

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 August 24, 2000
(Date of earliest event reported)

Commission File No. 333-76649

SALEM COMMUNICATIONS CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

77-0121400
(I.R.S. Employer Identification No.)

4880 SANTA ROSA ROAD, SUITE 300
CAMARILLO, CALIFORNIA 93012
(Address of principal executive offices)

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

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS.

On August 24, 2000, Salem Communications Corporation, (the "Company"), completed its acquisition of eight radio stations from affiliates of Clear Channel, Inc. ("CCU") and AMFM, Inc. ("AMFM"), pursuant to the terms of an Asset Purchase Agreement dated March 5, 2000, by and among the Company and affiliates of the radio stations KALC-FM (Denver, Colorado), KXXM-FM and KEZY-AM (Anaheim, California); WKNR-AM and WRMR-AM (Cleveland, Ohio); WYGY-FM and WBOB-AM (Cincinnati, Ohio); and KDGE-FM (Dallas, Texas) through four subsidiaries wholly-owned, directly or indirectly, by the Company. The acquired assets consist principally of FCC licenses and other intangible assets used in the radio broadcasting business and will continue to be utilized by the Company's subsidiaries for such purposes.

The acquired assets were purchased for \$185.6 million in cash, which purchase price was determined through arms-length negotiation. The acquisition was financed through cash on hand, borrowings and the sale of radio station KLTX-AM, Los Angeles, CA. Such borrowings include a \$100 million credit facility provided by ING (U.S.) Capital, LLC as Agent, and an additional borrowing under the Company's existing credit facility provided by The Bank of New York as Administrative Agent, which existing credit facility was amended to (i) permit up to \$225 million in borrowing, (ii) replace the Company with its wholly-owned subsidiary Salem Communications Holding Corporation as borrower, and (iii) amend or waive certain provisions of the existing credit facility.

ITEM 5. OTHER EVENTS.

In order to facilitate the closing and financing of the asset acquisition, the Company formed three new wholly-owned subsidiaries, Salem Communications Holding Corporation ("HoldCo"), Salem Communications Acquisition Corporation ("AcquisitionCo") and SCA License Corporation ("SCA"), each a Delaware corporation. HoldCo and AcquisitionCo are direct subsidiaries of the Company; SCA is a wholly-owned subsidiary of AcquisitionCo.

Pursuant to an Assignment and Assumption Agreement (the "Assignment") dated as of August 24, 2000, the Company assigned to HoldCo, and HoldCo assumed, substantially all of the assets and liabilities of the Company, including HoldCo's assumption of the obligations as successor issuer pursuant to the Indenture dated as of September 25, 1997, by and among the Company, the guarantors named therein and The Bank of New York, as Trustee, as supplemented through March 31, 1999 and as further supplemented by Supplemental Indenture No. 2, dated as of August 24, 2000, by and among the Company, HoldCo as successor issuer, the guarantors named therein and The Bank of New York, as Trustee. Pursuant to the Assignment, HoldCo also assumed all of the Company's rights and obligations under the Company's existing revolving credit facility described in Item 2, above, which was amended in connection with the consummation of the asset acquisition.

As a result of the acquisition of the assets of the eight radio stations, the FCC licenses of the radio stations were assigned to AcquisitionCo (KALC-FM, Denver, Colorado) and subsidiaries of HoldCo as follows: New Inspiration Broadcasting Company, Inc. (KXXM-FM and KEZY-AM, Anaheim, California), Caron Broadcasting, Inc. (WKNR-AM and WRMR-AM,

Cleveland, Ohio; WYGY-FM and WBOB-AM, Cincinnati, Ohio) and Inspiration Media of Texas, Inc. (KDGE-FM, Dallas, Texas). An application for the assignment of the FCC license of KALC-FM (Denver, CO) from AcquisitionCo to its wholly-owned subsidiary, SCA, has been submitted to the FCC for approval.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

(a) Financial Statements of Businesses Acquired.

At the time of this report on Form 8-K, it is not practical to provide the financial statements required by Item 7(a). In accordance with Item 7(a)(4) of Form 8-K, financial statements will be filed within 60 days of the due date of this filing by an amendment on Form 8-K/A to this report.

(b) Pro Forma Financial Information.

At the time of this report on Form 8-K, it is not practical to provide the pro forma financial information required by Item 7(b). In accordance with Item 7(b)(2) of Form 8-K, pro forma financial information will be filed within 60 days of the due date of this filing by an amendment on Form 8-K/A to this report.

(c) Exhibits.

EXHIBITS

- 2.01 Certificate of Incorporation of Salem Communications Holding Corporation.
- 2.02 Bylaws of Salem Communications Holding Corporation.
- 2.03 Certificate of Incorporation of Salem Communications Acquisition Corporation.
- 2.04 Bylaws of Salem Communications Acquisition Corporation.
- 2.05 Certificate of Incorporation of SCA License Corporation.
- 2.06 Bylaws of SCA License Corporation.
- *4.01 Indenture, dated as of September 25, 1997, by and among Salem Communications Corporation, a California corporation and predecessor to the Company ("Salem-California"), the guarantors named therein and The Bank of New York, as Trustee.
- **4.10 Supplemental Indenture No. 1, dated as of March 31, 1999, by and among Salem-California, the Company, the guarantors named therein and The Bank of New York, as Trustee.
- 4.11 Supplemental Indenture No. 2 dated as of August 24, 2000, by and among the Company, HoldCo, the guarantors named therein and The Bank of New York, as Trustee.
- 4.18 Amendment No. 3 to First Amended and Restated Credit Agreement, dated as of August 17, 2000, by and among the Company, The Bank of New York, as Administrative Agent for the Lender, Bank of America, N.A., as Documentation Agent and the Lenders party thereto.
- 4.19 Second Amended and Restated Credit Agreement, dated as of August 24, 2000, by and among Salem Communications Holding Corporation, The Bank of New York as Administrative Agent, Bank of America, N.A. as Syndication Agent, Fleet National Bank as Documentation Agent, Union Bank of California, N.A. and The Bank of Nova Scotia as Co-Agents and the Lenders party thereto.
- 4.20 Credit Agreement, dated as of August 24, 2000, by and among the Company, ING (U.S.) Capital LLC as Administrative Agent, The Bank of New York as Syndication Agent, Fleet National Bank as Documentation Agent, and the Lenders party thereto.
- ***10.08.05 Asset Purchase Agreement, dated as of March 6, 2000, by and among the Company, Citicasters Co., AMFM Texas Broadcasting, LP; AMFM Texas Licenses LP; AMFM Ohio, Inc.; AMFM Radio Licenses LLC; Capstar Radio Operating Company and Capstar TX Limited Partnership.

* Incorporated by reference to the exhibit of the same number of Salem-California's Registration Statement on Form S-4 (No. 333-41733), as amended, as declared effective by the Securities and Exchange Commission on February 8, 1998.

** Incorporated by reference to the exhibit of the same number of the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission on March 31, 1999.

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

SIGNATURES

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: September 8, 2000

By: /s/ EDWARD G. ATSINGER III

Edward G. Atsinger III
President and Chief Executive Officer

Date: September 8, 2000

By: /s/ DIRK GASTALDO

Dirk Gastaldo
Vice President and Chief Financial Officer
(Principal Financial Officer)

CERTIFICATE OF INCORPORATION
OF
SALEM COMMUNICATIONS HOLDING CORPORATION

ARTICLE I

NAME OF CORPORATION

The name of this corporation is:

SALEM COMMUNICATIONS HOLDING CORPORATION

ARTICLE II

REGISTERED OFFICE

The address of the registered office of the corporation in the State of Delaware is 9 East Loockerman Street, in the City of Dover 19901, County of Kent, and the name of its registered agent at that address is National Registered Agents, Inc.

ARTICLE III

PURPOSE

The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

ARTICLE IV

AUTHORIZED CAPITAL STOCK

The corporation shall be authorized to issue one class of stock to be designated Common Stock; the total number of shares which the corporation shall have authority to issue is one thousand (1,000), and each such share shall have a par value of one cent (\$0.01).

ARTICLE V

INCORPORATOR

The name and mailing address of the incorporator of the corporation is:

Starisa Lambert
c/o NRAI Service Center, LLC
9 East Loockerman Street, Suite 1B
Dover, Delaware 19901

ARTICLE VI

BOARD POWER REGARDING BYLAWS

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, repeal, alter, amend and rescind the bylaws of the corporation.

ARTICLE VII

ELECTION OF DIRECTORS

Elections of directors need not be by written ballot unless the bylaws of the corporation shall so provide.

ARTICLE VIII

LIMITATION OF DIRECTOR LIABILITY

To the fullest extent permitted by the Delaware General Corporation Law as the same exists or may hereafter be amended, a director of the corporation shall not be liable to the corporation or its stockholders for monetary damages for

breach of fiduciary duty as a director. If the Delaware General Corporation Law is amended after the date of the filing of this Certificate of Incorporation to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended from time to time. No repeal or modification of this Article VIII by the stockholders shall adversely affect any right or protection of a director of the corporation existing by virtue of this Article VIII at the time of such repeal or modification.

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ARTICLE IX

CORPORATE POWER

The corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred on stockholders herein are granted subject to this reservation.

ARTICLE X

CREDITOR COMPROMISE OR ARRANGEMENT

Whenever a compromise or arrangement is proposed between this corporation and its creditors or any class of them and/or between this corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this corporation under the provisions of Section 279 of Title 8 of the Delaware Code, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this corporation, as the case may be, and also on this corporation.

THE UNDERSIGNED, being the incorporator hereinbefore named, for the purpose of forming a corporation to do business both within and without the State of Delaware, and in pursuance of the Delaware General Corporation Law, does make and file this Certificate.

Dated: May 19th, 2000

/s/ Starisa Lambert

Starisa Lambert, Incorporator

BYLAWS OF
SALEM COMMUNICATIONS
HOLDING CORPORATION
a Delaware Corporation

ARTICLE I
Offices

The principal office of SALEM COMMUNICATIONS HOLDING CORPORATION (the "Corporation") shall be located in Camarillo, California. The Corporation may have such other offices and places of business, either within or outside Delaware, as the Board of Directors may designate or as the business of the Corporation may require from time to time.

The registered office of the Corporation is required by Delaware law to be maintained in Delaware. The registered office may be, but need not, be identical with the principal office if in Delaware, and the address of the registered office may be changed from time to time by the Board of Directors (the "Board").

ARTICLE II
Shareholders

Section 2.1. Application of Article II. So long as there is only one shareholder of the Corporation, Sections 2.5, 2.9 and 2.10 shall not apply to the Corporation and any provisions thereof need not be fulfilled except as otherwise required by Delaware law or Articles of Incorporation as amended.

Section 2.2. Annual Meetings. Annual meetings of the stockholders of the Corporation for the purpose of electing directors and for the transaction of such other proper business as may come before such meetings shall be held on or before June 30 at such time and place as the Board shall determine by resolution.

Section 2.3. Special Meetings. A special meeting of the stockholders for the transaction of any proper business may be called at any time by the Board or by the President or the holders of 20% or more of the common stock of the Corporation.

Section 2.4. Place of Meeting. The Board may designate any place, either within or outside Delaware, as the place for any annual meeting or special meeting called by the Board. A waiver of notice signed by all shareholders entitled to vote at a meeting may designate any place, either within or outside Delaware, as the place for such meeting. If no designation is made, or if a special meeting shall be called otherwise than by the Board, the place of meeting shall be the registered office of the Corporation in Delaware.

Section 2.5. Notice of Meeting. Written notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose for which the meeting is called,

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shall be delivered not less than ten nor more than 50 days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary, or the officer or person calling the meeting to each shareholder of record entitled to vote at such meeting; except that, if the authorized shares are to be increased, at least 30 days notice shall be given. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the shareholder at his address as it appears on the stock transfer books of the Corporation, with postage thereon prepaid.

Section 2.6. Adjournment. When a meeting is for any reason adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, any business may be transacted which might have been transacted at the original meeting.

Section 2.7. Organization. The President or any Vice President shall call meetings of shareholders to order and act as chairman of such meetings. In the absence of said officers, any shareholder entitled to vote at that meeting, or any proxy of any such shareholder, may call the meeting to order and a chairman shall be elected by a majority of the shareholders entitled to vote at the meeting. In the absence of the Secretary or any assistant Secretary of the Corporation, any person appointed by the chairman shall act as Secretary of such meeting.

Section 2.8. Agenda and Procedure. The Board of Directors shall have the responsibility for establishing an agenda for each meeting of shareholders, subject to the rights of shareholders to raise matters for consideration which may otherwise properly be brought before the meeting although not included within the agenda. The Chairman shall be charged with the orderly conduct of all

meetings of shareholders; provided, however, that in the event of any difference in opinion with respect to the proper course of action which cannot be resolved by reference to statute, or to the Articles of Incorporation, or these Bylaws, Robert's Rules of Order (as last revised) shall govern the disposition of the matter.

Section 2.9. Closing of Transfer Books or Fixing of Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the Board may provide that the stock transfer books shall be closed for any stated period not exceeding fifty days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten days immediately preceding such meeting. In lieu of closing the stock transfer books, the Board may fix in advance a date as the date for any such determination of shareholders, such date in any case to be not more than fifty days, and, in case of a meeting of shareholders, not less than ten days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. If the stock transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders,

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or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring the dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof except where the determination has been made through the closing of the stock transfer books and the stated period of the closing has expired.

Section 2.10. Voting Records. The officer or agent having charge of the stock transfer books for shares of the Corporation shall make, at least ten days before each meeting of shareholders, a complete record of the shareholders entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order, with the address of and the number of shares held by each. For a period of ten days prior to such meeting, this record shall be kept on file at the principal office of the Corporation, whether within or outside Delaware, and shall be subject to inspection by any shareholder for any purpose germane to the meeting at any time during usual business hours. Such record shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder for any purpose germane to the meeting during the whole time of the meeting. The original stock transfer books shall be prima facie evidence as to who are the shareholders entitled to examine such record or transfer books or to vote at any meeting of shareholders. Any officer or agent having charge of the stock transfer books who fails to prepare the record of shareholders, or to keep it on file for a period of ten days before the meeting or to produce and keep it open for inspection at the meeting as provided in this section, is liable to any shareholder suffering damage due to the failure to the extent of the damage.

Section 2.11. Quorum. Unless otherwise provided by the Articles of Incorporation, a majority of the outstanding shares of the Corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders. If fewer than a majority of the outstanding shares are represented at a meeting, a majority of the shares so represented may adjourn the meeting without further notice for a period not to exceed 60 days at any one adjournment. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. The shareholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of shareholders so that less than a quorum remains.

If a quorum is present, the affirmative vote of a majority of the shares represented at the meeting and entitled to vote on the subject matter shall be the act of the shareholders, unless the vote of a greater number or voting by classes is required by law or the Articles of Incorporation.

Section 2.12. Proxies. At all meetings of shareholders, a shareholder may vote by proxy executed in writing by the shareholder or his duly authorized attorney in fact. Such proxy shall be filed with the Secretary of the Corporation before or at the time of the meeting.

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No proxy shall be valid after eleven months from the date of its execution unless otherwise provided in the proxy.

Section 2.13. Voting of Shares. Each outstanding share, regardless of class, shall be entitled to one vote and each fractional share shall be entitled to a

corresponding fractional vote on each matter submitted to a vote at a meeting of shareholders, except as may be otherwise provided in the Articles of Incorporation. If the Articles of Incorporation provide for more or less than one vote for any share on any matter, every reference in the Delaware Corporation Code to a majority or other proportion or number of shares shall refer to such a majority or other proportion or number of votes entitled to be cast with respect to such matter.

At a shareholders' meeting involving the election of directors, each shareholder shall be entitled to cast for any one candidate no greater number of votes than the number of shares held by such shareholder; shareholders shall be entitled to cumulate votes on behalf of any candidate.

Section 2.14. Voting of Shares by Certain Holders.

a. Neither treasury shares, nor shares of another Corporation, if a majority of the shares entitled to vote for the election of directors of such other Corporation is held by this Corporation, shall be voted at any meeting or counted in determining the total number of outstanding shares at any given Shares standing in the name of another Corporation, domestic or foreign, may be voted by such officer, agent or proxy as the Bylaws of such corporation may prescribe or, in the absence of such provision, as the Board of Directors of such corporation may determine.

Shares held by an administrator, executor, guardian or conservator may be voted by him, either in person or by proxy, without a transfer of such shares into his name. Shares standing in the name of a trustee may be voted by him, either in person or by proxy, but no trustee shall be entitled to vote shares held by him without a transfer of such shares into his name.

Shares standing in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof into his name if authority to do so is contained in an appropriate order of the court by which such receiver was appointed.

A shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledges and thereafter the pledgee shall be entitled to vote the shares so transferred.

Redeemable shares which have been called for redemption shall not be entitled to vote on any matter and shall not be deemed outstanding shares on and after the date of which written notice of redemption has been mailed to shareholders and a sum sufficient to redeem such shares has been deposited with a bank or trust company, with irrevocable

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instruction and authority to pay the redemption price to the holders of the shares upon surrender of certificates therefor.

b. If shares or other securities having voting power stand of record in the names of two or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety, or otherwise, or if two or more persons have the same fiduciary relationship respecting the same shares, voting with respect to the shares shall have the following effect:

(i) If only one person votes, his act binds all;

(ii) If two or more persons vote, the act of the majority so voting binds all;

(iii) If two or more persons vote, but the vote is evenly split on any particular matter, each faction may vote the securities in question proportionately, or any person voting the shares of a beneficiary, if any, may apply to any court of competent jurisdiction in the State of Delaware to appoint an additional person to act with the persons so voting the shares. The shares shall then be voted as determined by a majority of such persons and the person appointed by the court. If a tenancy is held in unequal interests, a majority or even split for the purpose of this subsection (iii) shall be a majority or even split in interest.

The effects of voting stated in this subsection B shall not be applicable if the Secretary of the Corporation is given written notice of alternate voting provisions and is furnished with a copy of the instrument or order wherein the alternate voting provisions are stated.

Section 2.15. Informal Action by Shareholders. Any action required or allowed to be taken at a meeting of the shareholders may be taken without a meeting, provided that a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote of the shareholders, and may be stated as such in any articles or document filed with the Secretary of State of Delaware under Delaware law.

Section 3.1. General Powers. The business and affairs of the Corporation shall be managed by its Board of Directors, except as otherwise provided by Delaware law or the Articles of Incorporation.

Section 3.2. Performance of Duties. A Director of the Corporation shall perform his duties as a director, including his duties as a member of any committee of the Board upon which he may serve, in good faith, in a manner he reasonably believes to be in the best interests of the Corporation, and with such care as an ordinarily prudent person in a like position would use under similar circumstances. In performing his duties, a director shall

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be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by persons and groups listed in subsections a, b and c of this Section 3.2; but he shall not be considered to be acting in good faith if he has knowledge concerning the matter in question that would cause such reliance to be unwarranted. A person who so performs his duties shall not have any liability by reason of being or having been a director of the Corporation. Those persons and groups upon whose information, opinions, reports, and statements a director is entitled to rely are:

a. One or more officers or employees of the Corporation whom the Director reasonably believes to be reliable and competent in the matters presented;

b. Counsel, public accountants, or other persons as to matters which the Director reasonably believes to be within such persons' professional or expert competence; or

c. A committee of the Board upon which he does not serve, duly designated in accordance with the provisions of the Articles of Incorporation or the Bylaws, as to matters within its designated authority, which committee the director reasonably believes to merit confidence.

Section 3.3. Number Tenure and Qualifications. The number of directors of the Corporation shall be two; except that there need only be as many directors as there are shareholders in the event that the outstanding shares are held of record by fewer than three shareholders. The directors shall be elected at each annual meeting of shareholders. Each director shall hold office until the next annual meeting of shareholders and thereafter until his successor shall have been elected and qualified. Directors shall be 18 years of age or older, but need not be residents of Delaware or shareholders of the Corporation. Directors shall be removable in the manner provided by the statutes of Delaware.

Section 3.4. Resignation. Any director of the Corporation may resign at any time by giving written notice of his resignation to the Board of Directors, the President, any Vice President or the Secretary of the Corporation. Such resignation shall take effect at the date of receipt of such notice or at any later time specified therein and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. When one or more directors shall resign from the Board, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have the power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective.

Section 3.5. Removal. Except as otherwise provided in the Articles of Incorporation or in these Bylaws, any director may be removed, either with or without cause, at any time, by the affirmative vote of the holders of a majority of the issued and outstanding shares of stock entitled to vote for the election of directors of the Corporation given at a special meeting of the shareholders called and held for such purpose. The vacancy in the Board caused by any such removal may be filled by the shareholders entitled to vote thereon at

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such meeting. If the shareholders at such meeting shall fail to fill the vacancy, the Board of Directors may do so as provided in Section 3.6.

Section 3.6. Vacancies. Any vacancy occurring in the Board may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum except as otherwise provided herein. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any directorship to be filled by reason of an increase in the number of directors shall be filled by the affirmative vote of a majority of the directors then in office or by an election at any annual meeting or special meeting of shareholders called for that purpose, and a director so chosen shall hold office until the next annual meeting of shareholders and until his successor has been elected and has qualified.

Section 3.7. Regular Meetings. A regular meeting of the Board shall be held

without other notice than this bylaw immediately after and at the same place as the annual meeting of shareholders. The Board may provide by resolution the time and place, either within or outside Delaware, for the holding of additional regular meetings without other notice than such resolution.

Section 3.8. Special Meetings. Special meetings of the Board may be called by or at the request of the President or any two Directors. The person or persons authorized to call Special Meetings of the Board may fix any place, either within or outside Delaware, as the place for holding any special meeting of the Board called by them.

Section 3.9. Notice. In the event that there is more than one director of the Corporation, notice of any Special Meeting shall be given at least seven days previously thereto by written notice delivered personally or mailed to each director at his business address, or by notice given at least two days previously by telegraph. Such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any director may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting.

Section 3.10 Quorum. A majority of the number of directors elected and qualified at the time of the meeting shall constitute a quorum for the transaction of business at any such meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

Section 3.11. Manner of Acting. If a quorum is present, the affirmative vote of a majority of the directors present at the meeting and entitled to vote on that particular

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matter shall be the act of the Board, unless the vote of a greater number is required by law or the Articles of Incorporation.

Section 3.12. Compensation. By resolution of the Board of Directors, any director may be paid any one or more of the following: his expenses, if any, of attendance at meetings; a fixed sum for attendance at such meeting; or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 3.13. Presumption of Assent. A Director of the Corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent is entered in the minutes of the meeting or unless he files his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or forwards such dissent by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

Section 3.14. Executive Committee. The Board, by resolution adopted by a majority of the number of directors elected and qualified at the time of the resolution, may designate two or more directors to constitute an executive committee which shall have and may exercise all of the authority of the Board of Directors or such lesser authority as may be set forth in said resolution. No such delegation of authority shall operate to relieve the Board of Directors or any member of the Board from any responsibility imposed by law.

Section 3.15. Informal Action by Directors. Any action required or permitted to be taken at a meeting of the directors, executive committee or other committee of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote of the directors, and may be stated as such in any articles or documents filed with the Secretary of State of Delaware under Delaware law.

Section 3.16. Meetings by Telephone. Members of the Board or any committee of the directors may participate in a meeting of the Board or committee by means of conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other at the same time. Such participation shall constitute presence in person at the meeting.

ARTICLE IV Officers and Agents

Section 4.1. General. The officers of the Corporation shall be a President, a

Secretary and a Treasurer, each of whom shall be elected by the Board. The Board may appoint one or more Vice Presidents and such other officers, assistant officers, committees and agents, including a chairman of the board, Assistant Secretaries and Assistant Treasurers,

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as they may consider necessary, who shall be chosen in such manner and hold their offices for such terms and have such authority and duties as from time to time may be determined by the Board. The salaries of all the officers of the Corporation shall be fixed by the Board. One person may hold any two offices, except that no person may simultaneously hold the offices of President and Secretary. The officers of the Corporation shall be 18 years of age or older. In all cases where the duties of any officer, agent or employee are not prescribed by the Bylaws or by the Board, such officer, agent or employee shall follow the orders and instructions of (a) the President, and if a Chairman of the Board has been elected, then (b) the Chairman of the Board.

Section 4.2. Election and Term of Office. The officers of the Corporation shall be elected by the Board of Directors annually at the first meeting of the Board held after each annual meeting of the shareholders. If the election of officers shall not be held at such meeting, election of officers shall occur by unanimous written consent of the Board as soon thereafter as may be convenient. Each officer shall hold office until the first of the following occurs: until his successor shall have been duly elected and shall have qualified; or until his death; or until he shall resign; or until he shall have been removed in the manner hereinafter provided.

Section 4.3. Removal. Any officer or agent may be removed by the Board or by the executive committee, if any, whenever in its judgment the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 4.4. Vacancies. A vacancy in any office, however occurring, may be filled by the Board for the unexpired portion of the term.

Section 4.5. Chairman. The Chairman shall be an officer of the Corporation. The Chairman shall have the responsibility of setting the agenda for Board meetings and such other responsibilities and duties as are assigned by the Board.

Section 4.6. President. The President shall, subject to the direction and supervision of the Board, be the chief executive officer of the Corporation and shall have general and active control of its affairs and business and general supervision of its officers, agents and employees. He shall, unless otherwise directed by the Board, attend in person or by substitute appointed by him, or shall execute, on behalf of the Corporation, written instruments appointing a proxy or proxies to represent the Corporation, at all meetings of the stockholders of any other Corporation in which the Corporation shall hold any stock. He may, on behalf of the Corporation, in person or by substitute or by proxy, execute written waivers of notice and consents with respect to any such meetings. At all such meetings and otherwise, the President, in person or by substitute or proxy as aforesaid, may vote the stock so held by the Corporation and may execute written consents and other instruments with respect to such stock and may exercise any and all rights and powers incident to the ownership of said stock, subject however to the instructions, if any, of the Board. The President shall have custody of the Treasurer's bond, if any. If a

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chairman of the board has been elected, the chairman of the board shall have, subject to the direction and modification of the Board, all the same responsibilities, rights and obligations as described in these Bylaws for the President.

Section 4.7. Vice Presidents. The Vice Presidents, if any, shall assist the President and shall perform such duties as may be assigned to them by the President or by the Board. In the absence of the President, the Vice President designated by the Board or (if there be no such designation) the Vice President designated in writing by the President shall have the powers and perform the duties of the President. If no such designation shall be made, all Vice Presidents may exercise such powers and perform such duties.

Section 4.8. Secretary. The Secretary shall perform the following:

- a. Keep the minutes of the proceedings of the shareholders, executive committee and the Board of Directors;
- b. See that all notices are duly given in accordance with the provisions of these Bylaws or as required by law;
- c. Be custodian of the Corporate records and of the seal of the Corporation and

affix the seal to all documents when authorized by the Board of Directors;

d. Keep, at the Corporation's registered office or principal place of business within or outside Delaware, a record containing the names and addresses of all shareholders and the number and class of shares held by each, unless such a record shall be kept at the office of the Corporation's transfer agent or registrar;

e. Sign with the President or a Vice President, certificates for shares of the Corporation, the issuance of which shall have been authorized by resolution of the Board of Directors;

f. Have general charge of the stock transfer books of the Corporation, unless the Corporation has a transfer agent; and

g. In general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board. Assistant secretaries, if any, shall have the same duties and powers, subject to supervision by the Secretary.

Section 4.9. Treasurer. The Treasurer shall be the principal financial officer of the Corporation and shall have the care and custody of all funds, securities, evidences of indebtedness and other personal property of the Corporation and shall deposit the same in accordance with the instructions of the Board of Directors. He shall receive and give receipts and acquittances for monies paid in on account of the Corporation, and shall pay out of the funds on hand all bills, payrolls and other just debts of the Corporation of whatever nature upon maturity. He shall perform all other duties incident to the office of the Treasurer and, upon request of the Board, shall make such reports to it as may

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be required at any time. He shall, if required by the Board, give the Corporation a bond in such sums and with such sureties as shall be satisfactory to the Board, conditioned upon the faithful performance of his duties and for the restoration to the Corporation of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation. He shall have such other powers and perform such other duties as may be from time to time prescribed by the Board of Directors or the President. The assistant Treasurers, if any, shall have the same powers and duties, subject to the supervision of the Treasurer.

The Treasurer shall also be the principal accounting officer of the Corporation. He shall prescribe and maintain the methods and systems of accounting to be followed, keep complete books and records of account, prepare and file all local, state and federal tax returns, prescribe and maintain an adequate system of internal audit, and prepare and furnish to the President and the Board of Directors statements of account showing the financial position of the Corporation and the results of its operations.

Section 4.10. Salaries. Officers of the Corporation shall be entitled to such salaries, emoluments, compensation or reimbursement as shall be fixed or allowed from time to time by the Board of Directors.

Section 4.11. Bonds. If the Board of Directors by resolution shall so require, any officer or agent of the Corporation shall give bond to the Corporation in such amount and with such surety as the Board of Directors may deem sufficient, conditioned upon the faithful performance of that officer's or agent's duties and offices.

ARTICLE V Stock

Section 5.1. Certificates. The shares of stock shall be represented by consecutively numbered certificates signed in the name of the Corporation by its chairman or vice chairman of the Board which for the purpose of this Section 5.1 only shall be considered officers, or by its President or a Vice President and by the Treasurer or an assistant Treasurer or by the Secretary or an assistant Secretary, and shall be sealed with the seal of the Corporation, or with a facsimile thereof. The signatures of the Corporation's officers on such certificate may also be facsimiles if the certificate is countersigned by a transfer agent or registered by a registrar other than the Corporation itself or an employee of the Corporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer at the date of its issue. Every certificate representing shares issued by a Corporation which is authorized to issue shares of more than one class or more than one series of any class shall set forth upon the face or back of the certificate or shall state that the Corporation will furnish to any shareholder upon request and without charge a full statement of the designations, preferences, limitations, and relative rights of the shares of each class authorized to be issued and, if the Corporation is authorized to issue any preferred or special class in series, the variations in the relative rights and preferences

between the shares of each such series, so far as the same have been fixed and determined, and the authority of the Board of Directors to fix and determine the relative rights and preferences of subsequent series.

Each certificate representing shares shall state the following upon the face thereof: the name of the state of the Corporation's organization; the name of the person to whom issued; the number and class of shares and the designation of the series, if any, which such certificate represents; the par value of each share represented by such certificate or a statement that the shares are without par value. Certificates of stock shall be in such form consistent with law as shall be prescribed by the Board. No certificate shall be issued until the shares represented thereby are fully paid.

Section 5.2. Record. A record shall be kept of the name of each person or other entity holding the stock represented by each certificate for shares of the Corporation issued, the number of shares represented by each such certificate, the date thereof and, in the case of cancellation, the date of cancellation. The person or other entity in whose name shares of stock stand on the books of the Corporation shall be deemed the owner thereof, and thus a holder of record of such shares of stock, for all purposes as regards the Corporation.

Section 5.3. Consideration for Shares. Shares shall be issued for such consideration, expressed in dollars as shall be fixed from time to time by the Board. That part of the surplus of a Corporation which is transferred to stated capital upon the issuance of shares as a share dividend shall be deemed the consideration for the issuance of such dividend shares. Such consideration may consist, in whole or in part, of money, other property, tangible or intangible, or in labor or services actually performed for the Corporation, but neither promissory notes nor future services shall constitute payment or part payment for shares.

Section 5.4. Cancellation of Certificates. All certificates surrendered to the Corporation for transfer shall be canceled and no new certificates shall be issued in lieu thereof until the former certificate for a like number of shares shall have been surrendered and canceled, except as herein provided with respect to lost, stolen or destroyed certificates.

Section 5.5. Lost Certificates. In case of the alleged loss, destruction or mutilation of a certificate of stock, the Board of Directors may direct the issuance of a new certificate in lieu thereof upon such terms and conditions in conformity with law as it may prescribe. The Board may in its discretion require a bond in such form and amount and with such surety as it may determine, before issuing a new certificate.

Section 5.6. Transfer of Shares. Upon surrender to the Corporation or to a transfer agent of the Corporation of a certificate of stock duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, and such documentary stamps as may be required by law, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, and cancel the old certificate. Every such transfer of stock shall be entered on the stock book of the Corporation which shall be kept at its principal office or by its registrar duly appointed.

The Corporation shall be entitled to treat the holder of record of any share of stock as the holder in fact thereof, and accordingly shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person whether or not it shall have express or other notice thereof, except as may be required by the laws of Delaware.

Section 5.7. Indemnification of Directors, Officers, and Others. The Corporation has the power to indemnify current or former directors, officers, employees, and agents, to the greatest extent provided in its Articles of Incorporation and by Delaware law.

ARTICLE VI Execution of Instruments; Loans; Checks and Endorsements; Deposits; Proxies

Section 6.1. Execution of Instruments. The President shall have the power to execute and deliver on behalf of and in the name of the Corporation any instrument requiring the signature of an officer of the Corporation, except as otherwise provided in these Bylaws or where the execution and delivery thereof shall be expressly delegated by the Board to some other officer or agent of the Corporation. Unless authorized to do so by these Bylaws or by the Board, no officer, agent or employee shall have any power or authority to bind the Corporation in any way, to pledge its credit or to render it liable pecuniarily for any purpose or in any amount.

Section 6.2. Loans. The Corporation may lend money to, guarantee the obligations of and otherwise assist directors, officers and employees of the Corporation, or directors of another Corporation of which the Corporation owns a majority of the voting stock, only upon compliance with the requirements of Delaware law.

No loans shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board. Such authority may be general or confined to specific instances.

Section 6.3. Checks and Endorsements. All checks, drafts or other orders for the payment of money, obligations, notes or other evidences of indebtedness, bills of lading, warehouse receipts, trade acceptances and other such instruments shall be signed or endorsed by such officers or agents of the Corporation as shall from time to time be determined by resolution of the Board, which resolution may provide for the use of facsimile signatures.

Section 6.4. Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the Corporation's credit in such banks or other depositories as shall from time to time be determined by resolution of the Board, which resolution may specify the officers or agents of the Corporation who shall have the power, and the manner in which such power shall be exercised, to make such deposits and to endorse, assign and deliver for collection and deposit checks, drafts and other orders for the payment of money payable to the Corporation or its order.

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Section 6.5. Proxies. Unless otherwise provided by resolution adopted by the Board, the President or any Vice President may from time to time appoint one or more agents or attorneys in fact of the Corporation, in the name and on behalf of the Corporation, to cast the votes which the Corporation may be entitled to cast as the holder of stock or other securities in any other Corporation, association or other entity any of whose stock or other securities may be held by the Corporation, at meetings of the holders of the stock or other securities of such other Corporation, association or other entity or to consent in writing, in the name of the Corporation as such holder, to any action by such other Corporation, association or other entity, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent, and may execute or cause to be executed in the name and on behalf of the Corporation and under its corporate seal, or otherwise, all such written proxies or other instruments as he may deem necessary or proper in the premises.

Section 6.6. Contracts. The Board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

ARTICLE VII Miscellaneous

Section 7.1. Waivers of Notice. Whenever notice is required by Delaware law, by the Articles of Incorporation or by these Bylaws, a waiver thereof in writing signed by the director, shareholder or other person entitled to said notice, whether before, at or after the time stated therein, or his appearance at such meeting in person or (in the case of a shareholders' meeting) by proxy, shall be equivalent to such notice.

Section 7.2. Fiscal Year. The fiscal year of the Corporation shall be December 31.

Section 7.3. Amendments. The Board of Directors shall have the power to alter, amend or repeal the Bylaws or adopt new Bylaws of the Corporation at any regular meeting of the Board, or at any special meeting called for that purpose, or by unanimous written consent of the Board, subject to repeal or change by action of the shareholders.

Section 7.4. Emergency Bylaws. Subject to repeal or change by action of the shareholders, the Board may adopt emergency Bylaws in accordance with and pursuant to the provisions of Delaware law.

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CERTIFICATE OF INCORPORATION

OF

SALEM COMMUNICATIONS ACQUISITION CORPORATION

ARTICLE I

NAME OF CORPORATION

The name of this corporation is:

SALEM COMMUNICATIONS ACQUISITION CORPORATION

ARTICLE II

REGISTERED OFFICE

The address of the registered office of the corporation in the State of Delaware is 9 East Loockerman Street, in the City of Dover 19901, County of Kent, and the name of its registered agent at that address is National Registered Agents, Inc.

ARTICLE III

PURPOSE

The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

ARTICLE IV

AUTHORIZED CAPITAL STOCK

The corporation shall be authorized to issue one class of stock to be designated Common Stock; the total number of shares which the corporation shall have authority to issue is one thousand (1,000), and each such share shall have a par value of one cent (\$0.01).

ARTICLE V

INCORPORATOR

The name and mailing address of the incorporator of the corporation is:

Starisa Lambert
c/o NRAI Service Center, LLC
9 East Loockerman Street, Suite 1B
Dover, Delaware 19901

ARTICLE VI

BOARD POWER REGARDING BYLAWS

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, repeal, alter, amend and rescind the bylaws of the corporation.

ARTICLE VII

ELECTION OF DIRECTORS

Elections of directors need not be by written ballot unless the bylaws of the corporation shall so provide.

ARTICLE VIII

LIMITATION OF DIRECTOR LIABILITY

To the fullest extent permitted by the Delaware General Corporation Law as the same exists or may hereafter be amended, a director of the corporation shall not be liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. If the Delaware General Corporation Law is amended after the date of the filing of this Certificate of Incorporation to

authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended from time to time. No repeal or modification of this Article VIII by the stockholders shall adversely affect any right or protection of a director of the corporation existing by virtue of this Article VIII at the time of such repeal or modification.

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ARTICLE IX

CORPORATE POWER

The corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred on stockholders herein are granted subject to this reservation.

ARTICLE X

CREDITOR COMPROMISE OR ARRANGEMENT

Whenever a compromise or arrangement is proposed between this corporation and its creditors or any class of them and/or between this corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this corporation under the provisions of Section 279 of Title 8 of the Delaware Code, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this corporation, as the case may be, and also on this corporation.

THE UNDERSIGNED, being the incorporator hereinbefore named, for the purpose of forming a corporation to do business both within and without the State of Delaware, and in pursuance of the Delaware General Corporation Law, does make and file this Certificate.

Dated: May 19th, 2000

/s/ Starisa Lambert

Starisa Lambert, Incorporator

BYLAWS OF

SALEM COMMUNICATIONS
ACQUISITION CORPORATION
a Delaware Corporation

ARTICLE I
Offices

The principal office of SALEM COMMUNICATIONS ACQUISITION CORPORATION (the "Corporation") shall be located in Camarillo, California. The Corporation may have such other offices and places of business, either within or outside Delaware, as the Board of Directors may designate or as the business of the Corporation may require from time to time.

The registered office of the Corporation is required by Delaware law to be maintained in Delaware. The registered office may be, but need not, be identical with the principal office if in Delaware, and the address of the registered office may be changed from time to time by the Board of Directors (the "Board").

ARTICLE II
Shareholders

Section 2.1. Application of Article II. So long as there is only one shareholder of the Corporation, Sections 2.5, 2.9 and 2.10 shall not apply to the Corporation and any provisions thereof need not be fulfilled except as otherwise required by Delaware law or Articles of Incorporation as amended.

Section 2.2. Annual Meetings. Annual meetings of the stockholders of the Corporation for the purpose of electing directors and for the transaction of such other proper business as may come before such meetings shall be held on or before June 30 at such time and place as the Board shall determine by resolution.

Section 2.3. Special Meetings. A special meeting of the stockholders for the transaction of any proper business may be called at any time by the Board or by the President or the holders of 20% or more of the common stock of the Corporation.

Section 2.4. Place of Meeting. The Board may designate any place, either within or outside Delaware, as the place for any annual meeting or special meeting called by the Board. A waiver of notice signed by all shareholders entitled to vote at a meeting may designate any place, either within or outside Delaware, as the place for such meeting. If no designation is made, or if a special meeting shall be called otherwise than by the Board, the place of meeting shall be the registered office of the Corporation in Delaware.

Section 2.5. Notice of Meeting. Written notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose for which the meeting is called,

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shall be delivered not less than ten nor more than 50 days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary, or the officer or person calling the meeting to each shareholder of record entitled to vote at such meeting; except that, if the authorized shares are to be increased, at least 30 days notice shall be given. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the shareholder at his address as it appears on the stock transfer books of the Corporation, with postage thereon prepaid.

Section 2.6. Adjournment. When a meeting is for any reason adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, any business may be transacted which might have been transacted at the original meeting.

Section 2.7. Organization. The President or any Vice President shall call meetings of shareholders to order and act as chairman of such meetings. In the absence of said officers, any shareholder entitled to vote at that meeting, or any proxy of any such shareholder, may call the meeting to order and a chairman shall be elected by a majority of the shareholders entitled to vote at the meeting. In the absence of the Secretary or any assistant Secretary of the Corporation, any person appointed by the chairman shall act as Secretary of such meeting.

Section 2.8. Agenda and Procedure. The Board of Directors shall have the responsibility for establishing an agenda for each meeting of shareholders, subject to the rights of shareholders to raise matters for consideration which may otherwise properly be brought before the meeting although not included

within the agenda. The Chairman shall be charged with the orderly conduct of all meetings of shareholders; provided, however, that in the event of any difference in opinion with respect to the proper course of action which cannot be resolved by reference to statute, or to the Articles of Incorporation, or these Bylaws, Robert's Rules of Order (as last revised) shall govern the disposition of the matter.

Section 2.9. Closing of Transfer Books or Fixing of Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the Board may provide that the stock transfer books shall be closed for any stated period not exceeding fifty days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten days immediately preceding such meeting. In lieu of closing the stock transfer books, the Board may fix in advance a date as the date for any such determination of shareholders, such date in any case to be not more than fifty days, and, in case of a meeting of shareholders, not less than ten days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. If the stock transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders,

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or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring the dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof except where the determination has been made through the closing of the stock transfer books and the stated period of the closing has expired.

Section 2.10. Voting Records. The officer or agent having charge of the stock transfer books for shares of the Corporation shall make, at least ten days before each meeting of shareholders, a complete record of the shareholders entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order, with the address of and the number of shares held by each. For a period of ten days prior to such meeting, this record shall be kept on file at the principal office of the Corporation, whether within or outside Delaware, and shall be subject to inspection by any shareholder for any purpose germane to the meeting at any time during usual business hours. Such record shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder for any purpose germane to the meeting during the whole time of the meeting. The original stock transfer books shall be prima facie evidence as to who are the shareholders entitled to examine such record or transfer books or to vote at any meeting of shareholders. Any officer or agent having charge of the stock transfer books who fails to prepare the record of shareholders, or to keep it on file for a period of ten days before the meeting or to produce and keep it open for inspection at the meeting as provided in this section, is liable to any shareholder suffering damage due to the failure to the extent of the damage.

Section 2.11. Quorum. Unless otherwise provided by the Articles of Incorporation, a majority of the outstanding shares of the Corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders. If fewer than a majority of the outstanding shares are represented at a meeting, a majority of the shares so represented may adjourn the meeting without further notice for a period not to exceed 60 days at any one adjournment. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. The shareholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of shareholders so that less than a quorum remains.

If a quorum is present, the affirmative vote of a majority of the shares represented at the meeting and entitled to vote on the subject matter shall be the act of the shareholders, unless the vote of a greater number or voting by classes is required by law or the Articles of Incorporation.

Section 2.12. Proxies. At all meetings of shareholders, a shareholder may vote by proxy executed in writing by the shareholder or his duly authorized attorney in fact. Such proxy shall be filed with the Secretary of the Corporation before or at the time of the meeting.

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No proxy shall be valid after eleven months from the date of its execution unless otherwise provided in the proxy.

Section 2.13. Voting of Shares. Each outstanding share, regardless of class, shall be entitled to one vote and each fractional share shall be entitled to a corresponding fractional vote on each matter submitted to a vote at a meeting of shareholders, except as may be otherwise provided in the Articles of Incorporation. If the Articles of Incorporation provide for more or less than one vote for any share on any matter, every reference in the Delaware Corporation Code to a majority or other proportion or number of shares shall refer to such a majority or other proportion or number of votes entitled to be cast with respect to such matter.

At a shareholders' meeting involving the election of directors, each shareholder shall be entitled to cast for any one candidate no greater number votes than the number of shares held by such shareholder; shareholders shall be entitled to cumulate votes on behalf of any candidate.

Section 2.14. Voting of Shares by Certain Holders.

a. Neither treasury shares, nor shares of another Corporation, if a majority of the shares entitled to vote for the election of directors of such other Corporation is held by this Corporation, shall be voted at any meeting or counted in determining the total number of outstanding shares at any given Shares standing in the name of another Corporation, domestic or foreign, may be voted by such officer, agent or proxy as the Bylaws of such corporation may prescribe or, in the absence of such provision, as the Board of Directors of such corporation may determine.

Shares held by an administrator, executor, guardian or conservator may be voted by him, either in person or by proxy, without a transfer of such shares into his name. Shares standing in the name of a trustee may be voted by him, either in person or by proxy, but no trustee shall be entitled to vote shares held by him without a transfer of such shares into his name.

Shares standing in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof into his name if authority to do so is contained in an appropriate order of the court by which such receiver was appointed.

A shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledges and thereafter the pledgee shall be entitled to vote the shares so transferred.

Redeemable shares which have been called for redemption shall not be entitled to vote on any matter and shall not be deemed outstanding shares on and after the date of which written notice of redemption has been mailed to shareholders and a sum sufficient to redeem such shares has been deposited with a bank or trust company, with irrevocable

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instruction and authority to pay the redemption price to the holders of the shares upon surrender of certificates therefor.

b. If shares or other securities having voting power stand of record in the names of two or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety, or otherwise, or if two or more persons have the same fiduciary relationship respecting the same shares, voting with respect to the shares shall have the following effect:

(i) If only one person votes, his act binds all;

(ii) If two or more persons vote, the act of the majority so voting binds all;

(iii) If two or more persons vote, but the vote is evenly split on any particular matter, each faction may vote the securities in question proportionately, or any person voting the shares of a beneficiary, if any, may apply to any court of competent jurisdiction in the State of Delaware to appoint an additional person to act with the persons so voting the shares. The shares shall then be voted as determined by a majority of such persons and the person appointed by the court. If a tenancy is held in unequal interests, a majority or even split for the purpose of this subsection (iii) shall be a' majority or even split in interest.

The effects of voting stated in this subsection B shall not be applicable if the Secretary of the Corporation is given written notice of alternate voting provisions and is furnished with a copy of the instrument or order wherein the alternate voting provisions are stated.

Section 2.15. Informal Action by Shareholders. Any action required or allowed to be taken at a meeting of the shareholders may be taken without a meeting, provided that a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous

vote of the shareholders, and may be stated as such in any articles or document filed with the Secretary of State of Delaware under Delaware law.

ARTICLE III
Board of Directors

Section 3.1. General Powers. The business and affairs of the Corporation shall be managed by its Board of Directors, except as otherwise provided by Delaware law or the Articles of Incorporation.

Section 3.2. Performance of Duties. A Director of the Corporation shall perform his duties as a director, including his duties as a member of any committee of the Board upon which he may serve, in good faith, in a manner he reasonably believes to be in the best interests of the Corporation, and with such care as an ordinarily prudent person in a like position would use under similar circumstances. In performing his duties, a director shall

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be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by persons and groups listed in subsections a, b and c of this Section 3.2; but he shall not be considered to be acting in good faith if he has knowledge concerning the matter in question that would cause such reliance to be unwarranted. A person who so performs his duties shall not have any liability by reason of being or having been a director of the Corporation. Those persons and groups upon whose information, opinions, reports, and statements a director is entitled to rely are:

a. One or more officers or employees of the Corporation whom the Director reasonably believes to be reliable and competent in the matters presented;

b. Counsel, public accountants, or other persons as to matters which the Director reasonably believes to be within such persons' professional or expert competence; or

c. A committee of the Board upon which he does not serve, duly designated in accordance with the provisions of the Articles of Incorporation or the Bylaws, as to matters within its designated authority, which committee the director reasonably believes to merit confidence.

Section 3.3. Number Tenure and Qualifications. The number of directors of the Corporation shall be two; except that there need only be as many directors as there are shareholders in the event that the outstanding shares are held of record by fewer than three shareholders. The directors shall be elected at each annual meeting of shareholders. Each director shall hold office until the next annual meeting of shareholders and thereafter until his successor shall have been elected and qualified. Directors shall be 18 years of age or older, but need not be residents of Delaware or shareholders of the Corporation. Directors shall be removable in the manner provided by the statutes of Delaware.

Section 3.4. Resignation. Any director of the Corporation may resign at any time by giving written notice of his resignation to the Board of Directors, the President, any Vice President or the Secretary of the Corporation. Such resignation shall take effect at the date of receipt of such notice or at any later time specified therein and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. When one or more directors shall resign from the Board, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have the power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective.

Section 3.5. Removal. Except as otherwise provided in the Articles of Incorporation or in these Bylaws, any director may be removed, either with or without cause, at any time, by the affirmative vote of the holders of a majority of the issued and outstanding shares of stock entitled to vote for the election of directors of the Corporation given at a special meeting of the shareholders called and held for such purpose. The vacancy in the Board caused by any such removal may be filled by the shareholders entitled to vote thereon at

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such meeting. If the shareholders at such meeting shall fail to fill the vacancy, the Board of Directors may do so as provided in Section 3.6.

Section 3.6. Vacancies. Any vacancy occurring in the Board may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum except as otherwise provided herein. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any directorship to be filled by reason of an increase in the number of directors shall be filled by the affirmative vote of a majority of the directors then in

office or by an election at any annual meeting or at a special meeting of shareholders called for that purpose, and a director so chosen shall hold office until the next annual meeting of shareholders and until his successor has been elected and has qualified.

Section 3.7. Regular Meetings. A regular meeting of the Board shall be held without other notice than this bylaw immediately after and at the same place as the annual meeting of shareholders. The Board may provide by resolution the time and place, either within or outside Delaware, for the holding of additional regular meetings without other notice than such resolution.

Section 3.8. Special Meetings. Special meetings of the Board may be called by or at the request of the President or any two Directors. The person or persons authorized to call Special Meetings of the Board may fix any place, either within or outside Delaware, as the place for holding any special meeting of the Board called by them.

Section 3.9. Notice. In the event that there is more than one director of the Corporation, notice of any Special Meeting shall be given at least seven days previously thereto by written notice delivered personally or mailed to each director at his business address, or by notice given at least two days previously by telegraph. Such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any director may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting.

Section 3.10 Quorum. A majority of the number of directors elected and qualified at the time of the meeting shall constitute a quorum for the transaction of business at any such meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

Section 3.11. Manner of Acting. If a quorum is present, the affirmative vote of a majority of the directors present at the meeting and entitled to vote on that particular

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matter shall be the act of the Board, unless the vote of a greater number is required by law or the Articles of Incorporation.

Section 3.12. Compensation. By resolution of the Board of Directors, any director may be paid any one or more of the following: his expenses, if any, of attendance at meetings; a fixed sum for attendance at such meeting; or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 3.13. Presumption of Assent. A Director of the Corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent is entered in the minutes of the meeting or unless he files his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or forwards such dissent by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

Section 3.14. Executive Committee. The Board, by resolution adopted by a majority of the number of directors elected and qualified at the time of the resolution, may designate two or more directors to constitute an executive committee which shall have and may exercise all of the authority of the Board of Directors or such lesser authority as may be set forth in said resolution. No such delegation of authority shall operate to relieve the Board of Directors or any member of the Board from any responsibility imposed by law.

Section 3.15. Informal Action by Directors. Any action required or permitted to be taken at a meeting of the directors, executive committee or other committee of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote of the directors, and may be stated as such in any articles or documents filed with the Secretary of State of Delaware under Delaware law.

Section 3.16. Meetings by Telephone. Members of the Board or any committee of the directors may participate in a meeting of the Board or committee by means of conference telephone or similar communications equipment by which all persons

participating in the meeting can hear each other at the same time. Such participation shall constitute presence in person at the meeting.

ARTICLE IV
Officers and Agents

Section 4.1. General. The officers of the Corporation shall be a President, a Secretary and a Treasurer, each of whom shall be elected by the Board. The Board may appoint one or more Vice Presidents and such other officers, assistant officers, committees and agents, including a chairman of the board, Assistant Secretaries and Assistant Treasurers,

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as they may consider necessary, who shall be chosen in such manner and hold their offices for such terms and have such authority and duties as from time to time may be determined by the Board. The salaries of all the officers of the Corporation shall be fixed by the Board. One person may hold any two offices, except that no person may simultaneously hold the offices of President and Secretary. The officers of the Corporation shall be 18 years of age or older. In all cases where the duties of any officer, agent or employee are not prescribed by the Bylaws or by the Board, such officer, agent or employee shall follow the orders and instructions of (a) the President, and if a Chairman of the Board has been elected, then (b) the Chairman of the Board.

Section 4.2. Election and Term of Office. The officers of the Corporation shall be elected by the Board of Directors annually at the first meeting of the board held after each annual meeting of the shareholders. If the election of officers shall not be held at such meeting, election of officers shall occur by unanimous written consent of the Board as soon thereafter as may be convenient. Each officer shall hold office until the first of the following occurs: until his successor shall have been duly elected and shall have qualified; or until his death; or until he shall resign; or until he shall have been removed in the manner hereinafter provided.

Section 4.3. Removal. Any officer or agent may be removed by the Board or by the executive committee, if any, whenever in its judgment the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 4.4. Vacancies. A vacancy in any office, however occurring, may be filled by the Board for the unexpired portion of the term.

Section 4.5. Chairman. The Chairman shall be an officer of the Corporation. The Chairman shall have the responsibility of setting the agenda for Board meetings and such other responsibilities and duties as are assigned by the Board.

Section 4.6. President. The President shall, subject to the direction and supervision of the Board, be the chief executive officer of the Corporation and shall have general and active control of its affairs and business and general supervision of its officers, agents and employees. He shall, unless otherwise directed by the Board, attend in person or by substitute appointed by him, or shall execute, on behalf of the Corporation, written instruments appointing a proxy or proxies to represent the Corporation, at all meetings of the stockholders of any other Corporation in which the Corporation shall hold any stock. He may, on behalf of the Corporation, in person or by substitute or by proxy, execute written waivers of notice and consents with respect to any such meetings. At all such meetings and otherwise, the President, in person or by substitute or proxy as aforesaid, may vote the stock so held by the Corporation and may execute written consents and other instruments with respect to such stock and may exercise any and all rights and powers incident to the ownership of said stock, subject however to the instructions, if any, of the Board. The President shall have custody of the Treasurer's bond, if any. If a

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chairman of the board has been elected, the chairman of the board shall have, subject to the direction and modification of the Board, all the same responsibilities, rights and obligations as described in these Bylaws for the President.

Section 4.7. Vice Presidents. The Vice Presidents, if any, shall assist the President and shall perform such duties as may be assigned to them by the President or by the Board. In the absence of the President, the Vice President designated by the Board or (if there be no such designation) the Vice President designated in writing by the President shall have the powers and perform the duties of the President. If no such designation shall be made, all Vice Presidents may exercise such powers and perform such duties.

Section 4.8. Secretary. The Secretary shall perform the following:

- a. Keep the minutes of the proceedings of the shareholders, executive committee and the Board of Directors;
- b. See that all notices are duly given in accordance with the provisions of these Bylaws or as required by law;
- c. Be custodian of the Corporate records and of the seal of the Corporation and affix the seal to all documents when authorized by the Board of Directors;
- d. Keep, at the Corporation's registered office or principal place of business within or outside Delaware, a record containing the names and addresses of all shareholders and the number and class of shares held by each, unless such a record shall be kept at the office of the Corporation's transfer agent or registrar;
- e. Sign with the President or a Vice President, certificates for shares of the Corporation, the issuance of which shall have been authorized by resolution of the Board of Directors;
- f. Have general charge of the stock transfer books of the Corporation, unless the Corporation has a transfer agent; and
- g. In general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board. Assistant secretaries, if any, shall have the same duties and powers, subject to supervision by the Secretary.

Section 4.9. Treasurer. The Treasurer shall be the principal financial officer of the Corporation and shall have the care and custody of all funds, securities, evidences of indebtedness and other personal property of the Corporation and shall deposit the same in accordance with the instructions of the Board of Directors. He shall receive and give receipts and acquittances for monies paid in on account of the Corporation, and shall pay out of the funds on hand all bills, payrolls and other just debts of the Corporation of whatever nature upon maturity. He shall perform all other duties incident to the office of the Treasurer and, upon request of the board, shall make such reports to it as may be

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required at any time. He shall, if required by the board, give the Corporation a bond in such sums and with such sureties as shall be satisfactory to the board, conditioned upon the faithful performance of his duties and for the restoration to the Corporation of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation. He shall have such other powers and perform such other duties as may be from time to time prescribed by the Board of Directors or the President. The assistant Treasurers, if any, shall have the same powers and duties, subject to the supervision of the Treasurer.

The Treasurer shall also be the principal accounting officer of the Corporation. He shall prescribe and maintain the methods and systems of accounting to be followed, keep complete books and records of account, prepare and file all local, state and federal tax returns, prescribe and maintain an adequate system of internal audit, and prepare and furnish to the President and the Board of Directors statements of account showing the financial position of the Corporation and the results of its operations.

Section 4.10. Salaries. Officers of the Corporation shall be entitled to such salaries, emoluments, compensation or reimbursement as shall be fixed or allowed from time to time by the Board of Directors.

Section 4.11. Bonds. If the Board of Directors by resolution shall so require, any officer or agent of the Corporation shall give bond to the Corporation in such amount and with such surety as the Board of Directors may deem sufficient, conditioned upon the faithful performance of that officer's or agent's duties and offices.

ARTICLE V Stock

Section 5.1. Certificates. The shares of stock shall be represented by consecutively numbered certificates signed in the name of the Corporation by its chairman or vice chairman of the Board which for the purpose of this Section 5.1 only shall be considered officers, or by its President or a Vice President and by the Treasurer or an assistant Treasurer or by the Secretary or an assistant Secretary, and shall be sealed with the seal of the Corporation, or with a facsimile thereof. The signatures of the Corporation's officers on such certificate may also be facsimiles if the certificate is countersigned by a transfer agent or registered by a registrar other than the Corporation itself or an employee of the Corporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to

be such officer before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer at the date of its issue. Every certificate representing shares issued by a Corporation which is authorized to issue shares of more than one class or more than one series of any class shall set forth upon the face or back of the certificate or shall state that the Corporation will furnish to any shareholder upon request and without charge a full statement of the designations, preferences, limitations, and relative rights of the shares of each class authorized to be issued and, if the Corporation is authorized to issue any preferred or special class in series, the variations in the relative rights and preferences

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between the shares of each such series, so far as the same have been fixed and determined, and the authority of the Board of Directors to fix and determine the relative rights and preferences of subsequent series.

Each certificate representing shares shall state the following upon the face thereof: the name of the state of the Corporation's organization; the name of the person to whom issued; the number and class of shares and the designation of the series, if any, which such certificate represents; the par value of each share represented by such certificate or a statement that the shares are without par value. Certificates of stock shall be in such form consistent with law as shall be prescribed by the Board. No certificate shall be issued until the shares represented thereby are fully paid.

Section 5.2. Record. A record shall be kept of the name of each person or other entity holding the stock represented by each certificate for shares of the Corporation issued, the number of shares represented by each such certificate, the date thereof and, in the case of cancellation, the date of cancellation. The person or other entity in whose name shares of stock stand on the books of the Corporation shall be deemed the owner thereof, and thus a holder of record of such shares of stock, for all purposes as regards the Corporation.

Section 5.3. Consideration for Shares. Shares shall be issued for such consideration, expressed in dollars as shall be fixed from time to time by the Board. That part of the surplus of a Corporation which is transferred to stated capital upon the issuance of shares as a share dividend shall be deemed the consideration for the issuance of such dividend shares. Such consideration may consist, in whole or in part, of money, other property, tangible or intangible, or in labor or services actually performed for the Corporation, but neither promissory notes nor future services shall constitute payment or part payment for shares.

Section 5.4. Cancellation of Certificates. All certificates surrendered to the Corporation for transfer shall be canceled and no new certificates shall be issued in lieu thereof until the former certificate for a like number of shares shall have been surrendered and canceled, except as herein provided with respect to lost, stolen or destroyed certificates.

Section 5.5. Lost Certificates. In case of the alleged loss, destruction or mutilation of a certificate of stock, the Board of Directors may direct the issuance of a new certificate in lieu thereof upon such terms and conditions in conformity with law as it may prescribe. The Board may in its discretion require a bond in such form and amount and with such surety as it may determine, before issuing a new certificate.

Section 5.6. Transfer of Shares. Upon surrender to the Corporation or to a transfer agent of the Corporation of a certificate of stock duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, and such documentary stamps as may be required by law, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, and cancel the old certificate. Every such transfer of stock shall be entered on the stock book of the Corporation which shall be kept at its principal office or by its registrar duly appointed.

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The Corporation shall be entitled to treat the holder of record of any share of stock as the holder in fact thereof, and accordingly shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person whether or not it shall have express or other notice thereof, except as may be required by the laws of Delaware.

Section 5.7. Indemnification of Directors. Officers. and Others. The Corporation has the power to indemnify current or former directors, officers, employees, and agents, to the greatest extent provided in its Articles of Incorporation and by Delaware law.

Endorsements; Deposits; Proxies

Section 6.1. Execution of Instruments. The President shall have the power to execute and deliver on behalf of and in the name of the Corporation any instrument requiring the signature of an officer of the Corporation, except as otherwise provided in these Bylaws or where the execution and delivery thereof shall be expressly delegated by the Board to some other officer or agent of the Corporation. Unless authorized to do so by these Bylaws or by the Board, no officer, agent or employee shall have any power or authority to bind the Corporation in any way, to pledge its credit or to render it liable pecuniarily for any purpose or in any amount.

Section 6.2. Loans. The Corporation may lend money to, guarantee the obligations of and otherwise assist directors, officers and employees of the Corporation, or directors of another Corporation of which the Corporation owns a majority of the voting stock, only upon compliance with the requirements of Delaware law.

No loans shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board. Such authority may be general or confined to specific instances.

Section 6.3. Checks and Endorsements. All checks, drafts or other orders for the payment of money, obligations, notes or other evidences of indebtedness, bills of lading, warehouse receipts, trade acceptances and other such instruments shall be signed or endorsed by such officers or agents of the Corporation as shall from time to time be determined by resolution of the Board, which resolution may provide for the use of facsimile signatures.

Section 6.4. Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the Corporation's credit in such banks or other depositories as shall from time to time be determined by resolution of the Board, which resolution may specify the officers or agents of the Corporation who shall have the power, and the manner in which such power shall be exercised, to make such deposits and to endorse, assign and deliver for collection and deposit checks, drafts and other orders for the payment of money payable to the Corporation or its order.

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Section 6.5. Proxies. Unless otherwise provided by resolution adopted by the Board, the President or any Vice President may from time to time appoint one or more agents or attorneys in fact of the Corporation, in the name and on behalf of the Corporation, to cast the votes which the Corporation may be entitled to cast as the holder of stock or other securities in any other Corporation, association or other entity any of whose stock or other securities may be held by the Corporation, at meetings of the holders of the stock or other securities of such other Corporation, association or other entity or to consent in writing, in the name of the Corporation as such holder, to any action by such other Corporation, association or other entity, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent, and may execute or cause to be executed in the name and on behalf of the Corporation and under its corporate seal, or otherwise, all such written proxies or other instruments as he may deem necessary or proper in the premises.

Section 6.6. Contracts. The Board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

ARTICLE VII Miscellaneous

Section 7.1. Waivers of Notice. Whenever notice is required by Delaware law, by the Articles of Incorporation or by these Bylaws, a waiver thereof in writing signed by the director, shareholder or other person entitled to said notice, whether before, at or after the time stated therein, or his appearance at such meeting in person or (in the case of a shareholders' meeting) by proxy, shall be equivalent to such notice.

Section 7.2. Fiscal Year. The fiscal year of the Corporation shall be December 31.

Section 7.3. Amendments. The Board of Directors shall have the power to alter, amend or repeal the Bylaws or adopt new Bylaws of the Corporation at any regular meeting of the board, or at any special meeting called for that purpose, or by unanimous written consent of the Board, subject to repeal or change by action of the shareholders.

Section 7.4. Emergency Bylaws. Subject to repeal or change by action of the shareholders, the Board may adopt emergency Bylaws in accordance with and pursuant to the provisions of Delaware law.

CERTIFICATE OF INCORPORATION

OF

SCA LICENSE CORPORATION

ARTICLE I

NAME OF CORPORATION

The name of this corporation is:

SCA LICENSE CORPORATION

ARTICLE II

REGISTERED OFFICE

The address of the registered office of the corporation in the State of Delaware is 9 East Loockerman Street, in the City of Dover 19901, County of Kent, and the name of its registered agent at that address is National Registered Agents, Inc.

ARTICLE III

PURPOSE

The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

ARTICLE IV

AUTHORIZED CAPITAL STOCK

The corporation shall be authorized to issue one class of stock to be designated Common Stock; the total number of shares which the corporation shall have authority to issue is one thousand (1,000), and each such share shall have a par value of one cent (\$0.01).

ARTICLE V

INCORPORATOR

The name and mailing address of the incorporator of the corporation is:

Starisa Lambert

c/o NRAI Service Center, LLC

9 East Loockerman Street, Suite 1B

Dover, Delaware 19901

ARTICLE VI

BOARD POWER REGARDING BYLAWS

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, repeal, alter, amend and rescind the bylaws of the corporation.

ARTICLE VII

ELECTION OF DIRECTORS

Elections of directors need not be by written ballot unless the bylaws of the corporation shall so provide.

ARTICLE VIII

LIMITATION OF DIRECTOR LIABILITY

To the fullest extent permitted by the Delaware General Corporation Law as the same exists or may hereafter be amended, a director of the corporation shall not be liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. If the Delaware General Corporation Law is amended after the date of the filing of this Certificate of Incorporation to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the corporation shall be eliminated or

limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended from time to time. No repeal or modification of this Article VIII by the stockholders shall adversely affect any right or protection of a director of the corporation existing by virtue of this Article VIII at the time of such repeal or modification.

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ARTICLE IX

CORPORATE POWER

The corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred on stockholders herein are granted subject to this reservation.

ARTICLE X

CREDITOR COMPROMISE OR ARRANGEMENT

Whenever a compromise or arrangement is proposed between this corporation and its creditors or any class of them and/or between this corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this corporation under the provisions of Section 279 of Title 8 of the Delaware Code, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this corporation, as the case may be, and also on this corporation.

THE UNDERSIGNED, being the incorporator hereinbefore named, for the purpose of forming a corporation to do business both within and without the State of Delaware, and in pursuance of the Delaware General Corporation Law, does make and file this Certificate.

Dated: July 12th, 2000

_____/S/ STARISA LAMBERT_____
Starisa Lambert, Incorporator

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BYLAWS OF

SCA LICENSE CORPORATION
a Delaware Corporation

ARTICLE I
Offices

The principal office of SCA LICENSE CORPORATION (the "Corporation") shall be located in Camarillo, California. The Corporation may have such other offices and places of business, either within or outside Delaware, as the Board of Directors may designate or as the business of the Corporation may require from time to time.

The registered office of the Corporation is required by Delaware law to be maintained in Delaware. The registered office may be, but need not, be identical with the principal office if in Delaware, and the address of the registered office may be changed from time to time by the Board of Directors (the "Board").

ARTICLE II
Shareholders

Section 2.1. Application of Article II. So long as there is only one shareholder of the Corporation, Sections 2.5, 2.9 and 2.10 shall not apply to the Corporation and any provisions thereof need not be fulfilled except as otherwise required by Delaware law or Articles of Incorporation as amended.

Section 2.2. Annual Meetings. Annual meetings of the stockholders of the Corporation for the purpose of electing directors and for the transaction of such other proper business as may come before such meetings shall be held on or before June 30 at such time and place as the Board shall determine by resolution.

Section 2.3. Special Meetings. A special meeting of the stockholders for the transaction of any proper business may be called at any time by the Board or by the President or the holders of 20% or more of the common stock of the Corporation.

Section 2.4. Place of Meeting. The Board may designate any place, either within or outside Delaware, as the place for any annual meeting or special meeting called by the Board. A waiver of notice signed by all shareholders entitled to vote at a meeting may designate any place, either within or outside Delaware, as the place for such meeting. If no designation is made, or if a special meeting shall be called otherwise than by the Board, the place of meeting shall be the registered office of the Corporation in Delaware.

Section 2.5. Notice of Meeting. Written notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose for which the meeting is called, shall be delivered not less than ten nor more than 50 days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary, or the

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officer or person calling the meeting to each shareholder of record entitled to vote at such meeting; except that, if the authorized shares are to be increased, at least 30 days notice shall be given. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the shareholder at his address as it appears on the stock transfer books of the Corporation, with postage thereon prepaid.

Section 2.6. Adjournment. When a meeting is for any reason adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, any business may be transacted which might have been transacted at the original meeting.

Section 2.7. Organization. The President or any Vice President shall call meetings of shareholders to order and act as chairman of such meetings. In the absence of said officers, any shareholder entitled to vote at that meeting, or any proxy of any such shareholder, may call the meeting to order and a chairman shall be elected by a majority of the shareholders entitled to vote at the meeting. In the absence of the Secretary or any assistant Secretary of the Corporation, any person appointed by the chairman shall act as Secretary of such meeting.

Section 2.8. Agenda and Procedure. The Board of Directors shall have the responsibility for establishing an agenda for each meeting of shareholders, subject to the rights of shareholders to raise matters for consideration which may otherwise properly be brought before the meeting although not included

within the agenda. The Chairman shall be charged with the orderly conduct of all meetings of shareholders; provided, however, that in the event of any difference in opinion with respect to the proper course of action which cannot be resolved by reference to statute, or to the Articles of Incorporation, or these Bylaws, Robert's Rules of Order (as last revised) shall govern the disposition of the matter.

Section 2.9. Closing of Transfer Books or Fixing of Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the Board may provide that the stock transfer books shall be closed for any stated period not exceeding fifty days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten days immediately preceding such meeting. In lieu of closing the stock transfer books, the Board may fix in advance a date as the date for any such determination of shareholders, such date in any case to be not more than fifty days, and, in case of a meeting of shareholders, not less than ten days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. If the stock transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring

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the dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof except where the determination has been made through the closing of the stock transfer books and the stated period of the closing has expired.

Section 2.10. Voting Records. The officer or agent having charge of the stock transfer books for shares of the Corporation shall make, at least ten days before each meeting of shareholders, a complete record of the shareholders entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order, with the address of and the number of shares held by each. For a period of ten days prior to such meeting, this record shall be kept on file at the principal office of the Corporation, whether within or outside Delaware, and shall be subject to inspection by any shareholder for any purpose germane to the meeting at any time during usual business hours. Such record shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder for any purpose germane to the meeting during the whole time of the meeting. The original stock transfer books shall be prima facie evidence as to who are the shareholders entitled to examine such record or transfer books or to vote at any meeting of shareholders. Any officer or agent having charge of the stock transfer books who fails to prepare the record of shareholders, or to keep it on file for a period of ten days before the meeting or to produce and keep it open for inspection at the meeting as provided in this section, is liable to any shareholder suffering damage due to the failure to the extent of the damage.

Section 2.11. Quorum. Unless otherwise provided by the Articles of Incorporation, a majority of the outstanding shares of the Corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders. If fewer than a majority of the outstanding shares are represented at a meeting, a majority of the shares so represented may adjourn the meeting without further notice for a period not to exceed 60 days at any one adjournment. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. The shareholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of shareholders so that less than a quorum remains.

If a quorum is present, the affirmative vote of a majority of the shares represented at the meeting and entitled to vote on the subject matter shall be the act of the shareholders, unless the vote of a greater number or voting by classes is required by law or the Articles of Incorporation.

Section 2.12. Proxies. At all meetings of shareholders, a shareholder may vote by proxy executed in writing by the shareholder or his duly authorized attorney in fact. Such proxy shall be filed with the Secretary of the Corporation before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution unless otherwise provided in the proxy.

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Section 2.13. Voting of Shares. Each outstanding share, regardless of class, shall be entitled to one vote and each fractional share shall be entitled to a corresponding fractional vote on each matter submitted to a vote at a meeting of shareholders, except as may be otherwise provided in the Articles of Incorporation. If the Articles of Incorporation provide for more or less than one vote for any share on any matter, every reference in the Delaware Corporation Code to a majority or other proportion or number of shares shall refer to such a majority or other proportion or number of votes entitled to be cast with respect to such matter.

At a shareholders' meeting involving the election of directors, each shareholder shall be entitled to cast for any one candidate no greater number votes than the number of shares held by such shareholder; shareholders shall be entitled to cumulate votes on behalf of any candidate.

Section 2.14. Voting of Shares by Certain Holders.

a. Neither treasury shares, nor shares of another Corporation, if a majority of the shares entitled to vote for the election of directors of such other Corporation is held by this Corporation, shall be voted at any meeting or counted in determining the total number of outstanding shares at any given Shares standing in the name of another Corporation, domestic or foreign, may be voted by such officer, agent or proxy as the Bylaws of such corporation may prescribe or, in the absence of such provision, as the Board of Directors of such corporation may determine.

Shares held by an administrator, executor, guardian or conservator may be voted by him, either in person or by proxy, without a transfer of such shares into his name. Shares standing in the name of a trustee may be voted by him, either in person or by proxy, but no trustee shall be entitled to vote shares held by him without a transfer of such shares into his name.

Shares standing in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof into his name if authority to do so is contained in an appropriate order of the court by which such receiver was appointed.

A shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledges and thereafter the pledgee shall be entitled to vote the shares so transferred.

Redeemable shares which have been called for redemption shall not be entitled to vote on any matter and shall not be deemed outstanding shares on and after the date of which written notice or redemption has been mailed to shareholders and a sum sufficient to redeem such shares has been deposited with a bank or trust company, with irrevocable instruction and authority to pay the redemption price to the holders of the shares upon surrender of certificates therefor.

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b. If shares or other securities having voting power stand of record in the names of two or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety, or otherwise, or if two or more persons have the same fiduciary relationship respecting the same shares, voting with respect to the shares shall have the following effect:

(i) If only one person votes, his act binds all;

(ii) If two or more persons vote, the act of the majority so voting binds all;

(iii) If two or more persons vote, but the vote is evenly split on any particular matter, each faction may vote the securities in question proportionately, or any person voting the shares of a beneficiary, if any, may apply to any court of competent jurisdiction in the State of Delaware to appoint an additional person to act with the persons so voting the shares. The shares shall then be voted as determined by a majority of such persons and the person appointed by the court. If a tenancy is held in unequal interests, a majority or even split for the purpose of this subsection (iii) shall be a majority or even split in interest.

The effects of voting stated in this subsection B shall not be applicable if the Secretary of the Corporation is given written notice of alternate voting provisions and is furnished with a copy of the instrument or order wherein the alternate voting provisions are stated.

Section 2.15. Informal Action by Shareholders. Any action required or allowed to be taken at a meeting of the shareholders may be taken without a meeting, provided that a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote of the shareholders, and may be stated as such in any articles or document filed with the Secretary of State of Delaware under Delaware law.

ARTICLE III
Board of Directors

Section 3.1. General Powers. The business and affairs of the Corporation shall be managed by its Board of Directors, except as otherwise provided by Delaware law or the Articles of Incorporation.

Section 3.2. Performance of Duties. A Director of the Corporation shall perform his duties as a director, including his duties as a member of any committee of the Board upon which he may serve, in good faith, in a manner he reasonably believes to be in the best interests of the Corporation, and with such care as an ordinarily prudent person in a like position would use under similar circumstances. In performing his duties, a director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by persons and

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groups listed in subsections a, b and c of this Section 3.2; but he shall not be considered to be acting in good faith if he has knowledge concerning the matter in question that would cause such reliance to be unwarranted. A person who so performs his duties shall not have any liability by reason of being or having been a director of the Corporation. Those persons and groups upon whose information, opinions, reports, and statements a director is entitled to rely are:

a. One or more officers or employees of the Corporation whom the Director reasonably believes to be reliable and competent in the matters presented;

b. Counsel, public accountants, or other persons as to matters which the Director reasonably believes to be within such persons' professional or expert competence; or

c. A committee of the Board upon which he does not serve, duly designated in accordance with the provisions of the Articles of Incorporation or the Bylaws, as to matters within its designated authority, which committee the director reasonably believes to merit confidence.

Section 3.3. Number Tenure and Qualifications. The number of directors of the Corporation shall be two; except that there need only be as many directors as there are shareholders in the event that the outstanding shares are held of record by fewer than three shareholders. The directors shall be elected at each annual meeting of shareholders. Each director shall hold office until the next annual meeting of shareholders and thereafter until his successor shall have been elected and qualified. Directors shall be 18 years of age or older, but need not be residents of Delaware or shareholders of the Corporation. Directors shall be removable in the manner provided by the statutes of Delaware.

Section 3.4. Resignation. Any director of the Corporation may resign at any time by giving written notice of his resignation to the Board of Directors, the President, any Vice President or the Secretary of the Corporation. Such resignation shall take effect at the date of receipt of such notice or at any later time specified therein and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. When one or more directors shall resign from the Board, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have the power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective.

Section 3.5. Removal. Except as otherwise provided in the Articles of Incorporation or in these Bylaws, any director may be removed, either with or without cause, at any time, by the affirmative vote of the holders of a majority of the issued and outstanding shares of stock entitled to vote for the election of directors of the Corporation given at a special meeting of the shareholders called and held for such purpose. The vacancy in the Board caused by any such removal may be filled by the shareholders entitled to vote thereon at such meeting. If the shareholders at such meeting shall fail to fill the vacancy, the Board of Directors may do so as provided in Section 3.6.

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Section 3.6. Vacancies. Any vacancy occurring in the Board may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum except as otherwise provided herein. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any directorship to be filled by reason of an increase in the number of directors shall be filled by the affirmative vote of a majority of the directors then in office or by an election at any annual meeting or at a special meeting of shareholders called for that purpose, and a director so chosen shall hold office until the next annual meeting of shareholders and until his successor has been elected and has qualified.

Section 3.7. Regular Meetings. A regular meeting of the Board shall be held without other notice than this bylaw immediately after and at the same place as the annual meeting of shareholders. The Board may provide by resolution the time and place, either within or outside Delaware, for the holding of additional regular meetings without other notice than such resolution.

Section 3.8. Special Meetings. Special meetings of the Board may be called by or at the request of the President or any two Directors. The person or persons authorized to call Special Meetings of the Board may fix any place, either within or outside Delaware, as the place for holding any special meeting of the Board called by them.

Section 3.9. Notice. In the event that there is more than one director of the Corporation, notice of any Special Meeting shall be given at least seven days previously thereto by written notice delivered personally or mailed to each director at his business address, or by notice given at least two days previously by telegraph. Such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any director may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting.

Section 3.10 Quorum. A majority of the number of directors elected and qualified at the time of the meeting shall constitute a quorum for the transaction of business at any such meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

Section 3.11. Manner of Acting. If a quorum is present, the affirmative vote of a majority of the directors present at the meeting and entitled to vote on that particular matter shall be the act of the Board, unless the vote of a greater number is required by law or the Articles of Incorporation.

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Section 3.12. Compensation. By resolution of the Board of Directors, any director may be paid any one or more of the following: his expenses, if any, of attendance at meetings; a fixed sum for attendance at such meeting; or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 3.13. Presumption of Assent. A Director of the Corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent is entered in the minutes of the meeting or unless he files his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or forwards such dissent by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

Section 3.14. Executive Committee. The Board, by resolution adopted by a majority of the number of directors elected and qualified at the time of the resolution, may designate two or more directors to constitute an executive committee which shall have and may exercise all of the authority of the Board of Directors or such lesser authority as may be set forth in said resolution. No such delegation of authority shall operate to relieve the Board of Directors or any member of the Board from any responsibility imposed by law.

Section 3.15. Informal Action by Directors. Any action required or permitted to be taken at a meeting of the directors, executive committee or other committee of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote of the directors, and may be stated as such in any articles or documents filed with the Secretary of State of Delaware under Delaware law.

Section 3.16. Meetings by Telephone. Members of the Board or any committee of the directors may participate in a meeting of the Board or committee by means of conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other at the same time. Such participation shall constitute presence in person at the meeting.

Section 4.1. General. The officers of the Corporation shall be a President, a Secretary and a Treasurer, each of whom shall be elected by the Board. The Board may appoint one or more Vice Presidents and such other officers, assistant officers, committees and agents, including a chairman of the board, Assistant Secretaries and Assistant Treasurers, as they may consider necessary, who shall be chosen in such manner and hold their offices for such terms and have such authority and duties as from time to time may be

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determined by the Board. The salaries of all the officers of the Corporation shall be fixed by the Board. One person may hold any two offices, except that no person may simultaneously hold the offices of President and Secretary. The officers of the Corporation shall be 18 years of age or older. In all cases where the duties of any officer, agent or employee are not prescribed by the Bylaws or by the Board, such officer, agent or employee shall follow the orders and instructions of (a) the President, and if a Chairman of the Board has been elected, then (b) the Chairman of the Board.

Section 4.2. Election and Term of Office. The officers of the Corporation shall be elected by the Board of Directors annually at the first meeting of the board held after each annual meeting of the shareholders. If the election of officers shall not be held at such meeting, election of officers shall occur by unanimous written consent of the Board as soon thereafter as may be convenient. Each officer shall hold office until the first of the following occurs: until his successor shall have been duly elected and shall have qualified; or until his death; or until he shall resign; or until he shall have been removed in the manner hereinafter provided.

Section 4.3. Removal. Any officer or agent may be removed by the Board or by the executive committee, if any, whenever in its judgment the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 4.4. Vacancies. A vacancy in any office, however occurring, may be filled by the Board for the unexpired portion of the term.

Section 4.5. Chairman. The Chairman shall be an officer of the Corporation. The Chairman shall have the responsibility of setting the agenda for Board meetings and such other responsibilities and duties as are assigned by the Board.

Section 4.6. President. The President shall, subject to the direction and supervision of the Board, be the chief executive officer of the Corporation and shall have general and active control of its affairs and business and general supervision of its officers, agents and employees. He shall, unless otherwise directed by the Board, attend in person or by substitute appointed by him, or shall execute, on behalf of the Corporation, written instruments appointing a proxy or proxies to represent the Corporation, at all meetings of the stockholders of any other Corporation in which the Corporation shall hold any stock. He may, on behalf of the Corporation, in person or by substitute or by proxy, execute written waivers of notice and consents with respect to any such meetings. At all such meetings and otherwise, the President, in person or by substitute or proxy as aforesaid, may vote the stock so held by the Corporation and may execute written consents and other instruments with respect to such stock and may exercise any and all rights and powers incident to the ownership of said stock, subject however to the instructions, if any, of the Board. The President shall have custody of the Treasurer's bond, if any. If a chairman of the board has been elected, the chairman of the board shall have, subject to the direction and modification of the Board, all the same responsibilities, rights and obligations as described in these Bylaws for the President.

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Section 4.7. Vice Presidents. The Vice Presidents, if any, shall assist the President and shall perform such duties as may be assigned to them by the President or by the Board. In the absence of the President, the Vice President designated by the Board or (if there be no such designation) the Vice President designated in writing by the President shall have the powers and perform the duties of the President. If no such designation shall be made, all Vice Presidents may exercise such powers and perform such duties.

Section 4.8. Secretary. The Secretary shall perform the following:

- a. Keep the minutes of the proceedings of the shareholders, executive committee and the Board of Directors;
- b. See that all notices are duly given in accordance with the provisions of these Bylaws or as required by law;
- c. Be custodian of the Corporate records and of the seal of the Corporation and

affix the seal to all documents when authorized by the Board of Directors;

d. Keep, at the Corporation's registered office or principal place of business within or outside Delaware, a record containing the names and addresses of all shareholders and the number and class of shares held by each, unless such a record shall be kept at the office of the Corporation's transfer agent or registrar;

e. Sign with the President or a Vice President, certificates for shares of the Corporation, the issuance of which shall have been authorized by resolution of the Board of Directors;

f. Have general charge of the stock transfer books of the Corporation, unless the Corporation has a transfer agent; and

g. In general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board. Assistant secretaries, if any, shall have the same duties and powers, subject to supervision by the Secretary.

Section 4.9. Treasurer. The Treasurer shall be the principal financial officer of the Corporation and shall have the care and custody of all funds, securities, evidences of indebtedness and other personal property of the Corporation and shall deposit the same in accordance with the instructions of the Board of Directors. He shall receive and give receipts and acquittances for monies paid in on account of the Corporation, and shall pay out of the funds on hand all bills, payrolls and other just debts of the Corporation of whatever nature upon maturity. He shall perform all other duties incident to the office of the Treasurer and, upon request of the board, shall make such reports to it as may be required at any time. He shall, if required by the board, give the Corporation a bond in such sums and with such sureties as shall be satisfactory to the board, conditioned upon

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the faithful performance of his duties and for the restoration to the Corporation of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation. He shall have such other powers and perform such other duties as may be from time to time prescribed by the Board of Directors or the President. The assistant Treasurers, if any, shall have the same powers and duties, subject to the supervision of the Treasurer.

The Treasurer shall also be the principal accounting officer of the Corporation. He shall prescribe and maintain the methods and systems of accounting to be followed, keep complete books and records of account, prepare and file all local, state and federal tax returns, prescribe and maintain an adequate system of internal audit, and prepare and furnish to the President and the Board of Directors statements of account showing the financial position of the Corporation and the results of its operations.

Section 4.10. Salaries. Officers of the Corporation shall be entitled to such salaries, emoluments, compensation or reimbursement as shall be fixed or allowed from time to time by the Board of Directors.

Section 4.11. Bonds. If the Board of Directors by resolution shall so require, any officer or agent of the Corporation shall give bond to the Corporation in such amount and with such surety as the Board of Directors may deem sufficient, conditioned upon the faithful performance of that officer's or agent's duties and offices.

ARTICLE V Stock

Section 5.1. Certificates. The shares of stock shall be represented by consecutively numbered certificates signed in the name of the Corporation by its chairman or vice chairman of the Board which for the purpose of this Section 5.1 only shall be considered officers, or by its President or a Vice President and by the Treasurer or an assistant Treasurer or by the Secretary or an assistant Secretary, and shall be sealed with the seal of the Corporation, or with a facsimile thereof. The signatures of the Corporation's officers on such certificate may also be facsimiles if the certificate is countersigned by a transfer agent or registered by a registrar other than the Corporation itself or an employee of the Corporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer at the date of its issue. Every certificate representing shares issued by a Corporation which is authorized to issue shares of more than one class or more than one series of any class shall set forth upon the face or back of the certificate or shall state that the Corporation will furnish to any shareholder upon request and without charge a full statement of the designations, preferences, limitations, and relative rights of the shares of each class authorized to be issued and, if the

Corporation is authorized to issue any preferred or special class in series, the variations in the relative rights and preferences between the shares of each such series, so far as the same have been fixed and determined, and the authority of the Board of Directors to fix and determine the relative rights and preferences of subsequent series.

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Each certificate representing shares shall state the following upon the face thereof: the name of the state of the Corporation's organization; the name of the person to whom issued; the number and class of shares and the designation of the series, if any, which such certificate represents; the par value of each share represented by such certificate or a statement that the shares are without par value. Certificates of stock shall be in such form consistent with law as shall be prescribed by the Board. No certificate shall be issued until the shares represented thereby are fully paid.

Section 5.2. Record. A record shall be kept of the name of each person or other entity holding the stock represented by each certificate for shares of the Corporation issued, the number of shares represented by each such certificate, the date thereof and, in the case of cancellation, the date of cancellation. The person or other entity in whose name shares of stock stand on the books of the Corporation shall be deemed the owner thereof, and thus a holder of record of such shares of stock, for all purposes as regards the Corporation.

Section 5.3. Consideration for Shares. Shares shall be issued for such consideration, expressed in dollars as shall be fixed from time to time by the Board. That part of the surplus of a Corporation which is transferred to stated capital upon the issuance of shares as a share dividend shall be deemed the consideration for the issuance of such dividend shares. Such consideration may consist, in whole or in part, of money, other property, tangible or intangible, or in labor or services actually performed for the Corporation, but neither promissory notes nor future services shall constitute payment or part payment for shares.

Section 5.4. Cancellation of Certificates. All certificates surrendered to the Corporation for transfer shall be canceled and no new certificates shall be issued in lieu thereof until the former certificate for a like number of shares shall have been surrendered and canceled, except as herein provided with respect to lost, stolen or destroyed certificates.

Section 5.5. Lost Certificates. In case of the alleged loss, destruction or mutilation of a certificate of stock, the Board of Directors may direct the issuance of a new certificate in lieu thereof upon such terms and conditions in conformity with law as it may prescribe. The Board may in its discretion require a bond in such form and amount and with such surety as it may determine, before issuing a new certificate.

Section 5.6. Transfer of Shares. Upon surrender to the Corporation or to a transfer agent of the Corporation of a certificate of stock duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, and such documentary stamps as may be required by law, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, and cancel the old certificate. Every such transfer of stock shall be entered on the stock book of the Corporation which shall be kept at its principal office or by its registrar duly appointed.

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The Corporation shall be entitled to treat the holder of record of any share of stock as the holder in fact thereof, and accordingly shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person whether or not it shall have express or other notice thereof, except as may be required by the laws of Delaware.

Section 5.7. Indemnification of Directors. Officers. and Others. The Corporation has the power to indemnify current or former directors, officers, employees, and agents, to the greatest extent provided in its Articles of Incorporation and by Delaware law.

ARTICLE VI

Execution of Instruments; Loans; Checks and Endorsements; Deposits; Proxies

Section 6.1. Execution of Instruments. The President shall have the power to execute and deliver on behalf of and in the name of the Corporation any instrument requiring the signature of an officer of the Corporation, except as otherwise provided in these Bylaws or where the execution and delivery thereof shall be expressly delegated by the Board to some other officer or agent of the Corporation. Unless authorized to do so by these Bylaws or by the Board, no officer, agent or employee shall have any power or authority to bind the

Corporation in any way, to pledge its credit or to render it liable pecuniarily for any purpose or in any amount.

Section 6.2. Loans. The Corporation may lend money to, guarantee the obligations of and otherwise assist directors, officers and employees of the Corporation, or directors of another Corporation of which the Corporation owns a majority of the voting stock, only upon compliance with the requirements of Delaware law.

No loans shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board. Such authority may be general or confined to specific instances.

Section 6.3. Checks and Endorsements. All checks, drafts or other orders for the payment of money, obligations, notes or other evidences of indebtedness, bills of lading, warehouse receipts, trade acceptances and other such instruments shall be signed or endorsed by such officers or agents of the Corporation as shall from time to time be determined by resolution of the Board, which resolution may provide for the use of facsimile signatures.

Section 6.4. Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the Corporation's credit in such banks or other depositories as shall from time to time be determined by resolution of the Board, which resolution may specify the officers or agents of the Corporation who shall have the power, and the manner in which such power shall be exercised, to make such deposits and to endorse, assign and deliver for collection and deposit checks, drafts and other orders for the payment of money payable to the Corporation or its order.

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Section 6.5. Proxies. Unless otherwise provided by resolution adopted by the Board, the President or any Vice President may from time to time appoint one or more agents or attorneys in fact of the Corporation, in the name and on behalf of the Corporation, to cast the votes which the Corporation may be entitled to cast as the holder of stock or other securities in any other Corporation, association or other entity any of whose stock or other securities may be held by the Corporation, at meetings of the holders of the stock or other securities of such other Corporation, association or other entity or to consent in writing, in the name of the Corporation as such holder, to any action by such other Corporation, association or other entity, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent, and may execute or cause to be executed in the name and on behalf of the Corporation and under its corporate seal, or otherwise, all such written proxies or other instruments as he may deem necessary or proper in the premises.

Section 6.6. Contracts. The Board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

ARTICLE VII Miscellaneous

Section 7.1. Waivers of Notice. Whenever notice is required by Delaware law, by the Articles of Incorporation or by these Bylaws, a waiver thereof in writing signed by the director, shareholder or other person entitled to said notice, whether before, at or after the time stated therein, or his appearance at such meeting in person or (in the case of a shareholders' meeting) by proxy, shall be equivalent to such notice.

Section 7.2. Fiscal Year. The fiscal year of the Corporation shall be December 31.

Section 7.3. Amendments. The Board of Directors shall have the power to alter, amend or repeal the Bylaws or adopt new Bylaws of the Corporation at any regular meeting of the board, or at any special meeting called for that purpose, or by unanimous written consent of the Board, subject to repeal or change by action of the shareholders.

Section 7.4. Emergency Bylaws. Subject to repeal or change by action of the shareholders, the Board may adopt emergency Bylaws in accordance with and pursuant to the provisions of Delaware law.

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SALEM COMMUNICATIONS CORPORATION, a Delaware corporation,
as First Successor Issuer
SALEM COMMUNICATIONS HOLDING CORPORATION, a Delaware corporation,
as Successor Issuer

ATEP RADIO, INC.,
BISON MEDIA, INC.,
CARON BROADCASTING, INC.,
CCM COMMUNICATIONS, INC.,
COMMON GROUND BROADCASTING, INC.,
GOLDEN GATE BROADCASTING COMPANY, INC.,
INLAND RADIO, INC.,
INSPIRATION MEDIA, INC.,
INSPIRATION MEDIA OF TEXAS, INC.,
KINGDOM DIRECT, INC.,
NEW ENGLAND CONTINENTAL MEDIA, INC.,
NEW INSPIRATION BROADCASTING COMPANY, INC.,
OASIS RADIO, INC.,
ONEPLACE, LTD,
PENNSYLVANIA MEDIA ASSOCIATES, INC.,
RADIO 1210, INC.,
REACH SATELITE NETWORK, INC.,
SALEM MEDIA CORPORATION,
SALEM MEDIA OF COLORADO, INC.,
SALEM MEDIA OF GEORGIA, INC.,
SALEM MEDIA OF HAWAII, INC.,
SALEM MEDIA OF KENTUCKY, INC.,
SALEM MEDIA OF OHIO, INC.,
SALEM MEDIA OF OREGON, INC.,
SALEM MEDIA OF PENNSYLVANIA, INC.,
SALEM MEDIA OF TEXAS, INC.,
SALEM MEDIA OF VIRGINIA, INC.,
SALEM MUSIC NETWORK, INC.,
SALEM RADIO NETWORK INCORPORATED,
SALEM RADIO PROPERTIES, INC.,
SALEM RADIO REPRESENTATIVES, INC.,
SOUTH TEXAS BROADCASTING, INC.,
SRN NEWS NETWORK, INC.,
VISTA BROADCASTING, INC.,
as Guarantors

and

THE BANK OF NEW YORK, as Trustee

SUPPLEMENTAL INDENTURE NO. 2

Dated as of August 24, 2000

to

INDENTURE

Dated as of September 25, 1997

THIS SUPPLEMENTAL INDENTURE NO. 2, dated as of August 24, 2000 (this "Supplemental Indenture No. 2"), is hereby entered into by and between SALEM COMMUNICATIONS CORPORATION, a Delaware corporation, as successor to Salem Communications Corporation, a California corporation (the "Initial Issuer") (the "First Successor Issuer"), SALEM COMMUNICATIONS HOLDING CORPORATION, a Delaware corporation, as successor to First Successor Issuer (the "Successor Issuer"), the guarantors listed on the signature pages hereto (collectively, the "Guarantors") and THE BANK OF NEW YORK, a New York banking corporation, as indenture trustee (the "Trustee").

RECITALS

WHEREAS, the Initial Issuer, the guarantors named therein and the Trustee have previously executed and delivered an Indenture, dated as of September 25, 1997, providing for the issuance of 9.5% Senior Subordinated Notes due 2007 in the aggregate principal amount of \$150,000,000 (the "Indenture" and together with the Supplemental Indenture No. 1 and this Supplemental Indenture No. 2, the "Supplemented Indenture");

WHEREAS, pursuant to an Agreement and Plan of Merger dated as of March 31, 1999, between the Initial Issuer and the First Successor Issuer, First Successor Issuer was merged with and into the Initial Issuer (the "Merger"), the First Successor Issuer being the surviving corporation;

WHEREAS, the First Successor Issuer, the guarantors named therein and the Trustee have executed and delivered a Supplemental Indenture No. 1, dated as

of March 31, 1999 (the "Supplemental Indenture No. 1"), providing for assumption by the First Successor Issuer of the obligations of the Initial Issuer under the Indenture and affirming the guarantor's obligations to guarantee the obligations of the First Successor Issuer;

WHEREAS, pursuant to an Assignment and Assumption Agreement dated as of August 24, 2000 between the First Successor Issuer and the Successor Issuer, First Successor Issuer assigned all of its assets (other than the common stock of Successor Issuer and the common stock of Salem Communications Acquisition Corporation, an Unrestricted Subsidiary) and liabilities to Successor Issuer and Successor Issuer agreed to assume such assets and liabilities (the "Assignment"); and

WHEREAS, Section 801 of the Supplemented Indenture provides that upon any assignment (including the Assignment) to which the First Successor Issuer is a party and in which the First Successor Issuer assigns all or substantially all of the properties and assets of the First Successor Issuer to another Person, such other Person shall deliver to the Trustee a supplemental indenture containing specified terms; and

WHEREAS, Section 901 of the Supplemented Indenture provides, among other things, that without the consent of any Holders, the First Successor Issuer and the guarantors, when authorized by a Board Resolution, and the Trustee, at any time and from time to time, may enter into one or more supplemental indentures to evidence the succession of another Person to the First Successor Issuer, and the assumption by any such successor of the covenants of the First Successor Issuer and covenants in the Securities; and

WHEREAS, in accordance with Sections 801(a)(vii) and 903 of the Supplemented Indenture, the First Successor Issuer has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that the Assignment and this Supplemental Indenture No. 2 comply with and are permitted by the Supplemented Indenture and that all conditions precedent provided in the Supplemented Indenture relating to the Assignment have been complied with; and

WHEREAS, the Board Resolution condition has been satisfied, as evidenced by the unanimous written consents attached hereto as EXHIBIT A-1 and EXHIBIT A-2;

NOW, THEREFORE, each party hereto agrees as follows for the benefit of the other party:

ARTICLE I

RELATION TO SUPPLEMENTED INDENTURE; DEFINITIONS

SECTION 1.01. This Supplemental Indenture No. 2 constitutes an integral part of the Supplemented Indenture.

SECTION 1.02. For all purposes of this Supplemental Indenture No. 2, capitalized terms used herein without definition shall have the meanings specified in the Supplemented Indenture.

ARTICLE II

ASSUMPTION OF OBLIGATIONS

SECTION 2.01. The Successor Issuer hereby expressly assumes all of the obligations, covenants and duties of the First Successor Issuer under the Securities and the Supplemented Indenture, and, as hereby amended and supplemented, the Supplemented Indenture shall remain in full force and effect.

SECTION 2.02. Each Guarantor named herein hereby confirms that its Guarantee shall apply to the obligations of the Successor Issuer under the Supplemented Indenture and the Securities.

ARTICLE III

MISCELLANEOUS

SECTION 3.01. This Supplemental Indenture No. 2 shall be construed in connection with and as a part of the Supplemented Indenture.

SECTION 3.02. For the purposes of clarity in connection with this Supplemental Indenture No. 2, a definitions of "Parent" is added to Section 101 of the Supplemented Indenture as follows:

SECTION 3.03. For the purposes of clarity in connection with this Supplemental Indenture No. 2, the definitions of "Change of Control" and "Permitted Holders" in Section 101 of the Supplemented Indenture are replaced and restated as follows:

"CHANGE OF CONTROL" means the occurrence of any of the following events: (i) any "PERSON" or "GROUP" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than Permitted Holders, is or becomes the "BENEFICIAL OWNER" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a Person shall be deemed to have beneficial ownership of all shares that such Person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 40% of the total outstanding Voting Stock of Parent, PROVIDED that the Permitted Holders "BENEFICIALLY OWN" (as so defined) a lesser percentage of such voting Stock than such other Person and do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the Board of Directors of Parent; (ii) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of Parent (together with any new directors whose election to such Board or whose nomination for election by the shareholders of Parent, was approved by a vote of 66% of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of such Board of Directors then in office; (iii) the Company consolidates with or merges with or into any Person or conveys, transfers or leases all or substantially all of its assets to any Person, or any corporation consolidates with or merges into or with the Company, in any such event pursuant to a transaction in which the outstanding Voting Stock of the Company is changed into or exchanged for cash, securities or other property, other than any such transaction in which the outstanding Voting Stock of the Company is not changed or exchanged at all (except to the extent necessary to reflect a change in the jurisdiction of incorporation of the Company) or in which (A) the outstanding Voting Stock of the Company is changed into or exchanged for (x) Voting Stock of the surviving corporation which is not Disqualified Equity Interests or (y) cash, securities and other property (other than Equity Interests of the surviving corporation) in an amount which could be paid by the Company as a Restricted Payment in accordance with Section 1009 (and such amount shall be treated as a Restricted Payment subject to the provisions described under Section 1009) and (B) no "PERSON" or "GROUP" other than Permitted Holders owns immediately after such transaction directly or indirectly, more than the greater of (1) 40% of the total outstanding Voting Stock of the surviving corporation and (2) the percentage of the outstanding Voting Stock of the surviving corporation owned, directly or indirectly, by Permitted Holders immediately after such transaction; or (iv) the Company is liquidated or dissolved or adopts a plan of liquidation or dissolution other than in a transaction which complies with the provisions described under Article Eight.

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"PERMITTED HOLDERS" means as of the date of determination (i) any of Stuart W. Epperson and Edward G. Atsinger III; (ii) family members or the relatives of the Persons described in clause (i); (iii) any trusts created for the benefit of the Persons described in clauses (i), (ii) or (iii) or any trust for the benefit of any such trust; or (iv) in the event of the incompetence or death of any of the Persons described in clauses (i) and (ii), such Person's estate, executor, administrator, committee or other personal representative or beneficiaries, in each case who at any particular date shall beneficially own or have the right to acquire, directly or indirectly, Equity Interests of the Company.

SECTION 3.04. The headings herein are for convenience only and shall not affect the construction thereof.

SECTION 3.05. All covenants and agreements in this Supplemental Indenture No. 2 by the Successor Issuer shall bind its successors and assigns, whether so expressed or not. All agreements of the Trustee in this Supplemental Indenture No. 2 shall bind its successors, co-indenture trustees, if any, and agents.

SECTION 3.06. In case any provision in this Supplemental Indenture No. 2 shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 3.07. THIS SUPPLEMENTAL INDENTURE NO. 2 SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICTS OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

STATE OF CALIFORNIA)
COUNTY OF VENTURA)
CITY OF CAMARILLO)

On the 10th day of August, 2000, before me, Janice Crawford, Notary Public, personally came Edward G. Atsinger III and Jonathan L. Block, personally known to me, to be the persons whose names are subscribed to the within instrument as President and Chief Executive Officer and Secretary, respectively, of Salem Communications Corporation (DE), ATEP Radio, Inc., Bison Media, Inc., Caron Broadcasting, Inc., CCM Communications, Inc., Common Ground Broadcasting, Inc., Golden Gate Broadcasting Company, Inc., Inland Radio, Inc., Inspiration Media, Inc., Inspiration Media of Texas, Inc., Kingdom Direct, Inc., New England Continental Media, Inc., New Inspiration Broadcasting Company, Inc., Oasis Radio, Inc., OnePlace, Ltd., Pennsylvania Media Associates, Inc., Radio 1210, Inc., Reach Satellite Network, Inc., Salem Media Corporation, Salem Media of Colorado, Inc., Salem Media of Georgia, Inc., Salem Media of Hawaii, Inc., Salem Media of Kentucky, Inc., Salem Media of Ohio, Inc., Salem Media of Oregon, Inc., Salem Media of Pennsylvania, Inc., Salem Media of Texas, Inc., Salem Media of Virginia, Inc., Salem Music Network, Inc., Salem Radio Network, Incorporated, Salem Radio Properties, Inc., Salem Radio Representatives, Inc., South Texas Broadcasting, Inc., SRN News Network, Inc., Vista Broadcasting, Inc., the corporations described in and which executed the foregoing instrument; and that they signed their names thereto pursuant to authority of the Boards of Directors of such corporations.

WITNESS my hand and official seal.

[SEAL]

/S/ JANICE CRAWFORD

Notary Public

EXHIBIT A-1
ACTION BY UNANIMOUS WRITTEN CONSENT OF
THE BOARD OF DIRECTORS
OF SALEM COMMUNICATIONS CORPORATION

The undersigned, constituting all of the members of the Board of Directors of Salem Communications Corporation, a Delaware corporation (the "Corporation"), pursuant to Section 141(f) of the Delaware General Corporation Law, hereby consent to the adoption of the following resolutions, in lieu of holding a special meeting of the Board of Directors of the Corporation, effective as of July 19, 2000.

APPROVAL OF SUPPLEMENTAL INDENTURE NO. 2

WHEREAS, by separate resolutions of even date herewith, the Board of Directors of the Corporation (the "Board") and the Board of Directors of Salem Communications Holding Corporation, a Delaware corporation ("SCHC"), have carefully considered and approved the terms of an Assignment and Assumption Agreement, pursuant to which the Corporation will assign all of its assets (other than the common stock of SCHC and the common stock of Salem Communications Acquisition Corporation) and liabilities to SCHC and SCHC will assume all such assets and liabilities (the "Assignment");

WHEREAS, the consummation of the Assignment requires the consent of the parties to the Credit Agreement, dated September 25, 1997, by and among the Corporation's predecessor corporation, Salem Communications Corporation, a California corporation, The Bank of New York as Administrative Agent, Bank of America NT&SA as Documentation Agent and other Lenders party thereto with BNY Capital Markets, Inc. as Arranger, as amended and restated (the "Credit Agreement") and the assumption by SCHC of the Corporation's obligations under the Credit Agreement pursuant to a Second Amended and Restated Credit Agreement (the "Restated Credit Agreement"), which Restated Credit Agreement and related transactions have been approved by the Board by separate resolutions of even date herewith;

WHEREAS, the consummation of the Assignment requires a Supplemental Indenture No. 2 (the "Supplemental Indenture No. 2"), as required by the terms of the Indenture, dated as of September 25, 1997, by and among Salem Communications Corporation, a California corporation, as issuer, the guarantors named therein as guarantors, and The Bank of New York, as Trustee, as supplemented by Supplemental Indenture No.1, dated as of March 31, 1999, by and among the Corporation, the guarantors named therein as guarantors, and The Bank of New York, as Trustee (the "Indenture"), to provide, inter alia, for the assumption of the obligations of the Corporation under the Indenture by SCHC, and the confirmation of the guarantors' guarantee under the Indenture.

WHEREAS, the Board has determined that it is in the best interests of the Corporation to proceed with execution and implementation of the Supplemental Indenture No. 2.

NOW THEREFORE, BE IT RESOLVED, that the form, terms and provisions of the Supplemental Indenture No. 2, in substantially the form presented to and reviewed by the Board,

and each of the transactions contemplated thereby, and the performance by the Corporation of all of its obligations pursuant thereto, be, and they hereby are, in all respects, authorized and approved.

FURTHER RESOLVED that Edward G. Atsinger III in his capacity as President, Dirk Gastaldo in his capacity as Vice President, Eileen E. Hill in her capacity as Vice President and Jonathan L. Block in his capacity as Vice President and Secretary of the Corporation be, and each of them acting alone hereby is, authorized and empowered to execute and deliver or cause to be executed and delivered, in the name and on behalf of the Corporation, the Supplemental Indenture No. 2 on the terms and conditions presented to the Board, with such changes and modifications thereto as may be approved by the officer or officers executing the same, such approval to be conclusively evidenced by his or their execution and delivery thereof;

FURTHER RESOLVED, that the foregoing officers of the Corporation be, and each of them acting alone hereby is authorized, empowered and directed to pay or cause to be paid all fees and expenses, to do or cause to be done all such acts or things and to make, file, execute, seal or deliver, or caused to be made, filed, executed, sealed or delivered, all such agreements, documents, instruments, payments, applications and certificates in the name of and on behalf of the Corporation and under its corporation seal or otherwise as such, in his discretion, may deem necessary or advisable to carry out and perform the Supplemental Indenture No. 2 and to consummate any and all of the transactions contemplated by such documents.

GENERAL RATIFICATION AND AUTHORIZATION

RESOLVED, that the officers of the Corporation be, and each of them hereby is, authorized to take any other action and execute and deliver any other agreements, documents and instruments, including powers of attorney, as any of the officers deem necessary or appropriate to carry out the purpose and intent of the foregoing resolutions; and

RESOLVED FURTHER, that any action of the Board, the officers of the Corporation in furtherance of the purposes of the foregoing resolutions, whether taken before or after the adoption or effectiveness of these resolutions, are hereby approved, confirmed, ratified and adopted.

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IN WITNESS WHEREOF, this unanimous written consent has been executed by each of the Directors of the Corporation as of the date first written above.

/s/ Stuart W. Epperson

Stuart W. Epperson

/s/ Edward G. Atsinger III

Edward G. Atsinger III

/s/ Eric H. Halvorson

Eric H. Halvorson

/s/ Roland S. Hinz

Roland S. Hinz

/s/ Donald P. Hodel

Donald P. Hodel

/s/ Richard A. Riddle

Richard A. Riddle

/s/ Joseph S. Schuchert

Joseph S. Schuchert

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ACTION BY UNANIMOUS WRITTEN CONSENT OF

THE BOARD OF DIRECTORS

The undersigned, constituting all of the members of the Board of Directors of the following corporations ("Corporation"), hereby take the following actions by written consent:

ATEP Radio, Inc.	Salem Media Corporation
Bison Media, Inc.	Salem Media of California, Inc.
Caron Broadcasting, Inc.	Salem Media of Colorado, Inc.
CCM Communications, Inc.	Salem Media of Georgia, Inc.
Common Ground Broadcasting, Inc.	Salem Media of Hawaii, Inc.
Golden Gate Broadcasting Co., Inc.	Salem Media of Kentucky, Inc.
Inland Radio, Inc.	Salem Media of Ohio, Inc.
Inspiration Media, Inc.	Salem Media of Oregon, Inc.
Inspiration Media of Texas, Inc.	Salem Media of Pennsylvania, Inc.
Kingdom Direct, Inc.	Salem Media of Texas, Inc.
New England Continental Media, Inc.	Salem Media of Virginia, Inc.
New Inspiration Broadcasting Co., Inc.	Salem Music Network, Inc.
Oasis Radio, Inc.	Salem Radio Network Incorporated
OnePlace, Ltd.	Salem Radio Properties, Inc.
Pennsylvania Media Associates, Inc.	Salem Radio Representatives, Inc.
Radio 1210, Inc.	South Texas Broadcasting, Inc.
Reach Satellite Network, Inc.	SRN News Network, Inc.
Salem Communications Holding Corporation	Vista Broadcasting, Inc.

WHEREAS, by separate resolutions of even date herewith, the Board of Directors of Salem Communications Corporation, a Delaware corporation ("SCC") and the Board of Directors of Salem Communications Holding Corporation, a Delaware corporation ("SCHC"), have carefully considered and approved the terms of an Assignment and Assumption Agreement, pursuant to which SCC will assign all of its assets (other than the common stock of SCHC and the common stock of Salem Communications Acquisition Corporation) and liabilities to SCHC and SCHC will assume all such assets and liabilities (the "Assignment").

WHEREAS, the consummation of the Assignment requires the consent of the parties to the Credit Agreement, dated September 25, 1997, by and among the Corporation's parent corporation, Salem Communications Corporation, a California corporation, The Bank of New

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York as Administrative Agent, Bank of America NT&SA as Documentation Agent and other Lenders party thereto with BNY Capital Markets, Inc. as Arranger, as amended and restated (the "Credit Agreement") and the assumption by SCHC of SCC's obligations under the Credit Agreement pursuant to a Second Amended and Restated Credit Agreement (the "Restated Credit Agreement").

WHEREAS, the consummation of the Assignment requires a Supplemental Indenture No. 2 (the "Supplemental Indenture No. 2"), the form of which is attached hereto as Exhibit A, as required by the terms of the Indenture, dated as of September 25, 1997, by and among Salem Communications Corporation, a California corporation, as issuer, the guarantors named therein as guarantors, and The Bank of New York, as Trustee, as supplemented by Supplemental Indenture No. 1, dated as of March 31, 1999, by and among SCC, the guarantors named therein as guarantors, and The Bank of New York, as Trustee (the "Indenture"), to provide, inter alia, for the assumption of the obligations of SCC under the Indenture by SCHC, and the confirmation of the guarantors' guarantee under the Indenture.

WHEREAS, the Board has determined that it is in the best interests of the Corporation to proceed with execution and implementation of the Restated Credit Agreement and the Supplemental Indenture No. 2 whereby Salem Communications Holding Corporation shall be substituted as the Issuer and its subsidiaries shall be the guarantors of its obligations thereunder.

NOW THEREFORE, BE IT RESOLVED, that the form, terms and provisions of the Supplemental Indenture No. 2, in substantially the form presented to and reviewed by the Board, and each of the transactions contemplated thereby, and the performance by the Corporation of all of its obligations pursuant thereto, be, and they hereby are, in all respects, authorized and approved.

FURTHER RESOLVED, that Dirk Gastaldo in his capacity as Vice President and Jonathan L. Block in his capacity as Vice President and Secretary of the Corporation be, and each of them acting alone hereby is, authorized and empowered to execute and deliver or cause to be executed and delivered, in the name and on behalf of the Corporation, the Supplemental Indenture No. 2 on the terms and conditions presented to the Board, with such changes and modifications thereto as may be approved by the officer or officers executing the same, such approval to be conclusively evidenced by his or their execution and delivery thereof;

FURTHER RESOLVED, that the foregoing officers of the Corporation be, and each of them acting alone hereby is authorized, empowered and directed to pay or cause to be paid all fees and expenses, to do or cause to be done all such acts or things and to make, file, execute, seal or deliver, or caused to be made, filed, executed, sealed or delivered, all such agreements, documents, instruments, payments, applications and certificates in the name of and on behalf of the Corporation and under its corporation seal or otherwise as such, in his discretion, may deem necessary or advisable to carry out and perform the Supplemental Indenture No. 2 and to consummate any and all of the transactions contemplated by such document.

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GENERAL RATIFICATION AND AUTHORIZATION

RESOLVED, that the officers of the Corporation be, and each of them hereby is, authorized to take any other action and execute and deliver any other agreements, documents and instruments, including powers of attorney, as any of the officers deem necessary or appropriate to carry out the purpose and intent of the foregoing resolutions; and

RESOLVED FURTHER, that any action of the Board, the officers of the Corporation in furtherance of the purposes of the foregoing resolutions, whether taken before or after the adoption or effectiveness of these resolutions, are hereby approved, confirmed, ratified and adopted.

IN WITNESS WHEREOF, this unanimous written consent has been executed by each of the Directors of the Corporation as of the 19th day of July, 2000.

/s/ Edward G. Atsinger III

Edward G. Atsinger III

/s/ Eric H. Halvorson

Eric H. Halvorson

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SALEM COMMUNICATIONS CORPORATION
AMENDMENT NO. 3

AMENDMENT NO. 3 (this "AMENDMENT"), dated as of August 17, 2000, to the First Amended and Restated Credit Agreement, dated as of June 30, 1999, by and among SALEM COMMUNICATIONS CORPORATION, a Delaware corporation (the "BORROWER"), THE BANK OF NEW YORK, as administrative agent for the Lenders thereunder (in such capacity, the "ADMINISTRATIVE AGENT"), BANK OF AMERICA, N. A., as Documentation Agent, BANKBOSTON, N.A., FLEET BANK, N.A., and UNION BANK OF CALIFORNIA, N.A., as Co-Agents, and the Lenders party thereto, as amended by Amendment No. 1, dated as of August 11, 1999, and Amendment No. 2, dated as of February 14, 2000 (the "CREDIT AGREEMENT").

RECITALS

I. Except as otherwise provided herein, capitalized terms used herein which are not defined herein shall have the meanings set forth in the Credit Agreement.

II. The Borrower has requested that the Administrative Agent and the Required Lenders amend the Credit Agreement upon the terms and conditions contained herein, and the Administrative Agent and the Required Lenders are willing to do so.

Accordingly, in consideration of the covenants, conditions and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and pursuant to Section 11.1 of the Credit Agreement, the parties hereto agree as follows:

1. Section 8.7 of the Credit Agreement shall be amended by (i) replacing the period at the end of paragraph (a) with "; OR" and (ii) adding a new paragraph (b) as follows:

(b) subject to the second to the last paragraph of this Section 8.7, the Borrower may sell the KLTX-AM station to Hi-Favor Broadcasting, LLC, provided that (i) the aggregate gross consideration for which shall not be less than \$29,500,000 and shall be payable in cash at closing (which consideration may be deposited with an intermediary in connection with the qualification of such sale as the first transaction in a like-kind exchange under Section 1031 of the Code, provided that such intermediary and all documentation executed and delivered in connection with such deposit shall be acceptable to the Administrative Agent, and provided further that the Borrower shall have granted to the Administrative Agent a first priority perfected security interest in and to all of the Borrower's right, title and interest in and to such deposit and all documentation executed and delivered in connection therewith pursuant to documentation in all respects satisfactory to the Administrative Agent), (ii) such sale shall be consummated by no later than August 25, 2000, and (iii) all other terms and provisions governing such sale shall be acceptable to the Administrative Agent.

2. Section 8.7 of the Credit Agreement is further amended by replacing the two references to "8.7(A)" contained in the second to the last paragraph of Section 8.7 with "8.7(A) OR 8.7(B)".

