



## LookSmart Resolves Joint Venture and Related Debt

### Company Now Substantially Debt-Free; Will Continue to Operate in Japan and the U.K.

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LookSmart (Nasdaq: LOOK; ASX: LOK) today announced that it is restructuring its international operations. As part of the restructuring, LookSmart and BT Group (formerly British Telecommunications, plc) have agreed to close their joint venture, BT LookSmart, which operates in the United Kingdom and Japan. LookSmart will continue to operate independently in both markets and will integrate parts of BT LookSmart into its core operations. This restructuring reflects the natural alignment of BT LookSmart's operations with LookSmart's core business, a view shared by both BT and LookSmart.

LookSmart also announced that it has reached agreement with BT regarding the debt related to the joint venture. Under the terms of the agreement, BT will receive \$3.5 million in cash and one million shares of LookSmart common stock in exchange for complete resolution of the joint venture and the related debt. In addition, LookSmart will return to BT \$1.5 million in restricted cash that was designated solely for its funding of the joint venture, and LookSmart and BT will share equally any restructuring costs.

"We're pleased to announce this restructuring of LookSmart's international operations," said Jason Kellerman, chief executive officer of LookSmart. "We continue to see valuable opportunities for Internet search in the Japanese and U.K. markets. The progress BT LookSmart has made provides LookSmart with a strong platform for growth and this restructuring will enable us to take advantage of operating efficiencies not previously available. I want to thank BT for being a great partner over the past three years."

"This sensible resolution of the joint venture and related debt significantly strengthens LookSmart's balance sheet," said Dianne Dubois, chief financial officer of LookSmart. "The company is now substantially debt free and continuing to record strong growth driven by LookSmart's listings business. This resolution is an important step in LookSmart's progress towards GAAP profitability. In addition, we expect this change to have a positive impact on earnings in the fourth quarter and a negligible impact on earnings in the first part of 2003."

#### About LookSmart

LookSmart helps businesses of all sizes harness the power of Search 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, About, AltaVista, Netscape Netcenter, Road Runner, Cox Interactive Media, InfoSpace (Excite, Dogpile, MetaCrawler, WebCrawler), CNET's Search.com and search services such as Inktomi. LookSmart is based in San Francisco, California, with offices in New York, Los Angeles, Detroit, Montreal, London, Melbourne and Sydney. For more information, please visit [www.LookSmart.com](http://www.LookSmart.com).

\* Media Metrix, June 2002 Digital Media Audience Ratings

#### Forward-Looking Statements

This press release contains forward-looking statements, such as references to expected revenues, earnings or profitability, and to maintenance and expansion of our international businesses. 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 complete the integration of acquired technologies or businesses in a timely manner; that customers will not adopt our products at expected rates; that we may not be able to maintain our distribution partnerships or expand our distribution network on satisfactory terms, if at all; that we may fail to derive substantial revenues from new and existing products; that our distribution partners may decide to terminate their relationships with us earlier than expected; or that we may have an unexpected increase in costs or expenses. 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.

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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