

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

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
AND EXCHANGE ACT OF 1934

FOR QUARTERLY PERIOD ENDED JUNE 30, 2000

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
AND EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_

COMMISSION FILE NUMBER 333-76649

SALEM COMMUNICATIONS CORPORATION  
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

<TABLE>  
<CAPTION>

<S> DELAWARE (STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	<C> 77-0121400 (I.R.S. EMPLOYER IDENTIFICATION NUMBER)
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4880 SANTA ROSA ROAD, SUITE 300 CAMARILLO, CALIFORNIA (ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	93012 (ZIP CODE)
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</TABLE>

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (805) 987-0400

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES [X] NO [ ]

As of August 1, 2000 there were 17,902,392 shares of Class A common stock and 5,553,696 shares of Class B common stock of Salem Communications Corporation outstanding.

SALEM COMMUNICATIONS CORPORATION

INDEX

<TABLE>  
<CAPTION>

	PAGE NO. -----
<S>	<C>
COVER PAGE . . . . .	1
INDEX. . . . .	2
PART I - FINANCIAL INFORMATION . . . . .	3
Item 1. Financial Statements (Unaudited) . . . . .	3
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations. . . . .	7
Item 3. Quantitative and Qualitative Disclosures About Market Risk . . . . .	12
PART II - OTHER INFORMATION. . . . .	13

Item 1. Legal Proceedings. . . . .	13
Item 2. Changes in Securities and Use of Proceeds. . . . .	13
Item 3. Defaults upon Senior Securities. . . . .	13
Item 4. Submission of Matters to a Vote of Security Holders. . . . .	13
Item 5. Other Information. . . . .	13
Item 6. Exhibits and Reports on Form 8-K . . . . .	14
SIGNATURES . . . . .	18
EXHIBIT INDEX. . . . .	19

</TABLE>

SPECIAL CAUTIONARY NOTICE REGARDING FORWARD LOOKING STATEMENTS

This report includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 which involve risks and uncertainties. All statements, other than statements of historical facts, included in this report that address activities, events or developments that Salem Communications Corporation, a Delaware corporation (the "Company"), expects or anticipates will or may occur in the future, including such things as business strategy and measures to implement strategy, competitive strengths, goals, expansion and growth of the Company's business and operations, plans, references to future success and other such matters are forward-looking statements. When used in this report, the words "anticipates," "believes," "expects," or words of similar import are intended to identify forward-looking statements. The forward-looking statements are based on certain assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate in the circumstances. However, whether actual results and developments will conform to the Company's expectations and predictions is subject to a number of risks: general economic, market or business conditions; the opportunities (or lack thereof) that may be presented to and pursued by the Company; competitive actions by other companies; changes in laws or regulations; and other factors, many of which are beyond the control of the Company. Consequently, all of the forward-looking statements made in this report are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences to or effects on the Company or its business operations. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to publish revised forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. Readers are urged to carefully review and consider the various disclosures made by the Company to advise interested parties of certain risks and other factors that may affect the Company's business and operating results, including the disclosures made under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this report.

3

PART I - FINANCIAL INFORMATION

SALEM COMMUNICATIONS CORPORATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

SALEM COMMUNICATIONS CORPORATION  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

<TABLE>  
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	DECEMBER 31 1999	JUNE 30 2000
	-----	-----
<S>	<C>	<C>
(UNAUDITED)		
ASSETS		

Current assets:		
Cash and cash equivalents . . . . .	\$ 34,124	\$ 4,432
Accounts receivable (less allowance for doubtful accounts of \$1,753 in 1999 and \$2,458 in 2000) . . . . .	17,481	17,529
Other receivables . . . . .	645	1,695
Prepaid expenses . . . . .	1,628	2,305
Due from stockholders . . . . .	905	--
Deferred income taxes . . . . .	732	1,467
	-----	-----
Total current assets . . . . .	55,515	27,428
Property, plant and equipment, net . . . . .	50,665	55,695
Intangible assets, net . . . . .	150,520	187,342
Bond issue costs . . . . .	2,750	2,573
Other assets . . . . .	4,914	3,575
	-----	-----
Total assets . . . . .	\$ 264,364	\$276,613
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable and accrued expenses . . . . .	\$ 3,856	\$ 3,992
Accrued compensation and related . . . . .	2,047	2,265
Accrued interest . . . . .	2,546	2,537
Deferred subscription revenue . . . . .	1,670	1,679
Income taxes . . . . .	148	194
Current portion of long-term debt and capital lease obligations . . . . .	3,248	301
	-----	-----
Total current liabilities . . . . .	13,515	10,968
Long-term debt and capital lease obligations, less current portion . . . . .	100,087	113,092
Deferred income taxes . . . . .	7,232	8,802
Other liabilities . . . . .	691	968
Stockholders' equity:		
Class A common stock, \$.01 par value; authorized 80,000,000 shares; issued and outstanding 17,902,392 shares . . . . .	179	179
Class B common stock, \$.01 par value; authorized 20,000,000 shares; issued and outstanding 5,553,696 shares . . . . .	56	56
Additional paid-in capital . . . . .	147,380	147,380
Retained deficit . . . . .	(4,776)	(4,832)
	-----	-----
Total stockholders' equity . . . . .	142,839	142,783
	-----	-----
Total liabilities and stockholders' equity . . . . .	\$ 264,364	\$276,613
	=====	=====

</TABLE>

See accompanying notes

SALEM COMMUNICATIONS CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)  
(UNAUDITED)

<TABLE>  
<CAPTION>

ENDED	THREE MONTHS ENDED		SIX MONTHS	
	JUNE 30		JUNE	
	1999	2000	1999	2000
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	
<C>				
Gross broadcasting revenue . . . . .	\$ 23,405	\$ 27,100	\$ 45,731	\$
51,762				
Less agency commissions . . . . .	2,007	2,282	3,908	
4,335				
	-----	-----	-----	-----

Net broadcasting revenue . . . . .	21,398	24,818	41,823	
47,427				
Other media revenue . . . . .	1,320	2,006	2,415	
3,797				
-----				
Total revenue . . . . .	22,718	26,824	44,238	
51,224				
Operating expenses:				
Broadcasting operating expenses . . . . .	10,970	13,506	22,349	
26,211				
Other media operating expenses . . . . .	1,974	3,971	3,272	
8,115				
Stock and related cash grant . . . . .	2,550	--	2,550	
Corporate expenses . . . . .	2,568	2,818	4,364	
5,272				
Depreciation and amortization (including				
\$795 and \$745 for the quarter ended June				
30, 1999 and 2000 and \$980 and \$1,239	4,745	5,399	8,856	
10,338				
for the six months ended June 30, 1999				
-----				
and 2000, for other media businesses)				
Total operating expenses . . . . .	22,807	25,694	41,391	
49,936				
-----				
Net operating income (loss) . . . . .	(89)	1,130	2,847	
1,288				
Other income (expense):				
Interest income . . . . .	24	63	49	
351				
Gain (loss) on disposal of assets . . . . .	(197)	4,408	(197)	
4,408				
Interest expense . . . . .	(4,552)	(2,699)	(8,927)	
(5,219)				
Other expense, net . . . . .	(76)	(133)	(196)	
(420)				
-----				
Income (loss) before income taxes . . . . .	(4,890)	2,769	(6,424)	
408				
Provision (benefit) for income taxes . . . . .	(1,374)	1,168	(1,600)	
464				
-----				
Net income (loss) . . . . .	\$ (3,516)	\$ 1,601	\$ (4,824)	\$
(56)				
=====				
Basic and diluted income (loss) per share . . . . .	\$ (.21)	\$ .07	\$ (.29)	\$
(.00)				
=====				
Basic and diluted weighted				
Average shares outstanding . . . . .	16,690,758	23,456,088	16,675,923	
23,456,088				
=====				

</TABLE>

See accompanying notes

SALEM COMMUNICATIONS CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(IN THOUSANDS)  
(UNAUDITED)

<TABLE>  
<CAPTION>

	SIX MONTHS ENDED JUNE 30	
	1999	2000
<S>	<C>	<C>
<b>OPERATING ACTIVITIES</b>		
Net loss	\$ (4,824)	\$ (56)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	8,856	10,338
Amortization of bond issue costs and bank loan fees	287	243
Deferred income taxes	(1,840)	96
(Gain) loss on sale of assets	197	(4,408)
Noncash stock grant	1,687	-
Changes in operating assets and liabilities:		
Accounts receivable	859	185
Prepaid expenses and other current assets	(612)	126
Accounts payable and accrued expenses	(1,721)	327
Deferred subscription revenue	(111)	9
Other liabilities	(220)	271
Income taxes	11	46
Net cash provided by operating activities	2,569	7,177
<b>INVESTING ACTIVITIES</b>		
Capital expenditures	(3,639)	(5,800)
Deposits on radio station acquisitions	(750)	(45)
Purchases of radio stations	(1,786)	(41,580)
Purchases of other media businesses	(8,372)	-
Proceeds from disposal of property, plant and equipment and intangible assets	50	400
Expenditures for tower construction project held for sale	(410)	-
Other assets	(219)	98
Net cash used in investing activities	(15,126)	(46,927)
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of long-term debt and notes payable to stockholders	18,750	13,000
Payments of long-term debt and notes payable to stockholders	(5,110)	(2,810)
Payments on capital lease obligations	(106)	(132)
Payments of stock offering costs	(748)	-
Net cash provided by financing activities	12,786	10,058
Net increase (decrease) in cash and cash equivalents	229	(29,692)
Cash and cash equivalents at beginning of period	1,917	34,124
Cash and cash equivalents at end of period	\$ 2,146	\$ 4,432
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ 8,758	\$ 4,954
Income taxes	229	322

</TABLE>

See accompanying notes

6

SALEM COMMUNICATIONS CORPORATION  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

NOTE 1. BASIS OF PRESENTATION

Information with respect to the three months and six months ended June 30, 2000 and 1999 is unaudited. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the unaudited interim financial statements contain all adjustments, consisting of normal recurring accruals, necessary for a fair presentation of the financial position, results of operations and cash flows of Salem Communications Corporation and Subsidiaries, for the periods presented. The results of operations for the interim periods are not necessarily indicative of the results of operations for the full year. For further information, refer to

the consolidated financial statements and footnotes thereto included in our annual report on Form 10-K for the year ended December 31, 1999.

NOTE 2. ACQUISITIONS AND OTHER SIGNIFICANT EVENTS

We purchased the assets (principally intangibles) of the following radio stations:

<TABLE>  
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<S>	<C>	<C>	<C>
ACQUISITION DATE	STATION	MARKET SERVED	PURCHASE PRICE
			(IN THOUSANDS)
January 4, 2000	WNIV-AM and WLTA-AM	Atlanta, GA	\$ 8,000
January 10, 2000	WABS-AM	Washington, D.C.	4,100
January 25, 2000	KJQI-FM	San Francisco, CA	8,000
February 15, 2000	KAIM-AM/FM	Honolulu, HI	1,800
February 16, 2000	KHNR-AM and KGU-AM	Honolulu, HI	1,700
April 4, 2000	WGKA-AM	Atlanta, GA	8,000
June 30, 2000	KSKY-AM	Dallas, TX	13,000
			-----
			\$ 44,600
			=====

</TABLE>

On January 18, 2000, we purchased real property in Dallas, TX, for \$885,000.

On February 25, 2000, we purchased the KIEV-AM transmitter site in Los Angeles, California, for \$2.8 million.

On March 31, 2000, we purchased all of the outstanding shares of stock of Reach Satellite Network, Inc. (RSN), for \$3.1 million. RSN owns and operates Solid Gospel, a radio broadcasting network that produces and distributes music programming to its own radio stations WBOZ-FM and WVMY-FM, Nashville, Tennessee, and to independent radio station affiliates. RSN also owns and operates SolidGospel.com, a web site on the Internet.

In March 2000, we agreed to purchase the following radio stations for \$185.6 million: KDGE-FM, Dallas, Texas, KALC-FM, Denver, Colorado, KXXM-FM and KEZY-AM, Los Angeles, California, WYGY-FM and WBOB-AM, Cincinnati, Ohio, and WRMR-AM and WKNR-AM, Cleveland, Ohio. We anticipate this purchase will close in the third quarter of 2000. In connection with this agreement we deposited a \$25 million irrevocable letter of credit with an escrow agent. Under the agreement we are subject to a liquidated damages provision. If we fail to consummate the purchase or otherwise terminates the agreement we are required to pay the seller \$21.4 million in addition to the \$25 million letter of credit, which would be disbursed to the seller.

On April 14, 2000 we sold certain software products of OnePlace for \$1.1 million. We took back a promissory note with interest at the rate of 9% per annum, compounded monthly. Both principal and interest shall be due and payable in one installment on April 14, 2001.

On June 2, 2000, we agreed to exchange radio station KKHT-FM, Houston, Texas for radio stations WALR-FM, Atlanta, Georgia, KLUP-AM, San Antonio, Texas, and WSUN-AM, Tampa, Florida. We anticipate this transaction to close in the second half of 2000.

7

NOTE 3. SUBSEQUENT EVENTS

On July 1, 2000 we sold certain assets of OnePlace for \$650,000. We received 20% of the purchase price or \$130,000 on July 12, 2000. We took back a promissory note in the amount of \$520,000 with interest at the prime rate adjusted quarterly. Both principal and interest shall be due and payable in one installment on June 30, 2005. The note is collateralized by the assets conveyed.

On July 14, 2000, we agreed to sell radio station KLTx-AM, Los Angeles, CA for approximately \$30 million. We anticipate this transaction to close in the third quarter of 2000.

NOTE 4. BASIC AND DILUTED NET LOSS PER SHARE

Basic net loss per share is computed by dividing net loss by the weighted average number of common stock shares outstanding. Diluted net loss per share is

computed by dividing net loss by the weighted average number of common stock shares and when dilutive, common stock share equivalents outstanding. Options to purchase 305,500 shares of common stock with exercise prices greater than average market prices of common stock were outstanding as of June 30, 2000. These options were excluded from the respective computations of diluted net loss per share because their effect would be anti-dilutive and, as such, basic and diluted net loss per share are the same.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### GENERAL

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements and related notes included elsewhere in this report. Our condensed consolidated financial statements are not directly comparable from period to period because of our acquisition and disposition of radio stations and our acquisition of other media businesses. See Note 2 to our condensed consolidated financial statements.

We are the largest U.S. radio broadcasting company, measured by number of stations and audience coverage, providing programming targeted at audiences interested in religious and family issues. Our core business, developed over the last 25 years, is the ownership and operation of radio stations in large metropolitan markets. After completing our pending transactions, we will own or operate 72 radio stations, including 53 stations which broadcast to 22 of the top 25 U.S. markets. We also operate Salem Radio Network, a national radio network offering syndicated talk, news and music programming to over 1,300 affiliated radio stations.

Historically, the principal sources of our revenue are:

- the sale of block program time, both to national and local program producers,
- the sale of advertising time on our radio stations, both to national and local advertisers, and
- the sale of advertising time on our national radio network.

In 1999, we expanded our sources of revenue and product offerings with the acquisition of other media businesses.

Our broadcasting revenue is affected primarily by the program rates our radio stations charge and by the advertising rates our radio stations and network charge. The rates for block program time are based upon our stations' ability to attract audiences that will support the program producers through contributions and purchases of their products. Advertising rates are based upon the demand for advertising time, which in turn is based on our stations' and network's ability to produce results for its advertisers. Historically we have not subscribed to traditional audience measuring services. Instead, we market ourselves to advertisers based upon the responsiveness of our audience. Each of our radio stations and our network have a general pre-determined level of time that they make available for block programs and/or advertising, which may vary at different times of the day.

In recent years, we have begun to place greater emphasis on the development of local advertising in all of our markets. We encourage general managers and sales managers to increase advertising revenue. We can create additional advertising revenue in a variety of ways, such as removing block programming that generates marginal audience response, adjusting the start time of programs to add advertising in more desirable time slots and increasing advertising rates.

As is typical in the radio broadcasting industry, our second and fourth quarter advertising revenue generally exceeds our first and third quarter advertising revenue. Quarterly revenue from the sale of block program time does not tend to vary, however, since program rates are generally set annually.

8

Our cash flow is affected by a transition period experienced by radio stations we have acquired when, due to the nature of the radio station, our plans for the market and other circumstances, we find it beneficial or advisable to change its format. This transition period is when we develop the radio station's program customer and listener base. During this period, these stations typically generate negative or insignificant cash flow.

In the broadcasting industry, radio stations often utilize trade or barter agreements to exchange advertising time for goods or services (such as other media advertising, travel or lodging), in lieu of cash. In order to preserve the sale of our advertising time for cash, we generally enter into trade agreements only if the goods or services bartered to us will be used in our business. We

have minimized our use of trade agreements and have generally sold most of our advertising time for cash. In 1999, we sold 92% of our advertising time for cash. In addition, it is our general policy not to preempt advertising paid for in cash with advertising paid for in trade.

The primary operating expenses incurred in the ownership and operation of our radio stations include employee salaries and commissions, and facility expenses (for example, rent and utilities). In addition to these expenses, our network incurs programming costs and lease expenses for satellite communication facilities. We also incur and will continue to incur significant depreciation, amortization and interest expense as a result of completed and future acquisitions of radio stations and existing and future borrowings.

OnePlace has earned its revenue from the (1) sales of and advertising in print and online catalogs, (2) sales of software and software support contracts, (3) sales of products, services and banner advertising on the Internet, and (4) sales of web site development services. CCM Communications, Inc. earns its revenue by selling advertising in and subscriptions to its publications. The revenue and related operating expenses of these businesses are reported as "other media" on our condensed consolidated statements of operations.

The performance of a radio broadcasting company, such as Salem, is customarily measured by the ability of its stations to generate broadcast cash flow, EBITDA and after-tax cash flow. We define broadcast cash flow as net operating income, excluding other media revenue and other media operating expenses, and before depreciation and amortization and corporate expenses. We define EBITDA as net operating income before depreciation and amortization. We define after-tax cash flow as income (loss) before extraordinary items minus gain (loss) on disposal of assets (net of income tax) plus depreciation and amortization.

Although broadcast cash flow, EBITDA and after-tax cash flow are not measures of performance calculated in accordance with generally accepted accounting principles, and should be viewed as a supplement to and not a substitute for our results of operations presented on the basis of generally accepted accounting principles, we believe that broadcast cash flow, EBITDA and after-tax cash flow are useful because they are generally recognized by the radio broadcasting industry as measures of performance and are used by analysts who report on the performance of broadcast companies. These measures are not necessarily comparable to similarly titled measures employed by other companies.

In the following discussion of our results of operations, we compare our results between periods on an as reported basis (that is, the results of operations of all radio stations and network formats owned or operated at any time during either period) and on a "same station" basis. We include in our same station comparisons the results of operations of radio stations and network formats that:

- we own or operate for all of both periods;
- we acquire or begin to operate at any time after the beginning of the first relevant comparison period if the station or network format (i) is in a market in which we already own or operate a radio station or network format and (ii) is integrated with the existing station or network format for our internal financial reporting purposes; or
- we sell or cease to operate at any time after the beginning of the first relevant comparison period if the station or network format (i) was integrated with another station or network format in a market for our internal financial reporting purposes prior to the sale or cessation of operations and (ii) we continue to own or operate the other station or network format following the sale or cessation of operations.

We include in our same station comparisons the results of operations of our integrated stations and network formats from the date that we acquire or begin to operate them or through the date that we sell or cease to operate them, as the case may be.

## RESULTS OF OPERATIONS

QUARTER ENDED JUNE 30, 2000 COMPARED TO QUARTER ENDED JUNE 30, 1999

Net Broadcasting Revenue. Net broadcasting revenue increased \$3.4 million or 15.9% to \$24.8 million for the quarter ended June 30, 2000 from \$21.4 million for the same quarter of the prior year. The inclusion of revenue from the acquisitions of radio stations and revenue generated from local marketing agreements entered into during 1999 provided \$1.0 million of the increase. On a same station basis, net revenue improved \$2.4 million or 11.2% to \$23.8 million for the quarter ended June 30, 2000 from \$21.4 million for the same quarter of the prior year. Included in the same station comparison are the results three stations that we began to own or operate in 1999 for a total purchase price of \$13.0 million and one station that we began to own or operate in 2000 for a



total purchase price of \$4.1 million. The improvement was primarily due to an increase in revenue at the radio stations we acquired in 1998 and 1999 that previously operated with formats other than their current format, an increase in program rates and increases in advertising time and improved selling efforts at both the national and local level. Revenue from advertising as a percentage of our gross broadcasting revenue decreased to 36.6% for the quarter ended June 30, 2000 from 37.1% for the same quarter of the prior year. Revenue from block program time as a percentage of our gross broadcasting revenue decreased to 49.1% for the quarter ended June 30, 2000 from 49.5% for the same quarter of the prior year.

Other Media Revenue. Other media revenue increased \$700,000 or 53.8% to \$2.0 million for the quarter ended June 30, 2000 from \$1.3 million for the same quarter in the prior year. The increase is due primarily to the inclusion of revenues from the acquisitions of AudioCentral.com, Gospel Media Network, Inc. and the Involved Christian Radio Network, which we acquired after June 30, 1999.

Broadcasting Operating Expenses. Broadcasting operating expenses increased \$2.5 million or 22.7% to \$13.5 million for the quarter ended June 30, 2000 from \$11.0 million for the same quarter of the prior year. The inclusion of expenses from the acquisitions of radio stations and revenue generated from local marketing agreements entered into during 1999 and provided \$1.1 million of the increase. On a same station basis, broadcasting operating expenses increased \$1.4 million or 12.7% to \$12.4 million for the quarter ended June 30, 2000 from \$11.0 million for the same quarter of the prior year, primarily due to incremental selling and production expenses incurred to produce the increased revenue in the same period.

Other Media Operating Expenses. Other media operating expenses increased \$2.0 million or 100.0% to \$4.0 million for the quarter ended June 30, 2000 from \$2.0 million for the same quarter in the prior year. The increase is due primarily to the inclusion of operating expenses from the acquisitions of AudioCentral.com, Gospel Media Network, Inc. and the Involved Christian Radio Network, which we acquired after June 30, 1999.

Broadcast Cash Flow. Broadcast cash flow increased \$900,000 or 8.7% to \$11.3 million for the quarter ended June 30, 2000 from \$10.4 million for the same quarter of the prior year. As a percentage of net broadcasting revenue, broadcast cash flow decreased to 45.6% for the quarter ended June 30, 2000 from 48.6% for the same quarter of the prior year. The decrease is primarily attributable to the effect of stations acquired during 1999 that previously operated with formats other than their current format. Acquired and reformatted radio stations typically produce low margins during the first few years following conversion. Broadcast cash flow margins improve as we implement scheduled program rate increases and increase advertising revenue on our stations. On a same station basis, broadcast cash flow improved \$1.0 million or 9.6% to \$11.4 million for the quarter ended June 30, 2000 from \$10.4 million for the same quarter of the prior year.

Corporate Expenses. Corporate expenses increased \$200,000 or 7.7% to \$2.8 million in the quarter ended June 30, 2000 from \$2.6 million in the same quarter of the prior year, primarily due to additional overhead costs associated with radio station and other media acquisitions in 1999 and 2000 and public reporting and related costs.

EBITDA. EBITDA decreased \$700,000 or 9.7% to \$6.5 million for the quarter ended June 30, 2000 from \$7.2 million for the same quarter of the prior year. As a percentage of total revenue, EBITDA decreased to 24.3% for the quarter ended June 30, 2000 from 31.8% for the same quarter of the prior year. EBITDA was negatively impacted by the results of operations of our other media businesses acquired in 1999, which generated a net loss before depreciation and amortization of \$2.0 million for the quarter ended June 30, 2000 as compared to \$700,000 for the same quarter of the prior year. EBITDA excluding the other media businesses increased \$600,000 or 7.6% to \$8.5 million for the quarter ended June 30, 2000 from \$7.9 million for the same quarter in the prior year. As a percentage of net broadcasting revenue, EBITDA excluding the other media business decreased to 34.3% for the quarter ended June 30, 2000 from 36.9% for the same quarter of the prior year. The decrease is primarily attributable to the effect of stations acquired during 1999 that previously operated with formats other than their current format.

Depreciation and Amortization. Depreciation and amortization expense increased \$700,000 or 14.9% to \$5.4 million for the quarter ended June 30, 2000 from \$4.7 million for the same quarter of the prior year. The increase is primarily due to radio station and other media acquisitions consummated during 1999.

Other Income (Expense). Interest income increased \$39,000 to \$63,000 for the quarter ended June 30, 2000 from \$24,000 for the same quarter of the prior year, primarily due to the interest earned on the investment of any excess cash. Gain on disposal of assets of \$4.4 million for the quarter ended June 30,

2000 is primarily due to a gain recognized on the sale of radio station KPRZ-FM partially offset by the loss on sale of certain assets of our other media businesses. Interest expense decreased \$1.8 million or 40.0% to \$2.7 million for the quarter ended June 30, 2000 from \$4.5 million for the same quarter of the prior year. The decrease is primarily due to interest expense associated with \$50 million in principal amount of the senior subordinated notes repurchased in July 1999. Other expense, net increased \$57,000 to \$133,000 for the quarter ended June 30, 2000 from \$76,000 for the same quarter in the prior year primarily due to increased bank commitment fees.

Provision (Benefit) for Income Taxes. Provision (benefit) for income taxes as a percentage of income (loss) before income taxes and extraordinary item (that is, the effective tax rate) was 42.1% for the quarter ended June 30, 2000 and (28.1)% for the same quarter of the prior year. For the quarter ended June 30, 2000 and 1999 the effective tax rate differs from the federal statutory income rate of 34.0% primarily due to the effect of state income taxes and certain expenses that are not deductible for tax purposes.

Net Income (Loss). We recognized net income of \$1.6 million for the quarter ended June 30, 2000 as compared to a net loss of \$3.5 million for the same quarter of the prior year.

After-Tax Cash Flow. After-tax cash flow increased \$1.1 million or 33.3% to \$4.4 million for the quarter ended June 30, 2000 from \$3.3 million for the same quarter of the prior year. This increase was offset by negative after-tax cash flow of our other media businesses. After-tax cash flow excluding our other media losses (net of income tax) increased \$1.8 million or 48.6% to \$5.5 million for the quarter ended June 30, 2000 from \$3.7 million for the same quarter of the prior year. The increase is primarily due to the gain on sale of assets, a decrease in interest expense and an increase in broadcast cash flow.

#### SIX MONTHS ENDED JUNE 30, 2000 COMPARED TO SIX MONTHS ENDED JUNE 30, 1999

Net Broadcasting Revenue. Net broadcasting revenue increased \$5.6 million or 13.4% to \$47.4 million for the six months ended June 30, 2000 from \$41.8 million for the same period of the prior year. The inclusion of revenue from the acquisitions of radio stations and revenue generated from local marketing agreements entered into during 1999 provided \$1.6 million of the increase. On a same station basis, net revenue improved \$4.0 million or 9.6% to \$45.8 million for the six months ended June 30, 2000 from \$41.8 million for the same period of the prior year. Included in the same station comparison are the results three stations that we began to own or operate in 1999 for a total purchase price of \$13.0 million and one station that we began to own or operate in 2000 for a total purchase price of \$4.1 million. The improvement was primarily due to an increase in revenue at the radio stations we acquired in 1998 and 1999 that previously operated with formats other than their current format, an increase in program rates and an increase in advertising time and improved selling efforts at both the national and local level. Revenue from advertising as a percentage of our gross broadcasting revenue decreased to 36.0% for the six months ended June 30, 2000 from 36.4% for the same period of the prior year. Revenue from block program time as a percentage of our gross broadcasting revenue was 50.4% for the six months ended June 30, 2000 and 1999.

Other Media Revenue. Other media revenue increased \$1.4 million to \$3.8 million for the six months ended June 30, 2000 from \$2.4 million for the same period of the prior year. The increase is due primarily to the inclusion of revenues from the acquisitions of AudioCentral.com, Gospel Media Network, Inc. and the Involved Christian Radio Network, which we acquired after June 30, 1999.

Broadcasting Operating Expenses. Broadcasting operating expenses increased \$3.9 million or 17.5% to \$26.2 million for the six months ended June 30, 2000 from \$22.3 million for the same period of the prior year. The inclusion of expenses from the acquisitions of radio stations and revenue generated from local marketing agreements entered into during 1999 provided \$1.8 million of the increase. On a same station basis, broadcasting operating expenses increased \$2.1 million or 9.4% to \$24.4 million for the six months ended June 30, 2000 from \$22.3 million for the same period of the prior year, primarily due to incremental selling and production expenses incurred to produce the increased revenue in the same period.

Other Media Operating Expenses. Other media operating expenses increased \$4.8 million to \$8.1 million for the six months ended June 30, 2000 from \$3.3 million for the same period of the prior year. The increase is due primarily to the inclusion of operating expenses from the acquisitions of AudioCentral.com, Gospel Media Network, Inc. and the Involved Christian Radio Network, which we acquired after June 30, 1999.

Broadcast Cash Flow. Broadcast cash flow increased \$1.7 million or 8.7% to \$21.2 million for the six months ended June 30, 2000 from \$19.5 million for the same period of the prior year. As a percentage of net broadcasting revenue, broadcast cash flow decreased to 44.7% for the six months ended June 30, 2000 from 46.6% for the same period of the prior year. The decrease is primarily attributable to the effect of stations acquired during 1999 that previously operated with formats other than their current format. Acquired and reformatted radio stations typically produce low margins during the first few years

following conversion. Broadcast cash flow margins improve as we implement scheduled program rate increases and increase advertising revenue on our stations. On a same station basis, broadcast cash flow improved \$1.9 million or 9.7% to \$21.4 million for the six months ended June 30, 2000 from \$19.5 million for the same period of the prior year.

11

**Corporate Expenses.** Corporate expenses increased \$900,000 or 20.5% to \$5.3 million in the six months ended June 30, 2000 from \$4.4 million in the same period of the prior year, primarily due to additional overhead costs associated with radio station and other media acquisitions in 1999 and 2000 and public reporting and related costs.

**EBITDA.** EBITDA decreased \$2.7 million or 18.9% to \$11.6 million for the six months ended June 30, 2000 from \$14.3 million for the same period of the prior year. As a percentage of total revenue, EBITDA decreased to 22.7% for the six months ended June 30, 2000 from 32.4% for the same period of the prior year. EBITDA was negatively impacted by the results of operations of our other media businesses acquired in 1999, which generated a net loss before depreciation and amortization of \$4.3 million for the six months ended June 30, 2000 as compared to \$900,000 for the same period of the prior year. EBITDA excluding the other media businesses increased \$700,000 or 4.6% to \$15.9 million for the six months ended June 30, 2000 from \$15.2 million for the same period of the prior year. As a percentage of net broadcasting revenue, EBITDA excluding the other media business decreased to 33.5% for the six months ended June 30, 2000 from 36.4% for the same period of the prior year. The decrease is primarily attributable to the effect of stations acquired during 1999 that previously operated with formats other than their current format.

**Depreciation and Amortization.** Depreciation and amortization expense increased \$1.4 million or 15.7% to \$10.3 million for the six months ended June 30, 2000 from \$8.9 million for the same period of the prior year. The increase is primarily due to radio station and other media acquisitions consummated during 1999 and 2000.

**Other Income (Expense).** Interest income increased \$302,000 to \$351,000 for the six months ended June 30, 2000 from \$49,000 for the same period of the prior year, primarily due to the interest earned on the investment of the net proceeds of our initial public offering. Gain on disposal of assets of \$4.4 million for the six months ended June 30, 2000 is primarily due to a gain recognized on the sale of radio station KPRZ-FM partially offset by the loss on sale of certain assets of our other media businesses. Interest expense decreased \$3.6 million or 40.9% to \$5.2 million for the six months ended June 30, 2000 from \$8.8 million in the same period of the prior year. The decrease is primarily due to interest expense associated with \$50 million in principal amount of the senior subordinated notes repurchased in July 1999. Other expense, net increased \$224,000 to \$420,000 for the six months ended June 30, 2000 from \$196,000 for the same period of the prior year primarily due to increased bank commitment fees.

