



## **InfoSpace Reports Record Second Quarter Results and Announces Plans to Acquire Leading Broadband Infrastructure Company Go2Net**

BELLEVUE, Wash.--(BUSINESS WIRE)--July 26, 2000--InfoSpace, Inc. (Nasdaq: INSP), a leading global provider of infrastructure services for wireless devices, merchants and Web sites, today announced second quarter results.

Financial highlights:

- Revenues grow three-fold to \$24.6 million
- Committed revenue backlog increases to \$98 million for the next four quarters
- Transaction, subscription and commerce represent 90% of total revenues
- Early indications for wireless Internet subscriber growth rates exceeding all expectations
- 88% wireless carrier market share in the United States
- Creating the first global infrastructure company that delivers the services that are fundamentally changing how people around the world communicate, access information, conduct commerce and manage their lives across rapidly converging media platforms such as wireless, DSL and broadband

InfoSpace announced revenues soared to \$24.6 million due to strong growth in its wireless, merchant and consumer areas with wireless revenues growing more than 100%. This is a 252% increase from revenues of \$6.98 million in the comparable quarter of 1999. Pro forma net loss for the quarter was \$3.3 million or a loss of (\$0.01) per share compared to a pro forma net loss of (\$0.02) per share for the same period last year.

This transaction brings together two infrastructure leaders whose services enable their partners to create a unified experience for consumers to conduct commerce, access information, communicate and manage their lives across all platforms and provides the applications and technologies to take merchants through the entire lifecycle of commerce on any device.

"Today marks another historic milestone in the history of the rapid evolution of InfoSpace," said Arun Sarin, CEO, InfoSpace. "InfoSpace turns in another record quarter of rapid growth and announces the merging of two powerful entities to create the premier global company delivering the services that are fundamentally changing how people around the world communicate, access information, conduct commerce and manage their lives across rapidly converging media platforms such as wireless, DSL and broadband."

### **Wireless Services**

Wireless continues to be the biggest opportunity and fastest growing area for InfoSpace. Today, there are more than 400 million wireless subscribers worldwide and that number is projected to grow 30-40% each year. Nokia and Ericsson have both projected that there will be one billion cellular phones worldwide by 2003. Jupiter predicts that by the same year, more people will access the Internet on wireless devices than on PCs.

InfoSpace continues to be the platform of choice for more than 20 wireless carriers worldwide. In the United States, InfoSpace has access to 88% of wireless subscribers today through its relationships that include 4 of the top 5 carriers: Verizon, AT&T, SBC and ALLTEL.

Most recently, InfoSpace announced that SBC, the second largest carrier in the U.S. with more than 17 million subscribers, selected its platform for the national roll-out of its mobile Internet services. SBC Wireless' new mobile Internet services will be widely available to customers in the fourth quarter of this year, and will be available across six SBC Wireless brands: Southwestern Bell Wireless, Ameritech Cellular, Pacific Bell Wireless, Nevada Bell Wireless, Cellular One and SNET.

In June, InfoSpace signed and launched ALLTEL Wireless, one of the top 5 carriers in the U.S. with close to 6 million

subscribers, providing the solution for ALLTEL's national wireless Internet initiative. Wireless users will receive tightly integrated services such as m-commerce, or wireless shopping, location-based services, personal information manager (PIM) applications such as address book and calendar and communication services such as messaging directly on their cellular phones.

In May, InfoSpace signed and launched VoiceStream Wireless to its more than 2.29 million subscribers. InfoSpace is providing the solution for VoiceStream's wireless Internet services and their 'personal portal' called MyVoiceStream.com. Using InfoSpace's unique wireless Internet platform, the portal is customized to VoiceStream's needs and allows their customers to choose personalized, specific information and be able to conduct commerce all from their wireless phone. The branding of MyVoiceStream.com is controlled completely by VoiceStream.

InfoSpace is also experiencing rapid adoption of its mobile commerce solution. Most recently, InfoSpace announced that AT&T Wireless will be the first to launch its mobile commerce solution enabling subscribers to electronically receive promotions from online and offline merchants on their cellular phones that can be used online or offline at a physical store. AT&T, in conjunction with InfoSpace, is leading the way in the world of mobile commerce by being the first to provide their users with unique and valuable new commerce services such as promotions, while helping facilitate transactions that will result in new commerce revenue streams.

InfoSpace continues to aggressively expand its footprint in Europe, Asia and South America. In May, the Company announced its entry into the Latin American market with access today to all Brazilian carriers representing more than 16 million wireless subscribers. Through an agreement with Telesystem International Wireless (TIW), InfoSpace's platform of integrated wireless Internet services will be exclusively offered to all Brazilian cellular operators and Internet Service Providers enabling them to deliver comprehensive and personalized wireless Internet services to their subscribers on their mobile devices.

