

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM S-8
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

SALEM MEDIA GROUP, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

4880 Santa Rosa Road
Camarillo, CA
(Address of Principal Executive Offices)

77-0121400
(I.R.S. Employer
Identification No.)

93012
(Zip Code)

SALEM MEDIA GROUP, INC.
1999 STOCK INCENTIVE PLAN
(as amended and restated through May 8, 2019)
(Full Title of the Plan)

Christopher J. Henderson
Secretary
Salem Media Group, Inc.
4880 Santa Rosa Road
Camarillo, CA 93012
(Name and Address of Agent for Service)

(805) 987-0400
(Telephone Number, including Area Code, of Agent for Service)

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
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 7(a)(2)(B) of the Securities Act.

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share(2)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee
Class A Common stock, \$0.01 par value per share	3,000,000	\$2.04	\$6,120,000	\$741.75

- (1) Pursuant to Rule 416(a) under the Securities Act of 1933, as amended (the "Securities Act"), this Registration Statement also covers, in addition to the number of shares of the Class A Common Stock, par value \$0.01 per share (the "Common Stock"), of Salem Media Group, Inc. stated above, such indeterminate number of additional shares of Common Stock as may be issued under the Salem Media Group, Inc. 1999 Stock Incentive Plan (as amended and restated through May 8, 2019) as a result of adjustment provisions thereunder.
- (2) Estimated solely for the purpose of calculating the registration fee pursuant to Rules 457(c) and 457(h) under the Securities Act based upon the average of the high and low sale prices of the Common Stock on May 10, 2019 as reported on the NASDAQ Global Market.

INTRODUCTION

This Registration Statement on Form S-8 is filed pursuant to General Instruction E to Form S-8 for the purpose of registering an additional 3,000,000 shares of Class A Common Stock, par value \$0.01 per share (the "Common Stock"), of Salem Media Group, Inc. (the "Company" or "Registrant") issuable under the Salem Media Group, Inc. 1999 Stock Incentive Plan (as amended and restated through May 8, 2019). In accordance with General Instruction E to Form S-8, the Company hereby incorporates herein by reference the Registration Statements on Form S-8 (No. 333-40494, No. 333-113794, No. 333-125056 and No 333-182807 filed June 30, 2000, March 22, 2004, May 19, 2005 and July 23, 2012, respectively), filed with the Securities and Exchange Commission, together with all exhibits filed therewith or incorporated therein by reference.

Item 8. Exhibits.

The Exhibits to this Registration Statement are listed in the Exhibit Index immediately preceding the signature pages of this Registration Statement.

EXHIBIT INDEX

- 4.1 [Salem Media Group, Inc. 1999 Stock Incentive Plan \(as amended and restated through May 8, 2019\).](#)
- 5.1 [Opinion of Rutan & Tucker, LLP.](#)
- 23.1 [Consent of Crowe LLP.](#)
- 23.2 [Consent of Rutan & Tucker, LLP \(included in Exhibit 5.1\).](#)
- 24.1 [Power of Attorney \(included in signature page to this Registration Statement\).](#)

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Camarillo, State of California, on May 14, 2019.

Salem Media Group, Inc.

By: /s/ Edward G. Atsinger III
Edward G. Atsinger III
Chief Executive Officer and Director

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Evan D. Masyr and Christopher J. Henderson as his or her attorney-in-fact, with the power of substitution, for him or her in any and all capacities, to sign any and all amendments to this Registration Statement and all post-effective amendments thereto, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that such attorney-in-fact, or his substitute, may lawfully do or cause to be done by virtue hereof. This Power of Attorney may be signed in several counterparts.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Edward G. Atsinger III</u> Edward G. Atsinger III	Chief Executive Officer (<i>Principal Executive Officer</i>) and Director	May 14, 2019
<u>/s/ Evan D. Masyr</u> Evan D. Masyr	Executive Vice President and Chief Financial Officer (<i>Principal Financial and Accounting Officer</i>)	May 14, 2019
<u>/s/ Edward C. Atsinger</u> Edward C. Atsinger	Director	May 14, 2019
<u>/s/ Stuart W. Epperson</u> Stuart W. Epperson	Director	May 14, 2019
<u>Stuart W. Epperson Jr.</u>	Director	
<u>/s/ Heather W. Grizzle</u> Heather W. Grizzle	Director	May 14, 2019
<u>/s/ Eric H. Halvorson</u> Eric H. Halvorson	Director	May 14, 2019
<u>James Keet Lewis</u>	Director	
<u>/s/ Richard A. Riddle</u> Richard A. Riddle	Director	May 14, 2019
<u>/s/ Jonathan Venverloh</u> Jonathan Venverloh	Director	May 14, 2019

SALEM MEDIA GROUP, INC.
1999 STOCK INCENTIVE PLAN
(AS AMENDED AND RESTATED
THROUGH MAY 8, 2019)

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SALEM MEDIA GROUP, INC.

1999 STOCK INCENTIVE PLAN

(AS AMENDED AND RESTATED THROUGH MAY 8, 2019)

ARTICLE I
PURPOSE OF PLAN

The Company has adopted this Plan to promote the interests of the Company and its Stockholders by using investment interests in the Company to attract, retain and motivate employees and other persons, to encourage and reward their contributions to the performance of the Company and to align their interests with the interests of the Stockholders. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in Article VIII.

ARTICLE II
EFFECTIVE DATE AND TERM OF PLAN

2.1 Term of Plan. This Plan initially became effective as of the Effective Date and will continue in effect until the earlier of (a) the Expiration Date or (b) the date of any Plan termination pursuant to the provisions of Section 4.4 or Section 7.2, at which time this Plan shall automatically terminate.

2.2 Effect on Awards. Awards may be granted only during the Plan Term, but each Award granted during the Plan Term will remain in effect after the Expiration Date until such Award has been exercised, terminated or expired in accordance with its terms and the terms of this Plan.

2.3 Stockholder Approval. This Plan shall be amended and restated, as set forth herein, effective as of the Restatement Date, subject to the approval of the Stockholders. If the Stockholders do not approve this Plan as amended and restated as set forth herein, this Plan shall remain unchanged and in full force and effect.

ARTICLE III
SHARES SUBJECT TO PLAN

3.1 Number of Shares. The maximum number of shares of Common Stock that may be issued pursuant to Awards shall be 8,000,000, subject to adjustment as set forth in Section 3.4.

3.2 Source of Shares. The Common Stock to be issued under this Plan will be made available, at the sole discretion of the Board, either from authorized but unissued shares of Common Stock or from previously issued shares of Common Stock reacquired by the Company, including shares purchased on the open market.

3.3 Share Counting. Shares of Common Stock subject to unexercised portions of any Award that expire, terminate or are canceled, and shares of Common Stock issued pursuant to an Award that are reacquired by the Company pursuant to this Plan or terms of the Award under which such shares were issued, will again become available for the grant of further Awards. However, if the exercise price of, or withholding taxes incurred in connection with, an Award is paid with shares of Common Stock, or if shares of Common Stock otherwise issuable pursuant to Awards are withheld by the Company in satisfaction of an exercise price or the withholding taxes incurred in connection with any exercise or vesting of an Award, then the number of shares of Common Stock available for issuance under this Plan will be reduced by the gross number of shares for which the Award is exercised or for which the Award vests, as applicable, and not by the net number of shares of Common Stock issued to the holder of such Award. Substitute Awards shall not be counted against the number of shares available for issuance under Awards.

3.4 Adjustment Provisions.

(a) **Adjustments.** Subject to any required action by the Stockholders, in the event of any change in the Common Stock effected without receipt of consideration by the Company, whether through merger, consolidation, sale or exchange of all or substantially all of the assets of the Company, reorganization, reincorporation, recapitalization, reclassification, stock dividend, stock split, reverse stock split, split-up, split-off, spin-off, combination of shares, exchange of shares or similar change in the capital structure of the Company, or in the event of payment of a dividend or distribution to the Stockholders in a form other than shares of Common Stock (excepting normal cash dividends) that has a material effect on the Fair Market Value,

appropriate and proportionate adjustments shall be made in the number and class of shares subject to this Plan and to any outstanding Awards, and in the exercise price or purchase price per share of any outstanding Awards in order to prevent dilution or enlargement of Recipients' rights under this Plan. For purposes of the foregoing, conversion of any convertible securities of the Company shall not be treated as "effected without receipt of consideration by the Company." If a majority of the shares of Common Stock which are of the same class as the shares that are subject to outstanding Awards are exchanged for, converted into, or otherwise become (whether or not pursuant to a Change in Control) shares of another corporation (the "**New Shares**"), the Board may unilaterally amend the outstanding Awards to provide that such Awards are for New Shares. In the event of any such amendment, the number of shares subject to, and the exercise price or purchase price per share of, the outstanding Awards shall be adjusted in a fair and equitable manner. Any fractional share resulting from an adjustment pursuant to this Section 3.4(a) shall be rounded down to the nearest whole number and the exercise price or purchase price per share shall be rounded up to the nearest whole cent. In no event may the exercise price of any Award be decreased to an amount less than the par value, if any, of the stock subject to the Award. The Board may also make such adjustments in the terms of any Award to reflect, or related to, such changes in the capital structure of the Company or distributions as it deems appropriate. Adjustments determined by the Board pursuant to this Section 3.4(a) shall be made in accordance with Section 409A to the extent applicable.

