

SALEM MEDIA GROUP, INC. /DE/
Form DEF 14A
April 07, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

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SALEM MEDIA GROUP, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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4. Date Filed:

4880 Santa Rosa Road

Camarillo, CA 93012

(805) 987-0400

April 9, 2015

Dear Stockholder:

You are cordially invited to attend the 2015 Annual Meeting of Stockholders (the “Annual Meeting”) of Salem Media Group, Inc. (“Salem”). The Annual Meeting is scheduled to be held on Tuesday, May 19, 2015, at Salem’s corporate offices, which are located at 4880 Santa Rosa Road, Camarillo, California, at 9:30 a.m. P.D.T. As described in the accompanying Notice of Annual Meeting of Stockholders and Proxy Statement, the agenda for the Annual Meeting includes:

1. The election of the seven (7) persons named in the accompanying proxy statement to the Board of Directors to serve until the next annual meeting of stockholders or until their respective successors are duly elected and qualified.
2. The ratification of the appointment of SingerLewak LLP as the company’s independent registered public accounting firm.
3. To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

The Board of Directors recommends that you vote **FOR** the election of the slate of director nominees and **FOR** the ratification of the appointment of SingerLewak LLP as the company’s independent registered public accounting firm. Please refer to the Proxy Statement for detailed information on the above proposal. Directors and executive officers of Salem will be present at the Annual Meeting to respond to questions that our stockholders may have regarding the business to be transacted.

As we have done in prior years, we are using the U.S. Securities and Exchange Commission rule that permits companies to furnish their proxy materials over the Internet. Unless you have opted out of receiving Notices, instead of mailing you a paper copy of the proxy materials, we will be mailing to you a Notice containing instructions on how to access our proxy materials over the Internet. Therefore, a proxy card was not sent to you and you may vote only by telephone or via the Internet if you do not attend the Annual Meeting.

We urge you to vote your proxy as soon as possible. Your vote is very important, regardless of the number of shares you own. Whether or not you plan to attend the Annual Meeting in person, we urge you to vote your shares online, by telephone or, if you have chosen to receive paper copies of the proxy materials by mail, by signing, dating and returning the enclosed proxy card promptly in the accompanying postage prepaid envelope. You may, of course, attend the Annual Meeting and vote in person even if you have previously returned your proxy card. The approximate date on which this Proxy Statement and the enclosed proxy card and Notice are first being sent or made available to stockholders is April 9, 2015. On behalf of the Board of Directors and all of the employees of Salem, we wish to thank you for your support.

Sincerely yours,

STUART W. EPPERSON

Chairman of the Board

EDWARD G. ATSINGER III

Chief Executive Officer

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to Be Held on

May 19, 2015: Our Proxy Statement for the 2015 Annual Meeting of Stockholders and Annual Report on Form 10-K for

the year ended December 31, 2014 are available at www.proxyvote.com.

If you have any questions concerning the Proxy Statement or the accompanying proxy card, or if you need any help in

voting your shares, please telephone Christopher J. Henderson of Salem at (805) 987-0400.

PLEASE VOTE YOUR SHARES

ONLINE, BY TELEPHONE OR BY

SIGNING, DATING AND RETURNING

THE ENCLOSED PROXY CARD TODAY.

4880 Santa Rosa Road

Camarillo, CA 93012

(805) 987-0400

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held on May 19, 2015

NOTICE IS HEREBY GIVEN that the 2015 Annual Meeting of Stockholders (the “Annual Meeting”) of Salem Media Group, Inc. (“Salem”) will be held on Tuesday, May 19, 2015 at 9:30 a.m. P.D.T. at Salem’s corporate offices located at 4880 Santa Rosa Road, Camarillo, California, subject to adjournment or postponement by the Board of Directors, for the following purposes:

1. The election of the seven (7) persons named in the accompanying proxy statement to the Board of Directors to serve until the next annual meeting of stockholders or until their respective successors are duly elected and qualified.
2. The ratification of the appointment of SingerLewak LLP as the company’s independent registered public accounting firm.
3. To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

Only holders of record of Salem’s Class A common stock, par value \$0.01 per share, and Class B common stock, par value \$0.01 per share, on March 23, 2015, the record date, are entitled to notice of, and to vote at, the Annual Meeting and any adjournments or postponements thereof. A list of such stockholders will be available for examination by any stockholder at the time and place of the Annual Meeting.

