continuing through December 31, 2016.

In addition to his annual base salary, Mr. Masyr will also be eligible for an annual merit bonus in an amount to be determined at the discretion of the Company's Board of Directors.

If Mr. Masyr's employment is terminated without "Cause" (as defined in the employment agreement), HoldCo will pay Mr. Masyr as severance an amount equal to his then Base Salary for six (6) months, less standard withholdings for tax and social security purposes.

Mr. Masyr's employment agreement is filed herewith as Exhibit 99.5 and is incorporated herein by reference into this Item 5.02.

ITEM 9.01

FINANCIAL STATEMENTS AND EXHIBITS

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

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release, dated December 17, 2013, of Salem Communications Corporation announcing the appointment of Dr. Frank Wright as President and Chief Operating Officer.
99.2	Employment Agreement with Francis Wright dated as of January 1, 2014.
99.3	Employment Agreement with David Santrella dated as of January 1, 2014.
99.4	Employment Agreement with David A.R. Evans dated as of January 1, 2014.
99.5	Employment Agreement with Evan D. Masyr dated as of January 1, 2014.

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: December 17, 2013    By: /s/ DAVID P. SANTRELLA  
David P. Santrella  
President, Radio Division

EXHIBIT INDEX

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99.4	Employment Agreement with David A.R. Evans dated as of January 1, 2014.
99.5	Employment Agreement with Evan D. Masyr dated as of January 1, 2014.



## Salem Hires Dr. Frank Wright as its President and COO

CAMARILLO, Calif. – December 17, 2013--Salem Communications Corporation (Nasdaq:SALM), a leading U.S. radio broadcaster, Internet content provider, magazine and book publisher targeting audiences interested in Christian and conservative opinion content, today announced a strategic addition to the company's senior executive team.

Effective January 1, 2014, Dr. Frank Wright will be joining Salem as its President and Chief Operating Officer. Dr. Wright will be reporting directly to Salem's Chief Executive Officer, Edward Atsinger.

Dr. Wright has served as the President and Chief Executive Officer of the National Religious Broadcasters, a position he held for the past 11 years. Prior to joining the NRB in 2003, he served for seven years as the Executive Director of the Center for Christian Statesmanship based on Capitol Hill. Having managed the world's largest Christian media association, Dr. Wright has significant and wide-ranging experience in the electronic media market place, including active engagement in the regulatory and public policy processes centered in Washington, DC. Dr. Wright also has earned a doctorate in finance.

Mr. Atsinger said, "Frank has nearly twenty years' experience working on Capitol Hill, ten years' experience working with the Federal Communications Commission and various Executive Branch agencies, and more than 20 years' experience working in and with broadcast media organizations. Frank has also developed a robust network among DC-based public policy organizations, as well as DC-based political organizations."

Mr. Atsinger continued, "Frank is an effective leader and team-builder with a strong entrepreneurial background, and has extensive executive experience in strategic planning and organizational structure. I expect him to hit the ground running and work closely with me in executing our business strategies."

### **About Salem Communications**

Salem Communications Corporation is the largest commercial U.S. radio broadcasting company that provides programming targeted at audiences interested in Christian and family-themed radio content, as measured by the number of stations and audience coverage. Upon completion of all announced transactions, the company will own a national portfolio of 102 radio stations in 39 markets, including 62 stations in 22 of the top 25 markets. We also program the Family Talk™ Christian-themed talk format on XM Radio, channel 131. Additionally the company operates ChristianRadio.com.

Salem also owns Salem Radio Network, a national radio network that syndicates talk, news and music programming to approximately 2,500 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 a non-broadcast media 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, Christian living focused Crosswalk.com®, Online Bible Study at BibleStudyTools.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.

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

## **EMPLOYMENT AGREEMENT**

This Employment Agreement (the "Agreement") is entered into as of January 1, 2014, by and between **Francis W. Wright**, an individual ("Executive"), and **Salem Communications Holding Corporation**, a Delaware corporation (the "Company").

### **RECITALS**

WHEREAS, the Company desires to employ Executive in the capacity of President and Chief Operating Officer of Salem Communications Corporation, a Delaware Corporation and the Parent of Company ("Parent") to exercise operational control pursuant to the directives of the Chief Executive Officer and on the terms and conditions set forth herein; and

WHEREAS, Executive desires to serve in such capacity on behalf of the Company and to provide to the Company and Parent the services described herein on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing recitals, the terms and conditions set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Executive and the Company hereby agree as follows:

#### **1. Employment by the Company and Term.**

(a) Duties. Subject to the terms set forth herein, the Company agrees to employ Executive as President and Chief Operating Officer of Parent and Executive hereby accepts such employment. Executive shall report directly to the Chief Executive Officer of Parent and all other officers of the company shall report directly or indirectly to Executive. Executive agrees to perform all duties reasonable and consistent with a *President and Chief Operating Officer* as the Chief Executive Officer of the Employer may assign to Executive from time-to-time. Notwithstanding the foregoing, the Board of Directors of the Company and Parent (the "Board") may change Executive's title, corporate office, positions, authority, functions, duties, powers and responsibilities from time to time if it, in its sole discretion, believes such change(s) to be in the best interest of the Company, provided that in no event shall Executive's status be of lesser stature and responsibility than as President.

(b) Full Time and Best Efforts. During the Term, Executive shall apply, on a full-time basis, all of his skill and experience to the performance of his duties hereunder and shall not, without the prior consent of the Board, devote substantial amounts of time to outside business activities. The performance of Executive's duties shall be in Camarillo, California, subject to reasonable travel as the performance of his duties in the business may require. Notwithstanding the foregoing, Executive may devote a reasonable amount of his time to civic, community, charitable or passive investment activities. Executive may not accept any paid board positions without the written consent of the Board or the Company's Chief Executive Officer.

(c) Company Policies. The employment relationship between the parties shall be governed by the general employment policies and practices of the Company and of Parent, including without limitation the policies described in Section 10 of this Agreement, except that when the terms of this Agreement differ from or are in conflict with the Company's or Parent's general employment policies or practices, this Agreement shall control.

(d) Term. The term of employment hereunder shall commence on January 1, 2014 and shall continue for a period of twelve (12) months (the "Initial Term"). After the Initial Term has expired, the relationship of the Employer to Executive shall be one of voluntary employment "at will," with no definite period of employment, regardless of the date or method of payment of wages or salary ("Subsequent Term"). During the Subsequent Term, the relationship may be terminated by either Executive or Employer at any time, with or without cause and with or without prior notice. Subject to the foregoing, the period of time from the effective date this Memorandum is entered into ("Commencement Date") until the date it terminates ("Termination Date") shall be referred to herein as the "Term."

#### **2. Compensation and Benefits.**

(a) Cash Salary. Executive shall receive for services to be rendered

hereunder an annual base salary (the "Base Salary") as follows:

- (1) In the first year of this Agreement, **Four Hundred Seventy Five Thousand Dollars (\$475,000)**;
- (2) In the second year of this Agreement, **Four Hundred Ninety Thousand Dollars (\$490,000)**; and,
- (3) In the third year of this Agreement, **Five Hundred Five Thousand Dollars (\$505,000)**.

(b) Participation in Benefit Plans. During the Term, Executive shall be entitled to participate in any group insurance, hospitalization, medical, dental, health and accident, disability, compensation or other plan or program of the Parent or Company now existing or established hereafter to the extent that he is eligible under the general provisions thereof. The Company may, in its sole discretion and from time to time, amend, eliminate or establish additional benefit programs as it deems appropriate. The availability and terms of such benefit plans shall be set by the Board, or its designated committee, and may change from time-to-time. Executive shall be required to comply with all conditions attendant to coverage by the benefit plans hereunder and shall be entitled to benefits only in accordance with the terms and conditions of such plans as they may be enumerated from time to time.

(c) Perquisites. During the Term, the Company shall provide Executive with the perquisites and other fringe benefits generally made available to senior executives of the Company and any such other benefits as the Board, or its designated committee, may elect to grant from time-to-time including the following:

(1) Regulatory Filings. The Company shall pay for all governmental and regulatory filings required by Executive solely as a result of his position as an officer or director of the Company or Parent, including, but not limited to, all Section 16 filings required by Executive. For avoidance of doubt, such filings would include SEC Forms 3, 4 and 5 and Schedule 13 and FCC ownership reports and transfer applications and would not include other filings required in connection with the sale of company stock by Executive;

(2) Travel and Entertainment Expenses. Reasonable, bona-fide Company-related entertainment and travel expenses incurred by Executive in accordance with the Employee Handbook, Code of Ethical Conduct, Financial Code of Conduct and other written policies, all as issued by the Company, relating thereto shall be reimbursed or paid by the Company.

### **3. Bonuses**

In addition to the other compensation of Executive as set forth herein, and subject to the provisions of Section 4 hereof, Executive shall be eligible for an annual merit bonus in an amount to be determined at the discretion of the Board, which bonus may be paid in cash, options or a combination thereof.

### **4. Termination of Employment**

#### **(a) Termination For Cause**

(1) Termination; Payment of Accrued Salary. The Board may terminate Executive's employment with the Company at any time for "Cause" (as defined in Section 4(a)(2) of this Agreement), immediately upon notice to Executive of the circumstances leading to such termination for Cause. In the event that Executive's employment is terminated for cause, Executive shall receive payment for all accrued salary through the Termination Date, which in this event shall be the date upon which notice of termination is given. The Company shall have no further obligation to pay severance of any kind nor to make any payment in lieu of notice.

(2) Definition of Cause. For the purposes of this Agreement, "Cause" shall mean, without limitation, the following: (A) the death of Executive; (B) any mental or physical impairment which prevents Executive at any time during the Term from performing the essential functions of his full duties for a period of 100 days within any 150 day period and Executive thereafter fails to return to work within 10 days of notice by the Company of intention to terminate ("Disability"); (C) continued gross neglect, malfeasance or gross insubordination in performing duties assigned to Executive; (D) a conviction for a crime involving moral turpitude; (E) an egregious act of dishonesty (including without limitation theft

or embezzlement) in connection with employment, or a malicious action by Executive toward Parent, Company, or their affiliates or related entities (together with Parent, collectively "Affiliates"); (F) a violation of the provisions of Section 6(a) hereof; (G) a willful breach of this Agreement; (H) disloyalty; and (I) material and repeated failure to carry out reasonably assigned duties or instructions consistent with Executive's position.