3. Paragraphs 1-2 of this Amendment shall not become effective until the Administrative Agent shall have received:

(a) counterparts of this Amendment duly executed by the Borrower, the Subsidiary Guarantors, the Administrative Agent and the Required Lenders; and

(b) a certificate, dated the date hereof, of the Secretary or an Assistant Secretary of each Loan Party attaching a true and complete copy of the resolutions of its Board of Directors or other authorizing documents and of all documents evidencing all necessary corporate or other action (in form and substance reasonably satisfactory to the Administrative Agent) taken by it to authorize this Amendment and the transactions contemplated hereby; and

(c) an opinion of counsel to the Borrower in form and substance satisfactory to the Administrative Agent.

4. In all other respects the Credit Agreement and other Loan Documents shall remain in full force and effect.

5. In order to induce the Administrative Agent and the Required Lenders to execute and deliver this Amendment, the Borrower and the Subsidiary Guarantors each (a) certifies that, immediately before and after giving effect to this Amendment, all representations and warranties contained in the Loan Documents to which it is a party shall be true and correct in all respects with

the same effect as though such representations and warranties had been made on the date hereof, except as the context otherwise requires or as otherwise permitted by the Credit Agreement or this Amendment, (b) certifies that, immediately before and after giving effect to this Amendment, no Default or Event of Default shall exist under the Loan Documents, as amended, and (c) agrees to pay all of the reasonable fees and disbursements of counsel to the Administrative Agent incurred in connection with the preparation, negotiation and closing of this Amendment.

6. Each of the Borrower and the Subsidiary Guarantors (a) reaffirms and admits the validity, enforceability and continuing effect of all Loan Documents to which it is a party, and its obligations thereunder, and (b) agrees and admits that as of the date hereof it has no valid defenses to or offsets against any of its obligations to any Credit Party under any Loan Document to which it is a party.

7. This Amendment may be executed in any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same document. It shall not be necessary in making proof of this Amendment to produce or account for more than one counterpart signed by the party to be charged.

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8. This Amendment shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York, without regard to principles of conflict of laws.

9. The parties have caused this Amendment to be duly executed as of the date first written above.

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SALEM COMMUNICATIONS CORPORATION

By: /S/ JONATHAN L. BLOCK

Name: JONATHAN L. BLOCK

Title: SECRETARY

SALEM COMMUNICATIONS CORPORATION
AMENDMENT NO. 3

ATEP RADIO, INC.
BISON MEDIA, INC.
CARON BROADCASTING, INC.
CCM COMMUNICATIONS, INC.
COMMON GROUND BROADCASTING, INC.
GOLDEN GATE BROADCASTING COMPANY,
INC.
INLAND RADIO, INC.
INSPIRATION MEDIA OF TEXAS, INC.
INSPIRATION MEDIA, INC.
KINGDOM DIRECT, INC.
NEW ENGLAND CONTINENTAL MEDIA, INC.
NEW INSPIRATION BROADCASTING
COMPANY, INC.
OASIS RADIO, INC.
ONEPLACE, LTD.
PENNSYLVANIA MEDIA ASSOCIATES, INC.
RADIO 1210, INC
REACH SATELLITE NETWORK, INC.
SALEM MEDIA CORPORATION
SALEM MEDIA OF CALIFORNIA, INC.
SALEM MEDIA OF COLORADO, INC.
SALEM MEDIA OF GEORGIA, INC.
SALEM MEDIA OF HAWAII, INC.
SALEM MEDIA OF KENTUCKY, INC.
SALEM MEDIA OF OHIO, INC.
SALEM MEDIA OF OREGON, INC.
SALEM MEDIA OF PENNSYLVANIA, INC.
SALEM MEDIA OF VIRGINIA, INC.
SALEM MEDIA OF TEXAS, INC.
SALEM MUSIC NETWORK, INC.
SALEM RADIO NETWORK INCORPORATED
SALEM RADIO PROPERTIES, INC.
SALEM RADIO REPRESENTATIVES, INC.
SOUTH TEXAS BROADCASTING, INC.
SRN NEWS NETWORK, INC.

VISTA BROADCASTING, INC.

By: /S/ JONATHAN L. BLOCK

Name: JONATHAN L. BLOCK

Title: SECRETARY

SALEM COMMUNICATIONS CORPORATION
AMENDMENT NO. 3

THE BANK OF NEW YORK,
in its individual capacity
and as Administrative Agent

By: /S/ STEPHEN M. NETTLER

Name: STEPHEN M. NETTLER

Title: VICE PRESIDENT

BANK OF AMERICA, N.A.
in its individual capacity and as
Documentation Agent

By: /S/ DERRICK BELL

Name: DERRICK BELL

Title: VICE PRESIDENT

FLEET BANK, N.A.,
in its individual capacity and as a
Co-Agent

By: /S/ SRBUI SEFERIAN

Name: SRBUI SEFERIAN

Title: ASSISTANT VICE PRESIDENT

UNION BANK OF CALIFORNIA, N.A.,
in its individual capacity and as a
Co-Agent

By: /S/ MATTHEW H. FLEMING

Name: MATTHEW H. FLEMING

Title: INVESTMENT BANKING OFFICER

THE BANK OF NOVA SCOTIA

By: /S/ PAUL A. WEISSEBERGER

Name: P.A. WEISSEBERGER

Title: AUTHORIZED SIGNATORY

FIRST HAWAIIAN BANK

By: /S/ TRAVIS RUETENIK

Name: TRAVIS RUETENIK

Title: ASST. VICE PRESIDENT

SALEM COMMUNICATIONS HOLDING CORPORATION

=====

SECOND AMENDED AND RESTATED CREDIT AGREEMENT

DATED AS OF AUGUST 24, 2000

BY AND AMONG

SALEM COMMUNICATIONS HOLDING CORPORATION,

THE BANK OF NEW YORK,

AS ADMINISTRATIVE AGENT,

BANK OF AMERICA, N.A.

AS SYNDICATION AGENT,

FLEET NATIONAL BANK

AS DOCUMENTATION AGENT,

UNION BANK OF CALIFORNIA, N.A.

AND

THE BANK OF NOVA SCOTIA,

AS CO-AGENTS

AND

THE LENDERS PARTY HERETO

=====

WITH

BNY CAPITAL MARKETS, INC.,

AS LEAD ARRANGER AND BOOK MANAGER

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SECOND AMENDED AND RESTATED CREDIT AGREEMENT, dated as of August 24, 2000, by and among SALEM COMMUNICATIONS HOLDING CORPORATION, a Delaware corporation (the "BORROWER"), THE BANK OF NEW YORK, as administrative agent for the Lenders hereunder (in such capacity, the "ADMINISTRATIVE AGENT"), BANK OF AMERICA, N.A. as Syndication Agent (in such capacity, the "SYNDICATION AGENT"), FLEET NATIONAL BANK, as Documentation Agent (in such capacity, the "DOCUMENTATION AGENT"), UNION BANK OF CALIFORNIA and THE BANK OF NOVA SCOTIA, as Co-Agents (in such capacity, the "CO-AGENTS") and each Lender party hereto or which becomes a "Lender" pursuant to the provisions of Section 11.7 (each a "LENDER" and, collectively, the "LENDERS").

RECITALS

A. Reference is made to the Credit Agreement, dated as of September 25, 1997, by and among Salem Communications Corporation, a California corporation ("SALEM CALIFORNIA"), the lenders party thereto, Bank of America NT&SA, as Documentation Agent, and The Bank of New York, as Administrative Agent (as amended prior to the First Restatement Date (as defined below), the "ORIGINAL CREDIT AGREEMENT").

B. On March 31, 1999, Salem California merged into Salem Communications Corporation, a Delaware corporation (the "PARENT") with the Parent as the survivor. In connection therewith, the Parent assumed all of the obligations of Salem California under the Loan Documents (as defined in the Original Credit Agreement).

C. The Original Credit Agreement was amended and restated in its entirety by the First Amended and Restated Credit Agreement, dated as of June 30, 1999 (the "FIRST RESTATEMENT DATE"), by and among the Parent, as borrower, The Bank of New York, as Administrative Agent, Bank of America NT&SA, as Documentation Agent, BankBoston, N.A., Fleet Bank, N.A. and Union Bank of California, N.A., as Co-Agents and each Lender party thereto (as amended prior to the Second Restatement Date (as defined below), the "FIRST RESTATED AGREEMENT").

D. This Agreement amends and restates in its entirety the First Restated Agreement.

E. Pursuant to the Agreement to Amend (as hereinafter defined) and the Contribution Documents (as hereinafter defined), immediately prior to the effectiveness of this Agreement, the Parent contributed all of its assets (other than its Stock in the Borrower and Acquisition Corp. (as hereinafter defined) and the proceeds of the Bridge Loans (as hereinafter defined)) to the Borrower (the "BORROWER CONTRIBUTION") and the Borrower assumed all of the Parent's liabilities, including, without limitation, its liabilities under the First Restated Agreement;

F. Prior to the effectiveness of this Agreement, Salem Media of California, Inc., a former wholly-owned Subsidiary of the Parent ("SALEM MEDIA"), entered into the Asset Purchase Agreement, dated July 14, 2000, between Salem Media and Hi-Favor Broadcasting, LLC, as amended by Amendment No. 1, dated as of August 15, 2000 (the "KLTX SALE AGREEMENT") for the sale of KLTX-AM serving Long Beach, California (the "KLTX SALE"). In connection with the KLTX Sale Agreement, Salem Media entered into the Exchange Agreement, dated August 17, 2000 (the "EXCHANGE AGREEMENT"), between Salem Media and Chicago Deferred Exchange Corporation pursuant to which proceeds from the KLTX Sale (the "KLTX PROCEEDS") were deposited into the Exchange Trust Account (as defined in the Exchange Agreement). The KLTX Proceeds will be used to partially fund the Borrower Acquisitions (as hereinafter defined).

G. Prior to, or contemporaneously with, the effectiveness of this Agreement, the following events will occur:

(1) The Parent will enter into the Bridge Credit Agreement and will borrow up to \$58,000,000 thereunder;

(2) The Parent will make an equity contribution of the net proceeds of the Bridge Loans (other than an amount to fund an interest reserve of approximately \$7,200,000 and an amount to pay transaction expenses related to the Bridge Loans and the Acquisition Corp. Acquisition (as hereinafter defined)) to Salem Communications Acquisition Corporation ("ACQUISITION CORP."), a newly created Delaware corporation and a wholly-owned Subsidiary of the Parent (the "ACQUISITION CORP. CONTRIBUTION" and, together with the Borrower Contribution, the "CONTRIBUTIONS");

(3) Acquisition Corp. will use all or substantially all of the Acquisition Corp. Contribution to acquire (the "ACQUISITION CORP. ACQUISITION") Broadcasting Station KALC-FM serving Denver, Colorado from one or more Subsidiaries or Affiliates of Clear Channel Communications, Inc. (collectively, "CLEAR CHANNEL") for an aggregate consideration of up to \$47,000,000; and

(4) the Borrower or a wholly-owned Subsidiary thereof will acquire (the "BORROWER ACQUISITION" and, together with the Acquisition Corp. Acquisition, the "INITIAL ACQUISITIONS") Broadcasting Stations (i) KDGE-FM serving Dallas, Texas, (ii) WRMR-AM and WKNR-AM serving Cleveland, Ohio, (iii) WBOB-AM and WYGY-FM serving Cincinnati, Ohio, and (iv) KEZY-AM and KXMX-FM serving Anaheim, California from Clear Channel.

H. On the Second Restatement Date, the parties hereto desire to, among other things, (i) increase the RC Commitments from \$150,000,000 to \$225,000,000, and (ii) make certain other changes to the First Restated Agreement by amending and restating the First Restated Agreement in its entirety as hereinafter set forth.

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I. For convenience, this Agreement is dated as of August 24, 2000 (the "SECOND RESTATEMENT DATE", and references to certain matters relating to the period prior thereto have been deleted.

1. DEFINITIONS

1.1 DEFINED TERMS.

As used in this Agreement, terms defined in the preamble have the meanings therein indicated, and the following terms have the following meanings:

"ABR LOANS": the Loans (or any portions thereof) at such time as they (or such portions) are made or are being maintained at a rate of interest based upon the Alternate Base Rate.

"ACCOUNTANTS": Ernst & Young LLP, or such other firm of certified public accountants of recognized national standing selected by the Borrower and reasonably satisfactory to the Administrative Agent.

"ACQUISITION CORP.": as defined in paragraph 2 of Recital G.

"ACQUISITION CORP. ACQUISITION": as defined in paragraph 2 of Recital G.

"ACQUISITION CORP. CONTRIBUTION": as defined in paragraph 2 of Recital G.

"ACQUISITION DOCUMENTS": collectively, (i) the Asset Purchase Agreement, dated as of March 5, 2000, between the Parent and Clear Channel, (ii) the Exchange Documents and (iii) each other agreement, instrument or other document executed or delivered in connection therewith, including all approvals and consents obtained, and all legal opinions delivered, in connection with the Initial Acquisitions (and, in the case of each such legal opinion, evidence satisfactory to the Administrative Agent that the Credit Parties shall be permitted to rely thereon).

"ADJUSTED OPERATING CASH FLOW": Operating Cash Flow LESS Other Media Cash Flow.

"AFFECTED LOAN": as defined in Section 2.15.

"AFFILIATE": as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, control of a Person shall mean the power, direct or indirect, (i) to vote 5% or more of the securities having ordinary voting power for the election of directors of such Person or (ii) to direct or cause direction of the management and policies of such Person whether by contract or otherwise.

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"AGREEMENT": this Second Amended and Restated Credit Agreement.

"AGREEMENT TO AMEND": the Agreement to Amend and Restate and Assumption Agreement, dated the date hereof, among the Parent, the Borrower and the Credit Parties.

"ALTERNATE BASE RATE": on any date, a rate of interest per annum equal to the higher of (i) the BNY Rate in effect on such date or (ii) 1/2 of 1% plus the Federal Funds Rate in effect on such date.

"APPLICABLE MARGIN": (a) subject to paragraph (b) of this definition, at all times during the applicable periods set forth below, (i) with respect to the unpaid principal amount of the ABR Loans, the percentage set forth below under the heading "ABR Margin" next to the applicable period, and (ii) with respect to the unpaid principal amount of the Eurodollar Loans and fees payable under Section 3.1(c), the percentage set forth below under the heading "Eurodollar and LC Margin" next to the applicable period:

<TABLE>
<CAPTION>
=====

WHEN THE TOTAL LEVERAGE RATIO IS GREATER THAN OR EQUAL TO	AND LESS THAN	ABR MARGIN	EURODOLLAR AND LC MARGIN
<S> <C> 6.50:1.00	<C>	<C> 1.500%	<C> 2.750%
6.00:1.00	6.50:1.00	1.250%	2.500%
5.50:1.00	6.00:1.00	1.000%	2.250%
5.00:1.00	5.50:1.00	0.625%	1.875%
4.50:1.00	5.00:1.00	0.250%	1.500%
4.00:1.00	4.50:1.00	0%	1.250%
3.50:1.00	4.00:1.00	0%	1.000%
	3.50:1.00	0%	0.875%

=====

</TABLE>

(b) Changes in the Applicable Margin resulting from a change in the Total Leverage Ratio, as evidenced by a Compliance Certificate delivered to the Administrative Agent pursuant to Section 7.1(d), a Borrowing Request or Letter of Credit Request delivered to the Administrative Agent pursuant to Section 5.2(c) or a notice of prepayment pursuant to Section 2.5(a) (in the case of a Borrowing Request, Letter of Credit Request and notice of prepayment resulting in a net increase or decrease, as applicable, in the aggregate outstanding RC Loans and Letter of Credit Exposure of all Lenders on any Business Day of \$10,000,000 or more) in each case evidencing such a change, shall become effective upon (i) in the case of the delivery of a Compliance Certificate, the

first Business Day following the delivery of (x) such Compliance Certificate and (y) the applicable financial statements required to be delivered pursuant to Section 7.1(a) or (c), as the case may be, and (ii) in the case of the delivery of a Borrowing Request, Letter of Credit Request or notice of prepayment, the Borrowing Date or the prepayment date, as the case may be, applicable thereto. If the Borrower shall fail to deliver a Compliance Certificate within 60 days after the end of any of the first three fiscal quarters, or within 105 days after the end of the last fiscal quarter, of

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each fiscal year (each a "CERTIFICATE DELIVERY DATE"), for purposes of calculating the Applicable Margin, the Total Leverage Ratio from and including such certificate delivery date to the date of delivery by the Borrower to the Administrative Agent of such Compliance Certificate shall be conclusively presumed to be greater than 6.50:1.00. Notwithstanding anything to the contrary contained in this definition, during the period commencing on the Second Restatement Date and ending on the date that is nine months thereafter, the Total Leverage Ratio (solely for purposes of this definition) shall be deemed to be not less than 6.00:1.00.

"ASSIGNMENT": as defined in Section 11.7(b).

"ASSIGNMENT AND ASSUMPTION AGREEMENT": an agreement substantially in the form of Exhibit J.

"ASSIGNMENT FEE": as defined in Section 11.7(b).

"AUTHORIZED SIGNATORY": the chief executive officer, the chief financial officer, the chief operating officer, the president, a general partner or any other duly authorized officer (acceptable to the Administrative Agent) of a Loan Party.

"BNY": The Bank of New York.

"BNY RATE": a rate of interest per annum equal to the rate of interest publicly announced in New York City by BNY from time to time as its prime commercial lending rate, such rate to be adjusted automatically (without notice) on the effective date of any change in such publicly announced rate.

"BORROWER ACQUISITION": as defined in paragraph 4 of Recital G.

"BORROWER CONTRIBUTION": as defined in Recital E.

"BORROWER SECURITY AGREEMENT": the Second Amended and Restated Borrower Security Agreement, dated as of the date hereof, between the Borrower and the Administrative Agent, substantially in the form attached hereto as Exhibit H.

"BORROWING DATE": (i) any Business Day specified in a Borrowing Request as a date on which the Borrower requests the Lenders to make Loans or (ii) any Business Day specified in a Letter of Credit Request as a date on which the Borrower requests the Issuing Bank to issue a Letter of Credit.

"BORROWING REQUEST": a Borrowing Request substantially in the form of Exhibit C.

"BRIDGE AGENT": ING Barings LLC in its capacity as agent under the Bridge Credit Agreement.

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"BRIDGE CREDIT AGREEMENT": the Bridge Credit Agreement, dated as of August 24, 2000, among the Parent, the lenders party thereto and the Bridge Agent.

"BRIDGE GUARANTEE": the Guarantee and Security Agreement, dated as of August 24, 2000, among Acquisition Corp. and its Subsidiaries from time to time party thereto and the Bridge Agent.

"BRIDGE LOAN DOCUMENTS": collectively, (i) the Bridge Credit Agreement, (ii) the promissory notes issued pursuant thereto, (iii) the Bridge Security Agreement, (iv) the Bridge Guarantee, (v) the Bridge Warrants and (vi) all other documents executed and delivered pursuant to the Bridge Credit Agreement.

"BRIDGE LOANS": the loans made pursuant to the Bridge Credit Agreement.

"BRIDGE SECURITY AGREEMENT": the Security Agreement, dated as of August 24, 2000, between the Parent and the Bridge Agent.

"BRIDGE WARRANTS": the Warrants to be issued to the Bridge Lenders as provided in the Bridge Credit Agreement.

"BRIDGE TERMINATION DATE": the date on which all obligations of the Parent, Acquisition Corp. and each of its Subsidiaries under the Bridge Loan

Documents have been paid in full, all commitments thereunder have been terminated and each of the Bridge Loan Documents has been terminated and each of the Parent, Acquisition Corp. and its Subsidiaries have been released thereunder.

"BROADCASTING STATION": all related licenses, franchises and permits issued under federal, state or local laws from time to time which authorize a Person to receive or distribute, or both, over the airwaves, audio and visual, radio or microwave signals within a geographic area for the purpose of broadcasting radio programming, together with all Property owned or used in connection with the programming provided pursuant to, and all interest of such Person to receive revenues from any other Person which derives revenues from or pursuant to, said licenses, franchises and permits. The term "Broadcasting Station" shall also include a corporation incorporated in the United States which shall own one or more Broadcasting Stations.

"BUSINESS DAY": (i) for all purposes other than as set forth in clause (ii) below, any day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law or other governmental action to close and (ii) with respect to all notices and determinations in connection with, and payments of principal and interest on, Eurodollar Loans, any day which is a Business Day described in clause (i) above and which is also a day on which dealings in foreign currency and exchange between banks in the interbank eurodollar market may be carried on as determined by the Administrative Agent.

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"CCM": CCM Communications, Inc., prior to the Borrower Contribution, a wholly-owned Subsidiary of the Parent and on and after the Borrower Contribution, a wholly-owned Subsidiary of the Borrower.

"CERCLA": the Comprehensive Environmental Response, Compensation and Liability Act, as set forth at 42 U.S.C.ss.9601, ET SEQ.

"CHANGE OF CONTROL": any of the following: (i) the Permitted Holders fail to own (A) at least 51% of the total outstanding Voting Stock of the Parent or (B) at least 35% of the economic interest of the Parent, (ii) the occupation of a majority of the seats (other than vacant seats) on the board of directors of the Parent by Persons who were neither (a) nominated by the board of directors of the Parent nor (b) appointed by directors so nominated, (iii) the failure of the Parent to own directly, beneficially and of record, 100% of the aggregate ordinary voting power represented by the issued and outstanding equity securities of the Borrower on a fully diluted basis, or (iv) the occurrence of a "Change of Control" (under and as defined in the Subordinated Indenture or the Bridge Credit Agreement).

"CLEAR CHANNEL": as defined in paragraph 3 of Recital G.

"CODE": the Internal Revenue Code of 1986.

"COLLATERAL": collectively, the Collateral under and as defined in the Collateral Documents.

"COLLATERAL DOCUMENTS": collectively, the Borrower Security Agreement, the Parent Guaranty, the Parent Security Agreement, the Subsidiary Guaranty and the Mortgages.

"COMMITMENT FEE" and "COMMITMENT FEES": as defined in Section 3.1(a).

"COMMON GROUND COLLATERAL RELEASE": as defined in Section 11.1.

"COMMON GROUND REORGANIZATION": collectively, (i) the transfer of certain of the assets of Common Ground Broadcasting, Inc. and Caron Broadcasting, Inc. to the Borrower or one or more wholly-owned Subsidiaries, and (ii) the merger of Caron Broadcasting, Inc. with and into the Borrower, with the Borrower as the survivor.

"COMMONLY CONTROLLED ENTITY": any Subsidiary or any entity, whether or not incorporated, which is under common control with the Borrower within the meaning of Section 414(b) or 414(c) of the Code.

"COMMUNICATIONS ACT": the Communications Act of 1934.

"COMPLIANCE CERTIFICATE": a certificate substantially in the form of Exhibit G.

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"CONSOLIDATED": as to any Person, such Person and its Subsidiaries which are consolidated for financial reporting purposes.

"CONSOLIDATED ADJUSTED OPERATING CASH FLOW": Adjusted Operating Cash Flow of the Borrower and its Subsidiaries on a Consolidated basis.

"CONSOLIDATED ANNUAL ADJUSTED OPERATING CASH FLOW": at any date of determination, Consolidated Adjusted Operating Cash Flow for the period of four consecutive fiscal quarters ending on, or most recently before, such date.

"CONSOLIDATED ANNUAL OPERATING CASH FLOW": at any date of determination, Consolidated Operating Cash Flow for the period of four consecutive fiscal quarters ending on, or most recently before, such date.

"CONSOLIDATED OPERATING CASH FLOW": Operating Cash Flow of the Borrower and its Subsidiaries on a Consolidated basis.

"CONSOLIDATING": as to any Person, such Person and its Subsidiaries taken separately.

"CONTINGENT OBLIGATION": as to any Person, any obligation of such Person guaranteeing or in effect guaranteeing any Indebtedness, leases, dividends or other obligations ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent, (i) to purchase any such primary obligation or any Property constituting direct or indirect security therefor, (ii) to advance or supply funds for the purchase or payment of any such primary obligation or to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase Property, securities or services primarily for the purpose of assuring the beneficiary of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the beneficiary of such primary obligation against loss in respect thereof; PROVIDED, however, that the term Contingent Obligation shall not include the indorsement of instruments for deposit or collection in the ordinary course of business. The term Contingent Obligation shall also include the liability of a general partner in respect of the Indebtedness of a partnership in which it is a general partner, excluding Indebtedness which is non-recourse to such general partner. The amount of any Contingent Obligation of a Person shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith.

"CONTRIBUTIONS": as defined in paragraph 2 of Recital G.

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"CONTRIBUTION DOCUMENTS": collectively, (i) Assignment and Assumption Agreement, dated as of August 24, 2000, between the Borrower and the Parent, and (ii) each other agreement, instrument or other document executed or delivered in connection the Contributions, including all approvals and consents obtained and all legal opinions delivered.

"CONTROL PERSON": as defined in Section 2.14.

"COPYRIGHT ACT": Title 17 of the United States Code.

"CREDIT EXPOSURE" with respect to any Lender at any time, its RC Commitment or, if no RC Commitment is in effect, the sum of its outstanding RC Loans and Letter of Credit Exposure, at such time.

"CREDIT PARTIES": the Administrative Agent, the Issuing Bank and the Lenders.

"DEBT SERVICE": at any date of determination, the sum of Interest Expense and scheduled principal amortization (including scheduled mandatory reductions of revolving credit and similar commitments) of Total Funded Debt, whether or not actually paid, for the period of four consecutive fiscal quarters ending on, or most recently before, such date.

"DEFAULT": any of the events specified in Section 9, whether or not any requirement for the giving of notice, the lapse of time, or both, or any other condition, has been satisfied.

"DESIGNATED TRANSACTIONS": as defined in Section 8.3(c).

"DOLLARS" and "\$": lawful currency of the United States of America.

"ENVIRONMENTAL LAWS": any and all federal, state and local laws relating to the environment, the use, storage, transporting, manufacturing, handling, discharge, disposal or recycling of hazardous substances, materials or pollutants or industrial hygiene and including, without limitation, (i) CERCLA; (ii) the Resource Conservation and Recovery Act of 1976, 42 USCA ss.6901 ET SEQ.; (iii) the Toxic Substance Control Act, 15 USCA ss.2601 ET. SEQ.; (iv) the Water Pollution Control Act, 33 USCass.1251 ET. SEQ.; (v) the Clean Air Act, 42 USCA ss.7401 et seq.; (vi) the Hazardous Material Transportation Authorization Act of 1994, 49 USCA ss.5101 et SEQ. and (viii) all rules, regulations judgments, decrees, injunctions and restrictions thereunder and any analogous state law, in each case as from time to time in effect.

"EQUITY ISSUANCE": (a) the issuance or sale by the Parent or any of its Subsidiaries after the Second Restatement Date of (i) any capital stock (other than capital stock issued on the exercise of the Bridge Warrants or any other warrants or options

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described in clause (ii) below), (ii) any warrants or options exercisable in respect of capital stock (other than any warrants or options issued to directors, officers or employees of the Parent or of any of its Subsidiaries), (iii) any other security or instrument representing an equity interest (or the right to obtain any equity interest) in the issuing or selling Person or (b) the receipt by the Parent or any of its Subsidiaries after the Second Restatement Date of any capital contribution (whether or not evidenced by any equity security issued by the recipient of that contribution) other than (x) the Dropdown (as defined in the Parent Guaranty) and (y) any capital contribution by (1) any Subsidiary of the Parent to the Parent or to any wholly-owned Subsidiary of the Parent or (2) the Parent or by any wholly-owned Subsidiary of the Parent to any Subsidiary of the Parent (other than a capital contribution made with the Net Equity Proceeds of an Equity Issuance described in clause (a) of this definition). For purposes of this definition, prior to the Bridge Termination Date, Subsidiaries of the Parent shall not include Acquisition Corp. or any of its Subsidiaries.

"ERISA": the Employee Retirement Income Security Act of 1974.

"EURODOLLAR LOAN": a portion of the Loans selected by the Borrower to bear interest during an Interest Period selected by the Borrower at a rate per annum based upon a Eurodollar Rate determined with reference to such Interest Period, all pursuant to and in accordance with Sections 2.3 and 2.8.

"EURODOLLAR RATE": with respect to any Interest Period, the rate per annum, as determined by the Administrative Agent, obtained by dividing (and then rounding to the nearest 1/16 of 1%, or, if there is no nearest 1/16 of 1%, the next higher 1/16 of 1%):

(a) the rate quoted by the Administrative Agent to major banks in the interbank eurodollar market as the rate at which the Administrative Agent is offering Dollar deposits in an amount approximately equal to BNY's pro rata share of the given portion of the Loans selected by the Borrower to bear interest during such Interest Period based upon a rate of interest determined under this definition, and having a term to maturity corresponding to such Interest Period, as quoted at approximately 10:00 A.M. two Business Days prior to the date upon which such Interest Period is to commence, by

(b) a number equal to 1.00 minus the aggregate of the then stated maximum rates during such Interest Period of all reserve requirements (including, without limitation, marginal, emergency, supplemental and special reserves), expressed as a decimal, established by the Board of Governors of the Federal Reserve System and any other banking authority to which BNY and other major United States banks or money center banks are subject, in respect of eurocurrency funding (currently referred to as "Eurocurrency liabilities" in Regulation D of the Board of Governors of the Federal Reserve System). Such reserve requirements shall include, without limitation, those imposed under such Regulation D. Eurodollar Loans shall be deemed to constitute Eurocurrency liabilities and as such shall be deemed to be subject to such reserve requirements without benefit of credits for proration, exceptions or offsets which may be

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available from time to time to any Lender under such Regulation D. The Eurodollar Rate shall be adjusted automatically on and as of the effective date of any change in any such reserve requirement.

"EVENT OF DEFAULT": any of the events specified in Section 9, PROVIDED that any requirement for the giving of notice, the lapse of time, or both, or any other condition, has been satisfied.

"EXCESS CASH FLOW": at any time, in respect of any period, Consolidated Operating Cash Flow for such period (before any adjustments to reflect acquisitions, sales and exchanges of Property during such period) LESS the sum of, without duplication, (i) Fixed Charges, (ii) voluntary principal prepayments made pursuant to Section 2.5(a), PROVIDED that the RC Commitments are permanently reduced in an aggregate amount equal to such prepayments made under Section 2.5(a) and (iii) loans made to, and investments made in, any Other Media Subsidiary by the Borrower or any other Subsidiary to the extent permitted by Section 8.5(h).

"EXCHANGE ACT": the Securities Exchange Act of 1934.

"EXCHANGE AGREEMENT": as defined in Recital F.

"EXCHANGE DOCUMENTS": (i) the KLTX Sale Agreement, (ii) the Exchange Agreement, (iii) the Qualified Exchange Trust Agreement, dated as of August 17, 2000, among The Chicago Trust Company of California, Chicago Deferred Exchange Corporation and Salem Media of California, Inc., and (iv) each other agreement, instrument or other document executed or delivered in connection therewith.

"EXCLUDED CASH FLOW": at any time, for any period, Operating Cash Flow for such period allocable to all Excluded Properties at such time.

"EXCLUDED PROPERTY": at any time, any Broadcasting Station, designated in writing by the Borrower to the Administrative Agent and the Lenders as an Excluded Property, that was acquired by the Borrower or any Subsidiary within the immediately preceding 18 month period and in respect of which the Borrower changed the non-religious format from that in effect at the time such Broadcasting Station was acquired by the Borrower or such Subsidiary to a religious talk, conservative talk or religious music format.

"EXCLUDED TAXES": with respect to any Credit Party or any other recipient of any payment to be made by or on account of any obligation of any Loan Party under any Loan Document, (a) income or franchise taxes imposed on (or measured by) its net income by the United States of America, or by the jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Credit Party, in which its applicable lending office is located, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other

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jurisdiction in which such Loan Party is located and (c) in the case of a Foreign Lender, any withholding tax that is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party to this Agreement (or designates a new lending office) or is attributable to such Foreign Lender's failure to comply with Section 2.13(e), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from such Loan Party with respect to such withholding tax pursuant to Section 2.13(a).

"FCC": the Federal Communications Commission, or any Governmental Authority succeeding to the functions thereof.

"FEDERAL FUNDS RATE": for any day, the rate per annum (rounded to the nearest 1/16 of 1% or, if there is no nearest 1/16 of 1%, then to the next higher 1/16 of 1%) equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, PROVIDED that (i) if the day for which such rate is to be determined is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (ii) if such rate is not so published for any day, the Federal Funds Rate for such day shall be the average rate charged to the Administrative Agent on such day on such transactions as determined by the Administrative Agent.

"FIRST RESTATED AGREEMENT": as defined in Recital C.

"FIRST RESTATEMENT DATE": as defined in Recital C.

"FIXED CHARGES": at any date of determination, the sum, without duplication, of (a) Debt Service, (b) cash income taxes paid (other than cash taxes paid in connection with a sale of Property but only to the extent such cash taxes are paid from the proceeds of such sale), (c) capital expenditures (excluding (i) capital expenditures made with insurance proceeds and capital expenditures associated with an acquisition made within the 12 month period immediately following such acquisition and (ii) capital expenditures made in the network operations center located in Dallas, Texas (not in excess of \$4,000,000 in the aggregate), and (d) intercompany loans made to, or investments made in, the Other Media Subsidiaries, in each case of the Borrower and its Subsidiaries on a Consolidated basis, determined in accordance with GAAP, for the period of four consecutive fiscal quarters ending on, or most recently before, such date.

"FOREIGN LENDER": any Lender that is organized under the laws of a jurisdiction other than that in which the applicable Loan Party is located. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

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"GAAP": generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statement by such other entity as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the date of

determination, consistently applied. If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in this Agreement, the Administrative Agent, the Lenders and the Borrower shall negotiate in good faith to amend such ratio or requirement to reflect such change in GAAP (subject to the approval of the Required Lenders), PROVIDED that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Borrower shall provide to the Administrative Agent, and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

"GOVERNMENTAL AUTHORITY": the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"GUARANTORS": collectively, (i) the Parent, (ii) the Subsidiary Guarantors and (iii) on and after the Bridge Termination Date, Acquisition Corp. and each of its Subsidiaries.

"HAZARDOUS DISCHARGE": as defined in Section 11.11(b).

"HIGHEST LAWFUL RATE": as to any Lender, the maximum rate of interest, if any, that at any time or from time to time may be contracted for, taken, charged or received by such Lender on the Notes held thereby, or which may be owing to such Lender pursuant to this Agreement and the other Loan Documents under the laws applicable to such Lender and this transaction.

"HOUSTON TRANSACTION": the exchange by the Borrower or a Subsidiary of (i) Broadcasting Station KKHT-FM serving Houston, Texas for (ii) Broadcasting Station WALR-FM serving Atlanta, Georgia and Broadcasting Stations KLUP-AM serving San Antonio, Texas and WSUN-AM serving Tampa, Florida, all of which are currently owned by Cox Radio, Inc.

"INDEBTEDNESS": as to any Person, at a particular time, all items which constitute, without duplication, (i) indebtedness for borrowed money or the deferred purchase price of Property (other than trade payables incurred in the ordinary course of business), (ii) indebtedness evidenced by notes, bonds, debentures or similar instruments,

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(iii) obligations with respect to any conditional sale agreement or title retention agreement, (iv) indebtedness arising under acceptance facilities and the amount available to be drawn under all letters of credit issued for the account of such Person and, without duplication, all drafts drawn thereunder to the extent such Person shall not have reimbursed the issuer in respect of the issuer's payment of such drafts, (v) all liabilities secured by any Lien on any Property owned by such Person even though such Person has not assumed or otherwise become liable for the payment thereof (other than Liens permitted under Sections 8.2(i) through (iv) and carriers', warehousemen's, mechanics', repairmen's or other like non-consensual Liens arising in the ordinary course of business), (vi) obligations for principal payments under leases which have been, or under GAAP are required to be, capitalized and (vii) all Contingent Obligations.

"INDEMNIFIED PARTY": shall have the meaning set forth in Section 11.11(a).

"INDEMNIFIED TAXES": Taxes other than Excluded Taxes.

"INITIAL ACQUISITIONS": as defined in paragraph 4 of Recital G.

"INITIAL TRANSACTION DOCUMENTS": collectively, (i) the Contribution Documents, (ii) the Acquisition Documents, (iii) the Bridge Loan Documents, (iv) the Agreement to Amend, (v) the Master Assignment, (vi) the Supplemental Indenture, and (vii) each other agreement, instrument or other document executed or delivered in connection therewith, including all approvals and consents obtained, and all legal opinions delivered, in connection with the Initial Transactions (and, in the case of each such legal opinion, evidence satisfactory to the Administrative Agent that the Credit Parties shall be permitted to rely thereon).

"INITIAL TRANSACTIONS": collectively, (i) the Contributions, (ii) the Bridge Loans, (iii) the Initial Acquisitions, and (iv) each other transaction contemplated by the Initial Transaction Documents.

"INTERCREDITOR AGREEMENT": the Intercreditor Agreement, dated as of the date hereof, between the Bridge Agent and the Administrative Agent, substantially in the form attached hereto as Exhibit L.

"INTEREST EXPENSE": at any date of determination, the sum of all (i) interest (adjusted to give effect to all Interest Rate Protection Arrangements and fees and expenses paid in connection with same, all as determined in accordance with GAAP) on Total Funded Debt and (ii) commitment, letter of credit and similar fees, in each case of the Borrower and its Subsidiaries on a Consolidated basis, determined in accordance with GAAP, for the period of four consecutive fiscal quarters ending on, or most recently before, such date.

"INTEREST PAYMENT DATE": (i) as to any ABR Loan, the last day of each March, June, September and December commencing on the first of such days to occur after such ABR Loan is made, (ii) as to any Eurodollar Loan in respect of which the

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Borrower has selected an Interest Period of one, two or three months, the last day of such Interest Period and (iii) as to any Eurodollar Loan in respect of which the Borrower has selected an Interest Period of six months, the last day of such Interest Period and the corresponding day of the month which is three months after the date of the commencement of such Interest Period, or, if such day is not a Business Day or does not exist, on the immediately preceding Business Day.

"INTEREST PERIOD": the period commencing on any Business Day selected by the Borrower in accordance with Section 2.3 or 2.8 and ending one, two, three or six months thereafter, as selected by the Borrower in accordance with such Section, subject to the following:

(a) if any Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall be extended to the immediately succeeding Business Day unless the result of such extension would be to carry the end of such Interest Period into another calendar month, in which event such Interest Period shall end on the Business Day immediately preceding such day; and

(b) if any Interest Period shall begin on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period), such Interest Period shall end on the last Business Day of a calendar month.

"INTEREST RATE PROTECTION ARRANGEMENT": any interest rate swap, cap or collar arrangement or any other derivative product customarily offered by banks to their customers in order to manage the exposure of such customers to interest rate fluctuations.

"INVESTMENTS": as defined in Section 8.5.

"ISSUING BANK": BNY.

"KLTX PROCEEDS": as defined in Recital F.

"KLTX SALE": as defined in Recital F.

"KLTX SALE AGREEMENT": as defined in Recital F.

"LEAD ARRANGER": BNY Capital Markets, Inc., as Lead Arranger and Book Manager.

"LENDING OFFICE": in respect of any Lender, initially, the office or offices of such Lender designated as such in Schedule 1.1(L) hereto; thereafter, such other office or offices of such Lender, if any, which shall be making or maintaining Loans.

"LETTER OF CREDIT": as defined in Section 2.18.

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"LETTER OF CREDIT COMMITMENT": the commitment of the Issuing Bank to issue Letters of Credit in accordance with the terms hereof in an aggregate outstanding face amount not exceeding \$30,000,000 (or, if less, the RC Commitments) at any time, as the same may be reduced pursuant to Section 2.4.

"LETTER OF CREDIT EXPOSURE": at any time, (a) in respect of all Lenders, the sum, without duplication, of (i) the maximum aggregate amount which may be drawn under all unexpired Letters of Credit at such time (whether the conditions for drawing thereunder have or may be satisfied), (ii) the aggregate amount, at such time, of all unpaid drafts (which have not been dishonored) drawn under all Letters of Credit, and (iii) the aggregate unpaid principal amount of the Reimbursement Obligations at such time, and (b) in respect of any Lender, an amount equal to such Lender's RC Commitment Percentage at such time multiplied by the amount determined under clause (a) of this definition.

"LETTER OF CREDIT FEE": as defined in Section 3.1(c).

"LETTER OF CREDIT PARTICIPATION": with respect to each Lender, its obligations to the Issuing Bank under Section 2.19.

"LETTER OF CREDIT REQUEST": a request in the form of Exhibit D.

"LIEN": any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), or other security agreement or security interest of any kind or nature whatsoever, including, without limitation, any conditional sale or other title retention agreement and any financing lease having substantially the same economic effect as any of the foregoing.

"LEVERAGED ACQUISITION": as defined in Section 8.3(d).

"LOANS": the RC Loans.

"LOAN DOCUMENTS": collectively, this Agreement, the Notes, the Reimbursement Agreements, the Agreement to Amend, the Master Assignment, the Intercreditor Agreement and the Collateral Documents.

"LOAN PARTY": the Borrower, each Guarantor and each other party (other than the Administrative Agent, the Issuing Bank and the Lenders) that is a signatory to a Loan Document.

"MANAGEMENT AGREEMENT": the Management Services Agreement, dated as of the Second Restatement Date, by and among the Parent and its Subsidiaries.

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"MANAGEMENT FEES": all fees and expenses paid to Parent by any of its Subsidiaries, or to any of their respective Affiliates, or to any employees thereof, for general corporate, administrative or management services received.

"MARGIN STOCK": any "margin stock", as said term is defined in Regulation U of the Board of Governors of the Federal Reserve System.

"MASTER ASSIGNMENT": the Master Assignment and Assumption Agreement, dated the date hereof, among the Parent, the Lenders (including lenders party to the First Restated Agreement which cease to be Lenders) and the Administrative Agent.

"MATERIAL ADVERSE CHANGE": a material adverse change in (i) the operations, business, prospects, Property or condition (financial or otherwise) of (a) the Borrower and its Subsidiaries on a Consolidated basis, or (b) the Parent and its Subsidiaries on a Consolidated basis, (ii) the ability of the Borrower or any other Loan Party to perform its obligations under the Loan Documents to which it is a party or (iii) the ability of the Credit Parties to enforce any of the Loan Documents.

"MATERIAL ADVERSE EFFECT": a material adverse effect on (i) the operations, business, prospects, Property or condition (financial or otherwise) of (a) the Borrower and its Subsidiaries on a Consolidated basis, or (b) the Parent and its Subsidiaries on a Consolidated basis, (ii) the ability of the Borrower or any other Loan Party to perform its obligations under the Loan Documents to which it is a party or (iii) the ability of the Credit Parties to enforce any of the Loan Documents.

"MATURITY DATE": June 30, 2007.

"MOODY'S": Moody's Investors Service, Inc.

"MORTGAGE" means a mortgage, deed of trust, assignment of leases and rents, leasehold mortgage or other security document granting a Lien on any Mortgaged Property to secure the obligations under the Loan Documents. Each Mortgage shall be satisfactory in form and substance to the Administrative Agent.

"MORTGAGED PROPERTY" means, initially, each parcel of real property and the improvements thereto owned by the Borrower or any Subsidiary Guarantor and identified on Schedule 4.11(c) as having a value in excess of \$2,000,000 and includes each other parcel of real property and improvements thereto with respect to which a Mortgage is granted pursuant to Section 7.12.

"MULTIEMPLOYER PLAN": a Plan which is a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"NET EQUITY PROCEEDS": as defined in Section 2.4(b)(v).

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"NOTES": the RC Notes.

"ONEPLACE": OnePlace, Ltd., prior to the Borrower Contribution, a wholly-owned Subsidiary of the Parent and on and after the Borrower Contribution, a wholly-owned Subsidiary of the Borrower.

"OPERATING CASH FLOW": at any time, with respect to any Person, for any period: (i) revenues (exclusive of reciprocal and barter revenues) of such Person, determined in accordance with GAAP, for such period, LESS (ii) expenses (exclusive of depreciation, amortization, interest, income tax, employee compensation payable solely in stock of the Borrower, and reciprocal and barter expenses, in each case to the extent included therein), PLUS (iii) non-recurring expense items and other non-cash expense items of such Person for such period, in each case mutually agreed upon between the Borrower and the Administrative Agent, to the extent deducted in accordance with clause (ii) above, LESS (iv) non-recurring or non-cash revenues or operating or non-operating gains, LESS (v) the amount of any cash payments related to non-cash expense items added pursuant to clause (iii) above, LESS (vi) Excluded Cash Flow. Operating Cash Flow shall be adjusted on a consistent basis to reflect the acquisition, sale, exchange and disposition of Property during such period as if such acquisition, sale, exchange or disposition of Property had occurred at the beginning of such period, PROVIDED that pro-forma adjustments related to certain station operations of such stations being acquired (mutually agreed upon by the Borrower and the Administrative Agent) shall be included in the calculation of Operating Cash Flow. Operating Cash Flow shall exclude all gains and losses from the sale or disposition of Property and all extraordinary gains and losses.

"OTHER MEDIA CASH FLOW": at any time, for any period, Operating Cash Flow for such period allocable to the Other Media Subsidiaries at such time.

"OTHER MEDIA SUBSIDIARIES": CCM and OnePlace.

"ORIGINAL CREDIT AGREEMENT": as defined in Recital A.

"ORIGINAL EFFECTIVE DATE": September 25, 1997.

"OTHER TAXES": any and all current or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, the Loan Documents.

"PARENT": as defined in Recital B.

"PARENT GUARANTY": the Parent Guaranty, dated as of the date hereof, made by the Parent to the Administrative Agent, substantially in the form attached hereto as Exhibit M.

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"PARENT SECURITY AGREEMENT": the Parent Security Agreement, dated as of the date hereof, made by the Parent to the Administrative Agent, substantially in the form attached hereto as Exhibit N.

"PBGC": the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA, or any Governmental Authority succeeding to the functions thereof.

"PERMITTED HOLDERS": as of any date of determination (i) any of Nancy A. Epperson, Stuart W. Epperson and Edward G. Atsinger III; (ii) family members or the relatives of the Persons described in clause (i); (iii) any trusts, family limited partnerships or other similar entities created for the benefit of the Persons described in clauses (i), (ii) or (iv) or any such entity for the benefit of such entity; or (iv) in the event of the incompetence or death of any of the Persons described in clauses (i) and (ii), such Person's estate, executor, administrator, committee or other personal representative or beneficiaries, in each case who at any particular date shall beneficially own or have the right to acquire, directly or indirectly, Voting Stock of the Parent.

"PERMITTED LIENS": Liens permitted to exist pursuant to Section 8.2.

"PERSON": an individual, a partnership, a corporation, a business trust, a joint stock company, a trust, an unincorporated association, a joint venture, a limited liability company, a Governmental Authority or any other entity of whatever nature.

"PLAN": any pension plan which is covered by Title IV of ERISA and which is maintained by or to which contributions are made by the Borrower or a Commonly Controlled Entity or in respect of which the Borrower or a Commonly Controlled Entity has or may have any liability.

"PRO-FORMA DEBT SERVICE": the sum of Pro-Forma Interest Expense and the scheduled payments of principal (including scheduled mandatory reductions of revolving credit and similar commitments) in respect of Total Funded Debt required to be made during the four fiscal quarters of the Borrower immediately succeeding any determination thereof. For purposes of calculating Pro-Forma Debt Service, the principal amount outstanding under any revolving or line of credit facility on the date of any calculation of Pro-Forma Debt Service shall be assumed to be outstanding during the entire applicable four fiscal quarter period, subject to any mandatory scheduled payments of principal required to be made during such period.

"PRO-FORMA INTEREST EXPENSE": the sum of (i) all interest (adjusted to give effect to all Interest Rate Protection Arrangements and fees and expenses paid in connection with the same, all as determined in accordance with GAAP) in respect of Total Funded Debt and (ii) commitment, letter of credit and similar fees, in each case of the Borrower and its Subsidiaries on a Consolidated basis, determined in accordance with GAAP, for the four fiscal quarters of the Borrower immediately succeeding any

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determination thereof. Where any item of interest varies or depends upon a variable rate of interest (or other rate of interest which is not fixed for such entire four fiscal quarters), such rate, for purposes of calculating Pro-Forma Interest Expense, shall be assumed to equal the interest rate in effect on the date of such calculation. Also, for purposes of calculating Pro-Forma Interest Expense, the principal amount outstanding under any revolving or line of credit facility on the date of any calculation of Pro-Forma Debt Service shall be assumed to be outstanding during the entire applicable four fiscal quarter period, subject to any mandatory scheduled payments of principal required to be made during such period.

"PROPERTY": all types of real, personal, tangible, intangible or mixed property.

"RC COMMITMENT": as to any Lender, the amount set forth next to the name of such Lender on Exhibit A under the heading "RC Commitment", as such RC Commitment may be reduced from time to time pursuant to Section 2.4.

"RC COMMITMENTS": the RC Commitments of all Lenders.

"RC COMMITMENT PERCENTAGE": as to any Lender, the percentage set forth opposite the name of such Lender on Exhibit A under the heading "RC Commitment Percentage".

"RC COMMITMENT PERIOD": the period from the Second Restatement Date until the RC Commitment Termination Date.

"RC COMMITMENT TERMINATION DATE": the earlier of the Business Day immediately preceding the Maturity Date or such other date upon which the RC Commitments shall have been terminated in accordance with Section 2.4 or 9.1.

"RC LOAN" and "RC LOANS": as defined in Section 2.1.

"RC NOTE" and "RC NOTES": as defined in Section 2.2.

"RC SUPPLEMENT": a supplement substantially in the form of Exhibit K.

"REIMBURSEMENT AGREEMENT": as defined in Section 2.18(b).

"REIMBURSEMENT OBLIGATIONS": all obligations and liabilities of the Borrower due and to become due (a) under the Reimbursement Agreements and (b) hereunder in respect of Letters of Credit.

"REINVESTED PROCEEDS": net cash proceeds from the sale, exchange or other disposition of Property, after giving effect to the payment of cash taxes payable in connection with the same, which cash proceeds are used to acquire one or more radio

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Broadcasting Stations through a merger or acquisition in accordance with Section 8.3 during the Reinvestment Period.

"REINVESTMENT PERIOD": the period which is one year from the date that proceeds from the sale, exchange or other disposition of Property are received by the Borrower or any Subsidiary.

"REMAINING INTEREST PERIOD": (i) in the event that the Borrower shall fail for any reason to borrow or convert Loans after it shall have notified the Administrative Agent of its intent to do so in which it shall have requested a Eurodollar Loan pursuant to Section 2.3 or 2.8, a period equal to the Interest Period that the Borrower elected in respect of such Eurodollar Loan; (ii) in the event that a Eurodollar Loan shall terminate for any reason prior to the last day of the Interest Period applicable thereto, a period equal to the period from and including the date of such termination to but excluding the last day of such Interest Period; and (iii) in the event that the Borrower shall prepay or repay all or any part of the principal amount of a Eurodollar Loan prior to the last day of the Interest Period applicable thereto, a period equal to the period from and including the date of such prepayment or repayment to but excluding the last day of such Interest Period.

"REPORTABLE EVENT": any event described in Section 4043(b) of ERISA,

other than an event (excluding an event described in Section 4043(b)(1) relating to tax disqualification) with respect to which the 30-day notice requirement has been waived.

"REQUIRED LENDERS": at any date of determination, Lenders having Credit Exposures equal to or greater than 51% of the Total Credit Exposure.

"RESTRICTED PAYMENT": as to any Person, (i) the payment or declaration by such Person of any dividend on any class of Stock or other equity interest (other than dividends payable solely in common Stock of the such Person), or warrants, rights or options to acquire common Stock of such Person or the making of any other distribution on account of any class of its Stock or other equity interest, (ii) the retirement, redemption, purchase or acquisition, directly or indirectly, of (a) any shares of the Stock of such Person and (b) any security convertible into, or any option, warrant or other right to acquire, shares of the Stock of such Person, or (iii) the payment of any Management Fees under the Management Agreement or any payment under the Tax Sharing Agreement.

"SALEM CALIFORNIA": as defined in Recital A.

"SALEM MEDIA": as defined in Recital F.

"SECOND RESTATEMENT DATE": as defined in Recital I.

"S & P": Standard and Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

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"SINGLE EMPLOYER PLAN": any Plan which is not a Multiemployer Plan.

"SPECIAL COUNSEL": Bryan Cave LLP, special counsel to the Administrative Agent.

"STOCK": any and all shares, interests, participations, options, warrants or other equivalents (however designated) of corporate stock, including, without limitation, phantom stock.

"SUBORDINATED INDENTURE": the Indenture, dated as of September 25, 1997, between the Parent, as issuer, and assumed by the Borrower pursuant to the Supplemental Indenture, and The Bank of New York, as trustee.

"SUBORDINATED INDENTURE DEBT TO OPERATING CASH FLOW RATIO": the Debt to Operating Cash Flow Ratio under and as defined in the Subordinated Indenture (as in effect on the Second Restatement Date and without giving effect to any amendment, supplement, waiver or other modification thereof which has not been approved in writing by the Administrative Agent with the consent of Required Lenders), which definition (together with any related definitions) is hereby incorporated herein by this reference as if fully set forth herein.

"SUBORDINATED INDENTURE NOTES": the 9.5% Senior Subordinated Notes, due 2007, issued in the original aggregate principal amount of \$150,000,000 pursuant to the Subordinated Indenture.

"SUBORDINATED INDENTURE SUBSIDIARY GUARANTY": the subordinated guaranty or guaranties executed and delivered by one or more of the Subsidiaries of the Parent in connection with the Subordinated Indenture.

"SUBSIDIARY": with respect to any Person (the "PARENT") at any date, any corporation, association, partnership, joint venture or other business entity of which the parent, directly or indirectly, either (i) in respect of a corporation, owns or controls more than 50% of the outstanding Stock having ordinary voting power to elect a majority of the board of directors or similar managing body, irrespective of whether or not a class or classes shall or might have voting power by reason of the happening of any contingency, or (ii) in respect of an association, partnership, joint venture or other business entity, is entitled to share in more than 50% of the profits and losses, however determined. Unless the context otherwise requires, references in this Agreement to a "Subsidiary" or to "Subsidiaries" shall be deemed to refer to a Subsidiary or Subsidiaries of the Borrower.

"SUBSIDIARY GUARANTOR": each Subsidiary.

"SUBSIDIARY GUARANTY": the Third Amended and Restated Subsidiary Guaranty and Security Agreement, dated as of the date hereof, made by the Subsidiaries

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of the Borrower to the Administrative Agent, substantially in the form attached hereto as Exhibit I.

"SUPPLEMENTAL INDENTURE": the Supplemental Indenture No. 2, dated as of August 24, 2000, among the Parent, the Borrower, the guarantors party thereto

and The Bank of New York, as Trustee.

"TAX SHARING AGREEMENT": the Tax Sharing Agreement, dated as of the Second Restatement Date, by and among the Parent and its Subsidiaries.

"TAXES": any and all current or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"TOTAL ADJUSTED FUNDED DEBT": Total Funded Debt LESS the lesser of (i) 50% of the lesser of, with respect to each Excluded Property (x) the purchase price of such Excluded Property and (y) the independent appraisal value (if required under clause (i) of the second paragraph of Section 8.3(d)) of such Excluded Property and (ii) \$30,000,000.

"TOTAL CREDIT EXPOSURE": at any time, the sum of the Credit Exposures of all Lenders at such time.

"TOTAL FUNDED DEBT": the aggregate Indebtedness of the Borrower and its Subsidiaries on a Consolidated basis, determined in accordance with GAAP.

"TOTAL FACILITY USAGE": as of any date, a fraction (expressed by a decimal) the numerator of which is the aggregate outstanding principal amount of RC Loans plus the Letter of Credit Exposure of all Lenders, and the denominator of which is the aggregate amount of RC Commitments.

"TOTAL LEVERAGE RATIO": the ratio of (i) Total Adjusted Funded Debt LESS cash and cash equivalents in excess of \$5,000,000 to (ii) Consolidated Annual Adjusted Operating Cash Flow.

"TRANSACTION DOCUMENTS": collectively, the Loan Documents and the Initial Transaction Documents.

"TRANSACTIONS": collectively, the transactions contemplated by the Transaction Documents.

"UPSTREAM TRANSFERS": as defined in Section 8.13.

"VOTING STOCK": Stock of the class or classes pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers or trustees of a corporation (irrespective of

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whether or not at the time Stock of any other class or classes shall have or might have voting power by reason or the happening of any contingency).

1.2 PRINCIPLES OF CONSTRUCTION.

1.3 All terms defined in this Agreement shall have the meanings given such terms herein when used in the Loan Documents or any certificate or other document made or delivered pursuant hereto or thereto, unless otherwise defined therein.

(a) Unless otherwise specified herein, as used in the Loan Documents and in any certificate, opinion or other document made or delivered pursuant hereto or thereto, all accounting terms used herein shall be interpreted, and all accounting determinations hereunder shall be made, in accordance with GAAP.

(b) The words "hereof", "herein", "hereto" and "hereunder" and similar words when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, paragraph, schedule and exhibit references contained herein shall refer to Sections or paragraphs hereof or schedules or exhibits hereto unless otherwise expressly provided herein.

(c) Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), and (ii) any definition of or reference to any law shall be construed as referring to such law as from time to time amended and any successor thereto and the rules and regulations promulgated from time to time thereunder.

(d) The word "or" shall not be exclusive; "may not" is prohibitive and not permissive; and the singular includes the plural.

(e) Unless otherwise specifically set forth herein, all references to time shall refer to New York City time.

2. AMOUNT AND TERMS OF LOANS.

2.1 LOANS.

Subject to the terms and conditions hereof, each Lender having an RC Commitment agrees to make loans (each an "RC LOAN" and, collectively with the other RC Loans of such Lender and/or with the RC Loans of each other Lender, the "RC LOANS") to the Borrower from time to time during the RC Commitment Period. At all times during the RC Commitment Period, the Borrower may borrow, prepay and

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reborrow RC Loans in accordance with the provisions hereof, PROVIDED that the aggregate unpaid principal amount of all RC Loans and the Letter of Credit Exposure of all Lenders at any one time shall not exceed the RC Commitments then in effect, and PROVIDED further that the aggregate unpaid principal amount of each Lender's RC Loans and its Letter of Credit Exposure at any one time shall not exceed such Lender's RC Commitment. The principal amount of each Lender's RC Loan made on a Borrowing Date shall be an amount equal to its RC Commitment Percentage of all RC Loans made on such date. Subject to the provisions of Sections 2.3, 2.8 and 2.15, RC Loans may be (i) ABR Loans, (ii) Eurodollar Loans or (iii) any combination thereof.

2.2 NOTES.

The RC Loans of each Lender shall be evidenced by a promissory note in the form of Exhibit B (each as indorsed or modified from time to time, including all replacements thereof and substitutions therefor, an "RC NOTE" and, collectively with the RC Note of each other Lender, the "RC NOTES"), payable to the order of such Lender, in the maximum stated principal amount equal to such Lender's RC Commitment. Each RC Note shall (i) be dated the Second Restatement Date, (ii) be stated to mature on the Maturity Date and be payable in the amounts and at the times required by Section 2.5 and (iii) bear interest on the unpaid principal amount thereof at the applicable interest rate or rates per annum determined as provided in Section 2.6, payable as specified in Section 2.6. Each Lender is hereby irrevocably authorized by the Borrower to enter on the schedule attached to its RC Note and/or in its internal books and records the amount of each RC Loan made by it thereunder, each payment thereon, and the other information provided for on such schedule, and such schedule and books and records shall be presumptively correct absent manifest error as to the amount of such Lender's RC Loans and as to the amount of principal and interest paid by the Borrower in respect of such RC Loans and as to the other information set forth on such schedule or books and records relating to the RC Loans, PROVIDED, however, that the failure to make any such entry (or any error therein) with respect to any RC Loan shall not limit or otherwise affect the obligations of the Borrower hereunder or under such RC Note. Each Lender may attach one or more continuations to such schedule as and when required. In all events, the principal amount owing by the Borrower to each Lender in respect of such Lender's RC Note shall be the aggregate amount of all RC Loans made by such Lender thereunder less all payments of principal thereon made by the Borrower.

2.3 PROCEDURE FOR BORROWING LOANS.

2.4 The Borrower may borrow RC Loans on any Business Day occurring during the RC Commitment Period, PROVIDED that, with respect to any requested borrowing, the Borrower shall notify the Administrative Agent (by telephone or teletype) no later than 1:00 P.M., three Business Days prior to the requested Borrowing Date, in the case of Eurodollar Loans, and no later than 1:00 P.M., one Business Day prior to the requested Borrowing Date, in the case of ABR Loans, specifying (i) the aggregate

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amounts to be borrowed under the RC Commitments, (ii) the requested Borrowing Date, (iii) whether the borrowing is to be a Eurodollar Loan, an ABR Loan, or a combination thereof, and (iv) if the borrowing is to be a Eurodollar Loan, the length of the initial Interest Period for such Eurodollar Loan. Each such notice shall be irrevocable and confirmed immediately by delivery to the Administrative Agent of a Borrowing Request. Each borrowing of RC Loans, consisting of ABR Loans shall be in an aggregate principal amount equal to \$1,000,000 or such amount plus an integral multiple of \$100,000 in excess thereof or, if less, the unused amount of the RC Commitments. Each borrowing of RC Loans, as the case may be, consisting of Eurodollar Loans shall be in a minimum aggregate principal amount equal to \$2,000,000 or an integral multiple of \$250,000 in excess thereof. Upon receipt of each notice of borrowing from the Borrower, the Administrative Agent shall promptly notify each Lender (by telephone or otherwise, such notice to be confirmed by teletype or other writing) of the requested borrowing. Subject to its receipt of the notice referred to in the preceding sentence and to the other terms and conditions of this Agreement, each Lender will make the amount of its applicable RC Commitment Percentage, of each borrowing available to the Administrative Agent for the account of the Borrower at the office of the Administrative

Agent set forth in Section 11.2 not later than 12:00 Noon, on the Borrowing Date requested by the Borrower, in funds immediately available to the Administrative Agent at such office. The amounts so made available to the Administrative Agent on a Borrowing Date will then, subject to the satisfaction of the terms and conditions of this Agreement as determined by the Administrative Agent, be made available on such date to the Borrower by the Administrative Agent, in immediately available funds, at the office of the Administrative Agent specified in Section 11.2 by crediting the account of the Borrower on the books of such office with the aggregate of said amounts received by the Administrative Agent.

2.5 Unless the Administrative Agent shall have received prior notice from a Lender (by telephone or otherwise, such notice to be confirmed by telecopy or other writing) that such Lender will not make available to the Administrative Agent such Lender's pro rata share of the Loans requested by the Borrower, the Administrative Agent may assume that such Lender has made such share available to the Administrative Agent on such Borrowing Date in accordance with this Section 2.3 PROVIDED that such Lender received notice of the proposed borrowing from the Administrative Agent, and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such Borrowing Date a corresponding amount. If and to the extent such Lender shall not have so made such pro rata share available to the Administrative Agent, such

Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount (to the extent not previously paid by the other), together with interest thereon for each day from the date such amount is made available to the Borrower until the date such amount is paid to the Administrative Agent, at a rate per annum equal to, in the case of the Borrower, the applicable interest rate set forth in Section 2.6, and, in the case of such Lender, the Federal Funds Rate in effect on such date (as determined by the Administrative Agent). Such payment by the Borrower, however, shall be without prejudice to its rights against such Lender. If such Lender shall pay to the Administrative Agent such corresponding amount, such amount so paid shall constitute such Lender's Loan as part of such Loans for purposes of this Agreement, which Loan shall be deemed to have been made by such Lender on the Borrowing Date applicable to such Loans.

2.6 REDUCTION AND INCREASE OF RC COMMITMENTS.

2.7 VOLUNTARY REDUCTIONS. The Borrower shall have the right, upon at least three Business Days' prior irrevocable written notice to the Administrative Agent, to reduce permanently the RC Commitments or the Letter of Credit Commitment, in whole at any time, or in part from time to time, without premium or penalty, to an amount not less than (i) in the case of the RC Commitments, the sum of the aggregate outstanding principal balance of the RC Loans, after giving effect to any contemporaneous prepayment thereof, and the Letter of Credit Exposure of all Lenders, PROVIDED that each partial reduction of such RC Commitments shall be in a minimum amount of \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof or, if less, the amount of the RC Commitments then in effect, and (ii) in the case of the Letter of Credit Commitment, the Letter of Credit Exposure of all Lenders, PROVIDED that each partial reduction of the Letter of Credit Commitment shall be in a minimum amount of \$1,000,000 or an integral multiple of \$1,000,000 in excess thereof or, if less, the Letter of Credit Commitment then in effect. Unless previously terminated, the RC Commitments shall terminate on the RC Commitment Termination Date.

2.8 MANDATORY REDUCTIONS OF RC COMMITMENTS.

2.9 MANDATORY SCHEDULED REDUCTIONS OF RC COMMITMENTS. On each date set forth below, the RC Commitments shall be reduced by the amount equal to the percentage set forth below next to such date multiplied by the aggregate RC Commitments existing on March 31, 2002 (prior to giving effect to such initial reduction):

<TABLE>
<CAPTION>

Dates	Percentage	Dates	Percentage
March 31, 2002	2.50%	December 31, 2004	3.75%

June 30, 2002	2.50%	March 31, 2005	3.75%
September 30, 2002	2.50%	June 30, 2005	3.75%
December 31, 2002	2.50%	September 30, 2005	3.75%
March 31, 2003	2.50%	December 31, 2005	3.75%
June 30, 2003	2.50%	March 31, 2006	5.00%
September 30, 2003	2.50%	June 30, 2006	5.00%
December 31, 2003	2.50%	September 30, 2006	5.00%
March 31, 2004	3.75%	December 31, 2006	5.00%
June 30, 2004	3.75%	March 31, 2007	15.00%
September 30, 2004	3.75%	June 30, 2007	15.00%

</TABLE>

- 2.10 MANDATORY REDUCTIONS OF RC COMMITMENTS RELATING TO EXCESS CASH FLOW. Commencing with the fiscal year ending December 31, 2001, the RC Commitments shall be reduced by an amount equal to 50% of Excess Cash Flow with respect to such fiscal year, PROVIDED that no such reduction in respect of such fiscal year shall be required if (x) the Total Leverage Ratio as at the end of such fiscal year is less than 5.00:1.00 and (y) no Default or Event of Default shall exist at the end of such fiscal year or on the date the RC Commitments would be required to be reduced. Such reduction (and any prepayments required as a result thereof) shall be made with respect to a fiscal year on March 31st of the succeeding fiscal year.
- 2.11 MANDATORY REDUCTIONS OF RC COMMITMENTS RELATING TO INSURANCE AND CONDEMNATION. The RC Commitments shall be reduced in the amounts and at the times required by Sections 7.5(b) and 7.5(c).
- 2.12 MANDATORY REDUCTIONS OF RC COMMITMENTS RELATING TO PROCEEDS OF PROPERTY SALES. The RC Commitments shall be reduced by an amount equal to the difference between (a) 100% of the proceeds of the sale, exchange or other disposition of Property by the Borrower or any of its Subsidiaries to the extent not sold, exchanged or disposed of in the ordinary course of business (net of (1) sales and other commissions and legal and other expenses incurred, (2) cash taxes payable, and (3) Indebtedness permitted under Sections 8.1(ii) and (iv) which is secured by the Property sold, exchanged or disposed of and required to be repaid and is repaid, in each case in connection therewith), and (b) the amount of Reinvested Proceeds in connection with such sale, exchange or other disposition of Property which has been used prior to the date such reduction is required to be made to acquire one or more additional radio Broadcasting Stations through a merger or acquisition in accordance with

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Section 8.3. Such reduction shall be made on the earlier of (x) the last day of the Reinvestment Period with respect to such sale, exchange or other disposition, or (y) the occurrence of a Default or Event of Default.

- 2.13 MANDATORY REDUCTIONS OF RC COMMITMENTS RELATING TO EQUITY ISSUANCES. The RC Commitments shall be reduced immediately upon receipt by the Borrower of the aggregate proceeds of any Equity Issuance (net of sales and other commissions and legal and other related expenses incurred in connection with such Equity Issuance) (the "NET EQUITY PROCEEDS") by an amount equal to:
- (A) if no Default or Event of Default shall then exist and the Total Leverage Ratio (calculated without giving effect to the phrase "less cash and cash equivalents in excess of \$5,000,000" contained in clause (i) of the definition "Total Leverage Ratio") is greater than 5.00:1.00, the lesser of (x) 50% of the Net Equity Proceeds and (y) the amount of the Net Equity Proceeds which, when applied to the prepayment of the Loans, will result in the Total Leverage Ratio (calculated without giving effect to the phrase "less cash and cash equivalents in excess of \$5,000,000" contained in clause (i) of the definition "Total Leverage Ratio") not exceeding 5.00:1.00; and

(B) if a Default or Event of Default shall then exist, 100% of the Net Equity Proceeds.

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2.14 APPLICATION OF REDUCTIONS.

2.15 Each reduction of the RC Commitments made pursuant to this Section 2.4 shall effect a corresponding reduction of each Lender's applicable RC Commitment by an amount equal to such Lender's applicable RC Commitment Percentage of such reduction.

2.16 Reductions of the RC Commitments made pursuant to Section 2.4(a) or 2.4(b) (ii), (iii), (iv) and (v) shall be applied in inverse order among the remaining RC Commitment reductions set forth in Section 2.4(b) (i).

2.17 Simultaneously with each reduction of the RC Commitments under this Section 2.4, the Borrower shall pay the applicable Commitment Fee accrued on the amount by which such RC Commitments have been reduced.

2.18 If for any reason the Letter of Credit Exposure of all Lenders shall exceed the RC Commitments, the Borrower shall immediately deposit in a cash collateral account maintained with and under the sole dominion and control of the Administrative Agent an amount equal to such excess.

2.19 INCREASE OF RC COMMITMENTS. The Borrower may at any time after the first Borrowing Date to occur after the Second Restatement Date but prior to January 31, 2002, at its sole cost and expense, request any one or more of the Lenders to increase (such decision to increase the RC Commitment of a Lender to be within the sole and absolute discretion of such Lender) its RC Commitment, or any other Person reasonably satisfactory to the Administrative Agent and the Issuing Bank to provide a new RC Commitment, by submitting an RC Supplement duly executed by the Borrower and each such Lender or other Person, as the case may be. If such RC Supplement is in all respects reasonably satisfactory to the Administrative Agent, the Administrative Agent shall execute such RC Supplement and deliver a copy thereof to the Borrower and each such Lender or other Person, as the case may be. Upon execution and delivery of such RC Supplement, (i) in the case of each such Lender, such Lender's RC Commitment shall be increased to the amount set forth in such RC Supplement, (ii) in the case of each such other Person, such other Person shall become a party hereto and shall for all purposes of the Loan Documents be deemed a "Lender" having an RC Commitment as set forth in such RC Supplement and (iii) in each case, the RC Commitment of such Lender or such other Person, as the case may be, shall be as set forth in the applicable RC Supplement; PROVIDED, however, that:

2.20 immediately after giving effect thereto, the aggregate RC Commitments shall not exceed \$275,000,000;

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2.21 such increase shall be in an amount not less than \$5,000,000 or such amount plus an integral multiple of \$1,000,000;

2.22 the Borrower shall have delivered to the Administrative Agent projections, reasonably satisfactory to the Administrative Agent, demonstrating pro-forma compliance (after giving effect to such increase) with the terms of the Loan Documents, including but not limited to Sections 6.1, 6.2, 6.3, 6.4 and 6.5, through the Maturity Date;

2.23 if RC Loans would be outstanding immediately after giving effect to such increase, then simultaneously with such increase (A) each such Lender, each such other Person and each other Lender shall be deemed to have entered into an assignment and acceptance agreement, in form and substance substantially similar to Exhibit J, pursuant to which each such other Lender shall have assigned to each such Lender and each such other Person a portion of its RC Loans necessary to reflect proportionately the aggregate RC Commitments as adjusted in accordance with this Section 2.4(d), and (B) in connection with such assignment, each such Lender and each such other Person shall pay to the Administrative Agent, for the account of the other Lenders, such amount as shall be necessary to appropriately reflect the assignment to it of RC Loans, and in connection with such assignment each such other Lender may treat the assignment of Eurodollar Loans as a prepayment of such Eurodollar Loans for purposes of Section 2.9;

2.24 each such other Person shall have delivered to the Administrative Agent and the Borrower all forms, if any, that are required to be delivered by such other Person pursuant to Section 2.13; and

2.25 the Administrative Agent shall have received such certificates, legal opinions and other items as it shall reasonably request in connection with such increase.

2.26 PREPAYMENTS OF THE LOANS.

2.27 VOLUNTARY PREPAYMENTS. The Borrower may, at its option, prepay the RC Loans, in whole or in part, without premium or penalty, at any time and from time to time, by notifying the Administrative Agent at least three Business Days' prior to the proposed prepayment date with respect to Eurodollar Loans, and at least one Business Day prior to the proposed prepayment date with respect to ABR Loans. Each such notice shall be in writing, shall specify the Loans to be prepaid (whether Eurodollar Loans or ABR Loans), the amount to be prepaid, and the date of prepayment and, if the prepayment is of \$10,000,000 or more, the Total Leverage Ratio after giving effect to such prepayment. Upon receipt by the

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Administrative Agent of any such notice, the Administrative Agent shall promptly notify each Lender thereof. If any such notice of the Borrower is given pursuant to this Section 2.5, such notice shall be irrevocable and the payment amount specified in such notice shall be due and payable on the date specified, together with accrued interest to the date of such payment on the amount prepaid. Partial prepayments of ABR Loans shall be in an aggregate principal amount of \$1,000,000 or an integral multiple of \$100,000 in excess thereof and partial prepayments of Eurodollar Loans shall be in an aggregate principal amount of \$2,000,000 or an integral multiple of \$250,000 in excess thereof, or, if less, the outstanding principal balance of such Loans.

2.28 MANDATORY PREPAYMENTS OF LOANS. The Borrower shall immediately prepay the RC Loans (i) at any time at which the sum of the aggregate outstanding principal amount of the outstanding RC Loans and the Letter of Credit Exposure of all Lenders exceeds the aggregate RC Commitments of all Lenders in an amount equal to the amount of such excess and (ii) in the amounts and at the times required by Section 7.5.

2.29 IN GENERAL. If any prepayment is made under this Section 2.5 with respect to any Eurodollar Loans, in whole or in part, prior to the last day of the applicable Interest Period, the Borrower agrees to indemnify the Lenders in accordance with Section 2.9. After giving effect to any partial prepayment with respect to Eurodollar Loans which were made (whether as the result of a borrowing or a conversion) on the same date and which had the same Interest Period, the outstanding principal amount of such Eurodollar Loans shall not be less than \$2,000,000 or an integral multiple of \$250,000 in excess thereof. The Borrower may designate which Loans (ABR Loans or Eurodollar Loans) are to be prepaid in connection with any prepayment made under this Section 2.5.

2.30 INTEREST RATE AND PAYMENT DATES; HIGHEST LAWFUL RATE.

2.31 PRIOR TO MATURITY. Prior to maturity, the outstanding principal amount of the Loans shall bear interest on the unpaid principal amount thereof at the Alternate Base Rate or the Eurodollar Rate, as applicable, plus the Applicable Margin.

2.32 DEFAULT RATE. After maturity and at all times during the continuance of any Event of Default under Section 9.1(a), (b), (h) or (i) or during the continuance for more than 30 days of any other Event of Default, the outstanding principal amount of all Loans hereunder shall bear interest, notwithstanding the rate which would otherwise be applicable pursuant to Section 2.6(a) above, at a rate of interest per annum equal to 2% above such otherwise applicable rate.

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2.33 LATE PAYMENT RATE. Any payment of interest on any Note or any Reimbursement Obligation and any payment of any Commitment Fee, Letter of Credit Fee or other fee or payment payable by the Borrower under any Loan Document and not paid on the date when due and payable shall bear interest, to the extent permitted by law, at the Alternate Base Rate plus the Applicable Margin for ABR Loans plus 2% per annum from the due date thereof until the date such payment is made.

2.34 GENERAL. Interest on ABR Loans, to the extent based on the BNY Rate, shall be calculated on the basis of a 365 or 366 day year (as the case may be), and interest on all Eurodollar Loans and ABR Loans, to the extent based on the Federal Funds Rate, shall be calculated on the basis of a 360 day year, in each case for the actual number of days elapsed. Interest shall be payable in arrears on each Interest Payment Date and upon payment (or prepayment (or required payment or prepayment) of the Loans, except that interest payable pursuant to Sections 2.6(b) and 2.6(c) shall be payable on demand. Any change in

the interest rate on a Loan resulting from a change in the Alternate Base Rate shall become effective as of the opening of business on the day on which such change in the Alternate Base Rate shall become effective. The Administrative Agent shall, as soon as practicable, notify the Borrower and the Lenders of the effective date and the amount of each such change in the Alternate Base Rate, but failure to so notify shall not in any manner affect the obligation of the Borrower to pay interest on the Loans in the amounts and on the dates required. Each determination of the Alternate Base Rate or Eurodollar Rate by the Administrative Agent pursuant to this Agreement shall be conclusive and binding on the Borrower and the Lenders absent manifest error.

- 2.35 HIGHEST LAWFUL RATE. At no time shall the interest rate payable on the Loans of any Lender, together with the Commitment Fees, the Letter of Credit Fee and all other fees and other amounts payable hereunder, to the extent the same are construed to constitute interest, exceed the Highest Lawful Rate applicable to such Lender. If interest payable to a Lender on any date would exceed the maximum amount permitted by the Highest Lawful Rate, such interest payment shall automatically be reduced to such maximum permitted amount, and interest for any subsequent period, to the extent less than the maximum amount permitted for such period by the Highest Lawful Rate, shall be increased by the unpaid amount of such reduction. Any interest actually received for any period in excess of such maximum allowable amount for such period shall be deemed to have been applied as a prepayment of such Lender's Loans. The Borrower acknowledges that to the extent interest payable on ABR Loans is based on the BNY Rate, such BNY Rate is only one of the bases for computing interest on loans made by the Lenders, and by basing interest payable on

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ABR Loans on the BNY Rate, the Lenders have not committed to charge, and the Borrower has not in any way bargained for, interest based on a lower or the lowest rate at which the Lenders may now or in the future make loans to other borrowers.

2.36 USE OF PROCEEDS.

- 2.37 The proceeds of all Loans shall be used (i) to finance acquisitions permitted hereunder, including transaction expenses in connection therewith, (ii) to make capital expenditures permitted hereunder, (iii) for working capital purposes and (iv) for general corporate purposes.
- 2.38 Letters of Credit shall be used to support ordinary course working capital purposes and to fulfill deposit requirements associated with proposed acquisitions permitted by Section 8.3.
- 2.39 Notwithstanding anything to the contrary contained in any Loan Document, the Borrower agrees that no part of the proceeds of any Loan or Letter of Credit have been or will be used, directly or indirectly, for a purpose which violates any law, rule or regulation of any Governmental Authority, including without limitation the provisions of Regulations T, U or X of the Board of Governors of the Federal Reserve System, as amended.
- 2.40 CONVERSIONS; OTHER MATTERS.
- 2.41 The Borrower may elect from time to time to convert Eurodollar Loans to ABR Loans by giving the Administrative Agent at least two Business Days' prior irrevocable notice of such election, specifying the amount to be so converted, PROVIDED, that any such conversion shall only be made on the last day of the Interest Period applicable thereto. In addition, the Borrower may elect from time to time to convert ABR Loans to Eurodollar Loans or to convert Eurodollar Loans to new Eurodollar Loans by giving the Administrative Agent at least three Business Days' prior irrevocable notice of such election, specifying the amount to be so converted and the initial Interest Period relating thereto, PROVIDED that any such conversion of ABR Loans to Eurodollar Loans shall only be made on a Business Day and any such conversion of Eurodollar Loans to new Eurodollar Loans shall only be made on the last day of the Interest Period applicable to the Eurodollar Loans which are to be converted to such new Eurodollar Loans. The Administrative Agent shall promptly provide the Lenders with notice of any such election. Loans may be converted pursuant to this Section 2.8(a) in whole or in part, PROVIDED that conversions of ABR Loans to Eurodollar Loans, or Eurodollar Loans to new Eurodollar Loans having the same Interest Period, shall be in an

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aggregate principal amount of \$2,000,000 or such amount plus a whole multiple of \$250,000.

- 2.42 Notwithstanding anything in this Agreement to the contrary, upon the occurrence and during the continuance of a Default or Event of Default, the Borrower shall have no right to elect to convert any ABR Loan to a Eurodollar Loan or to convert any Eurodollar Loan to a new Eurodollar Loan. In such event, such ABR Loan shall be automatically continued as an ABR Loan or such Eurodollar Loan shall be automatically converted to an ABR Loan on the last day of the Interest Period applicable to such Eurodollar Loan. If a Default or an Event of Default shall have occurred and be continuing, the Administrative Agent shall, at the request of the Required Lenders, notify the Borrower (by telephone or otherwise) that all, or such lesser amount as the Administrative Agent and the Required Lenders shall designate, of the outstanding Eurodollar Loans, if any, shall be automatically converted to ABR Loans, in which event such Eurodollar Loans of each Lender, at the option of such Lender, shall be automatically converted to ABR Loans on the date such notice is given.
- 2.43 Each such conversion shall be effected by each Lender by applying the proceeds of the new ABR Loan or Eurodollar Loan, as the case may be, to the Loan (or portion thereof) being converted (it being understood that such conversion shall not constitute a borrowing for purposes of Sections 4 or 5).
- 2.44 Notwithstanding any other provision of this Agreement:
- 2.45 If the Borrower shall have failed to elect a Eurodollar Loan under Sections 2.3 or 2.8, as the case may be, in connection with any borrowing of new Loans or expiration of an Interest Period with respect to any existing Eurodollar Loan, the amount of the Loans subject to such borrowing or such existing Eurodollar Loan shall thereafter be an ABR Loan until such time, if any, as the Borrower shall elect a new Eurodollar Loan pursuant to Section 2.8,
- 2.46 The Borrower shall not be permitted to select any Eurodollar Loan the Interest Period in respect of which ends later than the Maturity Date,
- 2.47 When electing a Eurodollar Loan, the Borrower shall select an Interest Period such that, on each date that a mandatory principal payment is required to be made pursuant to Section 2.5(b) in connection with a RC Commitment reduction pursuant to Section 2.4(b), the outstanding principal amount of all Loans which are ABR Loans, when added to the aggregate principal amount of all Loans which are Eurodollar Loans the Interest Period in respect of which shall end on such date, shall equal or

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exceed the aggregate principal amount of the Loans required to be paid on such date, and

- 2.48 The Borrower shall not be permitted to have more than eight Interest Periods with respect to outstanding Eurodollar Loans at any one time.
- 2.49 INDEMNIFICATION FOR LOSS.

In the event of (a) the payment or prepayment (voluntary or otherwise) of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto or (c) the failure to borrow, convert, continue or prepay any Eurodollar Loan on the date specified in any notice delivered pursuant hereto, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest that would have accrued on the principal amount of such Loan had such event not occurred, at the Eurodollar Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest that would accrue on such principal amount for such period at the interest rate that such Lender would bid were it to bid, at the commencement of such period, for dollar deposits of a comparable amount and period from other banks in the eurodollar market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

- 2.50 REIMBURSEMENT FOR COSTS.

The Borrower hereby agrees to reimburse each Lender and the Issuing Bank on demand for its reasonable costs (excluding general administrative and overhead costs) directly attributable to its compliance with this Agreement during the term hereof with all applicable future laws, executive orders, and regulations of the governments of the United States and the United Kingdom, and of any other applicable government, and of any regulatory or administrative agency thereof (including, without limitation, the reserve requirements established by the Board of Governors of the Federal Reserve System under Regulation D), or any change in existing or future applicable laws, executive orders and regulations and in the interpretations thereof which impose, modify or deem applicable any reserve, asset, special deposit or special assessment requirements on deposits obtained in the interbank eurodollar market, or which subject any Lender or the Issuing Bank to any tax (documentary, stamp or otherwise) with respect to any Loan Document or Letter of Credit, or change the basis of taxation of payments to any Lender

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or the Issuing Bank, of principal, interest, fees or other amounts payable under any Loan Document or Letter of Credit (except for any tax, or changes in the rate of tax, on its income or receipts (including franchise taxes on or based upon such income or receipts) imposed by the United States or any other jurisdiction). Each such Lender and the Issuing Bank agrees to provide the Borrower with notice of any law, executive order or regulation, or change in the interpretation thereof, which would require the Borrower to indemnify such Lender or the Issuing Bank under this Section 2.10 promptly upon it obtaining actual knowledge thereof and determining that it intends to require the Borrower to reimburse it pursuant to this Section 2.10 for any costs resulting therefrom. The cost to each Lender in complying with laws, executive orders or regulations which impose, modify or deem applicable any reserve, asset, special deposit or special assessment requirements on deposits obtained in the market for eurocurrency loans shall be computed by determining the amount by which such requirements effectively increase such Lender's cost of making and maintaining its Eurodollar Loans and by computing the additional amount which would have been owing to such Lender hereunder if such effective increase had been added to the Eurodollar Rate for purposes of determining the applicable Eurodollar Rate during the period or applicable portion thereof in question. Each Lender and the Issuing Bank may make multiple requests for compensation under this Section 2.10.

2.51 ILLEGALITY OF FUNDING.

Notwithstanding anything contained herein to the contrary, if any law, regulation, treaty or directive, or any change therein or in the interpretation or application thereof, shall make it unlawful for any Lender to make or maintain any Eurodollar Loan as contemplated by this Agreement, (i) the commitment of such Lender to make Eurodollar Loans or convert ABR Loans to Eurodollar Loans, as the case may be, shall forthwith be suspended and (ii) such Lender's then outstanding Eurodollar Loans affected thereby, if any, shall be converted automatically to ABR Loans on the last day of the then current Interest Period applicable thereto or at such earlier time as may be required. If the commitment of any Lender with respect to Eurodollar Loans is suspended pursuant to this Section 2.11 and such Lender shall notify the Administrative Agent and the Borrower that it is once again legal for such Lender to make or maintain Eurodollar Loans, such Lender's commitment to make or maintain Eurodollar Loans shall be reinstated.

2.52 OPTION TO FUND.

Each Lender has indicated that, if the Borrower requests a Eurodollar Loan, such Lender may wish to purchase one or more deposits in order to fund or maintain its funding of its pro rata share of such Loan during the Interest Period with respect thereto; it being understood that the provisions of this Agreement relating to such funding are included only for the purpose of determining the rate of interest to be paid on such Loan and any amounts owing under Sections 2.9, 2.10, 2.11 and 2.15. Each Lender shall be entitled to fund and maintain its funding of all or any part of its Eurodollar Loans in any manner it sees fit, but all such determinations hereunder shall be made as if each

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Lender had actually funded and maintained its Eurodollar Loans during the applicable Interest Period through the purchase of deposits in an amount equal to its pro rata share of the Eurodollar Loans having a maturity corresponding to such Interest Period. Any Lender may fund its pro rata share of the Eurodollar Loans from any branch or office of such Lender as such Lender may choose from time to time, subject to Section 2.17.

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2.53 TAXES; NET PAYMENTS.

- 2.54 Any and all payments by or on account of any obligation of any Loan Party hereunder and under any other Loan Document shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes, PROVIDED that, if such Loan Party shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that, after making all required deductions (including deductions applicable to additional sums payable under this Section), the applicable Credit Party receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Loan Party shall make such deductions and (iii) such Loan Party shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.
- 2.55 In addition, the Loan Parties shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.
- 2.56 Each Loan Party shall indemnify each Credit Party, within ten days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by such Credit Party on or with respect to any payment by or on account of any obligation of such Loan Party under the Loan Documents (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Credit Party, or by the Administrative Agent on its own behalf or on behalf of a Credit Party, shall be conclusive absent manifest error.
- 2.57 As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.
- 2.58 Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the relevant Loan Party is located, or any treaty to which such jurisdiction is a party, with respect to payments under the Loan Documents shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law, such properly completed and executed

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documentation prescribed by applicable law or reasonably requested by the Borrower as will permit such payments to be made without withholding or at a reduced rate.

2.59 CAPITAL ADEQUACY.

If the amount of capital required or expected to be maintained by any Lender, the Issuing Bank or any Person directly or indirectly owning or controlling such Lender or the Issuing Bank (each a "CONTROL PERSON"), shall be affected by

- 2.60 the introduction or phasing in of any law, rule or regulation after the Original Effective Date,
- 2.61 any change after the Original Effective Date in the interpretation of any existing law, rule or regulation by any central bank or United States or foreign Governmental Authority charged with the administration thereof, or
- 2.62 compliance by such Lender, the Issuing Bank or such Control Person with any directive, guideline or request from any central bank or United States or foreign Governmental Authority (whether or not having the force of law) promulgated or made Original Effective Date,

and such Person shall have determined that such introduction, phasing in, change or compliance shall have had or will thereafter have the effect of reducing (i) the rate of return on its capital, or (ii) the asset value to such Lender, the Issuing Bank or such Control Person of the Loans made or maintained by such Lender, the Letters of Credit issued or maintained by the Issuing Bank or the Reimbursement Obligations or any participation therein owed to the Issuing Bank or any Lender to a level below that which such Lender, the Issuing Bank or such Control Person could have achieved or would thereafter be able to achieve but for such introduction, phasing in, change or compliance (after taking into account such Lender's, the Issuing Bank's or such Control Person's policies regarding capital), in either case by an amount which it deems material, then,

within ten days after demand by such Lender or the Issuing Bank, the Borrower shall pay to such Lender, the Issuing Bank or such Control Person, as the case may be, such additional amount or amounts as shall be sufficient to compensate such Lender, the Issuing Bank or such Control Person, as the case may be, for such reduction on an after-tax basis.

2.63 SUBSTITUTED INTEREST RATE.

In the event that (i) the Administrative Agent shall have determined (which determination shall be conclusive and binding upon the Borrower) that by reason of circumstances affecting the interbank eurodollar market either adequate and reasonable means do not exist for ascertaining the Eurodollar Rate applicable pursuant to Section 2.6 or (ii) in the event that any Lender shall have notified the Administrative Agent that it has

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determined (which determination shall be conclusive and binding on the Borrower) that the applicable Eurodollar Rate will not adequately and fairly reflect the cost to such Lender of maintaining or funding loans bearing interest based on such Eurodollar Rate, with respect to a proposed Loan that the Borrower has requested be made as a Eurodollar Loan, or a Eurodollar Loan that will result from the requested conversion of any Loan into a Eurodollar Loan (any such Loan being herein called an "AFFECTED LOAN"), the Administrative Agent shall promptly notify the Borrower and the Lenders (by telephone or otherwise) of such determination, confirmed in writing, on or prior to the requested Borrowing Date for such Affected Loan or the requested conversion date of such Loan. If the Administrative Agent shall give such notice, (a) any requested Affected Loan shall be made as an ABR Loan, (b) any Loan that was to have been converted to an Affected Loan shall be converted to or continued as an ABR Loan and (c) any outstanding Affected Loan shall be converted, on the last day of the then current Interest Period with respect thereto, to an ABR Loan. Until any such notice under clause (i) of this Section 2.15 has been withdrawn by the Administrative Agent (by notice to the Borrower promptly upon the Administrative Agent's having determined that such circumstances affecting the interbank eurodollar market no longer exist and that adequate and reasonable means do exist for determining the Eurodollar Rate pursuant to Section 2.6) no further Eurodollar Loans shall be made by the Lenders nor shall the Borrower have the right to convert any Loans to Eurodollar Loans. Until any such notice under clause (ii) of this Section 2.15 has been withdrawn by the Administrative Agent (by notice to the Borrower promptly upon the Administrative Agent's having been notified by such Lender that circumstances no longer render any Loan an Affected Loan), no further Eurodollar Loans shall be required to be made by such Lender nor shall the Borrower have the right to convert any Loan of such Lender to a Eurodollar Loan of such Lender.

2.64 TRANSACTION RECORD.

The Administrative Agent's records regarding the amount of each Loan, each payment by the Borrower of principal and interest on the Loans, each Letter of Credit and other information relating to the Loans and Letters of Credit shall be presumed correct absent manifest error.

2.65 CERTIFICATES OF PAYMENT AND REIMBURSEMENT; OTHER PROVISIONS REGARDING YIELD PROTECTION.

2.66 In connection with any request by a Lender or the Issuing Bank for payment or reimbursement pursuant to Section 2.9, 2.10, 2.11, 2.14 or 2.15, such Lender or the Issuing Bank, as the case may be, shall provide the Borrower with a certificate, signed by an officer, setting forth a description, in reasonable detail, of any such payment or reimbursement. Each determination by a Lender or the Issuing Bank of such amount or amounts owed by the Borrower to it under any such Section shall be presumed correct absent manifest error, and shall be made without

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duplication as to any other amounts owing by the Borrower to it under Section 2.9, 2.10, 2.11, 2.14 or 2.15.

2.67 In the event that any amount is owed by the Borrower to any Lender pursuant to Section 2.9, 2.10, 2.11, 2.14 or 2.15 and an assignment by such Lender of its rights and a delegation and transfer of its obligations hereunder to another office or branch of such Lender would cause such amount to cease to be owed by the Borrower, then such Lender shall make reasonable efforts (which shall not in any event require such Lender to incur a loss or otherwise suffer any disadvantage) to make an assignment of its rights and a delegation and transfer of its obligations hereunder to such other office or branch, so long as such assignment and delegation will not cause other amounts to be owed by the Borrower under Section 2.9, 2.10, 2.11, 2.14 or 2.15 and so long as the Lender shall be permitted under applicable law to

make and maintain Eurodollar Loans after giving effect to such assignment and delegation.

- 2.68 The obligations of the Borrower under Sections 2.9, 2.10, 2.11, 2.14 and 2.15 shall survive any termination of this Agreement, the expiration of the RC Commitments and the payment of all indebtedness of the Borrower hereunder and under the Loan Documents.
- 2.69 LETTER OF CREDIT SUB-FACILITY.
- 2.70 Subject to the terms and conditions hereof and the payment by the Borrower to the Issuing Bank of such fees as the Borrower and the Issuing Bank shall have agreed in writing, the Issuing Bank agrees, in reliance on the agreement of the other Lenders set forth in Section 2.19, to issue standby letters of credit (each a "LETTER OF CREDIT" and, collectively, the "LETTERS OF CREDIT") during the RC Commitment Period for the account of the Borrower, PROVIDED that immediately after the issuance of each Letter of Credit (i) the Letter of Credit Exposure of all Lenders shall not exceed the Letter of Credit Commitment, and (ii) the sum of the aggregate outstanding RC Loans and the Letter of Credit Exposure of all Lenders shall not exceed the RC Commitments. Each Letter of Credit shall have an expiration date which shall be not later than the earlier to occur of one year from the date of issuance or last extension thereof or one Business Day prior to the RC Commitment Termination Date. No Letter of Credit shall be issued if the Administrative Agent, or any Lender by notice to the Administrative Agent and the Issuing Bank no later than 3:00 P.M. one Business Day prior to the requested date of issuance of such Letter of Credit, shall have determined that the applicable conditions set forth in Section 5 have not been satisfied.

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- 2.71 Each Letter of Credit shall be issued for the account of the Borrower. The Borrower shall give the Administrative Agent and the Issuing Bank a Letter of Credit Request for the issuance of each Letter of Credit no later than 1:00 P.M. at least three Business Days prior to the requested date of issuance. Such Letter of Credit Request shall be accompanied by the Issuing Bank's standard Application and Agreement for Standby Letter of Credit (each a "REIMBURSEMENT AGREEMENT") executed by the Borrower, and shall specify (i) the beneficiary of such Letter of Credit and the obligations of the Borrower in respect of which such Letter of Credit is to be issued, (ii) the Borrower's proposal as to the conditions under which a drawing may be made under such Letter of Credit and the documentation to be required in respect thereof, (iii) the maximum amount to be available under such Letter of Credit and (iv) the requested date of issuance. Upon receipt of such Letter of Credit Request from the Borrower, the Administrative Agent shall promptly notify each Lender thereof. The Issuing Bank shall, on the proposed date of issuance and subject to the other terms and conditions of this Agreement, issue the requested Letter of Credit. Each Letter of Credit shall be in a minimum amount of \$1,000,000 (or such lesser amount as is acceptable to the Issuing Bank) and be in form and substance reasonably satisfactory to the Issuing Bank, with such provisions with respect to the conditions under which a drawing may be made thereunder and the documentation required in respect of such drawing as the Issuing Bank shall reasonably require. Each Letter of Credit shall be used solely for the purposes described therein.
- 2.72 Each payment by the Issuing Bank of a draft drawn under a Letter of Credit shall give rise to the obligation of the Borrower to immediately reimburse the Issuing Bank for the amount thereof. The Issuing Bank shall promptly notify the Borrower of such payment by the Issuing Bank of a draft drawn under a Letter of Credit, but any failure to so notify shall not in any manner affect the obligation of the Borrower to make reimbursement when due. In lieu of such notice, if the Borrower has not made reimbursement prior to the end of the Business Day when due, the Borrower hereby irrevocably authorizes the Issuing Bank to deduct the amount of any such reimbursement from any account(s) of the Borrower maintained with the Issuing Bank, upon which the Issuing Bank shall apply the amount of such deduction to such reimbursement. If all or any portion of any reimbursement obligation in respect of a Letter of Credit shall not be paid when due (whether at the stated maturity thereof, by acceleration or otherwise), such overdue amount shall bear interest, payable upon demand, at a rate per annum equal to the Alternate Base Rate plus the Applicable Margin applicable to ABR Loans plus 2% (calculated in the same manner as ABR Loans), from the date of such

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nonpayment until paid in full (whether before or after the entry of a judgment thereon).

2.73 LETTER OF CREDIT PARTICIPATION.

2.74 Each Lender hereby unconditionally and irrevocably, severally (and not jointly) takes an undivided participating interest in the obligations of the Issuing Bank under and in connection with each Letter of Credit in an amount equal to such Lender's RC Commitment Percentage of the amount of such Letter of Credit. Each Lender shall be liable to the Issuing Bank for its RC Commitment Percentage of the unreimbursed amount of any draft drawn and honored under each Letter of Credit. Each Lender shall also be liable for an amount equal to the product of its RC Commitment Percentage and any amounts paid by the Borrower pursuant to Sections 2.18 and 2.20 that are subsequently rescinded or avoided, or must otherwise be restored or returned. Such liabilities shall be unconditional and without regard to the occurrence of any Default or Event of Default or the compliance by the Borrower with any of its obligations under the Loan Documents.

2.75 The Issuing Bank shall promptly notify the Administrative Agent, and the Administrative Agent shall promptly notify each Lender (which notice shall be promptly confirmed in writing), of the date and the amount of each draft paid under each Letter of Credit with respect to which full reimbursement payment shall not have been made by the Borrower as provided in Section 2.18(c), and forthwith upon receipt of such notice, such Lender shall promptly make available to the Administrative Agent for the account of the Issuing Bank its RC Commitment Percentage of the amount of such unreimbursed draft at the office of the Administrative Agent specified in Section 11.2 in lawful money of the United States and in immediately available funds. The Administrative Agent shall distribute the payments made by each Lender pursuant to the immediately preceding sentence to the Issuing Bank promptly upon receipt thereof in like funds as received. Each Lender shall indemnify and hold harmless the Administrative Agent and the Issuing Bank from and against any and all losses, liabilities (including liabilities for penalties), actions, suits, judgments, demands, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) resulting from any failure on the part of such Lender to provide, or from any delay in providing, the Administrative Agent with such Lender's RC Commitment Percentage of the amount of any payment made by the Issuing Bank under a Letter of Credit in accordance with this subsection (b) above (except in respect of losses, liabilities or other obligations suffered by the Administrative Agent or the Issuing Bank, as the case may be, resulting from the gross

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negligence or willful misconduct of the Administrative Agent or the Issuing Bank, as the case may be). If a Lender does not make available to the Administrative Agent when due such Lender's RC Commitment Percentage of any unreimbursed payment made by the Issuing Bank under a Letter of Credit, such Lender shall be required to pay interest to the Administrative Agent for the account of the Issuing Bank on such Lender's RC Commitment Percentage of such payment at a rate of interest per annum equal to (i) from the date such Lender should have made such amount available until the third day therefrom, the Federal Funds Effective Rate, and (ii) thereafter, the Federal Funds Effective Rate plus 2%, in each case payable upon demand by the Issuing Bank. The Administrative Agent shall distribute such interest payments to the Issuing Bank upon receipt thereof in like funds as received.

2.76 Whenever the Administrative Agent is reimbursed by the Borrower, for the account of the Issuing Bank, for any payment under a Letter of Credit and such payment relates to an amount previously paid by a Lender in respect of its RC Commitment Percentage of the amount of such payment under such Letter of Credit, the Administrative Agent (or the Issuing Bank, if such payment by a Lender was paid by the Administrative Agent to the Issuing Bank) will promptly pay over such payment to such Lender.

2.77 ABSOLUTE OBLIGATION WITH RESPECT TO LETTER OF CREDIT PAYMENTS.

2.78 The Borrower's obligation to reimburse the Issuing Bank for each payment under or in respect of each Letter of Credit shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which the Borrower may have or have had against the beneficiary of such Letter of Credit, the Administrative Agent, the Issuing Bank, any Lender or any other Person, including, without limitation, any defense based on the failure of any drawing to conform to the terms of such Letter of Credit, any drawing document proving to be forged, fraudulent or invalid, or the legality, validity, regularity or enforceability of such Letter of Credit, PROVIDED, however, that, with respect to any Letter of Credit, the foregoing shall not relieve the Issuing Bank of

any liability it may have to the Borrower for any actual damages sustained by the Borrower arising from a wrongful payment (or failure to pay) under such Letter of Credit made as a result of the Issuing Bank's gross negligence or willful misconduct.

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3. FEES; PAYMENTS

3.1 FEES.

3.2 The Borrower agrees to pay to the Administrative Agent for the account of each Lender a fee (the "COMMITMENT FEE") during the RC Commitment Period, payable quarterly in arrears on the last day of each March, June, September and December of each year, commencing on the first such date following the Original Effective Date, and on the RC Commitment Termination Date, on the average daily excess of (i) the RC Commitment of such Lender, over (ii) the aggregate outstanding principal balance of the RC Loans of such Lender plus its Letter of Credit Exposure, at a rate per annum equal to (a) at all times when the Total Leverage Ratio is greater than or equal to 4.50:1.00, 0.500% (or 0.625% if Total Facility Usage is less than 0.50) and (b) at all times when the Total Leverage Ratio is less than 4.50:1.00, 0.375% (or 0.500% if Total Facility Usage is less than 0.50). The Commitment Fee shall be computed on the basis of a 360-day year for the actual number of days elapsed.

3.3 Solely for purposes of calculating the Commitment Fee, changes in the Total Leverage Ratio, as evidenced by a Compliance Certificate delivered to the Administrative Agent pursuant to Section 7.1(d), a Borrowing Request or Letter of Credit Request delivered to the Administrative Agent pursuant to Section 5.2(c) or a notice of prepayment pursuant to Section 2.5(a) (in the case of a Borrowing Request, Letter of Credit Request and notice of prepayment resulting in a net increase or decrease, as applicable, in the aggregate outstanding RC Loans and Letter of Credit Exposure of all Lenders on any Business Day of \$10,000,000 or more) in each case evidencing such a change, shall become effective upon (i) in the case of the delivery of a Compliance Certificate, the first Business Day following the delivery of (x) such Compliance Certificate and (y) the applicable financial statements required to be delivered pursuant to Section 7.1(a) or (c), as the case may be, and (ii) in the case of the delivery of a Borrowing Request, Letter of Credit Request or notice of prepayment, the Borrowing Date or the prepayment date, as the case may be, applicable thereto. Solely for purposes of calculating the Commitment Fee, if the Borrower shall fail to deliver a Compliance Certificate within 60 days after the end of each of the first three fiscal quarters, or within 105 days after the end of the last fiscal quarter, of each fiscal year (each a "CERTIFICATE DELIVERY DATE"), the Total Leverage Ratio from and including such certificate delivery date to the date of delivery by the Borrower to the Administrative Agent of such Compliance Certificate shall be conclusively presumed to be greater than 4.50:1.00.

3.4 The Borrower agrees to pay to the Administrative Agent for the account of each Lender a fee (the "LETTER OF CREDIT FEE") with respect to the Letters of Credit during the period commencing on the Original Effective Date and ending on the RC Commitment Termination Date or, if later, the date

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when the Letter of Credit Exposure of all Lenders is \$0, payable quarterly in arrears on the last day of each March, June, September and December of each year, commencing on the first such date following the Original Effective Date, on the RC Commitment Termination Date and on the last date of such period, on such Lender's RC Commitment Percentage of the average daily aggregate amount which may be drawn under the Letters of Credit during such period (whether or not the conditions for drawing thereunder have or may be satisfied) multiplied by a rate per annum equal to the Applicable Margin for Eurodollar Loans during such period. The Letter of Credit Fee shall be computed on the basis of a 360-day year for the actual number of days elapsed.

3.5 PRO RATA TREATMENT AND APPLICATION OF PAYMENTS.

All payments (including prepayments) made by the Borrower to the Administrative Agent on account of principal of or interest on the RC Loans shall be made pro rata according to the outstanding principal amount of each Lender's RC Loans. All payments by the Borrower shall be made without set-off or counterclaim and shall be made prior to 1:00 P.M. on the date such payment is

due, to the Administrative Agent for the account of the Lenders, at the Administrative Agent's office specified in Section 11.2, in each case in lawful money of the United States of America and in immediately available funds, and, as between the Borrower and the Lenders, any payment by the Borrower to the Administrative Agent for the account of the Lenders shall be deemed to be payment by the Borrower to the Lenders. The failure of the Borrower to make any such payment by 1:00 P.M. on such due date shall not constitute a Default or Event of Default hereunder, PROVIDED that such payment is made on such due date, but any such payment received by the Administrative Agent on any Business Day after 1:00 P.M. shall be deemed to have been received on the immediately succeeding Business Day for the purpose of calculating any interest payable in respect thereof. The Administrative Agent agrees promptly to notify the Borrower if it shall receive any such payment after 1:00 P.M. on the due date hereof, PROVIDED that the failure of the Administrative Agent to give such prompt notice shall in no way affect the Borrower's obligation to make any payment hereunder on the date such payment is due. The Administrative Agent shall distribute such payments to the Lenders promptly upon receipt in like funds as received. Unless otherwise set forth in the definition of "Interest Period", if any payment hereunder or on any Note becomes due and payable on a day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate or rates during such extension.

4. REPRESENTATIONS AND WARRANTIES

In order to induce the Administrative Agent, the Issuing Bank and the Lenders to enter into this Agreement and to make Loans, and in order to induce the Issuing Bank to

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issue Letters of Credit and the Lenders to participate therein, the Borrower hereby makes the following representations and warranties to the Administrative Agent, the Issuing Bank and to each Lender:

4.1 SUBSIDIARIES.

As of the Second Restatement Date, the Borrower has only the Subsidiaries set forth in Schedule 4.1, which Schedule sets forth the name, jurisdiction of incorporation or organization and capitalization of each Subsidiary. Except as set forth in Schedule 4.1, the shares of each corporate Subsidiary owned by the Borrower are duly authorized, validly issued, fully paid and nonassessable. The shares of each Subsidiary are owned free and clear of any Liens, except (i) Liens in favor of the Administrative Agent and the Lenders pursuant to the Collateral Documents and (ii) Permitted Liens.

4.2 CORPORATE EXISTENCE AND POWER.

Each of the Borrower and each Subsidiary is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, has all requisite corporate power and authority to own its Property and to carry on its business as now conducted, and, except as provided in Schedule 4.2 (none of which exceptions individually or in the aggregate could reasonably be expected to have a Material Adverse Effect), is in good standing and authorized to do business in each jurisdiction in which the failure to be so authorized could reasonably be expected to have a Material Adverse Effect. Schedule 4.2 sets forth, with respect to each Loan Party not in good standing, the jurisdiction in which such Loan Party is not in good standing and the reason therefor.

4.3 AUTHORITY.

The Borrower and each other Loan Party has full power and authority to enter into, execute, deliver and carry out the terms of the Transaction Documents to which it is a party, to make the borrowings contemplated hereby, to execute, deliver and carry out the terms of the Notes and to incur the obligations provided for herein and therein, all of which have been duly authorized by all proper and necessary action and are in full compliance with its certificate of incorporation and by-laws.

4.4 GOVERNMENTAL AUTHORITY APPROVALS.

No consent, authorizations or approval of, filing with, notice to, or exemption by, stockholders, any Governmental Authority or any other Person (except for those which have been obtained, made or given and those which will be obtained, made or given prior to the Second Restatement Date) is required to authorize, or is required in connection with the execution, delivery and performance of the Transaction Documents, or is required as a condition to the validity or, except as expressly set forth in the Collateral Documents with respect to the FCC, the enforceability of the Transaction

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Documents. Except as set forth in the preceding sentence, no provision of any applicable statute, law (including, without limitation, any applicable usury or similar law), rule or regulation of any Governmental Authority will prevent the execution, delivery or performance of, or affect the validity of, the Transaction Documents.

4.5 BINDING AGREEMENT.

The Transaction Documents constitute the valid and legally binding obligations of the Borrower and each other Loan Party to which it is a party, enforceable in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally.

4.6 LITIGATION.

(a) Except as set forth in Schedule 4.6, there are no actions, suits, arbitration proceedings or claims (whether or not purportedly on behalf of the Borrower or any Subsidiary) pending or, to the knowledge of the Borrower, threatened against the Borrower or any Subsidiary, or maintained by the Borrower or any Subsidiary, at law or in equity, before any Governmental Authority which could reasonably be expected to have a Material Adverse Effect. There are no proceedings pending or, to the knowledge of the Borrower, threatened against the Borrower or any Subsidiary which call into question the validity or enforceability of any of the Transaction Documents.

(b) Since the Second Restatement Date, there has been no change in the status of the matters disclosed on Schedule 4.6 that, individually or in the aggregate, has resulted in, or materially increased the likelihood of, a Material Adverse Effect.

4.7 NO CONFLICTING AGREEMENTS.

Except as set forth in Schedule 4.7, neither the Borrower nor any Subsidiary is in default under any mortgage, indenture, contract, agreement, judgment, decree or order to which it is a party or by which it or any of its Property is bound, which defaults, taken as a whole, could reasonably be expected to have a Material Adverse Effect. Except for any Lien created by any Loan Document, the execution, delivery or carrying out of the terms of the Transaction Documents will not constitute a default under, conflict with, require any consent under (other than consents which have been obtained) or result in the creation or imposition of, or obligation to create, any Lien upon the Property of the Borrower or any Subsidiary pursuant to the terms of any such mortgage, indenture, contract, agreement, judgment, decree or order, which defaults, conflicts and consents, if not obtained, taken as a whole, could reasonably be expected to have a Material Adverse Effect.

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4.8 TAXES.

Except as set forth in Schedule 4.8, the Borrower and each Subsidiary has filed or caused to be filed all tax returns required to be filed and has paid, or has made adequate provision for the payment of, all Taxes shown to be due and payable on said returns or in any assessments made against it which would be material to the Borrower or any Subsidiary, and no tax Liens (other than Permitted Liens) have been filed. Except as set forth in Schedule 4.8, the charges, accruals and reserves on the books of the Borrower and each Subsidiary with respect to all federal, state, local and other Taxes are, to the best knowledge of the Borrower, adequate, and the Borrower knows of no unpaid assessment which is due and payable against it or any Subsidiary or any claims being asserted which could reasonably be expected to have a Material Adverse Effect, except such thereof as are being contested in good faith and by appropriate proceedings diligently conducted, and for which adequate reserves have been set aside in accordance with GAAP.

4.9 COMPLIANCE WITH APPLICABLE LAWS.

Neither the Borrower nor any Subsidiary is in default with respect to any judgment, order, writ, injunction, decree or decision of any Governmental Authority which default could reasonably be expected to have a Material Adverse Effect. The Borrower and each Subsidiary is complying in all material respects with all applicable statutes and regulations, including ERISA, of all Governmental Authorities, a violation of which could reasonably be expected to have a Material Adverse Effect.

4.10 GOVERNMENTAL REGULATIONS.

Neither the Borrower nor any Subsidiary is subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act or the Investment Company Act of 1940, and neither the Borrower nor any Subsidiary is subject to any statute or regulation which prohibits or restricts the incurrence

of Indebtedness under the Loan Documents, including, without limitation, statutes or regulations relative to common or contract carriers or to the sale of electricity, gas, steam, water, telephone, telegraph or other public utility services.

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4.11 PROPERTY; BROADCASTING BUSINESS.

4.12 The Borrower and each Subsidiary has good and, except with respect to FCC licenses which cannot be transferred without the consent of the applicable Governmental Authority, marketable title to all of its Property, title to which is material to the Borrower and the Subsidiaries taken as a whole, subject to no Liens, except Liens in favor of the Administrative Agent and the Lenders pursuant to the Collateral Documents and Permitted Liens.

4.13 The Borrower and the Subsidiaries are the registered holders of all licenses duly issued by the FCC in respect of all Broadcasting Stations owned and operated by the Borrower and each Subsidiary. Such licenses constitute all of the authorizations by the FCC or any other Governmental Authority necessary for the operation of the business of the Borrower and each Subsidiary substantially in the manner presently being conducted by it, and such licenses are validly issued and in full force and effect, unimpaired by any act or omission by the Borrower or such Subsidiary. To the best of the Borrower's knowledge, except as set forth in Schedule 4.11(b), neither the Borrower nor any Subsidiary is a party to any investigation, notice of violation, order or complaint issued by or before the FCC which could reasonably be expected to have a Material Adverse Effect. Except for such proceedings that affect the radio broadcasting industry generally and as set forth in Schedule 4.11(b), there are no proceedings by or before the FCC, which could in any manner materially threaten or adversely affect the validity of any of such licenses. Neither the Borrower nor any Subsidiary has knowledge of a threat of any investigation, notice of violation, order, complaint or proceeding before the FCC which could reasonably be expected to have a Material Adverse Effect or has any reason to believe that any of such licenses will not be renewed in the ordinary course.

4.14 Schedule 4.11(c) sets forth the address of each real property that is owned or leased by the Borrower or any Subsidiary as of the Second Restatement Date after giving effect to the Transactions and specifies each thereof, the fair market value of which is greater than or equal to \$2,000,000.

4.15 FEDERAL RESERVE REGULATIONS; USE OF PROCEEDS.

Neither the Borrower nor any Subsidiary is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any Margin Stock. No part of the proceeds of the Loans or Letters of Credit will be used, directly or indirectly, to purchase or carry any Margin Stock or for a purpose which violates any law, rule or regulation of any Governmental Authority,

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including without limitation the provisions of Regulations T, U or X of the Board of Governors of the Federal Reserve System, as amended.

4.16 NO MISREPRESENTATION.

No representation or warranty contained herein and no certificate or report furnished or to be furnished by the Borrower or any Subsidiary in connection with the transactions contemplated hereby, contains or will contain a misstatement of material fact, or, to the best knowledge of the Borrower or any Subsidiary omits or will omit to state a material fact required to be stated in order to make the statements herein or therein contained not misleading in the light of the circumstances under which made.

4.17 PLANS.

The Borrower and each Subsidiary have only the Plans listed in Schedule 4.14. Each Single Employer Plan and, to the best knowledge of the Borrower, each Multiemployer Plan is in compliance in all material respects with the applicable provisions of ERISA and the Code, and the Borrower and each Subsidiary have filed all reports required to be filed by them under ERISA and the Code with respect to each such Plan. The Borrower and each Subsidiary have met all material requirements imposed by ERISA and the Code with respect to the funding of all Plans, including Multiemployer Plans. Since the effective date of ERISA, there have not been, nor are there now existing, any events or conditions which would permit any Single Employer Plan or, to the best knowledge of the Borrower, Multiemployer Plan to be terminated under circumstances which would cause the Lien provided under Section 4068 of ERISA

to attach to the Property of the Borrower or any Subsidiary. Since the effective date of ERISA, no Reportable Event which may constitute grounds for the termination of any Single Employer Plan or, to the best knowledge of the Borrower, Multiemployer Plan under Title IV of ERISA has occurred and no Single Employer Plan or Multiemployer Plan has been terminated in whole or in part.

4.18 FCC MATTERS.

The Borrower and each Subsidiary (i) have duly and timely filed all filings which are required to be filed by the Borrower and each Subsidiary under the Communications Act and the rules and regulations of the FCC, the failure to file of which could reasonably be expected to have a Material Adverse Effect, and (ii) are in all respects in compliance with the Communications Act, including, without limitation, the rules and regulations of the FCC relating to the transmission of radio signals, the failure to comply of which could reasonably be expected to have a Material Adverse Effect.

4.19 BURDENSOME OBLIGATIONS.

Neither the Borrower nor any Subsidiary is a party to or bound by any franchise, agreement, deed, lease or other instrument, or subject to any corporate

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restriction which, in the opinion of the management of the Borrower, is so unusual or burdensome, in the context of the Borrower's or such Subsidiary's business, as in the foreseeable future could reasonably be expected to have a Material Adverse Effect. The Borrower does not presently anticipate that future expenditures needed to meet the provisions of federal or state statutes, orders, rules or regulations will be so burdensome as to have a Material Adverse Effect.