(b) Right to Make Adjustment. The grant of an Award shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or to consolidate or to dissolve, liquidate or sell, or transfer all or any part of its business or assets.

(c) Limitations. No adjustment to the terms of an Incentive Stock Option shall be made unless such adjustment either (i) would not cause such Option to lose its status as an Incentive Stock Option or (ii) is agreed to in writing by the Administering Body and the Recipient.

3.5 Reservation of Shares. The Company will at all times reserve and keep available a number of shares of Common Stock equaling at least the total number of shares of Common Stock issuable pursuant to then outstanding Awards.

3.6 Award Limits.

(a) Incentive Stock Options. Subject to adjustment under Section 3.4, 8,000,000 shares available for issuance under this Plan shall be available for issuance as Incentive Stock Options.

(b) Individual Award Limits for Section 162(m) — Share-Based Awards. Subject to adjustment under Section 3.4, the maximum number of each type of Award (other than cash-based Performance Awards) granted to any Recipient in any calendar year shall not exceed the following number of shares: (i) Options and Stock Appreciation Rights—750,000 shares; and (ii) all other share-based Performance Awards—750,000 shares.

(c) Individual Award Limits for Section 162(m) — Cash-Based Awards. The maximum amount of cash-based Performance Awards intended to qualify as Performance-Based Compensation granted to any Recipient in any calendar year shall not exceed the following: (i) Annual Incentive Awards: \$5,250,000; and (ii) all other cash-based Performance Awards: \$5,250,000.

(d) Director Awards. The maximum value of Awards granted during any calendar year to any nonemployee member of the Board or the board of directors of an Affiliated Entity, taken together with any cash fees paid to such director during the calendar year and the value of awards granted to the director under any other equity compensation plan of the Company or an Affiliated Entity during the calendar year, shall not exceed the following in total value (calculating the value of any Awards or other equity compensation plan awards based on the fair market value as of the grant date for financial reporting purposes): (i) \$250,000 for the Chair of the Board and (ii) \$250,000 for each nonemployee director other than the Chair of the Board.

ARTICLE IV ADMINISTRATION OF PLAN

4.1 Administering Body.

(a) Plan Administration. This Plan shall be administered by the Board or by a Committee of the Board appointed pursuant to Section 4.1(b).

(b) Administration by Committee. The Board may from time to time appoint a Committee (which may be a subcommittee of an existing committee of the Board) of not less than two Board members to administer this Plan and, subject to applicable law, to exercise all of the powers, authority and discretion of the Board under this Plan. As long as the Board has delegated authority to administer this Plan to the Committee and the Company has a class of equity securities registered under Section 12 of the Exchange Act, this Plan may be administered by the Committee comprised of not less than two Board members appointed by the Board from time to time, each of whom is (i) a Non-Employee Director, and (ii) in addition, if Awards are to be made to persons subject to Section 162(m) and such Awards are intended to constitute Performance-Based Compensation, then each member of the Committee shall, in addition to being a Non-Employee Director, be an “outside director” as defined under Section 162(m). The Board may from time to time increase or decrease (but not below two) the number of members of the Committee, remove from membership on the Committee all or any portion of its members or appoint such person or persons as it desires to fill any vacancy existing on the Committee, whether caused by removal, resignation or otherwise. The Board may disband the Committee at any time and revert in the Board the administration of this Plan.

4.2 Authority of Administering Body.

(a) Authority to Interpret Plan. Subject to the express provisions of this Plan, the Administering Body shall have the power to implement (including the power to delegate such implementation to appropriate officers of the Company), interpret and construe this Plan and any Awards and Award Documents or other documents defining the rights and obligations of the Company and Recipients hereunder and thereunder, to determine all questions arising hereunder and thereunder, and to adopt and amend such rules and regulations for the administration hereof and thereof as it may deem desirable. The interpretation and construction by the Administering Body of any provisions of this Plan or of any Award or Award Document shall be conclusive and binding. Any action taken by, or inaction of, the Administering Body relating to this Plan or any Award or Award Document shall be in the sole discretion of the Administering Body and shall be conclusive and binding upon all persons. Subject only to compliance with the express provisions hereof, the Administering Body may act in its sole discretion in matters related to this Plan and any and all Awards and Award Documents.

(b) Authority to Grant Awards. Subject to the express provisions of this Plan, the Administering Body may select the Eligible Persons to whom, and the time or times at which, Awards shall be granted or sold, the nature of each Award, the number of shares of Common Stock or the number of rights that make up or underlie each Award, the exercise price and period for the exercise of each Award and such other terms and conditions applicable to each individual Award as the Administering Body shall determine. The Administering Body may grant at any time new Awards to an Eligible Person who has previously received Awards or other grants (including other stock options) regardless of whether such prior Awards or such other grants are still outstanding, have previously been exercised as a whole or in part, or are canceled in connection with the issuance of new Awards. The Administering Body may grant Awards singly, in combination or in tandem with other Awards. The purchase price, exercise price, initial value and any and all other terms and conditions of the Awards may be established by the Administering Body without regard to existing Awards or other grants. The Administering Body may from time to time delegate authority to the Chief Executive Officer of the Company to grant Awards, such authority shall not extend to (a) authority to grant Stock Options covering more than \$250,000 of Common Stock annually (measured each calendar year without carry over of unused grant authority from year to year), subject to the Chief Executive Officer seeking ratification of each such grant at the next regularly scheduled meeting of the Compensation Committee of the Board of Directors, with the \$250,000 being calculated at a price equal to the price of the Common Stock at the NASDAQ market close on the date the Stock Options are granted, (b) any Awards granted at less than Fair Market Value, (c) any Awards vesting in less than one year from the date of grant or (d) Awards to directors or executive officers of the Company who are (or would as of the date of the Award become) subject to Section 16 of the Exchange Act. The Administering Body may designate the Secretary of the Company or other Company employees to assist the Administering Body in the administration of this Plan, and may grant authority to such persons to execute Award Documents evidencing Awards or other documents entered into under this Plan on behalf of the Administering Body or the Company.

(c) Procedures. Subject to the Company’s Charter or bylaws or any Board resolution conferring authority on the Committee, any action of the Administering Body with respect to the administration of this Plan shall be taken pursuant to a majority vote of the authorized number of members of the Administering Body or by the unanimous written consent of its members; *provided, however*, that (i) if the Administering Body is the Committee and consists of two members, then actions of the Administering Body must be unanimous, and (ii) if the Administering Body is the Board, actions taken by the Board shall be valid if approved in accordance with applicable law.

4.3 No Liability. No member of the Board or the Committee or any designee thereof will be liable for any action or inaction with respect to this Plan or any Award or any transaction arising under this Plan or any Award, except in circumstances constituting bad faith of such member.

4.4 Amendments.

(a) **Plan Amendment.** The Administering Body may, insofar as permitted by applicable law, rule or regulation, and subject to Section 4.4(c), from time to time suspend or discontinue this Plan or revise or amend it in any respect whatsoever, and this Plan as so revised or amended will govern all Awards hereunder, including those granted before such revision or amendment. Without limiting the generality of the foregoing, the Administering Body is authorized to amend this Plan to comply with or take advantage of amendments to applicable laws, rules or regulations, including the Securities Act, the Exchange Act, the IRC or the rules of any exchange or interdealer quotation system upon which the Common Stock is listed or traded. No Stockholder approval of any amendment or revision shall be required unless (i) such approval is required by this Plan or by applicable law, rule or regulation or (ii) an amendment or revision to this Plan would materially increase the number of shares subject to this Plan (as adjusted under Section 3.4).

(b) **Award Amendments.** The Administering Body may, with the written consent of a Recipient and subject to the limitations on re-pricing set forth in Section 4.12, make such modifications in the terms and conditions of an Award as it deems advisable. Without limiting the generality of the foregoing, the Administering Body may, with the written consent of the Recipient, at any time and from time to time after the grant of any Award accelerate or extend the vesting or exercise period of any Award as a whole or in part.

(c) **Limitation.** Except as otherwise provided in this Plan or in the applicable Award Document, no amendment, revision, suspension or termination of this Plan or any outstanding Award may impair or adversely affect any rights or obligations under any Award theretofore granted without the written consent of the Recipient to whom such Award was granted.

4.5 Other Compensation Plans. The adoption of this Plan shall not affect any other stock option, restricted stock, incentive or other compensation plans in effect from time to time for the Company, and this Plan shall not preclude the Company from establishing any other forms of incentive or other compensation for employees, directors, advisors or consultants of the Company, whether or not approved by the Stockholders.

4.6 Plan Binding on Successors. This Plan shall be binding upon the successors and assigns of the Company.

4.7 Issuances for Compensation Purposes Only. This Plan is intended to constitute an “employee benefit plan,” as defined in Rule 405 promulgated under the Securities Act, and shall be administered accordingly.

4.8 Invalid Provisions. In the event that any provision of this Plan is found to be invalid or otherwise unenforceable under any applicable law, such invalidity or unenforceability shall not be construed as rendering any other provisions contained herein invalid or unenforceable, and all such other provisions shall be given full force and effect to the same extent as though the invalid and unenforceable provision were not contained herein.

