

**Report of Organizational Actions  
 Affecting Basis of Securities**

▶ See separate instructions.

**Part I Reporting Issuer**

1 Issuer's name <b>SALEM MEDIA GROUP, INC</b>		2 Issuer's employer identification number (EIN) <b>77-0121400</b>	
3 Name of contact for additional information <b>David Lee</b>	4 Telephone No. of contact <b>805-389-7359</b>	5 Email address of contact <b>David.Lee@SalemMedia.com</b>	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact <b>4880 Santa Rosa Road #300</b>		7 City, town, or post office, state, and ZIP code of contact <b>Camarillo, CA 93012</b>	
8 Date of action <b>See below</b>		9 Classification and description <b>Cash distribution to common stock shareholders of Salem Media Group, Inc.</b>	
10 CUSIP number <b>794093104</b>	11 Serial number(s)	12 Ticker symbol <b>NASDAQ: SALM</b>	13 Account number(s)

**Part II Organizational Action** Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **In 2018, Salem Media Group, Inc. declared the following cash distributions per share for the common shareholders of record on specified dates below:**

Date of Record:	Amount Per Share:	Date Paid:
March 14, 2018	\$0.0650	March 28, 2018
June 15, 2018	\$0.0650	June 29, 2018
September 17, 2018	\$0.0650	September 28, 2018
December 7, 2018	\$0.0650	December 21, 2018

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **Based upon reasonable assumptions at this time, 100% of the distributions made by Salem Media Group, Inc. to it's shareholders in 2018 are expected to be non-dividend distributions, and should be treated as return of capital. A return of capital will reduce shareholders' basis under Internal Revenue Code Section 301(c)(2) in Salem Media Group, Inc. shares, and to the extent in excess of shareholders' basis in Salem Media Group, Inc. shares, will be taxed as capital gains pursuant to Internal Revenue Code Section 301(c)(3).**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **Based on Salem Media Group, Inc.'s current and accumulated earnings and profits in 2018, using reasonable assumptions, 100% of the distributions paid each quarter are expected to be non-dividend distribution and be treated as return of capital. A return of captial will reduce shareholders' basis under Internal Revenue Code Section 301(c)(2) in Salem Media Group, Inc. shares, and to the extent in excess of shareholders' basis in Salem Media Group, Inc share, will be taxed as capital gain pursuant to Internal Revenue Code Section 301(c)(3).**

**Part II Organizational Action** *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ►  
**Internal Revenue Code Section 301(c) and 316(a).**

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18 Can any resulting loss be recognized? ► N/A

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19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► Reportable tax year 2018

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<b>Sign Here</b>	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.			
	Signature ► <u><i>Evan Masyr</i></u>	Date ► <u>1/2/2019</u>		
<b>Paid Preparer Use Only</b>	Print your name ► <u>Evan Masyr</u>	Preparer's signature	Title ► <u>E.V.P., CFO</u>	Check <input type="checkbox"/> if self-employed
	Print/Type preparer's name		Date	PTIN
	Firm's name ►			Firm's EIN ►
	Firm's address ►			Phone no.