(b) Termination Without Cause. In the event that, during the Initial Term, Executive's employment is terminated by the Company other than pursuant to Section 4(a), the Company shall pay Executive an amount equal to his then Base Salary for the greater of (i) the remainder of the Initial Term or (ii) six months, less standard withholdings for tax and social security purposes, payable in equal monthly installments over six consecutive months, commencing immediately following termination. In the event that, during the Subsequent Term, Executive's employment is terminated by the Company other than pursuant to Section 4(a), the Company shall pay Executive an amount equal to his then Base Salary for six months, less standard withholdings for tax and social security purposes, payable in equal monthly installments over six consecutive months, commencing immediately following termination.

(c) Termination Upon Death. If Executive dies prior to the expiration of the Term, the Company shall pay to Executive's estate the accrued portion of any salary and bonus through the Termination Date, less standard withholdings for tax and social security purposes, payable, in the case of a bonus, upon such date or over such period of time which is in accordance with the applicable bonus plan. After the Termination Date, which in this event shall be the date of Executive's death, any then unvested or time-vested stock options previously granted to Executive by the Company shall become immediately one hundred percent (100%) vested.

## **5. Right of First Refusal on Corporate Opportunities.**

During the Term, Executive agrees that he shall, prior to exploiting a "Corporate Opportunity" (hereafter defined) for his own account or for the benefit of an immediate family member's account, offer the Company a right of first refusal with respect to such Corporate Opportunity. For purposes of this Section 5, "Corporate Opportunity" shall mean any business opportunity that is in the same or a related business as any of the businesses in which the Company or any of its Affiliates is involved. The determination as to whether a business opportunity constitutes a Corporate Opportunity shall be made by the Nominating and Corporate Governance Committee of Parent or a majority of the disinterested and independent members of the Board, and their determination shall be based on an evaluation of: (a) the extent to which the Corporate Opportunity is within the Company's or any of its Affiliates' existing lines of business or its existing plans to expand; (b) the extent to which the Corporate Opportunity supplements the Company's or any of its Affiliates' existing lines of activity or complements the Company's or any of its Affiliates' existing methods of service; (c) whether the Company has available resources that can be utilized in connection with the Corporate Opportunity; (d) whether the Company is legally or contractually barred from utilizing the Corporate Opportunity; (e) the extent to which utilization of the Corporate Opportunity by Executive would create conflicts of interest with the Company or any of its Affiliates; and (f) any other factors the Nominating and Corporate Governance Committee or such disinterested and independent Board members deem(s) appropriate under the circumstances.

## **6. Executive's Obligations.**

(a) Confidential Information. Executive agrees that, during the Term or at any time thereafter:

(1) Executive shall not use for any purpose other than the duly authorized business of Company or any of its Affiliates, or disclose to any third party, any information relating to Company or any of its Affiliates which is proprietary to Company or any of its Affiliates ("Confidential Information"), including any customer list, contact information, rate schedules, programming, data, plans, intellectual property, trade secret or any written (including in any electronic form) or oral communication incorporating Confidential Information in any way (except as may be required by law or in the performance of Executive's duties under this Agreement consistent with Company's policies) regardless of whether or not such information has been labeled as "confidential"; and

(2) Executive shall comply with any and all confidentiality obligations of Company to a third party, whether arising under a written agreement or otherwise.

(b) Work For Hire.

(1) The results and proceeds of Executive's services to Company, including, without limitation, any works of authorship resulting from Executive's services during Executive's employment with Company and/or any of its Affiliates and any works in progress resulting from such services, shall be works-made-for-hire and Company shall be deemed the sole owner of any and all rights of every nature in such works, whether such rights are now known or hereafter defined or discovered, with the right to use the works in perpetuity in any manner Company determines in its sole discretion without any further payment to Executive. If, for any reason, any of such results and proceeds are not legally deemed a work-made-for-hire and/or there are any rights in such results and proceeds which do not accrue to Company under the preceding sentence, then Executive hereby irrevocably assigns and agrees to assign any and all of Executive's right, title and interest thereto, whether now known or hereafter defined or discovered, and Company shall have the right to use the work in perpetuity in any location and in any manner Company determines in its sole discretion without any further payment to Executive.

(2) Executive shall do any and all things which Company may deem useful or desirable to establish or document Company's rights in any such results and proceeds, including, without limitation, the execution of appropriate copyright, trademark and/or patent applications, assignments or similar documents and, if Executive is unavailable or unwilling to execute such documents, Executive hereby irrevocably designates the Chief Executive Officer or his designee as Executive's attorney-in-fact with the power to execute such documents on Executive's behalf. To the extent Executive has any rights in the results and proceeds of Executive's services under this Agreement that cannot be assigned as described above, Executive unconditionally and irrevocably waives the enforcement of such rights.

(3) Works-made-for-hire do not include subject matter that meets all of the following criteria: (A) is conceived, developed and created by Executive on Executive's own time without using the Company's or any of its Affiliate's equipment, supplies or facilities or any trade secrets or confidential information, (B) is unrelated to the actual or reasonably anticipated business or research and development of Company or any of its Affiliates of which Executive is or becomes aware; and (C) does not result from any work performed by Executive for Company or any of its Affiliates.

(c) Return of Property. All documents, data, recordings, equipment or other property, whether tangible or intangible, including all information stored in electronic form, obtained or prepared by or for Executive and utilized by Executive in the course of Executive's employment with Company or any of its Affiliates shall remain the exclusive property of Company and shall not be removed from the premises of the Company under any circumstances whatsoever without the prior written consent of the Company, except when (and only for the period) necessary to carry out Executive's duties hereunder, and if removed shall be immediately returned to the Company upon any termination of his employment and no copies thereof shall be kept by Executive; provided, however, that Executive shall be entitled to retain documents reasonably related to his prior interest as a shareholder. Upon termination of employment, Executive shall promptly return all of property of the Company or any of its Affiliates to the Company.

(d) Use of Executive's Name, Image and Likeness. Company may make use of Executive's name, photograph, drawing or other likeness in connection with the advertising or the giving of publicity to Company, Parent or a program broadcast or content provided by Company, Parent or any Affiliates. In such regard, Company may make recordings, transcriptions, videotapes, films and other reproductions of any and all actions performed by Executive in his or her capacity as an Executive of Company, including without limitation any voice-over or announcing material provided by Executive (collectively "Executive Performances"). Company shall have the right to broadcast, display, license, assign or use any Executive Performances on a royalty-free basis without additional compensation payable to Executive.

## 7. Noninterference.

While employed by the Company and for a period of two years thereafter, Executive agrees not to interfere with the business of the Company by directly or indirectly soliciting, attempting to solicit, inducing, or otherwise causing any executive or material employee of the Company or any of its Affiliates to terminate his or her employment in order to become an employee, consultant or independent contractor to or for any other Company.

## 8. Remedies.

Executive acknowledges that a breach or threatened breach by Executive of any

the provisions of Sections 5, 6, or 7 will result in the Company and its stockholders suffering irreparable harm which cannot be calculated or fully or adequately compensated by recovery of monetary damages alone. Accordingly, Executive agrees that the Company shall be entitled to interim, interlocutory and permanent injunctive relief, specific performance and other equitable remedies, in addition to any other relief to which the Company may become entitled should there be such a breach or threatened breach.

**9. Personal Conduct.**

Executive agrees to promptly and faithfully comply with all present and future policies, requirements, directions, requests and rules and regulations of the Company in connection with the Company's business, including without limitation the policies and requirements set forth in Parent's Employee Handbook, Code of Ethical Conduct and Financial Code of Conduct. Executive further agrees to comply with all laws and regulations pertaining to Executive's employment with the Company. Executive hereby agrees not to engage in any activity that is in direct conflict with the essential interests of the Company or any of its Affiliates. Executive hereby acknowledges that nothing set forth in the Employee Handbook, Code of Ethical Conduct or Financial Code of Conduct or any other policy issued by the Company or Parent shall be deemed to create a separate contractual obligation, guarantee or inducement between Executive and the Company.

**10. Indemnification.**

The Company shall indemnify Executive to the fullest extent permitted by law, in effect at the time of the subject act or omission, and shall advance to Executive reasonable attorneys' fees and expenses as such fees and expenses are incurred (subject to an undertaking from Executive to repay such advances if it shall be finally determined by a judicial decision which is not subject to further appeal that Executive was not entitled to the reimbursement of such fees and expenses). Executive shall be entitled to the protection of any insurance policies that the Company may elect to maintain generally for the benefit of its directors and officers against all costs, charges and expenses incurred or sustained by him in connection with any action, suit or proceeding (other than any action, suit or proceeding arising under or relating to this Agreement) to which Executive may be made a party by reason of his being or having been a director, officer or employee of the Company or any of its Affiliates, or his serving or having served any other enterprise as a director, officer or employee at the request of the Company.

The Company covenants to maintain during Executive's employment for the benefit of Executive (in his capacity as an officer and director of the Company) Directors' and Officers' Insurance providing benefits to Executive no less favorable, taken as a whole, than the benefits provided to the other senior executives of the Company by the Directors' and Officers' Insurance maintained by the Company on the date hereof; provided, however, that the Board may elect to terminate Directors' and Officers' Insurance for all officers and directors, including Executive, if the Board determines in good faith that such insurance is not available or is available only at unreasonable expense.

**11. Miscellaneous.**

(a) Notices. Any notices provided hereunder must be in writing and shall be deemed effective upon the earlier of (1) personal delivery (including personal delivery by e-mail or fax), (2) on the first day after mailing by overnight courier, or (3) on the third day after mailing by first class mail, to the recipient at the address indicated below:

To the Company:

Salem Communications Holding Corporation  
4880 Santa Rosa Road  
Camarillo, California 93012  
Attention: Christopher J. Henderson, SVP

To Executive:

Francis W. Wright  
4880 Santa Rosa Road  
Camarillo, CA 93012

or to such other address or to the attention of such other person as the recipient party shall have specified by prior written notice to the sending party.

(b) Severability. If any provision of this Agreement is determined to be

invalid or unenforceable by a court of competent jurisdiction from which no further appeal lies or is taken, that provision shall be deemed to be severed herefrom, and all remaining provisions of this Agreement shall not be affected thereby and shall remain valid and enforceable.

(c) Entire Agreement. This document constitutes the final, complete, and exclusive embodiment of the entire agreement and understanding between the parties related to the subject matter hereof and supersedes and preempts any prior or contemporaneous understandings, agreements, or representations by or between the parties, written or oral.