4.9 Governing Law. This Plan shall be governed by and interpreted in accordance with the internal laws of the State of Delaware, without giving effect to the principles of the conflicts of laws thereof.

4.10 Construction. In this Plan, unless otherwise stated, the following uses apply: (a) references to a statute or law refer to the statute or law and any amendments and any successor statutes or laws, and to all valid and binding governmental regulations, court decisions and other regulatory and judicial authority issued or rendered thereunder, as amended, or their successors, as in effect at the relevant time; (b) in computing periods from a specified date to a later specified date, the words “from” and “commencing on” (and the like) mean “from and including,” and the words “to,” “until” and “ending on” (and the like) mean “to and including”; (c) indications of time of day shall be based upon the time applicable to the location of the principal headquarters of the Company; (d) the words “include,” “includes” and “including” (and the like) mean “include, without limitation,” “includes, without limitation” and “including, without limitation” (and the like), respectively; (e) all references to articles and sections are to articles and sections in this Plan; (f) all words used shall be construed to be of such gender or number as the circumstances and context require; (g) the captions and headings of articles and sections have been inserted solely for convenience of reference and shall not be considered a part of this Plan, nor shall any of them affect the meaning or interpretation of this Plan or any of its provisions; (h) any reference to an agreement, plan, policy, form, document or set of documents, and the rights and obligations of the parties under any such agreement, plan, policy, form, document or set of documents, shall mean such agreement, plan, policy, form, document or set of documents as amended from time to time, and any and all modifications, extensions, renewals, substitutions or replacements thereof; and (i) all accounting terms not specifically defined shall be construed in accordance with GAAP.

4.11 Clawback. All awards, amounts or benefits received or outstanding under this Plan shall be subject to clawback, cancellation, recoupment, rescission, payback, reduction or other similar action in accordance with the terms of any Company clawback or similar policy (the “*Policy*”) or any applicable law related to such actions, as may be in effect from time to time. A Recipients’ acceptance of an Award shall be deemed to constitute the Recipients’ acknowledgement of and consent to the Company’s application, implementation and enforcement of any applicable Policy that may apply to the Recipient, whether adopted prior to or following the Restatement Date, and any provision of applicable law relating to clawback, cancellation, recoupment, rescission, payback or reduction of compensation, and the Recipients’ agreement that the Company may take such actions as may be necessary to effectuate any such policy or applicable law, without further consideration or action.

4.12 No Repricing. Notwithstanding any provision of this Plan to the contrary, the repricing of Stock Options or Stock Appreciation Rights is prohibited without prior approval of the Stockholders. For this purpose, a “repricing” means any of the following (or any other action that has the same effect as any of the following): (a) changing the terms or conditions of an Stock Option or Stock Appreciation Right to lower its exercise price; (b) any other action that is treated as a “repricing” under generally accepted accounting principles; and (c) repurchasing for cash or canceling a Stock Option or Stock Appreciation Right at a time when its exercise price is greater than the Fair Market Value of the underlying shares in exchange for another Award, unless the cancellation and exchange occurs in connection with a change in capitalization or similar change under Section 3.4 or Article VII. A cancellation and exchange under clause (c) would be considered a “repricing” regardless of whether it is treated as a “repricing” under generally accepted accounting principles and regardless of whether it is voluntary on the part of the Recipient.

4.13 Book Entry. Notwithstanding any other provision of this Plan to the contrary, the Company may elect to satisfy any requirement under this Plan for the delivery of stock certificates through the use of book entry.

4.14 Section 409A. This Plan is intended to comply with Section 409A, and to the maximum extent permitted, this Plan shall be interpreted and administered to be in compliance therewith. Notwithstanding anything to the contrary in this Plan, to the extent required to avoid accelerated taxation and tax penalties under Section 409A, amounts that would otherwise be payable pursuant to this Plan during the six-month period immediately following the Recipient’s Separation from Service shall instead be paid on the first payroll date after the six-month anniversary of the Recipient’s Separation from Service (or the Recipient’s death, if earlier). Notwithstanding the foregoing, neither the Company nor the Administering Body shall have any obligation to take any action to prevent the assessment of any excise tax or penalty on any Recipient under Section 409A and neither the Company nor the Administering Body shall have any liability to any Recipient for such tax or penalty.

4.15 Data Protection. A Recipient’s acceptance of an Award shall be deemed to constitute the Recipient’s acknowledgement of and consent to the collection and processing of personal data relating to the Recipient so that the Company and each Affiliated Entity can fulfill their obligations and exercise their rights under this Plan and generally administer and manage this Plan. This data shall include data about participation in this Plan and shares offered or received or purchased or sold under this Plan and other appropriate financial and other data (such as the date on which the Awards were granted) about the Recipient and the Recipient’s participation in this Plan.

4.16 Separation from Service for Cause. The Company may annul an Award if the Recipient incurs a Separation from Service for Cause.

ARTICLE V GENERAL AWARD PROVISIONS

5.1 Participation in this Plan.

(a) Eligibility to Receive Awards. A person shall be eligible to receive grants of Awards if, at the time of the grant of the Award, such person is an Eligible Person or has received an offer of service from the Company; *provided, however,* that Awards granted to a person who has received an offer of service will terminate and be forfeited without consideration if the service offer is not accepted within such time as may be specified by the Company. Status as an Eligible Person will not be construed as a commitment that any Award will be granted under this Plan to an Eligible Person or to Eligible Persons, generally.

(b) Eligibility to Receive Incentive Stock Options. Incentive Stock Options may be granted only to Eligible Persons meeting the employment requirements of IRC Section 422.

(c) Awards to Certain Eligible Persons. Notwithstanding anything to the contrary herein, the Administering Body may, in order to fulfill the purposes of this Plan, modify grants of Awards to Recipients who are foreign nationals or serving outside of the United States to recognize differences in applicable law, tax policy or local custom.

5.2 Award Documents. Each Award must be evidenced by an agreement duly executed on behalf of the Company and by the Recipient, or by a confirming memorandum issued by the Company to the Recipient, setting forth such terms and conditions applicable to the Award as the Administering Body may determine. Awards will not be deemed binding upon the Company, and Recipients will have no rights thereto, until such an agreement is entered into between the Company and the Recipient or such a memorandum is delivered by the Company to the Recipient, but an Award may have an effective date on or after the date of grant but prior to the date of such an agreement or memorandum. Award Documents may but need not be identical and shall comply with and be subject to the terms and conditions of this Plan, a copy of which shall be provided to each Recipient and incorporated by reference into each Award Document. Any Award Document may contain such other terms, provisions and conditions not inconsistent with this Plan as may be determined by the Administering Body. In case of any conflict between this Plan and any Award Document, this Plan shall control.

5.3 Exercise of Stock Options. No Stock Option shall be exercisable except in respect of whole shares, and fractional share interests shall be disregarded. A Stock Option shall be deemed to be exercised when the Secretary or other designated officer of the Company receives written notice of such exercise from the Recipient, together with payment of the exercise price made in accordance with Section 5.4 and any amounts required under Section 5.11 or, with permission of the Administering Body, arrangement for such payment. Notwithstanding any other provision of this Plan, the Company and/or the Administering Body may impose, by rule or in Award Documents, such conditions upon the exercise of Stock Options (including conditions limiting the time of exercise to specified periods) as may be required to satisfy applicable regulatory requirements, including Rule 16b-3 and Rule 10b-5 under the Exchange Act, any amounts required under Section 5.11 or any applicable section of the IRC.

5.4 Payment for Awards.

(a) Payment of Exercise Price. The exercise price or other payment for an Award shall be payable upon the exercise of a Stock Option or upon other purchase of shares pursuant to an Award by delivery of legal tender of the United States or payment of such other consideration as the Administering Body may from time to time deem acceptable in any particular instance.

(b) No Company Assistance. The Company shall not assist any person to whom an Award is granted hereunder (including any officer or director of the Company) in the payment of the purchase price or other amounts payable in connection with the receipt or exercise of that Award by lending such amounts to such person.

(c) Cashless Exercise. If permitted in any case by the Administering Body, the exercise price for Awards may be paid by delivery of Common Stock to the Company by or on behalf of the person exercising the Award and duly endorsed in blank or accompanied by stock powers duly endorsed in blank, with signatures guaranteed in accordance with the Exchange Act if required by the Company, or retained by the Company from the stock otherwise issuable upon exercise or surrender of vested or exercisable Awards or other equity Awards previously granted to the Recipient and being exercised (if applicable) (in either case valued at Fair Market Value as of the exercise date); or such other consideration as the Administering Body may deem acceptable; *provided, however*, that, subject to applicable laws and regulations, the Company and/or the Administering Body may allow exercise of an Award in a broker-assisted or similar transaction in which the exercise price is not received by the Company until promptly after exercise.

(d) No Precedent. Recipients will have no rights to the assistance described in Section 5.4(b) or to the exercise techniques described in Section 5.4(c), and the Company may offer or permit such assistance or techniques on an *ad hoc* basis to any Recipient without incurring any obligation to offer or permit such assistance or techniques on other occasions or to other Recipients.

