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FOR IMMEDIATE RELEASE

SALON REPORTS THIRD QUARTER FISCAL 2002 RESULTS

REVENUES INCREASE 99% FROM THE SEPTEMBER 2001 QUARTER

PAID SUBSCRIPTIONS ACCOUNTING FOR 31% OF SALES

NET LOSS IMPROVES 75% FROM $5.6 MILLION LAST YEAR TO $1.4 MILLION

SAN FRANCISCO, Calif. --- January 28, 2001 --- Salon Media Group, Inc. (Nasdaq:SALNC), an internet media company, reported that third quarter fiscal 2002 revenues for the quarter ended December 31, 2001 were $1.1 million, a 99 percent increase from the September 2001 quarter, but down 50 percent from the comparable quarter last year. Net loss attributable to common stockholders for the quarter was $1.4 million or $0.10 per share this quarter compared to $5.6 million or $0.43 per share in the same quarter last year, a 75 percent improvement. Last year's amounts included a $1.7 million charge related to the write-down of long-lived assets.

On a pro forma basis (excluding amortization of intangibles, depreciation, non-cash advertising, stock-based compensation and the write-down of long-lived assets), Salon lost $0.8 million or $0.06 per share during the quarter, down from $3.2 million or $0.24 per share in the same period last year, a 74 percent improvement. Financial results for the current quarter reflect a continuing industry-wide sluggishness in advertising revenue.

COMPARABLE REVENUES

(Thousands)	3rd QTR Fiscal 2002	3rd QTR Fiscal 2001	2nd QTR Fiscal 2002	% Decrease 3Q02 vs 3Q01	% Decrease 3Q02 vs 2Q02
Revenue	$1,128	$2,270	$567	-50%	+99%

"During the December quarter, we were able to restore our revenue momentum and continue cutting losses toward our goal of profitability in the near future," said Michael O'Donnell, Salon's CEO and President. "We showed a sequential sales increase of 99 percent from the September 2001 quarter as customers gained renewed confidence in our business following our positive financing news and we're seeing new orders and requests for proposals to advertise with us."

Salon added several first-time advertisers during the December quarter, including Absolut, Nextel, Universal Studios, Ford Thunderbird and American Express. Salon successfully launched two new advertising units during the December 2001 quarter; the "Home Page Roadblock" where advertisers are given exclusivity on Salon's gateway destination, www.salon.com, and a new full page "Superstitial" which provides advertisers an enlarged pop-up window that activates in-between content pages.

"We're also executing on a more balanced business model, combining advertising sales with paid subscriptions (which represented 31 percent of Salon's third quarter fiscal year 2002 sales). While we believe strongly that the online advertising business will be lucrative over the long term, we're proving that people are willing to pay for quality content in a subscription model, whether it's featured on a web site, newspaper, magazine, or cable channel," said O'Donnell.

Salon continues to improve its paid subscription services that include Salon Premium, Table Talk and The Well, and as of January 22, 2002 surpassed 35,000 paid subscribers, adding over 12,000 new subscribers during the December quarter alone. This represents over a 100 percent increase over the September 2001 quarter.

ESTIMATED CIRCULATION

	December 2001	December 2000	September 2001	% Increase 12/01 vs 12/00	% Increase 12/01 vs 9/01
Unique Users (month)	3,800,000	2,700,000	3,800,000	41%	0%
Quarterly Page Views	121,000,000	140,000,000	127,000,000	-14%	-5%

Available cash at December 31, 2001 was $2.1 million compared to $2.9 million at September 30, 2001, a decrease of only $0.8 million as Salon continues to utilize its cash judiciously as it nears cash flow profitability.

“With our award-winning brand, loyal audience, strong customer base and growing subscription revenues, we believe we have the right business plan and financial resources to achieve cash flow profitability in 2002 and continue to be one of the leading new media destinations,” said O’Donnell.

Note: In November 2001, the Emerging Issues Task Force (EITF) reached a consensus on Issue 1(a) of EITF Issue 00-18, “Accounting Recognition for Certain Transactions Involving Equity Instruments Granted to Other Than Employees” that an asset acquired in exchange for the issuance of fully vested, non-forfeitable equity instruments should be displayed in the balance sheet of the grantor as an asset rather than as a reduction of stockholders’ equity. While no specific transition guidance was provided in connection with this consensus, Salon has adopted this consensus effective immediately and such adoption resulted in reclassifying prepaid advertising rights received from a stockholder in exchange for common stock as a non-current asset as of December 31, 2001. The March 31, 2001 balance sheet has been reclassified to conform with this presentation. The impact of this reclassification was to increase total assets by $6.5 million and $7.1 million at December 31, 2001 and March 31, 2001 respectively, and to increase total stockholders’ equity and total liabilities and stockholders’ equity by similar amounts at the same dates.