4.20 FINANCIAL STATEMENTS.

4.21 The Parent has heretofore furnished to the Credit Parties the Parent's (i) Form 10-K for the fiscal year ended December 31, 1999 containing (x) the annual audited Consolidated Balance Sheets of the Parent and its Subsidiaries as of December 31, 1999, together with the related Consolidated Statements of Operations, Shareholders' Equity and Cash Flows for the period then ended, reported on by the Accountants, and (y) the unaudited Consolidating Balance Sheets of the Parent and its Subsidiaries as of December 31, 1999, together with the related Consolidating Statements of Operations, and (ii) Form 10-Q for the fiscal quarter ended March 31, 2000 containing (x) the unaudited Consolidated Balance Sheets of the Parent and its Subsidiaries as of March 31, 2000, together with the related Consolidated Statements of Operations for the periods then ended and (y) the unaudited Consolidating Balance Sheets of the Parent and its Subsidiaries as of March 31, 2000, together with the related Consolidating Statements of Operations, each certified by its chief financial officer. The foregoing financial statements fairly present, in all material respects, the Consolidated and Consolidating financial condition and results in the operations of the Parent and its Subsidiaries as of the dates and for the periods indicated therein and have been prepared in conformity with GAAP and are consistent with the books and records of the Parent (which books and records are correct and complete), subject to year-end audit adjustments and the absence of footnotes in the case of the statements referred to in clause (ii) above.

4.22 Except as reflected in such financial statements or in the footnotes thereto, neither the Parent nor any of its Subsidiaries has any obligation or liability of any kind (whether fixed, accrued, contingent, unmatured or otherwise) which, in accordance with GAAP, should have been shown on such financial statements and was not. Since December 31, 1999, there has been no Material Adverse Change.

4.23 ENVIRONMENTAL MATTERS.

4.24 Except as set forth in Schedule 4.18, neither the Borrower nor any Subsidiary (i) has received written notice or otherwise learned of any claim, demand, action, event, condition, report or investigation indicating

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or concerning any potential or actual liability which individually or in the aggregate could reasonably be expected to have a Material Adverse Effect arising in connection with (x) any noncompliance with or violation of the requirements of any Environmental Law, or (y) the release or threatened release of any toxic or hazardous waste, substance or constituent, or other substance into the environment, (ii) to the best knowledge of the Borrower, has any

threatened or actual liability in connection with the release or threatened release of any toxic or hazardous waste, substance or constituent, or other substance into the environment which individually or in the aggregate could reasonably be expected to have a Material Adverse Effect, (iii) has received notice of any federal or state investigation evaluating whether any remedial action is needed to respond to a release or threatened release of any toxic or hazardous waste, substance or constituent or other substance into the environment for which the Borrower or any Subsidiary is or may be liable which individually or in the aggregate could reasonably be expected to have a Material Adverse Effect, or (iv) has received notice that the Borrower or any Subsidiary is or may be liable to any Person under any Environmental Law which individually or in the aggregate could reasonably be expected to have a Material Adverse Effect. The Borrower and each of its Subsidiaries is in compliance in all material respects with the financial responsibility requirements of all Environmental Laws to the extent applicable, including, without limitation, those contained in 40 C.F.R., parts 264 and 265, subpart H, and any analogous state law.

4.25 Since the Second Restatement Date, there has been no change in the status of the matters disclosed on Schedule 4.18 that, individually or in the aggregate, has resulted in, or materially increased the likelihood of, a Material Adverse Effect.

5. CONDITIONS OF EFFECTIVENESS AND LENDING

5.1 EFFECTIVENESS.

The effectiveness of this Agreement is subject to the prior or simultaneous fulfillment of the following conditions precedent:

5.2 EVIDENCE OF CORPORATE OR OTHER ACTION. The Administrative Agent shall have received a certificate, dated the Second Restatement Date, of the Secretary or an Assistant Secretary of each of the Parent, the Borrower and each other Loan Party (i) attaching a true and complete copy of the resolutions of its Board of Directors or other authorizing documents and of all documents evidencing all necessary corporate or other action (in form and substance reasonably satisfactory to the Administrative Agent) taken

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by it to authorize the Transaction Documents to which it is a party and the Transactions contemplated thereby, (ii) attaching a true and complete copy of its certificate of incorporation and by-laws or other organizational documents, (iii) setting forth the incumbency of its officer or officers who may sign such Transaction Documents, including therein a signature specimen of such officer or officers and (iv) attaching a certificate of good standing, if available, of the Secretary of State of the State of its incorporation or formation and of each other State in which it is qualified to do business.

5.3 NOTES. The Borrower shall have delivered to the Administrative Agent the Notes, each duly executed on behalf of the Borrower by an Authorized Signatory thereof.

5.4 NO LIENS. The Administrative Agent shall have received (i) a certificate of the Borrower signed by an Authorized Signatory thereof, dated the Second Restatement Date, certifying that on the Second Restatement Date there exist no Liens on the Collateral other than Permitted Liens and (ii) a certificate of the Parent signed by an Authorized Signatory thereof, dated the Second Restatement Date, certifying that on the Second Restatement Date there exist no Liens on the Collateral (as defined in the Parent Security Agreement) other than Permitted Liens (as defined in the Parent Guaranty).

5.5 COLLATERAL DOCUMENTS. The Administrative Agent shall have received each of the following:

5.6 the Borrower Security Agreement, dated as of the Second Restatement Date, duly executed on behalf of the Borrower by an Authorized Signatory thereof,

5.7 the Parent Guaranty, dated as of the Second Restatement Date, duly executed on behalf of the Parent and the Borrower by an Authorized Signatory thereof;

5.8 the Parent Security Agreement, dated as of the Second Restatement Date, duly executed on behalf of the Parent by an Authorized Signatory thereof,

5.9 the Subsidiary Guaranty, dated as of the Second Restatement Date, duly executed on behalf of the Borrower and each of its Subsidiaries party

thereto by an Authorized Signatory thereof;

- 5.10 one or more share certificates, representing all of the issued and outstanding Stock of each of the Subsidiaries (after giving effect to the Borrower Contribution), together with undated stock powers, duly

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executed in blank on behalf of the record and beneficial owner thereof by an Authorized Signatory thereof;

- 5.11 all documents evidencing intercompany Indebtedness owing to the Borrower or any of its Subsidiaries (after giving effect to the Borrower Contribution); and
- 5.12 results of a search of the Uniform Commercial Code (or equivalent) Liens made with respect to the Parent and each of its Subsidiaries, the scope and results of which shall be satisfactory to the Administrative Agent, together with evidence satisfactory to the Administrative Agent that the Liens disclosed by such search results are permitted by Section 8.2 or have been released.
- 5.13 FILING OF FINANCING STATEMENTS. The Parent and each of its Subsidiaries shall have executed and delivered to the Administrative Agent such financing statements or amendments thereto, recordations and other documents with respect to the Collateral Documents as the Administrative Agent or Special Counsel may request for the purpose of perfecting the Liens granted thereunder. All filing fees and Taxes in connection with the filing of the Collateral Documents shall have been paid or otherwise provided for and the Administrative Agent and Special Counsel shall have received satisfactory evidence thereof.
- 5.14 AGREEMENT TO AMEND. The Administrative Agent shall have received the Agreement to Amend, dated as of the Second Restatement Date, duly executed by each of the parties thereto, and the Agreement to Amend shall have become effective in accordance with its terms.
- 5.15 MASTER ASSIGNMENT. The Administrative Agent shall have received the Master Assignment, dated as of the Second Restatement Date, duly executed by each of the parties thereto, and the Master Assignment shall have become effective in accordance with its terms.
- 5.16 INTERCREDITOR AGREEMENT. The Administrative Agent shall have received the Intercreditor Agreement, dated as of the Second Restatement Date, duly executed on behalf of the Bridge Agent and the Administrative Agent, and the Bridge Agent (on its behalf and on behalf of the Administrative Agent) shall have received one or more share certificates, representing all of the issued and outstanding Stock of each of the Borrower and Acquisition Corp., together with undated stock powers, duly executed in blank on behalf of the record and beneficial owner thereof by an Authorized Signatory thereof;

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- 5.17 SUPPLEMENTAL INDENTURE. The Administrative Agent shall have received a supplemental indenture, in form and substance acceptable to the Administrative Agent, duly executed on behalf of the Parent, the Borrower and The Bank of New York, as trustee, pursuant to which the Borrower assumes all of the obligations of the Parent under the Subordinated Indenture and the Subordinated Notes.
- 5.18 INITIAL TRANSACTIONS. The Administrative Agent shall have received a certificate, dated the Second Restatement Date and signed by the chief executive officer or the chief financial officer of each of the Parent and the Borrower (i) confirming that each Initial Transaction has been consummated in accordance with the terms and conditions of the applicable Initial Transaction Documents, all of which shall be in form and substance reasonably satisfactory to the Credit Parties, and (ii) attaching a true, complete and correct copy of each Initial Transaction Document, which shall be in form and substance reasonably satisfactory to the Credit Parties.
- 5.19 TAX SHARING AGREEMENT. The Administrative Agent shall have received the Tax Sharing Agreement, duly executed by each of the Parent and each of its Subsidiaries, in form and substance reasonably satisfactory to the Credit Parties.
- 5.20 MANAGEMENT AGREEMENT. The Administrative Agent shall have received the Management Agreement, duly executed by each of the Parent and each of its Subsidiaries, in form and substance reasonably satisfactory to the Credit Parties.

- 5.21 APPROVALS AND CONSENTS. All approvals and consents of all Persons required to be obtained in connection with the consummation of the Transactions have been obtained and that all required notices have been given and all required waiting periods have expired, PROVIDED, however, that the Initial Acquisitions may be consummated upon receipt of an order of the FCC approving the transfers of licenses contemplated therein even though such FCC order has not become a final order, and the Administrative Agent shall have received a certificate, dated the Second Restatement Date and in all respects reasonably satisfactory to the Administrative Agent (and attaching a copy of such FCC order, if available), of an Authorized Signatory of the Parent to the foregoing effect.
- 5.22 LITIGATION. There shall be no injunction, writ, preliminary restraining order or other order of any nature issued by any Governmental Authority in any respect affecting any Loan Document, or any transaction contemplated by the Loan Documents and no action or proceeding by or before any

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Governmental Authority shall have been commenced and be pending seeking to prevent or delay any of the foregoing or challenging any term or provision thereof or seeking any damages in connection therewith, and the Administrative Agent shall have received a certificate, dated the Second Restatement Date and in all respects reasonably satisfactory to the Administrative Agent, of an Authorized Signatory of the Borrower to the foregoing effect.

- 5.23 OPINION OF COUNSEL TO THE PARENT AND ITS SUBSIDIARIES. The Administrative Agent shall have received opinions of the General Counsel of the Parent and its Subsidiaries, addressed to the Administrative Agent and the other Credit Parties and dated the Second Restatement Date, substantially in the form of Exhibit E and an opinion of Gibson, Dunn & Crutcher LLP, special New York counsel to the Parent and its Subsidiaries, addressed to the Administrative Agent and the other Credit Parties and dated the Second Restatement Date, in form and substance satisfactory to the Administrative Agent. It is understood that such opinions are being delivered to the Administrative Agent and the other Credit Parties upon the direction of the Parent and the other Loan Parties and that the Administrative Agent and the other Credit Parties may and will rely upon such opinions.
- 5.24 OPINION OF FCC COUNSEL TO THE PARENT AND ITS SUBSIDIARIES. The Administrative Agent shall have received opinions of special FCC counsel to the Parent and its Subsidiaries, addressed to the Administrative Agent and the other Credit Parties and dated the Second Restatement Date, substantially in the form of Exhibit F. It is understood that such opinions are being delivered to the Administrative Agent and the other Credit Parties upon the direction of the Parent and the other Loan Parties and that the Administrative Agent and the other Credit Parties may and will rely upon such opinions.
- 5.25 PAYMENT OF FEES. The Borrower shall have paid to the Administrative Agent and the Lenders all fees and expenses which it shall have agreed to pay, to the extent such fees and expenses have become payable on or prior to the Second Restatement Date, and shall have paid the reasonable fees and disbursements of Special Counsel.
- 5.26 COMPLIANCE CERTIFICATE; FINANCIAL PROJECTIONS. The Administrative Agent shall have received a Compliance Certificate signed by the chief financial officer of the Borrower, in all respects reasonably satisfactory to the Administrative Agent, dated the Second Restatement Date, demonstrating that the Borrower is in compliance with all covenants on a pro-forma basis after giving effect to the Transactions, together with such projections and

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other information as the Administrative Agent and the Lenders shall reasonably require, all of which shall be in all material respects satisfactory to the Administrative Agent and the Lenders.

- 5.27 NO DEFAULT OR EVENT OF DEFAULT. The Administrative Agent shall have received a certificate of the Borrower, signed by an Authorized Signatory thereof, certifying that on the Second Restatement Date, both immediately before and after giving effect to this Agreement and the other Loan Documents, no Default or Event of Default shall exist.
- 5.28 OTHER DOCUMENTS. The Administrative Agent shall have received such other documents as the Administrative Agent shall reasonably require

in connection with the effectiveness of this Agreement.

Notwithstanding the foregoing, this Agreement shall not become effective unless each of the foregoing conditions is satisfied (or waived pursuant to Section 11.1) at or prior to 3:00 p.m., New York City time, on September 15, 2000.

5.29 ALL LOANS AND LETTERS OF CREDIT.

The obligation of the Lenders to make any Loan on a Borrowing Date, and the obligation of the Issuing Bank to issue a Letter of Credit on a Borrowing Date, is subject to the satisfaction of the following conditions precedent as of the date of such Loan or Letter of Credit:

5.30 COMPLIANCE. On each Borrowing Date and after giving effect to the Loans or Letter of Credit to be made or issued thereon, (i) the Loan Parties shall be in compliance with all of the terms, covenants and conditions of the Loan Documents, (ii) there shall exist no Default or Event of Default, (iii) the representations and warranties contained in the Loan Documents shall be true and correct with the same effect as though such representations and warranties had been made on such Borrowing Date, except as the context otherwise requires, except as otherwise permitted or contemplated by this Agreement, and except such matters relating thereto as are indicated in each Borrowing Request which shall be reasonably satisfactory to the Administrative Agent and the Required Lenders, and (iv) there shall have occurred no Material Adverse Change since December 31, 1999. Each borrowing by the Borrower and each issuance of a Letter of Credit shall constitute a certification by the Borrower as of the date of such borrowing or issuance that each of the foregoing matters is true and correct in all respects.

5.31 LOAN CLOSINGS. All documents required by the provisions of this Agreement to be executed or delivered to the Administrative Agent on or before the applicable Borrowing Date shall have been executed and shall

have been delivered at the office of the Administrative Agent set forth in Section 11.2 on or before such Borrowing Date.

5.32 BORROWING REQUEST OR LETTER OF CREDIT REQUEST. The Administrative Agent shall have received a Borrowing Request or a Letter of Credit Request, as applicable, duly executed by an Authorized Signatory of the Borrower.

5.33 REIMBURSEMENT AGREEMENT. In connection with any Letter of Credit Request, the Issuing Bank shall have received a Reimbursement Agreement duly executed by an Authorized Signatory of the Borrower.

5.34 APPROVAL OF COUNSEL. All legal matters in connection with the making of each Loan or issuance of such Letter of Credit shall be reasonably satisfactory to Special Counsel.

5.35 OTHER DOCUMENTS. The Administrative Agent shall have received such other documents as the Administrative Agent shall reasonably request.

6. FINANCIAL COVENANTS

The Borrower covenants and agrees that on and after the Original Effective Date and until all obligations of the Borrower under the Notes and the other Loan Documents have been paid in full and all RC Commitments of the Lenders have been terminated and no obligations of the Administrative Agent, the Issuing Bank or any of the Lenders exist under any of the Loan Documents, the Borrower shall:

6.1 TOTAL LEVERAGE RATIO.

Maintain at all times a Total Leverage Ratio not greater than the applicable ratio set forth below opposite the applicable period set forth below:

<TABLE>
<CAPTION>

PERIODS	Ratio
Second Restatement Date through December 30, 2000	6.75:1.00
December 31, 2000 through December 30, 2001	6.50:1.00
December 31, 2001 through December 30, 2002	6.00:1.00
December 31, 2002 through December 30, 2003	5.50:1.00

December 31, 2003 through December 30, 2004	5.00:1.00
December 31, 2004 through December 30, 2005	4.50:1.00
December 31, 2005 and thereafter	4.00:1.00

6.2 CONSOLIDATED ANNUAL OPERATING CASH FLOW TO PRO-FORMA DEBT SERVICE.

Maintain as at the end of each fiscal quarter a ratio of Consolidated Annual Operating Cash Flow to Pro-Forma Debt Service not less than 1.10:1.00.

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6.3 CONSOLIDATED ANNUAL OPERATING CASH FLOW TO INTEREST EXPENSE.

Maintain as at the end of each fiscal quarter during the applicable periods set forth below a ratio of Consolidated Annual Operating Cash Flow to Interest Expense not less than the ratio set forth below opposite the applicable period set forth below:

<TABLE>
<CAPTION>

PERIODS	Ratio
Second Restatement Date through March 30, 2002	1.75:1.00
March 31, 2002 through March 30, 2003	2.00:1.00
March 31, 2003 through March 30, 2004	2.25:1.00
March 31, 2004 and thereafter	2.50:1.00

</TABLE>

6.4 CONSOLIDATED ANNUAL OPERATING CASH FLOW TO FIXED CHARGES.

Commencing with the fiscal quarter ending December 31, 2000, maintain as at the end of each fiscal quarter a ratio of Consolidated Annual Operating Cash Flow to Fixed Charges not less than 1.10:1.00.

6.5 SUBORDINATED INDENTURE DEBT TO OPERATING CASH FLOW RATIO.

Maintain at all times a Subordinated Indenture Debt to Operating Cash Flow Ratio not greater than 7.00:1.00.

7. AFFIRMATIVE COVENANTS

The Borrower covenants and agrees that on and after the Original Effective Date and until all obligations of the Borrower under the Notes and the other Loan Documents have been paid in full and all RC Commitments have been terminated and no obligations of the Administrative Agent, the Issuing Bank or any of the Lenders exist under any of the Loan Documents or any Letter of Credit, the Borrower shall:

7.1 FINANCIAL STATEMENTS.

Maintain, and cause each Subsidiary to maintain, a standard system of accounting in accordance with GAAP, and furnish or cause to be furnished to the Administrative Agent and each Lender:

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7.2 As soon as available, but in any event within 105 days after the end of each fiscal year of the Borrower or the Parent, as applicable:

7.3 a copy of the Parent's Annual Report on Form 10-K in respect of such fiscal year, together with the financial statements required to be attached thereto,

7.4 a copy of the Consolidated balance sheets of the Borrower and its Subsidiaries as at the end of such fiscal year, together with the related Consolidated statements of operations, stockholders' equity and cash flows of the Borrower and its Subsidiaries as of and through the end of such fiscal year, and

7.5 the Consolidating balance sheets of the Parent and its Subsidiaries as at the end of such fiscal year, together with the related Consolidating statements of operations and shareholders' equity as of and through the end of such fiscal year, setting forth in each case, in comparative form, the Consolidating figures for the preceding fiscal year.

The Consolidated financial statements referred to in clause (i) and (ii) above shall be audited and certified without qualification by the Accountants, which certification shall (i) state that the examination by such Accountants in connection with such Consolidated financial statements has been made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances, (ii) include the opinion of such Accountants that such Consolidated financial statements have been prepared in accordance with GAAP in a manner consistent with prior fiscal periods, except as otherwise specified in such opinion. The Consolidating statements referred to in clause (iii) above shall be certified by the chief financial officer of the Parent or the Borrower, as applicable (or such other officer as shall be acceptable to the Administrative Agent), as being complete and correct in all material respects and as presenting fairly the Consolidating financial condition and the Consolidating results of operations of the Parent and its Subsidiaries or the Borrower and its Subsidiaries, as applicable.

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7.6 Simultaneously with the delivery of the certified Consolidated financial statements required by clause (a) above, copies of a certificate of such Accountants stating that, in making the examination necessary for their audit of such financial statements for such fiscal year, nothing came to their attention of an accounting nature that caused them to believe that the Borrower or the Parent, as applicable, was not in compliance with the terms, covenants, provisions, or conditions of this Agreement, including, without limitation, Sections 6.1, 6.2, 6.3, 6.4 and 6.5, or, if so, specifying in such certificate all such instances of noncompliance and the nature and status thereof.

7.7 As soon as available, but in any event not later than 60 days after the end of each of the first three quarterly accounting periods in each fiscal year of the Borrower or the Parent, as applicable:

7.8 a copy of the Parent's Quarterly Report on Form 10-Q in respect of such fiscal quarter, together with the financial statements required to be attached thereto,

7.9 a copy of the Consolidated balance sheets of the Borrower and its Subsidiaries as at the end of each such quarterly period, together with the related Consolidated statements of operations and cash flows of the Borrower and its Subsidiaries as of and through the end of such fiscal quarter and for the elapsed portion of the fiscal year through such date; and

7.10 a copy of the Consolidating balance sheets of the Parent and its Subsidiaries as at the end of each such quarterly period, together with the related Consolidating statements of operations of the Parent and its Subsidiaries as of and through the end of such fiscal quarter and for the elapsed portion of the fiscal year through such date.

The statements referred to in clauses (i), (ii) and (iii) above shall be certified by the chief financial officer of the Parent or the Borrower, as applicable (or such other officer as shall be acceptable to the Administrative Agent), as being complete and correct in all material respects and as presenting fairly the Consolidated and Consolidating financial condition and the Consolidated and Consolidating results of operations of the Parent and its Subsidiaries or the Borrower and its Subsidiaries, as applicable.

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7.11 Within 60 days after the end of each of the first three fiscal quarters (105 days after the end of the fourth fiscal quarter) of the Borrower, a Compliance Certificate as at the end of such fiscal quarter, certified by the chief financial officer of the Borrower (or such other officer as shall be acceptable to the Administrative Agent).

7.12 Concurrently with the delivery of the financial statements referred to in Sections 7.1(a) and (c), a profile of each Broadcasting Station or other media asset, which shall include, but not be limited to, the call letters and location of each Broadcasting Station and management's estimate of the fair market value of each Broadcasting Station or other media asset and a management's discussion and analysis of such financial statements, including a summary of all

acquisitions and dispositions of Broadcasting Stations or other media assets and acquisitions of real property that occurred during the period covered by such financial statements, which shall include a schedule of the consideration paid in each acquisition and the cash received in each disposition.

7.13 Within 30 days after the beginning of each fiscal year, an annual Consolidated and Consolidating forecast for the Borrower and its Subsidiaries for such fiscal year and the following two fiscal years, including projected Consolidated and Consolidating statements of income of the Borrower and its Subsidiaries, all in reasonable detail acceptable to the Administrative Agent; (ii) promptly upon preparation thereof, such other forecasts that the Borrower or any of its Subsidiaries may prepare and any revisions that may be made to any forecast previously delivered to the Lenders; and (iii) no later than 30 days after the end of each fiscal quarter in which there has been a material deviation from a forecast provided to the Lenders, a certificate of an Authorized Signatory explaining the deviation and the action, if any, that has been taken or is proposed to be taken with respect thereto; in each case the foregoing forecasts shall state all underlying assumptions.

7.14 CERTIFICATES; OTHER INFORMATION.

Furnish to the Administrative Agent and each Lender:

7.15 Prompt written notice if: (i) any Indebtedness of the Borrower or any Subsidiary is declared or shall become due and payable prior to its stated maturity, or called and not paid when due, (ii) a default shall have occurred under any note (other than the Notes) or the holder of any such note, or other evidence of Indebtedness, certificate or security evidencing any such Indebtedness or any obligee with respect to any other Indebtedness of the Borrower or any Subsidiary has the right to declare any such Indebtedness due and payable prior to its

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stated maturity as a result of such default, or (iii) there shall occur and be continuing a Default or an Event of Default;

7.16 Prompt written notice of: (i) any citation, summons, subpoena, order to show cause or other order naming the Borrower or any Subsidiary a party to any proceeding before any Governmental Authority which might have a Material Adverse Effect or which call into question the validity or enforceability of any of the Loan Documents and include with such notice a copy of such citation, summons, subpoena, order to show cause or other order, (ii) the commencement or threat of any action, suit, arbitration proceeding or claim by, on behalf of or against the Borrower or any Subsidiary, at law or in equity, before any Governmental Authority, which could reasonably be expected to have a Material Adverse Effect, (iii) any lapse or other termination of any material license, permit, franchise or other authorization issued to the Borrower or any Subsidiary by any Governmental Authority which could reasonably be expected to have a Material Adverse Effect, (iv) any refusal by any Governmental Authority to renew or extend any such material license, permit, franchise or other authorization which could reasonably be expected to have a Material Adverse Effect, and (v) any dispute between the Borrower or any Subsidiary and any Governmental Authority, which dispute might have a material adverse effect on any Broadcasting Station or a Material Adverse Effect;

7.17 Promptly upon becoming available, copies of all regular, periodic or special reports, schedules and other material that the Borrower or any Subsidiary may now or hereafter be required to file with or deliver to any securities exchange or the Securities and Exchange Commission, or any other Governmental Authority succeeding to the functions thereof;

7.18 Prompt written notice in the event that (i) the Borrower or any Commonly Controlled Entity shall receive notice from the Internal Revenue Service or the Department of Labor that the Borrower or such Commonly Controlled Entity shall have failed to meet the minimum funding requirements of Section 412 of the Code with respect to a Plan, if applicable, and include therewith a copy of such notice, or (ii) the Borrower or any Commonly Controlled Entity gives or is required to give notice to the PBGC of any Reportable Event with respect to a Plan, or knows that the plan administrator of a Plan has given or is required to give notice of any such Reportable Event;

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7.19 With respect to a Single Employer Plan of the

Borrower or any Commonly Controlled Entity, copies of any request for a waiver of the funding standards or any extension of the amortization periods required by Sections 303 and 304 of ERISA or Section 412 of the Code promptly after any such request is submitted to the Department of Labor or the Internal Revenue Service, as the case may be;

7.20 Promptly after the filing thereof, a copy of the annual report required to be filed pursuant to Section 103 of ERISA in connection with each Single Employer Plan of the Borrower and each Commonly Controlled Entity for each plan year, including (i) a statement of the assets and liabilities of such Plan as of the end of such plan year and statements of changes in fund balance and in financial position, or a statement of changes in net assets available for plan benefits, for such plan year, certified by the Accountants and (ii) an actuarial statement of such Plan applicable to such plan year, certified by an enrolled actuary of recognized standing reasonably acceptable to the Administrative Agent and the Required Lenders;

7.21 Promptly upon request therefor, such other information and reports relating to the past, present or future financial condition, operations, plans and projections of the Borrower or its Subsidiaries as the Administrative Agent or any other Lender (through the Administrative Agent) may at any time and from time to time reasonably request;

7.22 Promptly after the same are received by the Borrower, copies of all management letters and similar reports provided to the Borrower or any Subsidiary by its independent certified public accountants;

7.23 Prompt written notice of any material change in the accounting policies or financial reporting practices of the Borrower or any of its Subsidiaries;

7.24 the occurrence of any Equity Issuance resulting in Net Equity Proceeds; and

7.25 Prompt written notice of the occurrence of a Material Adverse Change or Change of Control or the occurrence of any event or facts or circumstances which are reasonably likely to result in a Material Adverse Change or Change of Control.

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7.26 LEGAL EXISTENCE.

Except as otherwise permitted by Sections 8.3 and 8.7, maintain, and cause each Subsidiary to maintain, its corporate existence, and maintain its good standing in the jurisdiction of its incorporation or organization and in each other jurisdiction in which the failure so to do could reasonably be expected to have a Material Adverse Effect.

7.27 TAXES.

Pay and discharge when due, and cause each Subsidiary so to do, all Taxes, assessments and governmental charges, license fees and levies upon or with respect to the Borrower or such Subsidiary and upon the income, profits and Property of the Borrower and the Subsidiaries taken as a whole, which if unpaid, could reasonably be expected to have a Material Adverse Effect or become a Lien on the Property of the Borrower or any Subsidiary not permitted under Section 8.2, unless and to the extent only that such Taxes, assessments, charges, license fees and levies shall be contested in good faith and by appropriate proceedings diligently conducted by the Borrower or such Subsidiary and PROVIDED that the Borrower shall give the Administrative Agent prompt notice of such contest and that such reserve or other appropriate provision as shall be required by the Accountants in accordance with GAAP shall have been made therefor.

7.28 INSURANCE AND CONDEMNATION.

7.29 LIABILITY INSURANCE. Maintain, and cause each Subsidiary to maintain, insurance with financially sound insurance carriers on such of its Property, against at least such risks, and in at least such amounts, as are customarily insured against by similar businesses and which, in the case of property insurance, shall be in amounts sufficient to prevent the Borrower or any Subsidiary from becoming a co-insurer, including, without limitation, public liability (bodily injury and property damage), fidelity, bonding and workers' compensation with deductibles not exceeding \$25,000 per occurrence, in each case naming the Administrative Agent as an additional insured under such policies, and file with the Administrative Agent within five days after request

therefor a detailed list of such insurance then in effect, stating the names of the carriers thereof, the policy numbers, the insureds thereunder, the amounts of insurance, dates of expiration thereof, and the Property and risks covered thereby, together with a certificate of an Authorized Signatory certifying that in the opinion of such officer such insurance is adequate in nature and amount, complies with the obligations of the Borrower under this Section 7.5, and is in full force and effect.

- 7.30 PROPERTY INSURANCE. Maintain such property and other insurance as is customarily maintained by companies engaged in similar businesses with deductibles not exceeding \$25,000 per occurrence. Promptly upon request therefor, the Borrower shall deliver or cause to be delivered to the Administrative Agent originals or duplicate originals of all such policies

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of insurance. All such property insurance shall name the Administrative Agent, under a standard loss payable clause, as sole loss payee in respect of each claim resulting in a payment under any such insurance policy exceeding \$500,000 and shall contain such endorsements as the Administrative Agent shall require. Provided that no Default or Event of Default shall exist, the Administrative Agent agrees, promptly upon its receipt thereof, to pay over to the Borrower the proceeds of any such payment received by the Administrative Agent in its capacity as Administrative Agent hereunder. The RC Commitments shall be reduced by an amount equal to any such insurance proceeds not used by the Borrower or any of its Subsidiaries within one year to repair or replace any Property in respect of which it received property insurance proceeds. If a Default or Event of Default shall exist, the Borrower, at the request of the Administrative Agent, shall prepay the Loans with the unused portion of such proceeds in an amount equal to the total amount of such insurance payment and the RC Commitments shall simultaneously be reduced by an amount equal to such prepayment.

- 7.31 CONDEMNATION AWARDS. If a Default or Event of Default shall exist and the Borrower or any of its Subsidiaries shall receive the proceeds of any condemnation or similar awards, the Borrower shall pay over the proceeds thereof to the Administrative Agent and, at the election of the Administrative Agent, such proceeds shall be applied to the prepayment of the Loans in an amount equal to the total amount of such proceeds. The RC Commitments shall be reduced by an amount equal to any such proceeds not used by the Borrower or any of its Subsidiaries within one year to repair or replace any Property in respect of which it received a condemnation or similar award.

- 7.32 PAYMENT OF INDEBTEDNESS AND PERFORMANCE OF OBLIGATIONS.

Pay and discharge, and cause each Subsidiary to pay and discharge, when due all lawful indebtedness, obligations and claims for labor, materials and supplies or otherwise which, if unpaid, might (i) have a Material Adverse Effect, or (ii) become a Lien upon Property of the Borrower or any Subsidiary not permitted under Section 8.2, unless and to the extent only that the validity of such indebtedness (other than indebtedness under the Loan Documents), obligation or claim shall be contested in good faith and by appropriate proceedings diligently conducted by the Borrower or such Subsidiary, and that any such contested indebtedness, obligations or claims shall not constitute, or create, a Lien on any Property of the Borrower or any Subsidiary not permitted under Section 8.2 senior to the Lien granted to the Administrative Agent by the Collateral Documents on such Property, and further PROVIDED that the Borrower shall give the Administrative Agent and the Lenders prompt notice of any such material contest and

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that such reserve or other appropriate provision as shall be required by the Accountants in accordance with GAAP shall have been made therefor.

- 7.33 CONDITION OF PROPERTY.

At all times, maintain, protect and keep in good repair, working order and condition (ordinary wear and tear excepted), and cause each Subsidiary so to do, all Property necessary to the operation of the Borrower's or such Subsidiary's business.

- 7.34 OBSERVANCE OF LEGAL REQUIREMENTS; ERISA; ENVIRONMENTAL LAWS.

Observe and comply in all respects, and cause each Subsidiary so to do, with all laws (including ERISA and Environmental Laws), ordinances, orders, judgments, rules, regulations, certifications, franchises, permits, licenses, directions and requirements of all Governmental Authorities, which now or at any

time hereafter may be applicable to the Borrower or such Subsidiary, a violation of which could reasonably be expected to have a Material Adverse Effect, except such thereof as shall be contested in good faith and by appropriate proceedings diligently conducted by the Borrower or such Subsidiary, and PROVIDED that the Borrower shall give the Administrative Agent and the Lenders prompt notice of such contest and that such reserve or other appropriate provision as shall be required by the Accountants in accordance with GAAP shall have been made therefor.

7.35 INSPECTION OF PROPERTY; BOOKS AND RECORDS; DISCUSSIONS.

Keep proper books of record and account in which full, true and correct entries in conformity with GAAP and all requirements of law shall be made of all dealings and transactions in relation to its business and activities; and permit representatives of the Administrative Agent and each Lender, or potential assignees and/or participants of the Administrative Agent or any Lender, to visit the offices of the Borrower and the Subsidiaries on reasonable advance notice, to inspect any of its Property and examine and make copies or abstracts from any of its books and records at any reasonable time and as often as may reasonably be desired, and to discuss the business, operations, prospects, licenses, Property and financial condition of the Borrower and the Subsidiaries with the officers thereof and with the Accountants.

7.36 FCC LICENSES, ETC.

Maintain and cause each Subsidiary to maintain, in full force and effect, each main station license issued by the FCC to it for each Broadcasting Station. The Borrower shall also maintain and cause each Subsidiary to maintain, in full force and effect, all other material licenses (including, without limitation, all material auxiliary licenses issued by the FCC), copyrights, patents, including all licenses, permits, applications, reports, authorizations and other rights as are necessary for the conduct of its business, except to the extent that such ownership or right to use shall terminate as a

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matter of law or expire as a matter of contractual right through no action or default by the Borrower or any Subsidiary.

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7.37 SUBSIDIARY GUARANTY.

7.38 Promptly upon the creation or acquisition of any Subsidiary, cause such Subsidiary to execute and deliver to the Administrative Agent a supplement to the Subsidiary Guaranty in the form attached thereto, together with such other documents and opinions of counsel as the Administrative Agent shall reasonably required in connection therewith.

7.39 On the Bridge Termination Date, cause Acquisition Corp. and each of its Subsidiaries to execute and deliver to the Administrative Agent a supplement to the Subsidiary Guaranty in the form attached thereto, together with such other documents and opinions of counsel as the Administrative Agent shall reasonably required in connection therewith, including evidence that the Bridge Loan has been paid in full, the Bridge Loan Documents have been terminated and all Liens securing the same shall have been released.

7.40 MORTGAGES.

7.41 No later than 180 days after the Second Restatement Date, execute and deliver to the Administrative Agent, or cause to be executed and delivered to the Administrative Agent, a Mortgage in form and substance satisfactory to the Administrative Agent with respect to the network operations center located in Dallas, Texas, together with such UCC financing statements, surveys, title insurance policies, environmental reports, opinions and other documents as the Administrative Agent shall reasonably request in connection therewith.

7.42 Promptly upon the acquisition by the Borrower or any Subsidiary of any real property on or after the Second Restatement Date having a fair market value at the time of acquisition of (i) \$2,000,000 or more or (ii) \$1,000,000 or more (but less than \$2,000,000) if in the case of this clause (ii) the aggregate fair market value at the time of acquisition of all such real property acquired by the Borrower and its Subsidiaries on or after the Second Restatement Date in respect of which no Mortgage has been executed and delivered to the Administrative Agent pursuant to this Section 7.12 shall exceed \$5,000,000, execute and deliver, and cause each Subsidiary so to do, a Mortgage with respect to such real property in form and substance satisfactory to the Administrative Agent, together with such UCC

financing statements, surveys, title insurance policies, environmental reports, opinions and other documents as the Administrative Agent shall reasonably request in connection therewith.

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7.43 GOOD STANDING.

No later than 30 days after the Second Restatement Date, deliver or cause to be delivered to the Administrative Agent with respect to each Loan Party set forth on Schedule 4.2 as not being in good standing in a specified jurisdiction on the Second Restatement Date, a certificate of good standing of the Secretary of State of each such jurisdiction.

8. NEGATIVE COVENANTS

The Borrower covenants and agrees that on and after the Original Effective Date and until all obligations of the Borrower under Notes and the other Loan Documents have been paid in full and all RC Commitments have been terminated and no obligations of the Administrative Agent, the Issuing Bank or any of the Lenders exist under any of the Loan Documents, the Borrower shall not:

8.1 BORROWING.

Create, incur, assume or suffer to exist any liability for Indebtedness, or permit any Subsidiary so to do, except: (i) Indebtedness under the Loan Documents; (ii) Indebtedness (including Contingent Obligations) of the Borrower and its Subsidiaries existing on the date hereof as set forth in Schedule 8.1 and other Indebtedness of the Borrower in an aggregate outstanding principal amount for all such Indebtedness under this clause (ii) not in excess of \$25,000,000; (iii) Indebtedness of the Borrower and its Subsidiaries evidenced by the Subordinated Indenture Notes and Subordinated Indenture Subsidiary Guaranty; (iv) intercompany Indebtedness between the Borrower and its Subsidiaries, PROVIDED, however, in the case of intercompany Indebtedness of the Other Media Subsidiaries, such intercompany Indebtedness is permitted by Section 8.5(h); and (v) refinancings of any Indebtedness permitted under clause (ii) above with other Indebtedness permitted under clause (i) or (ii) above.

8.2 LIENS.

Create, incur, assume or suffer to exist, or enter into any agreement with any third Person agreeing not to create, incur, assume or suffer to exist, any Lien upon any of its Property, whether now owned or hereafter acquired, or permit any Subsidiary so to do, except: (i) Liens for Taxes, assessments or similar charges incurred in the ordinary course of business which are not delinquent or which are being contested in accordance with Section 7.4, PROVIDED that such Liens are not senior (except to the extent provided by law) to the Liens granted to the Administrative Agent and the Lenders by the Collateral Documents, (ii) Liens in connection with workers' compensation, unemployment insurance or other social security obligations (but not ERISA), (iii) deposits or pledges to secure bids, tenders, contracts (other than contracts for the payment of money), leases, statutory obligations, surety and appeal bonds and other obligations of like nature arising in the ordinary course of business, (iv) zoning ordinances, easements and other similar restrictions affecting real property which could not reasonably be

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expected to have a Material Adverse Effect, (v) the Liens created under the Collateral Documents, (vi) statutory Liens arising by operation of law such as mechanics' liens incurred in the ordinary course of business which are not delinquent or which are being contested in accordance with Section 7.4, (vii) Liens arising out of judgments or decrees which are being contested in accordance with Section 7.4, PROVIDED that such Liens are subordinate to the Liens granted to the Administrative Agent and the Lenders by the Collateral Documents and PROVIDED further that enforcement of such Liens is stayed during such contest, (viii) Liens on Property of the Borrower and the Subsidiaries existing on the date hereof as set forth in Schedule 8.2, (ix) Liens in connection with the making of deposits in accordance with Section 8.5(e) and (x) Liens in connection with Indebtedness permitted under Section 8.1(ii), PROVIDED that such Liens extend only to the Property acquired with such Indebtedness.

8.3 MERGER OR ACQUISITION OF PROPERTY.

Consolidate with, be acquired by, or merge into or with any Person, or acquire all or substantially all of the Stock or Property of any Person, or permit any Subsidiary so to do, except:

8.4 any wholly-owned Subsidiary may merge with the Borrower (with the Borrower as survivor) or with another wholly-owned Subsidiary;

- 8.5 subject to the satisfaction of the conditions precedent set forth in Section 5.1, the Initial Acquisitions;
- 8.6 PROVIDED that immediately before and after giving effect thereto, all representations and warranties contained in the Loan Documents shall be true and correct and no Default or Event of Default shall exist:
- 8.7 the Borrower or any wholly-owned Subsidiary may consummate the Houston Transaction,
- 8.8 the Borrower or any wholly-owned Subsidiary may consummate those transactions which are listed on Schedule 8.3(c) (collectively, the "DESIGNATED TRANSACTIONS"), and
- 8.9 upon 30 days' notice to the Administrative Agent, the Borrower or any wholly-owned Subsidiary may purchase one or more Broadcasting Stations and related Property from Acquisition Corp. or any of its Subsidiaries, PROVIDED that (A) the Borrower shall have delivered to the Administrative Agent an independent appraisal of each Broadcasting Station and related Property to be acquired, such appraisal to be in all respects satisfactory to the Administrative Agent and (B) the purchase price therefor shall not exceed the cash portion of the net cash proceeds received by the Borrower in connection with the transaction described in

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Section 8.7(b), PROVIDED further that to the extent that the purchase price for such Broadcasting Station or Broadcasting Stations and related Property exceeds the amount permitted to be paid pursuant to clause (B) above, the Borrower or any of its Subsidiaries may pay an additional amount to the extent that the Borrower could make a Restricted Payment under Section 8.4(d);

- 8.10 on and after the Bridge Termination Date, upon 30 days' notice to the Administrative Agent, the Borrower or any wholly-owned Subsidiary may make other acquisitions, including through a merger (with the Borrower or such wholly-owned Subsidiary (or a Person that becomes a wholly-owned Subsidiary) as the survivor thereof), PROVIDED that (i) if immediately before or after giving effect to any such acquisition or merger the Total Leverage Ratio exceeds 5.50:1.00 (in such case, a "LEVERAGED ACQUISITION"), the aggregate gross consideration (including capital expenditures relating to such Leveraged Acquisition that are reasonably anticipated for the 12 month period following such Leveraged Acquisition) paid or payable for all Leveraged Acquisitions (including the Leveraged Acquisition then being contemplated) made during the period commencing on the Second Restatement Date and ending through and including the date of the Leveraged Acquisition then being contemplated shall not exceed \$50,000,000, (ii) immediately before and after giving effect to any such proposed acquisition or merger, all representations and warranties contained in the Loan Documents shall be true and correct and no Default or Event of Default shall exist, and (iii) the Borrower shall have received with respect to each such acquisition or merger an order from the FCC in respect of the acquisition or merger of a Broadcasting Station (which FCC order need not have become a final order) and all other similar material orders from all other applicable Governmental Authorities, with regard to the acquisition or merger, authorizing the applicable transactions, if required by applicable law, and the Administrative Agent shall have received true, complete and correct copies, certified by an Authorized Signatory of the Borrower, of all such orders;
- 8.11 as permitted under Section 8.5; and
- 8.12 the Common Ground Reorganization, PROVIDED that (i) immediately before and after giving effect to the Common Ground Reorganization, all representations and warranties contained in the Loan Documents shall be true and correct and no Default or Event of Default shall exist, (ii) the Borrower shall have received with respect to the Common Ground Reorganization an order (subject to no pending contest or administrative review) from the FCC (in respect of each affected Broadcasting Station)

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and all other similar material orders from all other applicable Governmental Authorities, with regard to the Common Ground Reorganization, authorizing the applicable transactions, if required by applicable law, and the Administrative Agent shall have received true, complete and correct copies, certified by an Authorized Signatory of the Borrower, of all such orders, (iii) the Common Ground Collateral Release shall not have occurred more than five Business Days prior to the consummation of the Common Ground Reorganization,

(iv) within five Business Days after the consummation of the Common Ground Reorganization, (A) Common Ground Broadcasting, Inc. and each Subsidiary that receives transferred assets and that is not then a party to the Subsidiary Guaranty shall become a party to the Subsidiary Guaranty, and (B) the Borrower and each Subsidiary that receives transferred assets shall grant a security interest pursuant to the Borrower Security Agreement or the Subsidiary Guaranty in and to all of the assets transferred to it, all in the manner required by this Section 8.3, and (v) the Common Ground Reorganization shall be consummated no later than 90 days following the Second Restatement Date.

If the aggregate gross consideration for any such acquisition or merger permitted by Section 8.3(d) (including capital expenditures relating to such acquisition or merger that are reasonably anticipated for the 12 month period following such acquisition or merger) exceeds \$10,000,000, (i) the Borrower shall have delivered to the Administrative Agent and each Lender such details of such transaction as the Administrative Agent or any Lender (through the Administrative Agent) shall reasonably request, and (ii) the Borrower shall have delivered to the Administrative Agent a certificate of an Authorized Signatory of the Borrower certifying that (A) the Borrower is in pro-forma compliance with the terms, covenants, provisions, and conditions of this Agreement, including, without limitation, Sections 6.1, 6.2, 6.3, 6.4 and 6.5 (and attaching calculations with respect to Sections 6.1, 6.2, 6.3, 6.4 and 6.5), and (B) immediately before and after giving effect to any such acquisition or merger, all representations and warranties contained in the Loan Documents are true and correct and no Default or Event of Default exists.

If the aggregate gross consideration for any such acquisition or merger permitted by Section 8.3(d) (including capital expenditures relating to such acquisition or merger that are reasonably anticipated for the 12 month period following such acquisition or merger) exceeds \$20,000,000, the Borrower shall have delivered to the Administrative Agent and each Lender an independent appraisal of each Property to be acquired, such appraisal to be in all respects satisfactory to the Administrative Agent.

Immediately upon the consummation of any acquisition or merger permitted under Sections 8.3(c) or 8.3(d), (i) the Borrower shall have delivered to the Administrative Agent such UCC financing statements and other documents as the

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Administrative Agent shall reasonably require in order to grant to the Administrative Agent a first priority perfected security interest in the Property acquired under and pursuant to the Collateral Documents, subject to no Liens other than Permitted Liens, (ii) if the Borrower shall have created or acquired a Subsidiary in connection with such acquisition, such Subsidiary shall have become a party to the Subsidiary Guaranty and (iii) the Borrower shall have delivered to the Administrative Agent such opinions and other documents as the Administrative Agent shall reasonably require in connection therewith.

8.13 RESTRICTED PAYMENTS.

Declare or make any Restricted Payment, or permit any of the Subsidiaries so to do, except as follows:

8.14 any wholly-owned Subsidiary may declare and make Restricted Payments to its parent from time to time;

8.15 the Borrower and its Subsidiaries may make Restricted Payments to the Parent for the purpose of enabling the Parent, as a consolidated taxpayer, to pay Taxes pursuant to the terms set forth in the Tax Sharing Agreement to the extent required thereby;

8.16 the Borrower and its Subsidiaries may pay Management Fees to the Parent in any fiscal year (in an aggregate amount not exceeding 1% of the net revenue of Borrower and its Subsidiaries for the immediately preceding fiscal year), in accordance with the terms set forth in the Management Agreement, for services rendered to the Borrower or any of its Subsidiaries, PROVIDED that (i) no Default or Event of Default has occurred or is continuing (PROVIDED that during the continuance of a Default or an Event of Default, the Management Fee may be accrued, but not paid) and (ii) any such Management Fee accrued or paid shall be treated as an operating expense and deducted from the calculation of Operating Cash Flow of the Borrower; and

8.17 PROVIDED that immediately before and after giving effect to such declaration or payment no Default or Event of Default shall exist, the Borrower may declare and pay Restricted Payments to the Parent in an aggregate amount equal to the excess (if any) of (i) if the Total Leverage Ratio based on the most recently delivered financial statements pursuant to Section 7.1(a)(ii) or 7.1(c)(ii), as applicable, is (x) greater than 5.00:1.00, \$5,000,000, and (y) less

than 5.00:1.00, \$10,000,000 MINUS (ii) the sum of (x) Restricted Payments made on or after the Second Restatement Date under this subsection (d) PLUS (y) the amount of the purchase price paid by the Borrower or any of its Subsidiaries in connection with the transactions described in Section 8.3(c)(iii) over the amount permitted to be paid

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therefor pursuant to clause (B) thereof (without regard to the second proviso of such subsection).

8.18 INVESTMENTS, LOANS, ETC.

At any time, purchase or otherwise acquire, hold or invest in the Stock of, or any other interest in, any Person, or make any loan or advance (excluding deposits or pledges permitted under Section 8.2(iii)) to, or enter into any arrangement for the purpose of providing funds or credit to, or make any other investment, whether by way of capital contribution or otherwise, in or with any Person (all of which are sometimes referred to herein as "INVESTMENTS"), or permit any Subsidiary so to do, except:

8.19 Investments in short-term domestic and eurodollar certificates of deposit issued by any Lender, or any other commercial bank, trust company or national banking association incorporated under the laws of the United States or any State thereof and having undivided capital surplus and retained earnings exceeding \$500,000,000;

8.20 Investments in short-term direct obligations of the United States of America or agencies thereof which obligations are guaranteed by the United States of America;

8.21 Investments existing on the date hereof as set forth in Schedule 8.5(c);

8.22 Investments to the extent the same are acquisitions permitted pursuant to Section 8.3;

8.23 Investments by the Borrower in the form of deposits or options made in the ordinary course of business in connection with any proposed acquisition or acquisitions of Property permitted pursuant to the terms of this Agreement;

8.24 loans and advances to employees for travel and relocation purposes; and

8.25 loans and advances to employees for other valid business purposes that do not exceed \$100,000 in the aggregate at any one time outstanding;

8.26 intercompany Indebtedness permitted pursuant to Section 8.1(iv) and capital contributions made by the Borrower or any Subsidiary in any wholly-owned Subsidiary, PROVIDED that (i) the aggregate amount of the intercompany loans made to, and

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capital contributions made in, the Other Media Subsidiaries shall not exceed in the aggregate \$10,000,000 in any fiscal year and \$25,000,000 from the Second Restatement Date through the Maturity Date and (ii) all representations and warranties contained in the Loan Documents shall be true and correct and no Default or Event of Default shall exist immediately before and after giving effect to any such intercompany loan or capital contribution;

8.27 commercial paper or other short term obligations of any corporation organized under the laws of the United States or any State thereof whose ratings, at the time of the investment or contractual commitment to invest therein, from each of Moody's and S & P are the highest investment category granted thereby;

8.28 investments in money market funds having a rating from each of Moody's and S & P in the highest investment category granted thereby;

8.29 bankers acceptances issued by any commercial bank, trust company or national banking association referred to in subsection (a) above;

8.30 repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States or any agency or instrumentality thereof the obligations

of which are backed by the full faith and credit of the United States, in either case entered into with a commercial bank, trust company or national banking association (acting as principal) referred to in subsection (a) above;

8.31 repurchase obligations with respect to any security or whole loan entered into with (i) a commercial bank, trust company or national banking association (acting as principal) described in subsection (a) above, (ii) a broker/dealer (acting as principal) registered as a broker or dealer under Section 15 of the Exchange Act the unsecured short-term debt obligations of which are rated P-1 by Moody's and at least A-1 by S & P at the time of entering into such repurchase obligation, (iii) an unrated broker/dealer, acting as principal, that is a wholly-owned Subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated P-1 by Moody's and at least A-1 by S & P at the time of purchase;

8.32 promissory notes received in connection with a sale, exchange or other disposition of Property permitted by Section 8.7 to the extent that the receipt of such promissory notes is permitted by Section 8.7(d); and

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8.33 other Investments (including partnerships, joint ventures and joint operating arrangements), PROVIDED that (i) the aggregate amount of all such other Investments shall not exceed in the aggregate \$5,000,000 at any time, and (ii) immediately before and after giving effect to each such Investment no Default or Event of Default shall or would exist.

8.34 BUSINESS CHANGES.

Engage in any material line of business substantially different from those lines of business carried on as of the Second Restatement Date, or permit any Subsidiary so to do.

8.35 SALE OF PROPERTY.

Sell, exchange, lease, transfer or otherwise dispose of any Property to any Person, or permit any Subsidiary so to do, except as permitted in connection with the Common Ground Reorganization pursuant to the terms and conditions of Section 8.3 and except for:

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8.36 sales, exchanges, leases, transfers or other dispositions made in the ordinary course of business (which shall not include the sale or other disposition of all or substantially all of the Stock or assets of any Broadcasting Station or any other existing business of the Borrower or any Subsidiary as of the Second Restatement Date (including, without limitation, magazine, Internet and software businesses) or involve an FCC license of the Borrower or any of its Subsidiaries);

8.37 prior to the Bridge Termination Date, the Borrower or any Subsidiary may sell any Property for its fair market value PROVIDED that (i) at least 75% of the consideration to be received in respect of each sale shall be paid in cash or cash equivalents, (ii) immediately before and after giving effect to the proposed sale (including any related change in Indebtedness), all representations and warranties contained in the Loan Documents shall be true and correct and no Default or Event of Default shall exist and (iii) the Borrower or such Subsidiary applies the net cash proceeds of such sale to the purchase of Property of Acquisition Corp. or any of its Subsidiaries in accordance with the provisions of Section 8.3(c)(iii);

8.38 PROVIDED that immediately before and after giving effect thereto, all representations and warranties contained in the Loan Documents shall be true and correct and no Default or Event of Default shall exist, the Borrower or any wholly-owned Subsidiary may consummate the Houston Transaction and the Designated Transactions; and

8.39 subject to the second to the last paragraph of this Section 8.7, the Borrower or any Subsidiary may sell or exchange any Property for its fair market value, PROVIDED that (i) the aggregate gross consideration to be received for all Property that has been sold or exchanged pursuant to the provisions of this Section 8.7(d) during the one year period ending on the date of the proposed sale or exchange (including the Property then being contemplated to be sold or exchanged) shall not exceed \$30,000,000, (ii) the aggregate gross consideration to be received for all Property that has been sold or exchanged pursuant to the provisions of this Section 8.7(d) during the period commencing on the Second Restatement Date and ending through and including the date of the proposed sale or exchange (including the Property then being

contemplated to be sold or exchanged) shall not exceed \$60,000,000, (iii) at least 75% of the consideration to be in respect of each sale or exchange shall be paid in cash, cash equivalents or like-kind assets, PROVIDED that notwithstanding such 75% limitation, the Borrower and its Subsidiaries may receive consideration in respect of sales or exchanges permitted hereunder in the form of promissory notes of the purchaser not in excess of \$5,000,000 in the aggregate at any time outstanding for all such sales and exchanges, and (iv) immediately before

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and after giving effect to the proposed sale or exchange (including any related change in Indebtedness), all representations and warranties contained in the Loan Documents shall be true and correct and no Default or Event of Default shall exist.

If the aggregate gross consideration for any such sale or exchange permitted under Section 8.7(d) exceeds \$10,000,000, (i) the Borrower shall have delivered to the Administrative Agent and each Lender such details of such transaction as the Administrative Agent or any Lender (through the Administrative Agent) shall reasonably request, and (ii) the Borrower shall have delivered to the Administrative Agent a certificate of an Authorized Signatory of the Borrower certifying that (A) the Borrower is in pro-forma compliance with the terms, covenants, provisions, and conditions of this Agreement, including, without limitation, Sections 6.1, 6.2, 6.3, 6.4 and 6.5 (and attaching calculations with respect to Sections 6.1, 6.2, 6.3, 6.4 and 6.5), and (B) immediately before and after giving effect to any such sale or exchange (including any related change in Indebtedness), all representations and warranties contained in the Loan Documents are true and correct and no Default or Event of Default exists. In connection with any such sale or exchange permitted under Section 8.7(d), (i) the Borrower shall have received fair value for the Property sold or exchanged and (ii) at least 75% of the consideration to be received in connection with any such sale shall be in any combination of like-kind property, cash or cash equivalents.

Upon the sale or disposal of the entire assets of any Subsidiary as provided in this Section 8.7, the Borrower may liquidate such Subsidiary upon reasonable prior notice to the Administrative Agent.

8.40 CREATION OF SUBSIDIARIES.

Create any other Subsidiary, or permit any Subsidiary so to do, except the Borrower or any Subsidiary may create a wholly-owned Subsidiary, PROVIDED that (i) immediately before and after giving effect to any such proposed creation, all representations and warranties contained in the Loan Documents shall be true and correct and no Default or Event of Default shall exist; (ii) the Borrower shall have delivered to the Administrative Agent such UCC financing statements and other documents as the Administrative Agent shall reasonably require in order to grant to the Administrative Agent a first priority perfected security interest in the Stock and/or Property, as applicable, of such Subsidiary under and pursuant to the Collateral Documents, subject to no Liens other than Permitted Liens; (iii) the Subsidiary shall become a party to the Subsidiary Guaranty and (iv) the Borrower shall have delivered to the Administrative Agent such opinions and other documents as the Administrative Agent shall reasonably require in connection therewith.

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8.41 COMPLIANCE WITH ERISA.

Adopt any Plan other than those listed in Schedule 4.14 or permit any Subsidiary so to do, or engage in any "prohibited transaction", as such term is defined in Section 4975 of the Code or Section 406 of ERISA, with respect to any Plan, or incur any "accumulated funding deficiency", as such term is defined in Section 412 of the Code or Section 302 of ERISA, or terminate, or permit any Commonly Controlled Entity to terminate, any Plan that would result in any liability of the Borrower or any Commonly Controlled Entity to the PBGC, or permit the occurrence of any Reportable Event or any other event or condition that presents a risk of such a termination by the PBGC of any Plan, or withdraw or effect a partial withdrawal from a Multiemployer Plan, or permit any Commonly Controlled Entity which is an employer under such a Multiemployer Plan so to do, if any such withdrawal would result in such withdrawing employer incurring any withdrawal liability in excess of \$250,000.

8.42 CERTIFICATE OF INCORPORATION AND BY-LAWS; CERTAIN AGREEMENTS.

Amend or otherwise modify (i) its certificate of incorporation, bylaws or other organizational documents, or permit any Subsidiary so to do, in any way that would adversely affect the interests of the Lenders or the Issuing Bank or the obligations of any Loan Party under any of the Loan Documents, (ii) the Tax Sharing Agreement, (iii) the Management Agreement or (iv) the Initial Transaction Documents.

8.43 PREPAYMENTS OF INDEBTEDNESS.

Prepay or obligate itself to prepay, in whole or in part, any Indebtedness (other than the Loans) prior to the due date thereof, or permit any Subsidiary so to do, other than (i) the prepayment by any Subsidiary of Indebtedness owing by such Subsidiary to the Borrower, (ii) the prepayment of Indebtedness permitted under Section 8.1(ii) with the proceeds of other Indebtedness permitted under Section 8.1(i) or (ii) or with the proceeds of Stock issued by the Borrower pursuant to Section 8.16, (iii) PROVIDED that no Default or Event of Default shall then exist, the prepayment by the Borrower of Indebtedness incurred by the Borrower in the ordinary course of its business to any Subsidiary, and (iv) as permitted by Section 8.17.

8.44 ACCOUNTING PRACTICE; FISCAL YEAR.

Make any significant change in accounting treatment or reporting practices, except as required by GAAP, or change its fiscal year from a fiscal year commencing January 1st and ending December 31st, or permit any of its Subsidiaries so to do; PROVIDED that any Subsidiary may change to a fiscal year commencing January 1st and ending December 31st.

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8.45 LIMITATION ON UPSTREAM TRANSFERS.

Permit or cause any of its Subsidiaries to enter into or agree, or otherwise be or become subject, to any agreement, contract or other arrangement (other than this Agreement) with any Person pursuant to the terms of which (a) such Subsidiary is or would be prohibited from making any advances to the Borrower or declaring or paying any cash dividends on any class of its Stock owned directly or indirectly by the Borrower or any of the other Subsidiaries or from making any other distribution on account of any class of any such Stock (herein referred to as "UPSTREAM TRANSFERS"), or (b) the declaration or payment of Upstream Transfers on an annual or cumulative basis is or would be otherwise limited or restricted, PROVIDED that the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, PROVIDED that such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder.

8.46 TRANSACTIONS WITH AFFILIATES.

Except for the Management Agreement and Tax Sharing Agreement, become, or permit any Subsidiary to become, a party to any transaction with any Affiliate of the Borrower or any Subsidiary (other than a transaction solely between any wholly-owned Subsidiary and either the Borrower or any other wholly-owned Subsidiary) on a basis less favorable to the Borrower or such Subsidiary in any material respect than if such transaction were not with an Affiliate of the Borrower or such Subsidiary.

8.47 SALE AND LEASEBACK.

Enter into any arrangement with any Person, or permit any Subsidiary so to do, providing for the leasing by the Borrower or such Subsidiary of Property which has been or is to be sold or transferred by the Borrower or such Subsidiary to such Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such Property or rental obligations of the Borrower or such Subsidiary.

8.48 STOCK ISSUANCE.

Issue any additional shares of Stock, or permit any of its Subsidiaries so to do, except (i) the Borrower may issue shares of its Class A common Stock and (ii) any Subsidiary may issue shares of its Stock to the Borrower or any wholly-owned Subsidiary.

8.49 SUBORDINATED INDENTURE.

Enter into or agree to any amendment, modification or waiver of any term or condition of the Subordinated Indenture, the Subordinated Indenture Notes or the Subordinated Indenture Subsidiary Guaranty, or purchase, redeem or make any payment with respect to Indebtedness under the Subordinated Indenture Notes or the Subordinated

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Indenture Subsidiary Guaranty, or permit any of its Subsidiaries so to do, except the Borrower may make required payments to the extent expressly permitted pursuant to the subordination terms set forth therein.

8.50 FEDERAL RESERVE REGULATIONS.

Own, or permit any of its Subsidiaries to own, Margin Stock in excess of 25% (or such greater or lesser percentage as is provided in the exclusions

from the definition of "Indirectly Secured" contained in Regulation U in effect at the time of the making of each Loan or the issuance of each Letter of Credit) of the value of the assets of (i) the Borrower, or (ii) the Borrower and its Subsidiaries on a Consolidated basis.

8.51 CHANGE IN NAME, JURISDICTION OF ORGANIZATION; NATURE OF BUSINESS.

Change its legal name or the jurisdiction of its organization or make any material change in the nature of its business, taken as a whole, as conducted on the Second Restatement Date, or permit any of its Subsidiaries so to do, except that any Subsidiary may change its name or the jurisdiction of its organization PROVIDED that the Subsidiary (i) shall provide to the Administrative Agent 30 days prior written notice of such name change, (ii) no fewer than 10 days prior to the applicable change, shall have taken all steps necessary or reasonably required by the Administrative Agent to maintain the perfection of the Security Interest under the Subsidiary Guaranty and (iii) shall deliver to the Administrative Agent such certificates and other documents as the Administrative Agent shall reasonably require.

8.52 LEASE OBLIGATIONS.

Create or suffer to exist any obligations for the payment of rent by the Borrower or any Subsidiary for any Property under lease or agreement to lease, or permit any of its Subsidiaries so to do, except for:

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8.53 leases in existence on the Second Restatement Date and any renewal, extension or refinancing thereof;

8.54 operating leases in the ordinary course of business entered into or assumed after the Second Restatement Date; and

8.55 capital leases other than those permitted under clauses (a) and (b) of this Section, entered into after the Second Restatement Date to finance the acquisition of equipment to the extent the Indebtedness evidenced by such capital leases is permitted under Section 8.1.

9. DEFAULT

9.1 EVENTS OF DEFAULT.

The following shall each constitute an "EVENT OF DEFAULT" hereunder:

9.2 The failure of the Borrower to pay any installment of principal on any Note or any reimbursement payment in respect of a Letter of Credit on the date when due and payable; or

9.3 The failure of the Borrower to pay any installment of interest or any other fees or expenses payable hereunder or under or in connection with any other Loan Documents within three Business Days of the date when due and payable; or

9.4 The use by the Borrower of the proceeds of any Loan or Letter of Credit in a manner inconsistent with or in violation of Section 2.7; or

9.5 The failure of the Borrower to observe or perform any covenant or agreement contained in Section 6, Section 7.3, 7.5, 7.10, 7.11, 7.12(a), 7.13 or Section 8; or

9.6 The failure of the Borrower to observe or perform any other term, covenant, or agreement contained in this Agreement and such failure shall have continued unremedied for a period of 30 days after the Borrower shall have obtained knowledge thereof; or

9.7 Any representation or warranty of any Loan Party

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(or of any officer on its behalf) made in any Loan Document or in any certificate, report, opinion (other than an opinion of counsel) or other document delivered or to be delivered pursuant to any Loan Document, shall prove to have been incorrect or misleading (whether because of misstatement or omission) in any material respect when made; or

9.8 Any obligation of the Parent or any of its Subsidiaries (other than its obligations under the Loan Documents), whether as principal, guarantor, surety or other obligor, under the

Bridge Credit Agreement, or any such obligation for the payment or purchase of any other Indebtedness or operating lease(s) in excess of \$500,000 in the aggregate, (i) shall become or shall be declared to be due and payable prior to the expressed maturity thereof, or (ii) shall not be paid or purchased when due or within any grace period for the payment or purchase thereof, or (iii) the holder of any Indebtedness under the Bridge Credit Agreement, or any such other Indebtedness or obligations in excess of \$500,000 in the aggregate in respect of other obligations shall have the right to declare such Indebtedness or other obligation(s) due and payable or require the purchase thereof prior to the expressed maturity thereof; or

9.9 The Parent or any of its Subsidiaries shall (i) except as permitted by Sections 8.3 and 8.7, suspend or discontinue its business, or (ii) make an assignment for the benefit of creditors, or (iii) generally not be paying its debts as such debts become due, or (iv) admit in writing its inability to pay its debts as they become due, or (v) file a voluntary petition in bankruptcy, or (vi) become insolvent (however such insolvency shall be evidenced), or (vii) file any petition or answer seeking for itself any reorganization, arrangement, composition, readjustment of debt, liquidation or dissolution or similar relief under any present or future statute, law or regulation of any jurisdiction, or (viii) petition or apply to any tribunal for any receiver, custodian or any trustee for any substantial part of its Property, or (ix) be the subject of any such proceeding filed against it which remains undismissed for a period of 60 days, or (x) file any answer admitting or not contesting the material allegations of any such petition filed against it or of any order, judgment or decree approving such petition in any such proceeding, or (xi) seek, approve, consent to, or acquiesce in any such proceeding, or in the appointment of any trustee, receiver, custodian, liquidator, or fiscal agent for it, or any substantial part of its Property, or an order is entered appointing any such trustee, receiver, custodian, liquidator or fiscal agent and such order remains in effect for 60 days, or (xii) except as permitted by Sections 8.3 and 8.7, take any formal action for the purpose of effecting any of the foregoing or looking to the liquidation or dissolution of the Parent or such Subsidiary; or

9.10 An order for relief is entered under the United States bankruptcy laws or any other decree or order is entered by a court having jurisdiction (i) adjudging the Parent or any of its Subsidiaries

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a bankrupt or insolvent, or (ii) approving as properly filed a petition seeking reorganization, liquidation, arrangement, adjustment or composition of or in respect of the Parent or any of its Subsidiaries under the United States bankruptcy laws or any other applicable Federal or state law, or (iii) appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Parent or any of its Subsidiaries or of any substantial part of the Property thereof, or (iv) ordering the winding up or liquidation of the affairs of the Parent or any of its Subsidiaries, and any such decree or order continues unstayed and in effect for a period of 60 days; or

9.11 Any judgments or decrees against the Parent or any of its Subsidiaries (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage) aggregating in excess of \$500,000 for all such parties shall remain unpaid, unstayed on appeal, undischarged, unbonded or undismissed for a period of 30 days; or

9.12 The occurrence of an Event of Default under and as defined in any Collateral Document or any Reimbursement Agreement; or

9.13 Any of the Loan Documents shall cease, for any reason, to be in full force and effect other than in accordance with its terms, or any Loan Party shall so assert in writing or shall disavow its obligations thereunder; or

9.14 The FCC or any other Governmental Authority revokes or fails to renew any license, permit or franchise of the Parent or any of its Subsidiaries, or the Parent or any of its Subsidiaries for any reason loses any license, permit or franchise, or the Parent or any of its Subsidiaries suffers the imposition of any restraining order, escrow, suspension or impound of funds in connection with any proceeding (judicial or administrative) with respect to any license, permit or franchise, to the extent such revocation, failure to renew, loss or imposition (i) pertains to the main broadcasting license of any Broadcasting Station operated by the Borrower or any of its Subsidiaries or (ii) is reasonably likely to

have a Material Adverse Effect; or

9.15 The occurrence of a Material Adverse Change; or

9.16 A Change of Control shall occur.

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Upon the occurrence of an Event of Default or at any time thereafter during the continuance thereof, (a) if such event is an Event of Default specified in clauses (h) or (i) above, the RC Commitments and the Letter of Credit Commitment shall immediately and automatically terminate and the Loans, all accrued and unpaid interest thereon and all other amounts owing under the Loan Documents shall immediately become due and payable, and the Administrative Agent may, and upon the direction of the Required Lenders shall, exercise any and all remedies and other rights provided pursuant to the Loan Documents and (b) if such event is any other Event of Default, any or all of the following actions may be taken: (i) with the consent of the Required Lenders, the Administrative Agent may, and upon the direction of the Required Lenders shall, by notice to the Borrower, declare the RC Commitments and the Letter of Credit Commitment to be terminated whereupon the RC Commitments and the Letter of Credit Commitment shall immediately terminate, and (ii) with the consent of the Required Lenders, the Administrative Agent may, and upon the direction of the Required Lenders shall, by notice of default to the Borrower, declare the Loans, all accrued and unpaid interest thereon and all other amounts owing under the Loan Documents to be due and payable forthwith, whereupon the same shall immediately become due and payable, and the Administrative Agent may, and upon the direction of the Required Lenders shall, exercise any and all remedies and other rights provided pursuant to the Loan Documents. Except as otherwise provided in this Section 9.1, presentment, demand, protest and all other notices of any kind are hereby expressly waived to the extent permitted by applicable law. The Borrower hereby further expressly waives and covenants not to assert any appraisal, valuation, stay, extension, redemption or similar laws, to the extent permitted by applicable law, now or at any time hereafter in force, which might delay, prevent or otherwise impede the performance or enforcement of any of the Loan Documents. In the event that the Administrative Agent shall fail or refuse so to proceed, the Issuing Bank and each Lender shall be entitled to take such action as the Required Lenders shall deem appropriate to enforce its rights under the Loan Documents.

In the event that the RC Commitments or the Letter of Credit Commitment shall have been terminated or all of the Notes shall have been declared due and payable pursuant to the provisions of this Section 9.1, (i) the Borrower shall forthwith deposit an amount equal to the Letter of Credit Exposure in a cash collateral account with and under the sole dominion and control of the Administrative Agent and (ii) the Lenders and the Issuing Bank agree, among themselves, that any funds received in respect of the Loan Documents from or on behalf of the Borrower by any of the Lenders or the Issuing Bank (except funds received by any Lender or the Issuing Bank as a result of a purchase pursuant to the provisions of Section 11.9) shall be remitted to the Administrative Agent, and shall be applied by the Administrative Agent in payment of the Loans, the Reimbursement Obligations and the obligations of the Borrower under the Loan Documents in the following manner and order: (1) first, to reimburse the Administrative Agent, the Issuing Bank and the Lenders for any expenses due from the Borrower pursuant to the provisions of Section 11.5; (2) second, to the payment of the Commitment Fee, and Letter of Credit Fee, pro rata according to the RC Commitment Percentage of

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each Lender; (3) third, to the payment of any other fees, expenses or amounts (other than the principal of and interest on the Notes, the Reimbursement Obligations and any obligations to any Lender (and any Affiliate of any Lender) arising out of any Interest Rate Protection Arrangement) payable by the Borrower to the Administrative Agent, the Issuing Bank or any of the Lenders under the Loan Documents; (4) fourth, to the payment, pro rata according to the outstanding Loans of each Lender and outstanding Reimbursement Obligations including any interest by a Lender therein), of interest due thereon; (5) fifth, on a pro rata basis, to the payment of (A) the principal outstanding on the Notes, pro rata according to each Lender's outstanding Loans, (B) the principal outstandings on the Reimbursement Obligations, pro rata according to the Issuing Bank's and each other Lender's interest therein, and (C) the obligations of the Borrower to the Lenders (and any Affiliate of any Lender) arising out of any Interest Rate Protection Arrangements; and (6) sixth, any remaining funds shall be paid to whomsoever shall be entitled thereto or as a court of competent jurisdiction shall direct.

10. THE ADMINISTRATIVE AGENT

10.1 APPOINTMENT.

Each Lender hereby irrevocably designates and appoints BNY as the Administrative Agent of such Lender under and in connection with the Loan Documents. Each such Lender hereby irrevocably authorizes BNY as the

Administrative Agent for such Lender to take such action on its behalf under the provisions of the Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of the Loan Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement or any of the other Loan Documents, the Administrative Agent shall have no duties or responsibilities, except those expressly set forth herein or therein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into the Loan Documents or otherwise exist against the Administrative Agent.

10.2 DELEGATION OF DUTIES.

The Administrative Agent may execute any of its duties under the Loan Documents by or through agents or attorneys-in-fact and shall be entitled to rely upon the advice of counsel concerning all matters pertaining to such duties.

10.3 EXCULPATORY PROVISIONS.

Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Loan Documents (except for its own gross negligence or willful misconduct), or

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(ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by the Borrower or any officer thereof contained in the Loan Documents or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, the Loan Documents or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of any of the Loan Documents or for any failure of the Borrower or any other Person to perform its obligations hereunder or thereunder. The Administrative Agent shall be under no obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, the Loan Documents, or to inspect the properties, books or records of the Borrower or any Subsidiary. The Administrative Agent shall have no liability or responsibility whatsoever to the Borrower or any other Person as a consequence of any failure or delay in performance, or any breach, by the Issuing Bank or any Lender of any of its obligations under any of the Loan Documents.

10.4 RELIANCE BY ADMINISTRATIVE AGENT.

The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, opinion, letter, cablegram, telegram, teletype, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Borrower), independent accountants and other experts selected by it. Subject to Section 11.7, the Administrative Agent may treat each Lender as the holder of all of the interests of such Lender in its RC Commitment and in its Loans and Notes. The Administrative Agent shall have no duty to examine or pass upon the validity, effectiveness or genuineness of the Loan Documents or any instrument, document or communication furnished pursuant thereto or in connection therewith, and the Administrative Agent shall be entitled to assume that the same are valid, effective and genuine, have been signed or sent by the proper parties and are what they purport to be. The Administrative Agent shall be fully justified in failing or refusing to take any action under the Loan Documents unless it shall first receive such advice or concurrence of the Required Lenders as it deems appropriate. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under the Loan Documents in accordance with a request of the Required Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Notes.

10.5 NOTICE OF DEFAULT.

The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless it has received written notice thereof from the Issuing Bank, a Lender or the Borrower. In the event that the Administrative Agent receives such a notice, it shall promptly give notice thereof to the Issuer and the Lenders. The Administrative Agent shall take such action

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with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders; PROVIDED, HOWEVER, that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem to be in the best interests of the Lenders.

10.6 NON-RELIANCE.

Each Lender expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter, including any review of the affairs of the Borrower or its Subsidiaries, shall be deemed to constitute any representation or warranty by the Administrative Agent to any Lender. Each Lender represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own evaluation of and investigation into the business, operations, Property, financial and other condition and creditworthiness of the Borrower and its Subsidiaries and made its own decision to enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, evaluations and decisions in taking or not taking action under this Agreement or any of the Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, Property, financial and other condition and creditworthiness of the Borrower and its Subsidiaries. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall have no duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, Property, financial and other condition or creditworthiness of the Borrower or its Subsidiaries which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

10.7 INDEMNIFICATION.

Each Lender agrees to indemnify the Administrative Agent in its capacity as such (to the extent not promptly reimbursed by or on behalf of the Borrower and without limiting the obligation of the Borrower or any other Loan Party to do so), ratably according to its Credit Exposure at such time, from and against any and all liabilities, obligations, claims, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever including, without limitation, any amounts paid to the Lenders (through the Administrative Agent) by the Borrower pursuant to the terms hereof, that are subsequently rescinded or avoided, or must otherwise be restored or returned) which may at any time (including, without limitation, at any time following the payment of the Notes) be imposed on, incurred by or asserted against the Administrative

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Agent in any way relating to or arising out of this Agreement, the other Loan Documents or any other documents contemplated by or referred to herein or the transactions contemplated hereby or any action taken or omitted to be taken by the Administrative Agent under or in connection with any of the foregoing; PROVIDED, HOWEVER, that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements to the extent resulting directly and primarily from the gross negligence or willful misconduct of the Administrative Agent. The agreements in this Section 10.7 shall survive the payment of the Notes and all other amounts payable under the Loan Documents.

10.8 ADMINISTRATIVE AGENT IN ITS INDIVIDUAL CAPACITY.

BNY and its Affiliates, may make loans to, accept deposits from, issue letters of credit for the account of and generally engage in any kind of business with, the Borrower and its Subsidiaries as though BNY were not the Administrative Agent. With respect to the RC Commitment made by BNY and each Note issued to BNY, the Administrative Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Lender and may exercise the same as though it was not the Administrative Agent or the Issuing Bank, and the terms "Lender" and "Lenders" shall in each case include BNY.

10.9 SUCCESSOR.

If at any time the Administrative Agent deems it advisable, in its sole discretion, it may submit to each of the Lenders a written notification of its resignation as Administrative Agent under the Loan Documents, such resignation to be effective on the later to occur of (i) the thirtieth day after the date of such notice and (ii) the date upon which any successor Administrative Agent, in accordance with the provisions of this Section 10.9,

shall have accepted in writing its appointment as such successor Administrative Agent. Upon any such resignation of the Administrative Agent, the Required Lenders shall have the right to appoint from among the Lenders a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Required Lenders and accepted such appointment within 30 days after the retiring Administrative Agent's giving of notice of resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent, which successor Administrative Agent shall be a commercial bank organized under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least \$100,000,000. Upon the acceptance of any appointment as Administrative Agent by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent's rights, powers, privileges and duties as Administrative Agent under the Loan Documents shall be terminated. The Borrower and the Lenders shall execute such documents as shall be necessary to effect such appointment. After any

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retiring Administrative Agent's resignation as Administrative Agent, the provisions of Section 10 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under the Loan Documents. If at any time hereunder there shall not be a duly appointed and acting Administrative Agent, the Borrower agrees to make each payment due under the Loan Documents directly to the Persons entitled thereto during such time.

10.10 UPDATING EXHIBITS AND SCHEDULES.

The Administrative Agent is hereby authorized and directed from time to time to (i) amend Exhibit A to reflect the RC Commitments of each Lender as of the date of each assignment pursuant to Section 11.7 and, in connection therewith, the Lending Offices and address for notices of each assignee "Lender", (ii) amend Schedule 1.1(L) to reflect any change of address of which the Administrative Agent has received written notice pursuant to Section 11.2, and (iii) in each such case, to send a copy thereof to each party hereto.

10.11 THE LEAD ARRANGER AND AGENTS.

The Lead Arranger, the Documentation Agent, the Syndication Agent and the Co-Agents shall have no duties or obligations under the Loan Documents in their respective capacities as Lead Arranger, Documentation Agent, the Syndication Agent and Co-Agents. The Lead Arranger, the Documentation Agent, the Syndication Agent and the Co-Agents shall be entitled to the same protections, indemnities and rights, and subject to the same standards with respect to their actions, inactions and duties, as the Administrative Agent.

11. MISCELLANEOUS

11.1 AMENDMENTS AND WAIVERS.

With the written consent of the Required Lenders, which consent may be transmitted by telecopier, the Administrative Agent and the appropriate Loan Parties may, from time to time, enter into written amendments, supplements or modifications of the Loan Documents and, with the consent of the Required Lenders, the Administrative Agent on behalf of the Lenders may execute and deliver to any such parties a written instrument waiving or consenting to the departure from, on such terms and conditions as the Administrative Agent may specify in such instrument, any of the requirements of the Loan Documents or any Default or Event of Default and its consequences; PROVIDED, however, that:

11.2 no such amendment, supplement, modification, waiver or consent shall, without the written consent of all of the Lenders, (i) increase the RC Commitments (other than pursuant to Section 2.4(d)) or the Letter of

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Credit Commitment, (ii) extend the Maturity Date or the RC Commitment Termination Date, (iii) extend the date or decrease the amount of any mandatory reduction of the RC Commitments pursuant to Section 2.4(b)(i), (iv) decrease the interest rate, extend the time, forgive or change the pro rata method of payment of interest or principal on or applicable to any Note or Reimbursement Obligation, (v) decrease the amount, extend the time, forgive or change the pro rata method of payment of the Commitment Fee, or the Letter of Credit Fee, (vi) release all or any part of the Collateral, the Parent Guaranty or the Subsidiary Guaranty except in connection with a permitted sale or other permitted disposition of the Collateral or the applicable Subsidiary Guarantor, as the case may be, or to the extent that the Administrative Agent shall be required or permitted to do so under the terms and provisions of the Loan Documents, (vii) change the definition of Required Lenders, (viii) change the sharing provisions among the Lenders, (ix) change the several nature of the obligations of the Lenders to make Loans and participate in Letters of Credit, or

(x) change the provisions of Sections 2.9, 2.10, 2.11, 2.13, 2.14, 11.1, 11.7(a) or 11.11;

11.3 without the written consent of the Administrative Agent, no such amendment, supplement, modification or waiver shall amend, modify or waive any provision of Section 10 or otherwise change any of the rights or obligations of the Administrative Agent under the Loan Documents; and

11.4 without the written consent of the Issuing Bank, no such amendment, supplement, modification or waiver shall amend, modify or waive any provision relating to the Issuing Bank, the Letter of Credit Commitment or the Letters of Credit or otherwise change any of the rights or obligations of the Issuing Bank hereunder or under the other Loan Documents.

Any such amendment, supplement, modification or waiver shall apply equally to each of the Lenders and shall be binding upon the parties to the applicable agreement, the Lenders, the Administrative Agent, the Issuing Bank and all future holders of the Notes and the Reimbursement Obligations. In the case of any waiver, the parties to the applicable agreement, the Lenders, the Administrative Agent, and the Issuing Bank shall be restored to their former position and rights under the Loan Documents to the extent provided for in such waiver, and any Default or Event of Default waived shall not extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

Notwithstanding the foregoing and in connection with the consummation of the Common Ground Reorganization, the Administrative Agent may release Common Ground Broadcasting, Inc. and Caron Broadcasting, Inc. and certain of their respective assets from the Subsidiary Guaranty (the "COMMON GROUND COLLATERAL RELEASE") upon

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the receipt by the Administrative Agent of a written notice from the Borrower stating that the Common Ground Reorganization will be consummated within the following five Business Days.

11.5 NOTICES.

Except as otherwise expressly provided herein, all notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made (i) when delivered by hand, (ii) one Business Day after having been sent by overnight courier service, (iii) five Business Days after having been deposited in the mail, first-class postage prepaid, or (iv) in the case of telecopier notice, when sent and transmission confirmed (which may include electronic confirmation), addressed as follows in the case of the Borrower, the Administrative Agent and the Issuing Bank, and as set forth in Schedule 1.1(L) hereto in the case of each of the Lenders, or to such other addresses as to which the Administrative Agent may be hereafter notified by the respective parties hereto or any future holders of the Notes:

The Borrower:

Salem Communications Holding Corporation
4880 Santa Rosa Road, Suite 300
Camarillo, California 93012
Attention: Dirk Gastaldo,
Vice President and
Chief Financial Officer
Telephone: (805) 384-4531
Telecopy: (805) 384-4532

with a copy to:

Salem Communications Corporation
4880 Santa Rosa Road, Suite 300
Camarillo, California 93012
Attention: Jonathan L. Block, Esq.,
Secretary
Telephone: (805) 987-0400 (ext. 106)
Telecopy: (805) 384-4505

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The Administrative Agent, the Issuing Bank and/or BNY:

The Bank of New York
Media and Telecommunications Division
One Wall Street, 16th Floor
New York, New York 10286
Attention: Stephen M. Nettler,

Vice President
Telephone: (212) 635-8699
Telecopy: (212) 635-8595

with a copy to, in the case of all Borrowing Requests and Letter of Credit Requests, prepayment notices under Section 2.5(a) and conversion notices under Section 2.8, and to the attention of, in the case of all fundings by the Lenders:

The Bank of New York, as Administrative Agent
Agency Function Administration
One Wall Street, 18th Floor
New York, New York 10286
Attention: Renee Dudley
Telephone: (212) 635-4975
Telecopy: (212) 635-6365 (or 6366/6367)

except that any notice, request or demand by the Borrower to or upon the Administrative Agent, the Issuing Bank or the Lenders pursuant to Section 2.3, 2.4, 2.5, 2.8 or 2.18 shall not be effective until received.

11.6 NO WAIVER; CUMULATIVE REMEDIES.

No failure to exercise and no delay in exercising, on the part of the Administrative Agent, the Issuing Bank or any Lender, any right, remedy, power or privilege under any Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege under any Loan Document preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges under the Loan Documents are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

11.7 SURVIVAL OF REPRESENTATIONS AND WARRANTIES.

All representations and warranties made hereunder and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement, the Notes and the other Loan Documents.

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11.8 PAYMENT OF EXPENSES AND TAXES.

The Borrower agrees, promptly upon presentation of a statement or invoice therefor, and whether or not any Loan is made or Letter of Credit is issued, (i) to pay or reimburse the Administrative Agent and the Arranger for all their out-of-pocket reasonable costs and expenses incurred in connection with the development, preparation, execution and syndication of, and any amendment, waiver, consent, supplement or modification to, the Loan Documents, any documents prepared in connection therewith and the consummation of the transactions contemplated hereby and thereby, whether such Loan Documents or any such other documents are executed and whether the transactions contemplated thereby are consummated, including, without limitation, the reasonable fees and disbursements of Special Counsel, (ii) to pay or reimburse the Administrative Agent, the Issuing Bank, the Arranger and the Lenders for all of their respective reasonable costs and expenses incurred in connection with the workout, enforcement or preservation of any rights under the Loan Documents and any such documents, including, without limitation, reasonable fees and disbursements of counsel (including the allocated cost of internal counsel) to the Administrative Agent, the Issuing Bank, the Arranger and the Lenders including, without limitation, reasonable expenses of the Administrative Agent, the Issuing Bank, the Arranger and the Lenders in connection with or attributable to commercial finance examiners, accountants, investment banks and environmental consultants, (iii) to pay, indemnify, and hold each Lender, the Administrative Agent, the Issuing Bank and the Arranger harmless from, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise and other Taxes, if any, which may be payable or determined to be payable in connection with the execution and delivery of, or consummation of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, any of the Loan Documents and any such other documents, and (iv) to pay, indemnify and hold each Lender, the Administrative Agent, the Issuing Bank and the Arranger and each of their respective officers, directors, employees and agents harmless from and against any and all other liabilities, obligations, claims, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (including, without limitation, reasonable counsel fees and disbursements (including the allocated cost of internal counsel)) with respect to the execution, delivery, enforcement and performance of the Loan Documents or the use of the proceeds of the Loans and Letters of Credit hereunder (all the foregoing, collectively, the "INDEMNIFIED LIABILITIES") and, if and to the extent that the foregoing indemnity may be unenforceable for any reason, the Borrower agrees to make the maximum payment permitted under applicable law; PROVIDED, however, that the

Borrower shall have no obligation hereunder to pay Indemnified Liabilities to the Administrative Agent, the Issuing Bank, the Arranger or any Lender to the extent arising directly and primarily from the gross negligence or willful misconduct of the Administrative Agent, the Issuing Bank, the Arranger or such Lender, as the case may be. The agreements in this Section 11.5 shall survive the termination of the RC Commitments and the payment of the Notes and all other amounts payable hereunder.

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11.9 LENDING OFFICES.

Subject to Section 2.17(b), each Lender shall have the right at any time and from time to time to transfer any Loan to a different office of such Lender, PROVIDED that such Lender shall promptly notify the Administrative Agent and the Borrower of any such change of office. Such office shall thereupon become such Lender's Lending Office.

11.10 SUCCESSORS AND ASSIGNS.

11.11 This Agreement, the Notes and the other Loan Documents to which the Borrower is a party shall be binding upon and inure to the benefit of the Borrower, the Lenders, the Administrative Agent, the Issuing Bank, all future holders of the Notes and their respective successors and assigns, except that the Borrower may not assign, delegate or transfer any of its rights or obligations under this Agreement, the Notes and the Loan Documents to which the Borrower is a party without the prior written consent of each Lender.

11.12 Each Lender shall have the right at any time, upon written notice to the Administrative Agent of its intent to do so, to sell or assign (each an "ASSIGNMENT") all or any part of its Loans, its RC Commitment and its Notes, on a pro rata basis to one or more of the other Lenders (or, with the written consent of the Issuing Bank, such consent not to be unreasonably withheld or delayed, to affiliates of such Lender or such other Lenders) or, with the written consent of Administrative Agent, the Issuing Bank and the Borrower (such consents not to be unreasonably withheld or delayed and, such consent of the Borrower not to be required during the continuance of a Default or Event of Default), to any other bank, insurance company, pension fund, mutual fund or other financial institution, PROVIDED that (i) each such partial Assignment shall be in a minimum aggregate amount of \$5,000,000 (unless otherwise consented to by the Borrower) or, in the case of any assignment pursuant to Section 2.4(d), \$1,000,000, (ii) the parties to each such Assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption Agreement along with a fee (the "ASSIGNMENT FEE") of \$3,500 with respect to the Assignment made under this Agreement and (iii) no such assignment may be made to the Borrower or to any Affiliate of the Borrower. Upon receipt of each such duly executed Assignment and Assumption Agreement together with the Assignment Fee therefor in compliance with the provisions hereof, the Administrative Agent shall (x) record the same and signify its acceptance thereof by executing two copies of such Assignment and Assumption Agreement in the appropriate place and delivering one copy to the assignor and one copy to the assignee and

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(y) request the Borrower to execute and deliver (1) to such assignee one or more Notes, in an aggregate principal amount equal to the Loans assigned to, and RC Commitments assumed by, such assignee and (2) to such assignor one or more Notes, in an aggregate principal amount equal to the balance of such assignor Lender's Loans and RC Commitment, if any, in each case against receipt of such assignor Lender's existing Notes. The Borrower agrees that it shall, upon each such request of the Administrative Agent, execute and deliver such new Notes at its own cost and expense. Upon such delivery, acceptance and recording by the Administrative Agent, from and after the effective date specified in such Assignment and Assumption Agreement, the assignee thereunder shall be a party hereto and shall for all purposes of this Agreement and the other Loan Documents be deemed a "Lender" and, to the extent provided in such Assignment and Assumption Agreement, the assignor Lender thereunder shall be released from its obligations under this Agreement and the other Loan Documents.

11.13 Each Lender may grant participations in all or any part of its Loans, its Notes or its RC Commitment to any other bank, insurance company, pension fund, mutual fund, financial institution or other entity, PROVIDED that no such participant shall have any right to require such Lender to take or omit to take any action under any Loan

Document except any action which would require the consent of all Lenders pursuant to Section 11.1. The Borrower hereby acknowledges and agrees that any such participant shall for purposes of Sections 2.9, 11.5, 11.9 and 11.11 be deemed to be a "Lender".

11.14 No Lender shall, as between and among the Borrower, the Administrative Agent, the Issuing Bank, and such Lender, be relieved of any of its obligations under the Loan Documents as a result of any Assignment or granting of a participation in, all or any part of its Loans, its RC Commitment or its Notes, except that a Lender shall be relieved of its obligations to the extent of any Assignment of all or any part of its Loans, its RC Commitment or its Notes pursuant to subsection (b) above.

11.15 Notwithstanding anything to the contrary contained in this Section 11.7, any Lender may at any time assign all or any portion of its rights under the Loan Documents to a Federal Reserve Bank. No such assignment shall release such Lender from its obligations thereunder.

11.16 COUNTERPARTS.

This Agreement and each of the other Loan Documents (other than the Notes) may be executed by one or more of the parties to this Agreement or to such other Loan Document, as the case may be, on any number of separate counterparts and all of

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said counterparts taken together shall be deemed to constitute one and the same agreement. It shall not be necessary in making proof of any Loan Document to produce or account for more than one counterpart signed by the party to be charged. Any of the parties to this Agreement and the other Loan Documents may rely on signatures of such parties hereto and thereto which are transmitted by telecopier or other electronic means as fully as if originally signed. A set of the copies of this Agreement and each of the other Loan Documents signed by all the parties shall be lodged with each of the Borrower and the Administrative Agent.

11.17 ADJUSTMENTS; SET-OFF.

11.18 If any Lender (a "BENEFITED LENDER") shall at any time receive any payment of all or any part of its Loans, or interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Section 9.1 (h) or (i), or otherwise) in a greater proportion than any such payment to and collateral received by any other Lender, if any, in respect of such other Lender's Loans, or interest thereon, such benefited Lender shall notify the Administrative Agent and shall purchase for cash from the other Lenders such portion of each such other Lender's Loans, or shall provide such other Lenders with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such benefited Lender to share the excess payment or benefits of such collateral or proceeds ratably with each of the Lenders; PROVIDED, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest, unless the benefited Lender is required to pay interest on the amount of the excess payment to be returned, in which case the other Lenders shall pay their pro rata share of such interest. The Borrower agrees that each Lender so purchasing a portion of another Lender's Loans may exercise all rights of payment (including, without limitation, rights of set-off) with respect to such portion as fully as if such Lender were the direct holder of such portion.

11.19 In addition to any rights and remedies of the Lenders provided by law, upon the occurrence and at any time during the continuance of an Event of Default, each Lender shall have the right, without prior notice to any Loan Party, any such notice being expressly waived by each such Loan Party to the extent permitted by applicable law, to set off and apply against any indebtedness, whether matured or unmatured, of such Loan Party to such Lender, any amount owing from such Lender to such Loan Party, at, or at any time after, the happening of any of the above-mentioned events. To the extent permitted by applicable law, the aforesaid right of set-off may

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be exercised by such Lender against each Loan Party or against any trustee in bankruptcy, custodian, debtor in possession, assignee for the benefit of creditors, receiver, or execution, judgment or attachment creditor of such Loan Party, or against anyone else

claiming through or against such Loan Party or such trustee in bankruptcy, custodian, debtor in possession, assignee for the benefit of creditors, receiver, or execution, judgment or attachment creditor, notwithstanding the fact that such right of set-off shall not have been exercised by such Lender prior to the making, filing or issuance, or service upon such Lender of, or of notice of, any such petition, assignment for the benefit of creditors, appointment or application for the appointment of a receiver, or issuance of execution, subpoena, order or warrant. Promptly after any such set-off and application made by a Lender against a Loan Party, such Lender shall notify such Loan Party and the Administrative Agent, PROVIDED that the failure to give such notice shall not affect the validity of such set-off and application.

11.20 NO THIRD PARTY BENEFICIARY.

This Agreement is among the Borrower, the Lenders, the Administrative Agent, the Issuing Bank and the Arranger and no other Person is intended to or shall have any rights hereunder or shall be permitted to rely hereon.

11.21 INDEMNITY.

11.22 The Borrower agrees to indemnify and hold harmless each of the Administrative Agent, the Issuing Bank, the Arranger, each Lender and each of their respective officers, directors, employees and agents (each an "INDEMNIFIED Party") from and against any loss, cost, liability, damage or expense (including the reasonable fees and out-of-pocket expenses of counsel to each such Indemnified Party, including all local counsel hired by any such counsel) incurred by each such Indemnified Party in investigating, preparing for, defending against, or providing evidence, producing documents or taking any other action in respect of, any claim, commenced or threatened litigation, administrative proceeding or investigation under any federal securities law or any other statute of any jurisdiction, or any regulation, or at common law or otherwise, which is alleged to arise out of or is based upon (i) any untrue statement or alleged untrue statement of any material fact of the Borrower or any Subsidiary in any document or schedule executed or filed with the Securities and Exchange Commission or any other Governmental Authority by or on behalf of the Borrower or any Subsidiary, (ii) any omission or alleged omission to state any material fact required to be stated in such document or schedule, or necessary to make the statements made therein, in light of

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the circumstances under which made, not misleading, (iii) any of the Loan Documents, the transactions contemplated hereby or thereby or any acts, practices or omissions or alleged acts, practices or omissions of the Borrower or any of its agents relating to the use of the proceeds of any or all Letters of Credit or Loans which are alleged to be in violation of Section 2.7, or in violation of any federal securities law or of any other statute, regulation or other law of any jurisdiction applicable thereto, or (iv) any acquisition or proposed acquisition by the Borrower or any Subsidiary of all or a portion of the Stock, or all or a portion of the assets, of any Person, in each case whether or not any Indemnified Party is a party thereto.

11.23 In addition to the indemnity provided under Section 11.11(a), the Borrower agrees to defend, indemnify and hold harmless each Indemnified Party from and against any loss, cost, liability, fine, penalties, damage or expense (including the reasonable fees and out-of-pocket expenses of counsel to each such Indemnified Party, including all local counsel hired by any such counsel) suffered or incurred by each such Indemnified Party, pertaining to any release or threatened release of a reportable quantity of any hazardous substance or hazardous waste at any Property of the Borrower or any of its Subsidiaries (a "HAZARDOUS DISCHARGE"), including, but not limited to, claims of any Governmental Authority or any third Person, whether arising under or on account of any Environmental Law or tort, contract or common law, including, without limitation, the assertion of any Lien thereunder, with respect to any Hazardous Discharge, the presence of any hazardous substances or hazardous wastes affecting any Property of the Borrower or any of its Subsidiaries, whether or not the same originates or engages from such Property or any contiguous real estate, including any loss of value of such Property as a result of the foregoing. The Borrower's obligations under this Section 11.11(b) shall arise upon the discovery of any Hazardous Discharge at such Property, whether or not any Governmental Authority or any other Person has taken or threatened any action in connection with the presence of any hazardous substances or hazardous wastes.

11.24 The indemnities set forth herein shall be in addition to any other

obligations or liabilities of the Borrower to the Indemnified Parties hereunder or at common law or otherwise, and shall survive any termination of this Agreement, the expiration of the RC Commitments and the payment of all indebtedness of the Borrower hereunder and under the other Loan Documents, PROVIDED that the Borrower shall have no obligation under this Section 11.11 to an Indemnified Party with respect to any of the foregoing to the extent arising directly and primarily out of the gross negligence or willful misconduct of such Indemnified Party.

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11.25 GOVERNING LAW.

This Agreement, the Notes and the other Loan Documents and the rights and obligations of the parties under this Agreement, the Notes and the other Loan Documents shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York, without regard to principles of conflict of laws.

11.26 HEADINGS.

Section headings have been inserted herein and in the other Loan Documents for convenience only and shall not be construed to be a part hereof or thereof.

11.27 SEVERABILITY.

Every provision of this Agreement and the other Loan Documents is intended to be severable, and if any term or provision hereof or thereof shall be invalid, illegal or unenforceable for any reason, the validity, legality and enforceability of the remaining provisions hereof or thereof shall not be affected or impaired thereby, and any invalidity, illegality or unenforceability in any jurisdiction shall not affect the validity, legality or enforceability of any such term or provision in any other jurisdiction.

11.28 INTEGRATION.

All exhibits and schedules to this Agreement shall be deemed to be a part of this Agreement or the applicable Loan Document, as the case may be. Except for agreements between the Borrower and the Administrative Agent, the Issuing Bank and the Arranger with respect to certain fees, this Agreement and the other Loan Documents embody the entire agreement and understanding among the Borrower, the Administrative Agent, the Issuing Bank, the Arranger and the Lenders with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings among the Borrower, the Administrative Agent, the Issuing Bank, the Arranger and the Lenders with respect to the subject matter hereof and thereof.

11.29 LIMITATION OF LIABILITY.

No claim may be made by the Borrower, any of its Subsidiaries, any other Loan Party, any Lender or other Person against the Administrative Agent, the Issuing Bank, any Lender, the Arranger, or any directors, officers, employees, or agents of any of them, for any special, indirect, consequential or punitive damages in respect of any claim for breach of contract or any other theory of liability arising out of or related to the transactions contemplated by any Loan Document, or any act, omission or event occurring in connection therewith, and each of the Borrower, its Subsidiaries, such other Loan Party, any such Lender or other Person hereby waives, releases and agrees not to sue upon any claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

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11.30 CONSENT TO JURISDICTION.

The Borrower hereby irrevocably submits to the jurisdiction of any New York State or Federal Court sitting in the City of New York over any suit, action or proceeding arising out of or relating to the Loan Documents. The Borrower hereby irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in such a court and any claim that any such suit, action or proceeding brought in such a court has been brought in an inconvenient forum. The Borrower hereby agrees that a final judgment in any such suit, action or proceeding brought in such a court, after all appropriate appeals, shall be conclusive and binding upon it.

11.31 SERVICE OF PROCESS.

The Borrower hereby agrees that process may be served in any suit, action, counterclaim or proceeding of the nature referred to in Section 11.17 by mailing copies thereof by registered or certified mail, postage prepaid, return receipt requested, to the address of the Borrower set forth in Section 11.2 or to any other address of which the Borrower shall have given written notice to

the Administrative Agent. The Borrower hereby agrees that such service, to the extent permitted by applicable law (i) shall be deemed in every respect effective service of process upon it in any such suit, action, counterclaim or proceeding, and (ii) shall to the fullest extent enforceable by law, be taken and held to be valid personal service upon and personal delivery to it.

11.32 NO LIMITATION ON SERVICE OR SUIT.

Nothing in the Loan Documents or any modification, waiver, or amendment thereto shall affect the right of the Administrative Agent, the Issuing Bank or any Lender to serve process in any manner permitted by law or limit the right of the Administrative Agent, the Issuing Bank or any Lender to bring proceedings against the Borrower in the courts of any jurisdiction or jurisdictions.

11.33 WAIVER OF TRIAL BY JURY.

THE ADMINISTRATIVE AGENT, THE ISSUING BANK, THE LENDERS AND THE BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION ARISING OUT OF, UNDER OR IN CONNECTION WITH THE LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREIN. FURTHER, THE BORROWER HEREBY CERTIFIES THAT NO REPRESENTATIVE OR AGENT OF THE ADMINISTRATIVE AGENT, THE ISSUING BANK OR THE LENDERS, OR COUNSEL TO THE ADMINISTRATIVE AGENT, THE ISSUING BANK OR THE LENDERS, HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE ADMINISTRATIVE AGENT, THE ISSUING BANK OR THE LENDERS WOULD NOT, IN THE EVENT

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OF SUCH LITIGATION, SEEK TO ENFORCE THIS WAIVER OF RIGHT TO JURY TRIAL PROVISION. THE BORROWER ACKNOWLEDGES THAT THE ADMINISTRATIVE AGENT, THE ISSUING BANK AND THE LENDERS HAVE BEEN INDUCED TO ENTER INTO THE LOAN DOCUMENTS BY, INTER ALIA, THE PROVISIONS OF THIS SECTION.

11.34 CONFIDENTIALITY.

The Administrative Agent, the Issuing Bank and the Lenders each agree that, without the prior written consent of the Borrower, it will not disclose the terms of this Agreement or any material confidential information with respect to the Borrower, or any of its Subsidiaries which is furnished pursuant to this Agreement to any Person except (i) its accountants, attorneys and other advisors who have a need to know such information or its Affiliates, and in each case who agree to be bound by the provisions of this Section 11.21, (ii) to the extent such information is requested to be disclosed to any regulatory or administrative body or commission to whose jurisdiction the Administrative Agent, the Issuing Bank or such Lender is subject, (iii) to the extent such information is requested or required to be disclosed by subpoena or similar process of applicable law or regulation, (iv) to the extent the Borrower has previously disclosed such information publicly or such information is otherwise in the public domain (except by virtue of a breach by the Administrative Agent, the Issuing Bank or such Lender of its obligations under this Section 11.21) at the time of disclosure, (v) such information which is disclosed in connection with any litigation or dispute between the Administrative Agent, the Issuing Bank or such Lender and any Loan Party concerning this Agreement, any other Loan Document, or any instrument or document executed or delivered in connection herewith or therewith, (vi) such information which was in the possession of such Person or such Person's Affiliates without the obligation of confidentiality prior to the Administrative Agent, the Issuing Bank or such Lender furnishing it to such Person, and (vii) in connection with a prospective assignment, grant of a participation interest or other transfer by a Lender of any of its interest in this Agreement or the Notes, PROVIDED that the Person to whom such information is disclosed shall agree to be bound by the provisions of this Section 11.21.

11.35 SAVINGS CLAUSE.

11.36 This Agreement is intended solely as an amendment of, and contemporaneous restatement of, the terms and conditions of the First Restated Agreement and this Agreement is not intended and should not be construed as in any way extinguishing or terminating the First Restated Agreement. The Collateral Documents, each to the extent amended as provided herein, shall remain in full force and effect and continue to secure the obligations described therein.

11.37 Nothing in this Agreement shall affect the rights of the Credit Parties to payments under Sections 2, 3 and 11 for the period prior to the Second

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Restatement Date and such rights shall continue to be governed by the provisions of the First Restated Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Second Amended and Restated Credit Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

SALEM COMMUNICATIONS HOLDING CORPORATION

By: /s/ Dirk Gastaldo

Name: Dirk Gastaldo
Title: VP/CFO

THE BANK OF NEW YORK, in its individual capacity, as Issuing Bank and as Administrative Agent

By: /s/ Stephen M. Nettler

Name: Stephen M. Nettler
Title: Vice President

BANK OF AMERICA, N.A., in its individual capacity and as Syndication Agent

By: /s/ Todd Shipley

Name: Todd Shipley
Title: Managing Director

FLEET NATIONAL BANK, in its individual capacity and as Documentation Agent

By: /s/ Sherry Hawkins

Name: Sherry Hawkins
Title: Vice President

UNION BANK OF CALIFORNIA, N.A., in its individual capacity and as Co-Agent

By: /s/ Lena M. Bryant

Name: Lena M. Bryant

Title: Vice President

THE BANK OF NOVA SCOTIA, in its individual capacity and as Co-Agent

By: /s/ Ian A. Hodgart

Name: Ian A. Hodgart

Title: Authorized Signatory

FIRST HAWAIIAN BANK

By: /s/ Donald C. Young

Name: Donald C. Young

Title: Senior Vice President

SUMMIT BANK

By: /s/ Michael A. Cerullo

Name: Michael A. Cerullo

Title: Vice President

CITY NATIONAL BANK

By: /s/ Rod Bollins

Name: Rod Bollins

Title: Vice President

CONSENTED TO:

ATEP RADIO, INC.
BISON MEDIA, INC.
CARON BROADCASTING, INC.
CCM COMMUNICATIONS, INC.
COMMON GROUND BROADCASTING, INC.
GOLDEN GATE BROADCASTING COMPANY, INC.
INLAND RADIO, INC.
INSPIRATION MEDIA OF TEXAS, INC.
INSPIRATION MEDIA, INC.
KINGDOM DIRECT, INC.
NEW ENGLAND CONTINENTAL MEDIA, INC.
NEW INSPIRATION BROADCASTING COMPANY, INC.
OASIS RADIO, INC.
ONEPLACE, LTD.
PENNSYLVANIA MEDIA ASSOCIATES, INC.
RADIO 1210, INC
REACH SATELLITE NETWORK, INC.
SALEM MEDIA CORPORATION
SALEM MEDIA OF COLORADO, INC.
SALEM MEDIA OF KENTUCKY, INC.
SALEM MEDIA OF GEORGIA, INC.
SALEM MEDIA OF HAWAII, INC.
SALEM MEDIA OF OHIO, INC.
SALEM MEDIA OF OREGON, INC.
SALEM MEDIA OF PENNSYLVANIA, INC.
SALEM MEDIA OF TEXAS, INC.
SALEM MEDIA OF VIRGINIA, INC.
SALEM MUSIC NETWORK, INC.
SALEM RADIO NETWORK INCORPORATED
SALEM RADIO PROPERTIES, INC.
SALEM RADIO REPRESENTATIVES, INC.
SOUTH TEXAS BROADCASTING, INC.
SRN NEWS NETWORK, INC.
VISTA BROADCASTING, INC.

AS TO EACH OF THE FOREGOING:

By: /s/ Dirk Gastaldo

Name: Dirk Gastaldo

Title: Vice President

SALEM HOLDING EXHIBIT A

LIST OF RC COMMITMENTS

LENDER	RC COMMITMENT	RC Commitment PERCENTAGE
The Bank of New York	\$50,000,000	22.2222222%
Bank of America, N.A.	\$40,000,000	17.7777778%
Fleet National Bank	\$40,000,000	17.7777778%
Union Bank of California, N.A.	\$30,000,000	13.3333333%
The Bank of Nova Scotia	\$25,000,000	11.1111111%
First Hawaiian Bank	\$15,000,000	6.6666667%
Summit Bank	\$15,000,000	6.6666667%
City National Bank	\$10,000,000	4.4444444%
TOTAL	\$225,000,000	100%

SALEM HOLDING EXHIBIT B

FORM OF RC NOTE

August 24, 2000
New York, New York

FOR VALUE RECEIVED, on the Maturity Date, SALEM COMMUNICATIONS HOLDING CORPORATION, a Delaware corporation (the "BORROWER"), hereby promises to pay to the order of _____ (the "LENDER"), at the office of The Bank of New York, as Administrative Agent (the "ADMINISTRATIVE AGENT"), located at One Wall Street, New York, New York, 10286 or at such other place as the Administrative Agent may specify from time to time, in lawful money of the United States of America, the unpaid principal amount of the RC Loans made by the Lender to the Borrower, payable in the amounts and at the times set forth in the Agreement (as hereinafter defined).

This RC Note shall bear interest from the date hereof on the unpaid balance hereof payable on the dates and at the rate or rates provided for in the Second Amended and Restated

Credit Agreement, dated as of August 24, 2000, by and among the Borrower, the Lenders party thereto, Bank of America, N.A., as Syndication Agent, Fleet National Bank, as Documentation Agent, and Union Bank of California, N.A. and The Bank of Nova Scotia, as Co-Agents and the Administrative Agent (as the same may be amended, modified or supplemented from time to time, the "AGREEMENT"). Capitalized terms used herein which are defined in the Agreement shall have the meanings therein defined. In no event shall the interest rate payable in respect hereof exceed the Highest Lawful Rate.

This RC Note is one of the RC Notes referred to in the Agreement is subject to the terms, set forth in the Agreement and is entitled to the benefits set forth in the Loan Documents. The principal of this RC Note is prepayable in the amounts and under the circumstances, and its maturity is subject to acceleration upon the terms, set forth in the Agreement. This Note replaces the Note or Notes (as defined in the First Restated Agreement), if any, heretofore issued to the Lender under the First Restated Agreement. Except as otherwise expressly provided in the Agreement, if any payment on this RC Note becomes due

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</TABLE>

SALEM HOLDING EXHIBIT C
FORM OF BORROWING REQUEST

[Date]

The Bank of New York, as Administrative Agent
One Wall Street - 16th Floor
New York, New York 10286
Attention: Stephen M. Nettler,
Vice President

and

The Bank of New York, as Administrative Agent
One Wall Street - 18th Floor
New York, New York 10286
Attention: Renee Dudley,
Agency Function Administration

Re: Second Amended and Restated Credit Agreement, dated as of
August 24, 2000, by and among Salem Communications Holding
Corporation, the Lenders party thereto, The Bank of New York,
as Administrative Agent, and Bank of America, N.A., as
Syndication Agent, Fleet National Bank, as Documentation
Agent, and Union Bank of California and The Bank of Nova
Scotia, as Co-Agents (as the same may be amended, modified or
Supplemented From Time to Time, the "Agreement")

Capitalized terms used herein which are defined in the Agreement shall
have the meanings therein defined.

Pursuant to section 2.3 of the Agreement, the Borrower hereby gives
notice of its intention to borrow RC Loans in an aggregate principal amount of
\$ _____, on _____, which borrowing shall consist of the following RC
Loan(s):

Type of RC Loan (Eurodollar or ABR)	Amount	Interest Period (For Eurodollar Loan)
	\$ _____	___ month(s)
	\$ _____	___ month(s)

\$ _____ month(s)
=====

1

Immediately after giving effect to the RC Loans and Letters of Credit to be made and issued on the Borrowing Date set forth above, the Total Leverage Ratio will be ____: 1.00, as shown on Exhibit I attached hereto.

The Borrower hereby certifies that on the date hereof and on the Borrowing Date set forth above, and after giving effect to the RC Loan(s) requested hereby:

- (a) The Borrower is and shall be in compliance with all of the terms, covenants and conditions of the Agreement and the other Loan Documents.
- (b) There exists and there shall exist no Default or Event of Default under the Agreement.
- (c) The proceeds of such RC Loans will be used in accordance with section 2.7 of the Agreement.
- (d) Each of the representations and warranties contained in the Loan Documents which is required to be made on such Borrowing Date is and shall be true and correct.

IN WITNESS WHEREOF, the Borrower has caused this certificate to be executed by its duly authorized officer as of the date and year first written above.

SALEM COMMUNICATIONS HOLDING CORPORATION

By: _____
Name: _____
Title: _____

2

EXHIBIT I

CALCULATION OF TOTAL LEVERAGE RATIO

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SALEM HOLDING EXHIBIT D

FORM OF LETTER OF CREDIT REQUEST

[Date]

The Bank of New York, as Administrative Agent
One Wall Street - 16th Floor
New York, New York 10286
Attention: Stephen M. Nettler,
Vice President

and

The Bank of New York, as Administrative Agent
One Wall Street - 18th Floor
New York, New York 10286
Attention: Renee Dudley

Agency Function Administration

Re: Second Amended and Restated Credit Agreement, dated as of August 24, 2000, by and among Salem Communications Holding Corporation, the Lenders party thereto, The Bank of New York, as Administrative Agent, and Bank of America, N.A., as Syndication Agent, Fleet National Bank, as Documentation Agent, and Union Bank of California and The Bank of Nova Scotia, as Co-Agents (as the same may be amended, modified or Supplemented From Time to Time, the "Agreement")

Capitalized terms used herein which are defined in the Agreement shall have the meanings therein defined.

Pursuant to section 2.18 of the Agreement, the Borrower hereby requests the Issuing Bank to issue Letter(s) of Credit in an aggregate principal amount of \$_____, on _____, in accordance with the information annexed

hereto.

Immediately after giving effect to the RC Loans and Letters of Credit to be made and issued on the Borrowing Date set forth above, the Total Leverage Ratio will be _____:1.00, as shown on Exhibit I attached hereto.

The Borrower hereby certifies that on the date hereof and on the Borrowing Date set forth above, and after giving effect to the Letters of Credit requested hereby:

(a) The Borrower is and shall be in compliance with all of the terms, covenants and conditions of the Agreement and the other Loan Documents.

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(b) There exists and there shall exist no Default or Event of Default under the Agreement.

(c) The proceeds of such Letters of Credit will be used in accordance with section 2.7 of the Agreement.

(d) Each of the representations and warranties contained in the Loan Documents which is required to be made on such Borrowing Date is and shall be true and correct.

IN WITNESS WHEREOF, the Borrower has caused this certificate to be executed by its duly authorized officer as of the date and year first written above.

SALEM COMMUNICATIONS HOLDING CORPORATION

By: _____
Name: _____
Title: _____

2

LETTER OF CREDIT INFORMATION

1. Name of Beneficiary: _____.
2. Address of Beneficiary to which Letter of Credit will be sent:
-----.
3. Conditions under which a drawing may be made (specify any required documentation):
-----.
4. Maximum amount to be available under such Letter of Credit: \$ _____.
5. Requested date of issuance: _____.
6. Requested date of expiration: _____.

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EXHIBIT I

CALCULATION OF TOTAL LEVERAGE RATIO

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SALEM HOLDING EXHIBIT E

FORM OF OPINION OF COUNSEL TO THE BORROWER AND SUBSIDIARIES

[Date]

The Bank of New York,
as Administrative Agent and Issuing Bank
One Wall Street
New York, NY 10286

And each Lender from time to time
Party to the Credit Agreement defined below

Re: Salem Communications Corporation

Gentlemen and Mesdames:

I have served as legal counsel and Secretary to Salem Communications

Corporation, a Delaware corporation (referred to herein as the "PARENT") since 1995. In addition, I am the Secretary of Salem Communications Holding Corporation, a subsidiary of the Parent (the "BORROWER") and each of the Subsidiaries (defined hereinafter). I am admitted to practice in California. I render this opinion on behalf of the Parent, the Borrower and each of its respective subsidiaries ("SUBSIDIARIES") in connection with the Second Amended and Restated Credit Agreement (the "CREDIT AGREEMENT"), dated as of August ___, 2000, by and among the Borrower, Union Bank of California, N.A. and The Bank of Nova Scotia, as Co-Agents, Bank of America, N.A., as Syndication Agent, Fleet National Bank, as Documentation Agent, The Bank of New York, as Administrative Agent, and the Lenders party thereto, with BNY Capital Markets, Inc., as Lead Arranger. This opinion letter is delivered to you at the request of the Parent, the Borrower and the Subsidiaries.

I

DEFINITIONS:

1. Capitalized terms used herein and which are not otherwise defined herein shall have the respective meanings ascribed thereto in the Credit Agreement.

2. When used herein, "NYUCC" shall mean Articles 1, 8 and 9 of the Uniform Commercial Code as in effect in the State of New York on the date on which the opinions are rendered.

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3. When used herein, the following capitalized terms shall have the respective meanings ascribed thereto in the NYUCC (as defined above): "Certificated Security," "Chattel Paper," "Instruction," "Instrument," "Issuer," "Security," "Security Interest" and "Uncertificated Security."

