



## **InfoSpace Reports Record Third Quarter Results; Pro Forma Net Income of \$0.03 Per Share and Revenues of \$57.7 Million Significantly Exceeded Expectations**

BELLEVUE, Wash.--(BUSINESS WIRE)--Oct. 25, 2000--InfoSpace (Nasdaq:INSP), a leading global provider of cross-platform merchant and consumer infrastructure services on wireless, broadband, and narrowband platforms, today announced operating results for the quarter ended September 30, 2000. Financial results reflect the Go2Net merger that closed on October 12, 2000, which was accounted for as a pooling of interests.

Financial highlights for the quarter:

- Revenues grew to \$57.7 million, an increase of 189% over the year-ago period
- Pro forma net profits increased to approximately \$9.5 million
- Generated positive cash flow from operations -- Committed revenue backlog increased to more than \$130 million for the next four quarters
- Strong balance sheet, with more than \$425 million in cash, cash equivalents and commercial paper, an additional \$145 million in equity securities, with no short- or long-term debt

Revenues for the quarter ended September 30, 2000 were \$57,695,129, representing an increase of 189% from the comparable quarter for the previous year. Gross margins as a percentage of revenue increased to 82% for the quarter ended September 30, 2000, as compared to 81% for the comparable period of the previous year. For the quarter, the company reported pro forma net income of \$9,474,372, or \$0.03 per share. This compares to pro forma net income of \$2,965,987 or \$.01 per share, for the comparable quarter of the previous year.

"This was an excellent quarter for InfoSpace, as we continued to build upon our market leadership in the globally-expanding wireless sector," said Arun Sarin, InfoSpace CEO. "InfoSpace is better positioned than ever to leverage four parallel areas with massive promise: Wireless, merchant, broadband, and wireline consumer services. As the industry's first true cross-platform infrastructure technology and services provider, we're also very pleased to have completed our integration with Go2Net, strengthening InfoSpace's core infrastructure technologies and services assets, while adding considerable depth to our management team."

"During the recently completed quarter, we made significant progress across all of our key operating metrics," added Russell C. Horowitz, InfoSpace president. "We're pleased to report significantly increasing pro forma operating profits, with a diversified and growing base of revenues contributing to our profile. As InfoSpace continues to aggressively expand to leverage the many opportunities in front of us, we will maintain high standards of fiscal discipline, to ensure that all of our activities are contributing to the success of our business and to the creation of sustainable shareholder value."

During the quarter, InfoSpace launched or announced strategic alliances to provide its wireless technology platform and integrated suite of services to many of the industry's best-known national and global brands, including Verizon, ALLTEL, Cingular Wireless (and all of its affiliates nationwide, including Pacific Bell Wireless, Nevada Bell Wireless, Ameritech, Cellular One, Southwestern Bell and SNET), and Virgin Mobile, expanding InfoSpace's global wireless network to include more than 20 of the world's leading carriers.

In wireline consumer services, InfoSpace's reach has grown to more than 92 percent of Internet users through the company's affiliate network, which extends to more than 3,200 Web sites, including AOL, Microsoft, Lycos, Disney's GO Network, and NBC's Snap. Meanwhile, in merchant services, InfoSpace's commerce platforms enabled more than \$340 million in merchant transactions during the quarter, and the company expanded its network of member merchants to approximately 1.9 million.

About InfoSpace, Inc.

InfoSpace is a leading global provider of cross-platform merchant and consumer infrastructure services on wireless,

broadband, and narrowband platforms. The company provides commerce, information, and communication infrastructure services to wireless devices, merchants, and Web sites. InfoSpace's affiliates encompass a global network of wireless, PC, and non-PC devices, including cellular phones, pagers, screen telephones, television set-top boxes, online kiosks and personal digital assistants. These include relationships with AT&T Wireless, Intel, Ericsson, Nokia, Mitsui, Acer America, Hasbro, National Discount Brokers, and Bloomberg LLC. InfoSpace's affiliate network also consists of more 3,200 Web sites that include AOL, Microsoft, Disney's GO Network, NBC's Snap, Lycos, DoubleClick and ABC LocalNet, among others. InfoSpace is also positioned to tap the market for broadband wired (DSL and cable) and broadband wireless (2.5G and 3G) services, such as interactive gaming, television and other entertainment services. In addition, the company recently added full back end payment processing to InfoSpace's existing commerce services, allowing InfoSpace to offer everything a merchant needs to conduct the entire lifecycle of a transaction, one of the key drivers of mobile commerce adoption.

