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

FORM 8-K

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

Date of Report (Date of earliest event reported): December 20, 2021

SALEM MEDIA GROUP, INC.

(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.)

6400 NORTH BELT LINE ROAD
IRVING, TEXAS
(Address of Principal Executive Offices)

75063
(Zip Code)

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

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

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

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, \$0.01 par value per share	SALM	The NASDAQ Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Based upon succession planning discussions by the Board of Directors (the “Board”) of Salem Media Group, Inc. (the “Company”), and in conjunction with the Board’s continued focus on succession planning strategy to provide leadership continuity as the Company continues to execute its strategic initiatives, the following changes were approved on December 20, 2021. A copy of the press release announcing these changes is attached hereto as Exhibit 99.1 and incorporated herein by reference.

Effective January 2, 2022, Edward G. Atsinger III, the Company’s current Chief Executive Officer, will transition to the newly created role of Executive Chairman of the Board of Directors. Additionally, the Company announced the appointment of David Santrella as Chief Executive Officer and David Evans as Chief Operating Officer, also effective January 2, 2022. Currently, Mr. Santrella serves as the Company’s President of Broadcast Media and Mr. Evans serves as the Company’s President of Digital Media and Publishing. Further, Stuart W. Epperson, Sr., the Company’s current Chairman of the Board, will resign from the Board and transition to the position of Chairman Emeritus. As Chairman Emeritus, Mr. Epperson, Sr. will not have a Board seat or an executive officer position, but will be entitled to be an observer at Board meetings. There were no circumstances representing disagreement with the Company that caused Mr. Epperson’s resignation from the Board. Stuart W. Epperson, Jr. will join the Board, filling the vacancy created by Mr. Epperson, Sr.’s resignation.

Edward G. Atsinger III

In connection with Mr. Atsinger’s appointment to Executive Chairman, he entered into a new employment agreement with Salem Communications Holding Corporation (“HoldCo”), a wholly-owned subsidiary of the Company, to be effective as of January 2, 2022. The Compensation Committee of the Board (the “Committee”) also approved the terms of Mr. Atsinger’s new employment agreement and, in its capacity as the administering body of the Company’s 1999 Stock Incentive Plan, the stock option grant described therein.

Mr. Atsinger’s new employment agreement supersedes and replaces the employment agreement entered into by HoldCo and Mr. Atsinger as of July 1, 2019, as amended on May 11, 2020.

The employment agreement provides that, for as long as he remains employed by HoldCo, Mr. Atsinger will receive an annual base salary of \$1,000,000.

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

Additional benefits under Mr. Atsinger’s employment agreement include: (a) reimbursement for 100% of the costs of all medical expenses for Mr. Atsinger, including all vision, health and dental expenses incurred by Mr. Atsinger that are not otherwise covered by the Company’s medical benefits program, full reimbursement for all medical-related travel costs and full reimbursement for any applicable income or employment taxes associated therewith, (b) an automobile allowance, and (c) payment by the Company for all regulatory filing fees associated with any stock or stock-based (including stock options) compensation received by Mr. Atsinger or as a result of Mr. Atsinger’s beneficial ownership of Company stock (including full reimbursement for any income or employment taxes applicable to the payment of such fees).

Mr. Atsinger’s employment agreement generally provides that if Mr. Atsinger’s employment is terminated as a result of a “disability” (as defined in the employment agreement), HoldCo will: (a) pay Mr. Atsinger the accrued portion of his salary and bonus through the termination date of the employment agreement, (b) pay a severance equal to 100% of Mr. Atsinger’s then-current base salary for a period of fifteen (15) months without offset of any disability payments Mr. Atsinger may receive, and (c) as of the termination date, accelerate 100% of the vesting of any then unvested or time-vested stock options previously granted to Mr. Atsinger by the Company.

If Mr. Atsinger’s employment is terminated by HoldCo without “Cause” or by Mr. Atsinger for “good reason” (as defined in the employment agreement), HoldCo will pay Mr. Atsinger as severance an amount equal to his then base salary for six (6) months or the remainder of the term of the employment agreement, whichever period is longer, with acceleration of 100% of the vesting of any then unvested or time-vested stock options previously granted to Mr. Atsinger by the Company.

Mr. Atsinger's employment agreement is filed herewith as Exhibit 10.1 and is incorporated herein by reference into this Item 5.02.

David Santrella

Prior to his appointment as Chief Executive Officer, Mr. Santrella, age 59 has held various roles during his 30-plus year career in the radio broadcast communications industry, providing leadership in promotions, marketing, sales, and management. Since January 2015, Mr. Santrella served as the Company's President of Broadcast Media. Previously, Mr. Santrella served as the Company's President of Radio Division from January 2010 to December 2014, Operational Vice President over the Company's Minneapolis, Denver and Colorado Springs clusters in addition to his existing responsibility over the Chicago cluster from October 2008 to December 2009, Operational Vice President over the Company's Chicago and Milwaukee clusters from March 2006 to October 2008, and started with the Company as General Manager of its Chicago cluster in 2001.

There are no arrangements or understandings between Mr. Santrella and any other person pursuant to which Mr. Santrella was appointed as Chief Executive Officer. Mr. Santrella has no family relationships with any other executive officer or director of the Company. Mr. Santrella has not been involved in any related person transactions with the Company that would require disclosure under Item 404(a) of SEC Regulation S-K.

In connection with Mr. Santrella's appointment to Chief Executive Officer, he entered into a new employment agreement with HoldCo, to be effective as of January 2, 2022. The Committee also approved the terms of Mr. Santrella's new employment agreement and, in its capacity as the administering body of the Company's 1999 Stock Incentive Plan, the stock option grant described therein.

Mr. Santrella's new employment agreement is an "at-will" agreement that supersedes and replaces the employment agreement entered into by HoldCo and Mr. Santrella as of January 3, 2021.

The employment agreement provides that, for as long as he remains employed by HoldCo, Mr. Santrella will receive a base salary as follows: (a) at an annual rate of \$661,000 effective as of January 2, 2022, (b) at an annual rate of \$674,220 effective as of January 1, 2023, and (c) at an annual rate of \$687,704 effective as of January 1, 2024 and continuing through December 31, 2024.

In addition to his base salary, Mr. Santrella will receive options to purchase 50,000 shares of the Company's Class A common stock that will vest equally over four years at 12,500 shares per year, beginning on January 1, 2025, and they shall terminate if not previously exercised three years after they vest. He will also be eligible for an annual merit bonus in an amount to be determined at the discretion of the Company's Board.

Additional benefits under Mr. Santrella's employment agreement include reimbursement from Holdco for life insurance on Mr. Santrella's life up to a maximum amount of \$3,500 per year grossed up to cover applicable statutory withholdings and income taxes.

Mr. Santrella's employment agreement generally provides that if his employment is terminated without "Cause" (as defined in the employment agreement), Mr. Santrella shall receive as severance an amount equal to his then base salary for six (6) months, less standard withholdings for tax and social security purposes. Additionally, if Mr. Santrella dies prior to the expiration of the Term (as defined in the employment agreement) of the employment agreement or if there is a Change in Control (as defined in the employment agreement), any unvested or time-vested stock options previously granted to Mr. Santrella shall become immediately one hundred percent (100%) vested as of the date of death or Change in Control.

Mr. Santrella's employment agreement is filed herewith as Exhibit 10.2 and is incorporated herein by reference into this Item 5.02.

David Evans

Mr. Evans, age 59, has been the Company's President of New Media since September 2013. Previously, Mr. Evans served as the Company's President of New Business Development, Interactive and Publishing from July 2007 to September 2013, Executive Vice President of Business Development and Chief Financial Officer from September 2005 to June 2007, Executive Vice President and Chief Financial Officer from September 2003 to September 2005, and Senior Vice President and Chief Financial Officer from 2000 to 2003.

There are no arrangements or understandings between Mr. Evans and any other person pursuant to which Mr. Evans was appointed Chief Operating Officer. Mr. Evans has no family relationships with any other executive officer or director of the Company. Mr. Evans has not been involved in any related person transactions with the Company that would require disclosure under Item 404(a) of SEC Regulation S-K.