Holders of a majority of the voting power of the outstanding shares of the Class A common stock and of the Class B common stock must be present in person or represented by proxy in order for the Annual Meeting to be held. Therefore, we urge you to review the accompanying proxy card and either vote by (a) Internet or by telephone as instructed in this Proxy Statement, or (b) if you have opted out of receiving Notices, by signing, dating and returning your completed proxy in the enclosed postage prepaid envelope whether or not you expect to attend the Annual Meeting in person. If you received only the Notice of how to access the proxy statement via the Internet, a proxy card was not sent to you, and you may vote only via the Internet if you do not attend the Annual Meeting or request that a proxy card be mailed to you. If you attend the Annual Meeting and wish to vote your shares personally, you may do so by validly revoking your proxy as described below.

Prior to the voting thereof, a proxy may be revoked by the person executing such proxy by: (i) filing with the Secretary of Salem either a duly executed written notice dated subsequent to such proxy revoking the same or a duly executed proxy bearing a later date, or (ii) attending the Annual Meeting and voting in person.

By order of the Board of Directors,

CHRISTOPHER J. HENDERSON
Secretary

Camarillo, California

April 9, 2015

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to Be Held on May 19, 2015: Our Proxy Statement for the 2015 Annual Meeting of Stockholders and Annual Report on Form 10-K for the year ended December 31, 2014, are available at

www.proxyvote.com

YOUR VOTE IS IMPORTANT.

TO VOTE YOUR SHARES, PLEASE VOTE

ONLINE, BY TELEPHONE OR BY

SIGNING AND DATING THE ENCLOSED PROXY CARD

AND MAILING IT PROMPTLY

IN THE ENCLOSED RETURN ENVELOPE.

SALEM MEDIA GROUP, INC.

4880 Santa Rosa Road

Camarillo, CA 93012

(805) 987-0400

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

To Be Held on May 19, 2015

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INTRODUCTION

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors (the “Board” or the “Board of Directors”) of Salem Media Group, Inc., a Delaware corporation (“Salem” or the “Company”), of proxies for use at the 2015 Annual Meeting of Stockholders of the Company (the “Annual Meeting”) scheduled to be held at the time and place and for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders.

INFORMATION REGARDING VOTING AT THE ANNUAL MEETING

General

At the Annual Meeting, the stockholders of the Company are being asked to consider and to vote upon the following proposals

Proposal 1 The election of the seven (7) Directors named in this Proxy Statement to serve until the annual meeting of stockholders to be held in 2016 or until their respective successors are duly elected and qualified.

For information regarding this proposal, see the section of this Proxy Statement entitled “PROPOSAL 1—ELECTION OF DIRECTORS.”

Proposal 2 The ratification of the appointment of SingerLewak LLP as the company’s independent registered public accounting firm.

For information regarding this proposal, see the section of this Proxy Statement entitled “PROPOSAL 2—PROPOSAL TO RATIFY THE APPOINTMENT OF SINGERLEWAK LLP AS THE COMPANY’S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.”

Shares represented by properly executed proxies received by the Company will be voted at the Annual Meeting in the manner specified therein or, if no instructions are marked on the enclosed proxy card, in accordance with the recommendation of the Board of Directors on all matters presented in this Proxy Statement. Although management does not know of any matter other than the proposal described above to be acted upon at the Annual Meeting, unless contrary instructions are given, shares represented by valid proxies will be voted by the persons named on the

accompanying proxy card in accordance with their respective best judgment in respect of any other matters that may properly be presented for a vote at the Annual Meeting.

Execution of a proxy will not in any way affect a stockholder's right to attend the Annual Meeting and vote in person, and any person giving a proxy has the right to revoke it at any time before it is exercised by: (a) filing with the Secretary of Salem either a duly executed written notice dated subsequent to such proxy revoking the same or a duly executed proxy bearing a later date, or (b) attending the Annual Meeting and voting in person.

The mailing address of the principal executive offices of the Company is 4880 Santa Rosa Road, Camarillo, California 93012, and its telephone number is (805) 987-0400.