This release contains forward-looking statements relating to the development of the company's products and services and future operating results that are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. The words "believe," "expect," "intend," "anticipate," variations of such words, and similar expressions identify forward-looking statements, but their absence does not mean that the statement is not forward-looking. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict. Factors that could affect the Company's actual results include the progress and costs of the development of our products and services and the timing of market acceptance of those products and services. A more detailed description of certain factors that could affect actual results include, but are not limited to, those discussed in InfoSpace's Annual Report on Form 10-K, in the section entitled "Factors Affecting InfoSpace's Operating Results, Business Prospects and Market Price of Stock Risk Factors." Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this release. InfoSpace undertakes no obligation to update publicly any forward-looking statements to reflect new information, events or circumstances after the date of this release or to reflect the occurrence of unanticipated events.

InfoSpace, Inc.

Pro Forma Consolidated Statements of Operations (A)  
(unaudited)

	Three months ended September 30, 2000		September 30, 1999	
Revenues	\$57,695,129	\$19,946,365	\$142,788,889	\$42,188,368
Cost of revenues	10,356,077	3,785,470	24,562,780	8,826,423
Gross profit	47,339,052	16,160,895	118,226,109	33,361,945
Operating expenses:				
Product development	10,039,061	3,734,738	24,047,149	10,240,882
Sales, general and administrative	34,278,149	17,180,557	86,079,717	41,368,812
Total operating expenses	44,317,210	20,915,295	110,126,866	51,609,694
Income (loss) from operations	3,021,842	(4,754,400)	8,099,243	(18,247,749)
Other income, net	5,574,069	6,986,992	20,007,450	14,647,661
Income tax benefit (expense)	878,461	733,395	(933,728)	714,862
Cumulative effect of				

change in accounting principle	--	--	(719,216)	--
Pro forma income (loss)	\$9,474,372	\$2,965,987	\$26,453,749	\$(2,885,226)
Pro forma basic income (loss) per share	\$0.03	\$0.01	\$0.09	\$(0.01)
Pro forma diluted income (loss) per share	\$0.03	\$0.01	\$0.08	\$(0.01)
Shares used in computing pro forma basic income (loss) per share	291,335,813	253,640,130	283,914,204	242,157,208
Shares used in computing pro forma diluted income (loss) per share	341,417,327	316,042,916	341,189,817	297,095,051

(1) Pro forma results exclude non-cash charges, non-recurring charges and items unrelated to the Company's core operations. This financial statement excludes amortization of intangibles, acquisition-related expenses, other non-recurring charges, restructuring charges, preferred stock dividend, realized gains/losses on investments in the Venture Capital Fund and minority interest in the VC fund, which are summarized in the following table. This financial statement also excludes employer payroll taxes assessed on stock option gains realized by employees from non-qualified stock option exercises which are recorded in cost of revenue, product development and sales, general and administrative expenses. They do not purport to be financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP). The following table reconciles the pro forma net income in accordance with GAAP for the periods presented.

InfoSpace, Inc.  
Reconciliation of Pro Forma Net Income  
(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2000	1999	2000	1999
Pro forma net income (loss)	\$9,474,372	\$2,965,987	\$26,453,749	\$(2,885,226)
Employer payroll taxes on stock option exercises	(251,116)	(300,537)	(3,593,029)	(616,984)
Amortization of intangibles	(47,095,853)	(17,706,080)	(115,064,338)	(21,050,783)

Acquisition & other related charges	(7,608,779)	(959,889)	(94,208,188)	(6,119,043)
Other - non-recurring charges	--	(650,000)	(2,887,609)	(859,500)
Restructuring charges	--	--	(2,171,462)	--
Preferred stock dividend	--	--	--	(159,930,733)
Unrealized gain (loss) on investments held in VC Fund	(5,371,549)	--	9,778,806	--
Minority interest in VC Fund	2,154,087	--	(4,243,945)	--
Net loss	\$(48,698,838)	\$(16,650,519)	\$(185,936,016)	\$(191,462,269)