5.5 No Service Rights. Nothing contained in this Plan (or in Award Documents or in any other documents related to this Plan or to Awards) shall confer upon any Eligible Person or Recipient any right to continue in the employ or service of the Company or any Affiliated Entity or constitute any contract or agreement of employment or service, or interfere in any way with the right of the Company or any Affiliated Entity to reduce such person's compensation or other benefits or to terminate the employment or service of such Eligible Person or Recipient, with or without Cause. Except as expressly provided in this Plan or in any statement evidencing the grant of an Award pursuant to this Plan, the Company shall have the right to deal with each Recipient in the same manner as if this Plan and any such statement evidencing the grant of an Award pursuant to this Plan did not exist, including with respect to all matters related to the hiring, discharge, compensation and conditions of the employment or engagement of the Recipient. Any questions as to whether and when there has been a Separation from Service, the reason (if any) for such Separation from Service, and/or the consequences thereof under the terms of this Plan or any statement evidencing the grant of an Award pursuant to this Plan shall be determined by the Administering Body and the Administering Body's determination thereof shall be final and binding.

5.6 Restrictions under Applicable Laws and Regulations.

(a) **Consents, Approvals.** All Awards shall be subject to the requirement that, if at any time the Company shall determine, in its sole discretion, that the listing, registration or qualification of the securities subject to Awards upon any securities exchange or interdealer quotation system or under any federal, state or foreign law, or the consent or approval of any government or regulatory body, is necessary or desirable as a condition of, or in connection with, the granting of such an Award or the issuance, if any, or purchase of shares in connection therewith, such Award may not be exercised as a whole or in part unless and until such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Company. During the term of this Plan, the Company will use its reasonable efforts to seek to obtain from the appropriate governmental and regulatory agencies any requisite qualifications, consents, approvals or authorizations in order to issue and sell such number of shares of its Common Stock as shall be sufficient to satisfy the requirements of this Plan. The inability of the Company to obtain any such qualifications, consents, approvals or authorizations it deems necessary shall relieve the Company of any liability in respect of the nonissuance or sale of such stock as to which such qualifications, consents, approvals or authorizations pertain.

(b) **No Registration Obligation; Recipient Representations.** The Company shall be under no obligation to register or qualify the issuance of Awards or underlying securities under the Securities Act or applicable state securities laws. Unless the issuance of Awards and underlying securities have been registered under the Securities Act and qualified or registered under applicable state securities laws, the Company shall be under no obligation to issue any Awards or underlying securities unless the Awards and underlying securities may be issued pursuant to applicable exemptions from such registration or qualification requirements. In connection with any such exempt issuance, the Administering Body may require the Recipient to provide a written representation and undertaking to the Company, satisfactory in form and scope to the Company and upon which the Company may reasonably rely, that such Recipient is acquiring such Awards and underlying securities for such Recipient's own account as an investment and not with a view to, or for sale in connection with, the distribution of any such securities, and that such person will make no transfer of the same except in compliance with any rules and regulations in force at the time of such transfer under the Securities Act and other applicable law, and that if securities are issued without registration, a legend to this effect (together with any other legends deemed appropriate by the Administering Body) may be endorsed upon the securities so issued. The Company may also order its transfer agent to stop transfers of such securities. The Administering Body may also require the Recipient to provide the Company such information and other documents as it may request in order to satisfy the Company as to the investment sophistication and experience of the Recipient and as to any other conditions for compliance with any such exemptions from registration or qualification.

5.7 Additional Conditions. Any Award may also be subject to such other provisions (whether or not applicable to any other Award or Recipient) as the Administering Body deems appropriate, including provisions to assist the Recipient in financing the purchase of Common Stock through the exercise of Stock Options, provisions for the forfeiture of or restrictions on resale or other disposition of securities acquired under any Award, provisions giving the Company the right to repurchase securities acquired under any Award in the event the Recipient elects to Separate from Service or dispose of such securities, and provisions to comply with federal and state securities laws and federal and state income tax withholding requirements.

5.8 No Privileges of Stock Ownership. Except as otherwise set forth herein, a Recipient or a permitted transferee of an Award shall have no rights as a holder of shares of Common Stock with respect to any shares issuable or issued in connection with the Award until the date the Recipient has delivered to the Company all amounts payable and performed all obligations required to be performed in connection with the exercise of the Award, and the Company has issued such shares. Status as an Eligible Person shall not be construed as a commitment that any Award will be granted under this Plan to an Eligible Person or to Eligible Persons generally. No person shall have any right, title or interest in any fund or in any specific asset (including shares of capital stock) of the Company by reason of any Award. Neither this Plan (nor any documents related hereto) nor any action taken pursuant hereto shall be construed to create a trust of any kind or a fiduciary relationship between the Company and any person. To the extent that any person acquires a right to receive an Award hereunder, such right shall be no greater than the right of any unsecured general creditor of the Company.

5.9 Nonassignability. Unless the Administering Body shall otherwise determine on a case-by-case basis, no Award shall be assignable or transferable except (i) by will or by the laws of descent and distribution, or (ii) subject to the final sentence of this Section 5.9, upon dissolution of marriage pursuant to a domestic relations order. Unless the Administering Body shall otherwise determine on a case-by-case basis, during the lifetime of a Recipient, an Award granted to such person shall be exercisable only by the Recipient (or the Recipient's permitted transferee) or such person's guardian or legal representative. Notwithstanding the foregoing, (i) no Award owned by a Recipient subject to Section 16 of the Exchange Act may be assigned or transferred in any manner inconsistent with Rule 16b-3, and (ii) Incentive Stock Options (or other Awards subject to transfer restrictions under the IRC) may not be assigned, transferred or exercisable in violation of IRC Section 422(b)(5), and nothing herein is intended to allow such assignment or transfer.

5.10 Information to Recipients.

(a) The Company shall determine what, if any, financial and other information shall be provided to Recipients and when such financial and other information shall be provided after giving consideration to applicable federal and state laws, rules and regulations, including applicable federal and state securities laws, rules and regulations.

(b) The furnishing of financial and other information that is confidential to the Company shall be subject to the Recipient's agreement that the Recipient shall maintain the confidentiality of such financial and other information, shall not disclose such information to third parties, and shall not use the information for any purpose other than evaluating an investment in the Company's securities under this Plan. The Company may impose other restrictions on the access to and use of such confidential information and may require a Recipient to acknowledge the Recipient's obligations under this Section 5.10(b) (which acknowledgment shall not be a condition to Recipient's obligations under this Section 5.10(b)).

5.11 Withholding Taxes. Whenever the granting, vesting or exercise of any Award, or the issuance of any Common Stock or other securities upon exercise of any Award or transfer thereof, gives rise to tax or tax withholding liabilities or obligations, the Company shall have the right to require the Recipient to remit to the Company an amount sufficient to satisfy any federal, state and local withholding tax requirements arising in connection therewith. The Administering Body may allow satisfaction of tax withholding requirements by accepting delivery of shares of Common Stock of the Company or by withholding a portion of shares otherwise issuable in connection with an Award, in each case valued at Fair Market Value as of the date of such delivery or withholding.

5.12 Legends on Awards and Stock Certificates. Each Award Document and each certificate representing securities acquired upon vesting or exercise of an Award shall be endorsed with all legends, if any, required by applicable federal and state securities and other laws to be placed on the Award Document and/or the certificate. The determination of which legends, if any, shall be placed upon Award Documents or the certificates shall be made by the Administering Body and such decision shall be final and binding.

5.13 Effect of Separation from Service on Awards.

(a) **Termination of Vesting.** Unless determined otherwise by the Administering Body, Awards will be exercisable by a Recipient (or the Recipient's successor-in-interest) following such Recipient's Separation from Service only to the extent that installments thereof had become exercisable on or prior to the date of such Separation from Service.

(b) **Alteration of Vesting and Exercise Periods.** Notwithstanding anything to the contrary herein, (i) the Administering Body may designate shorter or longer periods for the vesting or exercise of any Award, or the lapse of transfer or other restrictions pertaining thereto, following a Recipient's Separation from Service, *provided, however*, that any shorter periods determined by the Administering Body shall be effective only if provided for in the Award Document that evidences the grant to the Recipient of such Award or if such shorter period is agreed to in writing by the Recipient; and (ii) the Administering Body may elect to accelerate the vesting of all or any portion of any Award that had not become exercisable on or prior to the date of such Separation from Service or to extend the vesting period beyond the date of such Separation from Service.

(c) **Leave of Absence.** In the case of any employee on an approved leave of absence, the Administering Body may make such provision respecting continuance of Awards granted to such employee as the Administering Body deems appropriate.

5.14 Lock-Up Agreements. Each Recipient agrees as a condition to receipt of an Award that, in connection with any public offering by the Company of its equity securities and upon the request of the Company and the principal underwriter (if any) in such public offering, any shares of Common Stock acquired or that may be acquired upon exercise or vesting of an Award may not be sold, offered for sale, encumbered or otherwise disposed of or subjected to any transaction that will involve any sales of securities of the Company, without the prior written consent of the Company or such underwriter, as the case may be, for a period of not more than 365 days after the effective date of the registration statement for such public offering. Each Recipient will, if requested by the Company or the principal underwriter, enter into a separate agreement to the effect of this Section 5.14.

**ARTICLE VI
AWARDS**

6.1 Stock Options.

(a) Nature of Stock Options. Stock Options may be Incentive Stock Options or Nonqualified Stock Options.