Record Date, Quorum and Voting

Only stockholders of record on March 23, 2015 (the "Record Date") will be entitled to notice of and to vote at the Annual Meeting. There were outstanding on the Record Date 19,836,855 shares of Class A common stock, par value \$0.01 per share ("Class A common stock"), and 5,553,696 shares of Class B common stock, par value \$0.01 per share ("Class B common stock") (the Class A common stock and the Class B common stock are collectively referred to as the "common stock"). Each share of outstanding Class A common stock is entitled to one (1) vote on each matter to be voted on at the Annual Meeting and each share of outstanding Class B common stock is entitled to ten (10) votes on each matter to be voted on at the Annual Meeting, except that, as provided in the Company's Amended and Restated Certificate of Incorporation, the holders of Class A common stock shall be entitled to vote as a class, exclusive of the holders of the Class B common stock, to elect two (2) "Independent Directors." The two (2) Independent Directors shall be elected by a majority of the votes of the shares of Class A common stock present in person or represented by proxy and entitled to vote on the election of the Independent Directors; the remaining five (5) Directors will be elected by a majority of the votes of the shares of Class A common stock and Class B common stock present in person or represented by proxy and entitled to vote on the election of such Directors. For information regarding the election of Directors, see the section of this Proxy Statement entitled "PROPOSAL 1—ELECTION OF DIRECTORS."

The presence in person or representation by proxy of the holders of at least a majority of the voting power of the common stock issued and outstanding and entitled to vote is necessary to constitute a quorum at the Annual Meeting. In the event there are not sufficient shares for a quorum at the time of the Annual Meeting, the Annual Meeting may be adjourned in order to permit the further solicitation of proxies.

Only votes cast in person at the Annual Meeting or received by proxy before the beginning of the Annual Meeting will be counted. Giving us your proxy means you authorize the proxy holders to vote your shares at the Annual Meeting in the manner you direct. If your shares are held in your name, you can vote by proxy in three (3) convenient ways as follows:

- **On-Line Voting:** Go to <http://www.proxyvote.com> and follow the instructions
- **By Telephone:** Call toll-free 1-800-690-6903 and follow the instructions
- **By Mail:** Complete, sign, date and return your proxy card in the enclosed envelope

Telephone and Internet voting facilities for stockholders of record will be available 24 hours a day and will close at 11:59 p.m. on May 18, 2015.

Under Delaware law and the Company's Amended and Restated Certificate of Incorporation and Bylaws, abstentions and broker non-votes are counted for the purpose of determining the presence or absence of a quorum for the transaction of business. With regard to Proposal 1, votes may be cast in favor of or against any particular director nominee. With regard to Proposal 2, votes may be cast in favor of or against the proposal. Proposals 1, 2 and any other stockholder proposals that properly come before the Annual Meeting require, in general, the affirmative vote of a majority of the voting power of the shares of Class A common stock and Class B common stock present in person or represented by proxy at the Annual Meeting and entitled to vote on the subject matter. For Proposals 1 and 2, abstentions will be counted in tabulations of the votes cast on a proposal and will have the same effect as a vote against the proposal. For each proposal, broker non-votes will not be counted for purposes of determining whether the proposal has been approved. If you hold shares of our common stock through a broker, bank or other nominee, then you hold shares in street name. Thus, you must instruct the broker, bank or other nominee as to how to vote your shares. Under the rules of the New York Stock Exchange ("NYSE"), if you do not provide such instructions, the firm that holds your shares will have discretionary authority to vote your shares with respect to "routine" matters. Pursuant to NYSE rules, Proposal 1 is not considered a "routine" matter; thus, your broker will not have discretionary authority to vote your shares in connection with Proposal 1 if you do not provide it with instructions.

Electronic Access to Proxy Materials

Pursuant to applicable United States Securities and Exchange Commission (“SEC”) rules, the Company is making this Proxy Statement and its Annual Report on Form 10-K available to its stockholders electronically via the Internet at www.proxyvote.com. On or about April 9, 2015, we will mail to stockholders a Notice containing instructions on how to access this Proxy Statement along with our Annual Report on Form 10-K as well as instructions on how to vote online. The Notice also instructs you on how you may submit your proxy vote securely over the Internet or by telephone. If you received a Notice, you will not automatically receive a printed copy of the Proxy Statement and Annual Report. If you would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials as set forth in the Notice.

Solicitation

The cost of preparing, assembling and sending the Notice of Annual Meeting of Stockholders, this Proxy Statement and the enclosed proxy card will be paid by the Company. Following the delivery of this Proxy Statement, Directors, Officers and other employees of the Company may solicit proxies by mail, telephone, facsimile or other electronic means or by personal interview. Such persons will receive no additional compensation for such services. Brokerage houses and other nominees, fiduciaries and custodians nominally holding shares of Class A common stock of record will be requested to forward proxy soliciting material to the beneficial owners of such shares and will be reimbursed by the Company for their reasonable charges and expenses in connection therewith.