In connection with Mr. Evans' appointment to Chief Operating Officer, he entered into a new employment agreement with HoldCo, to be effective as of January 2, 2022. The Committee also approved the terms of Mr. Evans' new employment agreement and, in its capacity as the administering body of the Company's 1999 Stock Incentive Plan, the stock option grant described therein.

Mr. Evans' new employment agreement is an "at-will" agreement that supersedes and replaces the employment agreement entered into by HoldCo and Mr. Evans as of January 3, 2021.

The employment agreement provides that, for as long as he remains employed by HoldCo, Mr. Evans will receive a base salary as follows: (a) at an annual rate of \$661,000 effective as of January 2, 2022, (b) at an annual rate of \$674,220 effective as of January 1, 2023, and (c) at an annual rate of \$687,704 effective as of January 1, 2024 and continuing through December 31, 2024.

In addition to his annual base salary, Mr. Evans will be eligible to receive the following:

- (i) Two (2) quarterly incentive bonuses in the amount of \$8,500 each for every quarter that there is: (a) achievement of the revenue budget (as set by the Company's management) by the Company's non-broadcast media businesses for which Mr. Evans has responsibility, excluding Regnery Publishing (the "Non-Broadcast Division"); and (b) achievement of the EBITDA budget (as set by the Company's management) by the Company's Non-Broadcast Division.
- (ii) Two (2) annual incentive bonuses in the amount of \$6,800 each for the following: (a) achievement of the revenue budget (as set by the Company's management) by the Company's Regnery Publishing business unit ("Regnery"); and (b) achievement of the EBITDA budget (as set by the Company's management) by Regnery.
- (iii) An annual award of twenty-five thousand dollars (\$25,000) payable in restricted shares of the Company's Class A common stock vesting twenty-four (24) months after the grant by the Company only if all of the following occur: (a) the combined annual revenue of the Non-Broadcast Division and Regnery exceeds the combined annual revenue budget of the Non-Broadcast Division and Regnery as set by the Company's management by no less than \$500,000; (b) the combined annual revenue of the Non-Broadcast Division and Regnery exceeds the prior year combined revenue of the Non-Broadcast Division and Regnery by no less than 5%; (c) the combined annual EBITDA of the Non-Broadcast Division and Regnery exceeds the annual EBITDA budget of the Non-Broadcast Division and Regnery as set by the Company's management by no less than \$500,000; and (d) the combined annual EBITDA of the Non-Broadcast Division and Regnery exceeds the prior year combined EBITDA of the Non-Broadcast Division and Regnery as set by the Company's management by no less than 7.5%.
- (iv) For all of the incentives outlined above, revenue and EBITDA budgets will be prorated and adjusted for acquisitions or dispositions of the Non-Broadcast Division and Regnery that occur during the applicable time period, before incentive-based compensation is calculated. For purposes of determining the amount of any incentive-based compensation, prior year revenue and prior year EBITDA shall be prorated and adjusted in amounts consistent with the revenue and EBITDA budget adjustments for acquisitions and dispositions.

(v) If Mr. Evans earns the annual \$25,000 incentive, the number of restricted shares of the Company's Class A common stock awarded shall be calculated by dividing \$25,000 by the closing price of the restricted stock on the last business day of the applicable year in which the annual restricted stock award was earned, rounded to the nearest whole share.

In addition to his base salary, Mr. Evans will receive options to purchase 50,000 shares of the Company's Class A common stock that will vest equally over four years at 12,500 shares per year, beginning on January 1, 2025, and they shall terminate if not previously exercised three years after they vest. He will also be eligible for an annual merit bonus in an amount to be determined at the discretion of the Company's Board.

Additional benefits under Mr. Evans' employment agreement include reimbursement from Holdco for the following: (1) maintenance of Mr. Evans' CPA and Chartered Accountant License; and (2) life insurance on Mr. Evans' life up to a maximum amount of \$3,500 per year grossed up to cover applicable statutory withholdings and income taxes.

Mr. Evans' employment agreement generally provides that if his employment is terminated without "Cause" (as defined in the employment agreement), Mr. Evans shall receive as severance an amount equal to his then base salary for six (6) months, less standard withholdings for tax and social security purposes. Additionally, if Mr. Evans dies prior to the expiration of the Term (as defined in the employment agreement) of the employment agreement or if there is a Change in Control (as defined in the employment agreement), any unvested or time-vested stock options previously granted to Mr. Evans shall become immediately one hundred percent (100%) vested as of the date of death or Change in Control.

Mr. Evans' employment agreement is filed herewith as Exhibit 10.3 and is incorporated herein by reference into this Item 5.02.

Stuart W. Epperson, Jr.

There are no arrangements or understandings between Mr. Epperson, Jr. and any other person pursuant to which Mr. Epperson, Jr. was appointed as a member of the Board. Mr. Epperson, Jr. is the nephew of Mr. Atsinger, who will be the Company's Executive Chairman, and the son of Mr. Epperson, who will be the Company's Chairman Emeritus. Mr. Epperson, Jr. has not been involved in any related person transactions with the Company that would require disclosure under Item 404(a) of SEC Regulation S-K.

Item 9.01 Financial Statements and Exhibits

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

<u>Exhibit No.</u>	<u>Description</u>
10.1	<u>Employment Agreement between Salem Communications Holding Corporation and Edward G. Atsinger III, effective as of January 2, 2022.</u>
10.2	<u>Memorandum of Terms of Employment between Salem Communications Holding Corporation and David Santrella, effective as of January 2, 2022.</u>
10.3	<u>Memorandum of Terms of Employment between Salem Communications Holding Corporation and David Evans, effective as of January 2, 2022.</u>
99.1	<u>Press Release of the Company dated December 20, 2021.</u>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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.

Date: December 20, 2021

SALEM MEDIA GROUP, INC.

By: /s/ EVAN D. MASYR

Evan D. Masyr

Executive Vice President & Chief Financial Officer

EMPLOYMENT AGREEMENT

This Employment Agreement (the “**Agreement**”) is entered into as of January 2, 2022, by and between **Edward G. Atsinger III**, an individual (“**Executive**”), and **Salem Communications Holding Corporation**, a Delaware corporation (the “**Company**”).

RECITALS

WHEREAS, the Executive and the Company are parties to an employment agreement, dated July 1, 2019, as amended on May 11, 2020 (collectively the “**Old Employment Agreement**”);

WHEREAS, the Executive and the Company wish to terminate the Old Employment Agreement, effective as of midnight on January 1, 2022;

WHEREAS, the Company desires to employ Executive in the capacity of Executive Chairman of Salem Media Group, Inc., the parent entity of the Company (“SMG”) on the terms and conditions set forth herein; and

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

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

1. Employment by the Company and Term

(a) **Duties.** Subject to the terms set forth herein, the Company agrees to employ Executive as Executive Chairman and Executive hereby accepts such employment. As Executive Chairman, Executive shall have responsibility for leadership of the Board of Directors of SMG (the “**Board**”) along with overseeing the day-to-day operations of SMG, and shall have the authority, functions, duties, powers and responsibilities for Executive’s corporate offices and positions which are set forth in SMG’s Bylaws from time to time in effect and such other authority, functions, duties, powers and responsibilities as the may from time to time prescribe or delegate to Executive, in all cases to be consistent with SMG’s corporate offices and positions. Notwithstanding the foregoing, the Board may change Executive’s title, corporate office, positions, authority, functions, duties, powers and responsibilities from time to time if it, in its sole discretion, believes such change(s) to be in the best interest of the Company, provided that in no event shall Executive’s status be of lesser stature than as Executive Chairman.

(b) **Full Time and Best Efforts.** During the Term, Executive shall apply, on a full-time basis, all of his skill and experience to the performance of his duties hereunder and shall not, without the prior consent of the Board, devote substantial amounts of time to outside business activities. The performance of Executive’s duties shall be in Camarillo, California,

subject to reasonable travel as the performance of his duties in the business may require. Notwithstanding the foregoing, Executive may devote a reasonable amount of his time to civic, community, charitable or passive investment activities and may devote up to 600 hours per year in the management and operation of his aircraft charter and fixed based operator company (the “**FBO**”).

(c) Company Policies. The employment relationship between the parties shall be governed by the general employment policies and practices of the Company SMG, including without limitation the policies described in Section 9 of this Agreement, except that when the terms of this Agreement differ from or are in conflict with the Company’s or SMG’s general employment policies or practices, this Agreement shall control.