II

In my capacity with the Parent, the Borrower and the Subsidiaries in connection with the Credit Agreement, I have examined originals, or copies certified or otherwise identified to my satisfaction, of the Credit Agreement, the Notes, the Agreement to Amend, the Master Assignment, the Intercreditor Agreement, the Collateral Documents and such other documents, corporate records, partnership records, certificates of such public officials and other instruments as I have deemed necessary or advisable to enable me to render the opinions set forth below. In my examination, I have assumed the genuineness of all signatures (other than those on behalf of the Parent, the Borrower and the Subsidiaries), the legal capacity of natural persons, the authenticity of all documents submitted to me as originals, the conformity to original documents of all documents submitted to me as certified or photostatic copies, and the authenticity of the originals of such copies. As to any facts material to these opinions, I have relied upon statements and representations of officers and other representations of the Borrower and others, in each case without having independently verified the accuracy or completeness thereof.

I have, with your permission, assumed, without independent investigation or inquiry with respect to any such matter, that, (i) with respect to each party other than the Loan Parties, each such party to the Loan Documents has all requisite power and authority to execute, deliver and perform its obligations thereunder, the execution and delivery of the Loan Documents and the performance of such obligations have been duly authorized by all necessary action on such party's part and the Loan Documents have been duly delivered by it; and (ii) the Loan Documents are the legal, valid and binding obligations of each such party, enforceable against such party in accordance with their terms.

The opinions set forth in paragraph (2) with respect to the good standing and due qualification of the Parent, the Borrower and the corporate Subsidiaries are rendered solely in reliance upon the certificates from the Secretaries of State of the jurisdictions of incorporation, copies of which have been delivered to you.

III

Based upon the foregoing, and subject to the qualifications, exceptions, limitations and assumptions hereinafter set forth, I am of the opinion that:

1. The Parent and the Borrower have only the Subsidiaries set forth on Schedule 4(a) to the Parent Security Agreement and on Schedule 4.1 to the Credit

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Agreement, respectively. The shares of each corporate Subsidiary owned by the Parent and the Borrower, respectively, are duly authorized, validly issued, fully paid and nonassessable. The shares of each Subsidiary of the Parent are owned free and clear of any Liens, except (i) Liens in favor of the Administrative Agent and the Lenders pursuant to the Collateral Documents and (ii) Permitted Liens (as defined in the Parent Guaranty).

2. Except as set forth on Schedule 4.2 of the Credit Agreement, each of the Parent, the Borrower and the Subsidiaries is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, has all requisite corporate power and authority to own its Property and to carry on its business as now conducted, and is in good standing and authorized to do business in each jurisdiction in which the failure to be so authorized could reasonably be expected to have a Material Adverse Effect.

3. Each of the Parent, the Borrower and each other Loan Party has full power and authority to enter into, execute, deliver and carry out the terms of the Transaction Documents to which it is a party, and, in the case of the Borrower, to make the borrowings contemplated thereby, to execute, deliver and carry out the terms of the Notes and to incur the obligations provided for therein, all of which have been duly authorized by all proper and necessary action and are in full compliance with its articles of incorporation and bylaws.

4. No consent, authorizations or approval of, filing with, notice to, or exemption by, stockholders, any Governmental Authority or any other Person (except for those which have been obtained, made or given) is required to authorize, or is required in connection with the execution, delivery and performance of the Transaction Documents, or is required as a condition to the validity or the enforceability of the Transaction Documents. Except as set forth in the preceding sentence, no provision of any applicable statute, law (including, without limitation, any applicable usury or similar law), rule or regulation of any Governmental Authority will prevent the execution, delivery or performance of, or affect the validity of, the Transaction Documents.

5. The Transaction Documents constitute the valid and legally binding obligations of the Parent, the Borrower and each Subsidiary to which it is a party, enforceable in accordance with their respective terms.

6. To the best of my knowledge, except as set forth in Schedule 4.6 to the Credit Agreement, there are no actions, suits, arbitration proceedings or claims (whether or not purportedly on behalf of the Parent, the Borrower or any Subsidiary) pending or threatened against the Parent, the Borrower or any Subsidiary, or maintained by the Parent, the Borrower or any Subsidiary, at law or in equity, before any Governmental Authority which could reasonably be expected to have a Material Adverse Effect. To the best of my knowledge, there are no proceedings pending or threatened against the Parent, the Borrower or any Subsidiary which call into question the validity or enforceability of any of the Transaction Documents.

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7. To the best of my knowledge, except as set forth in Schedule 4.7 to the Credit Agreement, none of the Parent, the Borrower or any Subsidiary is in default under any mortgage, indenture, contract, agreement, judgment, decree or order to which it is a party or by which it or any of its Property is bound, which defaults, taken as a whole, could reasonably be expected to have a Material Adverse Effect. To the best of my knowledge, the execution, delivery or carrying out of the terms of the Transaction Documents will not constitute a default under, conflict with, require any consent under (other than consents which have been obtained) or result in the creation or imposition of, or obligation to create, any Lien upon the Property of the Parent, the Borrower or any Subsidiary pursuant to the terms of any such mortgage, indenture, contract, agreement, judgment, decree or order, which defaults, conflicts and consents, if not obtained, taken as a whole, could reasonably be expected to have a Material Adverse Effect.

8. To the best of my knowledge, none of the Parent, the Borrower or any Subsidiary is in default with respect to any judgment, order, writ, injunction, decree or decision of any Governmental Authority which default could reasonably be expected to have a Material Adverse Effect.

9. None of the Parent, the Borrower or any Subsidiary is subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act or the Investment Company Act of 1940, and none of the Parent, the Borrower or any Subsidiary is subject to any statute or regulation which prohibits or restricts the incurrence of Indebtedness under the Loan Documents, including, without limitation, statutes or regulations relative to common or contract carrier or to the sale of electricity, gas, steam, water, telephone, telegraph or other public utility services.

10. None of the Parent, the Borrower or any Subsidiary is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any Margin Stock. If used solely for the purposes set forth in Section 2.7 of the Credit Agreement, no part of the proceeds of the Loans or Letters of Credit will be used, directly or indirectly, to purchase or carry any Margin Stock or for a purpose which violates any law, rule or regulation of any Governmental Authority, including without limitation the provisions of Regulations T, U or X of the Board of Governors of the Federal Reserve System, as amended.

11. The fees, interest and other charges payable under the Loan Documents do not violate any usury or similar laws of the State of California.

12. The Borrower Security Agreement, together with the delivery to the Administrative Agent of the Certificated Securities constituting collateral (as defined in the Borrower Security Agreement) and the continuous possession thereof by the Administrative Agent in the State of New York, creates a continuing enforceable Security Interest in the Collateral (as defined in the Borrower Security Agreement) in favor of the Administrative Agent. Upon (a) the presentation for filing of the Financing Statements (as defined in the Borrower Security Agreement) at the respective offices listed thereon

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together with the appropriate filing fee therefor, (b) the delivery to the Administrative Agent of the Instruments and the Certificated Securities constituting the Collateral (as defined in the Borrower Security Agreement), (c) the establishment of control, in accordance with Article 8 of the NYUCC, of all Uncertificated Securities constituting the Collateral (as defined in the Borrower Security Agreement), and (d) the filing of the Grants of Security Interests in the United States Patent and Trademark Office with respect to Patents and Trademarks and in the United States Copyright Office with respect to Copyrights, such Security Interest shall be perfected.

13. The Subsidiary Guaranty, together with the delivery to the Administrative Agent of the Certificated Securities constituting Collateral (as defined in the Subsidiary Guaranty) and the continuous possession thereof by the Administrative Agent in the State of New York, creates a continuing enforceable Security Interest in the Collateral (as defined in the Subsidiary Guaranty) in favor of the Administrative Agent. Upon (a) the presentation for filing of the Financing Statements (as defined in the Subsidiary Guaranty) of each Guarantor (as defined in the Subsidiary Guaranty) at the respective offices listed thereon together with the appropriate filing fee therefor, (b) the delivery to the Administrative Agent of the Instruments and Certificated Securities constituting the Collateral (as defined in the Subsidiary Guaranty), (c) the establishment of control, in accordance with Article 8 of the NYUCC, of all Uncertificated Securities constituting the Collateral (as defined in the Subsidiary Guaranty), and (d) the filing of the Grants of Security Interests in the United States Patent and Trademark Office with respect to Patents and Trademarks and in the United States Copyright Office with respect to Copyrights, such Security Interest shall be perfected.

14. The Parent Security Agreement, together with the delivery to the Administrative Agent or to the Bridge Agent on behalf of the Administrative Agent of the Certificated Securities constituting collateral (as defined in the Parent Security Agreement) and the continuous possession thereof by the Administrative Agent in the State of New York, or by the Bridge Agent on behalf of the Administrative Agent, creates a continuing enforceable Security Interest in the Collateral (as defined in the Parent Security Agreement) in favor of the Administrative Agent. Upon (a) the presentation for filing of the financing statements at the respective offices listed thereon together with the appropriate filing fee therefor, (b) the delivery to the Administrative Agent or to the Bridge Agent on behalf of the Administrative Agent of the Instruments and the Certificated Securities constituting the Collateral (as defined in the Parent Security Agreement), and (c) the establishment of control, in accordance with Article 8 of the NYUCC, of all Uncertificated Securities constituting the Collateral (as defined in the Parent Security Agreement) such Security Interest shall be perfected.

15. The transactions contemplated by the Contribution Documents and the Acquisition Documents have been consummated in accordance with their terms.

16. After the consummation of the Contributions and the Initial Acquisitions and upon the due filing of (i) UCC-3 amendments reflecting that the Borrower has

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succeeded to the assets and properties of the Parent, in each office in which financing statements have been duly filed with respect to the Parent and (ii) an amendment to the Grant of Security Interest (Servicemarks) in the Patent and Trademark Office reflecting that the Borrower has succeeded to the assets and properties of the Parent, the Administrative Agent will have a perfected security interest in the Collateral (as defined in the Borrower Security Agreement) to the same extent, and with the same priority, as the Administrative Agent had in such Collateral (as defined in the Borrower Security Agreement) immediately prior to the consummation of the Contributions and the Initial Acquisitions.

17. Neither the Administrative Agent nor any Credit Party is required to comply with the requirements of any foreign lender statute in the State of California in order to avail itself of the remedies provided thereby.

Each of the opinions set forth is subject to the following exceptions, qualifications, limitations and assumptions:

(a) My opinions in paragraph (5) are subject to the effect of

bankruptcy, insolvency, reorganization, moratorium, arrangement or other similar laws affecting enforcement of creditors' rights generally, including, without limitation, the effect of statutory or other laws regarding fraudulent conveyance or transfers, preferential transfers, and of laws affecting distributions by corporations to stockholders.

(b) My opinions in paragraph (5) are subject to the application of general principles of equity, whether considered in a case or proceeding at law or in equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing.

(c) My opinions are subject to the qualification that indemnification provisions in any of the Loan Documents may be unenforceable to the extent that such indemnification may be held to be in violation of or against public policy, including, without limitation, limitations under certain circumstances on enforceability of provisions indemnifying a party against loss attributable to or liability for its own negligent acts.

I am not expressing any opinion herein as to any matters arising under the Communications Act of 1934, as amended, and the published rules, regulations and policies of the Federal Communications Commission. We understand that you have received and are relying upon an opinion from Fletcher, Heald & Hildreth, P.L.C. with regard to certain of the foregoing matters.

This opinion is limited to the laws of the United States of America and the State of California. I note that the Loan Documents provide that they are to be governed by the laws of the State of New York, and in that connection, I have assumed, for the purposes of this opinion, that the laws of the State of New York are identical to the laws of the State of California. The opinions expressed herein are based upon the law and

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circumstances as they are in effect or exist on the date hereof, and I assume no obligation to revise or supplement this letter in the event of future changes in the law or interpretations thereof with respect to circumstances or events that may occur subsequent to the date hereof. I express no opinion as to the effect of the laws of any other jurisdiction.

This opinion is furnished by me as counsel to the Parent, the Borrower and its Subsidiaries to you. This opinion is solely for your benefit under the Credit Agreement and the Loan Documents and may not be relied upon by any other person or by you in any other context.

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SALEM HOLDING EXHIBIT F

FORM OF OPINION OF FCC COUNSEL TO THE BORROWER

AND SUBSIDIARIES

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SALEM HOLDING EXHIBIT G

FORM OF COMPLIANCE CERTIFICATE

[Date]

The Bank of New York, as Administrative Agent
One Wall Street
New York, New York 10286
ATTENTION: Stephen M. Nettler,
Vice President

Reference is made to the Second Amended and Restated Credit Agreement, dated as of August 24, 2000, by and among Salem Communications Holding Corporation, the Lenders party thereto, The Bank of New York, as Administrative Agent, and Bank of America, N.A., as Syndication Agent, Fleet National Bank, as Documentation Agent, and Union Bank of California and The Bank of Nova Scotia, as Co-Agents (as the same may be amended, modified or supplemented from time to time, the "AGREEMENT"). Capitalized terms used herein which are defined in the Agreement shall have the meanings therein defined.

There exists no violation of any of the terms or provisions of the Loan Documents, or the occurrence of any condition or event which would constitute a Default or Event of Default, except _____.

The Total Leverage Ratio as of _____ for the four fiscal quarter period ended _____ is ____:1.00, as determined on Exhibit I attached hereto.

The ratio of Consolidated Annual Operating Cash Flow to Pro-Forma Debt Service as of _____ is ____:1.00, as determined on Exhibit I

attached hereto.

The ratio of Consolidated Annual Operating Cash Flow to Interest Expense as of _____ is ___:1.00, as determined on Exhibit I attached hereto.

The ratio of Consolidated Annual Operating Cash Flow to Fixed Charges as of _____ is ___:1.00, as determined on Exhibit I attached hereto.

The Subordinated Indenture Debt to Operating Cash Flow Ratio as of _____ is ___:1.00, as determined on Exhibit I attached hereto.

SALEM COMMUNICATIONS HOLDING CORPORATION

By: _____
Name: _____
Title: _____

EXHIBIT I

CALCULATION OF TOTAL LEVERAGE RATIO

CALCULATION OF RATIO OF
CONSOLIDATED ANNUAL OPERATING CASH FLOW
TO PRO-FORMA DEBT SERVICE

CALCULATION OF RATIO OF
CONSOLIDATED ANNUAL OPERATING CASH FLOW
TO INTEREST EXPENSE

CALCULATION OF RATIO OF
CONSOLIDATED ANNUAL OPERATING CASH FLOW
TO FIXED CHARGES

CALCULATION OF SUBORDINATED INDENTURE DEBT
TO OPERATING CASH FLOW

SALEM HOLDING EXHIBIT H

FORM OF SECOND AMENDED AND RESTATED
BORROWER SECURITY AGREEMENT

SECOND AMENDED AND RESTATED BORROWER SECURITY AGREEMENT (as the same may be amended, supplemented or otherwise modified from time to time, this "AGREEMENT"), dated as of August 24, 2000, by and between SALEM COMMUNICATIONS HOLDING CORPORATION, a Delaware corporation (the "BORROWER"), and THE BANK OF NEW YORK (the "ADMINISTRATIVE AGENT"), in its capacity as Administrative Agent for the Lenders under the Credit Agreement referred to below and the Rate Protection Lenders as defined herein.

RECITALS

A. Reference is made to the Borrower Security Agreement, dated as of September 25, 1997, by and between Salem Communications Corporation, a California corporation ("SALEM CALIFORNIA"), and the Administrative Agent (as amended to the date hereof, the "ORIGINAL SECURITY AGREEMENT").

B. On March 31, 1999, Salem California merged into Salem Communications Corporation, a Delaware corporation (the "PARENT") with the Parent as the survivor. The Parent entered into the Assumption Agreement, dated as of March 31, 1999, by and between Salem California and the Parent whereby the Parent, among other things, assumed all of the obligations of Salem California under the Loan Documents (including, without limitation, the Original Security Agreement).

C. The Original Security Agreement was amended and restated in its entirety by the First Amended and Restated Borrower Security Agreement, dated as of July 7, 1999, by and among the Parent, as borrower, and the Administrative

Agent (as amended prior to the date hereof, the "FIRST AMENDED SECURITY AGREEMENT").

D. Pursuant to an Agreement to Amend and Restate and Assumption Agreement, dated as of the date hereof, among the Parent, the Borrower and the Credit Parties party thereto, the Borrower assumed all of the obligations and liabilities of the Parent, as borrower, under, among other things, the First Amended Security Agreement.

E. In connection with such assumption by the Borrower, the Borrower is entering into the Second Amended and Restated Credit Agreement, dated as of August 24, 2000, by and among the Borrower, the Lenders party thereto, the Administrative Agent, Bank of America, N.A., as Syndication Agent, Fleet National Bank, as Documentation Agent, and Union Bank of California and The Bank of Nova Scotia, as

Co-Agents (as the same may be amended, supplemented or otherwise modified from time to time, the "CREDIT AGREEMENT").

F. This Agreement is intended solely as an amendment of, and contemporaneous restatement of, the terms and conditions of the First Amended Security Agreement and is not intended, and should not be construed in any way, to extinguish or terminate the Obligations or the Security Interests granted under the First Amended Security Agreement.

G. It is a condition precedent to the effectiveness of the Credit Agreement and the making of all Loans and all other extensions of credit under the Credit Agreement that the Borrower shall have executed and delivered this Agreement.

H. For convenience, this Agreement is dated as of August 24, 2000, and references to certain matters relating to the period prior thereto have been deleted.

Therefore, in consideration of the Recitals, the terms and conditions herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower and the Administrative Agent hereby agree as follows:

1. DEFINED TERMS

(a) Capitalized terms used herein which are not otherwise defined herein shall have the respective meanings ascribed thereto in the Credit Agreement.

(b) When used in this Agreement, the following capitalized terms shall have the respective meanings ascribed thereto as follows:

"COLLATERAL": as defined in Section 2.

"COPYRIGHT LICENSE": any written agreement, now or hereafter in effect, granting any right to any third party under any Copyright now or hereafter owned by the Borrower or which the Borrower otherwise has the right to license, or granting any right to the Borrower under any Copyright now or hereafter owned by any third party, and all rights of the Borrower under any such agreement.

"COPYRIGHTS": all of the following now owned or hereafter acquired by the Borrower: (i) all copyright rights in any work subject to the copyright laws of the United States of America, whether as author, assignee, transferee or otherwise, and (ii) all registrations and applications for registration of any such copyright in the United States of America, including registrations, recordings, supplemental registrations and pending applications for registration in the United States Copyright Office, including those listed on Schedule 3(i).

"EQUITY INTEREST": (i) with respect to a corporation, the capital stock thereof, (ii) with respect to a partnership, a partnership interest therein, all rights of a partner in such partnership, whether arising under the partnership agreement of such partnership or otherwise; (iii) with respect to a limited liability company, a membership interest therein, all rights of a member of such limited liability company, whether arising under the limited liability company agreement of such limited liability company or otherwise; (iv) with respect to any other firm, association, trust, business enterprise or other entity, any equity interest therein, any interest therein which entitles the holder thereof to share in the revenue, income, earnings or losses thereof or to vote or otherwise participate in any election of one or more members of the Managing Person thereof, and (v) all warrants and options in respect of any of the foregoing and all other securities which are convertible or exchangeable therefor.

"EVENT OF DEFAULT": as defined in Section 6.

"FCC LICENSE" shall mean any Governmental Approval issued to the Borrower by the FCC pursuant to the Communications Act.

"FCC REGULATIONS": the Communications Act, the regulations of the FCC under the Communications Act and all other Governmental Rules applicable to the Borrower (or any Person under the control of the Borrower) by reason of the Borrower (or any Person under the control of the Borrower) being a licensee of an FCC License.

"FINANCING STATEMENTS": the UCC financing statements executed by the Borrower and delivered pursuant to the Credit Agreement.

"GOVERNMENTAL APPROVALS": any authorization, consent, approval, license, lease, ruling, permit, waiver, exemption, filing, registration or notice by or with, or other action of, any Governmental Authority.

"GOVERNMENTAL RULES": any law, rule, regulation, ordinance, order, code, judgment, decree, directive, guideline, policy, or any similar form of decision of, or any interpretation or administration of any of the foregoing by, any Governmental Authority.

"GRANT OF SECURITY INTEREST": an assignment of the Borrower's interest in Patents, Trademarks and Copyrights, substantially in the form of Annex A, appropriately completed and signed by the Borrower.

"INTELLECTUAL PROPERTY": all intellectual and similar Property of the Borrower of every kind and nature now owned or hereafter acquired by the Borrower, including inventions, designs, Patents, Copyrights, Licenses, Trademarks, domain names, trade secrets, confidential or proprietary technical and business information, know-how, show-how or other data or information, software and databases and all embodiments or

fixations thereof and related documentation, registrations and franchises, and all additions, improvements and accessions to, and books and records describing or used in connection with, any of the foregoing.

"LICENSE": any Patent License, Trademark License, Copyright License or other license or sublicense to which the Borrower is a party, including those listed on Schedule 3(i).

"NYUCC": the UCC as in effect in the State of New York on the date hereof.

"OBLIGATIONS": collectively, all of the obligations and liabilities of the Borrower under the Loan Documents and under each Interest Rate Protection Arrangement entered into or assumed by the Borrower with a Rate Protection Lender, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter incurred, which may arise under, out of or in connection with the Loan Documents, in each case whether fixed, contingent, now existing or hereafter arising, created, assumed, incurred or acquired, and whether before or after the occurrence of any Event of Default under Section 9.1(h) or (i) of the Credit Agreement and including any obligation or liability in respect of any breach of any representation or warranty and all post-petition interest and funding losses, whether or not allowed as a claim in any proceeding arising in connection with such an event, as such obligations and liabilities may be amended, increased, modified, renewed, refinanced by the Administrative Agent and the Lenders, refunded or extended from time to time.

"OFFICE LOCATION": as defined in Section 3(a).

"PATENT LICENSE": any written agreement, now or hereafter in effect, granting to any third party any right to make, use or sell any invention on which a Patent, now or hereafter owned by the Borrower or which the Borrower otherwise has the right to license, is in existence, or granting to the Borrower any right to make, use or sell any invention on which a Patent, now or hereafter owned by any third party, is in existence, and all rights of the Borrower under any such agreement.

"PATENTS": all of the following now owned or hereafter acquired by the Borrower: (i) all letters patent of the United States of America, all registrations and recordings thereof, and all applications for letters patent of the United States of America, including registrations, recordings and pending applications in the United States Patent and Trademark Office, including those listed on Schedule 3(i), and (ii) all reissues, continuations, divisions, continuations-in-part, renewals or extensions thereof, and the inventions disclosed or claimed therein, including the right to make, use and/or sell the inventions disclosed or claimed therein.

"POWER OF ATTORNEY": a Power of Attorney, substantially in the form of Annex B, appropriately completed and executed by the Borrower.

"PROCEEDS": as defined in the NYUCC, including when used with respect to any Collateral, any consideration received from the sale, exchange, license, lease or other disposition of any asset or Property that constitutes such Collateral, any value received as a consequence of the possession of such Collateral and any payment received from any insurer or other Person or entity as a result of the destruction, loss, theft, damage or other involuntary conversion of whatever nature of any asset or Property that constitutes such Collateral, and shall include (a) any claim of the Borrower against any third party for (and the right to sue and recover for and the rights to damages or profits due or accrued arising out of or in connection with) (i) past, present or future infringement of any Patent now or hereafter owned by the Borrower, or licensed under a Patent License, (ii) past, present or future infringement or dilution of any Trademark now or hereafter owned by the Borrower, or licensed under a Trademark License, or injury to the goodwill associated with or symbolized by any Trademark now or hereafter owned by the Borrower, (iii) past, present or future breach of any License and (iv) past, present or future infringement of any Copyright now or hereafter owned by the Borrower, or licensed under a Copyright License, (b) subject to Section 8, all rights and privileges with respect to, and all payments of principal or interest, dividends, cash, Instruments and other Property from time to time received, receivable or otherwise distributed in respect of, in exchange for or upon the conversion of, any of the Securities and Instruments and (c) any and all other amounts from time to time paid or payable under or in connection with such Collateral.

"RATE PROTECTION LENDERS": collectively, each counterparty to an Interest Rate Protection Arrangement with or assumed by the Borrower if such counterparty was a Lender (or an Affiliate thereof) at the time such Interest Rate Protection Arrangement was entered into or assumed, as applicable.

"SECURED PARTIES" collectively, (i) the Administrative Agent, the Issuing Bank and the Lenders, (ii) each Rate Protection Lender and (iii) the successors and assigns of each of the foregoing.

"TRADEMARK LICENSE": any written agreement, now or hereafter in effect, granting to any third party any right to use any Trademark now or hereafter owned by the Borrower or which the Borrower otherwise has the right to license, or granting to the Borrower any right to use any Trademark now or hereafter owned by any third party, and all rights of the Borrower under any such agreement.

"TRADEMARKS": all of the following now owned or hereafter acquired by the Borrower: (i) all trademarks, service marks, trade names, corporate names, company names, business names, fictitious business names, trade styles, trade dress, logos, other source or business identifiers, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all registration and recording applications filed in connection therewith, including registrations and registration applications in the United States Patent and Trademark Office, any State of the United States of America or any political subdivision

thereof, and all extensions or renewals thereof, including those listed on Schedule 3(i), (ii) all goodwill associated therewith or symbolized thereby and (ii) all other assets, rights and interests that uniquely reflect or embody such goodwill.

"UCC": with respect to any jurisdiction, Articles 1, 8 and 9 of the Uniform Commercial Code as from time to time in effect in such jurisdiction.

(c) When used in this Agreement, the following capitalized terms shall have the respective meanings ascribed thereto in the NYUCC: "Account", "Certificated Security", "Chattel Paper", "Document", "Equipment", "Fixture", "General Intangible", "Instruction", "Instrument", "Inventory", "Issuer", "Secured Party", "Security", "Security Interest" and "Uncertificated Security".

2. GRANT OF SECURITY INTEREST

(a) To secure the prompt and complete payment, observance and performance of the Obligations, the Borrower hereby grants to the Administrative Agent, for its benefit and the ratable benefit of the Secured Parties, a Security Interest in and to all of the Borrower's right, title and interest in and to all: (i) Accounts, (ii) Chattel Paper, (iii) Documents, (iv) Equipment, (v) Fixtures, (vi) General Intangibles, (vii) Instruments, including, without limitation, Instruments evidencing intercompany Indebtedness, (viii) Inventory, (ix) Intellectual Property, (x) Equity Interests in each Person which now is or may hereafter become a Subsidiary of the Borrower, whether or not evidenced by a Security, (xi) any Property of the Borrower which now or hereafter may come into the possession, custody or control of the Administrative Agent or any Credit Party or any agent or affiliate of any of them in any way or for any purpose (whether for safekeeping, deposit, custody, pledge, transmission, collection or

otherwise), (xii) all FCC Licenses issued to the Borrower including the Proceeds of any sale or other disposition thereof, and (xiii) all Proceeds of all of the foregoing, in each case whether now owned or existing or hereafter arising or acquired (collectively, the "COLLATERAL"). Notwithstanding anything herein to the contrary, the Collateral shall not include (1) any agreement with a third party that prohibits the grant of a Lien on (but not merely the assignment of or of any interest in) such agreement or any of the Borrower's rights thereunder without the consent of such party or under which a consent to such grant is otherwise required, which consent has not been obtained, except to the extent rights under any such agreement are covered by Section 9-318 of the NYUCC; PROVIDED, however, that the Collateral shall include (A) the Proceeds of any such agreement to the extent such Proceeds are otherwise included in the Collateral, and (B) any such agreement from and after the date on which the requisite consent is obtained (which security interest shall automatically and without any further action attach and become fully effective at that time) or (2) any FCC License to the extent that a security interest therein is prohibited by FCC Regulations or other applicable law, PROVIDED, however, that the Collateral shall include (A) the Proceeds of such FCC License and (B) any FCC License to the extent that such security interest at

any time hereafter shall no longer be so prohibited (which security interest shall automatically and without any further action attach and become fully effective at that time (giving effect to any retroactive effect to any change in FCC Regulations or other applicable law)).

3. REPRESENTATIONS AND WARRANTIES

The Borrower hereby represents and warrants to the Administrative Agent as follows:

(a) CHIEF EXECUTIVE OFFICE; COLLATERAL LOCATIONS; JURISDICTION OF ORGANIZATION. As of the date hereof, (i) the Borrower's place of business or, if the Borrower has more than one place of business, its chief executive office, is, and has been continuously for the immediately preceding 5 month period, located at 4880 Santa Rosa Road, Suite 300, Camarillo, California 93012 (the "OFFICE LOCATION") and (ii) the Borrower is incorporated under the laws of the State of Delaware. The Borrower has not changed its legal name during the six year period immediately preceding the date hereof.

(b) INFORMATION. As of the date hereof, all of the information set forth on each of the Schedules hereto is true, complete and correct.

(c) SECURITY INTEREST. This Agreement, together with the delivery to the Administrative Agent of the Certificated Securities constituting Collateral and the continuous possession thereof by the Administrative Agent in the State of New York, creates a continuing "enforceable" Security Interest in the Collateral in favor of the Administrative Agent. Upon (i) the presentation for filing of the Financing Statements at the respective offices listed thereon together with the appropriate filing fee therefor, (ii) the delivery to the Administrative Agent of the Instruments and the Certificated Securities constituting the Collateral, (iii) the establishment of control, in accordance with Article 8 of the New York UCC, of all Uncertificated Securities constituting the Collateral, and (iv) the filing of the Grants of Security Interests in the United States Patent and Trademark Office with respect to Patents and Trademarks and in the United States Copyright Office with respect to Copyrights, such Security Interest shall be perfected.

(d) TITLE; ABSENCE OF LIENS. The Collateral is owned by the Borrower or held by it free and clear of any Lien, except for Liens expressly permitted pursuant to the Loan Documents. It has not filed or consented to the filing of (i) any financing statement or analogous document under the UCC or any other applicable laws covering any such Collateral, (ii) any assignment in which it assigns any such Collateral or any security agreement or similar instrument covering any such Collateral with the United States

Patent and Trademark Office or the United States Copyright Office or (iii) any assignment in which it assigns any such Collateral or any security agreement or similar instrument covering any such Collateral with any foreign governmental, municipal or other office, which financing statement or analogous document is still in effect, except, in each case, for Permitted Liens.

(e) EQUITY INTERESTS. The Equity Interests listed on Schedule 3(e) hereto constitute, as of the date hereof, all of the Equity Interests in each Subsidiary in which the Borrower has any right, title or interest, and each such Equity Interest issued by a corporate Issuer has been duly authorized, validly issued and fully paid for, and is non-assessable. As of the Second Restatement Date, except as set forth on Schedule 3(e), (i) no Subsidiary of the Borrower has issued any securities convertible into, or options or warrants for, any common or preferred equity securities thereof, (ii) there are no agreements, voting trusts or understandings binding upon the Borrower or any of its Subsidiaries with respect to the voting securities of any of such Subsidiary or affecting in any manner the sale, pledge, assignment or other disposition thereof, including any right of first refusal, option, redemption, call or other

right with respect thereto, whether similar or dissimilar to any of the foregoing and (iii) no such Equity Interest is represented by an Uncertificated Security.

(f) CHATTEL PAPER, DOCUMENTS AND INSTRUMENTS. The Chattel Paper, Documents and Instruments listed on Schedule 3(f) hereto constitute, as of the date hereof, all of the Chattel Paper, Documents and Instruments which constitute the Collateral, and, to the best of the Borrower's knowledge, all such Chattel Paper, Documents and Instruments have been duly authorized, issued and delivered, and constitute the legal, valid, binding and enforceable obligations of the respective makers thereof.

(g) ACCOUNTS. As of the date hereof, all records concerning any Account constituting the Collateral are located at its Office Location, and no such Account is evidenced by a promissory note or other instrument.

(h) EQUIPMENT AND INVENTORY. Except for Equipment and Inventory in transit with common carriers, the Borrower has exclusive possession and control of all Equipment and Inventory constituting the Collateral, all of which is as of the date hereof and has been continuously for the 5 month period immediately preceding the date hereof, located at one or more of the places listed on Schedule 3(h) hereto.

(i) INTELLECTUAL PROPERTY. As of the date hereof, the Borrower has no Patents, Trademarks or Copyrights other than those listed on Schedule 3(i) hereto, and each such Patent, Trademark and Copyright is subsisting and is not invalid or unenforceable, in

whole or in part, except to the extent that the unenforceability thereof could not reasonably be expected to have a material adverse effect on the value of the Patents, Trademarks or Copyrights, as applicable, taken as a whole. To the best of the Borrower's knowledge, each Patent, Trademark and Copyright constituting Collateral is valid and enforceable. Except for Permitted Liens, the Borrower is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of the Patents, Trademarks or Copyrights constituting Collateral, free and clear of all Liens. To the best of the Borrower's knowledge, no claim has been made that the use of any Patent, Trademark or Copyright violates the rights of any third Person. The Borrower has used consistent standards of quality in its manufacture of products sold under the Patents, Trademarks or Copyrights.

4. COVENANTS OF THE BORROWER

The Borrower hereby covenants with the Administrative Agent as follows:

(a) CHIEF EXECUTIVE OFFICE; JURISDICTION OF ORGANIZATION. The Borrower shall maintain its place of business, or if the Borrower has more than one place of business, its chief executive office, at the Office Location or at such other location in respect of which (A) the Borrower shall have provided the Administrative Agent with prior written notice thereof, and (B) UCC financing statements (or amendments thereto), in form and substance reasonably satisfactory to the Administrative Agent, shall have been filed within two months of such change. The Borrower shall maintain Delaware as the jurisdiction of its organization.

(b) FURTHER ASSURANCES. The Borrower shall, at its own expense, promptly execute and deliver all certificates, documents, instruments, financing and continuation statements and amendments thereto, notices and other agreements, and take all further action, that the Administrative Agent may reasonably request from time to time, in order to perfect and protect the Security Interest granted hereby or to enable the Administrative Agent to exercise and enforce its rights and remedies hereunder with respect to the Collateral. The Borrower hereby irrevocably appoints the Administrative Agent as the Borrower's true and lawful attorney-in-fact, in the name, place and stead of the Borrower, to perform on behalf of the Borrower any and all obligations of the Borrower under this Agreement, and the Borrower agrees that the power of attorney herein granted constitutes a power coupled with an interest, provided, however, that the Administrative Agent shall have no obligation to perform any such obligation and such performance shall be at the sole cost and expense of the Borrower. If the Borrower fails to comply with any of its obligations hereunder, the Administrative Agent may do so in the Borrower's name or in the Administrative Agent's name, but at the Borrower's expense, and the Borrower hereby agrees to reimburse the Administrative Agent in full for all reasonable expenses, including reasonable attorney's fees, incurred by the Administrative Agent in connection therewith.

(c) INFORMATION. The Borrower at its own expense shall furnish to the Administrative Agent such information, reports, statements and schedules with respect to the Collateral as the Administrative Agent may reasonably request from time to time.

(d) DEFENSE OF COLLATERAL. The Borrower at its own expense

shall defend the Collateral against all claims of any kind or nature (other than Permitted Liens, if any) of all Persons at any time claiming the same or any interest therein adverse to the interests of the Administrative Agent any Secured Party, and the Borrower shall not cause, permit or suffer to exist any Lien upon the Collateral other than Permitted Liens, if any.

(e) UNCERTIFICATED SECURITIES. The Borrower shall, at its own expense, promptly execute and deliver all certificates, documents, instruments, financing and continuation statements and amendments thereto, notices and other agreements, and take all further action, and cause all Persons (other than the Loan Parties) to do so, that shall be necessary or otherwise reasonably requested from time to time by the Administrative Agent, in order for the Administrative Agent to have control, in accordance with Article 8 of the NYUCC, of all Uncertificated Securities constituting Collateral.

(f) DELIVERY OF PLEDGED COLLATERAL. Each Certificated Security representing an Equity Interest in a Person which is or shall become a Subsidiary of the Borrower shall be promptly delivered to the Administrative Agent, to be held by the Administrative Agent pursuant hereto, in suitable form for transfer by delivery or accompanied by duly executed documents of transfer or assignment in blank, all in form and substance satisfactory to the Administrative Agent. The Borrower agrees that until so delivered, each such Certificated Security shall be held by the Borrower in trust for the benefit of the Administrative Agent and be segregated from the other Property of the Borrower.

(g) CHATTEL PAPER, DOCUMENTS AND INSTRUMENTS. All of the Instruments, Documents and Chattel Paper now or hereafter owned by or in the possession of the Borrower which constitute Collateral (other than checks received in the ordinary course of collection) shall be promptly delivered to the Administrative Agent, to be held by the Administrative Agent pursuant hereto, in suitable form for transfer by delivery or accompanied by duly executed documents of transfer or assignment in blank, all in form and substance reasonably satisfactory to the Administrative Agent. The Borrower agrees that, with respect to all items of the Collateral which it is or shall hereafter be obligated to deliver to the Administrative Agent, until so delivered such items shall be held by the Borrower in trust for the benefit of the Administrative Agent and be segregated from the other Property of the Borrower.

(h) ACCOUNTS. Except as otherwise provided in this Section 4(h), the Borrower shall continue to collect in accordance with its customary practice, at its own expense, all amounts due or to become due to the Borrower in respect of the Borrower's Accounts and, prior to the occurrence of an Event of Default, the Borrower shall have the right to adjust, settle or compromise the amount or payment of any such Account, all in accordance with its customary practices. In connection with such collections, the Borrower may take and, at the direction of the Administrative Agent at any time that an Event of Default shall have occurred and be continuing shall take, such action as the Borrower or the Administrative Agent may reasonably deem necessary or advisable to enforce collection of such Accounts.

(i) EQUIPMENT AND INVENTORY. The Borrower shall keep the Equipment and Inventory constituting Collateral at the places listed on Schedule 3(h) hereto, and at such other places located within the United States of America in respect of which (i) the Borrower shall have provided the Administrative Agent with prior written notice, and (ii) UCC financing statements (or amendments thereto), in form and substance satisfactory to the Administrative Agent, shall have been filed within two months of such change. The Borrower shall promptly furnish to the Administrative Agent a statement respecting any material loss or damage to any of the Equipment or Inventory constituting Collateral except to the extent that such loss or damage shall be insured pursuant to policies required to be maintained pursuant to the Credit Agreement.

(j) INTELLECTUAL PROPERTY. The Borrower agrees that it will not, nor will it permit any of its licensees to, do any act, or omit to do any act, whereby any Patent that is material to the conduct of the Borrower's business may become invalidated or dedicated to the public, and agrees that it shall continue to mark any products covered by a Patent with the relevant patent number as necessary and sufficient to establish and preserve its maximum rights under applicable patent laws. The Borrower (either itself or through its licensees or its sublicensees) will, for each Trademark material to the conduct of the Borrower's business, (i) maintain such Trademark in full force free from any claim of abandonment or invalidity for non-use, (ii) maintain the quality of products and services offered under such Trademark, (iii) display such Trademark with notice of Federal registration to the extent necessary and sufficient to establish and preserve its rights under applicable law and (iv) not knowingly use or knowingly permit the use of such Trademark in violation of any third party's valid and legal rights. The Borrower (either itself or through licensees) will, for each work covered by a material Copyright, continue to publish, reproduce, display, adopt and distribute the work with appropriate copyright notice as necessary and sufficient to establish and preserve its maximum rights under applicable copyright laws. The Borrower shall notify the Administrative Agent promptly if it knows or has reason to know that any Patent,

Trademark or Copyright material to the conduct of its business may become abandoned, lost or dedicated to the public, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent

and Trademark Office, United States Copyright Office or any court) regarding the Borrower's ownership of any Patent, Trademark or Copyright, its right to register the same, or to keep and maintain the same. In no event shall the Borrower, either itself or through any agent, employee, licensee or designee, file an application for any Patent, Trademark or Copyright (or for the registration of any Trademark or Copyright) with the United States Patent and Trademark Office, United States Copyright Office or any office or agency in any political subdivision of the United States of America unless it promptly informs the Administrative Agent and, upon request of the Administrative Agent (in its sole and absolute discretion), executes and delivers any and all agreements, instruments, documents and papers as the Administrative Agent may reasonably request to evidence the Administrative Agent's security interest in such Patent, Trademark or Copyright, and the Borrower hereby appoints the Administrative Agent as its attorney-in-fact to execute and file such writings for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed; such power, being coupled with an interest, is irrevocable. The Borrower will take all necessary steps that are consistent with the practice in any proceeding before the United States Patent and Trademark Office, United States Copyright Office or any office or agency in any political subdivision of the United States of America, to maintain and pursue each material application relating to the Patents, Trademarks and/or Copyrights (and to obtain the relevant grant or registration) and to maintain each issued Patent and each registration of the Trademarks and Copyrights that is material to the conduct of the Borrower's business, including timely filings of applications for renewal, affidavits of use, affidavits of incontestability and payment of maintenance fees, and, if consistent with good business judgment, to initiate opposition, interference and cancellation proceedings against third parties. In the event that the Borrower has reason to believe that any Collateral consisting of a Patent, Trademark or Copyright material to the conduct of the Borrower's business has been or is about to be infringed, misappropriated or diluted by a third party, the Borrower promptly shall notify the Administrative Agent and shall, if consistent with good business judgment, promptly sue for infringement, misappropriation or dilution and to recover any and all damages for such infringement, misappropriation or dilution, and take such other actions as are appropriate under the circumstances to protect such Collateral. Upon and during the continuance of an Event of Default, the Borrower shall use its best efforts to obtain all requisite consents or approvals by the licensor of each Copyright License, Patent License or Trademark License to effect the assignment of all of the Borrower's right, title and interest thereunder to the Administrative Agent, or its designee in accordance herewith.

5. OTHER AGREEMENTS OF THE BORROWER

(a) NO DUTY TO PRESERVE. Except as otherwise required by law, the Borrower agrees that, with respect to the Collateral, neither the Administrative Agent nor any Secured Party has any obligation to preserve rights against prior or third parties.

(b) ADMINISTRATIVE AGENT'S DUTY WITH RESPECT TO COLLATERAL. The Administrative Agent's only duty with respect to the Collateral delivered to it shall be to use reasonable care in the custody and preservation of the Collateral, and the Borrower agrees that if the Administrative Agent accords the Collateral substantially the same kind of care as it accords its own Property, such care shall conclusively be deemed reasonable. In the event that all or any part of the Certificated Securities or Instruments constituting the Collateral are lost, destroyed or wrongfully taken while such Certificated Securities or Instruments are in the possession of the Administrative Agent, the Borrower agrees that it will use its best efforts to cause the delivery of new Certificated Securities or Instruments in place of the lost, destroyed or wrongfully taken Certificated Securities or Instruments upon request therefor by the Administrative Agent, without the necessity of any indemnity bond or other security, other than the Administrative Agent's agreement of indemnity upon usual and customary terms therefor. Anything herein to the contrary notwithstanding, the Administrative Agent shall not be under any duty to send notices, perform services, exercise any rights of collection, enforcement, conversion or exchange, vote, pay for insurance, taxes or other charges or take any action of any kind in connection with the management of the Collateral.

(c) LIABILITY OF BORROWER UNDER CONTRACTS AND AGREEMENTS INCLUDED IN THE COLLATERAL. Anything herein to the contrary notwithstanding, (i) the Borrower shall remain liable under the contracts and agreements included in the Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (ii) the exercise by the Administrative Agent or any Secured Party of any of its rights hereunder shall not release the Borrower from any of its duties or obligations under any such contract or agreement, (iii) neither the Administrative Agent nor any Secured Party shall have any obligation or liability, including indemnification obligations, under any such contract or

agreement by reason of this Agreement, nor shall the Administrative Agent or any Secured Party be obligated to perform any of the obligations or duties of the Borrower thereunder, to make any payment, to make any inquiry as to the nature or sufficiency of any payment received by the Borrower or the sufficiency of any performance by any party under any such contract or agreement or to take any action to collect or enforce any claim for payment assigned hereunder, and (iv) neither the Administrative Agent nor any Secured Party shall be under any duty to send notices, perform services, exercise any rights of collection, enforcement, conversion or exchange, vote, pay for insurance, taxes or other charges or take any action of any kind in connection with the management of the Collateral.

6. EVENTS OF DEFAULT

Each of the following shall constitute an "EVENT OF DEFAULT":

(a) If the Borrower shall fail to observe or perform any term, covenant or agreement contained in this Agreement; or

(b) The occurrence and continuance of an Event of Default under, and as such term is defined in, the Credit Agreement.

7. REMEDIES

(a) Upon the occurrence of an Event of Default or at any time thereafter during the continuance thereof, the Administrative Agent may:

(i) exercise any and all rights and remedies (A) granted to a Secured Party by the UCC in effect in the State of New York or otherwise allowed at law, and (B) otherwise provided by this Agreement, and

(ii) dispose of the Collateral as it may choose, so long as every aspect of the disposition including the method, manner, time, place and terms are commercially reasonable, and the Borrower agrees that, without limitation, the following are each commercially reasonable: (A) the Administrative Agent shall not in any event be required to give more than 10 days' prior notice to the Borrower of any such disposition, (B) any place within the City of New York or the Counties of Nassau, Suffolk, and Westchester may be designated by the Administrative Agent for disposition, and (C) the Administrative Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) The Borrower acknowledges and agrees that the Administrative Agent may elect, with respect to the offer or sale of any or all of the Equity Interests constituting the Collateral, to conduct such offer and sale in such a manner as to avoid the need for registration or qualification of such Equity Interests or the offer and sale thereof under any Federal or state securities laws and that the Administrative Agent is authorized to comply with any limitation or restriction in connection with such sale as counsel may advise the Administrative Agent is reasonably necessary in order to avoid any violation of applicable law, compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that such prospective bidders and purchasers have certain qualifications, and restrict such prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of such Equity Interests, or in order to obtain any required approval of the sale or of the purchaser by any Governmental Authority. The Borrower further acknowledges and agrees that any such transaction may be at prices and on terms less favorable than those which may be obtained through a public sale and not subject to such restrictions and agrees that, notwithstanding the foregoing, the Administrative Agent is under no obligation to conduct any such public

sale and may elect to impose any or all of the foregoing restrictions, or any other restrictions which may be reasonably necessary in order to avoid any such registration or qualification, at its sole discretion or with the consent or direction of the Required Lenders, and that any such offer and sale so conducted shall be deemed to have been made in a commercially reasonable manner.

(c) To the extent permitted by law, the Borrower hereby expressly waives and covenants not to assert any appraisal, valuation, stay, extension, redemption or similar laws, now or at any time hereafter in force, which might delay, prevent or otherwise impede the performance or enforcement of this Agreement.

(d) Notwithstanding any contrary provision in any Loan Document, no action shall be taken under this Agreement by the Administrative Agent or any Credit Party with respect to any item of Collateral unless and until all applicable requirements (if any) of the FCC Regulations have been

satisfied with respect to such action and there have been obtained such Governmental Approvals (if any) as may be required to be obtained under the FCC Regulations under the terms of any such FCC License. Without limiting the generality of the foregoing, the Administrative Agent (on behalf of itself and the Lenders) hereby agrees that (i) voting and consensual rights in the Stock Collateral will remain with the Borrower upon and following the occurrence of an Event of Default unless and until any required prior approvals of the FCC to the transfer of such voting and consensual rights to the Administrative Agent have been obtained; (ii) upon the occurrence of any Event of Default and foreclosure of the Equity Interests constituting pursuant to this Agreement there will be either a private or a public sale of such Collateral; and (iii) prior to the exercise of voting or consensual rights by the purchaser at any such sale, the prior consent of the FCC pursuant to 47 U.S.C. 310(d) will be obtained. It is the intention of the parties to this Agreement that the Liens in favor of the Administrative Agent on the Collateral shall in all relevant respects be subject to and governed by the FCC Regulations and that nothing in this Agreement shall be construed to diminish the control exercised by the Borrower except in accordance with the provisions of the FCC Regulations. The Borrower agrees that upon request from time to time by the Administrative Agent it will use its best efforts to obtain any Governmental Approvals referred to in this subsection (d), including upon any request of the Administrative Agent following an Event of Default, to prepare, sign and file with the FCC (or cause to be prepared, signed and filed with the FCC) any application or application for consent to the assignment of the FCC Licenses or transfer of control required to be signed by the Borrower or any of its Subsidiaries necessary or appropriate under the FCC Regulations for approval of any sale or transfer of any of the Equity Interests constituting Collateral or the assets of the Borrower or any of its Subsidiaries or any transfer of control in respect of any FCC License.

8. VOTING

Notwithstanding anything to the contrary contained in this Agreement, the Borrower shall have the right to vote all Securities and General Intangibles constituting the Collateral and receive and retain all dividends and distributions thereon until such time, if any, as an Event of Default shall have occurred and be continuing and the Administrative Agent shall have notified the Borrower that the Administrative Agent shall have elected to terminate the rights of the Borrower under this Section, subject to Section 7(d), at which time the Administrative Agent shall then be vested with the right to vote all Securities constituting the Collateral and receive and retain all dividends and distributions thereon, until such time as such Event of Default is cured or waived.

9. NOTICES

All notices and other communications provided for or otherwise required hereunder or in connection herewith shall be given in the manner and to the addresses set forth in Section 11.2 of the Credit Agreement.

10. TERMINATION

On any date upon which (i) the Lenders shall no longer have any obligation to make Loans, (ii) the Issuing Bank shall no longer have (A) any obligation to issue Letters of Credit and (B) any obligations under the Letters of Credit theretofor issued, and (iii) the Obligations shall have been paid in full in cash, the outstanding principal balance of the Loans together with all accrued interest thereon, all of the Reimbursement Obligations and all other sums then due and owing under the Loan Documents, the Liens granted hereby shall cease and the Administrative Agent shall, at the Borrower's expense (A) execute and deliver all UCC Termination Statements and other documents necessary to terminate the Liens granted hereby that the Borrower shall have reasonably requested, and (B) return to the Borrower all Collateral that shall remain in the possession of the Administrative Agent at such time.

11. RELATIONSHIP TO CREDIT AGREEMENT

This Agreement is the "Borrower Security Agreement" under, and as such term is defined in, the Credit Agreement, and is subject to, and should be construed in accordance with, the provisions thereof. Each of the Administrative Agent and the Borrower acknowledges that certain provisions of the Credit Agreement, including, without limitation, Sections 1.2 (Principles of Construction), 11.1 (Amendments and Waivers), 11.3 (No Waiver; Cumulative Remedies), 11.4 (Survival of Representations and Warranties), 11.7 (Successors and Assigns), 11.8 (Counterparts), 11.9 (Adjustments; Setoff), 11.13 (Headings), 11.14 (Severability), 11.15 (Integration), 11.16 (Limitation of Liability), 11.17 (Consent to Jurisdiction), 11.18 (Service of Process), 11.19 (No Limitation on Service or Suit) and 11.20 (WAIVER OF TRIAL BY JURY) thereof, are

made applicable to this Agreement and all such provisions are incorporated by reference herein as if fully set forth herein.

12. SAVINGS CLAUSE

SCHEDULE 3(f) TO THE BORROWER SECURITY AGREEMENT
DATED AS OF AUGUST 24, 2000

LIST OF CHATTEL PAPER, DOCUMENTS AND INSTRUMENTS

SCHEDULE 3(h) TO THE BORROWER SECURITY AGREEMENT
DATED AS OF AUGUST 24, 2000

ADDRESSES FOR EQUIPMENT AND INVENTORY LOCATIONS

SCHEDULE 3(i) TO THE BORROWER SECURITY AGREEMENT
DATED AS OF AUGUST 24, 2000

LIST OF INTELLECTUAL PROPERTY

- A. PATENTS
- B. TRADEMARKS
- C. COPYRIGHTS

ANNEX A
TO THE
SECOND AMENDED AND RESTATED BORROWER SECURITY AGREEMENT
DATED AS OF AUGUST 24, 2000

FORM OF GRANT OF SECURITY INTEREST (_____) 1

SALEM COMMUNICATIONS HOLDING CORPORATION, a Delaware corporation (the "BORROWER"), is obligated to THE BANK OF NEW YORK, as Administrative Agent (the "ADMINISTRATIVE AGENT"), and has entered into the Second Amended and Restated Borrower Security Agreement as of August 24, 2000 (as the same may be amended, supplemented or otherwise modified, the "SECURITY AGREEMENT") with the Administrative Agent.

[PURSUANT TO THE SECURITY AGREEMENT, THE BORROWER GRANTED TO THE ADMINISTRATIVE AGENT A SECURITY INTEREST IN ALL OF THE RIGHT, TITLE AND INTEREST OF THE BORROWER IN AND TO (I) THE LETTERS PATENT OF THE UNITED STATES OF AMERICA, THE REGISTRATIONS AND RECORDINGS THEREOF, AND THE APPLICATIONS FOR LETTERS PATENT OF THE UNITED STATES OF AMERICA, IN EACH CASE LISTED ON SCHEDULE I HERETO, ALL REISSUES, CONTINUATIONS, DIVISIONS, CONTINUATIONS-IN-PART, RENEWALS OR EXTENSIONS THEREOF, AND THE INVENTIONS DISCLOSED OR CLAIMED THEREIN, INCLUDING THE RIGHT TO MAKE, USE AND/OR SELL THE INVENTIONS DISCLOSED OR CLAIMED THEREIN TOGETHER WITH ALL OF THE INVENTIONS DISCLOSED OR CLAIMED THEREIN (THE "PATENTS"), AND (II) ALL PROCEEDS THEREOF, ANY AND ALL CAUSES OF ACTION WHICH MAY EXIST BY REASON OF INFRINGEMENT THEREOF (THE "COLLATERAL"), TO SECURE THE PROMPT PAYMENT, PERFORMANCE AND OBSERVANCE OF ITS OBLIGATIONS (AS DEFINED IN THE SECURITY AGREEMENT).]2

[PURSUANT TO THE SECURITY AGREEMENT, THE BORROWER GRANTED TO THE ADMINISTRATIVE AGENT A SECURITY INTEREST IN ALL OF THE RIGHT, TITLE AND INTEREST OF THE BORROWER IN AND TO THE TRADEMARKS LISTED ON SCHEDULE I ATTACHED HERETO, WHICH TRADEMARKS ARE REGISTERED IN THE UNITED STATES PATENT AND TRADEMARK OFFICE (THE "TRADEMARKS"), TOGETHER WITH THE GOODWILL OF THE BUSINESS SYMBOLIZED BY THE TRADEMARKS AND THE APPLICATIONS AND REGISTRATIONS THEREOF, AND ALL PROCEEDS THEREOF, INCLUDING ANY AND ALL CAUSES OF ACTION WHICH MAY EXIST BY REASON OF INFRINGEMENT THEREOF (THE "COLLATERAL"), TO SECURE THE PROMPT PAYMENT, PERFORMANCE AND OBSERVANCE OF ITS OBLIGATIONS (AS DEFINED IN THE SECURITY AGREEMENT).]

1 Insert Patents, Trademarks or Copyrights, as applicable.

2 Delete inapplicable paragraphs.

[PURSUANT TO THE SECURITY AGREEMENT, THE BORROWER GRANTED TO THE ADMINISTRATIVE AGENT A SECURITY INTEREST IN ALL OF THE RIGHT, TITLE AND INTEREST OF THE BORROWER IN AND TO THE COPYRIGHT RIGHTS IN ANY WORK SUBJECT TO THE COPYRIGHT LAWS OF THE UNITED STATES OF AMERICA, WHETHER AS AUTHOR, ASSIGNEE, TRANSFEREE OR OTHERWISE, AND ALL REGISTRATIONS AND APPLICATIONS FOR REGISTRATION OF ANY SUCH COPYRIGHT IN THE UNITED STATES OF AMERICA, IN EACH CASE LISTED ON SCHEDULE I ATTACHED HERETO, WHICH COPYRIGHT RIGHTS ARE REGISTERED IN THE UNITED STATES COPYRIGHT OFFICE (THE "COPYRIGHTS"), AND ALL PROCEEDS THEREOF, INCLUDING ANY AND ALL CAUSES OF ACTION WHICH MAY EXIST BY REASON OF INFRINGEMENT THEREOF (THE "COLLATERAL"), TO SECURE THE PROMPT PAYMENT, PERFORMANCE AND OBSERVANCE OF ITS OBLIGATIONS (AS DEFINED IN THE SECURITY AGREEMENT).]

RECITALS

A. Reference is made to the Subsidiary Guaranty and Security Agreement, dated as of September 25, 1997, by and between the Guarantors party thereto, Salem Communications Corporation, a California corporation ("SALEM CALIFORNIA"), and the Administrative Agent (as amended to the date hereof, the "ORIGINAL GUARANTY").

B. On March 31, 1999, Salem California merged into Salem Communications Corporation, a Delaware corporation (the "PARENT") with the Parent as the survivor. The Parent entered into the Assumption Agreement, dated as of March 31, 1999, by and between Salem California and the Parent whereby the Parent, among other things, assumed all of the obligations of Salem California under the Loan Documents (including, without limitation, the Original Guaranty).

C. The Original Guaranty was amended and restated in its entirety by the First Amended and Restated Subsidiary Guaranty and Security Agreement, dated as of July 7, 1999, by and between the Guarantors party thereto, the Parent, and the Administrative Agent (as amended to the date hereof, the "FIRST AMENDED GUARANTY").

D. Pursuant to an Agreement to Amend and Restate and Assumption Agreement, dated as of the date hereof, among the Parent, Salem Communications Holding Corporation, a Delaware corporation (the "BORROWER") and the Credit Parties party thereto, the Borrower assumed all of the obligations and liabilities of the Parent, as borrower, under, among other things, the First Amended Guaranty.

E. In connection with such assumption by the Borrower, the Borrower is entering into the Second Amended and Restated Credit Agreement, dated as of August 24, 2000, by and among the Borrower, the Lenders party thereto, the Administrative Agent, Bank of America, N.A., as Syndication Agent, Fleet National Bank, as Documentation Agent, and Union Bank of California and The Bank of Nova Scotia, as Co-Agents (as the same may be amended, supplemented or otherwise modified from time to time, the "CREDIT AGREEMENT").

F. In the past, the Parent has provided financing for the Guarantors and the Guarantors have relied upon the Parent to provide such financing. In connection with the assumption by the Borrower of the obligations of the Parent under the Credit Agreement, this Agreement and the other Loan Documents, the Parent is transferring all of its assets (other than its Stock in the Borrower and in Salem Communications Acquisition Corporation and the proceeds of a certain Bridge Loan (as defined in the Credit Agreement)) to the Borrower. Accordingly, it is anticipated that, if the Guarantors execute and deliver this Agreement, the Borrower will continue to provide such financing to the Guarantors, and that the proceeds of the Loans to be made and Letters of Credit to be issued will be used, in part, for the general corporate and working capital purposes of the Guarantors. It is a condition precedent to the effectiveness of the Credit Agreement and the making of all Loans and all extensions of credit under the Credit Agreement that the Guarantors shall have executed and delivered this Agreement. In light of all of the foregoing, each Guarantor expects to derive substantial benefit from the Credit Agreement and the transactions contemplated thereby and, in furtherance thereof, has agreed to execute and deliver this Agreement.

G. This Agreement is intended solely as an amendment of, and contemporaneous restatement of, the terms and conditions of the First Amended Guaranty and is not intended, and should not be construed in any way, to extinguish or terminate the Obligations or the Security Interests granted under the First Amended Guaranty.

H. For convenience, this Agreement is dated as of August 24, 2000, and references to certain matters relating to the period prior thereto have been deleted.

Therefore, in consideration of the Recitals, the terms and conditions herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Guarantors, the Borrower and the Administrative Agent hereby agree as follows:

1. DEFINED TERMS

(a) Capitalized terms used herein which are not otherwise defined herein shall have the respective meanings ascribed thereto in the Credit Agreement.

(b) When used in this Agreement, the following capitalized terms shall have the respective meanings ascribed thereto as follows:

"BORROWER OBLIGATIONS": collectively, all of the obligations and liabilities of the Borrower under the Loan Documents and under each Interest Rate Protection Arrangement entered into or assumed by the Borrower with a Rate Protection Lender, whether direct or indirect, absolute or

contingent, due or to become due, now existing or hereafter incurred, which may arise under, out of or in connection with the Loan Documents, in each case whether fixed, contingent, now existing or hereafter arising, created, assumed, incurred or acquired, and whether before or after the occurrence of any Event of Default under Section 9.1(h) or (i) of the Credit Agreement and including any obligation or liability in respect of any breach of any representation or warranty and all post-petition interest and funding losses, whether or not allowed as a claim in any proceeding arising in connection with such an event, as such obligations and liabilities may be amended, increased, modified, renewed, refinanced by the Administrative Agent and the Lenders, refunded or extended from time to time.

"COLLATERAL": as defined in Section 4.

"COPYRIGHT LICENSE": with respect to any Guarantor, any written agreement, now or hereafter in effect, granting any right to any third party under any Copyright now or hereafter owned by such Guarantor or which such Guarantor otherwise has the right to license, or granting any right to such Guarantor under any Copyright now or hereafter owned by any third party, and all rights of such Guarantor under any such agreement.

"COPYRIGHTS" with respect to any Guarantor, all of the following now owned or hereafter acquired by such Guarantor: (i) all copyright rights in any work subject to the copyright laws of the United States of America, whether as author, assignee, transferee or otherwise, and (ii) all registrations and applications for registration of any such copyright in the United States of America, including registrations, recordings, supplemental registrations and pending applications for registration in the United States Copyright Office, including those listed on Schedule 5(k).

"EQUITY INTEREST": (i) with respect to a corporation, the capital stock thereof, (ii) with respect to a partnership, a partnership interest therein, all rights of a partner in such partnership, whether arising under the partnership agreement of such partnership or otherwise; (iii) with respect to a limited liability company, a membership

interest therein, all rights of a member of such limited liability company, whether arising under the limited liability company agreement of such limited liability company or otherwise; (iv) with respect to any other firm, association, trust, business enterprise or other entity, any equity interest therein, any interest therein which entitles the holder thereof to share in the revenue, income, earnings or losses thereof or to vote or otherwise participate in any election of one or more members of the Managing Person thereof, and (v) all warrants and options in respect of any of the foregoing and all other securities which are convertible or exchangeable therefor.

"EVENT OF DEFAULT": as defined in Section 8.

"FCC LICENSE" shall mean any Governmental Approval issued to the Borrower by the FCC pursuant to the Communications Act.

"FCC REGULATIONS": with respect to any Guarantor, the Communications Act, the regulations of the FCC under the Communications Act and all other Governmental Rules applicable to such Guarantor (or any Person under the control of such Guarantor) by reason of such Guarantor (or any Person under the control of such Guarantor) being a licensee of an FCC License.

"FINANCING STATEMENTS": with respect to any Guarantor, the UCC financing statements executed by such Guarantor and delivered pursuant to the Credit Agreement.

"GOVERNMENTAL APPROVALS": any authorization, consent, approval, license, lease, ruling, permit, waiver, exemption, filing, registration or notice by or with, or other action of, any Governmental Authority.

"GOVERNMENTAL RULES": any law, rule, regulation, ordinance, order, code, judgment, decree, directive, guideline, policy, or any similar form of decision of, or any interpretation or administration of any of the foregoing by, any Governmental Authority.

"GRANT OF SECURITY INTEREST": with respect to any Guarantor, an assignment of such Guarantor's interest in Patents, Trademarks and Copyrights, substantially in the form of Annex B, appropriately completed and signed by such Guarantor.

"GUARANTOR OBLIGATIONS": collectively with respect to each Guarantor, all of the obligations and liabilities of such Guarantor hereunder, whether direct or indirect, absolute or contingent, due or to become due, whether now existing or hereafter arising, created, assumed, incurred or acquired and whether before or after the occurrence of any Event of Default under Section 9.1(h) or (i) of the Credit Agreement and including any obligation or liability in respect of any breach of any representation or warranty and all post-petition interest and funding losses, whether or not allowed as a

claim in any proceeding arising in connection with such an event.

"INTELLECTUAL PROPERTY": with respect to any Guarantor, all intellectual and similar Property of such Guarantor of every kind and nature now owned or hereafter acquired by such Guarantor, including inventions, designs, Patents, Copyrights, Licenses, Trademarks, domain names, trade secrets, confidential or proprietary technical and business information, know-how, show-how or other data or information, software and databases and all embodiments or fixations thereof and related documentation, registrations and franchises, and all additions, improvements and accessions to, and books and records describing or used in connection with, any of the foregoing.

"LICENSE": with respect to any Guarantor, any Patent License, Trademark License, Copyright License or other license or sublicense to which such Guarantor is a party, including those listed on Schedule 5(k).

"NYUCC": the UCC as in effect in the State of New York on the date hereof.

"OBLIGATIONS": collectively, the Borrower Obligations and the Guarantor Obligations.

"OFFICE LOCATION": as defined in Section 5(c).

"PATENT LICENSE": with respect to any Guarantor, any written agreement, now or hereafter in effect, granting to any third party any right to make, use or sell any invention on which a Patent, now or hereafter owned by such Guarantor or which such Guarantor otherwise has the right to license, is in existence, or granting to such Guarantor any right to make, use or sell any invention on which a Patent, now or hereafter owned by any third party, is in existence, and all rights of such Guarantor under any such agreement.

"PATENTS": with respect to any Guarantor, all of the following now owned or hereafter acquired by such Guarantor: (i) all letters patent of the United States of America, all registrations and recordings thereof, and all applications for letters patent of the United States of America, including registrations, recordings and pending applications in the United States Patent and Trademark Office, including those listed on Schedule 5(k), and (ii) all reissues, continuations, divisions, continuations-in-part, renewals or extensions thereof, and the inventions disclosed or claimed therein, including the right to make, use and/or sell the inventions disclosed or claimed therein.

"POWER OF ATTORNEY": with respect to any Guarantor, a Power of Attorney, substantially in the form of Annex C, appropriately completed and executed such Guarantor.

"PROCEEDS": as defined in the NYUCC, including when used with respect to any Collateral, any consideration received from the sale, exchange, license, lease or other disposition of any asset or Property that constitutes such Collateral, any value received as a consequence of the possession of such Collateral and any payment received from any insurer or other Person or entity as a result of the destruction, loss, theft, damage or other involuntary conversion of whatever nature of any asset or Property that constitutes such Collateral, and shall include (a) any claim of any Guarantor against any third party for (and the right to sue and recover for and the rights to damages or profits due or accrued arising out of or in connection with) (i) past, present or future infringement of any Patent now or hereafter owned by any Guarantor, or licensed under a Patent License, (ii) past, present or future infringement or dilution of any Trademark now or hereafter owned by any Guarantor, or licensed under a Trademark License, or injury to the goodwill associated with or symbolized by any Trademark now or hereafter owned by any Guarantor, (iii) past, present or future breach of any License and (iv) past, present or future infringement of any Copyright now or hereafter owned by any Guarantor, or licensed under a Copyright License, (b) subject to Section 10, all rights and privileges with respect to, and all payments of principal or interest, dividends, cash, Instruments and other Property from time to time received, receivable or otherwise distributed in respect of, in exchange for or upon the conversion of, any of the Securities and Instruments and (c) any and all other amounts from time to time paid or payable under or in connection with such Collateral.

"RATE PROTECTION LENDERS": collectively, each counterparty to an Interest Rate Protection Arrangement with or assumed by the Borrower if such counterparty was a Lender (or an Affiliate thereof) at the time such Interest Rate Protection Arrangement was entered into or assumed, as applicable.

"SECURED PARTIES" collectively, (i) the Administrative Agent, the Issuing Bank and the Lenders, (ii) each Rate Protection Lender and (iii) the successors and assigns of each of the foregoing.

"SUPPLEMENT": a Supplement to this Agreement, duly completed, in the form of Annex A hereto.

"TRADEMARK LICENSE": with respect to any Guarantor, any written agreement, now or hereafter in effect, granting to any third party any right to use any Trademark now or hereafter owned by such Guarantor, or which such Guarantor otherwise has the right to license, or granting to such Guarantor any right to use any Trademark now or hereafter owned by any third party, and all rights of such Guarantor under any such agreement.

"TRADEMARKS": with respect to any Guarantor, all of the following now owned or hereafter acquired by such Guarantor: (i) all trademarks, service marks, trade names, corporate names, company names, business names, fictitious business names, trade styles, trade dress, logos, other source or business identifiers, designs and

general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all registration and recording applications filed in connection therewith, including registrations and registration applications in the United States Patent and Trademark Office, any State of the United States of America or any political subdivision thereof, and all extensions or renewals thereof, including those listed on Schedule 5(k), (ii) all goodwill associated therewith or symbolized thereby and (iii) all other assets, rights and interests that uniquely reflect or embody such goodwill.

"UCC": with respect to any jurisdiction, Articles 1, 8 and 9 of the Uniform Commercial Code as from time to time in effect in such jurisdiction.

(c) When used in this Agreement, the following capitalized terms shall have the respective meanings ascribed thereto in the NYUCC: "ACCOUNT", "CERTIFICATED SECURITY", "CHATTEL PAPER", "DOCUMENT", "EQUIPMENT", "FIXTURE", "GENERAL INTANGIBLE", "INSTRUCTION", "INSTRUMENT", "INVENTORY", "ISSUER", "SECURED PARTY", "SECURITY", "SECURITY INTEREST" and "UNCERTIFICATED SECURITY".

2. GUARANTY

(a) Subject to Section 2(b) hereof, each Guarantor hereby absolutely, irrevocably and unconditionally guarantees the full and prompt payment when due (whether at stated maturity, by acceleration or otherwise) of the Borrower Obligations. This Agreement constitutes a guaranty of payment and neither the Administrative Agent nor any other Secured Party shall have any obligation to enforce any Loan Document or any Interest Rate Protection Arrangement or exercise any right or remedy with respect to any collateral security thereunder by any action, including making or perfecting any claim against any Person or any collateral security for any of the Borrower Obligations, prior to being entitled to the benefits of this Agreement. The Administrative Agent may, at its option, proceed against the Guarantors, or any one or more of them, in the first instance, to enforce the Guarantor Obligations without first proceeding against the Borrower or any other Person, and without first resorting to any other rights or remedies, as the Administrative Agent may deem advisable. In furtherance hereof, if the Administrative Agent or any other Secured Party is prevented by law from collecting or otherwise hindered from collecting or otherwise enforcing any Borrower Obligation in accordance with its terms, the Administrative Agent or such other Secured Party shall be entitled to receive hereunder from the Guarantors after demand therefor, the sums which would have been otherwise due had such collection or enforcement not been prevented or hindered.

(b) Anything contained in this Agreement to the contrary notwithstanding, the obligations of each Guarantor hereunder shall be limited to a maximum aggregate amount equal to the greatest amount that would not render such

Guarantor's obligations hereunder subject to avoidance as a fraudulent transfer or conveyance under Section 548 of Title 11 of the United States Code or any provisions of applicable state law (collectively, the "FRAUDULENT TRANSFER LAWS"), in each case after giving effect to all other liabilities of such Guarantor, contingent or otherwise, that are relevant under the Fraudulent Transfer Laws (specifically excluding, however, any liabilities of such Guarantor (A) in respect of intercompany indebtedness to the Borrower or Affiliates of the Borrower to the extent that such indebtedness would be discharged in an amount equal to the amount paid by such Guarantor hereunder and (B) under any guarantee of senior unsecured indebtedness or Indebtedness subordinated in right of payment to the Obligations which guarantee contains an assumption that indebtedness incurred under the Credit Agreement shall be deemed to have been incurred prior to any indebtedness incurred under any such guarantee or contains a limitation as to maximum amount similar to that set forth in this subsection, pursuant to which the liability of such Guarantor hereunder is included in the liabilities taken into account in determining such maximum amount) and after giving effect as assets to the value (as determined under the applicable provisions of the Fraudulent Transfer Laws) of any rights

to subrogation, contribution, reimbursement, indemnity or similar rights of such Guarantor pursuant to (i) applicable law or (ii) any agreement providing for an equitable allocation among such Guarantor and other Affiliates of the Borrower of obligations arising under guarantees by such parties (including the agreements in paragraph (d) of this Section).

(c) Each Guarantor agrees that the Guarantor Obligations may at any time and from time to time exceed the maximum liability of such Guarantor hereunder without impairing this Agreement or affecting the rights and remedies of the Administrative Agent, the Issuing Bank or any Lender hereunder.

(d) In addition to all rights of indemnity and subrogation as the Guarantors may have under applicable law (but subject to this paragraph), the Borrower agrees that (i) in the event a payment shall be made by any Guarantor hereunder, the Borrower shall indemnify such Guarantor for the full amount of such payment, and such Guarantor shall be subrogated to the rights of the person to whom such payments shall have been made to the extent of such payment, and (ii) in the event that any assets of any Guarantor shall be sold pursuant to any Loan Document to satisfy any claim of the Administrative Agent, any Lender, the Issuing Bank or any Rate Protection Lender, the Borrower shall indemnify such Guarantor in an amount equal to the greater of the book value or the fair market value of the assets so sold. Each Guarantor (a "CONTRIBUTING GUARANTOR") agrees (subject to this paragraph) that, in the event a payment shall be made by any other Guarantor hereunder or assets of any other Guarantor shall be sold pursuant to any Loan Document to satisfy a claim of the Administrative Agent, any Lender, the Issuing Bank or any Rate Protection Lender and such other Guarantor (the "CLAIMING GUARANTOR") shall not have been fully indemnified by the Borrower as provided in this paragraph, the contributing Guarantor shall indemnify the claiming Guarantor in an amount equal to the amount of such payment or the greater of the book value or the fair

market value of such assets, as applicable, in each case multiplied by a fraction of which the numerator shall be the net worth of the contributing Guarantor on the date hereof and the denominator shall be the aggregate net worth of all the Guarantors on the date hereof (or, in the case of any Guarantor becoming a party hereto pursuant to Section 15, the date of the Supplement hereto executed and delivered by such Guarantor). Any contributing Guarantor making any payment to a claiming Guarantor pursuant to this paragraph shall be subrogated to the rights of such claiming Guarantor under this paragraph to the extent of such payment. Notwithstanding any provision of this paragraph to the contrary, all rights of the Guarantors under this paragraph and all other rights of indemnity, contribution or subrogation under applicable law or otherwise shall be fully subordinated to the indefeasible payment in full in cash of the Borrower Obligations and the Guarantor Obligations. No failure on the part of the Borrower or any Guarantor to make the payments required by this paragraph (or any other payments required under applicable law or otherwise) shall in any respect limit the obligations and liabilities of any Guarantor with respect to its obligations under this paragraph, and each Guarantor shall remain liable for the full amount of the obligations of such Guarantor under this paragraph.

3. ABSOLUTE OBLIGATION

No Guarantor shall be released from liability hereunder unless and until the Maturity Date shall have occurred and either (a) the Issuing Bank shall not have any obligation under the Letters of Credit and the Borrower shall have paid in full in cash the outstanding principal balance of the Loans, together with all accrued interest thereon, all of the Reimbursement Obligations, and all other sums then due and owing under the Loan Documents, or (b) the Guarantor Obligations of such Guarantor shall have been paid in full in cash. Each Guarantor acknowledges and agrees that (i) neither the Administrative Agent nor any other Secured Party has made any representation or warranty to such Guarantor with respect to the Borrower, its Subsidiaries, any Loan Document, any Interest Rate Protection Arrangement, or any agreement, instrument or document executed or delivered in connection therewith, or any other matter whatsoever, and (ii) such Guarantor shall be liable hereunder, and such liability shall not be affected or impaired, irrespective of (A) the validity or enforceability of any Loan Document, any Interest Rate Protection Arrangement, or any agreement, instrument or document executed or delivered in connection therewith, or the collectability of any of the Borrower Obligations, (B) the preference or priority ranking with respect to any of the Borrower Obligations, (C) the existence, validity, enforceability or perfection of any security interest or collateral security under any Loan Document, or any Interest Rate Protection Arrangement, or the release, exchange, substitution or loss or impairment of any such security interest or collateral security, (D) any failure, delay, neglect or omission by the Administrative Agent or any other Secured Party to realize upon, enforce or protect any direct or indirect collateral security, indebtedness, liability or obligation, any Loan Document, any Interest Rate Protection Arrangement, or any agreement, instrument or document executed or delivered in connection therewith, or any of the Borrower Obligations, (E) the existence or exercise of any right of setoff the Administrative Agent

or any other Secured Party, (F) the existence, validity or enforceability of any

other guaranty with respect to any of the Borrower Obligations, the liability of any other Person in respect of any of the Borrower Obligations, or the release of any such Person or any other guarantor of any of the Borrower Obligations, (G) any act or omission of the Administrative Agent or any other Secured Party in connection with the administration of any Loan Document, any Interest Rate Protection Arrangement, or any of the Borrower Obligations, (H) the bankruptcy, insolvency, reorganization or receivership of, or any other proceeding for the relief of debtors commenced by or against, any Person, (I) the disaffirmance or rejection, or the purported disaffirmance or purported rejection, of any of the Borrower Obligations, any Loan Document, any Interest Rate Protection Arrangement, or any agreement, instrument or document executed or delivered in connection therewith, in any bankruptcy, insolvency, reorganization or receivership, or any other proceeding for the relief of debtor, relating to any Person, (J) any law, regulation or decree now or hereafter in effect which might in any manner affect any of the terms or provisions of any Loan Document, any Interest Rate Protection Arrangement, or any agreement, instrument or document executed or delivered in connection therewith or any of the Borrower Obligations, or which might cause or permit to be invoked any alteration in the time, amount, manner or payment or performance of any of the Borrower's obligations and liabilities (including the Borrower Obligations), (K) the merger or consolidation of the Borrower into or with any Person, (L) the sale by the Borrower of all or any part of its assets, (M) the fact that at any time and from time to time none of the Borrower Obligations may be outstanding or owing to the Administrative Agent or any other Secured Party, (N) any amendment or modification of, or supplement to, any Loan Document or any Interest Rate Protection Arrangement or (O) any other reason or circumstance which might otherwise constitute a defense available to or a discharge of the Borrower in respect of its obligations or liabilities (including the Borrower Obligations) or of such Guarantor in respect of any of the Guarantor Obligations (other than by the performance in full thereof).

4. GRANT OF SECURITY INTEREST

(a) To secure the prompt and complete payment, observance and performance of the Guarantor Obligations, each Guarantor hereby grants to the Administrative Agent, for its benefit and the ratable benefit of the Secured Parties, a Security Interest in and to all of such Guarantor's right, title and interest in and to all: (i) Accounts, (ii) Chattel Paper, (iii) Documents, (iv) Equipment, (v) Fixtures, (vi) General Intangibles, (vii) Instruments, including, without limitation, Instruments evidencing intercompany Indebtedness, (viii) Inventory, (ix) Intellectual Property, (x) Equity Interests in each Person which now is or may hereafter become a Subsidiary of such Guarantor or of the Borrower, whether or not evidenced by a Security, (xi) any Property of such Guarantor which now or hereafter may come into the possession, custody or control of the Administrative Agent or any Credit Party or any agent or affiliate of any of them in any way or for any purpose (whether for safekeeping, deposit, custody, pledge,

transmission, collection or otherwise), (xii) all FCC Licenses issued to such Guarantor including the Proceeds of any sale or other disposition thereof, and (xiii) and all Proceeds of all of the foregoing, in each case whether now owned or existing or hereafter arising or acquired (collectively, the "COLLATERAL"). Notwithstanding anything herein to the contrary, the Collateral shall not include (1) any agreement with a third party that prohibits the grant of a Lien on (but not merely the assignment of or of any interest in) such agreement or any of such Guarantor's rights thereunder without the consent of such party or under which a consent to such grant is otherwise required, which consent has not been obtained, except to the extent rights under any such agreement are covered by Section 9-318 of the NYUCC; PROVIDED, however, that the Collateral shall include (A) the Proceeds of any such agreement to the extent such Proceeds are otherwise included in the Collateral, and (B) any such agreement from and after the date on which the requisite consent is obtained (which security interest shall automatically and without any further action attach and become fully effective at that time) or (2) any FCC License to the extent that a security interest therein is prohibited by FCC Regulations or other applicable law, PROVIDED, however, that the Collateral shall include (A) the Proceeds of such FCC License and (B) any FCC License to the extent that such security interest at any time hereafter shall no longer be so prohibited (which security interest shall automatically and without any further action attach and become fully effective at that time (giving effect to any retroactive effect to any change in FCC Regulations or other applicable law)).

5. REPRESENTATIONS AND WARRANTIES

Each Guarantor hereby represents and warrants to the Administrative Agent as follows:

(a) BINDING OBLIGATION. This Agreement constitutes the valid and binding obligation of such Guarantor, enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws related to or affecting the enforcement of creditors' rights generally.

(b) SOLVENCY. Such Guarantor (if a Current Guarantor,

both immediately before and after giving effect to this Agreement and to all Indebtedness incurred by the Borrower in connection with the Loan Documents or, if an Additional Guarantor, immediately before and after giving effect to this Agreement) (i) is not insolvent, (ii) is not engaged, and is not about to engage, in any business or transaction, for which it has unreasonably small capital, and (iii) does not intend to incur, and does not believe that it would incur, debts that would be beyond its ability to pay such debts as they mature, in each case referred to above within the meaning of both Title XI of the United States Code and Article 10 of New York Debtor Credit Law, each as in effect on the date hereof.

(c) CHIEF EXECUTIVE OFFICE; JURISDICTION OF ORGANIZATION.

(i) As of the date hereof with respect to each Current Guarantor, and as of the date of the Supplement executed by an Additional Guarantor with respect to such Additional Guarantor, such Guarantor's place of business or, if such Guarantor has more than one place of business, its chief executive office, is, and has been continuously for the immediately preceding 5 month period, located (the "OFFICE LOCATION") at, (A) if such Guarantor is a Current Guarantor, the address therefor referred to in Schedule 5(c) hereto, or (B) if such Guarantor is an Additional Guarantor, the address therefor set forth on Schedule 5(c) to the Supplement delivered by such Additional Guarantor.

(ii) Such Guarantor is organized under the laws of the jurisdiction set forth on (A) if such Guarantor is a Current Guarantor, Schedule 5(c) hereto, or (B) if such Guarantor is an Additional Guarantor, the laws of the jurisdiction set forth on Schedule 5(c) to the Supplement delivered by such Additional Guarantor.

(iii) Such Guarantor has not changed its legal name (A) in the case of a Current Guarantor, during the 6 year period immediately preceding the date hereof, and (B) in the case of an Additional Guarantor, has not changed its legal name during the 6 year period immediately preceding the date it became a Guarantor hereunder, except as otherwise disclosed on the Supplement delivered by such Additional Guarantor.

(d) INFORMATION. If such Guarantor is a Current Guarantor, all of the information with respect to such Guarantor, or any of its Property, set forth on each of the Schedules hereto is true, complete and correct as of the date hereof. If such Guarantor is an Additional Guarantor, all of the information with respect to such Guarantor, or any of its Property, set forth on each of the Schedules to the Supplement delivered by such Additional Guarantor is true, complete and correct as of the date of such Supplement. All of such Guarantor's books, records and documents relating to its Guarantor Collateral are in all material respects what they purport to be.

(e) SECURITY INTEREST. This Agreement, together with the delivery to the Administrative Agent of the Certificated Securities constituting Collateral and the continuous possession thereof by the Administrative Agent in the State of New York, creates a continuing "enforceable" Security Interest in the Collateral in favor of the Administrative Agent. Upon (i) the presentation for filing of the Financing Statements at the respective offices listed thereon together with the appropriate filing fee therefor, (ii) the delivery to the Administrative Agent of the Instruments and the Certificated

Securities constituting the Collateral, (iii) the establishment of control, in accordance with Article 8 of the New York UCC, of all Uncertificated Securities constituting the Collateral, and (iv) the filing of the Grants of Security Interests in the United States Patent and Trademark Office with respect to Patents and Trademarks and in the United States Copyright Office with respect to Copyrights, such Security Interest shall be perfected.

(f) TITLE; ABSENCE OF LIENS. Such Guarantor's Collateral is owned by such Guarantor or held by it free and clear of any Lien, except for Permitted Liens. Such Guarantor has not filed or consented to the filing of (i) any financing statement or analogous document under the UCC or any other applicable laws covering any such Collateral, (ii) any assignment in which it assigns any such Collateral or any security agreement or similar instrument covering any such Collateral with the United States Patent and Trademark Office or the United States Copyright Office or (iii) any assignment in which it assigns any such Collateral or any security agreement or similar instrument covering any such Collateral with any foreign governmental, municipal or other office, which financing statement or analogous document is still in effect, except, in each case, for Permitted Liens.

(g) EQUITY INTERESTS. As of the date hereof with respect to each Current Guarantor, and as of the date of the Supplement executed by an Additional Guarantor with respect to such Additional Guarantor, (i) the Equity Interests listed on Schedule 5(g) or Schedule 5(g) to the Supplement, as the case may be, constitute all of the Equity Interests in each Subsidiary in

which such Guarantor has any right, title or interest, and each such Equity Interest issued by a corporate Issuer has been duly authorized, validly issued and fully paid for, and is non-assessable and (ii) except as set forth in such Schedule 5(g) or Schedule 5(g) to such Supplement, (A) no Subsidiary of such Guarantor has issued any securities convertible into, or options or warrants for, any common or preferred equity securities thereof, (B) there are no agreements, voting trusts or understandings binding upon such Guarantor or any of its Subsidiaries with respect to the voting securities of any of such Subsidiary or affecting in any manner the sale, pledge, assignment or other disposition thereof, including any right of first refusal, option, redemption, call or other right with respect thereto, whether similar or dissimilar to any of the foregoing and (C) no such Equity Interest is represented by an Uncertificated Security.

(h) CHATTEL PAPER, DOCUMENTS AND INSTRUMENTS. With respect to each Current Guarantor, the Chattel Paper, Documents and Instruments listed on Schedule 5(h) hereto constitute, as of the date hereof, and with respect to each Additional Guarantor, the Chattel Paper, Documents and Instruments listed on Schedule 5(h) to the Supplement delivered by such Additional Guarantor constitute, as of the date of such Supplement, all of the Chattel Paper, Documents and Instruments which constitute

the Collateral, and, to the best of such Guarantor's knowledge, all such Chattel Paper, Documents and Instruments have been duly authorized, issued and delivered, and constitute the legal, valid, binding and enforceable obligations of the respective makers thereof.

(i) ACCOUNTS. As of the date hereof with respect to each Current Guarantor, and as of the date of the Supplement executed by an Additional Guarantor with respect to such Additional Guarantor, all records concerning any Account constituting the Collateral are located at its Office Location, and no such Account is evidenced by a promissory note or other instrument.

(j) EQUIPMENT AND INVENTORY. Except for Equipment and Inventory in transit with common carriers, such Guarantor has exclusive possession and control of all Equipment and Inventory constituting the Collateral, all of which is as of the date hereof and has been continuously for the 5 month period immediately preceding the date hereof (or, in the case of an Additional Guarantor, the date of the Supplement delivered by such Additional Guarantor), located at one or more of the places listed on (i) if such Guarantor is a Current Guarantor, Schedule 5(j) hereto, and (ii) if such Guarantor is an Additional Guarantor, Schedule 5(j) hereto to the Supplement delivered by such Additional Guarantor. Within the last 5-1/2 years as of the date hereof (or of the Supplement of such Additional Guarantor) such Guarantor has not acquired any Inventory or Equipment in connection with any bulk sale, or other than in the ordinary course of business.

(k) INTELLECTUAL PROPERTY. As of the date hereof with respect to each Current Guarantor, and as of the date of the Supplement executed by an Additional Guarantor with respect to such Additional Guarantor, such Guarantor has no Patents, Trademarks or Copyrights other than those listed on (i) if such Guarantor is a Current Guarantor, Schedule 5(k) hereto, and (ii) if such Guarantor is an Additional Guarantor, Schedule 5(k) to the Supplement delivered by such Guarantor, and each such Patent, Trademark and Copyright is subsisting and is not invalid or unenforceable, in whole or in part, except to the extent that the unenforceability thereof could not reasonably be expected to have a material adverse effect on the value of the Patents, Trademarks or Copyrights, as applicable, taken as a whole. To the best of such Guarantor's knowledge, each of such Guarantor's Patents, Trademarks and Copyrights constituting Collateral is valid and enforceable. Except for Permitted Liens, such Guarantor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of its Patents, Trademarks or Copyrights constituting Collateral, free and clear of all Liens. To the best of such Guarantor's knowledge, no claim has been made that the use of any Patent, Trademark or Copyright violates the rights of any third Person. Such Guarantor has used consistent standards of quality in its manufacture of products sold under the Patents, Trademarks or Copyrights.

(l) UNCERTIFICATED SECURITIES. Each Guarantor which is an Issuer of an Uncertificated Security constituting Collateral has registered the Administrative Agent on its books and records as the registered owner of each such Uncertificated Security.

6. COVENANTS

Each Guarantor covenants with the Administrative Agent as follows:

(a) CHIEF EXECUTIVE OFFICE; JURISDICTION OF ORGANIZATION. Such Guarantor shall maintain its place of business, or if it has more than one place of business, its chief executive office, at the Office Location or at such other location in respect of which (i) such Guarantor shall

have provided the Administrative Agent with prior written notice thereof, and (ii) UCC financing statements (or amendments thereto), in form and substance reasonably satisfactory to the Administrative Agent, shall have been filed within two months of such change. Each Guarantor shall maintain as its jurisdiction of organization, the jurisdiction set forth on (A) if such Guarantor is a Current Guarantor, Schedule 5(c) hereto, or (B) if such Guarantor is an Additional Guarantor, the jurisdiction set forth on Schedule 5(c) to the Supplement delivered by such Additional Guarantor.

(b) FURTHER ASSURANCES. Such Guarantor shall, at its own expense, promptly execute and deliver all certificates, documents, instruments, financing and continuation statements and amendments thereto, notices and other agreements, and take all further action, that the Administrative Agent may reasonably request from time to time, in order to perfect and protect the Security Interest granted hereby or to enable the Administrative Agent to exercise and enforce its rights and remedies hereunder with respect to the Collateral. Such Guarantor hereby irrevocably appoints the Administrative Agent as such Guarantor's true and lawful attorney-in-fact, in the name, place and stead of such Guarantor, to perform on behalf of such Guarantor any and all obligations of such Guarantor under this Agreement, and such Guarantor agrees that the power of attorney herein granted constitutes a power coupled with an interest, provided, however, that the Administrative Agent shall have no obligation to perform any such obligation and such performance shall be at the sole cost and expense of such Guarantor. If such Guarantor fails to comply with any of its obligations hereunder, the Administrative Agent may do so in such Guarantor's name or in the Administrative Agent's name, but at such Guarantor's expense, and such Guarantor hereby agrees to reimburse the Administrative Agent in full for all reasonable expenses, including reasonable attorney's fees, incurred by the Administrative Agent in connection therewith.

(c) INFORMATION. Such Guarantor shall, at its own expense, furnish to the Administrative Agent such information, reports, statements and schedules

with respect to the Collateral as the Administrative Agent may reasonably request from time to time.

(d) DEFENSE OF COLLATERAL. Such Guarantor shall, at its own expense, defend the Collateral against all claims of any kind or nature (other than Permitted Liens, if any) of all Persons at any time claiming the same or any interest therein adverse to the interests of the Administrative Agent or any other Secured Party, and such Guarantor shall not cause, permit or suffer to exist any Lien upon the Collateral other than Permitted Liens, if any.

(e) UNCERTIFICATED SECURITIES. Such Guarantor shall, at its own expense, promptly execute and deliver all certificates, documents, instruments, financing and continuation statements and amendments thereto, notices and other agreements, and take all further action, and cause all Persons (other than the Loan Parties) to do so, that shall be necessary or otherwise reasonably requested from time to time by the Administrative Agent, in order for the Administrative Agent to have control, in accordance with Article 8 of the NYUCC, of all Uncertificated Securities constituting Collateral.

(f) DELIVERY OF PLEDGED COLLATERAL. Each Certificated Security representing an Equity Interest in a Person which is or shall become a Subsidiary of the Borrower shall be promptly delivered to the Administrative Agent, to be held by the Administrative Agent pursuant hereto, in suitable form for transfer by delivery or accompanied by duly executed documents of transfer or assignment in blank, all in form and substance satisfactory to the Administrative Agent. Such Guarantor agrees that until so delivered, each such Certificated Security shall be held by such Guarantor in trust for the benefit of the Administrative Agent and be segregated from the other Property of such Guarantor.

(g) CHATTEL PAPER, DOCUMENTS AND INSTRUMENTS. All of the Instruments, Documents and Chattel Paper now or hereafter owned by or in the possession of such Guarantor which constitute Collateral (other than checks received in the ordinary course of collection) shall be promptly delivered to the Administrative Agent, to be held by the Administrative Agent pursuant hereto, in suitable form for transfer by delivery or accompanied by duly executed documents of transfer or assignment in blank, all in form and substance reasonably satisfactory to the Administrative Agent. Such Guarantor agrees that, with respect to all items of the Collateral which it is or shall hereafter be obligated to deliver to the Administrative Agent, until so delivered such items shall be held by such Guarantor in trust for the benefit of the Administrative Agent and be segregated from the other Property of such Guarantor.

(h) ACCOUNTS. Except as otherwise provided in this subsection, such Guarantor shall continue to collect in accordance with its customary practice, at its own expense, all amounts due or to become due to such Guarantor in respect of such Guarantor's Accounts and, prior to the occurrence of an Event of Default, such Guarantor shall have the right to adjust, settle or compromise the amount or payment of any such Account, all in accordance with its

customary practices. In connection with such collections, such Guarantor may take and, at the direction of the Administrative Agent at any time that an Event of Default shall have occurred and be continuing shall take, such action as such Guarantor or the Administrative Agent may reasonably deem necessary or advisable to enforce collection of such Accounts.

(i) EQUIPMENT AND INVENTORY. Such Guarantor shall keep the Equipment and Inventory constituting Collateral at the places listed on (i) if such Guarantor is a Current Guarantor, Schedule 5(j) hereto, and (ii) if such Guarantor is an Additional Guarantor, Schedule 5(j) to the Supplement delivered by such Guarantor, and at such other places located within the United States in respect of which (A) such Guarantor shall have provided the Administrative Agent with prior written notice, and (B) UCC financing statements (or amendments thereto), in form and substance satisfactory to the Administrative Agent, shall have been filed within two months of such change. Such Guarantor shall promptly furnish to the Administrative Agent a statement respecting any material loss or damage to any of the Equipment or Inventory constituting Collateral except to the extent that such loss or damage shall be insured pursuant to policies required to be maintained pursuant to the Credit Agreement.

(j) INTELLECTUAL PROPERTY. Such Guarantor agrees that it will not, nor will it permit any of its licensees to, do any act, or omit to do any act, whereby any Patent that is material to the conduct of such Guarantor's business may become invalidated or dedicated to the public, and agrees that it shall continue to mark any products covered by a Patent with the relevant patent number as necessary and sufficient to establish and preserve its maximum rights under applicable patent laws. Such Guarantor (either itself or through its licensees or its sublicensees) will, for each Trademark material to the conduct of such Guarantor's business, (i) maintain such Trademark in full force free from any claim of abandonment or invalidity for non-use, (ii) maintain the quality of products and services offered under such Trademark, (iii) display such Trademark with notice of Federal registration to the extent necessary and sufficient to establish and preserve its rights under applicable law and (iv) not knowingly use or knowingly permit the use of such Trademark in violation of any third party's valid and legal rights. Such Guarantor (either itself or through licensees) will, for each work covered by a material Copyright, continue to publish, reproduce, display, adopt and distribute the work with appropriate copyright notice as necessary and sufficient to establish and preserve its maximum rights under applicable copyright laws. Such Guarantor shall notify the Administrative Agent promptly if it knows or has reason to know that any Patent, Trademark or Copyright material to the conduct of its business

may become abandoned, lost or dedicated to the public, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, United States Copyright Office or any court) regarding such Guarantor's ownership of any Patent, Trademark or Copyright, its right to register the same, or to keep and maintain the same. In no event shall such Guarantor, either itself or through any agent, employee, licensee or designee, file an application for any Patent, Trademark or Copyright (or for the registration of any Trademark or Copyright) with the United States Patent and Trademark Office, United States Copyright Office or any office or agency in any political subdivision of the United States of America unless it promptly informs the Administrative Agent and, upon request of the Administrative Agent (in its sole and absolute discretion), executes and delivers any and all agreements, instruments, documents and papers as the Administrative Agent may reasonably request to evidence the Administrative Agent's security interest in such Patent, Trademark or Copyright, and such Guarantor hereby appoints the Administrative Agent as its attorney-in-fact to execute and file such writings for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed; such power, being coupled with an interest, is irrevocable. Such Guarantor will take all necessary steps that are consistent with the practice in any proceeding before the United States Patent and Trademark Office, United States Copyright Office or any office or agency in any political subdivision of the United States of America, to maintain and pursue each material application relating to the Patents, Trademarks and/or Copyrights (and to obtain the relevant grant or registration) and to maintain each issued Patent and each registration of the Trademarks and Copyrights that is material to the conduct of such Guarantor's business, including timely filings of applications for renewal, affidavits of use, affidavits of incontestability and payment of maintenance fees, and, if consistent with good business judgment, to initiate opposition, interference and cancellation proceedings against third parties. In the event that such Guarantor has reason to believe that any Collateral consisting of a Patent, Trademark or Copyright material to the conduct of such Guarantor's business has been or is about to be infringed, misappropriated or diluted by a third party, such Guarantor promptly shall notify the Administrative Agent and shall, if consistent with good business judgment, promptly sue for infringement, misappropriation or dilution and to recover any and all damages for such infringement, misappropriation or dilution, and take such other actions as are appropriate under the circumstances to protect such Collateral. Upon and during the continuance of an Event of Default, such Guarantor shall use its best efforts to obtain all requisite consents or approvals by the licensor of each Copyright License, Patent License or Trademark License to effect the assignment

of all of such Guarantor's right, title and interest thereunder to the Administrative Agent, or its designee in accordance herewith.

7. OTHER AGREEMENTS OF THE GUARANTORS

(a) NO DUTY TO PRESERVE. Except as otherwise required by law, each Guarantor agrees that, with respect to the Collateral, neither the Administrative Agent nor any other Secured Party has any obligation to preserve rights against prior or third parties.

(b) ADMINISTRATIVE AGENT'S DUTY WITH RESPECT TO COLLATERAL. Each Guarantor agrees that the Administrative Agent's only duty with respect to the Collateral delivered to the Administrative Agent shall be to use reasonable care in the custody and preservation of the Collateral, and each Guarantor agrees that if the Administrative Agent accords the Collateral substantially the same kind of care as the Administrative Agent accords its own Property, such care shall conclusively be deemed reasonable. In the event that all or any part of the Certificated Securities or Instruments constituting the Collateral are lost, destroyed or wrongfully taken while such Certificated Securities or Instruments are in the possession of the Administrative Agent, each Guarantor agrees that it will use its best efforts to cause the delivery of new Certificated Securities or Instruments in place of the lost, destroyed or wrongfully taken Certificated Securities or Instruments upon request therefor by the Administrative Agent, without the necessity of any indemnity bond or other security, other than the Administrative Agent's agreement of indemnity upon usual and customary terms therefor. Anything herein to the contrary notwithstanding, the Administrative Agent shall not be under any duty to send notices, perform services, exercise any rights of collection, enforcement, conversion or exchange, vote, pay for insurance, taxes or other charges or take any action of any kind in connection with the management of the Collateral.

(c) LIABILITY OF GUARANTORS UNDER CONTRACTS AND AGREEMENTS INCLUDED IN THE COLLATERAL. Anything herein to the contrary notwithstanding, (i) each Guarantor shall remain liable under the contracts and agreements to which it is a party and which is included in the Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (ii) the exercise by the Administrative Agent, the Issuing Bank, any Rate Protection Lender or any Lender of any of its rights hereunder shall not release any Guarantor from any of its duties or obligations under any such contract or agreement, (iii) neither the Administrative Agent nor any other Secured Party shall have any obligation or liability, including indemnification obligations, under any such contract or agreement by reason of this Agreement, nor shall the Administrative Agent or any other Secured Party be obligated to perform any of the obligations or duties of any Guarantor thereunder, to make any payment, to make any inquiry as to the nature or sufficiency of any payment received by any Guarantor or the sufficiency of any performance by any party under any such contract or agreement or to take any action to collect or enforce any claim for payment assigned hereunder, and (iv) neither the Administrative Agent nor any other

Secured Party shall be under any duty to send notices, perform services, exercise any rights of collection, enforcement, conversion or exchange, vote, pay for insurance, taxes or other charges or take any action of any kind in connection with the management of the Collateral.

(d) UNCERTIFICATED SECURITIES. Each Guarantor which is an Issuer of an Uncertificated Security constituting Collateral agrees to comply with Instructions originated by the Administrative Agent with respect to each such Uncertificated Security without further consent by the registered owner of such Uncertificated Security.

8. EVENTS OF DEFAULT

Each of the following shall constitute an "EVENT OF DEFAULT":

(a) The failure of any Guarantor to observe or perform any term, covenant or agreement contained in this Agreement; or

(b) The occurrence and continuance of an Event of Default under, and as such term is defined in, the Credit Agreement.

9. REMEDIES

(a) Upon the occurrence of an Event of Default or at any time thereafter during the continuance thereof, the Administrative Agent may:

(ii) exercise any and all rights and remedies (A) granted to a Secured Party by the UCC in effect in the State of New York or otherwise allowed at law, and (B) otherwise provided by this Agreement, and

(iii) dispose of the Collateral as it may choose, so

long as every aspect of the disposition including the method, manner, time, place and terms are commercially reasonable, and each Guarantor agrees that, without limitation, the following are each commercially reasonable: (A) the Administrative Agent shall not in any event be required to give more than 10 days' prior notice to the Guarantors of any such disposition, (B) any place within the City of New York or the Counties of Nassau, Suffolk, and Westchester may be designated by the Administrative Agent for disposition, and (C) the Administrative Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) Each Guarantor acknowledges and agrees that the Administrative Agent may elect, with respect to the offer or sale of any or all of the Equity Interests constituting the Collateral, to conduct such offer and sale in such a manner as to avoid the need for registration or qualification of such Equity Interests or the offer and sale thereof under any Federal or state securities laws and that the Administrative Agent is authorized to comply with any limitation or restriction in connection with such sale as counsel may advise the Administrative Agent is reasonably necessary in order to avoid any violation of applicable law, compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that such prospective bidders and purchasers have certain qualifications, and restrict such prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of such Equity Interests, or in order to obtain any required approval of the sale or of the purchaser by any Governmental Authority. Each Guarantor further acknowledges and agrees that any such transaction may be at prices and on terms less favorable than those which may be obtained through a public sale and not subject to such restrictions and agrees that, notwithstanding the foregoing, the Administrative Agent is under no obligation to conduct any such public sale and may elect to impose any or all of the foregoing restrictions, or any other restrictions which may be reasonably necessary in order to avoid any such registration or qualification, at its sole discretion or with the consent or direction of the Required Lenders, and that any such offer and sale so conducted shall be deemed to have been made in a commercially reasonable manner.

(c) To the extent permitted by law, each Guarantor hereby expressly waives and covenants not to assert any appraisal, valuation, stay, extension, redemption or similar laws, now or at any time hereafter in force, which might delay, prevent or otherwise impede the performance or enforcement of this Agreement.

(d) Notwithstanding any contrary provision in any Loan Document, no action shall be taken under this Agreement by the Administrative Agent or any Credit Party with respect to any item of Collateral unless and until all applicable requirements (if any) of the FCC Regulations have been satisfied with respect to such action and there have been obtained such Governmental Approvals (if any) as may be required to be obtained under the FCC Regulations under the terms of any such FCC License. Without limiting the generality of the foregoing, the Administrative Agent (on behalf of itself and the Lenders) hereby agrees that (i) voting and consensual rights in the Stock Collateral will remain with the applicable Guarantor upon and following the occurrence of an Event of Default unless and until any required prior approvals of the FCC to the transfer of such voting and consensual rights to the Administrative Agent have been obtained; (ii) upon the occurrence of any Event of Default and foreclosure of the Equity Interests constituting pursuant to this Agreement there will be either a private or a public sale of such Collateral; and (iii) prior to the exercise of voting or consensual rights by the purchaser at any such sale, the prior consent of the FCC pursuant to 47 U.S.C. 310(d) will

be obtained. It is the intention of the parties to this Agreement that the Liens in favor of the Administrative Agent on the Collateral shall in all relevant respects be subject to and governed by the FCC Regulations and that nothing in this Agreement shall be construed to diminish the control exercised by such Guarantor except in accordance with the provisions of the FCC Regulations. Each Guarantor agrees that upon request from time to time by the Administrative Agent it will use its best efforts to obtain any Governmental Approvals referred to in this subsection (d), including upon any request of the Administrative Agent following an Event of Default, to prepare, sign and file with the FCC (or cause to be prepared, signed and filed with the FCC) any application or application for consent to the assignment of the FCC Licenses or transfer of control required to be signed by such Guarantor or any of its Subsidiaries necessary or appropriate under the FCC Regulations for approval of any sale or transfer of any of the Equity Interests constituting Collateral or the assets of such Guarantor or any of its Subsidiaries or any transfer of control in respect of any FCC License.

10. VOTING

Notwithstanding anything to the contrary contained in this Agreement, each Guarantor shall have the right to vote all Securities constituting its Collateral and receive and retain all dividends and distributions thereon until such time, if any, as an Event of Default shall have

occurred and be continuing and the Administrative Agent shall have notified such Guarantor that the Administrative Agent shall have elected to terminate the rights of such Guarantor under this section, subject to Section 9(d), at which time the Administrative Agent shall then be vested with the right to vote all Securities constituting the Collateral and receive and retain all dividends and distributions thereon, until such time as such Event of Default is cured or waived.

11. TERMINATION

On any date upon which (i) the Lenders shall no longer have any obligation to make Loans, (ii) the Issuing Bank shall no longer have (A) any obligation to issue Letters of Credit and (B) any obligations under the Letters of Credit theretofor issued, and (iii) the Obligations shall have been paid in full in cash, , the Liens granted hereby shall cease and the Administrative Agent shall, at the Guarantors' expense (A) execute and deliver all UCC Termination Statements and other documents necessary to terminate the Liens granted hereby that the Guarantors shall have reasonably requested, and (B) return to the Guarantors all their respective Collateral that shall remain in the possession of the Administrative Agent at such time.

12. NOTICES

Except as otherwise specifically provided herein, all notices, requests, consents, demands, waivers and other communications hereunder shall be in writing (including facsimile) and shall be electronically transmitted or mailed by registered or certified mail or delivered in person, and all statements, reports, documents, certificates

and papers to be delivered hereunder shall be mailed by first class mail or delivered in person, in each case to the respective parties to this Agreement as follows:

(a) in the case of the Administrative Agent or the Borrower, as set forth in Section 11.2 of the Credit Agreement,

(b) in the case of each Current Guarantor, at 4880 Santa Rosa Road, Suite 300, Camarillo, California 93012, Attention: Dirk Gastaldo, Vice President and Chief Financial Officer (Telephone: (805) 384-4531; Telecopy: (805) 384-4532), with a copy to Salem Communications Corporation, 4880 Santa Rosa Road, Suite 300, Camarillo, California 93012, Attention: Jonathan L. Block, Esq., Secretary (Telephone: (805) 987-0400 (ext. 106); Telecopy:(805) 384-4505), and

(c) in the case of each Additional Guarantor, as set forth adjacent to the name of such Additional Guarantor on the signature page(s) of the Supplement delivered by such Additional Guarantor, or to such other addresses as to which the Administrative Agent may be hereafter notified by the respective parties hereto. Any notice, request, consent, demand, waiver or communication given in accordance with the provisions of this section shall be conclusively deemed to have been received by a party hereto and to be effective on the day on which delivered to such party at its address specified above or, if sent by registered or certified mail, on the delivery date noted on the receipt therefor, provided that a notice of change of address shall be deemed to be effective only when actually received. Any party hereto may rely on signatures of the other parties hereto which are transmitted by facsimile or other electronic means as fully as if originally signed.

13. EXPENSES

Each Guarantor agrees that it shall, upon demand, pay to the Administrative Agent any and all reasonable out-of-pocket sums, costs and expenses, which the Administrative Agent, the Issuing Bank or any Lender may pay or incur defending, protecting or enforcing this Agreement (whether suit is instituted or not), reasonable attorneys' fees and disbursements. All sums, costs and expenses which are due and payable pursuant to this section shall bear interest, payable on demand, at the highest rate then payable on the Borrower Obligations.

14. REPAYMENT IN BANKRUPTCY, ETC.

If, at any time or times subsequent to the payment of all or any part of the Borrower Obligations or the Guarantor Obligations, the Administrative Agent, the Issuing Bank or any Lender shall be required to repay any amounts previously paid by or on behalf of the Borrower or any Guarantor in reduction thereof by virtue of an order of

any court having jurisdiction in the premises, as a result of an adjudication that such amounts constituted preferential payments or fraudulent conveyances, the Guarantors unconditionally agree to pay to the Administrative Agent within 10 days after demand a sum in cash equal to the amount of such repayment,

together with interest on such amount from the date of such repayment by the Administrative Agent, the Issuing Bank or such Lender, as the case may be, to the date of payment to the Administrative Agent at the applicable after maturity rate set forth in the Credit Agreement.

15. ADDITIONAL GUARANTORS

Upon the execution and delivery to the Administrative Agent of a Supplement by any Person, appropriately acknowledged, such Person shall be a Guarantor.

16. AGREEMENT TO PAY; SUBORDINATION

In furtherance of the foregoing and not in limitation of any other right that the Administrative Agent or any other Secured Party has at law or in equity against any Guarantor by virtue hereof, upon the failure of the Borrower or any other Loan Party to pay any Obligations when and as the same shall become due, whether at maturity, be acceleration, after notice of prepayment or otherwise, each Guarantor hereby promises to and will forthwith pay, or cause to be paid, to the Administrative Agent in cash the amount of such unpaid Obligations. Upon payment by any Guarantor of any sums to the Administrative Agent as provided above, all rights of such Guarantor against the Borrower arising as a result thereof by way of right of subrogation, contribution, reimbursement, indemnity or otherwise shall in all respects be subordinate and junior in right of payment to the prior indefeasible payment in full in cash of all the Obligations. In addition, any indebtedness of the Borrower now or hereafter held by any Guarantor is hereby subordinated in right of payment to the prior payment in full in cash of the Obligations. If any amount shall erroneously be paid to any Guarantor on account of (i) such subrogation, contribution, reimbursement, indemnity or similar right or (ii) any such indebtedness of the Borrower, such amount shall be held in trust for the benefit of the Administrative Agent and the other Secured Parties and shall forthwith be paid to the Administrative Agent to be credited against the payment of the Obligations, whether matured or unmatured, in accordance with the terms of the Loan Documents.

17. MISCELLANEOUS

(a) Except as otherwise expressly provided in this Agreement, each Guarantor hereby waives presentment, demand for payment, notice of default, nonperformance and dishonor, protest and notice of protest of or in respect of this Agreement, the other Loan Documents, each Interest Protection Arrangement, and the Borrower Obligations, notice of acceptance of this Agreement and reliance hereupon by the Administrative Agent, the Issuing Bank and each Lender, and the incurrence of any of

the Borrower Obligations, notice of any sale of collateral security or any default of any sort.

(b) No Guarantor is relying upon the Administrative Agent, the Issuing Bank or any Lender to provide to such Guarantor any information concerning the Borrower or any of its Subsidiaries, and each Guarantor has made arrangements satisfactory to such Guarantor to obtain from the Borrower on a continuing basis such information concerning the Borrower and its Subsidiaries as such Guarantor may desire.

(c) Each Guarantor agrees that any statement of account with respect to the Borrower Obligations from the Administrative Agent, the Issuing Bank or any Lender to the Borrower which binds the Borrower shall also be binding upon such Guarantor, and that copies of said statements of account maintained in the regular course of the Administrative Agent's, the Issuing Bank's or such Lender's business, as the case may be, may be used in evidence against such Guarantor in order to establish its Guarantor Obligations.

(d) Each Guarantor acknowledges that it has received a copy of the Loan Documents and each Interest Rate Protection Arrangement and has approved of the same. In addition, such Guarantor acknowledges having read each Loan Document and each such Interest Rate Protection Arrangement and having had the advice of counsel in connection with all matters concerning its execution and delivery of this Agreement.

(e) No Guarantor may assign any right, or delegate any duty, it may have under this Agreement.

(f) Subject to the limitations set forth in Section 2(b), the Guarantor Obligations hereunder and the Guarantor Obligations (under and as defined in the Parent Guaranty) shall be joint and several.

(g) If all of the Equity Interests in any Guarantor is sold, transferred or otherwise disposed of pursuant to a transaction permitted by the Loan Documents, then the obligations of such Guarantor under this Agreement shall be automatically released.

(h) This Agreement is the "Subsidiary Guaranty" referred to in the Credit Agreement, and is subject to, and should be construed in accordance with, the provisions thereof. Each of the Administrative Agent, the Guarantors and the Borrower acknowledges that certain provisions of the Credit Agreement, including, without limitation, Sections 1.2 (Principles of Construction), 11.1 (Amendments and Waivers),

11.3 (No Waiver; Cumulative Remedies), 11.4 (Survival of Representations and Warranties), 11.7 (Successors and Assigns), 11.8 (Counterparts), 11.9 (Adjustments; Setoff), 11.13 (Headings), 11.14 (Severability), 11.15 (Integration), 11.16 (Limitation of Liability), 11.17 (Consent to Jurisdiction), 11.18 (Service of Process), 11.19 (No Limitation on Service or Suit) and 11.20 (WAIVER OF TRIAL BY JURY) thereof, are made applicable to this Agreement and all such provisions are incorporated by reference herein as if fully set forth herein.

18. SAVINGS CLAUSE

This Agreement amends and restates the terms and conditions of the First Amended Guaranty and is not intended and should not be construed as in any way extinguishing or terminating the Obligations or the security interest granted under the First Amended Guaranty.

19. GOVERNING LAW; TERMS

This Agreement shall be governed by and construed in accordance with the laws of the State of New York, except to the extent that the validity or perfection of the security interest hereunder, or remedies hereunder, in respect of any particular collateral are governed by the laws of a jurisdiction other than the State of New York. Unless otherwise defined herein, terms used in Articles 8 and 9 of the UCC are used herein as therein defined.

[Signature pages follow]

IN EVIDENCE of the agreement by the parties hereto to the terms and conditions herein contained, each such party has caused this Second Amended and Restated Subsidiary Guaranty and Security Agreement to be duly executed on its behalf.

- ATEP RADIO, INC.
- BISON MEDIA, INC.
- CARON BROADCASTING, INC.
- CCM COMMUNICATIONS, INC.
- COMMON GROUND BROADCASTING, INC.
- GOLDEN GATE BROADCASTING COMPANY, INC.
- INLAND RADIO, INC.
- INSPIRATION MEDIA OF TEXAS, INC.
- INSPIRATION MEDIA, INC.
- KINGDOM DIRECT, INC.
- NEW ENGLAND CONTINENTAL MEDIA, INC.
- NEW INSPIRATION BROADCASTING COMPANY, INC.
- OASIS RADIO, INC.
- ONEPLACE, LTD.
- PENNSYLVANIA MEDIA ASSOCIATES, INC.
- RADIO 1210, INC.
- REACH SATELLITE NETWORK, INC.
- SALEM MEDIA CORPORATION
- SALEM MEDIA OF COLORADO, INC.
- SALEM MEDIA OF KENTUCKY, INC.
- SALEM MEDIA OF GEORGIA, INC.
- SALEM MEDIA OF HAWAII, INC.
- SALEM MEDIA OF OHIO, INC.
- SALEM MEDIA OF OREGON, INC.
- SALEM MEDIA OF PENNSYLVANIA, INC.
- SALEM MEDIA OF TEXAS, INC.
- SALEM MEDIA OF VIRGINIA, INC.
- SALEM MUSIC NETWORK, INC.
- SALEM RADIO NETWORK INCORPORATED
- SALEM RADIO PROPERTIES, INC.
- SALEM RADIO REPRESENTATIVES, INC.
- SOUTH TEXAS BROADCASTING, INC.
- SRN NEWS NETWORK, INC.
- VISTA BROADCASTING, INC.

AS TO EACH OF THE FOREGOING:

By: _____
Name: _____
Title: _____

SECOND AMENDED AND RESTATED
SUBSIDIARY GUARANTY AND SECURITY AGREEMENT
SALEM COMMUNICATIONS HOLDING CORPORATION

SALEM COMMUNICATIONS HOLDING CORPORATION

By: _____
Name: _____
Title: _____

SECOND AMENDED AND RESTATED
SUBSIDIARY GUARANTY AND SECURITY AGREEMENT
SALEM COMMUNICATIONS HOLDING CORPORATION

THE BANK OF NEW YORK, as Administrative Agent

By: _____
Name: _____
Title: _____

SCHEDULE 5(c) TO THE SECOND AMENDED AND RESTATED
SUBSIDIARY GUARANTY AND SECURITY AGREEMENT
DATED AS OF AUGUST 24, 2000

LIST OF OFFICE LOCATIONS AND JURISDICTIONS OF ORGANIZATIONS

SCHEDULE 5(g) TO THE SECOND AMENDED AND RESTATED
SUBSIDIARY GUARANTY AND SECURITY AGREEMENT
DATED AS OF AUGUST 24, 2000

LIST OF EQUITY INTERESTS

Issuer	Class	Number of Shares	Cert. Number	Percentage of Outstanding Shares

=====				

SCHEDULE 5(h) TO THE SECOND AMENDED AND RESTATED
SUBSIDIARY GUARANTY AND SECURITY AGREEMENT
DATED AS OF AUGUST 24, 2000

LIST OF CHATTEL PAPER, DOCUMENTS AND INSTRUMENTS

SCHEDULE 5(j) TO THE SECOND AMENDED AND RESTATED
SUBSIDIARY GUARANTY AND SECURITY AGREEMENT
DATED AS OF AUGUST 24, 2000

ADDRESSES FOR EQUIPMENT AND INVENTORY LOCATIONS

SCHEDULE 5(k) TO THE SECOND AMENDED AND RESTATED
SUBSIDIARY GUARANTY AND SECURITY AGREEMENT
DATED AS OF AUGUST 24, 2000

LIST OF INTELLECTUAL PROPERTY

- A. PATENTS
- B. TRADEMARKS
- C. COPYRIGHTS

ANNEX A TO THE SUBSIDIARY GUARANTY

FORM OF SUPPLEMENT TO
SECOND AMENDED AND RESTATED SUBSIDIARY GUARANTY

SECOND AMENDED AND RESTATED SUBSIDIARY GUARANTY AND SECURITY AGREEMENT, dated as of August 24, 2000, by and among the Guarantors party thereto, Salem Communications Holding Corporation and The Bank of New York, as Administrative Agent (as the same may be amended, supplemented or otherwise modified from time to time, the "AGREEMENT").