Householding

With regard to the delivery of Annual Reports and Proxy Statements, under certain circumstances the SEC permits a single set of such documents or, where applicable, one Notice, to be sent to any household at which two or more stockholders reside if they appear to be members of the same family. Each stockholder, however, still receives a separate proxy card. This procedure, known as “householding,” reduces the amount of duplicate information received at a household and reduces delivery and printing costs as well. A number of banks, brokers and other firms have instituted householding and have previously sent a notice to that effect to certain of the Company’s stockholders whose shares are registered in the name of such bank, broker or other firm. As a result, unless the stockholders receiving such notice gave contrary instructions, only one Annual Report and/or Proxy Statement, as applicable, will be delivered to an address at which two (2) or more stockholders reside. If any stockholder residing at such an address wishes to receive a separate Annual Report or Proxy Statement for the Annual Meeting or for future stockholder meetings, such stockholder should telephone toll-free 1-800-579-1639, or write to Salem Media Group, Inc. c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. A separate set of proxy materials relating to the Annual Meeting will be sent promptly following receipt of your request. In addition, if any stockholder who previously consented to householding desires to receive a separate copy of a Proxy Statement or Annual Report, as applicable, for each stockholder at his or her same address, such stockholder should contact his or her bank, broker or other firm in whose name the shares are registered or contact the Company at the address or telephone number listed on page 1 of this Proxy Statement. Similarly, a stockholder may use any of these methods if such stockholder is receiving multiple copies of a Proxy Statement or Annual Report and would prefer to receive a single copy in the future.

THE BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

Board of Directors

The Board of Directors presently consists of seven (7) members. Mr. Davenport, an incumbent Board member, has decided not to stand for re-election to the Board at the upcoming 2015 Annual Meeting. Director nominee Eric H. Halvorson will be standing for election at the 2015 Annual Meeting. The following table sets forth certain information as of March 23, 2015, except where otherwise indicated, with respect to the Directors of the Company. Each of the Directors of the Company serves a one (1) year term and all Directors are subject to re-election at each annual meeting of stockholders.

Name of Director	Age	First Became Company Director	Position(s) Held with the Company
Stuart W. Epperson	78	1986	Chairman of the Board
Edward G. Atsinger III	75	1986	Chief Executive Officer and Director
Roland S. Hinz	75	1997	Director
Richard A. Riddle	70	1997	Director
David Davenport	64	2001	Director
Jonathan Venverloh	43	2011	Director
James Keet Lewis	61	2014	Director
Eric H. Halvorson	65	N/A	Director nominee

Board Composition

As a national media presence focused on the Christian and family-themed audience and the conservative news talk audience, our business involves an operational structure that operates on a broad scale and encompasses research, technical developments, and marketing functions in a context characterized by rapidly evolving technologies, exposure to business cycles, and significant competition. The Company's Nominating and Corporate Governance Committee is responsible for reviewing and assessing with the Board the appropriate skills, experience, and background sought of Board members in the context of our business and the then-current membership on the Board. This assessment of Board skills, experience, and background includes numerous diverse factors, such as understanding of and experience in radio and new media, understanding of our audience and the ministries that serves it, and finance, marketing and advertising experience. The priorities and emphasis of the Nominating and Corporate Governance Committee and of the Board with regard to these factors may change from time to time to take into account changes in the Company's business and other trends, as well as the portfolio of skills and experience of current and prospective Board members. The Nominating and Corporate Governance Committee and the Board will review and assess the continued relevance of and emphasis on these factors as part of the Board's annual self-assessment

process and in connection with candidate searches to determine if they are effective in helping to satisfy the Board's goal of creating and sustaining a Board that can appropriately support and oversee the Company's activities.

We believe that it is important for our Board members to have diverse backgrounds, skills and experiences and seek such diversity in nominating director candidates. One goal of this diversity of backgrounds, skills and experience is to assist the Board in its oversight concerning our business and operations. We consider the key skills, qualifications and experience listed below as important for our Directors to collectively have in light of our current business and structure. The Directors' biographies provided later in this Proxy Statement note each director's relevant skills, qualifications and experience. As part of an annual effectiveness review, the Board evaluates its composition to ensure that the Board as a whole sufficiently represents a diverse set of relevant backgrounds, skills and experience.

