

CORPORATE GOVERNANCE PRINCIPLES

(Revised March 2017)

Salem Media Group, Inc. (“Salem” or the “Company”) has a long-standing commitment to maintaining the highest business ethics and standards, including its corporate governance practices. These practices provide an important framework within which the Board of Directors (“Board”) and management can pursue Salem’s strategic objectives to ensure that the long-term interests of Salem’s stockholders are being served and perform the duties and responsibilities assigned to the Board under Delaware law.

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

The following principles are important to ensuring achievement of the Board’s and management’s duty to serve Salem’s stockholders. These guidelines are to be considered only a part of a larger process that includes adherence to corporate policies (including the Company’s Code of Ethical Conduct and, as applicable, the Company’s Financial Code of Conduct), open communication between management and the Board and, above all else, the integrity and good judgment of all employees and directors.

Key Director Responsibilities

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

Each director is responsible for fulfilling his or her fiduciary duty to the Company and its stockholders in compliance with all applicable laws and regulations and in an ethical manner, which includes reviewing and approving significant corporate actions and major transactions. When appropriate and consistent with Delaware law, directors may also take into consideration the interests of other stakeholders, including employees and others who do business with Salem and who are impacted by Salem’s operations.

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

Selection and Composition of the Board

Board Membership

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

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

Management and Independent Directors

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

Board Compensation

Only non-employee directors receive compensation for serving on the Board. Such non-employee directors should be fairly and equally compensated for Board service, although (i) committee chairs may receive additional compensation, and (ii) committee service fees may vary by committee. The Compensation Committee will review and recommend to the Board the form and amount of director compensation for Board and committee service for non-employee directors.

Board Conflicts and Performance

Loans to Directors and Executive Officers

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

Executive Sessions of Independent Directors/The Presiding Director

The "outside" and independent directors will meet in executive session at least two (2) times each year or any greater number required by the NASDAQ Rules. The Chairman of the Governance Committee will call each such meeting and serve as the presiding

director at the executive sessions. The topics of discussion in executive sessions will include management performance and succession plans, and any other topics as the presiding director shall select (with input from the other “outside” and independent directors). The presiding director is responsible for advising the Chairman of decisions reached, and suggestions made, at these sessions.

Access to Outside Advisors

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

Assessing the Performance of the Board

The Governance Committee is responsible to report annually to the Board an assessment of the performance of the Board. The assessment will include a review of overall effectiveness of the Board’s contribution to serving the best interests of the Company and its stockholders and the areas in which the Board or management believes the Board can make an impact on Salem. The purpose of the evaluation is to increase the effectiveness of the Board as a whole, not to focus on the performance of individual Board members.

Ethics and Conflicts of Interest

All directors shall act ethically and with the highest level of integrity at all times (and in compliance with the Company’s Code of Ethical Conduct and, as applicable, the Company’s Financial Code of Conduct). No director shall derive personal profit or gain of any kind, directly or indirectly, by reason of his or her service as a Board member or by reason of access to Board members and/or senior management of Salem. Directors shall conduct their personal affairs in such a manner as to avoid any possible conflict of interest (both actual and apparent) with their duties and responsibilities as directors. The Governance Committee is responsible for reviewing and approving all material transactions between Salem and its related parties, including transactions between Salem and any director or company controlled by such director, and will, in its review, take into account, among other factors it deems appropriate, whether any transaction is on terms no less favorable to the Company than terms generally available in a transaction with an unaffiliated third-party under the same or similar circumstances and the extent of the related party’s interest in the transaction. The Governance Committee also will review corporate opportunities and make recommendations with respect thereto for consideration of the Board. If an actual or potential conflict of interest arises for a director, the director shall promptly inform the Chairman and the presiding director. All directors will recuse themselves from any discussion or decision affecting their business or personal interests.

The Governance Committee may also disapprove of a previously entered into material transaction between Salem and a related party and may require that management of the Company take all reasonable efforts to terminate, unwind, cancel or annul that transaction.

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

The Board believes that as a general matter management speaks for the Company. Individual non-employee members of the Board may meet or otherwise communicate

with various constituencies that are involved with the Company; however, directors should not speak with the media about the Company without prior approval from the Board. If comments from the Board are appropriate, they should, in most circumstances, come from the Chairman of the Board.

Relationship Between the Board and Senior Management

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

Committee Matters

The current three committees of the Board are: Audit, Compensation and Nominating and Corporate Governance (“Governance”). The Audit, Compensation and Governance Committees each consist solely of independent directors. Committee membership on all the committees will consist only of qualified directors. The Board will assure that each Committee has a charter setting forth the purpose, authority and duties of each Committee. On an annual basis, each Committee will review its charter and, if appropriate, modify it. Each Committee will perform an annual evaluation of its performance, including a review of its compliance with its charter. The purpose of such review is to increase the effectiveness of the Committee as a whole, not to focus on the performance of individual committee members.

Succession Planning

The Governance Committee should monitor issues associated with succession of the Company’s senior management and management development and annually report to the Board on such issues. Such report should include issues associated with the preparedness for the possibility of an emergency situation involving senior management, the long-term growth and development of senior management and identification of potential successors to senior management.