(d) Term. Executive’s term of employment under this Agreement shall commence as of the date hereof (the “**Effective Date**”) and, subject to the terms hereof, shall terminate on such date (the “**Termination Date**”) that is the earlier of: (1) December 31, 2024, or (2) the termination of Executive’s employment pursuant to Section 4 of this Agreement. The period from the Effective Date until the Termination Date shall be defined herein as the “**Term**.”

2. Compensation and Benefits.

(a) Salary. Executive shall receive for services to be rendered hereunder an annual base salary (the “**Base Salary**”) of One Million Dollars (\$1,000,000).

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

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

(1) Automobile Allowance. The Company shall provide Executive, at no cost to Executive, the use of a Company-owned or Company-leased vehicle of a cost and quality reasonably acceptable to the Company but, in any event, equal to or exceeding the cost and quality of the vehicle presently used by Executive. The Company shall pay, or reimburse Executive for, all costs associated with operating, maintaining and insuring such automobile, provided such costs are itemized and presented to the Company in writing and in a form as then prescribed by the Company in its policies for the reimbursement of employee business expenses;

(2) Intentionally Left Blank.

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

(4) Regulatory Filings/Fees Associated with Option Exercises and Stock Issuances. In the event Executive is required to make regulatory filings as a result of his receipt of Stock pursuant to Section 2(a) or the exercise of options granted him by the Company for the purchase of stock of SMG, the Company shall pay the cost of such filings, including any filing fee. The benefits provided in this Section 2(c)(4) shall include full reimbursement for any income and employment taxes applicable to such benefits;

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

(6) Supplemental Health Benefit. In addition to the group medical, dental and vision insurance provided by the Company, the Company shall reimburse Executive for one hundred percent (100%) of the costs of all medical expenses for Executive, including any vision, health or dental expenses incurred by Executive, that are not covered under the Company's medical benefits programs. The Company shall also reimburse Executive for one hundred percent (100%) of the costs of travel related to Executive's procurement of medical care in accordance with Executive's normal standard of travel. The benefits provided in this Section 2(c)(6) shall include full reimbursement for any income and employment taxes applicable to such benefits.

3. Bonuses.

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

4. Termination of Employment.

(a) Termination For Cause.

(1) Termination; Payment of Accrued Amounts. The Board may terminate Executive's employment with the Company at any time for Cause, immediately upon notice to Executive of the circumstances leading to such termination for Cause. In the event that Executive's employment is terminated for Cause, Executive shall receive payment for all (i) accrued salary and bonus less standard withholdings for tax and social security purposes, payable, in the case of a bonus, upon such date or over such period of time which is in accordance with the applicable bonus plan, (ii) reimbursement under this Agreement for expenses incurred prior to the termination of employment; (iii) payment for any earned but unused vacation days, in each case, through the Termination Date (collectively, the "**Accrued Amounts**"), which in this event shall be the date upon which notice of termination is given. The Company shall have no further obligation to pay severance of any kind nor to make any payment in lieu of notice in the event that the Executive is terminated for Cause.

(2) Definition of Cause. For the purposes of this Agreement, "**Cause**" shall mean, without limitation, the following: (A) continued and substantiated gross neglect, malfeasance or gross insubordination in performing duties assigned to Executive; (B) a conviction for a crime involving moral turpitude; (C) an egregious act of dishonesty (including without limitation theft or embezzlement) in connection with employment, or a malicious action by Executive toward SMG, Company, or their affiliates or related entities (together with SMG, collectively "**Affiliates**"), in each case, which results in material harm to SMG, Company or their Affiliates; (D) a material violation of the provisions of Section 6(a) hereof; (E) a willful and material breach of this Agreement; (F) an act of disloyalty which results in material harm to SMG, Company or their Affiliates; and (G) material, repeated and substantiated failure to carry out reasonably assigned duties or instructions consistent with Executive's position; provided that, with respect to the actions, events or conditions described in clauses (A), (D), (E) and (G) above, any termination by the Company shall be presumed to be other than for Cause unless (1) the Company provides written notice to the Executive of the applicable action, event or condition allegedly constituting Cause (which notice shall specify in reasonable detail the particulars of such action, event or condition), and (2) if such condition can be remedied, the Executive fails to cure, rescind or otherwise remedy the applicable action, event or condition described in such written notice within ten (10) days after delivery of such written notice (or such longer period as the Company may agree in writing). Subject to the Executive's cure of such event constituting Cause, the termination for Cause shall be effective on the date determined by the Board. Notwithstanding the foregoing, any termination of the Executive for Cause shall be made by the Company within 60 days after the Board becomes aware of the occurrence of the event constituting the basis for such termination, as extended for any applicable cure period. Upon expiration of such 60-day period and any applicable cure period, Executive shall not be terminated for Cause on the basis of such event.

(b) Termination by Executive for Good Reason. Executive shall have the right, at his election, to terminate his employment with the Company by notice to the Company for Good Reason. For purposes hereof, "**Good Reason**" shall mean: (1) any failure by the Company to perform a material condition or covenant of this Agreement, (2) if the Company materially reduces or diminishes Executive's powers and responsibilities hereunder or (3) without the Executive's prior written consent, the Company requires the Executive to relocate to a facility or location more than thirty (30) miles away from the location at which the Executive was working immediately prior to the required relocation; provided, however, that a termination under clauses (1) and (2) of this Section 4(b) shall not be effective until Executive shall have

given notice to the Company specifying the claimed breach and, provided such breach is curable, Company fails to correct the claimed breach within 30 days after the receipt of the applicable notice or such longer term as may be reasonably required by the Company due to the nature of the claimed breach (but within 10 days if the failure to perform is a failure to pay monies when due under the terms of this Agreement). In the event that the Executive terminates his employment for Good Reason as provided above, then the Executive will be entitled to receive the same amounts as are set forth in Section 4(d), as if the Executive were terminated without Cause.

(c) Termination Upon Disability. The Company may terminate Executive's employment in the event Executive suffers any mental or physical impairment which prevents Executive at any time during the Term from performing the essential functions of his full duties for a period of 180 days within any 270 day period and Executive thereafter fails to return to work within 10 days of notice by the Company of intention to terminate ("**Disability**"). After the Termination Date, which in the event of a Disability shall be the date upon which notice of termination is given, no further compensation shall be payable under this Agreement except that Executive shall receive the Accrued Amounts, plus severance equal to 100% of his then Base Salary for 15 months without offset for any disability payments Executive may receive, payable in equal monthly installments. After the Termination Date following a Disability, any then unvested or time-vested stock options previously granted to Executive by the Company shall become immediately one hundred percent (100%) vested and any restrictions on the Stock the Executive receives under Section 2(a) shall lapse immediately.

(d) Termination Without Cause. In the event that, during the Term, Executive's employment is terminated by the Company (i) other than pursuant to Section 4(a) or 4(c), or (ii) by Executive pursuant to Section 4(b), the Company shall pay Executive the Accrued Amounts, plus severance equal to 100% of his then Base Salary for the longer of six (6) months or the remainder of the Term, payable in equal installments over six consecutive months, or, if longer, the number of months remaining in the Term, commencing immediately following termination, in monthly pro rata payments commencing as of the Termination Date and any then unvested or time-vested stock options previously granted to Executive by the Company shall become immediately one hundred percent (100%) vested and any restrictions on the Stock the Executive receives under Section 2(a) shall lapse immediately.

(e) Benefits Upon Termination. All benefits provided under Section 2(b) hereof shall be extended at the Executive's cost, to the extent permitted by the Company's insurance policies and benefit plans, for six months after Executive's Termination Date, except (a) as required by law (e.g. COBRA health insurance continuation election), (b) in the event of a termination by the Company pursuant to Section 4(a), or (c) as provided in Section 4(f) below.

(f) Termination Upon Death. If Executive dies prior to the expiration of the Term, the Company shall (1) continue coverage of Executive's dependents (if any) under all applicable benefit plans or programs of the type listed above in Section 2(b) herein for a period of 12 months to the extent permitted by the Company's insurance policies and benefit plans, and (2) pay to Executive's estate the Accrued Amounts. After the Termination Date, which in this event shall be the date of Executive's death, any then unvested or time-vested stock options previously granted to Executive by the Company shall become immediately one hundred percent (100%) vested and any restrictions on the Stock the Executive receives under Section 2(a) shall lapse immediately.

