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

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): May 8, 2006

SALEM COMMUNICATIONS CORPORATION

(Exact Name of Registrant as Specified in its Charter)



Delaware

(State or Other Jurisdiction of Incorporation)

000-26497

(Commission File Number)

77-0121400

(IRS Employer Identification No.)

4880 Santa Rosa Road, Camarillo, California

(Address of Principal Executive Offices)

93012 (Zip Code)

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

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

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

- $[\quad] Written\ communications\ pursuant\ to\ Rule\ 425\ under\ the\ Securities\ Act\ (17\ CFR\ 230.425)$
- []Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- []Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- []Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

TABLE OF CONTENTS

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION ITEM 7.01 REGULATION FD DISCLOSURE ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS EXHIBITS
SIGNATURE

SIGNATURE EXHIBIT INDEX Exhibit 99.1

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On May 8, 2006, Salem Communications Corporation issued a press release regarding its results of operations for the quarter ended March 31, 2006.

ITEM 7.01 REGULATION FD DISCLOSURE

On May 8, 2006, Salem Communications Corporation issued a press release regarding its results of operations for the quarter ended March 31, 2006.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits. The following exhibit is furnished with this report on Form 8-K:

Exhibit No. Description

Press release, dated May 8, 2006, of Salem Communications

Corporation regarding its results of operations for the quarter ended

99.1 March 31, 2006.

SIGNATURE

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

SALEM COMMUNICATIONS CORPORATION

Date: May 8, 2006

By: /s/ EVAN D. MASYR Evan D. Masyr Vice President - Accounting and Finance

EXHIBIT INDEX

Exhibit No. Description

Press release, dated May 8, 2006, of Salem Communications Corporation regarding its results of operations for the quarter ended March 31, 2006.

99.1



SALEM COMMUNICATIONS ANNOUNCES A 3.8% INCREASE IN FIRST QUARTER 2006 NET BROADCASTING REVENUE

CAMARILLO, CA May 8, 2006 – Salem Communications (Nasdaq: SALM), a leading U.S. radio broadcaster, Internet content provider and magazine publisher targeting audiences interested in Christian and family-themed content and conservative values, today announced results for the three month period ended March 31, 2006.

Commenting on the company's results, Edward G. Atsinger III, president and CEO said, "Radio broadcasters, including Salem, faced a challenging advertising environment in the first quarter with industry revenue flat compared to the comparable period last year. Positives for Salem for the quarter included our News Talk stations, which posted 7% same station revenue growth, our consistent local and national block programming business, which grew revenue by 7% over last year on a same station basis, and our Internet business which achieved 30% revenue growth over last year."

Atsinger continued, "Looking further into 2006 and longer term, we are optimistic that we can continue to outperform the overall radio industry. Nearly half of our radio stations are in a start-up or early development stage and there is substantial upside if we can successfully take these stations to maturity. Furthermore, we have made it a priority to develop a new media strategy that embraces technology as a growth opportunity for Salem. The integration of our proven traditional media platform with new media offers significant growth opportunities for us to become a leading multi-media creator, aggregator and distributor of faith, family and values based content."

First Quarter 2006 Results

For the quarter ended March 31, 2006 compared to the quarter ended March 31, 2005:

- Net broadcasting revenue increased 3.8% to \$49.3 million from \$47.5 million;
- · Operating income increased 16.5% to \$10.6 million from \$9.1 million;
- · Net income increased 13.5% to \$2.7 million, or \$0.11 net income per diluted share, from net income of \$2.4 million, or \$0.09 net income per diluted share:
- · Station operating income ("SOI") decreased 1.8% to \$17.0 million from \$17.3 million;
- EBITDA increased 15.6% to \$14.2 million from \$12.2 million;
- · Adjusted EBITDA decreased 6.0% to \$11.5 million from \$12.3 million;
- Same station net broadcasting revenue increased 0.6% to \$46.9 million from \$46.6 million;
- · Same station SOI was \$17.4 million for both periods; and
- · Same station SOI margin decreased to 37.2% from 37.3%.

