

LookSmart Reports First Quarter 2002 Results

Strong Growth in Listings; Earnings Beat Expectations

SAN FRANCISCO, April 29, 2002 – LookSmart (Nasdaq: LOOK; ASX: LOK), a global leader in search targeted marketing, today announced financial results for the first quarter ended March 31, 2002.

Financial Highlights:

Revenue Grows to \$20M: First quarter 2002 revenue totaled \$20.1 million, up from revenue of \$19.0 million in the fourth quarter 2001. Revenue increased despite the expected seasonal downturn and was above expectations.

Listings Revenue Increases 11%: LookSmart reported solid growth with listings revenue of \$13.4 million, an 11 percent increase over \$12.1 million in the fourth quarter 2001. Listings revenues have more than doubled since the first quarter 2001. Paid listings now represent 67 percent of LookSmart's total revenue.

Paid Clicks Increase 11%: Total paid clicks for the first quarter reached 70 million, representing growth of more than 11 percent versus 63 million in the prior quarter.

Small Business Revenue Increases 19%: Small business revenue reached a record high of \$3.1 million in the quarter, a 19 percent increase from fourth quarter 2001 revenue of \$2.6 million.

Sequential EBITDA Profit: LookSmart reported a sequential increase in EBITDA (earnings before interest, tax, depreciation, amortization and certain other items) to \$2.8 million or \$0.03 per share, beating First Call consensus estimate of \$0.01. This compares to \$2.7 million, or \$0.03 per share in the fourth quarter 2001 and a loss of (\$6.1 million), or (\$0.07) per share in the first quarter 2001. GAAP net loss for the first quarter 2002 was (\$5.4 million), or (\$0.06) per share, compared to (\$11.1 million), or (\$0.12) per share in the fourth quarter 2001, and (\$24.6 million), or (\$0.27) per share in the first quarter 2001.

Cash Grows to over \$46M: Unrestricted cash grew \$2.1 million over the prior quarter to \$46.2 million as of March 31, 2002.



"We are pleased to report improving sequential results across all significant areas of LookSmart's business," said Dianne Dubois, chief financial officer of LookSmart. "This marks our second consecutive quarter of EBITDA profitability, demonstrating continued revenue growth combined with a constant focus on controlling expenses."

Business Strategy and Highlights

"We are intensely focused on three growth drivers for LookSmart: expanding distribution, adding more paid listings to the database and optimizing the relevance of existing listings," said Evan Thornley, chairman and chief executive officer of LookSmart. "Our financial results demonstrate that we are executing well on each and simultaneously investing for growth. We are confident that by responding to our customers' changing needs and deeply investing in proprietary technologies, we will strengthen our position as a leader in search targeted marketing."

Improving Distribution

- LookSmart expanded its relationship with InfoSpace to continue to provide search results on Dogpile and MetaCrawler, and, in addition, to distribute LookSmart results to InfoSpace's meta-search product soon to launch on both Excite (www.excite.com) and Webcrawler (www.webcrawler.com).
- LookSmart acquired WiseNut, a next-generation search engine technology that generates highly relevant Internet search results. LookSmart has begun integrating WiseNut's technology to deliver an exceptionally relevant and profitable search solution that is critical for distribution partners and customers. This integration is scheduled to be completed during the third quarter 2002.

- In the first quarter 2002, LookSmart signed an agreement with Yahoo! Australia & NZ, a wholly owned subsidiary of Yahoo!, to provide its paid search listings in Yahoo! Australia & NZ (www.yahoo.com.au) search results pages. The program, called Yahoo! Sponsor Matches, began on April 2, 2002. LookSmart's wholly owned subsidiary, LookSmart Australia, will distribute the top three paid search listings among its advertiser base through at least March 2003.