About Salon: Founded in 1995, Salon is a leading Internet media company that produces ten award-winning, original content sites; and hosts two subscription communities - Table Talk and The WELL. Companies which have advertised recently on Salon include Lexus, Ford, Intel, Motorola, Verizon, Microsoft, Universal Studios, 20th Century Fox, PBS, Discover Card, and Gillette. Salon offers a variety of advertising opportunities, which can include Message Board interactive ad units, roadblocks, full page “Superstitials,” banners, sponsorships, site headline feeds, e-commerce “buy” buttons, contextual “smart” links and off-line promotions.

"Safe Harbor" Statement under the U.S. Private Securities Litigation Reform Act of 1995: This press release, including the statements by Michael O'Donnell, contains certain "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and are naturally subject to uncertainty and changes in circumstances. Actual results may vary materially from the expectations contained herein. The forward-looking statements contained herein include statements about future financial and operating results of Salon. Factors that could cause actual results to differ materially from those described herein include: the economic environment of the media industry; the difficulty in securing on-line advertising; growth in subscription revenue programs; uncertain revenue sources and the general economic environment. More detailed information about these factors is set forth in the reports filed by Salon with the Securities and Exchange Commission. Salon is under no obligation to (and expressly disclaims any such obligation to) update or alter its forward-looking statements, whether as a result of new information, future events or otherwise.

Note: Salon is a registered trademark of Salon Media Group, Inc. All other company and product names mentioned are trademarks of their respective owners.

SALON MEDIA GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(Unaudited)

	Three Months Ended December 31, 2001	Three Months Ended December 31, 2000	Nine Months Ended December 31, 2001	Nine Months Ended December 31, 2000
Net revenues	$ 1,128	$ 2,270	$ 2,668	$ 6,226
Operating expenses:				
Production and content	1,157	2,500	3,948	7,658
Sales and marketing	585	1,956	2,106	6,110
Research and development	162	501	538	1,331
General and administrative	417	961	1,601	2,512
Amortization of intangibles	121	265	355	944
Write-down of long-lived assets	-	1,717	782	1,717
Total operating expenses	2,442	7,900	9,330	20,272
Loss from operations	(1,314)	(5,630)	(6,662)	(14,046)
Other income (expense), net	5	25	15	417
Net loss	(1,309)	(5,605)	(6,647)	(13,629)
Preferred deemed dividend	-	-	(3,189)	-
Cumulative cash dividend on preferred stock	(65)	-	(97)	-
Net loss attributable to common stockholders	$ (1,374)	$ (5,605)	$ (9,933)	$ (13,629)
Basic and diluted net loss per share attributable to common stockholders	$ (0.10)	$ (0.43)	$ (0.73)	$ (1.06)
Weighted average shares used in computing basic and diluted net loss per share attributable to common stockholders	13,585	13,051	13,535	12,907

SALON MEDIA GROUP, INC.

PROFORMA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)

(Unaudited)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2001	**2000**	**2001**	**2000**
Net loss attributable to common stockholders	$ (1,374)	$ (5,605)	$ (9,933)	$ (13,629)
Less:				
Amortization of intangibles	121	265	355	944
Depreciation	172	222	553	641
Non-cash advertising	202	202	606	607
Stock-based compensation	59	13	152	137
Write-down long-lived assets	-	1,717	782	1,717
Preferred deemed dividend	-	-	3,189	-
Write-off long term note receivable	-	-	236	-
Pro forma net loss attributable to common stockholders	$ (820)	$ (3,186)	$ (4,060)	$ (9,583)
Basic and diluted pro forma net loss per share attributable to common stockholders	$ (0.06)	$ (0.24)	$ (0.30)	$ (0.74)
Weighted average shares used in computing basic and diluted pro forma net loss per share attributable to common stockholders	13,585	13,051	13,535	12,907

SALON MEDIA GROUP, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share amounts, unaudited)

	December 31, 2001	March 31, 2001
Assets		
Current assets:		
Cash and cash equivalents	$ 2,080	$ 3,047
Accounts receivable, net	457	474
Prepaid expenses, and other current assets	226	201
Total current assets	2,763	3,722
Property and equipment, net	1,487	2,731
Intangible assets, net	1,040	1,395
Prepaid advertising rights	6,469	7,075
Other assets	798	1,375
Total assets	$ 12,557	$ 16,298
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 2,165	$ 2,720
Deferred revenue	678	223
Total current liabilities	2,843	2,943
Long-term liabilities	173	478
Total liabilities	3,016	3,421
Stockholders' equity:		
Common stock	14	14
Preferred stock	-	-
Additional paid-in-capital	84,871	78,404
Unearned compensation	(101)	(231)
Accumulated deficit	(75,243)	(65,310)
Total stockholders' equity	9,541	12,877
Total liabilities and stockholders' equity	$ 12,557	$ 16,298