[Date]

Capitalized terms used herein which are not otherwise defined herein shall have the respective meanings ascribed thereto in the Agreement. Pursuant to Section 15 of the Agreement, by execution and delivery of this Supplement and, upon acceptance hereof by the Administrative Agent, the undersigned (i) shall be, and shall be deemed to be, a "Guarantor" under, and as such term is defined in, the Agreement, (ii) shall have made, and shall be deemed to have made, the representations and warranties contained in Section 5 of the Agreement on and as of the date hereof, (iii) as security for the payment and performance in full of its Guarantor Obligations, does hereby create and grant to the Administrative Agent, its successors and permitted assigns, for its benefit and the ratable benefit of the Secured Parties, their respective successors and permitted assigns, a security interest in the Collateral (as defined in the Agreement) of the Additional Guarantor and (iv) shall have made, and shall be deemed to have made, all of the covenants and agreements of a Guarantor set forth in the Agreement.

[NAME OF ADDITIONAL GUARANTOR]

By: _____
Name: _____
Title: _____

ADDRESS FOR NOTICES:

Attention: _____

Telephone: (____) ____-____
Telecopy: (____) ____-____

Accepted and agreed to as of the date first above written:

THE BANK OF NEW YORK, as Administrative Agent

By: _____
Name: _____
Title: _____

[SCHEDULES CORRESPONDING TO THE SCHEDULES
IN THE AGREEMENT ARE TO BE ATTACHED]

ANNEX B TO THE SUBSIDIARY GUARANTY
AND SECURITY AGREEMENT

DATED AS OF _____, 2000

FORM OF GRANT OF SECURITY INTEREST (_____)4

[NAME OF GUARANTOR], a _____ corporation (the "GUARANTOR"), is obligated to THE BANK OF NEW YORK, as Administrative Agent (the "ADMINISTRATIVE AGENT"), and has entered into the Second Amended and Restated Subsidiary Guaranty and Security Agreement as of August 24, 2000 (as the same may be amended, supplemented or otherwise modified, the "Agreement") with the Administrative Agent.

[PURSUANT TO THE AGREEMENT, THE GUARANTOR GRANTED TO THE ADMINISTRATIVE AGENT A SECURITY INTEREST IN ALL OF THE RIGHT, TITLE AND INTEREST OF THE GUARANTOR IN AND TO (I) THE LETTERS PATENT OF THE UNITED STATES OF AMERICA, THE REGISTRATIONS AND RECORDINGS THEREOF, AND THE APPLICATIONS FOR LETTERS PATENT OF THE UNITED STATES OF AMERICA, IN EACH CASE LISTED ON SCHEDULE I HERETO, ALL REISSUES, CONTINUATIONS, DIVISIONS, CONTINUATIONS-IN-PART, RENEWALS OR EXTENSIONS THEREOF, AND THE INVENTIONS DISCLOSED OR CLAIMED THEREIN, INCLUDING THE RIGHT TO MAKE, USE AND/OR SELL THE INVENTIONS DISCLOSED OR CLAIMED THEREIN TOGETHER WITH ALL OF THE INVENTIONS DISCLOSED OR CLAIMED THEREIN (THE "PATENTS"), AND (II) ALL PROCEEDS THEREOF, ANY AND ALL CAUSES OF ACTION WHICH MAY EXIST BY REASON OF INFRINGEMENT THEREOF (THE "COLLATERAL"), TO SECURE THE PROMPT PAYMENT, PERFORMANCE AND OBSERVANCE OF ITS OBLIGATIONS (AS DEFINED IN THE AGREEMENT).]5

[PURSUANT TO THE AGREEMENT, THE GUARANTOR GRANTED TO THE ADMINISTRATIVE AGENT A SECURITY INTEREST IN ALL OF THE RIGHT, TITLE AND INTEREST OF THE GUARANTOR IN AND TO THE TRADEMARKS LISTED ON SCHEDULE I ATTACHED HERETO, WHICH TRADEMARKS ARE REGISTERED IN THE UNITED STATES PATENT AND TRADEMARK OFFICE (THE "TRADEMARKS"), TOGETHER WITH THE GOODWILL OF THE BUSINESS SYMBOLIZED BY THE TRADEMARKS AND THE APPLICATIONS AND REGISTRATIONS THEREOF, AND ALL PROCEEDS THEREOF, INCLUDING ANY AND ALL CAUSES OF ACTION WHICH MAY EXIST BY REASON OF INFRINGEMENT

4 Insert Patents, Trademarks or Copyrights, as applicable.
5 Delete inapplicable paragraphs.

THEREOF (THE "COLLATERAL"), TO SECURE THE PROMPT PAYMENT, PERFORMANCE AND OBSERVANCE OF ITS OBLIGATIONS (AS DEFINED IN THE AGREEMENT).]

[PURSUANT TO THE AGREEMENT, THE GUARANTOR GRANTED TO THE ADMINISTRATIVE AGENT A SECURITY INTEREST IN ALL OF THE RIGHT, TITLE AND INTEREST OF THE GUARANTOR IN AND TO THE COPYRIGHT RIGHTS IN ANY WORK SUBJECT TO THE COPYRIGHT LAWS OF THE UNITED STATES OF AMERICA, WHETHER AS AUTHOR, ASSIGNEE, TRANSFEREE OR OTHERWISE, AND ALL REGISTRATIONS AND APPLICATIONS FOR REGISTRATION OF ANY SUCH COPYRIGHT IN THE UNITED STATES OF AMERICA, IN EACH CASE LISTED ON SCHEDULE I ATTACHED HERETO, WHICH COPYRIGHT RIGHTS ARE REGISTERED IN THE UNITED STATES COPYRIGHT OFFICE (THE "COPYRIGHTS"), AND ALL PROCEEDS THEREOF, INCLUDING ANY AND ALL CAUSES OF ACTION WHICH MAY EXIST BY REASON OF INFRINGEMENT THEREOF (THE "COLLATERAL"), TO SECURE THE PROMPT PAYMENT, PERFORMANCE AND OBSERVANCE OF ITS OBLIGATIONS (AS DEFINED IN THE AGREEMENT).]

For good and valuable consideration, the receipt of which is hereby acknowledged, and for the purpose of recording the grant of the security interest as aforesaid, the Guarantor does hereby further assign to the Administrative Agent, and grant to the Administrative Agent a security interest in, the Collateral to secure the prompt payment, performance and observance of the Obligations.

The Guarantor does hereby further acknowledge and affirm that the rights and remedies of the Administrative Agent with respect to the assignment of and security interest in the Collateral made and granted hereby are set forth in the Agreement, the terms and provisions of which are hereby incorporated herein by reference as if fully set forth herein.

Upon the indefeasible cash payment in full of all Obligations (as such term is defined in the Agreement), the Administrative Agent will take whatever actions are necessary at the Guarantor's expense to release or reconvey to Guarantor all right, title and interest of the Guarantor in and to the Patents.

The Administrative Agent's address is: One Wall Street, New York, New York 10286.

IN WITNESS WHEREOF, the Guarantor has caused this Assignment

The parties agree as follows:

1. ASSIGNMENT. Subject to the terms and conditions set forth herein and in the Credit Agreement, the Assignor hereby sells and assigns to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, without recourse, on the date set forth above (the "ASSIGNMENT DATE") all right, title, interest and obligations under the

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Credit Agreement and the other Loan Documents of the Assignor in and with respect to the Assigned Loans, the Assigned Letter of Credit Exposure and the Assigned Commitment. As full consideration for the sale of the Assigned Loans, the Assigned Letter of Credit Exposure and the Assigned Commitment, the Assignee shall pay to the Assignor on the Assignment Date the principal amount of the Assigned Loans (the "PURCHASE PRICE").

2. REPRESENTATION AND WARRANTIES. Each of the Assignor and the Assignee represents and warrants to the other that (a) it has full power and legal right to execute and deliver this Agreement and to perform the provisions of this Agreement; (b) the execution, delivery and performance of this Agreement have been authorized by all action, corporate or otherwise, and do not violate any provisions of its charter or by-laws or any contractual obligations or requirement of law binding on it; and (c) this Agreement constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms.

3. CONDITION PRECEDENT. The obligations of the Assignor and the Assignee hereunder shall be subject to the fulfillment of the condition that the Assignor shall have (a) received payment in full of the Purchase Price, and (b) complied with the other applicable provisions of Section 11.7 of the Credit Agreement.

4. NOTICE OF ASSIGNMENT. The Assignor agrees to give notice of the assignment and assumption of the Assigned Loans, the Assigned Letter of Credit Exposure and the Assigned Commitment to the Administrative Agent and the Borrower and hereby instructs the Administrative Agent and the Borrower to make all payments with respect to the Assigned Loans, the Assigned Letter of Credit Exposure and the Assigned Commitment directly to the Assignee at the applicable Lending Offices specified in Item 8 on Schedule 1 hereto; provided, however, that the Borrower and the Administrative Agent shall be entitled to continue to deal solely and directly with the Assignor in connection with the interests so assigned until the Administrative Agent and the Borrower shall have received notice of the assignment, the Administrative Agent and the Issuing Bank (to the extent required by Section 11.7 of the Credit Agreement) shall have consented in writing thereto, and the Administrative Agent shall have recorded and accepted this Agreement and received the Assignment Fee required to be paid pursuant to Section 11.7 of the Credit Agreement. From and after the date (the "EFFECTIVE DATE") on which the Administrative Agent shall notify the Borrower and the Assignor that the requirements set forth in the foregoing sentence shall have occurred and all consents (if any) required shall have been given, (i) the Assignee shall be deemed to be a party to the Credit Agreement and, to the extent that rights and obligations thereunder shall have been assigned to Assignee as provided in such notice of assignment to the Administrative Agent, shall have the rights and obligations of a Lender under the Credit Agreement, and (ii) the Assignee shall be deemed to have appointed the Administrative Agent to take

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such action as Administrative Agent on its behalf and to exercise such powers under the Loan Documents as are delegated to the Administrative Agent by the terms thereof, together with such powers as are reasonably incidental thereto. After the Effective Date, the Administrative Agent shall make all payments in respect of the interest assigned hereby (including payments of principal, interest, fees and other amounts) to the Assignee. The Assignor and Assignee shall make all appropriate adjustment in payments under the Assigned Loans, the Assigned Letter of Credit Exposure and the Assigned Commitment for periods prior to the Effective Date hereof directly between themselves. The Assignee agrees to deliver to the Borrower and the Administrative Agent such Internal Revenue Service forms as may be required to establish that the Assignee is entitled to receive payments under the Credit Agreement without deduction or withholding of tax.

5. INDEPENDENT INVESTIGATION. The Assignee acknowledges that it is purchasing the Assigned Loans, the Assigned Letter of Credit Exposure and the Assigned Commitment from the Assignor totally without recourse and, except as provided in Section 2 hereof, without representation or warranty. The Assignee further acknowledges that it has made its own independent investigation and credit evaluation of the Borrower and the other Loans Parties in connection with its purchase of the Assigned Loans, the Assigned Letter of Credit Exposure and the Assigned Commitment. Except for the representations or warranties set forth in Section 2, the Assignee acknowledges that it is not relying on any representation or warranty of the Assignor, expressed or implied, including without limitation, any representation or warranty relating to the legality,

validity, genuineness, enforceability, collectibility, interest rate, repayment schedule or accrual status of the Assigned Loans, the Assigned Letter of Credit Exposure or the Assigned Commitment, the legality, validity, genuineness or enforceability of the Credit Agreement, the related Notes, or any other Loan Document referred to in or delivered pursuant to the Credit Agreement, or financial condition or creditworthiness of the Borrower or any other Person. The Assignor has not and will not be acting as either the representative, Administrative Agent or trustee of the Assignee with respect to matters arising out of or relating to the Credit Agreement or this Agreement. From and after the Effective Date, except as set forth in Section 4 above, the Assignor shall have no rights or obligations with respect to the Assigned Loans, the Assigned Letter of Credit Exposure or the Assigned Commitment.

6. METHOD OF PAYMENT. All payments to be made by either party hereunder shall be in funds available at the place of payment on the same day and shall be made by wire transfer to the account designated by the party to receive payment.

7. INTEGRATION. This Agreement shall supersede any prior agreement or understanding between the parties (other than the Credit Agreement) as to the subject matter hereof.

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8. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and shall be binding upon both parties, their successors and assigns.

9. HEADINGS. Section headings have been inserted herein for convenience only and shall not be construed to be a part hereof.

10. AMENDMENTS; WAIVERS. This Agreement may not be amended, changed, waived or modified except by a writing executed by the parties hereto, and may not be amended, changed, waived or modified in any manner inconsistent with Section 11.7 of the Credit Agreement without the prior written consent of the Administrative Agent.

11. GOVERNING LAW. This Agreement shall be governed by, and construed in accordance with the laws of, the State of New York.

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[ASSIGNOR]

By: _____

Title: _____

[ASSIGNEE]

By: _____

Title: _____

Consented and Accepted:

THE BANK OF NEW YORK, as Administrative Agent

By: _____

Title: _____

Consented:

THE BANK OF NEW YORK, as Issuing Bank

By: _____

Title: _____

Consented:

SALEM COMMUNICATIONS HOLDING CORPORATION

By: _____

Title: _____

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SCHEDULE 1

TO

ASSIGNMENT AND ASSUMPTION AGREEMENT

relating to the

Second Amended and Restated Credit Agreement, dated as of August 24, 2000, by and among Salem Communications Holding Corporation, the Lenders party thereto, The Bank of New York, as Administrative Agent, Bank of America, N.A., as Syndication Agent, Fleet National Bank, as Documentation Agent, and Union Bank of California and The Bank of Nova Scotia, as Co-Agents, as amended, modified or otherwise supplemented from time to time.

Item 1.	Assignor's RC Commitment	\$ _____
Item 2.	Assignor's RC Loans	\$ _____
	consisting of:	
	ABR Loans	\$ _____
	Eurodollar Loans	\$ _____
Item 3.	Assignor's Letter of Credit Exposure	\$ _____
Item 4.	Amount of Assigned RC Commitment	\$ _____
Item 5.	Percentage of RC Commitment Assigned as a percentage of the aggregate RC Commitments of all Lenders	_____ %

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Item 6.	Amount of Assigned RC Loans	\$ _____
	consisting of:	
	ABR Loans	\$ _____
	Eurodollar Loans	\$ _____
Item 7.	Amount of Assigned Letter of Credit Exposure	\$ _____
Item 8.	Applicable Lending Offices of Assignee and Address for Notices pursuant to Section 11.2 of the Credit Agreement	

giving effect to the Increase, no Default exists or would exist and (ii) the Increase is in all respects in compliance with the terms and conditions of the Loan Documents.

5. Pursuant to Section 2.4(d) of the Credit Agreement, by execution and delivery of this Supplement, together with the satisfaction of all of the other requirements set forth in such Section 2.4(d), (i) each of the Increasing Lenders shall have, on and as of the effective date of the Increase, a RC Commitment equal to the amount set forth above next to its name, and (ii) each such Proposed Lender shall be deemed to be a "Lender" under, and as such term is defined in, the Credit Agreement, and shall have a RC Commitment equal to the amount set forth above next to its name.

IN WITNESS WHEREOF, the parties hereto have caused this RC Supplement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

SALEM COMMUNICATIONS HOLDING CORPORATION

By: _____
Name: _____
Title: _____

THE BANK OF NEW YORK, as

Administrative Agent

By: _____
Name: _____
Title: _____

[INCREASING LENDER]

By: _____
Name: _____
Title: _____

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[PROPOSED LENDER]

By: _____
Name: _____
Title: _____

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SALEM HOLDING EXHIBIT L

FORM OF INTERCREDITOR AGREEMENT

INTERCREDITOR AGREEMENT (as the same may be amended, supplemented or otherwise modified from time to time, this "AGREEMENT"), dated as of August 24, 2000, by and among ING (U.S.) CAPITAL, LLC, in its capacity as administrative agent under the Bridge Credit Agreement referred to below (in such capacity, the "BRIDGE AGENT"), and THE BANK OF NEW YORK, in its capacity as administrative agent under the Holdings Credit Agreement referred to below acting on behalf of the Holdings Lenders (as herein defined) (in such capacity, the "HOLDINGS AGENT").

RECITALS

A. Reference is made to the following documents:

1. the Second Amended and Restated Credit Agreement, dated as of August 24, 2000, by and among Salem Communications Holding Corporation ("HOLDINGS"), the Lenders party thereto, The Bank of New York, as Administrative Agent, and Bank of America, N.A., as Syndication Agent, Fleet National Bank, as Documentation Agent, and Union Bank of California and The Bank of Nova Scotia, as Co-Agents (as the same may be amended, supplemented or otherwise modified from time to time, the "HOLDINGS CREDIT AGREEMENT");

2. the Parent Guaranty, dated as of August 24, 2000, by and among Salem Communications Corporation ("SALEM"), Holdings and the Holdings Agent (as the same may be amended, supplemented or otherwise modified from time to time, the "PARENT GUARANTY");

3. the Parent Security Agreement, dated as of August 24, 2000, by and between Salem and the Holdings Agent (as the same may be amended, supplemented or otherwise modified from time to time, the "PARENT SECURITY

AGREEMENT");

4. the Credit Agreement, dated as of August 24, 2000, by and among Salem, the lenders party thereto and the Bridge Agent (as the same may be amended, supplemented or otherwise modified from time to time, the "BRIDGE CREDIT AGREEMENT"); and

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5. the Security Agreement, dated as of August 24, 2000, by and between Salem and the Bridge Agent (as the same may be amended, supplemented or otherwise modified from time to time, the "BRIDGE SECURITY AGREEMENT").

B. The Holdings Lenders (as defined below) have agreed to make loans and extend credit to, and provide hedging for, Holdings pursuant to, and upon the terms and subject to the conditions specified in, the Holdings Credit Agreement and the Secured Hedging Agreements. Pursuant to the Parent Guaranty, Salem has agreed to guaranty, among other things, all the obligations of Holdings under the Holdings Credit Agreement (together with the Parent Guaranty, the Parent Security Agreement and all other agreements, instruments and documents executed or delivered in connection therewith, the "HOLDINGS LOAN DOCUMENTS") and in respect of all obligations of Holdings, monetary or otherwise, under all Secured Hedging Agreements. Pursuant to the Parent Security Agreement, Salem is granting to the Holdings Agent certain liens on assets of the Salem to secure its obligations under the Parent Guaranty for the benefit of the Holdings Agent and the Holdings Lenders, including the Shared Collateral (as herein defined).

C. The Bridge Lenders have agreed to make loans to Salem pursuant to, and upon the terms and subject to the conditions specified in, the Bridge Credit Agreement (together with the Bridge Security Agreement and all other agreements, instruments and documents executed or delivered in connection therewith, the "BRIDGE LOAN DOCUMENTS"). Pursuant to the Bridge Security Agreement, Salem is granting to the Bridge Agent certain liens on assets of Salem to secure all such obligations for the benefit of the Bridge Agent and the Bridge Lenders, including the Shared Collateral.

D. The Holdings Agent and the Bridge Agent desire to agree with respect to the relative priority of their security interests in the Shared Collateral.

Accordingly, the Holdings Agent, on behalf of itself and each Holdings Lender, the Bridge Agent, on behalf of itself and each Bridge Lender, hereby agree as follows:

1. DEFINITIONS

(a) As used herein, the following terms shall have the following meanings:

"ACQUISITION CORP." means Salem Communications Acquisition Corporation, a Delaware corporation.

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"ACQUISITION CORP. STOCK COLLATERAL" means all Stock Collateral relating to Acquisition Corp.

"BRIDGE AGENT" has the meaning assigned to such term in the preliminary statement of this Agreement.

"BRIDGE CREDIT AGREEMENT" has the meaning assigned to such term in paragraph 4 of Recital A hereof.

"BRIDGE LENDERS" means the Lenders (as such term is defined in the Bridge Credit Agreement) party from time to time to the Bridge Credit Agreement and their respective successors and assigns.

"BRIDGE LOAN DOCUMENTS" has the meaning assigned to such term in Recital C hereof.

"BRIDGE SECURITY AGREEMENT" has the meaning assigned to such term in paragraph 5 of Recital A hereof.

"BRIDGE TERMINATION DATE" means the date on which all obligations of Salem, Acquisition Corp. and each of its Subsidiaries under the Bridge Loan Documents have been paid in full, all commitments thereunder have been terminated and each of the Bridge Loan Documents has been terminated and each of Salem, Acquisition Corp. and each of its Subsidiaries have been released thereunder.

"GOVERNMENTAL AUTHORITY" means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative,

judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"HOLDINGS" has the meaning assigned to such term in paragraph 1 of Recital A hereof.

"HOLDINGS AGENT" has the meaning assigned to such term in the preliminary statement of this Agreement.

"HOLDINGS CREDIT AGREEMENT" has the meaning assigned to such term in paragraph 1 of Recital A hereof.

"HOLDINGS LENDERS" means (i) the Lenders (as such term is defined in the Holdings Credit Agreement) party from time to time to the Holdings Credit Agreement, (ii) the Issuing Bank (as such term is defined in the Holdings Credit Agreement), (iii) each counterparty to a Secured Hedging Agreement and (iv) the successors and assigns of each of the foregoing.

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"HOLDINGS LOAN DOCUMENTS" has the meaning assigned to such term in Recital B hereof.

"INSOLVENCY EVENT" means an event described in Section 9.1(h) or (i) of the Holdings Credit Agreement or Section 8.01(g) or (h) of the Bridge Credit Agreement other than such an event relating solely to Acquisition Corp. and/or any of its Subsidiaries.

"INTEREST RATE PROTECTION ARRANGEMENT" means any interest rate swap, cap or collar arrangement or any other derivative product customarily offered by banks to their customers in order to manage the exposure of such customers to interest rate fluctuations.

"PARENT GUARANTY" has the meaning assigned to such term in paragraph 2 of Recital A hereof.

"PARENT SECURITY AGREEMENT" has the meaning assigned to such term in paragraph 3 of Recital A hereof.

"PERSON" means an individual, a partnership, a corporation, a business trust, a joint stock company, a trust, an unincorporated association, a joint venture, a Governmental Authority or any other entity of whatever nature.

"PLEGGED STOCK" has the meaning assigned to such term in clause (a)(i) of the definition of Shared Collateral.

"SALEM" has the meaning assigned to such term in paragraph 2 of Recital A hereof.

"SECURED HEDGING AGREEMENT" means any Interest Rate Protection Arrangement entered into or assumed by Holdings with a counterparty that was a Holdings Lender (or an affiliate thereof) at the time such Interest Rate Protection Arrangement was entered into or assumed, as applicable.

"SHARED COLLATERAL" means:

(a) (i) all of the shares of capital stock of Holdings and Acquisition Corp. represented by the respective certificates identified in Annex 1 and all other shares of capital stock of whatever class of Holdings and Acquisition Corp., now owned or in the future acquired by Salem, together with in each case the certificates representing the same (collectively, the "PLEGGED STOCK");

(ii) all shares, securities, moneys or property representing a dividend on, or a distribution or return of capital in respect of, any of the Pledged Stock, resulting from a split-up, revision, reclassification or other like change of

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any of the Pledged Stock or otherwise received in exchange for any of the Pledged Stock and all rights issued to the holders of, or otherwise in respect of, any of the Pledged Stock; and

(iii) without affecting the obligations of Salem under any provision prohibiting that action under any Holdings Loan Document or any Bridge Loan Document, in the event of any consolidation or merger in which Holdings or Acquisition Corp. is not the surviving corporation, all shares of each class of the capital stock of the successor corporation (unless that successor corporation is Salem itself) formed by or resulting from that consolidation or merger; and

(b) all proceeds and products in whatever form of all or any part of the other Shared Collateral with respect to all or

any part of the other Shared Collateral (together with all rights to recover and proceed with respect to the same), and all accessories to, substitutions for and replacements of all or any part of the other Shared Collateral.

"SUBSIDIARY": with respect to any Person (the "PARENT") at any date, any corporation, association, partnership, joint venture or other business entity of which the parent, directly or indirectly, either (i) in respect of a corporation, owns or controls more than 50% of the outstanding stock having ordinary voting power to elect a majority of the board of directors or similar managing body, irrespective of whether or not a class or classes shall or might have voting power by reason of the happening of any contingency, or (ii) in respect of an association, partnership, joint venture or other business entity, is entitled to share in more than 50% of the profits and losses, however determined.

"UNIFORM COMMERCIAL CODE" means the Uniform Commercial Code as in effect in the State of New York from time to time or, by reason of mandatory application, any other applicable jurisdiction.

(b) Unless expressly provided herein to the contrary, (i) the words "hereof", "herein", "hereto" and "hereunder" and similar words when used herein shall refer to this Agreement as a whole and not to any particular provision hereof, (ii) the words "include" and "including", shall mean that the same shall be "included, without limitation", (iii) any reference herein to any Person shall be construed to include such Person's successors and assigns, and (iv) in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding".

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2. LIEN SUBORDINATION

(a) Notwithstanding anything to the contrary in any Holdings Loan Document or any Bridge Loan Document, the Bridge Agent and the Holdings Agent hereby agree that all security interests created in the Shared Collateral under the Holdings Loan Documents shall be subordinated to, and thereby enjoy second priority status solely as to, the security interest in favor of the Bridge Agent in the Shared Collateral (to the extent such security interest in favor of the Bridge Agent shall be in effect and perfected, but regardless of the relative times of attachment or perfection thereof), and all rights and claims of every kind and nature in and to such Shared Collateral (including third party beneficiary rights and rights to compel performance) by, in favor of or on behalf of the Holdings Agent shall be subordinated to, and thereby enjoy second priority status solely as to, the rights and claims of any kind or nature in and to the Shared Collateral (including third party beneficiary rights and rights to compel performance) by, in favor of or on behalf of the Bridge Agent (to the extent the security interests in favor of the Bridge Agent in the Shared Collateral shall be in effect and perfected, but regardless of the relative times of attachment or perfection thereof).

(b) In the event that at any time any Shared Collateral is in the possession of the Bridge Agent, the Bridge Agent shall be deemed to be acting as "bailee" for the Holdings Agent and the Holdings Lenders in accordance with Section 8-301(a)(2) of the Uniform Commercial Code in effect in the State of New York or its equivalent in other jurisdictions for the sole purpose of perfecting the security interest of the Holdings Agent and the Holdings Lenders, and the Bridge Agent shall be deemed to have received notice of such security interest on and as of the date hereof. By executing this Agreement, the Bridge Agent acknowledges that it holds such Shared Collateral on behalf of the Holdings Agent and the Holdings Lenders subject to the first priority security interest therein of the Bridge Agent and the Bridge Lenders.

(c) On the Bridge Termination Date, the Bridge Lender shall deliver the Shared Collateral to the Holdings Agent and, until the receipt thereof by the Holdings Agent, the Bridge Agent shall continue to act as bailee as provided in subsection (b) above.

3. STANDSTILL

(a) Notwithstanding anything to the contrary in any Holdings Loan Document or any Bridge Loan Document, each of the parties hereto agrees that it shall not exercise any right, assert or enforce any claim or interest, take any action or institute any proceedings (judicial or otherwise) with respect to the Shared Collateral (other than any and all Acquisition Corp. Shared Collateral), in each case until the earliest to occur of the following events:

(i) the expiration of the period commencing on the date on which the party seeking to take an action or institute any such proceedings (the "MOVING PARTY") shall have given notice to the other party (the "NON-MOVING PARTY") that an event has occurred that permits the Moving Party to exercise such right, assert or enforce such claim or interest, take such action

or institute such proceedings and that the Moving Party intends to exercise or enforce such remedies and ending on the earlier of (x) 90 days after the date of such notice and (y) the thirtieth day after the stated maturity of the loans under the Bridge Credit Agreement;

(ii) all of the indebtedness, obligations and other liabilities owing by Salem to the Bridge Agent or the Holdings Agent, as applicable, shall have been paid in full in cash;

(iii) the Non-Moving Party shall have consented thereto in writing (which consent may be given or withheld in its sole and absolute discretion); and

(iv) the occurrence of an Insolvency Event;

PROVIDED, HOWEVER, that the Holdings Agent shall at all times be authorized to take such action as it shall reasonably deem necessary or advisable to preserve or maintain (but not otherwise take any action or exercise any right with respect to) the second priority status of any security interest, right or claim in its favor.

(b) Notwithstanding anything to the contrary in this Agreement, the Holdings Credit Agreement or the Bridge Credit Agreement, the Holdings Agent shall not, until the Bridge Termination Date has occurred, be entitled to exercise any remedy, right, power or privilege whatsoever with respect to the Acquisition Corp. Stock Collateral or to consent or give any approval with respect to (or, except as required by applicable law, to receive notice of) the exercise or non-exercise by the Bridge Agent of any remedy, right, power or privilege the Bridge Agent may, in its complete discretion, choose to exercise or forego with respect thereto, and the Holdings Agent's (and the Holdings Lenders') sole rights with respect to the Acquisition Corp. Stock Collateral (on or before the Bridge Termination Date) is to receive such portion of the proceeds, if any, from the exercise of any remedy, right, power or privilege with respect thereto (should the Bridge Agent elect to exercise the same) remaining after the Bridge Agent has applied such proceeds to the obligations under the Bridge Agreement and no portion of such obligations remain outstanding. The Holdings Agent for itself and the Holdings Lenders hereby waives any and all rights it may have to the contrary and agrees not to take any action contrary to the foregoing; and

(c) Nothing in this Section shall affect any right, claim, action or remedy (or the exercise or enforcement thereof) that either party hereto may have with respect to any collateral of such other party (other than the Shared Collateral), including, in the case of the Bridge Agent, the assets of Acquisition Corp. and its Subsidiaries, the capital stock of such Subsidiaries and the Cash Collateral Account (as defined in the Bridge Credit Agreement) and in the case of the Holdings Agent, the assets of Holdings and its Subsidiaries and the capital stock of such Subsidiaries. Subject to the limitations set forth in subsection (a) above, each party shall be free to accelerate the obligations under the Holdings Loan Documents or the Bridge Loan Documents, as the case may be, and to exercise any and all remedies provided by the Holdings Loan Documents or the Bridge Loan Documents, as the case may be, and applicable law.

4. PARENT AND ITS SUBSIDIARIES NOT THIRD PARTY BENEFICIARIES

Neither the Parent nor any of its Subsidiaries shall be deemed to be third party beneficiaries of this Agreement.

5. ASSIGNMENTS; CONTINUING AGREEMENT; AMENDMENTS; INTEGRATION

(a) Neither party hereto shall have the right to assign its rights or obligations hereunder or any interest herein (and any such attempted assignment shall be void). This Agreement shall be a continuing agreement and shall remain in full force and effect until the earlier to occur of:

(i) all of the indebtedness, obligations and other liabilities owing to the Bridge Agent under the Bridge Loan Documents shall have been paid in full in cash and all commitments and other obligations to make extensions of credit under the Bridge Loan Documents shall have terminated, and

(ii) all of the indebtedness, obligations and other liabilities owing to the Holdings Agent and the Holdings Lenders shall have been paid in full in cash, and all commitments and other obligations to make extensions of credit under the Holdings Loan Documents shall have terminated and the Issuing Bank (as defined in the Holdings Credit Agreement) shall no longer have (A) any obligation to issue letters of credit and (B) any obligations under the letters of credit theretofor issued.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to a written agreement signed by the party or parties against which enforcement is being charged. This Agreement

constitutes the entire contract among the parties relating to the subject matter hereof and supersede any and all

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previous agreements and understandings, oral or written, relating to the subject matter hereof.

6. GOVERNING LAW

THIS INTERCREDITOR AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

7. NOTICES

Except as otherwise specifically provided herein, all notices, requests, consents, demands, waivers and other communications hereunder shall be in writing (including facsimile) and shall be electronically transmitted or mailed by registered or certified mail or delivered in person, and all statements, reports, documents, certificates and papers to be delivered hereunder shall be mailed by first class mail or delivered in person, in each case to the respective parties to this Agreement as follows:

(a) if to the Bridge Agent, to it at 55 East 52nd Street, New York, New York 10055, Attention: Pamela Kaye Telephone: (212) 409-1743; Telecopy: (212) 409-7813; and

(b) if to the Holdings Agent, to it at The Bank of New York, Media and Telecommunications Division, One Wall Street, 16th Floor, New York, New York 10286. Attention: Stephen M. Nettler, Vice President, Telephone: (212) 635-8699, Telecopy: (212) 635-8595.

Either party hereto may change its address or telecopier number for notices and other communications hereunder by notice to the other party hereto. All notices and other communications given to either party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

8. COUNTERPARTS

This Agreement may be executed in counterparts, each of which shall constitute an original, but both of which, when taken together, shall constitute but one contract. Delivery of an executed counterpart of this Agreement by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Agreement.

9. HEADINGS

Section headings used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

10. JURISDICTION; CONSENT TO SERVICE OF PROCESS

(a) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that, to the extent permitted by applicable law, all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the extent permitted by applicable law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that either party hereto may otherwise have to bring any action or proceeding relating to this Agreement against the other party hereto, or any of its property, in the courts of any jurisdiction.

(b) Each party hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in paragraph (a) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 6. Nothing in this Agreement will affect the right of either party hereto to serve process in any other manner permitted by law.

11. WAIVER OF JURY TRIAL

EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR

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INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE OTHER PARTY HERETO WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTY HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

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IN WITNESS WHEREOF, the parties hereto have duly executed this Intercreditor Agreement as of the day and year first above written.

THE BANK OF NEW YORK, as Holdings Agent

By: _____
Name: _____
Title: _____

SALEM COMMUNICATIONS CORPORATION
INTERCREDITOR AGREEMENT

ING (U.S.) CAPITAL, LLC, as Bridge Agent

By: _____
Name: _____
Title: _____

Annex 1 to
Intercreditor Agreement
Dated as of August 24, 2000

PLEGDED STOCK

<TABLE>
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Table with 4 columns: Issuer, Certificate Number, Registered Owner, Number of Shares. Contains two rows of stock information.

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PARENT GUARANTY (as the same may be amended, supplemented or otherwise modified from time to time, this "AGREEMENT"), dated as of August 24, 2000, by and among SALEM COMMUNICATIONS CORPORATION, a Delaware corporation (the "GUARANTOR"), SALEM COMMUNICATIONS HOLDING CORPORATION, a Delaware corporation (the "BORROWER") and THE BANK OF NEW YORK (the "ADMINISTRATIVE AGENT"), in its capacity as Administrative Agent for the Lenders under the Credit Agreement referred to below and the Rate Protection Lenders as defined herein.

RECITALS

A. Reference is made to the First Amended and Restated Credit Agreement, dated as of June 30, 1999, by and among the Guarantor, as borrower, the lenders party thereto, Bank of America NT&SA, as Documentation Agent, BankBoston, N.A., Fleet Bank, N.A. and Union Bank of California, N.A., as Co-Agents, and The Bank of New York, as Administrative Agent (the "EXISTING CREDIT AGREEMENT").

B. Pursuant to an Agreement to Amend and Restate and Assumption Agreement (the "AGREEMENT TO AMEND"), dated as of the date hereof, among the Guarantor, the Borrower and the Credit Parties party thereto, the Borrower is assuming all of the obligations and liabilities of the Guarantor, as borrower, under, among other things, the Existing Credit Agreement.

C. In connection with such assumption by the Borrower, the Borrower is entering into the Second Amended and Restated Credit Agreement, dated as of August 24, 2000, by and among the Borrower, the Lenders party thereto, the Administrative Agent, Bank of America, N.A., as Syndication Agent, Fleet National Bank, as Documentation Agent, and Union Bank of California, N.A. and The Bank of Nova Scotia, as Co-Agents (as the same may be amended, supplemented or otherwise modified from time to time, the "CREDIT AGREEMENT").

D. The Guarantor owns (after giving effect to the Contributions), directly or indirectly, all of the issued and outstanding Stock of the Borrower and expects to derive substantial benefit from the Credit Agreement and the transactions contemplated thereby.

E. The Guarantor acknowledges the Credit Parties are relying on this Agreement in entering into the Credit Agreement and the Agreement to Amend and approving the assumption by the Borrower of the obligations of the Guarantor as borrower under the Existing Credit Agreement, and that the Credit Parties would not

enter into the Credit Agreement or the Agreement to Amend or approve the assumption by the Borrower of the obligations of the Guarantor as borrower under the Existing Credit Agreement without the execution and delivery of this Agreement.

F. The Guarantor wishes to (i) guarantee the Borrower Obligations (as hereinafter defined) and (ii) subordinate, subject to the terms and conditions contained herein, any obligations due it from the Borrower to the prior indefeasible payment in full in cash of all of the Borrower Obligations.

G. The Guarantor Obligations (as hereinafter defined) are secured pursuant to the Parent Security Agreement, dated the date hereof, between the Guarantor and the Administrative Agent.

H. It is a condition precedent to the effectiveness of the Credit Agreement and the making of all Loans and all Letters of Credit under the Credit Agreement that the Guarantor shall have executed and delivered this Agreement.

In consideration of the premises and in order to induce the Credit Parties to enter into the Credit Agreement and the Agreement to Amend and approve the assumption by the Borrower of the obligations of the Guarantor as borrower under the Existing Credit Agreement, the parties hereto agree as follows:

1. DEFINED TERMS

(a) Capitalized terms used herein which are not otherwise defined herein shall have the respective meanings ascribed thereto in the Credit Agreement.

(b) When used in this Agreement, the following capitalized terms shall have the respective meanings ascribed thereto as follows:

"BORROWER OBLIGATIONS": collectively, all of the obligations and liabilities of the Borrower under the Loan Documents and under each Interest Rate Protection Arrangement entered into or assumed by the Borrower with a Rate Protection Lender, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter incurred, which may arise under, out of or in connection with the Loan Documents, in each case whether fixed, contingent, now existing or hereafter arising, created, assumed, incurred or acquired, and whether before or after the occurrence of any Event of

Default under Section 9.1(h) or (i) of the Credit Agreement and including any obligation or liability in respect of any breach of any representation or warranty and all post-petition interest and funding losses, whether or not allowed as a claim in any proceeding arising in connection with such an event, as such obligations and

liabilities may be amended, increased, modified, renewed, refinanced by the Administrative Agent and the Lenders, refunded or extended from time to time.

C. "CREDIT AGREEMENT": as defined in paragraph Recital

"EXISTING CREDIT AGREEMENT": as defined in Recital A.

"DROPDOWN": as defined in Section 5(m).

"EVENT OF DEFAULT": as defined in Section 8.

"GUARANTEED PARTIES" collectively, (i) the Administrative Agent, the Issuing Bank and the Lenders, (ii) each Rate Protection Lender and (iii) the successors and assigns of each of the foregoing.

"GUARANTOR OBLIGATIONS": collectively, all of the obligations and liabilities of the Guarantor hereunder, whether direct or indirect, absolute or contingent, due or to become due, whether now existing or hereafter arising, created, assumed, incurred or acquired and whether before or after the occurrence of any Event of Default under Section 9.1(h) or (i) of the Credit Agreement and including any obligation or liability in respect of any breach of any representation or warranty and all post-petition interest and funding losses, whether or not allowed as a claim in any proceeding arising in connection with such an event.

"OBLIGATIONS": collectively, the Borrower Obligations and the Guarantor Obligations.

"PAYMENT": the indefeasible payment in full in cash.

"PERMITTED LIENS": collectively, (i) prior to the Bridge Termination Date, (x) with respect to the Borrower or any of its Subsidiaries, Liens permitted to exist pursuant to Section 8.2 of the Credit Agreement and (y) with respect to the Guarantor, Acquisition Corp. and each of Acquisition Corp.'s Subsidiaries, Liens of the Bridge Agent on the Stock of the Borrower, Acquisition Corp. and each of its Subsidiaries, the assets of Acquisition Corp. and each of its Subsidiaries and the cash collateral account relating to the interest reserve referred to in paragraph 4 of Recital F of the Credit Agreement, each created pursuant the Bridge Loan Documents, and (ii) on and after the Bridge Termination Date, Liens permitted to exist pursuant to Section 8.2 of the Credit Agreement.

"RATE PROTECTION LENDERS": collectively, each counterparty to an Interest Rate Protection Arrangement with or assumed by the Borrower if such counterparty was a Lender (or an Affiliate thereof) at the time such Interest Rate Protection Arrangement was entered into or assumed, as applicable.

"SUBORDINATED DEBT": all indebtedness for borrowed money and any other obligations, contingent or otherwise, of the Borrower to the Guarantor, including all amounts, fees and expenses payable by the Borrower to the Guarantor, in respect thereof, in each case whether outstanding on the date of execution of this Agreement or hereafter arising or created.

(c) Unless the context otherwise requires, references in this Agreement to a "Subsidiary" or to "Subsidiaries" shall be deemed to refer to a Subsidiary or Subsidiaries of the Guarantor.

2. GUARANTY

(a) The Guarantor hereby absolutely, irrevocably and unconditionally guarantees the full and prompt payment when due (whether at stated maturity, by acceleration or otherwise) of the Borrower Obligations. This Agreement constitutes a guaranty of payment and neither the Administrative Agent nor any other Guaranteed Party shall have any obligation to enforce any Loan Document or any Interest Rate Protection Arrangement or exercise any right or remedy with respect to any collateral security thereunder by any action, including making or perfecting any claim against any Person or any collateral security for any of the Borrower Obligations, prior to being entitled to the benefits of this Agreement. The Administrative Agent may, at its option, proceed against the Guarantor in the first instance, to enforce the Guarantor Obligations without first proceeding against the Borrower or any other Person, and without first resorting to any other rights or remedies, as the Administrative Agent may deem advisable. In furtherance hereof, if the Administrative Agent or any other Guaranteed Party is prevented by law from collecting or otherwise hindered from collecting or otherwise enforcing any

Borrower Obligation in accordance with its terms, the Administrative Agent or such other Guaranteed Party shall be entitled to receive hereunder from the Guarantor after demand therefor, the sums which would have been otherwise due had such collection or enforcement not been prevented or hindered.

3. ABSOLUTE OBLIGATION

The Guarantor shall not be released from liability hereunder unless and until the Maturity Date shall have occurred and either (a) the Issuing Bank shall not have any obligation under the Letters of Credit and the Borrower shall have paid in full in cash the outstanding principal balance of the Loans, together with all accrued interest thereon, all of the Reimbursement Obligations, and all other sums then due and owing under the Loan Documents, or (b) the Guarantor Obligations of the Guarantor shall have been paid in full in cash. The Guarantor acknowledges and agrees that (i) neither the Administrative Agent nor any other Guaranteed Party has made any representation or

warranty to the Guarantor with respect to the Borrower, its Subsidiaries, any Loan Document, any Interest Rate Protection Arrangement, or any agreement, instrument or document executed or delivered in connection therewith, or any other matter whatsoever, and (ii) the Guarantor shall be liable hereunder, and such liability shall not be affected or impaired, irrespective of (A) the validity or enforceability of any Loan Document, any Interest Rate Protection Arrangement, or any agreement, instrument or document executed or delivered in connection therewith, or the collectability of any of the Borrower Obligations, (B) the preference or priority ranking with respect to any of the Borrower Obligations, (C) the existence, validity, enforceability or perfection of any security interest or collateral security under any Loan Document, or any Interest Rate Protection Arrangement, or the release, exchange, substitution or loss or impairment of any such security interest or collateral security, (D) any failure, delay, neglect or omission by the Administrative Agent nor any other Guaranteed Party to realize upon, enforce or protect any direct or indirect collateral security, indebtedness, liability or obligation, any Loan Document, any Interest Rate Protection Arrangement, or any agreement, instrument or document executed or delivered in connection therewith, or any of the Borrower Obligations, (E) the existence or exercise of any right of setoff by the Administrative Agent or any other Guaranteed Party, (F) the existence, validity or enforceability of any other guaranty with respect to any of the Borrower Obligations, the liability of any other Person in respect of any of the Borrower Obligations, or the release of any such Person or any other guarantor of any of the Borrower Obligations, (G) any act or omission of the Administrative Agent or any other Guaranteed Party in connection with the administration of any Loan Document, any Interest Rate Protection Arrangement, or any of the Borrower Obligations, (H) the bankruptcy, insolvency, reorganization or receivership of, or any other proceeding for the relief of debtors commenced by or against, any Person, (I) the disaffirmance or rejection, or the purported disaffirmance or purported rejection, of any of the Borrower Obligations, any Loan Document, any Interest Rate Protection Arrangement, or any agreement, instrument or document executed or delivered in connection therewith, in any bankruptcy, insolvency, reorganization or receivership, or any other proceeding for the relief of debtor, relating to any Person, (J) any law, regulation or decree now or hereafter in effect which might in any manner affect any of the terms or provisions of any Loan Document, any Interest Rate Protection Arrangement, or any agreement, instrument or document executed or delivered in connection therewith or any of the Borrower Obligations, or which might cause or permit to be invoked any alteration in the time, amount, manner or payment or performance of any of the Borrower's obligations and liabilities (including the Borrower Obligations), (K) the merger or consolidation of the Borrower into or with any Person, (L) the sale by the Borrower of all or any part of its assets, (M) the fact that at any time and from time to time none of the Borrower Obligations may be outstanding or owing to the Administrative Agent or any other Guaranteed Party, (N) any amendment or modification of, or supplement to, any Loan Document or any Interest Rate Protection Arrangement or (O) any other reason or circumstance which might otherwise constitute a defense available to or a discharge of the Borrower in respect of its obligations or

liabilities (including the Borrower Obligations) or of the Guarantor in respect of any of the Guarantor Obligations (other than by the performance in full thereof).

4. REPRESENTATIONS AND WARRANTIES

The Guarantor hereby represents and warrants to the Administrative Agent as follows:

(a) SUBSIDIARIES. As of the Second Restatement Date and after giving effect to the Initial Transactions, the Guarantor has only the Subsidiaries set forth in Schedule 4(a), which Schedule sets forth the name, jurisdiction of incorporation or organization and capitalization of each Subsidiary. Except as set forth in Schedule 4(a), the shares of each corporate Subsidiary owned by the Guarantor are duly authorized, validly issued, fully paid and nonassessable. The shares of each Subsidiary are owned free and clear of any Liens, except Permitted Liens.

(b) CORPORATE EXISTENCE AND POWER. The Guarantor and each Subsidiary is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, has all requisite corporate power and authority to own its Property and to carry on its business as now conducted, and is in good standing and authorized to do business in each jurisdiction in which the failure to be so authorized could reasonably be expected to have a Material Adverse Effect.

(c) AUTHORITY. The Guarantor and each other Loan Party has full power and authority to enter into, execute, deliver and carry out the terms of the Transaction Documents to which it is a party, to make the borrowings contemplated hereby, to execute, deliver and carry out the terms of the Notes and to incur the obligations provided for herein and therein, all of which have been duly authorized by all proper and necessary action and are in full compliance with its certificate of incorporation and by-laws.

(d) GOVERNMENTAL AUTHORITY APPROVALS. No consent, authorizations or approval of, filing with, notice to, or exemption by, stockholders, any Governmental Authority or any other Person (except for those which have been obtained, made or given and those which will be obtained, made or given prior to the Second Restatement Date) is required to authorize, or is required in connection with the execution, delivery and performance of the Transaction Documents, or is required as a condition to the validity or, except as expressly set forth in the Collateral Documents with respect to the FCC, the enforceability of the Transaction Documents. Except as set forth in the preceding sentence, no provision of any applicable statute, law (including, without limitation, any applicable usury or similar law), rule or regulation of any Governmental Authority will

prevent the execution, delivery or performance of, or affect the validity of, the Transaction Documents.

(e) BINDING AGREEMENT. The Transaction Documents constitute the valid and legally binding obligations of the Guarantor and each other Loan Party to which it is a party, enforceable in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally.

(f) LITIGATION.

(i) Except as set forth in Schedule 4.6 to the Credit Agreement, there are no actions, suits, arbitration proceedings or claims (whether or not purportedly on behalf of the Guarantor or any Subsidiary) pending or, to the knowledge of the Guarantor, threatened against the Guarantor or any Subsidiary, or maintained by the Guarantor or any Subsidiary, at law or in equity, before any Governmental Authority which could reasonably be expected to have a Material Adverse Effect. There are no proceedings pending or, to the knowledge of the Guarantor, threatened against the Guarantor or any Subsidiary which call into question the validity or enforceability of any of the Transaction Documents.

(ii) Since the Second Restatement Date, there has been no change in the status of the matters disclosed on Schedule 4.6 to the Credit Agreement that, individually or in the aggregate, has resulted in, or materially increased the likelihood of, a Material Adverse Effect.

(g) NO CONFLICTING AGREEMENTS. Except as set forth in Schedule 4(g), neither the Guarantor nor any Subsidiary is in default under any mortgage, indenture, contract, agreement, judgment, decree or order to which it is a party or by which it or any of its Property is bound, which defaults, taken as a whole, could reasonably be expected to have a Material Adverse Effect. Except for any Lien created by any Loan Document or, with respect to the Guarantor, Acquisition Corp. and its Subsidiaries, any Bridge Loan Document, the execution, delivery or carrying out of the terms of the Transaction Documents will not constitute a default under, conflict with, require any consent under (other than consents which have been obtained) or result in the creation or imposition of, or obligation to create, any Lien upon the Property of the Guarantor or any Subsidiary pursuant to the terms of any such mortgage, indenture, contract, agreement, judgment, decree or order, which defaults, conflicts and consents, if not obtained, taken as a whole, could reasonably be expected to have a Material Adverse Effect.

(h) TAXES. Except as set forth in Schedule 4.8 to the Credit Agreement, the Guarantor and each Subsidiary has filed or caused to be filed all tax returns required to be filed and has paid, or has made adequate provision for the payment of, all Taxes shown to be due and payable on said returns or in any assessments made against it which would be material to the Guarantor or any Subsidiary, and no tax Liens (other than Permitted Liens) have been filed. Except as set forth in such Schedule 4.8, the charges, accruals and reserves on the books of the Guarantor and each Subsidiary with respect to all federal, state, local and other Taxes are, to the best knowledge of the Guarantor,

adequate, and the Guarantor knows of no unpaid assessment which is due and payable against it or any Subsidiary or any claims being asserted which could reasonably be expected to have a Material Adverse Effect, except such thereof as are being contested in good faith and by appropriate proceedings diligently conducted, and for which adequate reserves have been set aside in accordance with GAAP.

(i) COMPLIANCE WITH APPLICABLE LAWS. Neither the Guarantor nor any Subsidiary is in default with respect to any judgment, order, writ, injunction, decree or decision of any Governmental Authority which default each could reasonably be expected to have a Material Adverse Effect. The Guarantor and each Subsidiary is complying in all material respects with all applicable statutes and regulations, including ERISA, of all Governmental Authorities, a violation of which could reasonably be expected to have a Material Adverse Effect.

(j) GOVERNMENTAL REGULATIONS. Neither the Guarantor nor any Subsidiary is subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act or the Investment Company Act of 1940, and neither the Guarantor nor any Subsidiary is subject to any statute or regulation which prohibits or restricts the incurrence of Indebtedness under the Loan Documents, including, without limitation, statutes or regulations relative to common or contract carriers or to the sale of electricity, gas, steam, water, telephone, telegraph or other public utility services.

(k) PROPERTY; BROADCASTING BUSINESS.

(i) The Guarantor and each Subsidiary has good and, except with respect to FCC licenses which cannot be transferred without the consent of the applicable Governmental Authority, marketable title to all of its Property, title to which is material to the Guarantor and the Subsidiaries taken as a whole, subject to no Liens, except Liens in favor of the Administrative Agent and the Lenders pursuant to the Collateral Documents and Permitted Liens.

(ii) The Guarantor and the Subsidiaries are the registered holders of all licenses duly issued by the FCC in respect of all Broadcasting Stations owned and operated by the Guarantor and each Subsidiary. Such licenses constitute all of the authorizations by the FCC or any other Governmental Authority necessary for the operation of the business of the Guarantor and each Subsidiary substantially in the manner presently being conducted by it, and such licenses are validly issued and in full force and effect, unimpaired by any act or omission by the Guarantor or such Subsidiary. To the best of the Guarantor's knowledge, except as set forth in Schedule 4.11(b) to the Credit Agreement, neither the Guarantor nor any Subsidiary is a party to any investigation, notice of violation, order or complaint issued by or before the FCC which could reasonably be expected to have a Material Adverse Effect. Except for such proceedings that affect the radio broadcasting industry generally and as set forth in such Schedule 4.11(b), there are no proceedings by or before the FCC, which could in any manner materially threaten or adversely affect the validity of any of such licenses. Neither the Guarantor nor any Subsidiary has knowledge of a threat of any investigation, notice of violation, order, complaint or proceeding before the FCC which could reasonably be expected to have a Material Adverse Effect or has any reason to believe that any of such licenses will not be renewed in the ordinary course.

(iii) Schedule 4.11(c) to the Credit Agreement sets forth the address of each real property that is owned or leased by the Guarantor or any Subsidiary as of the Second Restatement Date after giving effect to the Transactions and specifies each thereof, the fair market value of which is greater than or equal to \$2,000,000.

(l) FEDERAL RESERVE REGULATIONS; USE OF PROCEEDS. Neither the Guarantor nor any Subsidiary is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any Margin Stock. No part of the proceeds of the Loans or Letters of Credit will be used, directly or indirectly, to purchase or carry any Margin Stock or for a purpose which violates any law, rule or regulation of any Governmental Authority, including without limitation the provisions of Regulations T, U or X of the Board of Governors of the Federal Reserve System, as amended.

(m) NO MISREPRESENTATION. No representation or warranty contained herein and no certificate or report furnished or to be furnished by the Guarantor or any Subsidiary in connection with the transactions contemplated hereby, contains or will contain a misstatement of material fact, or, to the best knowledge of the Guarantor or any Subsidiary omits or will omit to state a material fact required to be stated in order to make the statements herein or therein contained not misleading in the light of the circumstances under which made.

(n) PLANS. The Guarantor and each Subsidiary have only the Plans listed in Schedule 4.14 to the Credit Agreement. Each Single Employer Plan and, to the best knowledge of the Guarantor, each Multiemployer Plan is in

compliance in all material respects with the applicable provisions of ERISA and the Code, and the Guarantor and each Subsidiary have filed all reports required to be filed by them under ERISA and the Code with respect to each such Plan. The Guarantor and each Subsidiary have met all material requirements imposed by ERISA and the Code with respect to the funding of all Plans, including Multiemployer Plans. Since the effective date of ERISA, there have not been, nor are there now existing, any events or conditions which would permit any Single Employer Plan or, to the best knowledge of the Guarantor, Multiemployer Plan to be terminated under circumstances which would cause the Lien provided under Section 4068 of ERISA to attach to the Property of the Guarantor or any Subsidiary. Since the effective date of ERISA, no Reportable Event which may constitute grounds for the termination of any Single Employer Plan or, to the best knowledge of the Guarantor, Multiemployer Plan under Title IV of ERISA has occurred and no Single Employer Plan or Multiemployer Plan has been terminated in whole or in part.

(o) FCC MATTERS. The Guarantor and each Subsidiary (i) have duly and timely filed all filings which are required to be filed by the Guarantor and each Subsidiary under the Communications Act and the rules and regulations of the FCC, the failure to file of which could reasonably be expected to have a Material Adverse Effect, and (ii) are in all respects in compliance with the Communications Act, including, without limitation, the rules and regulations of the FCC relating to the transmission of radio signals, the failure to comply of which could reasonably be expected to have a Material Adverse Effect.

(p) BURDENSOME OBLIGATIONS. Neither the Guarantor nor any Subsidiary is a party to or bound by any franchise, agreement, deed, lease or other instrument, or subject to any corporate restriction which, in the opinion of the management of the Guarantor, is so unusual or burdensome, in the context of the Guarantor's or such Subsidiary's business, as in the foreseeable future could reasonably be expected to have a Material Adverse Effect. The Guarantor does not presently anticipate that future expenditures needed to meet the provisions of federal or state statutes, orders, rules or regulations will be so burdensome as to have a Material Adverse Effect.

(q) FINANCIAL STATEMENTS.

(i) The Guarantor has heretofore furnished to the Credit Parties the Guarantor's (x) Form 10-K for the fiscal year ended December 31, 1999

containing the annual audited Consolidated Balance Sheets of the Guarantor and its Subsidiaries as of December 31, 1999, together with the related Consolidated Statements of Operations, Shareholders' Equity and Cash Flows for the period then ended, reported on by the Accountants, and (y) Form 10-Q for the fiscal quarter ended March 31, 2000 containing the unaudited Consolidating Balance Sheets of the Guarantor and its Subsidiaries as of March 31, 2000, together with the related Consolidating Statements of Operations for the periods then ended, each certified by its chief financial officer. The foregoing financial statements fairly present, in all material respects, the Consolidated and Consolidating financial condition and results in the operations of the Parent and its Subsidiaries as of the dates and for the periods indicated therein and have been prepared in conformity with GAAP and are consistent with the books and records of the Parent (which books and records are correct and complete), subject to year-end audit adjustments and the absence of footnotes in the case of the statements referred to in clause (ii) above.

(ii) Except as reflected in such financial statements or in the footnotes thereto, neither the Guarantor nor any Subsidiary has any obligation or liability of any kind (whether fixed, accrued, contingent, unmatured or otherwise) which, in accordance with GAAP, should have been shown on such financial statements and was not. Since December 31, 1999, there has been no Material Adverse Change.

(r) ENVIRONMENTAL MATTERS.

(i) Except as set forth on Schedule 4.18 to the Credit Agreement, neither the Guarantor nor any Subsidiary (A) has received written notice or otherwise learned of any claim, demand, action, event, condition, report or investigation indicating or concerning any potential or actual liability which individually or in the aggregate could reasonably be expected to have a Material Adverse Effect arising in connection with (x) any noncompliance with or violation of the requirements of any Environmental Law, or (y) the release or threatened release of any toxic or hazardous waste, substance or constituent, or other substance into the environment, (B) to the best knowledge of the Guarantor, has any threatened or actual liability in connection with the release or threatened release of any toxic or hazardous waste, substance or constituent, or other substance into the environment which individually or in the aggregate could reasonably be expected to have a Material Adverse Effect, (C) has received notice of any federal or state investigation evaluating whether any remedial action is needed to respond to a release or threatened release of any toxic or hazardous waste, substance or constituent or other substance into the environment for which the Guarantor or any Subsidiary

is or may be liable which individually or in the aggregate could reasonably be expected to have a Material Adverse Effect, or (D) has received notice that the Guarantor or any Subsidiary is or may be liable to any Person under any Environmental Law which individually or in the aggregate could reasonably be expected to have a Material Adverse Effect. The Guarantor and each Subsidiary is in compliance in all material respects with the financial responsibility requirements of all Environmental Laws to the extent applicable, including, without limitation, those contained in 40 C.F.R., parts 264 and 265, subpart H, and any analogous state law.

(ii) Since the Second Restatement Date, there has been no change in the status of the matters disclosed on Schedule 4.18 to the Credit Agreement that, individually or in the aggregate, has resulted in, or materially increased the likelihood of, a Material Adverse Effect.

(s) CHIEF EXECUTIVE OFFICE; JURISDICTION OF ORGANIZATION. As of the Second Restatement Date, the chief place of business and chief executive office of the Guarantor is located at 4880 Santa Rosa Road, Suite 300, Camarillo, California 93012 and the Guarantor is incorporated under the law of the State of Delaware.

5. AFFIRMATIVE COVENANTS

The Guarantor hereby covenants and agrees that, until the Payment of all of the obligations of the Loan Parties under the Loan Documents to any Credit Party and the nonexistence of any obligation of any Credit Party under any of the Loan Documents or any Letter of Credit, it shall:

(a) FINANCIAL STATEMENTS. Maintain a standard system of accounting in accordance with GAAP, and furnish or cause to be furnished to the Administrative Agent and each Lender the financial statements and other reports required by Section 7.1 of the Credit Agreement and such other information and documentation with respect to the Guarantor and its Subsidiaries as any Credit Party may reasonably request from time to time.

(b) CERTIFICATES; OTHER INFORMATION. Furnish or cause to be furnished to the Administrative Agent and each Lender:

(i) Prompt written notice if: (A) any Indebtedness of the Guarantor or any of its Subsidiaries is declared or shall become due and payable prior to its stated maturity, or called and not paid when due, (B) a default shall have occurred under any note (other than the Notes) or the holder of any such note, or other evidence of Indebtedness, certificate or security evidencing any such Indebtedness or any obligee with respect to any other Indebtedness of the Guarantor or any of its Subsidiaries has the right to declare any such Indebtedness due and payable prior to its stated maturity, or (C) there shall occur and be continuing a Default;

(ii) Prompt written notice of: (A) any citation, summons, subpoena, order to show cause or other document naming the Guarantor or any of its Subsidiaries a party to any proceeding before any Governmental Authority which might have a Material Adverse Effect or which calls into question the validity or enforceability of any of the Loan Documents, and include with such notice a copy of such citation, summons, subpoena, order to show cause or other document, (B) any lapse or other termination of any material license, permit, franchise or other authorization issued to the Guarantor or any Subsidiary by any Person or Governmental Authority, except for a lapse or other termination thereof in accordance with the terms thereof, PROVIDED that such lapse or termination could not reasonably be expected to have a Material Adverse Effect, and (C) any refusal by any Person or Governmental Authority to renew or extend any such material license, permit, franchise or other authorization, which lapse, termination, refusal or dispute might have a Material Adverse Effect;

(iii) Promptly upon becoming available, copies of all regular, periodic or special reports, schedules and other material which the Guarantor or any of its Subsidiaries may now or hereafter be required to file with or deliver to any securities exchange or the SEC, or any other Governmental Authority succeeding to the functions thereof; and

(iv) Prompt written notice of the occurrence of a Change of Control.

(c) LEGAL EXISTENCE. Except as provided in Section 7.3 of the Credit Agreement, maintain, and cause each Subsidiary to maintain, its corporate existence, and maintain its good standing in the jurisdiction of its incorporation or organization and in each other jurisdiction in which the failure so to do could reasonably be expected to have a Material Adverse Effect.

(d) TAXES. Pay and discharge when due, and cause each Subsidiary so to do, all Taxes, assessments and governmental charges, license fees and levies upon or with respect to the Guarantor or such Subsidiary and upon the income, profits and Property of the Guarantor and the Subsidiaries taken as a whole, which if unpaid, could reasonably be expected to have a

Material Adverse Effect or become a Lien on the Property of the Guarantor or any Subsidiary not permitted under Section 6(b), unless and to the extent only that such Taxes, assessments, charges, license fees and levies shall be contested in good faith and by appropriate proceedings diligently conducted by the Guarantor or such Subsidiary and provided that the Guarantor shall give the Administrative Agent prompt notice of such contest and that such reserve or other appropriate provision as shall be required by the Accountants in accordance with GAAP shall have been made therefor.

(e) INSURANCE. Maintain, and cause each Subsidiary to maintain, insurance with financially sound insurance carriers on such of its Property, against at least such risks, and in at least such amounts, as are usually insured against by similar businesses, and which, in the case of property insurance, shall be in amounts sufficient to prevent the Guarantor or such Subsidiary from becoming a co-insurer, including, without limitation, public liability (bodily injury and property damage), fidelity, bonding and workers' compensation with deductibles not exceeding \$25,000 per occurrence, in each case naming the Administrative Agent as an additional insured under such policies, and file with the Administrative Agent within five days after request therefor a detailed list of such insurance then in effect, stating the names of the carriers thereof, the policy numbers, the insureds thereunder, the amounts of insurance, dates of expiration thereof, and the Property and risks covered thereby, together with a certificate of an Authorized Signatory certifying that in the opinion of such officer such insurance is adequate in nature and amount and complies with the obligations of the Guarantor and the Subsidiaries hereunder.

(f) PAYMENT OF INDEBTEDNESS AND PERFORMANCE OF OBLIGATIONS. Pay and discharge, and cause each Subsidiary to pay and discharge, when due all lawful Indebtedness, obligations and claims for labor, materials and supplies or otherwise which, if unpaid, might (i) have a Material Adverse Effect, or (ii) become a Lien upon Property of the Guarantor or any Subsidiary not permitted under Section 6(b), unless and to the extent only that the validity of such Indebtedness (other than Indebtedness under the Loan Documents), obligation or claim shall be contested in good faith and by appropriate proceedings diligently conducted by the Guarantor or such Subsidiary, and that any such contested Indebtedness, obligations or claims shall not constitute, or create, a Lien on any Property of the Guarantor or any Subsidiary not permitted under Section 6(b) senior to the Lien granted to the Administrative Agent by the Collateral Documents on such Property, and further PROVIDED that the Guarantor shall give the Administrative Agent and the Lenders prompt notice of any such material contest and that such reserve or other appropriate provision as shall be required by the Accountants in accordance with GAAP shall have been made therefor.

(g) CONDITION OF PROPERTY. At all times, maintain, protect and keep in good repair, working order and condition (ordinary wear and tear excepted), and cause each Subsidiary so to do, all Property necessary to the operation of the Guarantor's or such Subsidiary's business.

(h) OBSERVANCE OF LEGAL REQUIREMENTS; ERISA; ENVIRONMENTAL LAWS. Observe and comply in all respects, and cause each Subsidiary so to do, with all laws (including ERISA and Environmental Laws), ordinances, orders, judgments, rules, regulations, certifications, franchises, permits, licenses, directions and requirements of all Governmental Authorities, which now or at any time hereafter may be applicable to the

Guarantor or such Subsidiary, a violation of which could reasonably be expected to have a Material Adverse Effect, except such thereof as shall be contested in good faith and by appropriate proceedings diligently conducted by the Guarantor or such Subsidiary, and PROVIDED that the Guarantor shall give the Administrative Agent and the Lenders prompt notice of such contest and that such reserve or other appropriate provision as shall be required by the Accountants in accordance with GAAP shall have been made therefor.

(i) INSPECTION OF PROPERTY; BOOKS AND RECORDS; DISCUSSIONS. Keep proper books of record and account in which full, true and correct entries in conformity with GAAP and all requirements of law shall be made of all dealings and transactions in relation to its business and activities; and permit representatives of the Administrative Agent and each Lender, or potential assignees and/or participants of the Administrative Agent or any Lender, to visit the offices of the Guarantor and the Subsidiaries on reasonable advance notice, to inspect any of its Property and examine and make copies or abstracts from any of its books and records at any reasonable time and as often as may reasonably be desired, and to discuss the business, operations, prospects, licenses, Property and financial condition of the Guarantor and the Subsidiaries with the officers thereof and with the Accountants.

(j) FCC LICENSES, ETC. Maintain and cause each Subsidiary to maintain, in full force and effect, each main station license issued by the FCC to it for each Broadcasting Station. The Guarantor shall also maintain and cause each Subsidiary to maintain, in full force and effect, all other material licenses (including, without limitation, all material auxiliary licenses issued

by the FCC), copyrights, patents, including all licenses, permits, applications, reports, authorizations and other rights as are necessary for the conduct of its business, except to the extent that such ownership or right to use shall terminate as a matter of law or expire as a matter of contractual right through no action or default by the Guarantor or any Subsidiary.

(k) SUBSIDIARY GUARANTY.

(i) Promptly upon the creation or acquisition of any Subsidiary, cause such Subsidiary (other than, prior to the Bridge Termination Date, Acquisition Corp. or any of its Subsidiaries) to execute and deliver to the Administrative Agent a supplement to the Subsidiary Guaranty in the form attached thereto, together with such other documents and opinions of counsel as the Administrative Agent shall reasonably require in connection therewith.

(ii) On the Bridge Termination Date, cause Acquisition Corp. and each of its Subsidiaries to execute and deliver to the Administrative Agent a

supplement to the Subsidiary Guaranty in the form attached thereto, together with such other documents and opinions of counsel as the Administrative Agent shall reasonably require in connection therewith, including evidence that the Bridge Loan has been paid in full, the Bridge Loan Documents have been terminated and all Liens securing the same shall have been released.

(l) MORTGAGES. Promptly upon the acquisition by any Subsidiary (other than, prior to the Bridge Termination Date, Acquisition Corp. or any of its Subsidiaries) of any real property on or after the Second Restatement Date having a fair market value at the time of acquisition of (i) \$2,000,000 or more or (ii) \$1,000,000 or more (but less than \$2,000,000) if in the case of this clause (ii) the aggregate fair market value at the time of acquisition of all such real property acquired by the Subsidiaries on or after the Second Restatement Date in respect of which no Mortgage has been executed and delivered to the Administrative Agent pursuant to Section 7.12 of the Credit Agreement shall exceed \$5,000,000, execute and deliver, and cause each Subsidiary so to do, a Mortgage with respect to such real property in form and substance satisfactory to the Administrative Agent, together with such UCC financing statements, surveys, title insurance policies, environmental reports, opinions and other documents as the Administrative Agent shall reasonably request in connection therewith.

(m) DROPDOWN OF ACQUISITION CORP. On the Bridge Termination Date, contribute of all of the issued and outstanding Stock of Acquisition Corp. and any intercompany Indebtedness of Acquisition Corp. held by the Guarantor to the Borrower as an additional capital contribution (the "DROPDOWN").

(n) NET EQUITY PROCEEDS. On the receipt of Net Equity Proceeds with respect to any Equity Issuance by the Guarantor, contribute to the Borrower as an additional capital contribution: (i) prior to the Bridge Termination Date, 50% of such Net Equity Proceeds and (ii) thereafter, 100% of such Net Equity Proceeds.

6. NEGATIVE COVENANTS

The Guarantor hereby covenants and agrees that, until the Payment of all of the obligations of the Loan Parties under the Loan Documents to any Credit Party and the nonexistence of any obligation of any Credit Party under any of the Loan Documents or any Letter of Credit, it shall not:

(a) INDEBTEDNESS. Create, incur, assume or suffer to exist any liability for Indebtedness or permit any Subsidiary so to do, except (i) as permitted under Section 8.1 of the Credit Agreement and (ii) Indebtedness under the Bridge Loan Documents.

(b) LIENS. Create, incur, assume or suffer to exist any Lien upon any of its Property, whether now owned or hereafter acquired, or permit any Subsidiary so to do, except Permitted Liens.

(c) MERGER OR ACQUISITION OF PROPERTY. Consolidate with, be acquired by, or merge into or with any Person, or acquire all or substantially all of the Stock or Property of any Person, or permit any Subsidiary so to do, except as permitted under Section 8.3 of the Credit Agreement.

(d) RESTRICTED PAYMENTS. Declare or make any Restricted Payment or permit any Subsidiary so to do, except (i) to the extent permitted under Section 8.4 of the Credit Agreement, (ii) prior to the Bridge Termination Date, Restricted Payments by Acquisition Corp. or any of its Subsidiaries to its parent to the extent permitted by the Bridge Credit Agreement, and (iii) the Guarantor may declare and pay dividends with respect to its equity securities payable solely in shares of its perpetual common stock.

(e) INVESTMENTS, LOANS, ETC. At any time, purchase or

otherwise acquire, hold or invest in the Stock of, or any other interest in, any Person, or make any loan or advance (excluding deposits or pledges permitted under Section 8.2(iii) of the Credit Agreement) to, or enter into any arrangement for the purpose of providing funds or credit to, or make any other investment, whether by way of capital contribution or otherwise, in or with any Person (all of which are sometimes referred to herein as "INVESTMENTS"), or permit any Subsidiary so to do, except: (i) as permitted by Section 8.5 of the Credit Agreement, (ii) the Contributions, (iii) the Dropdown and as required by Section 5(n).

(f) CONDUCT OF BUSINESS; BUSINESS CHANGES.

(i) Engage in any business other than the ownership of the Stock of the Guarantor and Acquisition Corp. and activities incidental thereto.

(ii) Permit any Subsidiary to engage in any material line of business substantially different from those lines of business carried on as of the Second Restatement Date.

(g) SALE OF PROPERTY. Sell, exchange, lease, transfer or otherwise dispose of any Property to any Person, or permit any Subsidiary so to do, except (i) as permitted in Section 8.7 of the Credit Agreement and (ii) with respect to Acquisition Corp. and its Subsidiaries as permitted in the Bridge Credit Agreement.

(h) SUBSIDIARIES. Create or acquire any direct Subsidiary.

(i) COMPLIANCE WITH ERISA. Adopt any Plan other than those listed in Schedule 4.14 of the Credit Agreement or permit any Subsidiary so to do, or engage in any "prohibited transaction", as such term is defined in Section 4975 of the Code or Section 406 of ERISA, with respect to any Plan, or incur any "accumulated funding deficiency", as such term is defined in Section 412 of the Code or Section 302 of ERISA, or terminate, or permit any Commonly Controlled Entity to terminate, any Plan that would result in any liability of the Guarantor or any Commonly Controlled Entity to the PBGC, or permit the occurrence of any Reportable Event or any other event or condition that presents a risk of such a termination by the PBGC of any Plan, or withdraw or effect a partial withdrawal from a Multiemployer Plan, or permit any Commonly Controlled Entity which is an employer under such a Multiemployer Plan so to do, if any such withdrawal would result in such withdrawing employer incurring any withdrawal liability in excess of \$250,000.

(j) CERTIFICATE OF INCORPORATION AND BY-LAWS; CERTAIN AGREEMENTS. Amend or otherwise modify (i) its certificate of incorporation, bylaws or other organizational documents, or permit any Subsidiary so to do, in any way that would adversely affect the interests of the Lenders or the Issuing Bank or the obligations of any Loan Party under any of the Loan Documents, (ii) the Tax Sharing Agreement, (iii) the Management Agreement or (iv) the Initial Transaction Documents.

(k) PREPAYMENTS OF INDEBTEDNESS. Prepay or obligate itself to prepay, in whole or in part, any Indebtedness (other than the Loans) prior to the due date thereof, or permit any Subsidiary so to do, except (i) the Guarantor may prepay the Bridge Loans in accordance with the Bridge Credit Agreement and (ii) other prepayments of Indebtedness to the extent permitted by Section 8.11 of the Credit Agreement.

(l) ACCOUNTING PRACTICE; FISCAL YEAR. Make any significant change in accounting treatment or reporting practices, except as required by GAAP, or change its fiscal year from a fiscal year commencing January 1st and ending December 31st, or permit any of its Subsidiaries so to do, except to the extent permitted by Section 8.12 of the Credit Agreement.

(m) LIMITATION ON UPSTREAM TRANSFERS. Permit or cause any of its Subsidiaries to enter into or agree, or otherwise be or become subject, to any agreement, contract or other arrangement (other than the Loan Documents and, with respect to Acquisition Corp. and its Subsidiaries prior to the Bridge Termination Date, the Bridge Loan Documents) with any Person pursuant to the terms of which (a) such Subsidiary is

or would be prohibited from making Upstream Transfers or (b) the declaration or payment of Upstream Transfers on an annual or cumulative basis is or would be otherwise limited or restricted, PROVIDED that the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, PROVIDED that such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder.

(n) TRANSACTIONS WITH AFFILIATES. Except for the Tax Sharing Agreement and the Management Agreement, become, or permit any Subsidiary to become, a party to any transaction with any Affiliate of the Guarantor or any

Subsidiary (other than a transaction solely between any wholly-owned Subsidiary (other than, prior to the Bridge Termination Date, Acquisition Corp. and its Subsidiaries) and either the Guarantor or any other wholly-owned Subsidiary (other than, prior to the Bridge Termination Date, Acquisition Corp. and its Subsidiaries) on a basis less favorable to the Guarantor or such Subsidiary in any material respect than if such transaction were not with an Affiliate of the Guarantor or such Subsidiary.

(o) SALE AND LEASEBACK. Enter into any arrangement with any Person, or permit any Subsidiary so to do, providing for the leasing by the Guarantor or such Subsidiary of Property which has been or is to be sold or transferred by the Guarantor or such Subsidiary to such Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such Property or rental obligations of the Guarantor or such Subsidiary.

(p) STOCK ISSUANCE. Issue any additional shares of Stock, or permit any of its Subsidiaries so to do, except (i) subject to Section 5(n), the Guarantor may issue shares of its Class A common Stock and (ii) any Subsidiary may issue shares of its Stock to its parent, subject, however to the Liens of the Loan Documents or the Bridge Loan Documents, as applicable.

(q) FEDERAL RESERVE REGULATIONS. Own, or permit any Subsidiary to own, Margin Stock in excess of 25% (or such greater or lesser percentage as is provided in the exclusions from the definition of "Indirectly Secured" contained in Regulation U in effect at the time of the making of each Loan or the issuance of each Letter of Credit) of the value of the assets of (i) the Borrower, or (ii) the Borrower and its Subsidiaries on a Consolidated basis.

(r) CHANGE IN NAME, JURISDICTION OF ORGANIZATION; NATURE OF BUSINESS. Change its legal name or the jurisdiction of its organization or make any material change in the nature of its business, taken as a whole, as conducted on the Second Restatement

Date, or permit any Subsidiary so to do, except to the extent permitted by Section 8.19 of the Credit Agreement.

(s) LEASE OBLIGATIONS. Create or suffer to exist any obligations for the payment of rent by the Borrower or any Subsidiary for any Property under lease or agreement to lease, or permit any Subsidiary so to do, except to the extent permitted by Section 8.20 of the Credit Agreement.

7. SUBORDINATION.

(a) No payment of any nature whatsoever due in respect of the Subordinated Debt payable to the Guarantor shall be made unless and until the Payment of all of the obligations of the Loan Parties under the Loan Documents to any Credit Party and the nonexistence of any obligation of any Credit Party under any of the Loan Documents or any Letter of Credit.

(b) Upon any bankruptcy, insolvency, liquidation or reorganization of the Borrower, or upon the filing of a petition in bankruptcy or commencement of any proceeding in bankruptcy against the Borrower or upon any distribution of the assets of the Borrower or upon any dissolution, winding up, liquidation or reorganization of the Borrower, whether in bankruptcy, insolvency, reorganization, arrangement or receivership proceedings, or upon any assignment for the benefit of creditors, or any other marshalling of the assets and liabilities of the Borrower, or in the event any of the Subordinated Debt shall for any reason become or be declared due and payable or otherwise:

(i) the Administrative Agent shall first be entitled to receive Payment of all of the Borrower Obligations (whenever arising) before the Guarantor shall be entitled to receive any payment on account of the Subordinated Debt;

(ii) any payment by, or distribution of the assets of, the Borrower of any kind or character, whether in cash, Property or securities, to which the Guarantor would be entitled except for the provisions of this Agreement, in connection with the Subordinated Debt, shall be paid or delivered by the Person making such payment or distribution (whether a trustee in bankruptcy, a receiver, custodian or liquidating trustee or otherwise) directly to the Administrative Agent to the extent necessary to make Payment of all of the Borrower Obligations remaining unpaid, after giving effect to any concurrent payment or distribution (or provision therefor) in cash to the Administrative Agent;

(iii) the Guarantor shall not ask, demand by legal proceedings or otherwise, or take or receive from the Borrower, by set-off, counterclaim or in any other manner, any payment or distribution on account of the Subordinated Debt other than as expressly permitted hereunder; and

(iv) the Guarantor agrees to declare the Subordinated Debt to be due and payable and, at least 30 days before the time required by

applicable law or rule, to file proof of claim therefor, in default of which the Administrative Agent is hereby irrevocably authorized so to declare and file in order to effectuate the provisions hereof.

Notwithstanding the foregoing, in the event that any payment by, or distribution of the assets of, the Borrower of any kind or character prohibited hereby, whether in cash, Property or securities, shall for any reason be received by the Guarantor in respect of the Subordinated Debt, such payment or distribution shall be held in trust for the benefit of the Administrative Agent and shall be immediately paid over to the Administrative Agent, to the extent necessary to make Payment of all of the Borrower Obligations remaining unpaid, after giving effect to any concurrent payment or distribution (or provision therefor) in cash to the Administrative Agent.

(c) Without the prior written consent of the Administrative Agent, the Borrower will not give, and the Guarantor will not receive or accept, any collateral of any nature whatsoever for the Subordinated Debt on any Property or assets, whether now existing or hereafter acquired, of the Borrower.

(d) Nothing contained in this Agreement is intended to or shall impair, as between and among the Borrower, its creditors (other than the holders of the Borrower Obligations) and the Guarantor, the obligation of the Borrower to make payment to the Guarantor of any amount due in respect of the Subordinated Debt as and when the same shall become due and payable in accordance with the terms thereof, or affect the relative rights of the Guarantor and the creditors of the Borrower (other than the holders of the Borrower Obligations), in each case subject to the rights of the holders of the Borrower Obligations under this Agreement.

(e) Unless and until Payment of all of the obligations of the Loan Parties under the Loan Documents to any Credit Party, and the nonexistence of any obligation of any Credit Party under any of the Loan Documents or any Letter of Credit, the Guarantor agrees not to declare any part of the Subordinated Debt to be due and payable or exercise any of the rights or remedies which it may have, or bring (in its capacity as holder of the Subordinated Debt), or join with any other creditor in instituting, any proceedings against the Borrower under any bankruptcy, insolvency, reorganization, arrangement, receivership or other similar law, unless the Borrower Obligations shall

have been declared immediately due and payable or, in the case of the institution of any such proceedings, the Administrative Agent shall have joined in the institution thereof or expressly consented thereto in writing. In the event that the Administrative Agent shall have so declared the Borrower Obligations immediately due and payable, the Guarantor agrees to declare the Subordinated Debt then due to be due and payable, PROVIDED, however, if the Administrative Agent shall rescind any such declaration, the Guarantor shall automatically be deemed to have rescinded its declaration.

(f) The Guarantor shall not sell, assign, transfer or otherwise dispose of all or any part of the Subordinated Debt without having first obtained the prior written consent of the Administrative Agent.

(g) The Borrower agrees that it will not make any payment of any of the Subordinated Debt, or take any other action, in contravention of the provisions of this Agreement.

8. EVENTS OF DEFAULT

Each of the following shall constitute an "EVENT OF DEFAULT":

(a) If the Guarantor shall fail to observe or perform any term, covenant or agreement contained in Section 2, 5(c), 5(k), 5(m), 5(n) or 6 of this Agreement; or

(b) If the Guarantor shall fail to observe or perform any other term, covenant, or agreement contained in this Agreement and such failure shall have continued unremedied for a period of 30 days from the first date when the Guarantor or the Borrower shall have obtained knowledge thereof; or

(c) The occurrence and continuance of an Event of Default under, and as such term is defined in, the Credit Agreement.

9. NOTICES

Except as otherwise specifically provided herein, all notices, requests, consents, demands, waivers and other communications hereunder shall be in writing (including facsimile) and shall be electronically transmitted or mailed by registered or certified mail or delivered in person, and all statements, reports, documents, certificates and papers to be delivered hereunder shall be mailed by first class mail or delivered in person, in each case to the respective parties to this Agreement as follows:

(a) in the case of the Administrative Agent or the Borrower, as set forth in Section 11.2 of the Credit Agreement, and

(b) in the case of the Guarantor, to Salem Communications Corporation, 4880 Santa Rosa Road, Suite 300, Camarillo, California 93012, Attention: Dirk Gastaldo, Vice President and Chief Financial Officer (Telephone: (805) 384-4531; Telecopy: (805) 384-4532, with a copy to Salem Communications Corporation, 4880 Santa Rosa Road, Suite 300, Camarillo, California 93012, Attention: Jonathan L. Block, Esq., Secretary (Telephone: (805) 987-0400 (ext. 106); Telecopy: (805) 384-4505).

10. EXPENSES.

The Guarantor agrees that it shall, upon demand, pay to the Administrative Agent any and all reasonable out-of-pocket sums, costs and expenses, which any Guaranteed Party may pay or incur defending, protecting or enforcing this Agreement (whether suit is instituted or not), reasonable attorneys' fees and disbursements. All sums, costs and expenses which are due and payable pursuant to this section shall bear interest, payable on demand, at the highest rate then payable on the Borrower Obligations.

11. REPAYMENT IN BANKRUPTCY, ETC.

If, at any time or times subsequent to the payment of all or any part of the Borrower Obligations or the Guarantor Obligations, any Guaranteed Party shall be required to repay any amounts previously paid by or on behalf of the Borrower or the Guarantor in reduction thereof by virtue of an order of any court having jurisdiction in the premises, as a result of an adjudication that such amounts constituted preferential payments or fraudulent conveyances, the Guarantor unconditionally agrees to pay to the Administrative Agent within ten days after demand a sum in cash equal to the amount of such repayment, together with interest on such amount from the date of such repayment by the applicable Guaranteed Party to the date of payment to the Administrative Agent at the applicable after maturity rate set forth in the Credit Agreement.

12. TERMINATION

This Agreement shall terminate on the date upon which (i) the Lenders shall no longer have any obligation to make Loans, (ii) the Issuing Bank shall no longer have (A) any obligation to issue Letters of Credit and (B) any obligations under the Letters of Credit theretofor issued, and (iii) the Obligations shall have been paid in full in cash.

13. MISCELLANEOUS

(a) Except as otherwise expressly provided in this Agreement, the Guarantor hereby waives presentment, demand for payment, notice of default, nonperformance and dishonor, protest and notice of protest of or in respect of this Agreement, the other Loan Documents, each Interest Protection Arrangement, and the Borrower Obligations, notice of acceptance of this Agreement and reliance hereupon by the Administrative Agent, the Issuing Bank and each Lender, and the incurrence of any of the Borrower Obligations, notice of any sale of collateral security or any default of any sort.

(b) The Guarantor is not relying upon the Administrative Agent, the Issuing Bank or any Lender to provide to it any information concerning the Borrower or any of its Subsidiaries, and the Guarantor has made arrangements satisfactory to it to obtain from the Borrower on a continuing basis such information concerning the Borrower and its Subsidiaries as it may desire.

(c) The Guarantor agrees that any statement of account with respect to the Borrower Obligations from the Administrative Agent, the Issuing Bank or any Lender to the Borrower which binds the Borrower shall also be binding upon the Guarantor, and that copies of said statements of account maintained in the regular course of the Administrative Agent's, the Issuing Bank's or such Lender's business, as the case may be, may be used in evidence against the Guarantor in order to establish its Guarantor Obligations.

(d) The Guarantor acknowledges that it has received a copy of the Loan Documents and each Interest Rate Protection Arrangement and has approved of the same. In addition, the Guarantor acknowledges having read each Loan Document and each such Interest Rate Protection Arrangement and having had the advice of counsel in connection with all matters concerning its execution and delivery of this Agreement.

(e) The Guarantor may not assign any right, or delegate any duty, it may have under this Agreement.

(f) The Guarantor Obligations hereunder shall be joint and several with the obligations of the Subsidiary Guarantors.

(g) This Agreement is the "Parent Guaranty" referred to in the Credit Agreement, and is subject to, and should be construed in accordance with,

the provisions

thereof. Each of the Administrative Agent, the Guarantor and the Borrower acknowledges that certain provisions of the Credit Agreement, including, without limitation, Sections 1.2 (Principles of Construction), 11.1 (Amendments and Waivers), 11.3 (No Waiver; Cumulative Remedies), 11.4 (Survival of Certain Obligations), 11.7 (Successors and Assigns), 11.8 (Counterparts), 11.9 (Adjustments; Setoff), 11.12 (Governing Law), 11.13 (Headings), 11.14 (Severability), 11.15 (Integration), 11.16 (Limitation of Liability), 11.17 (Consent to Jurisdiction), 11.18 (Service of Process), 11.19 (No Limitation on Service or Suit) and 11.20 (WAIVER OF TRIAL BY JURY) thereof, are made applicable to this Agreement and all such provisions are incorporated by reference herein as if fully set forth herein.

(h) No right of the Administrative Agent to enforce this Agreement shall at any time or in any way be prejudiced or impaired by any act or failure to act on the part of the Guarantor, or by any noncompliance by the Guarantor with the terms, provisions and covenants herein, and the Guaranteed Parties are hereby expressly authorized to extend, waive, renew, increase, decrease, modify or amend the terms of the Borrower Obligations or any collateral security therefor, to waive any default, modify, amend, rescind or waive any provision of any document executed and delivered in connection with the Borrower Obligations and to release, sell or exchange any such collateral security and otherwise deal freely with the Borrower, all without notice to or consent of the Guarantor and without affecting the liabilities and obligations of the parties hereto.

(i) The Guarantor waives notice of acceptance of this Agreement by the Administrative Agent and the Guaranteed Parties, and the Guarantor waives notice of and consents to the making, amount and terms of the Borrower Obligations which may exist from time to time and any renewal, extension, increase, amendment or modification thereof and any other action which the Administrative Agent or the Lenders in their sole and absolute discretion, may take or omit to take with respect thereto. This section shall constitute a continuing offer to the Administrative Agent and the Guaranteed Parties, its provisions are made for the benefit of the Administrative Agent and the Guaranteed Parties, and the Administrative Agent and the Guaranteed Parties are made obligees hereunder and may enforce such provisions.

(j) The Guarantor agrees that no payment or distribution to the Administrative Agent pursuant to the provisions of this Agreement shall entitle the Guarantor to exercise any rights of subrogation in respect thereof until the Payment of all of the obligations of the Loan Parties under the Loan Documents to any Guaranteed Party, and the nonexistence of any obligation of any Guaranteed Party under any of the Loan Documents or any Letter of Credit. The Guarantor agrees that the subordination provisions contained herein shall not be affected by any action or failure to act by the holders of the Borrower Obligations which results, or may result, in affecting, impairing

or extinguishing any right of reimbursement or subrogation or other right or remedy of the Guarantor.

(k) The Guarantor agrees that the provisions of this Agreement shall be applicable to the Borrower Obligations whenever the same may arise and notwithstanding the fact that no Borrower Obligations may be outstanding from time to time and may have been paid down to zero at any time or from time to time, it being understood that the Credit Agreement permits the Borrower to borrow, repay and reborrow from time to time subject to the terms and conditions thereof, all or any of which terms and conditions may be waived.

(l) The Guarantor authorizes the Administrative Agent, without notice or demand and without affecting or impairing the obligations of the Guarantor, from time to time to (i) renew, compromise, extend, increase, accelerate or otherwise change the time for payment of, or otherwise change the terms of the Borrower Obligations, or any part thereof, including, without limitation, to increase or decrease the rate of interest thereon or the principal amount thereof; (ii) take or hold security for the payment of the Borrower Obligations and exchange, enforce, foreclose upon, waive and release any such security; (iii) apply such security and direct the order or manner of sale thereof as the Administrative Agent, in its sole discretion, may determine; (iv) release and substitute one or more endorsers, warrantors, borrowers or other obligors; and (v) exercise or refrain from exercising any rights against the Borrower or any other Person.

[Signature pages follow]

IN EVIDENCE of the agreement by the parties hereto to the terms and conditions herein contained, each such party has caused this Parent Guaranty to be duly executed on its behalf.

BY AND BETWEEN
SALEM COMMUNICATIONS CORPORATION
SALEM COMMUNICATIONS HOLDING CORPORATION
AND
THE BANK OF NEW YORK, AS ADMINISTRATIVE AGENT
DATED AS OF AUGUST 24, 2000

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PARENT SECURITY AGREEMENT (as the same may be amended, supplemented or otherwise modified from time to time, this "AGREEMENT"), dated as of August 24, 2000, by and between SALEM COMMUNICATIONS CORPORATION, a Delaware corporation (the "GUARANTOR") and THE BANK OF NEW YORK (the "ADMINISTRATIVE AGENT"), in its capacity as Administrative Agent for the Lenders under the Credit Agreement referred to below and the Rate Protection Lenders as defined herein.

RECITALS

A. Reference is made to the First Amended and Restated Credit Agreement, dated as of June 30, 1999, by and among the Guarantor, as borrower,

the lenders party thereto, Bank of America NT&SA, as Documentation Agent, BankBoston, N.A., Fleet Bank, N.A. and Union Bank of California, N.A., as Co-Agents, and The Bank of New York, as Administrative Agent (the "EXISTING CREDIT AGREEMENT").

B. Pursuant to an Agreement to Amend and Restate and Assumption Agreement (the "AGREEMENT TO AMEND"), dated as of the date hereof, among the Guarantor, Salem Communications Holding Corporation (the "Borrower") and the Credit Parties party thereto, the Borrower is assuming all of the obligations and liabilities of the Guarantor, as borrower, under, among other things, the Existing Credit Agreement.

C. In connection with such assumption by the Borrower, the Borrower is entering into the Second Amended and Restated Credit Agreement, dated as of August 24, 2000, by and among the Borrower, the Lenders party thereto, the Administrative Agent, Bank of America, N.A., as Syndication Agent, Fleet National Bank, as Documentation Agent, and Union Bank of California, N.A. and The Bank of Nova Scotia, as Co-Agents (as the same may be amended, supplemented or otherwise modified from time to time, the "CREDIT AGREEMENT").

D. The Guarantor owns (after giving effect to the Contributions), directly or indirectly, all of the issued and outstanding Stock of the Borrower and expects to derive substantial benefit from the Credit Agreement and the transactions contemplated thereby.

E. The Guarantor acknowledges the Credit Parties are relying on this Agreement in entering into the Credit Agreement and the Agreement to Amend and approving the assumption by the Borrower of the obligations of the Guarantor as borrower under the Existing Credit Agreement, and that the Credit Parties would not enter into the Credit Agreement or the Agreement to Amend or approve the assumption by the Borrower of the obligations of the Guarantor as borrower under the Existing Credit Agreement without the execution and delivery of this Agreement.

F. Pursuant to the Parent Guaranty, dated as of the date hereof, among the Guarantor, the Borrower and the Administrative Agent (as amended, supplemented or otherwise modified from time to time, the "PARENT GUARANTY"), the Guarantor guaranteed the Borrower Obligations (as therein defined). The Guarantor desires to secure the Guarantor Obligations (as defined in the Parent Guaranty) pursuant to this Agreement.

H. It is a condition precedent to the effectiveness of the Credit Agreement and the making of all Loans and all Letters of Credit under the Credit Agreement that the Guarantor shall have executed and delivered this Agreement.

In consideration of the premises and in order to induce the Credit Parties to enter into the Credit Agreement and the Agreement to Amend and approve the assumption by the Borrower of the obligations of the Guarantor as borrower under the Existing Credit Agreement, the parties hereto agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1. CERTAIN DEFINED TERMS

(a) Capitalized terms used herein which are not otherwise defined herein shall have the respective meanings ascribed thereto in the Credit Agreement.

(b) When used in this Agreement, the following capitalized terms shall have the respective meanings ascribed thereto as follows:

"ACQUISITION CORP.": Salem Communications Acquisition Corp., a Delaware corporation and a direct wholly owned Subsidiary of the Guarantor.

"BORROWER OBLIGATIONS": as defined in the Parent Guaranty.

"CASH COLLATERAL ACCOUNT": as defined in Section 3.1.

"CREDIT AGREEMENT": as defined in paragraph Recital

C.

"EXISTING CREDIT AGREEMENT": as defined in Recital A.

"FCC LICENSE" shall mean any Governmental Approval issued to the Borrower by the FCC pursuant to the Communications Act.

"FCC REGULATIONS": the Communications Act, the regulations of the FCC under the Communications Act and all other Governmental Rules applicable to the Guarantor (or any Person under the control of the Guarantor) by reason of the Guarantor (or any Person under the control of the Guarantor) being a licensee of an FCC License.

"GOVERNMENTAL APPROVALS": any authorization, consent, approval, license, lease, ruling, permit, waiver, exemption, filing, registration or notice by or with, or other action of, any Governmental Authority.

"GOVERNMENTAL RULES": any law, rule, regulation, ordinance, order, code, judgment, decree, directive, guideline, policy, or any similar form of decision of, or any interpretation or administration of any of the foregoing by, any Governmental Authority.

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"GUARANTOR OBLIGATIONS": as defined in the Parent Guaranty.

"PARENT GUARANTY": as defined in paragraph Recital F.

"PERMITTED LIENS": as defined in the Parent Guaranty.

"PLEGGED STOCK": as defined in Section 2.1(a).

"RATE PROTECTION LENDERS": collectively, each counterparty to an Interest Rate Protection Arrangement with or assumed by the Borrower if such counterparty was a Lender (or an Affiliate thereof) at the time such Interest Rate Protection Arrangement was entered into or assumed, as applicable.

"SECURED PARTIES" collectively, (i) the Administrative Agent, the Issuing Bank and the Lenders, (ii) each Rate Protection Lender and (iii) the successors and assigns of each of the foregoing.

"SECURED OBLIGATIONS" shall mean (i) any and all Guarantor Obligations and (ii) any and all obligations of the Guarantor for the performance of its agreements, covenants and undertakings under or in respect of the Loan Documents.

"STOCK COLLATERAL" as defined in Section 2.1(a).

"UNIFORM COMMERCIAL CODE" shall mean the Uniform Commercial Code as in effect in the State of New York from time to time or, by reason of mandatory application, any other applicable jurisdiction.

1.2. INTERPRETATION

In this Agreement, unless otherwise indicated, the singular shall include the plural and plural the singular; words importing any gender shall include the other gender; references to statutes or regulations shall be construed as including all statutory or regulatory provisions consolidating, amending or replacing the statute or regulation referred to; references to "writing" shall include printing, typing, lithography and other means of reproducing words in a tangible visible form; the words "including," "includes" and "include" shall be deemed to be followed by the words "without limitation"; references to articles, sections (or subdivisions of sections), exhibits, annexes or schedules are to this Agreement; references to agreements and other contractual instruments shall be deemed to include all subsequent amendments, extensions and other modifications to those instruments (without, however, limiting any prohibition on any such amendments, extensions or modifications by the terms of the Loan Documents); and references to Persons shall include their respective successors and permitted assigns and, in the case of Governmental Authorities, Persons succeeding to their respective functions and capacities.

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2. COLLATERAL

2.1. GRANT

As collateral security for the prompt payment in full when due (whether at stated maturity, upon acceleration, on any optional or mandatory prepayment date or otherwise) and performance of the Secured Obligations, the Guarantor hereby pledges and grants to the Administrative Agent, for its benefit and for the ratable benefit of the Secured Parties, a security interest in all of the Guarantor's right, title and interest in and to the following property, whether now owned or in the future acquired by the Guarantor and whether now existing or in the future coming into existence (collectively, the "COLLATERAL"):

(a) (i) all of the shares of capital stock of the Borrower and Acquisition Corp. represented by the respective certificates identified in Annex 1 and all other shares of capital stock of whatever class of the Borrower and Acquisition Corp. now owned or in the future acquired by the Guarantor, together with in each case the certificates representing the same

(collectively, the "PLEGGED STOCK");

(ii) all shares, securities, moneys or property representing a dividend on, or a distribution or return of capital in respect of, any of the Pledged Stock, resulting from a split-up, revision, reclassification or other like change of any of the Pledged Stock or otherwise received in exchange for any of the Pledged Stock and all rights issued to the holders of, or otherwise in respect of, any of the Pledged Stock; and

(iii) without affecting the obligations of the Guarantor under any provision prohibiting that action under any Loan Document, in the event of any consolidation or merger in which the Borrower is not the surviving corporation, all shares of each class of the capital stock of the successor corporation (unless such successor corporation is the Guarantor) formed by or resulting from that consolidation or merger; and

(b) all proceeds and products in whatever form of all or any part of the other Collateral with respect to all or any part of other Collateral (together with all rights to recover and proceed with respect to the same), and all accessories to, substitutions for and replacements of all or any part of other Collateral.

2.2. PERFECTION

The Guarantor will (i) concurrently with the execution and delivery of this Agreement, file or deliver for filing such financing statements and other documents in such offices as are necessary or as the Administrative Agent may request to perfect and establish the priority (subject only to Permitted Liens) of the Liens granted by this Agreement, (ii) concurrently with the execution and delivery of this Agreement, deliver to the Administrative Agent all certificates identified in Annex 1, accompanied by undated stock powers duly executed in blank and (iii) take all such other actions as are necessary or as the Administrative Agent may request to perfect and establish the priority (subject only to Permitted Liens) of the Liens granted by this Agreement.

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2.3. PRESERVATION AND PROTECTION OF SECURITY INTERESTS

The Guarantor will:

(a) upon the acquisition after the Second Restatement Date by the Guarantor of any Stock Collateral, promptly either (x) transfer and deliver to the Administrative Agent all such Stock Collateral (together with the certificates representing that Stock Collateral duly endorsed in blank or accompanied by undated stock powers duly executed in blank) or (y) take such other action as the Administrative Agent deems necessary or appropriate to create, perfect and establish the priority (subject only to Permitted Liens) of the Liens granted by this Agreement in that stock Collateral; and

(b) give, execute, deliver, file or record any and all financing statements, notices, contracts, agreements or other instruments, obtain any and all Governmental Approvals and take any and all steps that may be necessary or as the Administrative Agent may request to create, perfect, establish the priority (subject only to Permitted Liens) of, or to preserve the validity, perfection or priority (subject only to Permitted Liens) of, the Liens granted by this Agreement or to enable the Administrative Agent to exercise and enforce its rights, remedies, powers and privileges under this Agreement with respect to those Liens, including causing any or all of the Stock Collateral to be transferred of record into the name of the Administrative Agent or its nominee (and the Administrative Agent agrees that if any Stock Collateral is transferred into its name or the name of its nominee, the Administrative Agent will thereafter promptly give to the Guarantor copies of any notices and communications received by it with respect to the Stock Collateral pledged by the Guarantor).

2.4. ATTORNEY-IN-FACT

Subject to the rights of the Guarantor under Sections 2.5, the Guarantor hereby appoints the Administrative Agent its attorney-in-fact effective on the Second Restatement Date and terminating upon the termination of this Agreement for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instruments that the Administrative Agent may deem necessary or advisable to accomplish the purposes of this Agreement, to preserve the validity, perfection and priority (subject only to Permitted Liens) of the Liens granted by this Agreement and, following any Event of Default, to exercise its rights, remedies, powers and privileges under this Agreement. This appointment as attorney-in-fact is irrevocable and coupled with an interest. Without limiting the generality of the foregoing, the Administrative Agent shall be entitled under this Agreement upon the occurrence and continuation of any Event of Default (or, in respect of Section 3.1, any Default) (i) to ask, demand, collect, sue for, recover, receive and give receipt

and discharge for amounts due and to become due under and in respect of all or any part of the Collateral; (ii) to receive, endorse and collect any drafts, instruments, documents and chattel paper in connection with clause (i) above (including any draft or check representing the proceeds of insurance or the return of unearned premiums); (iii) to file any claims or take any action or proceeding that the Administrative Agent may deem necessary or advisable for the collection of all or any part of the Collateral, including the collection of any compensation due and to become due under any contract or agreement with

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respect to all or any part of the Collateral; and (iv) to execute, in connection with any sale or disposition of the Collateral under Section 6.2, any endorsements, assignments, bills of sale or other instruments of conveyance or transfer with respect to all or any part of the Collateral.

2.5. SPECIAL PROVISIONS RELATING TO STOCK COLLATERAL

(a) So long as no Event of Default has occurred and is continuing, the Guarantor shall have the right to exercise all voting, consensual and other powers of ownership pertaining to the Stock Collateral for all purposes not inconsistent with the terms of any Loan Document, PROVIDED that the Guarantor will not vote the Stock Collateral in any manner that is inconsistent with the terms of any Loan Document; and the Administrative Agent will, at the Guarantor's expense, execute and deliver to the Guarantor or cause to be executed and delivered to the Guarantor all such proxies, powers of attorney, dividend and other orders and other instruments, without recourse, as the Guarantor may reasonably request for the purpose of enabling the Guarantor to exercise the rights and powers that it is entitled to exercise pursuant to this Section 2.5(a).

(b) So long as no Event of Default has occurred and is continuing, the Guarantor shall be entitled to receive and retain any dividends on the Stock Collateral paid in cash out of earned surplus.

(c) If any Event of Default has occurred and is continuing, and whether or not the Administrative Agent or any other Secured Party exercises any available right to declare any Secured Obligation due and payable or seeks or pursues any other right, remedy, power or privilege available to it under applicable law, this Agreement or any other Loan Document (but subject to Section 6.6), all dividends and other distributions on the Stock Collateral shall be paid directly to the Administrative Agent and retained by it in the Cash Collateral Account as part of the Stock Collateral, subject to the terms of this Agreement, and, if the Administrative Agent so requests, the Guarantor will execute and deliver to the Administrative Agent appropriate additional dividend, distribution and other orders and instruments to that end, PROVIDED that if that Event of Default is cured, any such dividend or distribution paid to the Administrative Agent prior to that cure shall, upon request of the Guarantor (except to the extent applied to the Secured Obligations), be returned by the Administrative Agent to the Guarantor.

2.6. RIGHTS AND OBLIGATIONS

(a) The Guarantor shall remain liable to perform its duties and obligations under the Governmental Approvals included in the Collateral in accordance with their respective terms to the same extent as if this Agreement had not been executed and delivered. Neither the Administrative Agent nor any other Secured Party shall have any duty, obligation or liability under or in respect to any Governmental Approval included in the Collateral by reason of this Agreement or any other Loan Document, nor shall the Administrative Agent or any other Secured Party be obligated to perform any of the duties or obligations of the Guarantor under any

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such Governmental Approval or to take any action to collect or enforce any claim (for payment) under any such Governmental Approval.

(b) No Lien granted by this Agreement in the Guarantor's right, title and interest in any Governmental Approval shall be deemed to be a consent by the Administrative Agent or any other Secured Party to any such Governmental Approval.

(c) No reference in this Agreement to proceeds or to the sale or other disposition of Collateral shall authorize the Guarantor to sell or otherwise dispose of any Collateral except to the extent otherwise expressly permitted by the terms of any Loan Document.

(d) Neither the Administrative Agent nor other Secured Party shall be required to take steps necessary to preserve any rights against prior parties to any part of the Collateral.

2.7. TERMINATION

When (i) the Lenders shall no longer have any obligation to make Loans, (ii) the Issuing Bank shall no longer have (A) any obligation to issue Letters of Credit and (B) any obligations under the Letters of Credit theretofore issued, and (iii) the Secured Obligations shall have been paid in full in cash, this Agreement shall terminate, and the Administrative Agent will forthwith cause to be assigned, transferred and delivered, against receipt but without any recourse, warranty or representation whatsoever, any remaining Collateral and money received in respect of the Collateral, to or on the order of the Guarantor. The Administrative Agent will also execute and deliver to the Guarantor upon that termination such Uniform Commercial Code termination statements and such other documentation as is reasonably requested by the Guarantor to effect the termination and release of the Liens granted by this Agreement on the Collateral.

3. CASH PROCEEDS OF COLLATERAL

3.1. CASH COLLATERAL ACCOUNT

There is hereby established with The Bank of New York thereunder a cash collateral account (the "CASH COLLATERAL ACCOUNT") in the name and under the control of the Administrative Agent into which there shall be deposited, among other things, such cash proceeds of any of the Collateral required to be delivered to the Administrative Agent pursuant to this Agreement or the other Loan Documents, and into which the Guarantor may from time to time deposit any additional amounts that it wishes to pledge to the Administrative Agent for the benefit of the Secured Parties as additional collateral security under this Agreement. The balance from time to time in the Cash Collateral Account shall constitute part of the Collateral and shall not constitute payment of the Secured Obligations until applied as provided in this Agreement.

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3.2. CERTAIN PROCEEDS

The Guarantor agrees that if the proceeds of any Collateral shall be received by it, the Guarantor will as promptly as possible deposit those proceeds into the Cash Collateral Account. Until so deposited, all such proceeds shall be held in trust by the Guarantor for and as the property of the Administrative Agent and shall not be commingled with any other funds or property of the Guarantor.

3.3. INVESTMENT OF BALANCE IN CASH COLLATERAL ACCOUNT

(a) Amounts on deposit in the Cash Collateral Account shall be invested from time to time in such investments described in Sections 8.5(a), (b), (i), (j) and (k) of the Credit Agreement as the Guarantor directs in writing. In the absence of any such directions, the Administrative Agent shall not invest any such amounts. All such investments shall be held in the name and be under the control of the Administrative Agent. At any time after the occurrence and during the continuance of an Event of Default, the Administrative Agent may (and, if instructed by the Required Lenders, will) in its (or their) discretion at any time and from time to time elect to liquidate any such Permitted Investments and to apply or cause to be applied the proceeds of that action to the payment of the Secured Obligations in the manner specified in Section 6.5.

(b) The Administrative Agent shall not be liable hereunder including with respect to losses and diminution of value of the investments held in the Cash Collateral Account except for its own gross negligence or willful misconduct and the Guarantor agrees to indemnify the Administrative Agent for and hold it harmless as to any loss, liability, or expense, including attorneys' fees, incurred without gross negligence or willful misconduct on the part of the Administrative Agent and arising out of or in connection with the Administrative Agent's duties under this Section.

4. REPRESENTATIONS

As of the Second Restatement Date and as of the date of each extension of credit by the Lenders, the Guarantor represents and warrants to the Administrative Agent and each other Secured Party as follows:

4.1. TITLE

The Guarantor is the sole beneficial owner of the Collateral in which it purports to grant a Lien pursuant to this Agreement, and the Collateral is free and clear of all Liens, except for Permitted Liens. The Liens granted by this Agreement in favor of the Administrative Agent for the benefit of the Administrative Agent and the Lenders have attached and constitute a perfected security interest in all of that Collateral prior to all other Liens (except those Permitted Liens).

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4.2 PLEDGED STOCK

(a) The Pledged Stock evidenced by the certificates identified in Annex 1 is duly authorized, validly existing, fully paid and nonassessable, and none of that Pledged Stock is subject to any contractual restriction, or any restriction under the charter or by-laws of the Borrower, upon the transfer of that Pledged Stock (except for any such restriction contained in any Loan Document or, prior to the Bridge Termination Date, any Bridge Loan Document, and as arise under the FCC Regulations).

(b) The Pledged Stock evidenced by the certificates identified in Annex 1 constitutes all of the issued and outstanding shares of capital stock of any class of the Borrower beneficially owned by the Guarantor on the Second Restatement Date (whether or not registered in the name of the Guarantor), and Annex 1 correctly identifies, as at the Second Restatement Date, the Borrower, the respective class and par value of the shares comprising that Pledged Stock and the respective number (and registered owners) of the shares evidenced by each such certificate.

5. COVENANTS

5.1. BOOKS AND RECORDS

The Guarantor will:

(a) keep full and accurate books and records relating to the Collateral and stamp or otherwise mark those books and records in such manner as the Administrative Agent may reasonably require in order to reflect the Liens granted by this Agreement; and

(b) permit representatives of the Administrative Agent, upon reasonable notice, at any time during normal business hours to inspect and make abstracts from its books and records pertaining to the Collateral and permit representatives of the Administrative Agent to be present at the Guarantor's place of business to receive copies of all communications and remittances relating to the Collateral and forward copies of any notices or communications received by the Guarantor with respect to the Collateral, all in such manner as the Administrative Agent may request.

5.2. REMOVALS, ETC.

Without at least 30 days' prior written notice to the Administrative Agent, the Guarantor will not:

(a) change its corporate name, or the name under which it does business, from the name shown on the signature pages to this Agreement; or

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(b) maintain any of its books and records with respect to the Collateral at any office, or maintain its principal place of business at any place, other than at the address initially indicated for notices to it under Section 7.2 or at one of the locations identified in Annex 6 or in transit from one of those locations to another.

5.3. SALES AND OTHER LIENS

Except as otherwise permitted under Section 6(b), (g) or (o) of the Parent Guaranty, without the prior written consent of the Administrative Agent (granted with the authorization of the Lenders as specified in Section 11.1 of the Credit Agreement), the Guarantor will not dispose of any Collateral, create, incur, assume or suffer to exist any Lien upon any Collateral or file or suffer to be on file or authorize to be filed, in any jurisdiction, any financing statement or like instrument with respect to all or any part of the Collateral in which the Administrative Agent is not named as the sole secured party for its benefit and for the ratable benefit of the other Secured Parties.

5.4. STOCK COLLATERAL

The Guarantor will cause the Stock Collateral to constitute at all times 100% of the total number of shares of each class of capital stock of the Borrower then outstanding. The Guarantor will cause all such shares to be duly authorized, validly issued, fully paid and nonassessable and to be free of any contractual restriction or any restriction under the charter or bylaws of the Borrower, upon the transfer of that Stock Collateral (except for any such restriction contained in any Loan Document and as arise under the FCC Regulations).

5.5 FURTHER ASSURANCES

The Guarantor will, from time to time upon the written request of the Administrative Agent, execute and deliver such further documents and do such other acts and things as the Administrative Agent may reasonably request in

order fully to effect the purposes of this Agreement.

6. EVENTS OF DEFAULT; REMEDIES

6.1. EVENTS OF DEFAULT

Each of the following shall constitute an "EVENT OF DEFAULT":

(a) If the Guarantor shall fail to observe or perform any term, covenant or agreement contained in this Agreement; or

(b) The occurrence and continuance of an Event of Default under, and as such term is defined in, the Credit Agreement.

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6.2. REMEDIES

If any Event of Default has occurred and is continuing:

(a) The Administrative Agent in its discretion may require the Guarantor to, and the Guarantor will, assemble the Collateral owned by it at such place or places, reasonably convenient to each of the Administrative Agent and the Guarantor, designated in the Administrative Agent's request;

(b) the Administrative Agent in its discretion may make any reasonable compromise or settlement it deems desirable with respect to any of the Collateral and may extend the time of payment, arrange for payment in installments, or otherwise modify the terms of, all or any part of the Collateral;

(c) the Administrative Agent in its discretion may, in its name or in the name of the Guarantor or otherwise, demand, sue for, collect or receive any money or property at any time payable or receivable on account of or in exchange for all or any part of the Collateral, but shall be under no obligation to do so;

(d) the Administrative Agent in its discretion may, upon five business days' prior written notice to the Guarantor of the time and place, sell, lease or otherwise dispose of all or any part of the Collateral that is then or will subsequently come into the possession, custody or control of the Administrative Agent, any other Secured Party or any of their respective agents, at such place or places as the Administrative Agent deems best, for cash, for credit or for future delivery (without thereby assuming any credit risk) and at public or private sale, without demand of performance or notice of intention to effect any such disposition or of the time or place of any such sale (except such notice as is required above or by applicable statute and cannot be waived), and any Secured Party or any other Person may be the purchaser, lessee or recipient of all or any part of the Collateral so disposed of at any public sale (or, to the extent permitted by law, at any private sale) and thereafter hold the same absolutely, free from any claim or right of whatsoever kind, including any right or equity of redemption (statutory or otherwise), of the Guarantor, and the Guarantor hereby waives and releases any such demand, notice and right or equity. The Administrative Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and that sale may be made at any time or place to which the sale may be so adjourned; and

(e) the Administrative Agent shall have, and in its discretion may exercise, all of the rights, remedies, powers and privileges with respect to the Collateral of a secured party under the Uniform Commercial Code (whether or not the Uniform Commercial Code is in effect in the jurisdiction where those rights, remedies, powers and privileges are asserted) and such additional rights, remedies, powers and privileges to which a secured party is entitled under the laws in effect in any jurisdiction where any rights, remedies, powers

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and privileges in respect of this Agreement or the Collateral may be asserted, including the right, to the maximum extent permitted by law, to exercise all voting, consensual and other powers of ownership pertaining to the Collateral as if the Administrative Agent were the sole and absolute owner of the Collateral (and the Guarantor will take all such action as may be appropriate to give effect to that right).

The proceeds of, and other realization upon, the Collateral by virtue of the exercise of remedies under this Section 6.2 and of the exercise of the license granted to the Administrative Agent in Section 2.2 shall be applied in accordance with Section 6.5.

6.3. DEFICIENCY

If the proceeds of, or other realization upon, the Collateral by virtue of the exercise of remedies under Section 6.2 are insufficient to cover the costs and expenses of that exercise and the payment in full of the other Secured Obligations, the Guarantor shall remain liable for any deficiency.

6.4. PRIVATE SALE

(a) Neither the Administrative Agent nor any other Secured Party shall incur any liability as a result of the sale, lease or other disposition of all or any part of the Collateral at any private sale pursuant to Section 6.2 conducted in a commercially reasonable manner. The Guarantor hereby waives any claims against the Administrative Agent and each other Secured Party that may arise by reason of the fact that the price at which the Collateral may have been sold at such a private sale was less than the price that might have been obtained at a public sale or was less than the aggregate amount of the Secured Obligations, even if the Administrative Agent accepts the first offer received and does not offer the Collateral to more than one offeree.

(b) The Guarantor recognizes that, by reason of certain prohibitions contained in the Securities Act of 1933 and applicable state securities laws and in the FCC Regulations, the Administrative Agent may be compelled to limit purchasers of all or any part of the Collateral to those who will agree, among other things, to acquire that Collateral for their own account, for investment and not with a view to distribution or resale or to those to whom the FCC has granted or will grant approval. The Guarantor acknowledges that any such private sales may be at prices and on terms less favorable to the Administrative Agent than those obtainable through a public sale without those restrictions, and, notwithstanding those circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner and that the Administrative Agent shall have no obligation to engage in public sales and no obligation to delay the sale of any Collateral for the period of time necessary to permit the Borrower to register it for public sale.

