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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

For the fiscal year ended December 31, 1999

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_ Commission File No. 0-25131

INFOSPACE.COM, INC.

(Exact name of Registrant as specified in its charter)

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Delaware  
(State or other jurisdiction  
incorporation or organization)  
15375 N.E. 90th Street  
Redmond, Washington  
(Address of principal executive  
offices)

91-1718107  
(I.R.S. Employer)  
Identification Number)

98052  
(Zip Code)

Registrant's telephone number, including area code: (425) 602-0600

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Securities registered pursuant to Section 12 (b) of the Act:  
None

Securities registered pursuant to Section 12 (g) of the Act:  
Common Stock, par value \$.0001 per share

Indicate by check mark whether the Registrant (1) has filed all reports  
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of  
1934 during the preceding 12 months (or for such shorter period that the  
Registrant was required to file such reports), and (2) has been subject to such  
filing requirements for the past 90 days: YES  NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item  
405 of Regulation S-K is not contained herein, and will not be contained, to  
the best of the registrant's knowledge, in definitive proxy or information  
statements incorporated by reference in Part III of this Form 10-K or any  
amendment to this Form 10-K.

The aggregate market value of the voting stock held by non-affiliates of the  
registrant, based upon the closing price of Common Stock on February 29, 2000,  
as reported by Nasdaq, was approximately \$12.8 billion. Shares of voting stock  
held by each officer and director and by each person who owns 5% or more of the  
outstanding voting stock have been excluded in that such persons may be deemed  
to be affiliates. This determination of affiliate status is not necessarily a  
conclusive determination for other purposes.

As of February 29, 2000, 108,288,253 shares of the registrant's Common Stock  
were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates certain information by reference from the definitive

proxy statement for the Annual Meeting of Stockholders tentatively scheduled for May 22, 2000, (the "Proxy Statement").

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ITEM 1. BUSINESS

Overview

InfoSpace is a global Internet information infrastructure services company. InfoSpace provides enabling technologies to Web sites, merchants and wireless devices. Our affiliates utilize and distribute these services via PCs and a network of wireless and other non-PC devices including PCs, cellular phones, pagers, screen telephones, television set-top boxes, online kiosks, and personal digital assistants. We have relationships with AT&T Wireless, GTE, USWEST, Intel, Ericsson, Nokia, NeoPoint, Sprint, Mitsui and Acer America. InfoSpace's affiliate network also consists of more 2,500 Web sites that include AOL, Microsoft, Disney/InfoSeek's GO Network, NBC's Snap, Lycos, Go2Net Inc., DoubleClick, Dow Jones (The Wall Street Journal Interactive Edition) and ABC LocalNet, among others.

Our Infrastructure Services

We have developed a scalable, flexible technology platform that enables us to deliver a broad, integrated suite of services to Web sites, merchants and wireless carriers. All of our consumer, merchant and wireless services utilize the same core technology platform within the same operational infrastructure. Our consumer services are designed for the end user and are distributed through wireless devices and Web sites. These services include four main components: (1) unified communication services, including device-independent email and instant messaging; (2) information services, such as integrated directory, news, and lifestyle information; (3) community services, including the "sticky" services such as online address books and calendars; and (4) the ability to offer collaboration services, including real-time document sharing. We target merchant services to local merchants (including service-based merchants such as restaurants and dry cleaners) and distribute these services through our relationships with the regional bell operating companies (RBOCs), merchant banks and other financial institutions and other local media networks, including newspapers and television and radio stations. These services include commerce services such as online storebuilding and technology that promotes merchant services. We target wireless services to mobile users, whether on a

cellular phone, personal digital assistant (or PDA), pager or other non-PC device, and distribute these services through our relationships with wireless carriers and device manufacturers. These services include the ability to conduct secure commerce using single-click buying, integrated information services such as real-time stock quotes and traffic reports, and services that manage users' lives, including online address books and calendars.

We design our infrastructure services to be highly flexible and customizable, enabling affiliates to select from among our broad range of consumer, merchant and wireless services. One of our principal strengths is our internally developed technology, which enables us to easily and rapidly add new affiliates and distribution partners by employing a distributed, scalable architecture adapted specifically to our Internet-based infrastructure services. We help our affiliates and distribution partners build and maintain their brands by delivering our consumer, merchant and wireless services with the look and feel and navigation features specific to each affiliate's delivery platform and format, including the growing number of emerging wireless devices.

