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

FORM 8-K

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

Date of Report (Date of earliest event reported): May 8, 2017

SALEM MEDIA GROUP, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**000-26497**	**77-0121400**
(State or Other Jurisdiction of Incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

4880 Santa Rosa Road, Camarillo, California	**93012**
(Address of Principal Executive Offices)	**(Zip Code)**

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

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Emerging growth company ☐

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

TABLE OF CONTENTS

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION
ITEM 8.01 OTHER EVENTS
ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS
EXHIBITS
SIGNATURE
EXHIBIT INDEX
EXHIBIT 99.1

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

In connection with the proposed private offering of senior secured notes described in Item 8.01 below, Salem Media Group, Inc. (the "Company") prepared a preliminary offering memorandum containing certain financial information to be distributed to prospective investors in the offering. An excerpt of such financial information is being filed as Exhibit 99.1 to this current report on Form 8-K and is incorporated herein by reference.

ITEM 8.01 OTHER EVENTS

On May 8, 2017, the Company issued a press release announcing its intention to offer, subject to market and other conditions, $255 million aggregate principal amount of senior secured notes due 2024 (the "Notes") in a private offering. A new senior secured asset-based revolving credit facility is expected to be entered into at the time of the closing of the Notes offering (the "ABL Facility"). In accordance with Rule 135c promulgated under the Securities Act of 1933, as amended (the "Securities Act"), a copy of the press release is being filed as Exhibit 99.2 to this current report on Form 8-K and is incorporated herein by reference.

The Notes and related guarantees will not be registered under the Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. This current report on Form 8-K is neither an offer to sell nor the solicitation of an offer to buy the Notes or any other securities and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Statements included in this current report on Form 8-K that relate to future plans, events, financial results, prospects or performance, including statements regarding our plans and intentions with respect to the offering of Notes and the ABL Facility, are forward-looking statements as defined under the Private Securities Litigation Reform Act of 1995. While they are based on the current expectations and beliefs of management, they are subject to a number of uncertainties and assumptions that could cause actual results to differ from the expectations expressed in this current report on Form 8-K. Reference is made to a more complete discussion of forward-looking statements and applicable risks contained under the captions "Note Regarding Forward-Looking Statements" and "Risk Factors" in our Annual and Quarterly Reports on Forms 10-K and 10-Q, as applicable, and our other filings and submissions with the Securities and Exchange Commission, all of which are available free of charge on the SEC's website at www.sec.gov. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Except as required by law, we undertake no obligation to update or revise any forward-looking statements to reflect new information, changed circumstances or unanticipated events.

Table of Contents

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

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

Exhibit No.	Description
99.1	Certain financial information from the Preliminary Offering Memorandum dated May 8, 2017
99.2	Press release, dated May 8, 2017, of Salem Media Group, Inc. entitled “Salem Media Group Announces Proposed Offering of $255 Million of Senior Secured Notes Due 2024”

SIGNATURE

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

SALEM MEDIA GROUP, INC.

Date: May 8, 2017

/s/ Christopher J. Henderson
Christopher J. Henderson
Senior Vice President, General Counsel & Secretary

Table of Contents

EXHIBIT INDEX

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Non-GAAP Financial Measures

Management uses certain non-GAAP financial measures defined below in communications with investors, analysts, rating agencies, banks and others to assist such parties in understanding the impact of various items on our financial statements. We use these non-GAAP financial measures to evaluate financial results, develop budgets, manage expenditures and as a measure of performance under compensation programs.

Our presentation of these non-GAAP financial measures should not be considered as a substitute for or superior to the most directly comparable financial measures as reported in accordance with GAAP.

