



LookSmart Reports Preliminary Second Quarter 2011 Results

Anticipates Revenue in the Range of \$6.4 Million to \$6.7 Million

Anticipates GAAP EPS of \$0.00

SAN FRANCISCO, June 20, 2011 (GLOBE NEWSWIRE) -- LookSmart, Ltd. (Nasdaq:LOOK), an online search advertising network solutions company, today announced preliminary financial results for the second quarter ended June 30, 2011.

On a preliminary basis, the Company expects revenue for the second quarter of 2011 to be in the range of \$6.4 million to \$6.7 million compared to revenues of \$13.0 million in the second quarter of 2010 and revenues of \$8.4 million in the first quarter of 2011. Earnings per share on a GAAP basis are expected to be \$0.00 per fully diluted share compared to \$0.04 per fully diluted share in the second quarter of 2010 and a net loss of (\$0.05) per fully diluted share in the first quarter of 2011 (\$0.01 per fully diluted share in the first quarter of 2011 excluding restructuring charges of \$0.9 million).

Commenting on the preliminary second quarter results, Dr. Jean-Yves Dexmier, Executive Chairman and Chief Executive Officer, said, "Yahoo! Partners, our largest customer group, continued to be affected significantly by reduced payments following the Yahoo!-Bing Search Alliance integration and consequently lower revenues to LookSmart. Although we are witnessing improvement in June in that line of business, we continue to aggressively pursue our diversification strategy, both on the direct advertising and the publisher network sides."

Dr. Dexmier continued, "In the second quarter, we made important additions to our leadership team and our technical staff. We are well positioned to achieve our objectives in the second half of 2011 and will continue to carefully manage our expenses within our revenue and margin growth with the objective of delivering sustainable profitability going forward."

Conference Call

LookSmart expects to report its earnings results for the fiscal 2011 second quarter and conduct a conference call to discuss those results during the first week of August.

About LookSmart, Ltd.

LookSmart is an online search advertising network solutions company that provides performance solutions for online search advertisers and online publishers. LookSmart offers advertisers targeted, performance based search advertising via its Advertiser Networks; and an Ad Center platform for customizable private-label advertiser solutions for online publishers. LookSmart is based in San Francisco, California. For more information, visit www.looksmart.com or call 415-348-7500.

The LookSmart, Ltd. logo is available at <http://www.globenewswire.com/newsroom/prs/?pkgid=8717>

GAAP to Non-GAAP Reconciliation

We provide a reconciliation of GAAP net income (loss) to non-GAAP net income (loss) below:

GAAP to Non-GAAP Reconciliation	<u>Three Months Ended</u>
(000's)	March 31, 2011 (unaudited)
GAAP Net income (loss)	\$ (795)
Add: Stock based compensation from continuing operations	75
Add: Restructuring charges	<u>889</u>
Non-GAAP net income (loss)	<u>\$ 169</u>

Use of Non-GAAP Measures

Regulation G, "Conditions for Use of Non-GAAP Financial Measures," and other provisions of the Securities Exchange Act of 1934, as amended, define and prescribe the conditions for use of certain non-GAAP financial information. LookSmart provides "non-GAAP net income (loss)," which is a non-GAAP financial measure. Non-GAAP net income (loss) consists of net income (loss) before (a) income from discontinued operations; (b) share-based compensation expense; and (c) restructuring charges.

The Company believes this non-GAAP financial measure provides important supplemental information to management and investors. This non-GAAP financial measure reflects an additional way of viewing aspects of the Company's operations that the Company believes, when viewed with the GAAP results and the accompanying reconciliation to corresponding GAAP financial measures, provides useful information regarding factors and trends affecting the Company's business and results of operations.

For the non-GAAP financial measure non-GAAP net income (loss), the adjustment provides management with information about LookSmart's operating performance that enables comparison of its operating financial results in different reporting periods. Additionally, our management uses non-GAAP net income (loss) as a supplemental measure in the evaluation of our business, and believes that non-GAAP net income (loss) provides visibility into our ability to meet our future capital expenditures and working capital requirements.

This non-GAAP financial measure is used in addition to, and in conjunction with, results presented in accordance with GAAP and should not be relied upon to the exclusion of GAAP financial measures. Management strongly encourages investors to review the Company's consolidated financial statements in their entirety and to not rely on any single financial measure. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names. In addition, the Company expects to continue to incur expenses similar to the non-GAAP adjustments described above, in particular stock based compensation expense, and exclusion of these items from the Company's non-GAAP measures should not be construed as an inference that these costs are unusual, infrequent or non-recurring.

Forward-Looking Statements

This press release contains forward-looking statements, such as references to our preliminarily expected second quarter 2011 financial results and business prospects. 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 changes in the Company's financial results for the second quarter 2011 based on the Company's continued efforts to finish the review of such operating results and the review of such results by the Company's auditors, the possibility that our efforts to control expenses may not be successful, that our efforts to increase revenue and improve gross margin may not succeed, that we may be unable to gain or maintain customer acceptance of our publisher solutions or ad backfill products, that existing and potential customers for our products may opt to work with, or favor the products of, others due to more favorable products or pricing terms, that we may be limited in our ability or unable to retain and grow our ad and customer base, and that we may be limited in our ability to, or be unable to, enhance our products or our network of distribution partners. Additional risks that could cause actual results to differ materially from those projected are discussed in our Annual Report on Form 10-K for the year ended December 31, 2010, as filed with the Securities and Exchange Commission and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2011. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof.

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

NOTE: "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.

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