We have built an extensive distribution network through our direct sales force and through reseller channels. Our reseller channels are based on distribution agreements with online advertising networks, such as DoubleClick and Flycast, who offer both our consumer and merchant services to their network of thousands of Web sites, reseller agreements with RBOCs, including BellSouth, SBC, Bell Atlantic and USWEST, merchant banks and other local media networks who provide our services to local merchants. We also work with wireless carriers such as AT&T Wireless, Airtouch, USWest and GTE, device manufacturers such as Nokia, Ericsson and Neopoint, and software developers such as AvantGo, who offer our wireless portal services to mobile users.

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#### Consumer Services

#### Information Services

We provide information of broad appeal to users of wireless devices and PCs, including maps, directories, financial data, traffic reports, sports, news and entertainment. In most cases, we receive regular data feeds from our content providers and store the content on our Web servers in order to maintain its reliability and increase its accessibility. In other cases, our proprietary technology allows Web users to transparently access content that is stored directly on the content provider's system. In either case, our technology enables us to integrate heterogeneous content from multiple sources and make it appear as if it comes from one source, which is then delivered to our affiliates. Our technology pulls the information dynamically into a Web page or device output display that maintains the look and feel and navigation features of each affiliate's Web site or wireless device.

We have acquired rights to third-party content pursuant to more than 85 license agreements, typically having terms of one to five years. The license agreements require the content provider to update content on a regular basis, the frequency of which varies depending on the type of content. In certain arrangements, the content provider pays us a carriage fee for syndication of its content to our network of affiliates. In other instances, we share with the content provider advertising revenues attributable to end-user access of the provider's content. For certain of our content, including our core directory and map content, we pay a one-time or periodic fee or fee per content query to the content provider. We typically enter into nonexclusive arrangements with our content providers. However, in certain instances we have entered into exclusive relationships, which may limit our ability to enter into additional content agreements.

For our directory services, we integrate our yellow pages and white pages information with each other and utilize yellow pages category headings in combination with a natural word search feature to provide a user-friendly interface and navigation vehicle within our directory services. We also typically include maps and directions for addresses included in our directory services. We further enhance the relevance and accuracy of responses to user queries by employing a radial search feature to our directory services, which allows users to specify the geographic scope within a radial distance of a specific address, rather than more conventional methods of searching by zip code or city and county.

In addition to our directory services, we distribute other valuable

information of broad appeal with everyday significance, such as classifieds, news, travel and city guide information, real-time stock quotes and financial information, Web directories and entertainment.

Our future success will depend on our ability to continue to integrate and distribute information services of broad appeal. Our ability to maintain our relationships with content providers and to build new relationships with additional content providers is critical to the success of our business.

#### Community and Communications Services

We offer an extensive and integrated platform of consumer services that includes community services and communication services.

Community-building services that we offer our affiliates include the "sticky" services that are designed to keep a user on an affiliates' site. These include personalized Web-based address books and calendars, personal home pages, online chat and message boards.

We also offer unified communication services including device-independent email and instant messaging. We integrate these services into the community-building services we offer, making it easy for users to send email and instant messages directly from their address book from any device and also view "buddy lists" on any device.

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#### Our Affiliate Network

We offer our infrastructure services to wireless device manufacturers such as Nokia and Ericsson, wireless carriers such as GTE and USWEST and wireless service providers such as AvantGo. Our PC-based affiliate network now consists of over 2,500 portals and affinity sites, including 4 of the top 5 most trafficked sites, according to Media Metrix. In addition, we believe our affiliate network now reaches over 88% of all Internet users based on data as of December 31, 1999, provided by Media Metrix.

Our consumer services revenue is derived from advertising, licensing fees and guaranteed transaction fees in lieu of revenue share.

#### Merchant Services

Our merchant services give merchants the ability to create, promote, sell and distribute their products and services across multiple channels through our broad distribution network. We have reseller agreements with RBOCs, including BellSouth, SBC, Bell Atlantic and USWEST, merchant banks and other local media networks, such as newspapers, who provide our services to local merchants worldwide.

Based on a broad platform of technology, we can deliver a broad array of merchant services such as:

- . the online delivery to any device of promotions that can be used online and offline;
- . single-click buying from any Web site directly from a wireless device;
- . Page Express, which enables local merchants to create a Web presence;
- . StoreBuilder, which enables merchants to build online stores;
- . ActivePromotion, which enables merchants to create targeted product promotions and distribute them across our network; and
- . ActiveShopper, which provides an open marketplace where consumers can find, research and purchase products from our merchant network.