Without limiting the generality of the foregoing, except as provided in this Agreement, all understandings and agreements, written or oral, relating to the employment of Executive by the Company or the payment of any compensation or the provision of any benefit in connection therewith or otherwise, are hereby terminated and shall be of no further force and effect.

(d) Counterparts. This Agreement may be executed in separate counterparts, any one of which need not contain signatures of more than one party, but all of which taken together shall constitute one and the same agreement.

(e) Successors and Assigns. This Agreement is intended to bind and inure to the benefit of and be enforceable by Executive and the Company, and their respective successors and assigns, except that Executive may not assign any of his duties hereunder and he may not assign any of his rights hereunder without the prior written consent of the Company.

(f) Amendments. No amendments or other modifications to this Agreement may be made except by a writing signed by both parties. No amendment or waiver of this Agreement requires the consent of any individual, partnership, corporation or other entity not a party to this Agreement. Nothing in this Agreement, express or implied, is intended to confer upon any third person any rights or remedies under or by reason of this Agreement.

(g) Attorneys' Fees. If any legal proceeding is necessary to enforce or interpret the terms of this Agreement, or to recover damages for breach therefore, the prevailing party shall be entitled to reasonable attorney's fees, as well as costs and disbursements, in addition to other relief to which he or it may be entitled.

(h) Choice of Law. All questions concerning the construction, validity and interpretation of this Agreement shall be governed by the internal law, and not the law of conflicts, of the State of California.

(i) Resolution of Disputes. Company and Executive mutually agree to resolve any and all legal claims arising from or in any way relating to Executive's employment with Company through mediation or, if mediation does not resolve the claim or dispute within ten (10) days of notice demanding mediation, by binding arbitration under the Federal Arbitration Act subject to the terms and conditions provided below. Notwithstanding the foregoing, insured workers' compensation claims (other than wrongful discharge claims) and claims for unemployment insurance are excluded from arbitration under this Agreement. This Agreement does not prevent the filing of charges with administrative agencies such as the Equal Employment Opportunity Commission, the National Labor Relations Board, or equivalent state agencies. Arbitration shall be conducted in Ventura County, California in accordance with any of the following, at Executive's election: (a) the JAMS<sup>®</sup> Employment Rules of Procedure, or (b) the rules of procedure issued by another alternative dispute resolution service mutually acceptable to Executive and Company. Any award issued in accordance with this Section 11(i) shall be rendered as a judgment in any trial court having competent jurisdiction. Company shall pay the arbitration fees and expenses, less any filing fee amount the Executive would otherwise have to pay to pursue a comparable lawsuit in a United States district court in the jurisdiction where the dispute arises or state court in the jurisdiction where the dispute arises, whichever is less. All other rights, remedies, exhaustion requirements, statutes of limitations and defenses applicable to claims asserted in a court of law shall apply in the arbitration. Executive expressly waives any presumption or rule, if any, which requires this Agreement to be construed against the Company.

(j) Integration. This Agreement comprises the entire understanding of the parties with respect to the subject matter and shall supersede all other prior written or oral agreements.

(k) Survival; Modification of Terms. No change in Executive's duties or salary shall affect, alter, or otherwise release Executive from the covenants and agreements contained herein. All post-termination covenants, agreements, representations and warranties made herein by Executive shall survive the expiration or termination of this Agreement or employment under this Agreement in accordance with their respective terms and condition

IN WITNESS WHEREOF, the parties have executed this agreement effective as of the date first written above.

**"EXECUTIVE"**

/s/Francis W. Wright  
Francis W. Wright

**"COMPANY"**

SALEM COMMUNICATIONS HOLDING  
CORPORATION

By: /s/Edward G. Atsinger III  
Edward G. Atsinger III  
Chief Executive Officer

I hereby certify that the terms and conditions of this Employment Agreement have been reviewed and approved by the Compensation Committee of Salem Communications Corporation.

Date: December 11, 2013

/s/David Davenport  
David Davenport  
Chairman of the Compensation Committee,  
Salem Communications Corporation



## EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is entered into as of January 1, 2014, by and between **David Santrella**, an individual ("Executive"), and **Salem Communications Holding Corporation**, a Delaware corporation (the "Company").

### RECITALS

WHEREAS, the Company is a wholly owned subsidiary of **Salem Communications Corporation** ("SCC");

WHEREAS, Executive holds the position of *President, Radio Division* of the Company and, in such capacity, has provided day-to-day senior management advice as well as strategic business advice to SCC and its subsidiaries (collectively, "Salem"), all pursuant to an Employment Agreement dated as of January 1, 2011 (the "Old Employment Agreement");

WHEREAS, the Executive and the Company wish to terminate the Old Employment Agreement and any other prior agreement relating to his employment, effective as of midnight on December 31, 2013 and employ Executive pursuant to the terms of this Agreement effective as of the date of this Agreement;

NOW, THEREFORE, in consideration of the foregoing recitals, the terms and conditions set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Executive and the Company hereby agree as follows:

#### **1. Employment by the Company and Term.**

(a) Full Time and Best Efforts. Executive's titles shall be *President, Radio Division* reporting directly to President and Chief Operating Officer of Salem. Executive agrees to perform all duties reasonable and consistent of a person with the title of *President, Radio Division* as the President and Chief Operating Officer of Salem may assign to Executive from time-to-time. Executive agrees to devote his entire business time, attention and energies to the business of Salem. Executive also agrees to perform all services hereunder in a manner loyal and faithful to Salem. With the written consent of the Board of Directors of Salem, Executive may accept paid board or trustee positions for other entities and may accept fees for public speaking and published writings. Executive may reasonably participate as a member in community, civic, similar organizations and may pursue personal investments that do not interfere with the normal business activities of Salem. The performance of Executive's duties shall be in Camarillo, California, subject to reasonable travel as the performance of his duties in the business may require.

(b) Company Policies. The employment relationship between the parties shall be governed by the general employment policies and practices of the Company and of Salem, including without limitation the policies described in Section 8 of this Agreement, except that when the terms of this Agreement differ from or are in conflict with the Company's or Salem's general employment policies or practices, this Agreement shall control.

(c) Term. Executive's employment with the Employer is voluntarily entered into, and Executive is free to resign at any time. It is understood that this Agreement shall not create a contract for any specific term, expressed or implied, of employment. *The relationship of the Employer to Executive shall be one of voluntary employment "at will," with no definite period of employment, regardless of the date or method of payment of wages or salary. The relationship may be terminated by either Executive or Employer at any time, with or without cause and with or without prior notice.* No person other than the Chief Executive Officer of SCC has authority to enter into an agreement for employment for any specified period of time or to make any agreement contrary to the foregoing, and then only by an agreement in writing signed by him. Subject to the foregoing, the period of time from the date this Agreement is entered into ("Commencement Date") until the date it terminates ("Termination Date") shall be referred to herein as the "Term."

#### **2. Compensation and Benefits.**

(a) Cash Salary. Executive shall receive for services to be rendered hereunder an annual base salary (the "Base Salary") as follows:

(i) From January 1, 2014 to December 31, 2014, the Base Salary shall be **Four Hundred Thirty Thousand Dollars (\$430,000)**;

(ii) From January 1, 2015 to December 31, 2015, the Base Salary shall be **Four Hundred Forty Two Thousand Five Hundred Dollars (\$442,500)**; and,

(iii) From January 1, 2016 to December 31, 2016, the Base Salary shall be **Four Hundred Fifty Five Thousand Dollars (\$455,000)**.

(b) Participation in Benefit Plans. During the Term, Executive shall be entitled to participate in any group insurance, hospitalization, medical, dental, health and accident, disability, compensation or other plan or program of the Company now existing or established hereafter to the extent that he is eligible under the general provisions thereof. The Company may, in its sole discretion and from time to time, amend, eliminate or establish additional benefit programs as it deems appropriate. Executive shall also participate in all fringe benefits offered by the Company to any of its senior executives. The availability and terms of such benefit plans shall be set by the Board of Directors of the Company, or its designated committee, and may change from time-to-time. Executive shall be required to comply with all conditions attendant to coverage by the benefit plans hereunder and shall be entitled to benefits only in accordance with the terms and conditions of such plans as they may be enumerated from time to time. For avoidance of any doubt, Executive will accrue vacation benefits in accordance with the vacation policy set forth in the Employee Handbook of SCC.

(c) Perquisites. During the Term, the Company shall provide Executive with the perquisites and any such other benefits as the Board of Directors, or its designated committee, may elect to grant from time-to-time.

(d) Life Insurance. Executive shall be entitled to reimbursement from Employer for an amount up to a maximum of \$3,500 per year paid by Executive for life insurance on Executive's life. Such reimbursement shall be grossed up to cover all statutory withholdings, and state and Federal Income Taxes.

**3. Bonuses.** In addition to the other compensation of Executive as set forth herein, and subject to the provisions of Section 4 hereof, Executive shall be eligible for an annual merit bonus in an amount to be determined at the discretion of the Board of Directors of the Company, which bonus may be paid in cash, equity (stock, stock options, restricted stock, etc.) or a combination thereof. The amount of the annual bonus, if applicable, is not earned until the date of its determination and distribution in the following year.

#### **4. Termination Of Employment.**

(a) Termination; Payment of Salary. The Board may terminate Executive's employment with the Company at any time for cause, immediately upon notice to Executive. In the event that Executive's employment is terminated for "Cause", Executive shall receive payment for all accrued salary through the Termination Date, which in this event shall be the date upon which notice of termination is given, and the Company shall have no further obligation to pay severance of any kind nor to make any payment in lieu of notice. In the event that, during the Term, Executive's employment is terminated by the Company other than for "Cause", in addition to all accrued salary through the Termination Date, the Company shall pay Executive as severance an amount equal to his then Base Salary for six (6) months, less standard withholdings for tax and social security purposes.

(b) Definition of Cause. For the purposes of this Agreement, "Cause" shall mean, without limitation, the following: (A) the death of Executive; (B) any mental or physical impairment which prevents Executive at any time during the Term from performing the essential functions of his full duties for a period of 90 days within any 365 day period and Executive thereafter fails to return to work within 10 days of notice by the Company of intention to terminate ("Disability"); (C) continued gross neglect, malfeasance or gross insubordination in performing duties assigned to Executive; (D) a conviction for a crime involving moral turpitude; (E) an egregious act of dishonesty (including without limitation theft or embezzlement) in connection with employment, or a malicious action by Executive toward Salem; (F) a violation of the provisions of Section 6 hereof; (G) a willful breach of this Agreement; (H) disloyalty; and (I) material and repeated failure to carry out reasonably assigned duties or instructions consistent with Executive's position.