Included in the results for the quarter ended March 31, 2006 are:

- · A \$3.5 million gain from disposal of assets; (\$2.1 million gain, net of tax, or \$0.09 gain per diluted share);
- · A \$0.4 million gain from discontinued operations, net of tax, or \$0.01 per diluted share; and
- A \$1.3 million non-cash compensation charge (\$0.8 million, net of tax, or \$0.03 per share) related to the expensing of stock options consisting of:
 - o \$1.1 million non-cash compensation included in corporate expenses; and
 - $\circ\quad \$0.2$ million non-cash compensation included in broadcasting operating expenses.

Included in the results for the quarter ended March 31, 2005 is:

· A \$0.1 million loss from discontinued operations, net of tax.

The results reflect the reclassification of the operations of stations WTSJ (1050 AM) in Cincinnati, Ohio, WBOB (1160 AM) in Florence, Ky. (Cincinnati market), and WBTK (1380 AM) in Richmond, Virginia to discontinued operations for all periods presented. Combined, these three stations had net broadcasting revenue of approximately \$0.2 million for the quarter ended March 31, 2006 and \$0.3 million for the comparable prior year quarter. The stations were breakeven in both quarters.

Other comprehensive income of \$1.0 million, net of tax, is due to the change in fair market value of the company's interest rate swaps.

Per share numbers are calculated based on 24,696,334 diluted weighted average shares for the quarter ended March 31, 2006, and 26,022,654 diluted weighted average shares for the comparable 2005 period.

SOI Margin Composition Analysis

The following analysis, which is for analytical purposes only, has been created by assigning each station in the company's radio station portfolio to one of four categories based upon the station's first quarter SOI margin. The company believes this analysis is helpful in assessing the portfolio's financial and operational development.

Three Months Ended March 31, (Net Broadcasting Revenue and SOI in millions)

2005 2006

Average Average Stations Revenue SOI SOI % Stations Revenue SOI SOI %

50% or greater	16	\$15.8	\$9.7	61.4%	26	\$19.6	\$12.4	63.0%
30% to 49%	26	16.1	6.8	42.2%	22	13.1	5.1	39.1%
0% to 29%	37	9.8	1.7	17.8%	26	8.0	1.3	16.7%
Less than 0%	21	2.0	(0.7)	(34.7%)	31	4.6	(1.5)	(32.2%)
Subtotal	100	43.7	17.5	40.1%	105	45.3	17.3	38.3%
Other	-	3.8	(0.2)	(4.4%)	-	4.0	(0.3)	(8.1%)
Total	100	\$47.5	\$17.3	36.5%	105	\$49.3	\$ 17.0	34.5%

Balance Sheet

As of March 31, 2006, the company had net debt of \$356.5 million and was in compliance with the covenants of its credit facilities and bond indentures. The company's bank leverage ratio was 5.78 versus a compliance covenant of 6.25 and its bond leverage ratio was 5.98 versus a compliance covenant of 7.0.

Acquisitions and Divestitures

During the quarter ended March 31, 2006, Salem completed the following acquisition transactions:

- The Singing News Magazine and its related Internet properties were acquired for \$4.4 million on January 1, 2006;
- WTLN (950 AM) in Orlando, Fla. and WHIM (1520 AM) in Apopka, Fla. (Orlando market) were acquired for \$10.0 million on January 23, 2006;
- WORL (660 AM) in Alamonte Springs, Fla., (Orlando market) was acquired in exchange for Salem's KNIT (1480 AM) in Dallas, Texas on February 3, 2006;
- WLQV (1500 AM) in Detroit, Mich., was acquired in exchange for Salem's WTSJ (1050 AM) in Cincinnati, Ohio, WBOB (1160 AM) in Florence, Ky. (Cincinnati market) and \$6.7 million on February 10, 2006; and
- CrossDaily.com was acquired for \$2.3 million on February 13, 2006.