(g) No Offset. Executive shall have no duty to mitigate any of his damages or losses and the Company shall not be entitled to reduce or offset any payments owed to Executive hereunder for any reason.

5. Right of First Refusal on Corporate Opportunities.

During the Term, Executive agrees that he shall, prior to exploiting a Corporate Opportunity (hereafter defined) for his own account or for the benefit of an immediate family member's account, offer the Company a right of first refusal with respect to such Corporate Opportunity. For purposes of this Section 5, "Corporate Opportunity" shall mean any business opportunity that is in the same or a related business as any of the businesses in which the Company or any of its Affiliates is involved; provided that "Corporate Opportunity" shall not include any business opportunity that is in the same or a related business as any of the businesses in which the FBO is involved. The determination as to whether a business opportunity constitutes a Corporate Opportunity shall be made by the Nominating and Corporate Governance Committee of SMG or a majority of the disinterested and independent members of the Board, and their determination shall be based on an evaluation of: (a) the extent to which the Corporate Opportunity is within the Company's or any of its Affiliates' existing lines of business or its existing plans to expand; (b) the extent to which the Corporate Opportunity supplements the Company's or any of its Affiliates' existing lines of activity or complements the Company's or any of its Affiliates' existing methods of service; (c) whether the Company has available resources that can be utilized in connection with the Corporate Opportunity; (d) whether the Company is legally or contractually barred from utilizing the Corporate Opportunity; (e) the extent to which utilization of the Corporate Opportunity by Executive would create conflicts of interest with the Company or any of its Affiliates; and (f) any other factors the Nominating and Corporate Governance Committee or such disinterested and independent Board members deem(s) appropriate under the circumstances in their reasonable discretion.

6. Executive's Obligations.

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

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

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

(b) Work For Hire.

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

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

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

(c) Return of Property. All documents, data, recordings, equipment or other property, whether tangible or intangible, including all information stored in electronic form, obtained or prepared by or for Executive and utilized by Executive in the course of Executive's employment with Company or any of its Affiliates shall remain the exclusive property of Company and shall not be removed from the premises of the Company under any circumstances

whatsoever without the prior written consent of the Company, except when (and only for the period) necessary to carry out Executive's duties hereunder, and if removed shall be immediately returned to the Company upon any termination of his employment and no copies thereof shall be kept by Executive; provided, however, that Executive shall be entitled to retain documents reasonably related to his prior interest as a shareholder. Upon termination of employment, Executive shall promptly return all of property of the Company or any of its Affiliates.

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

7. Noninterference.

While employed by the Company and for a period of two years thereafter, Executive agrees not to interfere with the business of the Company by directly or indirectly soliciting, attempting to solicit, inducing, or otherwise causing any executive or material employee of the Company or any of its Affiliates to terminate his or her employment in order to become an employee, consultant or independent contractor to or for any other Company; provided, that, Executive shall not be deemed to have breached his obligations under this Section 7 in cases where (i) he makes a general job posting that is not directed at any executive or material employee of the Company or any of its Affiliates; or (ii) he engages a recruiter or executive search firm who has not been directed to any executive or material employee of the Company or any of its Affiliates.

8. Remedies.

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

9. Personal Conduct.

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

10. Indemnification.

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

11. Miscellaneous.

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

To the Company:

Salem Communications Holding Corporation
6400 Beltline Road
Irving, TX 75063
Attention: Christopher J. Henderson, Executive Vice President

To Executive:

Edward G. Atsinger III
Salem Communications Holding Corporation
6400 Beltline Road
Irving, TX 75063

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

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

(c) Entire Agreement. This document constitutes the final, complete, and exclusive embodiment of the entire agreement and understanding between the parties related to the subject matter hereof and supersedes and preempts any prior or contemporaneous understandings, agreements, or representations by or between the parties, written or oral. Without limiting the generality of the foregoing, except as provided in this Agreement, all understandings and agreements, written or oral, relating to the employment of Executive by the Company or the payment of any compensation or the provision of any benefit in connection therewith or otherwise, are hereby terminated and shall be of no further force and effect.

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

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

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

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

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

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

(j) Integration. This Agreement comprises the entire understanding of the parties with respect to the subject matter and shall supersede all other prior written or oral agreements, including without limitation the Old Employment Agreement.

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

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

“EXECUTIVE”

Edward G. Atsinger III

“COMPANY”

SALEM COMMUNICATIONS HOLDING
CORPORATION

By: _____
Christopher J. Henderson
Executive Vice President

I hereby certify that the terms and conditions of this Employment Agreement have been reviewed and approved by the Compensation Committee of Salem Media Group, Inc.

Date: _____, 2021

Rich Riddle
Chairman of the Compensation Committee,
Salem Media Group, Inc.

MEMORANDUM OF TERMS OF EMPLOYMENT

THIS MEMORANDUM OF TERMS OF EMPLOYMENT (“Memorandum”) is made and entered into effective as of January 2, 2022, by and between Salem Communications Holding Corporation (hereinafter referred to as “Employer”), and David Santrella (hereinafter referred to as “Executive”), upon the following terms and conditions:

RECITALS

WHEREAS, Employer is a wholly owned subsidiary of Salem Media Group, Inc. (“SMG”);

WHEREAS, Executive holds the position of *President – Broadcast Media* of Employer and, in such capacity, has provided day-to-day senior management advice as well as strategic business advice to SMG and its subsidiaries (collectively, “Salem”), all pursuant to an Employment Agreement dated as of January 3, 2021 (the “Old Employment Agreement”);

WHEREAS, the Executive and Employer wish to terminate the Old Employment Agreement and any other prior agreement relating to his employment, effective as of midnight on January 1, 2022 and employ Executive pursuant to the terms of this Agreement effective as of the date of this Agreement;

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

1. EXECUTIVE’S RESPONSIBILITIES. Executive agrees to devote his entire business time, attention and energies to the business of Employer, including Salem. Executive also agrees to perform all services hereunder in a manner loyal and faithful to Employer. Executive’s title shall be *Chief Executive Officer* of SMG reporting directly to the Executive Chairman of SMG. As *Chief Executive Officer*, Executive shall have the authority, functions, duties, powers and responsibilities which are set forth in the SMG’s Bylaws from time to time in effect and such other authority, functions, duties, powers and responsibilities as the Executive Chairman or Board of Directors of SMG may assign to Executive. With the written consent of the Executive Chairman, Executive may accept paid board or trustee positions for other entities and may accept fees for public speaking and published writings. Executive may reasonably participate as a member in community, civic, and similar organizations and may pursue personal investments that do not interfere with the normal business activities of Salem. The performance of Executive’s duties shall be primarily in Camarillo, California, subject to reasonable travel as the performance of his duties in the business may require.

2. TERM. Executive’s employment with the Employer is voluntarily entered into, and Executive is free to resign at any time. It is understood that this Memorandum shall not create a contract for any specific term, expressed or implied, of employment. *The relationship of the Employer to Executive shall be one of voluntary employment “at will,” with no definite period*

*of employment, regardless of the date or method of payment of wages or salary. **The relationship may be terminated by either Executive or Employer at any time, with or without cause and with or without prior notice.** Subject to the foregoing, the period of time from the effective date this Memorandum is entered into (“Commencement Date”) until the date it terminates (“Termination Date”) shall be referred to herein as the “Initial Term.” Notwithstanding any other provision in this Section 2, this Memorandum may become a Fixed Term agreement as defined in, and pursuant to, Section 4.3A below. The *Initial Term* and the *Fixed Term* shall be referred to collectively hereinafter as *the Term*.*

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

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

- A. From January 2, 2022 to December 31, 2022, Six HundredSixty-One Thousand Dollars (\$661,000); and
- B. From January 1, 2023 to December 31, 2023, Six Hundred Seventy-Four Thousand, Two Hundred and Twenty Dollars (\$674,220); and
- C. From January 1, 2024 to December 31, 2024, Six Hundred Eighty-Seven Thousand, Seven Hundred and Four Dollars (\$687,704).