Regulation G defines and prescribes the conditions under which certain non-GAAP financial information may be presented in this offering memorandum. We closely monitor SOI, station operating income margin, digital media operating income, publishing operating income, Same Station net broadcast revenue, Same Station broadcast operating expenses, EBITDA, Adjusted EBITDA and Credit Agreement Adjusted EBITDA, all of which are non-GAAP financial measures. We believe that these non-GAAP financial measures provide useful information about our core operating results, and thus, are appropriate to enhance the overall understanding of our financial performance. These non-GAAP financial measures are intended to provide management and investors a more complete understanding of our underlying operational results, trends and performance. SOI, station operating income margin, digital media operating income, publishing operating income, Same Station net broadcast revenue, Same Station broadcast operating expenses, EBITDA and Adjusted EBITDA are commonly used by the broadcast and media industry as important measures of performance and are used by investors and analysts who report on the industry to provide meaningful comparisons between broadcasters. SOI, station operating income margin, digital media operating income, publishing operating income, Same Station net broadcast revenue, Same Station broadcast operating expenses, EBITDA, Adjusted EBITDA and Credit Agreement Adjusted EBITDA are not measures of liquidity or of performance in accordance with GAAP and should be viewed as a supplement to and not a substitute for or superior to our results of operations and financial condition presented in accordance with GAAP. Our definitions of SOI, station operating income margin, digital media operating income, publishing operating income, Same Station net broadcast revenue, Same Station broadcast operating expenses, EBITDA, Adjusted EBITDA and Credit Agreement Adjusted EBITDA are not necessarily comparable to similarly titled measures reported by other companies.

The performance of a radio broadcasting company is customarily measured by the ability of its stations to generate SOI. We define SOI as net broadcast revenue less broadcast operating expenses. Accordingly, changes in net broadcast revenue and broadcast operating expenses, as explained above, have a direct impact on changes in SOI. SOI is not a measure of performance calculated in accordance with GAAP. SOI should be viewed as a supplement to and not a substitute for our results of operations presented on the basis of GAAP. We believe that SOI is a useful non-GAAP financial measure to investors when considered in conjunction with operating income and net income (the most directly comparable GAAP financial measures to SOI), because it is generally recognized by the radio broadcasting industry as a tool in measuring performance and in applying valuation methodologies for companies in the media, entertainment and communications industries. SOI is commonly used by investors and analysts who report on the industry to provide comparisons between broadcasting groups. We use SOI as one of the key measures of operating efficiency and profitability, including our internal reviews associated with impairment analysis of our indefinite-lived intangible assets. SOI does not purport to represent cash provided by operating activities. Our statement of cash flows presents our cash activity in accordance with GAAP and our income statement presents our financial performance prepared in accordance with GAAP. Our definition of SOI is not necessarily comparable to similarly titled measures reported by other companies.

We define Same Station net broadcast revenue as net broadcast revenue from our radio stations and networks that we own or operate in the same format on the first and last day of each quarter, as well as the corresponding quarter of the prior year. We define Same Station broadcast operating expenses as broadcast operating expenses from our radio stations and networks that we own or operate in the same format on the first and last day of each quarter, as well as the corresponding quarter of the prior year. Same Station operating income includes those stations we own or operate in the same format on the first and last day of each quarter, as well as the corresponding quarter of the prior year. Same Station operating income for a full calendar year is calculated as the sum of the Same Station-results for each of the four quarters of that year. We use Same Station operating income, a non-GAAP financial measure, both in presenting our results to stockholders and the investment community, and in our internal evaluations and management of the business. We believe that Same Station operating income provides a meaningful comparison of period over period performance of our core broadcast operations as this measure excludes the impact of new stations, the impact of stations we no longer own or operate, and the impact of stations operating under a new programming format. Our presentation of Same Station operating income is not intended to be considered in isolation or as a substitute for the most directly comparable financial measures reported in accordance with GAAP. Our definition of Same Station net broadcast revenue, Same Station broadcast operating expenses and Same Station operating income are not necessarily comparable to similarly titled measures reported by other companies.

We apply a similar methodology to our digital media and publishing group. Digital Media Operating Income is defined as net digital media revenue less digital media operating expenses. Publishing Operating Income is defined as net publishing revenue less publishing operating expenses. Digital Media Operating Income and Publishing Operating Income are not measures of performance in accordance with GAAP. Our presentations of these non-GAAP financial performance measures are not to be considered a substitute for or superior to our operating results reported in accordance with GAAP. We believe that Digital Media Operating Income and Publishing Operating Income are useful non-GAAP financial measures to investors, when considered in conjunction with operating income (the most directly comparable GAAP financial measure), because they are comparable to those used to measure performance of our broadcasting entities. We use this analysis as one of the key measures of operating efficiency, profitability and in our internal review. This measurement does not purport to represent cash provided by operating activities. Our statement of cash flows presents our cash activity in accordance with GAAP and our income statement presents our financial performance in accordance with GAAP. Our definitions of Digital Media Operating Income and Publishing Operating Income are not necessarily comparable to similarly titled measures reported by other companies.