**Provision (Benefit) for Income Taxes.** Provision (benefit) for income taxes as a percentage of income (loss) before income taxes and extraordinary item (that is, the effective tax rate) was 113.7% for the six months ended June 30, 2000 and (24.9)% for the same period of the prior year. For the six months ended June 30, 2000 and 1999 the effective tax rate differs from the federal statutory income rate of 34.0% primarily due to the effect of state income taxes and certain expenses that are not deductible for tax purposes.

**Net Income (Loss).** We recognized a net loss of \$56,000 for the six months ended June 30, 2000 as compared to a net loss of \$4.8 million for the same period of the prior year.

**After-Tax Cash Flow.** After-tax cash flow increased \$1.5 million or 24.6% to \$7.6 million for the six months ended June 30, 2000 from \$6.1 million for the same period of the prior year. This increase was offset by negative after-tax cash flow of our other media businesses. After-tax cash flow excluding our other media losses (net of income tax) increased \$3.3 million or 47.8% to \$10.2 million for the six months ended June 30, 2000 from \$6.9 million for the same period of the prior year. The increase is primarily due to the gain on sale of assets, a decrease in interest expense and an increase in broadcast cash flow.

#### LIQUIDITY AND CAPITAL RESOURCES

We have historically financed acquisitions of radio stations through borrowings, including borrowings under bank credit facilities and, to a lesser extent, from operating cash flow and selected asset dispositions. We received net proceeds of \$140.1 million from our initial public offering in July 1999, which was used to pay a portion of our senior subordinated notes and amounts outstanding under our credit facility. We have historically funded, and will continue to fund, expenditures for operations, administrative expenses, capital expenditures and debt service required by our credit facility and senior subordinated notes from operating cash flow. At June 30, 2000 we had \$4.4

million of cash and cash equivalents and positive working capital of \$16.5 million.

We will fund future acquisitions from cash on hand, borrowings under our Credit facility, other borrowings, sales of existing radio stations and operating cash flow; the aggregate purchase price for all pending acquisitions exceeds the maximum amount that we may currently borrow under our current credit facility. We are evaluating alternatives to fund these acquisitions including amending our current credit facility to allow a greater debt to cash flow ratio, selling some of our existing radio stations, and obtaining bridge financing. Subject to the satisfaction of certain conditions, we have obtained commitments from our lenders to allow for such amendment and to provide such financing. We believe that cash on hand, cash flow from operations, borrowings under our credit facility, proceeds from the sale of some of our existing radio stations and anticipated bridge financing will be sufficient to permit us to meet our financial obligations, fund our pending acquisitions and fund operations for at least the next twelve months.

12

At June 30, 2000, we had \$13.0 million outstanding under our current credit facility. In July 1999, we paid amounts outstanding of \$39.8 million with a portion of the net proceeds of the offering. We amended our credit facility principally to increase our borrowing capacity from \$75 million to \$150 million, to lower the borrowing rates and to modify current financial ratio tests to provide us with additional borrowing flexibility. The amended credit facility matures on June 30, 2006. Aggregate commitments under the amended credit facility begin to decrease commencing March 31, 2001.

Amounts outstanding under our credit facility bear interest at a base rate, at our option, of the bank's prime rate or LIBOR, plus a spread. For purposes of determining the interest rate under our credit facility, the prime rate spread ranges from 0% to 1%, and the LIBOR spread ranges from 0.875% to 2.25%.

The maximum amount that we may borrow under our credit facility is limited by our debt to cash flow ratio, adjusted for recent radio station acquisitions (the "Adjusted Debt to Cash Flow Ratio"). The maximum Adjusted Debt to Cash Flow Ratio allowed under our credit facility is 6.00 to 1 through December 31, 2000. Thereafter, the maximum ratio will decline periodically until January 1, 2004, at which point it will remain at 4.00 to 1 through June 2006. The Adjusted Debt to Cash Flow Ratio at June 30, 2000 was 4.82 to 1, resulting in a borrowing availability of approximately \$64.2 million.

Our credit facility contains additional restrictive covenants customary for credit facilities of the size, type and purpose contemplated which, with specified exceptions, limits our ability to enter into affiliate transactions, pay dividends, consolidate, merge or effect certain asset sales, make specified investments, acquisitions and loans and change the nature of our business. The credit facility also requires us to satisfy specified financial covenants, which covenants require the maintenance of specified financial ratios and compliance with certain financial tests, including ratios for maximum leverage as described, minimum interest coverage (not less than 1.75 to 1), minimum debt service coverage (a static ratio of not less than 1.1 to 1) and minimum fixed charge coverage (a static ratio of not less than 1.1 to 1). The credit facility is guaranteed by all of our subsidiaries and is secured by pledges of all of our and our subsidiaries' assets and all of the capital stock of our subsidiaries.

Net cash provided by operating activities increased to \$7.2 million for the six months ended June 30, 2000 compared to \$2.6 million in the same period of the prior year. The increase is primarily due to a decrease in interest expense (\$3.7 million), an increase in accounts payable (\$1.7 million) and an increase in depreciation and amortization expenses (\$1.4 million) for the six months ended June 30, 2000 as compared to the prior year.

Net cash used in investing activities increased to \$46.9 million for the six months ended June 30, 2000 compared to \$15.1 million for the same period of the prior year, primarily due to acquisitions (cash used of \$41.5 million to purchase 12 radio stations and a network during the quarter ended June 30, 2000 as compared to cash used of \$10.2 million to purchase one radio station and other media businesses for the same period of the prior year).

Net cash used provided by financing activities decreased to \$10.0 million for the six months ended June 30, 2000 compared to \$12.8 million for the same period of the prior year. This was due primarily to smaller borrowings during the six months ended June 30, 2000 as compared to the same period of the prior year.

#### IMPACT OF YEAR 2000

In prior years, the Company discussed the nature and progress of its plans to become Year 2000 ready. In late 1999, the Company completed its remediation and testing of systems. As a result of those planning and implementation efforts, the Company experienced no significant disruptions in mission critical

information technology and non-information technology systems and believes those systems successfully responded to the Year 2000 date change. The Company is not aware of any material problems resulting from Year 2000 issues, either with its products, its internal systems, or the products and services of third parties. The Company will continue to monitor its mission critical computer applications and those of its suppliers and vendors throughout the Year 2000 to ensure that any latent Year 2000 matters that may arise are addressed promptly.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Derivative Instruments. We do not invest, and during the quarter ended June 30, 2000 did not invest, in market risk sensitive instruments.

Market Risk. Our market risk exposure with respect to financial instruments is to changes in LIBOR and in the "prime rate" in the United States. As of June 30, 2000, we may borrow \$53.3 million under our credit facility. At June 30, 2000, we had borrowed \$13.0 million under our credit facility. Amounts outstanding under the credit facility bear interest at a base rate, at our option, of the bank's prime rate or LIBOR, plus a spread. For purposes of determining the interest rate under our credit facility, the prime rate spread ranges from 0% to 1%, and the LIBOR spread ranges from 0.875% to 2.25%. At June 30, 2000, the blended interest rate on amounts outstanding under the credit facility was 8.9%. At June 30, 2000, a hypothetical 100 basis point increase in the prime rate would result in additional interest expense of \$130,000 on an annualized basis.

PART II - OTHER INFORMATION

13

ITEM 1. LEGAL PROCEEDINGS

The Company is involved in various routine legal proceedings, incident to the ordinary course of its business. The Company's management believes that the outcome of all pending legal proceedings in the aggregate will not have a material adverse effect on the Company's consolidated financial condition or its results of operations.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

The use of proceeds from the offering is described in Note 2 in the Notes to Financial Statements in Part I above and is hereby incorporated by this reference.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At the Annual Meeting of Stockholders of the Company held on May 24, 2000, the following matters were submitted to a vote of stockholders:

- A. Election of the following nominees as directors of the Company:
1. Stuart W. Epperson was elected by a vote of 71,809,554 for, with 1,575 withheld;
  2. Edward G. Atsinger III was elected by a vote of 71,798,254 for, with 12,675 withheld;
  3. Eric H. Halvorson was elected by a vote 71,808,956 for, with 1,975 withheld;
  4. Roland S. Hinz was elected by a vote of 71,809,479 for, with 1,450 withheld;
  5. Donald P. Hodel was elected by a vote of 16,272,444 for, with 1,975 withheld;
  6. Richard A. Riddle was elected by a vote of 71,808,956 for, with 1,975 withheld; and
  7. Joseph S. Schuchert was elected by a vote of 16,272,494 for, with 1,475 withheld.

The total number of shares of Class A common stock outstanding as of April 3, 2000, the record date for the Annual Meeting, was 17,902,392; the total number of Class B common stock outstanding as of that date was 5,553,696.

ITEM 5. OTHER INFORMATION

Not applicable

14

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

Set forth below is a list of exhibits included as part of this Quarterly Report:

<TABLE>  
<CAPTION>  
(a) EXHIBITS

Set forth below is a list of exhibits included as part of this Quarterly Report:

EXHIBIT NUMBER	DESCRIPTION OF EXHIBITS
<C>	<S>
3.01*	Amended and Restated Certificate of Incorporation of Salem Communications Corporation, a Delaware corporation.
3.02*	Bylaws of Salem Communications Corporation, a Delaware corporation.
4.01+	Indenture between Salem Communications Corporation, a California corporation, certain named guarantors and The Bank of New York, as Trustee, dated as of September 25, 1997, relating to the 9 1/2% Series A and Series B Senior Subordinated Notes due 2007.
4.02+	Form of 9 1/2% Senior Subordinated Note (filed as part of Exhibit 4.01).
4.03+	Form of Note Guarantee (filed as part of Exhibit 4.01).
4.04***	Credit Agreement, dated as of September 25, 1997, among Salem, the several Lenders from time to time parties thereto, and The Bank of New York, as administrative agent for the Lenders (incorporated by reference to Exhibit 4.07 of the previously filed Registration Statement on Form S-4).
4.05+	Borrower Security Agreement, dated as of September 25, 1997, by and between Salem and The Bank of New York, as Administrative Agent of the Lenders (incorporated by reference to Exhibit 4.07 of the previously filed Registration Statement on Form S-4).
4.06+	Subsidiary Guaranty and Security Agreement dated as of September 25, 1997, by and between Salem, certain named guarantors, and The Bank of New York, as Administrative Agent (incorporated by reference to Exhibit 4.09 of the previously filed Registration Statement on Form S-4).
4.07***	Amendment No. 1 and Consent No. 1, dated as of August 5, 1998, to the Credit Agreement, dated as of September 25, 1997, by and among Salem, The Bank of New York, as Administrative Agent for the Lenders, Bank of America NT&SA, as documentation agent, and the several Lenders (incorporated by reference to Exhibit 10.02 of previously filed Current Report on Form 8-K).
4.08*	Amendment No. 2 and Consent No. 2, dated as of January 22, 1999, to the Credit Agreement, dated as of September 25, 1997, by and among Salem, The Bank of New York, as Administrative Agent for the Lenders, Bank of America NT&SA, as documentation agent, and the Lenders.
4.09*	Specimen of Class A common stock certificate.
4.10*	Supplemental Indenture No. 1, dated as of March 31, 1999, to the Indenture, dated as of September 25, 1997, by and among Salem Communications Corporation, a California corporation, Salem Communications Corporation, a Delaware corporation, The Bank of New York, as Trustee, and the Guarantors named therein.
4.11*	Consent No. 3, dated as of March 31, 1999, to the Credit Agreement, dated as of September 25, 1997, by and among Salem, The Bank of New York, as Administrative Agent for the Lenders, Bank of America NT&SA, as Documentation Agent, and the Lenders named therein.
4.12*	Assumption Agreement, dated as of March 31, 1999, by and between Salem Communications Corporation, a Delaware corporation, and The Bank of New York, as Administrative Agent.
4.13*	Amendment No. 1 to the Grant of Security Interest (Servicemarks) by Salem to The Bank of New York, as Administrative Agent, under the Borrower Security Agreement, dated as of September 25, 1997, with the Administrative Agent.
4.14*	Amendment No. 3 and Consent No. 4, dated as of April 23, 1999, under the Credit Agreement, dated as of September 25, 1997, by and among Salem, The Bank of New York, as Administrative Agent for the Lenders, Bank of America NT&SA, as Documentation Agent, and the Lenders party thereto.
4.15*	First Amended and Restated Credit Agreement by and among Salem, The Bank of New York, as Administrative Agent for the Lenders, Bank of America NT&SA, as Documentation Agent, and the Lenders named therein.
4.16+++	Amendment No. 1 to First Amended and Restated Credit Agreement, by and among Salem, The Bank of New York, as Administrative Agent for the Lenders, Bank of America, N.A., as Documentation Agent and the Lenders party thereto.
4.17+++	Amendment No. 2 to First Amended and Restated Credit Agreement, by and among Salem, The Bank of New York, as Administrative Agent for the Lenders, Bank of America, N.A., as Documentation Agent and the Lenders party thereto.
10.01*	Amended and Restated Employment Agreement, dated as of May 19, 1999, between Salem and Edward G. Atsinger III.
10.02*	Amended and Restated Employment Agreement, dated as of May 19, 1999, between Salem and Stuart W. Epperson.

15

10.03.01+	Employment Contract, dated November 7, 1991, between Salem and Eric H. Halvorson.
10.03.02+	First Amendment to Employment Contract, dated April 22, 1996, between Salem and Eric H. Halvorson.
10.03.03+	Second Amendment to Employment Contract, dated July 8, 1997, between Salem and Eric H. Halvorson.
10.03.04+	Deferred Compensation Agreement, dated November 7, 1991, between Salem and Eric H. Halvorson.
10.03.05*	Third Amendment to Employment Agreement, entered into May 26, 1999, between Salem and Eric Halvorson.
10.05.01+	Antenna/tower lease between Caron Broadcasting, Inc. (WHLO-AM/Akron, Ohio) and Messrs. Atsinger and Epperson expiring 2007.
10.05.02+	Antenna/tower/studio lease between Caron Broadcasting, Inc. (WTSJ-AM/ Cincinnati, Ohio) and Messrs. Atsinger and Epperson expiring 2007.
10.05.03+	Antenna/tower lease between Caron Broadcasting, Inc. (WHK-FM/Canton, Ohio) and Messrs. Atsinger and Epperson expiring 2007.
10.05.04+	Antenna/tower/studio lease between Common Ground Broadcasting, Inc. (KKMS-AM/Eagan, Minnesota) and Messrs. Atsinger and Epperson expiring in 2006.
10.05.05+	Antenna/tower lease between Common Ground Broadcasting, Inc. (WHK-AM/ Cleveland, Ohio) and Messrs. Atsinger and Epperson expiring 2008.

- 10.05.06+ Antenna/tower lease (KFAX-FM/Hayward, California) and Salem Broadcasting Company, a partnership consisting of Messrs. Atsinger and Epperson, expiring in 2003.
- 10.05.07+ Antenna/tower/studio lease between Inland Radio, Inc. (KKLA-AM/San Bernardino, California) and Messrs. Atsinger and Epperson expiring 2002.
- 10.05.08+ Antenna/tower lease between Inspiration Media, Inc. (KGNW-AM/Seattle, Washington) and Messrs. Atsinger and Epperson expiring in 2002.
- 10.05.09+ Antenna/tower lease between Inspiration Media, Inc. (KLFE-AM/Seattle, Washington) and The Atsinger Family Trust and Stuart W. Epperson Revocable Living Trust expiring in 2004.
- 10.05.11.01+ Antenna/tower/studio lease between Pennsylvania Media Associates, Inc. (WZZD-AM/WFIL-AM/Philadelphia, Pennsylvania) and Messrs. Atsinger and Epperson, as assigned from WEAZ-FM Radio, Inc., expiring 2004.
- 10.05.11.02+ Antenna/tower/studio lease between Pennsylvania Media Associates, Inc. (WZZD-AM/WFIL-AM/Philadelphia, Pennsylvania) and The Atsinger Family Trust and Stuart W. Epperson Revocable Living Trust expiring 2004.
- 10.05.12+ Antenna/tower lease between Radio 1210, Inc. (KPRZ-AM/Olivenhain, California) and The Atsinger Family Trust expiring in 2002.
- 10.05.13+++ Antenna/tower lease between Salem Media of Texas, Inc. and Atsinger Family Trust/Epperson Family Limited Partnership (KSLR-AM/San Antonio, Texas).
- 10.05.14+ Antenna/turner/studio leases between Salem Media Corporation (KLTX-AM/Long Beach and Paramount, California) and Messrs. Atsinger and Epperson expiring in 2002.
- 10.05.15+ Antenna/tower lease between Salem Media of Colorado, Inc. (KNUS-AM/Denver-Boulder, Colorado) and Messrs. Atsinger and Epperson expiring 2006.
- 10.05.16+++ Antenna/tower lease between Salem Media of Colorado, Inc. and Atsinger Family Trust/Epperson Family Limited Partnership (KRKS-AM/KBJD-AM/Denver, Colorado).
- 10.05.17.01+ Studio Lease between Salem Media of Oregon, Inc. (KPDQ-AM/FM/Portland, Oregon) and Edward G. Atsinger III, Mona J. Atsinger, Stuart W. Epperson, and Nancy K. Epperson expiring 2002.
- 10.05.17.02+ Antenna/tower lease between Salem Media of Oregon, Inc. (KPDQ-AM/FM/Raleigh Hills, Oregon) and Messrs. Atsinger and Epperson expiring 2002.
- 10.05.18+ Antenna/tower lease between Salem Media of Pennsylvania, Inc. (WORD-FM/WPIT-AM/Pittsburgh, Pennsylvania) and The Atsinger Family Trust and Stuart W. Epperson Revocable Living Trust expiring 2003.
- 10.05.19+ Antenna/tower lease between Salem Media of Texas, Inc. (KSLR-AM/San Antonio, Texas) and Epperson-Atsinger 1983 Family Trust expiring 2007.
- 10.05.20+ Antenna/tower lease between South Texas Broadcasting, Inc. (KENR-AM/Houston-Galveston, Texas) and Atsinger Family Trust and Stuart W. Epperson Revocable Living Trust expiring 2005.
- 10.05.21+ Antenna/tower lease between Vista Broadcasting, Inc. (KFIA-AM/Sacramento, California) and The Atsinger Family Trust and Stuart W. Epperson Revocable Living Trust expiring 2006.
- 10.05.22++ Antenna/tower lease between South Texas Broadcasting, Inc. (KKHT-FM/Houston-Galveston, Texas) and Sonsinger Broadcasting Company of Houston, LP expiring 2008.
- 10.05.23++ Antenna/tower lease between Inspiration Media of Texas, Inc. (KTEK-AM/Alvin, Texas) and the Atsinger Family Trust and The Stuart W. Epperson Revocable Living Trust expiring 2009.
- 10.06.05+ Asset Purchase Agreement dated as of September 30, 1996 by and between Infinity Broadcasting Corporation of Dallas and Inspiration Media of Texas, Inc. (KEWS, Arlington, Texas; KDFX, Dallas, Texas).
- 10.06.07+ Asset Purchase Agreement dated June 2, 1997 by and between New England Continental Media, Inc. and Hibernia Communications, Inc. (WPZE-AM, Boston, Massachusetts).
- 10.06.08+ Option to Purchase dated as of August 18, 1997 by and between Sonsinger, Inc. and Inspiration Media, Inc. (KKOL-AM, Seattle, Washington).
- 10.06.09++ Asset Purchase Agreement dated as of April 13, 1998 by and between New Inspiration Broadcasting Company and First Scientific Equity Devices Trust (KIEV-AM, Glendale, California) (incorporated by reference to Exhibit 2.01 of the previously filed Current Report on Form 8-K).

16

- 10.06.10\* Asset Purchase Agreement dated as of April 1, 1999 by and between Inspiration Media, Inc. and Sonsinger, Inc. (KKOL-AM, Seattle, Washington).
- 10.07.01+ Tower Purchase Agreement dated August 22, 1997 by and between Salem and Sonsinger Broadcasting Company of Houston, L.P.
- 10.07.02+ Amendment to the Tower Purchase Agreement dated November 10, 1997 by and between Salem and Sonsinger Broadcasting Company of Houston, L.P.
- 10.07.03+ Promissory Note dated November 11, 1997 made by Sonsinger Broadcasting Company of Houston, L.P. payable to Salem.
- 10.07.04+ Promissory Note dated December 24, 1997 made by Salem payable to Edward G. Atsinger III.
- 10.07.05+ Promissory Note dated December 24, 1997 made by Salem payable to Stuart W. Epperson.
- 10.08.01+++ Local Marketing Agreement dated August 13, 1999 between Concord Media Group, Inc. and Radio 1210, Inc.
- 10.08.02+++ Asset Purchase Agreement dated as of August 18, 1999, by and between Salem Media of Georgia, Inc. and Genesis Communications, Inc. (WNIV-FM, Atlanta, Georgia and WLTA-FM, Alpharetta, Georgia).
- 10.08.03+++ Asset Purchase Agreement dated as of November 29, 1999, by and among JW Broadcasting, Inc., Salem Media of Georgia, Inc. and Salem Communications Corporation (WGKA-AM, Atlanta, Georgia).
- 10.08.04++++ Asset Exchange Agreement dated as of January 19, 2000 by and among Bison Media, Inc.; AMFM Texas Broadcasting, LP and AMFM Texas Licenses, LP (KSKY-AM, Balch Springs, TX; KPRZ-FM, Colorado Springs, CO).
- 10.08.05++++ Asset Purchase Agreement dated as of March 6, 2000 by and among Salem, Citicasters Co., AMFM Texas Broadcasting, LP; AMFM Texas Licenses LP; AMFM Ohio, Inc.; AMFM Radio Licenses LLC; Capstar Radio Operating Company and Capstar TX Limited Partnership (WBOB-AM, KEZY-AM, KXMX-FM, KDGE-FM, WKNR-AM, WRMR-AM, KALC-FM, WYGY-FM)
- 10.08.06 Asset Exchange Agreement dated as of May 31, 2000 by and among Salem; South Texas Broadcasting, Inc.; Cox Radio, Inc.; and CXR Holdings, Inc. (WALR-FM, Athens, GA; WSUN-AM, Plant City, FL, KLUP-AM, Terrell Hills, TX, KKHT-FM, Conroe, TX).
- 10.08.07 Asset Purchase Agreement dated as of July 2000, by and among Salem Media of California and Hi-Favor Broadcasting, LLC (KLTX-AM Long Beach, CA).
- 10.09.01+ Evidence of Key man life insurance policy no. 2256440M insuring Edward G. Atsinger III in the face amount of \$5,000,000.
- 10.09.02+ Evidence of Key man life insurance policy no. 2257474H insuring Edward G. Atsinger III in the face

- 10.09.03+ Evidence of Key man life insurance policy no. 2257476B insuring Stuart W. Epperson in the face amount of \$5,000,000.
- 10.10\* 1999 Stock Incentive Plan.
- 21.01+++ Subsidiaries of Salem.
- 27.01 Financial Data Schedule.

</TABLE>

17

+ Incorporated by reference to the exhibit of the same number, unless otherwise noted, of Salem's Registration Statement on Form S-4 (No. 333-41733), as amended, as declared effective by the Securities and Exchange Commission on February 9, 1998.

\*\*\* Incorporated by reference to the exhibit of the same number, unless otherwise noted, of Salem's Current Report on Form 8-K, filed with the Securities and Exchange Commission on September 4, 1998.

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

\*\* Incorporated by reference to the exhibit of the same number, unless otherwise noted, of Salem's Current Report on Form 8-K, filed with the Securities and Exchange Commission on April 14, 1999.

\* Incorporated by reference to the exhibit of the same number to Salem's Registration Statement on Form S-1 (No. 333-76649) as amended, as declared, effective by the Securities and Exchange Commission on June 30, 1999.

+++ Incorporated by reference to the exhibit of the same number to Salem's Annual Report on Form 10-K, filed with the Securities and Exchange Commission on March 30, 2000.

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

(b) REPORTS ON FORM 8-K

No reports on Form 8-K were filed during the quarter ended June 30, 2000.

18

SIGNATURES

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

<TABLE>  
<CAPTION>

<S>  
Date: August 14, 2000

<C>  
SALEM COMMUNICATIONS CORPORATION

By: /s/ EDWARD G. ATSINGER III  
-----  
Edward G. Atsinger III  
President and Chief Executive Officer

Date: August 14, 2000

By: /s/ DIRK GASTALDO  
-----  
Dirk Gastaldo  
Vice President and Chief Financial Officer  
(Principal Financial Officer)

</TABLE>

19

EXHIBIT INDEX

<TABLE>  
<CAPTION>

EXHIBIT  
NUMBER DESCRIPTION OF EXHIBITS

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-----

<S> <C>



- 10.08.06 Asset Exchange Agreement dated as of May 31, 2000 by and among Salem; South Texas Broadcasting, Inc.; Cox Radio, Inc.;
- 10.08.07 Asset Purchase Agreement dated as of July 14, 2000, by and among Salem Media of California and Hi-Favor Broadcasting, LLC (KLTX-AM
- 27.01 Financial Data Schedule

</TABLE>

ASSET EXCHANGE AGREEMENT  
by and among  
COX RADIO, INC.,  
CXR HOLDINGS, INC.,  
SALEM COMMUNICATIONS CORPORATION  
and  
SOUTH TEXAS BROADCASTING, INC.  
Dated as of May 31, 2000

TABLE OF CONTENTS  
-----

	Page ----
1. Exchange of Personal Property; Exchange of Real Property; Exchange of Contracts and Licenses.	2
1.1 Exchange of Tangible Personal Property	2
1.2 Exchange of Real Property	3
1.3 Exchange of Licenses	3
1.4 [Intentionally Omitted]	4
1.5 Excluded Assets	4
1.6 Assumption of Liabilities	5
1.7 Section 1031	5
2. [Intentionally Omitted].	6
3. [Intentionally Omitted]	6
4. Closing	6
4.1 Closing Deliveries	7
4.2 Prorations.	8
4.3 Further Assurances.	9
5. Representations and Warranties of Cox.	10
5.1 Organization; Good Standing.	10
5.2 Authority	10
5.3 No Breach or Violation	10
5.4 Approvals	10
5.5 No Litigation	11
5.6 Brokerage	11
5.7 Title to and Condition of Tangible Personal Property	11
5.8 Title to and Condition of Real Property.	12
5.9 Licenses.	12
5.10 FCC Compliance	12
5.11 Compliance with Laws	12
5.12 Environmental Matters	12
5.13 Accuracy of Information Furnished	13
5.14 Taxes	13
5.15 Definition of Knowledge	13
6 Representations and Warranties of Cox for the RRC Station and Stock Purchase Agreement	13
6.1. Stock Purchase Agreement	13
6.2 Organization; Good Standing	14
6.3 Authority	14
6.4 No Breach or Violation	14
6.5 Approvals	15
6.6 No Litigation	15
6.7 Brokerage	15
6.8 Accuracy of Information Furnished	15
7. Representations and Warranties of Salem	15
7.1 Organization; Good Standing	15
7.2 Authority	15
7.3 No Breach or Violation	15
7.4 Approvals	16
7.5 No Litigation	16
7.6 Brokerage	16
7.7 Title to and Condition of Tangible Personal Property	16
7.8 Title to and Condition of Real Property	16
7.9 Licenses	17
7.10 FCC Compliance.	17
7.11 Compliance with Laws.	18
7.12 Environmental Matters	18
7.13 Accuracy of Information Furnished	18
7.14 Taxes	18
7.15 Definition of Knowledge	19
8. Covenants of the Parties	19
8.1 FCC Applications	19
8.2 Stock Purchase Agreement	19
8.3 No Solicitation Of Third Parties or Employees	20
8.4 Access.	20
8.5 Inconsistent Actions.	20
8.6 Cooperation	20

8.7	Control of the Stations	20
8.8	Risk of Loss	21
8.9	Third Party Consents	21
8.10	Title Insurance and Surveys	21
8.11	Compliance With HSR Act	22
8.12	Confidentiality	22
8.13	Financial Statements	22
9.	Conditions to Salem's Obligations.	23
9.1	Representations, Warranties and Covenants.	23
9.2	Approvals of Governmental Authorities	23
9.3	No Adverse Proceedings	23
9.4	Consents	23
9.5	Closing Documents.	23
9.6	FCC Consent.	23
9.7	Resolutions	23
9.8	HSR Act	23
10.	Conditions to Cox's Obligations.	23
10.1	Representations, Warranties and Covenants	24
10.2	Approvals of Governmental Authorities.	24
10.3	No Adverse Proceedings.	24
10.4	Consents	24
10.5	Closing Documents	24
10.6	FCC Consent	24
10.7	Resolutions	24
10.8	HSR Act	24
10.9	Stock Purchase Agreement	24
11.	Termination	24
12.	Survival of Representations and Warranties and Indemnification.	25
12.1	Survival	25
12.2	Indemnification by Cox	25
12.3	Indemnification by Salem	26
12.4	Procedure for Indemnification	26
12.5	Specific Performance	27
12.6	Opportunity to Cure	27
12.7	Rights under Stock Purchase Agreement	28
13.	Taxes, Costs and Expenses	28
14.	Benefit of Agreement; Assignment	28
15.	Notices	28
16.	Severability	29
17.	Entire Agreement	29
18.	Governing Law	29
19.	Exhibits	29
20.	Counterparts	30
21.	Intentionally Omitted	30
22.	Amendment; Waiver	30
23.	Attorney's Fees	30
24.	Defined Terms	30

SCHEDULES

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SCHEDULES	TO BE DELIVERED	BY COX
Schedule 1.1A	-	Cox Tangible Personal Property
Schedule 1.1B	-	RRC Tangible Personal Property
Schedule 1.2A	-	Cox Real Property
Schedule 1.2B	-	RRC Real Property
Schedule 1.3A	-	Cox Licenses
Schedule 1.3B	-	RRC Licenses
Schedule 5.3	-	Consents
Schedule 5.4	-	Governmental Approvals
Schedule 5.5	-	Litigation
Schedule 5.7	-	Title to and Condition of Cox Tangible Personal Property
Schedule 5.8	-	Title to and Condition of Cox Real Property
Schedule 5.10	-	FCC Compliance
Schedule 5.12	-	Environmental Matters
Schedule 5.14	-	Taxes
SCHEDULES	TO BE DELIVERED	BY SALEM
Schedule 1.1C	-	Salem Tangible Personal Property
Schedule 1.2C	-	Salem Real Property
Schedule 1.3C	-	Salem Licenses
Schedule 7.3	-	Consents
Schedule 7.4	-	Governmental Approvals
Schedule 7.5	-	Litigation
Schedule 7.7	-	Title to and Condition of Salem Tangible Personal Property
Schedule 7.8	-	Title to and Condition of Salem Real Property
Schedule 7.9	-	Licenses
Schedule 7.10	-	FCC Compliance
Schedule 7.12	-	Environmental Matters
Schedule 7.14	-	Taxes

-----  
THIS ASSET EXCHANGE AGREEMENT ("Agreement") is made and entered into as of this 31st day of May, 2000, by and among COX RADIO, INC., a Delaware corporation ("CRI"), CXR HOLDINGS, INC., a Nevada corporation ("CXR" and together with CRI, collectively referred to herein as "Cox"), SALEM COMMUNICATIONS CORPORATION, a Delaware corporation ("SCC"), and SOUTH TEXAS BROADCASTING, INC., a Texas corporation ("STB" and together with SCC, collectively referred to herein as "Salem").