InfoSpace, Inc.  
Consolidated Statements of Operations  
(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2000	1999	2000	1999
Revenues	\$57,695,129	\$19,946,365	\$142,788,889	\$42,188,368
Cost of revenues	10,363,743	3,795,302	24,604,777	8,842,886
Gross Profit	47,331,386	16,151,063	118,184,112	33,345,482
Operating expenses:				
Product development	10,152,298	3,891,712	25,490,303	10,462,984
Sales, general and administrative	34,408,362	17,314,288	88,187,595	41,747,231
Amortization of intangibles	47,095,853	17,706,080	115,064,338	21,050,783
Acquisition & other related charges	7,608,779	959,889	94,208,188	6,119,043
Other - non-recurring charges	--	650,000	2,887,609	859,500
Total operating expenses	99,265,292	40,521,969	325,838,033	80,239,541
Loss from operations	(51,933,906)	(24,370,906)	(207,653,921)	(46,894,059)

Unrealized gain (loss) on investments held in VC Fund	(5,371,549)	--	9,778,806	--
Minority interest in VC Fund	2,154,087	--	(4,243,945)	--
Restructuring charges	--	--	(2,171,462)	--
Other income, net	5,574,069	6,986,992	20,007,450	14,647,661

Loss from operations before income tax expense, preferred stock dividend and cumulative effect of change in accounting principle (49,577,299) (17,383,914) (184,283,072) (32,246,398)

Preferred stock dividend	--	--	--	159,930,733
Income tax expense (benefit)	(878,461)	(733,395)	933,728	(714,862)

Loss from operations before cumulative effect of change in accounting principle (48,698,838) (16,650,519) (185,216,800) (191,462,269)

Cumulative effect of change in accounting principle	--	--	(719,216)	--
---	----	----	-----------	----

Net loss \$(48,698,838) \$(16,650,519) \$(185,936,016) \$(191,462,269)

Basic loss per share \$(0.17) \$(0.07) \$(0.65) \$(0.79)

Shares used in computing basic net loss per share 291,335,813 253,640,130 283,914,204 242,157,208

InfoSpace, Inc.  
Condensed Consolidated Balance Sheets  
(unaudited)

September 30,      December 31,  
2000                      1999

ASSETS

Current assets:

Cash and cash equivalents \$55,819,433 \$104,349,565

Short-term investments	306,848,738	295,311,142
Accounts receivable, net	26,998,891	13,551,478
Notes and other receivables(a)	24,863,171	15,189,986
Deferred tax asset	8,948,977	4,852,985
Prepaid expenses and other current assets	17,607,257	14,161,782
Total current assets	441,086,467	447,416,938
Property and equipment, net	47,569,408	11,878,406
Long-term investments	63,095,728	116,076,569
Other investments	145,342,442	109,189,809
Intangibles, net	692,938,160	272,823,930
Other long-term assets	4,540,664	2,046,405
Total assets	\$1,394,572,869	\$959,432,057
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$7,391,749	\$3,688,750
Accrued expenses and other current liabilities	17,095,792	23,481,121
Deferred revenue	29,069,207	10,697,592
Total current liabilities	53,556,748	37,867,463
Long-term liabilities and minority interest:		
Deferred revenue	6,273,121	479,355
Long-term debt	--	685,762
Deferred tax liability	14,830,094	40,726,280
Minority interest - VC Fund	22,901,939	--
Total long-term liabilities and minority interest	44,005,154	41,891,397
Stockholders' equity:		
Common stock	30,941	28,341
Additional paid-in capital	1,600,821,583	959,491,801
Accumulated deficit	(312,154,625)	(126,273,816)
Comprehensive income	12,191,255	50,256,174
Deferred expense - warrants	(1,699,382)	(2,311,159)
Unearned compensation - stock options	(2,178,805)	(1,518,144)
Total liabilities and stockholders' equity	\$1,394,572,869	\$959,432,057

(a) Notes and other receivables is primarily comprised of the following: \$6.2 million of interest receivable, \$1 million of fully secured loans to key employees, \$10 million fully secured note to a former officer of the company which is due 12/01, \$5 million advance to a company that InfoSpace has signed a definitive agreement to acquire which is expected to close in the fourth quarter of 2000.

Contacts  
InfoSpace, Inc.  
Adam Whinston, 425/201-8946  
adam.whinston@infospace.com