#### **5. Executive's Obligations.**

(a) Confidential Information. Executive agrees that, during the Term or at any time thereafter: (i) Executive shall not use for any purpose other than the duly authorized business of Salem, or disclose to any third party, any information relating to Salem or any of its affiliates which is proprietary to the Company or Salem ("Confidential Information"), including any customer list, contact information, rate schedules, programming, data, plans, intellectual

property, trade secret or any written (including in any electronic form) or oral communication incorporating Confidential Information in any way (except as may be required by law or in the performance of Executive's duties under this Agreement consistent with Company's policies) regardless of whether or not such information has been labeled as "confidential"; and (ii) Executive shall comply with any and all confidentiality obligations of Company to a third party, whether arising under a written agreement or otherwise.

(b) Work For Hire.

(i) The results and proceeds of Executive's services to Company, including, without limitation, any works of authorship resulting from Executive's services during Executive's employment with Company and/or any of its Affiliates and any works in progress resulting from such services, shall be works-made-for-hire and Company shall be deemed the sole owner of any and all rights of every nature in such works, whether such rights are now known or hereafter defined or discovered, with the right to use the works in perpetuity in any manner Company determines in its sole discretion without any further payment to Executive. If, for any reason, any of such results and proceeds are not legally deemed a work-made-for-hire and/or there are any rights in such results and proceeds which do not accrue to Company under the preceding sentence, then Executive hereby irrevocably assigns and agrees to assign any and all of Executive's right, title and interest thereto, whether now known or hereafter defined or discovered, and Company shall have the right to use the work in perpetuity in any location and in any manner Company determines in its sole discretion without any further payment to Executive.

(ii) Executive shall do any and all things which Company may deem useful or desirable to establish or document Company's rights in any such results and proceeds, including, without limitation, the execution of appropriate copyright, trademark and/or patent applications, assignments or similar documents and, if Executive is unavailable or unwilling to execute such documents, Executive hereby irrevocably designates the Chairman of the Board of Directors of SCC or his designee as Executive's attorney-in-fact with the power to execute such documents on Executive's behalf. To the extent Executive has any rights in the results and proceeds of Executive's services under this Agreement that cannot be assigned as described above, Executive unconditionally and irrevocably waives the enforcement of such rights.

(iii) Works-made-for-hire do not include subject matter that meets all of the following criteria: (A) is conceived, developed and created by Executive on Executive's own time without using the Company's equipment, supplies or facilities or any trade secrets or confidential information, (B) is unrelated to the actual or reasonably anticipated business or research and development of Company of which Executive is or becomes aware; and (C) does not result from any work performed by Executive for Company.

(c) Return of Property. All documents, data, recordings, equipment or other property, whether tangible or intangible, including all Confidential Information and all information stored in electronic form, obtained or prepared by or for Executive and utilized by Executive in the course of Executive's employment with Company shall remain the exclusive property of Salem and shall not be removed from the premises of the Company under any circumstances whatsoever without the prior written consent of the Company, except when (and only for the period) necessary to carry out Executive's duties hereunder, and if removed shall be immediately returned to the Company and Salem upon any termination of his employment and no copies thereof shall be kept by Executive. Upon termination of employment, Executive shall promptly return all of Company's property to Company.

(d) Use of Executive's Name, Image and Likeness. Company may make use of Executive's name, photograph, drawing or other likeness in connection with the advertising or the giving of publicity to Company, Salem or a program broadcast or content provided by Company or Salem. In such regard, Company may make recordings, transcriptions, videotapes, films and other reproductions of any and all actions performed by Executive in his or her capacity as an Executive of Company, including without limitation any voice-over or announcing material provided by Executive (collectively "Executive Performances"). Company and Salem shall have the right to broadcast, display, license, assign or use any Executive Performances on a royalty-free basis without additional compensation payable to Executive.

(e) Cooperation. Executive agrees to cooperate with and provide assistance to Salem and its legal counsel in connection with any litigation (including arbitration or administrative hearings) or investigation affecting Salem, in which, in the reasonable judgment of Salem's counsel, Executive's assistance or cooperation is needed. Executive shall, when requested by

Salem, provide testimony or other assistance and shall travel at Salem's request and expense in order to fulfill this obligation.

**6. Noninterference.** While employed by the Company and for a period of six (6) months thereafter, Executive agrees not to interfere with the business of the Company by directly or indirectly soliciting, attempting to solicit, inducing, or otherwise causing any executive, material employee, contractor or client of Salem to terminate his, her or its relationship with Salem in order to enter into a relationship with any other company or entity.

**7. Remedies.** Executive acknowledges that a breach or threatened breach by Executive of any the provisions of Sections 5 or 6 will result in the Company and its stockholders suffering irreparable harm which cannot be calculated or fully or adequately compensated by recovery of monetary damages alone. Accordingly, Executive agrees that the Company shall be entitled to interim, interlocutory and permanent injunctive relief, specific performance and other equitable remedies, in addition to any other relief to which the Company may become entitled should there be such a breach or threatened breach.

**8. Personal Conduct.** Executive agrees to promptly and faithfully comply with all present and future policies, requirements, directions, requests and rules and regulations of the Company in connection with the Company's business, including without limitation the policies and requirements set forth in Salem's Employee Handbook and Financial Code of Conduct. Executive further agrees to comply with all laws and regulations pertaining to Executive's employment with the Company. Executive hereby agrees not to engage in any activity that is in direct conflict with the essential interests of the Company. Executive hereby acknowledges that nothing set forth in the Employee Handbook or Financial Code of Conduct or any other policy issued by the Company or Salem shall be deemed to create a separate contractual obligation, guarantee or inducement between Executive and the Company.

**9. Indemnification.** Executive shall be entitled to the protection of any insurance policies that Salem may elect to maintain generally for the benefit of its directors and officers against all costs, charges and expenses incurred or sustained by him in connection with any action, suit or proceeding (other than any action, suit or proceeding arising under or relating to this Agreement) to which Executive may be made a party by reason of (i) his being or having been a director, officer or employee of the Company or any of its subsidiaries, or (ii) his serving or having served any other enterprise as a director, officer or employee at the request of the Company (the duties described in (i) and (ii) hereof are collectively referred to herein as the "Indemnified Duties"). The Company shall indemnify Executive against all costs, charges and expenses incurred or sustained by him in connection with any action, suit or proceeding to which Executive may be made a party by reason of the Indemnified Duties to the fullest extent permitted by law, in effect at the time of the subject act or omission, and shall advance to Executive reasonable attorneys' fees and expenses as such fees and expenses are incurred (subject to an undertaking from Executive to repay such advances if it shall be finally determined by a judicial decision which is not subject to further appeal that Executive was not entitled to the reimbursement of such fees and expenses). The Company covenants to maintain during Executive's employment for the benefit of Executive (in his capacity as an officer of the Company) Directors' and Officers' Insurance providing benefits to Executive no less favorable, taken as a whole, than the benefits provided to the senior executives of SCC by the Directors' and Officers' Insurance maintained by Salem on the date hereof; provided, however, that the board of directors of SCC may elect to terminate Directors' and Officers' Insurance for all officers and directors, including Executive, if the board of directors of SCC determines in good faith that such insurance is not available or is available only at unreasonable expense.

**10. Miscellaneous.**

(a) Notices. Any notices provided hereunder must be in writing and shall be deemed effective upon the earlier of (1) personal delivery (including personal delivery by telecopy or telex), (2) on the first day after mailing by overnight courier, or (3) on the third day after mailing by first class mail, to the recipient at the address indicated below:

To the Company:

Salem Communications Corporation  
4880 Santa Rosa Road  
Camarillo, California 93012  
Attention: Christopher J. Henderson

To Executive:

David Santrella  
c/o Salem Communications Corporation

4880 Santa Rosa Road  
Camarillo, California 93012

or to such other address or to the attention of such other person as the recipient party shall have specified by prior written notice to the sending party.

(b) Severability. If any provision of this Agreement is determined to be invalid or unenforceable by a court of competent jurisdiction from which no further appeal lies or is taken, that provision shall be deemed to be severed herefrom, and all remaining provisions of this Agreement shall not be affected thereby and shall remain valid and enforceable.

(c) Entire Agreement. This document constitutes the final, complete, and exclusive embodiment of the entire agreement and understanding between the parties related to the subject matter hereof and supersedes and preempts any prior or contemporaneous understandings, agreements, or representations by or between the parties, written or oral, with respect to his employment by Salem. Without limiting the generality of the foregoing, except as provided in this Agreement, all understandings and agreements, written or oral, relating to the employment of Executive by the Company or the payment of any compensation or the provision of any benefit in connection therewith or otherwise, including without limitation the Old Employment Agreement, are hereby terminated and shall be of no further force and effect. Notwithstanding anything in this Agreement to the contrary and for avoidance of any doubt, the stock option grants previously made to Executive shall not be terminated, limited or otherwise amended merely as a result of this Agreement.

(d) Counterparts. This Agreement may be executed in separate counterparts, any one of which need not contain signatures of more than one party, but all of which taken together shall constitute one and the same agreement.

(e) Successors and Assigns. This Agreement is intended to bind and inure to the benefit of and be enforceable by Executive and the Company, and their respective successors and assigns, except that Executive may not assign any of his duties hereunder and he may not assign any of his rights hereunder without the prior written consent of the Company.

(f) Amendments. No amendments or other modifications to this Agreement may be made except by a writing signed by both parties. No amendment or waiver of this Agreement requires the consent of any individual, partnership, corporation or other entity not a party to this Agreement. Nothing in this Agreement, express or implied, is intended to confer upon any third person any rights or remedies under or by reason of this Agreement. Notwithstanding anything in this Agreement to the contrary, no person other than the Chief Executive Officer of Salem has the capacity to amend, waive, discharge or terminate the provisions of Section 1(c) relating to the "at will" nature of Executive's employment, and then, such action may only be taken in writing.

(g) Attorneys' Fees. If any legal proceeding is necessary to enforce or interpret the terms of this Agreement, or to recover damages for breach thereof, the prevailing party shall be entitled to reasonable attorney's fees, as well as costs and disbursements, in addition to other relief to which he or it may be entitled.

(h) Choice of Law. All questions concerning the construction, validity and interpretation of this Agreement shall be governed by the internal law, and not the law of conflicts, of the State of California.