WHEREAS, Cox currently owns and operates Radio Stations WSUN(AM), Plant City, Florida, and KLUP(AM), Terrell Hills, Texas (the "Cox Stations"), pursuant to certain licenses and authorizations issued by the Federal Communications Commission (the "FCC"); and

WHEREAS, CRI has elected to exercise a right of first refusal granted to CRI under an Agreement for Right of First Refusal dated as of April 3, 1995, between WSB Radio, Inc., predecessor-in-interest to CRI, and Ring Radio Company, a Georgia corporation ("RRC"); and

WHEREAS, in exercising its right of first refusal, CRI will execute on June 1, 2000 a Stock Purchase Agreement among CRI, Midwestern Broadcasting Company, Inc., an Ohio corporation ("Midwestern"), and the stockholders of Midwestern (the "Stockholders") (the "Stock Purchase Agreement"), pursuant to which CRI will agree to acquire the issued and outstanding capital stock of Midwestern from the Stockholders; and

WHEREAS, CRI will deliver the Stock Purchase Agreement to Midwestern and the Stockholders on June 1, 2000; and

WHEREAS, Midwestern owns 100% of the issued and outstanding capital stock of RRC, which owns and operates Radio Station WALR-FM, Athens, Georgia (the "RRC Station"), pursuant to certain licenses and authorizations issued by the FCC; and

WHEREAS, STB owns and operates Radio Station KKHT(FM), Conroe, Texas (the "Salem Station") pursuant to certain licenses and authorizations issued by the FCC; and

WHEREAS, upon the closing of the transactions contemplated by the Stock Purchase Agreement (the "Stock Purchase Closing"), Cox and Salem intend to contemporaneously exchange certain property and assets used and useful in the operations of the Cox Stations and the RRC Station on the one hand and the Salem Station on the other hand (collectively, sometimes referred to herein as the "Stations"); and

WHEREAS, Cox and Salem intend to transfer the Stations in a transaction that will qualify as a "like-kind exchange" for nonrecognition of taxable income under Section 1031 of the Internal Revenue Code of 1986, as amended (the "Code"), and Cox and Salem are willing to take such steps as are necessary on their respective parts to enable the transactions contemplated hereby to so qualify; and

WHEREAS, the prior consent of the FCC to the transfer of the licenses and authorizations issued by the FCC for the Stations is required, and it is intended that if such consent is obtained, the transactions contemplated by this Agreement will be consummated subject to all of the other terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises herein set forth and subject to the terms and conditions hereof, the parties agree as follows: EXCHANGE OF PERSONAL PROPERTY; EXCHANGE OF REAL PROPERTY; EXCHANGE OF LICENSES.

-----  
EXCHANGE OF TANGIBLE PERSONAL PROPERTY. At the Closing (as defined in

SECTION 4),

(a) Cox shall, or cause RRC to, transfer, assign, convey and deliver to Salem, and Salem shall accept and acquire from Cox or RRC as the case may be, (i) all of the tangible personal property that is listed on Schedule 1.1A,

-----  
together with any replacements thereof or additions thereto made between the date of this Agreement and the Closing Date (the "Cox Tangible Personal Property"), and (ii) all records relating to the Cox Assets (as defined below) including but not limited to, the public inspection files that relate to the Cox Stations and all proprietary information and data, maps, plans, diagrams, blueprints, schematics and technical drawings, engineering records, and FCC applications and filings maintained with respect to the Cox Assets (as defined below) pursuant to the rules and regulations of the FCC (the "Cox Records");

(b) Cox shall cause RRC to transfer and assign, convey and deliver to Salem and Salem shall accept and acquire from RRC (i) all of the tangible personal property that is listed on Schedule 1.1B, together with any replacements thereof

-----  
or additions thereto made between the date of this Agreement and the Closing Date (the "RRC Tangible Personal Property"), and (ii) all records relating to the RRC Assets (as defined below) including but not limited to, the public inspection files that relate to the RRC Station and all proprietary information and data, maps, plans, diagrams, blueprints, schematics and technical drawings, engineering records and FCC Applications and filings maintained with respect to the RRC Assets (as defined below) pursuant to the rules and regulations of the FCC (the "RRC Records");

(c) Salem shall transfer, assign, convey and deliver to RRC, and RRC shall accept and acquire from Salem (i) all of the tangible personal property listed on Schedule 1.1C, together with any replacements thereof or additions thereto

-----  
made between the date of this Agreement and the Closing Date (the "Salem Tangible Personal Property"), and (ii) all records relating to the Salem Assets (as defined below) including but not limited to, the public inspection files

that relate to the Salem Station and all proprietary information and data, maps, plans, diagrams, blueprints, schematics and technical drawings, engineering records, and FCC applications and filings maintained with respect to the Salem Assets (as defined below) pursuant to the rules and regulations of the FCC (the "Salem Records"); and

(d) the Cox Tangible Personal Property, the Cox Records, the RRC Tangible Personal Property, the RRC Records, the Salem Tangible Personal Property and the Salem Records shall be conveyed free and clear of all liens, mortgages, pledges, covenants, security interests, charges, claims or encumbrances of any kind whatsoever ("Liens") except for (i) Liens for current taxes not yet due and payable or the validity of which are being contested in good faith by appropriate proceedings and (ii) with respect to the Cox Real Property, the RRC Real Property and the Salem Real Property, easements, covenants, conditions and restrictions of record that do not individually or in the aggregate materially and adversely affect said real property (collectively, "Permitted Liens").

EXCHANGE OF REAL PROPERTY. At the Closing,

-----  
(a) Cox shall, or cause RRC to, transfer, assign, convey and deliver to Salem, and Salem shall accept and acquire from Cox or RRC, as the case may be, all real property and interests in real property, including fee estates, leaseholds and subleaseholds ("Cox Real Property Leases"), purchase options, easements, licenses, rights to access, and rights of way, and all buildings and other improvements thereon, and other real property interests which are listed on Schedule 1.2A, together with any replacements thereof and any additions

-----  
thereto made between the date of this Agreement and the Closing Date (the "Cox Real Property");

(b) Cox shall cause RRC to transfer, assign, convey and deliver to Salem, and Salem shall accept and acquire from RRC, all real property and interests in real property, including fee estates, leaseholds and subleaseholds ("RRC Real Property Leases"), purchase options, easements, licenses, rights to access, and rights of way, and all buildings and other improvements thereon and other real property interests which are listed on Schedule 1.2B, and any additions thereto

-----  
made between the date of this Agreement and the Closing Date (the "RRC Real Property");

(c) Salem shall transfer, assign, convey and deliver to RRC, and RRC shall accept and acquire from Salem, all real property and interests in real property, including fee estates, leaseholds and subleaseholds ("Salem Real Property Leases"), purchase options, easements, licenses, rights to access, and rights of way, and all buildings and other improvements thereon, and other real property interests which are listed on Schedule 1.2C, together with any replacements

-----  
thereof and any additions thereto made between the date of this Agreement and the Closing Date (the "Salem Real Property"); and

(d) The Cox Real Property, the RRC Property and the Salem Real Property shall be conveyed free and clear of all Liens (except for Permitted Liens).

EXCHANGE OF LICENSES. At the Closing,

-----  
(a) Cox shall assign, or cause RRC to assign to Salem, and Salem shall accept from Cox or RRC, as the case may be, all of such party's right, title and interest in and to the licenses, permits, authorizations and call letters, qualifications, orders, franchises, certificates, consents and approvals issued to Cox or RRC, as the case may be, by any governmental or regulatory agency or authority, whether Federal, state or local, and used in connection with the operation of the Cox Stations, including the licenses and authorizations issued by the FCC for the Cox Stations (the "Cox FCC Licenses"), and all applications for such licenses and authorizations to the extent assignable, all of which are set forth on Schedule 1.3A (the "Cox Licenses" and together with the Cox

-----  
Tangible Personal Property, the Cox Records and the Cox Real Property, the "Cox Assets");

(b) Cox shall cause RRC to assign to Salem, and Salem shall accept from RRC, all of RRC's right, title and interest in and to the licenses, permits, authorizations and call letters, qualifications, orders, franchises, certificates, consents and approvals issued to RRC by any governmental or regulatory agency or authority, whether Federal, state or local, and used in connection with the operation of the RRC Station, including the licenses and authorizations issued by the FCC for the RRC Station (the "RRC FCC Licenses"), and all applications for such licenses and authorizations to the extent assignable, all of which are set forth on Schedule 1.3B (the "RRC Licenses" and

-----  
together with the RRC Tangible Personal Property, the RRC Records and the RRC Real Property, the "RRC Assets");

(c) Salem shall assign to RRC and RRC shall accept from Salem, all of Salem's right, title and interest in and to the licenses, permits, authorizations and call letters, qualifications, orders, franchises, certificates, consents and approvals issued to Salem by any governmental or regulatory agency or authority, whether Federal, state or local, and used in connection with the operation of the Salem Station as now conducted, including the licenses and authorizations issued by the FCC for the Salem Station (the "Salem FCC Licenses"), and all applications for such licenses and authorizations to the extent assignable, all of which are set forth on Schedule 1.3C (the "Salem Licenses" and together with

the Salem Tangible Personal Property, the Salem Records and the Salem Real Property, the "Salem Assets"); and

(d) The Cox Licenses, the RRC Licenses and the Salem Licenses shall be assigned free and clear of all Liens (except for Permitted Liens).

1.4 INTENTIONALLY OMITTED.

1.5 APPLICABLE ASSETS 1.5 EXCLUDED ASSETS.

(a) The Cox Assets shall include only those assets set forth on Schedules

1.1A, 1.2A and 1.3A. The RRC Assets shall include only those assets set forth

on Schedules 1.1B, 1.2B, and 1.3B. The Salem Assets shall include only those

assets set forth on Schedules 1.1C, 1.2C and 1.3C. The Cox Assets, together

with the RRC Assets and the Salem Assets shall be collectively referred to herein as the "Assets".

(b) Notwithstanding any provision of this Agreement to the contrary, Cox and RRC shall not transfer, convey or assign to Salem and Salem shall not transfer, convey or assign to Cox and RRC, but shall retain all of its right, title and interest in and to, the following assets owned or held by it on the Closing Date ("Excluded Assets"): (i) any and all cash, cash equivalents, cash deposits to secure contract obligations (except to the extent the conveying party receives a credit therefor under SECTION 4.2, in which event the deposit shall be included as part of the Assets), all inter-company receivables from any affiliate of such party and all other accounts receivable, bank deposits and securities held by such party in respect of its Station at the Closing Date; (ii) any and all claims of the conveying party with respect to transactions prior to the Closing including, without limitation, claims for tax refunds and refunds of fees paid to the FCC; (iii) all prepaid expenses (except to the extent the conveying party receives a credit therefore under SECTION 4.2, in which event the prepaid expense shall be included as part of the Assets); (iv) all contracts of insurance and claims against insurers; (v) all employee benefit plans and the assets thereof and all employment contracts; (vi) all contracts that are terminated in accordance with the terms and provisions of this Agreement or have expired prior to the Closing Date in the ordinary course of business and all loans and loan agreements; (vii) all tangible personal property disposed of or consumed between the date hereof and the Closing Date in accordance with the terms and provisions of this Agreement; (viii) all tangible personal property associated with the studios and business offices of the Cox Stations, the RRC Station and the Salem Station; (ix) each party's corporate records except to the extent such records pertain to Assets, in which case copies thereof shall be provided; (x) all commitments, contracts and agreements not specifically assumed by the other party pursuant to SECTION 1.6; and (xi) the call letters of the Stations.

1.6 ASSUMPTION OF LIABILITIES ASSUMPTION OF LIABILITIES. Except as

provided in SECTION 4.1, Salem shall not assume or become obligated to perform any debt, liability or obligation of Cox or RRC whatsoever, and Cox and RRC shall not assume or become obligated to perform any debt, liability or obligation of Salem whatsoever, including (i) any obligations or liabilities under any contract, lease or agreement other than the Cox Real Property Leases, the RRC Real Property Leases or the Salem Real Property Leases, as the case may be; (ii) any obligations or liabilities under the Cox Real Property Leases, the RRC Real Property Leases or the Salem Real Property Leases relating to the period prior to the Closing; (iii) any claims or pending litigation or proceedings relating to the operation of the Stations prior to the Closing; (iv) any insurance policies of Salem, Cox, or RRC; (v) any obligations or liabilities arising under capitalized leases or other financing agreements; (vi) any obligations or liabilities of Cox, RRC, or Salem under any employee pension, retirement, health and welfare or other benefit plans and under any employment agreements or collective bargaining agreements; (vii) any obligation to any employee of the Stations for severance benefits, vacation time, sick leave or any other employment-related liability; (viii) any liability for any taxes attributable to the Cox Assets or the RRC Assets or the operations of the Cox Stations or the RRC Station on or prior to the Closing Date, except to the extent the amount of such taxes is included in the Cox Proration Schedule; (ix) any liability for taxes attributable to the Salem Assets or the operations of the Salem Station on or prior to the Closing Date, except to the extent that the amount of such taxes is included in the Salem Proration Schedule; or (x) any obligations or liabilities caused by, arising out of, or resulting from any action or omission of Cox, RRC, or Salem prior to the Closing (collectively, the "Excluded Liabilities"). All such Excluded Liabilities shall remain and be the obligations and liabilities solely of Cox and RRC or Salem, as the case may be.

1.7 SECTION 1031; APPRAISALS; TAX REPORTING 2.5 SECTION 1031;

APPRAISALS; TAX REPORTING

(a) The parties agree to use commercially reasonable best efforts to agree upon the fair market value of each of the assets (other than assets which, individually or in the aggregate, are not material in value) which comprise the Assets, determined on the basis of certain appraisals prepared by an independent appraiser upon which the parties shall mutually agree (the "Appraiser"), and

whose fees and expenses shall be shared equally between the parties (to the extent that the parties mutually agree upon the fair market value of any or all of the Assets, the "Appraisals"). The parties shall direct the Appraiser to deliver the Appraisals within sixty (60) days of the Closing Date.

(b) Each party shall use commercially reasonable best efforts to engage in mutually agreeable sharing of financial and valuation information in order to obtain consistent financial and tax reporting, including, but not limited to, the preparation and filing of IRS Forms 8894 and 8824 in a manner which is consistent with the Appraisals, to the greatest extent possible.

(c) To the extent authorized by applicable law and regulation, each party shall report the transaction contemplated hereby as a "like-kind exchange" under Section 1031 of the Code, consistent with the Appraisals, and the IRS Forms 8594 and 8824 prepared in accordance with clause (b) above, and shall not take, and shall not cause their respective representatives, successors and assigns to take, any position on any federal, state or local tax return or report, or in any tax examination, tax audit or tax litigation, inconsistent with such reporting position, the Appraisals, or such IRS Form 8594 or 8824.

(d) Each party shall cooperate with the other, including, without limitation, in preparing IRS Forms 8594 and 8824 and executing all necessary agreements and documents to the extent necessary for each party to treat the exchange of the Assets hereunder as a "like-kind exchange" to the extent permissible under Section 1031 of the Code.

(e) Neither party shall have any liability or obligation to the other for the failure of the exchange of the Assets hereunder to qualify as a like-kind exchange under Section 1031 of the Code.

2. [INTENTIONALLY OMITTED].  
-----

3. [INTENTIONALLY OMITTED].3.  
-----

4. CLOSING4. CLOSING. The closing of the transactions contemplated  
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hereby (the "Closing") will take place at 10:00 a.m., local time, at the offices of Dow, Lohnes & Albertson, PLLC, 1200 New Hampshire Avenue, N.W., Washington, D.C. 20036, on a date designated by Cox that is not later than the tenth (10th) day following the date upon which the FCC has granted its consent to the assignment of the Cox FCC Licenses, the RRC FCC Licenses and the Salem FCC Licenses, or at such other time (in any event, the "Closing Date") as shall be agreed upon in writing by Cox and Salem.

4.1 CLOSING DELIVERIES4.1 CLOSING DELIVERIES. At the Closing:  
-----

(a) (i) Cox shall execute and deliver, and shall cause RRC to execute and deliver to Salem bills of sale in form and substance reasonably acceptable to Salem, pursuant to which Cox shall convey to Salem good and marketable title to the Cox Tangible Personal Property and the Cox Records, and RRC shall convey to Salem good and marketable title to the RRC Tangible Personal Property and the RRC Records; and (ii) Salem shall execute and deliver to RRC bills of sale in form and substance reasonably acceptable to RRC, pursuant to which Salem shall convey to RRC good and marketable title to the Salem Tangible Personal Property and the Salem Records;

(b) (i) Cox shall execute and deliver and cause RRC to execute and deliver to Salem a special warranty deed and such other transfer documents in form and substance reasonably acceptable to Salem pursuant to which Cox or RRC shall convey to Salem title to the owned Cox Real Property and any estoppel, assignment and assumption agreements for the Cox Real Property Leases pursuant to which Cox or RRC shall assign to Salem, and Salem shall accept assignment of, all of Cox's or RRC's rights and privileges and assume all obligations of Cox or RRC under the Cox Real Property Leases, insofar as they relate to the time on and after the Closing Date and arise out of events that occur after the Closing Date;

(ii) Cox shall cause RRC to execute and deliver to Salem a special warranty deed and such other transfer documents in form and substance reasonably acceptable to Salem pursuant to which RRC shall convey to Salem title to the owned RRC Real Property and any estoppel, assignment and assumption agreements for the RRC Real Property Leases pursuant to which RRC shall assign to Salem, and Salem shall accept assignment of, all of RRC's rights and privileges and assume all obligations of RRC under the RRC Real Property Leases, insofar as they relate to the time on and after the Closing Date and arise out of events that occur after the Closing Date; and

(iii) Salem shall execute and deliver to RRC a special warranty deed and such other transfer documents in form and substance reasonably acceptable to RRC pursuant to which Salem shall convey to RRC title to the Salem Real Property and any estoppel, assignment and assumption agreements for the Salem Real Property Leases pursuant to which Salem shall assign to RRC, and RRC shall accept assignment of, all of Salem's rights and privileges and assume all obligations of Salem under the Salem Real Property Leases as they relate to the time on and after the Closing Date and arise out of events that occur after the Closing Date;

(c) (i) Cox shall execute and deliver, and shall cause RRC to execute and deliver to Salem such assignments of licenses and permits in form and substance reasonably acceptable to Salem pursuant to which Cox or RRC as the case may be

shall assign to Salem, and Salem shall accept assignment of, all of such party's right, title and interest in and to the Cox Licenses;

(ii) Cox shall cause RRC to execute and deliver to Salem such assignments of licenses and permits in form and substance reasonably acceptable to Salem pursuant to which RRC shall assign to Salem, and Salem shall accept assignment of, all of RRC's right, title and interest in and to the RRC Licenses; and (iii) Salem shall execute and deliver to RRC an Assignment of Licenses and Permits in form and substance reasonably acceptable to the parties pursuant to which Salem shall assign to RRC, and RRC shall accept assignment of, all of Salem's right, title and interest in and to the Salem Licenses;

(d) (i) Cox shall deliver or cause to be delivered executed releases, in suitable form for filing and otherwise in form and substance reasonably satisfactory to Salem, of any security interests granted in the Cox Assets or RRC Assets as security for payment of loans and other obligations and of any other Liens (other than Permitted Liens); and

(ii) Salem shall deliver or cause to be delivered executed releases, in suitable form for filing and otherwise in form and substance reasonably satisfactory to Cox, of any security interests granted in the Salem Assets as security for payment of loans and other obligations and of any other Liens (other than Permitted Liens); and

(e) Cox shall deliver to Salem an assignment in form and substance reasonably acceptable to the parties pursuant to which CRI shall assign to Salem and Salem shall accept from CRI, the rights of CRI to indemnification by the Stockholders (including the right to draw against the Holdback Escrow as defined in the Stock Purchase Agreement) under the Stock Purchase Agreement as such rights pertain to the RRC Assets and the representations, warranties and covenants of Midwestern and the Stockholders with respect thereto.

#### 4.2 PRORATIONS.4.2 PRORATIONS.

(a) All income and expenses arising from the conduct of the business and operations of the Cox Stations and the RRC Station on the one hand, and the Salem Station, on the other hand, shall be prorated between Cox and Salem in accordance with generally accepted accounting principles as of 12:01 a.m., on the Closing Date. Such prorations shall include, without limitation, all ad valorem and applicable property taxes, business and license fees, annual FCC regulatory fees, power and utility expenses, rents (excluding amounts paid as capital expenditures in connection with real property, whether leased or owned), and similar prepaid and deferred items attributable to the ownership and operation of the Stations. The parties shall use commercially reasonable efforts to provide each other a list of all known proratable items and payables for the Stations at least five (5) days before the Closing Date;

(b) The prorations and adjustments contemplated by this Section, to the extent practicable, shall be made on and as of the Closing Date. As to those prorations and adjustments not ascertained on the Closing Date, adjustments and prorations shall be made in accordance with the procedures set forth in SECTIONS 4.2(C) and 4.2(D);

(c) Within ninety (90) days of the Closing Date, Cox shall deliver to Salem a schedule of its proposed prorations (which shall set forth in reasonable detail the basis for those determinations) for the Salem Station (the "Cox Proration Schedule"). The Cox Proration Schedule shall be conclusive and binding upon Salem unless Salem provides Cox with written notice of objection (the "Notice of Disagreement") within one hundred twenty (120) days after the Closing Date, which notice shall state the prorations of expenses proposed by Salem ("Salem's Proration Amount"). Cox shall have fifteen (15) days from receipt of a Notice of Disagreement to accept or reject Salem's Proration Amount. Payment by Salem or Cox, as the case may be, of the proration amounts determined pursuant to this SECTION 4.2(C) shall be due fifteen (15) days after the last to occur of (i) Salem's acceptance of the Cox Proration Schedule or failure to give Cox a timely Notice of Disagreement and (ii) Cox's acceptance of Salem's Proration Amount or failure to reject Salem's Proration Amount within fifteen (15) days of receipt of a Notice of Disagreement;

(d) Within ninety (90) days of the Closing Date, Salem shall deliver to Cox a schedule of its proposed prorations (which shall set forth in reasonable detail the basis for those determinations) for the Cox Stations and the RRC Station (the "Salem Proration Schedule"). The Salem Proration Schedule shall be conclusive and binding upon Cox unless Cox provides Salem with a Notice of Disagreement within one hundred twenty (120) days after the Closing Date, which notice shall state the prorations of expenses proposed by Cox ("Cox's Proration Amount"). Salem shall have fifteen (15) days from receipt of a Notice of Disagreement to accept or reject Cox's Proration Amount. Payment by Cox or Salem, as the case may be, of the proration amounts determined pursuant to this SECTION 4.2(D) shall be due fifteen (15) days after the last to occur of (i) Cox's acceptance of the Salem Proration Schedule or failure to give Salem a timely Notice of Disagreement and (ii) Salem's acceptance of Cox's Proration Amount or failure to reject Cox's Proration Amount within fifteen (15) days of receipt of a Notice of Disagreement; and

(e) In the event of any disputes between the parties as to the prorations and adjustments described in this Section, the amounts not in dispute shall nonetheless be paid at the time provided in this Section and such disputes shall be determined by an independent certified public accountant of national recognition (other than a firm which then serves as the independent auditor for Cox or Salem or any of their respective affiliates) mutually acceptable to the parties with the fees and expenses of such accountant being paid one half by Cox and one half by Salem. Any payment required by Cox to Salem or by Salem to Cox, as the case may be, under this Section shall be paid by wire transfer of



immediately available funds to the account of the payee with a financial institution in the United States as designated by such party in the Salem Proration Schedule or Cox Proration Schedule, as the case may be. If either Cox or Salem fails to pay when due any amount under SECTION 4.2(C) or 4.2(D), interest on such amount will accrue from the date payment was due to the date such payment is made at a per annum rate equal to the Prime Rate plus two

percent (2%), and such interest shall be payable upon demand. Notwithstanding the provisions of SECTION 4.2(C), (D) and (E) of this Agreement, if the amount of any taxes to be prorated pursuant to this SECTION 4.2 is not known by ninety (90) days after the Closing Date, then the amount will be estimated as of such date, and once the amount of such taxes is known, Salem shall pay to Cox, or Cox shall pay to Salem, as the case may be, the net amount due as a result of the actual apportionment of such taxes.

4.3 FURTHER ASSURANCES.4.3 FURTHER ASSURANCES. At the Closing, and

from time to time after the Closing, Cox will execute and deliver, and cause RRC to execute and deliver, such other instruments of conveyance, assignment, transfer and delivery and will take, and will cause RRC to take, such other actions as Salem reasonably may request in order to more effectively transfer, convey, assign, and deliver to Salem, and to place Salem in possession and control of, any of the Cox Assets and the RRC Assets, and Salem will execute and deliver such other instruments of conveyance, assignment, transfer and delivery and will take such other actions as Cox reasonably may request in order to more effectively transfer, convey, assign, and deliver to Cox or RRC, and to place Cox or RRC in possession and control of, any of the Salem Assets.

5. REPRESENTATIONS AND WARRANTIES OF COX FOR THE COX

STATIONS.Representations and Warranties of Cox. Cox hereby represents and warrants to Salem with respect to the Cox Stations only as follows:

5.1 ORGANIZATION; GOOD STANDING.5.1 ORGANIZATION; GOOD STANDING. Each

of CRI and CXR (i) is a corporation duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and (ii) is qualified to do business as a foreign corporation and is in good standing under the laws of the states in which such entity conducts business.

5.2 AUTHORITY5.2 AUTHORITY. The execution, delivery and performance of this

Agreement by Cox and all of the documents and instruments required to be delivered by Cox hereby, and the consummation by Cox of the transactions contemplated hereby and thereby are within the corporate power of Cox, and have been duly authorized by all necessary corporate action by Cox. This Agreement has been duly executed and delivered by Cox, and at the Closing, such other documents and other instruments required hereby to be executed and delivered by Cox will be duly executed and delivered by Cox. This Agreement is, and the other documents and instruments required hereby will be, when executed and delivered by Cox, the valid and binding obligations of Cox, enforceable against it in accordance with their respective terms, except as the enforceability of this Agreement or the documents or instruments contemplated hereby may be limited by bankruptcy, insolvency, or similar laws affecting creditors' rights generally and by judicial discretion in the enforcement of equitable remedies.

5.3 NO BREACH OR VIOLATION5.3 NO BREACH OR VIOLATION. Except as set forth

on Schedule 5.3, the execution and delivery by Cox of this Agreement, the

consummation by Cox of the transactions contemplated hereby, and compliance by

Cox with the terms hereof, do not and will not:

(i) violate or result in the breach of or contravene any of the terms, conditions or provisions of, or constitute a default under, any organizational documents of Cox, or any law, regulation, order, writ, injunction, decree, determination or award of any court, governmental department, board, agency or instrumentality, domestic or foreign, or any arbitrator, applicable to Cox or its assets and properties;

(ii) except for those consents listed in Schedule 5.3, result in prohibited

action under any term or provision of, the material breach of any term or provision of, the termination of, or the acceleration or permitting the acceleration of the performance required by the terms of, or constitute a default under or require the consent of any party to, any loan agreement, indenture, mortgage, deed of trust or any other contract to which Cox is a party or by which it is bound;

(iii) result in any Lien upon the Cox Assets, except for Permitted Liens; or

(iv) cause the suspension or revocation of any of the Cox Licenses.

5.4 APPROVALS5.4 APPROVALS. Except as set forth on Schedule 5.4 and

except for the consent of the FCC, no authorizations, approvals or consents from any governmental or regulatory authorities or agencies are necessary to permit Cox to execute and deliver this Agreement and to permit Cox to perform its obligations hereunder.

5.5 NO LITIGATION5.5 NO LITIGATION. Except as set forth on Schedule 5.5,

there are no actions, suits, investigations or proceedings pending or, to the best of Cox's knowledge, threatened against or affecting the Cox Assets, in any

court or before any arbitrator, or before or by any governmental department, commission, bureau, board, agency or instrumentality, domestic or foreign, which, if adversely determined, would impair the ability of Cox to perform its obligations hereunder.

5.6 BROKERAGE 5.6 BROKERAGE. Except for Media Venture Partners, Cox has not

dealt with any broker or finder in connection with any of the transactions contemplated by this Agreement, and to the best of Cox's knowledge, no other person is entitled to any commission or finder's fee in connection with any of these transactions.

5.7 TITLE TO AND CONDITION OF TANGIBLE PERSONAL PROPERTY 5.7 TITLE TO AND

CONDITION OF TANGIBLE PERSONAL PROPERTY. Except as specified on Schedule 5.7,

and except for Permitted Liens, Cox has good title to the Cox Tangible Personal Property free and clear of all Liens. All of the Cox Tangible Personal Property is in a good working condition and repair (ordinary wear and tear excepted). All of the Cox Tangible Personal Property is listed in Schedule

1.1A, and such schedule contains a list of all tangible personal property used in the operation of the Cox Stations other than Excluded Assets.

5.8 TITLE TO AND CONDITION OF REAL PROPERTY. 5.8 TITLE TO AND CONDITION OF

REAL PROPERTY. Schedule 1.2A lists all of the Cox Real Property and Cox has

good title in and to the owned Cox Real Property, and such schedule contains a

list of all real property used in the operation of the Cox Stations other than the Excluded Assets. All of the Cox Real Property is owned free and clear of all Liens except for Permitted Liens. Schedule 1.2A lists all of the Cox Real

Property Leases. Except as disclosed on Schedule 5.8, with respect to each Cox

Real Property Lease: (a) said lease is, and following the Closing to the best of Cox's knowledge, will continue to be legal, valid, binding, enforceable and in full force and effect; and (b) Cox has not assigned, transferred, conveyed, mortgaged, deeded in trust or encumbered any interest in said lease or its rights thereunder. To the best of Cox's knowledge, no third party is in material default in the performance of any of its obligations under any of the Cox Real Property Leases, and no event or circumstance has occurred, which, with the giving of notice or the lapse of time or both, would constitute a material default by Cox under any Cox Real Property Lease. All improvements on the owned Cox Real Property are in material compliance with applicable zoning and land use laws, ordinances and regulations except for any instances of noncompliance which do not and will not in the aggregate have a material adverse effect on such owned Cox Real Property. All such improvements are in good working condition and repair, and comply in all material respects with FCC rules and regulations and all other applicable Federal, state and local statutes, ordinances and regulations. To the best of Cox's knowledge, all of the transmitting towers, ground radials, guy anchors, transmitter buildings and related improvements located on the owned Cox Real Property are located entirely on the owned Cox Real Property. Cox has no knowledge of any pending, threatened or contemplated action to take by eminent domain or otherwise to condemn any part of the owned Cox Real Property. Cox has full legal and practical access to the Cox Real Property.

5.9 LICENSES 5.9 LICENSES. Schedule 1.3A accurately and completely lists all

Cox Licenses, and such schedule contains a list of all licenses, permits and applications used in the operation of or benefiting the Cox Stations, other than Excluded Assets. The Cox Licenses are (a) validly issued and in full force and effect, (b) unimpaired by any acts or omissions of Cox or Cox's employees or agents, (c) free and clear of any restrictions that might limit the full operation of the Cox Stations and (d) Cox has full power and authority to operate the Cox Stations thereunder.

5.10 FCC COMPLIANCE 5.10 FCC COMPLIANCE. Except as shown on Schedule 5.10,

the Cox Stations have been operated at all times by Cox at full authorized power in material accordance with the terms of the Cox FCC Licenses, the Communications Act of 1934, as amended (the "Act"), and all applicable rules, regulations and policies of the FCC. Cox has timely filed or made all applications, reports, and other disclosures required by the FCC to be filed or made with respect to the Cox Stations. The Cox FCC Licenses are valid and in full force and effect. Except as shown on Schedule 5.10, no application, action

or proceeding is pending for the renewal or modification of any of the Cox FCC Licenses and, to the best of Cox's knowledge, there is not now issued or outstanding any investigation or material complaint against Cox at the FCC as of the date of this Agreement relating to the Cox Stations. Except as disclosed on Schedule 5.10, there is no proceeding pending at the FCC, and there is no

outstanding notice of violation from the FCC as of the date of this Agreement

relating to the Cox Stations. All fees payable to governmental authorities

pursuant to the Cox FCC Licenses, including FCC annual regulatory fees, have

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been paid and no event has occurred which, individually or in the aggregate, and  
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with or without the giving of notice or the lapse of time or both, would constitute grounds for nonrenewal in the ordinary course or revocation thereof.