(b) Option Exercise Price. The exercise price for each Stock Option shall be determined by the Administering Body as of the date such Stock Option is granted. The exercise price shall be no less than the Fair Market Value of the Common Stock subject to the Stock Option as of the date of grant. Subject to approval by the Stockholders, the Administering Body may, with the consent of the Recipient and subject to compliance with statutory or administrative requirements applicable to Incentive Stock Options, amend the terms of any Stock Option to provide that the exercise price of the shares remaining subject to the Stock Option shall be reestablished at a price not less than 100% of the Fair Market Value of the Common Stock on the effective date of the amendment. No modification of any other term or provision of any Stock Option that is amended in accordance with the foregoing shall be required, although the Administering Body may make such further modifications of any such Stock Option as are not inconsistent with this Plan.

(c) Option Period and Vesting. Stock Options granted hereunder shall vest and may be exercised as determined by the Administering Body, except that exercise of such Stock Options after the Recipient's Separation from Service shall be subject to Section 5.13. Each Stock Option granted hereunder and all rights or obligations thereunder shall expire on such date as shall be determined by the Administering Body, but not later than 10 years after the date the Stock Option is granted (or, for Nonqualified Stock Options, such date later than 10 years after the Stock Option is granted as determined by the Administering Body) and shall be subject to earlier termination as provided herein or in the Award Document. The Administering Body may at any time accelerate vesting of such Stock Option as a whole or part by increasing the number of shares then purchasable, *provided* that the total number of shares subject to such Stock Option may not be increased. Except as otherwise provided herein, a Stock Option shall become exercisable, as a whole or in part, on the date or dates specified by the Administering Body and thereafter shall remain exercisable until the exercise, expiration or earlier termination of the Stock Option.

(d) Termination. Unless determined otherwise by the Administering Body, Stock Options shall expire on the earliest of (i) one year from the date on which the Recipient ceases to be an Eligible Person for any reason other than death; (ii) one year from the date of the Recipient's death; or (iii) with respect to each installment of such Stock Option, the fifth anniversary of the vesting date of such installment. If a Recipient ceases for any reason to be an Eligible Person, that portion of the Stock Option that has not yet vested shall terminate, unless the Administering Body accelerates the vesting schedule (in which case, the Administering Body may impose whatever conditions it considers appropriate on the accelerated portion).

(e) Special Provisions Regarding Incentive Stock Options

(i) Notwithstanding anything herein to the contrary, the exercise price and vesting period of any Stock Option intended to qualify as an Incentive Stock Option shall comply with the provisions of IRC Section 422. As of the Restatement Date, such provisions require, among other matters, that (A) the exercise price must not be less than the Fair Market Value of the underlying stock as of the date the Incentive Stock Option is granted, and not less than 110% of the Fair Market Value as of such date in the case of a grant to a Significant Stockholder; and (B) that the Incentive Stock Option not be exercisable after the expiration of 10 years from the date of grant of such Incentive Stock Option, or the expiration of five years from the date of grant in the case of an Incentive Stock Option granted to a Significant Stockholder.

(ii) If for any reason other than death or Permanent Disability, a Recipient of Incentive Stock Options incurs a Separation from Service, such Recipient's Incentive Stock Options, whether or not vested, shall cease to qualify as such and will be treated as Nonqualified Stock Options as of the earlier of: (A) the date such Incentive Stock Options would expire in accordance with their terms had the Recipient remained employed with or in service to the Company or any Affiliated Entity; and (B) three months after the date of the Recipient's Separation from Service.

(iii) If as a result of death or Permanent Disability, a Recipient incurs a Separation from Service, such Recipient's Incentive Stock Options, whether or not vested, shall cease to qualify as such and will be treated as Nonqualified Stock Options as of the earlier of: (A) the date such Incentive Stock Options would expire in accordance with their terms had the Recipient remained employed with the Company or any Affiliated Entity; and (B) one year after the date of the Recipient's Separation from Service.

(iv) The aggregate Fair Market Value (determined as of the respective date or dates of grant) of the Common Stock for which one or more Stock Options granted to any Recipient under this Plan (or any other option plan of the Company or any Parent Corporation or Subsidiary Corporation) may for the first time become exercisable as Incentive Stock Options under such plans during any one calendar year shall not exceed \$100,000.

(v) Award Documents evidencing Incentive Stock Options shall contain such terms and conditions as may be necessary to comply with the applicable provisions of IRC Section 422.

(vi) Any Stock Options granted as Incentive Stock Options pursuant to this Plan that for any reason fail or cease to qualify as such shall be treated as Nonqualified Stock Options. If the limit described in Section 6.1(e)(iv) is exceeded, the earliest granted Stock Options will be treated as Incentive Stock Options, up to such limit.

6.2 Performance Awards.

(a) **Performance Conditions.** The right of a Recipient to exercise or receive a grant or settlement of any Award, and the timing thereof, may be subject to such performance conditions as may be specified by the Administering Body. The Administering Body may use such business criteria and other measures of performance as it may deem appropriate in establishing any performance conditions, and may reduce the amounts payable under any Award subject to performance conditions, except as limited under Section 6.2(b) in the case of Performance-Based Compensation.

(b) Performance Awards Granted to Designated Covered Employees

If and to the extent that the Administering Body determines that a Performance Award to be granted to a Recipient who is designated by the Administering Body as likely to be a Covered Employee should qualify as Performance-Based Compensation, the grant, exercise or settlement of such Performance Award shall be contingent upon achievement of pre-established performance goals and other terms set forth in this Section 6.2(b). Notwithstanding anything herein to the contrary, the Administering Body may provide for Performance Awards to Covered Employees that are not intended to qualify as Performance-Based Compensation.

(i) **Performance Goals Generally.** The performance goals for Performance Awards shall consist of one or more business criteria and a targeted level or levels of performance with respect to each of such criteria, as specified by the Administering Body consistent with this Section 6.2(b). Performance goals shall be objective and shall otherwise meet the requirements of Section 162(m), including the requirement that the level or levels of performance targeted by the Administering Body result in the achievement of performance goals being “substantially uncertain.” The Administering Body may determine that Performance Awards shall be granted, exercised or settled upon achievement of any one performance goal or that two or more of the performance goals must be achieved as a condition to grant, exercise or settlement of the Performance Awards. Performance goals may be established on a Company-wide basis, or with respect to one or more business units, divisions, Affiliated Entities or business segments, as applicable. To the extent consistent with the requirements of Section 162(m), the Administering Body may determine at the time that goals under this Section 6.2(b) are established the extent to which measurement of performance goals may exclude the impact of charges for restructuring, discontinued operations, extraordinary items, debt redemption or retirement, asset write downs, litigation or claim judgments or settlements, acquisitions or divestitures, foreign exchange gains and losses and other extraordinary, unusual or non-recurring items, and the cumulative effects of tax or accounting changes (each as defined by generally accepted accounting principles and as identified in the Company’s financial statements or other Commission filings). Performance goals may differ for Performance Awards granted to any one Recipient or to different Recipients.

(ii) **Business Criteria.** One or more of the following business criteria for the Company, on a consolidated basis, and/or specified Affiliated Entities or business units of the Company (except with respect to the total stockholder return and earnings per share criteria), shall be used exclusively by the Administering Body in establishing performance goals for Performance Awards: (A) cash flow; (B) earnings per share, as adjusted for any stock split, stock dividend or other recapitalization; (C) earnings measures (including EBIT and EBITDA); (D) return on equity; (E) total stockholder return; (F) share price performance, as adjusted for any stock split, stock dividend or other recapitalization; (G) return on capital; (H) revenue; (I) income; (J) profit margin; (K) return on operating revenue; (L) brand recognition or acceptance; (M) customer metrics (including customer procurement, customer satisfaction, customer retention, customer profitability or customer contract terms); (N) productivity; (O) expense targets and management; (P) budget targets and management; (Q) market share; (R) cost control measures; (S) balance sheet metrics; (T) strategic initiatives; (U) implementation, completion or attainment of measurable objectives with respect to recruitment or retention of personnel or employee satisfaction; (V) return on assets; (W) growth in net sales; (X) the ratio of net sales to net working capital; (Y) stockholder value added; (Z) improvement in management of working capital items (inventory, accounts receivable or accounts payable); (AA) sales from newly-introduced products; (BB) successful completion of, or achievement of milestones or objectives related to, financing or capital raising transactions, strategic acquisitions or divestitures, joint ventures, partnerships, collaborations or other transactions; (CC) product quality, safety, productivity, yield or reliability (on time and complete orders); (DD) funds from operations; (EE)

regulatory body approval for commercialization of a product; (FF) debt levels or reduction or debt ratios; (GG) economic value; (HH) operating efficiency; (II) research and development achievements; or (JJ) any combination of the forgoing business criteria; *provided, however*, that such business criteria shall include any derivations of business criteria listed above (e.g., income shall include pre-tax income, net income and operating income).

(iii) **Timing for Establishing Performance Goals** Performance goals shall be established not later than 90 days after the beginning of any performance period applicable to Performance Awards, or at such other date as may be required or permitted for Performance-Based Compensation.

