

CORPORATE GOVERNANCE PRINCIPLES

(Reviewed March 2015)

Salem Media Group, Inc. (“Salem”) has a long-standing commitment to maintaining the highest business ethics and standards, including its corporate governance practices. These practices provide an important framework within which the Board of Directors and management can pursue Salem’s strategic objectives while at the same time protecting the interests of its stockholders and other stakeholders.

Our corporate governance principles are reviewed annually by a committee of independent directors from our Board of Directors called the Nominating and Corporate Governance Committee (“Governance Committee”), but any changes must be approved by the full Board of Directors. The unchanging, fundamental premise of these principles is the Board of Director’s desire to ensure that Salem vigorously and ethically serves the interest of its stockholders. We believe our stockholders are best served through increased stockholder value, accurate and timely disclosures, and the ethical and efficient management of every aspect of Salem’s business.

The following principles are important to ensuring achievement of Salem’s duty to serve its stockholders. As with all guidelines, however, this is not intended to be an exhaustive list. Rather, these principles are to be considered only a part of a larger process that includes adherence to corporate policies (including the company’s Code of Ethical Conduct and, as applicable, the company’s Financial Code of Conduct), open communication between management and the Board of Directors and, above all else, the integrity and good judgment of all employees and directors.

Key Director Responsibilities

Each director is elected by the stockholders to serve their interest in the long-term strength and overall success of Salem. Our stockholders are the ultimate decision-making body in that they select our Board of Directors. In turn, our Board of Directors selects and oversees senior management and dictates policy for the company.

Each director is responsible for fulfilling his or her fiduciary duty to the stockholders in compliance with all applicable laws and regulations and in an ethical manner. When appropriate, directors must also take into consideration the interests of other stakeholders, including employees and others who do business with Salem and who are impacted by Salem’s operations.

The Board of Directors assures that Salem’s assets are properly protected and that appropriate controls and procedures (financial and otherwise) are implemented and enforced. In performing their duties, directors may rely upon Salem’s senior management and outside parties. It is therefore, imperative that the Board of Directors selects qualified persons of skill and integrity to serve as senior management.

Selection and Composition of the Board of Directors

Board Membership

The Governance Committee is responsible for reviewing with the Board of Directors, on an annual basis (or more frequently as needed), the appropriate skills and characteristics required of directors. In assessing potential new directors, the Governance Committee shall consider individuals from various disciplines and diverse backgrounds and shall consider the potential candidate's business skills and experiences, prominence and reputation, business and social perspective, concern for the long-term interests of the stockholders, and personal integrity and judgment.

The Board of Directors itself should be responsible for selecting its own members and in recommending them for election by the stockholders. The Board of Directors delegates the screening of potential nominees to the Governance Committee with direct input from the Chairman of the Board and Chief Executive Officer.

Management and Independent Directors

Except during periods of temporary vacancies, a majority of the Board of Directors shall be comprised of independent Directors as required by NASDAQ Stock Market rules and regulations (NASDAQ Rules). The Governance Committee will review annually its compliance with Salem's By-laws and applicable requirements (federal securities laws, the NASDAQ Rules, etc.). Each independent director shall notify the Chairman of the Governance Committee, as soon as practicable, of any event, situation or condition that may affect the Board of Directors' evaluation of his or her independence.

Board Compensation

Only non-employee directors receive payment for serving on the Board of Directors. Changes in director compensation, if any, should come at the suggestion of the Compensation Committee and Governance Committee, but with full discussion and concurrence by the Board of Directors.

Loans to Directors and Executive Officers

It is Salem's policy not to make any personal loans to its directors and executive officers, other than loans that are made on terms that comply with the Sarbanes-Oxley Act of 2002 and related SEC regulations.

Executive Sessions of Independent Directors/The Presiding Director

The "outside" and independent directors will meet in executive session at least two (2) times each year. The Chairman of the Governance Committee will call each such meeting and serve as the presiding director at the executive sessions. The presiding director is responsible for advising the Chairman of decisions reached, and suggestions made, at these sessions.

Access to Outside Advisors

The Board of Directors, as well as each Committee, may retain independent outside financial, legal, compensation, or other advisors as appropriate at Salem's expense.

Assessing the Performance of the Board of Directors

The Governance Committee is responsible to report annually to the Board of Directors an assessment of the Board of Directors' performance. The assessment will include a review of overall effectiveness and the areas in which the Board of Directors or management believes the Board of Directors can make an impact on Salem. The purpose of the evaluation is to increase the effectiveness of the Board of Directors as a whole, not to focus on the performance of individual Board of Directors members.

Ethics and Conflicts of Interest

All directors shall act ethically and with the highest level of integrity at all times (and in compliance with the company's Code of Ethical Conduct and, as applicable, the company's Financial Code of Conduct). The Governance Committee is responsible for reviewing and approving all material transactions between Salem and its related parties, including transactions between Salem and any director or company controlled by such director. If an actual or potential conflict of interest arises for a director, the director shall promptly inform the Chairman and the presiding director. All directors will recuse themselves from any discussion or decision affecting their business or personal interests.

Interaction with Advisors, Institutional Investors, Press, Customers, Etc.

The Board of Directors believes that as a general matter management speaks for the Company. Individual non-employee members of the Board of Directors may meet or otherwise communicate with various constituencies that are involved with the Company. If comments from the Board of Directors are appropriate, they should, in most circumstances, come from the Chairman of the Board.

Relationship Between Board of Directors and Senior Management

Directors have complete access to Salem's senior management. Directors should use judgment to be sure that this contact is not distracting to Salem's business operations and that such contact, if in writing, be copied to the Chairman and Chief Executive Officer, as appropriate. The Board of Directors encourages Salem's management to, from time to time, bring managers into Board of Directors' meetings who: (a) can provide additional insight into the items being discussed because of personal involvement in these areas, and/or (b) are managers with future potential that the senior management believes should be given exposure to the Board of Directors.

Committee Matters

The current three committees are Audit, Compensation and Governance. Committee membership on all the committees will consist only of qualified Directors. The Board of Directors will assure that each Committee has a charter setting forth the purpose, authority and duties of each Committee. On an annual basis, each Committee will review

its charter and modify if appropriate. Each Committee will perform an annual evaluation of its performance, including a review of its compliance with its charter. The purpose of such review is to increase the effectiveness of the Committee as a whole, not to focus on the performance of individual committee members.

Succession Planning

Planning for succession of senior management is a major responsibility of the Board of Directors. The Governance Committee should monitor issues associated with Chairman of the Board and CEO succession and management development and annually report to the Board of Directors on such issues. Such report should include issues associated with the preparedness for the possibility of an emergency situation involving senior management, the long-term growth and development of senior management and identification of potential successors to the Chairman of the Board and CEO.