6.5. APPLICATION OF PROCEEDS

Except as otherwise expressly provided in this Agreement, the proceeds of, or other realization upon, all or any part of the Collateral by virtue of the exercise of remedies under Section 6.2 or of the exercise of the license granted in Section 2.2 and any other cash at the time

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held by the Administrative Agent under Section 3.1 or Section 6.2 shall be applied by the Administrative Agent:

FIRST, to the payment of the costs and expenses of that exercise of remedies, including reasonable out-of-pocket costs and expenses of the Administrative Agent, the fees and expenses of its agents and counsel and all other expenses incurred and advances made by the Administrative Agent in that connection;

NEXT, to the payment in full of the remaining Secured Obligations equally and ratably in accordance with their respective amounts then due and owing or as the Administrative Agent and the other Secured Parties holding the same may otherwise agree; and

FINALLY, subject to the rights of the other holder of any Lien in the relevant Collateral, to the payment to the Guarantor or as a court of competent jurisdiction may direct of any surplus then remaining.

As used in this Section 6, "PROCEEDS" of Collateral shall mean cash, securities and other property realized in respect of, and distributions in kind of, Collateral, including any property received under any bankruptcy, reorganization or other similar proceeding as to the Guarantor or any issuer of, or account debtor or other obligor on, any of the Collateral.

6.6. CERTAIN REGULATORY REQUIREMENTS

Notwithstanding any contrary provision in any Loan Document, no action shall be taken under this Agreement by the Administrative Agent or any other Secured Party with respect to any item of Collateral unless and until all applicable requirements (if any) of the FCC Regulations have been satisfied with respect to such action and there have been obtained such Governmental Approvals (if any) as may be required to be obtained under the FCC Regulations under the terms of any such FCC License. Without limiting the generality of the foregoing, the Administrative Agent (on behalf of itself and the Lenders) hereby agrees that (a) voting and consensual rights in the Stock Collateral will remain with the Guarantor upon and following the occurrence of an Event of Default unless and until any required prior approvals of the FCC to the transfer of such voting and consensual rights to the Administrative Agent have been obtained; (b) upon

the occurrence of any Event of Default and foreclosure of the Stock Collateral pursuant to this Agreement there will be either a private or public sale of the Stock Collateral; and (c) prior to the exercise of voting or consensual rights by the purchaser at any such sale, the prior consent of the FCC pursuant to 47 U.S.C. ss.310(d) will be obtained. It is the intention of the parties to this Agreement that the Liens in favor of the Administrative Agent on the Collateral shall in all relevant aspects be subject to and governed by the FCC Regulations and that nothing in this Agreement shall be construed to diminish the control exercised by the Guarantor except in accordance with the provisions of the FCC Regulations. The Guarantor agrees that upon request from time to time by the Administrative Agent it will use its best efforts to obtain any Governmental Approvals referred to in this Section 6.5, including upon any request of the Administrative Agent following an Event of Default, to prepare, sign and file with the FCC (or cause to be prepared signed and filed with the FCC) any application or application for consent to the assignment of the FCC Licenses or transfer of control required to be signed by the Guarantor or any of its Subsidiaries necessary or appropriate under the FCC Regulations for approval of

any sale or transfer of any of the Stock Collateral or the assets of the Guarantor or any of its Subsidiaries or any transfer of control in respect of any FCC License.

7. MISCELLANEOUS

7.1. NOTICES

All notices and other communications provided for or otherwise required hereunder or in connection herewith shall be given in the manner and to the addresses set forth in Section 9 of the Parent Guaranty.

7.2. EXPENSES

The Guarantor agrees that it shall, upon demand, pay to the Administrative Agent any and all reasonable out-of-pocket sums, costs and expenses, which any Secured Party may pay or incur defending, protecting or enforcing this Agreement (whether suit is instituted or not), reasonable attorneys' fees and disbursements. All sums, costs and expenses which are due and payable pursuant to this section shall bear interest, payable on demand, at the highest rate then payable on the Secured Obligations.

7.3. RELATIONSHIP TO CREDIT AGREEMENT

This Agreement is the "Parent Security Agreement" referred to in the Credit Agreement, and is subject to, and should be construed in accordance with, the provisions thereof. Each of the Administrative Agent, the Guarantor and the Borrower acknowledges that certain provisions of the Credit Agreement, including, without limitation, Sections 1.2 (Principles of Construction), 11.1 (Amendments and Waivers), 11.3 (No Waiver; Cumulative Remedies), 11.4 (Survival of Certain Obligations), 11.7 (Successors and Assigns), 11.8 (Counterparts), 11.9 (Adjustments; Setoff), 11.13 (Headings), 11.14 (Severability), 11.15 (Integration), 11.16 (Limitation of Liability), 11.17 (Consent to Jurisdiction), 11.18 (Service of Process), 11.19 (No Limitation on Service or Suit) and 11.20 (WAIVER OF TRIAL BY JURY) thereof, are made applicable to this Agreement and all such provisions are incorporated by reference herein as if fully set forth herein.

7.4. GOVERNING LAW; TERMS

This Agreement shall be governed by and construed in accordance with the laws of the State of New York, except to the extent that the validity or perfection of the security interest hereunder, or remedies hereunder, in respect of any particular collateral are governed by the laws of a jurisdiction other than the State of New York. Unless otherwise defined herein, terms used in Articles 8 and 9 of the UCC are used herein as therein defined.

[Signature pages follow]

IN EVIDENCE of the agreement by the parties hereto to the terms and conditions herein contained, each such party has caused this Parent Security Agreement to be duly executed on its behalf.

SALEM COMMUNICATIONS HOLDING CORPORATION

By: _____
Name: _____
Title: _____

SALEM COMMUNICATIONS HOLDING CORPORATION

PARENT SECURITY AGREEMENT

THE BANK OF NEW YORK, as Administrative Agent

By: _____
Name: _____
Title: _____

Annex 1 to
Parent Security Agreement
Dated as of August 24, 2000

PLEGDED STOCK

<TABLE>
<CAPTION>

Issuer	Certificate Number	Registered Owner	Number of Shares
Salem Communications Holding Corporation	<C>	Salem Communications Corporation	_____ shares of [common/preferred] stock, [no] par value [\$_____]
Salem Communications Acquisition Corporation		Salem Communications Corporation	_____ shares of [common/preferred] stock, [no] par value [\$_____]

</TABLE>

CREDIT AGREEMENT

DATED AS OF AUGUST 24, 2000

BETWEEN

SALEM COMMUNICATIONS CORPORATION,

AS THE BORROWER,

THE LENDERS IDENTIFIED IN THE CREDIT AGREEMENT,

ING (U.S.) CAPITAL LLC,

AS THE ADMINISTRATIVE AGENT FOR THE LENDERS,

THE BANK OF NEW YORK,

AS THE SYNDICATION AGENT

AND

FLEET NATIONAL BANK,

AS THE DOCUMENTATION AGENT

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- EXHIBIT G-2 - Form of Opinion of Special Communications Counsel to the Obligors

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This CREDIT AGREEMENT (this "AGREEMENT") dated as of August 24, 2000, is made between SALEM COMMUNICATIONS CORPORATION, a Delaware corporation (the "COMPANY") and each of the lenders that is an initial signatory to this Agreement or that, pursuant to Section 10.06(b), becomes a "Lender" under this Agreement (collectively, the "LENDERS"), for which Lenders ING (U.S.) CAPITAL LLC is acting as the administrative agent (in that capacity, the "ADMINISTRATIVE AGENT"), The Bank of New York is acting as the syndication agent (in that capacity, the "SYNDICATION AGENT") and Fleet National Bank is acting as the documentation agent (in that capacity, the "DOCUMENTATION AGENT").

The parties agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING MATTERS.

Section 1.01. CERTAIN DEFINED TERMS. As used in this Agreement, the following terms shall have the respective meanings specified below:

"ACQUISITIONCO" shall mean Salem Communications Acquisition Corporation, a Wholly Owned direct Subsidiary of the Company.

"ADJUSTED LIBO RATE" shall mean, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to (a) the LIBO Rate for that Interest Period multiplied by (b) the Statutory Reserve Rate.

"ADJUSTED OPERATING CASH FLOW" shall mean, for any period, Operating Cash Flow of the Company and its Subsidiaries for that period less Other Media Cash Flow for that period.

"ADMINISTRATIVE AGENT" shall have the meaning assigned to that term in the introductory paragraph to this Agreement.

"AFFILIATE" shall mean, with respect to a specified Person, another Person that, directly or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"APPLICABLE MARGIN" shall mean, with respect to each Eurodollar Loan, the percentage per annum set forth below for the relevant period:

PERIOD	EURODOLLAR LOANS
From the Effective Date through the date that is 180 days after the Effective Date	5.00%
From the date that is 181 days after the Effective Date through the date that is 270 days after the Effective Date	5.75%
From the date that is 271 days after the Effective Date through the Maturity Date	6.50%

In the event that the Base Rate is applicable to any Loan, the Applicable Margin shall be one percent (1%) less than that set forth above.

"APPLICABLE PERCENTAGE" shall mean, with respect to any Lender, the percentage of the total Commitments represented by that Lender's Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments.

"ASSIGNMENT AND ACCEPTANCE" shall mean an Assignment and Acceptance, in the form of Exhibit B or any other form (consistent with the terms of this Agreement) approved by the Administrative Agent, entered into by a Lender and an assignee.

"BANKRUPTCY CODE" shall mean the Federal Bankruptcy Code of 1978.

"BASE RATE" shall mean, for any day, a rate per annum equal to the higher of (a) the Federal Funds Effective Rate for that day plus 1/2 of 1% and (b) the Prime Rate for that day. Each interest rate that this Agreement provides is to be based upon the Base Rate shall change upon any change in the Base Rate, effective as of the opening of business on the day of that change in the Base Rate.

"BASIC DOCUMENTS" shall mean, collectively, this Agreement, the Warrant Agreement, the Warrants, the Notes, the Intercreditor Agreement, the Station License Management Agreement and the Security Documents.

"BOARD" shall mean the Board of Governors of the Federal Reserve System of the United States of America.

"BORROWING" shall mean Loans of the same Type, made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect.

"BORROWING REQUEST" shall mean a request by the Company for a Borrowing in accordance with Section 2.03.

"BRIDGE ACQUISITION" shall have the meaning assigned to that term in Section 7.08(a).

"BUSINESS DAY" shall mean (a) any day on which commercial banks are not authorized or required to close in New York City, New York or Los Angeles, California and

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(b) when used in connection with any Eurodollar Loan any day on which dealings in Dollar deposits are carried out in the London interbank market.

"CAPITAL LEASE OBLIGATIONS" shall mean, for any Person, all obligations of that Person to pay rent or other amounts under a lease of (or other agreement conveying the right to use) property to the extent that such obligations are required to be classified and accounted for as a capital lease on a balance sheet of such Person under GAAP.

"CASH COLLATERAL ACCOUNT" shall mean the account to be established at the request of the Administrative Agent by the Company with, and in the name and under the control of, the Administrative Agent, as provided in the Security Agreement.

"CASUALTY EVENT" shall mean, with respect to any Person, any loss of or damage to, or any condemnation or other taking of, any Property of that Person for which it or any of its Subsidiaries receives insurance proceeds or proceeds of a condemnation award or other compensation.

"CHANGE OF CONTROL" shall mean (a) the failure of the Permitted Holders to own beneficially (i) at least 51% of the outstanding voting stock of the Company or (ii) at least 35% of the economic interest of the Company or (b) the occurrence of a "Change of Control" under and as defined in the Indenture.

"CHANGE IN LAW" shall mean (a) the adoption of any Governmental Rule after the Signing Date, (b) any change in any Governmental Rule or in the interpretation or application of any Governmental Rule by any Governmental Authority after the Signing Date or (c) compliance by any Lender (or, for purposes of Section 4.02(b), by any lending office of that Lender or by that Lender's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the Signing Date.

"CODE" shall mean the Internal Revenue Code of 1986.

"COMMITMENT" shall mean with respect to each Lender, the commitment of that Lender to make an extension of credit under this Agreement

for the Bridge Acquisition and to fund the Interest Reserve resulting in, and expressed as an amount representing the maximum aggregate amount of, that Lender's Credit Exposure, as that commitment may be reduced or increased from time to time pursuant to assignments by or to that Lender pursuant to Section 10.06. The initial amount of each Lender's Commitment is set forth on Annex 1 or in the Assignment and Acceptance pursuant to which that Lender assumed its Commitment, as applicable. The initial aggregate amount of the Lenders' Commitments is \$100,000,000.

"COMMUNICATIONS ACT" shall mean the Federal Communications Act of 1934.

"COMPANY" shall have the meaning assigned to that term in the introductory paragraphs of this Agreement.

"COMPANY STOCK" shall mean the Company's Class A Common Stock (one cent par value).

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"CONTROL" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "CONTROLLING" and "CONTROLLED" shall have correlative meanings.

"CREDIT EXPOSURE" shall mean, with respect to any Lender at any time, the sum of the outstanding principal amount of that Lender's Loans.

"DEBT INCURRENCE" shall mean the incurrence of any Indebtedness by the Company or any of its Subsidiaries, other than (a) Indebtedness under the Basic Documents and (b) Indebtedness described in Section 7.09(e).

"DEFAULT" shall mean an Event of Default or an event that with notice or lapse of time or both would become an Event of Default.

"DISCLOSED MATTERS" shall mean the actions, suits and proceedings and the environmental matters disclosed in Schedule 6.06.

"DISPOSITION" shall mean any sale, assignment, transfer or other disposition of any Property (whether now owned or hereafter acquired) by the Company or any of its Subsidiaries to any Person, excluding any sale, assignment, transfer or other disposition in the ordinary course of business and on ordinary business terms.

"DOCUMENTATION AGENT" shall have the meaning assigned to that term in the introductory paragraph to this Agreement.

"DOLLARS" and "\$" shall mean lawful money of the United States of America.

"EFFECTIVE DATE" shall mean the date on or after the Signing Date on which the conditions specified in Section 5.01 are satisfied (or waived in accordance with Section 10.04).

"ENVIRONMENTAL CLAIM" shall mean, with respect to any Person, any written or oral notice, claim, demand or other communication (a) by any Governmental Authority for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law, (b) by any Person seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from the presence of Hazardous Materials or arising from alleged injury or threat of injury to human or animal health or safety or to the environment or (c) by any Person otherwise alleging or asserting that Person's liability for investigatory costs, cleanup costs, governmental response costs, damages to natural resources or other Property, personal injuries, fines or penalties arising out of, based on or resulting from (i) the presence, or release into the environment, of any Hazardous Material at any location, whether or not owned by that Person, or (ii) circumstances forming the basis of any violation, or alleged violation, of any Environmental Law.

"ENVIRONMENTAL LAWS" shall mean any and all present and future Governmental Rules relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material or to health and safety matters. The term "Environmental Law" shall include the terms and conditions of any

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Governmental Approval issued under any Environmental Law or with respect to any Hazardous Material.

"ENVIRONMENTAL LIABILITY" shall mean any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Company or any of its Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which actual liability has been assumed or imposed with respect to any of the foregoing.

"EQUITY ISSUANCE" shall mean (a) any issuance or sale by the Company or by any of its Subsidiaries after the Effective Date of (i) any capital stock, (ii) any warrants or options exercisable in respect of capital stock (other than the Warrants and any warrants or options issued to directors, officers or employees of the Company or of any of its Subsidiaries and any capital stock of the Company issued upon the exercise of the Warrants or those warrants) or (iii) any other security or instrument representing an equity interest (or the right to obtain any equity interest) in the issuing or selling Person other than any such issuance or sale by any Subsidiary of the Company to the Company or to any Wholly Owned Subsidiary of the Company or (b) the receipt by the Company or by any of its Subsidiaries after the Effective Date of any capital contribution received (whether or not evidenced by any equity security issued by the recipient of that contribution) other than any capital contribution (without derogating from any restriction on any such capital contribution in any Loan Document) by the Company or by any Wholly Owned Subsidiary of the Company to any Subsidiary of the Company.

"EQUITY RIGHTS" shall mean any subscriptions, options, warrants, commitments, preemptive rights or agreements of any kind for the issuance, sale, registration or voting of the capital stock of or other ownership interests in any Person or any outstanding securities convertible into that capital stock or other ownership interests.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974.

"ERISA AFFILIATE" shall mean any trade or business (whether or not incorporated) that, together with the Company, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA EVENT" shall mean (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued under ERISA with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Company or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Company or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention

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to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Company or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by the Company or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Company or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"EVENT OF DEFAULT" shall have the meaning assigned to that term in Section 8.01.

"EXCLUDED CASH FLOW" shall mean, at any time for any period, Operating Cash Flow for that period allocable to all Excluded Properties at that time.

"EXCLUDED PROPERTY" shall mean, at any date of determination, any radio station that was acquired by the Company or any of its Subsidiaries during the 18-month period immediately preceding that date of determination (as mutually agreed between the Administrative Agent and the Company) the programming format of which the Company or its Subsidiaries changed from a non-religious format as the time of acquisition to a religious talk, conservative talk or religious music format and that the Company designates as an Excluded Property; PROVIDED that any such radio station has also been

designated as an "Excluded Property" under the HoldCo Credit Agreement.

"EXCLUDED TAXES" shall mean, with respect to any Lender Party or any other recipient of any payment to be made by or on account of any obligation of the Company under the Basic Documents, (a) income or franchise taxes imposed on (or measured by) its net income by the United States of America, or by the jurisdiction under the laws of which that recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which the Company is located and (c) in the case of a Foreign Lender (other than an assignee pursuant to a request by the Company under Section 4.05(b)), any withholding tax that is imposed on amounts payable to that Foreign Lender at the time that Foreign Lender becomes a party to this Agreement (or designates a new lending office) or is attributable to that Foreign Lender's failure to comply with Section 4.04(e), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from the Company with respect to that withholding tax pursuant to Section 4.04(a).

"FCC" shall mean the United States Federal Communications Commission.

"FCC LICENSE" shall mean any Governmental Approval issued to the Company or any of its Subsidiaries by the FCC pursuant to the Communications Act.

"FCC REGULATIONS" shall mean, with respect to any Obligor, the Communications Act, the regulations of the FCC under the Communications Act and all other Governmental Rules applicable to that Obligor (or any Person under the control of that Obligor) by reason of that Obligor (or any Person under the control of that Obligor) being a licensee of an FCC License.

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"FEDERAL FUNDS EFFECTIVE RATE" shall mean, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if that rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for that day for those transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"FEES" shall mean the fees payable under Section 3.04 and under any other provisions of any Basic Document.

"FINANCIAL OFFICER" shall mean, with respect to any Obligor, the chief financial officer, principal accounting officer, treasurer or controller of that Obligor.

"FOREIGN LENDER" shall mean any Lender that is organized under the laws of a jurisdiction other than that in which the Company is located. For purposes of this definition, the United States of America, each state of the United States and the District of Columbia shall be deemed to constitute a single jurisdiction.

"GAAP" shall mean generally accepted accounting principles in the United States of America.

"GOVERNMENTAL APPROVALS" shall mean any authorization, consent, approval, license, lease, ruling, permit, waiver, exemption, filing, registration or notice by or with, or other action of, any Governmental Authority.

"GOVERNMENTAL AUTHORITY" shall mean any national (United States of America or foreign), state or local government, any political subdivision or any governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, agency, body, central bank, or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative power or functions of or pertaining to government.

"GOVERNMENTAL RULES" shall mean any law, rule, regulation, ordinance, order, code, judgment, decree, directive, guideline, policy, or any similar form of decision of, or any interpretation or administration of any of the foregoing by, any Governmental Authority.

"GUARANTEE" shall mean, as to any Person, any obligation, contingent or otherwise, of that Person, directly or indirectly, guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation

of any other Person in any manner, including any obligation of that Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) that Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for that Indebtedness or other obligation, (b) to purchase or lease Property or services for the purpose of assuring the owner of that Indebtedness or other obligation of payment, (c) to maintain working capital, equity capital, liquidity or any other financial condition of that other Person so as to enable that other Person to pay that Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support that Indebtedness or obligation other than endorsements for collection or

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deposit in the ordinary course of business. The terms "GUARANTEE" and "GUARANTEED" used as verbs shall have correlative meanings.

"GUARANTEE AND SECURITY AGREEMENT" shall mean a Guarantee and Security Agreement, in substantially the form of Exhibit D, executed by each Subsidiary Guarantor in favor of the Administrative Agent for the benefit of each Lender Party.

"HAZARDOUS MATERIALS" shall mean all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"HEDGING AGREEMENT" shall mean any interest rate protection agreement, foreign currency exchange agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement.

"HOLDCO" shall mean Salem Communications Holding Corporation, a Wholly Owned direct Subsidiary of the Company.

"HOLDCO CREDIT AGREEMENT" shall mean the Second Amended and Restated Credit Agreement, dated as of the Signing Date, between HoldCo, the lenders party to that agreement, The Bank of New York, as the administrative agent, Bank of America, N.A., as the syndication agent, Fleet National Bank, as the documentation agent, and Union Bank of California, N.A. and The Bank of Nova Scotia, as the co-agents.

"HOLDCO LOAN DOCUMENTS" shall mean, collectively, (a) the HoldCo Credit Agreement, (b) the other Loan Documents (as defined in the HoldCo Credit Agreement) and (c) all other documents executed and delivered pursuant to the HoldCo Credit Agreement.

"INACTIVE SUBSIDIARY" shall mean, as at any date, any Subsidiary of the Company that, as at the end of and for the then most recent quarterly accounting period, shall have less than \$50,000 in assets and less than \$50,000 in gross revenues; PROVIDED that the License Subsidiary shall not under any circumstances be deemed to be an Inactive Subsidiary.

"INDEBTEDNESS" shall mean, for any Person, without duplication, (a) all obligations of that Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of that Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of that Person upon which interest charges are customarily paid, (d) all obligations of that Person under conditional sale or other title retention agreements relating to Property acquired by that Person, (e) all obligations of that Person in respect of the deferred purchase price of Property or services (excluding current accounts payable incurred in the ordinary course of business), (f) all Indebtedness of others secured by (or for which the holder of that Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on Property owned or acquired by that Person, whether or not the Indebtedness so secured has been assumed, (g) all Guarantees by that Person of Indebtedness of others, (h) the capitalized amount of all Capital Lease Obligations of that Person, (i) all obligations, contingent or other, of that Person as an account party in respect of letters of credit and letters of guaranty and (j) all

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obligations, contingent or other, of that Person in respect of bankers' acceptances. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which that Person is a general partner) to the extent that such Person is liable for that Indebtedness as a

result of that Person's ownership interest in or other relationship with that entity, except to the extent the terms of that Indebtedness provide that such Person is not so liable.

"INDEMNIFIED TAXES" shall mean Taxes other than Excluded Taxes.

"INDENTURE" shall mean the Indenture, dated as of September 25, 1997, between HoldCo (as successor to the Company) as Issuer, the guarantors named in that instrument and The Bank of New York, as Trustee, relating to the 9.5% Senior Subordinated Notes in the principal amount of \$150,000,000 due 2007.

"INITIAL SYNDICATION PERIOD" shall mean the period commencing on the Effective Date and ending on the day on which the Administrative Agent notifies the Company in writing that the initial syndication of the credit facilities established under this Agreement has been completed.

"INTERCREDITOR AGREEMENT" shall mean the Intercreditor Agreement, dated as of the Signing Date, between the Administrative Agent and The Bank of New York, in its capacity as the administrative agent under the HoldCo Credit Agreement.

"INTEREST EXPENSE" shall mean, for any period, the sum for the Company and its consolidated Subsidiaries (determined in accordance with GAAP) of all interest expenses (adjusted to give effect to all Hedging Agreements and fees and expenses paid in connection with the same), commitment fees and letter of credit fees incurred (whether paid or capitalized) on Total Funded Debt.

"INTEREST PAYMENT DATE" shall mean (a) with respect to any Eurodollar Loan, the last day of each Interest Period for that Loan, (b) with respect to any Base Rate Loan, the last day of each March, June, September and December and (c) the Maturity Date.

"INTEREST PERIOD" shall mean, with respect to any Eurodollar Loan, the period commencing on the date the Base Rate Loans comprising the Borrowing under Section 2.01 are converted to Eurodollar Loans under Section 2.02(b) and ending on the numerically corresponding day in the succeeding first (during the Initial Syndication Period) or third (after the Initial Syndication Period) calendar month and each successive period commencing on the last day of the immediately preceding Interest Period and ending on the numerically corresponding day in the succeeding first (during the Initial Syndication Period) or third (after the Initial Syndication Period) calendar month, except that (i) each Interest Period that commences on the last Business Day of a calendar month (or on any day for which there is no numerically corresponding day in the appropriate subsequent calendar month) shall end on the last Business Day of the appropriate subsequent calendar month and (ii) each Interest Period that would otherwise end on a day that is not a Business Day shall end on the next succeeding Business Day (or, in the case of an Interest Period for a Eurodollar Loan, if that next succeeding Business Day falls in the next succeeding calendar month, on the next preceding Business Day).

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"INTEREST RESERVE" shall mean the proceeds of the Loan deposited into the Cash Collateral Account for application in accordance with Section 3.05(e).

"LENDER PARTY" shall mean, collectively, the Lenders in whatever capacity (including as the Administrative Agent, the Syndication Agent or the Documentation Agent) under any Basic Document.

"LENDERS" shall have the meaning assigned to that term in the introductory paragraphs of this Agreement.

"LIBO RATE" shall mean, with respect to any Eurodollar Borrowing for any Interest Period, the rate appearing on Page 3750 of the Telerate Service (or on any successor or substitute page of the Telerate Service providing rate quotations comparable to those currently provided, as determined by the Administrative Agent from time to time) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of that Interest Period, as the rate for dollar deposits with a maturity comparable to that Interest Period. In the event that such rate is not available at that time for any reason, then the "LIBO RATE" with respect to that Eurodollar Borrowing for that Interest Period shall be the rate at which dollar deposits of \$5,000,000 and for a maturity comparable to that Interest Period are offered by the principal London office of ING Bank N.V. in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of that Interest Period.

"LICENSE SUBSIDIARY" shall mean a Wholly Owned Subsidiary of AcquisitionCo that is formed to hold the FCC Licenses for the Station.

"LIEN" shall mean, with respect to any Property, (a) any lien, mortgage, deed of trust, pledge, charge, security interest or encumbrance of any kind in respect of that Property or any agreement to give, or notice of, any of the foregoing, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to that asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to that securities.

"LOANS" shall mean loans made under this Agreement.

"MARGIN STOCK" shall mean "margin stock" within the meaning of Regulations U and X.

"MATERIAL ADVERSE EFFECT" shall mean a material adverse effect on (a) the Property, business, operations, condition (financial or other) or prospects of the Company and its Subsidiaries, taken as a whole, (b) the ability of the Company to perform its obligations under any of the Basic Documents, (c) the rights, remedies, powers and privileges of the Lender Parties under any of the Basic Documents or (d) the timely payment of the Obligations.

"MATERIAL INDEBTEDNESS" shall mean Indebtedness (other than under the Basic Documents) or obligations in respect of one or more Hedging Agreements of any Obligor or any of Subsidiary of any Obligor in an aggregate principal amount exceeding \$5,000,000. For

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purposes of determining Material Indebtedness, the "principal amount" of the obligations of that Obligor or any Subsidiary in respect of any Hedging Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that such Obligor or such Subsidiary would be required to pay if that Hedging Agreement were terminated at that time.

"MATURITY DATE" shall mean the date falling on the day 364 days after the Effective Date. Notwithstanding the foregoing, if the Maturity Date would otherwise fall on a day that is not a Business Day, it shall fall on the preceding Business Day.

"MOODY'S" shall mean Moody's Investors Service, Inc.

"MULTIEMPLOYER PLAN" shall mean a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"NET AVAILABLE PROCEEDS" shall mean:

(a) in the case of any Disposition, the aggregate amount of all cash payments, and the fair market value of any noncash consideration, received by the Company and its Subsidiaries directly or indirectly in connection with that Disposition; PROVIDED that (i) Net Available Proceeds shall be net of (A) the amount of any legal, title and recording tax expenses, commissions and other fees and expenses paid by the Company and its Subsidiaries in connection with that Disposition and (B) any United States of America, state and local Taxes estimated to be payable by the Company and its Subsidiaries as a result of that Disposition (but only to the extent that those estimated Taxes are in fact paid to the relevant Governmental Authority when due) and (ii) Net Available Proceeds shall be net of any repayments by the Company or any of its Subsidiaries of Indebtedness to the extent that (A) that Indebtedness is secured by a Lien on the Property that is the subject of that Disposition and (B) the transferee of (or holder of a Lien on) that Property requires that such Indebtedness be repaid as a condition to the purchase of that Property;

(b) in the case of any Casualty Event, the aggregate amount of proceeds of insurance, condemnation awards and other compensation (excluding business interruption payments) received by the Company and its Subsidiaries in respect of that Casualty Event net of (i) reasonable expenses incurred by the Company and its Subsidiaries in connection with that Casualty Event and (ii) contractually required repayments of Indebtedness to the extent secured by a Lien on the Property affected by that Casualty Event and any income and transfer taxes payable by the Company or any of its Subsidiaries in respect of that Casualty Event;

(c) in the case of any Equity Issuance, the aggregate amount of all cash received by the Company and its Subsidiaries in respect of that Equity Issuance net of reasonable expenses incurred by the Company and its Subsidiaries in connection with that Equity Issuance; and

(d) in the case of any Debt Incurrence, the aggregate amount of all cash received by the Company and its Subsidiaries in respect of that Debt Incurrence net of (i) reasonable expenses incurred by the Company and its Subsidiaries in connection with that Debt Incurrence and (ii) contractually required repayments of any Indebtedness that is being refinanced with the

proceeds of that Debt Incurrence.

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"NOTES" shall mean the Notes provided for in Section 2.06.

"OBLIGATIONS" shall mean the principal of each Lender's Loan, interest, fees and any other amount payable by the Company under any Basic Document.

"OBLIGOR" shall mean, collectively, the Company and the Subsidiary Guarantors.

"OPERATING CASH FLOW" shall mean, at any time with respect to any Person for any period: (a) revenues (exclusive of reciprocal and barter revenues) of that Person, determined in accordance with GAAP for that period, LESS (b) expenses (exclusive of depreciation, amortization, interest, income tax, employee compensation payable solely in stock of the Company and reciprocal and barter expenses, in each case to the extent included in any such expenses), PLUS (c) non-recurring expense items and other non-cash expense items of that Person for that period, in each case as mutually agreed upon between the Company and the Administrative Agent, to the extent deducted in accordance with clause (b) above, LESS (d) non-recurring or non-cash revenues or operating or non-operating gains, LESS (e) the amount of any cash payments related to non-cash expense items added pursuant to clause (c) above, LESS (f) in the case of Operating Cash Flow of the Company and its Subsidiaries, Excluded Cash Flow. Operating Cash Flow shall be adjusted on a consistent basis to reflect the acquisition and Disposition of Property during that period as if any such acquisition or Disposition of Property had occurred at the beginning of that period, PROVIDED that pro-forma adjustments related to certain station operations of such stations being acquired (as mutually agreed upon by the Company and the Administrative Agent) shall be included in the calculation of Operating Cash Flow. Operating Cash Flow shall exclude all gains and losses from the Disposition of Property and all extraordinary gains and losses.

"OTHER MEDIA CASH FLOW" shall mean, at any time and for any period, Operating Cash Flow for that period allocable to CCM Communications, Inc. and OnePlace, Ltd. at that time.

"OTHER TAXES" shall mean any and all present or future stamp or documentary taxes or any other excise or Property taxes, charges or similar levies arising from any payment made under any Basic Document or from the execution, delivery or enforcement of, or otherwise with respect to, any Basic document.

"PBGC" shall mean the Pension Benefit Guaranty Corporation.

"PERMITTED ENCUMBRANCES" shall mean:

(a) Liens imposed by law for taxes that are not yet due or are being contested in compliance with Section 7.04;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 30 days or are being contested in compliance with Section 7.04;

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(c) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations;

(d) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business; and

(e) easements, zoning restrictions, rights-of-way and similar encumbrances on real Property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected Property or interfere with the ordinary conduct of business of the Company or any Subsidiary; PROVIDED that the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness.

"PERMITTED HOLDERS" shall mean, as of any date of determination, (a) any of Stuart W. Epperson, Nancy A. Epperson and Edward G. Atsinger III, (b) any parent, spouse, sibling or issue of any Person described in clause (a) above or of any such parent, spouse, sibling or issue, (c) any trust, limited partnership or similar entity formed for the benefit of one or

more of the Persons in clauses (a) and (b) above or for the benefit of another such entity or (d) in the event of the incompetence or death of any Person described in clause (a) or (b) above, that Person's representatives or beneficiaries, who at that date beneficially own or have the right to acquire, directly or indirectly, voting stock of or economic interest in the Company.

"PERMITTED INVESTMENTS" shall mean:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any of its agencies to the extent that such obligations are backed by the full faith and credit of the United States of America), in each case maturing within one year from the date of its acquisition;

(b) investments in commercial paper maturing within 270 days from the date of its acquisition and having, at that date of acquisition, the highest credit rating obtainable from S&P or from Moody's;

(c) investments in certificates of deposit, banker's acceptances and time deposits maturing within 180 days from the date of its acquisition issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States of America or any state that has a combined capital and surplus and undivided profits of not less than \$500,000,000; and

(d) fully collateralized repurchase agreements with a term of not more than 30 days for securities described in clause (a) above and entered into with a financial institution satisfying the criteria described in clause (c) above.

"PERSON" shall mean any individual, corporation, limited liability company, voluntary association, partnership, joint venture, company, trust, unincorporated organization or Governmental Authority.

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"PLAN" shall mean any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Company or any ERISA Affiliate is (or, if that plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"POST-DEFAULT RATE" shall mean, in respect of any Obligation that is not paid when due (whether at stated maturity, upon acceleration, on any optional or mandatory prepayment date or otherwise), a rate per annum during the period from and including the due date to but excluding the date on which that amount is paid in full equal to two percent (2%) PLUS (a) in the case of the principal of any Loan, the rate otherwise applicable to that Loan from time to time and (b) in each other case, the Base Rate as in effect from time to time PLUS the Applicable Margin for Base Rate Loans.

"PRIME RATE" shall mean the rate of interest from time to time announced by ING (U.S.) Capital LLC as its prime rate. That announced rate is not necessarily the lowest rate offered by ING (U.S.) Capital LLC, and any other extension of credit by ING (U.S.) Capital LLC may be at rates above, below or at that announced rate.

"PROPERTY" shall mean any right or interest in or to property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible.

"PURCHASE AGREEMENT" shall mean the Asset Purchase Agreement, dated as of March 5, 2000, between the Company and the Seller.

"REGISTER" shall have the meaning specified for that term in Section 10.04.

"RELATED PARTIES" shall mean, with respect to any specified Person, that Person's Affiliates and the respective directors, officers, employees, agents and advisors of that Person and that Person's Affiliates.

"REQUIRED LENDERS" shall mean, at any time, Lenders having Credit Exposures representing at least 51% of the sum of the total Credit Exposures at that time; PROVIDED, HOWEVER, that (i) if at any time there are only two Lenders, the term "Required Lenders" shall mean both of those Lenders and (ii) if at any time there are only three Lenders, the term "Required Lenders" shall mean at least two of those Lenders whose Credit Exposures represents at least 51% of the sum of the total Credit Exposures at that time.

"RESTRICTED PAYMENT" shall mean any dividend or other

distribution (whether in cash, securities or other Property) with respect to any shares of any class of capital stock of the Company or any of its Subsidiaries, or any payment (whether in cash, securities or other Property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such shares of capital stock of the Company or any option, warrant or other right to acquire any such shares of capital stock of the Company.

"RESTRUCTURING" shall mean a transaction or series of transactions pursuant to which (a) all or substantially all of the assets of the Company (other than the capital stock of

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HoldCo and AcquisitionCo and the proceeds of the Loans) are transferred to HoldCo, (b) the Company acquires all of the capital stock of HoldCo and AcquisitionCo, free of any Equity Rights, (c) the Company is released from any and all obligations under or in respect of the Indenture and HoldCo becomes liable for all such obligations in place of the Company and (d) AcquisitionCo acquires all of the capital stock of the License Subsidiary, free of any Equity Rights.

"RESTRUCTURING AGREEMENTS" shall mean the agreements pursuant to which the Restructuring is effected.

"SECURITY AGREEMENT" shall mean a Security Agreement, in substantially the form of Exhibit C, executed by the Company in favor of the Administrative Agent for the benefit of each Lender Party.

"SECURITY DOCUMENTS" shall mean, collectively, the Security Agreement, the Guarantee and Security Agreement, all Uniform Commercial Code financing statements and all other filings or recordings with any Governmental Authority required by each Basic Document to be filed or recorded with respect to each of the security interests in personal Property and fixtures created pursuant to those Basic Documents.

"SELLER" shall mean, collectively, Clear Channel Communications, Inc., AMFM, Inc. and their respective Subsidiaries party to the Purchase Agreement.

"SIGNING DATE" shall mean the date on which the Company and the Lenders holding the full original amount of the Commitments have executed and delivered this Agreement.

"S&P" shall mean Standard & Poor's.

"STATION LICENSE MANAGEMENT AGREEMENT" shall mean a Station License Management Agreement, in substantially the form of Exhibit F, executed by AcquisitionCo and the License Subsidiary.

"STATION" shall mean KALC-FM (Denver, Colorado).

"STATUTORY RESERVE RATE" shall mean a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board, to which a bank in the City of New York, New York, with capital and surplus in excess of \$1,000,000,000 is subject with respect to the Adjusted LIBO Rate, for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board). Those reserve percentages shall include those imposed pursuant to Regulation D. Eurodollar Loans shall be deemed to constitute eurocurrency funding and to be subject to that reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

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"SUBORDINATED INDEBTEDNESS" shall mean Indebtedness that is subordinated to the Obligations on terms, and pursuant to documentation containing other terms (including interest, amortization, covenants and events of default), in form and substance satisfactory to the Required Lenders.

"SUBSIDIARY" shall mean, for any Person at any date, any corporation, limited liability company, partnership, association or other entity (a) the accounts of which would be consolidated with those of that Person in consolidated financial statements prepared in accordance with GAAP as of that

date, (b) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of that date, owned, controlled or held by that Person, or (c) that is, as of that date, otherwise Controlled, by that Person or one or more of its Subsidiaries of that Person or by that Person and one or more of its Subsidiaries. "WHOLLY OWNED SUBSIDIARY" shall mean any such corporation, partnership or other entity of which all of the equity securities or other ownership interests (other than, in the case of a corporation, directors' qualifying shares) are so owned or controlled.

"SUBSIDIARY GUARANTOR" shall mean AcquisitionCo, the Licensee Subsidiary and each other Subsidiary of AcquisitionCo that shall execute security documents pursuant to Section 7.19.

"SYNDICATION AGENT" shall have the meaning assigned to that term in the introductory paragraph to this Agreement.

"TAXES" shall mean any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"TOTAL FUNDED DEBT" shall mean, at any time, the aggregate Indebtedness of the Company and its Subsidiaries on a consolidated basis at that time.

"TOTAL LEVERAGE RATIO" shall mean, at any time, the ratio of (a) the sum of Total Funded Debt as of the end of the fiscal quarter ended on or immediately prior to that time MINUS cash and cash equivalents as of that fiscal quarter end to (b) Adjusted Operating Cash Flow for the four consecutive fiscal quarters ended on or immediately prior to that time.

"TRANSACTIONS" shall mean, as to any Obligor, the execution, delivery and performance by that Obligor of the Basic Documents to which it is a party, the Restructuring and, in the case of the Company, the Bridge Acquisition, the borrowing of the Loans and the use of the proceeds of the Loans.

"TYPE" shall mean, when used in reference to any Loan or Borrowing, that such Loan, or the Loans comprising the Borrowing, are Base Rate Loans or Eurodollar Loans.

"WARRANT AGREEMENT" shall mean the Warrant and Registration Rights Agreement, in substantially the form of Exhibit E, to be executed by the Company and the Lenders.

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"WARRANTS" shall mean warrants for 716,096 shares of Company Stock to be issued in accordance with the Warrant Agreement.

"WITHDRAWAL LIABILITY" shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal from that Multiemployer Plan, as those terms are defined in Part I of Subtitle E of Title IV of ERISA.

Section 1.02. ACCOUNTING TERMS; GAAP. Except as otherwise expressly provided in this Agreement, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; PROVIDED that, if the Company notifies the Administrative Agent that the Company requests an amendment to any provision of any Basic Document to eliminate the effect of any change occurring after the Signing Date in GAAP or in the application of GAAP on the operation of that provision (or if the Administrative Agent notifies the Company that the Required Lenders request an amendment to any provision of any Basic Document for that purpose), regardless of whether any such notice is given before or after that change in GAAP or in the application of GAAP, then that provision shall be interpreted on the basis of GAAP as in effect and applied immediately before that change became effective until that notice has been withdrawn or that provision has been amended.

Section 1.03. INTERPRETATION. In this Agreement, unless otherwise indicated, the singular includes the plural and plural the singular; words importing any gender include the other gender; references to statutes or regulations are to be construed as including all statutory or regulatory provisions consolidating, amending or replacing the statute or regulation referred to; references to "writing" include printing, typing, lithography and other means of reproducing words in a tangible visible form; the words "including," "includes" and "include" shall be deemed to be followed by the words "without limitation"; references to articles, sections (or subdivisions of sections), exhibits, annexes or schedules are to this Agreement; references to agreements and other contractual instruments shall be deemed to include all subsequent amendments, extensions and other modifications to those instruments (without, however, limiting any prohibition on any such amendments, extensions

and other modifications by the terms of any Basic Document); and references to Persons include their respective permitted successors and assigns and, in the case of Governmental Authorities, Persons succeeding to their respective functions and capacities.

Section 1.04. DESIGNATION OF LOANS AND BORROWINGS. A Loan may be designated as a Base Rate Loan or a Eurodollar Loan if it bears interest based on the Base Rate or the Adjusted LIBO Rate, respectively. A Borrowing may be designated on the basis of the Loans comprising that Borrowing.

ARTICLE II

THE CREDITS

Section 2.01. LOANS. Each Lender severally agrees, on the terms and conditions of this Agreement, to make a single Loan to the Company in Dollars, for purposes specified in Section 7.08, in an aggregate principal amount that will not result in that Lender's Credit Exposure exceeding that Lender's Applicable Percentage of \$58,000,000. Amounts not

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borrowed on the date those Loans are made may not afterwards be borrowed. Any Loan repaid or prepaid may not be reborrowed.

Section 2.02. BORROWING.

(a) The Borrowing under Section 2.01 shall consist of Loans made by the Lenders ratably in accordance with their respective Commitments. The failure of any Lender to make the Loan required to be made by it shall not relieve any other Lender of its obligations under this Agreement; PROVIDED that the Commitments of the Lenders are several, and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) The Borrowing under Section 2.01 shall initially be made as Base Rate Loans, which Loans shall automatically, but subject to Sections 2.05, 4.01 and 4.05, be converted to consist entirely of Eurodollar Loans on the earlier of notice from the Administrative Agent and the third Business Day after the date of that Borrowing. Each Lender at its option may make any Loan by causing any of its domestic or foreign branches or Affiliates of that Lender to make that Loan; PROVIDED that any exercise of that option shall not affect the obligation of the Company to repay that Loan in accordance with the terms of this Agreement.

(c) The Borrowing under Section 2.01 shall be in an amount sufficient to fund the Interest Reserve in the amount of \$7,112,425 in the Cash Collateral Account and for the Bridge Acquisition and related transactional expenses.

Section 2.03. REQUEST FOR BORROWING. To request the Borrowing under Section 2.01, the Company will notify the Administrative Agent of that request by telephone not later than 11:00 a.m., New York City time, two Business Days before the date of the proposed Borrowing. The telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Borrowing Request in a form approved by the Administrative Agent and signed by the Company. The telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

(i) the aggregate amount of the requested Borrowing;

(ii) the date of the Borrowing, which shall be a Business Day;

and

(iii) in the case of the portion of the Borrowing requested for the Bridge Acquisition, the location and number of the Company's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.04.

Promptly following receipt of the Borrowing Request in accordance with this Section 2.03, the Administrative Agent will advise each Lender of the details of, and of the amount of that Lender's Loan to be made as part of, the requested Borrowing.

Section 2.04. FUNDING OF BORROWING.

(a) Each Lender will make the Loan to be made by it on the proposed date for that Loan by wire transfer of immediately available funds by 12:00 noon, New York City time, to the

account of the Administrative Agent designated by it for that purpose by notice to the Lenders. In the case of the portion of the Borrowing requested for the Bridge Acquisition, the Administrative Agent will make those Loans available to the Company by promptly crediting the amounts so received, in like funds, as specified by the Company in the Borrowing Request. In the case of the portion of the Borrowing requested for the funding of the Interest Reserve in the Cash Collateral Account, the Administrative Agent will use those Loans to fund the Interest Reserve in the Cash Collateral Account.

(b) Unless the Administrative Agent has received notice from a Lender prior to the proposed date of the Borrowing that such Lender will not make available to the Administrative Agent that Lender's share of that Borrowing, the Administrative Agent may assume that such Lender has made its share available on that date in accordance with Section 2.04(a) and may, in reliance upon that assumption, make available to the Company a corresponding amount. In that event, if a Lender has not in fact made its share of the Borrowing available to the Administrative Agent, then the applicable Lender and the Company severally agree to pay to the Administrative Agent forthwith on demand that corresponding amount with interest on that amount for each day from and including the date that amount is made available to the Company to but excluding the date of payment to the Administrative Agent at (i) in the case of that Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of the Company, the interest rate applicable to Base Rate Loans. If the non-funding Lender pays that amount to the Administrative Agent, then that amount shall constitute that Lender's Loan included in that Borrowing.

Section 2.05. INTEREST RATE CONTINUATION.

(a) Subject to Section 2.05(b), 2.05(c), 4.01 and 4.05, each Loan converted under Section 2.02(b) as a Eurodollar Loan will automatically be continued as a Eurodollar Loan for each succeeding Interest Period.

(b) Notwithstanding Section 2.05(a), no Eurodollar Loan may be continued as a Eurodollar Loan if the Interest Period for that Loan would extend beyond the Maturity Date and, in that case, that Loan will be converted to a Base Rate Loan as of the end of the then applicable Interest Period.

(c) Notwithstanding any contrary provision of this Agreement, if a Default has occurred and is continuing, then, so long as a Default (unless the Administrative Agent, with the consent of the Required Lenders, otherwise notifies the Company) is continuing (i) no outstanding Borrowing may be continued as a Eurodollar Borrowing and (ii) unless repaid, each Eurodollar Borrowing shall be converted to a Base Rate Borrowing at the end of the then applicable Interest Period.

Section 2.06. NOTES.

(a) LOANS. The Loan made by each Lender shall be evidenced by a single Note of the Company in substantially the form of Exhibit A, dated the Effective Date, payable to that Lender in a principal amount equal to the amount of its Commitment as originally in effect and

otherwise duly completed. The date, amount, interest rate and duration of Interest Period of the Loan made by each Lender to the Company under Section 2.01, and each payment made on account of the principal of each such Loan, shall be recorded by that Lender on its books and, prior to any transfer of the Note evidencing the Loans held by it, endorsed by that Lender on the schedule attached to that Note or any continuation of that Note; PROVIDED that the failure of that Lender to make any such recordation or endorsement shall not affect the obligations of the Company to make a payment when due of any amount owing under this Agreement or under that Note in respect of the Loan to be evidenced by that Note.

(b) EXCHANGE OF NOTES. No Lender shall be entitled to have its Note subdivided, by exchange for promissory notes of lesser denominations or otherwise, except in connection with a permitted assignment of all or any portion of that Lender's relevant Commitment, Loan and Note pursuant to Section 10.06(b).

(c) NO SEPARATE ENFORCEMENT. No Lender shall be entitled to file any proceeding to enforce its rights arising out of this Agreement and the Notes or exercise any right of set off or any banker's lien without the prior consent of the Administrative Agent, and it shall not be necessary for any other Lender Party to consent to, or be joined as an additional party in, any

proceedings for those purposes.

ARTICLE III

PAYMENTS

Section 3.01. REPAYMENT OF LOANS. The Company hereby unconditionally promises to pay to the Administrative Agent for the account of each Lender the then unpaid principal amount of that Lender's Loan on the Maturity Date.

Section 3.02. OPTIONAL PREPAYMENT OF LOANS.

(a) The Company may at any time and from time to time to prepay the Borrowing in whole or in part, subject to prior notice in accordance with Section 3.02(b).

(b) To make a prepayment under Section 3.02(a), the Company must notify the Administrative Agent by telephone (confirmed by telecopy) of any prepayment under this Section 3.02 not later than 11:00 a.m., New York City time, three Business Days before the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount to be prepaid. Promptly following receipt of any such notice, the Administrative Agent will advise the Lenders of its contents. Each partial prepayment of the Borrowing shall be in an amount that would be permitted in the case of an advance of the Borrowing as provided in Section 2.02. Each prepayment of the Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 3.05.

Section 3.03. MANDATORY PREPAYMENTS.

(a) DISPOSITIONS. Without derogating from any restriction on any such Disposition under the terms of the Basic Documents, no later than five Business Days prior to

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the occurrence of any such Disposition by the Company or any Subsidiary Guarantor, the Company will deliver to the Lenders a statement, certified by a Financial Officer of the Company, in form and detail satisfactory to the Administrative Agent, of the amount of the Net Available Proceeds of that Disposition and, to the extent that such Net Available Proceeds (when taken together with the Net Available Proceeds of all prior Dispositions as to which a payment has not yet been made under this Section 3.03(a)) exceed \$25,000, the Company will pay to the Administrative Agent an aggregate amount equal to 100% of the Net Available Proceeds of that Disposition (together with 100% of the Net Available Proceeds of all prior Dispositions as to which a payment has not yet been made under this Section 3.03(a)), concurrently with the receipt of any such Net Available Proceeds, that payment to be applied in each case to prepay the Loans.

(b) EQUITY ISSUANCE. Without derogating from any effect of a Change of Control under the Basic Documents, upon any Equity Issuance, the Company will pay to the Administrative Agent an aggregate amount equal to 100% of the Net Available Proceeds of that Equity Issuance, less that portion of any such Net Available Proceeds as is required to be contributed by the Company to HoldCo pursuant to the HoldCo Loan Documents as in effect on the Effective Date and to be applied by HoldCo to the prepayment of the loans under the HoldCo Credit Agreement or to the reduction of the commitments under the HoldCo Credit Agreement, concurrently with the receipt of any such Net Available Proceeds, that payment to be applied in each case to prepay the Loans.

(c) DEBT INCURRENCE. Without derogating from any restriction on the incurrence of any such Indebtedness under the terms of the Basic Documents, upon any Debt Incurrence by AcquisitionCo or any of its Subsidiaries, the Company will pay to the Administrative Agent an aggregate amount equal to 100% of the Net Available Proceeds of that Debt Incurrence, concurrently with the receipt of any such Net Available Proceeds, that payment to be applied in each case to prepay the Loans.

(d) CASUALTY EVENT. Upon the date 30 days following the receipt by the Company or by AcquisitionCo or any of its Subsidiaries of the proceeds of insurance, condemnation award or other compensation (excluding business interruption insurance) in respect of any Casualty Event affecting any Property of the Company or of AcquisitionCo or any of its Subsidiaries (or upon such earlier date as the Company or that Subsidiary determines not to repair or replace the affected Property), the Company will pay to the Administrative Agent an aggregate amount, if any, equal to 100% of the Net Available Proceeds of that Casualty Event not previously applied (or set aside for) to the repair or replacement of that Property, concurrently with the receipt of any such Net Available Proceeds, that payment to be applied in each case to prepay the Loans.

Nothing in this Section 3.03(d) shall be deemed to limit any obligation of the Company or any Subsidiary Guarantor pursuant to any of the Security Documents to remit to a collateral or similar account maintained by the Administrative Agent pursuant to any of the Security Documents the proceeds of insurance, condemnation award or other compensation received in respect of any Casualty Event.

(e) ABSENCE OF NEGOTIATIONS. Upon demand of the Administrative Agent, the Company shall, within ten Business Days of that demand, prepay the aggregate principal amount of the Loans, together with accrued interest and all other Obligations if, by ten months after the Signing Date, the Company is not engaged in good faith and ongoing negotiations with an

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identified Person (or the representative of an identified group of Persons) of definitive documents providing for either the Disposition of assets resulting in Net Available Proceeds in excess of \$47,000,000 or the refinancing in full of the Obligations on or before the Maturity Date.

(f) Prepayments under this Section 3.03 shall be accompanied by accrued interest to the extent required by Section 3.05.

Section 3.04. FEES.

(a) The Company will pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Company and the Administrative Agent.

(b) The Company will pay to each Lender, for its own account, fees payable in the amounts and at the times separately agreed upon between the Company and each such Lender.

(c) All fees payable under this Agreement shall be paid on the dates due, in immediately available funds, to the Administrative Agent for distribution as provided in this Section 3.04. All facility, participation fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). Fees shall not be refundable under any circumstances.

Section 3.05. INTEREST.

(a) The Loans shall bear interest at the Adjusted LIBO Rate for each Interest Period in effect for the Loans plus the Applicable Margin. In the event the Loans are made as or converted into Base Rate Loans pursuant to the terms of this Agreement, the Loans shall bear interest at the Base Rate plus the Applicable Margin.

(b) Notwithstanding the foregoing, if any Obligation is not paid when due (whether at stated maturity, upon acceleration, on any optional or mandatory prepayment date or otherwise) that overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to the Post-Default Rate. In addition, if any Default is continuing, each Loan shall bear interest at the Post-Default Rate.

(c) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date; PROVIDED that (i) interest accrued pursuant to Section 3.05(b) shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of that repayment or prepayment and (iii) in the event of any conversion of any Loan prior to the end of its then current Interest Period, accrued interest on that Loan shall be payable on the effective date of that conversion.

(d) All interest under the Basic Documents computed by reference to the Base Rate when the Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and all other interest under the Basic Documents shall be computed on the basis of a year of 360 days, and in each case shall be payable for the actual

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number of days elapsed (including the first day but excluding the last day). The applicable Base Rate or Adjusted LIBO Rate shall be determined by the Administrative Agent, and that determination shall be conclusive absent manifest error.

(e) The Company shall be entitled to direct the Administrative Agent, upon three Business Days' prior written notice, to make a withdrawal on

any Interest Payment Date from the Cash Collateral Account to pay each Lender all or any part of the interest (as so specified) due the Lenders on that Interest Payment Date (up to the then amount of the Interest Reserve on deposit in the Cash Collateral Account); PROVIDED that (i) any withdrawal for less than all of the interest then due to all the Lenders shall be paid to the Lenders pro rata and (ii) if a Default is continuing, (A) the Company may not without the consent of the Administrative Agent direct any such withdrawal and (B) whether or not requested by the Company, the Administrative Agent may make any such withdrawal (without limiting its other rights, remedies, powers and privileges in respect of the Cash Collateral Account under the Security Documents) and pay the amount so withdrawn to the Lenders pro rata. If the Company has prepaid the Loans in accordance with Section 3.02 or 3.03, the Administrative Agent shall reduce the Interest Reserve to an amount that the Administrative Agent determines in good faith is an appropriate amount to be thereafter available for the payment of interest on the Loans outstanding.

Section 3.06. PAYMENTS GENERALLY; PRO RATA TREATMENT; SHARING OF SET-OFFS.

(a) The Company will make each payment required to be made by it under this Agreement prior to 12:00 noon, New York City time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after that time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest on that amount. All such payments shall be made to the Administrative Agent at the offices of The Chase Manhattan Bank specified in Annex 1, except payments to be made directly to any specified Lender Party as expressly provided in this Agreement and except that payments pursuant to Sections 4.01, 4.02, 4.03 and 10.02 shall be made directly to the Persons entitled to them. The Administrative Agent will distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt of that payment. If any payment is due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest on that payment shall be payable for the period of that extension. All payments shall be made in Dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts then due, those funds shall be applied (i) first, towards payment of interest and fees then due, ratably among the parties entitled to those funds in accordance with the amounts of interest and fees then due to those parties and (ii) second, towards payment of principal then due, ratably among the parties entitled to those funds in accordance with the amounts of principal then due to those parties.

(c) If any Lender, by the exercise of any set-off or counterclaim right or otherwise, obtains payment in respect of any Obligation that results in that Lender's receiving payment of a greater proportion of the aggregate amount of the Obligations owing to it, then the

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Lender receiving that greater proportion shall purchase (for cash at face value) participations in the Obligations owing to the other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of the Obligations; PROVIDED that (i) if any such participations are purchased and all or any portion of the payment giving rise to that purchase is recovered, those participations shall be rescinded and the purchase price restored to the extent of that recovery, without interest, and (ii) the provisions of this Section 3.06(c) shall not be construed to apply to any payment made by the Company pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of the Obligations owing to it, other than to the Company or any Affiliates (as to which the provisions of this Section 3.06(c) shall apply). The Company consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Company rights of set-off and counterclaim with respect to that participation as fully as if that Lender were a direct creditor of the Company in the amount of that participation.

(d) Unless the Administrative Agent has received notice from the Company prior to the date on which any payment is due to the Administrative Agent for the account of any Lender Party that the Company will not make that payment, the Administrative Agent may assume that the Company has made that payment on that date and may, in reliance upon that assumption, distribute to that Lender Party the amount due. In that event, if the Company has not in fact made that payment, then each such Lender Party severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to that Lender Party with interest on that amount, for each day from and including the date that amount is distributed to it to but excluding the date of payment to

the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender fails to make any payment required to be made by it pursuant to Section 2.04(b) or 3.06(d), then the Administrative Agent may, in its discretion, apply any amounts thereafter received by the Administrative Agent for the account of that Lender to satisfy that Lender's obligations under those Sections until all such unsatisfied obligations are fully paid.

ARTICLE IV

YIELD PROTECTION, ETC

Section 4.01. ALTERNATE RATE OF INTEREST. If prior to the commencement of any Interest Period for a Eurodollar Borrowing:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate for that Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders that the Adjusted LIBO Rate for that Interest Period will not adequately and fairly reflect the cost to

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those Lenders of making or maintaining their Loans included in that Borrowing for that Interest Period;

then the Administrative Agent will give notice of those circumstances to the Company and the Lenders by telephone or telecopy as promptly as practicable and, until the Administrative Agent notifies the Company and the Lenders that the circumstances giving rise to that notice no longer exist, (i) the Borrowing requested to be made as a Eurodollar Borrowing shall be made instead as a Base Rate Borrowing and (ii) Eurodollar Loans may not be continued as a Eurodollar Loan and shall at the end of the applicable Interest Period be converted to a Base Rate Loan; upon any such notice from the Administrative Agent, each Base Rate Loan shall be converted to a Eurodollar Loan as of, and with an Interest Period commencing, three Business Days after the date of that notice.

Section 4.02. INCREASED COSTS.

(a) If any Change in Law:

(i) imposes, modifies or deems applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender Party (except any such reserve requirement reflected in the Adjusted LIBO Rate); or

(ii) imposes on any Lender Party or the London interbank market any other condition affecting this Agreement or Eurodollar Loans made by that Lender Party;

and the result of any of the foregoing is to increase the cost to that Lender Party of making or maintaining any Eurodollar Loan (or of maintaining its obligation to make any such Loan) or to reduce the amount of any sum received or receivable by that Lender Party under any Basic Document, then the Company will pay to that Lender Party such additional amount or amounts as will compensate that Lender Party for the additional costs incurred or reduction suffered.

(b) If any Lender Party determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on that Lender Party's capital or on the capital of its holding company, if any, as a consequence of this Agreement or the Loan made by that Lender Party to a level below that which that Lender Party or its holding company could have achieved but for that Change in Law (taking into consideration that Lender Party's policies and the policies of its holding company with respect to capital adequacy), then from time to time the Company will pay to that Lender Party such additional amount or amounts as will compensate that Lender Party or its holding company for any such reduction suffered.

(c) To claim any amount under this Section 4.02, a Lender Party must deliver to the Company a certificate setting forth the amount or amounts necessary to compensate that Lender Party or its holding company, as the case may be, under Section 4.02(a) or (b), which certificate shall be conclusive absent manifest error. The Company will pay that Lender Party, as the case may be, the amount shown as due on any such certificate within ten days after its receipt.

(d) Failure or delay on the part of any Lender Party to demand compensation pursuant to this Section 4.02 shall not constitute a waiver of that Lender Party's right to demand that compensation; PROVIDED that the Company shall not be required to compensate a Lender Party pursuant to this Section 4.02 for any increased costs or reductions incurred more than 270 days prior to the date on which that Lender Party notifies the Company of the Change in Law giving rise to those increased costs or reductions and of that Lender Party's intention to claim compensation for those circumstances; PROVIDED FURTHER that, if the Change in Law giving rise to those increased costs or reductions is retroactive, then the 270-day period referred to above shall be extended to include that period of retroactive effect.

Section 4.03. BREAK FUNDING PAYMENTS. In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of the Interest Period for that Loan (including under Section 3.03 or as a result of an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of its Interest Period, (c) the failure to borrow or prepay any Loan on the date specified in any Borrowing Request or notice of prepayment (whether or not that notice may be and in fact is revoked under Section 3.02(b)) or (d) the assignment of any Eurodollar Loan other than on the last day of its Interest Period as a result of a request by the Company pursuant to Section 4.05, then, in any such event, the Company will compensate each Lender for the loss, cost and expense attributable to that event. That loss, cost or expense to any Lender shall be deemed to include an amount determined by that Lender to be the excess, if any, of (i) the amount of interest that would have accrued on the principal amount of that Loan had that event not occurred, at the Adjusted LIBO Rate that would have been applicable to that Loan, for the period from the date of that event to the last day of the then current Interest Period for that Loan (or, in the case of a failure to borrow, for the period that would have been the Interest Period for that Loan) over (ii) the amount of interest that would accrue on that principal amount for that period at the interest rate that such Lender would bid were it to bid, at the commencement of that period, for Dollar deposits of a comparable amount and period from other banks in the eurodollar market. To claim any amount under this Section 4.03, the Lender must deliver to the Company a certificate setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section 4.03, which certificate shall be conclusive absent manifest error. The Company will pay that Lender the amount shown as due on any such certificate within ten days after its receipt.

Section 4.04. TAXES.

(a) Any and all payments by or on account of any Obligation shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; PROVIDED that if the Company is required to deduct any Indemnified Taxes or Other Taxes from those payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 4.04) each Lender Party receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Company will make those deductions and (iii) the Company will pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Company will pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Company will indemnify each Lender Party, within ten days after written demand, for the full amount of any Indemnified Taxes or Other Taxes paid by that Lender Party on or with respect to any payment by or on account of any Obligation (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section 4.04) and any penalties, interest and reasonable expenses arising from, or with respect to, those Indemnified Taxes or Other Taxes, whether or not those Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. To claim any amount under this Section 4.04(c), a Lender Party must deliver to the Company a certificate as to the amount of that payment or liability, which certificate shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Company to a Governmental Authority, the Company will deliver to the Administrative Agent the original or a certified copy of a receipt issued by that Governmental Authority evidencing that payment, a copy of the return reporting that payment or other evidence of that payment reasonably satisfactory to the Administrative Agent.

(e) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law or treaty of the jurisdiction in which the Company is located, with respect to payments of any Obligations will deliver to the Company (with a copy to the Administrative Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law or reasonably requested by the Company as will permit those payments to be made without withholding or at a reduced rate.

Section 4.05. ILLEGALITY. In the event that it becomes unlawful or, by reason of a Change in Law, impossible for any Lender to honor its obligation to make or maintain Eurodollar Loans, then that Lender will promptly notify the Company of that event (with a copy to the Administrative Agent) and that Lender's obligation to make or to continue, or to convert Base Rate Loans into, Eurodollar Loans shall be suspended until such time as that Lender may again make and maintain Eurodollar Loans. During that period of suspension, the Loans that would otherwise be made or continued as Eurodollar Loans shall be made or continued instead as Base Rate Loans.

ARTICLE V

CONDITIONS PRECEDENT

Section 5.01. EFFECTIVE DATE. The obligation of any Lender Party to make the extension of credit under this Agreement shall not become effective unless the Effective Date occurs on or before August 31, 2000 and until the satisfaction (or the waiver in accordance with Section 10.04) of each of the following conditions:

(a) DOCUMENTS. The Administrative Agent has received each of the following documents, each of which shall be satisfactory to the Administrative Agent (and to the extent specified below, to each other Lender Party) in form and substance:

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(i) CORPORATE DOCUMENTS. Such documents and certificates as the Administrative Agent may reasonably request relating to the organization, existence and good standing of each Obligor, the authorization of the Transactions and any other legal matters relating to each Obligor, the Basic Documents, the Restructuring Agreements or the Transactions.

(ii) OFFICER'S CERTIFICATE. A certificate of a senior officer of the Company, dated the Effective Date, to the effect set forth in Sections 5.01(b) (i), (c), (d), (e) and (h).

(iii) FINANCIAL OFFICER'S CERTIFICATE. A certificate of one of the Financial Officers of the Company, dated the Effective Date, to the effect set forth in Section 5.01(f), which certificate shall set forth the basis of the calculation under Section 5.01(f).

(iv) OPINION OF COUNSEL TO THE OBLIGORS. An opinion of each of Jonathan Block, general counsel to the Company, and Gibson, Dunn & Crutcher LLP, counsel to the Obligors, dated the Effective Date, (as between the two) in substantially the form of Exhibit G-1 and an opinion of Fletcher, Heald & Hildreth, P.L.C., special communications counsel to the Obligors, in substantially the form of Exhibit G-2 and, in each case, covering such other matters as any Lender Party may reasonably request (and each Obligor hereby instructs each such counsel to deliver its respective opinion to the Lender Parties).

(v) NOTES. The Notes, duly completed and executed.

(vi) SECURITY DOCUMENTS. The Security Agreement and the Guarantee and Security Agreement, duly executed and delivered by the Company and each other specified Obligor and the Administrative Agent and the certificates identified under the name of each such Obligor in each such Security Document accompanied by undated stock powers executed in blank, together with evidence that each such Obligor has taken such other action (including delivering to counsel for the Lenders, for filing, appropriately completed and duly executed copies of Uniform Commercial Code financing statements and the filing of the Security Documents with the FCC pursuant to Section 73.3613 of the FCC's rules) as any such Security Document specifies or as the Administrative Agent requests in order to create, perfect and establish the priority (subject only to Liens permitted by Section 7.10) of the Liens granted by such Security Document.

(vii) RESTRUCTURING AGREEMENTS. Each Restructuring Agreement, duly executed and delivered by its respective parties.

(viii) WARRANT AGREEMENT. The Warrant Agreement, duly executed by the Company.

(ix) TAX SHARING AGREEMENT. A tax sharing agreement between the Company and each of its Subsidiaries.

(x) PURCHASE AGREEMENT. The Purchase Agreement, duly executed by the Company and the Seller.

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(xi) STATION LICENSE MANAGEMENT AGREEMENT. A copy of the Station License Management Agreement, duly executed by the License Subsidiary and AcquisitionCo (it being understood that the Station License Management Agreement will not, by its terms, be operative until the approval of the FCC referred to in Section 7.11(b)).

(xii) GOVERNMENTAL APPROVALS. A copy of all Governmental Approvals (including any of the FCC) (A) required in connection with the execution and delivery of the Basic Documents and the Restructuring and (B) referred to in Section 5.01(c) (ii), in each case certified as true and complete by a senior officer of the Company.

(xiii) INSURANCE. (A) Certificates of insurance evidencing the existence of all insurance required to be maintained by the Company and its Subsidiaries pursuant to the Basic Documents and the designation of the Administrative Agent as the loss payee under those policies to the extent required by the Basic Documents in respect of all insurance covering tangible Property, those certificates to be in such form and contain such information as is specified in the Basic Documents and (B) a certificate a Financial Officer of the Company setting forth the insurance obtained by the Company and its Subsidiaries in accordance with the requirements of the Basic Documents and stating that such insurance is in full force and effect and that all premiums then due and payable with respect to that insurance have been paid.

(xiv) INTERCREDITOR AGREEMENT. The Intercreditor Agreement, duly executed by the administrative agent under the HoldCo Credit Agreement.

(xv) OTHER DOCUMENTS. Such other documents as any Lender Party may reasonably request.

(b) RESTRUCTURING. (i) The Restructuring has been completed in accordance with (and not in waiver of) the terms of the Restructuring Agreements and the Company has received all Governmental Approvals required in connection with the Restructuring and (ii) the Restructuring has been completed in a manner formally and substantially satisfactory to the Lender Parties.

(c) BRIDGE ACQUISITION.

(i) The acquisition of the Station to be funded with the proceeds of the Borrowing has been accomplished in accordance with (and not in waiver of) the terms of the Purchase Agreement.

(ii) The FCC Licenses for the Station have been validly issued to, or validly transferred to, AcquisitionCo, free and clear of all Liens, the Company has received all other Governmental Approvals (including those of the FCC) required in connection with the acquisition of the Station and to give the Company and its Subsidiaries the power and authority to operate the Station, those FCC Licenses and other Governmental Approvals are in full force and effect and no longer subject to further review by any Governmental Authority (except that the Governmental Approval of the assignment of the FCC Licenses for the Station to AcquisitionCo is subject to further review upon the filing of a petition for reconsideration within 30 days after public notice of the grant of that Governmental Approval or by the FCC en banc within 40 days after the grant of that Governmental Approval) and all conditions and obligations

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required to be satisfied in connection with, or pursuant to the terms of, each such FCC License or other Governmental Approval have been satisfied in accordance with the terms of each such FCC License or other Governmental Approval.

(iii) The assets of the Station have been transferred to AcquisitionCo, free of and clear of all Liens (other than Liens permitted under Section 7.10).

(iv) The amount paid for radio station KALC-FM does not exceed \$47,000,000 and the amount to be borrowed for the payment of transaction expenses in connection with that acquisition, together with all amounts previously borrowed for transaction expenses of the Bridge Acquisition, does not exceed \$2,335,235.

(d) NO DEFAULT. No Default has occurred and is continuing.

(e) REPRESENTATIONS AND WARRANTIES. The representations and warranties made by the Company in Article VI are true and complete on and as of the Effective Date with the same force and effect as if made on and as of that date (or, if applicable, as of any specific date as of which that representation or warranty is expressly stated to have been made).

(f) FINANCIAL CONDITION. Adjusted Operating Cash Flow for the period of four consecutive fiscal quarters ending on or most recently ended prior to the Effective Date is not less than \$41,000,000, and the Total Leverage Ratio, as of the Effective Date, does not exceed 9.0 to 1.0.

(g) WARRANTS. The Warrants have been issued to the Lenders, pro rata in accordance with their respective Commitments, and delivered to the Administrative Agent.

(h) HOLDCO LOAN DOCUMENTS. Each HoldCo Loan Document has been duly executed and delivered by all the parties to each such document and all of the conditions to the initial release of funds under the HoldCo Credit Agreement have been satisfied or waived in accordance with the provisions of that agreement.

(i) FEES. The Company has paid or delivered such fees and other consideration as the Company has agreed to pay or deliver to any Lender Party or an Affiliate of that Lender Party in connection with this Agreement, including the fees and expenses of Milbank, Tweed, Hadley & McCloy LLP, counsel to the Administrative Agent, in connection with the negotiation, preparation, execution and delivery of the Basic Documents (to the extent that statements for those fees and expenses have been delivered to the Company).

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

The Company represents and warrants to each Lender Party that:

Section 6.01. ORGANIZATION; POWERS. Each of the Company and its Subsidiaries is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority and all Governmental Approvals (including

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all FCC Licenses) to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where that qualification is required.

Section 6.02. AUTHORIZATION; ENFORCEABILITY. The Transactions are within the Company's corporate powers and have been duly authorized by all necessary corporate (including, if required, stockholder) action. This Agreement has been, and the other Basic Documents, the Restructuring Agreements and the Purchase Agreement will be, duly executed and delivered by the Company, and each Basic Document and the Restructuring Agreements to which the Company is a party constitutes, or when so delivered will constitute, a legal, valid and binding obligation of the Company, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law. The Warrants will have been duly issued as of the Effective Date, the Company has reserved for issuance a sufficient number of shares of Company Stock for issuance upon exercise of the Warrants, and those shares, when issued, will be duly issued, validly authorized and non-assessable shares of Company Stock.

Section 6.03. GOVERNMENTAL APPROVALS; NO CONFLICTS. The Transactions (a) do not require any Governmental Approval of any Governmental Authority, except as (i) will have been obtained or made and will be in full force and effect as of the Effective Date or (ii) in the case of the Bridge Acquisition, is set forth in Schedule 6.03, (b) do not require any consent or approval of any Person except as (i) will have been obtained and will be in full force and effect as of the Effective Date or (ii) in the case of the Bridge Acquisition, is set forth in Schedule 6.03, (c) will not violate any applicable Governmental Rule or the charter, by-laws or other organizational documents of the Company or any of its Subsidiaries, (d) will not violate or result in a default under any indenture, agreement or other instrument binding upon the Company or any of its Subsidiaries or its or any of its Subsidiaries' Property or give rise to a right under any such indenture, agreement or other instrument to require any payment to be made by the Company or any of its Subsidiaries and (e) will not result in the creation or imposition of any Lien (other than a Permitted Encumbrance) on

any Property of the Company or any of its Subsidiaries. None of the Obligors is subject to, or has any obligations under, the Indenture.

Section 6.04. FINANCIAL CONDITION; NO MATERIAL ADVERSE CHANGE.

(a) The Company has furnished to each Lender Party its consolidated balance sheet and statements of income, stockholders equity and cash flows (i) as of and for the fiscal year ended December 31, 1999, as reported on by Ernst & Young LLP, independent public accountants, and (ii) as of and for the fiscal quarter and the portion of the fiscal year ended June 30, 2000, certified by one of its Financial Officers. Those financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of the Company and its consolidated Subsidiaries as of those dates and for those periods in accordance with GAAP consistently applied, subject to year-end audit adjustments and the absence of footnotes in the case of the statements referred to in clause (ii) above.

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(b) Since December 31, 1999, there has been no material adverse change in the business, Properties, operations, prospects or condition, financial or otherwise, of the Company and its Subsidiaries, taken as a whole, or of the Seller or the Station.

Section 6.05. PROPERTIES.

(a) Each of the Company and its Subsidiaries has (or, in the case of the assets to be acquired in the Bridge Acquisition will, upon the acquisition of those assets, have) good title to, or valid leasehold interests in, all its Property, except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize its Properties for their intended purposes.

(b) Each of the Company and its Subsidiaries owns or is licensed to use (or, in the case of the trademarks, trade names, copyrights, patents and other intellectual Property related to the assets to be acquired in the Bridge Acquisition and the acquisitions by HoldCo under the Purchase Agreement will, upon the acquisition of those assets, own or be licensed to use) all trademarks, trade names, copyrights, patents and other intellectual Property material to its business, and the use of any such Property by the Company and its Subsidiaries does not and will not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(c) Each of the Company and its Subsidiaries owns all of the capital stock or other ownership interests of each of its respective Subsidiaries free of any outstanding Equity Rights.

Section 6.06. LITIGATION AND ENVIRONMENTAL MATTERS.

(a) There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of the Company, threatened against or affecting the Company or any of its Subsidiaries (i) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect (other than the Disclosed Matters) or (ii) that involve any of the Basic Documents, the Restructuring Agreements or the Transactions.

(b) Except for the Disclosed Matters and except with respect to any other matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, neither the Company nor any of its Subsidiaries (i) has failed to comply with any FCC Regulation or Environmental Law or to obtain, maintain or comply with any Governmental Approval required under any FCC Regulation or Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability.

(c) There has been no change in the status of the Disclosed Matters that, individually or in the aggregate, has resulted in, or materially increased the likelihood of, a Material Adverse Effect.

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Section 6.07. COMPLIANCE WITH LAWS AND AGREEMENTS. Each of the Company and its Subsidiaries is in compliance with all Governmental Rules applicable to it or its Property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in

a Material Adverse Effect. Except as set forth in Schedule 6.07, neither the Company nor any of its Subsidiaries are in default under any indenture, agreement or other instrument binding upon the Company or any of its Subsidiaries or its or any of its Subsidiaries' Property nor has a waiver of any such default been granted.

Section 6.08. INVESTMENT AND HOLDING COMPANY STATUS. Neither the Company nor any of its Subsidiaries is or, after the Restructuring and the Bridge Acquisitions, will be (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940, (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935 or (c) subject to any other Governmental Rule restricting its ability to incur Indebtedness, to grant Liens or to issue Guarantees.

Section 6.09. TAXES. Each of the Company and its Subsidiaries has timely filed or caused to be filed all Tax returns and reports required to have been filed and has paid or caused to be paid all Taxes required to have been paid by it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which the Company or any such Subsidiary, as applicable, has set aside on its books adequate reserves in accordance with GAAP or (b) to the extent that the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

Section 6.10. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting those amounts, exceed by more than \$100,000 the fair market value of the assets of that Plan, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting those amounts, exceed by more than \$100,000 the fair market value of the assets of all such underfunded Plans.

Section 6.11. LABOR RELATIONS.

(a) No employee of the Company or any Subsidiary is currently a member of a collective bargaining unit and to the knowledge of the Company, there are no threatened or contemplated attempts to organize for collective bargaining purposes any of the employees of the Company or any Subsidiary.

(b) No unfair labor practice complaint or sex, age, race or other discrimination claim has been brought during the last five (5) years against the Company or any of the Subsidiaries before any Governmental Authority. Since January 1, 1997, there has been no work stoppage, strike or other concerted action by employees of the Company or any Subsidiary. During that period, the Company and the Subsidiaries have complied in all material respects with

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all applicable Governmental Rules and other laws relating to the employment of labor, including those relating to wages, hours and collective bargaining.

Section 6.12. DISCLOSURE. The Company has disclosed to the Lender Parties all indentures, agreements and instruments and all corporate and other restrictions to which it or any of its Subsidiaries is subject, and all other matters known to it, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. None of the reports, financial statements, certificates or other information furnished by or on behalf of the Company to any Lender Party in connection with or under any Basic Document (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements so made, in the light of the circumstances under which they were made, not misleading; PROVIDED that, with respect to projected financial information, the Company represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

ARTICLE VII

COVENANTS

The Company covenants and agrees with each Lender Party that, so long as any Commitment is outstanding and until payment in full of all Obligations:

Section 7.01. FINANCIAL STATEMENTS AND OTHER INFORMATION. The

Company will furnish to each Lender Party:

(a) within 105 days after the end of each fiscal year of the Company, (i) its audited consolidated balance sheet and related statements of operations, stockholders' equity and cash flows and (ii) unaudited consolidating balance sheets and related statements of operations and stockholders' equity, in each case as of the end of and for that year, setting forth in each case in comparative form the figures for the previous fiscal year, all reported on (in the case of the consolidated financial statements) by Ernst & Young LLP or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of that audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Company and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b) within 60 days after the end of each of the first three fiscal quarters of each fiscal year of the Company, its (i) consolidated balance sheet and related statements of operations, stockholders' equity and cash flows and (ii) unaudited consolidating balance sheets and related statements of operations and stockholders' equity, in each case as of the end of and for that fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, all certified by one of its Financial Officers as presenting fairly in all material respects the financial condition and results of operations of the Company and its consolidated Subsidiaries on a consolidated basis and of each

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of the Company and its Subsidiaries (as applicable) in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under clause (a) or (b) above, a certificate of a Financial Officer of the Company (i) certifying as to whether or not a Default has occurred and, if a Default has occurred, specifying the details of, and any action taken or proposed to be taken with respect to, that Default, (ii) setting forth reasonably detailed calculations demonstrating compliance with Section 7.17 and (iii) stating whether or not any change in GAAP or in the application of GAAP has occurred since the date of the audited financial statements referred to in Section 6.04 and, if any such change has occurred, specifying the effect of that change on the financial statements accompanying that certificate;

(d) concurrently with any delivery of financial statements under clause (a) above, a certificate of the accounting firm that reported on those financial statements stating whether or not they obtained knowledge during the course of their examination of those financial statements of any Default (which certificate may be limited to the extent required by accounting rules or guidelines);

(e) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by the Company or any Subsidiary with the Securities and Exchange Commission or with any national securities exchange or distributed by the Company to its shareholders generally;

(f) promptly after the same becomes available, copies of all periodic or special reports filed by the Company or any of its Subsidiaries with, and all communications received from, the FCC to the extent such report or communication reflects information material to the business operations or condition of the Company or any of its Subsidiaries or any claimed violation of any Governmental Rule by the Company or any of its Subsidiaries; and

(g) promptly following any request for the same, such other information regarding the operations, business affairs and financial condition of the Company, any other Obligor or any Subsidiaries of any Obligor or compliance with the terms of the Basic Documents, as any Lender Party may reasonably request.

Section 7.02. NOTICES OF MATERIAL EVENTS. The Company will furnish to each Lender Party prompt written notice of the following:

(a) the occurrence of any Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting the Company or any of its Affiliates that, if adversely determined, could reasonably be expected to result in a Material Adverse Effect;

(c) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in liability of the Company and its Subsidiaries in an aggregate amount exceeding \$100,000;

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(d) any Casualty Event involving Property of the Company or any Subsidiary Guarantor having a fair market value in excess of \$250,000; and

(e) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section 7.02 shall be accompanied by a statement of a Financial Officer or other executive officer of the Company setting forth the details of the event or development requiring that notice and any action taken or proposed to be taken with respect to that event or development.

Section 7.03. EXISTENCE; CONDUCT OF BUSINESS. The Company will, and will cause each of its Subsidiaries to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the Governmental Approvals (including all FCC Licenses) material to the conduct of its business; PROVIDED, that this Section 7.03 shall not be construed to prohibit any transaction permitted by Section 7.11.

Section 7.04. PAYMENT OF OBLIGATIONS. The Company will, and will cause each of its Subsidiaries to, pay its obligations, including for Taxes, that, if not paid, could result in a Material Adverse Effect before the same become delinquent or in default, except any such obligation (a) the validity or amount of which is being contested in good faith by appropriate proceedings, (b) with respect of which the Company or that Subsidiary has set aside on its books adequate reserves in accordance with GAAP and (c) the failure to pay which pending that contest could not reasonably be expected to result in a Material Adverse Effect.

Section 7.05. MAINTENANCE OF PROPERTIES; INSURANCE. The Company will, and will cause each of its Subsidiaries to, (a) keep and maintain all Property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, and (b) maintain, with financially sound and reputable insurance companies, insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations. The Company will, and will cause each of its Subsidiaries to, maintain also the insurance specified in Annex 2.

Section 7.06. BOOKS AND RECORDS; INSPECTION RIGHTS. The Company will, and will cause each of its Subsidiaries to, keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to its business and activities. The Company will, and will cause each of its Subsidiaries to, permit any representatives designated by any Lender Party, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested.

Section 7.07. COMPLIANCE WITH LAWS. The Company will, and will cause each of its Subsidiaries to, comply with all Governmental Rules (including all FCC Regulations) applicable to it or its Property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

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Section 7.08. USE OF PROCEEDS. The proceeds of the Loans will be used only for the purpose of:

(a) financing the acquisition (the "BRIDGE ACQUISITION") of Denver, Colorado radio station KALC-FM for a purchase price not exceeding \$47,000,000 and paying related transaction expenses in an amount not exceeding \$2,335,235;

(b) funding the Interest Reserve in the Cash Collateral Account;

(c) paying any Fees and expenses due to any Lender Party on the Effective Date; and

(d) to the extent not used as otherwise provided in this Section 7.08, for working capital purposes in the ordinary course of the business of AcquisitionCo;

PROVIDED that no part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations U and X.

Section 7.09. INDEBTEDNESS. The Company will not, and will not permit any Subsidiary to, create, incur, assume or permit to exist any Indebtedness, except:

(a) Indebtedness created under the Basic Documents;

(b) Indebtedness existing on the Signing Date and set forth in Schedule 7.09 but not any extensions, renewals or replacements of any such Indebtedness;

(c) Indebtedness of the Company to AcquisitionCo and of AcquisitionCo to the Company, PROVIDED that Indebtedness is Subordinated Indebtedness;

(d) Guarantees by the Company of Indebtedness of AcquisitionCo permitted by Section 7.09(e) or (f);

(e) Indebtedness of AcquisitionCo incurred to finance the acquisition, construction or improvement of any fixed or capital assets (including Capital Lease Obligations and any Indebtedness assumed in connection with the acquisition of any such assets or secured by a Lien on any such assets prior to that acquisition) and extensions, renewals and replacements of any such Indebtedness that do not increase its outstanding principal amount; PROVIDED that (i) such Indebtedness is incurred prior to or concurrently with that acquisition or the completion of that construction or improvement and (ii) the aggregate principal amount of Indebtedness permitted by this clause (e) shall not exceed \$1,000,000 at any time outstanding;

(f) Indebtedness of AcquisitionCo as an account party in respect of standby letters of credit;

(g) a Guarantee (as in effect on the Signing Date) by the Company of the Indebtedness under the HoldCo Credit Agreement described in clause (i) of Section 7.09;

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(h) in the case of HoldCo, the Indebtedness of HoldCo under the Indenture; provided that the aggregate principal amount of that Indebtedness shall not exceed \$100,000,000 at any time outstanding; and

(i) in the case of HoldCo and any of its Subsidiaries, (i) the Indebtedness of HoldCo under the HoldCo Credit Agreement (PROVIDED that the aggregate principal amount of that Indebtedness shall not exceed \$275,000,000 at any time outstanding) and (ii) any other Indebtedness permitted to be incurred by HoldCo and its Subsidiaries under the HoldCo Credit Agreement as in effect on the Signing Date.

Section 7.10. LIENS. The Company will not, and will not permit any of its Subsidiaries to, create, incur, assume or permit to exist any Lien on any Property, except:

(a) Permitted Encumbrances;

(b) any Lien on any Property of the Company or any of its Subsidiaries existing on the Signing Date and set forth in Schedule 7.10; PROVIDED that (i) such Lien shall not apply to any other Property of the Company or any of its Subsidiaries and (ii) such Lien shall secure only those obligations that it secures on the Signing Date;

(c) any Lien existing on any Property prior to its acquisition by AcquisitionCo; PROVIDED that (i) such Lien is not created in contemplation of or in connection with that acquisition, (ii) such Lien shall not apply to any other Property of the Company or any of its Subsidiaries and (iii) such Lien shall secure only those obligations that it secures on the date of that acquisition;

(d) Liens on fixed or capital assets acquired, constructed or improved by AcquisitionCo; PROVIDED that (i) such Liens secure Indebtedness permitted by clause (e) of Section 7.09, (ii) such Liens and the Indebtedness they secure are incurred prior to or concurrently with such acquisition or the completion of such construction or improvement, (iii) the Indebtedness secured by those Liens does not exceed 80% of the cost of acquiring, constructing or improving those fixed or capital assets and (iv) such Lien shall not apply to

any other Property of the Company or any of its Subsidiaries;

(e) in respect of HoldCo or any of its Subsidiaries, any Liens permitted by the HoldCo Credit Agreement as in effect on the Signing Date;

(f) the Lien of The Bank of New York, as the administrative agent under the HoldCo Credit Agreement, on the capital stock of HoldCo and AcquisitionCo; provided that such Lien shall at all times be subordinate to the Lien of the Administrative Agent under the Security Agreement as provided in the Intercreditor Agreement; and

(g) the Liens of the Basic Documents.

Section 7.11. FUNDAMENTAL CHANGES.

(a) The Company will not, and will not permit any of its Subsidiaries to, merge or consolidate with any other Person, sell, transfer, lease or otherwise dispose of (in one transaction

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or in a series of transactions) all or substantially all of its Property or all or substantially all of the stock of any of its Subsidiaries (in each case, whether now owned or in the future acquired) or liquidate or dissolve, except that, if at the time of, and immediately after giving effect to, that event, no Default has occurred and is continuing,

(i) any Wholly-Owned Subsidiary of the Company (other than any Subsidiary Guarantor) may merge into the Company in a transaction in which the Company is the surviving corporation;

(ii) any Wholly-Owned Subsidiary of the Company (other than any Subsidiary Guarantor) may merge into any other Wholly-Owned Subsidiary of the Company (other than any Subsidiary Guarantor) in a transaction in which the surviving entity is a Subsidiary of the Company;

(iii) any Wholly-Owned Subsidiary of the Company (other than any Subsidiary Guarantor) may dispose of its Property to the Company or to another Wholly-Owned Subsidiary of the Company; and

(iv) any Subsidiary of the Company (other than any Subsidiary Guarantor) may liquidate or dissolve if the Company determines in good faith that such liquidation or dissolution is in the best interests of the Company and is not materially disadvantageous to the Lender Parties;

PROVIDED that any such merger involving a Person that is not a Wholly Owned Subsidiary of the Company immediately prior to that merger shall not be permitted unless also permitted by Section 7.12 and the Company and its Subsidiaries may make the Dispositions permitted by Section 7.21.

(b) The Company will not engage in any business other than the ownership of the capital stock of HoldCo and AcquisitionCo and will not own or lease any assets other than that capital stock and its rights in and to the Cash Collateral Account, and will not permit any of its Subsidiaries to engage to any material extent in any business other than businesses of the type conducted by the Company and its Subsidiaries on the Signing Date and reasonably related activities, except that AcquisitionCo may make the Bridge Acquisition and HoldCo may make the radio station acquisitions from the Seller that are to be financed by the HoldCo Credit Agreement. The Company will, within ten days after the Effective Date, file such applications with the FCC as are necessary to permit the transfer of each FCC License related to the Station to the License Subsidiary, and the Company will, as promptly as possible after that filing (and in any event within 60 days after the Effective Date) cause each FCC License related to the Station to be transferred to the License Subsidiary and to be held at all times thereafter by the License Subsidiary, all in conformity with the FCC Regulations so that those FCC Licenses are validly held by, or reissued to, the License Subsidiary; the Company will further concurrently provide evidence of all such actions to the Administrative Agent (including an opinion of Fletcher, Heald & Hildreth, P.L.C., special communications counsel to the Obligors, substantially in the form of Exhibit G-2 delivered on the Effective Date). The Company will not permit the License Subsidiary to engage in any business activity other than as expressly set forth in the Station

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License Management Agreement or to terminate, amend or otherwise modify the Station License Management Agreement.

(c) The Company will not, and will not permit any of its Subsidiaries to:

(i) enter into any so-called "local marketing agreements" or any other arrangements with any other radio broadcasting station (other than with the Company or another Subsidiary with respect to one of their radio stations) pursuant to which the parties agree to function cooperatively in terms of programming, advertising, sales, management, consulting or similar services, except for any such agreements or arrangements existing on the Signing Date or on the Effective Date or otherwise established on commercially reasonable terms (as determined in the reasonable opinion of the Company); or

(ii) enter into any so-called "time brokerage agreements" or any other agreements or arrangements under which any radio station (i) sells broadcast time to any other radio broadcasting station (other than to, in the case of a station owned by HoldCo and its Subsidiaries, another station so owned) that programs such broadcast time and sells its own commercial advertising announcements during such broadcast time or (ii) purchases broadcast time on any other radio broadcasting station (other than to, in the case of a station owned by HoldCo and its Subsidiaries, another station so owned) for the purpose of programming such broadcast time and selling its commercial advertisements during such time, except for any such agreements or arrangements existing on the Signing Date or on the Effective Date or otherwise established on commercially reasonable terms (as determined in the reasonable opinion of the Company).

Section 7.12. INVESTMENTS, LOANS, ADVANCES, GUARANTEES AND ACQUISITIONS. The Company will not, and will not permit any of its Subsidiaries to, hold or acquire (including pursuant to any merger with any Person that was not a Wholly Owned Subsidiary of the Company prior to that merger) the capital stock, partnership or other ownership interests, Indebtedness or other securities of any other Person, make any deposit with, or make any loan or other extension of credit to, any other Person, enter into any Guarantee of, or other contingent obligation with respect to, Indebtedness or other liability of any other Person or acquire (in one transaction or a series of transactions) any Property of any other Person constituting a business unit, except:

(a) Permitted Investments;

(b) investments by the Company existing on the Signing Date and disclosed in Schedule 7.12 in the capital stock of its Subsidiaries;

(c) loans or extensions of credit made by the Company to AcquisitionCo and made by AcquisitionCo to the Company to the extent permitted by Section 7.09;

(d) Guarantees constituting Indebtedness permitted by Section 7.09; and

(e) in the case of HoldCo and its Subsidiaries, any investments permitted by the HoldCo Credit Agreement.

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Section 7.13. HEDGING AGREEMENTS. The Company will not, and will not permit any other Obligor to, enter into any Hedging Agreement, other than (except in the case of the License Subsidiary) in the ordinary course of business to hedge or mitigate risks to which the Company or any other Obligor is exposed in the conduct of its business or the management of its liabilities.

Section 7.14. RESTRICTED PAYMENTS. The Company will not, and will not permit any of its Subsidiaries to, declare or make or agree to pay or make, directly or indirectly, any Restricted Payment, except (a) dividends by the Company with respect to its capital stock payable solely in additional shares of its common stock, (b) dividends by Subsidiaries of the Company ratably with respect to their capital stock (c) Restricted Payments by the Company in accordance with stock option plans or other benefit plans for management or employees of the Company and its Subsidiaries and (d) in the case of HoldCo and its Subsidiaries, as permitted by the HoldCo Credit Agreement as in effect on the Signing Date.

Section 7.15. TRANSACTIONS WITH AFFILIATES. The Company will not, and will not permit any other Obligor to, sell, lease or otherwise transfer any Property to, purchase, lease or otherwise acquire any Property from, or otherwise engage in any other transactions with, any of its Affiliates, except (a) in the ordinary course of business at prices and on terms and conditions not less favorable to the Company or any such Obligor than could be obtained on an arm's-length basis from unrelated third parties, (b) transactions between the Company and one or more other Obligors not involving any other Affiliate of the Company and (c) any Restricted Payment permitted by Section 7.14.

Section 7.16. RESTRICTIVE AGREEMENTS. The Company will not,

and will not permit any other Obligor to enter into, incur or permit to exist any agreement or other arrangement that, directly or indirectly, prohibits, restricts or imposes any condition upon (a) the ability of the Company or any other Obligor to create, incur or permit to exist any Lien upon any of its Property or (b) the ability of any other Obligor to pay dividends or other distributions with respect to any shares of its capital stock or to make or repay loans or advances to the Company or any other Obligor or to Guarantee Indebtedness of the Company or any other Obligor, other than (i) restrictions and conditions imposed by law or by this Agreement, (ii) restrictions and conditions existing on the Signing Date and identified on Schedule 7.16 (but not any extension or renewal of, or any amendment or modification expanding the scope of, any such restriction or condition), (iii) customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending that sale, PROVIDED those restrictions and conditions apply only to the Subsidiary that is to be sold and that sale is permitted under the Basic Documents, (iv) in the case of clause (a) above, (A) restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if those restrictions or conditions apply only to the Property securing that Indebtedness and (B) customary provisions in leases and other contracts restricting the assignment of those leases or contracts and (v) restrictions and conditions imposed by the HoldCo Loan Documents.

Section 7.17. FINANCIAL CONDITION. The Company will not permit the Total Leverage Ratio as of the end of any fiscal quarter to exceed 9.0 to 1.0.

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Section 7.18. SUBORDINATED INDEBTEDNESS. Neither the Company nor any other Obligor will purchase, redeem, retire or otherwise acquire for value, or set apart any money for a sinking, defeasance or other analogous fund for, the purchase, redemption, retirement or other acquisition of, or make any voluntary payment or prepayment of the principal of or interest on, or any other amount owing in respect of, any Subordinated Indebtedness, except (other than when any Default has occurred and is continuing) for regularly scheduled payments of principal and interest in respect of that Subordinated Indebtedness required pursuant to the instruments evidencing that Subordinated Indebtedness.

Section 7.19. ADDITIONAL GUARANTORS. The Company will take such action, and will cause each of its Subsidiaries to take such action, from time to time as shall be necessary to ensure that all Subsidiaries of AcquisitionCo (other than Inactive Subsidiaries) are Subsidiary Guarantors and, thereby, Obligor. Without limiting the generality of the foregoing, in the event that AcquisitionCo forms any new Subsidiary after the Signing Date that the Company anticipates will not be an Inactive Subsidiary (or, in the event that any Inactive Subsidiary ceases to be an Inactive Subsidiary) the Company will cause that new Subsidiary (or the Inactive Subsidiary that ceases to be an Inactive Subsidiary) to become a Subsidiary Guarantor (and, thereby, an Obligor) pursuant to the Guarantee and Security Agreement, and if appropriate, a separate Guarantee and Security Agreement (or other document as is appropriate to create, perfect and establish the priority (subject only to Liens permitted by Section 7.10) of Liens in favor of the Administrative Agent for the benefit of the Lenders on all of the Property of that Subsidiary), in form and substance satisfactory to each Lender Party, and to deliver such proof of corporate action, incumbency of officers and other documents as is consistent with those delivered by each Obligor pursuant to Section 5.01 upon the Effective Date or as any Lender Party reasonably requests. In addition, the Company will cause 100% of the capital stock of each new Subsidiary of AcquisitionCo to be pledged to the Collateral Agent pursuant to the Security Documents.

Section 7.20. ENVIRONMENTAL COMPLIANCE. The Company will, and will cause each of its Subsidiaries to, comply with all Environmental Laws and will obtain and maintain, or cause to be obtained and maintained in full force and effect, all Governmental Approvals required under Environmental Laws.

Section 7.21. DISPOSITIONS. The Company will not, and will not permit any of its Subsidiaries to, make any Dispositions of all or any part of its or their Property, except (a) Dispositions in the ordinary course of business if the value (determined as the lower of book value and fair market value) of the Property subject to such Dispositions does not exceed \$250,000 in any period of 12 consecutive months, (b) Dispositions of Property that is obsolete or otherwise no longer useful in the business of the Company or any such Subsidiary if the value (determined as the lower of book value and fair market value) of the Property subject to such Dispositions does not exceed \$250,000 in any period of 12 consecutive months, (c) a Disposition of the Station by AcquisitionCo or any of its Subsidiaries to HoldCo or any of its Subsidiaries or to any third party, PROVIDED that the purchase price for the Station is equal to the greater of the fair market value of the Station and the actual purchase price paid by the Company for the Station on the Effective Date (i.e., \$47,000,000) and that the purchase price is paid in cash, (d) other Dispositions of Property if the value (determined as the lower of book value and fair market value) of the Property subject to such Dispositions does not exceed

period of 12 consecutive months, (e) Dispositions by HoldCo and its Subsidiaries provided that the sale price for any Property subject to any such Disposition is equal to at least the fair market value of that Property and at least 75% of the sale price is paid in cash and (f) Dispositions of Property referred to in Section 3.03(e).

ARTICLE VIII

EVENTS OF DEFAULT

Section 8.01. EVENTS OF DEFAULT. If one or more of the following events ("EVENTS OF DEFAULT") occurs:

(a) The Company (i) fails to pay any principal of any Loan when due (whether at its stated maturity or on any mandatory or optional prepayment date) or (ii) fails to pay any interest on any Loan or any other Obligation when due and that failure continues unremedied for two or more days;

(b) Any representation, warranty or certification made or deemed made in any Basic Document by any Obligor or any certificate furnished to any Lender Party pursuant to the provisions of any Basic Document proves in any material respect to have been false or misleading when made or furnished or deemed made or furnished;

(c) The Company fails to perform any of its obligations under any of Sections 7.01(g), 7.02(a), 7.02(e), 7.08, 7.09, 7.10, 7.11, 7.12, 7.13, 7.14, 7.15, 7.16, 7.17, 7.18, 7.19 and 7.21; or any Obligor fails to perform any of its other obligations under any Basic Document and that failure continues unremedied for 30 days after notice of that failure to the Company by the Administrative Agent (which shall be given at the request of any Lender);

(d) Any Obligor or any Subsidiary of any Obligor fails to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness and that failure results in that Indebtedness becoming due prior to its maturity;

(e) Any other event or condition occurs that results in the Material Indebtedness under the HoldCo Credit Agreement or any other Material Indebtedness becoming due prior to its scheduled maturity or that (except as to the Indebtedness under the HoldCo Credit Agreement and the Indenture) enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance of any Material Indebtedness, prior to its scheduled maturity; PROVIDED that this Section 8.01(e) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the Property securing that Indebtedness;

(f) Any Obligor or any Subsidiary of any Obligor admits in writing its inability to, or is generally unable to, pay its debts as those debts become due;

(g) Any Obligor or any Subsidiary of any Obligor (i) applies for, or consents to the appointment of, or the taking of possession by, a receiver, a custodian, a trustee, an examiner or a liquidator of itself or of all or a substantial part of its Property, (ii) makes a general

assignment for the benefit of its creditors, (iii) commences a voluntary case under the Bankruptcy Code, (iv) files a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement or winding-up, or composition or readjustment of debts, (v) fails to controvert in a timely and appropriate manner, or acquiesce in writing to, any petition filed against it in an involuntary case under the Bankruptcy Code or (vi) takes any corporate action to authorize any of the foregoing;

(h) A proceeding or case is commenced, in any court of competent jurisdiction, seeking (i) composition or readjustment of the debts of any Obligor or any Subsidiary of any Obligor, (ii) the appointment of a receiver, custodian, trustee, examiner, liquidator or the like of any Obligor or any Subsidiary of any Obligor or of all or any substantial part of its or any such Subsidiary's property or (iii) similar relief in respect of any Obligor or any Subsidiary of any Obligor under any law relating to bankruptcy, insolvency,

reorganization, winding-up, or composition or adjustment of debts, in each case without the application or consent of the affected Obligor or the affected Subsidiary of any Obligor, and that proceeding or case continues undismissed, or an order, judgment or decree approving or ordering any of the foregoing is entered and continues unstayed and in effect, for a period of 60 or more days; or an order for relief against any Obligor or any Subsidiary of any Obligor is entered in an involuntary case under the Bankruptcy Code;

(i) A final judgment or judgments for the payment of more than \$1,000,000 in the aggregate (regardless of insurance coverage) are rendered by a one or more Governmental Authorities having jurisdiction against any Obligor or any Subsidiary of any Obligor, and that Obligor or Subsidiary fails, within 30 days of the entry of each such judgment, either (A) to discharge (or to cause or provide for that discharge) each such judgment or (B) both to procure stay of execution of each such judgment and, within that 30-day period (or such longer period during which execution of the that judgment has been stayed) to appeal from, and during that appeal to procure the continued stay of execution for, each such judgment;

(j) An ERISA Event occurs that, in the opinion of the Required Lenders, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in liability of the Company and its Subsidiaries in an aggregate amount exceeding (i) \$100,000 in any year or (ii) \$250,000 for all periods;

(k) A Change of Control occurs;

(l) A reasonable basis exists for the assertion against any Obligor or any Subsidiary of any Obligor of (or there shall have been asserted against any Obligor or any Subsidiary of any Obligor) any Environmental Claims or Liabilities that, in the judgment of the Required Lenders, are reasonably likely to be determined adversely to any Obligor or any Subsidiary of any Obligor and, individually or in the aggregate, likely to have a Material Adverse Effect;

(m) Any Obligor seeks (or purports) to terminate or revoke any obligation under any Basic Document to which it is a party, any Basic Document ceases to be in full force and effect or the Lien of any Security Document ceases to be a valid, perfected and first priority Lien (subject only to Liens permitted by Section 7.10);

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(n) Any Person initiates any case or proceeding before any Governmental Authority or arbitrator seeking a determination, or there is any determination by any Governmental Authority or arbitrator, that any Obligor has any liability or obligation under the Indenture; or

(o) Any FCC License of the Company or any Subsidiary is revoked or cancelled, expires or is suspended for more than three consecutive days, other than (to the extent not otherwise prohibited by the Basic Documents) by reason of a voluntary surrender (except in the case of the Station) not in response to any adverse action or threatened adverse action by any Governmental Authority or a Disposition, and any such action either (i) pertains to the main broadcasting license of any radio station operated by the Company or any of its Subsidiaries or (ii) is reasonably likely to have a Material Adverse Effect;

then: (i) in the case of an Event of Default other than one referred to in Section 8.01(g) or (h) with respect to the Company, the Administrative Agent may and, upon the request of the Required Lenders will, by notice to the Company, (A) terminate the Commitments and they shall thereupon terminate and (B) declare all or any of the Obligations (including any amounts payable under Article IV) to be forthwith due and payable, whereupon those amounts shall be immediately due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by the Company; and (ii) in the case of the occurrence of an Event of Default referred to in Section 8.01(g) or (h) with respect to the Company, the Commitments shall automatically terminate and all Obligations (including any amounts payable under Article IV) shall automatically become immediately due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by the Company.

ARTICLE IX

THE ADMINISTRATIVE AGENT

Section 9.01. APPOINTMENT, POWERS AND IMMUNITIES. Each Lender Party hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers under the Basic Documents as are delegated to the Administrative Agent by the terms of the Basic Documents, together with all reasonably incidental actions and powers.

The Person serving as the Administrative Agent shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and that Person and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Company or any its Affiliates as if it were not the Administrative Agent.

The Administrative Agent shall not have any duties or obligations except those expressly set forth in the Basic Documents. Without limiting the generality of the foregoing (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, whether or not a Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except those expressly

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contemplated by the Basic Documents or that the Administrative Agent is required to exercise in writing by the number or percentage of the Lenders as is necessary under the circumstances as provided in the Basic Documents and (c) except as expressly set forth in the Basic Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Company or any of its Affiliates that is communicated to or obtained by the Person serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the number or percentage of the Lenders as is necessary under the circumstances as provided in the Basic Documents or in the absence of its own gross negligence or wilful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice of that Default is given to the Administrative Agent by the Company or another Lender Party, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Basic Document, (ii) the contents of any certificate, report or other document delivered under or in connection with any Basic Document, (iii) the performance or observance by any other Person of any of the covenants, agreements or other terms or conditions set forth in the Basic Documents, (iv) the validity, enforceability, effectiveness or genuineness of any Basic Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article V or elsewhere in any Basic Document, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

The Administrative Agent shall be entitled to rely, and shall not incur any liability for relying, upon any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely, and it shall not incur any liability for relying, upon any statement made to it orally or by telephone and believed by it to be made by the proper Person. The Administrative Agent may consult with legal counsel (who may be counsel for the Company), independent accountants and other experts selected by it, and it shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

The Administrative Agent may perform any and all its duties and exercise its rights and powers by or through any one or more subagents appointed by the Administrative Agent. The Administrative Agent and any such subagent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such subagent, and those provisions shall apply to their respective activities in connection with the syndication of the credit facilities provided for in this Agreement as well as activities as Administrative Agent. Except for action expressly required of the Administrative Agent under the Basic Documents, the Administrative Agent shall in all cases be fully justified in failing or refusing to act under any Basic Document unless it receives further assurances to its satisfaction from the other Lender Parties of their indemnification obligations under Section 10.03 against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action.

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Section 9.02. RESIGNATION. Subject to the appointment and acceptance of a successor Administrative Agent as provided in this Section 9.02, the Administrative Agent may resign at any time by notifying the other Lender Parties and the Company. Upon any such resignation, the Required Lenders shall have the right, in consultation with the Company, to appoint a successor. If no

successor has been so appointed by the Required Lenders and has accepted that appointment within 30 days after the retiring Administrative Agent gives its notice of resignation, then the retiring Administrative Agent may, on behalf of the Lender Parties, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank. Upon the acceptance of its appointment as Administrative Agent by a successor, that successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent and the retiring Administrative Agent shall be discharged from its duties and obligations under the Basic Documents. The fees payable by the Company to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Company and that successor. After the Administrative Agent's resignation, the provisions of this Article IX and Section 10.02 shall continue in effect for the benefit of that retiring Administrative Agent, its subagents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Administrative Agent.

Section 9.03. NONRELIANCE. Each Lender Party acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender Party and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender Party also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender Party and based on such documents and information as it from time to time deems appropriate, continue to make its own decisions in taking or not taking action under or based upon any Basic Document and any related agreement or any document.

Section 9.04. THE SYNDICATION AGENT AND THE DOCUMENTATION AGENT. Neither the Syndication Agent nor the Documentation Agent shall have any rights, powers, responsibilities, duties or obligations under the Basic Documents except as are applicable to all Lenders as such.

ARTICLE X

MISCELLANEOUS

Section 10.01. NOTICES. Except where telephonic notice is expressly permitted, all notices, requests and other communications provided for in this Agreement (and under the Basic Documents that make reference to this Section 10.01) shall be given or made in writing and delivered by hand or courier service, mailed by certified or registered mail or sent by telecopy to the intended recipient as specified below its name on Annex 1 or, as to any party, at such other address as is designated by that party in a notice to each other party. Except as otherwise provided in any Basic Document, all such communications shall be deemed to have been duly given or made upon receipt.

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Section 10.02. EXPENSES, INDEMNIFICATION, ETC.

(a) The Company will pay: (i) all reasonable out-of-pocket expenses of the Administrative Agent (including the reasonable fees and expenses of Milbank, Tweed, Hadley & McCloy LLP, counsel to Administrative Agent), in connection with (A) the negotiation, preparation, execution and delivery of the Basic Documents and the extension of credit under this Agreement and (B) any modification, supplement or waiver of any of the terms of any Basic Document and (ii) all out-of-pocket expenses of each Lender Party (including counsels' fees and expenses) in connection with (A) any Default and any enforcement or collection proceedings (including any bankruptcy, reorganization, workout or other similar proceeding) resulting from that Default or in connection with the negotiation of any restructuring or "work-out" (whether or not consummated) of the obligations of the Company under the Basic Documents and (B) the enforcement of this Section 10.02.

(b) The Company will indemnify each Lender Party and each of the Related Parties from, and hold each of them harmless against, any and all judgments, losses, liabilities, damages or expenses incurred by any of them in connection with or by reason of (i) the execution and delivery of the Basic Documents or any related agreement, instrument or document, or the performance by any Person of its obligations under the Basic Documents, (ii) the Transactions, (iii) the making of any Loan or the use of the proceeds of any Loan, (iv) any actual or claimed presence or release of Hazardous Materials on or from any Property owned, leased or operated by the Company or any of its Subsidiaries or (v) any actual or prospective claim, litigation, investigation or proceeding related to any of the foregoing, whether based on contract, tort or any other theory (but excluding any such losses, liabilities, damages or expenses incurred by reason of the gross negligence or willful misconduct of the Person to be indemnified). It shall not be a condition to any such indemnification that the Administrative Agent or any Lender be a party to any such investigation, litigation or other proceeding.

(c) To the extent that the Company fails to pay any amount required to be paid by it to the Administrative Agent (or any Related Party of that Person) under the preceding provision of this Section 10.02, each other Lender severally agrees to pay to the Administrative Agent that Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of that unpaid amount; PROVIDED that the unreimbursed expense or indemnified judgment, loss, liability, damage, or expense, as the case may be, was incurred by or asserted against the Administrative Agent in its capacity as such or against its Related Party in connection with that capacity.

(d) To the extent permitted by applicable law, the Company will not assert, and hereby waives, any claim against any Lender Party or its Related Parties, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages).

(e) All amounts due under this Section 10.02 shall be payable not later than five days after written demand.

Section 10.03. WAIVER. No failure on the part of any Lender Party to exercise and no delay in exercising, and no course of dealing with respect to, any right, remedy, power or

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privilege under this Agreement or any Note shall operate as a waiver of that right, remedy, power or privilege, nor shall any single or partial exercise of any right, power or privilege under this Agreement or any Note preclude any other or further exercise of any such right, remedy, power or privilege or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges provided in this Agreement and the Notes are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Section 10.04. AMENDMENTS, ETC.

(a) THIS AGREEMENT. No provision of this Agreement may be waived, modified or supplemented except by a written instrument signed by the Company, the Administrative Agent and the Required Lenders or by the Company and the Administrative Agent acting with the consent of the Required Lenders; PROVIDED that no such instrument shall: (i) increase, or extend the time or waive any requirement for the reduction or termination of, any Commitment of any Lender without its consent, (ii) without the consent of each Lender Party whose Obligation is affected by that action (A) extend the date fixed for the payment of any Obligation under this Agreement or the Notes, (B) reduce the amount of any such payment of principal, (C) reduce the rate at which interest or any fee is payable under this Agreement or alter the basis for calculating any other Obligation or (D) alter the rights or obligations of the Company to prepay the Loans, (iii) without the consent of each Lender, (A) alter the terms of this Section 10.04 or the definition of the term "Required Lenders" or modify in any other manner the number or percentage of the Lenders required to make any determinations or to waive any rights under, or to modify any provision of, this Agreement or (C) alter Section 3.06(b) to change the pro rata sharing of payments; and (iv) alter the rights and duties of the Administrative Agent without its consent. Any modification, supplement or waiver shall be for such period and shall be subject to such conditions as shall be specified in the instrument effecting the same, and any such waiver shall be effective only in the specific instance and for the purpose for which given.

(b) CONSENTS UNDER OTHER BASIC DOCUMENTS. Except as otherwise provided in Section 10.04 (a) with respect to this Agreement, the Administrative Agent shall, upon the direction of the Required Lenders (but not otherwise), consent to any modification, supplement or waiver under any of the Basic Documents, PROVIDED that, without the prior consent of each Lender, the Administrative Agent will not (except as provided in this Agreement or in the Security Documents) release any collateral or otherwise terminate any Lien under any Basic Document, agree to additional obligations being secured by that collateral security (unless the Lien for those additional obligations is junior to the Lien in favor of the Obligations) or release any Subsidiary Guarantor from its obligations under any Basic Documents, except that no such consent shall be required, and the Administrative Agent is hereby authorized, to release any Lien covering Property that is the subject of a disposition of Property permitted under this Agreement.

Section 10.05. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of its parties and their respective successors and permitted assigns.

Section 10.06. ASSIGNMENTS AND PARTICIPATIONS.

(a) The Company may not assign any of its rights or obligations under this Agreement or under the Notes without the prior written

(b) Each Lender may assign all or any part of its Obligation, its Notes and its Commitments, together with, in any such case, its related rights, remedies, powers and privileges under the Basic Documents (but only with the consent of the Company and the Administrative Agent); PROVIDED that (i) no such consent shall be required in the case of any assignment to another Lender or an Affiliate of a Lender; (ii) any such partial assignment shall be in an amount at least equal to \$1,000,000 unless the Company and the Administrative Agent otherwise agree; (iii) each such assignment shall be made in such manner so that the same portion of its Obligations, Notes and Commitments is assigned to the respective assignee; (iv) the assigning Lender and the assignee shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing fee of \$3,500, PROVIDED that no such processing fee shall be payable prior to the end of the Initial Syndication Period and (v) no consent of the Company shall be required if an Event of Default has occurred and is continuing. Upon the execution and delivery of an Assignment and Acceptance, the required consents and the recording required by Section 10.06(d), the assignee shall have, to the extent of that assignment, the obligations, rights and benefits of a Lender under the Basic Documents holding the Obligations, Notes and Commitments assigned to it (and, if applicable, previously held by that assignee) and the assigning Lender shall, to the extent of that assignment, be released from the Commitments so assigned (and in the case of full assignment shall cease to be a party to this Agreement but shall continue to be entitled to the benefits of Article IV and Section 10.02). Any transfer that does not comply with this Section 10.06(b) shall be treated as a sale of a participation under Section 10.06(e).

(c) The Administrative Agent, acting for this purpose as an agent of the Company, will maintain at one of its offices in New York City, New York a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Obligations owing to, each Lender Party pursuant to the terms of the Basic Documents from time to time (the "REGISTER"). The entries in the Register shall be conclusive, and the Company, the Administrative Agent and each other Lender Party may treat each Person whose name is recorded in the Register as a Lender for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Company and any Lender Party, at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the processing fee referred to in Section 10.06(b) and any written consent to that assignment required by Section 10.06(b), the Administrative Agent shall accept that Assignment and Acceptance and record the information contained in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this Section 10.06(d).

(e) A Lender may sell or agree to sell to one or more other Persons a participation in all or any part of its Obligations, its Note and its Commitments and its related rights, remedies, powers and privileges under the Basic Documents; PROVIDED that (i) each purchaser of a participation shall not, except as otherwise provided in Section 4.07(c), have any rights, remedies, powers or privileges under any Basic Document (that purchaser's rights against that Lender in respect of that participation to be those set forth in the agreements executed by that Lender in favor of that purchaser), (ii) the selling Lender's obligation under the Basic

Documents shall remain unchanged and it shall remain responsible to the other parties for the performance of those obligations and (iii) the other parties may continue to deal solely and directly with that selling Lender. All amounts payable by the Company to any Lender under Article IV in respect of that Lender's Obligations and Commitments shall be determined as if that Lender had not sold or agreed to sell any such participating interest, and as if that Lender were funding its obligations in the same way that it is funding the portion of those obligations in which no participations have been sold. In no event shall a Lender that sells a participation agree with its purchaser to take or to refrain from taking any action under any Basic Document except that such Lender may agree with that purchaser that it will not, without the consent of that purchaser, agree to any action that, pursuant to Section 10.04(a) (i), (ii) or (iii), requires the consent of that Lender.

(f) In addition to the assignments and participations permitted under the foregoing provisions of this Section 10.06, any Lender may

grant a security interest in all or any portion of its Obligations, its Notes and its rights under the Basic Documents to secure its obligations, including any assignment and pledge, to any Federal Reserve Bank. No such assignment shall release the assigning Lender from its obligations under the Basic Documents or substitute any such secured party for that Lender as a party to any Basic Document.

(g) Notwithstanding anything in this Section 10.06 to the contrary, no Lender may assign or participate any interest in any Obligation, Note or Commitment (or any related rights, remedies, powers or privileges) to the Company or any of its Affiliates or Subsidiaries without the prior written consent of each other Lender Party.