(i) Resolution of Disputes. Company and Executive mutually agree to resolve any and all legal claims arising from or in any way relating to Executive's employment with Company through mediation or, if mediation does not resolve the claim or dispute within ten (10) days of notice demanding mediation, by binding arbitration under the Federal Arbitration Act subject to the terms and conditions provided below. Notwithstanding the foregoing, insured workers' compensation claims (other than wrongful discharge claims) and claims for unemployment insurance are excluded from arbitration under this Agreement. This Agreement does not prevent the filing of charges with administrative agencies such as the Equal Employment Opportunity Commission, the National Labor Relations Board, or equivalent state agencies. Arbitration shall be conducted in Ventura County, California in accordance with (a) the American Arbitration Association, Employment Rules of Procedure, or (b) the rules of procedure issued by another alternative dispute resolution service mutually acceptable to Executive and Company. Any award issued in accordance with this Section 10(i) shall be rendered as a judgment in any trial court having competent jurisdiction. Company shall pay the arbitration fees and expenses, less any filing fee amount the Executive would otherwise have to pay to pursue a comparable lawsuit in a United States district court in the jurisdiction where the dispute arises or state court in the jurisdiction where the dispute arises, whichever is less. All

other rights, remedies, exhaustion requirements, statutes of limitations and defenses applicable to claims asserted in a court of law shall apply in the arbitration. Executive expressly waives any presumption or rule, if any, which requires this Agreement to be construed against the Company.

///

(j) Survival; Modification of Terms. No change in Executive's duties or salary shall affect, alter, or otherwise release Executive from the covenants and agreements contained herein. All post-termination covenants, agreements, representations and warranties made herein by Executive shall survive the expiration or termination of this Agreement or employment under this Agreement in accordance with their respective terms and conditions.

IN WITNESS WHEREOF, the parties have executed this agreement effective as of the date first written above.

"EXECUTIVE"

/s/David Santrella  
**David Santrella**

"COMPANY"

**SALEM COMMUNICATIONS HOLDING CORPORATION**

By: /s/Edward G. Atsinger III  
**Edward G. Atsinger III**  
**Chief Executive Officer**

I hereby certify that the terms and conditions of this Employment Agreement have been reviewed and approved by the Compensation Committee of Salem Communications Corporation.

/s/David Davenport  
**David Davenport**  
**Chairman of the Compensation Committee,**  
**Salem Communications Corporation**

## MEMORANDUM OF TERMS OF EMPLOYMENT

THIS MEMORANDUM OF TERMS OF EMPLOYMENT (“Memorandum”), is made and entered into effective as of January 1, 2014 by and between Salem Communications Holding Corporation, (hereinafter referred to as “Employer”), and **Mr. David A. R. Evans** (hereinafter referred to as “Executive”), upon the following terms and conditions:

**1. EXECUTIVE’S RESPONSIBILITIES.** Executive agrees to devote his entire business time, attention and energies to the business of Employer. Executive also agrees to perform all services hereunder in a manner loyal and faithful to Employer. With the written consent of the Board of Directors, Executive may accept paid board or trustee positions for other entities and may accept fees for public speaking and published writings. Executive may reasonably participate as a member in community, civic, similar organizations and may pursue personal investments that do not interfere with the normal business activities of Salem.

Executive’s titles shall be *Division President – Interactive, New Business Development* reporting directly to the President and Chief Operating Officer of the Employer. Executive agrees to perform all duties reasonable and consistent of a person with the title of *Division President – Interactive, New Business Development* as the President and Chief Operating Officer of Employer may assign to Executive from time-to-time. These duties shall include, without limitation, strategic planning and business development regarding all of Employer’s businesses including radio, internet, and publishing.

**2. TERM.** Executive’s employment with the Employer is voluntarily entered into, and Executive is free to resign at any time. It is understood that this Memorandum shall not create a contract for any specific term, expressed or implied, of employment. *The relationship of the Employer to Executive shall be one of voluntary employment “at will,” with no definite period of employment, regardless of the date or method of payment of wages or salary. The relationship may be terminated by either Executive or Employer at any time, with or without cause and with or without prior notice.* No person, other than the Chief Executive Officer of the Employer has authority to enter into an agreement for employment for any specified period of time or to make any agreement contrary to the foregoing, and then, only by an agreement in writing signed by them. Subject to the foregoing, the period of time from the date this Memorandum is entered into (“Commencement Date”) until the date it terminates (“Termination Date”) shall be referred to herein as the “Term”.

**3. COMPENSATION.** For all of the services rendered by Executive in any capacity under this Memorandum, Employer shall compensate Executive, less applicable deductions and withholding taxes, in accordance with Employer’s payroll practices as they may exist from time-to-time and as such compensation elements may be amended, suspended or discontinued to the extent permitted by applicable law at Employer’s sole option or discretion, as follows:

3.1 **Annual Base Salary.** Executive’s base salary shall be at the annual rate as follows:

- (i) From January 1, 2014 through September 14, 2014, in the amount of Four Hundred Seventy Five Thousand Dollars (\$475,000).

3.2 **Incentive Compensation.** In addition to the annual base salary set forth in Section 3.1, Executive shall be eligible for quarterly bonuses in an amount to be determined at follows:

- (i) **Revenue Budget Incentive.** Executive shall be eligible for compensation of Ten Thousand Dollars (\$10,000) for each quarter Employer’s Non-Broadcast Media Businesses for which Executive has responsibility (the “Non-Broadcast Division”) meets or exceeds the Revenue Budget set for the Non-Broadcast Division for the applicable quarter; and,
- (ii) **EBITDA Budget Incentive.** Executive shall be eligible for compensation of Ten Thousand Dollars (\$10,000) for each quarter the Non-Broadcast Division meets or exceeds the EBITDA Budget set for the Non-Broadcast Division for the applicable quarter.

(iii) **Method of Calculation.** For purposes of determining the amount of any incentive-based compensation, Revenue and EBITDA shall be calculated in a manner consistent with generally accepted accounting principles (GAAP) and in a manner consistent with Salem Communications Corporation’s financial statements, as publicly reported from time-to-time. The amount of any incentive-based compensation, as set forth in Section 3 hereof, is not earned by Executive or payable by Employer until the date of its calculation by Employer, which

calculation shall occur within sixty (60) days following the end of the applicable period for which the compensation is based.

3.3 Bonuses. In addition to the other compensation of Executive as set forth herein, and subject to the provisions of Section 4 hereof, Executive shall be eligible for an annual merit bonus in an amount to be determined at the discretion of the Board of Directors of the Company, which bonus may be paid in cash, equity (stock, stock options, restricted stock, etc.) or a combination thereof. The amount of the annual bonus, if applicable, is not earned until the date of its determination and distribution in the following year.

3.4 Travel and Entertainment Expenses. Reasonable, bona-fide Employer-related entertainment and travel expenses incurred by Executive in accordance with the *Employee Handbook* and other written policies, all as issued by Employer, relating thereto shall be reimbursed or paid by Employer.

3.5 Fringe Benefits. Except as otherwise set forth in this Section, Executive shall be eligible to participate in all benefit plans that are available to all executive level Salem employees from time to time pursuant to the terms of such plans. The availability and terms of such fringe benefits shall be set by the Board of Directors and may change from time to time. Executive shall be required to comply with all conditions attendant to coverage by the fringe benefit plans hereunder and shall be entitled only in accordance with the terms and conditions of such plans as they may be enumerated from time to time.

3.6 Professional License Fees. Salem will pay the reasonable expenses associated with maintaining Executive's CPA License as well as the reasonable expenses associated with any Continuing Professional Education required to maintain the license.

3.7 Health Insurance. Executive shall be entitled to health care coverage for himself and his dependents in accordance with any health plan available to executive level employees of Salem.

3.8 Life Insurance Reimbursement. Executive shall be entitled to reimbursement from Employer for an amount up to a maximum of \$3,500 per year paid by Executive for life insurance on Executive's life. Such reimbursement shall be grossed up to cover all statutory withholdings, and State and Federal Income Taxes.

3.9 Vacation. Notwithstanding such vacation time as allocated in Salem's Employee Handbook, Executive shall accrue two (2) weeks of vacation per year.

3.10 Stock Options. Executive shall be eligible for stock option consideration from time to time. Any such stock option grant will be at the discretion of the Board of Directors.

#### **4. TERMINATION**

4.1 In the event of Executive's resignation or termination for Cause, Executive shall be entitled only to the compensation earned through the date of termination. In the event of (i) Executive's termination without Cause, or (ii) Employer's failure to offer Executive a new Employment Agreement at the expiration of this Memorandum containing terms generally consistent with those contained in this Memorandum, in addition to Executive's base salary earned through the date of termination or expiration of this Memorandum, and upon execution of the then existing form separation and release agreement of Employer, Executive shall be entitled to receive: (1) severance in an amount equal to the base salary Executive would otherwise have received for six (6) months and (2) professional outplacement assistance for twelve (12) consecutive months. Termination, with or without cause, or resignation, shall not affect any rights of Executive that have become vested under any benefit plan, stock option plan or arrangement.

4.2 For the purposes of this Memorandum, "Cause" shall mean, without limitation, the following: (i) the death of Executive; (ii) continued gross neglect, malfeasance or gross insubordination in performing duties assigned to Executive; (iii) a conviction for a crime involving moral turpitude; (iv) an egregious act of dishonesty (including without limitation theft or embezzlement) in connection with employment, or a malicious action by Executive toward Salem, Company Affiliates or Related Entities; (v) a violation of confidentiality provisions; (vi) a willful breach of this Memorandum; (vii) disloyalty; and (viii) material and repeated failure to carry out reasonably assigned duties or instructions consistent with Executive's position.

4.3 If Executive dies prior to the expiration of the Term, any unvested or time-vested stock options previously granted to Executive by Employer shall become immediately one hundred percent (100%) vested.



## 5. EXECUTIVE'S OBLIGATIONS

5.1 Confidential Information. Executive agrees that, during the Term or at any time thereafter: (a) Executive shall not use for any purpose other than the duly authorized business of Employer, or disclose to any third party, any information relating to Employer or any of its affiliated companies which is proprietary to Employer or any of its affiliated companies ("Confidential Information"), including any customer list, contact information, rate schedules, programming, data, plans, intellectual property, trade secrets or any written (including in any electronic form) or oral communication incorporating Confidential Information in any way (except as may be required by law or in the performance of Executive's duties under this Memorandum consistent with Employer's policies) regardless of whether or not such information has been labeled as "confidential"; and (b) Executive shall comply with any and all confidentiality obligations of Employer to a third party, whether arising under a written agreement or otherwise.