Adding Paid Listings

- In the first quarter 2002, LookSmart added more than 80 new large online merchants and direct marketers as LookListings customers. New customers included AmericaWest Airlines, Bank of America, BellSouth, Mattel, Register.com and US Air Force. These customers join existing LookListings customers including Amazon.com, Banana Republic, BarnesandNoble, CarsDirect.com, Dell, eBay, Lamps Plus, Lands' End, Nestle USA, Nordstrom.com, Old Navy, Patagonia, Pier 1, REI, Sony Style, Spiegel, Staples and Ziff Davis.
- During the quarter, more than 13,000 small business customers paid to be listed in LookSmart's directory for a one-time fee, increasing the total number of Express Submit listings to 90,000. With the April launch of Small Business Listings, which enables small businesses to receive qualified leads and pay for the traffic on a per-click basis, LookSmart will now receive recurring revenues from its growing customer base. The new product is designed to increase traffic and conversion for advertisers without the uncertainty and overhead of participating in a real-time auction. Small Business Listings enable small businesses to promote their Web sites across the LookSmart Network, reaching an audience of 81 million unique users each month (Media Metrix). Because revenues will be recognized on an on-going basis rather than a one-time payment, LookSmart anticipates small business revenues to decline in Q2 but then grow rapidly as new customers join the base of existing customers.

"To date, we have had to acquire 10,000 new small business customers per quarter just to generate flat small business revenues," said Dubois. "With this new product, our customer base will generate recurring revenue, enabling our small business revenue to grow rapidly from second quarter levels."

Improving Relevance

- Voted CNET's Editor's Choice for "Up and Coming Search Engines" in December 2001, WiseNut is a patent-pending next-generation search engine technology that combines link analysis with contextual clustering. The integration of WiseNut's scalable document index infrastructure, including more than 800 million Web pages, will result in next-generation search relevance for users of LookSmart's distribution network. Improved relevance not only improves user experiences, but increases click-through and conversion rates for paid listings customers, thus increasing revenue.
- With the integration of Primary Knowledge technology over the first half of 2002, LookSmart seeks to deliver industry leading reporting and optimization technologies to our customers enabling us to work together to further improve relevance and revenue down to the individual URL level.

Conference Call

LookSmart will hold a conference call today, April 29, 2002, to discuss its first quarter results at 6:00 p.m. ET (8:00 a.m. Australian ET, April 30, 2002). To listen to the call over the Web, visit LookSmart's Investor Relations Web site at www.shareholder.com/looksmart. For more information about the call, please contact Investor Relations at (415) 348-7000 or investor@looksmart.net.

About LookSmart

LookSmart helps businesses of all sizes harness the power of Search Targeted Marketing to generate cost-effective sales leads. LookSmart search listings enable businesses to reach 77 percent* or nearly four out of five U.S. Internet users, through top portals and ISPs including Microsoft's MSN, AltaVista, Netscape Netcenter, Prodigy, CNN, Road Runner, Cox Interactive Media, InfoSpace (Excite, Dogpile, MetaCrawler, WebCrawler) and Ask Jeeves, and search services such as Inktomi. BT LookSmart, LookSmart's joint venture with BT, provides Search Targeted Marketing solutions in the U.K. and Japan. LookSmart is based in San Francisco, California, with offices in Los Angeles, New York, Detroit, Montreal, London, Melbourne and Sydney.

* Media Metrix December 2001 Digital Media Audience Ratings

Forward-Looking Statements

This press release contains forward-looking statements, such as references to expected or future revenues, time lines for integration of technology or roll-out of new products, future product developments and trends, industry projections or other characterizations of future events or circumstances. These statements, including their underlying assumptions, are subject to risks and uncertainties and are not guarantees of future performance. Results may differ due to various factors, such as the possibility that we will not successfully integrate the WiseNut or Primary Knowledge technology into our systems and products in

a timely manner; that small businesses will not adopt our small business listings platform and pay recurring revenues at expected rates in future quarters; that we may not be able to enter into new distribution agreements and expand our distribution network on satisfactory terms, if at all; that we may fail to derive substantial revenues from new and existing products; that we may fail to develop and maintain good business relationships with our distribution partners; or that we may have an unexpected increase in costs, expenses or other factors contributing to our burn rate. In addition, you should read the risk factors detailed in our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q filed with the Securities and Exchange Commission.

The statements presented in this press release speak only as of the date of the release. Please note that we undertake no obligation to revise or update publicly any forward-looking statements for any reason.

"LookSmart" is a trademark of LookSmart, Ltd., and/or its subsidiaries in the U.S. and other countries. All other trademarks mentioned are the property of their respective owners.