Section 10.07. SURVIVAL. The obligations of the Company under Article IV and Section 10.02 and the obligations of the Lenders under Section 10.02 shall survive the repayment of the Obligations and the termination of the Commitments. In addition, each representation and warranty made, or deemed to be made by a notice of any extension of credit, in or pursuant to any Basic Document shall survive the making or deemed making of that representation and warranty, and no Lender Party shall be deemed to have waived, by reason of making any extension of credit, any Default that may arise by reason of that representation or warranty proving to have been false or misleading, notwithstanding that such or any other Lender Party may have had notice or knowledge or reason to believe that such representation or warranty was false or misleading at the time that extension of credit was made.

Section 10.08. AGREEMENTS SUPERSEDED. This Agreement supersedes all prior agreements and understandings, written or oral, between the parties with respect to the subject matter of this Agreement.

Section 10.09. SEVERABILITY. Any provision of this Agreement or the Notes that is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of that prohibition or unenforceability without invalidating the remaining provisions of this Agreement or the Notes, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable that provision in any other jurisdiction.

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Section 10.10. CAPTIONS. The table of contents, captions and section headings appearing in this Agreement are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

Section 10.11. COUNTERPARTS. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties to this Agreement may execute this Agreement by signing any such counterpart. Delivery of an executed counterpart of a signature page to this Agreement by hand or by telecopy shall be as effective as the delivery of a fully executed counterpart of this Agreement.

Section 10.12. TREATMENT OF CERTAIN INFORMATION; CONFIDENTIALITY. Each Lender Party agrees (on behalf of itself and each of its Related Parties) to use reasonable precautions to keep confidential, in accordance with its customary procedures for its own confidential information, any nonpublic information supplied to it by the Company pursuant to this Agreement that is identified by the Company as confidential at the time it is delivered to the that Lender Party; PROVIDED that nothing in this Agreement shall limit the disclosure of any such information (a) to the extent required by Governmental Rule, (b) to counsel for any Lender Party, (c) to bank examiners, auditors or accountants, (d) to any other party to this Agreement or any Affiliate of that party, (e) in connection with any litigation to which any one or more of the parties to this Agreement is a party, (f) to any assignee or participant (or prospective assignee or participant) of any Lender so long as that assignee or participant (or prospective assignee or participant) first executes and delivers to that Lender an agreement substantially to the same effect as this Section 10.12, (g) to the extent that such information becomes publicly available (other than as a result of a breach of this Section 10.12) or is received from a source other than the Company or (h) with the consent of the Company.

Section 10.13. GOVERNING LAW; SUBMISSION TO JURISDICTION. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN THE STATE OF NEW YORK. THE COMPANY HEREBY SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND OF ANY NEW YORK STATE COURT SITTING IN THE STATE OF NEW YORK AND THE COUNTY OF NEW YORK FOR THE PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT

MAY NOW OR IN THE FUTURE HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN ANY SUCH COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

Section 10.14. WAIVER OF JURY TRIAL. EACH PARTY HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

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IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered as of the day and year first above written.

COMPANY:

SALEM COMMUNICATIONS CORPORATION

By:

Name:

Title:

ADMINISTRATIVE AGENT:

ING (U.S.) CAPITAL LLC

By:

Name:

Title:

LENDERS:

ING (U.S.) CAPITAL LLC

By:

Name:

Title:

THE BANK OF NEW YORK

By:

Name:

Title:

FLEET NATIONAL BANK

By:

Name:

Title:

Addresses for Notices and Commitments of the Lenders

ING (U.S.) CAPITAL LLC \$70,000,000
 55 East 52nd Street
 New York, New York 10055
 Telephone: (212) 409-1743
 Telecopy: (212) 409-7813
 Attention: Pamela Kaye

Pay to The Chase Manhattan Bank N.A., New York, NY
 ABA 021-000-021
 Favor: ING Barings
 Account: 066-297-311
 Reference: Salem

THE BANK OF NEW YORK \$20,000,000
 One Wall Street, 16th Floor
 New York, New York 10286
 Contact Names for Operations Matters: Gladys Vasquez
 Telephone: (212) 635-8730
 Facsimile: (212) 635-8679

Pay to The Bank of New York, New York, NY
 ABA 0211000018
 Account GL-111556
 Attention: Commercial Loans
 Reference: Salem Communications

FLEET NATIONAL BANK \$10,000,000
 One Federal Street, 3rd Floor
 Boston, Massachusetts 02110
 Telephone: (617) 346-4364
 Facsimile: (617) 346-4345
 Contact Names for Operations Matters: Yin Kuen Lee /
 Kevin Davenport
 Telephone: (212) 819-6051 / 6052
 Facsimile: (212) 819-6204

Pay to Fleet Bank, N.A., New York, NY
 ABA 021-300-019
 Name of Account: CLS Wire Clearing Account
 Account 1510351-03102
 Reference: Salem Communications

ANNEX 2

INSURANCE REQUIREMENTS

[Attached]

SCHEDULE 6.03

GOVERNMENTAL APPROVALS

FCC approvals of transfer of FCC Licenses of KALC-FM (Denver, CO) from AcquisitionCo to the License Subsidiary.

SCHEDULE 6.06

LITIGATION AND CLAIMS

None.

SCHEDULE 6.07

DEFAULTS

None.

SCHEDULE 7.09

INDEBTEDNESS

1. Capital lease obligation of \$183,274 acquired through OnePlace.
2. Buyer's additional obligation of \$190,400 due October 2001 under asset purchase agreement to acquire GospelMedia.

SCHEDULE 7.10

LIENS

None.

SCHEDULE 7.12

SUBSIDIARIES

Salem Communications Corporation (Parent)
Subsidiaries:

1. Salem Communications Acquisition Corporation

Subsidiaries:

SCA License Corporation

2. Salem Communications Holding Corporation

Subsidiaries:

ATEP Radio, Inc.
Bison Media, Inc.
Caron Broadcasting, Inc.
CCM Communications, Inc.
Common Ground Broadcasting
Golden Gate Broadcasting Company, Inc.
Inland Radio, Inc.
Inspiration Media of Texas, Inc.
Inspiration Media, Inc.
Kingdom Direct, Inc.
New England Continental Media, Inc.
New Inspiration Broadcasting Company, Inc.
OnePlace, Ltd.
Pennsylvania Media Associates, Inc.
Radio 1210, Inc.
Reach Satellite Network, Inc.
Salem Media Corporation
Salem Media of Colorado, Inc.
Salem Media of Georgia, Inc.
Salem Media Hawaii, Inc.
Salem Media Kentucky, Inc.
Salem Media Ohio, Inc.
Salem Media Oregon, Inc.
Salem Media Pennsylvania, Inc.
Salem Media Texas, Inc.
Salem Media of Virginia, Inc.*
Salem Music Network, Inc.
Salem Radio Network Incorporated
Salem Radio Properties, Inc.
Salem Radio Representatives, Inc.
South Texas Broadcasting, Inc.

SRN News Network, Inc.
Vista Broadcasting, Inc.

*Note: Salem Media of Virginia, Inc. is owned 15% by Salem Communications Holding Corporation, 40% by Golden Gate Broadcasting Company, Inc. and 45% by New Inspiration Broadcasting Company, Inc.

RESTRICTIVE AGREEMENTS

None.

EXHIBIT A

[FORM OF NOTE]

PROMISSORY NOTE

\$(-----)

New York, New York

FOR VALUE RECEIVED, Salem Communications Corporation, a California corporation (the "COMPANY"), hereby promises to pay to [_____] (the "LENDER"), at the account of ING (U.S.) Capital LLC specified in the Credit Agreement, the principal sum of [_____] Dollars, in lawful money of the United States of America and in immediately available funds, on the dates and in the principal amounts provided in the Credit Agreement, and to pay interest on the unpaid principal amount of the Loan made by the Lender, at that office, in like money and funds, for the period commencing on the date of that Loan until that Loan is paid in full, at the rates per annum and on the dates provided in the Credit Agreement.

The date, amount, Type, interest rate and duration of Interest Period (if applicable) of the Loan made by the Lender to the Company, and each payment made on account of the principal of that Loan, shall be recorded by the Lender on its books and, prior to any transfer of this Note, endorsed by the Lender on the schedule attached to this Note or any continuation of that schedule, PROVIDED that the failure of the Lender to make any such recordation or endorsement shall not affect the obligations of the Company to make a payment when due of any amount owing under the Credit Agreement or under this Note in respect of the Loan made by the Lender.

This Note is one of the Notes referred to in the Credit Agreement dated as of August 24, 2000 (as modified and supplemented and in effect from time to time, the "CREDIT AGREEMENT") between the Company and the Lenders (including this Lender) for whom ING (U.S.) Capital LLC is the Administrative Agent, and evidences the Loan made by the Lender under the Credit Agreement. Capitalized terms used but not defined in this Note have the respective meanings assigned to them in the Credit Agreement.

The Credit Agreement provides for the acceleration of the maturity of this Note upon the occurrence of certain events and for prepayments of the Loans upon the terms and conditions specified in the Credit Agreement. This Note is secured by and entitled to the benefits of the Security Documents.

Except as permitted by Section 10.06(b) of the Credit Agreement, this Note may not be assigned by the Lender to any other Person.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK.

SALEM COMMUNICATIONS CORPORATION

By: _____
Name:
Title:

SCHEDULE OF LOANS

This Note evidences the Loan made under the Credit Agreement to the Company, on the dates, in the principal amounts, of the Types, bearing interest at the rates and having Interest Periods (if applicable) of the durations set forth below, subject to the payments, continuations, conversions

and prepayments of principal set forth below:

Date Made, Continued or Converted	Principal Amount of Loan	Type of Loan	Interest Rate	Duration of Interest Period	Amount Paid, Prepaid, Continued or Converted	Unpaid Principal Amount	Notation Made by
<S>	<C>						

EXHIBIT B

[FORM OF ASSIGNMENT AND ACCEPTANCE]

ASSIGNMENT AND ACCEPTANCE

Reference is made to the Credit Agreement dated as of August 24, 2000 (as amended to date, the "CREDIT AGREEMENT"), between Salem Communications Corporation and the Lenders named in the Credit Agreement for whom ING (U.S.) Capital LLC is the Administrative Agent. Terms defined in the Credit Agreement are used in this Assignment and Acceptance with the same meanings.

The Assignor named below hereby sells and assigns, without recourse, to the Assignee named below, and the Assignee hereby purchases and assumes, without recourse, from the Assignor, effective as of the Assignment Date set forth below, the interests set forth below (the "ASSIGNED INTEREST") in the Assignor's rights and obligations under the Credit Agreement, including the Obligations set forth below, but excluding accrued interest and fees to and excluding the Assignment Date. The Assignee hereby acknowledges receipt of a copy of the Basic Documents. From and after the Assignment Date (i) the Assignee shall be a party to and be bound by the provisions of the Credit Agreement and, to the extent of the Assigned Interest, have the rights and obligations of a Lender under the Basic Documents and (ii) the Assignor shall, to the extent of the Assigned Interest, relinquish its rights and be released from its obligations under the Basic Documents.

This Assignment and Acceptance is being delivered to the Administrative Agent together with, if the Assignee is a Foreign Lender, any documentation required to be delivered by the Assignee pursuant to Section 4.04(e) of the Credit Agreement, duly completed and executed by the Assignee. The [Assignee/Assignor] shall pay the fee payable to the Administrative Agent pursuant to Section 10.06(b) of the Credit Agreement.

This Assignment and Acceptance shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and performed in the State of New York.

Date of Assignment:
Legal Name of Assignor:
Legal Name of Assignee:
Assignee's Address for Notices:

Effective Date of Assignment
(the "ASSIGNMENT DATE"):

Principal Amount Assigned	Percentage Assigned of Commitment (set forth, to at least 8 decimals, as a percentage of the aggregate Commitments of All Lenders)
Commitment Assigned: \$	%
Loans:	

The terms set forth above are hereby agreed to:

[NAME OF ASSIGNOR],
as the Assignor

By: _____
Name:
Title:

[NAME OF ASSIGNEE],
as the Assignee

By: _____
Name:
Title:

The undersigned hereby consent to the within assignment:

SALEM COMMUNICATIONS CORPORATION ING (U.S.) CAPITAL LLC,
as the Administrative Agent,

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT C

EXECUTION COPY

SECURITY AGREEMENT

Dated as of August 24, 2000

between

SALEM COMMUNICATIONS CORPORATION

and

ING (U.S.) CAPITAL LLC

as the administrative agent

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Annex 1 - Pledged Stock

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SECURITY AGREEMENT

This SECURITY AGREEMENT (this "AGREEMENT") dated as of August 24, 2000 is made between SALEM COMMUNICATIONS CORPORATION, a California corporation (the "OBLIGOR") and ING (U.S.) CAPITAL LLC, as the agent (in that capacity, the "ADMINISTRATIVE AGENT") for the Lenders referred to below.

The Credit Agreement dated as of August 24, 2000 (the "CREDIT AGREEMENT") between the Obligor, the Administrative Agent and the lenders identified in the Credit Agreement (the "LENDERS") for whom the Administrative Agent acts as the administrative agent provides, subject to its terms and conditions, for certain extensions of credit to the Obligor. It is a condition to the obligations of the Administrative Agent and the Lenders under the Credit Agreement that the Obligor executes and delivers, and grants the Liens provided for in, this Agreement.

To induce the Lender Parties to enter into, and to extend credit under, the Credit Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Obligor agrees to pledge and grant a security interest in the Collateral as security for the Secured Obligations. Accordingly, the Obligor agrees with the Administrative Agent as follows:

ARTICLE I

DEFINITIONS

Section 1.01 CERTAIN DEFINED TERMS. Unless otherwise defined, all capitalized terms used in this Agreement that are defined in the Credit Agreement (including terms incorporated by reference) shall have the respective meanings assigned to them in the Credit Agreement. In addition, the following terms shall have the following meanings under this Agreement:

"CASH COLLATERAL ACCOUNT" shall have the meaning assigned to that term in Section 3.01.

"COLLATERAL" shall have the meaning assigned to that term in Section 2.01.

"ISSUERS" shall mean, collectively, each direct Subsidiary of the Obligor that is the issuer (as defined in the Uniform Commercial Code) of any shares of capital stock now owned or in the future acquired by the Obligor, including the respective corporations identified in Annex 1 under the caption "ISSUER."

"INVESTMENT PROPERTY" shall have the meaning assigned to that term in Section 2.01(a).

"PLEGGED STOCK" shall have the meaning assigned to that term in Section 2.01(a).

"SECURED OBLIGATIONS" shall mean (a) any and all Obligations and (b) any and all obligations of the Obligor for the performance of its agreements, covenants and undertakings under or in respect of the Basic Documents.

"STOCK COLLATERAL" shall have the meaning assigned to that term in Section 2.01(a).

"UNIFORM COMMERCIAL CODE" shall mean the Uniform Commercial Code as in effect in the State of New York from time to time or, by reason of mandatory application, any other applicable jurisdiction. Section 1.02 INTERPRETATION. In this Agreement, unless otherwise indicated, the singular shall include the plural and plural the singular; words importing any gender shall include the other gender; references to statutes or regulations shall be construed as including all statutory or regulatory provisions consolidating, amending or replacing the statute or regulation referred to; references to "writing" shall include printing, typing, lithography and other means of reproducing words in a tangible visible form; the words "including," "includes" and "include" shall be deemed to be followed by the words "without limitation"; references to articles, sections (or subdivisions of sections), exhibits, annexes or schedules are to this Agreement; references to agreements and other contractual instruments shall be deemed to include all subsequent amendments, extensions and other modifications to those instruments (without, however, limiting any prohibition on any such amendments, extensions or modifications by the terms of the Basic Documents); and references to Persons shall include their respective successors and permitted assigns and, in the case of Governmental Authorities, Persons succeeding to their respective functions and capacities.

ARTICLE II

COLLATERAL

Section 2.01 GRANT. As collateral security for the prompt payment in full when due (whether at stated maturity, upon acceleration, on any optional or mandatory prepayment date or otherwise) and performance of the Secured Obligations, the Obligor hereby pledges and grants to the Administrative Agent, for the benefit of the Lender Parties, a security interest in all of the Obligor's right, title and interest in and to the following property, whether now owned or in the future acquired by the Obligor and whether now existing or in the future coming into existence (collectively, the "COLLATERAL"):

(a) (i) all of the shares of capital stock of the Issuers represented by the respective certificates identified in Annex 1 and all other shares of capital stock of whatever class of the Issuers, now owned or in the future acquired by the Obligor, together with in each case the certificates representing the same (collectively, the "PLEGGED STOCK");

(ii) all shares, securities, moneys or property representing a dividend on, or a distribution or return of capital in respect of, any of the Pledged Stock, resulting from a split-up, revision, reclassification or other like change of any of the Pledged Stock or otherwise received in exchange for any of the Pledged Stock and all rights issued to the holders of, or otherwise in respect of, any of the Pledged Stock;

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(iii) without affecting the obligations of the Obligor under any provision prohibiting that action under any Basic Document, in the event of any consolidation or merger in which any Issuer is not the surviving corporation, all shares of each class of the capital stock of the successor corporation (unless that successor corporation is the Obligor itself) formed by or resulting from that consolidation or merger (collectively, and together with the property described in clauses (i) and (ii) above, the "STOCK COLLATERAL"); and

(iv) all other securities (whether certificated or uncertificated), security entitlements, securities accounts, commodities contracts and commodity accounts (each as defined in the Uniform Commercial Code), together with in each case the certificates representing the same (collectively, the "INVESTMENT PROPERTY");

(b) the Cash Collateral Account and the balances and all Investment Property and financial assets (as defined in the Uniform Commercial Code) from time to time held in or credited to the Cash Collateral Account;

(c) all other tangible and intangible property of the Obligor; and

(d) all proceeds and products in whatever form of all or any part of the other Collateral with respect to all or any part of the other Collateral (together with all rights to recover and proceed with respect to the same), and all accessories to, substitutions for and replacements of all or any part of the other Collateral.

Section 2.02 PERFECTION. The Obligor will (i) concurrently with the execution and delivery of this Agreement, file or deliver for filing such financing statements and other documents in such offices as are necessary or as the Administrative Agent may request to perfect and establish the priority (subject only to Liens permitted under Section 7.10 of the Credit Agreement) of the Liens granted by this Agreement, (ii) concurrently with the execution and delivery of this Agreement, deliver to the Administrative Agent all certificates identified in Annex 1, accompanied by undated stock powers duly executed in blank and (iii) take all such other actions as are necessary or as the Administrative Agent may request to perfect and establish the priority (subject only to those permitted Liens) of the Liens granted by this Agreement.

Section 2.03 PRESERVATION AND PROTECTION OF SECURITY INTERESTS. The Obligor will:

(a) upon the acquisition after the Signing Date by the Obligor of any Stock Collateral or any certificate evidencing or representing any Investment Property, promptly either (x) transfer and deliver to the Administrative Agent all such Stock Collateral together with the certificates representing that Stock Collateral and that Investment Property duly endorsed in blank or accompanied by undated stock powers duly executed in blank) or (y) take such other action as the Administrative Agent deems necessary or appropriate to create, perfect and establish the priority (subject only to Liens permitted under Section 7.10 of the Credit Agreement) of the Liens granted by this Agreement in that Stock Collateral and Investment Property; and

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(b) give, execute, deliver, file or record any and all financing statements, notices, contracts, agreements or other instruments, obtain any and all Governmental Approvals and take any and all steps that may be necessary or as the Administrative Agent may request to create, perfect, establish the priority (subject only to Liens permitted under Section 7.10 of the Credit Agreement) of, or to preserve the validity, perfection or priority (subject only to those permitted Liens) of, the Liens granted by this Agreement or to enable the Administrative Agent to exercise and enforce its rights, remedies, powers and privileges under this Agreement with respect to those Liens, including causing any or all of the Stock Collateral and Investment Property to be transferred of record into the name of the Administrative Agent or its nominee (and the Administrative Agent agrees that if any Stock Collateral and Investment Property is transferred into its name or the name of its nominee, the Administrative Agent will thereafter promptly give to the Obligor copies of any notices and communications received by it with respect to the Stock Collateral and Investment Property pledged by the Obligor).

Section 2.04 ATTORNEY-IN-FACT. Subject to the rights of the Obligor under Sections 2.05, the Obligor hereby appoints the Administrative Agent its attorney-in-fact effective on the Signing Date and terminating upon the termination of this Agreement for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instruments that the Administrative Agent may deem necessary or advisable to accomplish the purposes of this Agreement, to preserve the validity, perfection and priority (subject only to Liens permitted under Section 7.10 of the Credit Agreement) of the Liens granted by this Agreement and, following any Default, to exercise its rights, remedies, powers and privileges under this Agreement. This appointment as attorney-in-fact is irrevocable and coupled with an interest. Without limiting the generality of the foregoing, the Administrative Agent shall be entitled under this Agreement upon the occurrence and continuation of any Event of Default (or, in respect of Section 3.01, any Default) (i) to ask, demand, collect, sue for, recover, receive and give receipt and discharge for amounts due and to become due under and in respect of all or any part of the Collateral; (ii) to receive, endorse and collect any drafts, instruments, documents and chattel paper in connection with clause (i) above (including any draft or check representing the proceeds of insurance or the return of unearned premiums); (iii) to file any claims or take any action or proceeding that the Administrative Agent may deem necessary or advisable for the collection of all or any part of the Collateral, including the collection of any compensation due and to become due under any contract or agreement with respect to all or any part of the Collateral; and (iv) to execute, in connection with any sale or disposition of the Collateral under Section 6.01, any endorsements, assignments, bills of sale or other instruments of conveyance or transfer with respect to all

or any part of the Collateral.

Section 2.05 SPECIAL PROVISIONS RELATING TO STOCK COLLATERAL AND INVESTMENT PROPERTY.

(a) So long as no Event of Default has occurred and is continuing, the Obligor shall have the right to exercise all voting, consensual and other powers of ownership pertaining to the Stock Collateral for all purposes not inconsistent with the terms of any Basic Document, PROVIDED that the Obligor will not vote the Stock Collateral in any manner that is inconsistent with the terms of any Basic Document; and the Administrative Agent will, at the Obligor's expense, execute and deliver to the Obligor or cause to be executed and delivered to the Obligor all such proxies, powers of attorney, dividend and other orders and other instruments, without

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recourse, as the Obligor may reasonably request for the purpose of enabling the Obligor to exercise the rights and powers that it is entitled to exercise pursuant to this Section 2.05(a).

(b) So long as no Event of Default has occurred and is continuing, the Obligor shall be entitled to receive and retain any dividends on the Stock Collateral paid in cash out of earned surplus.

(c) If any Event of Default has occurred and is continuing, and whether or not any Lender Party exercises any available right to declare any Secured Obligation due and payable or seeks or pursues any other right, remedy, power or privilege available to it under applicable law, this Agreement or any other Basic Document (but subject to Section 6.05), all dividends and other distributions on the Stock Collateral shall be paid directly to the Administrative Agent and retained by it in the Cash Collateral Account as part of the Stock Collateral, subject to the terms of this Agreement, and, if the Administrative Agent so requests, the Obligor will execute and deliver to the Administrative Agent appropriate additional dividend, distribution and other orders and instruments to that end, PROVIDED that if that Event of Default is cured, any such dividend or distribution paid to the Administrative Agent prior to that cure shall, upon request of the Obligor (except to the extent applied to the Secured Obligations), be returned by the Administrative Agent to the Obligor.

Section 2.06 RIGHTS AND OBLIGATIONS.

(a) The Obligor shall remain liable to perform its duties and obligations under the Governmental Approvals included in the Collateral in accordance with their respective terms to the same extent as if this Agreement had not been executed and delivered. Neither the Administrative Agent nor any Lender shall have any duty, obligation or liability under or in respect to any Governmental Approval included in the Collateral by reason of this Agreement or any other Basic Document, nor shall the Administrative Agent or any Lender be obligated to perform any of the duties or obligations of the Obligor under any such Governmental Approval or to take any action to collect or enforce any claim (for payment) under any such Governmental Approval.

(b) No Lien granted by this Agreement in the Obligor's right, title and interest in any Governmental Approval shall be deemed to be a consent by the Administrative Agent or any Lender to any such Governmental Approval.

(c) No reference in this Agreement to proceeds or to the sale or other disposition of Collateral shall authorize the Obligor to sell or otherwise dispose of any Collateral except to the extent otherwise expressly permitted by the terms of any Basic Document.

(d) Neither the Administrative Agent nor any Lender shall be required to take steps necessary to preserve any rights against prior parties to any part of the Collateral.

Section 2.07 TERMINATION. When all Secured Obligations have been paid in full and the Commitments have expired or been terminated, this Agreement shall terminate, and the Administrative Agent will forthwith cause to be assigned, transferred and delivered, against receipt but without any recourse, warranty or representation whatsoever, any remaining Collateral and money received in respect of the Collateral, to or on the order of the Obligor.

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The Administrative Agent will also execute and deliver to the Obligor upon that termination such Uniform Commercial Code termination statements and such other documentation as is reasonably requested by the Obligor to effect the termination and release of the Liens granted by this Agreement on the Collateral.

CASH PROCEEDS OF COLLATERAL

Section 3.01 CASH COLLATERAL ACCOUNT. There is hereby established with ING Barings LLC a cash collateral account (the "CASH COLLATERAL ACCOUNT") in the name and under the control of the Administrative Agent into which there shall be deposited, among other things, (a) the amounts, if any, described in Section 3.03 of the Credit Agreement, (b) the proceeds of any Loans made for the purpose of funding the Interest Reserve, (c) all amounts required to be deposited in the Cash Collateral Account pursuant to the Guarantee and Security Agreement and (d) from time to time such other cash proceeds of any of the Collateral required to be delivered to the Administrative Agent pursuant to this Agreement or the Credit Agreement, and into which the Obligor may from time to time deposit any additional amounts that it wishes to pledge to the Administrative Agent for the benefit of the Lender Parties as additional collateral security under this Agreement. The balance from time to time in the Cash Collateral Account shall constitute part of the Collateral and shall not constitute payment of the Secured Obligations until applied as provided in this Agreement. If any Event of Default has occurred and is continuing, the Administrative Agent may (and, if instructed by the Required Lenders, will) in its (or their) discretion apply or cause to be applied (subject to collection) the balance from time to time outstanding to the credit of the Cash Collateral Account (i) in the case of the Interest Reserve, to make interest payments as described in Section 3.05(e) of the Credit Agreement and (ii) in the case of all other amounts on credit in the Cash Collateral Account and, upon any Event of Default, the Interest Reserve, to the payment of the Secured Obligations in the manner specified in Section 6.04. The balance from time to time in the Cash Collateral Account shall be subject to withdrawal only as provided in this Agreement and Section 3.05(e) of the Credit Agreement.

Section 3.02 CERTAIN PROCEEDS. The Obligor agrees that if the proceeds of any Collateral shall be received by it, the Obligor will as promptly as possible deposit those proceeds into the Cash Collateral Account. Until so deposited, all such proceeds shall be held in trust by the Obligor for and as the property of the Administrative Agent and shall not be commingled with any other funds or property of the Obligor.

Section 3.03 INVESTMENT OF BALANCE IN CASH COLLATERAL ACCOUNT. Amounts on deposit in the Cash Collateral Account shall be invested from time to time in such Permitted Investments as the Obligor (or, if any Default has occurred and is continuing, the Administrative Agent) determines; failing a determination by the Obligor, investments shall be made in United States Treasury obligations selected by the Administrative Agent. All such Permitted Investments (and the earnings from them) shall be held in the name and be under the control of the Administrative Agent. At any time after the occurrence and during the continuance of an Event of Default, the Administrative Agent may (and, if instructed by the Required Lenders, will) in its (or their) discretion at any time and from time to time elect to liquidate any such

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Permitted Investments and to apply or cause to be applied the proceeds of that action to the payment of the Secured Obligations in the manner specified in Section 6.04.

ARTICLE IV

REPRESENTATIONS

As of the Signing Date and as of the date of each extension of credit by the Lenders, the Obligor represents and warrants to each Lender Party as follows:

Section 4.01 TITLE. The Obligor is the sole beneficial owner of the Collateral in which it purports to grant a Lien pursuant to this Agreement, and the Collateral is free and clear of all Liens, except for Liens permitted under Section 7.10 of the Credit Agreement. The Liens granted by this Agreement in favor of the Administrative Agent for the benefit of the Administrative Agent and the Lenders have attached and constitute a perfected security interest in all of that Collateral prior to all other Liens (except those permitted Liens).

Section 4.02 PLEDGED STOCK.

(a) The Pledged Stock evidenced by the certificates identified in Annex 1 is duly authorized, validly existing, fully paid and nonassessable, and none of that Pledged Stock is subject to any contractual restriction, or any restriction under the charter or by-laws of the respective Issuer of that Pledged Stock, upon the transfer of that Pledged Stock (except for any such restriction contained in any Basic Document and as arise under the FCC Regulations).

(b) The Pledged Stock evidenced by the certificates identified in Annex 1 constitutes all of the issued and outstanding shares of capital stock

of any class of the Issuers beneficially owned by the Obligor on the Signing Date (whether or not registered in the name of the Obligor), and Annex 1 correctly identifies, as at the Signing Date, the respective Issuers of that Pledged Stock, the respective class and par value of the shares comprising that Pledged Stock and the respective number (and registered owners) of the shares evidenced by each such certificate.

ARTICLE V

COVENANTS

Section 5.01 BOOKS AND RECORDS. The Obligor will:

(a) keep full and accurate books and records relating to the Collateral and stamp or otherwise mark those books and records in such manner as the Administrative Agent may reasonably require in order to reflect the Liens granted by this Agreement; and

(b) permit representatives of the Administrative Agent, upon reasonable notice, at any time during normal business hours to inspect and make abstracts from its books and records pertaining to the Collateral and, if an Event of Default has occurred and is

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continuing, permit representatives of the Administrative Agent to be present at the Obligor's place of business to receive copies of all communications and remittances relating to the Collateral and forward copies of any notices or communications received by the Obligor with respect to the Collateral, all in such manner as the Administrative Agent may request.

Section 5.02 REMOVALS, ETC. Without at least 30 days' prior written notice to the Administrative Agent, the Obligor will not:

(a) change its corporate name, or the name under which it does business, from the name shown on the signature pages to this Agreement; or

(b) maintain any of its books and records with respect to the Collateral at any office, or maintain its principal place of business at any place, other than at the address initially indicated for notices to it under Section 7.02 or at one of the locations identified in Annex 6 or in transit from one of those locations to another.

Section 5.03 SALES AND OTHER LIENS. Except as otherwise permitted under Section 7.10, 7.11 or 7.21 of the Credit Agreement, without the prior written consent of the Administrative Agent (granted with the authorization of the Lenders as specified in Section 10.04 of the Credit Agreement), the Obligor will not dispose of any Collateral, create, incur, assume or suffer to exist any Lien upon any Collateral or file or suffer to be on file or authorize to be filed, in any jurisdiction, any financing statement or like instrument with respect to all or any part of the Collateral in which the Administrative Agent is not named as the sole secured party for the benefit of the Lenders.

Section 5.04 STOCK COLLATERAL. The Obligor will cause the Stock Collateral to constitute at all times 100% of the total number of shares of each class of capital stock of each Issuer then outstanding. The Obligor will cause all such shares to be duly authorized, validly issued, fully paid and nonassessable and to be free of any contractual restriction or any restriction under the charter or bylaws of the respective Issuer of that Stock Collateral, upon the transfer of that Stock Collateral (except for any such restriction contained in any Basic Document and as arise under the FCC Regulations).

Section 5.05 FURTHER ASSURANCES. The Obligor will, from time to time upon the written request of the Administrative Agent, execute and deliver such further documents and do such other acts and things as the Administrative Agent may reasonably request in order fully to effect the purposes of this Agreement.

ARTICLE VI

REMEDIES

Section 6.01 EVENTS OF DEFAULT, ETC. If any Event of Default has occurred and is continuing:

(a) the Administrative Agent in its discretion may require the Obligor to, and the Obligor will, assemble the Collateral owned by it at such place or places, reasonably

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convenient to both the Administrative Agent and the Obligor, designated in the

Administrative Agent's request;

(b) the Administrative Agent in its discretion may make any reasonable compromise or settlement it deems desirable with respect to any of the Collateral and may extend the time of payment, arrange for payment in installments, or otherwise modify the terms of, all or any part of the Collateral;

(c) the Administrative Agent in its discretion may, in its name or in the name of the Obligor or otherwise, demand, sue for, collect or receive any money or property at any time payable or receivable on account of or in exchange for all or any part of the Collateral, but shall be under no obligation to do so;

(d) the Administrative Agent in its discretion may, upon five business days' prior written notice to the Obligor of the time and place, sell, lease or otherwise dispose of all or any part of the Collateral that is then or will subsequently come into the possession, custody or control of the Administrative Agent, any other Lender Party or any of their respective agents, at such place or places as the Administrative Agent deems best, for cash, for credit or for future delivery (without thereby assuming any credit risk) and at public or private sale, without demand of performance or notice of intention to effect any such disposition or of the time or place of any such sale (except such notice as is required above or by applicable statute and cannot be waived), and any Lender Party or any other Person may be the purchaser, lessee or recipient of all or any part of the Collateral so disposed of at any public sale (or, to the extent permitted by law, at any private sale) and thereafter hold the same absolutely, free from any claim or right of whatsoever kind, including any right or equity of redemption (statutory or otherwise), of the Obligor, and the Obligor hereby waives and releases any such demand, notice and right or equity. The Administrative Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and that sale may be made at any time or place to which the sale may be so adjourned; and

(e) the Administrative Agent shall have, and in its discretion may exercise, all of the rights, remedies, powers and privileges with respect to the Collateral of a secured party under the Uniform Commercial Code (whether or not the Uniform Commercial Code is in effect in the jurisdiction where those rights, remedies, powers and privileges are asserted) and such additional rights, remedies, powers and privileges to which a secured party is entitled under the laws in effect in any jurisdiction where any rights, remedies, powers and privileges in respect of this Agreement or the Collateral may be asserted, including the right, to the maximum extent permitted by law, to exercise all voting, consensual and other powers of ownership pertaining to the Collateral as if the Administrative Agent were the sole and absolute owner of the Collateral (and the Obligor will take all such action as may be appropriate to give effect to that right).

The proceeds of, and other realization upon, the Collateral by virtue of the exercise of remedies under this Section 6.01 shall be applied in accordance with Section 6.04.

Section 6.02 DEFICIENCY. If the proceeds of, or other realization upon, the Collateral by virtue of the exercise of remedies under Section 6.01 are insufficient to cover the

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costs and expenses of that exercise and the payment in full of the other Secured Obligations, the Obligor shall remain liable for any deficiency.

Section 6.03 PRIVATE SALE.

(a) No Lender Party shall incur any liability as a result of the sale, lease or other disposition of all or any part of the Collateral at any private sale pursuant to Section 6.01 conducted in a commercially reasonable manner. The Obligor hereby waives any claims against any Lender Party that may arise by reason of the fact that the price at which the Collateral may have been sold at such a private sale was less than the price that might have been obtained at a public sale or was less than the aggregate amount of the Secured Obligations, even if the Administrative Agent accepts the first offer received and does not offer the Collateral to more than one offeree.

(b) The Obligor recognizes that, by reason of certain prohibitions contained in the Securities Act of 1933 and applicable state securities laws and in the FCC Regulations, the Administrative Agent may be compelled to limit purchasers of all or any part of the Collateral to those who will agree, among other things, to acquire that Collateral for their own account, for investment and not with a view to distribution or resale or to those to whom the FCC has granted or will grant approval. The Obligor acknowledges that any such private sales may be at prices and on terms less favorable to the Administrative Agent than those obtainable through a public sale without those restrictions, and, notwithstanding those circumstances,

agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner and that the Administrative Agent shall have no obligation to engage in public sales and no obligation to delay the sale of any Collateral for the period of time necessary to permit the respective Issuer of that Collateral to register it for public sale.

Section 6.04 APPLICATION OF PROCEEDS. Except as otherwise expressly provided in this Agreement, the proceeds of, or other realization upon, all or any part of the Collateral by virtue of the exercise of remedies under Section 6.01 and any other cash at the time held by the Administrative Agent under Section 3.01 or Section 6.01 shall be applied by the Administrative Agent:

FIRST, to the payment of the costs and expenses of that exercise of remedies, including reasonable out-of-pocket costs and expenses of the Administrative Agent, the fees and expenses of its agents and counsel and all other expenses incurred and advances made by the Administrative Agent in that connection;

NEXT, to the payment in full of the remaining Secured Obligations equally and ratably in accordance with their respective amounts then due and owing or as the Lender Parties holding the same may otherwise agree; and

FINALLY, subject to the rights of the other holder of any Lien in the relevant Collateral, to the payment to the Obligor or as a court of competent jurisdiction may direct of any surplus then remaining.

As used in this Section 6, "PROCEEDS" of Collateral shall mean cash, securities and other property realized in respect of, and distributions in kind of, Collateral, including any

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property received under any bankruptcy, reorganization or other similar proceeding as to the Obligor or any issuer of, or account debtor or other obligor on, any of the Collateral.

Section 6.05 CERTAIN REGULATORY REQUIREMENTS. Notwithstanding any contrary provision in any Basic Document, no action shall be taken under this Agreement by the Administrative Agent or any Lender Party with respect to any item of Collateral unless and until all applicable requirements (if any) of the FCC Regulations have been satisfied with respect to such action and there have been obtained such Governmental Approvals (if any) as may be required to be obtained under the FCC Regulations under the terms of any such FCC License. Without limiting the generality of the foregoing, the Administrative Agent (on behalf of itself and the Lenders) hereby agrees that (a) voting and consensual rights in the Stock Collateral will remain with the Obligor upon and following the occurrence of an Event of Default unless and until any required prior approvals of the FCC to the transfer of such voting and consensual rights to the Administrative Agent have been obtained; (b) upon the occurrence of any Event of Default and foreclosure of the Stock Collateral pursuant to this Agreement there will be either a private or public sale of the Stock Collateral; and (c) prior to the exercise of voting or consensual rights by the purchaser at any such sale, the prior consent of the FCC pursuant to 47 U.S.C. ss.310(d) will be obtained. It is the intention of the parties to this Agreement that the Liens in favor of the Administrative Agent on the Collateral shall in all relevant aspects be subject to and governed by the FCC Regulations and that nothing in this Agreement shall be construed to diminish the control exercised by the Obligor except in accordance with the provisions of the FCC Regulations. The Obligor agrees that upon request from time to time by the Administrative Agent it will use its best efforts to obtain any Governmental Approvals referred to in this Section 6.05, including upon any request of the Administrative Agent following an Event of Default, to prepare, sign and file with the FCC (or cause to be prepared signed and filed with the FCC) any application or application for consent to the assignment of the FCC Licenses or transfer of control required to be signed by the Obligor or any of its Subsidiaries necessary or appropriate under the FCC Regulations for approval of any sale or transfer of any of the Stock Collateral or the assets of the Obligor or any of its Subsidiaries or any transfer of control in respect of any FCC License.

ARTICLE VII

MISCELLANEOUS

Section 7.01 ADMINISTRATIVE AGENT. As provided in Section 9.01 of the Credit Agreement, each Lender Party has appointed ING (U.S.) Capital LLC as its Administrative Agent for purposes of this Agreement. In that capacity, ING (U.S.) Capital LLC shall be entitled to all the rights and benefits accorded the Administrative Agent by Article IX of the Credit Agreement and any other applicable provision of the Basic Documents. Following the payment in full of all Obligations outstanding under the Credit Agreement and all other Guaranteed Obligations and the termination or expiration of the Commitments, the provisions of Article IX of the Credit Agreement shall be deemed to continue in full force and effect for the benefit of the Administrative Agent under this Agreement.

Section 7.02 NOTICES. All notices, requests and other communications provided for in this Agreement shall be given or made in writing and delivered by hand or courier service, mailed by certified or registered mail or sent by telecopy to the intended recipient as specified below or, as to any party, at such other address as is designated by that party in a notice to each other party. Except as otherwise provided in this Agreement, all such communications shall be deemed to have been duly given or made upon receipt.

To the Obligor: Salem Communications Corporation
4880 Santa Rosa Road, Suite 300
Camarillo, California 93012
Telephone: (805) 343-4531
Telecopy: (805) 384-4532
Attention: Dirk Gastaldo, Vice President
and Chief Financial Officer

with a copy to: Salem Communications Corporation
4880 Santa Rosa Road, Suite 300
Camarillo, California 93012
Telephone: (805) 987-0400, ext. 106
Telecopy: (805) 384-4505
Attention: Jonathan L. Block, Esq.,
Secretary

To the Administrative Agent: ING (U.S.) Capital LLC
55 East 52nd Street
New York, New York 10055
Telephone: (212) 409-1743
Telecopy: (212) 409-7813
Attention: Pamela Kaye

Section 7.03 EXPENSES, ETC. The Obligor will pay all out-of-pocket expenses (including reasonable counsels' fees and expenses) of each Lender Party in connection with any enforcement or collection proceeding (including any bankruptcy, reorganization, restructuring, "work out" or other similar proceeding) as to any of the obligations of the Obligor under this Agreement, the negotiation of any restructuring or "work out" (whether or not consummated) or the enforcement of this Section 7.03. All amounts due under this Agreement not paid when due shall bear interest until paid at a rate per annum equal to the Post-Default Rate.

Section 7.04 WAIVER. No failure or delay by any Lender Party in exercising any remedy, right, power or privilege under this Agreement or any other Basic Document shall operate as a waiver of that remedy, right, power or privilege, nor shall any single or partial exercise of that remedy, right, power or privilege preclude any other or further exercise of that remedy, right, power or privilege or the exercise of any other remedy, right, power or privilege. The remedies, rights, powers and privileges provided by this Agreement are cumulative and not exclusive of any remedies, rights, powers or privileges provided by the other Basic Documents or by law.

Section 7.05 AMENDMENTS, ETC. No provision of this Agreement may be waived, modified or supplemented except by an instrument in writing signed by the Obligor and the Administrative Agent (with the consent of the Lenders as specified in Section 10.04 of the Credit Agreement). Any modification, supplement or waiver shall be for such period and subject to such conditions as shall be specified in the written instrument effecting the same and shall be binding upon each Lender Party and the Obligor, and any such waiver shall be effective only in the specific instance and for the purpose for which given.

Section 7.06 SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of its parties and their respective successors and assigns. The Obligor may not assign or transfer its rights or obligations under this Agreement without the prior written consent of the Administrative Agent (with further consent of the Lenders as specified under Section 10.04 of the Credit Agreement).

Section 7.07 SURVIVAL. Each representation and warranty made, or deemed to be made by a notice of any extension of credit, in or pursuant to this Agreement shall survive the making or deemed making of that representation and warranty, and no Lender Party shall be deemed to have waived, by reason of making any extension of credit, any Default that may arise by reason of that representation or warranty proving to have been false or misleading, notwithstanding that such or any other Lender Party may have had notice or knowledge or reason to believe that such representation or warranty was false or misleading at the time that extension of credit was made.

Section 7.08 AGREEMENTS SUPERSEDED. This Agreement supersedes all prior agreements and understandings, written or oral, among the parties with respect to the subject matter of this Agreement.

Section 7.09 SEVERABILITY. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of that prohibition or unenforceability without invalidating the remaining provisions of this Agreement, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable that provision in any other jurisdiction.

Section 7.10 CAPTIONS. The table of contents, captions and section headings appearing in this Agreement are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

Section 7.11 COUNTERPARTS. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties to the Agreement may execute this Agreement by signing any such counterpart. Delivery of an executed counterpart of a signature page to this Agreement by hand or by telecopy shall be effective as the delivery of a fully executed counterpart of this Agreement.

Section 7.12 GOVERNING LAW; SUBMISSION TO JURISDICTION. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN THE STATE OF NEW YORK. THE OBLIGOR

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HEREBY SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND OF ANY NEW YORK STATE COURT SITTING IN NEW YORK, NEW YORK FOR THE PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. THE OBLIGOR IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR IN THE FUTURE HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

Section 7.13 WAIVER OF JURY TRIAL. THE OBLIGOR AND THE ADMINISTRATIVE AGENT (ON BEHALF OF ITSELF AND THE OTHER LENDER PARTIES) HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

[The remainder of this page is intentionally left blank.
Signature pages follow.]

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IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered as of the day and year first above written.

SALEM COMMUNICATIONS CORPORATION

By: _____
Name:
Title:

ING (U.S.) CAPITAL LLC

By: _____
Name:
Title:

Annex 1

PLEDGED STOCK

<TABLE>
<CAPTION>

Issuer -----	Certificate Nos. -----	Registered Owner -----	Number of Shares -----
<S> Salem Communications Holding Corporation	<C> 1	<C> Salem Communications Corporation	<C> 1,000 shares of common stock, par value \$0.01
Salem Communications Acquisition Corporation	1	Salem Communications Corporation	1,000 shares of common stock, par value \$0.01

</TABLE>

EXHIBIT D

EXECUTION COPY

GUARANTEE AND SECURITY AGREEMENT

Dated as of August 24, 2000

between

SALEM COMMUNICATIONS

ACQUISITION CORPORATION

and

SCA LICENSE CORPORATION

each as an obligor

and

ING (U.S.) CAPITAL LLC

as the administrative agent

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GUARANTEE AND SECURITY AGREEMENT

This GUARANTEE AND SECURITY AGREEMENT (this "AGREEMENT") dated as of August 24, 2000 is made between SALEM COMMUNICATIONS ACQUISITION CORPORATION, a Delaware corporation, and SCA LICENSE CORPORATION, a Delaware corporation (each, an "OBLIGOR" and collectively, the "OBLIGORS") and ING (U.S.) CAPITAL LLC, as the agent (in that capacity, the "ADMINISTRATIVE AGENT") for the Lenders referred to below.

The Credit Agreement dated as of August 24, 2000 (the "CREDIT AGREEMENT") between Salem Communications Corporation, a California corporation (the "COMPANY"), the Administrative Agent and the lenders identified in the Credit Agreement (the "LENDERS") for whom the Administrative Agent acts as the administrative agent provides, subject to its terms and conditions, for certain extensions of credit to the Company. It is a condition to the obligations of Administrative Agent and the Lenders under the Credit Agreement that each Obligor executes and delivers, and grants the Liens provided for, in this Agreement.

To induce the Lender Parties to enter into, and to extend credit under, the Credit Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged,

each Obligor agrees to pledge and grant a security interest in the Collateral as security for the Secured Obligations. Accordingly, the Obligors agree with the Administrative Agent as follows:

ARTICLE I

DEFINITIONS

Section 1.01. CERTAIN DEFINED TERMS. Unless otherwise defined, all capitalized terms used in this Agreement that are defined in the Credit Agreement (including terms incorporated by reference) shall have the respective meanings assigned to them in the Credit Agreement. In addition, the following terms shall have the following meanings under this Agreement:

"ACCOUNTS" shall have the meaning assigned to that term in Section 2.01(b).

"CASH COLLATERAL ACCOUNT" shall have the meaning assigned to that term in the Security Agreement.

"COLLATERAL" shall have the meaning assigned to that term in Section 2.01.

"COPYRIGHT COLLATERAL" shall mean all Copyrights, whether now owned or in the future acquired by any Obligor, including each Copyright identified in Annex 2.

"COPYRIGHTS" shall mean, collectively, (a) all copyrights, copyright registrations and applications for copyright registrations, (b) all renewals and extensions of all copyrights, copyright registrations and applications for copyright registration and (c) all rights, now existing

or in the future coming into existence, (i) to all income, royalties, damages and other payments (including in respect of all past, present or future infringements) now or in the future due or payable under or with respect to any of the foregoing, (ii) to sue for all past, present and future infringements with respect to any of the foregoing and (iii) otherwise accruing under or pertaining to any of the foregoing throughout the world.

"DOCUMENTS" shall have the meaning assigned to that term in Section 2.01(f).

"EQUIPMENT" shall have the meaning assigned to that term in Section 2.01(e).

"INSTRUMENTS" shall have the meaning assigned to that term in Section 2.01(c).

"INTELLECTUAL PROPERTY" shall mean all Copyright Collateral, all Patent Collateral and all Trademark Collateral, together with (a) all inventions, processes, production methods, proprietary information, know-how and trade secrets; (b) all licenses or user or other agreements granted to any Obligor with respect to any of the foregoing, in each case whether now or in the future owned or used, including the licenses or other agreements with respect to the Copyright Collateral, the Patent Collateral or the Trademark Collateral listed in Annex 5; (c) all information, customer lists, identification of suppliers, data, plans, blueprints, specifications, designs, drawings, recorded knowledge, surveys, engineering reports, test reports, manuals, materials standards, processing standards, performance standards, catalogs, computer and automatic machinery software and programs; (d) all field repair data, sales data and other information relating to sales or service of products now or in the future manufactured; (e) all accounting information and all media in which or on which any information or knowledge or data or records may be recorded or stored and all computer programs used for the compilation or printout of that information, knowledge, records or data; (f) all Governmental Approvals now held or in the future obtained by any Obligor in respect of any of the foregoing; and (g) all causes of action, claims and warranties now owned or in the future acquired by any Obligor in respect of any of the foregoing. Intellectual Property shall include all of the foregoing owned or acquired by each Obligor on a worldwide basis.

"INVENTORY" shall have the meaning assigned to that term in Section 2.01(d).

"INVESTMENT PROPERTY" shall have the meaning assigned to that term in Section 2.01(a).

"ISSUERS" shall mean, collectively, each direct Subsidiary of any Obligor that is the issuer (as defined in the Uniform Commercial Code) of any shares of capital stock now owned or in the future acquired by any Obligor, including the respective corporations identified in Annex 1 under the caption "ISSUER."

"MOTOR VEHICLES" shall mean motor vehicles, tractors, trailers

and other like property, whether or not the title to any such property is governed by a certificate of title or ownership.

"PATENT COLLATERAL" shall mean all Patents, whether now owned or in the future acquired by any Obligor, including each Patent identified in Annex 3.

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"PATENTS" shall mean, collectively, (a) all patents and patent applications, (b) all reissues, divisions, continuations, renewals, extensions and continuations-in-part of all patents or patent applications and (c) all rights, now existing or in the future coming into existence, (i) to all income, royalties, damages, and other payments (including in respect of all past, present and future infringements) now or in the future due or payable under or with respect to any of the foregoing, (ii) to sue for all past, present and future infringements with respect to any of the foregoing and (iii) otherwise accruing under or pertaining to any of the foregoing throughout the world, including all inventions and improvements described or discussed in all such patents and patent applications.

"PLEGGED STOCK" shall have the meaning assigned to that term in Section 2.01(a).

"SECURED OBLIGATIONS" shall mean (a) any and all Obligations and (b) any and all obligations of the Obligors for the performance of their agreements, covenants and undertakings under or in respect of the Basic Documents.

"STOCK COLLATERAL" shall have the meaning assigned to that term in Section 2.01(a).

"TRADEMARK COLLATERAL" shall mean all Trademarks, whether now owned or in the future acquired by any Obligor, including each Trademark identified in Annex 4. Notwithstanding the foregoing, the Trademark Collateral shall not include any Trademark that would be rendered invalid, abandoned, void or unenforceable by reason of its being included as part of the Trademark Collateral.

"TRADEMARKS" shall mean, collectively, (a) all trade names, trademarks and service marks, logos, trademark and service mark registrations and applications for trademark and service mark registrations, (b) all renewals and extensions of any of the foregoing and (c) all rights, now existing or in the future coming into existence, (i) to all income, royalties, damages and other payments (including in respect of all past, present and future infringements) now or in the future due or payable under or with respect to any of the foregoing, (ii) to sue for all past, present and future infringements with respect to any of the foregoing and (iii) otherwise accruing under or pertaining to any of the foregoing throughout the world, together, in each case, with the product lines and goodwill of the business connected with the use of, or otherwise symbolized by, each such trade name, trademark and service mark.

"UNIFORM COMMERCIAL CODE" shall mean the Uniform Commercial Code as in effect in the State of New York from time to time or, by reason of mandatory application, any other applicable jurisdiction.

Section 1.02. INTERPRETATION. In this Agreement, unless otherwise indicated, the singular shall include the plural and plural the singular; words importing any gender shall include the other gender; references to statutes or regulations shall be construed as including all statutory or regulatory provisions consolidating, amending or replacing the statute or regulation referred to; references to "writing" shall include printing, typing, lithography and other means of reproducing words in a tangible visible form; the words "including," "includes" and "include" shall be deemed to be followed by the words "without limitation"; references to articles, sections (or subdivisions of sections), exhibits, annexes or schedules are to this Agreement;

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references to agreements and other contractual instruments shall be deemed to include all subsequent amendments, extensions and other modifications to those instruments (without, however, limiting any prohibition on any such amendments, extensions or modifications by the terms of the Basic Documents); and references to Persons shall include their respective successors and permitted assigns and, in the case of Governmental Authorities, Persons succeeding to their respective functions and capacities.

ARTICLE II

COLLATERAL

Section 2.01. GRANT. As collateral security for the prompt payment in full when due (whether at stated maturity, upon acceleration, on any

optional or mandatory prepayment date or otherwise) and performance of the Secured Obligations, each Obligor hereby pledges and grants to the Administrative Agent, for the benefit of the Lender Parties, a security interest in all of that Obligor's right, title and interest in and to the following property, whether now owned or in the future acquired by that Obligor and whether now existing or in the future coming into existence (collectively, the "COLLATERAL"):

(a) (i) all of the shares of capital stock of the Issuers represented by the respective certificates identified in Annex 1 under the name of that Obligor and all other shares of capital stock of whatever class of the Issuers, now owned or in the future acquired by that Obligor, together with in each case the certificates representing the same (collectively, the "PLEGGED STOCK");

(ii) all shares, securities, moneys or property representing a dividend on, or a distribution or return of capital in respect of, any of the Pledged Stock, resulting from a split-up, revision, reclassification or other like change of any of the Pledged Stock or otherwise received in exchange for any of the Pledged Stock and all rights issued to the holders of, or otherwise in respect of, any of the Pledged Stock;

(iii) without affecting the obligations of any Obligor under any provision prohibiting that action under any Basic Document, in the event of any consolidation or merger in which any Issuer is not the surviving corporation, all shares of each class of the capital stock of the successor corporation (unless that successor corporation is that Obligor itself) formed by or resulting from that consolidation or merger (collectively, and together with the property described in clauses (i) and (ii) above, the "STOCK COLLATERAL"); and

(iv) all other securities (whether certificated or uncertificated), security entitlements, securities accounts, commodities contracts and commodity accounts (each as defined in the Uniform Commercial Code), together with in each case the certificates representing the same (collectively, the "INVESTMENT PROPERTY");

(b) all accounts and general intangibles (each as defined in the Uniform Commercial Code) of that Obligor constituting a right to the payment of money, whether or not earned by performance, including all moneys due and to become due to that Obligor in repayment of any loans or advances, in payment for goods (including Inventory and Equipment)

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sold or leased or for services rendered, in payment of tax refunds and in payment of any guarantee of any of the foregoing (collectively, the "ACCOUNTS");

(c) all instruments, chattel paper or letters of credit (each as defined in the Uniform Commercial Code) of that Obligor evidencing, representing, arising from or existing in respect of, relating to, securing or otherwise supporting the payment of, any of the Accounts (collectively, the "INSTRUMENTS");

(d) all inventory (as defined in the Uniform Commercial Code) and all other goods (including Motor Vehicles) of that Obligor that are held by that Obligor for sale, lease or furnishing under a contract of service (including to its Subsidiaries or Affiliates), that are so leased or furnished or that constitute raw materials, work in process or material used or consumed in its business, including all spare parts and related supplies, all goods obtained by that Obligor in exchange for any such goods, all products made or processed from any such goods and all substances, if any, commingled with or added to any such goods (collectively, the "INVENTORY");

(e) all equipment (as defined in the Uniform Commercial Code) and all other goods (including Motor Vehicles) of that Obligor that are used or acquired for use primarily in its business, including all spare parts and related supplies, all goods obtained by that Obligor in exchange for any such goods, all substances, if any, commingled with or added to those goods and all upgrades and other improvements to those goods, in each case to the extent not constituting Inventory (collectively, the "EQUIPMENT");

(f) all documents of title (as defined in the Uniform Commercial Code) or other receipts of that Obligor covering, evidencing or representing Inventory or Equipment (collectively, the "DOCUMENTS");

(g) all contracts and other agreements of that Obligor relating to the sale or other disposition of all or any part of the Inventory, Equipment or Documents and all rights, warranties, claims and benefits of that Obligor against any Person arising out of, relating to or in connection with all or any part of the Inventory, Equipment or Documents of that Obligor, including any such rights, warranties, claims or benefits against any Person storing or transporting any such Inventory or Equipment or issuing any such Documents;

(h) all other accounts or general intangibles of that Obligor not constituting Accounts, including, to the extent related to all or any part of the other Collateral, all books, correspondence, credit files, records, invoices, tapes, cards, computer runs and other papers and documents in the possession or under the control of that Obligor or any computer bureau or service company from time to time acting for that Obligor;

(i) the balance and all Investment Property from time to time held in or to the credit of the Cash Collateral Account;

(j) all other tangible and intangible property of that Obligor, including all Intellectual Property;

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(k) all rights of any Obligor under or relating to all FCC Licenses issued to that Obligor and the proceeds of those FCC Licenses, PROVIDED that such security interest does not include at any time any FCC License to the extent (but only to the extent) that at that time the Administrative Agent may not validly possess a security interest in that FCC License pursuant to the FCC Regulations, as in effect at that time, but such security interest does include, to the maximum extent permitted by law, all rights incident or appurtenant to any FCC Licenses issued to any Obligor and the right to receive all proceeds derived from or in connection with the sale, assignment or transfer of those FCC Licenses; and

(l) all proceeds and products in whatever form of all or any part of the other Collateral, including all proceeds of insurance and all condemnation awards and all other compensation for any Casualty Event with respect to all or any part of the other Collateral (together with all rights to recover and proceed with respect to the same), and all accessories to, substitutions for and replacements of all or any part of the other Collateral.

In addition to the foregoing, each Obligor party to a Station License Management Agreement hereby consents to the inclusion by the other party to that agreement of that other party's rights, title and interest in that agreement as part of the Collateral.

Section 2.02. INTELLECTUAL PROPERTY. For the purpose of enabling the Administrative Agent to exercise its rights, remedies, powers and privileges under Section 6.01 at that time or times as the Administrative Agent is lawfully entitled to exercise those rights, remedies, powers and privileges, and for no other purpose, each Obligor hereby grants to the Administrative Agent, to the extent assignable, an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to that Obligor) to use, assign, license or sublicense any of the Intellectual Property of that Obligor, together with reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout of those items.

Section 2.03. PERFECTION. Each Obligor will (i) concurrently with the execution and delivery of this Agreement, file or deliver for filing such financing statements and other documents in such offices as are necessary or as the Administrative Agent may request to perfect and establish the priority (subject only to Liens permitted under Section 7.10 of the Credit Agreement) of the Liens granted by this Agreement, (ii) concurrently with the execution and delivery of this Agreement, deliver and pledge to the Administrative Agent any and all Instruments, endorsed or accompanied by such instruments of assignment and transfer in such form and substance as the Administrative Agent may request, (iii) cause the Administrative Agent (to the extent requested by the Administrative Agent) to be listed as the lienholder on all certificates of title or ownership relating to Motor Vehicles in the name of that Obligor and deliver to the Administrative Agent originals of all such certificates of title or ownership for the Motor Vehicles together with the odometer statements for each respective Motor Vehicle, (iv) concurrently with the execution and delivery of this Agreement, deliver to the Administrative Agent all certificates identified in Annex 1, accompanied by undated stock powers duly executed in blank and (v) take all such other actions as are necessary or as the Administrative Agent may request to perfect and establish the priority (subject only to those permitted Liens) of the Liens granted by this Agreement, including as soon as possible following the Signing Date, filing this Agreement (or any other form or instrument as the Administrative Agent may request) with the

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U.S. Patent and Trademark Office and the Copyright Office (as the case may be); provided that no Obligor is obligated to take any action to perfect the Liens granted by this Agreement as to any Motor Vehicle perfection as to which would require the Administrative Agent to be reflected as a lienholder on any certificate of title or ownership. The Obligors agree to use all commercially reasonable efforts to deliver from each owner or lessor of real property an access agreement, in substantially the form of Annex 7, to the Administrative Agent within 30 days after the Effective Date.

Section 2.04. PRESERVATION AND PROTECTION OF SECURITY INTERESTS. Each Obligor will:

(a) upon the acquisition after the Signing Date by that Obligor of any Stock Collateral or any certificate evidencing or representing any Investment Property, promptly either (x) transfer and deliver to the Administrative Agent all such Stock Collateral (together with the certificates representing that Stock Collateral and that Investment Property duly endorsed in blank or accompanied by undated stock powers duly executed in blank) or (y) take such other action as the Administrative Agent deems necessary or appropriate to create, perfect and establish the priority (subject only to Liens permitted under Section 7.10 of the Credit Agreement) of the Liens granted by this Agreement in that Stock Collateral and Investment Property;

(b) upon the acquisition after the Signing Date by that Obligor of any Instrument, promptly deliver and pledge to the Administrative Agent all such Instruments, endorsed or accompanied by such instruments of assignment and transfer in such form and substance as the Administrative Agent may request;

(c) if so requested by the Administrative Agent following the occurrence of a Default, deliver to the Administrative Agent originals of the certificates of title or ownership for those Motor Vehicles with the Administrative Agent listed as lienholder, together with the manufacturer's statement of origin and odometer statements; PROVIDED, however, if the Motor Vehicle to be acquired is subject to a purchase money security interest permitted by Section 7.10 of the Credit Agreement, the Administrative Agent shall be listed as a junior lienholder to the Person holding that purchase money security interest;

(d) without limiting the obligations of that Obligor under Section 2.04(c), upon the acquisition after the Signing Date by that Obligor of any Equipment covered by a certificate of title or ownership, promptly notify the Administrative Agent of that event and, if so requested by the Administrative Agent, cause the Administrative Agent to be listed as the lienholder on that certificate of title and within 120 days after the acquisition of that equipment deliver evidence of the same to the Administrative Agent;

(e) upon that Obligor's acquiring, or otherwise becoming entitled to the benefits of, any Copyright (or copyrightable material), Patent (or patentable invention), Trademark (or associated goodwill) or other Intellectual Property or upon or prior to that Obligor's filing, either directly or through the Administrative Agent, any licensee or any other designee, of any application with any Governmental Authority for any Copyright, Patent, Trademark or other Intellectual Property, in each case after the Signing Date, execute and deliver

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such contracts, agreements and other instruments as the Administrative Agent may request to create, perfect and establish the priority (subject only to Liens permitted under Section 7.10 of the Credit Agreement) of the Liens granted by this Agreement in that and any related Intellectual Property and, if requested by the Administrative Agent, amend Annex 2, 3 or 4 (as the case may be) to reflect the inclusion of any such Intellectual Property as part of the Collateral (it being agreed that the failure to amend any such Annex shall not affect the Liens granted by this Agreement on any such Intellectual Property); and

(f) give, execute, deliver, file or record any and all financing statements, notices, contracts, agreements or other instruments, obtain any and all Governmental Approvals and take any and all steps that may be necessary or as the Administrative Agent may request to create, perfect, establish the priority (subject only to Liens permitted under Section 7.10 of the Credit Agreement) of, or to preserve the validity, perfection or priority (subject only to those permitted Liens) of, the Liens granted by this Agreement or to enable the Administrative Agent to exercise and enforce its rights, remedies, powers and privileges under this Agreement with respect to those Liens, including causing any or all of the Stock Collateral and Investment Property to be transferred of record into the name of the Administrative Agent or its nominee (and the Administrative Agent agrees that if any Stock Collateral and Investment Property is transferred into its name or the name of its nominee, the Administrative Agent will thereafter promptly give to that Obligor copies of any notices and communications received by it with respect to the Stock Collateral and Investment Property pledged by that Obligor), PROVIDED that notices to account debtors in respect of any Accounts or Instruments shall be subject to the provisions of Section 3.02(b).

Section 2.05. ATTORNEY-IN-FACT.

(a) Subject to the rights of that Obligor under Sections 2.06, 2.07, 2.08 and 2.09, each Obligor hereby appoints the Administrative Agent its

attorney-in-fact effective on the Signing Date and terminating upon the termination of this Agreement for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instruments that the Administrative Agent may deem necessary or advisable to accomplish the purposes of this Agreement, to preserve the validity, perfection and priority (subject only to Liens permitted under Section 7.10 of the Credit Agreement) of the Liens granted by this Agreement and, following any Default, to exercise its rights, remedies, powers and privileges under this Agreement. This appointment as attorney-in-fact is irrevocable and coupled with an interest. Without limiting the generality of the foregoing, the Administrative Agent shall be entitled under this Agreement upon the occurrence and continuation of any Event of Default (or, in respect of Section 3.01, any Default) (i) to ask, demand, collect, sue for, recover, receive and give receipt and discharge for amounts due and to become due under and in respect of all or any part of the Collateral; (ii) to receive, endorse and collect any Instruments or other drafts, instruments, documents and chattel paper in connection with clause (i) above (including any draft or check representing the proceeds of insurance or the return of unearned premiums); (iii) to file any claims or take any action or proceeding that the Administrative Agent may deem necessary or advisable for the collection of all or any part of the Collateral, including the collection of any compensation due and to become due under any contract or agreement with respect to all or any part of the Collateral; and (iv) to execute, in connection with any sale or disposition of the

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Collateral under Section 6.01, any endorsements, assignments, bills of sale or other instruments of conveyance or transfer with respect to all or any part of the Collateral.

(b) Without limiting the rights and powers of the Administrative Agent under Section 2.05(a), each Obligor hereby appoints the Administrative Agent as its attorney-in-fact, effective the Signing Date and terminating upon the termination of this Agreement, for the purpose of (i) executing on behalf of that Obligor title or ownership applications for filing with appropriate state agencies to enable Motor Vehicles now owned or in the future acquired by that Obligor to be retitled and the Administrative Agent to be listed as lienholder as to those Motor Vehicles, (ii) filing such applications with such state agencies and (iii) executing such other documents and instruments on behalf of, and taking such other action in the name of, that Obligor as the Administrative Agent may deem necessary or advisable to accomplish the purposes of this Agreement (including the purpose of creating in favor of the Administrative Agent a perfected Lien on the Motor Vehicles and exercising the rights, remedies, powers and privileges of the Administrative Agent under Section 6.01). This appointment as attorney-in-fact is irrevocable and coupled with an interest.

Section 2.06. SPECIAL PROVISIONS RELATING TO STOCK COLLATERAL AND INVESTMENT PROPERTY.

(a) So long as no Event of Default has occurred and is continuing, the Obligors shall have the right to exercise all voting, consensual and other powers of ownership pertaining to the Stock Collateral and Investment Property for all purposes not inconsistent with the terms of any Basic Document, provided that the Obligors will not vote the Stock Collateral in any manner that is inconsistent with the terms of any Basic Document; and the Administrative Agent will, at the Obligors' expense, execute and deliver to the Obligors or cause to be executed and delivered to the Obligors all such proxies, powers of attorney, dividend and other orders and other instruments, without recourse, as the Obligors may reasonably request for the purpose of enabling the Obligors to exercise the rights and powers that they are entitled to exercise pursuant to this Section 2.06(a).

(b) So long as no Event of Default has occurred and is continuing, the Obligors shall be entitled to receive and retain any dividends, distribution or earnings on the Stock Collateral and the Investment Property paid in cash and (in the case of any capital stock) out of earned surplus.

(c) If any Event of Default has occurred and is continuing, and whether or not the Administrative Agent exercises any available right to declare any Secured Obligation due and payable or seeks or pursues any other right, remedy, power or privilege available to it under applicable law, this Agreement or any other Basic Document but subject to Section 6.05, all dividends, distributions or earnings on the Stock Collateral and the Investment Property shall be paid directly to the Administrative Agent and retained by it in the Collateral Account as part of the Investment Property, subject to the terms of this Agreement, and, if the Administrative Agent so requests, the Obligors shall execute and deliver to the Administrative Agent appropriate additional dividend, distribution and other orders and instruments to that end, PROVIDED that if that Event of Default is cured, any such dividend or distribution paid to the Administrative Agent

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prior to that cure shall, upon request of the Obligors (except to the extent applied to the Secured Obligations), be returned by the Administrative Agent to the Obligors.

Section 2.07. USE OF INTELLECTUAL PROPERTY. Subject to that action not otherwise constituting a Default and so long as no Event of Default has occurred and is continuing, the Obligors shall be permitted to exploit, use, enjoy, protect, license, sublicense, assign, sell, dispose of or take other actions with respect to the Intellectual Property in the ordinary course of the business of the Obligors. In furtherance of the foregoing, so long as no Event of Default has occurred and is continuing, the Administrative Agent will from time to time, upon the request of the Obligors through the Company, execute and deliver any instruments, certificates or other documents, in the form so requested, which such Obligors (through the Company) certify are appropriate (in their judgment) to allow them to take any action permitted above or by the other Basic Documents (including relinquishment of the license provided pursuant to Section 2.02 as to any specific Intellectual Property). The exercise of rights, remedies, powers and privileges under Section 6.01 by the Administrative Agent shall not terminate the rights of the holders of any licenses or sublicenses previously granted by each Obligor in accordance with the first sentence of this Section 2.07.

Section 2.08. INSTRUMENTS. So long as no Default has occurred and is continuing, each Obligor may retain for collection in the ordinary course of business any Instruments obtained by it in the ordinary course of business, and the Administrative Agent will, promptly upon the request, and at the expense of, that Obligor (through the Company), make appropriate arrangements for making any Instruments pledged by the Obligors available to the respective Obligor for purposes of presentation, collection or renewal. Any such arrangement shall be effected, to the extent deemed appropriate by the Administrative Agent, against a trust receipt or like document.

Section 2.09. USE OF COLLATERAL. So long as no Event of Default has occurred and is continuing, each Obligor shall, in addition to its rights under Sections 2.06, 2.07 and 2.08 in respect of the Collateral contemplated in those sections, be entitled to use and possess the other Collateral and to exercise its rights, title and interest in all contracts, agreements, licenses and Governmental Approvals, subject to the rights, remedies, powers and privileges of the Administrative Agent under Articles III and VI and to that use, possession or exercise not otherwise constituting a Default.

Section 2.10. RIGHTS AND OBLIGATIONS.

(a) Each Obligor shall remain liable to perform its duties and obligations under the contracts and agreements included in the Collateral in accordance with their respective terms to the same extent as if this Agreement had not been executed and delivered. The exercise by the Administrative Agent or any Lender of any right, remedy, power or privilege in respect of this Agreement shall not release any Obligor from any of its duties and obligations under those contracts and agreements. Neither the Administrative Agent nor any Lender shall have any duty, obligation or liability under those contracts and agreements or in respect to any Governmental

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Approval included in the Collateral by reason of this Agreement or any other Basic Document, nor shall the Administrative Agent or any Lender be obligated to perform any of the duties or obligations of any Obligor under any such contract or agreement or any such Governmental Approval or to take any action to collect or enforce any claim (for payment) under any such contract or agreement or Governmental Approval.

(b) No Lien granted by this Agreement in the Obligors' right, title and interest in any contract, agreement or Governmental Approval shall be deemed to be a consent by the Administrative Agent or any Lender to any such contract, agreement or Governmental Approval.

(c) No reference in this Agreement to proceeds or to the sale or other disposition of Collateral shall authorize any Obligor to sell or otherwise dispose of any Collateral except to the extent otherwise expressly permitted by the terms of any Basic Document.

(d) Neither the Administrative Agent nor any Lender shall be required to take steps necessary to preserve any rights against prior parties to any part of the Collateral.

Section 2.11. RELEASE OF MOTOR VEHICLES. So long as no Default has occurred and is continuing, upon the request of, and as the expense of, any Obligor, the Administrative Agent will execute and deliver to that Obligor such instruments as that Obligor reasonably requests to remove any notation of the Administrative Agent as lienholder on any certificate of title for any Motor Vehicle; PROVIDED that any such instruments shall be delivered, and the release

shall be effective, only upon receipt by the Administrative Agent of a certificate from that Obligor stating that the Motor Vehicle the Lien on which is to be released is to be sold or has suffered a casualty loss (with title passing to the appropriate casualty insurance company in settlement of the claim for that loss) and payment to the Administrative Agent of any proceeds of that sale or casualty loss to the extent provided in the Credit Agreement.

Section 2.12. TERMINATION. When all Secured Obligations have been paid in full and the Commitments have expired or been terminated, this Agreement shall terminate, and the Administrative Agent will forthwith cause to be assigned, transferred and delivered, against receipt but without any recourse, warranty or representation whatsoever, any remaining Collateral and money received in respect of the Collateral, to or on the order of the respective Obligors and to be released, canceled and granted back all licenses and rights referred to in Section 2.02. The Administrative Agent will also execute and deliver to the respective Obligors upon that termination such Uniform Commercial Code termination statements, certificates for terminating the Liens on the Motor Vehicles and such other documentation as is reasonably requested by the Obligors to effect the termination and release of the Liens granted by this Agreement on the Collateral.

Section 2.13. CASH COLLATERAL ACCOUNT. Pursuant to the Security Agreement, the Cash Collateral Account has been established in the name and under the control of the Administrative Agent into which there shall be deposited, among other things, (a) from time to time the cash proceeds of any of the Collateral required to be delivered to the Administrative Agent pursuant to this Agreement and (b) all proceeds derived from or in connection with the sale, assignment or transfer of any FCC Licenses issued to any Obligor, and into which any Obligor may from time to time deposit any additional amounts that it wishes to pledge to the Administrative Agent for the benefit of the Lender Parties as additional collateral security under this Agreement. The balance from time to time in the Cash Collateral Account shall constitute part of the Collateral and shall not constitute payment of the Secured Obligations until applied as

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provided in this Agreement. The balance from time to time in the Cash Collateral Account shall be subject to withdrawal only as provided in the Security Agreement.

Section 2.14. CERTAIN PROCEEDS.

(a) If any Default has occurred and is continuing, each Obligor will, upon request of the Administrative Agent, promptly notify (and that Obligor hereby authorizes the Administrative Agent so to notify) each account debtor in respect of any Accounts and Instruments that such Collateral has been assigned to the Administrative Agent under this Agreement and that any payments due or to become due in respect of that Collateral are to be made directly to the Administrative Agent. All such payments made to the Administrative Agent shall be immediately deposited in the Cash Collateral Account.

(b) Each Obligor agrees that if the proceeds of any Collateral (including payments made in respect of Accounts and Instruments) shall be received by it, that Obligor will as promptly as possible deposit those proceeds into the Cash Collateral Account. Until so deposited, all such proceeds shall be held in trust by each Obligor for and as the property of the Administrative Agent and shall not be commingled with any other funds or property of that Obligor.

Section 2.15. INVESTMENT OF BALANCE IN CASH COLLATERAL ACCOUNT. Amounts on deposit in the Cash Collateral Account shall be invested from time to time as provided in the Security Agreement.

ARTICLE III

GUARANTEE

Section 3.01. GUARANTEE. To the extent and solely to the extent of the Collateral, each Obligor hereby guarantees to each Lender Party the timely payment in full when due (whether at stated maturity, by acceleration or otherwise) and performance of the Secured Obligations in each case strictly in accordance with their terms. The guarantee under this Section 3.01 is irrevocable and unconditional in nature and is made with respect to any Secured Obligations now existing or in the future arising. Each Obligors' liability under this Section 3.01 shall continue until full satisfaction of all Secured Obligations. The guarantee under this Section 3.01 is a guarantee of due and punctual payment and performance and is not merely a guarantee of collection.

Section 3.02. ACKNOWLEDGMENTS, WAIVERS AND CONSENTS. Each Obligor acknowledges that the obligations undertaken by it under this Agreement involve the guarantee of obligations of Persons other than itself and that such obligations are absolute, irrevocable and unconditional under any and all circumstances. In full recognition and in furtherance of the foregoing, each

Obligor agrees that:

(a) Without affecting the enforceability or effectiveness of this Agreement in accordance with its terms and without affecting, limiting, reducing, discharging or terminating the liability of any Obligor, or the rights, remedies, powers and privileges of the Lender Parties

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under this Agreement, the Lender Parties may, at any time and from time to time and without notice or demand of any kind or nature whatsoever:

(i) amend, supplement, modify, extend, renew, waive, accelerate or otherwise change the time for payment or performance of, or the terms of, all or any part of the Secured Obligations (including any increase or decrease in the rate or rates of interest on all or any part of the Secured Obligations);

(ii) amend, supplement, modify, extend, renew, waive or otherwise change, or enter into or give, any Basic Document or any agreement, security document, guarantee, letter of credit, approval, consent or other instrument with respect to all or any part of the Secured Obligations, any Basic Document or any such other instrument or any term or provision of the foregoing;

(iii) accept or enter into new or additional agreements, security documents, guarantees, letters of credit or other instruments in addition to, in exchange for or relative to any Basic Document, all or any part of the Secured Obligations or any collateral now or in the future serving as security for the Secured Obligations;

(iv) accept or receive (including from any other Obligor) partial payments or performance on the Secured Obligations (whether as a result of the exercise of any right, remedy, power or privilege or otherwise);

(v) accept, receive and hold any additional collateral for all or any part of the Secured Obligations (including from any other Obligor);

(vi) release, reconvey, terminate, waive, abandon, allow to lapse or expire, fail to perfect, subordinate, exchange, substitute, transfer, foreclose upon or enforce any collateral, security documents, guarantees or letters of credit for or relative to all or any part of the Secured Obligations;

(vii) apply any collateral or the proceeds of any collateral, guarantee (including the obligations of any other Obligor) or letter of credit to all or any part of the Secured Obligations in such manner and extent as any Lender Party may in its discretion determine;

(viii) release any Person (including any other Obligor) from any personal liability with respect to all or any part of the Secured Obligations;

(ix) settle, compromise, release, liquidate or enforce upon such terms and in such manner as the Lender Parties may determine or as applicable law may dictate all or any part of the Secured Obligations or any collateral, guarantee or letter of credit for or relative to all or any part of the Secured Obligations (including as to any other Obligor);

(x) consent to the merger or consolidation of, the sale of substantial assets by, or other restructuring or termination of the corporate existence of the Company or any other Person (including any other Obligor);

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(xi) proceed against the Company, any Obligor or any other Person or against any collateral, any other guarantee or any letter of credit provided by any Person for or relative to all or any part of the Secured Obligations and exercise the rights, remedies, powers and privileges of the Lender Parties under the Basic Documents or otherwise in such order and such manner as any Lender Party may in its discretion determine, without any necessity first to proceed against any other Person or any collateral or to enforce any right, remedy, power or privilege as to any other Person or collateral before commencing to proceed against or otherwise to enforce this Agreement as to any Obligor;

(xii) foreclose upon any deed of trust, mortgage or other instrument creating or granting Liens on any interest in real property by judicial or nonjudicial sale or by deed in lieu of foreclosure, bid any amount or make no bid in any foreclosure sale or make any other election of remedies with respect to those Liens or exercise any right of set-off;

(xiii) obtain the appointment of a receiver with respect to any collateral for all or any part of the Secured Obligations and apply the proceeds of that receivership as any Lender Party may in its discretion

determine (it being agreed that nothing in this clause (xiii) shall be deemed to make any Lender Party a party in possession in contemplation of law, except at its option);

(xiv) enter into such other transactions or business dealings with the Company, any other Obligor, any Subsidiary or Affiliate of the Company or any other Person as any Lender Party may desire; and

(xv) do all or any combination of the actions set forth in this Section 3.02(a).

(b) The enforceability and effectiveness of this Agreement and the liability of the Obligors, and the rights, remedies, powers and privileges of the Lender Parties, under this Agreement shall not be affected, limited, reduced, discharged or terminated, and each Obligor hereby expressly waives to the fullest extent permitted by law any defense now or in the future arising, by reason of:

(i) the illegality, invalidity or unenforceability of all or any part of the Secured Obligations, any Basic Document or any agreement, security document, guarantee, letter of credit or other instrument for or relative to all or any part of the Secured Obligations;

(ii) any disability or other defense with respect to all of any part of the Secured Obligations of the Company, any other Obligor, any other guarantor, any issuer of any letter of credit or any other Person, including the effect of any statute of limitations that may bar the enforcement of all or any part of the Secured Obligations or the obligations of any such other Person;

(iii) the illegality, invalidity or unenforceability of any security document, guarantee, letter of credit or other instrument for or relative to all or any part of the Secured Obligations or the lack of perfection or continuing perfection or failure of the priority of any Lien on any collateral for all or any part of the Secured Obligations;

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(iv) the cessation, for any cause whatsoever, of the liability of the Company, any other Obligor, any other guarantor, any issuer of any letter of credit or any other Person for all or any part of the Secured Obligations (other than, subject to Section 3.05, by reason of the full payment and performance of all Secured Obligations);

(v) any failure of any Lender Party to marshal assets in favor of the Company or any other Person (including any other Obligor), to exhaust any collateral for all or any part of the Secured Obligations, to pursue or exhaust any right, remedy, power or privilege it may have against any other Obligor, the Company, any other guarantor, any issuer of any letter of credit or any other Person with respect to all or any part of the Secured Obligations or to take any action whatsoever to mitigate or reduce that or any other Obligor's liability under this Agreement, no Lender Party being under any obligation to take any such action notwithstanding the fact that all or any part of the Secured Obligations may be due and payable and that the Company may be in default of its obligations under any Basic Document;

(vi) any failure of any Lender Party to give notice of sale or other disposition of any collateral (including any notice of any judicial or nonjudicial foreclosure or sale of any interest in real property serving as collateral) for all or any part of the Secured Obligations to the Company, any Obligor or any other Person or any defect in, or any failure by any Obligor or any other Person to receive, any notice that may be given in connection with any sale or disposition of any collateral;

(vii) any failure of any Lender Party to comply with applicable laws in connection with the sale or other disposition of any collateral for all or any part of the Secured Obligations;

(viii) any judicial or nonjudicial foreclosure or sale of, or other election of remedies with respect to, any interest in real property or other collateral serving as security for all or any part of the Secured Obligations, even though that foreclosure, sale or election of remedies may or will impair the subrogation rights of any Obligor or may or will preclude any Obligor from obtaining reimbursement, contribution, indemnification or other recovery from any other Obligor, the Company, any other guarantor, any issuer of any letter of credit or any other Person and even though the Company may or will not, as a result of that foreclosure, sale or election of remedies, be liable for any deficiency;

(ix) any benefits the Company, any other Obligor, any other guarantor, any issuer of any letter of credit or any other Person may or would otherwise derive from Section 580a, 580b, 580d or 726 of the California Code of Civil Procedure or any comparable provisions of the laws of any other jurisdiction;

(x) any act or omission of any Lender Party or any other Person that directly or indirectly results in or aids the discharge or release of the Company, any other Obligor, any other guarantor, any issuer of any letter of credit or any other Person of or from all or any part of the Secured Obligations or of any collateral, security agreement, guarantee, letter of credit or other instrument for all or any part of the Secured Obligations by operation of law or otherwise;

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(xi) any law that provides that the obligation of a surety or guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal or that reduces a surety's or guarantor's obligation in proportion to the principal obligation;

(xii) the possibility that the obligations of the Company to the Lender Parties may at any time and from time to time exceed the aggregate liability of the Obligors under this Agreement;

(xiii) any counterclaim, set-off or other claim that the Company, any other Obligor, any other guarantor, any issuer of any letter of credit or any other Person has or alleges to have with respect to all or any part of the Secured Obligations;

(xiv) any failure of any Lender Party to file or enforce a claim in any bankruptcy or other proceeding with respect to any Person;

(xv) the election by any Lender Party, in any bankruptcy proceeding of any Person, of the application or nonapplication of Section 1111(b)(2) of the Federal Bankruptcy Code;

(xvi) any extension of credit or the grant of any Lien under Section 364 of the Federal Bankruptcy Code;

(xvii) any use of cash collateral under Section 363 of the Federal Bankruptcy Code;

(xviii) any agreement or stipulation with respect to the provision of adequate protection in any bankruptcy proceeding of any Person;

(xix) the avoidance of any Lien in favor of the Administrative Agent or any other Lender Party for any reason;

(xx) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against any Person, including any discharge of, or bar or stay against collecting, all or any part of the Secured Obligations (or any interest on all or any part of the Secured Obligations) in or as a result of any such proceeding;

(xxi) any action taken by any Lender Party that is authorized by this Section 3.02 or otherwise in this Agreement or by any other provision of any Basic Document or any omission to take any such action; or

(xxii) any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor.

(c) Each Obligor expressly waives, for the benefit of the and the Lenders, all set-offs and counterclaims and all presentments, demands for payment or performance, notices of nonpayment or nonperformance, protests, notices of protest, notices of dishonor and all other notices or demands of any kind or nature whatsoever with respect to the Secured

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Obligations, and all notices of acceptance of this Agreement or of the existence, creation, incurring or assumption of new or additional Secured Obligations. Each Obligor further expressly waives the benefit of any and all statutes of limitation and any and all laws providing for the exemption of Property from execution or for valuation and appraisal upon foreclosure, to the maximum extent permitted by applicable law.

(d) Each Obligor represents and warrants to the Lender Parties that it has established adequate means of obtaining financial and other information pertaining to the business, operations and condition (financial and otherwise) of the Company and its properties on a continuing basis and that it is now and will in the future remain fully familiar with the business, operations and condition (financial and otherwise) of the Company and its properties. Each Obligor further represents and warrants that it has reviewed and approved each of the Basic Documents and is fully familiar with the transaction contemplated by the Basic Documents and that it will in the future remain fully familiar with that transaction and with any new Basic Documents and

the transactions contemplated by those Basic Documents. Each Obligor hereby expressly waives and relinquishes any duty on the part of any Lender Party (should any such duty exist) to disclose to any Obligor any matter of fact or other information related to the business, operations or condition (financial or otherwise) of the Company or its properties or to any Basic Document or the transactions undertaken pursuant to, or contemplated by, any such Basic Document, whether now or in the future known by any Lender Party.

(e) Each Obligor intends that its rights and obligations shall be those expressly set forth in this Agreement and that its obligations shall not be affected, limited, reduced, discharged or terminated by reason of any principles or provisions of law that conflict with the terms of this Agreement.

Section 3.03. UNDERSTANDING WITH RESPECT TO WAIVERS AND CONSENTS. Each Obligor warrants and agrees that each of the waivers and consents set forth in this Agreement is made voluntarily and unconditionally after consultation with outside legal counsel and with full knowledge of its significance and consequences, with the understanding that events giving rise to any defense or right waived may diminish, destroy or otherwise adversely affect rights that any Obligor otherwise may have against the Company, any Lender Party or any other Person or against any collateral. If, notwithstanding the intent of the parties that the terms of this Agreement shall control in any and all circumstances, any such waivers or consents are determined to be unenforceable under applicable law, those waivers and consents shall be effective to the maximum extent permitted by law.

Section 3.04. SUBROGATION. Each Obligor hereby waives, until the payment and satisfaction in full of all of the Secured Obligations and the expiration and termination of the Commitments, under the Credit Agreement, any right, remedy, power or privilege, such as any right of subrogation, contribution or indemnity or related remedy, power or privilege, arising (whether by contract or operation of law, including under the Federal Bankruptcy Code) against the Company, any other Obligor, any other guarantor, any issuer of any letter of credit or any other Person or any collateral by reason of any payment or other performance pursuant to the provisions of this Agreement and, if any amount is paid to any Obligor on account of those rights, remedies, powers or privileges, it will hold that amount in trust for the benefit of, and pay the same over to, the Administrative Agent (for the benefit of the other Lender Parties) on

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account of the Secured Obligations. Each Obligor understands that the exercise by any Lender Party of any right, remedy, power or privilege that it may have under the Basic Documents, security agreement, guarantee, letter of credit or other instrument for or relative to all or any part of the Secured Obligations or otherwise may affect or eliminate each Obligor's right of subrogation or similar recovery against the Company, any other Obligor, any other guarantor, any issuer of any letter of credit or any other Person or against any collateral and that each Obligor may therefore incur partially or totally nonreimbursable liability under this Agreement. Nevertheless, each Obligor hereby authorizes and empowers the Administrative Agent and the other Lender Parties to exercise, in its or their sole discretion, any combination of those rights, remedies, powers and privileges.

Section 3.05. REINSTATEMENT. The obligations of each Obligor under this Agreement shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of the Company, any other Obligor, any other guarantor, any issuer of any letter of credit or any other Person or any other application of funds (including the proceeds of any collateral for all or any part of the Secured Obligations) in respect of all or any part of the Secured Obligations is rescinded or must be otherwise restored by any holder of those Secured Obligations, whether as a result of any proceedings in bankruptcy, reorganization or otherwise and each Obligor will jointly and severally indemnify each Lender Party on demand for all reasonable costs and expenses (including fees and expenses of counsel) incurred by that Lender Party in connection with that rescission or restoration.

Section 3.06. REMEDIES. The Obligors hereby agree that, between them and the Lender Parties, the obligations of the Company under the Credit Agreement and the other Basic Documents may be declared to be forthwith (or may become automatically) due and payable as provided in Section 8.01 of the Credit Agreement for purposes of Section 3.01 notwithstanding any stay, injunction or other prohibition preventing that declaration (or those obligations becoming due and payable as against the Company) and that, in the event of that declaration (or that obligation being deemed due and payable), those obligations (whether or not due and payable by the Company) shall forthwith become due and payable for purposes of Section 3.01.

Section 3.07. SEPARATE ACTION. The Administrative Agent may bring and prosecute a separate action or actions against any Obligor whether or not the Company, any other Obligor, any other guarantor, any issuer of any letter of credit or any other Person is joined in any such action or a separate action or actions are brought against the Company, any other Obligor, any other

guarantor, any issuer of any letter of credit or any other Person or any collateral for all or any part of the Secured Obligations. The obligations of each Obligor under, and the effectiveness of, this Agreement are not conditioned upon the existence or continuation of any other guarantee or any letter of credit for or relative to all or any part of the Secured Obligations.

Section 3.08. SUBORDINATION OF INDEBTEDNESS OF THE COMPANY;
SECURITY INTEREST.

(a) Each Obligor agrees that any indebtedness now or in the future owed to it by the Company is hereby subordinated to the Secured Obligations. If the Administrative Agent so requests, any such indebtedness shall be collected, enforced and received by any Obligor as trustee for the Administrative Agent and shall be paid over to the Administrative

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Agent (for the benefit of the other Lender Parties) in kind on account of the Secured Obligations. If, after the Administrative Agent's request, any Obligor fails to collect or enforce any such indebtedness or to pay the proceeds of that indebtedness to the Administrative Agent, the Administrative Agent as the Obligors' attorney-in-fact may do such acts and sign such documents in that Obligor's name and on that Obligor's behalf as the Administrative Agent considers necessary or desirable to effect that collection, enforcement or payment, and the Administrative Agent is hereby appointed each Obligor's attorney-in-fact for that purpose.

(b) Each Obligor hereby grants to the Administrative Agent (for the benefit of the Lender Parties) a security interest in any indebtedness referred to in Section 3.08(a) and in any personal property of the Company in which any Obligor now has or in the future acquires any right, title or interest. Each Obligor agrees that such security interest shall be additional security for the Secured Obligations and shall be superior to any right of that Obligor in that Property until the Secured Obligations have been fully satisfied and performed.

Section 3.09. CERTAIN LIMITATIONS. In any proceeding involving any state corporate law or any state or federal bankruptcy, insolvency, reorganization or other law affecting the rights of creditors generally, if the obligations of that Obligor under Section 3.01 would otherwise be held or determined to be void, invalid or unenforceable or if the claims of the Lender Parties in respect of those obligations would be subordinated to the claims of any other creditors on account of any Obligor's liability under Section 3.01, then, notwithstanding any other provision of this Agreement to the contrary, the amount of that liability shall, without any further action by any Obligor, any Lender Party or any other Person, be automatically limited and reduced to the highest amount that is valid and enforceable and not subordinated to the claims of other creditors as determined in that action or proceeding.

Section 3.10. RIGHTS OF CONTRIBUTION. The Obligors hereby agree, as between themselves, that if any Obligor shall become an Excess Funding Obligor (as defined below) by reason of the payment by such Obligor of any Secured Obligations, each other Obligor shall, on demand of the Excess Funding Obligor (but subject to the next sentence), pay to the Excess Funding Obligor an amount equal to that Obligor's Pro Rata Share (as defined below and determined, for this purpose, without reference to the properties, debts and liabilities of such Excess Funding Obligor) of the Excess Payment (as defined below) in respect of such Secured Obligations. The payment obligation of an Obligor to any Excess Funding Obligor under this Section 3.10 shall be subordinate and subject in right of payment to the prior payment in full of the obligations of that Obligor under the other provisions of this Article III and that Excess Funding Obligor shall not exercise any right or remedy with respect to that excess until payment and satisfaction in full of all of such obligations.

For purposes of this Section 3.10, (i) "EXCESS FUNDING OBLIGOR" means, in respect of any Secured Obligations, an Obligor that has paid an amount in excess of its Pro Rata Share of such Secured Obligations, (ii) "EXCESS PAYMENT" means, in respect of any Secured Obligations, the amount paid by an Excess Funding Obligor in excess of its Pro Rata Share of such Secured Obligations and (iii) "PRO RATA SHARE" means, for any Obligor, the ratio (expressed as a percentage) of (x) the amount by which the aggregate present fair saleable value of all properties of that Obligor (excluding any shares of stock of any other Obligor) exceeds the amount of all the debts and liabilities of that Obligor (including contingent, subordinated, unmatured and

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unliquidated liabilities, but excluding the obligations of that Obligor under this Agreement and any obligations of any other Obligor that have been Guaranteed by that Obligor) to (y) the amount by which the aggregate fair saleable value of all properties of all of the Obligors exceeds the amount of all the debts and liabilities (including contingent, subordinated, unmatured and unliquidated liabilities, but excluding the obligations of the Obligors under

this Agreement and under the other Basic Documents) of all of the Obligors, determined as of the Effective Date.

Section 3.11. REVOCATION. To the fullest extent permitted by law, each Obligor hereby waives all rights it may have to revoke its obligations under Section 3.01 with respect to all or any part of the Secured Obligations.

ARTICLE IV

REPRESENTATIONS

As of the Signing Date and as of the date of each extension of credit by the Lenders, each Obligor represents and warrants to each Lender Party as follows:

Section 4.01. TITLE. Each Obligor is the sole beneficial owner of the Collateral in which it purports to grant a Lien pursuant to this Agreement, and the Collateral is free and clear of all Liens, except for Liens permitted under Section 7.10 of the Credit Agreement. The Liens granted by this Agreement in favor of the Administrative Agent for the benefit of the Administrative Agent and the Lenders have attached and (upon the filing of this Agreement (or any other form or instrument as the Administrative Agent may request) with the Copyright Office as called for under Section 2.03) constitute a perfected security interest in all of that Collateral (other than Intellectual Property registered or otherwise located outside of the United States of America) prior to all other Liens (except those permitted Liens).

Section 4.02. PLEDGED STOCK.

(a) The Pledged Stock evidenced by the certificates identified in Annex 1 is duly authorized, validly existing, fully paid and nonassessable, and none of that Pledged Stock is subject to any contractual restriction, or any restriction under the charter or by-laws of the respective Issuer of that Pledged Stock, upon the transfer of that Pledged Stock (except for any such restriction contained in any Basic Document and as arise under the FCC Regulations).

(b) The Pledged Stock evidenced by the certificates identified in Annex 1 constitutes all of the issued and outstanding shares of capital stock of any class of the Issuers beneficially owned by that Obligor on the Signing Date (whether or not registered in the name of that Obligor), and Annex 1 correctly identifies, as at the Signing Date, the respective Issuers of that Pledged Stock, the respective class and par value of the shares comprising that Pledged Stock and the respective number (and registered owners) of the shares evidenced by each such certificate.

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Section 4.03. INTELLECTUAL PROPERTY.

(a) Annexes 2, 3 and 4 set forth completely and correctly all Copyrights, Patents and Trademarks owned by each respective Obligor on the Signing Date; except pursuant to licenses and other user agreements entered into by that Obligor in the ordinary course of business and listed in Annex 5, that Obligor owns and possesses the right to use, and has done nothing to authorize or enable any other Person to use, any Copyright, Patent or Trademark listed in Annex 2, 3 or 4 under the name of that Obligor; all registrations listed in Annexes 2, 3 and 4 are valid and in full force and effect; and, except as may be set forth in Annex 5, each Obligor owns and possesses the right to use all Copyrights, Patents and Trademarks listed in Annexes 2, 3 and 4 under the name of that Obligor.

(b) Annex 5 sets forth completely and correctly all licenses and other user agreements included in the Intellectual Property on the Signing Date;

(c) To any Obligor's knowledge, (i) except as set forth in Annex 5, there is no violation by others of any right of any Obligor with respect to any Copyright, Patent or Trademark listed in Annex 2, 3 or 4 under the name of that Obligor and (ii) no Obligor is infringing in any respect upon any Copyright, Patent or Trademark of any other Person; and no proceedings have been instituted, are pending against any Obligor or, to any Obligor's knowledge, have been threatened against, and no claim has been received by, any Obligor, alleging any such violation, except as may be set forth in Annex 5.

(d) No Obligor owns any Trademarks registered in the United States of America to which the last sentence of the definition of Trademark Collateral applies.

ARTICLE V

COVENANTS

Section 5.01. BOOKS AND RECORDS. Each Obligor will:

(a) keep full and accurate books and records relating to the Collateral and stamp or otherwise mark those books and records in such manner as the Administrative Agent may reasonably require in order to reflect the Liens granted by this Agreement;

(b) furnish to the Administrative Agent from time to time (but, unless a Default has occurred and is continuing, no more frequently than quarterly) statements and schedules further identifying and describing the Copyright Collateral, the Patent Collateral and the Trademark Collateral and such other reports in connection with the Copyright Collateral, the Patent Collateral and the Trademark Collateral, as the Administrative Agent may reasonably request, all in reasonable detail;

(c) prior to filing, either directly or through an Administrative Agent, licensee or other designee, any application for any Copyright, Patent or Trademark, furnish to the Administrative Agent prompt notice of that proposed filing; and

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(d) permit representatives of the Administrative Agent, upon reasonable notice, at any time during normal business hours to inspect and make abstracts from its books and records pertaining to the Collateral and, if an Event of Default has occurred and is continuing, permit representatives of the Administrative Agent to be present at that Obligor's place of business to receive copies of all communications and remittances relating to the Collateral and forward copies of any notices or communications received by that Obligor with respect to the Collateral, all in such manner as the Administrative Agent may request.

Section 5.02. REMOVALS, ETC. Without at least 30 days' prior written notice to the Administrative Agent, no Obligor will:

(a) change its corporate name, or the name under which it does business, from the name shown on the signature pages to this Agreement; or

(b) maintain any of its books and records with respect to the Collateral at any office, or maintain its principal place of business at any place, or permit any Inventory or Equipment to be located anywhere, other than at the address initially indicated for notices to it under Section 7.02 or at one of the locations identified in Annex 6 under its name or in transit from one of those locations to another.

Section 5.03. SALES AND OTHER LIENS. Except as otherwise permitted or required under Section 7.10, 7.11 or 7.21 of the Credit Agreement, without the prior written consent of the Administrative Agent (granted with the authorization of the Lenders as specified in Section 10.04 of the Credit Agreement), the Obligors will not dispose of any Collateral, create, incur, assume or suffer to exist any Lien upon any Collateral or file or suffer to be on file or authorize to be filed, in any jurisdiction, any financing statement or like instrument with respect to all or any part of the Collateral in which the Administrative Agent is not named as the sole secured party for the benefit of the Lenders.

Section 5.04. STOCK COLLATERAL. The Obligors will cause the Stock Collateral to constitute at all times 100% of the total number of shares of each class of capital stock of each Issuer then outstanding. The Obligors will cause all such shares to be duly authorized, validly issued, fully paid and nonassessable and to be free of any contractual restriction or any restriction under the charter or bylaws of the respective Issuer of that Stock Collateral, upon the transfer of that Stock Collateral (except for any such restriction contained in any Basic Document).

Section 5.05. FURTHER ASSURANCES. Each Obligor will, from time to time upon the written request of the Administrative Agent, execute and deliver such further documents and do such other acts and things as the Administrative Agent may reasonably request in order fully to effect the purposes of this Agreement.

ARTICLE VI

REMEDIES

Section 6.01. EVENTS OF DEFAULT, ETC. If any Event of Default has occurred and is continuing:

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(a) the Administrative Agent in its discretion may require each Obligor to, and each Obligor will, assemble the Collateral owned by it at such place or places, reasonably convenient to both the Administrative Agent and that Obligor, designated in the Administrative Agent's request;

(b) the Administrative Agent in its discretion may make any reasonable compromise or settlement it deems desirable with respect to any of the Collateral and may extend the time of payment, arrange for payment in installments, or otherwise modify the terms of, all or any part of the Collateral;

(c) the Administrative Agent in its discretion may, in its name or in the name of any Obligor or otherwise, demand, sue for, collect or receive any money or property at any time payable or receivable on account of or in exchange for all or any part of the Collateral, but shall be under no obligation to do so;

(d) the Administrative Agent in its discretion may, upon five business days' prior written notice to the Obligors of the time and place, sell, lease or otherwise dispose of all or any part of the Collateral that is then or will subsequently come into the possession, custody or control of the Administrative Agent, any other Lender Party or any of their respective agents, at such place or places as the Administrative Agent deems best, for cash, for credit or for future delivery (without thereby assuming any credit risk) and at public or private sale, without demand of performance or notice of intention to effect any such disposition or of the time or place of any such sale (except such notice as is required above or by applicable statute and cannot be waived), and any Lender Party or any other Person may be the purchaser, lessee or recipient of all or any part of the Collateral so disposed of at any public sale (or, to the extent permitted by law, at any private sale) and thereafter hold the same absolutely, free from any claim or right of whatsoever kind, including any right or equity of redemption (statutory or otherwise), of the Obligors, and each Obligor hereby waives and releases any such demand, notice and right or equity. In the event of any sale, license or other disposition of any of the Trademark Collateral, the goodwill connected with and symbolized by the Trademark Collateral subject to that disposition shall be included, and the Obligors will supply to the Administrative Agent or its designee, for inclusion in that sale, assignment or other disposition, all Intellectual Property relating to that Trademark Collateral. The Administrative Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and that sale may be made at any time or place to which the sale may be so adjourned; and

(e) the Administrative Agent shall have, and in its discretion may exercise, all of the rights, remedies, powers and privileges with respect to the Collateral of a secured party under the Uniform Commercial Code (whether or not the Uniform Commercial Code is in effect in the jurisdiction where those rights, remedies, powers and privileges are asserted) and such additional rights, remedies, powers and privileges to which a secured party is entitled under the laws in effect in any jurisdiction where any rights, remedies, powers and privileges in respect of this Agreement or the Collateral may be asserted, including the right, to the maximum extent permitted by law, to exercise all voting, consensual and other powers of ownership pertaining to the Collateral as if the Administrative Agent were the sole and absolute owner of the Collateral (and the Obligors will take all such action as may be appropriate to give effect to that right).

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The proceeds of, and other realization upon, the Collateral by virtue of the exercise of remedies under this Section 6.01 and of the exercise of the license granted to the Administrative Agent in Section 2.02 shall be applied in accordance with Section 6.04.

Section 6.02. DEFICIENCY. If the proceeds of, or other realization upon, the Collateral by virtue of the exercise of remedies under Section 6.01 and of the exercise of the license granted to the Administrative Agent in Section 2.02 are insufficient to cover the costs and expenses of that exercise and the payment in full of the other Secured Obligations, the Obligors shall remain liable for any deficiency.

Section 6.03. PRIVATE SALE.

(a) No Lender Party shall incur any liability as a result of the sale, lease or other disposition of all or any part of the Collateral at any private sale pursuant to Section 6.01 conducted in a commercially reasonable manner. Each Obligor hereby waives any claims against any Lender Party that may arise by reason of the fact that the price at which the Collateral may have been sold at such a private sale was less than the price that might have been obtained at a public sale or was less than the aggregate amount of the Secured Obligations, even if the Administrative Agent accepts the first offer received and does not offer the Collateral to more than one offeree.

(b) The Obligors recognize that, by reason of certain prohibitions contained in the Securities Act of 1933 and applicable state securities laws and in the FCC Regulations, the Administrative Agent may be compelled to limit purchasers of all or any part of the Collateral to those who

will agree, among other things, to acquire that Collateral for their own account, for investment and not with a view to distribution or resale or to those to whom the FCC has granted or will grant approval. The Obligors acknowledge that any such private sales may be at prices and on terms less favorable to the Administrative Agent than those obtainable through a public sale without those restrictions, and, notwithstanding those circumstances, agree that any such private sale shall be deemed to have been made in a commercially reasonable manner and that the Administrative Agent shall have no obligation to engage in public sales and no obligation to delay the sale of any Collateral for the period of time necessary to permit the respective Issuer of that Collateral to register it for public sale.

Section 6.04. APPLICATION OF PROCEEDS. Except as otherwise expressly provided in this Agreement, the proceeds of, or other realization upon, all or any part of the Collateral by virtue of the exercise of remedies under Section 6.01 or of the exercise of the license granted in Section 2.02 and any other cash at the time held by the Administrative Agent under Section 3.01 or Section 6.01 shall be applied by the Administrative Agent:

FIRST, to the payment of the costs and expenses of that exercise of remedies, including reasonable out-of-pocket costs and expenses of the Administrative Agent, the fees and expenses of its agents and counsel and all other expenses incurred and advances made by the Administrative Agent in that connection;

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NEXT, to the payment in full of the remaining Secured Obligations equally and ratably in accordance with their respective amounts then due and owing or as the Lender Parties holding the same may otherwise agree; and

FINALLY, subject to the rights of the other holder of any Lien in the relevant Collateral, to the payment to the respective Obligor or as a court of competent jurisdiction may direct of any surplus then remaining.

As used in this Section 6, "PROCEEDS" of Collateral shall mean cash, securities and other property realized in respect of, and distributions in kind of, Collateral, including any property received under any bankruptcy, reorganization or other similar proceeding as to any Obligor or any issuer of, or account debtor or other obligor on, any of the Collateral.

Section 6.05. CERTAIN GOVERNMENTAL REQUIREMENTS. Notwithstanding any contrary provision in any Basic Document, no action shall be taken under this Agreement by the Administrative Agent or any Lender Party with respect to any item of Collateral unless and until all applicable requirements (if any) of the FCC Regulations have been satisfied with respect to such action and there have been obtained such Governmental Approvals (if any) as may be required to be obtained under the FCC Regulations under the terms of any such FCC License. Without limiting the generality of the foregoing, the Administrative Agent (on behalf of itself and the Lenders) hereby agrees that (a) voting and consensual rights in the Stock Collateral will remain with the relevant Obligors upon and following the occurrence of an Event of Default unless and until any required prior approvals of the FCC to the transfer of such voting and consensual rights to the Administrative Agent have been obtained; (b) upon the occurrence of any Event of Default and foreclosure of the Stock Collateral pursuant to this Agreement there will be either a private or public sale of the Stock Collateral; and (c) prior to the exercise of voting or consensual rights by the purchaser at any such sale, the prior consent of the FCC pursuant to 47 U.S.C. ss.310(d) will be obtained. It is the intention of the parties to this Agreement that the Liens in favor of the Administrative Agent on the Collateral shall in all relevant aspects be subject to and governed by the FCC Regulations and that nothing in this Agreement shall be construed to diminish the control exercised by any Obligor except in accordance with the provisions of the FCC Regulations. Each Obligor agrees that upon request from time to time by the Administrative Agent it will use its best efforts to obtain any Governmental Approvals referred to in this Section 6.05, including upon any request of the Administrative Agent following an Event of Default, to prepare, sign and file with the FCC (or cause to be prepared signed and filed with the FCC) any application or application for consent to the assignment of the FCC Licenses or transfer of control required to be signed by that Obligor or any of its Subsidiaries necessary or appropriate under the FCC Regulations for approval of any sale or transfer of any of the Stock Collateral or the assets of that Obligor or any of its Subsidiaries or any transfer of control in respect of any FCC License.

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ARTICLE VII

MISCELLANEOUS

Section 7.01. ADMINISTRATIVE AGENT. As provided in Section 9.01 of the Credit Agreement, each Lender Party has appointed ING (U.S.) Capital

LLC as its Administrative Agent for purposes of this Agreement. In that capacity, ING (U.S.) Capital LLC shall be entitled to all the rights and benefits accorded the Administrative Agent by Article IX of the Credit Agreement and any other applicable provision of the Basic Documents. Following the payment in full of all Obligations outstanding under the Credit Agreement and all other Guaranteed Obligations and the termination or expiration of the Commitments, the provisions of Article IX of the Credit Agreement shall be deemed to continue in full force and effect for the benefit of the Administrative Agent under this Agreement.

Section 7.02. NOTICES. All notices, requests and other communications provided for in this Agreement shall be given or made in writing and delivered by hand or courier service, mailed by certified or registered mail or sent by telecopy to the intended recipient as specified below or, as to any party, at such other address as is designated by that party in a notice to each other party. Except as otherwise provided in this Agreement, all such communications shall be deemed to have been duly given or made upon receipt.

To the Obligors: Salem Communications Acquisition Corporation
4880 Santa Rosa Road, Suite 300
Camarillo, California 93012
Telephone: (805) 343-4531
Telecopy: (805) 384-4532
Attention: Dirk Gastaldo, Vice President
and Chief Financial Officer

with a copy to: Salem Communications Corporation
4880 Santa Rosa Road, Suite 300
Camarillo, California 93012
Telephone: (805) 987-0400, ext. 106
Telecopy: (805) 384-4505
Attention: Jonathan L. Block, Esq.,
Secretary

To the Administrative Agent: ING (U.S.) Capital LLC
55 East 52nd Street
New York, New York 10055
Telephone: (212) 409-1743
Telecopy: (212) 409-7813
Attention: Pamela Kaye

Section 7.03. EXPENSES, ETC. The Obligor jointly and severally will pay all out-of-pocket expenses (including reasonable counsels' fees and expenses) of each Lender Party in connection with any enforcement or collection proceeding (including any bankruptcy,

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reorganization, restructuring, "work out" or other similar proceeding) as to any of the obligations of any Obligor under this Agreement, the negotiation of any restructuring or "work out" (whether or not consummated) or the enforcement of this Section 7.03. All amounts due under this Agreement not paid when due shall bear interest until paid at a rate per annum equal to the Post-Default Rate.

Section 7.04. WAIVER. No failure or delay by any Lender Party in exercising any remedy, right, power or privilege under this Agreement or any other Basic Document shall operate as a waiver of that remedy, right, power or privilege, nor shall any single or partial exercise of that remedy, right, power or privilege preclude any other or further exercise of that remedy, right, power or privilege or the exercise of any other remedy, right, power or privilege. The remedies, rights, powers and privileges provided by this Agreement are cumulative and not exclusive of any remedies, rights, powers or privileges provided by the other Basic Documents or by law.

Section 7.05. AMENDMENTS, ETC. No provision of this Agreement may be waived, modified or supplemented except by an instrument in writing signed by the Obligors and the Administrative Agent (with the consent of the Lenders as specified in Section 10.04 of the Credit Agreement). Any modification, supplement or waiver shall be for such period and subject to such conditions as shall be specified in the written instrument effecting the same and shall be binding upon each Lender Party and each Obligor, and any such waiver shall be effective only in the specific instance and for the purpose for which given.

Section 7.06. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of its parties and their respective successors and assigns. No Obligor may assign or transfer its rights or obligations under this Agreement without the prior written consent of the Administrative Agent (with further consent of the Lenders as specified under Section 10.04 of the Credit Agreement).

Section 7.07. SURVIVAL. Each representation and warranty made, or deemed to be made by a notice of any extension of credit, in or pursuant to this Agreement shall survive the making or deemed making of that representation

and warranty, and no Lender Party shall be deemed to have waived, by reason of making any extension of credit, any Default that may arise by reason of that representation or warranty proving to have been false or misleading, notwithstanding that such or any other Lender Party may have had notice or knowledge or reason to believe that such representation or warranty was false or misleading at the time that extension of credit was made.

Section 7.08. AGREEMENTS SUPERSEDED. This Agreement supersedes all prior agreements and understandings, written or oral, among the parties with respect to the subject matter of this Agreement.

Section 7.09. SEVERABILITY. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of that prohibition or unenforceability without invalidating the remaining provisions of this Agreement, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable that provision in any other jurisdiction.

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Section 7.10. CAPTIONS. The table of contents, captions and section headings appearing in this Agreement are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

Section 7.11. COUNTERPARTS. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties to the Agreement may execute this Agreement by signing any such counterpart. Delivery of an executed counterpart of a signature page to this Agreement by hand or by telecopy shall be effective as the delivery of a fully executed counterpart of this Agreement.

Section 7.12. GOVERNING LAW; SUBMISSION TO JURISDICTION. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN THE STATE OF NEW YORK. EACH OBLIGOR HEREBY SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND OF ANY NEW YORK STATE COURT SITTING IN NEW YORK, NEW YORK FOR THE PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH OBLIGOR IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR IN THE FUTURE HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

Section 7.13. WAIVER OF JURY TRIAL. EACH OBLIGOR AND THE ADMINISTRATIVE AGENT (ON BEHALF OF ITSELF AND THE OTHER LENDER PARTIES) HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

[The remainder of this page is intentionally left blank.
Signature pages follow.]

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IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered as of the day and year first above written.

OBLIGORS:

SALEM COMMUNICATIONS
ACQUISITION CORPORATION

By: _____
Name:
Title:

SCA LICENSE CORPORATION

By: _____
Name:
Title:

ADMINISTRATIVE AGENT:

ING (U.S.) CAPITAL LLC

By: _____
Name:
Title:

Annex 1

PLEDGED STOCK

<TABLE>
<CAPTION>

Issuer	Certificate Nos.	Registered Owner	Number of Shares
-----	----	-----	-----
<S> SCA License Corporation	<C> 1	<C> Salem Communications Acquisition Corporation	<C> 1,000 shares of common stock, par value \$0.01

</TABLE>

Annex 2

LIST OF COPYRIGHTS, COPYRIGHT REGISTRATIONS AND APPLICATIONS FOR COPYRIGHT REGISTRATIONS

OBLIGOR: SALEM COMMUNICATIONS ACQUISITION CORPORATION

TITLE	DATE FILED	REGISTRATION NO.	EFFECTIVE DATE
NONE			

OBLIGOR: SCA LICENSE CORPORATION

TITLE	DATE FILED	REGISTRATION NO.	EFFECTIVE DATE
NONE			

Annex 3

LIST OF PATENTS AND PATENT APPLICATIONS

OBLIGOR: SALEM COMMUNICATIONS ACQUISITION CORPORATION

TITLE	DATE FILED	REGISTRATION NO.	EFFECTIVE DATE
NONE			

OBLIGOR: SCA LICENSE CORPORATION

TITLE	DATE FILED	REGISTRATION NO.	EFFECTIVE DATE
NONE			

Annex 4

LIST OF TRADE NAMES, TRADEMARKS, SERVICES MARKS, TRADEMARK AND SERVICE MARK REGISTRATIONS AND APPLICATIONS FOR TRADEMARK AND SERVICE MARK REGISTRATIONS

U.S. TRADEMARKS

OBLIGOR: SALEM COMMUNICATIONS ACQUISITION CORPORATION

Mark	Application (A) Registration (R) or Series No. (S)	Registration or Filing Date
----	-----	-----
NONE		

OBLIGOR: SCA LICENSE CORPORATION

Mark -----	Application (A) Registration (R) or Series No. (S) -----	Registration or Filing Date -----
NONE		

FOREIGN TRADEMARKS

OBLIGOR: SALEM COMMUNICATIONS ACQUISITION CORPORATION

Mark -----	Application (A) Registration (R) -----	County -----	Registration or Filing Date (F) -----
NONE			

OBLIGOR: SCA LICENSE CORPORATION

Mark -----	Application (A) Registration (R) -----	County -----	Registration or Filing Date (F) -----
NONE			

Annex 5

LIST OF CONTRACTS, LICENSES AND OTHER AGREEMENTS

OBLIGOR: SALEM COMMUNICATIONS ACQUISITION CORPORATION

Licenses

"Alice"	(R-Colorado) 2145746
"Five Thousand Dollar Thursdays"	(R-Colorado) 19991224371
"Shortcuts to Y-2 Cash"	(R-Colorado) 19991224372
"Last Millenium Lunch"	(R-Colorado) 19991224373

OBLIGOR: SCA LICENSE CORPORATION

NONE

Annex 6

LIST OF LOCATIONS

OBLIGOR: SALEM COMMUNICATIONS ACQUISITION CORPORATION

Studio -----	Transmitter -----
-----------------	----------------------

KALC(FM) One Tabor Center _____ 1200 - 17th Street, Suite 2300 Denver, Colorado 80202	Lookout Mountain Denver, Colorado
--	--------------------------------------

OBLIGOR: SCA LICENSE CORPORATION

OFFICE LOCATION

4880 Santa Rosa Road, Suite 300
Camarillo, California 93012

Annex 7

FORM OF LANDLORD'S ACCESS AGREEMENT

THIS LANDLORD'S ACCESS AGREEMENT (this "AGREEMENT"), dated as of [____], 2000, is made by [____] (the "LANDLORD") for the benefit of ING (U.S.) Capital LLC acting in its capacity as the administrative agent for the Lenders under the Credit Agreement referred to below (together

with its successors and assigns in that capacity, the "ADMINISTRATIVE AGENT").

The Landlord and Salem Communications Acquisition Corporation, a Delaware corporation (the "TENANT") are parties to the Lease Agreement dated [_____] (as amended, modified, supplemented and in effect from time to time, the "LEASE") demising certain premises more particularly described on SCHEDULE (the "PREMISES");

The Tenant's shareholder (the "PARENT") and the Lenders have entered into the Credit Agreement dated as of August 24, 2000 (as amended, modified, supplemented and in effect from time to time, the "CREDIT AGREEMENT"), pursuant to which the Lenders have agreed to extend certain loans to the Parent.