5.2 Work For Hire. (a) The results and proceeds of Executive's services to Employer, including, without limitation, any works of authorship resulting from Executive's services during Executive's employment with Employer and/or any of its affiliated companies and any works in progress resulting from such services, shall be works-made-for-hire and Employer shall be deemed the sole owner of any and all rights of every nature in such works, whether such rights are now known or hereafter defined or discovered, with the right to use the works in perpetuity in any manner Employer determines in its sole discretion without any further payment to Executive. If, for any reason, any of such results and proceeds are not legally deemed a work-made-for-hire and/or there are any rights in such results and proceeds which do not accrue to Employer under the preceding sentence, then Executive hereby irrevocably assigns and agrees to assign any and all of Executive's right, title and interest thereto, whether now known or hereafter defined or discovered, and Employer shall have the right to use the work in perpetuity in any location and in any manner Employer determines in its sole discretion without any further payment to Executive.

(b) Executive shall do any and all things which Employer may deem useful or desirable to establish or document Employer's rights in any such results and proceeds, including, without limitation, the execution of appropriate copyright, trademark and/or patent applications, assignments or similar documents and, if Executive is unavailable or unwilling to execute such documents, Executive hereby irrevocably designates the President & Chief Executive Officer of Employer or his designee as Executive's attorney-in-fact with the power to execute such documents on Executive's behalf. To the extent Executive has any rights in the results and proceeds of Executive's services under this Memorandum that cannot be assigned as described above, Executive unconditionally and irrevocably waives the enforcement of such rights.

(c) Works-made-for-hire do not include subject matter that meets all of the following criteria: (1) is conceived, developed and created by Executive on Executive's own time without using the Employer's equipment (other than the personal computer regularly used by Executive), supplies or facilities or any trade secrets of confidential information, (2) is unrelated to the actual or reasonably anticipated business or research and development of Employer of which Executive is or becomes aware; and (3) does not result from any work performed by Executive for Employer.

(d) Notwithstanding anything in this Memorandum to the contrary, during the Term, Executive agrees that he shall, prior to exploiting a Corporate Opportunity (hereafter defined) for his own account or for the benefit of an immediate family member's account, offer the Employer a right of first refusal with respect to such Corporate Opportunity. For purposes of this Section 5.2, "Corporate Opportunity" shall be broadly defined to include any business opportunity that is in the same or a related business as any of the businesses in which the Company, Salem or any of its Affiliates is involved or in which Executive learned of or discovered in the course of performing his duties to Employer, Salem or any of its Affiliates. The determination as to whether a business opportunity constitutes a Corporate Opportunity shall be made by the Chairman of the Board and the President of Salem, and their determination shall be based on an evaluation of: (a) the extent to which the Corporate Opportunity is within the Company's or any of its Affiliates' existing lines of business or its existing plans to expand; (b) the extent to which the Corporate Opportunity supplements the Company's or any of its Affiliates' existing lines of activity or complements the Company's or any of its Affiliates' existing methods of service; (c) whether the Company has available resources that can be utilized in connection with the Corporate Opportunity; (d) whether the Company is legally or contractually barred from utilizing the Corporate Opportunity; (e) the extent to which utilization of the Corporate Opportunity by Executive would create conflicts of interest with the Company or any of its Affiliates; and (f) any other factors they deem appropriate under the circumstances.

5.3 Return of Property. All documents, data, recordings, equipment or other property, whether tangible or intangible, including all information stored in electronic form, obtained or prepared by or for Executive and utilized by Executive in the course of Executive's employment with Employer or any of its affiliated companies shall remain the exclusive property of Employer. Upon termination of employment, Executive shall promptly return all of Employer's property to Employer.

5.4 Use of Executive's Name, Image and Likeness. Employer may make use of Executive's name, photograph, drawing or other likeness in connection with the advertising or the giving of publicity to Employer, Salem Communications or a program broadcast or content provided by Employer, Salem Communications or any affiliated companies. In such regard, Employer may make recordings, transcriptions, videotapes, films and other reproductions of any and all actions performed by Executive in his or her capacity as an Executive of Employer, including without limitation any voice-over or announcing material provided by Executive (collectively "Executive Performances"). Employer shall have the right to broadcast, display, license, assign or use any Executive Performances on a royalty-free basis without additional compensation payable to Executive.

5.5 Non-Interference. While employed by the Employer and for a period of six (6) months thereafter, Executive agrees not to interfere with the business of the Employer by directly or indirectly soliciting, attempting to solicit, inducing, or otherwise causing any executive, material employee, contractor or client of Salem Communications Corporation ("Salem") to terminate his, her or its relationship with Salem in order to enter into a relationship with any other employer or entity.

5.6 Cooperation. Executive agrees to cooperate with and provide assistance to Employer and its legal counsel in connection with any litigation (including arbitration or administrative hearings) or investigation affecting Salem or any of its subsidiaries, in which, in the reasonable judgment of Salem's counsel, Executive's assistance or cooperation is needed. Executive shall, when requested by Salem, provide testimony or other assistance and shall travel at Employer's reasonable request and at its reasonable expense in order to fulfill this obligation.

6. **PERSONAL CONDUCT.** Executive agrees to promptly and faithfully comply with all present and future policies, requirements, directions, requests and rules and regulations of the Employer in connection with Employer's business, including without limitation the policies and requirements set forth in Salem's Employee Handbook and Financial Code of Conduct. Executive further agrees to comply with all laws and regulations pertaining to Executive's employment with Employer. Executive hereby agrees not to engage in any activity that is in direct conflict with the essential interests of Employer. Executive hereby acknowledges that nothing set forth in the Employee Handbook or Financial Code of Conduct or any other policy issued by Employer or Salem shall be deemed to create a separate contractual obligation, guarantee or inducement between Executive and Employer.

7. **INDEMNIFICATION.** Executive shall be entitled to the protection of any insurance policies that Salem may elect to maintain generally for the benefit of its directors and officers against all costs, charges and expenses incurred or sustained by him in connection with any action, suit or proceeding (other than any action, suit or proceeding arising under or relating to this Memorandum) to which Executive may be made a party by reason of (i) his being or having been a director, officer or employee of Salem or any of its subsidiaries, or (ii) his serving or having served any other enterprise as a director, officer or employee at the request of Employer (the duties described in (i) and (ii) hereof are collectively referred to herein as the "Indemnified Duties"). Employer shall indemnify Executive against all costs, charges and expenses incurred or sustained by him in connection with any action, suit or proceeding to which Executive may be made a party by reason of the Indemnified Duties to the fullest extent permitted by law, in effect at the time of the subject act or omission, and shall advance to Executive reasonable attorneys' fees and expenses as such fees and expenses are incurred (subject to an undertaking from Executive to repay such advances if it shall be finally determined by a judicial decision which is not subject to further appeal that Executive was not entitled to the reimbursement of such fees and expenses). Employer covenants to maintain during Executive's employment for the benefit of Executive (in his capacity as an officer of Employer) Directors' and Officers' Insurance providing benefits to Executive no less favorable, taken as a whole, than the benefits provided to the senior executives of Salem by the Directors' and Officers' Insurance maintained by Salem on the date hereof; provided, however, that the board of directors of Salem may elect to terminate Directors' and Officers' Insurance for all officers and directors, including Executive, if the board of directors of Salem determines in good faith that such insurance is not available or is available only at unreasonable expense.

## 8. MISCELLANEOUS PROVISIONS.

8.1 Venue; Choice of Law. Regardless of where it is signed, this Memorandum shall be deemed to be an agreement made in the city of Camarillo and state of California (“Venue”) and shall be interpreted as an agreement to be performed wholly in the State where the Venue is located. The laws of the State where the Venue is located shall be applied without regard to the principles of conflicts of laws.

8.2 Resolution of Disputes. Employer and Executive mutually agree to resolve any and all legal claims arising from or in any way or relating to Executive’s employment with Employer through mediation or, if mediation does not resolve the claim or dispute within ten (10) days of notice demanding mediation, by binding arbitration under the Federal Arbitration Act subject to the terms and conditions provided below. Notwithstanding the foregoing, insured workers compensation claims (other than wrongful discharge claims) and claims for unemployment insurance are excluded from arbitration under this Memorandum. This Memorandum does not prevent the filing of charges with administrative agencies such as the Equal Employment Opportunity Commission, the National Labor Relations Board, or equivalent state agencies. Arbitration shall be conducted in the Venue in accordance with either of the following, at Executive’s election: (a) the American Arbitration Association: Employment Rules of Procedure, (b) the Rules of Procedure for Christian Conciliation sponsored by the Christian Legal Society, or (c) the rules of procedure issued by another alternative dispute resolution service mutually acceptable to Executive and Employer. Any award issued in accordance with this Section 8.2 shall be rendered as a judgment in any trial court having competent jurisdiction. Employer shall pay the arbitration fees and expenses, less any filing fee amount that Executive would otherwise have to pay to pursue a comparable lawsuit in a United States district court in the jurisdiction where the dispute arises or state court in the jurisdiction where the dispute arises, whichever is less. All other rights, remedies, exhaustion requirements, statutes of limitation and defenses applicable to claims asserted in a court of law will apply in the arbitration. Executive expressly waives any presumption or rule, if any, which requires this Memorandum to be construed against Employer.

8.3 Injunctive Relief. Employer has entered into this Memorandum in order to obtain the benefit of Executive’s unique skills, talent, and experience. Executive acknowledges and agrees that any violation of one or more subsections of Section 5 of this Memorandum will result in irreparable damage to Employer, and, accordingly, Employer may obtain injunctive and other equitable relief for any breach or threatened breach of such sections, in addition to any other remedies available to Employer, without being required to prove actual damages, post bond or furnish other security.

8.4 Integration. This Memorandum comprises the entire understanding of the parties with respect to the subject matter and shall supersede all other prior written or oral agreements, including without limitation that certain employment agreement entered into by and between Employer and Executive as of September 15, 2011.

8.5 Amendments and Waivers. No term or provision of this Memorandum may be amended, waived, discharged or terminated orally but only by an instrument in writing signed by the party against whom the enforcement of such amendment, waiver, discharge or termination is sought. Any waiver shall be effective only in accordance with its express terms and conditions. Notwithstanding anything in this Memorandum to the contrary, no person other than the Chief Executive Officer of Employer has the capacity to amend, waive, discharge or terminate the provisions of Section 2 relating to the “at will” nature of Executive’s employment, and then, such action may only be taken in writing.