(iv) **Settlement of Performance Awards; Other Terms.** Settlement of Performance Awards may be in cash, shares, other Awards or other property. The Administering Body may reduce the amount of a settlement otherwise to be made in connection with such Performance Awards.

(c) **Written Determinations.** All determinations by the Administering Body as to the establishment of performance goals, the amount of any Performance Award pool or potential individual Performance Awards and the achievement of performance goals relating to Performance Awards, shall be made in writing in the case of any Award intended to qualify as Performance-Based Compensation to the extent required by Section 162(m). To the extent permitted by Section 162(m), the Administering Body may delegate any responsibility relating to Performance Awards.

(d) **Status of Section 6.2(b) Awards under Section 162(m).** It is the intent of the Company that Performance Awards under Section 6.2(b) granted to persons who are designated by the Administering Body as likely to be Covered Employees within the meaning of Section 162(m) shall, if so designated by the Administering Body, qualify as Performance-Based Compensation. Accordingly, the terms of Section 6.2(b), including the definitions of Covered Employee and other terms used therein, shall be interpreted in a manner consistent with Section 162(m). The foregoing notwithstanding, because the Administering Body cannot determine with certainty whether a given Recipient will be a Covered Employee with respect to a fiscal year that has not yet been completed, the term Covered Employee as used herein shall mean only a person designated by the Administering Body, at the time of grant of Performance Awards, as likely to be a Covered Employee with respect to that fiscal year. If any provision of this Plan or any agreement relating to such Performance Awards does not comply or is inconsistent with the requirements of Section 162(m), such provision shall be construed or deemed amended to the extent necessary to conform to such requirements.

6.3 Restricted Stock.

(a) **Award of Restricted Stock.** The Administering Body shall determine the Purchase Price (if any), the terms of payment of the Purchase Price, the restrictions upon the Restricted Stock and when such restrictions shall lapse.

(b) **Requirements of Restricted Stock.** All shares of Restricted Stock granted or sold pursuant to this Plan will be subject to the following conditions:

(i) **No Transfer.** The shares may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of, alienated or encumbered until the restrictions are removed or expire;

(ii) **Certificates.** The Company may require that the certificates representing Restricted Stock granted or sold to a Recipient pursuant to this Plan remain in the physical custody of an escrow holder or the Company until all restrictions are removed or expire;

(iii) **Restrictive Legends.** Each certificate representing Restricted Stock granted or sold to a Recipient pursuant to this Plan will bear such legend or legends making reference to the restrictions imposed upon such Restricted Stock as the Company deems necessary or appropriate to enforce such restrictions; and

(iv) **Other Restrictions.** The Administering Body may impose such other conditions on Restricted Stock as the Administering Body may deem advisable, including restrictions under the Securities Act, under the Exchange Act, under the requirements of any stock exchange or interdealer quotation system upon which such Restricted Stock or shares of the same class are then listed or traded and under any blue sky or other securities laws applicable to such shares.

(c) **Lapse of Restrictions.** The restrictions imposed upon Restricted Stock will lapse in accordance with such terms or other conditions as are determined by the Administering Body.

(d) **Rights of Recipient.** Subject to the provisions of Section 6.3(b) and any restrictions imposed upon the Restricted Stock, the Recipient will have all rights of a holder of shares of Common Stock with respect to the Restricted Stock granted or sold to such Recipient under this Plan, including the right to vote the shares and receive all dividends and other distributions paid or made with respect thereto, *provided* that any dividends and other distributions may be subject to the same or similar restrictions as the underlying Restricted Stock. Notwithstanding the foregoing, in no event will dividends or other distributions on any Award that is subject to the achievement of performance criteria be payable before the Award has become earned and payable.

(e) **Separation from Service.** Unless the Administering Body determines otherwise, if a Recipient incurs a Separation from Service for any reason, all of the Recipient's Restricted Stock remaining subject to restrictions on the date of such Separation from Service shall be repurchased by the Company at the Purchase Price (if any) paid by the Recipient to the Company, without interest or premium, and otherwise returned to the Company without consideration.

6.4 Stock Appreciation Rights.

(a) **Granting of Stock Appreciation Rights.** The Administering Body may at any time and from time to time approve the grant to Eligible Persons of Stock Appreciation Rights, related or unrelated to Stock Options.

(b) Stock Appreciation Rights Related to Options.

(i) A Stock Appreciation Right granted in connection with a Stock Option granted under this Plan will entitle the holder of the related Stock Option, upon exercise of the Stock Appreciation Right, to surrender such Stock Option, or any portion thereof to the extent previously vested but unexercised, with respect to the number of shares as to which such Stock Appreciation Right is exercised, and to receive payment of an amount computed pursuant to Section 6.4(b)(iii). Such Stock Option will, to the extent surrendered, then cease to be exercisable.

(ii) A Stock Appreciation Right granted in connection with a Stock Option hereunder will be exercisable only when, and only to the extent that, the related Stock Option is exercisable, will not be transferable except to the extent that such related Stock Option may be transferable, will not expire later than the underlying Stock Option, and will be exercisable only when the Fair Market Value of the Common Stock subject to the underlying Stock Option exceeds the exercise price of such Stock Option.

(iii) Upon the exercise of a Stock Appreciation Right related to a Stock Option, the Recipient will be entitled to receive payment of an amount determined by multiplying (A) the difference obtained by subtracting the exercise price of a share of Common Stock specified in the related Stock Option from the Fair Market Value of a share of Common Stock on the date of exercise of such Stock Appreciation Right (or as of such other date or as of the occurrence of such event as may have been specified in the instrument evidencing the grant of the Stock Appreciation Right), by (B) the number of shares as to which such Stock Appreciation Right is exercised.

(c) **Stock Appreciation Rights Unrelated to Options.** The Administering Body may grant Stock Appreciation Rights unrelated to Stock Options to Eligible Persons. Section 6.4(b)(iii) shall be used to determine the amount payable at exercise under such Stock Appreciation Right, except that in lieu of the exercise price specified in the related Stock Option, the initial base amount specified in the Award shall be used.

(d) **Limits.** Notwithstanding the foregoing, the Administering Body may place a dollar limitation on the maximum amount that will be payable upon the exercise of a Stock Appreciation Right under this Plan.

(e) **Payments.** Payment of the amount determined under the foregoing provisions may be made solely in whole shares of Common Stock valued at their Fair Market Value on the date of exercise of the Stock Appreciation Right or, alternatively, in cash or in a combination of cash and shares of Common Stock as the Administering Body deems advisable. The Administering Body shall determine the form in which payment of a Stock Appreciation Right will be made and may consent to or disapprove the election of a Recipient to receive cash in full or partial settlement of a Stock Appreciation Right. If the Administering Body decides to make full payment in shares of Common Stock, and the amount payable results in a fractional share, payment for the fractional share will be made in cash.

6.5 Stock Payments. The Administering Body may approve Stock Payments of the Company's Common Stock to any Eligible Person for all or any portion of the compensation (other than base salary) or other payment that would otherwise become payable by the Company to the Eligible Person in cash, on such terms and conditions as the Administering Body may determine. Stock Payments will replace such cash payments at the Fair Market Value of the Common Stock on the date payment is due.

6.6 Dividend Equivalents. The Administering Body may grant Dividend Equivalents to any Recipient who has received a Stock Option, Stock Appreciation Right or other Award denominated in shares of Common Stock. Dividend Equivalents may be paid in cash, Common Stock or other Awards; the amount of Dividend Equivalents paid other than in cash shall be determined by the Administering Body by application of such formula as the Administering Body may deem appropriate to translate the cash value of dividends paid to the alternative form of payment of the Dividend Equivalent. Dividend Equivalents shall be computed as of each dividend record date and shall be payable to recipients thereof at such time as the Administering Body may determine. Notwithstanding the foregoing, the payment of a Dividend Equivalent with respect to a Stock Option or Stock Appreciation Right intended to constitute Performance-Based Compensation shall not be contingent upon the exercise of such Stock Option or Stock Appreciation Right. Notwithstanding the foregoing, in no event will dividend equivalents on any Award that is subject to the achievement of performance criteria be payable before the Award has become earned and payable.

6.7 Stock Bonuses. The Administering Body may issue shares of Common Stock to Eligible Persons as bonuses for services rendered or for any other valid consideration on such terms and conditions as the Administering Body may determine.

6.8 Stock Sales. The Administering Body may sell to Eligible Persons shares of Common Stock on such terms and conditions as the Administering Body may determine.

6.9 Phantom Stock. The Administering Body may grant Awards of Phantom Stock. Phantom Stock is a cash award granted under this Plan measured by the Fair Market Value of a specified number of shares of Common Stock on a specified date, or measured by the excess of such Fair Market Value over a specified minimum, which may but need not include a Dividend Equivalent.

6.10 Other Stock-Based Benefits. The Administering Body is authorized to grant Other Stock-Based Benefits. Other Stock-Based Benefits are any arrangements granted under this Plan not otherwise described above that (a) by their terms might involve the issuance or sale of Common Stock or (b) involve a benefit that is measured, as a whole or in part, by the value, appreciation, dividend yield or other features attributable to a specified number of shares of Common Stock. Other Stock-Based Benefits may be granted in lieu of other cash or other compensation to which a Recipient is entitled from the Company or an Affiliated Entity or may be used in the settlement of amounts payable in shares under any other compensation plan or arrangement of the Company or an Affiliated Entity.

