



LookSmart Reports Third Quarter 1999 Financial Results

Revenues of \$13.3 Million Grew 27% From Previous Quarter With Advertising Revenues Increasing 82%

San Francisco, CA - October 27, 1999 - LookSmart (Nasdaq: LOOK), a leading Web search and navigation company, today announced financial results for the third quarter ended September 30, 1999. Revenues of \$13.3 million for the quarter increased 27% over revenues of \$10.5 million for the previous quarter and increased 671% over revenues of \$1.7 million for the quarter ended September 30, 1998. Advertising and syndication revenues grew significantly in the quarter, increasing 82% from the previous quarter to \$6.3 million.

For the quarter, LookSmart reported a net loss of (\$16.4) million, or (\$0.31) per share, excluding the effects of non-cash compensation and intangible amortization charges. Including the non-cash compensation and intangible amortization charges, LookSmart reported a net loss of (\$24.0) million or (\$0.45) per share for the quarter ended September 30, 1999, compared to a net loss of (\$3.8) million or (\$0.20) per share for the same quarter a year ago.

"LookSmart is emerging as the largest company solely focused on helping users 'find useful stuff quickly,' " said Evan Thornley, co-founder and CEO, LookSmart, Ltd. "This enables us to produce superior quality products and generate stronger monetization across the search and navigation spectrum. We are able to leverage our investment in core search and navigation technologies and superior content into multiple revenue streams in syndication, licensing, consumer advertising and eCommerce. These operating results demonstrate strong execution against our plan with revenues from syndication, our consumer business and eCommerce significantly ahead of our expectations."

Building the Core Assets

The LookSmart category directory now includes over 1.3 million high-quality URLs in over 100,000 categories. LookSmart has launched sites for the U.S., the UK, Canadian, Australian, and Netherlands markets and built directories for Japan, Korea, France, Singapore and New Zealand with directories for another seven countries in development.

"Our recent investments in core technology, such as double-byte character enabling and auto-keyword population, plus our commitment to building culturally sensitive and locally relevant directories for a global audience has enabled this dramatic roll-out of quality navigation products" said Tracey Ellery, co-founder and president. "We will continue to invest in new technologies and editorial excellence to maintain our position as a leading provider of search and navigation infrastructure — a position we are leveraging to create powerful local, international and vertical offerings."

Partnerships and Syndication

LookSmart currently provides its navigation products to leading Internet portals, ISPs and websites including The Microsoft Network, Netscape Netcenter, Excite@Home, AltaVista, NetZero, AT&T Global Network Services and over 280 Internet service providers and 600,000 websites. Since June, LookSmart has signed over 60 additional ISP and syndication partnerships including major aggregators espnet.com and Duro Communications and the first vertical syndication partnership with Macromedia. According to Media Metrix, in August more than 46 million* Internet users accessed the websites of LookSmart's licensing and syndication partners and consumer product at LookSmart.

Consumer Product and Audience

LookSmart continues to expand its direct consumer usage and audience reach. LookSmart traffic grew 58% to 10.4 million average daily page views served and sold for the third quarter 1999 compared to 6.6 million for the previous quarter. According to Media Metrix, LookSmart was the 13th most visited property in September, receiving 9.3 million unique visitors and reaching 14.6% of Internet users, compared with 2.9 million users a year ago. Incorporating Akamai server technology and extensive site redesigns, LookSmart's average page download time also decreased 54% this year.

The LookSmart.com product continues to provide a simple, compelling experience, differentially appealing to our target audiences of new users and women. According to the most recent study by The NPD Group, Inc., 57% of LookSmart.com users were female. This audience demographic continues to be extremely appealing to advertisers. LookSmart's average revenue per page increased 16% from the third quarter versus the second quarter.

In September, LookSmart launched a major consumer branding campaign focused on this target audience. The television advertising campaign, based around the Lennon/McCartney song "Help!," launched in major media markets in September. The campaign will expand to include radio and print media in coming months. All media buys, including a multi-year, category-exclusive sponsorship of PBS's Sesame Street, Mystery! and three cooking programs, are targeted at "wired women" consumers.

eCommerce and Business-to-Business

LookSmart provides online distribution and Web site creation and distribution services to traditional merchants. Revenues in the third quarter increased 33% over the previous quarter to \$2.4 million. No eCommerce revenues were recorded in the third quarter of 1998.

Initial Public Offering

LookSmart successfully completed an initial public offering, raising nearly \$99 million. LookSmart sold 8,855,000 shares at an offering price of \$12 per share. The offering was managed by Goldman Sachs, BancBoston Robertson Stephens and Hambrecht & Quist.

* Media Metrix, August 1999. Unduplicated audience for LookSmart, AltaVista, AT&T Global Network Services, Blue Mountain Arts, Excite@Home, Go2Net, HotBot, MSN, Netscape, NetZero and Talk City.

About LookSmart

LookSmart (Nasdaq: LOOK), a leading Web search and navigation company that creates and maintains one of the largest editorially reviewed directories of content on the World Wide Web. LookSmart's navigation products are distributed through multiple channels, including a global network of ISPs, major Web sites, portals and viral marketing. Through its partnership with Cox Interactive Media, LookSmart also offers one of the largest collections of quality local Web content in more than 70 U.S. markets. The company is headquartered in San Francisco and can be contacted at (415) 597-4850.

This press release contains forward-looking statements that involve risks and uncertainties, including those relating to the company's ability to continue to build the LookSmart directory, to successfully grow its licensing and syndication affiliate base, to successfully open and manage new international offices, and the ability to build a well-known consumer brand. Actual results may differ materially due to risks and uncertainties described in LookSmart's filings with the Securities and Exchange Commission, specifically its S-1 registration statement. LookSmart assumes no obligation to update the forward-looking information contained in the press release.

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