The following acquisition and divestiture transactions were pending as of March 31, 2006:

- · KKFS (103.9 FM) in Lincoln, Calif. (Sacramento market) to be acquired from Bustos Media, which will also pay Salem \$0.5 million of additional consideration, in exchange for Salem's KLMG (94.3 FM) in Jackson, Calif. (Sacramento market) and KBBA (103.3 FM) in Grass Valley, Calif. (the three stations involved in the exchange are now operated under local marketing agreements);
- · WBTK (1380 AM) in Richmond, Virginia to be sold for \$1.5 million; and
- WCCD (1000 AM) in Parma, Ohio (Cleveland market) to be sold for \$2.1 million (now operated by the acquirer under a local marketing agreement).

The following transactions were announced after March 31, 2006:

- Townhall.com was acquired for \$5.0 million on April 28, 2006; and
- · KORL (690 AM) in Honolulu, Hawaii to be acquired by exchanging KHCM (1170 AM) in Honolulu, Hawaii and paying \$1.0 million (call letters not to be exchanged).

Stock Repurchases

During the quarter ended March 31, 2006, the company repurchased 979,375 shares of its Class A common stock for \$15.1 million. As of May 5, 2006, Salem had repurchased 1,619,168 shares of Class A common stock for approximately \$26.7 million at an average price of \$16.48 per share, and had 24,357,520 shares of its Class A and Class B common stock outstanding.

Second Quarter 2006 Outlook

For the second quarter of 2006, Salem is projecting:

- · Net broadcasting revenue to be between \$54.2 million and \$54.7 million reflecting mid single digit growth compared to second quarter 2005 net broadcasting revenue of \$51.2 million;
- · SOI to be between \$19.8 million and \$20.3 million compared to second quarter 2005 SOI of \$19.9 million; and
- · Net income per diluted share to be between \$0.10 and \$0.12.

Second quarter 2006 outlook includes non-cash compensation expense related to the adoption of SFAS 123(R), based on stock options currently outstanding, of \$1.2 million in corporate expenses and \$0.2 million in broadcasting operating expenses.

Second quarter 2006 outlook reflects the following:

- Same station net broadcasting revenue growth in the low single digits compared to second quarter 2005;
- Same station SOI growth in the low single digits compared to second quarter 2005;
- · Continued growth from Salem's underdeveloped radio stations, particularly our News Talk stations;
- Fixed costs associated with recently acquired stations in the Detroit, Honolulu, Miami, Omaha, Sacramento and Tampa markets; and
- The impact of recent acquisition, exchange and divestiture transactions.

Full Year 2006 Outlook

For full year 2006, the company expects corporate expenses of approximately \$21.5 million, excluding non-cash compensation, and expects non-cash compensation expense related to the adoption of SFAS 123(R), based on stock options currently outstanding, of \$3.5 million in corporate expenses and \$0.9 million in broadcasting operating expenses. Salem also expects acquisition related and income producing capital expenditures of approximately \$12 million and maintenance capital expenditures of approximately \$7 million for full year 2006.

Conference Call Information

Salem plans to host a teleconference to discuss its results today, on May 8, 2006 at 12:00 p.m. Eastern Time. To access the teleconference, please dial 973-582-2734 ten minutes prior to the start time or listen via the investor relations portion of the company's website, located at www.salem.cc. A replay of the teleconference will be available through May 22, 2006 and can be heard by dialing 973-341-3080, pass code 7293465 or on the investor relations portion of the company's website, located at www.salem.cc.

Salem Communications Corporation (Nasdaq: SALM) is a leading U.S. radio broadcaster, Internet content provider and magazine publisher targeting audiences interested in Christian and family-themed content and conservative values. In addition to its radio properties, Salem owns Salem Radio Network®, which syndicates talk, news and music programming to approximately 2,000 affiliates; Salem Radio RepresentativesTM, a national radio advertising sales force; Salem Web NetworkTM, an Internet provider of Christian content and online streaming; and Salem PublishingTM, a publisher of Christian-themed magazines. Upon the close of all announced transactions, the company will own 104 radio stations, including 66 stations in 24 of the top 25 markets. Additional information about Salem may be accessed at the company's website, www.salem.cc.