8.6 Severability. If any portion of this Memorandum shall be held to be illegal, invalid, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this Memorandum shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein. Additionally, in lieu of each such illegal, invalid or unenforceable provision, there shall be added automatically as part of this Memorandum a provision as similar to such former provision as shall be legal, valid and enforceable.

8.7 Survival; Modification of Terms. No change in Executive’s duties or salary shall affect, alter, or otherwise release Executive from the covenants and agreements contained herein. All post-termination covenants, agreements, representations and warranties made herein by Executive shall survive the expiration or termination of this Memorandum or employment under this Memorandum in accordance with their respective terms and conditions.



**IN WITNESS WHEREOF**, the parties hereto have executed this Memorandum effective as of January 1, 2014.

ACCEPTED AND AGREED:

“Executive:”

“Employer:”

Salem Communications Corporation

/s/David A.R. Evans

David A. R. Evans

By: /s/Edward G. Atsinger III

Edward G. Atsinger, III

Chief Executive Officer

I hereby certify that the terms and conditions of this Employment Agreement have been reviewed and approved by the Compensation Committee of Salem Communications Corporation.

/s/David Davenport

David Davenport, Chairman

Compensation Committee

Salem Communications Corporation

## EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is entered into as of January 1, 2014, by and between **Evan D. Masyr**, an individual ("Executive"), and **Salem Communications Holding Corporation**, a Delaware corporation (the "Company").

### RECITALS

WHEREAS, the Company is a wholly owned subsidiary of **Salem Communications Corporation** ("SCC");

WHEREAS, Executive holds the position of *Senior Vice President & Chief Financial Officer* of the Company and, in such capacity, has provided day-to-day senior management and accounting advice to the Company as well as strategic business advice to SCC and its subsidiaries (collectively, "Salem"), all pursuant to an Employment Agreement dated as of January 1, 2011 (the "Old Employment Agreement");

WHEREAS, the Executive and the Company wish to terminate the Old Employment Agreement and any other prior agreement relating to his employment, effective as of midnight on December 31, 2013 and employ Executive pursuant to the terms of this Agreement effective as of the date of this Agreement;

NOW, THEREFORE, in consideration of the foregoing recitals, the terms and conditions set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Executive and the Company hereby agree as follows:

#### **1. Employment by the Company and Term**

(a) Full Time and Best Efforts. Executive's titles shall be *Executive Vice President* and *Chief Financial Officer* reporting directly to President and Chief Operating Officer of Salem. Executive agrees to perform all duties reasonable and consistent of a person with the titles of *Executive Vice President* and *Chief Financial Officer* as the President and Chief Operating Officer of Salem may assign to Executive from time-to-time. Executive agrees to devote his or her entire business time, attention and energies to the business of Salem. Executive also agrees to perform all services hereunder in a manner loyal and faithful to Salem. With the written consent of the Board of Directors of Salem, Executive may accept paid board or trustee positions for other entities and may accept fees for public speaking and published writings. Executive may reasonably participate as a member in community, civic, similar organizations and may pursue personal investments that do not interfere with the normal business activities of Salem. The performance of Executive's duties shall be in Camarillo, California, subject to reasonable travel as the performance of his duties in the business may require.

(b) Company Policies. The employment relationship between the parties shall be governed by the general employment policies and practices of the Company and of Salem, including without limitation the policies described in Section 8 of this Agreement, except that when the terms of this Agreement differ from or are in conflict with the Company's or Salem's general employment policies or practices, this Agreement shall control.

(c) Term. Executive's employment with the Employer is voluntarily entered into, and Executive is free to resign at any time. It is understood that this Agreement shall not create a contract for any specific term, expressed or implied, of employment. ***The relationship of the Employer to Executive shall be one of voluntary employment "at will," with no definite period of employment, regardless of the date or method of payment of wages or salary. The relationship may be terminated by either Executive or Employer at any time, with or without cause and with or without prior notice.*** No person other than the Chief Executive Officer of SCC has authority to enter into an agreement for employment for any specified period of time or to make any agreement contrary to the foregoing, and then only by an agreement in writing signed by him. Subject to the foregoing, the period of time from the date this Agreement is entered into ("Commencement Date") until the date it terminates ("Termination Date") shall be referred to herein as the "Term."

#### **2. Compensation and Benefits**

(a) Cash Salary. Executive shall receive for services to be rendered hereunder an annual base salary (the "Base Salary") as follows:

(i) From January 1, 2014 to December 31, 2014, the Base Salary shall be **Three Hundred Seventy Seven Thousand Five Hundred Dollars (\$377,500)**;

(ii) From January 1, 2015 to December 31, 2015, the Base Salary shall be **Three Hundred Ninety Thousand Dollars (\$390,000)**; and,

(iii) From January 1, 2016 to December 31, 2016, the Base Salary shall be **Four Hundred Two Thousand Five Hundred Dollars (\$402,500)**.

(b) Participation in Benefit Plans. During the Term, Executive shall be entitled to participate in any group insurance, hospitalization, medical, dental, health and accident, disability, compensation or other plan or program of the Company now existing or established hereafter to the extent that he is eligible under the general provisions thereof. The Company may, in its sole discretion and from time to time, amend, eliminate or establish additional benefit programs as it deems appropriate. Executive shall also participate in all fringe benefits offered by the Company to any of its senior executives. The availability and terms of such benefit plans shall be set by the Board of Directors of the Company, or its designated committee, and may change from time-to-time. Executive shall be required to comply with all conditions attendant to coverage by the benefit plans hereunder and shall be entitled to benefits only in accordance with the terms and conditions of such plans as they may be enumerated from time to time. For avoidance of any doubt, Executive will accrue vacation benefits in accordance with the vacation policy set forth in the Employee Handbook of SCC.

(c) Perquisites. During the Term, the Company shall provide Executive with the perquisites and any such other benefits as the Board of Directors, or its designated committee, may elect to grant from time-to-time.

(d) CPA License. The Company will pay the reasonable expenses associated with maintaining Executive's State of California CPA license as well as the reasonable expenses associated with any Continuing Professional Education.

**3. Bonuses.** In addition to the other compensation of Executive as set forth herein, and subject to the provisions of Section 4 hereof, Executive shall be eligible for an annual merit bonus in an amount to be determined at the discretion of the Board of Directors of the Company, which bonus may be paid in cash, equity (stock, stock options, restricted stock, etc.) or a combination thereof. The amount of the annual bonus, if applicable, is not earned until the date of its determination and distribution in the following year.

#### **4. Termination Of Employment.**

(a) Termination; Payment of Salary. The Board may terminate Executive's employment with the Company at any time for cause, immediately upon notice to Executive. In the event that Executive's employment is terminated for "Cause", Executive shall receive payment for all accrued salary through the Termination Date, which in this event shall be the date upon which notice of termination is given, and the Company shall have no further obligation to pay severance of any kind nor to make any payment in lieu of notice. In the event that, during the Term, Executive's employment is terminated by the Company other than for "Cause", in addition to all accrued salary through the Termination Date, the Company shall pay Executive as severance an amount equal to his then Base Salary for six (6) months, less standard withholdings for tax and social security purposes.

(b) Definition of Cause. For the purposes of this Agreement, "Cause" shall mean, without limitation, the following: (A) the death of Executive; (B) any mental or physical impairment which prevents Executive at any time during the Term from performing the essential functions of his full duties for a period of 90 days within any 365 day period and Executive thereafter fails to return to work within 10 days of notice by the Company of intention to terminate ("Disability"); (C) continued gross neglect, malfeasance or gross insubordination in performing duties assigned to Executive; (D) a conviction for a crime involving moral turpitude; (E) an egregious act of dishonesty (including without limitation theft or embezzlement) in connection with employment, or a malicious action by Executive toward Salem; (F) a violation of the provisions of Section 6 hereof; (G) a willful breach of this Agreement; (H) disloyalty; and (I) material and repeated failure to carry out reasonably assigned duties or instructions consistent with Executive's position.

#### **5. Executive's Obligations.**

(a) Confidential Information. Executive agrees that, during the Term or at any time thereafter: (i) Executive shall not use for any purpose other than the duly authorized business of Salem, or disclose to any third party, any information relating to Salem or any of its affiliates which is proprietary to the Company or Salem ("Confidential Information"), including any customer list, contact information, rate schedules, programming, data, plans, intellectual

property, trade secret or any written (including in any electronic form) or oral communication incorporating Confidential Information in any way (except as may be required by law or in the performance of Executive's duties under this Agreement consistent with Company's policies) regardless of whether or not such information has been labeled as "confidential"; and (ii) Executive shall comply with any and all confidentiality obligations of Company to a third party, whether arising under a written agreement or otherwise.

(b) Work For Hire.

(i) The results and proceeds of Executive's services to Company, including, without limitation, any works of authorship resulting from Executive's services during Executive's employment with Company and/or any of its Affiliates and any works in progress resulting from such services, shall be works-made-for-hire and Company shall be deemed the sole owner of any and all rights of every nature in such works, whether such rights are now known or hereafter defined or discovered, with the right to use the works in perpetuity in any manner Company determines in its sole discretion without any further payment to Executive. If, for any reason, any of such results and proceeds are not legally deemed a work-made-for-hire and/or there are any rights in such results and proceeds which do not accrue to Company under the preceding sentence, then Executive hereby irrevocably assigns and agrees to assign any and all of Executive's right, title and interest thereto, whether now known or hereafter defined or discovered, and Company shall have the right to use the work in perpetuity in any location and in any manner Company determines in its sole discretion without any further payment to Executive.

(ii) Executive shall do any and all things which Company may deem useful or desirable to establish or document Company's rights in any such results and proceeds, including, without limitation, the execution of appropriate copyright, trademark and/or patent applications, assignments or similar documents and, if Executive is unavailable or unwilling to execute such documents, Executive hereby irrevocably designates the Chairman of the Board of Directors of SCC or his designee as Executive's attorney-in-fact with the power to execute such documents on Executive's behalf. To the extent Executive has any rights in the results and proceeds of Executive's services under this Agreement that cannot be assigned as described above, Executive unconditionally and irrevocably waives the enforcement of such rights.

