SALEM MEDIA GROUP, INC

Cash distribution to common stock shareholders of Salem Media Group, Inc.

Based upon reasonable assumptions at this time, 100% of the distributions made by Salem Media Group, Inc. to its shareholders in 2020 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).

Based on Salem Media Group, Inc.’s current and accumulated earnings and profits in 2020, 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 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 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).

18 Can any resulting loss be recognized? ▶

N/A

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

Reportable tax year 2020

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 ▶

Date ▶

Print your name ▶

Title ▶

Print/Type preparer’s name | Preparer’s signature | Date | Check □ if self-employed | PTIN
---|---|---|---|---
Firm’s name ▶ | | | | Firm’s EIN ▶
Firm’s address ▶ | | | | Phone no.

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054