We define EBITDA as net income before interest, taxes, depreciation, and amortization. We define Adjusted EBITDA as EBITDA before gains or losses on the sale or disposal of assets, before changes in the estimated fair value of contingent earn-out consideration, before gains on bargain purchases, before changes in the fair value of interest rate swaps, before impairments of long-lived assets, before impairments of indefinite-lived long-term assets other than goodwill, before impairments of goodwill, before impairments of amortizable intangible assets, before net miscellaneous income and expenses, before (gain) loss on early retirement of long-term debt, before (gain) loss from discontinued operations and before non-cash compensation expense. We define Credit Agreement Adjusted EBITDA as Adjusted EBITDA plus adjustments permitted under our existing credit facilities. EBITDA and Adjusted EBITDA are commonly used by the broadcast and media industry as important measures of performance and are used by investors and analysts who report on the industry to provide meaningful comparisons between broadcasters. EBITDA, Adjusted EBITDA and Credit Agreement Adjusted EBITDA are not measures of liquidity or of performance in accordance with GAAP and should be viewed as a supplement to and not a substitute for or superior to our results of operations and financial condition presented in accordance with GAAP. Our definitions of EBITDA, Adjusted EBITDA and Credit Agreement Adjusted EBITDA are not necessarily comparable to similarly titled measures reported by other companies.

We use non-GAAP financial measures to evaluate financial performance, develop budgets, manage expenditures and determine employee compensation. Our presentation of this additional information is not to be considered as a substitute for or superior to the most directly comparable measures reported in accordance with GAAP.

For all non-GAAP financial measures, investors should consider the limitations associated with these metrics, including the potential lack of comparability of these measures from one company to another.

Reconciliation of Non-GAAP Financial Measures

In the tables below, we present a reconciliation of Same Station net broadcast revenue to net broadcast revenue, the most comparable GAAP measure and Same Station broadcast operating expenses to broadcast operating expense, the most comparable GAAP measure. We show our calculation of station operating income and Same Station operating income, which is reconciled to net income, the most directly comparable GAAP measure in the table, including our calculation of digital media operating income and publishing operating income (loss). Our presentation of these non-GAAP measures should not be considered a substitute for or superior to the most directly comparable measures reported in accordance with GAAP.

	Year Ended December 31,			Three Months Ended March 31,		Twelve Months Ended March 31,
	2014	2015	2016	2016	2017	2017(1)
	(Dollars in thousands)					
				(Unaudited)		(Unaudited)
Reconciliation of Net Broadcast Revenue to Same Station Net Broadcast Revenue						
Net broadcast revenue	$194,094	$197,184	$202,016	$48,745	$47,804	$ 201,075
Net broadcast revenue—acquisitions	(1,551)	(105)	(2,522)	—	(160)	(1,902)
Net broadcast revenue—dispositions	—	—	—	(402)	(42)	(42)
Net broadcast revenue—format change	—	(107)	(115)	(32)	(43)	(158)
Net broadcast revenue—Same Station	$192,543	$196,972	$199,379	$48,311	$47,559	$ 198,973
Reconciliation of Broadcast Operating Expenses to Same Station Broadcast Operating Expenses						
Broadcast operating expenses	$139,206	$140,819	$146,283	$36,150	$35,836	$ 145,969
Broadcast operating expenses—acquisitions	(1,848)	(140)	(2,843)	—	(275)	(2,270)
Broadcast operating expenses—dispositions	—	—	—	(400)	(78)	(78)
Broadcast operating expenses—format change	—	(192)	(142)	(45)	(53)	(195)
Broadcast operating expenses—Same Station	$137,358	$140,487	$143,298	$35,705	$35,430	$ 143,426
Reconciliation of Operating Income to Same Station Operating Income						
Station operating income	$ 54,888	$ 56,365	$ 55,733	$12,595	$11,968	$ 55,106
Station operating loss—acquisitions	297	35	321	—	115	368
Station operating income—dispositions	—	—	—	(2)	10	36
Station operating income(loss)—format change	—	85	27	13	36	37
Station operating income—Same Station	$ 55,185	$ 56,485	$ 56,081	$12,606	$12,129	$ 55,547