To date, InfoSpace has successfully deployed the platform of services for nine carriers including:

- Verizon
- AT&T
- ALLTEL
- VoiceStream
- AirTouch
- GTE
- Austrian carrier ONE
- Vodafone Australia
- QWest (formerly US West)

InfoSpace continues to innovate and develop new products and services as part of its integrated platform. Most recently, InfoSpace announced its plans to launch two new services that will make it easy for subscribers to manage their personal accounts from any device including the ability to consolidate, access and manage e-mail accounts from providers such as Yahoo! Mail, AOL Mail, Microsoft Hotmail and any corporate POP3 e-mail account using one universal ID and password. The new service will not only give mobile device users the freedom to communicate and be productive anytime anywhere with a single click of a button, but will also allow them to access and manage multiple business and personal e-mail accounts in one place at one time.

In addition, InfoSpace announced its plans to launch a new mobile banking service to enable the management of multiple financial accounts from one place on cellular phones and PDA's. From any device, users will have access to a consolidated view of all their personal financial information from multiple institutions -- such as bank accounts, bills, credit cards, investments and loans -- in one place, using one secure ID and password.

These new services will be integrated into InfoSpace's comprehensive wireless Internet platform that offers tightly integrated suite of services across any device, any platform and any standard. These services include:

- Commerce services such as making an instant purchase with a single click, the electronic delivery of promotions that can be used online or offline and the ability to search for products using standards-based codes, including bar codes.
- Communication services such as device-independent e-mail and instant messaging.
- Productivity applications such as address book, calendar and 'to do' lists.
- Personal account management such as e-mail and account aggregation.
- Transaction services such as transferring funds from one account to another.
- Location-based services such as finding the nearest ATM or restaurant.
- Information services such as business finder, movie listings, directories, stock quotes.

-- Real-time alerts such as traffic reports, auction bids and stock alerts.

-- Security services such as personal authentication for secure transactions.

InfoSpace's platform offers innovative and unique services that are helping to turn every mobile device into a true transaction device. This includes the ability to make instant purchases with a single click from virtually any Web site. This patent-pending server-based technology automatically fills in Web site payment forms, eliminating the need to enter in payment or shipping information, register at sites or enter any site-specific passwords from the device.

InfoSpace also enables mobile users to find and receive promotions on wireless devices from retailers and service-based merchants, such as dry cleaners and restaurants, that can be used online and offline. To take advantage of the promotion, the user can purchase the goods online, through a catalog, go to the retail store or simply utilize the service. Using this technology, promotions are seamlessly matched and automatically credited to the user's credit card statement through secure back-end transaction processing.

InfoSpace also offers a new mobile commerce service that allows wireless shoppers or the traditional store shopper to enter anything that is known about an item- such as model number, part number, barcode, international standard book number (ISBN), product name or even scan in a UPC code -- to uniquely and most accurately locate a product, comparison shop and purchase "when they want, where they want and how they want" with a single click via cellular phones, land-line telephones, CE or palm devices, two-way pagers and standard browsers.

InfoSpace has also announced that OmniSky has selected its platform to launch next generation mobile services for PDAs. Palm Pilot users who purchase a wireless modem and service from OmniSky will now have the ability to access a wide range of new services that will change the way they shop, communicate, access information and otherwise manage their lives.

#### Merchant Services

InfoSpace continues to make significant progress in executing its strategy to provide the most integrated and comprehensive merchant platform that is merging the online and offline world of commerce and creating the largest network connecting merchants and consumers.

The local commerce opportunity is huge. According to the Kelsey Group, \$3.7 trillion is transacted through the 10 million local merchants in the United States alone. These merchants spend at least \$200 billion annually on promotions and Web-related activities.

InfoSpace's merchant network is built through partnerships with all of the regional bell operating companies (RBOCs) that are subsidiaries of Qwest, BellSouth, SBC and Verizon, merchant banks such as American Express and Bank of America and other local media networks such as newspapers, television stations and radio stations.

InfoSpace's national and local merchant network now consists of more than 600,000 local and national merchants, up more than 50% from the 400,000 merchants reported last quarter.

InfoSpace's merchant services enable local merchants to reach consumers wherever they may be whether that shopping on mobile devices, at home on their PC or soon, in front of their television. InfoSpace offers several unique services, such as the delivery of electronic promotions that can be used online or offline in a physical store, making an instant purchase with a single click and the ability to buy multiple products from multiple merchants with a single universal shopping cart.