With our acquisition of Prio, Inc. in February 2000, we can now integrate online promotion technologies with an offline merchant's existing credit card processing infrastructure, bridging the gap between the online and offline worlds. Our enhanced commerce infrastructure will be designed to target and deliver online promotions to consumers on their wireless devices or while they are looking for goods and services on Web sites. To take advantage of the promotion, the user can purchase the goods online, through a catalog or at a

physical retail store.

Through our recently announced acquisition of Millet Software (PrivacyBank.com), we believe we will be able to provide a server-based technology that enables wireless Internet devices to become commerce-enabled devices by giving mobile users the ability to press one key to make on-the-spot purchases from virtually any Web site. This is possible through a patent-pending secure technology that provides an automated process for completing payment forms, eliminating the need to continually enter in payment or shipping information, register at sites or enter any specific passwords.

Buyers can also purchase multiple products from multiple merchants, using our shopping cart that provides the convenience of single-click purchasing.

Currently, over 350,000 merchants use our merchant service offerings.

## Wireless Services

Our wireless services are comprised of an integrated suite of wireless portal services that provide mobile users with relevant information services, such as real-time stock quotes and traffic reports, the ability to conduct secure commerce transactions from a wireless device, including single-click buying, communication services such as device-independent instant messaging and email, personalization capabilities and location-based services that enable users to search for location-based information, such as the restaurant closest to the mobile user's current location.

As a result of our acquisition of Saraide, we will have relationships with over 24 wireless carriers worldwide including British Telecom, Cellnet, Dutchtone, Panafon, J-Phone, Omnitel and Libertel.

Our wireless services are distributed through the following wireless carriers, device manufacturers and software providers.

Wireless Carriers	AT&T Wireless, Airtouch, Sprint, GTE, USWEST
Wireless Software application developers	AvantGo, JP Systems, WolfeTech, Phone.com
Wireless Device Manufacturers	Nokia, Ericsson and Neopoint
Pagers	Motorola
Web Appliances	Intel

Our platform of wireless services includes:

- . Form-filling instant buying technology, which allows mobile users to press a single key to conduct transactions from virtually any Web site.
- . Promotions technology, which allows mobile users to find and receive real-time 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 either purchase the goods online, go to the retail store or simply utilize the service. Promotions are seamlessly matched and automatically credited to the user's credit card statement through secure back-end transaction processing.
- . Location-based directory services, that enable mobile users to search for information, such as finding an Italian restaurant closest to where they are when they conduct the search.
- . Secure wireless commerce through a collaboration with VeriSign to deliver a broad range of services aimed at facilitating trusted and secure commerce applications across the wired and wireless Internet. By incorporating VeriSign's strengths in Internet authentication, validation and payment services, we will be able to offer a broad range of secure services tailored to the wireless market.

Our wireless Internet services are device-independent and provide a platform which enables our wireless carriers to support HDML and SMTP and a variety of emerging protocols such as WAP, VXML and PQA's for Palm VII. Our services are

compatible with a variety of gateway technologies including WAP gateways from Nokia, Phone.com and Ericsson.

Our wireless services are private-labeled for each carrier, preserving the brand of the carrier and their relationship with their customer and helping to create a barrier to switch. Revenues are primarily generated from the carrier and include licensing fees, per subscriber/per month fees in the United States and per query/per message fees in Europe. In addition, we receive commerce revenue for the transactions completed on the wireless devices.

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#### International Expansion

We intend to capitalize on what we perceive to be a significant opportunity for our services in international markets. We currently maintain offices in the United States, Canada and India and have a joint venture in the United Kingdom. Our wholly-owned subsidiary, InfoSpaceCanada.com, was formed in early 1999 and has affiliate relationships with canada.com, a leading Canadian Web site and search engine, as well as AOL Canada, MSN Canada and Sprint Canada.

InfoSpace.com India was formed as a result of our December 1999 acquisition of privately-held Zephyr Software and its wholly owned subsidiary, Zephyr Software (India) Private Limited.

In 1998, we entered into a joint venture with Thomson Directories Limited to form TDL InfoSpace to replicate our content, community and commerce services in Europe. TDL InfoSpace has targeted the United Kingdom as its first market, and content services were launched in the third quarter of 1998. Under the license agreement between Thomson and TDL InfoSpace, Thomson licenses its U.K. directory information database to TDL InfoSpace. Under the Web site services agreement between Thomson and TDL InfoSpace, Thomson also sells Internet yellow pages advertising for the joint venture through its local sales force. Under our license agreement with TDL InfoSpace, we license our technology and provide hosting services to TDL InfoSpace.