(1) The calculation of the non-GAAP financial measures for the twelve months ended March 31, 2017 utilizes Same Station financial information that is determined on a quarterly basis with reference to radio stations and networks that we own or operate in the same format on the first and last day of each quarter, as well as the corresponding quarter of the prior year. As a result, the calculation of the Same Station financial information for the three months ended March 31, 2016 set forth in the table above differs from the calculation of the Same Station financial information contained in the non-GAAP financial measures for the three months ended March 31, 2016 that appeared in our quarterly report on Form 10-Q for the three months ended March 31, 2016.

In the table below, we present a reconciliation of Credit Agreement Adjusted EBITDA to Adjusted EBITDA to EBITDA to net income, the most directly comparable GAAP measure. EBITDA, Adjusted EBITDA and Credit Agreement Adjusted EBITDA are non-GAAP financial performance measures that are not to be considered a substitute for or superior to the directly comparable measures reported in accordance with GAAP.

	Year Ended December 31,			Three Months Ended March 31,		Twelve Months Ended March 31,
	2014	2015	2016	2016	2017	2017
				(Unaudited)		(Unaudited)
Reconciliation of Credit Agreement Adjusted EBITDA to Adjusted EBITDA to EBITDA to Net Income						
Net income	$ 5,475	$11,150	$ 8,873	$ 353	$ 1,060	$ 9,580
Plus interest expense, net of capitalized interest	15,993	15,429	14,938	3,796	3,430	14,572
Plus provision for (benefit from) income taxes	4,765	6,695	4,572	168	646	5,050
Plus depreciation and amortization	18,825	17,741	17,276	4,135	4,122	17,263
Less interest income	(45)	(8)	(6)	(1)	(1)	(6)
EBITDA	$45,013	$51,007	$45,653	$ 8,451	$ 9,257	$ 46,459
Plus gain (loss) on the sale or disposal of assets	251	181	(1,901)	150	5	(2,046)
Plus change in the estimated fair value of contingentearn-out consideration	734	(1,715)	(689)	(128)	1	(560)
Plus gain on bargain purchase	—	(1,357)	(95)	—	—	(95)
Plus change in fair value of interest rate swaps	2,702	1,273	(285)	1,758	(357)	(2,400)
Plus impairment of long-lived assets	—	—	700	—	—	700
Plus impairment of indefinite-lived long-term assets other than goodwill	34	—	7,041	—	19	7,060
Plus impairment of goodwill	45	439	32	—	—	32
Plus impairment of amortizable intangible assets	—	—	8	—	—	8
Plus net miscellaneous income and expenses	(665)	(201)	(6)	—	—	(6)
Plus loss on early retirement of long-term debt	391	41	87	9	41	119
Plus loss from discontinued operations	—	—	—	—	—	—
Plus non-cash stock-based compensation	1,576	771	582	199	1,381	1,764
Adjusted EBITDA	$50,081	$50,439	$51,127	$10,439	$10,347	$ 51,035
Plus adjustments per Credit Agreement	1,614	847	2,169	256	779	1,135
Credit Agreement Adjusted EBITDA	$51,695	$51,286	$53,296	$10,695	$ 9,568	$ 52,170

Exhibit 99.2

Salem Media Group Announces Proposed Offering of $255 Million of Senior Secured Notes Due 2024

CAMARILLO, CA (BUSINESS WIRE) – May 8, 2017 – Salem Media Group, Inc. (Nasdaq: SALM) today announced its intention to offer, subject to market and other conditions, $255 million aggregate principal amount of senior secured notes due 2024 (the “Notes”) in a private offering that is exempt from the registration requirements of the Securities Act of 1933, as amended (the “Securities Act”). It is expected that the Notes will be guaranteed on a senior secured basis by the Salem subsidiaries that will also be borrowers under a new senior secured asset-based revolving credit facility to be entered into at the time of the closing of the Notes offering (the “ABL Facility”). It is also expected that the Notes will be secured by a first-priority lien on substantially all of Salem’s and the subsidiary guarantors’ assets (other than accounts receivable, inventory, deposit and securities accounts, certain real estate and related assets, which secure the ABL Facility on a first-priority basis, and certain excluded property) and by a second-priority lien on the ABL Facility priority collateral and that the ABL Facility will be secured by a second-priority lien on the Notes priority collateral.