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Forward Looking Statements

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

Regulation G

Station operating income, EBITDA and Adjusted EBITDA are financial measures not prepared in accordance with generally accepted accounting principles ("GAAP"). Station operating income is defined as net broadcasting revenues minus broadcasting operating expenses. EBITDA is defined as net income before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA before loss on early redemption of long-term debt, discontinued operations (net of tax), litigation costs, gain or loss on the disposal of assets and non-cash compensation expense. In addition, Salem has provided supplemental information as an attachment to this press release, reconciling these non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with GAAP. The company believes these non-GAAP financial measures, when considered in conjunction with the most directly comparable GAAP financial measures, provide useful measures of the company's operating performance. Station operating income, EBITDA and Adjusted EBITDA are generally recognized by the broadcasting industry as important measures of performance and are used by investors as well as analysts who report on the industry to provide meaningful comparisons between broadcasting. Station operating income, EBITDA and Adjusted EBITDA are not a measure of liquidity or of performance in accordance with GAAP, and should be viewed as a supplement to and not a substitute for, or superior to, the company's results of operations presented on a GAAP basis such as operating income and net income. In addition, Salem's definitions of station operating income, EBITDA and Adjusted EBITDA are not necessarily comparable to similarly titled measures reported by other companies.

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

Station operating margin

		Mh 21			
		March 31,			
		2005	2006		
			audited		
Net broadcasting revenue	\$	47,522	\$	49,311	
Other media revenue		2,428		3,252	
Total revenue		49,950		52,563	
Operating expenses:					
Broadcasting operating expenses		30,189		32,292	
Other media operating expenses		2,377		3,432	
Corporate expenses		5,047		6,440	
Depreciation and amortization		3,302	3,356		
Gain on disposal of assets		(40)	(3,529)		
Total operating expenses		40,875	41,991		
Operating income		9,075	10,572		
Other income (expense):					
Interest income		23		46	
Interest expense		(5,112)	(6,588)		
Other expense, net		(68)		(172)	
Income before income taxes and discontinued operations		3,918		3,858	
Provision for income taxes		1,460		1,546	
Income before discontinued operations		2,458		2,312	
Discontinued operations, net of tax		(66)		403	
Net income	\$	2,392	\$	2,715	
Other comprehensive income, net of tax				1,036	
Comprehensive income	\$	2,392	\$	3,751	
Comprehensive meome	_	•			
Basic income per share before discontinued operations	\$	0.09	\$	0.09	
Discontinued operations, net of tax	\$	-	\$	0.02	
Basic income per share after discontinued operations	\$	0.09	\$	0.02	
Dasic income per share after discontinued operations	Ψ	0.07	φ	0.11	
	\$	0.09	\$	0.09	
Diluted income per share before discontinued operations	Ψ	0.07	Ψ	0.07	
Discontinued operations, net of tax	\$	-	\$	0.02	
Diluted income per share after discontinued operations	\$	0.09	\$	0.11	
· · · · · · · · · · · · · · · · · · ·					
ic weighted average shares outstanding		,963,607	24	,686,517	
		,022,654	24	,696,334	
Diluted weighted average shares outstanding		,,		, 0,00	
Other Data:					
Station operating income	\$	17,333	\$	17,019	

Three Months Ended

36.5%

34.5%

Salem Communications Corporation Condensed Consolidated Balance Sheets (in thousands)

	December 31, 2005			March 31, 2006	
Assets			((unaudited)	
Cash	\$	3,979	\$	695	
Accounts receivable, net	Ф	30,953	Ф	29,747	
Deferred income taxes		4,614		3,122	
Other current assets		4,047		4,872	
Assets of discontinued operations		2,207		758	
Property, plant and equipment, net		117,873		123,951	
Intangible assets, net		471,760		498,259	
Bond issue costs		2,742		2,592	
Bank loan fees		3,709		3,473	
Fair value of interest rate swap		743		2,255	
Other assets		3,303		2,668	
Total assets	\$	645,930	\$	672,392	
Liabilities and Stockholders' Equity					
Current liabilities	\$	20,658	\$	22,531	
Long-term debt and capital lease obligations		326,685		358,915	
Deferred income taxes		40,810		43,502	
Other liabilities		8,659		8,390	
Stockholders' equity		249,118		239,054	
Total liabilities and stockholders' equity	\$	645,930	\$	672,392	