5.11 COMPLIANCE WITH LAWS 5.11 COMPLIANCE WITH LAWS. Cox has all licenses,  
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permits or other authorizations of governmental, regulatory or administrative agencies required to conduct its business with respect to the Cox Stations in all material respects as currently conducted. No judgment, decree, order or notice of violation has been issued by any agency or authority which permits, or would permit, revocation, modification or termination of any governmental permit, license or authorization or which results or could result in any material impairment of any rights thereunder. With respect to the Cox Stations, Cox is in material compliance with all applicable federal, state, local or foreign laws, regulations, statutes, rules, ordinances, directives and orders and any other requirements of any governmental, regulatory or administrative agency or authority or court or other tribunal applicable to it.

5.12 ENVIRONMENTAL MATTERS 5.12 ENVIRONMENTAL MATTERS. Without limiting the  
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generality of SECTION 5.11, except as disclosed on Schedule 5.12, all of the Cox  
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Real Property is free of (1) waste or debris; (2) "hazardous waste" or any "hazardous substance" as defined in federal environmental and occupational safety and health statutes (including the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended from time to time ("CERCLA"), and regulations promulgated thereunder; (3) any substance the presence of which on the Cox Real Property is prohibited by any federal, state or local environmental law; and (4) any materials which, under federal, state, or local environmental law, require special handling in collection, storage, treatment or disposal, each in quantities or in a manner sufficient to give rise to liability under the federal, state or local government environmental standards or to warrant the imposition of any penalty, civil or criminal, against Cox. Without limiting the generality of the foregoing, except as disclosed on Schedule 5.12,  
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there are no installations on the Cox Real Property which contain PCBs or asbestos in quantities sufficient to mandate the removal of such PCBs or asbestos in accordance with federal, state or local government environmental standards or to warrant the imposition of any penalty, civil or criminal, against Cox. Cox has delivered to Salem all environmental assessments of the Cox Real Property owned by Cox.

5.13 ACCURACY OF INFORMATION FURNISHED 5.13 ACCURACY OF INFORMATION  
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FURNISHED. No statement by Cox contained in this Agreement or in any Schedule or Exhibit hereto contains any material untrue statement of a material fact or omits to state any material fact which is necessary to make the Statements contained herein not materially misleading.

5.14 TAXES 5.14 TAXES. Cox has filed or caused to be filed all federal,  
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state, county, local, or city tax returns which are required to be filed, and Cox has paid or caused to be paid all taxes as shown on those returns or on any tax assessment received by Cox to the extent that such taxes have become due, or has set aside on its books adequate reserves (segregated to the extent required by generally accepted accounting principles) with respect thereto. There are no governmental investigations or other legal, administrative, or tax proceedings pending, or to the best of Cox's knowledge, threatened, pursuant to which Cox is or could be made liable for any taxes, penalties, interest, or other charges, the liability for which could extend to Salem as transferee of the Cox Assets, and no event has occurred that could impose on Salem any liability for any taxes, penalties, or interest due or to become due from Cox. Cox has paid in full or discharged, or caused to be paid in full or discharged, all taxes (i) relating to the Cox Assets that are required to be paid (whether or not such taxes are shown as due on any tax return) and (ii) the non-payment of which could result in a Lien on the Cox Assets in the hands of Salem, excepting in each case such taxes as will not be due until after the Closing Date and which are to be prorated pursuant to SECTION 4.2 of this Agreement. Any Lien for taxes on the Cox Assets the validity of which is being contested in good faith by appropriate proceedings shall be described on Schedule 5.14 of  
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this Agreement.  
5.15 DEFINITION OF KNOWLEDGE 5.15 DEFINITION OF KNOWLEDGE. For the purposes  
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of this Agreement, "to the best of Cox's knowledge" or any similar formulation thereof means to the actual knowledge of Robert F. Neil, Chief Executive Officer; Richard A. Ferguson, Co-Chief Operating Officer; Marc W. Morgan, Co-Chief Operating Officer; Maritza Pichon, Chief Financial Officer; Sterling Davis, Director of Engineering; Jarrett O'Connor, Vice President and General Manager, WSUN (AM); and Caroline Devine, Vice President and General Manager, KLUP (AM).

6. REPRESENTATIONS AND WARRANTIES OF COX FOR THE RRC STATION AND STOCK  
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PURCHASE AGREEMENT. Cox hereby represents and warrants to Salem with respect to  
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the RRC Station and the Stock Purchase Agreement only as follows:

6.1 STOCK PURCHASE AGREEMENT. Cox will deliver to Salem a true and

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complete copy of the Stock Purchase Agreement (including all exhibits and schedules thereto) as executed by CRI on June 1, 2000. The Stock Purchase Agreement will not have been executed by Midwestern or the Stockholders at that time. Cox will deliver copies of the signature pages of Midwestern and the Stockholders immediately after receipt by Cox. Cox represents and warrants that the execution, delivery and performance of the Stock Purchase Agreement by CRI and all of the documents required to be delivered by CRI thereby and the consummation by CRI of the Stock Purchase Agreement in accordance with the terms thereof are within the corporate power of CRI and have been duly authorized by all necessary corporate action by CRI. When executed by CRI, the Stock Purchase Agreement will be a valid and binding offer of CRI subject to acceptance by Midwestern and the Stockholders and enforceable against CRI in accordance with its terms, except as the enforceability of the Stock Purchase Agreement or the documents or instruments contemplated thereby may be limited by bankruptcy, insolvency, or similar laws affecting creditors' rights generally and by judicial discretion in the enforcement of equitable remedies. Cox has no independent knowledge of and has not made any investigation to determine the accuracy or inaccuracy of the representations and warranties of Midwestern or the Stockholders in the Stock Purchase Agreement.

6.2 ORGANIZATION; GOOD STANDING. At the Closing, RRC (i) will be a

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corporation duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and (ii) will be qualified to do business as a foreign corporation and will be in good standing under the laws of the states in which it conducts business.

6.3 AUTHORITY. At the Closing, the execution, delivery and performance of

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all of the documents and instruments required to be delivered by RRC hereby (the "RRC Documents"), and the consummation by RRC of the transactions contemplated hereby and thereby will be within the corporate power of RRC, and will have been duly authorized by all necessary corporate action by RRC. At the Closing, the RRC Documents will be duly executed and delivered by RRC and will be, when executed and delivered by RRC, the valid and binding obligations of RRC, enforceable against it in accordance with their respective terms, except as the enforceability of such documents or instruments may be limited by bankruptcy, insolvency, or similar laws affecting creditors' rights generally and by judicial discretion in the enforcement of equitable remedies.

6.4 NO BREACH OR VIOLATION. Except for the consent of the FCC and the HSR

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Approval, at the Closing, the execution and delivery by RRC of the RRC Documents and the consummation by RRC of the transactions contemplated hereby, and compliance by RRC with the terms hereof, will not:

(i) violate or result in the breach of or contravene any of the terms, conditions or provisions of, or constitute a default under, any organizational documents of RRC, or any law, regulation, order, writ, injunction, decree, determination or award of any court, governmental department, board, agency or instrumentality, domestic or foreign, or any arbitrator, applicable to RRC or its assets and properties;

(ii) result in prohibited action under any term or provision of, the material breach of any term or provision of, the termination of, or the acceleration or permitting the acceleration of the performance required by the terms of, or constitute a default under or require the consent of any party to, any loan agreement, indenture, mortgage, deed of trust or any other contract to which RRC is a party or by which it is bound;

(iii) result in any Lien upon the RRC Assets, excepted for Permitted Liens; or  
(iv) cause the suspension or revocation of any of the RRC Licenses.

6.5 APPROVALS. Except for the consent of the FCC and the HSR Approval,

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at the Closing, no authorizations, approvals or consents from any governmental or regulatory authorities or agencies will be necessary to permit RRC to execute and deliver the RRC Documents and to consummate the transactions contemplated hereby and thereby.

6.6 NO LITIGATION. At the Closing there will be no actions, suits,

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investigations or proceedings pending or, to the best of Cox's knowledge, threatened against or affecting the RRC Assets, in any court or before any arbitrator, or before or by any governmental department, commission, bureau, board, agency or instrumentality, domestic or foreign, which, if adversely determined, would impair the ability of RRC to consummate the transactions contemplated hereunder.

6.7 BROKERAGE. RRC will not have dealt with any broker or finder in

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connection with any of the transactions contemplated by this Agreement, and to the best of Cox's knowledge, no person will be entitled to any commission or finder's fee in connection with any of these transactions other than Media Venture Partners whose commission is the responsibility of Cox.

6.8 ACCURACY OF INFORMATION FURNISHED. As of the Closing, no statement by

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RRC contained in any of the RRC Documents shall contain any material untrue statement of a material fact or omit to state any material fact which is necessary to make the statements contained therein not materially misleading,

7. REPRESENTATIONS AND WARRANTIES OF SALEM. Representations and

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Warranties of Salem Salem hereby represents and warrants to Cox as follows:

7.1 ORGANIZATION; GOOD STANDING.1 ORGANIZATION; GOOD STANDING. Each of

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SCC and STB is a corporation, duly incorporated, validly existing and in good standing under the laws of the state of its organization and is qualified to do business as a foreign corporation and is in good standing under the laws of the states in which it conducts business.

7.2 AUTHORITY.2 AUTHORITY. The execution, delivery and performance of this

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Agreement and all of the documents and instruments required to be delivered by Salem hereby, and the consummation by Salem of the transactions contemplated hereby and thereby are within the corporate power of Salem, and have been duly authorized by all necessary corporate action by Salem. This Agreement has been duly executed and delivered by Salem and at the Closing such other documents and other instruments required hereby to be executed and delivered by Salem will be duly executed and delivered by Salem. This Agreement is and the other documents and instruments required hereby will be when executed and delivered by Salem, the valid and binding obligations of Salem, enforceable against Salem in accordance with their respective terms, except as the enforceability of this Agreement or the documents or instruments contemplated hereby may be limited by bankruptcy, insolvency, or similar laws affecting creditors' rights generally and by judicial discretion in the enforcement of equitable remedies.

7.3 .3 NO BREACH OR VIOLATION.3 NO BREACH OR VIOLATION. Except as set forth on

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Schedule 7.3, the execution and delivery by Salem of this Agreement, the consummation by Salem of the transactions contemplated hereby, and compliance by Salem with the terms hereof, do not and will not:

- (i) violate or result in the breach of or contravene any of the terms, conditions or provisions of, or constitute a default under, Salem's organizational documents, or any law, regulation, order, writ, injunction, decree, determination or award of any court, governmental department, board, agency or instrumentality, domestic or foreign, or any arbitrator, applicable to Salem or its assets and properties;
- (ii) except for those consents listed in Schedule 7.3, result in prohibited

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action under any term or provision of, the material breach of any term or provision of, the termination of, or the acceleration or permitting the acceleration of the performance required by the terms of, or constitute a default under or require the consent of any party to, any loan agreement, indenture, mortgage, deed of trust or any other contract to which Salem is a party or by which it is bound;

- (iii) result in any Lien upon the Salem Assets except for Permitted Liens; or
- (iv) cause the suspension or revocation of any of the Salem Licenses.

7.4 APPROVALS.7.4 APPROVALS. Except as set forth on Schedule 7.4, and

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except for the consent of the FCC, DOJ and any approval required by the HSR Act, no authorizations, approvals or consents from any governmental or regulatory authorities or agencies are necessary to permit Salem to execute and deliver this Agreement and to perform its obligations hereunder.

7.5 NO LITIGATION.7.5 NO LITIGATION. Except as set forth on Schedule 7.5,

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there are no actions, suits, investigations or proceedings pending or, to the best of Salem's knowledge, threatened against or affecting the Salem Assets, in any court or before any arbitrator, or before or by any governmental department, commission, bureau, board, agency or instrumentality, domestic or foreign, which, if adversely determined, would impair the ability of Salem to perform its obligations hereunder.

7.6 BROKERAGE.6 BROKERAGE. Salem has not dealt with any broker or finder in

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connection with any of the transactions contemplated by this Agreement, and, to the best of Salem's knowledge, except for Media Venture Partners, no other person is entitled to any commission or finder's fee in connection with any of these transactions.

7.7 TITLE TO AND CONDITION OF TANGIBLE PERSONAL PROPERTY.7.7 TITLE TO AND

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Condition of Tangible Personal Property. Except as specified on Schedule 7.7,

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and except for Permitted Liens, Salem has good title to the Salem Tangible Personal Property free and clear of all Liens. All of the Salem Tangible Personal Property is in a good working condition (ordinary wear and tear excepted). All of the Salem Tangible Personal Property is listed on Schedule

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1.1C and such schedule contains a list of all tangible personal property used in

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the operation of the Salem Station other than Excluded Assets.

7.8 TITLE TO AND CONDITION OF REAL PROPERTY.8 TITLE TO AND CONDITION OF REAL

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PROPERTY. Schedule 1.2C lists all of the owned Salem Real Property and

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Salem has good title in and to the owned Salem Real Property, and such schedule contains a list of all real property used in the operation of the Salem Station other than Excluded Assets. All of the Salem Real Property is owned free and clear of all Liens except for Permitted Liens. Schedule 1.2C lists all of the

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Salem Real Property Leases. Except as disclosed on Schedule 7.8, with respect

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to each of the Salem Real Property Leases: (a) said lease is and following the Closing, to the best of Salem's knowledge, will continue to be, legal, valid, binding, enforceable and in full force and effect; and (b) Salem has not assigned, transferred, conveyed, mortgaged, deeded in trust or encumbered any interest in said lease or its rights thereunder. To the best of Salem's knowledge, no third party is in material default in the performance of any of its obligations under any of the Salem Real Property Leases, and no event or circumstance has occurred which, with the giving of notice or the lapse of time or both, would constitute a material default by Salem under any Salem Real Property Lease. All improvements on the owned Salem Real Property are in material compliance with applicable zoning and land use laws, ordinances and regulations except for any instances of noncompliance which do not and will not in the aggregate have a material adverse effect on such owned Salem Real Property. All such improvements are in good working condition and repair, comply in all material respects with FCC rules and regulations and all other applicable Federal, state and local statutes, ordinances and regulations. To the best of Salem's knowledge, all of the transmitting towers, ground radials, guy anchors, transmitter buildings and related improvements located on the owned Salem Real Property are located entirely on the owned Salem Real Property. Salem has no knowledge of any pending, threatened or contemplated action to take by eminent domain or otherwise to condemn any part of the Salem Real Property. Salem has full legal and practical access to the Salem Real Property.

7.9 LICENSES.9 LICENSES. Except as set forth on Schedule 7.9, Schedule  
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1.3C accurately and completely lists all of the Salem Licenses, and such  
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schedule contains a list of all licenses, permits and applications used in the

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operation of or benefiting the Salem Station, other than Excluded Assets. All of the Salem Licenses are (a) validly issued and in full force and effect, (b) unimpaired by any acts or omissions of Salem or Salem's employees or agents, (c) free and clear of any restrictions that might limit the full operation of the Salem Station and (d) Salem has full power and authority to operate the Salem Station thereunder.

7.10 FCC COMPLIANCE. .10 FCC COMPLIANCE. Except as shown on Schedule 7.10,  
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the Salem Station has been operated at all times by Salem at full authorized power in material accordance with the terms of the Salem FCC Licenses, the Act, and all applicable rules, regulations and policies of the FCC. Salem has timely filed or made all applications, reports, and other disclosures required by the FCC to be filed or made with respect to the Salem Station. The Salem FCC Licenses are valid and in full force and effect. Except as shown on Schedule 7.10, no application, action or proceeding is pending for

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the renewal or modification of any of the Salem FCC Licenses and, to the best of Salem's knowledge, there is not now issued or outstanding any investigation or material complaint against Salem at the FCC as of the date of this Agreement relating to the Salem Station. Except as disclosed in Schedule 7.10, there is

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no proceeding pending at the FCC, and there is no outstanding notice of violation from the FCC as of the date of this Agreement relating to the Salem Station. All fees payable to governmental authorities, including FCC annual regulatory fees, pursuant to the Salem FCC Licenses have been paid and no event has occurred which, individually or in the aggregate, and with or without the giving of notice or the lapse of time or both, would constitute grounds for nonrenewal in the ordinary course or revocation thereof.

7.11 COMPLIANCE WITH LAWS7.11 COMPLIANCE WITH LAWS. Salem has all licenses,  
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permits or other authorizations of governmental, regulatory or administrative agencies required to conduct its business with respect to the Salem Station in all material respects as currently conducted. No judgment, decree, order or notice of violation has been issued by any such agency or authority which permits, or would permit, revocation, modification or termination of any such governmental permit, license or authorization or which results or could result in any material impairment of any rights thereunder. With respect to the Salem Station, Salem is in material compliance with all applicable federal, state, local or foreign laws, regulations, statutes, rules, ordinances, directives and orders and any other requirements of any governmental, regulatory or administrative agency or authority or court or other tribunal applicable to it.

7.12 ENVIRONMENTAL MATTERS.12 ENVIRONMENTAL MATTERS. Without limiting the  
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generality of SECTION 7.11, except as disclosed on Schedule 7.12, all of the  
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Salem Real Property is free of (1) waste or debris; (2) "hazardous waste" or any "hazardous substance" as defined in federal environmental and occupational safety and health statutes including CERCLA, as amended from time to time, and regulations promulgated thereunder, or as defined by CERCLA, and regulations promulgated thereunder; (3) any substance the presence of which on the Salem Real Property is prohibited by any federal, state or local environmental law; and (4) any materials which, under federal, state, or local environmental law, require special handling in collection, storage, treatment or disposal, each in quantities or in a manner sufficient to give rise to liability under federal, state or local government environmental standards or to warrant the imposition

of any penalty, civil or criminal, against Salem. Without limiting the generality of the foregoing, except as disclosed on Schedule 7.12, there are no

installations on the Salem Real Property which contain PCBs or asbestos in quantities sufficient to mandate the removal of such PCBs or asbestos in accordance with federal, state or local government environmental standards or to warrant the imposition of any penalty, civil or criminal, against Salem. Salem has delivered to Cox all environmental assessments of the Salem Real Property owned by Salem.

7.13 ACCURACY OF INFORMATION FURNISHED 7.13 ACCURACY OF INFORMATION

FURNISHED. No statement by Salem contained in this Agreement or in any Schedule or Exhibit hereto contains any material untrue statement of a material fact or omits to state any material fact which is necessary to make the statements contained herein not materially misleading.

7.14 TAXES 7.14 TAXES. Salem has filed or caused to be filed all federal

income tax returns and all other federal, state, county, local, or city tax returns which are required to be filed, and Salem has paid or caused to be paid all taxes as shown on those returns or on any tax assessment received by Salem to the extent that such taxes have become due, or has set aside on its books adequate reserves (segregated to the extent required by generally accepted accounting principles) with respect thereto. Except as disclosed on Schedule

7.14, there are no governmental investigations or other legal, administrative,

or tax proceedings pending, or to the best of Salem's knowledge, threatened, pursuant to which Salem is or could be made liable for any taxes, penalties, interest, or other charges, the liability for which could extend to Cox as transferee of the Salem Assets, and no event has occurred that could impose on Cox any liability for any taxes, penalties, or interest due or to become due from Salem. Salem has paid in full or discharged, or caused to be paid in full or discharged, all taxes (i) relating to the Salem Assets that are required to be paid (whether or not such taxes are shown as due on any tax return) and (ii) the non-payment of which could result in a Lien on the Salem Assets in the hands of Cox, excepting in each case such taxes as will not be due until after the Closing Date and which are to be prorated pursuant to SECTION 4.2 of this Agreement. Any Lien for taxes on the Salem Assets the validity of which is being contested in good faith by appropriate proceedings shall be described on Schedule 7.14 of this Agreement.

7.15 DEFINITION OF KNOWLEDGE 7.15 DEFINITION OF KNOWLEDGE. For the purposes of

this Agreement, "to the best of Salem's knowledge" or any similar formulation thereof means to the actual knowledge of Edward G. Atsinger, III, President and Chief Executive Officer; John Ehde, Vice President of Engineering; and Gordon Marcy, General Manager of the Salem Station.

8. COVENANTS OF THE PARTIES 8. COVENANTS OF THE PARTIES. The parties

hereby covenant to each other as follows.

8.1 FCC APPLICATIONS 8.1 FCC APPLICATIONS. Following the date of this

Agreement, the parties shall proceed as expeditiously as practicable to file or cause to be filed applications with the FCC requesting consent to the assignment of the Cox FCC Licenses to Salem (the "Cox FCC Application"), an application with the FCC requesting consent to the assignment of the RRC FCC Licenses to Salem (the "RRC Application") and an application with the FCC requesting consent to the assignment of the Salem FCC Licenses to Cox (the "Salem FCC Application"), such applications to be duly filed with the FCC by the parties contemporaneously as contingent applications. The parties agree that the Cox FCC Application, the RRC FCC Application and the Salem FCC Application (together, the "FCC Applications") shall be filed not later than ten (10) business days after the date of this Agreement, and that the FCC Applications shall be prosecuted by each party in good faith and with due diligence. Cox and Salem shall cooperate with each other in the preparation, filing and prosecution of the FCC Applications. Should Cox or Salem become aware of facts which could reasonably be expected to affect or delay in a material and adverse manner, the FCC's grant of its consent to the FCC Applications, such party shall promptly notify the other party in writing and in accordance with the notices provisions set forth in SECTION 15. If the Closing shall not have occurred for any reason within the original effective period of the consent of the FCC to the FCC Applications, and neither party shall have terminated this Agreement under SECTION 11, the parties shall jointly request extensions of the effective period of the FCC consents.

8.2 STOCK PURCHASE AGREEMENT. CRI shall exercise its rights and fulfill all

of its obligations under the Stock Purchase Agreement at all times in a timely manner and in good faith and CRI shall take no action that is materially inconsistent with the terms of this Agreement. CRI agrees to provide to Salem within two (2) business days of CRI's receipt thereof, copies of all notices, correspondence and other written communication from the Stockholders or RRC or from any governmental authority in connection with the transactions contemplated by the Stock Purchase Agreement. CRI shall provide Salem five (5) business days' written notice before it exercises any right to terminate the Stock Purchase Agreement. Prior to the end of such five (5) day notice period, Salem

may request that CRI take and CRI shall take all commercially reasonable actions necessary to transfer to Salem any and all rights of CRI under the Stock Purchase Agreement. Salem and Cox hereby agree that, with respect to the RRC Assets, Salem shall have the full benefit of the representations and warranties made by Midwestern and the Stockholders in the Stock Purchase Agreement, including the right to draw against the Holdback Escrow as defined in the Stock Purchase Agreement. At the Closing and to the extent CRI is permitted to do so under the terms of the Stock Purchase Agreement, CRI shall assign to Salem, and Salem shall accept from CRI, the rights of CRI to indemnification by the Stockholders under the Stock Purchase Agreement insofar as such rights to indemnification relate to the RRC Assets and the representations, warranties and covenants of Midwestern and the Stockholders with respect thereto. To the extent that CRI is not permitted to assign such indemnification rights to Salem, CRI will cooperate with Salem to provide Salem with the benefit of such rights and to assist Salem in enforcing such rights against the Stockholders. CRI further agrees that it will not consent to or authorize any release of any funds held by the Escrow Agent pursuant to the Holdback Escrow Agreement (as each such term is defined in the Stock Purchase Agreement) without first consulting with Salem.

8.3 NO SOLICITATION OF THIRD PARTIES.3 NO SOLICITATION OF THIRD

PARTIES. Neither party nor any of its subsidiaries, nor any of its directors, officers, employees, representatives or agents shall, directly or indirectly, solicit or initiate inquiries or proposals from, or enter into any agreement with respect to, or provide any confidential information to or participate in any discussions or negotiations with, any corporation, partnership, person or other entity or group concerning any sale to such party of all or substantially all of the assets of the Stations owned by it (whether directly or through a merger or sale of stock of Cox or Salem). The parties will immediately cease and cause to be terminated any existing activities, discussions or negotiations with any third parties conducted heretofore with respect to any of the foregoing.

8.4 ACCESS.4 ACCESS. Prior to the Closing, each party shall give to

the other party and its representatives full and reasonable access during normal business hours to all of the party's properties, books, contracts, reports and records including financial information, in each case relating to Assets, in order that the parties may have full opportunity to make such investigation as they desire of such Stations, and each party shall furnish the other party with such information as such other party may reasonably request in connection therewith; provided that access to the properties, books, contracts and records of the RRC Station and RRC shall be subject to the terms of the Stock Purchase Agreement. The rights of the parties under this Section shall not be exercised in such a manner as to interfere unreasonably with the business of either party's Stations.

8.5 INCONSISTENT ACTIONS.5 INCONSISTENT ACTIONS. Prior to the Closing,

neither Cox nor Salem shall take any action which is materially inconsistent with its obligations under this Agreement, or that could hinder or delay the consummation of the transactions contemplated by this Agreement.

8.6 COOPERATION. Each party shall use commercially reasonable efforts to

cooperate fully with each other and their respective counsel and accountants in connection with any actions required to be taken as part of their obligations under this Agreement, and each party will use commercially reasonable efforts to consummate the transactions contemplated hereby and to fulfill its obligations hereunder including without limitation, each party's obligation to ensure that the transactions contemplated hereby are accomplished in a manner enabling the transfer of the Cox Assets, the RRC Assets and the Salem Assets to qualify as part of a Section 1031 Exchange.

8.7 CONTROL OF THE STATIONS.7 CONTROL OF THE STATIONS. Prior to Closing,

neither party shall, directly or indirectly, control, supervise, or direct, or attempt to control, supervise or direct the operations of the other party's Stations; those operations, including complete control and supervision of all Station programs, employees, and policies, shall be the sole responsibility of the Station's licensee.

8.8 RISK OF LOSS.8 RISK OF LOSS. The risk of any loss, damage, impairment,

confiscation, or condemnation of any of the Cox Assets from any cause whatsoever shall be borne by Cox at all times prior to the Closing. The risk of any loss, damage, impairment, confiscation, or condemnation of any of the RRC Assets from any cause whatsoever shall be borne by RRC at all times prior to the Closing. The risk of any loss, damage, impairment, confiscation, or condemnation of any of the Salem Assets from any cause whatsoever shall be borne by Salem at all times prior to the Closing.

8.9 THIRD PARTY CONSENTS.9 THIRD PARTY CONSENTS. Between the date of this

Agreement and the Closing, Cox and Salem shall use their respective commercially reasonable efforts to obtain the consent of any third party necessary for the assignment of any contract or agreement to be assigned hereunder. In the event a consent or waiver required with respect to the assignment of a contract has not been obtained before the Closing, Cox or Salem (as the case may be) shall use its commercially reasonable best efforts to provide the other party with the benefits of any such contract, including without limitation, permitting



such other party to enforce any rights of Cox or RRC or Salem under such contract.

8.10 TITLE INSURANCE AND SURVEYS TITLE INSURANCE AND SURVEYS.

(a) With respect to each parcel of Cox Real Property and with respect to each parcel of RRC Real Property, Salem will obtain at or prior to Closing, an ALTA Owner's Policy of Title Insurance Form B-1992 (or equivalent policy acceptable to Salem), issued by a title insurer satisfactory to Salem, in an amount equal to the fair market value of the property and any improvements thereon (as reasonably determined by Salem), insuring title to such parcel in the name of Salem as of the Closing, subject only to liens or encumbrances expressly permitted by this Agreement; and with respect to each parcel of Salem Real Property that Salem owns, Cox will obtain at or prior to Closing, an ALTA Owner's Policy of Title Insurance Form B-1992 (or equivalent policy acceptable to Cox), issued by a title insurer satisfactory to Cox, in an amount equal to the fair market value of the property and any improvements thereon (as reasonably determined by Cox), insuring title to such parcel in the name of Cox as of the Closing, subject only to liens or encumbrances expressly permitted by this Agreement.

(b) General Requirements as to Title Insurance Policies. Each title

insurance policy obtained by Cox or Salem, as the case may be, pursuant to this Agreement shall (1) insure title to the Cox Real Property, the RRC Real Property or the Salem Real Property described in the policy and all recorded easements benefiting the Cox Real Property, the RRC Real Property or the Salem Real Property, (2) contain an "extended coverage endorsement" insuring over the general exceptions customarily contained in title policies, (3) contain an endorsement insuring that the Cox Real Property, the RRC Real Property or the Salem Real Property described in the policy is the same real estate shown in the survey delivered with respect to such property, and (4) contain a "contiguity" endorsement with respect to any of the Cox Real Property, the RRC Real Property or the Salem Real Property consisting of more than one record parcel.

(c) Surveys. With respect to each parcel of Cox Real Property, RRC Real

Property or Salem Real Property, as to which a title insurance policy is to be

procured pursuant to this Agreement, Salem will procure a current survey of the parcel of Cox Real Property and RRC Real Property, and Cox will procure a current survey of the parcel of Salem Real Property, prepared by a licensed surveyor and conforming to current ALTA Minimum Detail Requirements for Land Title Surveys, disclosing the location of all improvements, easements, party walls, sidewalks, roadways, utility lines, and other matters customarily shown on such surveys, and showing access affirmatively to public streets and roads.

8.11 COMPLIANCE WITH HSR ACT 8.11 COMPLIANCE WITH HSR ACT. If the

transactions contemplated by this Agreement are subject to the filing requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), or the approval by the U.S. Federal Trade Commission (the "FTC") and the Antitrust Division of the U.S. Department of Justice (the "DOJ"), Cox and Salem will (i) each make such filings as are required under Title II of the HSR Act as soon as practicable but in any event within ten (10) days of the date of the acceptance by Midwestern and the Stockholders of Cox's offer set forth in the Stock Purchase Agreement, (ii) otherwise promptly comply with the applicable requirements under the HSR Act, including furnishing all information and filing all documents required thereunder, (iii) furnish to each other copies of those portions of the documents filed which are not confidential, and (iv) cooperate fully and use their respective commercially reasonable efforts to expedite compliance with the HSR Act.

8.12 CONFIDENTIALITY. Each of the parties hereto agrees to keep the terms

and conditions of this Agreement confidential until the filing of the FCC Applications except (a) for any disclosures to Midwestern and the Stockholders that may be necessary under the Stock Purchase Agreement, and (b) as and to the extent required by law, including disclosure requirements of federal and state securities laws and rules and regulations of securities markets or as necessary to fulfill its obligations under this Agreement.

8.13 FINANCIAL STATEMENTS. To the extent any party acquiring a Station

hereunder is required to provide audited financial statements regarding such Station pursuant to applicable law including, without limitation, Rule 3-05 of Regulation S-X of the rules and regulations of the Securities and Exchange Commission, and to the extent such financial statements exist and are available to the conveying party, the conveying party (as soon as is reasonably practicable following Closing, but in any event within sufficient time for the acquiring party to comply with applicable law) shall provide to the acquiring party a true, correct and complete copy of the audited financial statements for such Station for the three (3) fiscal years prior to Closing, or, to the extent the audited financial statements are not within the conveying party's custody, possession or control, the conveying party (as soon as is reasonably practicable following Closing, but in any event within sufficient time for the acquiring party to comply with applicable law) shall provide to the acquiring party true, correct and complete copies of the financial records for such Station for the three (3) fiscal years prior to Closing and, provided management are available, requisite access to management sufficient for the acquiring party and/or its representatives to create audited financial statements for the Station.