3.2 **Benefits.** Executive may be eligible to participate in certain benefit plans that are available to qualified Executives of Employer from time-to-time. The availability and terms of such benefits shall be set by the Board of Directors and may change fromtime-to-time or be discontinued in their entirety at the sole discretion of Employer. Executive shall be entitled to benefits only in accordance with the terms and conditions of such plans as they may be enumerated or changed from time-to-time. Executive shall also participate in all fringe benefits offered by Employer to any of its senior executives. The availability and terms of such benefit plans shall be set by the Board of Directors of SMG, or its designated committee, and may change from time-to-time. Executive shall be required to comply with all conditions attendant to coverage by the benefit plans hereunder and shall be entitled to benefits only in accordance with the terms and conditions of such plans as they may be enumerated from time to time.

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

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

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

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

3.7 Stock Option Grant. Effective January 2, 2022 ("Grant Date"), Executive shall receive the grant of an option ("Options") to purchase Fifty Thousand (50,000) shares of SMG's Class A Common stock ("Shares"). The purchase price for the Options will be the fair market value of the Shares at the close of business on the Grant Date, and the Options shall vest equally over 4 years at 12,500 Shares per year, beginning on January 1, 2025, and they shall terminate if not previously exercised 3 years after they vest. For clarity, the first batch of Options to purchase 12,500 Shares will vest on January 1, 2025, and will terminate if not previously exercised on December 31, 2028.

4. TERMINATION OF EMPLOYMENT.

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

4.2 Definition of Cause. For the purposes of this Memorandum, "Cause" shall mean, without limitation, the following: (A) the death of Executive; (B) any mental or physical impairment which prevents Executive at any time during the Term from performing the essential functions of his full duties for a period of 90 consecutive days within any 365 day period and Executive thereafter fails to return to work within 10 days of notice by Employer of intention to terminate ("Disability"); (C) continued gross neglect, malfeasance or gross insubordination in performing duties assigned to Executive, provided that Executive is given notice of alleged gross neglect, malfeasance or gross insubordination and an opportunity, of not more than thirty (30) days, to correct the alleged misconduct; (D) a conviction for a crime involving moral turpitude; (E) an egregious act of dishonesty (including without limitation theft or embezzlement) in connection with employment; (F) a material breach of this Memorandum consistent with Executive's position, provided that Executive is given notice of alleged breach and an opportunity, of not more than thirty (30) days, to correct the alleged misconduct.

4.3 Change of Control.

A. Extension of Term. If there is an anticipated "Change of Control" (as defined below) at SMG, at Employer or at Salem during the Initial Term, on the date of, but immediately before, the operative agreement that effectuates the Change of Control becomes effective, the Term of this Memorandum as set forth in Section 2 herein shall automatically be converted to a two (2) year fixed term ("Fixed Term"). During the Fixed Term, Executive shall be compensated at an annual rate no less than the amount Executive received during the twelve (12) months prior to the Fixed Term. Within Sixty (60) days following the start of the Fixed Term, Employer and Executive shall meet and negotiate in good faith appropriate future compensation adjustments based on both the Executive's and SMG's then current performance.

B. Accelerated Vesting of Options. If Executive dies prior to the expiration of the Term, or if there is a "Change of Control" (as defined below) at SMG, Employer or Salem during the Term, any unvested or time-vested stock options previously granted to Executive by Employer shall become immediately one hundred percent (100%) vested as of the date of the death or Change in Control.

C. Change of Control Defined. For purposes of this Section 4.3, "*Change of Control*" means the occurrence of any of the following events: (i) the acquisition by any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 ("Exchange Act")), that is or becomes the "beneficial owner" (as such term is used in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the voting interests in Salem; or, (ii) Salem sells, conveys, transfers or leases (either in one transaction or a series of related transactions) all or substantially all of Salem's assets (determined on a consolidated basis) to any Person, or Salem merges or consolidates with a Person (unless the shareholders holding voting interests of Salem immediately prior to such merger or consolidation control in excess of 50% of the voting interests in the surviving Person immediately following such merger or consolidation).

4.4 Termination for Good Reason. At any time during the Fixed Term, Executive may terminate this Memorandum for Good Reason. "Good Reason" means (i) any material reduction in Executive's duties or responsibilities as in effect immediately prior thereto, or assignment of duties materially inconsistent with Executive's title and authority; (ii) any material reduction in Executive's base salary; (iii) any relocation of Executive's primary place of business by 50 miles or more; or (iv) any other material breach by Employer of any material provision of this Memorandum. Executive may terminate his service for Good Reason by delivering to Employer a notice of termination not less than 30 days prior to the termination of his service for Good Reason setting forth in reasonable detail the particular events or conditions that constitute Good Reason. Employer will then have 30 days after receipt of such notice to cure the event or condition (if susceptible to cure by the SMG). Employer will have the option to terminate Executive's duties and responsibilities prior to the expiration of such thirty-day notice period. If this Memorandum is terminated by Executive for Good Reason, Employer shall immediately pay Executive the balance of his then Base Salary through the end of the Fixed Term.

4.5 Compliance with 409A.

Notwithstanding any other provision of this Memorandum to the contrary, no severance pay or benefits to be paid or provided, if any, pursuant to this Memorandum that, when considered together with any other severance payments or separation benefits, are considered deferred compensation under Section 409A of the Internal Revenue Code of 1986, as amended, and the final regulations and any guidance promulgated thereunder ("Section 409A") (together, the "Deferred Payments") will be paid or otherwise provided until Employee has had a "separation from service" within the meaning of Section 409A. Each payment and benefit payable under this Memorandum is intended to constitute a separate payment and the right to a series of installment payments under this Memorandum shall be treated as a right to a series of separate payments. In no event shall any payment or benefit under this Memorandum that is subject to Section 409A be subject to offset by any other amount unless otherwise permitted by Section 409A. To the extent required to avoid penalty taxes under Section 409A, if any severance payment hereunder (as applicable) spans calendar years, the severance payment contemplated thereunder will be paid in the latter calendar year, regardless of when the release is executed. If and to the extent that reimbursements or other in-kind benefits under this Memorandum constitute "nonqualified deferred compensation" for purposes of Section 409A, (i) all such expenses or other reimbursements hereunder shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred, (ii) any right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, (iii) the amount of expenses eligible for reimbursement, or the in-kind benefits provided, during any taxable year will not affect the expenses eligible for reimbursement, or their-kind benefits to be provided, in any other taxable year, and (iv) any reimbursement shall be for expenses incurred during the period of time specified in this Memorandum and if no time period is specified, shall be for expenses incurred during Executive's lifetime.

If Executive is a "specified employee" within the meaning of Section 409A at the time of "separation from service" (within the meaning of Section 409A), then the Deferred Payments that would otherwise be payable within the six (6) month period following the separation from service will be paid in a lump sum on the date six (6) months and one (1) day following the date of Executive's separation from service (or the next business day if such date is not a business day). All subsequent Deferred Payments, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the

contrary, if Executive dies following separation from service, but prior to the six (6) month anniversary of separation from service, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of death and all other Deferred Payments will be payable in accordance with the payment schedule applicable to each payment or benefit.

It is the intent of this Memorandum to comply with, or be exempt from, the requirements of Section 409A so that none of the payments and benefits to be provided hereunder shall be subject to the additional tax imposed under Section 409A, and any ambiguities herein shall be interpreted to so comply. Notwithstanding the foregoing, SMG shall not be liable for and shall bear no responsibility for any penalties that may be assessed against Executive for violation of Section 409A and recommends Executive seek independent tax advice with respect to the terms of this Memorandum.

5. EXECUTIVE'S OBLIGATIONS

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

5.2 Work For Hire

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

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

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

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

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

6. PERSONAL CONDUCT. Executive agrees to promptly and faithfully comply with all present and future policies, requirements, directions, requests and rules and regulations of Employer in connection with Employer's Business, including without limitation the policies and requirements set forth in Employer's Employee Handbook. Executive further agrees to comply with all laws and regulations pertaining to Executive's employment with Employer. Executive hereby agrees not to engage in any activity that is in direct conflict with the essential interests of the Business.