Salem Communications Corporation Supplemental Information (in thousands)

	Three Months Ended March 31,			
	2005			2006
	(una		udited)
Capital expenditures				
Acquisition related / income producing	\$	2,074	\$	3,273
Maintenance		1,842		1,757
Total capital expenditures	\$	3,916	\$	5,030
Tax information	_		_	
Cash tax expense	\$	18	\$	-
Deferred tax expense		1,442		1,546
	\$	1,460	\$	1,546
Provision for income taxes	4	1,400	Þ	1,540
	P	3,158	\$	3,577
Tax benefit of non-book amortization	\$	3,136	Ф	3,377
Reconciliation of Same Station Net Broadcasting Revenue to				
Total Net Broadcasting Revenue				
Net broadcasting revenue - same station	\$	46,605	\$	46,862
Net broadcasting revenue - acquisitions / dispositions / format changes	Ψ.	917	Ψ	2,449
8				, -
Total net broadcasting revenue	\$	47,522	\$	49,311
Reconciliation of Same Station Broadcasting Operating Expenses to				
Total Broadcasting Operating Expenses				
Broadcasting operating expenses - same station	\$	29,213	\$	29,433
Broadcasting operating expenses - acquisitions / dispositions / format changes		976		2,859
Total broadcasting operating expenses	\$	30,189	\$	32,292

Salem Communications Corporation Supplemental Information (in thousands)

	Three Months Ended March 31, 2005 2006		
	(unau	ıdited	
Reconciliation of Same Station Station Operating Income to	(41141		.,
Total Station Operating Income			
Station operating income - same station	\$ 17,392	\$	17,429
Station operating income - acquisitions / dispositions / format changes	(59)		(410)
Total station operating income	\$ 17,333	\$	17,019
Reconciliation of Station Operating Income to Operating Income			
Station operating income	\$ 17,333	\$	17,019
Plus:			
Other media revenue	2,428		3,252
Less:			
Other media operating expenses	(2,377)		(3,432)
Corporate expenses	(5,047)		(6,440)
Depreciation and amortization	(3,302)		(3,356)
Gain on disposal of assets	40		3,529
Operating income	\$ 9,075	\$	10,572
Reconciliation of Adjusted EBITDA to EBITDA to Net Income			
Adjusted EBITDA	\$ 12,269	\$	11,536
Less:			
Stock-based compensation	-		(1,309)
Discontinued operations, net of tax	(66)		403
Gain on disposal of assets	40		3,529
EBITDA	12,243		14,159
Plus:			
Interest income	23		46
Less:			
Depreciation and amortization	(3,302)		(3,356)
Interest expense	(5,112)		(6,588)
Provision for income taxes	(1,460)		(1,546)
Net income	\$ 2,392	\$	2,715

(in millions)	Proj					
	Three Months Ending June 30, 2006			Three Months Ended		
	Low		High		June 30, 2005	
			(unaudited))		
Reconciliation of Station Operating Income to Operating Income						
Station operating income	\$ 19.8	\$	20.3			
Plus:						
Other media revenue	4.0		4.0			
Less:						
Other media operating expenses	(3.6)		(3.6)			
Corporate expenses	(6.6)		(6.6)			
Depreciation and amortization	(3.4)		(3.4)			
Operating income	\$ 10.2	\$	10.7			
•						
Reconciliation of Same Station Net Broadcasting Revenue to						
Total Net Broadcasting Revenue						
Net broadcasting revenue - same station	\$ 52.7	\$	53.2	\$	50.5	
Net broadcasting revenue - acquisitions / dispositions / format changes	1.5		1.5		0.7	
Total net broadcasting revenue	\$ 54.2	\$	54.7	\$	51.2	
Ü						
Reconciliation of Same Station Station Operating Income to						
Total Station Operating Income						
Station operating income - same station	\$ 20.1	\$	20.6	\$	19.8	
Station operating income - acquisitions / dispositions / format changes	(0.3)		(0.3)		0.1	
Total station operating income	\$ 19.8	\$	20.3	\$	19.9	