9. CONDITIONS TO SALEM'S OBLIGATIONS.9. CONDITIONS TO SALEM'S

OBLIGATIONS. Unless waived by Salem in writing, all obligations of Salem under

this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions.

9.1 REPRESENTATIONS, WARRANTIES AND COVENANTS. .1 REPRESENTATIONS,

WARRANTIES AND COVENANTS. The representations and warranties of Cox in this

Agreement shall be true and correct in all material respects at and as of the Closing Date, as if made at and as of such date; Cox shall have performed all obligations and complied with all covenants in all material respects required by this Agreement to be performed or complied with by it at or prior to the Closing; and Salem shall have received from Cox a certificate or certificates in such reasonable detail as Salem may reasonably request, signed by an officer of Cox and dated the Closing Date, to the foregoing effect.

9.2 APPROVALS OF GOVERNMENTAL AUTHORITIES9.2 APPROVALS OF GOVERNMENTAL

AUTHORITIES. Any and all governmental approvals necessary to consummate the

transactions contemplated by this Agreement shall have been received.

9.3 NO ADVERSE PROCEEDINGS. .3 NO ADVERSE PROCEEDINGS. No order shall have

been issued by, and no suit, action or other proceeding against Cox shall be pending before, any court or governmental agency of competent jurisdiction in which it is sought to restrain or prohibit any of the transactions contemplated by this Agreement or to obtain damages or other relief in connection with this Agreement or the transactions contemplated hereby; provided, however, that if

Cox and Salem mutually determine that any pending suit, action or proceeding seeking to restrain or prohibit the transactions contemplated hereby is unlikely to succeed on the merits, then the pendency of such proceeding shall not prevent the Closing.

9.4 CONSENTS.4 CONSENTS. The consents designated as required consents on

Schedule 5.3 shall have been obtained.

9.5 CLOSING DOCUMENTS. .5 CLOSING DOCUMENTS. Cox and RRC shall have

executed and delivered to Salem the documents required to be executed and delivered by it pursuant to SECTION 4.

9.6 FCC CONSENT..6 FCC CONSENT. The FCC shall have given its consent to the

FCC Applications and to the transactions contemplated hereby.

9.7 RESOLUTIONS.7 RESOLUTIONS. Cox shall have delivered to Salem

resolutions adopted by the Board of Directors of Cox and RRC authorizing and

approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, certified by the Secretary of such companies as being true and complete as of the Closing Date.

9.8 HSR ACT 9.8 HSR ACT. If legally required, all filings with the FTC and

the DOJ pursuant to the HSR Act shall have been made and all applicable waiting periods with respect to such filings (including any extensions thereof) shall have expired or been terminated and no actions shall have been instituted which are pending on the Closing Date by the FTC or DOJ challenging or seeking to enjoin the consummation of this transaction.

10. CONDITIONS TO COX'S OBLIGATIONS.. CONDITIONS TO COX'S OBLIGATIONS.

Unless waived by Cox in writing in its sole discretion, all obligations of Cox under this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions.

10.1 REPRESENTATIONS, WARRANTIES AND COVENANTS.1 REPRESENTATIONS,

WARRANTIES AND COVENANTS. The representations and warranties of Salem in this

Agreement shall be true and correct in all material respects at and as of the Closing Date, as if made at and as of such date; Salem shall have performed all obligations and complied with all covenants in all material respects required by this Agreement to be performed or complied with by it at or prior to the Closing; and Cox shall have received from Salem a certificate or certificates in such reasonable detail as Cox may reasonably request, signed by an officer of Salem and dated the Closing Date, to the foregoing effect.

10.2 APPROVALS OF GOVERNMENTAL AUTHORITIES. .2 APPROVALS OF GOVERNMENTAL

AUTHORITIES. Any and all governmental approvals necessary to consummate the

transactions contemplated by this Agreement shall have been received.

10.3 NO ADVERSE PROCEEDINGS. .3 NO ADVERSE PROCEEDINGS. No order shall

have been issued, and no suit, action or other proceeding against Salem shall be pending before, any court or governmental agency of competent jurisdiction

in which it is sought to restrain or prohibit any of the transactions contemplated by this Agreement or to obtain damages or other relief in connection with this Agreement or the transactions contemplated hereby; provided, however, that if Salem and Cox mutually determine that any pending

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suit, action or proceeding seeking to restrain or prohibit the transactions contemplated hereby is unlikely to succeed on the merits, then the pendency of such proceeding shall not prevent the Closing.

10.4 CONSENTS.4 CONSENTS. The consents designated as required consents on  
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Schedule 7.3 shall have been obtained.

10.5 CLOSING DOCUMENTS.5 CLOSING DOCUMENTS. Salem shall have executed and  
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delivered to Cox the documents required to be executed and delivered by it pursuant to SECTION 4.

10.6 FCC CONSENT.6 FCC CONSENT. The FCC shall have given its consent to the  
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FCC Applications and the transactions contemplated hereby.

10.7 RESOLUTIONS.7 RESOLUTIONS. Salem shall have delivered to Cox  
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resolutions adopted by the Board of Directors of Salem authorizing and approving the execution and delivery of the transactions contemplated hereby, certified by the Secretary of Salem as being true and complete as of the Closing Date.

10.8 HSR ACT 10.8 HSR ACT. If legally required, all filings with the FTC  
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and the DOJ pursuant to the HSR Act shall have been made and all applicable waiting periods with respect to such filings (including any extensions thereof) shall have expired or been terminated and no actions shall have been instituted which are pending on the Closing Date by the FTC or DOJ challenging or seeking to enjoin the consummation of this transaction.

10.9 STOCK PURCHASE AGREEMENT. The Stock Purchase Closing shall have  
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occurred.

11. TERMINATION11. TERMINATION. This Agreement may be terminated by  
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either Cox or Salem, if the terminating party is not then in material default, upon written notice to the other party, upon the occurrence of any of the following:

(a) Conditions. If on the Closing Date any of the conditions precedent  
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to the obligations of the terminating party set forth in this Agreement have not been satisfied in all material respects or waived in writing by the terminating party.

(b) Judgments. If there shall be in effect on the Closing Date any final  
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judgment, decree, or order that would prevent or make unlawful the Closing of this Agreement.

(c) Upset Date. If the Closing shall not have occurred on or before the  
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date that is twelve (12) months after the date of the Stock Purchase Agreement.

(d) Breach. If the other party is in material breach of this Agreement and  
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the breach remains uncured notwithstanding the opportunity to cure provisions of SECTION 12.7 hereof.

(e) Stock Purchase Agreement. If the Stock Purchase Agreement has been  
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terminated other than by closing of the transactions contemplated thereby.

12. SURVIVAL OF REPRESENTATIONS AND WARRANTIES AND INDEMNIFICATION.12.  
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SURVIVAL OF REPRESENTATIONS AND WARRANTIES AND INDEMNIFICATION.

12.1 SURVIVAL12.1 SURVIVAL. All representations and warranties  
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contained in this Agreement shall survive the Closing for a period of twelve (12) months. Any investigations by or on behalf of any party hereto shall not constitute waiver as to enforcement of any representation, warranty, or covenant contained in this Agreement. No notice or information delivered by either party shall affect the other party's right to rely on any representation or warranty made by the party providing such notice or information or relieve such party of any obligations under this Agreement as the result of a breach of any of its representations and warranties.

12.2 INDEMNIFICATION BY COX12.2 INDEMNIFICATION BY COX. Notwithstanding the  
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Closing, Cox hereby agrees, subject to SECTION 12.4(E), to indemnify and hold Salem harmless against and with respect to, and shall reimburse Salem for:

(a) Breach. Any and all losses, liabilities, or damages resulting from  
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any untrue representation or breach of warranty, to the extent such representation or warranty survives the Closing, or nonfulfillment of any covenant by Cox contained herein or in any certificate, document, or instrument delivered to Salem hereunder.

(b) Obligations. Any and all Excluded Liabilities relating to the Cox  
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Stations or the RRC Station.

(c) Ownership. Any and all losses, liabilities (other than liabilities that

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are prorated pursuant to SECTION 4.2) or damages resulting from (i) the operation or ownership of the Cox Stations and the RRC Station prior to the Closing Date, including any and all liabilities arising under the Cox Licenses, the RRC Licenses, or the Cox Real Property Leases or the RRC Real Property Leases which relate to events occurring prior to the Closing Date, or (ii) the operation or ownership of the Salem Station on and after the Closing Date, including any and all liabilities arising under the Salem Licenses or the Salem Real Property Leases which relate to events occurring after the Closing Date.

(d) Legal Matters. Any and all actions, suits, proceedings, claims,

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demands, assessments, judgments, costs, and expenses, including reasonable legal fees and expenses, incident to any of the foregoing or incurred in investigating or attempting to avoid the same or to oppose the imposition thereof, or in enforcing this indemnity.

12.3 LNDEMNIFICATION BY SALEM12.3 LNDEMNIFICATION BYSalem.

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Notwithstanding the Closing, subject to SECTION 12.4(E), Salem hereby agrees to indemnify and hold Cox harmless against and with respect to, and shall reimburse Cox for:

(a) Breach. Any and all losses, liabilities, or damages resulting from

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any untrue representation or breach of warranty, to the extent such representation or warranty survives the Closing, or nonfulfillment of any covenant by Salem contained herein or in any certificate, document, or instrument delivered to Cox hereunder.

(b) Obligations. Any and all Excluded Liabilities relating to the Salem

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Station.

(c) Ownership. Any and all losses, liabilities (other than liabilities that

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are prorated pursuant to SECTION 4.2), or damages resulting from (i) the operation or ownership of the Salem Station prior to the Closing Date, including any and all liabilities arising under the Salem Licenses or the Salem Real Property Leases which relate to events occurring prior to the Closing Date, or (ii) the operation or ownership of the Cox Stations and the RRC Station on and after the Closing Date, including any and all liabilities arising under the Cox Licenses, the RRC Licenses, or the Cox Real Property Leases or the RRC Real Property Leases which relate to events occurring after the Closing Date.

(d) Legal Matters. Any and all actions, suits, proceedings, claims,

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demands, assessments, judgments, costs and expenses, including reasonable legal fees and expenses, incident to any of the foregoing or incurred in investigating or attempting to avoid the same or to oppose the imposition thereof, or in enforcing this indemnity.

12.4 PROCEDURE FOR INDEMNIFICATIONPROCEDURE FOR INDEMNIFICATION. The

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procedure for indemnification shall be as follows:

(a) Notice. The party seeking indemnification (the "Claimant") shall

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promptly give notice to the indemnifying party (the "Indemnitor") of any claim, whether solely between the parties or brought by a third party, specifying (i) the factual basis for the claim, and (ii) the amount of the claim.

(b) Investigation. With respect to claims between the parties, following

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receipt of notice from the Claimant of a claim, the Indemnitor shall have thirty (30) business days to make any investigation of the claim that the Indemnitor deems necessary or desirable. For the purposes of this investigation, the Claimant agrees to make available to the Indemnitor and/or its authorized representatives the information relied upon by the Claimant to substantiate the claim. If the Claimant and the Indemnitor cannot agree as to the validity and amount of the claim within said 30-day period (or any mutually agreed upon extension thereof), the Claimant may seek appropriate legal remedy.

(c) Control. With respect to any claim by a third party as to which the

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Claimant is entitled to indemnification hereunder, the Indemnitor shall have the right at its own expense to participate in or assume control of the defense of the Claim, and the Claimant shall cooperate fully with the Indemnitor, subject to reimbursement for actual out-of-pocket expenses incurred by the Claimant as the result of a request by the Indemnitor. If the Indemnitor elects to assume control of the defense of any third-party claim, the Claimant shall have the right to participate in the defense of the claim at its own expense. If the Indemnitor does not elect to assume control or otherwise participate in the defense of any third party claim, it shall be bound by the results obtained by the Claimant with respect to the claim.

(d) Immediate Action. If a claim, whether between the parties or by a third

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party, requires immediate action, the parties will make every effort to reach a decision with respect thereto as expeditiously as possible.

(e) Limitations on Indemnification.

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(i) Any indemnity payment hereunder shall be limited to the extent of the actual loss or damage suffered by the Claimant and shall be reduced by the

amount of any recovery by the Claimant from any third party, including any insurer, and by the amount of any tax benefits received.

(ii) No party shall be entitled to indemnification hereunder unless and until the amount for which indemnification is owing exceeds Fifty Thousand Dollars (\$50,000) (the "Minimum Loss") in the aggregate for all such matters; provided, however, that if such amount exceeds the Minimum Loss, the Indemnitor shall be liable to the Claimant for an amount equal to fifty percent (50%) of the Minimum Loss and one hundred percent (100%) of any excess over the Minimum Loss, and provided further, that the aggregate amount for which a party shall be

entitled to indemnification hereunder for a breach by the other party of its representations, warranties and covenants shall not exceed Twenty Million Dollars (\$20,000,000). No party shall be entitled to indemnification hereunder for any claim arising from the breach by the other party of its representations and warranties which is not asserted against the Indemnitor within twelve (12) months after the Closing Date.

(iii) The limitations in SECTION 12.4(E)(II) shall not apply to the adjustments and prorations to be made pursuant to SECTION 4.2.

12.5 SPECIFIC PERFORMANCE 12.6 SPECIFIC PERFORMANCE. The parties

recognize that if either party refuses to perform its obligations under this Agreement, monetary damages will not be adequate to compensate the other party for its injury. Each party shall therefore be entitled to elect, in lieu of money damages, to obtain specific performance of the terms of this Agreement. If any action is brought by either Salem or Cox to enforce this Agreement, Cox or Salem, as the case may be, shall waive the defense that there is an adequate remedy at law. Either party shall have the right to obtain specific performance of the terms of this Agreement without being required to prove actual damages, post bond or furnish other security.

12.6 OPPORTUNITY TO CURE 12.7 OPPORTUNITY TO CURE. Neither party shall have

the right to terminate this Agreement as a result of the other party's default unless the terminating party shall have given the defaulting party written notice specifying in reasonable detail the nature of the default and shall have afforded the defaulting party thirty (30) days (the "Cure Period") to cure the default or to undertake to cure the default in a commercially reasonable manner during the Cure Period (if it cannot be reasonably cured during the Cure Period) and such party pursues said cure with reasonable diligence after the Cure Period.

12.7 RIGHTS UNDER STOCK PURCHASE AGREEMENT. Nothing in this SECTION 12

shall be deemed to limit or restrict the exercise by Salem of any rights to indemnification it may enjoy under the terms of the Stock Purchase Agreement, as contemplated by SECTIONS 4.1(E) and 8.2 hereof, in accordance with and subject to the terms of the Stock Purchase Agreement.

13. TAXES, COSTS AND EXPENSES. Each party shall bear its own legal,

accounting and other professional expenses in connection with the negotiation, preparation and consummation of this Agreement and the transactions contemplated hereby. All other expenses and costs including but not limited to the HSR Act filing fee, FCC application filing fees, title insurance and survey expenses, transfer and use taxes, sales taxes, documentary stamps and recording fees shall be aggregated and paid one-half by Cox and one-half by Salem as part of the adjustments and prorations to be made pursuant to SECTION 4.2.

14. BENEFIT OF AGREEMENT; ASSIGNMENT 14. BENEFIT OF AGREEMENT; ASSIGNMENT.

No party shall assign its interest under this Agreement, by operation of law or otherwise, without the written consent of the other party, such consent not to be unreasonably withheld, provided, however, that either party without obtaining the other party's consent may assign all or a portion of its rights and/or obligations to a corporation, partnership or other business entity that controls, is controlled by, or is under common control with such party, and further provided that Cox, RRC, or Salem may assign all or a portion of its rights but not its obligations to a qualified intermediary as defined in Treasury Regulation Section 1.1031(k) - 1(g)(4). Subject to the foregoing, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the parties hereto and their respective heirs, successors and assigns.

15. NOTICES 15. NOTICES. All notices, requests, demands and other

communications which are required or may be given under this Agreement, shall be in writing and shall be deemed to have been duly given upon the hand delivery thereof during business hours, or upon the earlier of receipt or three (3) days after posting by registered mail or certified mail, return receipt requested, or on the next business day following delivery to a reliable or recognized air freight delivery service, in each case addressed as follows.

If to Cox or CBI: Robert F. Neil  
President  
Cox Radio, Inc.  
1400 Lake Hearn Drive, N.E.  
Atlanta, Georgia 30319  
with a copy to: Kevin F. Reed, Esq.  
Dow, Lohnes & Albertson, PLLC  
1200 New Hampshire Avenue, N.W.  
Suite 800

If to Salem: Jonathan Block, Esq.  
General Counsel  
Salem Communications Corp.  
4880 Santa Rosa Road  
Suite 300  
Camarillo, California 93012  
with a copy to: James P. Riley, Esq.  
Fletcher, Heald & Hildreth, P.L.C.  
1300 North 17th Street  
11th Floor  
Arlington, VA 22209

Any party may, with written notice to the other, change the place for which all further notices to such party shall be sent. All costs and expenses for the delivery of notices hereunder shall be borne and paid for by the delivering party.

16. SEVERABILITY. SEVERABILITY. All agreements and covenants herein

are severable. In the event that any provision of this Agreement should be held to be unenforceable, the validity and enforceability of the remaining provisions hereof shall not be affected thereby.

17. ENTIRE AGREEMENT. ENTIRE AGREEMENT. Except as herein expressly

provided, this Agreement embodies the entire agreement and understanding among Salem and Cox and supersedes all prior agreements and understandings, whether oral or in writing, with respect to the purchase and sale of the Assets.

18. GOVERNING LAW. GOVERNING LAW. This Agreement shall be construed and

enforced in accordance with the laws of the State of Georgia, without reference to the conflict of law principles thereof.

19. EXHIBITS. EXHIBITS. All Exhibits, Schedules, collateral documents or

instruments attached to this Agreement or to be provided at the Closing in the form of an exhibit attached to this Agreement, shall be deemed a part of this Agreement and incorporated herein, where applicable, as if fully set forth herein.

20. COUNTERPARTS. COUNTERPARTS. This Agreement may be executed in one or

more counterparts, each of which when taken together, shall have the same effect as if the signature on each counterpart were upon the same instrument.

21. INTENTIONALLY OMITTED.

22. AMENDMENT; WAIVER. AMENDMENT; WAIVER. This Agreement (including the

Schedules and Exhibits hereto) may not be amended, supplemented or otherwise modified, nor may any party hereto be relieved of any of its liabilities or obligations hereunder, except by a written instrument duly executed by the parties hereto. Any such written instrument entered into in accordance with the provisions of the preceding sentence shall be valid and enforceable notwithstanding the lack of separate legal consideration therefor. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and executed by the party so waiving. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach.

23. ATTORNEY'S FEES. ATTORNEY'S FEES. In the event of a dispute between

or among the parties hereto arising out of or related to this Agreement or the interpretation or enforcement of this Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees, costs and expenses from the other party.

24. DEFINED TERMS. 24. DEFINED TERMS.

"Act"	5.10
"Agreement"	Preamble
"Appraisals"	1.7(a)
"Appraiser"	1.7(a)
"Assets"	1.5(a)
"CERCLA"	5.12
"Claimant"	12.4(a)
"Closing Date"	4
"Closing"	4
"Code"	Recitals
"Cox"	Preamble
"Cox Assets"	1.3
"Cox FCC Application"	8.1
"Cox FCC Licenses"	1.3
"Cox Licenses"	1.3
"Cox Proration Schedule"	4.2(c)
"Cox Real Property"	1.2
"Cox Real Property Leases"	1.2
"Cox Records"	1.1
"Cox Stations"	Recitals
"Cox Tangible Personal Property"	1.1

"Cox's Proration Amount"	4.2(d)
"CRI"	Preamble
"Cure Period"	12.6
"CXR"	Preamble
"DOJ"	8.11
"Excluded Assets"	1.5(b)
"Excluded Liabilities"	1.6
"FCC"	Recitals
"FCC Applications"	8.1
"FTC"	8.11
"HSR Act"	8.11
"Indemnitor"	12.4(a)
"Liens"	1.1
"Midwestern"	Recitals
"Minimum Loss"	12.4(e)(ii)
"Notice of Disagreement"	4.2(c)
"Permitted Liens"	1.1
"RRC"	Recitals
"RRC Assets"	1.3
"RRC Documents"	6.3
"RRC FCC Application"	8.1
"RRC FCC Licenses"	1.3
"RRC Licenses"	1.3
"RRC Real Property"	1.2
"RRC Real Property Leases"	1.2
"RRC Records"	1.1
"RRC Station"	Recitals
"RRC Tangible Personal Property"	1.1
"Salem"	Preamble
"Salem Assets"	1.5
"Salem FCC Application"	8.1
"Salem FCC Licenses"	1.4
"Salem Licenses"	1.4
"Salem Proration Schedule"	4.2(d)
"Salem Real Property"	1.2
"Salem Real Property Leases"	1.2
"Salem Records"	1.1
"Salem Tangible Personal Property"	1.1
"Salem's Proration Amount"	4.2(c)
"SCC"	Preamble
"Stations"	Preamble
"STB"	Recitals
"Stock Purchase Agreement"	Recitals
"Stock Purchase Closing"	Recitals
"Stockholders"	Recitals
"To the best of Salem's knowledge"	7.15
"To the best of Cox's knowledge"	5.15

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto as of the day and year first above written.

COX RADIO, INC.

By: \_\_\_\_\_  
Name:  
Title:

CXR HOLDINGS, INC.

By: \_\_\_\_\_  
Name:  
Title:

SALEM COMMUNICATIONS CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

SOUTH TEXAS BROADCASTING, INC.

By: \_\_\_\_\_  
Name:  
Title:

-----  
Cox Tangible Personal Property  
-----

WSUN(AM) (formerly WFNS), Plant City, Florida  
-----

See attached list.

KLUP(AM), Terrell Hills, Texas  
-----

See attached list.

WSUN(AM) Transmitter Site  
-----

Harris	SX-5A	5 kW AM Transmitter
Harris	SX-5A	Sapre Parts Kit
Potomac	AM-19D(210)	Antenna Monitor
Belar	AMM-3	Modulation Monitor
Gentner	VRC-2000	Remote Control System
TFT	8600	STL System (Stereo/Split)
Orban	9100b	Audio Processor
Old	Funky	Monitor Speaker
RCA/BUD	6 foot	Equipment Rack
Radio Shack	SA-10	Monitor Amplifier
	3 tower	Antenna System phasor
Delta	TCA-20EX	RF Ammeter
Potomac	FIM-41	Field strength meter
Amana		AC units (2)
Ground System		Copper Strap, Wire, Etc.
Fence		
Bridge		
Tower Light System		
STL Tower		
1010 Notch Filter		
Potomac Phase Monitor		
Base Current Meter		
Power Surge Suppressor		
AM Tower #1		
AM Tower #2		
AM Tower #3		

KLUP Transmitter Site  
-----

1) Continental 315F 5/1 KW AM transmitter s/n 28  
1) Gates BC-1G 1KW AM transmitter s/n 73935  
1) Two (2) Tower Phasing Cabinet  
2) 7' Equipment Rack  
1) Potomac 1901 Digital Two Tower Antenna Monitor  
1) Belar AMM-3 AM Modulation Monitor s/n 142288  
1) Burk ARC-16 remote Control Unit s/n A94902 with Two (2) Relay Panels  
1) Orban 9100A AM Processor/Limiter s/n 729659  
1) Moseley PCL-6030 STL Receiver s/n 56654 RX Freq: 950.000 Vertical  
1) Moseley CL-100 TSL transmitter s/n 51539 Freq: 450.980 Horizontal  
1) 5 KW Dummy Load with Meter and "X" tuning Circuit  
1) Remote Control Interface Power Suply 48 VDC  
1) 13 Watt, Mono, Audio Amplifier with Speaker  
1) Delta TCA-10/20 EXR Night Common Point Meter on Phasor  
1) Delta TCA-20 EXR Day Base Current Meter on Phasor  
1) Scala Mini-Grid STL Antenna  
1) Scal Yagi TSL System  
1) 75' of 7/8" Foam Heliac with "N" connectors  
1) 75' of 1/2" Foam Heliac with "N" connectors  
2) Central Air Conditioners 1) 2 years old, 1) 4 years old  
1) Stewart & Stevenson 25 KW Diesel Generator and Zenith Changeover  
Panel-working  
  
240) 224' Buried Cooper Radials  
240) 50' Buried Intermediate Copper Radials  
500' of 4" Copper Strap  
550' of 3/8" Phase Stabilized Sample Lines (Buried)  
550' of 7/8" Foam Heliac Transmission Line (Buried)

KLUP Towers  
-----



- 1) 224' Guyed Triangular, Base Insulated Tower with 20" Face (day-Non-D, Night Tower 2)
- 1) 224' Guyed Triangular, Base Insulated Tower with 16" Face (Night Tower 1)

KLUP Tower Tuning Houses  
 -----

- 1) 5/1 KW Antenna Tuning Unit with Delta Toroid Sample Coil (Tower 2)
- 1) 1 KW Antenna Tuning Unit with Delta Toroid Sample Coil and TCA meter (Tower 1)

SCHEDULE 1.1B  
 -----

RRC Tangible Personal Property  
 -----

See attached list.

Material Items of Personal Property  
 -----

COMPUTERS -----	BOOK VALUE -----
8-IBM, 400 MHz. Pentium II	\$1,500.00
8-IBM, 450 MHz. Pentium II	\$1,650.00
15-IBM 15" Color Monitors	Included w/ computers
1-IBM Aptiva PC, Monitor, Printer	\$1,300.00
1-IBM 466 DX2/D PC	\$ 0.00

MONITORS -----	BOOK VALUE -----
1-NEC MultiSync LCD Monitor	\$1,200.00
1-IBM 13" Color Monitor	0.00
1-Dell 13" Monochromatic Monitor	0.00

PRINTERS -----	BOOK VALUE -----
1-Konica 7310 Multi-Function Printer, Fax, Copier	\$1,800.00
2- Panasonic KXP4410 Printers	\$ 0.00
3-HP 4 LaserJet Printers	\$ 900.00
1-HP 4+ LaserJet Printer	\$ 600.00
2-HP 4000N LaserJet Printers	\$1,500.00
1-HP 4000TN LaserJet Printer	\$1,650.00
1 HP 4500 Color Laser Printer	\$3,700.00
1-HP 100 LaserJet Printer	\$ 0.00
1-HP1600C InkJet Printer	\$1,200.00
2-HP 520 Printers	\$ 0.00
1-HP II Printer	\$ 155.00
1-Epson DFX 8500 Printer	\$2,000.00
1-Okidata Printer	\$ 200.00

FAX MACHINES -----	BOOK VALUE -----
1-Xerox 7021 Fax Machine	\$ 900.00
2-Brother PPF2750 Fax Machine	\$ 500.00

2-Panasonic UF 560 Fax Machines \$ 900.00

1-Sharp FO3350 Fax Machine \$ 900.00

COPIERS

- - - - -

1-Ricoh FT7670 Copier

SHOP/RACK ROOM

- - - - -

8 Stanton Equipment Racks  
1 Tascam 112 Cassette Machine  
3 Audiocord DL Cart Players  
2 Audiocord DL Cart Rec/Players  
1 Audiometrics CD Player  
1 ITC Delta Cart Player  
3 Revox PR 99 Reel/Reel Decks  
2 Valley400 Microphone Processors  
1 SAS 64000 Routing Switcher w/7 control units  
4 PR&E Program Switchers w/control units  
3 Aphex Compressor  
1 BBE 862 Sonic Maximizer  
2 Texar Audio Prizms  
1 Orban 8100A Optimod Audio Processor  
1 QEI Catlink  
1 ATI LA 100 PGM Amp  
1 HNAT Hindes Mic Maze  
1 Orban 8200 Potimod Audio Processor  
1 Hafler Power Amp  
1 Crown D75 Power Amp  
2 TFT 930A Receivers  
4 Audiometrics Distribution Amps  
1 TFT 887 EBS Unit  
1 Rolls RS 78B Tuner  
2 ATI 2016 Distribution Amps  
1 CDQ1000 Codec  
1 SA AD 4595 Digital Receiver

VEHICLES

- - - - -

1 Full Size Dodge Van  
1 Small Size Chevy Van  
1 Mercedes SL500  
1 Jeep Cherokee  
1 Ford Expedition

EQUIPMENT LOCATED AT WALR(FM) TOWER SITE

(1) Continental 817 R 2 B Transmitter

(1) Continental 802 D Digital Exciter

- (1) QEI Cat Link
- (1) Mosley Remote Control
- (1) Mosley S T L Receiver
- (1) Belar Modulation Monitors
- (1) Crown D 75 Amplifier
- (2) JBL 4312 Loudspeakers
- (1) Onan 125 kW Generator
- (2) Best Power U P S Units
- (2) Marcon Composite Clippers

SCHEDULE 1.2A

Cox Real Property

WSUN(AM( formerly WFNS), Plant City, Florida

WSUN(AM) Transmitter Site. (See attached Special Warranty Deed and ALTA Commitment Schedules A and B).

KLUP(AM), Terrell Hills, Texas

Lease Agreement dated November 17, 1987, between KSDR, Inc. and Omni Broadcasting Corporation. Provides transmitter and tower space for KLUP. Legal description: A 13.705 acre tract of land lying in San Antonio, Bexar County, Texas being the same property described in deed recorded in Volume 4051, page 419 of the Deed Records of Bexar County, Texas, out of the D.J. Davis Survey No. 103 and being more particularly described as follows:

Beginning at a point on the southerly boundary of Sungate Center Subdivision, said subdivision being recorded in Volume 7700, Pages 55 and 56 of the Deed and Plat Records of Bexar County, Texas said point bring the most southwesterly corner of Lot 7, Block 4, N.C.B. 16620, Sungate Center Subdivision, said point also being the most northwesterly comer of the herein described tract;

Thence, N 89 degrees 42' 30" E, along and with the southerly boundary of Sungate Center Subdivision, a distance of 612.17 feet to a point for the most northeasterly corner of the herein described tract;

Thence, with the center line of Beitel Creek as follows: S 35 degrees 29' 00" E, 409.66 feet; S 00 degrees 00' 00" W, 181.00 feet; S 51 degrees 50' 00" W, 238.20 feet; S 68 degrees 26' 00" W, 394.90 feet; S 62 degrees 59' 00" W, 241.40 feet; S 73 degrees 46' 00" W, 76.15 feet;

Thence, N 00 degrees 32' 30" W, a distance of 937.03 feet to the point of beginning of therin described 13.705 acre tract.

Return to:  
 Elizabeth McGeary, Esq.  
 Address:  
 Dow, Lohnes & Albertson, PLLC  
 1200 New Hampshire Avenue, N.W.  
 Suite 800  
 Washington D.C. 20036

Propert Appraisal Parcel

Identification Number(s): 84328.0025

Grantee(s) Fed. I.D. #(s): 58-1620022

This special Warranty Deed Made and executed the 18th day of March, A.D. 1997, by HARMON COMMUNICATIONS, INC., a corporation existing under the laws of the State of Florida, and having its principal place of business at 1868 Del Robles Drive, Clearwater, Florida, 34624 hereinafter called the grantor, to COX RADIO, INC., a corporation existing under the laws of Delaware, and whose address is 1400 Lake Hearn Drive, Atlanta, Georgia 30319 hereinafter called the grantee: (Wherever used herein the terms "grantor" and "grantee" shall include singular and plural, all the parties to this instrument, the heirs, legal representatives, and assigns of individuals, and the successors and assigns of the corporations, wherever the context so admits or requires.)

Witnesseth. That the grantor, for and in consideration of the sum of ten dollars paid in hand (\$10.00) and other good and valuable consideration, the receipt and sufficiency whereof is hereby acknowledged, by these presents does grant, bargain, sell, alien, remise, release convey and confirm unto the grantee, all that certain land situate in Hillsborough County, State of Florida, viz:

AS SET FORTH ON EXHIBIT A ATTACHED HERETO AND MADE PART HEREOF

Together, with all the tenements, hereditaments and appurtenances thereto belonging or in anywise appertaining.