(iii) Works-made-for-hire do not include subject matter that meets all of the following criteria: (A) is conceived, developed and created by Executive on Executive's own time without using the Company's equipment, supplies or facilities or any trade secrets or confidential information, (B) is unrelated to the actual or reasonably anticipated business or research and development of Company of which Executive is or becomes aware; and (C) does not result from any work performed by Executive for Company.

(c) Return of Property. All documents, data, recordings, equipment or other property, whether tangible or intangible, including all Confidential Information and all information stored in electronic form, obtained or prepared by or for Executive and utilized by Executive in the course of Executive's employment with Company shall remain the exclusive property of Salem and shall not be removed from the premises of the Company under any circumstances whatsoever without the prior written consent of the Company, except when (and only for the period) necessary to carry out Executive's duties hereunder, and if removed shall be immediately returned to the Company and Salem upon any termination of his employment and no copies thereof shall be kept by Executive. Upon termination of employment, Executive shall promptly return all of Company's property to Company.

(d) Use of Executive's Name, Image and Likeness. Company may make use of Executive's name, photograph, drawing or other likeness in connection with the advertising or the giving of publicity to Company, Salem or a program broadcast or content provided by Company or Salem. In such regard, Company may make recordings, transcriptions, videotapes, films and other reproductions of any and all actions performed by Executive in his or her capacity as an Executive of Company, including without limitation any voice-over or announcing material provided by Executive (collectively "Executive Performances"). Company and Salem shall have the right to broadcast, display, license, assign or use any Executive Performances on a royalty-free basis without additional compensation payable to Executive.

(e) Cooperation. Executive agrees to cooperate with and provide assistance to Salem and its legal counsel in connection with any litigation (including arbitration or administrative hearings) or investigation affecting Salem, in which, in the reasonable judgment of Salem's counsel, Executive's assistance or cooperation is needed. Executive shall, when requested by



Salem, provide testimony or other assistance and shall travel at Salem's request and expense in order to fulfill this obligation.

**6. Noninterference.** While employed by the Company and for a period of six (6) months thereafter, Executive agrees not to interfere with the business of the Company by directly or indirectly soliciting, attempting to solicit, inducing, or otherwise causing any executive, material employee, contractor or client of Salem to terminate his, her or its relationship with Salem in order to enter into a relationship with any other company or entity.

**7. Remedies.** Executive acknowledges that a breach or threatened breach by Executive of any the provisions of Sections 5 or 6 will result in the Company and its stockholders suffering irreparable harm which cannot be calculated or fully or adequately compensated by recovery of monetary damages alone. Accordingly, Executive agrees that the Company shall be entitled to interim, interlocutory and permanent injunctive relief, specific performance and other equitable remedies, in addition to any other relief to which the Company may become entitled should there be such a breach or threatened breach.

**8. Personal Conduct.** Executive agrees to promptly and faithfully comply with all present and future policies, requirements, directions, requests and rules and regulations of the Company in connection with the Company's business, including without limitation the policies and requirements set forth in Salem's Employee Handbook and Financial Code of Conduct. Executive further agrees to comply with all laws and regulations pertaining to Executive's employment with the Company. Executive hereby agrees not to engage in any activity that is in direct conflict with the essential interests of the Company. Executive hereby acknowledges that nothing set forth in the Employee Handbook or Financial Code of Conduct or any other policy issued by the Company or Salem shall be deemed to create a separate contractual obligation, guarantee or inducement between Executive and the Company.

**9. Indemnification.** Executive shall be entitled to the protection of any insurance policies that Salem may elect to maintain generally for the benefit of its directors and officers against all costs, charges and expenses incurred or sustained by him in connection with any action, suit or proceeding (other than any action, suit or proceeding arising under or relating to this Agreement) to which Executive may be made a party by reason of (i) his being or having been a director, officer or employee of the Company or any of its subsidiaries, or (ii) his serving or having served any other enterprise as a director, officer or employee at the request of the Company (the duties described in (i) and (ii) hereof are collectively referred to herein as the "Indemnified Duties"). The Company shall indemnify Executive against all costs, charges and expenses incurred or sustained by him in connection with any action, suit or proceeding to which Executive may be made a party by reason of the Indemnified Duties to the fullest extent permitted by law, in effect at the time of the subject act or omission, and shall advance to Executive reasonable attorneys' fees and expenses as such fees and expenses are incurred (subject to an undertaking from Executive to repay such advances if it shall be finally determined by a judicial decision which is not subject to further appeal that Executive was not entitled to the reimbursement of such fees and expenses). The Company covenants to maintain during Executive's employment for the benefit of Executive (in his capacity as an officer of the Company) Directors' and Officers' Insurance providing benefits to Executive no less favorable, taken as a whole, than the benefits provided to the senior executives of SCC by the Directors' and Officers' Insurance maintained by Salem on the date hereof; provided, however, that the board of directors of SCC may elect to terminate Directors' and Officers' Insurance for all officers and directors, including Executive, if the board of directors of SCC determines in good faith that such insurance is not available or is available only at unreasonable expense.

**10. Miscellaneous.**

(a) Notices. Any notices provided hereunder must be in writing and shall be deemed effective upon the earlier of (1) personal delivery (including personal delivery by telecopy or telex), (2) on the first day after mailing by overnight courier, or (3) on the third day after mailing by first class mail, to the recipient at the address indicated below:

To the Company:

Salem Communications Corporation  
4880 Santa Rosa Road  
Camarillo, California 93012  
Attention: Christopher J. Henderson

To Executive:

Evan D. Masyr  
c/o Salem Communications Corporation

4880 Santa Rosa Road  
Camarillo, California 93012

or to such other address or to the attention of such other person as the recipient party shall have specified by prior written notice to the sending party.

(b) Severability. If any provision of this Agreement is determined to be invalid or unenforceable by a court of competent jurisdiction from which no further appeal lies or is taken, that provision shall be deemed to be severed herefrom, and all remaining provisions of this Agreement shall not be affected thereby and shall remain valid and enforceable.

(c) Entire Agreement. This document constitutes the final, complete, and exclusive embodiment of the entire agreement and understanding between the parties related to the subject matter hereof and supersedes and preempts any prior or contemporaneous understandings, agreements, or representations by or between the parties, written or oral, with respect to his employment by Salem. Without limiting the generality of the foregoing, except as provided in this Agreement, all understandings and agreements, written or oral, relating to the employment of Executive by the Company or the payment of any compensation or the provision of any benefit in connection therewith or otherwise, including without limitation the Old Employment Agreement, are hereby terminated and shall be of no further force and effect. Notwithstanding anything in this Agreement to the contrary and for avoidance of any doubt, the stock option grants previously made to Executive shall not be terminated, limited or otherwise amended merely as a result of this Agreement.

(d) Counterparts. This Agreement may be executed in separate counterparts, any one of which need not contain signatures of more than one party, but all of which taken together shall constitute one and the same agreement.

(e) Successors and Assigns. This Agreement is intended to bind and inure to the benefit of and be enforceable by Executive and the Company, and their respective successors and assigns, except that Executive may not assign any of his duties hereunder and he may not assign any of his rights hereunder without the prior written consent of the Company.

(f) Amendments. No amendments or other modifications to this Agreement may be made except by a writing signed by both parties. No amendment or waiver of this Agreement requires the consent of any individual, partnership, corporation or other entity not a party to this Agreement. Nothing in this Agreement, express or implied, is intended to confer upon any third person any rights or remedies under or by reason of this Agreement. Notwithstanding anything in this Agreement to the contrary, no person other than the Chief Executive Officer of Salem has the capacity to amend, waive, discharge or terminate the provisions of Section 1(c) relating to the "at will" nature of Executive's employment, and then, such action may only be taken in writing.

(g) Attorneys' Fees. If any legal proceeding is necessary to enforce or interpret the terms of this Agreement, or to recover damages for breach therefore, the prevailing party shall be entitled to reasonable attorney's fees, as well as costs and disbursements, in addition to other relief to which he or it may be entitled.

(h) Choice of Law. All questions concerning the construction, validity and interpretation of this Agreement shall be governed by the internal law, and not the law of conflicts, of the State of California.

(i) Resolution of Disputes. Company and Executive mutually agree to resolve any and all legal claims arising from or in any way relating to Executive's employment with Company through mediation or, if mediation does not resolve the claim or dispute within ten (10) days of notice demanding mediation, by binding arbitration under the Federal Arbitration Act subject to the terms and conditions provided below. Notwithstanding the foregoing, insured workers' compensation claims (other than wrongful discharge claims) and claims for unemployment insurance are excluded from arbitration under this Agreement. This Agreement does not prevent the filing of charges with administrative agencies such as the Equal Employment Opportunity Commission, the National Labor Relations Board, or equivalent state agencies. Arbitration shall be conducted in Ventura County, California in accordance with (a) the American Arbitration Association, Employment Rules of Procedure, or (b) the rules of procedure issued by another alternative dispute resolution service mutually acceptable to Executive and Company. Any award issued in accordance with this Section 10(i) shall be rendered as a judgment in any trial court having competent jurisdiction. Company shall pay the arbitration fees and expenses, less any filing fee amount the Executive would otherwise have to

pay to pursue a comparable lawsuit in a United States district court in the jurisdiction where the dispute arises or state court in the jurisdiction where the dispute arises, whichever is less. All other rights, remedies, exhaustion requirements, statutes of limitations and defenses applicable to claims asserted in a court of law shall apply in the arbitration. Executive expressly waives any presumption or rule, if any, which requires this Agreement to be construed against the Company.

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(j) Survival; Modification of Terms. No change in Executive's duties or salary shall affect, alter, or otherwise release Executive from the covenants and agreements contained herein. All post-termination covenants, agreements, representations and warranties made herein by Executive shall survive the expiration or termination of this Agreement or employment under this Agreement in accordance with their respective terms and conditions.

IN WITNESS WHEREOF, the parties have executed this agreement effective as of the date first written above.

"EXECUTIVE"

/s/Evan D. Masyr  
**Evan D. Masyr**

"COMPANY"

**SALEM COMMUNICATIONS HOLDING CORPORATION**

By: /s/Edward G. Atsinger III  
**Edward G. Atsinger III**  
**Chief Executive Officer**

I hereby certify that the terms and conditions of this Employment Agreement have been reviewed and approved by the Compensation Committee of Salem Communications Corporation.

Date: December 11, 2013

/s/David Davenport  
**David Davenport**  
**Chairman of the Compensation Committee,**  
**Salem Communications Corporation**