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

8. MISCELLANEOUS PROVISIONS.

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

To the Employer:

Salem Communications Holding Corporation
6400 Beltline Road
Irving, TX 75063
Attention: Christopher J. Henderson

To Executive:

David Santrella
c/o Salem Media Group, Inc.
Salem Communications Holding Corporation
6400 Beltline Road
Irving, TX 75063

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

8.2 Venue: Choice of Law. Regardless of where it is signed, this Memorandum shall be deemed to be an agreement made in the city and state where Executive's principal work area or office is located ("Venue") and shall be interpreted as an agreement to be performed wholly in the State of Texas. The laws of the State of Texas shall be applied without regard to the principles of conflicts of laws.

8.3 Resolution of Disputes. Employer and Executive mutually agree to resolve any and all legal claims arising from or in any way or relating to Executive's employment with Employer through mediation or, if mediation does not resolve the claim or dispute within ten (10) days of notice demanding mediation, by binding arbitration under the Federal Arbitration Act subject to the terms and conditions provided below. Notwithstanding the foregoing, insured workers compensation claims (other than wrongful discharge claims) and claims for unemployment insurance are excluded from arbitration under this Memorandum. This Memorandum does not prevent the filing of charges with administrative agencies such as the Equal Employment Opportunity Commission, the National Labor Relations Board, or equivalent state agencies. Arbitration shall be conducted in the Venue in accordance with either of the following, at Executive's election: (a) the American Arbitration Association: Employment Rules of Procedure, or (b) the rules of procedure issued by another alternative dispute resolution service mutually acceptable to Executive and Employer. Any award issued in accordance with this Section 8.3 shall be rendered as a judgment in any trial court having competent jurisdiction. Employer shall pay the arbitration fees and expenses, less any filing fee amount that Executive would otherwise have to pay to pursue a comparable lawsuit in a United States district court or state court in the jurisdiction where the dispute arises, whichever is less. All other rights, remedies, exhaustion requirements, statutes of limitation and defenses applicable to claims asserted in a court of law will apply in the arbitration. Executive expressly waives any presumption or rule, if any, which requires this Memorandum to be construed against Employer.

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

8.5 Integration. This Memorandum comprises the entire understanding of the parties with respect to the subject matter and shall supersede all other prior written or oral agreements, including without limitation that certain employment agreement entered into by and between Employer and Executive and effective as of January 3, 2021.

8.6 Amendments and Waivers. No term or provision of this Memorandum may be amended, waived, discharged or terminated orally but only by an instrument in writing signed by the party against whom the enforcement of such amendment, waiver, discharge or termination is sought. Any waiver shall be effective only in accordance with its express terms and conditions.

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

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

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum effective as of January 2, 2022.

ACCEPTED AND AGREED:

"Executive:"

David Santrella

"Employer:"

Salem Communications Holding Corporation

By: _____

Edward G. Atsinger, III
Executive Chairman
Salem Media Group, Inc.

I hereby certify that the terms and conditions of this Memorandum have been reviewed and approved by the Compensation Committee of Salem Media Group, Inc.

Effective Date: _____

Richard A. Riddle
Chairman of the Compensation Committee,
Salem Media Group, Inc.

MEMORANDUM OF TERMS OF EMPLOYMENT

THIS MEMORANDUM OF TERMS OF EMPLOYMENT (“Memorandum”), is made and entered into effective as of January 2, 2022, by and between Salem Communications Holding Corporation (hereinafter referred to as “Employer”), and David A.R. Evans (hereinafter referred to as “Executive”), upon the following terms and conditions:

RECITALS

WHEREAS, Employer is a wholly owned subsidiary of Salem Media Group, Inc. (“SMG”);

WHEREAS, Executive currently holds the position of *President – New Media* of Employer and, in such capacity, has provided day-to-day senior management advice as well as strategic business advice to SMG and its subsidiaries (collectively, “Salem”), all pursuant to an Employment Agreement dated as of January 3, 2021 (the “Old Employment Agreement”);

WHEREAS, the Executive and Employer wish to terminate the Old Employment Agreement and any other prior agreement relating to his employment, effective as of midnight on January 1, 2022 and employ Executive pursuant to the terms of this Agreement effective as of the date of this Agreement;

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

1. EXECUTIVE’S RESPONSIBILITIES. Executive agrees to devote his entire business time, attention and energies to the business of Employer, including Salem. Executive also agrees to perform all services hereunder in a manner loyal and faithful to Employer. Executive’s title shall be *Chief Operating Officer* of SMG reporting directly to the Executive Chairman of SMG. As *Chief Operating Officer*, Executive shall have the authority, functions, duties, powers and responsibilities which are set forth in the SMG’s Bylaws from time to time in effect and such other authority, functions, duties, powers and responsibilities as the Executive Chairman or Board of Directors of SMG may assign to Executive. With the written consent of the Executive Chairman, Executive may accept paid board or trustee positions for other entities and may accept fees for public speaking and published writings. Executive may reasonably participate as a member in community, civic, and similar organizations and may pursue personal investments that do not interfere with the normal business activities of Salem. The performance of Executive’s duties shall be primarily in Camarillo, California, subject to reasonable travel as the performance of his duties in the business may require.

2. **TERM.** Executive's employment with the Employer is voluntarily entered into, and Executive is free to resign at any time. It is understood that this Memorandum shall not create a contract for any specific term, expressed or implied, of employment. *The relationship of the Employer to Executive shall be one of voluntary employment "at will," with no definite period of employment, regardless of the date or method of payment of wages or salary. The relationship may be terminated by either Executive or Employer at any time, with or without cause and with or without prior notice.* Subject to the foregoing, the period of time from the effective date this Memorandum is entered into ("Commencement Date") until the date it terminates ("Termination Date") shall be referred to herein as the "Initial Term." Notwithstanding any other provision in this Section 2, this Memorandum may become a Fixed Term agreement as defined in, and pursuant to, Section 4.3A below. The *Initial Term* and the *Fixed Term* shall be referred to collectively hereinafter as *the Term*.

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

3.1 **Annual Base Salary.** Executive's annual base salary ("Base Salary") shall be at the annual rate as follows:

- A. From January 2, 2022 to December 31, 2022, Six HundredSixty-One Thousand Dollars (\$661,000); and
- B. From January 1, 2023 to December 31, 2023, Six Hundred Seventy-Four Thousand, Two Hundred and Twenty Dollars (\$674,220); and
- C. From January 1, 2024 to December 31, 2024, Six Hundred Eighty-Seven Thousand, Seven Hundred and Four Dollars (\$687,704).

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

A. **Revenue Budget Incentive.** Executive shall be eligible for compensation of Eight Thousand Five Hundred Dollars (\$8,500) for each quarter Employer's Non-Broadcast Media Businesses for which Executive has responsibility, excluding Regnery (the"Non-Broadcast Division"), meets or exceeds the Revenue Budget set for the Non-Broadcast Division for the applicable quarter; and,

B. **EBITDA Budget Incentive.** Executive shall be eligible for compensation of Eight Thousand Five Hundred Dollars (\$8,500) for each quarter the Non-Broadcast Division meets or exceeds the EBITDA Budget set for theNon-Broadcast Division for the applicable quarter.

C. Regnery Incentives. Executive shall be eligible for compensation of Six Thousand Eight Hundred Dollars (\$6,800) for each year the Regnery business unit meets or exceeds the Revenue Budget set for the Regnery business unit for the applicable year, and Six Thousand Eight Hundred Dollars (\$6,800) for each year the Regnery business unit meets or exceeds the EBITDA Budget set for the Regnery business unit for the applicable year.

D. Annual Restricted Stock Incentive. Executive shall be eligible for annual compensation of Twenty-Five Thousand Dollars (\$25,000) payable in shares of Salem restricted Class A stock that vest Twenty-Four (24) months after being granted (“Restricted Stock”) if all of the following occur:

- i. Non-Broadcast Division and Regnery combined annual Revenue exceeds the applicable Non-Broadcast Division and Regnery combined annual Revenue Budget by no less than \$500,000; and,
- ii. Non-Broadcast Division and Regnery combined annual Revenue exceeds the applicable prior year Non-Broadcast Division and Regnery combined annual Revenue by no less than 5%; and,
- iii. Non-Broadcast Division and Regnery combined annual EBITDA exceeds the applicable Non-Broadcast Division and Regnery combined annual EBITDA Budget by no less than \$500,000; and,
- iv. Non-Broadcast Division and Regnery combined annual EBITDA exceeds the applicable prior year Non-Broadcast Division and Regnery combined annual EBITDA by no less than 7.5%.