Using InfoSpace's services, local merchants are able to promote their products and services across InfoSpace's extensive affiliate network of more than 3,100 Web sites including AOL and MSN, and more than 20 wireless carrier partners including Verizon Wireless and AT&T Wireless creating the broadest reach to consumers available today.

#### Consumer Services

Momentum continues to be strong for InfoSpace's consumer services. During the quarter, the Company announced several new and expanded agreements.

InfoSpace announced its first entry into the Chinese market through an agreement with Unicom Media, a division of China Unicom, one of China's largest telecommunications companies, to provide the full platform of infrastructure services that is the solution for their Internet initiatives throughout China.

With the addition of new partners such as Unicom Media, InfoSpace's affiliate network has grown from 3,000 to 3,100 portals and affinity Web sites, including 4 of the top 5 most trafficked sites on the Internet.

In addition, InfoSpace continues to expand key agreements with partners, such as Lycos for their classifieds solution and Disney's GO Network for their commerce services, becoming an increasingly integral part of these portals business.

InfoSpace's extensive affiliate network gives it an unduplicated reach of more than 92% of all Internet users and a duplicated reach of more than 400% on PC's. The duplicated reach number represents that on average, more than 92% of all Internet users visit approximately four sites in the InfoSpace affiliate network.

In recent news:

-- InfoSpace appointed telecom industry veteran Rand Rosenberg as Chief Financial Officer and Senior Vice President of Finance

-- InfoSpace appointed Steve Shivers to Managing Director of Europe, Kumail Tyebjee as Managing Director of Asia and Kent Hellebust to Senior Vice President of North and South America to aggressively lead global expansion

-- InfoSpace moved headquarters to Bellevue, WA

About InfoSpace, Inc.

InfoSpace is a leading global Internet information infrastructure services company. InfoSpace provides commerce, information and communication infrastructure services to wireless devices, merchants and Web sites. The Company's affiliates include a network of wireless and other Internet-enabled devices including PCs, cellular phones, pagers, screen telephones, television set-top boxes, online kiosks and personal digital assistants. These include relationships with Verizon Wireless, AT&T, AirTouch, GTE, Intel, Ericsson, Nokia, Mitsui and Acer America. InfoSpace's affiliate network also consists of more 3,100 Web sites that include AOL, Microsoft, Disney's GO Network, NBC's Snap, Lycos, Go2Net Inc., DoubleClick, Dow Jones (The Wall Street Journal Interactive Edition) and ABC LocalNet, among others.

This release contains forward-looking statements relating to the development of the Company's products and services and future operating results, including statements regarding future market share, progress in executing our strategy, introduction, success and features of new products and services, growth in Internet advertising sales, growth of wireless, merchant and consumer services, revenue backlog and future acquisitions, 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 seasonality, success of relationships with affiliates, the rate of adoption by advertisers of the Internet as an advertising medium, rate and extent of market growth, market acceptance of our products and services, competition and rapid technological change, the successful completion and subsequent integration of pending acquisitions and the ability to continue to make future acquisitions. A further description of certain factors that could affect actual results include, but are not limited to, those discussed in the Company's Annual Report on Form 10-K, in the section entitled "Factors Affecting InfoSpace's Operating Results, Business Prospects and Market Price of Stock." Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this release. The Company 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, InfoSpace.com and the InfoSpace logo are trademarks of InfoSpace, Inc., which may be registered in certain jurisdictions. Other trademarks are the property of their respective owners.

InfoSpace, Inc.  
Pro Forma Consolidated Statements of Operations (A)  
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2000	1999	2000	1999
Revenues	\$24,572,095	\$6,980,686	\$43,577,835	\$12,240,104
Cost of revenues	4,458,621	1,645,701	7,577,393	2,954,201
Gross profit	20,113,474	5,334,985	36,000,442	9,285,903
Operating expenses:				
Product development	5,284,961	2,393,059	9,171,380	4,869,068

Sales, general and administrative	20,731,649	10,604,970	33,619,180	18,650,755
Total operating expenses	26,016,610	12,998,029	42,790,560	23,519,823
Loss from operations	(5,903,136)	(7,663,044)	(6,790,118)	(14,233,920)
Other income, net	2,583,493	3,360,226	6,046,245	4,625,712
Income tax expense	(6,598)	--	(24,118)	--
Cumulative effect of change in accounting principle	--	--	(719,216)	--
Pro forma loss	\$(3,326,241)	\$(4,302,818)	\$(1,487,207)	\$(9,608,208)
Pro forma basic loss per share	\$(0.01)	\$(0.02)	\$(0.01)	\$(0.05)
Shares used in computing pro forma basic loss per share	230,322,824	198,449,788	223,707,864	189,085,936