To Have and to Hold, the same in fee simple forever.

And the grantor hereby covenants with said grantee that the grantor is lawfully seized of said land in fee simple; that it has good, right and lawful authority to sell and convey said land; that it hereby fully warrants the title to said land and will defend the same against the lawful claims of all persons claiming by, through or under the said grantor.

(CORPORATE SEAL) IN WITNESS WHEREOF, this grantor has caused these presents to be executed in its name, and its corporate seal to be hereunto affixed, by its proper officers thereunto duly authorized, the day and the year first above written.

ATTEST: /s/ Rebecca Sue Harmon Harmon Communications, Inc.

Secretary

Signed, sealed and delivered in the presence of:

/s/ Susan A. Harmon By: /s/ Elvin L. Harmon
Witness Signature President (Signature)

/s/ Brent L. Harmon
Witness Signature

State of Florida
County of Pinallas

I hereby certify that on this day, before me, as officer duly authorized to administer oaths and take acknowledgements, personally appeared Elvin L. Harmon and Rebecca Sue Harmon known to me to be the President and Secretary respectively of Harmon Communications, Inc., the corporation on whose name the foregoing instrument was executed and that they severally acknowledged executing the same for such corporation, freely and voluntarily, under authority duly vested in them by said corporation, and that they seal affixed thereto is the true corporate seal of such corporation, and that an oath was not taken. Said persons produced the following type of identification: Florida Driver's License.

Witness my hand and official seal in the County and State last aforesaid this 18th day of March, A.D. 1997.

/s/ Lee W. Schafer

EXHIBIT A

The East 1/2 of the Southwest 1/4 of the Northeast 1/4 of Section 4, Township 29 South, Range 21 East, LESS AND EXCEPT the following: the South 150 feet and LESS commence at the railroad spike marking the Northeast corner of the Southwest 1/4 of the Northeast 1/4 of said Section 4; run thence South (assumed bearing) along the East boundary of said Southwest 1/4 of the Northeast 1/4, a distance of 43.04 feet to a point; thence North 88 degrees 57'40" West, a distance 30.00 feet to an iron rod on the existing Westerly right-of-way line of Sydney Dover Road, said point being the point of beginning; thence South along said Westerly right-of-way line (which line is parallel with and 30.00 feet West of said East boundary of the Southwest 1/4 of the Northeast 1/4) a distance of 192.74 feet to an iron rod; thence North 88 degrees 57'40" West a distance of 113.00 feet to an iron rod; thence North 192.74 feet to an iron rod on the existing Southerly right-of-way line of Downing Street; thence South 88 degrees 57'40" East, along said Southerly right-of-way line, a distance of 113.00 feet to an iron rod and the point of beginning.

Being more particularly described as follows:

Commence at the railroad spike marking the Northeast corner of the Southwest 1/4 of the Northeast 1/4 of Section 4, Township 29 South, Range 21 East, Hillsborough County, Florida, run thence South (assumed bearing) along the East line of said Southwest 1/4 of the Northeast 1/4, a distance of 43.04 feet, thence North 88 degrees 57'40" West a distance of 30.00 feet to a point on the Westerly right-of-way line of Sydney Dover Road; thence South along said Westerly right-of-way line a distance of 192.74 feet to the: point of Beginning, thence continuing along said Westerly right-of-way (which line is 30.00 feet West of and parallel to the East line of said Southwest 1/4 of the Northeast 1/4) South, a distance of 937.45 feet; thence departing said Westerly right-of-way line North 89 degrees 22'15" West slang a line 150.00 feet North of and parallel to the South line of said Southwest 1/4 of the Northeast 1/4 a distance of 635.40 feet to a point on the West line at the East 1/2, of said Southwest 1/4 of the Northeast 1/4; thence North 00 degrees 15'34" East along said West line: a distance of 1134.66 feet to a-point on the Southerly right-of-way line of Downing Street; thence South 88 degree 57'40" East along said Southerly right-of-way line a distance of 517.33 feet; thence departing said Southerly right-of-way line South, a distance of 192.74 feet; thence South 88 degrees 57'40" East a distance of 113.00 feet to the Point of Beginning.

Said parcel contains 15.9511 acres (694.831 square feet) more or less.

A.L.T.A COMMITMENT  
 CHICAGO TITLE INSURANCE COMPANY  
 SCHEDULE A

Office File Number	Effective Date	Commitment Number
209601893	March 4, 1997	509600794AL
Revised 1/07/97	at 11:00 PM	
Revised 3/14/97		

- Policy of Policies to be issued:
 

ALTA OWNER'S POLICY (10-17-92)	\$263,000.00
Proposed Insured:	
Cox Radio, Inc.	
ALTA LOAN POLICY (10-17-92)	\$
Proposed Insured:	

2. The estate or interest in the land described or referred to in this Commitment and covered herein is a fee simple, and title thereto is at the effective date hereof vested in:

Harmon Communications, Inc.

3. The Land is described as follows:

SEE EXHIBIT A ATTACHED HERETO AND MADE A PART HEREOF

A.L.T.A COMMITMENT  
CHICAGO TITLE INSURANCE COMPANY  
SCHEDULE A, continued

Commitment Number: 509600794AL

EXHIBIT A

The East 1/2 of the Southwest 1/4 of the Northeast 1/4 of Section 4, Township 29 South, Range 21  
East, LESS AND EXCEPT the following: the South 150 feet and LESS commence at the  
railroad spike marking the Northeast corner of the Southwest 1/4 of the Northeast 1/4 of said Section  
4; run thence South (assumed bearing) along the East boundary of said Southwest 1/4 of the  
Northeast 1/4, a distance of 43.04 feet to a point; thence North 88 degrees 57'40" West, a distance 30.00  
feet to an iron rod on the existing Westerly right-of-way line of Sydney Dover Road, said point  
being the point of beginning; thence South along said Westerly right-of-way line (which line is  
parallel with and 30.00 feet West of said East boundary of the Southwest 1/4 of the Northeast 1/4)  
a distance of 192.74 feet to an iron rod; thence North 88 degrees 57'40" West a distance of 113.00 feet  
to an iron rod; thence North 192.74 feet to an iron rod on the existing Southerly right-of-way line  
of Downing Street; thence South 88 degrees 57'40" East, along said Southerly right-of-way line, a  
distance of 113.00 feet to an iron rod and the point of beginning.

Being more particularly described as follows:

Commence at the railroad spike marking the Northeast corner of the Southwest 1/4 of the  
Northeast 1/4 of Section 4, Township 29 South, Range 21 East, Hillsborough County, Florida, run  
thence South (assumed bearing) along the East line of said Southwest 1/4 of the Northeast 1/4,  
a distance of 43.04 feet, thence North 88 degrees 57'40" West a distance of 30.00 feet to a point on the  
Westerly right-of-way line of Sydney Dover Road; thence South along said Westerly right-of-way  
line a distance of 192.74 feet to the point of Beginning, thence continuing along said Westerly  
right-of-way (which line is 30.00 feet West of and parallel to the East line of said Southwest 1/4  
of the Northeast 1/4) South, a distance of 937.45 feet; thence departing said Westerly right-of-way  
line North 89 degrees 22'15" West slang a line 150.00 feet North of and parallel to the South line of said  
Southwest 1/4 of the Northeast 1/4 a distance of 635.40 feet to a point on the West line at the  
East 1/2, of said Southwest 1/4 of the Northeast 1/4; thence North 00 degrees 15'34" East along said West  
line: a distance of 1134.66 feet to a point on the Southerly right-of-way line of Downing Street;  
thence South 88 degree 57'40" East along said Southerly right-of-way line a distance of 517.33 feet;  
thence departing said Southerly right-of-way line South, a distance of 192.74 feet; thence South  
88 degrees 57'40" East a distance of 113.00 feet to the Point of Beginning.

A.L.T.A COMMITMENT  
CHICAGO TITLE INSURANCE COMPANY  
SCHEDULE B - Section 1

Commitment Number 509600794AL

I. The following are the requirements to be complied with:

1. Instruments necessary to create the estate or interest to be insured must be properly executed, delivered and duly filed for record.

a. Corporate Warranty Deed Harmon Communications, Inc. to Proposed Insured conveying the lands described in Schedule "A". Satisfactory evidence must be furnished as to the proper incorporation of Harmon Communications, Inc., a corporation organized under the laws of the State of Florida. In addition, proof as to the current standing of said corporation and if the proposed instrument of conveyance is to be executed by an officer other than a Vice President, Chief Executive Officer, or President, a certified resolution authorizing said officer to execute on behalf of the corporation must be recorded.

2. Payment of the full consideration to, or for the account of, the grantors or mortgagors.

3. Payment of all taxes, charges, assessments, levied and assessed against subject premises, which are due and payable.

4. Satisfactory evidence should be had that improvements and/or repairs or alterations thereto are completed; that contractor, subcontractors and materialmen are all paid.

5. Intentionally deleted.

6. Satisfactory evidence must be furnished showing that Cox Radio, Inc. a corporation organized under the laws of its state of incorporation, had been properly incorporated and is currently in good standing in that state.

7. Intentionally deleted.

8. Satisfaction of that certain mortgage executed by Harmon Communications, Inc., a Florida corporation to WWRM, Inc., a Delaware corporation filed October 17, 1995 in Official Records Book 7923, Page 86, of the Public Records of Hillsborough County, Florida. The original note secured by the aforescribed mortgage must be produced and canceled.

9. Termination or Partial Release of the Financing Statement from Harmon Communications, Inc., Debtor, to WWRM, Inc., Secured Party, and filed October 17, 1995 in Official Records Book 7923, Page 101, of the Public Records of Hillsborough County, Florida.

10. Intentionally deleted.

11. Intentionally deleted.

A.L.T.A COMMITMENT  
CHICAGO TITLE INSURANCE COMPANY  
SCHEDULE B - Section 2

Commitment Number 509600794AL

II. Schedule B of the policy or policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction Company.

1. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the effective date hereto but prior to the date the proposed Insured acquires for value of record the estate or interest or mortgage thereon covered by this Commitment.

2. Standard Exceptions:

a. Rights or claims of parties in possession not shown by the public records.

b. Encroachments, overlaps, boundary line disputes, or other matters which would be disclosed by an accurate survey and inspection of the premises.

c. Easements, or claims of easements, not shown by the public records.

d. Any lien, or right to a lien, for service, labor, or material heretofore or hereafter furnished, imposed by law and not shown by the public records.

e. Taxes or special assessments which are not shown as existing liens by the public records.

f. Any claim that any portion of said lands are sovereign lands of the State of Florida, including submerged, filled or artificially exposed lands and lands accreted to such lands.

g. Taxes and assessments for the year 1997 and subsequent years, which are not yet due and payable.

3. Standard exceptions (b) and (c) may be removed from the policy when a satisfactory survey and surveyor's report and inspection of the premises is made.

4. Standard exceptions (a) and (d) may be removed upon receipt of a satisfactory affidavit-indemnity from the party shown in title and in possession stating who is in possession of the lands and whether there are improvements being made at date of commitment or contemplated to commence prior to the date of closing which will not have been paid for in full prior to the closing.

5. Intentionally deleted.

6. Intentionally deleted.

7. Exception is taken to the following matters shown on that certain preliminary survey prepared by International Land Services, Inc. dated December 16, 1996 and referred to as Job Order Number 96-12-16:

a. Overhead wires along west property line and Northeast corner of property;

b. Rights of others to 15' foot ditch running through property and 20' ditch

along Southeast portion of property for drainage and other purposes;  
c. Building violates 50' setback line Northern portion of property; and  
d. Deletion of standard survey exceptions 2. b. and c. will be effective upon receipt of original signed and sealed survey.

SCHEDULE 1.2B  
- - - - -

RRC Real Property  
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WALR-FM Tower Site (owned) - See attached legal description.

WALR FM TOWER SITE

Legal Description: (SEE ATTACHED)

Gwinnett Parcel  
Legal Description

All that tract or parcel of land lying and being in land lots 305, 306, 312 and 313, Gwinnett County, Georgia and being more particularly described as follows:

Beginning at an iron pin set on the southeasterly right-of-way line of Spalding Drive (a 60' foot right-of-way), said point being 690.48 feet from the intersection of said southeasterly right-of-way line of Spalding Drive with the northeasterly right-of-way line of Winters Chapel Road (a 60' foot right-of-way); running thence along said right-of-way line of Spalding Drive north 58 degrees 04 minutes 00 seconds east a distance of 310.12 feet to a point and north 58 degrees 11 minutes 00 seconds east a distance of 444.31 feet to a rebar found; thence leaving said right-of-way line of Spalding Drive and running south 35 degrees 20 minutes 27 seconds east a distance of 1273.33 feet to a rebar found; thence running south 51 degrees 48 minutes 22 seconds west a distance of 512.22 feet to an iron pin set; thence running approximately 1349 feet along, the centerline of Crooked Creek the following courses and distances (i) south 66 degrees 40 minutes 25 seconds east a distance of 12.16 feet to a point; (ii) south 81 degrees 26 minutes 39 seconds east a distance of 54.92 feet to a point; (iii) south 49 degrees 37 minutes 15 seconds east a distance of 20.85 feet to a point; (iv) south 04 degrees 10 minutes 18 seconds west a distance of 24.98 feet to a point; (v) south 27 degrees 45 minutes 14 seconds west a distance of 43.13 feet to a point; (vi) south 07 degrees 36 minutes 03 seconds east a distance of 45.79 feet to a point; (vii) south 27 degrees 54 minutes 33 seconds east a distance of 41.26 feet to a point; (viii) south 49 degrees 41 minutes 02 seconds east a distance of 37.96 feet to a point; (ix) south 50 degrees 20 minutes 31 seconds east distance of 45.90 feet to a point; (x) south 35 degrees 56 minutes 33 seconds east a distance of 41.75 feet to a point; (xi) south 47 degrees 00 minutes 02 seconds east a distance of 61.12 feet to a point; (xii) south 22 degrees 17 minutes 10 seconds east a distance of 98.35 feet to a point; (xiii) . south 55 degrees 01 minute 33 seconds east a distance of 48.26 feet to a point; (xiv) south 60 degrees 58 minutes 47 seconds east a distance of 49.69 feet to a point; (xv) south 10 degrees 04 minutes 24 seconds east a distance of 37.32 feet to a point; (xvi) south 14 degrees 03 minutes 07 seconds west a distance of 61.64 feet to a point; (xvii) south 12 degrees 49 minutes 20 seconds west a distance of 44.53 feet to a point; (xviii) south 71 degrees 18 minutes 33 seconds east a distance of 41.22 feet to a point; (xix) south 53 degrees 23 minutes 02 seconds east a distance of 42.05 feet to a point; (xx) south 21 degrees 50 minutes 56 seconds east a distance of 75.29 feet to a point (xxi) south 07 degrees 34 minutes 33 seconds east a distance of 29.11 feet to a point; (xxii) south 75 degrees 20 minutes 23 seconds east a distance of 28.44 feet to a point; (xxiii) north 45 degrees 07 minutes 18 seconds east a distance of 38.35 feet to a point; (xxiv) north 69 degrees 13 minutes 00 seconds east a distance of 43.51 feet to a point; (xxv) south 84 degrees 08 minutes 28 seconds east a distance of 44.09 feet to a point; (xxvi) south 58 degrees 25 minutes 46 seconds east a distance of 47.81 feet to a point; (xxvii) south 51 degrees 45 minutes 58 seconds east a distance of 52.24 feet to a point; (xxviii) south 43 degrees 15 minutes 31 seconds east a distance of 39.86 feet to a point; (xxix) south 28 degrees 18 minutes 35 seconds east a distance of 46.46 feet to a point; and (xxx) south 31 degrees 48 minutes 49 seconds east a distance of 50.75 feet to a point; thence leaving said centerline of Crooked Creek and running south 09 degrees 44 minutes 03 seconds west a distance of 427.78 feet to an iron pin set; thence running south 85 degrees 15 minutes 53 seconds west a distance of 960.39 feet to an iron pin set; thence running approximately 508 feet along the centerline of a branch as follows (i) north 35 degrees 26 minutes 23 seconds east a distance of 8.92 feet to a point; (iii) north 23 degrees 06 minutes 56 seconds



east a distance of 15.88 feet to a point; (iii) north 08 degrees 21 minutes 15 seconds east a distance of 33.20 feet to a point; (iv) north 04 degrees 52 minutes 27 seconds west a distance of 25.50 feet to a point; (v) north 46 degrees 17 minutes 53 seconds west a distance of 15.40 feet to a point; (vi) north 98 degrees 36 minutes 30 seconds west a distance of 16.60 feet to a point; (vii) north 26 degrees 25 minutes 03 seconds west a distance of 34.83 feet to a point; (viii) north 18 degrees 27 minutes 59 seconds west a distance of 39.78 feet to a point; (vix) north 22 degrees 57 minutes 35 seconds west a distance of 25.19 feet to a point; (x) north 06 degrees 30 minutes 26 seconds west a distance of 23.46 feet to a point; (xi) north 08 degrees 38 minutes 04 seconds east a distance of 40.29 feet to a point; (xii) north 01 degree 04 minutes 25 seconds east a distance of 23.41 feet to a point; (xiii) north 13 degrees 06 minutes 59 seconds west a distance of 22.61 feet to a point; (xiv) north 19 degrees 34 minutes 39 seconds east a distance of 17.88 feet to a point; (xv) north 28 degrees 41 minutes 23 seconds west a distance of 25.55 feet to a point; (xvi) north 23 degrees 24 minutes 53 seconds west a distance of 21.40 feet to a point; (xvii) north 29 degrees 34 minutes 01 second west a distance of 20.82 feet to a point; (xviii) north 29 degrees 53 minutes 13 seconds west a distance of 34.26 feet to a point; (xix) north 03 degrees 56 minutes 23 seconds west a distance of 23.89 feet to 1 point; (xx) north 06 degrees 20 minutes 25 seconds east a distance of 23.43 feet to a point; (xxi) north 45 degrees 53 minutes 39 seconds west a distance of 14.62 feet to a point; and (xxii) north 36 degrees 33 minutes 02 seconds west a distance of 4.87 feet to an iron pin set; thence leaving centerline of said branch and running south 60 degrees 32 minutes 29 seconds west a distance of 53.82 feet to an iron pin set; thence running north 22 degrees 14 minutes 51 seconds west a distance of 76.53 feet to a rebar found; thence running north 53 degrees 23 minutes 04 seconds west a distance of 102.23 feet to an iron pin set; thence running north 19 degrees 59 minutes 43 seconds west a distance of 129.50 feet to an iron pin set; thence running north 03 degrees 48 minutes 52 seconds west a distance of 150.83 feet to a rebar found; thence running north 48 degrees 55 minutes 19 seconds west a distance of 53.87 feet to an iron pin set; thence running south 59 degrees 42 minutes 36 seconds west a distance of 75.86 feet to a rebar found; thence running north 47 degrees 30 minutes 48

seconds west a distance of 96.39 feet to a rebar found; thence running north 14 degrees 38 minutes 28 seconds west a distance of 119.98 feet to an iron pin set; thence running north 18 degrees 31 minutes 40 seconds west a distance of 170.38 feet to an iron pin set; thence running north 06 degrees 36 minutes 55 seconds west a distance of 132.05 feet to a rebar found; thence running north 10 degrees 43 minutes 19 seconds west a distance of 92.32 feet to a rebar found; thence running north 10 degrees 02 minutes 05 seconds east a distance of 197.38 feet to a rebar found; thence running north 33 degrees 49 minutes 01 second west a distance of 88.93 feet to a rebar found; thence running north 68 degrees 46 minutes 59 seconds west a distance of 109.16 feet to a rebar found; thence running north 45 degrees 36 minutes 15 seconds west a distance of 46.10 feet to a rebar found; thence running north 07 degrees 58 minutes 58 seconds east a distance of 223.53 feet to an iron pin set; thence running north 00 degrees 00 minutes 00 seconds east a distance of 198.88 feet to an iron pin set; thence running north 21 degrees 44 minutes 40 seconds east a distance of 159.23 feet to an iron pin set on that southeasterly right-of-

wy line of Spalding Drive, said iron pin set being the POINT OF BEGINNG. Said property being shown on that certain survey prepared for Ring Radio Company by Hannon, Meeks & Bagwell, Surveyors & Engineers, Inc., bearing the seal and certification of Mack L. Meeks, Georgia Registered Land Surveyor No. 1497, dated April 20, 1989, and containing 61.5976 acres more or less.

SCHEDULE 1.3A

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Cox Licenses

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WSUN(AM), Plant City, Florida	Main Station License
WLP-954	Aural STL
Tower Registration #1	#1035349
Tower Registration #2	#1035350
Tower Registration #3	#1035351
STL Transmit Tower	#1017603

KLUP(AM), Terrell Hills, Texas	Main Station License
KPM-473	Remote Pickup
WMG-488	Aural STL
Tower Registration #1	#1051210
Tower Registration #2	#1051211

SCHEDULE 1.3B

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RRC Licenses

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WALR(FM), Athens, Georgia Main Station License  
WMV-274 Aural STL

SCHEDULE 5.3  
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Consents  
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1. Approval of DOJ and FTC under the HSR Act.
2. The consent of the FCC to the Cox FCC Application, the RRC FCC Application and the Salem FCC Application.

SCHEDULE 5.4  
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Governmental Approvals  
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Approval of DOJ and FTC under the HSR Act.

SCHEDULE 5.5  
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Litigation  
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None.

SCHEDULE 5.7  
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Title to and Consideration of Tangible Personal Property  
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None.

SCHEDULE 5.8  
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Title to and Condition of Real Property  
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None.

SCHEDULE 5.10  
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FCC Compliance  
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None.

SCHEDULE 5.12  
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Environmental Matters  
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None.

SCHEDULE 5.14  
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Taxes  
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None.

Schedule 1.1C  
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The equipment at the KKHT Splendora site consists of:

1. Two Harris 20 kW transmitters with combiner
2. One Burke remote control
3. One TFT modulation monitor
4. One Mosley digital STL receiver
5. One Optimod digital processor
6. One Zyphyr III ISDN
7. One 25kW dummy load
8. Two antennas (main and Aux.)
9. Two coax runs, one 1600 ft., one 2,100 ft.

The equipment at the KKHT Scott Road site consists of:

1. Two Harris 25 kW transmitters
2. One 25kW dummy load
3. One modulation monitor
4. One Zyphyr ISDN
5. One ERI antenna
6. 1,200 ft. of coax
7. One audio limiter

The Salem Station uses the STL of radio station KENR located on real property also leased by South Texas Broadcasting, Inc. After Closing, Salem shall reasonably cooperate with Cox to temporarily allow Cox to continue to use STL equipment on the property associated with radio station KENR until such time as alternative arrangements can be made by Cox. Notwithstanding the foregoing, Salem shall not be obligated to transfer any tangible personal property associated with any STL for the Salem Station unless it is used solely in the operation of the Salem Station and is located at the Splendora or Scott Road antenna sites.

Schedule 1.2C

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1. Splendora Antenna Site Lease - dated June 1, 1998, between South Texas Broadcasting, Inc and Sonsinger Broadcasting Company of Houston, LP.
2. Scott Road Antenna Site Lease - dated March 3, 1995 by and between South Texas Broadcasting, Inc. and the Lessor as set forth therein.
3. The Salem Station uses the STL of radio station KENR located on real property also leased by South Texas Broadcasting, Inc. After Closing, Salem shall reasonably cooperate with Cox to temporarily allow Cox to continue to use STL equipment on the property associated with radio station KENR until such time as alternative arrangements can be made by Cox. Notwithstanding the foregoing, Salem shall not be obligated to transfer any real property or interests in leases of real property associated with any STL for the Salem Station except for the lease set forth in paragraphs 1 and 2 of this Schedule.

Schedule 1.3C

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1. BLH-980617KB
2. WDT939

Prior to Closing, Salem intends to file an FCC form 302-FM Application to license the Scott Road Antenna Site for auxiliary use.

The Salem Station uses the STL of radio station KENR located on real property also leased by South Texas Broadcasting, Inc. After Closing, Salem shall reasonably cooperate with Cox to temporarily allow Cox to continue to use STL equipment on the property associated with radio station KENR until such time as alternative arrangements can be made by Cox. Notwithstanding the foregoing, Salem shall not be obligated to transfer any licenses associated with any STL for the Salem Station unless it is used solely in the operation of the Salem Station.

Schedule 7.3

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1. Approval of DOJ and FCC under the HSR Act.
2. The consent of the FCC.

Schedule 7.4

- - - - -

1. Approval of DOJ and FCC under the HSR Act.
2. The consent of the FCC.

Schedule 7.5

- - - - -

Salem is currently involved in a proceeding between it and the Comptroller for the State of Texas regarding a refund of sales taxes paid by Salem which were alleged by the Comptroller to have been owed by a predecessor in interest to the Salem Station. Salem does not anticipate that the proceeding will have an adverse effect on this transaction, the Salem Assets or Salem's ability to perform its obligations hereunder.

Schedule 7.8

- - - - -

None.

Schedule 7.9

- - - - -

Prior to Closing, Salem intends to file an FCC form 302-FM Application to license the Scott Road Antenna Site for auxiliary use.

The Salem Station uses the STL of radio station KENR located on real property also leased by South Texas Broadcasting, Inc. After Closing, Salem shall reasonably cooperate with Cox to temporarily allow Cox to continue to use STL equipment on the property associated with radio station KENR until such time as alternative arrangements can be made by Cox. Notwithstanding the foregoing, Salem shall not be obligated to transfer any licenses associated with any STL for the Salem Station unless it is used solely in the operation of the Salem Station.

Schedule 7.10

- - - - -

None.

Schedule 7.12

- - - - -

None.

Schedule 7.14

- - - - -

Salem is currently involved in a proceeding between it and the Comptroller for the State of Texas regarding a refund of sales taxes paid by Salem which were alleged by the Comptroller to have been owed by a predecessor in interest to the Salem Station. Salem does not anticipate that the proceeding will have an adverse effect on this transaction, the Salem Assets or Salem's ability to perform its obligations hereunder.

ASSET PURCHASE AGREEMENT  
-----  
(KLTX-AM, LONG BEACH, CALIFORNIA)

This AGREEMENT (this "Agreement") is dated as of \_\_\_\_\_, 2000, by and among SALEM MEDIA OF CALIFORNIA, INC. ("Seller") and HI-FAVOR BROADCASTING, LLC ("Buyer").

RECITALS:  
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- 1. Seller owns and operates radio station KLTX-AM licensed to Long Beach, California (the "Station"), and holds the licenses and authorizations issued by the FCC for the operation of the Station.
- 2. Buyer desires to acquire certain assets of the Station, and Seller is willing to convey such assets to Buyer.
- 3. The acquisition of the Station is subject to prior approval of the FCC.

NOW THEREFORE, in consideration of the mutual covenants contained herein, Seller and Buyer hereby agree as follows:

ARTICLE 1  
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TERMINOLOGY  
-----

- 1.1 ACT. The Communications Act of 1934, as amended.  
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- 1.2 ADJUSTMENT AMOUNT. As provided in Section 2.7, the amount by which Buyer's account is to be credited or charged, as reflected on the Adjustment List.  
-----
- 1.3 ADJUSTMENT LIST. As provided in Section 2.7, an itemized list of all sums to be credited or charged against the account of Buyer, with a brief explanation in reasonable detail of the credits or charges.  
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- 1.4 ASSUMED OBLIGATIONS. Such term shall have the meaning defined in Section 2.3.  
-----
- 1.5 BUSINESS DAY. Any calendar day, excluding Saturdays and Sundays, on which federally chartered banks in the city of Los Angeles, California are regularly open for business.  
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- 1.6 BUYER'S THRESHOLD LIMITATION. As provided in Section 9.3 (b), the threshold dollar amount for the aggregate of claims, liabilities, damages, losses, costs and expenses that must be incurred by Buyer before Seller shall be obligated to indemnify Buyer. The Buyer's Threshold Limitation shall be Ten Thousand Dollars (\$10,000).  
-----
- 1.7 CLOSING. The closing with respect to the transactions contemplated by this Agreement.  
-----
- 1.8 CLOSING DATE. The date determined as the Closing Date as provided in Section 8.1.  
-----
- 1.9 DOCUMENTS. This Agreement and all Exhibits and Schedules hereto, and each other agreement, certificate, or instrument delivered pursuant to or in connection with this Agreement, including amendments thereto that are expressly permitted under the terms of this Agreement.  
-----
- 1.10 EARNEST MONEY. The amount of One Million Dollars (\$1,000,000).  
-----
- 1.11 ENVIRONMENTAL LAWS. The Comprehensive Environmental Response

-----  
Compensation and Liability Act, the Resource Conservation and Recovery Act, the Clean Water Act, the Clean Air Act and the Toxic Substances Control Act, each as amended, and any other applicable federal, state and local laws, statutes, rules or regulations concerning the treating, producing, handling, storing, releasing, spilling, leaking, pumping, pouring, emitting or dumping of Hazardous Materials.

1.12 ESCROW AGENT. Jonathan Block, Esq.  
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1.13 ESCROW AGREEMENT. The Escrow Agreement in the form attached as Exhibit A which Seller, Buyer and the Escrow Agent have entered into concurrently with the execution of this Agreement relating to the deposit, holding, investment and disbursement of the Earnest Money.  
--

1.14 EXCLUDED ASSETS. Such term shall have the meaning defined in Section 2.2.  
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1.15 FCC. Federal Communications Commission.  
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1.16 FCC LICENSES. The licenses, permits and authorizations of the FCC for the operation of the Stations as listed on Schedule 3.7.  
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1.17 FCC ORDER. An action, order or decision of the FCC granting its consent to the assignment of the FCC Licenses to Buyer.  
-----

1.18 FINAL ACTION. An action of the FCC that has not been reversed, stayed, enjoined, set aside, annulled or suspended; with respect to which no timely petition for reconsideration or administrative or judicial appeal or sua sponte action of the FCC with comparable effect is pending and as to which the time for filing any such petition or appeal (administrative or judicial) or for the taking of any such sua sponte action of the FCC has expired.  
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1.19 HSR ACT. The Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

1.20 HAZARDOUS MATERIALS. Toxic materials, hazardous wastes, hazardous substances, pollutants or contaminants, asbestos or asbestos-related products, polychlorinated biphenyls ("PCBs"), petroleum, crude oil or any fraction or distillate thereof in excess of legally-defined permissible limits (as such terms are defined in any applicable federal, state or local laws, ordinances, rules and regulations, and including any other terms which are or may be used in any applicable environmental laws to define prohibited or regulated substances).

1.21 INDEMNIFIED PARTY. Any party described in Section 9.3(a) or 9.4(a) against which any claim or liability may be asserted by a third party which would give rise to a claim for indemnification under the provisions of this Agreement by such party.

1.22 INDEMNIFYING PARTY. The party to the Agreement (not the Indemnified Party) that, in the event of a claim or liability asserted by a third party against the Indemnified Party which would give rise to a claim for indemnification under the provisions of this Agreement, may at its own expense, and upon written notice to the Indemnified Party, compromise or defend such claim.

1.23 LIEN. Any mortgage, deed of trust, pledge, hypothecation, security interest, encumbrance, lien, lease or charge of any kind, whether voluntarily incurred or arising by operation of law or otherwise, affecting any Sale Assets or property, including any written or oral agreement to give or grant any of the foregoing, any conditional sale or other title retention agreement, and the filing of or agreement to give any financing statement with respect to any assets or property under the Uniform Commercial Code or comparable law of any jurisdiction.

