

Salem Communications Corporation Compensation Committee Charter

1. Statement of Purpose

1.1. The purpose of the Compensation Committee (the “**Committee**”) shall be to discharge the responsibilities of the Board of Directors (the “**Board**”) of Salem Communications Corporation (the “**Company**”) relating to executive compensation and to produce an annual report on executive compensation for inclusion in the Company’s proxy statement for the annual meeting of stockholders, in accordance with applicable rules and regulations.

1.2. The Committee’s objectives in performing its duties shall be to:
(i) encourage the achievement of the Company’s long-range objectives by providing compensation which directly relates to individual performance and achievement of internal strategic objectives; (ii) establish compensation policies and guidelines that will attract and retain qualified personnel by providing competitive compensation; and (iii) promote a direct relationship between executive compensation and the Company’s performance by facilitating executive officer stock ownership through restricted stock and stock option awards, thereby more closely aligning the interests of the Company’s executives with its other stockholders.

2. Composition of the Committee

2.1. Each member of the Committee shall be appointed by the Board and may be removed by the Board in its discretion. The Committee shall be comprised of at least two directors.

2.2. Each member of the Committee shall be an independent director meeting the applicable requirements of the National Association of Securities Dealers, Inc. (“**NASD**”) regarding director independence. Each member of the Committee shall also be a “non-employee director” (within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”)) and an “outside director” (within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder).

2.3. A Chairman of the Committee shall be appointed by the Board, or, in the absence of such an appointment, the members of the Committee may designate a Chairman by majority vote.

3. Authority, Duties and Responsibilities

3.1. The Committee is authorized to fix the compensation of executive officers of the Company, to establish and administer the annual incentive plan or plans applicable to executive officers of the Company and to administer the equity incentive plans of the

Company as may from time to time be acquired or adopted, including, without limitation, serving as the “Administering Body” of the Company’s 1999 Stock Incentive Plan. To that end, the Committee shall have and may exercise all the powers and authority of the Board to the extent permitted under Section 141(c) of the Delaware General Corporation Law.

3.2. The Committee is responsible for making decisions with respect to the Company’s executive compensation policies. To the extent permitted by applicable law and NASD rules, the Committee may delegate to one or more officers of the Company the power (i) to designate the officers and employees of the Company or any of its subsidiaries who will receive grants of restricted shares or options to purchase from the Company shares of the Company’s capital stock, and (ii) to determine the number of restricted shares or options to be received by them; provided, however, that only the Committee and/or the Board, in accordance with applicable law and NASD rules, shall have the authority to determine the compensation of the Company’s Chairman and Chief Executive Officer and its other executive officers (such officers determined in accordance with Rule 16a-1 of the Exchange Act, the “**Executive Officers**”). Any delegation by the Committee to one or more officers of the Company, as contemplated in this Section 3.2, must be made by resolution that specifies the total number of restricted shares or options that may be granted under the delegated authority, and no officer may be delegated the power to designate himself or herself as a recipient of restricted shares or options.

3.3. The Committee shall oversee the Company’s overall compensation structure, policies and programs, and assess whether they establish appropriate incentives for management and employees. In addition, pursuant to the authority granted by the Board, the Committee shall review and approve corporate goals and objectives relevant to the compensation to be paid to the Company’s Chairman and its Chief Executive Officer and each of the other Executive Officers of the Company.

3.4. The Committee shall have authority to retain such compensation consultants, outside counsel and other advisors as the Committee may deem appropriate in its sole discretion. The Committee shall have sole authority to approve the fees and retention terms of its advisors.

3.5. The Committee shall report its actions and any recommendations to the Board after each Committee meeting and shall conduct and present to the Board an annual performance evaluation of the Committee. The Committee shall review at least annually the adequacy of this charter and recommend any proposed changes to the Board for approval.

3.6. In discharging its duties and responsibilities, the Committee shall:

3.6.1. Annually evaluate the performance of the Company’s Chairman and its Chief Executive Officer in light of the Committee’s approved corporate goals and objectives and determine the annual compensation for the Chairman and Chief Executive Officer based on this evaluation and while meeting in executive session, and, further, review and approve such corporate goals and objectives for the subsequent year.

3.6.2. Review and approve on an annual basis the evaluation process and compensation structure for the Executive Officers (for purposes of this Section 3.6.2, excluding the Chairman and Chief Executive Officer). The Committee shall evaluate the performance of the Executive Officers and shall determine the annual compensation, including salary, bonus, incentive and equity compensation, for such Executive Officers. The Committee shall also provide oversight of management's decisions concerning the performance and compensation of other officers. For purposes of this Section 3.6.2, the Chairman and/or Chief Executive Officer may be present during the Committee's deliberations but may not vote.

3.6.3. Review the Company's 1999 Stock Incentive Plan and any other incentive compensation plans, their respective implementation and recommend any changes in such plans to the Board as needed. The Committee shall have and shall exercise all the authority of the Board with respect to the administration of such plans.

3.6.4. Review and approve any employment agreements, severance agreements or change-of-control agreements for Executive Officers.

3.6.5. Maintain regular contact with management of the Company regarding compensation matters.

3.6.6. Prepare and publish an annual executive compensation report in the Company's proxy statement.

3.6.7. Review the compensation of directors for service on the Board and its committee and recommend any changes in compensation to the Board.

3.6.8. Review periodically succession plans relating to positions held by senior officers of the Company and make recommendations to the Board regarding the selection of individuals to fill these positions.

4. Committee Meetings

The Committee shall meet at least two times per year and as often as may be deemed necessary or appropriate. One such meeting shall be held at a time when the Committee can review and recommend annual base salary and incentive awards as described above. Any additional meetings shall be called and held at the discretion of the Chairman of the Committee. A majority of the members of the Committee shall constitute a quorum unless there are only two members of the Committee, in which case a quorum shall require the presence of both members. Minutes of all Committee meetings shall be kept. The President/Chief Executive Officer will function as the management liaison officer to the Compensation Committee.