3.3. Method of Calculation. The number of shares of Restricted Stock awarded shall be calculated by dividing \$25,000 by the closing price of the Restricted Stock on the last business day of the applicable year in which the Annual Restricted Stock Incentive was earned, rounded up to the nearest whole share. For purposes of determining the amount of any incentive-based compensation, Revenue and EBITDA shall be calculated in a manner consistent with generally accepted accounting principles (GAAP) and in a manner consistent with Salem Media Group’s (“Salem”) financial statements, as publicly reported from time-to-time. The amount of any incentive-based compensation, as set forth in Section 3 hereof, is not earned by Executive or payable by Employer until the date of its calculation by Employer, which calculation shall occur within sixty (60) days following the end of the applicable period for which the compensation is based.

3.4. Adjustments for Acquisitions or Dispositions. For purposes of determining the amount of any incentive-based compensation as set forth in Section 3.2 herein, Revenue and EBITDA Budgets shall be prorated and adjusted for acquisitions or dispositions that occur during the applicable time period, before incentive-based compensation is calculated. For purposes of determining the amount of any incentive-based compensation as set forth in Section 3.2(iv) herein, prior year Revenue and prior year EBITDA shall be prorated and adjusted in amounts consistent with the Revenue and EBITDA budget adjustments for acquisitions and dispositions.

3.5 Benefits. Executive may be eligible to participate in certain benefit plans that are available to qualified Executives of Employer from time-to-time. The availability and terms of such benefits shall be set by the Board of Directors and may change from time-to-time or be discontinued in their entirety at the sole discretion of Employer. Executive shall be entitled to benefits only in accordance with the terms and conditions of such plans as they may be enumerated or changed from time-to-time. Executive shall also participate in all fringe benefits offered by Employer to any of its senior executives. The availability and terms of such benefit plans shall be set by the Board of Directors of SMG, or its designated committee, and may change from time-to-time. Executive shall be required to comply with all conditions attendant to coverage by the benefit plans hereunder and shall be entitled to benefits only in accordance with the terms and conditions of such plans as they may be enumerated from time to time.

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

3.7 Professional License Fees. Employer will pay the reasonable expenses associated with maintaining Executive's CPA and Chartered Accountant License as well as the reasonable expenses associated with any Continuing Professional Education required to maintain the license.

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

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

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

3.11 Stock Option Grant. Effective January 2, 2022 ("Grant Date"), Executive shall receive the grant of an option ("Options") to purchase Fifty Thousand (50,000) shares of SMG's Class A Common stock ("Shares"). The purchase price for the Options will be the fair market value of the Shares at the close of business on the Grant Date, and the Options shall vest equally over 4 years at 12,500 Shares per year, beginning on January 1, 2025, and they shall terminate if not previously exercised 3 years after they vest. For clarity, the first batch of Options to purchase 12,500 Shares will vest on January 1, 2025, and will terminate if not previously exercised on December 31, 2028.

4. TERMINATION OF EMPLOYMENT.

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

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

4.3 Change of Control.

A. Extension of Term. If there is an anticipated "Change of Control" (as defined below) at SMG, at Employer or at Salem during the Initial Term, on the date of, but immediately before, the operative agreement that effectuates the Change of Control becomes effective, the Term of this Memorandum as set forth in Section 2 herein shall automatically be converted to a two (2) year fixed term ("Fixed Term"). During the Fixed Term, Executive shall be compensated at an annual rate no less than the amount Executive received during the twelve (12) months prior to the Fixed Term. Within Sixty (60) days following the start of the Fixed Term, Employer and Executive shall meet and negotiate in good faith appropriate future compensation adjustments based on both the Executive's and SMG's then current performance.

B. Accelerated Vesting of Options. If Executive dies prior to the expiration of the Term, or if there is a "Change of Control" (as defined below) at SMG, Employer or Salem during the Term, any unvested or time-vested stock options previously granted to Executive by Employer shall become immediately one hundred percent (100%) vested as of the date of death or Change in Control.

C. Change of Control Defined. For purposes of this Section 4.3, "*Change of Control*" means the occurrence of any of the following events: (i) the acquisition by any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 ("Exchange Act")), that is or becomes the "beneficial owner" (as such term is used in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the voting interests in the Salem; or, (ii) Salem sells, conveys, transfers or leases (either in one transaction or a series of related transactions) all or substantially all of Salem's assets (determined on a consolidated basis) to any Person, or Salem merges or consolidates with a Person (unless the shareholders holding voting interests of Salem immediately prior to such merger or consolidation control in excess of 50% of the voting interests in the surviving Person immediately following such merger or consolidation).

4.4 Termination for Good Reason. At any time during the Fixed Term, Executive may terminate this Memorandum for Good Reason. "Good Reason" means (i) any material reduction in Executive's duties or responsibilities as in effect immediately prior thereto, or assignment of duties materially inconsistent with Executive's title and authority; (ii) any material reduction in Executive's base salary; (iii) any relocation of Executive's primary place of business by 50 miles or more; or (iv) any other material breach by Employer of any material provision of this Memorandum. Executive may terminate his service for Good Reason by delivering to Employer a notice of termination not less than 30 days prior to the termination of his service for Good Reason setting forth in reasonable detail the particular events or conditions that constitute Good Reason. Employer will then have 30 days after receipt of such notice to cure the event or condition (if susceptible to cure by SMG). Employer will have the option to terminate Executive's duties and responsibilities prior to the expiration of such thirty-day notice period.

If this Memorandum is terminated by Executive for Good Reason, Employer shall immediately pay Executive the balance of his then Base Salary through the end of the Fixed Term.

4.5 Compliance with 409A. Notwithstanding any other provision of this Memorandum to the contrary, no severance pay or benefits to be paid or provided, if any, pursuant to this Memorandum that, when considered together with any other severance payments or separation benefits, are considered deferred compensation under Section 409A of the Internal Revenue Code of 1986, as amended, and the final regulations and any guidance promulgated thereunder ("Section 409A") (together, the "Deferred Payments") will be paid or otherwise provided until Employee has had a "separation from service" within the meaning of Section 409A. Each payment and benefit payable under this Memorandum is intended to constitute a separate payment and the right to a series of installment payments under this Memorandum shall be treated as a right to a series of separate payments. In no event shall any payment or benefit

under this Memorandum that is subject to Section 409A be subject to offset by any other amount unless otherwise permitted by Section 409A. To the extent required to avoid penalty taxes under Section 409A, if any severance payment hereunder (as applicable) spans calendar years, the severance payment contemplated thereunder will be paid in the latter calendar year, regardless of when the release is executed. If and to the extent that reimbursements or other in-kind benefits under this Memorandum constitute "nonqualified deferred compensation" for purposes of Section 409A, (i) all such expenses or other reimbursements hereunder shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred, (ii) any right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, (iii) the amount of expenses eligible for reimbursement, or the in-kind benefits provided, during any taxable year will not affect the expenses eligible for reimbursement, or the in-kind benefits to be provided, in any other taxable year, and (iv) any reimbursement shall be for expenses incurred during the period of time specified in this Memorandum and if no time period is specified, shall be for expenses incurred during Executive's lifetime.

If Executive is a "specified employee" within the meaning of Section 409A at the time of "separation from service" (within the meaning of Section 409A), then the Deferred Payments that would otherwise be payable within the six (6) month period following the separation from service will be paid in a lump sum on the date six (6) months and one (1) day following the date of Executive's separation from service (or the next business day if such date is not a business day). All subsequent Deferred Payments, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Executive dies following separation from service, but prior to the six (6) month anniversary of separation from service, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of death and all other Deferred Payments will be payable in accordance with the payment schedule applicable to each payment or benefit.

It is the intent of this Memorandum to comply with, or be exempt from, the requirements of Section 409A so that none of the payments and benefits to be provided hereunder shall be subject to the additional tax imposed under Section 409A, and any ambiguities herein shall be interpreted to so comply. Notwithstanding the foregoing, the Employer shall not be liable for and shall bear no responsibility for any penalties that may be assessed against Executive for violation of Section 409A and recommends Executive seek independent tax advice with respect to the terms of this Memorandum.