Pursuant to the Credit Agreement, the Tenant has entered into a Guarantee and Security Agreement dated as of August 24, 2000, with the Administrative Agent under which it has granted to the Administrative Agent for the benefit of the Lenders a lien and security interest in all of its personal property (the "PERSONAL PROPERTY"), including Personal Property located at the Premises.

NOW, THEREFORE, in consideration of the mutual agreements contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. The Landlord hereby warrants, represents and certifies for the benefit of the Administrative Agent and the Lenders as follows:

(a) Each of this Agreement and the Lease is the legal, valid and binding obligation of the Landlord enforceable against the Landlord in accordance with its respective terms.

(b) The Lease is in full force and effect and has not been amended, modified, supplemented or superseded, either orally or in writing, in any respect. All previous defaults or failures of conditions on the part of the Tenant under the Lease have either been cured to the satisfaction of the Landlord or have been irrevocably waived by the Landlord. No default or failure of condition on the part of the Tenant under the terms of the Lease has occurred and is currently continuing, the Landlord currently has no right to terminate the Lease or alter, limit or otherwise interfere with the Tenant's possession, use or enjoyment of the Premises and, to the

best of the Landlord's knowledge, no act, event, contingency or circumstance exists or has occurred that would give the Landlord any right to terminate the Lease or alter, limit or otherwise interfere with the Tenant's possession, use or enjoyment of the Premises.

2. The Landlord waives and relinquishes any landlord's lien, rights of levy or distraint, claim, security interest or other interest the Landlord may now or hereafter have in or with respect to all or any part of the Personal Property, whether for rent or otherwise. The Personal Property may be installed in or located on the Premises and is not and shall not be deemed a fixture or part of the real property but shall at all times be considered personal property for all purposes.

3. The Administrative Agent, at its option, may enter and use the Premises for the purpose of repossessing, removing, selling or otherwise dealing with any of the Personal Property, and the license so granted shall be irrevocable and shall continue from the date the Administrative Agent enters the Premises for a period of up to 90 days after the receipt by the Administrative Agent of written notice from the Landlord directing removal of the Personal Property; provided, that, (a) for each day that the Administrative Agent uses the Premises pursuant to the license so granted, unless the Landlord has otherwise been paid rent in respect of any of such period, the Administrative Agent shall pay the regularly scheduled rent provided under the Lease, prorated on a per diem basis to be determined on a thirty (30) day month, without thereby assuming the Lease or incurring any other obligations of the Tenant and (b) any damage to the Premises caused by the Administrative Agent or its representatives will be repaired by the Administrative Agent at its sole expense.

4. Any person succeeding to the Administrative Agent in its capacity as the administrative agent for the Lenders under the Credit Agreement or otherwise appointed by the holders of the obligations of the Parent under or in respect of the Credit Agreement Administrative Agent to hold or otherwise act with respect to all or any part of the collateral for the Credit Agreement as administrative agent, collateral agent, security representative or trustee for such holders shall automatically and without any further action or consent on the part of any party to this Agreement succeed to all of the rights and benefits of the Administrative Agent under this Agreement.

5. The Landlord acknowledges that (a) the obligations under the Credit Agreement are made and entered into in material reliance by the Administrative Agent and the Lenders upon this Agreement and the representations, warranties, statements and covenants contained in this

Agreement and (b) such representations, warranties, statements and covenants are made for the benefit and protection of Administrative Agent, the Lenders and their respective successors and assignees.

6. This Agreement shall be binding upon the successors and assigns of Landlord and shall inure, together with the rights and remedies of the Administrative Agent under this Agreement, to the benefit of the Administrative Agent and its successors and assignees.

7. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE

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STATE OF CALIFORNIA APPLICABLE TO CONTRACT MADE AND PERFORMED IN THE STATE OF [CALIFORNIA] [COLORADO].

3

MTHM DRAFT
MAY 8, 2000

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date and year first written above.

[NAME OF LANDLORD]

By: _____
Name:
Title:

ACKNOWLEDGED BY:
- - - - -

SALEM COMMUNICATIONS ACQUISITION CORPORATION,
a Delaware corporation

By: _____
Name:
Title:

ACCEPTED BY:
- - - - -

ING (U.S.) Capital LLC

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

EXHIBIT E

EXECUTION COPY

=====

WARRANT AND REGISTRATION RIGHTS AGREEMENT

BETWEEN

SALEM COMMUNICATIONS CORPORATION,

AND

ING (U.S.) CAPITAL LLC

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Annex 1 -- Form of Warrant Certificate

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This WARRANT AND REGISTRATION RIGHTS AGREEMENT (this "AGREEMENT"), dated as of August 24, 2000, is between SALEM COMMUNICATIONS CORPORATION, a Delaware corporation (the "COMPANY"), the institutions identified on the signature pages to this Agreement (the "WARRANT HOLDERS") and ING (U.S.) CAPITAL LLC, in its capacity as the administrative agent (in that capacity, the "ADMINISTRATIVE AGENT") for the lenders under the Credit Agreement (the "CREDIT AGREEMENT") dated as of August 24, 2000 between the Company and those lenders (the "Lenders").

RECITALS

A. The Credit Agreement provides for the Company to enter into this Agreement and to issue to the Warrant Holders Warrant exercisable initially for 716,096 shares of Company Stock.

B. Capitalized terms defined in the Credit Agreement are used, unless otherwise defined, in this Agreement with the same respective meanings, and the rules of interpretation set forth in Section 1.02 of the Credit Agreements shall apply to this Agreement.

ACCORDINGLY, the parties agree as follows:

SECTION 1. ISSUANCE OF WARRANTS(a) The Company hereby issues to each Warrant Holder, subject to the conditions and restrictions contained in this Agreement, and each Warrant Holder hereby accepts from the Company, the Warrant set forth below next to its name:

Name of Warrant Holder	Number of Warrant	Number of Initial Shares Under the Warrant
ING (U.S.) Capital LLC	1	501,267
The Bank of New York	2	143,219
Fleet National Bank	3	71,610

Neither any Warrant Holder nor the Administrative Agent shall be responsible for

the failure of any other Warrant Holders representations in its Warrant Certificate to be true or for the failure of any other Warrant Holder to comply with the terms of its Warrant Certificate.

SECTION 2. WARRANT CERTIFICATE. The certificates evidencing the Warrants (each, a "WARRANT CERTIFICATE") to be delivered pursuant to this Agreement shall be in registered form only and shall be substantially in the form set forth in ANNEX 1. The Company shall number and register the Warrant Certificates to be issued on the Effective Date as provided in Section 1 and shall thereafter maintain a register in which the transfer of any Warrants are registered.

SECTION 3. DELIVERY TO ADMINISTRATIVE AGENT. All of the Warrant Certificates to be issued on the Effective Date shall be delivered to the Administrative Agent to hold in escrow for the benefit of the Warrant Holders as provided in this Agreement. Prior to the Distribution Date, a Warrant Holder may transfer all or any part of its Warrant only in connection with and proportional to a transfer of all or part of its Loan. If a Warrant Holder

wishes so to transfer all or any part of its Warrant, it shall so advise the Administrative Agent in writing. As promptly as reasonably possible after its receipt of any such advise, the Administrative Agent shall make that Warrant available to that Warrant Holder for the purpose of executing any assignment document required by that Warrant, the Administrative Agent shall submit, on behalf of that Warrant Holder, the Warrant together with that assignment document to the Company for registration of transfer and the Administrative Agent shall receive and retain any Warrant or Warrants issued upon such a transfer as provided in this Agreement. If the Obligations are paid in full prior to the Distribution Date, the Administrative Agent shall return all Warrant Certificates then held by it to the Company for cancellation, and the Administrative Agent shall thereafter have no further duties or obligations with respect to any Warrants or Warrant Certificates. If the maturity of the Loans is accelerated as provided in the Credit Agreement or if the Obligations have not been paid in full on or before the Maturity Date, then, on the date (the "DISTRIBUTION DATE") that is the earlier of the Business Day on which any such acceleration occurs and the Business Day immediately after the Maturity Date, the Administrative Agent shall deliver to each Warrant Holder the Warrant Certificate registered in the name of that Warrant Holder at its address pursuant to the Credit Agreement. From and after the delivery of the Warrant Certificates to the Warrant Holders, each Warrant Holder shall be entitled to transfer, exercise and otherwise deal with its Warrant in accordance with its terms without regard to this Section 3, and the Administrative Agent shall have no further duties or obligations with respect to any Warrants or Warrant Certificates. The Administrative Agent shall not release any Warrant Certificates except as expressly set forth in this Section 3. In acting under this Section 3, the Administrative Agent shall be entitled to all of the rights, immunities and privileges provided for by Article IX of the Credit Agreement. The Company's obligation to repay the Loans in full shall not be diminished by the issuance or exercise of any Warrant.

SECTION 4. REGISTRATION OF WARRANT SHARES.

(a) REGISTRATION RIGHTS. Unless, following any request of holder (each a "WS HOLDER") of any securities issued upon the exercise of any Warrant or upon the transfer of any such securities (the "WARRANT SHARES") to register all or any part of its Warrant Shares or to include all or any part of its shares in any registration statement under the Act as provided in this Section 4, the Company delivers to the WS Holder making that request an opinion of counsel reasonably acceptable to the WS Holder to the effect that all of the Warrant Shares of that WS Holder may be sold or otherwise transferred without registration under the Act pursuant to Rule 144 under the Act and further delivers to that WS Holder certificates representing all of those Warrant Shares that do not contain any restrictive legend or the Company has previously delivered such an opinion and such certificates to that WS Holder, the Company shall register or include in a registration under the Act the Warrant Shares subject to any such request in accordance with this Section 4. The provisions of this Section 4 are for the express benefit of the Warrant Holders and each successive person to whom the Warrant Holder or any subsequent transferee of the Warrant Holder has transferred all or part of any Warrant or any Warrant Shares, and the Company's obligations under this Section 4 may be enforced by any WS Holder.

(b) REQUIRED REGISTRATION. Subject to the limitations contained in Section 4(a) or 4(e), if any WS Holder provides written notice (specifying the intended method of disposition)

to the Company requesting it to effect the registration of any of that WS Holder's Warrant Shares under the Act (the "REQUEST NOTICE"), the Company shall promptly give written notice of any such proposed registration to all WS Holders and shall, as expeditiously as possible, use its best efforts to effect the registration under the Act of:

(i) the Warrant Shares that the Company has been requested to register pursuant to the Request Notice for disposition by the WS Holder submitting that Request Notice in accordance with the intended method of disposition described in that Request Notice; and

(ii) all other Warrant Shares, the WS Holder or WS Holders of which shall have made written request (stating the intended method of disposition of such securities by it or them) to the Company to include those securities in the above registration process within 30 days after the giving of such written notice by the Company, all as necessary to permit the sale of those Warrant Shares in accordance with the intended methods of disposition so stated by the other WS Holder or WS Holders.

If, in the case of an underwritten public offering of Warrant Shares to be so registered, the managing underwriter advises that the number of securities to be so registered is too large a number to be reasonably sold, the number of such securities sought to be registered by each WS Holder shall be reduced, pro rata in proportion to the number of securities sought to be registered by all WS Holders, to the extent necessary to reduce the number of securities to be registered to the number recommended by the managing underwriter.

The Company will not grant to any Person at any time on or after the date of this Agreement the right (a "PARTICIPATION RIGHT") to request the Company to register any securities of the Company under the Act by reason of the exercise by any WS Holder of its rights under this Section 4 unless the Participation Right provides that the securities of any such Person shall not be registered and sold at the same time as the Warrant Shares if the managing underwriter for the WS Holder or WS Holders advises the Company in writing that sale of those securities would adversely affect the amount of, or price at which, the respective Warrant Shares being registered under this Section 4 can be sold.

The Company agrees (x) not to effect any public or private sale or distribution of its securities, including a sale pursuant to Regulation D under the Act, during the 10-day period prior to, and during the 180-day period beginning on, the closing date of an underwritten offering made pursuant to a registration statement filed pursuant to this Section 4(b) and (y) to the extent required by the managing underwriter, to use its best efforts to cause each holder of its equity securities or securities convertible to equity securities (other than equity securities distributed as part of any public offering) purchased from the Company at any time prior to, on or after the date of this Agreement to agree not to effect any public or private sale or distribution of any such securities during such period, including a sale pursuant to Rule 144 or Rule 144A under the Act (except as part of such underwritten registration, if permitted).

The Company recognizes that money damages may be inadequate to compensate the WS Holders for a breach by the Company of its obligations under this Section 4(b) and Section 4(c), and the Company agrees that in the event of such a breach each affected WS Holder

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may apply for an injunction or specific performance or the granting of such other equitable remedies as may be awarded by a court of competent jurisdiction in order to afford each such WS Holder the benefits of this Section 4(b) and that the Company shall not object to such application, entry of such injunction or granting of such other equitable remedies on the grounds that money damages will be sufficient to compensate each such WS Holder.

The Company may include in any required registration under this Section 4(b) any other shares of Common Stock (including issued and outstanding shares of Common Stock as to which Company stockholders, other than the WS Holders, have contracted with the Company for incidental or "piggyback" registration rights), provided that if the inclusion in such registration of such shares would, in the reasonable judgment of the managing underwriter, cause the proceeds or the price per unit the WS Holders will derive from such registration to be reduced or the number of securities to be registered at the instance of the Company or such other company stockholders is too large a number to be reasonably sold, the other shares of Common Stock sought to be included shall be excluded to the extent deemed appropriate by the managing underwriter. Any shares other than the Warrant Shares that are included in any required registration shall be included only on the same basis as Warrant Shares being included, and the holders of any such shares or the Company, as the case may be, shall, in respect to their participation in the required registration, be subject to the same requirements and restrictions as the WS Holders participating in that registration.

(c) INCIDENTAL REGISTRATION. Subject to the limitations contained in Section 4(a) or 4(e), if the Company at any time proposes to register any of its securities under the Act pursuant to a registration statement on Form S-1, S-2, S-3 or S-4 or the equivalent (otherwise than

pursuant to Section 4(b) or to register debt securities under Form S-3 or any comparable successor form), whether of its own accord or at the request of any holder or holders of those securities, it will each such time give written notice to all WS Holders of its intention so to do.

Upon the written request of any WS Holder or WS Holders given within 30 days after receipt of any such notice from the Company (stating the intended method of disposition of Warrant Shares by the requesting WS Holder or WS Holders), the Company will use its best efforts to cause all the Warrant Shares covered by any such request to be registered under the Act pursuant to the registration statement referred to above, all as necessary to permit the sale of those Warrant Shares in accordance with the intended methods of disposition so stated by the requesting WS Holder or WS Holders.

If the managing underwriter for the respective offering advises the Company in writing that the inclusion in any such registration of some or all of the Warrant Shares sought to be registered by the WS Holder or WS Holders will, in its opinion, cause the proceeds or the price per unit the Company or the initial requesting or demanding holder of securities will derive from such registration to be reduced or that the number of securities to be registered at the instance of the Company or such requesting or demanding holder plus the number of securities sought to be registered by the WS Holders is, in its opinion, too large a number to be reasonably sold, the number of securities sought to be registered for each WS Holder shall be reduced as set forth below:

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(i) the number of securities sought to be registered by any holder or holders of any securities, other than Warrant Shares or on account of the Company, shall be reduced pro rata, to the extent necessary to reduce the number of securities to be registered to the number recommended by the managing underwriter (the "RECOMMENDED NUMBER");

(ii) if the reduction provided for in clause (i) above does not reduce the number of securities to be registered to the Recommended Number, then the number of shares of Warrant Shares shall be reduced pro rata, among the WS Holders, to the extent necessary to reduce the number of securities to be registered to the Recommended Number.

The Company will not grant to any Person at any time on or after the Closing Date the right to request the Company to register any securities of the Company under the Act unless such right provides that if the managing underwriter for the respective WS Holders believes that sale of any such securities would adversely affect the amount of, or price at which, the respective Warrant Shares being registered under this Section 4(c) can be sold then the amount of such securities that may be registered and sold shall be reduced in accordance with clause (i) above.

(d) REGISTRATION PROCEDURES.

(i) If and whenever the Company is required by the provisions of this Section 4 to use its best efforts to effect the registration of any Warrant Shares under the Act, the Company will (except as otherwise provided in this Agreement), as expeditiously as possible,

(A) cooperate with any underwriters for, and the WS Holders of, such Warrant Shares and enter into a usual and customary underwriting agreement with respect to those Warrant Shares (provided that the Company shall not be required to enter into more than two such underwriting agreements (one for a domestic offering and one for an international offering) in connection with any such registration) and take all such other reasonable actions as are necessary or advisable to permit, expedite and facilitate the disposition of such Warrant Shares in the manner contemplated by the related registration statement, in each case to the same extent as if all the securities then being offered were for the account of the Company, and the Company will provide to any WS Holder, any underwriter participating in any distribution of those Warrant Shares pursuant to a registration statement and any attorney, accountant or other agent retained by any WS Holder or underwriter, reasonable access to appropriate Company officers and employees to answer questions and to supply information reasonably requested by any such WS Holder, underwriter, attorney, accountant or agent in connection with any such registration statement;

(B) furnish or cause to be furnished to each WS Holder covered by any such registration statement, addressed to each such WS Holder, a copy of the opinion of counsel for the Company, and a copy of the "comfort" letter signed by the independent public accountants who have certified the Company's financial statements included in the registration statement, delivered on the closing date to the underwriters of registered Warrant Shares;

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(C) prepare and file with the Commission a

registration statement with respect to those securities and use its best efforts to cause that registration statement to become and remain effective; and prepare and file with the Commission such amendments and supplements to that registration statement and the related prospectus as may be necessary to keep that registration statement effective and to comply with the provisions of the Act with respect to the sale or other disposition of all securities covered by that registration statement whenever the WS Holder or WS Holders of those securities desire to sell or otherwise dispose of the same; provided that no such registration statement will be filed by the Company until counsel for the applicable WS Holders have had a reasonable opportunity to review the same and to exercise their rights under clause (A) above and no amendment to any such registration statement naming any such WS Holders as selling shareholders shall be filed with the Commission until each such WS Holder has had at least seven days to review the registration statement as originally filed and theretofore amended and to exercise their rights under clause (A) above;

(D) furnish to each WS Holder such numbers of copies of a summary prospectus or other prospectus, including a preliminary prospectus, in conformity with the requirements of the Act, and such other documents, as each such WS Holder may reasonably request in order to facilitate the public sale or other disposition of the securities owned by each such WS Holder;

(E) use its best efforts to register or qualify the securities covered by such registration statement under such other securities or blue sky laws of such jurisdictions as each WS Holder shall request, and do any and all other acts and things that may be necessary or advisable to enable each such WS Holder to consummate the public sale or other disposition in such jurisdictions of the securities owned by each such WS Holder, except that the Company shall not for any such purpose be required to qualify to do business as a foreign corporation in any jurisdiction in which it is not so qualified or to file in any such jurisdiction any general consent to service;

(F) in the event of the issuance of any stop order suspending the effectiveness of any registration statement or of any order suspending or preventing the use of any prospectus or suspending the qualification of any Warrant Shares for sale in any jurisdiction, use its best efforts promptly to obtain its withdrawal;

(G) in the event any prospectus used in connection with the distribution of Warrant Shares registered under the Act pursuant to the provisions of this Section 4 is discovered to contain any untrue statement of any material fact or any omission to state in that prospectus a material fact required to be stated in that prospectus or necessary to make the statements in that prospectus not misleading, promptly provide each WS Holder that shall have requested registration of Warrant Shares with amended prospectuses correcting all such statements;

(H) otherwise use its best efforts to comply with all applicable rules and regulations of the Securities and Exchange Commission, and make available to its security holders, as soon as reasonably practicable, an earnings statement covering the period of at least twelve months, beginning with the first fiscal quarter beginning after the effective date of the

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registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Act; and

(I) list such securities on any securities exchange on which any stock of the Company is then listed, if the listing of such securities is then permitted under the rules of any such exchange; PROVIDED, HOWEVER, that notwithstanding any other provision of this Section 4, the Company shall not be required to maintain the effectiveness of any registration statement for a period in excess of one year (PLUS any period during which the effectiveness of that registration has been suspended). From time to time after a transfer of any Warrant Shares pursuant to a registration statement the Company will file all reports required to be filed by it under the Act, the Securities Exchange Act of 1934 and the rules and regulations adopted by the Securities and Exchange Commission under either such act, and take such further action as any WS Holder or WS Holders, all to the extent required to enable it or them to sell Warrant Shares pursuant to those laws and regulations. Upon written request, the Company will deliver to each such WS Holder a written statement as to whether it has complied with such requirements.

(ii) In connection with the registration of Warrant Shares under the Act pursuant to the provisions of this Section 4, each WS Holder requesting such registration will (except as otherwise provided in this Agreement), as expeditiously as possible,

(A) in the event of the issuance of any stop order suspending the effectiveness of any registration statement or of any order suspending or preventing the use of any prospectus or suspending the qualification of any Warrant Shares for sale in any jurisdiction, use its best efforts promptly to discontinue the disposition of the Warrant Shares owned by

that Holder in each such jurisdiction until the order applicable to that jurisdiction has been withdrawn; and

(B) in the event any prospectus used in connection with the distribution of Warrant Shares registered under the Act pursuant to the provisions of this Section 4 is discovered to contain any untrue statement of any material fact or any omission to state in that prospectus a material fact required to be stated in that prospectus or necessary to make the statements in that prospectus not misleading, use its best efforts promptly to discontinue the disposition of the Warrant Shares owned by such WS Holder until amended prospectuses correcting those statements have been provided to the WS Holder.

(e) EXPENSES; LIMITATIONS ON REGISTRATION. All expenses incident to the Company's performance of its obligations in connection with any registration of the Warrant Shares under this Agreement, including printing expenses, fees and disbursements of counsel for the Company, fees of the National Association of Securities Dealers, Inc. in connection with its review of any offering contemplated in any registration statement and expenses of any special audits to which the Company shall agree or which shall be necessary to comply with Governmental Rules in connection with any such registration shall be paid by the Company. In addition, the Company shall pay (i) all registration and filing fees for the Warrant Shares under federal and state securities laws, (ii) expenses of registering or qualifying under or complying with the securities or blue sky laws of any jurisdictions pursuant to Section 4(d)(i)(E), and (iii) fees and disbursements of counsel for the WS Holders. Notwithstanding the foregoing, in

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the event a WS Holder withdraws its request for registration of Warrant Shares other than by reason of (A) the Company's failure to perform its obligations in connection with any such registration, (B) the failure to be timely satisfied of any closing condition contained in any underwriting agreement entered into in connection with any such registration and not within the exclusive control of that WS Holder, (C) the termination of such underwriting agreement by the underwriters other than by reason of the failure on the part of that WS Holder to perform its obligations under that agreement or (D) the occurrence of any change that, in the sole judgment of that WS Holder, may materially adversely affect the selling price or marketability of the Warrant Shares for which registration was requested, including (1) any material adverse change in the business, business prospects, properties, condition (financial or otherwise) or operations of the Company, (2) the suspension of trading in the Common Stock by the Securities and Exchange Commission or any national securities exchange or automated quotation system or trading in securities generally on the New York Stock Exchange or the establishment of limited or minimum prices on any such national exchange or quotation system, (3) the declaration of any banking moratorium by Federal, New York or California authorities or (4) the occurrence of any outbreak or escalation of hostilities, the declaration by the United States of any national emergency or war or the occurrence of any other calamity or crisis the effect of which on financial markets is such, in the sole judgment of the managing underwriter for that WS Holder, as to make it impracticable or inadvisable to proceed with the offering of the Warrant Shares, then that WS Holder shall bear those expenses. In addition, under all circumstances, each WS Holder shall pay one hundred percent (100%) of the gross underwriting spread or fees with respect to its Warrant Shares covered by any registration pursuant to this Section 4.

It shall be a condition precedent to the obligation of the Company to take any action pursuant to this Section 4 in respect of the Warrant Shares to be registered at the request of the WS Holder, that the WS Holder requesting registration of those Warrant Shares furnish to the Company such information regarding that WS Holder, those Warrant Shares and the intended method of disposition of those Warrant Shares as the Company shall reasonably request and as shall be required in connection with the action to be taken by the Company.

The WS Holders shall be entitled to one effective registration pursuant to requests made under Section 4(b) and an unlimited number of registrations pursuant to requests made under Section 4(c); PROVIDED that any such registration request made by the requisite number of WS Holders (established pursuant to the next succeeding paragraph of this Section 4(e)) that is withdrawn (other than by reason of the Company's failure to perform its obligations under this Agreement or any of the events described in clause (D) above) by the majority (in number of Warrant Shares sought to be so registered) of the WS Holders making any such request, after the respective registration statement has become effective, shall be treated as an "effective" registration for purposes of this Agreement.

The Company shall not be required to effect any registration of Warrant Shares pursuant to the request of any WS Holder or WS Holders made under Section 4(b) if less than 25% of the Warrant Shares then outstanding is to be registered in such registration.

The Company agrees that it will not file a registration

statement under the Act, either for securities held by any holders of the Company's securities, other than WS Holders, or

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for securities newly issued by the Company, until 180 days after the effective date of any registration statement filed pursuant to the request of a WS Holder or WS Holders under Section 4(b) (or such shorter period ending upon the completion of the sale of all Warrant Shares so registered), other than a registration statement (i) on Form S-4 or S-8 or any successor forms then in effect under the Act, (ii) pursuant to which the Company is offering to exchange its own securities or (iii) relating to dividend reinvestment plans, or relating to an offering of securities initiated prior to the request of any WS Holder.

SECTION 5. INDEMNIFICATION.

(a) In the event of any registration of any Warrant Shares under the Act pursuant to Section 4, the Company shall indemnify and hold harmless the WS Holder of those Warrant Shares and any underwriter of those Warrant Shares, and their respective directors and officers, and each other Person, if any, who controls that WS Holder or any such underwriter within the meaning of the Act ("CONTROLLING PERSON"), against any losses, claims, damages or liabilities, joint or several, to which that WS Holder or underwriter or any such director or officer or Controlling Person may become subject under the Act or any other Governmental Rule, insofar as those losses, claims, expenses, damages or liabilities (or actions in respect of the same) arise out of or are based upon (i) any alleged untrue statement of any material fact contained, on its effective date, in any registration statement under which those securities were registered under the Act or in any preliminary prospectus or final prospectus contained in any such registration statement, or any amendment or supplement to any such registration statement, or (ii) any alleged omission to state in any such statement, prospectus, amendment or supplement a material fact required to be stated in any such statement, prospectus, amendment or supplement or necessary to make the statements in any such statement, prospectus, amendment or supplement not misleading, and shall reimburse that WS Holder and each such director, officer or Controlling Person for any legal or any other expenses reasonably incurred by that WS Holder and each such director, officer or Controlling Person in connection with investigating or defending any such loss, claim, damage, liability or action; PROVIDED, HOWEVER, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any alleged untrue statement or alleged omission made in such registration statement, preliminary prospectus, prospectus, or amendment or supplement in reliance upon and in conformity with written information furnished to the Company through an instrument duly executed by that WS Holder specifically for use in any such document. The indemnity provided in this subsection shall remain in full force and effect regardless of any investigation made by or on behalf of any WS Holder or any such director, officer or Controlling Person, and shall survive the transfer of any such securities by any WS Holder.

(b) Each WS Holder shall, by acceptance of its Warrant Shares, severally and not jointly, indemnify and hold harmless the Company and any underwriter of Warrant Shares and their respective directors and officers and each other Person, if any, who controls the Company or any such underwriter (within the meaning of the Act) against any losses, claims, expenses, damages or liabilities, joint or several, to which the Company or any such underwriter or any such director or officer or any such Person may become subject under the Act or any other Governmental Rule, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (i) any alleged untrue statement of any material fact

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contained, on its effective date, in any registration statement under which Warrant Shares were registered under the Act, or in any preliminary prospectus or final prospectus contained therein, or any amendment or supplement to any such registration statement, or (ii) any alleged omission to state in any such statement, prospectus, amendment or supplement a material fact required to be stated in any such statement, prospectus, amendment or supplement or necessary to make the statements in any such statement, prospectus, amendment or supplement not misleading, in each case to the extent, but only to the extent, that any such alleged untrue statement or alleged omission was contained in written information furnished to the Company through an instrument duly executed by such holder specifically for use in any such document, and shall reimburse the Company, any such underwriter or any such director, officer or other Person for any legal or any other expenses reasonably incurred in connection with investigating or defending any such loss, claim, damage, liability or action.

(c) Indemnification similar to that specified in clauses (a) and (b) of this Section 5 shall be given by the Company and each WS Holder (with such modifications as shall be appropriate) to each other and to any underwriter with respect to any required registration or other qualification of any Warrant Shares under any federal or state law or regulation of governmental authority

other than the Act. The indemnity and expense reimbursements obligations of the Company under clauses (a) and (b) of this Section 5 shall be in addition to any liability the Company may otherwise have.

(d) Each Person ("INDEMNITOR") who under the preceding provisions of this Section 5 agrees to indemnify another Person ("INDEMNITEE") shall have the right to designate counsel (reasonably acceptable to the Indemnitee) to defend any case or proceeding against the Indemnitee arising in respect of any claim of liability for which any such indemnification may be claimed, to the end that duplication of legal expense may be minimized; provided that, if the Indemnitee notifies the Indemnitor that the former has been advised by its counsel that any single counsel in any such case or proceeding would have a conflict of interest in representing both the Indemnitor and the Indemnitee, the Indemnitee may designate its own counsel in any such case or proceeding and, to the extent so provided above in this Section 5, shall be entitled to be reimbursed by Indemnitor for its legal expenses reasonably incurred in connection with defending itself in any such case or proceeding.

SECTION 6. REALES TO INSTITUTIONAL PURCHASERS. The Company agrees that if at any time, and for so long, as the Company is not required to file periodic reports pursuant to the Exchange Act, the Company will promptly provide any requesting WS Holder, upon reasonable request, with all information necessary for that WS Holder to comply with Rule 144A under the Act with respect to the resale of any Warrant Share to a "qualified institutional buyer" as that term is defined in that rule.

SECTION 7. NOTICES. Except where telephonic notice is expressly permitted, all notices, requests and other communications provided for in this Agreement shall be given or made in writing and delivered by hand or courier service, mailed by certified or registered mail or sent by telecopy to the intended recipient as specified below its name in the signature pages of this Agreement or, as to any party, at such other address as is designated by that party in a notice

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to each other party. All such communications shall be deemed to have been duly given or made upon receipt.

SECTION 8. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of its parties and their respective successors and permitted assigns.

SECTION 9. GOVERNING LAW; SUBMISSION TO JURISDICTION. THIS AGREEMENT AND THE WARRANT CERTIFICATES ISSUED UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN THE STATE OF NEW YORK. THE COMPANY HEREBY SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND OF ANY NEW YORK STATE COURT SITTING IN THE STATE OF NEW YORK AND THE COUNTY OF NEW YORK FOR THE PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR IN THE FUTURE HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN ANY SUCH COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

SECTION 10. WAIVER OF JURY TRIAL. EACH PARTY TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

SECTION 11. BENEFITS OF THIS AGREEMENT. Nothing in this Agreement shall be construed to give to any person or corporation other than the Company and the holder any legal or equitable right, remedy or claim under this Agreement; but this Agreement shall be for the sole and exclusive benefit of the Company, the Administrative Agent, the Warrant Holders and the WS Holders.

SECTION 12. CAPTIONS. The table of contents, captions and section headings appearing in this Agreement are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

SECTION 13. AGREEMENTS SUPERSEDED. This Agreement supersedes all prior agreements and understandings, written or oral, between the parties with respect to the subject matter of this Agreement.

SECTION 14. COUNTERPARTS. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties to this Agreement may execute this Agreement by signing any such counterpart. Delivery of an executed counterpart of a signature page to the Agreement by hand or by telecopy shall be as effective as the delivery of a fully executed counterpart of this Agreement.

IN WITNESS WHEREOF, the Company, ING (U.S.) Capital LLC and each Warrant Holder have caused this Agreement to be executed and delivered by their respective officers thereunto duly authorized, all as of the day and year first above written.

SALEM COMMUNICATIONS CORPORATION

By: _____
Name:
Title:

ING (U.S.) CAPITAL LLC, as the Administrative Agent

By: _____
Name:
Title:

ING (U.S.) CAPITAL LLC

By: _____
Name:
Title:

THE BANK OF NEW YORK

By: _____
Name:
Title:

FLEET NATIONAL BANK

By: _____
Name:
Title:

Annex 1

THIS WARRANT AND THE SHARES OF COMMON STOCK ISSUABLE UPON EXERCISE OF THE WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") OR ANY STATE SECURITIES LAWS AND MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED UNLESS (1) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT, (2) THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL FOR THE HOLDER, REASONABLY SATISFACTORY TO THE COMPANY, THAT REGISTRATION UNDER THE ACT IS NOT REQUIRED OR THE HOLDER OR THE COMPANY HAS OBTAINED A NO-ACTION LETTER FROM THE APPROPRIATE GOVERNMENTAL AUTHORITY TO THE SAME EFFECT OR (3) PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE ACT UNDER RULE 144 (OR ANY SUCCESSOR PROVISION) OF THE ACT. THIS WARRANT IS ALSO SUBJECT TO THE WARRANT AGREEMENT REFERRED TO BELOW.

WARRANT NO. _____

Dated: _____

SALEM COMMUNICATIONS CORPORATION

WARRANT TO PURCHASE [] SHARES

OF CLASS A COMMON STOCK

SALEM COMMUNICATIONS CORPORATION, a Delaware corporation (the "COMPANY"), hereby certifies that, for value received, _____ (the "INITIAL HOLDER") or its registered transferees, successors or assigns (collectively and together with the Initial Holder, the "HOLDER") is the registered Holder of warrants (the "WARRANTS") to subscribe for and purchase up to _____ fully paid and nonassessable shares of Common Stock (as from time to time adjusted pursuant to Section 4, the "WARRANT SHARES") of the Company, at a purchase price per share equal to (i) \$0.01 per share (as adjusted from time to time pursuant to Section 4, the "WARRANT PRICE"), subject to the provisions and upon the terms and conditions of this Warrant. In this Warrant, (a) the term "COMMON STOCK" shall mean the Company's presently authorized Class A Common Stock, \$0.01 par value and any stock into or for which such Common Stock may hereafter be converted or exchanged, (b) the term "DATE OF GRANT" shall mean the date of this Warrant and (c) the term "WARRANT" shall be deemed to include any warrant issued upon transfer or partial exercise of this Warrant, unless the context clearly requires otherwise. This Warrant is being issued pursuant to, and is subject to,

the Warrant and Registration Rights Agreement dated as of July ___, 2000 (the "WARRANT AGREEMENT") between the Company, the institutions named in the Warrant Agreement and ING (U.S.) Capital LLC (in its capacity as the Administrative Agent (as defined in the Warrant Agreement)), and the Holder is entitled to the benefits of the Warrant Agreement. Capitalized terms defined in the Warrant Agreement and used, unless otherwise defined, in this Warrant with the same respective meanings.

SECTION 1. TERM. The purchase rights represented by this Warrant are exercisable, in whole or in part, at any time and from time to time from the Distribution Date through and including the close of business on the tenth year anniversary of this Warrant (the "Expiration Date"). Upon the exercise of all or the specified portion of the Warrant and the payment of the applicable purchase price, the Holder shall be entitled to the number of Warrant Shares for which it has exercised this Warrant. If this Warrant is not exercised before the close of business on the Expiration Date, it will become void and all rights under this Warrant will thereupon cease.

SECTION 2. EXERCISE.

(a) CASH EXERCISE AND METHOD OF EXERCISE. Subject to Section 1, the purchase rights represented by this Warrant may be exercised by the Holder, in whole at any time or in part from time to time, by the surrender of this Warrant (with the notice of exercise form attached as Exhibit A duly executed) at the principal office of the Company, and, except as otherwise provided for in this Warrant, by the payment to the Company of an amount equal to the then applicable Warrant Price multiplied by the number of Warrant Shares then being purchased.

(b) CASHLESS RIGHT TO CONVERT WARRANT INTO COMMON STOCK; NET ISSUANCE. In addition to and without limiting the rights of the Holder under the terms of this Warrant, the Holder shall have the right to convert all or part of this Warrant (the "CONVERSION RIGHT") into shares of Common Stock as provided in this Section 2(b) at any time or from time to time during the term of this Warrant. Upon the exercise of the Conversion Right with respect to all or a specified portion of the Warrant Shares (the "CONVERTED WARRANT SHARES"), the Holder shall

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(without payment by the Holder of any cash or other cash consideration) be entitled to that number of shares of fully paid and nonassessable Common Stock as is equal to the quotient obtained by dividing (i) the value of this Warrant (or the specified portion of this Warrant) on the Conversion Date, which value shall be equal to (A) the aggregate fair market value (determined as provided in Section 4) of the Converted Warrant Shares issuable upon exercise of this Warrant (or the specified portion of this Warrant) on the Conversion Date less (B) the aggregate Warrant Price of the Converted Warrant Shares immediately prior to the exercise of the Conversion Right by (ii) the fair market value of one share of Common Stock on the Conversion Date.

The Conversion Right may be exercised by the Holder by, and such exercise shall be effective upon, the surrender of this Warrant at the principal office of the Company together with a written statement specifying that the Holder intends to exercise the Conversion Right and indicating the number of Converted Warrant Shares being surrendered in the exercise of the Conversion Right. No fractional shares shall be issuable upon exercise of the Conversion Right, and, if the number of shares to be issued determined in accordance with the foregoing formula is other than a whole number, the Company shall pay to the Holder an amount in cash equal to the fair market value of the resulting fractional share on the Conversion Date. For purposes of Section 4 of the Warrant Agreement, shares issued pursuant to the Conversion Right shall be treated as if they were issued upon the exercise of this Warrant.

(c) ISSUANCE OF SHARES AND NEW WARRANT. The person or persons in whose name or names any certificate or certificates representing Warrant Shares to be issued upon any exercise of this Warrant under Section 2(a) or 2(b) shall be deemed to have become the holder or holders of record of, and shall be treated for all purposes as the record holder or holders of, the shares represented by each such certificate (and those shares shall be deemed to have been issued) immediately prior to the close of business on the date on which this Warrant is so exercised if it is exercised prior to the close of business on that date; otherwise, the date of record shall be the next business day. In the event of any exercise of the rights represented by this Warrant under Section 2(a) or 2(b), certificates for the Warrant Shares purchased shall be delivered by the Company at its expense to the Holder as soon as possible and in any event within ten days after any such exercise and, unless this Warrant has been fully exercised, a new Warrant representing the portion of the Warrant Shares, if any, with respect to which this Warrant has not then been exercised shall also be issued to the Holder as soon as possible and in any event within such ten-day period. At the time this Warrant is exercised, the Holder shall make such representations, and such legends will be placed in certificates representing the Warrant Shares issued, as may be reasonably required in the

opinion of counsel to the Company to permit the Warrant Shares to be issued without registration under the Act.

SECTION 3. STOCK FULLY PAID; RESERVATION OF SHARES. All Warrant Shares that may be issued upon the exercise of the rights represented by this Warrant will, upon issuance pursuant to the terms and conditions of this Warrant, be fully paid and nonassessable shares of Common Stock, and free from all taxes, liens, charges and pre-emptive rights (except for the restrictions imposed by the legend appearing on the top of the front page of this Warrant). The Holder shall pay all transfer taxes, if any, attributable to the issuance of the Warrant Shares upon the exercise of this Warrant. During the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized, and reserved for the purpose of the issue upon exercise of the purchase rights evidenced by this Warrant, a sufficient

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number of shares of its Common Stock to provide for the exercise of the rights represented by this Warrant.

SECTION 4. ADJUSTMENT OF WARRANT PRICE AND NUMBER OF SHARES. The number and kind of Warrant Shares purchasable upon the exercise of this Warrant and the Warrant Price shall be subject to adjustment from time to time upon the occurrence of certain events as set forth below:

(a) ADJUSTMENT FOR INITIAL ERRORS AND THE HAPPENING OF CERTAIN EVENTS.

(i) The Company hereby acknowledges that the number of Warrant Shares constituting the initial number of securities purchasable upon the exercise of this Warrant (the "EXERCISE QUANTITY") was calculated based upon the Company's representation that the number of outstanding shares of Common Stock of the Company as of the Date of Grant, calculated on a fully diluted basis using the treasury stock method as contemplated by the Accounting Principles Board Opinion No. 15 (as referred to in the Statement of Financial Accounting Standards No. 128) (as so calculated on any date, the "FULLY DILUTED SHARES"), as of the Date of Grant and before giving effect to the issuance of any of the Warrants or Warrant Shares, totaled 17,902,392 shares. If for any reason it shall hereafter be determined that the number of outstanding shares of Common Stock as of the Date of Grant differed from that amount, then the Company or the Holder (whichever shall discover any such error) shall notify the other of such determination in writing, and, if and only if such an adjustment would result in an increase in the Warrant Shares, the Company shall forthwith (but in no event more than five days thereafter) reissue all of the outstanding Warrants with an appropriate proportional adjustment in the number of Warrant Shares to be effective from the Date of Grant.

(ii) Any adjustments to the Warrant Price and the number of Warrant Shares issuable upon exercise of the Warrant pursuant to the other subsections of this Section 4 prior to the date of any increase or decrease in the Exercise Quantity pursuant to Sections 4(a)(1) or (2) shall be recalculated as if any such increased or decreased Exercise Quantity had been the Exercise Quantity since the Date of Grant, but no such adjustment shall affect the number of Warrant Shares issued upon any exercise of this Warrant prior to the date any such adjustment is made.

(b) MERGER, SALE, RECLASSIFICATION. In the case of any (i) consolidation or merger of the Company with or into another entity (other than a merger or reorganization (A) in which the Company is the continuing corporation and which does not result in any reclassification or change of the then outstanding shares of Common Stock or issuance of any dividend or other distribution of cash, securities or property to Holders of the then outstanding shares of Common Stock, or (B) resulting solely in a change in par value, or from par value to no par value, or from no par value to par value, or in a stock split, subdivision or combination that is the subject of another paragraph in this Section 4), (ii) sale or other disposition of all or substantially all of the Company's assets or distribution of property to stockholders (other than distributions payable out of earnings or retained earnings) or (iii) reclassification, change or conversion of securities of the class issuable upon exercise of this Warrant (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of any stock split, subdivision or combination that is the subject of another paragraph in

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this Section 4), then the Company shall take all necessary actions (including but not limited to executing and delivering to the Holder an additional Warrant or other instrument, in form and substance mutually agreeable to the Company and the Holder) to ensure that the Holder shall thereafter have the right to receive, at a total purchase price not to exceed that payable upon the exercise of the unexercised portion of this Warrant, and in lieu of the shares of Common Stock previously issuable upon exercise of this Warrant, the kind and amount of shares of stock, other securities, money and property receivable upon the

effectiveness of such consolidation, merger, sale or other disposition, reclassification, change or conversion by a Holder of the number of shares of Common Stock then purchasable under this Warrant (which, in the case of such a transaction in which holders of Common Stock were entitled to elect between different forms of consideration, shall be deemed to be the form of consideration received by a plurality of the electing holders of Common Stock). Such new Warrant shall provide for adjustments that shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 4. The provisions of this Section 4(b) shall similarly apply to successive reclassifications, changes and conversions.

(c) SPLIT, SUBDIVISION OR COMBINATION OF SHARES. If the Company at any time while this Warrant remains outstanding and unexpired shall split, subdivide or combine its outstanding shares of Common Stock, the Warrant Price shall be proportionately decreased in the case of a split or subdivision or proportionately increased in the case of a combination, effective at the close of business on the date the split, subdivision or combination becomes effective.

(d) STOCK DIVIDENDS AND OTHER DISTRIBUTIONS. If the Company at any time while this Warrant is outstanding and unexpired shall (i) pay a dividend with respect to Common Stock payable in Common Stock or (ii) make any other distribution with respect to Common Stock (except any distribution specifically provided for in Section 4(b) or Section 4(c)) payable in Common Stock, then the Warrant Price shall be adjusted, from and after the date of determination of stockholders entitled to receive any such dividend or distribution, to equal the price determined by multiplying the Warrant Price in effect immediately prior to that date of determination by a fraction (i) the numerator of which shall be the total number of shares of Common Stock (on a fully diluted basis) outstanding immediately prior to such dividend or distribution and (ii) the denominator of which shall be the total number of shares of Common Stock (on a fully diluted basis) outstanding immediately after such dividend or distribution. No adjustment in respect of any cash dividends paid by the Company will be made during the term of this Warrant or upon the exercise of this Warrant.

(e) RIGHTS OFFERINGS. In case the Company shall, at any time after the Date of Grant, issue to holders of shares of the capital stock of the Company (solely as a result of such holders' status as stockholders of the Company) any rights, options or warrants entitling them to subscribe for or purchase shares of Common Stock (or securities convertible or exchangeable into Common Stock) at a price per share of Common Stock (or having a conversion or exchange price per share of Common Stock if a security convertible or exchangeable into Common Stock) less than the fair market value per share of Common Stock on the record date for any such issuance (or the date of issuance, if there is no record date), the Warrant Price to be in effect on and after that record date (or issuance date, as the case may be) shall be adjusted to equal the price determined by multiplying the Warrant Price in effect immediately prior to such record date (or issuance date, as the case may be) by a fraction (i) the numerator of which shall be the

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number of Fully Diluted Shares of Common Stock outstanding on that record date (or issuance date, as the case may be) plus the number of shares of Common Stock that the aggregate offering price of the total number of shares of Common Stock so to be offered (or the aggregate initial exchange or conversion price of the exchangeable or convertible securities so to be offered) would purchase at that fair market value on that record date (or issuance date, as the case may be) and (ii) the denominator of which shall be the number of Fully Diluted Shares of Common Stock outstanding on that record date (or issuance date, as the case may be) plus the number of additional shares of Common Stock to be offered for subscription or purchase (or into which the convertible securities to be offered are initially exchangeable or convertible). In case any such subscription price may be paid in part or in whole in a form other than cash, the fair market value of any such consideration shall be determined by the Board of Directors of the Company in good faith as set forth in a duly adopted board resolution certified by the Company's Secretary or Assistant Secretary. Such an adjustment shall be made successively whenever such an issuance occurs; and in the event that any such rights, options, warrants, or convertible or exchangeable securities are not so issued or are canceled, expire or cease to be convertible or exchangeable before they are exercised, converted, or exchanged (as the case may be), then the Warrant Price shall again be adjusted to be the Warrant Price that would then be in effect if any such issuance had not occurred, but any such subsequent adjustment shall not affect the number of Warrant Shares issued upon any exercise of this Warrant prior to the date any such subsequent adjustment is made.

(f) OTHER ISSUANCES AND ADJUSTMENTS.

(i) In case the Company or any of its subsidiaries shall, at any time after the Date of Grant, issue shares of Common Stock or rights, options, warrants or convertible or exchangeable securities containing the right to subscribe for or acquire shares of Common Stock (excluding (i)

shares, rights, options, warrants, or convertible or exchangeable securities outstanding on the Date of Grant or issued in any of the transactions described in Sections 4(b), 4(c), 4(d) or 4(e), (ii) shares issued upon the exercise of any such rights, options or warrants or upon conversion or exchange of any such convertible or exchangeable securities, including, without limitation, the conversion of any of the Company's preferred stock or Class B common stock; (iii) shares issued in connection with an underwritten public offering under the Act; and (iv) shares of Common Stock issued, issuable, reserved or issuance to directors, officers, employees or consultants of the Company or any subsidiary in connection with their service as directors, officers, employees or consultants pursuant to any stock grant, stock option, warrant or other right issued by the Company and approved by the Board of Directors of the Company under a duly adopted stock option or incentive plan approved by its stockholders and in existence on the Date of Grant), at a price per share of Common Stock (determined in the case of any such rights, options, warrants, or convertible or exchangeable securities by dividing (x) the total amount received and receivable by the Company in consideration of the sale and issuance of any such rights, options, warrants, or convertible or exchangeable securities, plus the total minimum consideration payable to the Company upon exercise, conversion, or exchange of the same by (y) the total maximum number of shares of Common Stock covered by any such rights, options, warrants, or convertible or exchangeable securities) less than the fair market value per share of Common Stock (determined in accordance with Section 4(h) and in the case of rights, options, warrants or convertible or exchangeable securities, determined at the time of issuance of any such securities rather than upon exercise of any such securities), in each case on the date the

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Company fixes the offering price of any such shares, rights, options, warrants, or convertible or exchangeable securities, then the Warrant Price shall be adjusted to equal the price determined by multiplying the Warrant Price in effect immediately prior to any such sale or issuance by a fraction (i) the numerator of which shall be the sum of (A) the number of Fully Diluted Shares outstanding immediately prior to any such sale and issuance plus (B) the number of shares of Common Stock that the aggregate consideration received or receivable in connection with any such sale or issuance would purchase at that fair market value per share and (ii) the denominator of which shall be the total number of Fully Diluted Shares outstanding immediately after any such sale and issuance. Such an adjustment shall be made successively whenever such a sale or issuance is made.

(ii) In case the Company or any of its subsidiaries shall, at any time after the Date of Grant, make or agree to (i) any downward adjustment in the exercise, exchange or conversion price of, (ii) any increase in the number of shares of Common Stock issuable upon the exercise, conversion or exchange of, or (iii) any change in the consideration payable for the exercise, conversion or exchange of, any rights, options, warrants or convertible or exchangeable securities containing the right to subscribe for or acquire shares of Common Stock, other than such adjustment that is specifically contemplated and required under the terms of any such instrument as of the Date of Grant, then the Warrant Price shall be adjusted so that it shall equal the price determined by multiplying the Warrant Price in effect immediately prior to any such event by a fraction the numerator of which shall be the sum of (A) the number of shares of Common Stock outstanding immediately prior to any such event, plus (B) the number of shares of Common Stock to be issued upon any such exercise, conversion or exchange immediately prior to any such event, multiplied by the aggregate amount of the fair market value of the consideration to be received by the Company upon any such exercise, conversion or exchange immediately thereafter, and the denominator shall be the sum of (X) the number of shares of Common Stock outstanding immediately after any such event plus (Y) the number of shares of Common Stock to be issued upon any such exercise, conversion or exchange immediately after any such event, multiplied by the aggregate amount of the fair market value of the consideration to be received by the Company upon any such exercise, conversion or exchange immediately prior to any such event. Such an adjustment shall be made successively whenever such an event occurs.

(iii) For the purposes of an adjustment under this Section 4(f), the maximum number of shares of Common Stock which the holder of any right, option, warrant or convertible or exchangeable security shall be entitled to subscribe for or purchase shall be deemed to be issued and outstanding; furthermore, the consideration received by the Company for the same shall be deemed to be equal to the price per share of Common Stock (determined in the case of any such rights, options, warrants, or convertible or exchangeable securities by dividing (x) the total amount received and receivable by the Company in consideration of the sale and issuance of any such rights, options, warrants, or convertible or exchangeable securities, plus the total minimum consideration payable to the Company upon exercise, conversion, or exchange of the same by (y) the total maximum number of shares of Common Stock covered by any such rights, options, warrants, or convertible or exchangeable securities) multiplied by the number of shares deemed issued and outstanding in the previous sentence. In case the Company shall issue shares of Common Stock, or issue or make an adjustment to the exercise, exchange or conversion price of

the right to subscribe for or acquire shares of Common Stock for a consideration consisting, in whole or in part, of consideration other than cash or its equivalent, then in determining the price per share of Common Stock and the consideration received by the Company, the Board of Directors of the Company shall determine, in good faith, the fair market value of said property, and such determination shall be described in a duly adopted board resolution certified by the Company's Secretary or Assistant Secretary. In case the Company shall issue shares of Common Stock, or issue or make an adjustment to the exercise or conversion price of rights, options, warrants, or convertible or exchangeable securities containing the right to subscribe for or acquire shares of Common Stock, together with one or more other security as a part of a unit at a price per unit, then in determining the price per share of Common Stock and the consideration received or to be received by the Company, the Board of Directors of the Company shall determine, in good faith, which determination shall be described in a duly adopted board resolution certified by the Company's Secretary or Assistant Secretary, the fair market value of the rights, options, warrants, or convertible or exchangeable securities then being sold as part of such unit.

(g) ADJUSTMENT OF NUMBER OF SHARES. Upon each adjustment in the Warrant Price, the number of Warrant Shares shall be adjusted, to the nearest whole share, to the product obtained by multiplying the number of Warrant Shares purchasable immediately prior to any such adjustment in the Warrant Price by a fraction, the numerator of which shall be the Warrant Price immediately prior to any such adjustment and the denominator of which shall be the Warrant Price immediately after any such adjustment.

(h) DETERMINATION OF FAIR MARKET VALUE. In this Warrant, "FAIR MARKET VALUE" as of a particular date (the "DETERMINATION DATE") shall mean (i) if the Common Stock is publicly traded at the time of determination, the average of the closing prices on that day of the Common Stock on all domestic securities exchanges on which the Common Stock is then listed, or, if there have been no sales on any such exchange on that day, the average of the highest bid and lowest asked prices on all such exchanges at the end of that day or, if on any such day the Common Stock is not so listed, the average of the representative bid and asked prices quoted on the NASDAQ system as of 4:00 P.M., New York time, on that day, or if on any day the Common Stock is not quoted on the Nasdaq system, the average of the highest bid and lowest asked prices on such day in the domestic over-the-counter market as reported by the National Quotation Bureau, Incorporated, or any similar successor organization, in each such case averaged over a period of ten days consisting of the day as of which "FAIR MARKET VALUE" is being determined and the nine consecutive business days prior to such day (PROVIDED that, if fair market value is being determined as of the date of a firm commitment public offering of the Common Stock, fair market value as of that date shall be the offering price for the Common Stock subject to that public offering); or (ii) if the Common Stock is not publicly traded at the time of determination, the Common Stock price per share determined by dividing Market Value by the outstanding number of Fully Diluted Shares of Common Stock.

"MARKET VALUE" shall mean the highest price that would be paid for the entire common equity of the Company on a going-concern basis in an arm's-length transaction between a willing buyer and a willing seller (neither acting under compulsion), using valuation techniques then prevailing in the securities industry (but without giving effect to any discount in respect of a minority interest) and assuming full disclosure and understanding of all relevant information and

a reasonable period of time for effectuating any sale. For the purposes of determining the "MARKET VALUE", (a) the exercise price of options or warrants to acquire Common Stock that are deemed to have been exercised for the purpose of determining the issued and outstanding number of Fully Diluted Shares of Common Stock shall be deemed to have been received by the Company, (b) (i) the liquidation preference or indebtedness, as the case may be, represented by securities which are deemed exercised for or converted into Common Stock for the purpose of determining the issued and outstanding number of Fully Diluted Shares of Common Stock and (ii) any contractual limitation in respect of the shares of Common Stock relating to voting rights, shall be deemed to have been eliminated or canceled and (c) full effect shall be given to any discount that may arise as the result of the fact that the shares of Common Stock are not publicly traded.

SECTION 5. NOTICE OF ADJUSTMENTS. Whenever the Warrant Price or the number of Warrant Shares adjusted pursuant to Section 4, the Company shall mail to the Holders a certificate signed by its chief financial officer setting forth, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated, and the Warrant Price and the number of Warrant Shares after giving effect to such adjustment.

SECTION 6. FRACTIONAL SHARES. No fractional shares of Common Stock will be issued in connection with any exercise hereunder, but in lieu of such fractional shares the Company shall make a cash payment therefor based on the fair market value (as determined in accordance with Section 4(h)) of a share of Common Stock on the date of exercise.

SECTION 7. COMPLIANCE WITH SECURITIES ACT; DISPOSITION OF WARRANT OR WARRANT SHARES.

(a) COMPLIANCE WITH SECURITIES ACT. The Holder, by acceptance of this Warrant, agrees that this Warrant and any Warrant Shares issued upon exercise of this Warrant are being or will be acquired for investment and that the Holder will not offer, sell or otherwise dispose of this Warrant or any Warrant Shares issued upon exercise of this Warrant except under circumstances that will not result in a violation of the Act. Upon exercise of this Warrant, unless the Warrant Shares to be received upon any such exercise are intended to be included in a registration statement under the Act, the Holder shall confirm in writing, by executing the form attached as Schedule 1 to Exhibit A, that the Warrant Shares so purchased are being acquired for investment and not with a view toward distribution or resale in violation of the Act. Notwithstanding the foregoing, the Company agrees that the Initial Holder may transfer all or any portion of this Warrant prior to the Distribution Date to a person who is also becoming a Lender under the Credit Agreement by reason of the Holder's transfer to that person all or any portion of its loan under the Credit Agreement, any such transfer of all or a part of this Warrant to be proportional to the transfer of that loan (the "INITIAL TRANSFER"). Subject to Section 7(b), all Warrants issued upon any transfer of all or any part of this Warrant shall bear the same legend as set forth on the face of this Warrant. Subject to Section 7(b), all Warrant Shares issued upon exercise of this Warrant or upon transfer of any Warrant Share shall be stamped or imprinted with a legend in substantially the following form:

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"THE SHARES OF COMMON STOCK REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") OR ANY STATE SECURITIES LAWS AND MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED UNLESS (1) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT, (2) THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL FOR THE HOLDER, REASONABLY SATISFACTORY TO THE COMPANY, THAT REGISTRATION UNDER THE ACT IS NOT REQUIRED OR THE HOLDER OR THE COMPANY HAS OBTAINED A NO-ACTION LETTER FROM THE APPROPRIATE GOVERNMENTAL AUTHORITY TO THE SAME EFFECT OR (3) PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE ACT UNDER RULE 144 (OR ANY SUCCESSOR PROVISION) OF THE ACT. THESE SHARES ARE ALSO SUBJECT TO, AND ENTITLED TO CERTAIN RIGHTS UNDER, THE WARRANT AND REGISTRATION RIGHTS AGREEMENT DATED AS OF JULY ____, 2000 (THE "WARRANT AGREEMENT") BETWEEN SALEM COMMUNICATIONS CORPORATION, THE INSTITUTIONS NAMED IN THE WARRANT AGREEMENT AND ING (U.S.) CAPITAL LLC (IN ITS CAPACITY AS THE ADMINISTRATIVE AGENT (AS DEFINED IN THE WARRANT AGREEMENT))."

In addition, in connection with the issuance of this Warrant, the Holder specifically represents to the Company by acceptance of this Warrant as follows:

(i) The Holder is aware of the Company's business affairs and financial condition and has acquired information about the Company sufficient to reach an informed and knowledgeable decision to acquire this Warrant. The Holder is acquiring this Warrant for its own account for investment purposes only and not with a view to, or for resale in connection with any "distribution" of this Warrant for purposes of the Act in violation of the Act. The Holder acknowledges that the Holder, or the Holder's representatives, if any, has been given access to information about the Company, has had an opportunity to verify the accuracy of such information and to ask questions of the Company's officers and directors and has received answers to the Holder's satisfaction. The Holder understands that the valuation and terms of the Warrant have been made solely through and upon negotiations between the Company and the Holder, and not by an independent accountant, auditor, investment banker or third party. The Holder represents that the Holder has evaluated the fairness of the terms and conditions of the Warrant to the extent the Holder has deemed necessary. In addition, the Holder is not purchasing the Warrant as a result or subsequent to: (1) any advertisement, article, notice, or other publication published in any newspaper, magazine, or similar broadcast media over the internet, television, or radio or (2) any seminar or meeting whose attendees, including the Holder, were invited as a result of, subsequent to, or pursuant to, any general solicitation.

(ii) The Holder understands that this Warrant and the Warrant Shares have not been registered under the Act in reliance upon a specific exemption from the registration requirements of the Act, that depends

upon, among other things, the bona fide nature of the Holder's investment intent as expressed above.

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(iii) The Holder understands that this Warrant and the Warrant Shares may be held indefinitely unless subsequently registered under the Act and any applicable state securities laws or unless exemptions from registration are otherwise available.

(iv) The Holder is aware of the provisions of Rule 144 promulgated under the Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly, from the issuer of those securities (or from an affiliate of any such issuer), in a non-public offering subject to the satisfaction of certain conditions, if applicable, including, among other things: the availability of certain public information about the Company, the resale occurring not less than one year after the party has purchased and paid for the securities to be sold; the sale being made through a broker in an unsolicited "broker's transaction" or in transactions directly with a market maker and the amount of securities being sold during any three-month period not exceeding the specified limitations stated in that rule.

(v) The Holder understands that at the time the Holder may wish to sell this Warrant and the Warrant Shares there may be no public market on which to make such a sale, and that, even if such a public market then exists, the Company may not be satisfying the current public information requirements of Rule 144, and that, in such an event, the Holder may be precluded from selling this Warrant and the Warrant Shares under Rule 144 even if the one-year minimum holding period has been satisfied.

(b) DISPOSITION OF WARRANT OR WARRANT SHARES. On and after the Distribution Date, this Warrant and the Warrant Shares may be detached and sold or otherwise transferred, in whole or in part, separately from the loans made pursuant to the Credit Agreement. If the Holder wishes to offer, sell or otherwise dispose of this Warrant or any Warrant Shares acquired pursuant to the exercise of this Warrant, the Holder agrees to deliver to the Company, prior to the registration of any such transfer, a notice indicating its intention to do so and a written opinion of the Holder's counsel (which may be in-house counsel for the Holder), if reasonably requested by the Company, to the effect that any such offer, sale or other disposition may then be effected without registration or qualification under the Act of this Warrant or any such Warrant Shares and indicating whether or not under the Act certificates for this Warrant or such Warrant Shares to be sold or otherwise disposed of require any restrictive legend as to applicable restrictions on transferability in order to ensure compliance with applicable law; PROVIDED that the foregoing requirement of an opinion shall not apply: (i) to any Initial Transfer, (ii) if any such offer, sale or other disposition is to be made pursuant to an effective registration statement under the Act (whether under the Warrant Agreement or otherwise), (iii) if the Holder delivers to the Company (or the Company has otherwise obtained) a no-action letter from the SEC (or other appropriate Governmental Authority) to the same effect as the opinion described above or (iv) if any such offer, sale or other disposition is made in accordance with Rule 144 under the Act and the Company has been provided with reasonable assurances that the provisions of Rule 144 have been satisfied. If the Company determines that the opinion of counsel for the Holder is not satisfactory to the Company, the Company shall so notify the Holder in writing as promptly as possible after that determination has been made (any such opinion in respect of which no such notice is delivered to the Holder within ten days of the delivery of the opinion to the Company shall be deemed to be satisfactory to the Company). If (x) such an opinion of the Holder indicates that no restrictive legend is required, (y) the Company has delivered to the Holder the opinion of counsel referred to in Section 4 of the Warrant Agreement or clauses (ii), (iii) or (iv)

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above are applicable, the Company shall deliver to the Holder a new certificate or certificates for this Warrant or any Warrant Shares without the restrictive legend otherwise called for by this Warrant and the restrictions of this Section 7 shall no longer apply. The Company may issue stop transfer instructions to its transfer agent or, if acting as its own transfer agent, the Company may stop transfer on its corporate books, in connection with any offer, sale or disposition not made in compliance with the foregoing.

SECTION 8. RIGHTS AS STOCKHOLDERS; INFORMATION. The Holder, as such, shall not be entitled to vote or receive dividends or be deemed a holder of Common Stock or any other securities of the Company that may at any time be issuable on the exercise of this Warrant for any purpose, nor shall anything contained in this Warrant be construed to confer upon the Holder, as such, any of the rights of a stockholder of the Company or any right to vote for the election of the directors or upon any matter submitted to a vote of stockholders, or to receive notice of meetings, or to receive dividends or subscription rights or otherwise, until this Warrant shall have been exercised and the Warrant Shares shall have become deliverable. Notwithstanding the

foregoing, the Company will transmit to the Holder such information, documents and reports as are generally distributed to the holders of any class or series of the securities of the Company concurrently with the distribution of any such material to the stockholders.

SECTION 9. REPRESENTATIONS AND WARRANTIES. The Company represents and warrants to the Holder of this Warrant as follows:

(a) The representations and warranties of the Company, to the extent applicable to the Warrant Agreement, this Warrant and the Warrant Shares are true and correct as of the Date of Grant; and

(b) As of the Date of Grant, the authorized capital stock of the Company (of all classes and series, including Common Stock and preferred stock), the par value of that stock, and the issued and outstanding amounts of that stock, are as set forth on Schedule 9(b). The issuance and sale of all such interests was in compliance with all applicable federal and state securities laws, and all issued and outstanding shares of capital stock of the Company are duly authorized, validly issued, fully paid, and non-assessable. Other than the Warrants and other than as specified on Schedule 9(b), as of the Date of Grant there are no Equity Rights (as defined in the Credit Agreement) relating to the issued or unissued shares of the Company's capital stock or other securities, including any right of conversion or exchange under any outstanding security or other instrument. Other than the Warrant Agreement, the Warrant and the Warrant Shares are not and will not be subject to any voting trust agreement or other contract, agreement, arrangement, commitment or understanding to which the Company is a party, including any such agreement, arrangement, commitment or understanding restricting or otherwise relating to the voting or disposition of Common Stock.

SECTION 10. MODIFICATION AND WAIVER. Subject to Section 22, this Warrant and any provision of may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement is sought.

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SECTION 11. CERTAIN RESTRICTIONS ON EXERCISE OF THIS WARRANT. No part of this Warrant may be exercised while held by any bank organized under the laws of the United States of America or any state or by the United States office of any "foreign bank" (within the meaning of Section 1(b)(1) or 1(b)(3) of the International Banking Act of 1978 (the "IBA") that is a "branch" or an "agency" within the meaning of Section 1(b)(1) or 1(b)(3) of the IBA, in each case to the extent that the laws applicable to any such bank or foreign bank would not permit it to hold the Warrant Shares issuable upon any such exercise.

SECTION 12. NOTICES. Except where telephonic notice is expressly permitted, all notices, requests and other communications provided for in this Warrant shall be given or made in writing and delivered by hand or courier service, mailed by certified or registered mail or sent by telecopy to the intended recipient as specified in the signature pages of this Warrant or, as to any party, at such other address as is designated by that party in a notice to each other party. All such communications shall be deemed to have been duly given or made upon receipt.

SECTION 13. SUCCESSORS AND ASSIGNS. This Warrant shall be binding upon and inure to the benefit of the parties to this Warrant and their respective successors and permitted assigns.

SECTION 14. LOST WARRANTS OR STOCK CERTIFICATES. The Company covenants to the Holder that, upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of any loss, theft or destruction, upon receipt of an executed lost securities bond or indemnity reasonably satisfactory to the Company, or in the case of any such mutilation upon surrender and cancellation of this Warrant, the Company will promptly make and deliver a new Warrant, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Warrant.

SECTION 15. CAPTIONS. The captions and section headings appearing in this Warrant are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Warrant.

SECTION 16. GOVERNING LAW. THIS WARRANT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN THE STATE OF NEW YORK.

SECTION 17. SURVIVAL OF REPRESENTATIONS, WARRANTIES AND AGREEMENTS. Each of the respective representations and warranties of the Company and the Holder contained in this Warrant shall survive the Date of Grant, the exercise or conversion of all or part of this Warrant and the termination or expiration of any rights under this Warrant. Each of the respective agreements of each of the Company and the Holder contained in this Warrant shall survive indefinitely until, by their respective terms, they are no longer operative.

SECTION 18. REMEDIES. In case any one or more of the agreements contained in this Warrant shall have been breached, the Holder (in the case of a breach by the Company) or the Company (in the case of a breach by the Holder) may proceed to protect and enforce its

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rights either by suit, including, but not limited to, an action for damages as a result of any such breach and an action for specific performance of any such agreement.

SECTION 19. ACCEPTANCE. Receipt of this Warrant by the Holder shall constitute acceptance of and agreement to its terms and conditions.

SECTION 20. NO IMPAIRMENT OF RIGHTS. The Company will not, by amendment of its Charter or through any other means, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but the Company will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holder against impairment.

SECTION 21. AMENDMENT. This Warrant may be amended by written agreement of the Company and Majority Holders, and such amendment shall be binding on the Holder; PROVIDED, HOWEVER, that without the consent of the Holder no such amendment may (i) increase the Warrant Price, (ii) decrease the number of Warrant Shares (other than pursuant to any adjustments provided in this Warrant), (iii) change the Distribution Date or the Expiration Date or (iv) adversely impact any right of the Holder in a manner different than the other holders of Warrants issued pursuant to the Warrant Agreement.

SECTION 22. WARRANT AGREEMENT. The Company shall provide to the Holder, upon written request, a true copy of the Warrant Agreement, as amended and modified to date.

SECTION 23. OFFICE OF THE COMPANY. So long as this Warrant remains outstanding, the Company shall maintain an office where this Warrant may be presented for exercise, transfer, division or combination as provided in this Warrant either directly at the location of its executive office or indirectly through a transfer agent for the Common Stock. Currently, such an office is maintained at 4880 Santa Rosa Road, Suite 300, Camarillo, California 93012.

SECTION 21. AGREEMENTS SUPERSEDED. This Warrant supersedes all prior agreements and understandings, written or oral, between the parties with respect to the subject matter of this Warrant.

[The remainder of this page is intentionally left blank.
Signature pages follow.]

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IN WITNESS WHEREOF, the Company has executed this Warrant as of the day and year first above written.

SALEM COMMUNICATIONS CORPORATION

By: _____

Name: _____

Title: _____

ADDRESS:

4880 Santa Rosa Road, Suite 300
Camarillo, California 93012
Telephone: (805) 987-0400
Facsimile: (805) 982-8570
Attention: Dirk Gastaldo
Vice President and Chief
Financial Officer

SCHEDULE 9(B)
AUTHORIZED CAPITAL STOCK OF THE COMPANY

	Authorized	Issued
Class A Common Stock, \$0.01 par value	80,000,000	17,902,392
Class B Common Stock, \$0.01 par value	20,000,000	5,553,696

Preferred Stock, 10,000,000 0
undesignated

EXHIBIT A

NOTICE OF EXERCISE

To: Salem Communications Corporation

1. The undersigned hereby elects to purchase ____ shares of Common Stock of Salem Communications Corporation pursuant to the terms of the attached Warrant, and tenders with this Notice payment of the purchase price of those shares in full.

2. Please issue a certificate or certificates representing those shares in the name of the undersigned or in such other name or names as are specified below:

(Name)

(Address)

3. The undersigned represents that those shares are being acquired for the account of the undersigned for investment and not with a view to, or for resale in connection with, the distribution of those shares and that the undersigned has no present intention of distributing or reselling such shares in violation of the Securities Act of 1933. The undersigned has executed an Investment Representation Statement attached as Schedule 1 to this Notice.

_____(Signature) _____(Date)

4. Please issue a new Warrant for the unexercised portion of the attached Warrant in the name of the undersigned or in such other name as is specified below:

5. I elect to convert this Warrant pursuant to the cashless Conversion Right described in Section 2(c) of the Warrant Agreement for _____ Warrant Shares. (check here)

Date: _____

By: (Warrantholder) _____

Name: (Print) _____

Its: _____

SCHEDULE 1

INVESTMENT REPRESENTATION STATEMENT

Purchaser:

Company: Salem Communications Corporation

Security: Common Stock

Amount:

Date:

In connection with the purchase of the above-listed securities (the "REGISTRABLE SECURITIES"), the undersigned (the "PURCHASER") represents to the Company as follows:

(A) The Purchaser is aware of the Company's business affairs and financial condition and has acquired information about the Company sufficient to reach an informed and knowledgeable decision to acquire the Registrable Securities. The Purchaser is acquiring Registrable Securities for its own account for investment purposes only and not with a view to, or for resale in connection with any "distribution" of the Registrable Securities for purposes of the Securities Act of 1933 (the "ACT") in violation of the Act. The Purchaser acknowledges that the Purchaser, or the Purchaser's representatives, if any, has been given access to information about the Company, has had an opportunity to verify the accuracy of such information and to ask questions of the Company's officers and directors and has received answers to the Purchaser's satisfaction.

(B) The Purchaser understands that Registrable Securities have not been registered under the Act in reliance upon a specific

exemption from the registration requirements of the Act, that depends upon, among other things, the bona fide nature of the Purchaser's investment intent as expressed above.

(C) The Purchaser understands that Registrable Securities may be held indefinitely unless subsequently registered under the Act and any applicable state securities laws or unless exemptions from registration are otherwise available. In addition, the Purchaser understands that the certificate evidencing the Registrable Securities will be imprinted with the legend referred to in the Warrant under which the Registrable Securities are being purchased.

(D) The Purchaser is aware of the provisions of Rule 144 promulgated under the Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly, from the issuer of those securities (or from an affiliate of any such issuer), in a non-public offering subject to the satisfaction of certain conditions, if applicable, including, among other things: the availability of certain public information about the Company, the resale occurring not less than one year after the party has purchased and paid for the securities to be sold; the sale being made through a broker in

an unsolicited "broker's transaction" or in transactions directly with a market maker and the amount of securities being sold during any three-month period not exceeding the specified limitations stated in that rule.

(E) The Purchaser understands that at the time the Purchaser may wish to sell the Registrable Securities there may be no public market on which to make such a sale, and that, even if such a public market then exists, the Company may not be satisfying the current public information requirements of Rule 144, and that, in such an event, the Purchaser may be precluded from selling the Registrable Securities under Rule 144 even if the one-year minimum holding period has been satisfied.

Purchaser: _____

ASSIGNMENT FORM

FOR VALUE RECEIVED the undersigned registered owner of this Warrant hereby sells, assigns and transfers unto the Assignee named below all of the rights of the undersigned under this Warrant, with respect to the number of Warrant Shares set forth below:

NAME AND ADDRESS OF ASSIGNEE	NUMBER OF WARRANT SHARES
-----	-----

and does hereby irrevocably constitute and appoint _____ Attorney to make sure transfer on the books of _____, maintained for the purpose, with full power of substitution in the premises.

Dated: _____

Signature

Witness

NOTICE: The signature to the assignment must correspond with the name as written upon the face of the Warrant in every particular, without alteration or enlargement or any change whatever.

The signature to this assignment must be guaranteed by a bank or trust company having an office or correspondent in New York, New York or by a firm having membership on the New York Stock Exchange.

EXHIBIT F

EXECUTION COPY

This STATION LICENSE MANAGEMENT AGREEMENT (this "AGREEMENT") dated as of August 24, 2000, is made between Salem Communications Acquisition Corporation, a Delaware corporation ("ACQUISITIONCO"), and SCA License Corporation, a Delaware corporation (the "LICENSE SUBSIDIARY").

RECITALS

A. AcquisitionCo holds the licenses identified on Annex 1 (the "LICENSES") issued by the Federal Communications Commission (the "FCC") pursuant to the Federal Communications Act of 1934 (the "COMMUNICATIONS ACT") to operate Denver, Colorado radio station KALC-FM (the "STATION").

B. AcquisitionCo, the owner of all of the stock of the License Subsidiary, owns all of the other assets and facilities (the "FACILITIES") used or useful in the operation of the Station.

C. Within 60 days after the date of this Agreement, AcquisitionCo will cause all of the Licenses to be transferred to the License Subsidiary and will, within that time period, obtain or cause the License Subsidiary to obtain, all necessary approvals from the FCC in accordance with the regulations of the FCC under the Communications Act and all other governmental approvals necessary for the transfer of the Licenses from AcquisitionCo to the License Subsidiary.

D. The License Subsidiary and AcquisitionCo desire to enter into this Agreement to ensure that, on and after the date on which the transfer of the Licenses to the License Subsidiary is effected (the "TRANSFER DATE"), AcquisitionCo manages the Station's operations in accordance with policies established by the License Subsidiary and in accordance with the regulations of the FCC under the Communications Act and all other governmental rules applicable to the License Subsidiary by reason of the License Subsidiary being a licensee of any licenses issued by the FCC pursuant to the Communications Act (the "FCC REGULATIONS").

ACCORDINGLY, the parties agree as follows:

Section 1. ACQUISITIONCO DUTIES. Subject to the provisions of Section 2 of this Agreement, AcquisitionCo shall manage and direct the day-to-day operations of the Station, including, without limitation, providing staffing, determining the Station's programming schedule, selling advertising time, operating and maintaining the Facilities, and assuring compliance with the FCC Regulations. AcquisitionCo shall operate and maintain the Facilities in such manner as is, and shall operate and maintain such equipment and hire and supervise such employees as are, necessary to the fulfillment of its responsibilities under this Agreement. All expenses and capital costs incurred in operating and maintaining the Station shall be paid by AcquisitionCo, and all advertising and other receipts collected in operating the Station shall be

retained by AcquisitionCo. AcquisitionCo shall not be entitled to any further compensation for the services rendered by it under this Agreement.

Section 2. CONTROL BY LICENSE SUBSIDIARY. The License Subsidiary shall at all times from and after the Transfer Date exercise ultimate control over the programming, personnel, operations and policies of the Station and, from and after the Transfer Date, AcquisitionCo shall operate the Station in compliance with that control. From and after the Transfer Date, AcquisitionCo shall provide the License Subsidiary with such books of account, records and reports, including quarterly programming schedules and reports, as the License Subsidiary may reasonably request from time to time, and AcquisitionCo shall afford the License Subsidiary and its officers and employees access at all times to all aspects of the Station's operations. Without limiting the foregoing reservation of control, the License Subsidiary shall have the right (a) to require the deletion of any program if the License Subsidiary believes that its transmission would be contrary to the public interest, (b) to require the transmission of any program if the License Subsidiary believes that its transmission would serve the public interest and (c) to relieve any person of his or her duties at the Station if the License Subsidiary believes that his or her conduct is inconsistent with the policies or rules of the License Subsidiary or the FCC or is otherwise inconsistent with the public interest. This Section 2 shall be construed so as to vest in License Subsidiary from and after the Transfer Date all powers that may be necessary for discharge of its responsibilities as a licensee under the FCC Regulations.

Section 3. COMPLIANCE WITH LAW. AcquisitionCo shall at all times operate the Station in compliance with the FCC Regulations, as in effect from time to time.

Section 4. MODIFICATION OF FACILITIES. AcquisitionCo may, at its discretion, modify the Station's Facilities from time to time, at its expense, subject to (from and after the Transfer Date) the License Subsidiary's approval of the modifications. If prior FCC approval of such modifications is required, AcquisitionCo shall obtain the approval of the FCC or, from and after the Transfer Date, shall prepare an appropriate application for the License

Subsidiary to sign and file with the FCC, and no such change shall be implemented prior to the grant of FCC consent. Any application for a license to cover any construction permit shall similarly be obtained by AcquisitionCo or, from and after the Transfer Date, prepared by AcquisitionCo for signature and filing by the License Subsidiary.

Section 5. FCC FILINGS. From and after the Transfer Date, AcquisitionCo shall cooperate with the License Subsidiary in furnishing any information that may be requested by the FCC in connection with the operation of the Station, including, without limitation, any technical or engineering information. AcquisitionCo shall file with the FCC or, from and after the Transfer Date, shall prepare, for the License Subsidiary's signature and filing with the FCC, an appropriate license renewal application and such other reports, documents and filings as may be necessary from time to time to keep in force and effect all FCC authorizations for operating the Station. The License Subsidiary shall cooperate with AcquisitionCo in signing and filing such license renewal applications and other reports, documents and filings as AcquisitionCo shall from time to time prepare and submit to the License Subsidiary.

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Section 6. NOTICES. All notices under this Agreement shall be given in writing by first class United States mail, postage prepaid, addressed as follows, or to such other address as either party may specify from time to time:

If to the License Subsidiary: SCA License Corporation
4880 Santa Rosa Road, Suite 300
Camarillo, California 93012
Telephone: (805) 343-4531
Telecopy: (805) 384-4532
Attention: Dirk Gastaldo, Vice President
and Chief Financial Officer

If to AcquisitionCo: Salem Communications Acquisition Corporation
4880 Santa Rosa Road, Suite 300
Camarillo, California 93012
Telephone: (805) 343-4531
Telecopy: (805) 384-4532
Attention: Dirk Gastaldo, Vice President
and Chief Financial Officer

Section 7. TERM. The term of this Agreement shall begin on the date of this Agreement and shall terminate upon the occurrence of any of the following events (unless earlier terminated pursuant to the provisions of Section 8 of this Agreement):

(a) revocation or expiration without renewal of the License held by the License Subsidiary to operate the Station; or

(b) mutual agreement of the parties to terminate this Agreement.

Section 8. TERMINATION. The License Subsidiary shall have the right to terminate this Agreement by written notice to AcquisitionCo at any time during the term of this Agreement upon the occurrence of any of the following events:

(a) any material failure by AcquisitionCo to perform any of its obligations under this Agreement;

(b) the insolvency of AcquisitionCo, the appointment of a receiver of the property of AcquisitionCo or any assignment for the benefit of creditors of AcquisitionCo;

(c) the filing of a voluntary or involuntary petition by or against AcquisitionCo under the Bankruptcy laws of the United States of America; or

(d) the foreclosure of any lien or security interest in, or the placement or issuance of any levy, writ of attachment, writ of garnishment, writ of execution or similar process against, AcquisitionCo or any property of AcquisitionCo (including the shares of stock of the License Subsidiary owned by AcquisitionCo) or securities representing an ownership interest in AcquisitionCo.

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Section 9. ASSIGNMENT. AcquisitionCo shall not assign this Agreement or any of AcquisitionCo's rights or obligations under this Agreement or sell or transfer the Facilities without the prior written consent of the License Subsidiary, and any attempted assignment, sale or transfer by AcquisitionCo not in compliance with this provision shall, at the License Subsidiary's option, be null and void; PROVIDED, HOWEVER, that AcquisitionCo may replace portions of the Facilities from time to time provided that such replacements do not impair the

Station's operations. Nothing in this Agreement shall be interpreted to prevent AcquisitionCo from granting a lien, security interest or other encumbrance on any of the Facilities or either party to grant a lien, security interest or other encumbrance on its rights or obligations under this Agreement. This Agreement shall bind and inure to the benefit of the permitted successors and assigns of the parties.

Section 10. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the law of the State of California applicable to contracts made and performed in the State of California.

Section 11. CONSTRUCTION. It is the intent of the parties that operation of the Station under this Agreement comply with the FCC Regulations, and all provisions of this Agreement shall be so construed.

Section 12. SEVERABILITY. If any provision of this Agreement is declared void or invalid by any governmental authority with jurisdiction over this Agreement, then the remainder of this Agreement shall remain in full force and effect without the offending provision, provided that such remainder substantially reflects the original agreement of the parties.

Section 13. AMENDMENTS. This Agreement represents the entire understanding of the parties hereto with respect to the subject matter of this Agreement and may be amended only by a writing signed by both parties.

Section 14. PRIOR AGREEMENTS SUPERSEDED. This Agreement shall supersede all prior agreements between the parties hereto relating to the management or operation of the Station.

[The remainder of this page is intentionally left blank.
Signature pages follow.]

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IN WITNESS WHEREOF THIS AGREEMENT, the parties have executed this Agreement as of the date first above written.

SALEM COMMUNICATIONS ACQUISITION
CORPORATION

By: _____
Name:
Title:

SCA LICENSE CORPORATION

By: _____
Name:
Title:

ANNEX 1

STATION LICENSES

EXHIBIT G-1

[FORM OF OPINION OF COUNSEL TO THE OBLIGORS]

ING (U.S.) Capital LLC, as
Administrative Agent
55 East 52nd Street
New York, New York 10055

Each of the Lenders named on Schedule A
hereto

Ladies and Gentlemen:

I have acted as legal counsel and Secretary to Salem Communications Corporation, a Delaware corporation (the "Borrower"), Salem Communications Acquisition Corporation, a Delaware corporation (the "Company") and their subsidiaries in connection with:

(i) the Credit Agreement dated as of August __, 2000 (the "Credit Agreement") between the Borrower, ING (U.S.) Capital LLC, as Administrative Agent (the "Agent"), the Bank of New York, as Syndication Agent, Fleet National Bank, as Documentation Agent, and certain lenders party thereto (the "Lenders" and collectively with the Agent the "Credit Parties");

(ii) the Promissory Notes dated as of the date hereof (the "Notes") made by the Borrower payable to the order of the Lenders;

(iii) the Station License Mangement Agreement dated as of the date hereof (the "Station License Management Agreement") by and between the Company and its wholly-owned subsidiary SCA License Corporation, a Delaware corporation ("SCA" and collectively with the Company, the "Guarantors");

(iv) the Security Agreement dated as of the date hereof (the "Company Security Agreement") by and between the Borrower and the Agent;

(v) the Guarantee and Security Agreement dated as of the date hereof (the "Guarantee and Security Agreement") by and between the Company, SCA and the Agent; and

(vi) the Warrant and Registration Rights Agreement dated as of the date hereof (the "Warrant Agreement") between the Borrower, the Agent and the institutions party thereto as Warrant Holders (the "Warrant Holders").

Each capitalized term used and not defined herein has the meaning assigned to that term in the Credit Agreement. The Borrower and the Guarantors are collectively referred to as the

August __, 2000
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"Obligors." The Company Security Agreement and the Guarantee and Security Agreement are collectively referred to herein as the "Collateral Documents." The Credit Agreement, the Notes, the Station Management Agreement, the Collateral Documents and the Warrant Agreement are collectively referred to as the "Financing Documents." The Uniform Commercial Code as enacted and in effect in the State of New York is referred to herein as the "NYUCC." All terms defined in the NYUCC are used herein as defined therein.

In rendering the opinions expressed below, I have assumed with your permission that:

- a) The documents submitted to me as originals are authentic and the documents submitted to me as certified or reproduction copies conform to the originals;
- b) Each of the parties to the Financing Documents (other than the Obligors) has all requisite power and authority to execute, deliver and perform its obligations under each of the Financing Documents to which it is a party, the execution and delivery of such Financing Documents by such party and performance of its obligations thereunder have been duly authorized by all necessary action and do not violate any law, regulation, order, judgment or decree applicable to such party, and such Financing Documents are legal, valid and binding obligations of such party, enforceable against it in accordance with their respective terms;
- c) There are no agreements or understandings between or among Credit Parties, the Obligors or third parties that would expand, modify or otherwise affect the terms of the Financing Documents or the respective rights or obligations of the parties thereunder (except for that certain letter agreement between the Agent and the Borrower with an effective date of August __, 2000, as to which I express no opinion hereunder);
- d) The Warrants are held for the account of the Warrant Holders

and not with a view to, or in connection with, the distribution thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act");

- e) Each Warrant Holder has access to such information as it deems necessary to make its investment decisions with respect to its Warrant; and
- f) The Warrant Holders are in compliance with the provisions set forth in Section 7 of the Warrants, each Warrant Holder and each other person to whom offers were made is an "accredited investor" within the meaning of Regulation D promulgated under the Securities Act, none of the Warrant Holders has taken or intends to take any action that would subject the issuance and sale of the Warrants to the registration requirements of the

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Securities Act, and the offer and sale of the Warrants occurred pursuant to private negotiations between the Obligor and the Warrant Holders.

In rendering this opinion, I; have made such inquiries and examined, among other things, originals or copies, certified or otherwise identified to my satisfaction, of such records, agreements, certificates, instruments and other documents as I have considered necessary or appropriate for purposes of this opinion. As to certain factual matters, I have relied upon the representations and warranties of the Obligor in the Financing Documents, certificates of officers of the Obligor or certificates obtained from public officials.

Based on the foregoing and in reliance thereon, and subject to the assumptions, exceptions, qualifications and limitations set forth herein, I am of the opinion that:

(i) The Borrower is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and has the corporate power to execute and deliver, and perform its obligations under, the Financing Documents to which it is a party and to borrow under the Credit Agreement. The Borrower is duly qualified to do business as a foreign corporation, and is in good standing, in the State of California.

(ii) Each other Obligor is a corporation duly incorporated, validly existing and in good standing under the laws the jurisdiction indicated opposite its name on the attached Schedule 1, and has the corporate power to execute and deliver, and to perform its obligations under, the Financing Documents to which it is a party. Each of the Company and SCA is duly qualified to do business as a foreign corporation, and is in good standing in the State of California.

(iii) The execution and delivery by each Obligor of, and the performance by it of its obligations under, the Financing Documents to which it is a party and the borrowing by the Borrower under the Credit Agreement have been duly authorized by all necessary corporate action on the part of that Obligor.

(iv) Each Obligor has duly executed and delivered the Financing Documents to which it is a party.

(v) The Station License Management Agreement will, when effective in accordance with its terms, constitute the legal, valid and binding obligation of each Obligor which is a party thereto, enforceable against each such Obligor in accordance with its respective terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer or other similar laws relating to or affecting the rights of creditors generally and is subject to the application of general principles of equity (regardless of whether considered in a proceeding in equity or at law), including without limitation (a) the possible unavailability of specific performance, injunctive relief or any other equitable remedy and (b) concepts of materiality, reasonableness, good faith and fair dealing. The choice of the law of the State of New York to govern the Financing Documents (other than the Station

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Management License Agreement) will be honored by the courts of the State of California or a federal court applying California law, subject, in the context of any particular dispute, to the application of any fundamental public policy of the jurisdiction the laws of which would apply in the absence of that stated choice.

(vi) No authorization, consent or other approval of, or registration, declaration or other filing with, (A) any governmental authority of the United States of America, the State of California or the State of New York or (B) under the Delaware General Corporation Law, any governmental authority of the State of Delaware is required on the part of any Obligor for the execution and delivery by it of, or for the performance by that Obligor of its obligations under, the Financing Documents to which it is a party or for the borrowing by the Borrower under the Credit Agreement, except for the FCC Approval contemplated in connection with the transfer of certain FCC Licenses from the Company to SCA as required under the Credit Agreement, and as may be necessary for the creation, perfection or priority of the Liens of the Financing Documents.

(vii) The execution and delivery by each Obligor of, and the performance by that Obligor of its obligations under, the Financing Documents to which it is a party and the borrowing by the Borrower under the Credit Agreement do not and will not (a) violate any law, rule or regulation of the United States of America, the State of California or the State of New York applicable to that Obligor or the Delaware General Corporation Law, (b) violate any provision of the Certificate of Incorporation or bylaws of that Obligor or (c) result in a breach of, constitute a default under, require consent under, result in or require the creation of any lien on any property of any Obligor (other than the Liens of the Financing Documents) or result in the acceleration or required prepayment of any indebtedness pursuant to the terms of, any agreement, instrument or order (including any arbitral award) listed on the attached Schedule 2. No Obligor has any contractual liability under the Indenture.

(ix) The use of the proceeds of the Loans to be made on the date of this opinion letter for the purposes specified in the Credit Agreement does not violate Regulation U of the Board of Governors of the Federal Reserve System.

(x) No Obligor is required to register as an investment company or a company controlled by an investment company within the meaning of the Investment Company Act of 1940.

(xi) The issued and outstanding capital stock of each of HoldCo and AcquisitionCo consists of 1,000 shares of common stock, respectively, all shares of that respective capital stock are validly issued, duly authorized and non-assessable shares of that respective capital stock, the certificates representing 100% of those shares are registered in the name of the Borrower and neither the face of any of those certificates nor the stock records of HoldCo or AcquisitionCo show any Equity Rights or adverse claim as to any such shares. The issued and outstanding capital stock of SCA consists of 1,000 shares of common stock, all shares of that capital

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stock are validly issued, duly authorized and non-assessable shares of that capital stock, the certificate representing 100% of those shares is registered in the name of AcquisitionCo and neither the face of that certificate nor the stock records of the SCA show any Equity Rights or adverse claim as to any such shares.

(xii) The shares of Company Stock of Borrower to be issued upon exercise of the Warrants pursuant to the Warrant Agreement will, when issued and paid for in accordance with the Warrants, be validly issued, duly authorized and non-assessable shares of Company Stock.

I advise you that, to my current actual knowledge, there are no material pending or threatened actions, suits, proceedings or investigations against any Obligor in any court or by or before any arbitrator or governmental authority and there are no matters required to be disclosed on Schedule 6.06 to the Credit Agreement that have not been disclosed thereon. For purposes of the preceding sentence, the phrase "to my current actual knowledge" is intended to indicate that, during the course of my representation of the Obligors, no information that would give me current actual knowledge of the inaccuracy of the statements made in that sentence has come to my attention and that I have obtained, discussed with appropriate representatives of the Obligors the contents of and relied, as stated above, upon certificates of appropriate representatives of the Obligors as to the matters covered by those certificates. Except to the extent otherwise set forth above, however, I have not undertaken any independent inquiry to determine the accuracy of any such statement; no inference as to my knowledge of any matters bearing on the accuracy of any such statement should be drawn from the fact of my representation of the Obligors.

The foregoing opinions are also subject to the following comments and qualifications:

(a) The enforceability of certain provisions of the Station License Management Agreement may be limited by laws rendering unenforceable (1) the release of a party from, or the indemnification of a party against, liability for its own wrongful or negligent acts under certain circumstances and

(2) indemnification contrary to United States of America or state securities laws and the public policy underlying those laws.

(b) The enforceability of provisions in the Station License Management Agreement to the effect that terms may not be waived or modified except in writing may be limited under certain circumstances.

(c) I express no opinion as to any federal or state securities laws except as expressly set forth in paragraphs (ix) and (x) above or as to any FCC Regulation.

Terms used in my opinions in paragraph (xi) above or in the related comments and qualifications that are defined in the NYUCC are used with the same meanings, unless otherwise defined, in this opinion letter.

The foregoing opinions are limited to matters involving the federal laws of the United States of America, the laws of the State of California and the Delaware General Corporation Law (the

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"DGCL"), and I do not express any opinion as to any other laws. I am not admitted to practice law in the State of Delaware or the State of New York. I am generally familiar with the DGCL as presently in effect. I note that the Financing Documents (other than the Station License Management Agreement) provide that they are to be governed by the laws of the State of New York, and in that connection, I have assumed, for the purposes of this opinion, that the laws of the State of New York are identical to the laws of the State of California. The opinions expressed herein are based upon the law and circumstances as they are in effect or exist on the date hereof, and I assume no obligation to revise or supplement this letter in the event of future changes in the law or interpretations thereof with respect to circumstances or events that may occur subsequent to the date hereof.

This opinion letter is rendered to the Credit Parties by me as counsel to the Obligors pursuant to Section 5.01(a)(iv) of the Credit Agreement and may not be quoted or relied upon by any person other than the Credit Parties or for any purpose other than in connection with the transactions contemplated by the Financing Documents without my prior written consent in each instance, provided that the Credit Parties may provide this opinion (i) to bank examiners and other regulatory authorities should they so request in connection with their normal examinations, (ii) to the independent auditors and attorneys of the Credit Parties, (iii) pursuant to order or legal process of any court or governmental agency, (iv) in connection with any legal action to which any Credit Party is a party arising out of the transactions contemplated by the Financing Documents, or (v) the proposed assignee of or participant in the interest of any Credit Party under the Financing Documents.

Very truly yours,

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ING (U.S.) Capital LLC, as
Administrative Agent
55 East 52nd Street
New York, New York 10055

Each of the Lenders named on
Schedule I hereto

Re: Salem Communications Corporation

Ladies and Gentlemen:

We have acted as counsel to Salem Communications Corporation, a Delaware corporation (the "Borrower"), and Salem Communications Acquisition Corporation, a Delaware corporation (the "Company") and their subsidiaries in connection with:

(i) the Credit Agreement dated as of August 24, 2000 (the "Credit Agreement") between the Borrower, ING (U.S.) Capital LLC, as Administrative Agent (the "Agent"), the Bank of New York, as Syndication Agent, Fleet National Bank, as Documentation Agent, and certain lenders party thereto (the "Lenders" and collectively with the Agent the "Credit Parties"),

(ii) the Promissory Notes dated as of the date hereof (the "Notes") made by the Borrower payable to the order of the Lenders,

(iii) the Security Agreement dated as of the date hereof (the "Company Security Agreement") by and between the Borrower and the

Agent,

(iv) the Guarantee and Security Agreement dated as of the date hereof (the "Guarantee and Security Agreement") by and between the Company, SCA License Corporation, a Delaware corporation ("SCA" and collectively with the Company the "Guarantors"), and the Agent;

(v) the financing statements on Form UCC-1, naming the Borrower, the Company or SCA, as the case may be, as debtor, and the Agent, as secured party (the "Financing Statements") on file or to be filed in the Office of the Secretary of State of the State of California or the Office of the Secretary of State of the State of Colorado (each, a "Filing Office"), as the case may be; and

(vi) the Warrant and Registration Rights Agreement dated as of August 24, 2000 (the "Warrant Agreement"), between the Borrower, the Agent and the institutions party thereto as Warrant Holders (the "Warrant Holders").

Each capitalized term used and not defined herein has the meaning assigned to that term in the Credit Agreement. The Borrower and the Guarantors are collectively referred to as the

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"Obligors." The Company Security Agreement and the Guarantee and Security Agreement are collectively referred to herein as the "Collateral Documents." The personal property or fixtures collateral described in the Collateral Documents is collectively referred to herein as the "Personal Property Collateral." The Credit Agreement, the Notes, the Collateral Documents and the Warrant Agreement are collectively referred to as the "Financing Documents." The Uniform Commercial Code as enacted and in effect in the State of New York is referred to herein as the "NYUCC." Each of California and Colorado is referred to herein as a "Specified State." The NYUCC and the Uniform Commercial Code--Secured Transactions and the Uniform Commercial Code--Investment Securities as enacted and in effect in the Specified States are each referred to herein as a "Code." All section references to any Code (other than the NYUCC) are to the equivalent sections under the uniform version of the Code as in effect in the applicable Specified State. All terms defined in the NYUCC are used herein as defined therein.

We have assumed with your permission that:

- a) The documents submitted to us as originals are authentic and the documents submitted to us as certified or reproduction copies conform to the originals;
- b) Each of the Obligors is a validly existing corporation in good standing under the laws of its state of incorporation and each Obligor has all requisite power and authority to execute, deliver and perform its obligations under the Financing Documents to which it is a party and to own its properties;
- c) The execution and delivery by each Obligor of the Financing Documents to which it is a party and the performance of its obligations thereunder have been duly authorized by all necessary corporate action;
- d) Each Financing Document has been duly executed and delivered by each Obligor party thereto;
- e) Each of the parties to the Financing Documents (other than the Obligors) has all requisite power and authority to execute, deliver and perform its obligations under each of the Financing Documents to which it is a party, the execution and delivery of such Financing Documents by such party and performance of its obligations thereunder have been duly authorized by all necessary action and do not violate any law, regulation, order, judgment or decree applicable to such party, and such Financing Documents are legal, valid and binding obligations of such party, enforceable against it in accordance with their respective terms;
- f) There are no agreements or understandings between or among Credit Parties, the Obligors or third parties that would expand, modify or otherwise affect the terms of the Financing Documents or the respective rights or obligations of the parties thereunder (except for that certain letter agreement between the Agent and the

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Borrower with an effective date of August 24, 2000, as to which we express no opinion hereunder);

- g) Each Obligor has, and will have at all times relevant to this opinion, rights in the Personal Property Collateral within the meaning of Section 9-203(1)(c) of the NYUCC;
- h) To the extent that the ability of the Agent to enforce remedies under the Collateral Documents in respect of inventory may be affected thereby, the Obligors are in compliance with the Fair Labor Standards Act (SEE CITICORP INDUSTRIAL CREDIT, INC. V. BROCK, 483 U.S. 27, 107 S.Ct. 2694 ----- (1987));
- i) The Financing Statements will be submitted for filing in the relevant Filing Office accompanied by the appropriate filing fee, will be accepted for filing in the relevant Filing Office and will be properly filed and indexed in the relevant Filing Office;
- j) The Warrants are held for the account of the Warrant Holders and not with a view to, or in connection with, the distribution thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act");
- k) Each Warrant Holder has access to such information as it deems necessary to make its investment decisions with respect to its Warrant; and
- l) The Warrant Holders are in compliance with the provisions set forth in Section 7 of the Warrants, each Warrant Holder and each other person to whom offers were made is an "accredited investor" within the meaning of Regulation D promulgated under the Securities Act, none of the Warrant Holders has taken or intends to take any action that would subject the issuance and sale of the Warrants to the registration requirements of the Securities Act, and the offer and sale of the Warrants occurred pursuant to private negotiations between the Obligors and the Warrant Holders.

In rendering this opinion, we have made such inquiries and examined, among other things, originals or copies, certified or otherwise identified to our satisfaction, of such records, agreements, certificates, instruments and other documents as we have considered necessary or appropriate for purposes of this opinion. As to certain factual matters, we have relied upon the representations and warranties of the Obligors in the Financing Documents, certificates of officers of the Obligors or certificates obtained from public officials.

Based on the foregoing and in reliance thereon, and subject to the assumptions, exceptions, qualifications and limitations set forth herein, we are of the opinion that:

1. Each of the Financing Documents constitutes a legal, valid and binding obligation of each Obligor party thereto, enforceable against it in accordance with its terms.

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2. Each Guarantor has granted a valid security interest in favor of the Agent for the benefit of the Lenders in the Personal Property Collateral described in the Guarantee and Security Agreement, securing the performance of the obligations of such Guarantor under the Financing Documents, to the extent that a security interest can be created therein under Article 9 of the NYUCC. The Borrower has granted a valid security interest in favor of the Agent for the benefit of the Lenders in the Personal Property Collateral described in the Security Agreement, securing the performance of the obligations of the Borrower under the Financing Documents, to the extent that a security interest can be created therein under Article 9 of the NYUCC. Upon the filing of the Financing Statements with Filing Offices in the respective Specified States, such security interests in such Personal Property Collateral will be perfected to the extent that security interests therein can be perfected by filing UCC-1 financing statements under the applicable Code. Upon delivery to the Agent in the State of New York of certificates representing the capital stock identified in Annex 1 to the Security Agreement and the Guarantee and Security Agreement, respectively (the "Pledged Stock"), the Agent will have a valid and perfected security interest in the Pledged Stock, securing the obligations of the respective Obligor under the Financing Documents.

The foregoing opinions are subject to the following exceptions, qualifications and limitations:

- A. We render no opinion herein as to matters involving the

laws of any jurisdiction other than the State of New York, the United States of America and, for purposes of the third sentence of paragraph 2, the laws of the Specified States. Without limitation, we have not examined the question of which law a court in the State of California would determine to govern the interpretation or enforcement of the Financing Documents and our opinion is based on the assumption that the internal laws of the State of New York and the laws of the United States of America would govern the provisions of such Financing Documents and the transactions contemplated thereby. Our opinions in the third sentence of paragraph 2 are limited to the Code of the Specified States. This opinion is limited to the effect of the present state of the laws of the State of New York, the United States of America and, to the limited extent set forth above, the Code of the Specified States and the facts as they presently exist. We assume no obligation to revise or supplement this opinion in the event of future changes in such laws or the interpretations thereof or such facts.

B. Our opinion is subject to (i) the effect of any bankruptcy, insolvency, reorganization, moratorium, arrangement or similar laws affecting the rights and remedies of creditors rights generally (including, without limitation, the effect of statutory or other laws regarding fraudulent transfers or preferential transfers or distributions by corporations to stockholders) and (ii) general principles of equity, including without limitation concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance, injunctive relief or other equitable remedies, regardless of whether enforceability is considered in a proceeding in equity or at law.

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C. We express no opinion as to the effect on the enforceability of the Guarantee and Security Agreement against any Guarantor of any facts or circumstances occurring after the date hereof that would constitute a defense to the obligation of a surety, unless such defense has been waived effectively by such Guarantor.

D. We express no opinion regarding (i) the effectiveness of any waiver (whether or not stated as such) under the Financing Documents of, or any consent thereunder relating to, any unknown future rights or the rights of any party thereto existing, or duties owing to it, as a matter of law; (ii) the effectiveness of any waiver (whether or not stated as such) contained in the Financing Documents of rights of any party, or duties owing to it, that is broadly or vaguely stated or does not describe the right or duty purportedly waived with reasonable specificity; (iii) provisions relating to indemnification, exculpation or contribution, to the extent such provisions may be held unenforceable as contrary to public policy or federal or state securities laws or due to the negligence or willful misconduct of the indemnified party; (iv) any provision in any Financing Document waiving the right to object to venue in any court; (v) any consent or agreement to submit to the jurisdiction of any Federal Court; (vi) any waiver of the right to jury trial; (vii) any power of attorney purportedly created by any of the Financing Documents; (viii) any rights of setoff (other than such as are provided by Section 151 of the Debtor and Creditor Law of the State of New York, as interpreted by applicable judicial decisions); (ix) any waivers or variations of rights of a debtor, including a guarantor, or duties of a secured party under provisions referred to in Section 9-501(3) of the NYUCC; or (x) any provisions of the Financing Documents that may be construed as penalties or forfeitures.

E. We express no opinion with respect to the legality, validity, binding nature or enforceability of any provision of the Financing Documents (i) to the effect that rights or remedies are not exclusive, that every right or remedy is cumulative and may be exercised in addition to any other right or remedy, that the election of some particular remedy does not preclude recourse to one or more others or that failure to exercise or delay in exercising rights or remedies will not operate as a waiver of any such right or remedy or (ii) requiring written amendments or waivers of such documents insofar as it suggests that, other than as provided in Section 15-301 of the General Obligations Law of the State of New York, as interpreted by applicable judicial decisions, oral or other modifications, amendments or waivers could not be effectively agreed upon by the parties or that the doctrine of promissory estoppel might not apply.

F. We express no opinion herein as to perfection of any of the security interests in any of the Personal Property Collateral, except as expressly provided in the third and fourth sentence of paragraph 2 hereof, and we express no opinion herein as to priority of any of the security interests in any of the Personal Property Collateral (and therefore, except as expressly provided in the third and fourth sentence of paragraph 2, no opinion as to the respective rights of the Agent or any Lender, on one hand, and any third party (including, without limitation, a trustee or debtor-in-possession in bankruptcy, a transferee of or a holder of an encumbrance on any Personal Property Collateral or a creditor of any Obligor), on the other hand).

G. We express no opinion as to any provision in the Collateral Documents (i) that may be deemed to permit the Agent or any other person to sell or otherwise dispose of any Personal Property Collateral except in compliance with the NYUCC, applicable laws of the United States and other applicable state and local laws, or (ii) any provision that may be deemed to impose on the Agent standards for the care of the Personal Property Collateral in the possession or control of the Agent other than as provided in Section 9-207 of the NYUCC or to render such standards inapplicable.

H. Our opinion is subject to the effect of Section 9-311 of the NYUCC, which provides that the rights of any Obligor in the Personal Property Collateral may be voluntarily or involuntarily transferred notwithstanding a provision in a security agreement to the contrary. We call to your attention that certain third parties, such as buyers of goods in the ordinary course of business, holders in due course of negotiable instruments or protected purchasers of securities, could acquire an interest in the Personal Property Collateral free of the security interests, even if the security interests are perfected in accordance with applicable law.

I. We express no opinion with respect to (i) the location, existence or non-existence of any Personal Property Collateral, (ii) that portion of the Personal Property Collateral (other than the Pledged Stock) as to which filing of a financing statement under the Code in a Specified State is not sufficient to perfect a security interest therein under the Code including, without limitation, goods and equipment not located in any Specified State, (iii) the perfection of any security interest in accounts which are obligations of the Federal government, any agency or department thereof or any state or local government or any agency or political subdivision thereof, to the extent that any applicable laws require any actions in addition to the filing of financing statements under the Code in any Specified State, (iv) any part of the Personal Property Collateral that is or may be such that a security interest therein is not covered by Article 9 of the NYUCC by virtue of Section 9-102 or 9-104, or (v) any security interests in any FCC Licenses (as defined in the Credit Agreement).

J. We express no opinion as to the enforceability or perfection of any security interest in any Personal Property Collateral that is subject to a statute or treaty of the United States that provides for a national or international registration or a national or international certificate of title for the perfection of a security interest therein or that specifies a place of filing different from that specified in the Code for filing to perfect such security interest, including motor vehicles, patents, trademarks or copyrights. We further express no opinion as to transfers of interests or rights in patents, trademarks or copyrights in connection with exercise of remedies against Personal Property Collateral under the Financing Documents.

K. We express no opinion as to the creation, validity, enforceability or perfection of any security interest (i) in any part of the Personal Property Collateral in which a security interest would not be covered by the NYUCC by virtue of Section 9-102 or 9-104 thereof, (ii) except as provided in Sections 9-104(g) and 9-306 of the NYUCC with respect to insurance proceeds payable by reason of loss or damage to Personal Property Collateral, in any interest in or claim in or under policies of insurance, (iii) in Personal Property Collateral that

consists or will consist of deposit accounts (including, without limitation, any Cash Collateral Accounts under the Collateral Documents) or (iv) in any Personal Property Collateral that consists or will consist of consumer goods, farm products, timber, minerals and the like or accounts resulting from the sale thereof.

L. We express no opinion with respect to (i) the adequacy or accuracy of the descriptions of the Personal Property Collateral contained in the Collateral Documents or in any Financing Statements or other documents prepared in connection therewith or (ii) the creation, validity, enforceability or perfection of any security interest in the proceeds of any Personal Property Collateral except to the extent provided in Section 9-306 of the NYUCC.

M. Perfection of the security interests generally will be terminated under the circumstances described in Sections 9-103, 9-402 and 9-403 of the NYUCC, and the corresponding provisions of each applicable Code, unless appropriate action is taken as provided therein. Without limitation, (i) all the financing statements filed must be continued at prescribed intervals by the timely filing of continuation statements and (ii) a new or amended financing statement may be required to be filed to retain any perfected security interest in the event an Obligor changes its name, identity, corporate structure or location of its chief executive office or chief place of business.

N. Our opinion with respect to the Collateral Documents is qualified to the extent that such agreements and the security interests granted to the Agent thereunder may be subject to the rights of lessees, account debtors or other obligors of the Obligor, the terms of the leases or other contracts between the Obligor and such lessees, account debtors or other obligors, and any claims or defenses of such lessees, account debtors or other obligors against the Obligor arising under or outside such leases or other contracts.

O. Our opinion is subject to, in the case of the pledge of any securities under the Collateral Documents, the following qualifications: (i) the Agent may not be entitled to vote the pledged securities or to receive dividends or other distributions directly from the issuer thereof prior to becoming the record holder of the pledged securities; (ii) none of the pledged securities or any interest therein may be sold or further transferred by the Agent without registration under the Securities Act, except pursuant to an exemption from registration contained in such Act, and qualification or exemption from qualification under any applicable State securities or Blue Sky laws; and (iii) compliance with the Hart-Scott-Rodino Antitrust Improvements Act of 1976 may be required prior to the exercise of any remedies thereunder.

P. For purposes of our opinion in the fourth sentence of paragraph 2, we have assumed that (i) the certificates representing the Pledged Stock are indorsed to the Agent or in blank by an effective indorsement (as such term is defined in the NYUCC), and (ii) the Agent will maintain possession of the Pledged Stock and will not deliver (as such term is defined in the NYUCC) the Pledged Stock to any third person.

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Q. We express no opinion as to the applicability to, or the effect of noncompliance by, any Credit Party with any state or federal laws applicable to the transactions contemplated by the Financing Documents because of the nature of the business of such Credit Party.

This opinion is rendered to the Credit Parties in connection with the Financing Documents and may not be relied upon by any person other than the Credit Parties or by the Credit Parties in any other context, provided that the Credit Parties may provide this opinion (i) to bank examiners and other regulatory authorities should they so request in connection with their normal examinations, (ii) to the independent auditors and attorneys of the Credit Parties, (iii) pursuant to order or legal process of any court or governmental agency, (iv) in connection with any legal action to which any Credit Party is a party arising out of the transactions contemplated by the Financing Documents, or (v) the proposed assignee of or participant in the interest of any Credit Party under the Financing Documents. This opinion may not be quoted without the prior written consent of this Firm.

Very truly yours,

August __, 2000
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EXHIBIT G-2

[FORM OF OPINION OF SPECIAL COMMUNICATIONS COUNSEL TO THE OBLIGORS]

We have acted as special communications counsel to Salem Communications Corporation (the "Company") in connection with the Credit Agreement dated as of August __, 2000 (the "Credit Agreement") between the Company and the lenders identified in the Credit Agreement (the "Lenders") for whom ING (U.S.) Capital LLC, is acting as the Administrative Agent (together with the Lenders, the "Lender Parties"), with regard to matters related to the Communications Act of 1934, as amended, and the rules, regulations, interpretations, policies, and published opinions of the FCC (collectively, the "Communications Laws") in connection with the FCC Licenses held or to be held by the Subsidiary Guarantor for the Station owned by the Company and the Subsidiary Guarantor and regulation by the FCC under the Communications Laws of the operations of such Station. All capitalized terms defined in the Credit Agreement are used with the same meanings, unless otherwise defined, in this opinion letter.

In rendering the opinions expressed below, we have examined (a) (i) the Credit Agreement, the Notes, the Warrant Agreement, the Warrants and the Station License Management Agreement and (ii) the Security Agreement and the Guarantee and Security Agreement (collectively, the "Security Documents" and, together with the documents listed in clause (a) (i) above, the "Loan Documents") and such other documents as we have deemed necessary as a basis for the opinions expressed below. In our examination, we have assumed the genuineness of all signatures, the authenticity of documents submitted to us as originals, the conformity with authentic original documents of all documents submitted to us as copies and, in the case of documents executed prior to the date of this opinion letter, that there has been no course of conduct that would alter the terms of

these documents from those reviewed by us. As to relevant facts, we have relied solely upon (a) a review of the pertinent public files of the FCC and inquiries of appropriate staff members of the FCC, (b) an examination of appropriate files of this firm and an inquiry of this firm's lawyers who have had substantial responsibility for the Obligor's legal matters handled by this firm, and (c) representations made by the Obligor in the Loan Documents and by them to the FCC in documents and filings which are available in the public files of the FCC. We have assumed the correctness and completeness of FCC public files and of records and certificates issued by the FCC. We have not performed any on-site investigations of the Station or of any other FCC licensed facilities owned or operated by the Obligor, and in any event do not express any opinion regarding the actual operations of the Station. You should be aware that records of the FCC that are public as a matter of law (E.G., pursuant to the Federal Freedom of Information Act) may not, in fact, be contained in the public files of the FCC which we examined in connection with this opinion. Furthermore, there may be records of matters pending at the FCC that are not available for inspection by the public as a matter of law.

In rendering the opinions expressed below, we have assumed that all of the documents referred to in this opinion have been duly authorized by, have been or will be executed and delivered by, and constitute legal, valid, binding and enforceable obligations of, all of the parties

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to those documents, that all signatories to those documents have been duly authorized and that all such parties are duly organized and validly existing and have the power and authority (corporate, partnership, company, trust or other) or, in the case of individuals, the legal capacity, to execute, deliver and perform those documents.

Based upon and subject to the foregoing and subject also to the comments and qualifications set forth below, and having considered such questions of law as we have deemed necessary as a basis for the opinions expressed below, we are of the opinion that:

(i) No authorization, consent or other approval of, or registration, declaration or other filing with, the FCC or any other governmental authority of the United States of America having jurisdiction under the Communications Laws is required on the part of any Obligor for the execution and delivery by it of, or for the performance by that Obligor of its obligations under, the Loan Documents to which it is a party or for the borrowing by the Company under the Credit Agreement, except for (a) the filing with the FCC, within 30 days following the execution of the Loan Documents, of such of the Loan Documents as is required by Section 73.3613 of the FCC's rules and (b) the approval of the FCC prior to the exercise of any rights under any Security Document that would constitute a transfer of control or an assignment of a broadcast license as interpreted by the FCC. We render no opinion as to whether the FCC would grant the approval referred to in clause (b) of the preceding sentence.

(ii) The execution and delivery by each Obligor of, and the performance by that Obligor of its obligations under, the Loan Documents to which it is a party and the borrowing by the Company under the Credit Agreement do not and will not violate any FCC Regulation.

(iii) Each of the FCC Licenses listed on Annex 1 to the Station License Management Agreement has been issued by the FCC and is in full force and effect. To our knowledge, no other FCC Licenses are required for the existing operation of the Station operating under authority of those FCC Licenses. On August __, 2000, the FCC granted the application for consent to assignment (File No. BALH-20000307ABH, KALC) of the main station FCC License and associated broadcast auxiliary FCC Licenses for the operation of the Station to AcquisitionCo. That grant by the FCC is valid and subsisting, and no further approval or action of the FCC is required to permit the assignments of such FCC Licenses to AcquisitionCo pursuant to the terms of the Purchase Agreement. We have no knowledge of any reason why the FCC would not approve, upon application, assignment of the FCC Licenses to the License Subsidiary following completion of the assignment of the FCC Licenses to AcquisitionCo.

We advise you that, to our knowledge, there are no pending or threatened actions, suits, proceedings or investigations against any Obligor by or before the FCC which could, individually or in the aggregate, have a Material Adverse Effect. We have no knowledge that each Obligor is not in compliance with all applicable Communications Laws.

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The foregoing opinions are limited to matters involving the Communications Laws, and we do not express any opinion as to any other laws.

As used herein, the term "full force and effect" means to our knowledge: (a) the orders issuing the FCC Authorizations have become effective; (b) no stay of effectiveness of such orders has been issued by the FCC; and (c) the FCC Authorizations have not been invalidated by any subsequent published FCC action. As used herein, the expression "to our knowledge" or expressions of like import means the conscious awareness of facts or other information by lawyers in our firm representing the Obligors.

This opinion letter is provided to you by us as counsel to the Obligors pursuant to Section 5.01(a)(iv) of the Credit Agreement and may not be relied upon by any other person or for any purpose other than in connection with the transactions contemplated by the Loan Documents without our prior written consent in each instance.

EXHIBIT G-2

[FORM OF OPINION OF SPECIAL COMMUNICATIONS COUNSEL TO THE OBLIGORS]

[Attached]