1.24 MATERIAL ADVERSE CONDITION. A condition which would materially  
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restrict, limit, increase the cost or burden of or otherwise materially adversely affect or materially impair the right of Buyer to the ownership, use, control, enjoyment or operation of the Stations or the proceeds therefrom; provided, however, that any condition which requires that the Station be operated in accordance with a condition similar to those contained in the present FCC licenses issued for operation of the Station shall not be deemed a Material Adverse Condition.

1.25 OSHA LAWS. The Occupational Safety and Health Act of 1970, as amended, and all other federal, state or local laws or ordinances, including orders, rules and regulations thereunder, regulating or otherwise affecting health and safety of the workplace.

1.26 PERMITTED ENCUMBRANCES. For purposes hereof, "Permitted Encumbrances" shall mean (i) easements, restrictions, and other similar matters which will not materially adversely affect the operation of the Station in the ordinary course of business; (ii) liens for taxes not due and payable or, that are being contested in good faith by appropriate proceedings; (iii) mechanics, materialmen's, carriers', warehousemen's, landlords' or other similar liens in the ordinary course of business for sums not yet due or which are being contested in good faith by appropriate proceedings; (iv) deposits or pledges to secure the performance of bids, tenders, contracts (other than for borrowed money), leases, statutory obligations, surety or appeal bonds or other deposits or pledges for purposes of a like general nature made or given in the ordinary course of business; and (v) liens or mortgages that will be released at Closing; (vi) zoning ordinances and regulations, including statutes and ordinances relating to the liens of streets and to other municipal improvements, which will not materially adversely affect the operation of the Station in the ordinary course of business.

1.27 PERMITTED LIEN. Any statutory lien which secures a payment not yet due that arises, and is customarily discharged, in the ordinary course of Seller's business; any easement, right-of-way or similar imperfection in the Seller's title to its assets or properties that, individually and in the aggregate, are not material in character or amount and do not and are not reasonably expected to materially impair the value or materially interfere with the use of any asset or property of the Seller material to the operation of its business as it has been and is now conducted.

1.28 PURCHASE PRICE. The consideration to be paid by Buyer to Seller for purchase of the Sale Assets in an amount equal to Thirty Million Dollars (\$30,000,000).

1.29 RULES AND REGULATIONS. The rules of the FCC as set forth in Volume 47 of the Code of Federal Regulations, as well as such other policies of the Commission, whether contained in the Code of Federal Regulations, or not, that apply to the Stations.

1.30 SALE ASSETS. All of the tangible and intangible assets to be transferred by Seller to Buyer as set forth in Section 2.1.

1.31 SELLER'S THRESHOLD LIMITATION. As provided in Section 9.4(b), the threshold dollar amount for the aggregate of claims, liabilities, damages, losses, costs and expenses that must be incurred by Seller before Buyer shall be obligated to indemnify Seller. The Seller's Threshold Limitation shall be Ten Thousand Dollars (\$10,000).

1.32 STATION AGREEMENTS. The agreements, commitments, contracts, leases and other items described in Section 2.1(c), that relate to operation of the Station.

1.33 SURVIVAL PERIOD. The term following the Closing Date during which all representations, warranties, covenants and agreements of the parties under this Agreement shall survive. The term shall be twelve (12) months.

1.34 TANGIBLE PERSONAL PROPERTY. The personal property described in Section 2.1(a).

1.35 TOWER COORDINATES. Such term shall have the meaning defined in Section 3.14 hereof.

ARTICLE II

PURCHASE AND SALE

2.1 SALE ASSETS. On the Closing Date, Seller will sell, transfer, assign and convey to Buyer, and Buyer will purchase from Seller, free and clear of all Liens, except Permitted Liens, all of Seller's right, title and interest, legal and equitable, in and to the tangible and intangible assets (except Excluded Assets) used or useful in the operation of the Station as specifically set forth in the following:

(a) TANGIBLE PERSONAL PROPERTY. All equipment, parts, supplies, furniture, fixtures and other tangible personal property now or hereinafter owned by Seller and used in the operation of the Station including, but not limited to the tangible personal property listed on Schedule 3.6, together with such modifications, replacements, improvements and additional items, and subject to such deletions therefrom, made or acquired between the date hereof and the Closing Date in accordance with the terms and provisions of this Agreement;

(b) LICENSES AND PERMITS. The FCC Licenses and all other assignable or transferable governmental permits, licenses and authorizations (and any renewals, extensions, amendments or modifications thereof) now held by Seller or hereafter obtained by Seller between the date hereof and the Closing Date, to the extent such other permits, licenses and authorizations pertain to or are used in the operation of the Stations;

(c) STATION AGREEMENTS. All agreements which are listed on Schedule 3.8 as agreements which Buyer elects to assume; any renewals, extensions, amendments or modifications of those agreements being assumed which are made in the ordinary course of Seller's operation of the Station and in accordance with the terms and provisions of this Agreement;

(d) RECORDS. True and complete copies of all of the books, records, accounts, files, logs, ledgers, reports of engineers and other consultants or independent contractors, pertaining to or used in the operation of the Station (other than corporate records);

(e) MISCELLANEOUS ASSETS. Any other tangible or intangible asset, properties or rights of any kind or nature not otherwise described in this Section 2.1 and now or hereinafter owned or used by Seller in the operation of the Station.

2.2 EXCLUDED ASSETS. Notwithstanding any provision of this Agreement to the contrary, Seller shall not transfer, convey or assign to Buyer, but shall retain all of its right, title and interest in and to, the following assets owned or held by it on the Closing Date ("Excluded Assets"):

(a) Any and all cash, cash equivalents, cash deposits to secure contract obligations (except to the extent Seller receives a credit therefor under Section 2.7, in which event the deposit shall be included as part of the Sale Assets), all inter-company receivables from any affiliate of Seller and all other accounts receivable, bank deposits and securities held by Seller in respect of the Station at the Closing Date.

(b) Any and all claims of Seller with respect to transactions prior to the Closing including, without limitation, claims for tax refunds and refunds of fees paid to the FCC.

(c) All prepaid expenses (except to the extent Seller receives a credit therefor under Section 2.7, in which event the prepaid expense shall be included as part of the Sale Assets).

(d) All contracts of insurance and claims against insurers.

(e) All employee benefit plans and the assets thereof and all employment contracts.

(f) All contracts that are terminated in accordance with the terms and provisions of this Agreement or have expired prior to the Closing Date in



the ordinary course of business; and all loans and loan agreements.

(g) All tangible personal property disposed of or consumed between the date hereof and the Closing Date in accordance with the terms and provisions of this Agreement; all tangible personal property not specifically assumed by Buyer pursuant to Section 2.1(a) above.

(h) Seller's corporate records except to the extent such records pertain to or are used in the operation of the Station, in which case Seller shall deliver materially accurate copies thereof to Buyer.

(i) All commitments, contracts and agreements not specifically assumed by Buyer pursuant to Section 2.1(d), above.

2.3 ASSUMPTION OF LIABILITIES.

(a) At the Closing, Buyer shall assume and agree to perform, without duplication of Seller's performance, the following liabilities and obligations of Seller (the "Assumed Obligations"):

(i) Current liabilities of Seller for which Buyer receives a credit pursuant to Section 2.7, but not in excess of the amount of such credit.

(ii) Liabilities and obligations arising under the Station Agreements, if any, assumed by and transferred to Buyer in accordance with this Agreement, but only to the extent such liabilities and obligations relate to any period of time after the Closing.

(b) Except for the Assumed Obligations, Buyer shall not assume or in any manner be liable for any duties, responsibilities, obligations or liabilities of Seller of any kind or nature, whether express or implied, known or unknown, contingent or absolute, including, without limitation, any liabilities to or in connection with Seller's employees whether arising in connection with the transaction contemplated hereunder or otherwise.

2.4 EARNEST MONEY.

(a) Within five (5) days of the execution of this Agreement, Buyer shall deposit with Escrow Agent under the Escrow Agreement, in immediately available funds, the Earnest Money. The Escrow Agent shall hold the Earnest Money under the terms of the Escrow Agreement in trust for the benefit of the parties hereto. Interest and other earnings on the Earnest Money shall be distributed by the Escrow Agent to Buyer from time to time upon the request of Buyer.

(b) If Closing does not occur, the Earnest Money shall be delivered to Seller or returned to Buyer in accordance with Section 10.2, and if Closing does occur, the Earnest Money shall be applied to payment of the Purchase Price at Closing as provided in Section 2.5.

2.5 PAYMENTS.

(a) The Purchase Price shall be paid by Buyer as follows:

(i) At the Closing, the Earnest Money shall, subject to execution and delivery of the closing documents described in Section 8.2, become the property of Seller and shall, pursuant to the Escrow Agreement, be disbursed to Seller by cashier's check or wire transfer of immediately available funds.

(ii) At the Closing the Purchase Price, less the amount of the Earnest Money disbursed to Seller, shall be paid to Seller at Closing by wire transfer of immediately available funds.

(b) Buyer shall pay to Seller, or Seller shall pay to Buyer, the Adjustment Amount in accordance with Section 2.7.

2.6 ALLOCATION OF THE PURCHASE PRICE. Prior to Closing, Buyer and Seller

shall agree to an allocation of the Purchase Price. Buyer and Seller shall use such allocation for all reporting purposes in connection with federal, state and local income and, to the extent permitted under applicable law, franchise taxes. Buyer and Seller agree to report such allocation to the Internal Revenue Service in the form required by Treasury Regulation 1.1060-1T.

2.7 ADJUSTMENT OF PURCHASE PRICE.

(a) All operating income and operating expenses of the Station shall be adjusted and allocated between Seller and Buyer, and an adjustment in the Purchase Price shall be made as provided in this Section, to the extent necessary to reflect the principle that all such income and expenses attributable to the operation of the Station on or before the Closing Date shall be for the account of Seller, and all income and expenses attributable to the operation of the Station after the closing Date shall be for the account of Buyer.

(b) To the extent not inconsistent with the express provisions of this Agreement, the allocations made pursuant to this Section 2.7 shall be made in accordance with generally accepted accounting principles.

(c) For purposes of making the adjustments pursuant to this Section, Buyer shall prepare and deliver the Adjustment List to Seller within thirty (30) days following the Closing Date, or such earlier or later date as shall be mutually agreed to by Seller and Buyer. The Adjustment List shall set forth the Adjustment Amount. If the Adjustment Amount is a credit to the account of Buyer, Seller shall pay such amount to Buyer, and if the Adjustment Amount is a charge to the account of Buyer, Buyer shall pay such amount to Seller. In the event Seller disagrees with the Adjustment Amount determined by Buyer or with any other matter arising out of this subsection, and Buyer and Seller cannot within sixty (60) days resolve the disagreement themselves, the parties will refer the disagreement to a firm of independent certified public accountants, mutually acceptable to Seller and Buyer, whose decision shall be final and whose fees and expenses shall be allocated between and paid by Seller and Buyer, respectively, to the extent that such party does not prevail on the disputed matters decided by the accountants.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF SELLER

Notwithstanding anything to the contrary in this Agreement, Seller makes no representation or warranty other than as set forth in this Article III. Seller hereby represents and warrants to Buyer as follows:

3.1 ORGANIZATION AND GOOD STANDING. Seller is a corporation, validly existing and in good standing under the laws of the State of California and authorized to conduct business in the State of California and each and every jurisdiction where Seller conducts business. Seller has all requisite power to own, operate and lease its properties and carry on its business as it is now being conducted and as the same will be conducted until the Closing.

3.2 AUTHORIZATION AND BINDING EFFECT OF DOCUMENTS. Seller's execution and delivery of, and the performance of its obligations under, this Agreement and each of the other Documents, and the consummation by Seller of the transactions contemplated hereby and thereby, have been duly authorized and approved by all necessary corporate action on the part of Seller. Seller has the power and authority to execute, deliver and perform its obligations under this Agreement and each of the other Documents and to consummate the transactions hereby and thereby contemplated. This Agreement and each of the other Documents have been, or at or prior to the Closing will be, duly executed by Seller. The Documents, when executed and delivered by the parties hereto, will constitute legal and valid obligations of Seller enforceable against it in accordance with their terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights or remedies generally, and except as may be limited by general principles of equity (regardless of whether enforceability is sought in a proceeding in equity or at law).

3.3 ABSENCE OF CONFLICTS. The execution and delivery of, and the performance of its obligations under, this Agreement and each of the other Documents by Seller, and the consummation of the transactions contemplated hereby and thereby:

(a) do not, to Seller's actual knowledge, in any material respect (with or without the giving of notice or the passage of time or both) violate (or result in the creation of any Lien other than a Permitted Lien on any of the Sale Assets under), any provision of law, rule or regulation or any order, judgment, injunction, decree or ruling applicable to each Seller;

(b) do not (with or without the giving of notice or the passage of time or both) conflict with or result in a breach or termination of, or constitute a default or give rise to a right of termination or acceleration

under the Articles of Incorporation or Bylaws of Seller or pursuant to any lease, agreement, commitment or other instrument which Seller is a party to, or bound by, or by which any of the Sale Assets may be bound, or result in the creation of any Lien, other than a Permitted Lien, upon any of the Sale Assets.

3.4 GOVERNMENTAL CONSENTS AND CONSENTS OF THIRD PARTIES. Except for such

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consents as are required by the FCC and except for the applicable requirements of the HSR Act, to Seller's actual knowledge, the execution and delivery of, and the performance of its obligations under, this Agreement and each of the other Documents by Seller, and the consummation by Seller of the transactions contemplated hereby and thereby, do not require the consent, waiver, approval, permit, license, clearance or authorization of, or any declaration of filing with, any court or public agency or other authority, or the consent of any person under any agreement, arrangement or commitment of a nature to which Seller is a party or by which it is bound or by which the Sale Assets are bound or to which they are subject to, the failure of which to obtain would have a material adverse effect on the Sale Assets or the operation of the Stations.

3.5 SALE ASSETS. To Seller's actual knowledge, the Sale Assets include

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all of the assets, properties and rights of every type and description, tangible and intangible, that are used to a material extent in the conduct of the business of owning and operating the Station in the manner in which that business is now conducted, with the exception of the Excluded Assets.

3.6 TANGIBLE PERSONAL PROPERTY. Except for supplies and other incidental

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items which in the aggregate are not of material value, to Seller's actual knowledge, the list of Tangible Personal Property set forth on Schedule 3.6 is a

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complete and correct list of all of the items of tangible personal property (other than Excluded Assets) used to a material extent in the operation of the Station in the manner in which they are now operated.

(a) Seller has good, marketable and valid title to all of the items of Tangible Personal Property free and clear of all Liens except Permitted Liens, and including the right to transfer same.

(b) To Seller's actual knowledge and except as set forth on Schedule 3.6 the Tangible Personal Property has been maintained in accordance

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with industry practices and is in good operating condition subject to ordinary wear and tear.

(c) To Seller's actual knowledge the Tangible Personal Property complies with applicable rules and regulations of the FCC and the terms of the FCC Licenses.

(d) Seller has no knowledge of any defect in the condition or operation of any item of the Tangible Personal Property that is reasonably likely to have a material adverse effect on the operation of the Station.

3.7 FCC LICENSES. Seller is the holder of the FCC Licenses listed on

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Schedule 3.7, and except as set forth on such Schedule, the FCC Licenses (i) are

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valid, in good standing and in full force and effect and constitute all of the licenses, permits and authorizations required by the Act, the Rules and Regulations or the FCC for, or used in, the operation of the Station in all material respects as now operated, and (ii) constitute all the current licenses and authorizations issued by the FCC to Seller for or in connection with the current operation of the Station. Seller has no knowledge of any condition imposed by the FCC as part of any FCC License which is neither set forth on the face thereof as issued by the FCC nor contained in the Rules and Regulations applicable generally to stations of the type, nature, class or location of the Stations. The Station is being operated at full authorized power, in accordance with the terms and conditions of the FCC Licenses applicable to it and in accordance with the Rules and Regulations, except to the extent a failure to so comply would not constitute a Material Adverse Condition. No proceedings are pending or, to the knowledge of the Seller, are threatened which may result in the revocation, modification, non-renewal or suspension of any of the FCC Licenses, the denial of any pending applications, the issuance of any cease and desist order or the imposition of any fines, forfeitures or other administrative actions by the FCC with respect to the Station or its operation, other than proceedings affecting the radio broadcasting industry in general. Seller has complied in all material respects with all requirements to file reports, applications and other documents with the FCC with respect to the Station, and all such reports, applications and documents are complete and correct in all material respects. Seller has no knowledge of any matters (i) which could reasonably be expected to result in the suspension or revocation of or the refusal to renew any of the FCC Licenses or the imposition of any fines or forfeitures by the FCC, or (ii) against Seller which could reasonably be expected to result in the FCC's refusal to grant approval of the assignment to

Buyer of the FCC Licenses or the imposition of any Material Adverse Condition in connection with approval of such assignment. To Seller's actual knowledge there are not any unsatisfied or otherwise outstanding citations issued by the FCC with respect to the Station or its operation. Complete and accurate copies of all FCC Licenses are attached as a part of Schedule 3.7. The "Public Inspection File" of the Station is in substantial and material compliance with Section 73.3526 of the Rules and Regulations.

3.8 STATION AGREEMENTS.  
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(a) To Seller's actual knowledge, Schedule 3.8 sets forth an accurate and complete list of all material agreements, contracts, arrangements or commitments in effect as of the date hereof, including all amendments, modifications and supplements thereto which the Station or its assets or properties are bound by, except (A) employee benefit plans and employment contracts, (B) contracts for the sale of time on the Station, and (C) contracts which are cancelable by Seller or its assignee without breach or penalty on not more than sixty (60) days' notice. Complete and correct copies of all such agreements, contracts, arrangements or commitments that are in writing and actually known to Seller, including all amendments, modifications and supplements thereto, have been delivered to Buyer.

(b) Except as set forth in the Schedules, and with respect to all Station Agreements being assumed by Buyer, (i) all Station Agreements are legal, valid and enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity regardless of whether enforcement is sought in any proceeding at law or in equity; (ii) to the actual knowledge of Seller, neither Seller, nor any party thereto, is in material breach of or in material default under any Station Agreements; (iii) to the actual knowledge of Seller, there has not occurred any event which, after the giving of notice or the lapse of time or both, would constitute a material default under, or result in the material breach of, any Station Agreements which are, individually or in the aggregate, material to the operation of the Station; and (iv) Seller holds the right to enforce and receive the benefits under all of the Station Agreements, free and clear of all Liens (other than Permitted Liens) but subject to the terms and provision of each such agreement.

(c) Schedule 3.8 indicates, for each Station Agreement listed thereon which is being assumed by buyer, whether consent or approval by any party thereto is required thereunder for consummation of the transactions contemplated hereby.

3.9 LITIGATION. To the actual knowledge of Seller there are no  
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claims, investigations or administrative, arbitration or other proceedings pending or threatened against Seller which would, individually or in the aggregate if adversely determined, have a material adverse effect on the Sale Assets or the operation of the Station, or which would give any third party the right to enjoin the transactions contemplated by this Agreement. To the actual knowledge of Seller, there is no basis for any such claim, investigation, action, suit or proceeding which would, individually or in the aggregate if adversely determined, have a material adverse effect on the Sale Assets or operation of the Station. To the actual knowledge of Seller, there are no existing or pending orders, judgments or decrees of any court or governmental agency affecting Seller, the Station or any of the Sale Assets which would materially adversely affect the Station's operations or the Sale Assets.

3.10 LABOR MATTERS.  
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(a) Seller is not a party to any collective bargaining agreement, and there is no collective bargaining agreement that determines the terms and conditions of employment of any employees of Seller.

(b) With respect to the Station:

(i) There is no labor strike, dispute, slow-down or stoppage pending or, to the actual knowledge of Seller, threatened against the Station;

(ii) To the actual knowledge of Seller, there are neither pending nor threatened, any suits, actions, administrative proceedings, union organizing activities, arbitrations, grievances or other proceedings between Seller and any employees of the Station or any union representing such employees; and to Seller's actual knowledge, there are no existing labor or employment or other controversies or grievances involving employees of the Station which have had or are reasonably likely to have a material adverse effect on the operation of the Station;

(iii) (A) Seller is in compliance in all material respects with all laws, rules and regulations relating to the employment of labor and all employment contractual obligations, including those relating to wages, hours, collective bargaining, affirmative action, discrimination, sexual harassment, wrongful discharge and the withholding and payment of taxes and contributions except for such non-compliance which individually or in the aggregate would not have a material adverse effect on the business or financial condition of the Station; (B) Seller has withheld all amounts required by law or agreement to be withheld from the wages or salaries of its employees; and (C) Seller is not liable to any present or former employees or any governmental authority for damages, arrears of wages or any tax or penalty for failure to comply with the foregoing except for such liability which individually or in the aggregate would not have a material adverse effect on the business or financial condition of the Station;

(iv) Buyer's consummation of the transactions contemplated by this Agreement in accordance with the terms hereof shall not, as a result of or in connection with the transactions contemplated hereby, impose upon Buyer the obligation to pay any severance or termination pay under any agreement, plan or arrangement binding upon Seller.

3.11 EMPLOYEE BENEFIT PLANS. Buyer's consummation of the transactions

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contemplated by this Agreement in accordance with the terms hereof shall not, as a result of or in connection with the transactions contemplated hereby, impose upon Buyer any obligation under any benefit plan, contract or arrangement (regardless of whether they are written or unwritten and funded or unfunded) covering employees or former employees of Seller in connection with their employment by Seller. For purposes of the Agreement, "benefit plans" shall include without limitation employee benefit plans within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended, vacation benefits, employment and severance contracts, stock option plans, bonus programs and plans of deferred compensation.

3.12 COMPLIANCE WITH LAW. To Seller's actual knowledge, the operation of

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the Station complies in all material respects with the applicable rules and regulations of the FCC and all federal, state, local or other laws, statutes, ordinances, regulations, and any applicable order, writ, injunction or decree of any court, commission, board, agency or other instrumentality.

3.13 ENVIRONMENTAL MATTERS; OSHA.

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(a) To Seller's actual knowledge Seller has obtained all material, environmental, health and safety permits necessary or required for either the operation of the Station as currently operated or the ownership of the Sale Assets and all such permits are in full force and effect and Seller is in compliance with all material terms and conditions of such permits.

(b) To Seller's actual knowledge there is no proceeding pending or threatened which may result in the reversal, rescission, termination, modification or suspension of any environmental or health or safety permits necessary for the operation of the Station as currently conducted or the ownership of the Sale Assets.

(c) To Seller's actual knowledge, with respect to the Station and the Sale Assets, Seller is in compliance in all material respects with the provisions of Environmental Laws.

(d) To Seller's actual knowledge, Seller is in material compliance with all OSHA Laws applicable to the Sale Assets.

3.14 TOWER COORDINATES. To Seller's actual knowledge the current

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vertical elevation and geographical coordinates of the Station's towers ("the Tower Coordinates") are properly registered with the FCC and FAA; and (ii) the Tower Coordinates comply with and correspond to the current vertical elevation an geographical coordinates authorized by the FAA, FCC and any other governmental authority, including any federal, state or local authority having jurisdiction over the Station or said towers.

3.15 FILING OF TAX RETURNS. Seller has filed all federal, state and

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local tax returns which are required to be filed, and has paid all taxes and all assessments to the extent that such taxes and assessments have become due, other than such returns, taxes and assessments, the failure to file or pay would not, individually or in the aggregate, have a material adverse effect on Buyer.

3.16 ABSENCE OF INSOLVENCY. No insolvency proceedings of any character

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including without limitation, bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, affecting the Seller or any of the Sale Assets, are pending or, to the best knowledge of

Seller, threatened, and Seller has made no assignment for the benefit of creditors, nor taken any action with a view to, or which would constitute the basis for the institution of, any such insolvency proceedings.

3.17 BROKER'S OR FINDER'S FEES.No agent, broker, investment banker or

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other person or firm acting on behalf of or under the authority of Seller or any affiliate of Seller is or will be entitled to any broker's or finder's fee or any other commission or similar fee, directly or indirectly, in connection with the transactions contemplated by this Agreement.

3.18 INSURANCE.There is now in full force and effect with reputable

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insurance companies fire and extended coverage insurance with respect to all material tangible Sale Assets and public liability insurance, all in commercially reasonable amounts.

ARTICLE IV

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REPRESENTATIONS AND WARRANTIES OF BUYER  
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Buyer represents and warrants to Seller as follows:

4.1 ORGANIZATION AND GOOD STANDING.Buyer is a limited liability company

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duly organized, validly existing and in good standing under the laws of the State of California. Buyer has all requisite corporate power to own, operate and lease its properties and carry on its business as it is now being conducted and as the same will be conducted following the Closing.

4.2 AUTHORIZATION AND BINDING EFFECT OF DOCUMENTS.Buyer's execution and

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delivery of, and the performance of its obligations under, this Agreement and each of the other Documents, and the consummation by Buyer of the transactions contemplated hereby and thereby, have been duly authorized and approved by all necessary corporate action on the part of Buyer. Buyer has the power and authority to execute, deliver and perform its obligations under this Agreement and each of the other Documents and to consummate the transactions hereby and thereby contemplated. This Agreement and each of the other Documents have been, or at or prior to the Closing will be, duly executed by Buyer. The Documents, when executed and delivered by the parties hereto, will constitute the valid and legally binding agreement of Buyer, enforceable against Buyer in accordance with their terms, except as may be limited by bankruptcy, insolvency, or other similar laws affecting the enforcement of creditors' rights or remedies generally, and except as may be limited by general principles of equity (regardless of whether such enforceability is sought in a proceeding in equity or at law).

4.3 ABSENCE OF CONFLICTS.Buyer's execution and delivery of, and the

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performance of its obligations under, this Agreement and each of the other Documents and the consummation by Buyer of the transaction contemplated hereby and thereby:

(a) Do not in any material respect (with or without the giving of notice or the passage of time or both) violate (or result in the creation of any claim, lien, charge or encumbrance on any of the assets or properties of Buyer under) any provision of law, rule or regulation or any order, judgment, injunction, decree or ruling applicable to Buyer in any manner which would have a material adverse effect on the assets, business, operation or financial condition or results of operations of Buyer;

(b) Do not (with or without the giving of notice or the passage of time or both) conflict with or result in a breach or termination of, or constitute a default or give rise to a right of termination or acceleration under, the articles of incorporation or bylaws of Buyer or any lease, agreement, commitment, or other instrument which Buyer is a party to, bound by, or by which any of its assets or properties may be bound.

4.4 GOVERNMENTAL CONSENTS AND CONSENTS OF THIRD PARTIES.Except for the

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required consent of the FCC and the applicable requirements of the HSR Act, Buyer's execution and delivery of, and the performance of its obligations under, this Agreement and each of the other Documents and the consummation by Buyer of the transaction contemplated hereby and thereby, do not require the consent, waiver, approval, permit, license, clearance or authorization of, or any declaration or filing with, any court or public agency or other authority, or the consent of any person under any agreement, arrangement or commitment of any nature to which Buyer is a party or by which it is bound, the failure of which to obtain would have a material adverse effect on the assets, business, operation or financial condition or results of operations of Buyer.

4.5 QUALIFICATION.

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(a) Buyer has no knowledge after due inquiry of any facts concerning Buyer or any other person with an attributable interest in Buyer (as such term is defined under the Rules and Regulations) which, under present law (including the Act) and the Rules and Regulations, would (i) disqualify Buyer from being the holder of the FCC Licenses, the owner of the Sale Assets or the operator of the Station upon consummation of the transactions contemplated by this Agreement, or (ii) raise a substantial and material question of fact (within the meaning of Section 309(e) of the Act) respecting Buyer's qualifications.

(b) Without limiting the foregoing Subsection (a), Buyer shall  
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make the affirmative certifications provided in Section III of FCC Form 314, or as may be required on any form required by the FCC to obtain its consent to this transaction, at the time of filing of such form with the FCC as contemplated by Section 5.2.  
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4.6 BROKER'S OR FINDER'S FEES.No agent, broker, investment banker, or  
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other person or firm acting on behalf of or under the authority of Buyer or any affiliate of Buyer is or will be entitled to any broker's or finder's fee or any other commission or similar fee, directly or indirectly, in connection with transactions contemplated by this Agreement.

4.7 LITIGATION.There are no legal, administrative, arbitration or other  
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proceedings or governmental investigations pending or, to the knowledge of Buyer, threatened against Buyer that would give any third party the right to enjoin the transactions contemplated by this Agreement.

ARTICLE V  
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TRANSACTIONS PRIOR TO THE CLOSING DATE  
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5.1 CONDUCT OF THE STATION'S BUSINESS PRIOR TO THE CLOSING DATE.  
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Seller covenants and agrees with Buyer that between the date hereof and the Closing Date, unless the Buyer otherwise agrees in writing (which agreement shall not be unreasonably withheld or delayed), Seller shall:

(a) Use reasonable commercial efforts to maintain insurance upon all of the tangible Sale Assets in such amounts and of such kind comparable to that in effect on the date hereof with respect to such Sale Assets and with respect to the operation of the Station, with insurers of substantially the same or better financial condition;

(b) Operate the Station and otherwise conduct its business in all material respects in accordance with the terms or conditions of its FCC Licenses, the Rules and Regulations, the Act and all other rules and regulations, statutes, ordinances and orders of all governmental authorities having jurisdiction over any aspect of the operation of the Station, except where the failure to so operate the Station would not have a material adverse effect on the Sale Assets or the operation of the Station or on the ability of Seller to consummate the transactions contemplated hereby;

(c) Comply in all material respects with all Station Agreements now or hereafter existing which are material, individually or in the aggregate, to the operation of the Station;

(d) Promptly notify Buyer of any material default by, or claim of default against, any party under any Station Agreements which are material, individually or in the aggregate, to the operation of the Station, and any event or condition which, with notice or lapse of time or both, would constitute an event of default under such Station Agreements;

(e) Not mortgage, pledge or subject to any Lien other than a Permitted Lien (except in the ordinary course of business) any of the Sale Assets;

(f) Not sell, lease or otherwise dispose of, nor agree to sell, lease or otherwise dispose of, any of the Sale Assets, except for dispositions in the ordinary course of business;

(g) Not amend or terminate any Station Agreement, other than in the ordinary course of business;

(h) Not introduce any material change with respect to the operation of the Station including, without limitation, any material changes in the broadcast hours of the Station or any other material change in the Station's programming policies, except such changes as in the sole discretion of Seller,

exercised in good faith after consultation with Buyer, are required by the public interest;

(i) Notify Buyer of any material litigation pending or threatened against Station or any material damage to or destruction of any assets included or to be included in the Sale Assets of which Seller receives actual knowledge.

5.2 GOVERNMENTAL CONSENTS. Seller and Buyer have filed with the FCC such

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applications and other documents in the name of Seller or Buyer, as appropriate, as may be necessary or advisable to obtain the FCC Order. Seller and Buyer shall take all commercially reasonable steps necessary to prosecute such filings with diligence and shall diligently oppose any objections to, appeals from or petitions to reconsider such approval of the FCC, to the end that the FCC Order and a Final Action with respect thereto may be obtained as soon as practicable; provided, however, that in the event the application for assignment of the FCC Licenses has been designated for hearing, either Buyer or Seller may elect to terminate this Agreement pursuant to Section 10.1(c). Buyer shall not knowingly

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take, and Seller covenants that Seller shall not knowingly take, any action that party knows or has reason to know would materially and adversely affect or materially delay issuance of the FCC Order or materially and adversely affect or materially delay its becoming a Final Action without a Material Adverse Condition, unless such action is requested or required by the FCC, its staff or the Rules and Regulations. Should Buyer or Seller become aware of any facts which could reasonably be expected to materially and adversely affect or materially delay issuance of the FCC Order without a Material Adverse Condition (including but not limited to, in the case of Buyer, any facts which would reasonably be expected to disqualify Buyer from controlling the Station), such party shall promptly notify the other party thereof in writing and both parties shall cooperate to take all steps necessary or desirable to resolve the matter expeditiously and to obtain the FCC's approval of matters pending before it.