Senior Executive Leadership Experience. Directors who have served in senior executive leadership positions are important to us, as they bring experience and perspective in analyzing, shaping, and overseeing the execution of important operational and policy issues at a senior level. The insights and guidance of these Directors, particularly those Directors who have experience at businesses or organizations that operated on a global scale, faced significant competition, and/or involved technology or other rapidly evolving business models enhance our Board's ability to assess and respond to situations faced by the Company.

Public Company Board Experience. Directors who have served on other public company boards can offer insights with regard to the dynamics and operation of a board of directors, corporate governance matters (including experience with respect to the relationship of a Board to the CEO and other management personnel), the importance of particular public company agenda and management matters and oversight of a changing mix of strategic, operational, and compliance-related matters.

Business Development Experience. Directors who have a background in business development can provide insight into developing and implementing strategies for growing our business through acquisitions.

- *Financial Experience.* Knowledge of accounting and financial reporting processes, as well as the financial markets, financing and funding operations, is important because it assists our Directors in understanding and overseeing the Company's financial reporting, internal controls, capital structure, financing and investing activities.

Relevant Experience with our Audiences and Programmers. Directors who have relevant experience with the Christian and family-themed audience and the conservative news talk audience can provide insight and expertise in assisting the Board's implementation of Company strategies for growing our business by providing an engaging experience with our radio stations, Internet sites and other services. Directors with experience and knowledge of the business of our programmers and content providers can also assist the Board with analyzing, reviewing and approving mutually beneficial and significant relationships between these content providers and the Company.

Legal Expertise. Directors who have legal education and experience can assist the Board in fulfilling its responsibilities related to the oversight of the Company's legal and regulatory compliance and engagement with regulatory authorities.

Radio Experience. Knowledge of the radio industry and the challenges and opportunities of radio broadcasting companies is vitally important because it enables our Directors to understand and oversee many aspects of the Company's operations, goals and strategies.

New Media Experience. As the radio industry is faced with challenges and opportunities created by the emergence of "new media", the Board benefits from including Directors who have relevant experience with these new and emerging means of distributing programming and enhancing our audience's ability to access information provided by the Company via different media outlets.

Set forth below is certain information concerning the principal occupation and business experience of each of the Directors during the past five (5) years and other relevant experience.

Stuart W. Epperson

Mr. Epperson has been Chairman of the Board of the Company since its inception. He is also a Director of Salem Communications Holding Corporation, a wholly-owned subsidiary of the Company. Mr. Epperson has been engaged in the ownership and operation of radio stations since 1961. Mr. Epperson has been a member of the Board of Directors of the National Religious Broadcasters for a number of years and was re-elected to a three (3) year term on that Board in February 2013. Mr. Epperson is married to Nancy A. Epperson, who is Mr. Atsinger's sister.

As co-founder of the Company, Mr. Epperson provides the Board with extensive and valuable radio and senior executive leadership experience, business development experience and insight into the background and vision of the Company. His past political experience as well as his continuing operation of radio stations for related businesses provide the Board with valuable relevant experience with the needs and goals of our audience and our programmers and enable Mr. Epperson to contribute to the Board by assessing the many and varied strategic opportunities presented to the Company.

Edward G. Atsinger III

Mr. Atsinger has been Chief Executive Officer, a director of the Company and a Director of each of the Company's subsidiaries since their inception. He was President of Salem from its inception through June 2007. He has been engaged in the ownership and operation of radio stations since 1969. Mr. Atsinger has been a member of the Board of Directors of the National Religious Broadcasters for a number of years and was re-elected to a three (3) year term on that Board in February 2013. He was also a member of the National Association of Broadcasters Radio Board from 2008 through 2014. Mr. Atsinger has been a member of the Board of Directors of Oaks Christian School in Westlake Village, California since 1999. Mr. Atsinger is the brother-in-law of Mr. Epperson.

As co-founder of the Company, Mr. Atsinger provides the Board with extensive and valuable radio and senior executive leadership experience, business development experience and insight into the background and vision of the Company. His longstanding association with and service on many broadcasting-related Boards of Directors over the years also provides valuable radio and new media experience as well as an understanding of the broader needs and challenges facing our industry.