(A) 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 and unrealized loss on investments in the Venture Capital 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 June 30,		Six months ended June 30,	
	2000	1999	2000	1999
Pro forma net loss	\$(3,326,241)	\$(4,302,818)	\$(1,487,207)	\$(9,608,208)
Employer payroll taxes on stock option exercises	(589,512)	(74,551)	(3,122,555)	(106,585)
Amortization of intangibles	(19,937,714)	(304,661)	(27,428,465)	(603,940)
Acquisition & other related				

charges	(202,102)	(4,969,365)	(86,599,408)	(4,969,365)
Other - non-recurring charges	--	(209,500)	(2,887,609)	(209,500)
Restructuring charges	(2,171,462)	--	(2,171,462)	--
Unrealized gain (loss) on investments held in VC Fund	(8,447,333)	--	15,150,355	--
Minority interest in VC Fund	3,445,289	--	(6,398,032)	--
Net loss	\$(31,229,075)	\$(9,860,895)	\$(114,944,383)	\$(15,497,598)

InfoSpace, Inc.  
Consolidated Statements of Operations  
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2000	1999	2000	1999
Revenues	\$24,572,095	\$6,980,686	\$43,577,835	\$12,240,104
Cost of revenues	4,477,602	1,645,701	7,596,374	2,954,201
Gross Profit	20,094,493	5,334,985	35,981,461	9,285,903
Operating expenses:				
Product development	5,649,288	2,437,962	10,426,568	4,924,566
Sales, general and administrative	20,937,853	10,634,618	35,467,566	18,701,842
Amortization of intangibles	19,937,714	304,661	27,428,465	603,940
Acquisition & other related charges	202,102	4,969,365	86,599,408	4,969,365
Other - non-recurring charges	--	209,500	2,887,609	209,500
Total operating expenses	46,726,957	18,556,106	162,809,616	29,409,213
Loss from operations	(26,632,464)	(13,221,121)	(126,828,155)	(20,123,310)
Unrealized gain (loss) on investments held in VC Fund	(8,447,333)	--	15,150,355	--
Minority interest in VC Fund	3,445,289	--	(6,398,032)	--

Restructuring charges	(2,171,462)	--	(2,171,462)	--
Other income, net	2,583,493	3,360,226	6,046,245	4,625,712
Loss from operations before income tax expense and cumulative effect of change in accounting principle	(31,222,477)	(9,860,895)	(114,201,049)	(15,497,598)
Income tax expense	6,598	--	24,118	--
Loss from operations before cumulative effect of change in accounting principle	(31,229,075)	(9,860,895)	(114,225,167)	(15,497,598)
Cumulative effect of change in accounting principle	--	--	(719,216)	--
Net loss	\$(31,229,075)	\$(9,860,895)	\$(114,944,383)	\$(15,497,598)
Basic loss per share	\$(0.14)	\$(0.05)	\$(0.51)	\$(0.08)
Shares used in computing basic net loss per share	230,322,824	198,449,788	223,707,864	189,085,936

InfoSpace, Inc.  
Condensed Consolidated Balance Sheets  
(unaudited)

June 30,      December 31,  
2000              1999

ASSETS

Current assets:

Cash and cash equivalents	\$35,992,483	\$37,985,250
Short-term investments	107,422,059	124,720,142
Accounts receivable, net	14,148,316	6,663,497
Notes and other receivables	34,940,665	11,580,866
Prepaid expenses and other current assets	10,496,288	13,638,016
Total current assets	202,999,811	194,587,771

Property and equipment, net	27,402,688	7,998,957
Long-term investments	13,805,271	71,416,776
Other investments	62,725,876	17,038,508
Intangibles, net	365,805,073	73,842,557
Other long-term assets	3,935,928	702,641
 Total assets	 \$676,674,647	 \$365,587,210

#### LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$3,132,721	\$2,810,141
Accrued expenses and other current liabilities	11,688,759	19,543,490
Deferred revenue	15,983,279	2,672,531
 Total current liabilities	 30,804,759	 25,026,162
Long-term liabilities and minority interest:		
Long-term debt	416,346	685,762
Minority interest - VC Fund	25,310,803	--
 Total long-term liabilities and minority interest	 25,727,149	 685,762
Stockholders' equity:		
Common stock	23,192	21,182
Additional paid-in capital	838,466,993	439,428,415
Accumulated deficit	(213,456,818)	(98,512,435)
Comprehensive income	(1,979,213)	1,317,448
Deferred expense - warrants	(1,903,308)	(2,311,159)
Unearned compensation - stock options	(1,008,107)	(68,165)
 Total liabilities and stockholders' equity	 \$676,674,647	 \$365,587,210

#### Contacts

InfoSpace, Inc.

Adam Whinston, 425/201-8946

adam.whinston@infospace.com