5.3 HSR. Within five (5) business days after the execution of

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this Agreement, Buyer and Seller shall make any required filings with the Federal Trade Commission and the United States Department of Justice pursuant to the HSR Act (including a request for early termination of the waiting period thereunder), and shall thereafter promptly respond to all requests received from such agencies for additional information or documentation.

5.4 OTHER CONSENTS. Seller shall use its reasonable best efforts to

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obtain the consent or waivers to the transactions contemplated by this Agreement required under any assumed Station Agreements; provided that Seller shall not be required to pay or grant any material consideration in order to obtain any such consent or waiver.

5.5 TAX RETURNS AND PAYMENTS. All taxes pertaining to ownership of the

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Sale Assets or operation of the Station prior to the Closing Date will be timely paid; provided that Seller shall not be required to pay any such tax so long as the validity thereof shall be contested in good faith by appropriate proceedings and Seller shall have set aside adequate reserves with respect to any such tax.

5.6 ACCESS PRIOR TO THE CLOSING DATE. Prior to the Closing, Buyer and

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its representatives may make such reasonable investigation of the assets and business of the Station as it may desire; and Seller shall give to Buyer, its engineers, counsel, accountants and other representatives reasonable access during normal business hours throughout the period prior to the Closing to personnel and all of the assets, books, records and files of or pertaining to the Station.

5.7 CONFIDENTIALITY. All information, data and materials furnished or to

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be furnished to either party with respect to the other party in connection with this transaction or pursuant to this Agreement is confidential. Each party agrees that prior to Closing (a) it shall not disclose or otherwise make available, at any time, any such information, data or material to any person who does not have a confidential relationship with such party; (b) it shall protect such information, data and material with a high degree of care to prevent the disclosure thereof; and (c) if, for any reason, this transaction is not consummated, all information, data or material concerning the other party obtained by such party, and all copies thereof, will be returned to the other party.

5.8 REASONABLE BEST EFFORTS. Subject to the terms and conditions of this

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Agreement, each of the parties hereto will use its reasonable best efforts to take all action and to do all things necessary, proper or advisable to satisfy any condition to the parties' obligations hereunder in its power to satisfy and to consummate and make effective as soon as practicable the transactions contemplated by this Agreement.



5.9 FCC REPORTS.Seller shall continue to file, on a current basis until  
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the Closing Date, all reports and documents required to be filed with the FCC  
with respect to the Station. Seller shall provide Buyer with copies of all such  
filings within five business days of the filing with the FCC.

5.10 CONVEYANCE FREE AND CLEAR OF LIENS.At or prior to the Closing,  
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Seller shall obtain executed releases, in suitable form for filing and otherwise  
in form and substance reasonably satisfactory to Buyer, of any security  
interests granted in the Sale Assets and properties as security for payment of  
loans and other obligations or judgments and of any other Liens on the Sale  
Assets. At the closing, Seller shall transfer and convey to Buyer all of the  
Sale Assets free and clear of all Liens except Permitted Liens.

ARTICLE VI  
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CONDITIONS PRECEDENT TO THE  
OBLIGATIONS OF BUYER TO CLOSE  
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Buyer's obligation to close the transaction contemplated by this Agreement  
is subject to the satisfaction, on or prior to the Closing Date, of each of the  
following conditions, unless waived by Buyer in writing:

6.1 ACCURACY OF REPRESENTATIONS AND WARRANTIES; CLOSING CERTIFICATE.  
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(a) The representations and warranties of Seller contained in this  
Agreement or in any other Document shall be complete and correct in all material  
respects on the date hereof and at the Closing Date with same effect as though  
made at such time except for changes that are not materially adverse to the  
Station or the Sale Assets taken as a whole.

(b) Seller shall have delivered to Buyer on the Closing Date a  
certificate that (i) the condition specified in Section 6.1(a) is satisfied as  
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of the Closing Date, and (ii) except as set forth in such certificate (none of  
which exceptions shall be materially adverse to the Station, the Sale Assets or  
Seller's ability to consummate the transaction contemplated hereby), the  
condition specified in Section 6.2 is satisfied as of the Closing Date.  
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6.2 PERFORMANCE OF AGREEMENTS.Seller shall have performed in all  
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material respects all of its covenants, agreements and obligations required by  
this Agreement and each of the other Documents to be performed or complied with  
by it prior to or upon the Closing Date.

6.3 FCC AND OTHER CONSENTS.  
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(a) The FCC Order shall have been issued by the FCC without any  
Material Adverse Condition.

(b) Seller shall have satisfied all material conditions which the  
FCC Order or any order, ruling or decree of any judicial or administrative body  
relating thereto or in connection therewith specifies and requires to be  
satisfied by Seller prior to transfer of the FCC Licenses to Buyer.

(c) All other material authorizations, consents, approvals and  
clearances of federal, state or local governmental agencies required to permit  
the consummation by Buyer of the transactions contemplated by this Agreement  
including, without limitation, the assignment of any FCC Authorization requested  
by Buyer, shall have been obtained; all material statutory and regulatory  
requirements for such consummation shall have been fulfilled; and no such  
authorizations, consents, approvals or clearances shall contain any conditions  
that individually or in the aggregate would have a material adverse effect on  
the operations of the Station.

6.4 ADVERSE PROCEEDINGS. Neither Buyer nor any affiliate of Buyer shall  
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be subject to any ruling, decree, order or injunction restraining, imposing  
material limitations on or prohibiting (i) the consummation of the transactions  
contemplated hereby or (ii) its participation in the operation, management,  
ownership or control of the Station; and no litigation, proceeding or other  
action seeking to obtain any such ruling, decree, order or injunction shall be  
pending. No governmental authority having jurisdiction shall have notified any  
party to this Agreement that consummation of the transaction contemplated hereby  
would constitute a violation of the laws of the United States or of any state or

political subdivision or that it intends to commence proceedings to restrain such consummation or to force divestiture, unless such governmental authority shall have withdrawn such notice. No governmental authority having jurisdiction shall have commenced any such proceeding.

6.5 OPINION OF SELLER'S FCC COUNSEL. Buyer shall have received from

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Seller's FCC counsel an opinion, dated the Closing Date, in form and substance reasonably satisfactory to Buyer's FCC counsel, to the effect that:

(a) The FCC Licenses listed on Schedule 3.7 are valid, in good

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standing and in full force and effect and include all material licenses, permits and authorizations which are necessary under the Rules and Regulations for Seller to operate the Station in the manner in which the Station is currently being operated.

(b) To counsel's knowledge, no condition has been imposed by the FCC as part of any FCC License which is not set forth on the face thereof as issued by the FCC or contained in the Rules and Regulations applicable generally to stations of the type, nature, class or location of the Station.

(c) No proceedings are pending or, to counsel's knowledge, are threatened which may result in the revocation, modification, non-renewal of, suspension of, or the imposition of a Material Adverse Condition upon, any of the FCC Licenses, the denial of any pending applications, the issuance of any cease and desist order or the imposition of any fines, forfeitures or other administrative actions by the FCC which would materially adversely affect the continued operation of the Station, other than proceedings affecting the radio broadcasting industry in general.

In rendering such opinion, counsel shall be entitled to rely upon Seller's representations and warranties in this Agreement and to limit its inquiry to its files and such FCC files and records as are available to it as of 10:00 o'clock A.M. Eastern time the business day immediately preceding the Closing Date. Counsel may state that, as to any factual matters embodied in, or forming a basis for any legal opinion expressed in, such opinion, counsel's knowledge is based solely on such inquiry.

6.6 OTHER CONSENTS. Seller shall have obtained in writing and provided

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to Buyer on or before the Closing Date, without any condition materially adverse to Buyer or the Station, the material consents or waivers to the transactions contemplated by this Agreement required under those Station Agreements which Buyer has elected to assume.

6.7 DELIVERY OF CLOSING DOCUMENTS. Seller shall have delivered or caused to

-----  
be delivered to Buyer on the Closing Date each of the Documents required to be delivered pursuant to Section 8.

6.8 NO CESSATION OF BROADCASTING.

-----  
(a) Between the date hereof and the Closing Date, the Station shall not have for a period of more than ten (10) continuous days, (i) ceased broadcasting on its authorized frequency, (ii) lost substantially all of its normal broadcasting capability or (iii) been broadcasting at a power level of 50% or less of its FCC authorized level. Seller shall promptly notify Buyer of the occurrence of any one or more of the foregoing events or conditions, and the non-fulfillment of the condition precedent set forth in this Subsection caused by the occurrence of the events specified in Seller's notice shall be deemed waived by Buyer unless, within fifteen (15) days after Buyer's receipt of Seller's written notice, Buyer notifies Seller in writing to the contrary.

(b) In addition, during the five (5) days immediately preceding the Closing Date, the Station shall have been operating continuously with substantially all of its normal broadcasting capability except for cessation or reductions for insignificant periods of time resulting from occurrences (such as lightning strikes) over which Seller has no control. Seller shall have the right to delay Closing for a period not to exceed thirty (30) days if Seller reasonably determines that any action to restore the Station substantially all of its normal broadcasting capability can be completed during such delay period.

ARTICLE VII

-----  
CONDITIONS PRECEDENT OF THE  
OBLIGATION OF SELLER TO CLOSE  
-----

The obligation of Seller to close the transaction contemplated by this Agreement is subject to the satisfaction, on or prior to the closing Date, of each of the following conditions, unless waived by Seller in writing:

7.1 ACCURACY OF REPRESENTATIONS AND WARRANTIES.  
-----

(a) The representations and warranties of Buyer contained in this Agreement shall be complete and correct in all material respects on the date hereof and at the Closing Date with the same effect as though made at such time except for changes that are not materially adverse to Seller.

(b) Buyer shall have delivered to Seller on the Closing Date a certificate that (i) the condition specified in Section 7.1(a) is satisfied as of the Closing Date, and (ii) except as set forth in such certificate (none of which exceptions shall be materially adverse to Buyer's ability to consummate the transaction contemplated hereby), the conditions specified in Section 7.2 are satisfied as of the Closing Date.

7.2 PERFORMANCE OF AGREEMENTS. Buyer shall have performed in all material respects all of its covenants, agreements and obligations required by this Agreement and each of the other Documents to be performed or complied with by it prior to or upon the Closing Date.

7.3. FCC AND OTHER CONSENTS.  
-----

(a) The FCC Order shall have been issued by the FCC without any condition materially adverse to Seller.

(b) Conditions which the FCC Order or any order, ruling or decree of any judicial or administrative body relating thereto or in connection therewith specifies and requires to be satisfied by Buyer prior to transfer of the FCC Licenses to Buyer shall have been satisfied by Buyer.

(c) All other authorizations, consents, approvals and clearances of all federal, state and local governmental agencies required to permit the consummation by Seller of the transactions contemplated by this Agreement shall have been obtained; all statutory and regulatory requirements for such consummation shall have been fulfilled; and no such authorizations, consents, approvals or clearances shall contain any conditions that individually or in the aggregate would have any material adverse effect on Seller.

7.4 ADVERSE PROCEEDINGS. Seller shall not be subject to any ruling, decree, order or injunction restraining, imposing material limitations on or prohibiting the consummation of the transactions contemplated hereby. No governmental authority having jurisdiction shall have notified any party to this Agreement that consummation of the transactions contemplated hereby would constitute a violation of the laws of the United States or of any state or political subdivision or that it intends to commence proceedings to restrain such consummation or to force divestiture, unless such governmental authority shall have withdrawn such notice. No governmental authority having jurisdiction shall have commenced any such proceeding.

7.5 DELIVERY OF CLOSING DOCUMENTS AND PURCHASE PRICE. Buyer shall have delivered or caused to be delivered to Seller on the Closing Date each of the Documents required to be delivered pursuant to Section 8.3, and Seller shall have received payment of the Purchase Price with the form of payment set forth in Section 2.5.  
-----

ARTICLE VIII  
-----

CLOSING  
-----

8.1 TIME AND PLACE. Unless otherwise agreed to in advance by the parties, Closing shall take place in person or via facsimile at the offices of Seller in Camarillo, California, or at such other place as the parties agree, at 10:00 A.M. Pacific Time on the date (the "Closing Date") that is the later of (i) the fifth Business Day after the Applicable Date or (ii) the date as soon as practicable following satisfaction or waiver of the conditions precedent hereunder. The "Applicable Date" shall be the date on which issuance of the FCC Order without any Material Adverse Condition or condition materially adverse to Seller has become effective.

8.2 DOCUMENTS TO BE DELIVERED TO BUYER BY SELLER. At the Closing, Seller

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shall deliver or cause to be delivered to Buyer the following:

(a) Certified resolutions of Sellers' Boards of Directors and Shareholder approving the execution and delivery of this Agreement and each of the other Documents and authorizing the consummation of the transactions contemplated hereby and thereby.

(b) The certificate required by Section 6.1(b).  
-----

(c) A bill of sale and other instruments of transfer and conveyance transferring to Buyer the Tangible Personal Property.

(d) Executed releases, in suitable form for filing and otherwise in form and substance reasonably satisfactory to Buyer, of any security interests granted in the Sale Assets as security for payment of loans and other obligations and of any other Liens (other than Permitted Liens).

(e) An instrument or instruments assigning to Buyer all right, title and interest of Seller in and to all Station Agreements.

(f) An instrument assigning to Buyer all right, title and interest of Seller in the FCC Licenses, all pending applications relating to the Station before the FCC, and any remaining Sale Assets not otherwise conveyed.

(g) An instrument assigning to Buyer all rights, title and interest of Seller to the assets described in Section 2.1(e) hereof.  
-----

(h) The opinion of Seller's FCC counsel, dated the Closing Date, to the effect set forth in Section 6.5.  
-----

(i) Such additional information and materials as Buyer shall have reasonably requested, including without limitation, evidence that all consents and approvals required as a condition to Buyer's obligation to close hereunder have been obtained.

8.3 DOCUMENTS TO BE DELIVERED TO SELLER BY BUYER. At the Closing, Buyer

-----  
shall deliver or cause to be delivered to Seller the following:

(a) Certified resolutions of Buyer's member and sole manager approving the execution and delivery of this Agreement and each of the other Documents and authorizing the consummation of the transaction contemplated hereby and thereby.

(b) The Purchase Price as set forth in Section 2.5.  
-----

(c) The agreement of Buyer assuming the obligations under any Station Agreements being assumed by Buyer.

(d) The certificate required under Section 7.1(b).  
-----

(e) Such additional information and materials as Seller shall have reasonably requested.

ARTICLE IX  
-----

SURVIVAL OF REPRESENTATIONS AND WARRANTIES;  
-----

INDEMNIFICATION  
-----

9.1 SURVIVAL OF REPRESENTATION AND WARRANTIES. All representations,

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warranties, covenants and agreements contained in this Agreement or in any other Document shall survive the Closing for the Survival Period and the Closing shall not be deemed a waiver by either party of the representations, warranties, covenants or agreements of the other party contained herein or in any other Document. No claim may be brought under this Agreement or any other Document unless written notice describing in reasonable detail the nature and basis of such claim is given on or prior to the last day of the Survival Period; except for claims by Buyer for any amounts owed by Seller to Buyer under Section

-----  
9.3(a)(iv) and Section 9.3(a)(v), which claims may be made at any time. In the event such a notice is so given, the right to indemnification with respect thereto under this Article shall survive the Survival Period until such claim is

finally resolved and any obligations with respect thereto are fully satisfied. Notwithstanding the foregoing, the provisions for survival and the making of claims shall not apply to the agreements whereby Buyer assumes the obligations under Subsection 8.3(c), each of which agreements shall be governed by its own

terms.

9.2 INDEMNIFICATION IN GENERAL. Buyer and Seller agree that the rights

to indemnification and to be held harmless set forth in this Agreement shall, as between the parties hereto and their respective successors and assigns, be exclusive of all rights to indemnification and to be held harmless that such party (or its successors or assigns) would otherwise have by statute, common law or otherwise.

9.3 INDEMNIFICATION BY SELLER.

(a) Subject to the provisions of Subsection (b) below and Section 10.2 below, Seller shall indemnify and hold harmless Buyer and any officer, director, agent, employee and affiliate thereof with respect to any and all demands, claims, actions, suits, proceedings, assessments, judgments, costs, losses, damages, liabilities and expenses (including reasonable attorneys' fees) relating to or arising out of:

(i) Any breach or non-performance by Seller of any of its representations, warranties, covenants or agreements set forth in this Agreement or any other Documents; or

(ii) The ownership or operation by Seller of the Station or the Sale Assets on or prior to the Closing Date; or

(iii) All other liabilities and obligations of Seller other than the Assumed Obligations; or

(iv) Noncompliance by Seller with the provisions of the Bulk Sales Act, if applicable, in connection with the transaction contemplated hereby; or

(b) Except for any amounts owed by Seller to Buyer under Section 9.3(a) (iv), and Section 2.7, if Closing occurs, Seller shall not be obligated until the aggregate amount of such claims, liabilities, damages, losses, costs and expenses exceeds Buyer's Threshold Limitation, in which case Buyer shall then be entitled to indemnification of the entire aggregate amount.

9.4 INDEMNIFICATION BY BUYER.

(a) Subject to the provisions of Subsection (b) below and Section 10.2 below, Buyer shall indemnify and hold harmless Seller and any officer, director, agent, employee and affiliate thereof with respect to any and all demands, claims, actions, suits, proceedings, assessments, judgments, costs, losses, damages, liabilities and expenses (including reasonable attorneys' fees) relating to or arising out of:

(i) Any breach or non-performance by Buyer of any of its representations, warranties, covenants or agreements set forth in this Agreement or any other Document; or

(ii) The ownership or operation of the Station after the Closing Date; or

(iii) All other liabilities or obligations of Buyer.

(b) Except for any amounts owed by Buyer to Seller under Section 2.7, if Closing occurs, Buyer shall not be obligated until the aggregate amount of such claims, liabilities, damages, losses, costs and expenses exceeds Seller's Threshold Limitation, in which case Seller shall then be entitled to indemnification of the entire aggregate amount.

9.5 INDEMNIFICATION PROCEDURES. In the event that an Indemnified Party

-----  
may be entitled to indemnification hereunder with respect to any asserted claim of, or obligation or liability to, any third party, such party shall notify the Indemnifying Party thereof, describing the matters involved in reasonable detail, and the Indemnifying Party shall be entitled to assume the defense thereof upon written notice to the Indemnified Party with counsel reasonably satisfactory to the Indemnified Party; provided, that once the defense thereof is assumed by the Indemnifying Party, the Indemnifying Party shall keep the Indemnified Party advised of all developments in the defense thereof and any related litigation, and the Indemnified Party shall be entitled at all times to participate in the defense thereof at its own expense. If the Indemnifying Party fails to notify the Indemnified Party of its election to defend or contest its obligation to indemnify under this Article IX, the Indemnified Party may pay, -----  
compromise, or defend such a claim without prejudice to any right it may have hereunder.

ARTICLE X  
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TERMINATION; LIQUIDATED DAMAGES  
-----

10.1 TERMINATION. If Closing shall not have previously occurred, this

-----  
Agreement shall terminate upon the earliest of:

(a) the giving of written notice from Seller to Buyer, or from Buyer to Seller, if:

(i) Seller gives such termination notice and is not at such time in material default hereunder, or Buyer gives such termination notice and Buyer is not at such time in material default hereunder; and

(ii) Either:

(A) any of the representations or warranties contained herein of Buyer (if such termination notice is given by Seller), or of Seller (if such termination notice is given by Buyer), are inaccurate in any respect and materially adverse to the party giving such termination notice unless the inaccuracy has been induced by or is the result of actions or omissions of the party giving such termination notice; or

(B) Any material obligation to be performed by Buyer (if such termination notice is given by Seller) or by Seller (if such termination notice is given by Buyer) is not timely performed in any material respect unless the lack of timely performance has been induced by or is the result of actions or omissions of the party giving such termination notice; or

(C) Any condition (other than those referred to in foregoing Clauses (A) and (B)) to the obligation to close the transaction

-----  
contemplated herein of the party giving such termination notice has not been timely satisfied; and any such inaccuracy, failure to perform or non-satisfaction of a condition neither has been cured nor satisfied within twenty (20) days after written notice thereof from the party giving such termination notice nor waived in writing by the party giving such termination notice.

(b) Written notice from Seller to Buyer, or from Buyer to Seller, at any time after one year from the date this Agreement is executed; provided that termination shall not occur upon the giving of such termination notice by Seller if Seller is at such time in material default hereunder or upon the giving of such termination notice by Buyer if Buyer is at such time in material default hereunder.

(c) Written notice from Seller to Buyer, or from Buyer to Seller, at any time following a determination by the FCC that the application for consent to assignment of the FCC Licenses has been designated for hearing; provided that the party which is the subject of the hearing (or whose alleged actions or omissions resulted in the designation for hearing) may not elect to terminate under this subsection (c).

(d) The written election by Buyer under Article XI.  
-----

10.2 OBLIGATIONS UPON TERMINATION.  
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(a) In the event this Agreement is terminated pursuant to Section  
-----  
10.1(a)(ii)(A) or (B), the aggregate liability of Buyer for breach hereunder  
-----

shall be limited as provided in Subsections (c) and (e), below and the aggregate  
-----  
liability for Seller for breach hereunder shall be limited as provided in  
Subsections (d) and (e), below. In the event this Agreement is terminated for  
-----  
any other reason, neither party shall have any liability hereunder.

(b) Upon termination of this Agreement, Buyer shall be entitled to  
the return of the Earnest Money from the Escrow Agent under the Escrow Agreement  
(i) if such termination is effected by Buyer's giving of valid written notice to  
Seller pursuant to Subsections 10.1(a), (b) (c) or (d), or (ii) if such  
-----  
termination is effected by Seller's giving of valid written notice to Buyer  
pursuant to Subsections 10.1(a) (i) (C), 10.1(b) or 10.1(c). If Buyer is entitled  
-----  
to the return of the Earnest Money, Seller shall cooperate with Buyer in taking  
such action as is required under the Escrow Agreement in order to effect such  
return from the Escrow Agent.

(c) If this Agreement is terminated by Seller's giving of valid  
written notice to Buyer pursuant to Subsection 10.1(a) (i) (A) or (B), Buyer  
-----  
agrees that (i) Buyer shall pay Seller upon such termination, as liquidated  
damages and not as a penalty, the sum ("Liquidated Damages Amount") of (A) Two  
Million Dollars (\$2,000,000), plus (B) the amount of the Earnest Money; (ii)  
Seller shall be entitled to collect the Liquidated Damages Amount by receiving a  
disbursement from the Escrow Agent equal to the Earnest Money; and (iii) Seller  
shall be entitled to pursue any other remedy available to Seller at law or in  
equity to recover the Liquidated Damages Amount from Buyer, provided that total  
monetary damages to which Seller shall be entitled shall not exceed the  
Liquidated Damages Amount. SELLER'S RECEIPT OF THE LIQUIDATED DAMAGES AMOUNT  
SHALL CONSTITUTE PAYMENT OF LIQUIDATED DAMAGES HEREUNDER AND NOT A PENALTY, AND  
SHALL BE SELLER'S SOLE REMEDY AT LAW OR IN EQUITY FOR BUYER'S BREACH HEREUNDER  
IF CLOSING DOES NOT OCCUR. BUYER AND SELLER EACH ACKNOWLEDGE AND AGREE THAT THE  
LIQUIDATED DAMAGE AMOUNT IS REASONABLE IN LIGHT OF THE ANTICIPATED HARM WHICH  
WILL BE CAUSED BY BUYER'S BREACH OF THIS AGREEMENT, THE DIFFICULTY OF PROOF OF  
LOSS, THE INCONVENIENCE AND NON-FEASIBILITY OF OTHERWISE OBTAINING AN ADEQUATE  
REMEDY, AND THE VALUE OF THE TRANSACTION TO BE CONSUMMATED HEREUNDER.

(d) Notwithstanding any provision of this Agreement to the  
contrary, if this Agreement is terminated by Buyer's giving of written notice to  
Seller pursuant to Section 10.1(a) (i) (A) or (B), Buyer shall not be entitled  
-----  
to damages or indemnification from Seller.

(e) In any dispute between Buyer and Seller as to which party is  
entitled to all or a portion of the Earnest Money, the prevailing party shall  
receive, in addition to that portion of the Earnest Money to which it is  
entitled, an amount equal to interest on that portion at the rate of 10% per  
annum, calculated from the date the prevailing party's demand for all or a  
portion of the Earnest Money is received by the Escrow Agent.

10.3 TERMINATION NOTICE. Each notice given by a party pursuant to  
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Section 10.1 to terminate this Agreement shall specify the Subsection (and  
-----  
clause or clauses thereof) of Section 10.1 pursuant to which such notice is  
-----  
given.

ARTICLE XI  
-----

CASUALTY  
-----

Upon the occurrence of any casualty loss, damage or destruction material to  
the operation of the Station prior to the Closing, Seller shall promptly give  
Buyer written notice setting forth in detail the extent of such loss, damage or  
destruction and the cause thereof if known. Seller shall use its reasonable  
efforts to promptly commence and thereafter to diligently proceed to repair or  
replace any such lost, damaged or destroyed property. In the event that such  
repair or replacement is not fully completed prior to the Closing Date, Buyer  
may elect to postpone the Closing until Seller's repairs have been fully  
completed or to consummate the transactions contemplated hereby on the Closing  
Date, in which event Seller shall assign to Buyer the portion of the insurance  
proceeds (less all reasonable costs and expenses, including without limitation  
attorney's fees, expenses and court costs incurred by Seller to collect such  
amounts), if any, not previously expended by Seller to repair or replace the  
damaged or destroyed property (such assignment of proceeds to take place  
regardless of whether the parties close on the scheduled or deferred Closing  
Date) and Buyer shall accept the damaged Sale Assets in their damaged condition.  
In the event the loss, damage or destruction causes or will cause the Station  
to be off the air for more than seven (7) consecutive days or fifteen (15) total  
days, whether or not consecutive, then Buyer may elect either (i) to consummate

the transactions contemplated hereby on the Closing Date, in which event Seller shall assign to Buyer the portion of the insurance proceeds (less all reasonable costs and expenses, including without limitation attorney's fees, expenses and court costs, incurred by Seller to collect such amounts), if any, not previously expended by Seller to repair or replace the damaged or destroyed property, and Buyer shall accept the damaged Sale Assets in their damaged condition, or (ii) to terminate this Agreement.

ARTICLE XII

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CONTROL OF STATION

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Between the date of this Agreement and the Closing Date, Buyer shall not control, manage or supervise the operation of the Station or conduct of its business, all of which shall remain the sole responsibility and under the control of Seller, subject to Seller's compliance with this Agreement.

ARTICLE XIII

-----

MISCELLANEOUS

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13.1 FURTHER ACTIONS. From time to time before, at and after the

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Closing, each party, at its expense and without further consideration, will execute and deliver such documents to the other party as the other party may reasonably request in order more effectively to consummate the transactions contemplated hereby.

13.2 ACCESS AFTER THE CLOSING DATE. After the Closing and for a period

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of twelve (12) months, Buyer shall provide Seller, Seller's counsel, accountants and other representatives with reasonable access during normal business hours to the books, records, property, personnel, contracts, commitments and documents of the Station pertaining to transactions occurring prior to the Closing Date when requested by Seller, and Buyer shall retain such books and records for the normal document retention period of Buyer. At the request and expense of Seller, Buyer shall deliver copies of any such books and records to Seller.

13.3 PAYMENT OF EXPENSES.

-----

(a) Any fees assessed in connection with the filings contemplated by Sections 5.2 and 5.3 or consummation of the transactions contemplated hereby

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shall be shared equally between Seller and Buyer.

(b) All state or local sales or use, stamp or transfer, grant and other similar taxes payable in connection with consummation of the transactions contemplated hereby shall be paid by the party primarily liable under applicable law to pay such tax.

(c) Except as otherwise expressly provided in this Agreement, each of the parties shall bear its own expenses, including the fees of any attorneys and accountants engaged by such party, in connection with this Agreement and the consummation of the transactions contemplated herein.

13.4 SPECIFIC PERFORMANCE. Seller acknowledges that the Station is of a

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special, unique, and extraordinary character, and that any breach of this Agreement by Seller could not be compensated for by damages. Accordingly, if Seller shall breach its obligations under this Agreement, Buyer shall be entitled, in addition to any of the remedies that it may have, to enforcement of this Agreement (subject to obtaining any required approval of the FCC) by decree of specific performance or injunctive relief requiring Seller to fulfill its obligations under this Agreement. In any action by Buyer to equitably enforce the provisions of this Agreement, Seller shall waive the defense that there is an adequate remedy at law or equity and agrees that Buyer shall have the right to obtain specific performance of the terms of this Agreement without being required to prove actual damages, post bond or furnish other security.

13.5 NOTICES. All notices, demands or other communications given

-----

hereunder shall be in writing and shall be sufficiently given if delivered by courier or sent by registered or certified mail, first class, postage prepaid, or by telex, cable, telegram, facsimile machine or similar written means of communication, addressed as follows:

(a) If to Seller, to:



Salem Communications Corporation  
4880 Santa Rosa Road, Suite 300  
Camarillo, CA 93012  
Attention: Edward G. Atsinger III

(b) if to Buyer, to:

c/o R.S. Hinz  
25233 Anza Drive  
Valencia, CA 91355

or such other address with respect to any party hereto as such party may from time to time notify (as provided above) to the other party hereto. Any such notice, demand or communication shall be deemed to have been given (i) if so mailed, as of the close of the third (3rd) business day following the date mailed, and (ii) if personally delivered or otherwise sent as provided above, on the date received.

13.6 ENTIRE AGREEMENT. This Agreement, the Schedules and Exhibits hereto, -----  
and the other Documents constitute the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersede any prior negotiations, agreements, understandings or arrangements between the parties with respect to the subject matter hereof.

13.7 BINDING EFFECT; BENEFITS. Except as otherwise provided herein, this -----  
Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors or assigns

13.8 ASSIGNMENT. This Agreement and any rights hereunder shall not be -----  
assignable by either party hereto without the prior written consent of the other party.

13.9 GOVERNING LAW. This Agreement shall in all respects be governed by -----  
and construed in accordance with the laws of the State of California, including all matters of construction, validity and performance.

13.10 BULK SALES. Buyer hereby waives compliance by Seller with the -----  
provisions of the Bulk Sales Act and similar laws of any state or jurisdiction, if applicable. Seller shall, in accordance with Article IX, indemnify and hold -----  
Buyer harmless from and against any and all claims made against Buyer by reason of such non-compliance.

13.11 AMENDMENTS AND WAIVERS. No term or provision of this Agreement 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

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first written.

<TABLE>  
<CAPTION>

<S>  
"SELLER"  
SALEM MEDIA OF CALIFORNIA, INC.

<C>  
"BUYER "  
HI-FAVOR BROADCASTING, LLC

By: /s/ Edward G. Atsinger III  
-----  
Name: Edward G. Atsinger III  
Title: President

By: /s/ R.S. Hinz  
-----  
R.S. Hinz, as Trustee of the Roland and  
Lila Hinz Living Trust UTD 12/16/86,  
Sole Member

</TABLE>

LIST OF SCHEDULES

- - - - -

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<S>	<C>
SCHEDULE 3.6	Tangible Personal Property
SCHEDULE 3.7	FCC Licenses
SCHEDULE 3.8	Station Agreements

</TABLE>

\*\* Buyer and Seller shall use all commercially reasonable efforts to reasonably agree upon Schedules to this Agreement, drafts of which shall be delivered by Seller to Buyer on or before July 7, 2000.

<TABLE> <S> <C>

<ARTICLE> 5

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS AS OF AND FOR THE PERIOD ENDED JUNE 30, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

</LEGEND>

<CIK> 0001050606

<NAME> SALEM COMMUNICATIONS CORPORATION

<MULTIPLIER> 1000

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