Roland S. Hinz

Mr. Hinz has been a Director of the Company since September 1997. Mr. Hinz has been the owner, President and Editor-in-Chief of Hi-Torque Publishing Company, a publisher of magazines covering the motorcycling and biking industries, since 1982. Mr. Hinz is also the managing member of Hi-Favor Broadcasting, LLC, the licensee of radio stations KLTX-AM, Long Beach, California, and KEZY-AM, San Bernardino, California (which were acquired from the Company in August 2000 and December 2001, respectively), and radio station KSDO-AM, San Diego, California. Mr. Hinz also serves on the Board of Directors of the Association for Community Education, Inc., a not-for-profit corporation operating Spanish Christian radio stations in California. Mr. Hinz also served on the Board of Directors of Truth for Life, a non-profit organization that is a customer of the Company, from 2000 through September 2010.

Mr. Hinz's qualifications to serve on the Board include his extensive business experience, skills and acumen reflected in his senior executive management experience as President and Editor-in-Chief of a magazine publishing company. He also has served as a Board member for several not-for-profit organizations, enabling him to bring valuable cross-Board experience as well as relevant experience with our audience and programmers.

Richard A. Riddle

Mr. Riddle has been a Director of the Company since September 1997. Mr. Riddle is an independent businessman specializing in providing financial assistance and consulting to individuals and manufacturing companies. He was President and majority stockholder of I.L. Walker Company from 1988 to 1997 when that company was sold. He also was Chief Operating Officer and a major stockholder of Richter Manufacturing Corp. from 1970 to 1987. In October 2010, Mr. Riddle joined the Board of Directors of Truth for Life, a non-profit organization that is a customer of the Company. Additionally, in 2010, Mr. Riddle joined the Board of Directors of Know the Truth, a non-profit organization that is also a customer of the Company.

Having an extensive career in financial matters, Mr. Riddle brings to the Board significant financial experience enabling him to assess and provide oversight concerning business and financial matters addressed by the Company.

David Davenport

Mr. Davenport has been a Director of the Company since November 2001. Mr. Davenport is not standing for re-election as a director of the Company at the Annual Meeting. Mr. Davenport is a Research Fellow (since 2001) and Director of Washington D.C. Programs (since 2014) at the Hoover Institution, Stanford University, where he also previously served as Counselor to the Director. He was a Distinguished Professor of Public Policy at Pepperdine University from 2003 to 2008. Mr. Davenport was the Chief Executive Officer of Starwire Corporation, a software service company formerly known as Christianity.com, from June 2000 to May 2001. Mr. Davenport served as President of Pepperdine University from 1985 to 2000 and from 1980 through 1985 he served as a Professor of Law, General Counsel, and Executive Vice President of the University. Mr. Davenport currently serves on the Board of Directors of Forest Lawn Memorial Parks Association. Mr. Davenport also served on the Board of Directors of Ameron International Corporation from December 2002 through March 2011.

As a scholar, educator, executive and attorney, Mr. Davenport brings to the Board valuable senior executive leadership experience, new media experience, public company Board experience and legal expertise.

Jonathan Venverloh

Mr. Venverloh has been a Director of the Company since September 2011. Mr. Venverloh has worked in digital media and advertising since 1994, including more than twelve (12) years at Google and stints at a major news website and global advertising agencies. Mr. Venverloh currently serves as Director, Global Sales within Google Shopping, and from 2000-2010 he served as Google's Head of Distribution Partnerships and launched Google's Enterprise Division. From 1997 to 1999, Mr. Venverloh led Weather.com's sales efforts for the West Coast. From 1994 to 1996 he worked at global ad agencies Saatchi & Saatchi and DDB Needham. Mr. Venverloh has also served as an advisor to digital media startups and served on the Boards of Directors of several non-profits. He earned a Bachelor of Arts in Advertising from Southern Methodist University and a Master's Degree in Management from the Stanford Graduate School of Business.

Mr. Venverloh brings to the Board valuable senior executive leadership experience and extensive digital media and advertising expertise. With senior management experience at a large public Internet company as well as service as an advisor to smaller digital media startups, Mr. Venverloh is well-positioned to advise the Board on a wide cross-section of new media matters.