6.11 Separation from Service. Except as otherwise provided for in this Plan or determined by the Administering Body, all Awards granted to a Recipient, and all of such Recipient's rights thereunder, shall terminate upon the Recipient's Separation from Service.

ARTICLE VII REORGANIZATIONS

7.1 Corporate Transactions Not Involving a Change in Control. If the Company shall consummate any Reorganization not involving a Change of Control in which holders of shares of Common Stock are entitled to receive in respect of such shares any securities, cash or other consideration (including a different number of shares of Common Stock), each Award outstanding under this Plan shall thereafter be exercisable, in accordance with this Plan, only for the kind and amount of securities, cash or other consideration receivable upon such Reorganization by a holder of the same number of shares of Common Stock as are subject to that Award immediately prior to such Reorganization, and any adjustments will be made to the terms of the Award by the Administering Body as it may deem appropriate to give effect to the Reorganization.

7.2 Corporate Transactions Involving a Change in Control. Unless otherwise set forth in an Award Document or in this Section 7.2, as of the effective time and date of any Change in Control, this Plan and any then outstanding Awards (whether or not vested) shall automatically terminate unless (a) provision is made in writing in connection with such transaction for the continuance of this Plan and for the assumption of such Awards, or for the substitution for such Awards of new awards covering the securities of a successor entity or an affiliate thereof, with appropriate adjustments as to the number and kind of securities and exercise prices or other measurement criteria, in which event this Plan and such outstanding Awards shall continue or be replaced, as the case may be, in the manner and under the terms so provided; or (b) the Board otherwise provides in writing for such adjustments as it deems appropriate in the terms and conditions of the then-outstanding Awards (whether or not vested), including (i) accelerating the vesting of outstanding Awards or (ii) providing for the cancellation of Awards and their automatic conversion into the right to receive the securities, cash or other consideration that a holder of the shares underlying such Awards would have been entitled to receive upon consummation of such Change in Control had such shares been issued and outstanding immediately prior to the effective date and time of the Change in Control (net of the appropriate

option exercise prices). If, pursuant to the foregoing provisions of this Section 7.2, this Plan and the Awards terminate by reason of the occurrence of a Change in Control without provision for any of the actions described in clause (a) or (b) hereof, then subject to Section 5.13 and Section 6.11, any Recipient holding outstanding Awards shall have the right, at such time immediately prior to the consummation of the Change in Control as the Board shall designate, to exercise or receive the full benefit of the Recipient's Awards to the full extent not theretofore exercised, including any installments which have not yet become vested.

ARTICLE VIII DEFINITIONS

Capitalized terms used in this Plan and not otherwise defined shall have the meanings set forth below:

“Administering Body” means the Board as long as no Committee has been appointed and delegated authority by the Board and shall mean the Committee as long as the Committee is appointed and has been delegated authority and has not been disbanded by the Board.

“Affiliated Entity” means any Parent Corporation of the Company or Subsidiary Corporation of the Company.

“Annual Incentive Award” means a cash-based Performance Award with a performance period that is the Company's fiscal year or other 12-month (or shorter) performance period as specified under the terms of the Award as approved by the Board.

“Award” means any Stock Option, Performance Award, Restricted Stock, Stock Appreciation Right, Stock Payment, Stock Bonus, Stock Sale, Phantom Stock, Dividend Equivalent, or Other Stock-Based Benefit granted or sold to an Eligible Person under this Plan.

“Award Document” means the agreement or confirming memorandum setting forth the terms and conditions of an Award.

“Board” means the Board of Directors of the Company.

“Cause” means, as determined by the Company in its sole discretion and unless otherwise provided in the applicable Award Document: (i) the commission of any act by a Recipient constituting financial dishonesty against the Company or an Affiliated Entity (which act would be chargeable as a crime under applicable law); (ii) a Recipient's engaging in any other act of dishonesty, fraud, intentional misrepresentation, moral turpitude, illegality or harassment that would: (a) materially adversely affect the business or the reputation of the Company or an Affiliated Entity with their respective current or prospective customers, suppliers, lenders or other third parties with whom such entity does or might do business or (b) expose the Company or an Affiliated Entity to a risk of civil or criminal legal damages, liabilities or penalties; (iii) the repeated failure by a Recipient to follow the directives of the chief executive officer of the Company or an Affiliated Entity or the Board; or (iv) any material misconduct, violation of the Company's or an Affiliated Entity's policies or willful and deliberate non-performance of duty by the Recipient in connection with the business affairs of the Company or an Affiliated Entity. A Separation from Service for Cause shall be deemed to include a determination by the Company in its sole discretion following a Recipient's Separation from Service that circumstances existing prior to such Separation from Service would have entitled the Company or an Affiliated Entity to have terminated the Recipient's service for Cause. All rights a Recipient has or may have under this Plan shall be suspended automatically during the pendency of any investigation by the Company, or during any negotiations between the Company and the Recipient, regarding any actual or alleged act or omission by the Recipient of the type described in the applicable definition of Cause.

“Change in Control” means the following and shall be deemed to occur if any of the following events occur:

(a) Any Person (other than a Permitted Transferee) becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either the then outstanding shares of Common Stock or the combined voting power of the Company's then outstanding securities entitled to vote generally in the election of Board members; or

(b) Individuals who, as of the Restatement Date, constitute the Board of Directors of the Company (the **“Incumbent Board”**) cease for any reason to constitute at least a majority of the Board of Directors of the Company, *provided* that any individual who becomes a director after the Restatement Date whose election, or nomination for election by the Stockholders, is approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be

considered to be a member of the Incumbent Board unless that individual was nominated or elected by any Person having the power to exercise, through beneficial ownership, voting agreement and/or proxy, 20% or more of either the outstanding shares of Common Stock or the combined voting power of the Company's then outstanding voting securities entitled to vote generally in the election of directors, in which case that individual shall not be considered to be a member of the Incumbent Board unless such individual's election or nomination for election by the Stockholders is approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board; or

(c) Consummation by the Company of the sale or other disposition by the Company of all or substantially all of the Company's assets or a reorganization or merger or consolidation of the Company with any other person, entity or corporation, other than:

(i) a reorganization or merger or consolidation that would result in the voting securities of the Company outstanding immediately prior thereto (or, in the case of a reorganization or merger or consolidation that is preceded or accomplished by an acquisition or series of related acquisitions by any Person, by tender or exchange offer or otherwise, of voting securities representing 5% or more of the combined voting power of all securities of the Company, immediately prior to such acquisition or the first acquisition in such series of acquisitions) continuing to represent, either by remaining outstanding or by being converted into voting securities of another entity, more than 50% of the combined voting power of the voting securities of the Company or such other entity outstanding immediately after such reorganization or merger or consolidation (or series of related transactions involving such a reorganization or merger or consolidation); or

(ii) a reorganization or merger or consolidation effected to implement a recapitalization or reincorporation of the Company (or similar transaction) that does not result in a material change in beneficial ownership of the voting securities of the Company or its successor; or

(d) Approval by the Stockholders or any order by a court of competent jurisdiction of a plan of liquidation of the Company.

Notwithstanding the foregoing, if it is determined that an Award is subject to the requirements of Section 409A and payable upon a Change in Control, the Company will not be deemed to have undergone a Change in Control for purposes of this Plan unless the Company is deemed to have undergone a "change in control event" pursuant to the definition of such term in Section 409A.

"Commission" means the Securities and Exchange Commission.

"Common Stock" means the Class A common stock of the Company, as constituted on the Restatement Date, and as thereafter adjusted as a result of any one or more events requiring adjustment of outstanding Awards under [Section 3.4](#).

"Company" means Salem Media Group, Inc., a Delaware corporation.

"Committee" means the committee appointed by the Board to administer this Plan pursuant to [Section 4.1](#).

"Covered Employee" means a Recipient who is a "covered employee" within the meaning of Section 162(m) as qualified by [Section 6.2\(b\)](#).

"Dividend Equivalent" means a right granted by the Company under [Section 6.6](#) to a holder of a Stock Option, Stock Appreciation Right or other Award denominated in shares of Common Stock to receive from the Company during the Applicable Dividend Period payments equivalent to the amount of dividends payable to holders of the number of shares of Common Stock underlying such Stock Option, Stock Appreciation Right, or other Award.

"Effective Date" means May 10, 1999, which is the date this Plan was initially adopted by the Board.

"Eligible Person" means any director, officer, employee, consultant or advisor of the Company or of any Affiliated Entity.

"ERISA" means the Employee Retirement Income Security Act of 1974.

"Exchange Act" means the Securities Exchange Act of 1934.

"Expiration Date" means the 10th anniversary of the Restatement Date.