5. EXECUTIVE'S OBLIGATIONS

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

5.2 Work For Hire.

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

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

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

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

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6. PERSONAL CONDUCT. Executive agrees to promptly and faithfully comply with all present and future policies, requirements, directions, requests and rules and regulations of Employer in connection with Employer's Business, including without limitation the policies and requirements set forth in Employer's Employee Handbook. Executive further agrees to comply with all laws and regulations pertaining to Executive's employment with Employer. Executive hereby agrees not to engage in any activity that is in direct conflict with the essential interests of the Business.

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

8. MISCELLANEOUS PROVISIONS.

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

To the Employer:

Salem Communications Holding Corporation
6400 Beltline Road
Irving, TX 75063
Attention: Christopher J. Henderson

To Executive:

David A.R. Evans
c/o Salem Media Group, Inc.
6400 Beltline Road
Irving, TX 75063

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

8.2 Venue: Choice of Law. Regardless of where it is signed, this Memorandum shall be deemed to be an agreement made in the city and state where Executive's principal work area or office is located ("Venue") and shall be interpreted as an agreement to be performed wholly in the State of Texas. The laws of the State of Texas shall be applied without regard to the principles of conflicts of laws.

8.3 Resolution of Disputes. Employer and Executive mutually agree to resolve any and all legal claims arising from or in any way or relating to Executive's employment with Employer through mediation or, if mediation does not resolve the claim or dispute within ten (10) days of notice demanding mediation, by binding arbitration under the Federal Arbitration Act subject to the terms and conditions provided below. Notwithstanding the foregoing, insured workers compensation claims (other than wrongful discharge claims) and claims for unemployment insurance are excluded from arbitration under this Memorandum. This Memorandum does not prevent the filing of charges with administrative agencies such as the Equal Employment Opportunity Commission, the National Labor Relations Board, or equivalent state agencies. Arbitration shall be conducted in the Venue in accordance with either of the following, at Executive's election: (a) the American Arbitration Association: Employment Rules of Procedure, or (b) the rules of procedure issued by another alternative dispute resolution service mutually acceptable to Executive and Employer. Any award issued in accordance with this Section 8.3 shall be rendered as a judgment in any trial court having competent jurisdiction. Employer shall pay the arbitration fees and expenses, less any filing fee amount that Executive would otherwise have to pay to pursue a comparable lawsuit in a United States district court or state court in the jurisdiction where the dispute arises, whichever is less. All other rights, remedies, exhaustion requirements, statutes of limitation and defenses applicable to claims asserted in a court of law will apply in the arbitration. Executive expressly waives any presumption or rule, if any, which requires this Memorandum to be construed against Employer.

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

8.5 Integration. This Memorandum comprises the entire understanding of the parties with respect to the subject matter and shall supersede all other prior written or oral agreements, including without limitation that certain employment agreement entered into by and between Employer and Executive and effective as of January 3, 2021.

8.6 Amendments and Waivers. No term or provision of this Memorandum may be amended, waived, discharged or terminated orally but only by an instrument in writing signed by the party against whom the enforcement of such amendment, waiver, discharge or termination is sought. Any waiver shall be effective only in accordance with its express terms and conditions.

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

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

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum effective as of January 2, 2022.

ACCEPTED AND AGREED:

“Executive:”

David A.R. Evans

“Employer:”

Salem Communications Holding Corporation

By: _____

Edward G. Atsinger, III
Executive Chairman

I hereby certify that the terms and conditions of this Memorandum have been reviewed and approved by the Compensation Committee of Salem Media Group, Inc.

Richard A. Riddle
Chairman of the Compensation Committee,
Salem Media Group, Inc.

Edward G. Atsinger III Transitions to Executive Chairman of the Board of Salem Media Group; David Santrella to Chief Executive Officer and David Evans to Chief Operating Officer

IRVING, Texas—(BUSINESS WIRE)— Salem Media Group, Inc. (NASDAQ: SALM) announced today that Edward G. Atsinger III, Salem’s current Chief Executive Officer, will transition to the newly created role of Executive Chairman of the Board of Directors effective January 1, 2022. Additionally, its Board of Directors has appointed David Santrella to become Chief Executive Officer. Currently Mr. Santrella serves as the company’s President of Broadcast Media. In addition David Evans, Salem’s current President of Digital Media and Publishing, will be promoted to the position of Chief Operating Officer. Finally, Stuart W. Epperson, Salem’s current Chairman, will resign from Salem’s Board of Directors effective January 1, 2022, transitioning to the position of Chairman Emeritus, and Stuart W. Epperson, Jr. will join the Board of Directors, filling the vacancy created by Mr. Epperson Senior’s resignation. These changes reflect the Board’s ongoing succession planning and are designed to provide leadership continuity as the company continues to execute its strategic initiatives.

Since founding Salem in 1974, Mr. Atsinger, along with his brother-in-law Mr. Epperson, has grown the company from a single radio station into America’s leading multimedia company specializing in Christian and conservative content. He has been a driving force in Salem’s mission to serve the Company’s audiences nationwide with content that is unavailable through mainstream media channels. As Executive Chairman, Mr. Atsinger will be chairman of the Board, assuming leadership of the board of directors while providing oversight and guidance to both the CEO and COO. Mr. Atsinger will continue to be engaged full-time and focus more of his attention on macro strategy and planning, M&A, external relationships, government affairs and leadership development. This will allow the company to continue to benefit from Mr. Atsinger’s decades of experience and skills.

“I am pleased to serve as Executive Chairman and to oversee the succession to the next generation of leadership of our company. I am looking forward to working with the executive team to continue Salem’s vitally important mission of serving the media needs of the audiences interested in Christian content and public policy programming with a traditional conservative focus,” said Mr. Atsinger. “With Salem well-positioned for continued growth into the future, now is the right time to take the next step in implementing our long-term leadership transition. We have a tremendously talented, deep and dedicated leadership team at Salem. David Santrella and David Evans each have played a critical role in developing and executing the strategy in place today, and I am confident they have the vision, skills, experience and capabilities necessary to provide continued leadership of Salem well into the future.”

Mr. Atsinger concluded, “Most of all, I am blessed to lead our talented and dedicated team. I am extremely proud of Salem’s employees and personalities who create and distribute the content that allows us to serve our loyal and dedicated audience of listeners, readers, and now viewers. It is this talented team that has allowed Salem to become the business it is today. Building and expanding this platform over nearly 50 years has been and will continue to be the focus of my life’s work.”

Mr. Santrella said, “I am deeply honored to have been appointed as Salem’s next CEO. I look forward to working in close partnership with David Evans to take advantage of the tremendous opportunities that exist in today’s media landscape, to further the mission of our company and to grow our business. I am blessed that I will have Ed alongside me in my new role.”

Mr. Evans said, “I am looking forward to working together with Dave and the rest of our talented leadership team as we further combine traditional media and digital media in new transformative ways. We have a substantial and passionate audience that accesses our content and brands in many ways and we’re focused on ensuring they can enjoy it and engage with us across multiple platforms.”

Mr. Epperson, who has served as Salem’s Chairman of the Board of Directors since going public, said, “Our Board of Directors has engaged in thoughtful long-term succession planning, and today’s announcement demonstrates the strength of that process as well as the depth of talent at the executive management level to drive the company’s continued growth and success. I am confident that David Santrella and David Evans are perfectly qualified to continue working with Edward and the rest of the management team to build on our success and drive Salem into the next phase of its growth.”

ABOUT SALEM MEDIA GROUP:

Salem Media Group is America’s leading multimedia company specializing in Christian and conservative content, with media properties comprising radio, digital media and book and newsletter publishing. Each day Salem serves a loyal and dedicated audience of listeners and readers numbering in the millions nationally. With its unique programming focus, Salem provides compelling content, fresh commentary and relevant information from some of the most respected figures across the Christian and conservative media landscape. Learn more about Salem Media Group, Inc. at www.salemma.com, Facebook and Twitter.

Contacts

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(805) 384-4512
evan@salemma.com

Source: Salem Media Group, Inc.

Multimedia


 Photo
Edward G. Atsinger
III (Photo: Business
Wire)

 Photo
David Santrella
(Photo: Business
Wire)

 Photo
David Evans
(Photo: Business
Wire)

 Logo

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