James Keet Lewis

Mr. Lewis has been a Director of the Company since May 2014. Mr. Lewis is co-owner of Lewis Group International, which has since 1990 been involved in several new product introductions in the health and wellness industry. Mr. Lewis was also the founder and president of Cool Pool Solutions, Inc. and is co-developer of a patent on a swimming pool maintenance product, The Skimmer Basket Buddy. Most recently, Mr. Lewis has focused a significant amount of his consulting time on international energy projects. Mr. Lewis serves or has served on various political, ministry and charity boards, including the Christian Film and Television Commission, Liberty Institute, The Criswell College, Heritage Alliance, Heritage Alliance PAC, Texas Life Connections, Goodwill of Dallas, The Heidi Group, World Link Ministries, Dallas Council For Life and The Caring Peoples Network. Mr. Lewis currently serves as a trustee of Houston Christian Broadcasting, Inc., which operates 18 non-commercial Christian radio stations, including its flagship station KHCB, in Houston, Texas. He is also currently on the Board of Bott Radio Network in Kansas City, MO. Additionally, since 2009, Mr. Lewis has served on the Board of Hope for the Heart Ministries, a non-profit organization that is a customer of the Company. Mr. Lewis received his B.B.A. in 1977 from the University of Texas.

Mr. Lewis brings to the Board valuable leadership experience and relevant experience with our audience and programmers by virtue of his Board service on several political, charitable and ministry organizations.

Eric H. Halvorson

Mr. Halvorson has been an Attorney at the Law Office of Eric H. Halvorson since 2010 and focuses his practice on business law and estate planning. Mr. Halvorson is also of counsel to Stowell, Zeilenga, Ruth, Vaughn, and Treiger LLP, a boutique business law firm in Westlake Village. Mr. Halvorson has been an Adjunct Professor at the Pepperdine University School of Law for the 2006-2007, 2009-2010, 2010-2011, and 2013-2014 academic years. He was an Executive in Residence at Pepperdine University Seaver College of Letters, Arts and Sciences from 2000-2003 and from 2005-2007. Mr. Halvorson was President and Chief Operating Officer of the Company from 2007-2008, Chief Operating Officer from 1996-2000 and Executive Vice President of the Company from 1991-2000. From 1991-1999 and 1985-1988, Mr. Halvorson also served as General Counsel to the Company. Mr. Halvorson was the managing partner of the law firm of Godfrey & Kahn, S.C.-Green Bay from 1988 until 1991. From 1985 to 1988, he was Vice President and General Counsel of the Company. From 1976 until 1985, he was an associate and then a partner of Godfrey & Kahn, S.C.-Milwaukee. Mr. Halvorson was a Certified Public Accountant with Arthur Andersen & Co. from 1971 to 1973. Mr. Halvorson is a member of the board of directors of Intuitive Surgical, Inc. and Pharmacyclics, Inc. Mr. Halvorson was previously a director of the Company from 1988-2008.

Mr. Epperson, the Company's Chairman, recommended Mr. Halvorson's nomination to the Company's Board of Directors. It is anticipated that Mr. Halvorson will bring valuable legal and financial expertise and extensive historical knowledge of the Company to the Board. He has also served as a Board member for several for-profit companies which enables him to bring relevant cross-Board experience to the Company.

Director Independence and Executive Sessions

The Company's Board of Directors evaluated the independence of each of the Company's Directors pursuant to the listing standards of the NASDAQ Stock Market ("NASDAQ Rules"). During this review, which included a review of the transactions and relationships described in the section of this Proxy Statement entitled "CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS" below, the Board of Directors considered various transactions and relationships among Directors (and their affiliates or family members), members of the Company's senior management, affiliates and subsidiaries of the Company and certain other parties that occurred during the past three (3) fiscal years. This review was conducted to determine whether, under the NASDAQ Rules, any such relationships or transactions would affect the Board of Directors' determination as to each director's independence.

Upon conclusion of this review, the Board of Directors determined that, of the Directors nominated for election at the Annual Meeting, a majority of the Board (comprised of Messrs. Hinz, Riddle, Venverloh, Lewis and Director nominee Mr. Halvorson) is independent of the Company and its senior management as required by the NASDAQ Rules.

The NASDAQ Rules also require that independent members of the Board of Directors meet periodically in executive sessions during which only independent Directors are present. The Company's independent Directors have met separately in such executive sessions and in the future will regularly meet in executive sessions as required by the NASDAQ Rules.

Committees of the Board of Directors

The Company's Board of Directors has three (3) committees: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. The following table identifies the independent members of the Board of Directors and lists the members and chairman of each of these committees:

Name	Independent	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
Stuart W. Epperson				
Edward G. Atsinger III				
Roland S. Hinz	I		X	C
Richard A. Riddle	I	C	X	X
David Davenport(1)	I		C	X
Jonathan Venverloh	I	X		X