“Fair Market Value” of a share of the Company’s capital stock as of a particular date shall be (i) if the stock is listed on a national securities exchange (including for this purpose, the Nasdaq Global Market), the closing price of the stock quoted for such date as reported in the transactions index of such exchange, as published in *The Wall Street Journal* and determined by the Administering Body; or (ii) if the stock is not then listed on a national securities exchange, the average of the closing bid and asked prices per share for the stock in the over-the-counter market (in the case of (i) or (ii), subject to adjustment as and if necessary and appropriate to set an exercise price not less than 100% of the fair market value of the stock on the date an option is granted); or (iii) if the stock is not then listed on an exchange or quoted in the over-the-counter market, an amount determined in good faith by the Administering Body; *provided, however*, that when appropriate, the Administering Body, in determining Fair Market Value of capital stock of the Company, may take into account such other factors as it may deem appropriate under the circumstances. Notwithstanding the foregoing, the Fair Market Value of capital stock for purposes of grants of Stock Options and Stock Appreciation Rights shall be determined in compliance with applicable provisions of the IRC. The Fair Market Value of rights or property other than capital stock of the Company means the fair market value thereof as determined by the Administering Body on the basis of such factors as it may deem appropriate.

“Incentive Stock Option” means a Stock Option that qualifies as an incentive stock option under IRC Section 422.

“IRC” means the Internal Revenue Code of 1986.

“Non-Employee Director” means a director of the Company who qualifies as a “Non-Employee Director” under Rule 16b-3 under the Exchange Act.

“Nonqualified Stock Option” means a Stock Option that is not an Incentive Stock Option.

“Other Stock-Based Benefits” means an Award granted under Section 6.10.

“Parent Corporation” means any Parent Corporation as defined in IRC Section 424(e).

“Performance Award” means an Award made subject to the attainment of performance goals (as described in Section 6.2) over a performance period established by the Committee.

“Performance-Based Compensation” means “performance-based compensation” under Section 162(m).

“Permanent Disability” means that the Recipient becomes physically or mentally incapacitated or disabled so that the Recipient is unable to perform substantially the same services as the Recipient performed prior to incurring such incapacity or disability (the Company, at its option and expense, being entitled to retain a physician to confirm the existence of such incapacity or disability, and the determination of such physician to be binding upon the Company and the Recipient), and such incapacity or disability continues for a period of three consecutive months or six months in any 12-month period or such other period(s) as may be determined by the Administering Body with respect to any Award; *provided, however*, that for purposes of determining the period during which an Incentive Stock Option may be exercised pursuant to Section 6.1(e), Permanent Disability shall mean “permanent and total disability” as defined in IRC Section 22(e)(3).

“Permitted Transferee” means: (a) Edward G. Atsinger III, Stuart W. Epperson or Nancy A. Epperson; (b) the spouse, child or grandchild of any of the persons described in (a); (c) a revocable trust funded by any of the persons described in (a); or (d) a trust for the benefit of any of the persons described in (a) so long as one of the persons described in (a) is the trustee of such trust.

“Person” means any person, entity or group, within the meaning of Section 13(d) or 14(d) of the Exchange Act, but excluding (i) the Company and its subsidiaries, (ii) any employee stock ownership or other employee benefit plan maintained by the Company that is qualified under ERISA and (iii) an underwriter or underwriting syndicate that has acquired the Company’s securities solely in connection with a public offering thereof.

“Phantom Stock” means an Award granted under Section 6.9.

“Plan” means this Salem Media Group, Inc. 1999 Stock Incentive Plan of the Company (as amended and restated through May 8, 2019).

“Plan Term” means the period during which this Plan remains in effect (commencing the Effective Date and ending on the Expiration Date).

“Purchase Price” means the purchase price (if any) to be paid by a Recipient for Restricted Stock as determined by the Administering Body (which price shall be at least equal to the minimum price required under applicable laws and regulations for the issuance of Common Stock which is nontransferable and subject to a substantial risk of forfeiture until specific conditions are met).

“Recipient” means an Eligible Person who has received and holds an Award.

“Reorganization” means any merger, consolidation or other reorganization.

“Restatement Date” means May 8, 2019.

“Restricted Stock” means Common Stock that is the subject of an Award made under Section 6.3 and that is nontransferable and subject to a substantial risk of forfeiture until specific conditions are met, as set forth in this Plan and in any statement evidencing the grant of such Award.

“Rule 16b-3” means Rule 16b-3 under the Exchange Act.

“Section 162(m)” means IRC Section 162(m).

“Section 409A” means IRC Section 409A.

“Securities Act” means the Securities Act of 1933.

“Separation from Service” means the termination of the applicable Recipient’s employment with, and performance of services for (as a board member, independent contractor, consultant and otherwise), the Company and each Affiliated Entity. A Recipient employed by, or performing services for, an Affiliated Entity or a division of the Company or an Affiliated Entity shall not be deemed to incur a Separation from Service if such Affiliated Entity or division ceases to be an Affiliated Entity or division of the Company, as the case may be, and the Recipient immediately thereafter becomes an employee of (or service provider to), or member of the board of directors of, the Company or an Affiliated Entity or a successor company or an affiliate or subsidiary thereof. Approved temporary absences from employment because of illness, vacation or leave of absence and transfers among the Company and the Affiliated Entities shall not be considered Separations from Service. Notwithstanding the foregoing, with respect to any Award that constitutes nonqualified deferred compensation under Section 409A, “Separation from Service” shall mean a “separation from service” as defined under Section 409A.

“Significant Stockholder” is an individual who, at the time a Stock Option is granted to such individual under this Plan, owns more than 10% of the combined voting power of all classes of stock of the Company or of any Parent Corporation or Subsidiary Corporation (after application of the attribution rules set forth in IRC Section 424(d)).

“Stock Appreciation Right” means a right granted under Section 6.4 to receive a payment that is measured with reference to the amount by which the Fair Market Value of a specified number of shares of Common Stock appreciates from a specified date, such as the date of grant of the Stock Appreciation Right, to the date of exercise.

“Stock Bonus” means an issuance or delivery of unrestricted or restricted shares of Common Stock under Section 6.7 as a bonus for services rendered or for any other valid consideration under applicable law.

“Stock Option” means a right to purchase stock of the Company granted under Section 6.1.

“Stock Payment” means a payment in shares of the Company’s Common Stock to replace all or any portion of the compensation or other payment (other than base salary) that would otherwise become payable to the Recipient in cash.

“Stock Sale” means a sale of Common Stock to an Eligible Person under Section 6.8.

“Stockholders” means the stockholders of the Company.

“Subsidiary Corporation” means any Subsidiary Corporation as defined in IRC Section 424(f).

“Substitute Award” means any Award granted in assumption of or in substitution for an award of a company or business acquired by the Company or an Affiliated Entity or with which the Company or an Affiliated Entity combines.

May 14, 2019

Salem Media Group, Inc.
4880 Santa Rosa Road
Camarillo, CA 93012
Attn: Chief Executive Officer

Re: Registration Statement on Form S-8 Filed by Salem Media Group, Inc.

Dear Ladies and Gentlemen:

At your request, we have examined the form of registration statement on Form S-8 (the "Registration Statement") to be filed by Salem Media Group, Inc., a Delaware corporation (the "Company"), with the Securities and Exchange Commission (the "Commission") pursuant to the Securities Act of 1933, as amended (the "Act"), for the purpose of registering an additional 3,000,000 shares of Class A Common Stock, \$0.01 par value per share, of the Company (the "Shares"), that may be issued or delivered and sold pursuant to the Company's 1999 Stock Incentive Plan (as amended and restated through May 8, 2019) (the "Plan"). The Shares will be offered and sold pursuant to the Company's Registration Statement to be filed with the Commission. This opinion is being furnished in accordance with the requirements of Item 601(b)(5) of Regulation S-K under the Act, and no opinion is expressed herein as to any matter pertaining to the contents of the Registration Statement, other than as to the validity of the Shares as expressly set forth in, and subject to the assumptions and limitations of, this letter.

We have examined those matters of fact and questions of law we consider appropriate for purposes of this letter. In our examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, and the conformity to authentic original documents of all documents submitted to us as copies. We have also assumed that the Shares will be evidenced by appropriate certificates that have been properly executed and delivered. With your consent, we have relied upon the foregoing and upon certificates and other assurances of officers of the Company and others as to factual matters without having independently verified these factual matters.

This opinion is limited to the Delaware General Corporation Law ("DGCL"), including the statutory provisions of the DGCL, all applicable provisions of the Constitution of the State of Delaware and all reported judicial decisions interpreting these laws, and federal law, exclusive of state securities and blue sky laws, rules and regulations.

Subject to the foregoing, it is our opinion that the Shares have been duly authorized by all necessary corporate action of the Company, and, upon issuance of the Shares in accordance with the terms of the Plan, the terms of any agreements governing the grant of awards under the Plan, the Registration Statement, the terms of the Company's certificate of incorporation and bylaws, and applicable law, and delivery and payment therefor, the Shares will be validly issued, fully paid and nonassessable securities of the Company.

This opinion is for your benefit in connection with the Registration Statement and may be relied upon by you and by persons entitled to rely upon it pursuant to the applicable provisions of federal securities laws. We consent to your filing this opinion as an exhibit to the Registration Statement. In giving our consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission thereunder.

Respectfully Submitted,

/s/ Rutan & Tucker, LLP

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Registration Statement on Form S-8 of Salem Media Group, Inc. our report dated March 12, 2019 relating to the consolidated financial statements and effectiveness of internal control over financial reporting appearing in the Annual Report on Form 10-K of Salem Media Group, Inc. for the year ended December 31, 2018.

Crowe LLP

Sherman Oaks, California
May 14, 2019