Together with borrowings under the ABL Facility, Salem intends to use the net proceeds of the offering of the Notes to repay outstanding borrowings, including accrued and unpaid interest, under its existing senior credit facilities and to pay fees and expenses incurred in connection with the Notes offering and the ABL Facility.

The Notes and the related guarantees are being offered only to qualified institutional buyers in reliance on Rule 144A under the Securities Act and outside the United States to persons other than “U.S. persons” in reliance on Regulation S under the Securities Act. The Notes and the related guarantees have not been and will not be registered under the Securities Act or the securities laws of any other jurisdiction and may not be offered or sold in the United States or to U.S. persons absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any state securities laws.

This press release shall not constitute an offer to sell, or the solicitation of an offer to buy, any securities and shall not constitute an offer, solicitation or sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

FORWARD LOOKING STATEMENTS:

Statements used in this press release that relate to future plans, events, financial results, prospects or performance, including statements regarding our plans and intentions with respect to the offering of Notes and the ABL Facility, are forward-looking statements as defined under the Private Securities Litigation Reform Act of 1995. While they are based on the current expectations and beliefs of management, they are subject to a number of uncertainties and assumptions that could cause actual results to differ from the expectations expressed in this release. Reference is made to a more complete discussion of forward-looking statements and applicable risks contained under the captions “Note Regarding Forward-Looking Statements” and “Risk Factors” in our Annual and Quarterly Reports on Forms 10-K and 10-Q, as applicable, and our other filings and submissions with the Securities and Exchange Commission, all of which are available free of charge on the SEC’s website at www.sec.gov. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Except as required by law, we undertake no obligation to update or revise any forward-looking statements to reflect new information, changed circumstances or unanticipated events.

ABOUT SALEM MEDIA GROUP:

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

The company is the largest commercial U.S. radio broadcasting company providing Christian and conservative programming. Salem owns and/or operates 118 radio stations, with 73 stations in the top 25 media markets. Salem Radio Network ("SRN") is a full-service national radio network, with nationally syndicated programs comprising Christian teaching and talk, conservative talk, news, and music. SRN is home to many industry-leading hosts including: Hugh Hewitt, Mike Gallagher, Dennis Prager, Michael Medved, Larry Elder, Joe Walsh and Eric Metaxas.

Salem's digital media is a leading source of Christian and conservative themed news, analysis, and commentary. Salem's Christian sites include: Christianity.com®, BibleStudyTools.com, GodTube.com, GodVine.com, Crosswalk.com, ibelieve.com, churchstaffing.com, WorshipHouseMedia.com and OnePlace.com. Salem's conservative sites include Townhall.com®, RedState.com, HotAir.com, Twitchy.com and BearingArms.com.

Salem's Regnery Publishing unit, with a history dating back to 1948, is the nation's leading independent publisher of conservative books. Having published many of the seminal works of the early conservative movement, Regnery today continues as a major publisher in the conservative space, with leading authors including: Ann Coulter, Dinesh D'Souza, Newt Gingrich, David Limbaugh, Ed Klein and Mark Steyn. Salem's book publishing business also includes Xulon Press™, a leading provider of self-publishing services for Christian authors and Mill City Press, a general market self-publisher.

Salem's Eagle Financial Publications provides general market analysis and non-individualized investment strategies from financial commentators Mark Skousen, Nicholas Vardy, Doug Fabian, Bryan Perry, Bob Carlson and Mike Turner, as well as a stock screening website for dividend investors (DividendInvestor.com). The business unit's other financial websites include StockInvestor.com and DividendYieldHunter.com.

Eagle Wellness, through its website newportnaturalhealth.com, provides insightful health advice and is a trusted source of high quality nutritional supplements from leading health expert, Leigh Erin Connealy MD. Dr. Connealy is the medical director of one of the largest medical practices in the country where she practices integrative medicine.

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