Under the joint venture agreement, each of us and Thomson is obligated to negotiate with TDL InfoSpace and the other party to jointly offer private label solutions in other European countries prior to offering such services independently or with other parties.

With our acquisition of Saraide.com, Inc. in March 2000, we intend to expand our wireless services into Europe, Japan and Canada. We are currently investigating additional international opportunities, but have no specific plans to enter any particular market at this time. The expansion into international markets involves a number of risks. See "Factors Affecting Our Operating Results, Business Prospects and Market Price of Our Stock--Our International Expansion Plans Involve Risks" for a description of these risks.

#### Revenue Sources

We have derived substantially all of our revenues for our consumer, merchant, and wireless services from national and local advertising, licensing fees, commerce transaction fees, and guaranteed transaction fees in lieu of revenue share.

#### Advertising

##### National Advertising

Throughout our consumer services, we sell banner advertisements based on costs per thousand impressions (CPMs) and other CPM-based national advertising. Our national advertising agreements generally have terms of less than six months and guarantee a minimum number of impressions. Actual CPMs depend on a variety of factors, including, without limitation, the degree of targeting, the duration of the advertising contract and the number of impressions purchased, and are often negotiated on a case-by-case basis. Because of these factors, actual CPMs may fluctuate. Our guarantee of minimum levels of impressions exposes us to potentially significant financial risks, including the risk that we may fail to deliver required minimum levels of user impressions, in which case we typically continue to provide advertising without compensation until such levels are met.

##### Local Internet Yellow Pages Advertising

We generate a basic Internet yellow pages listing free of charge for all U.S. local business listings. Similar to traditional yellow pages industry practices, we generate revenues by selling enhancements to this

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basic listing. Internet yellow pages advertising agreements provide for terms of one year with costs to the local advertisers ranging from \$50 to \$300 or greater per year, depending on the types of enhancements selected.

#### Licensing Fees

We receive licensing fees from some of our consumer, merchant and wireless services. Licensing fees are derived from the distribution of our consumer services to many of the affiliates in our network. Licensing fees from merchant services are derived through our reseller relationships with wireless carriers, device manufacturers, RBOCs, merchant banks and other local media networks, and include per store/per month fees and per service/per month fees. Licensing agreements for our consumer and merchant services generally range from one to three years in duration.

#### Commerce Fees

We generate commerce fees from links and completed transactions through our merchant services delivered on wireless devices and the PC. Under our merchant services arrangements, merchants agree to pay us a commission-based transaction fee when a user clicks-through to their site and purchases a product. These commissions typically range from 5 to 25 percent of the purchase amount. These fees are generally paid to us monthly or quarterly, after the merchant has collected its payment from the user.

#### Guaranteed Transaction Fees

We have agreements with some affiliates and merchants under which they agree to pay us guaranteed transaction fees. These arrangements are individually negotiated and have a range of specially adapted features involving various compensation structures. These are often based on the range and extent of customization rather than on CPMs. These arrangements vary in terms and duration, but generally have longer terms than arrangements for our CPM-based advertising. In some of these arrangements, we may also receive transaction revenues when transactions exceed the guaranteed minimum payments. If the merchant offers a commerce opportunity in its promotion, we may derive transaction revenues based on the number of transactions made through the promotion.

We also have arrangements with wireless carriers, device manufacturers and software providers whereby we receive guaranteed transaction fees as well as transaction revenues on a per-subscriber and per-query basis on existing devices, such as pagers, in excess of the guaranteed minimum payments.

We generate a significant amount of our revenues from advertising and guaranteed transaction fees from our affiliates who use our consumer services, which involves a number of risks. For additional information about these risks, see "Factors Affecting Our Operating Results, Business Prospects and Market Price of Our Stock--We Rely on Advertising and Transaction Revenues," "--Advertisers May Not Adopt the Internet as an Advertising Medium" and "--Our Advertising Arrangements Involve Risks."

#### Technology and Infrastructure

One of our principal strengths is our internally developed technology, which we have designed specifically for our Internet-based consumer, merchant and wireless services. Our technology architecture features specially adapted capabilities to enhance performance, reliability and scalability, consisting of multiple proprietary software modules that support the core functions of our operations. Our technology includes Web Server Technology, Database Technology, a Web Scraping Engine, Gateway Technology and database network infrastructure.

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#### Web Server Technology

We designed our Web Server Technology to enable rapid development and deployment of information over multiple platforms and formats. It incorporates an automated publishing engine that dynamically builds a page to conform to the look and feel and navigation features of each affiliate. Our wireless Internet services are device-independent and provide a platform which enables our wireless carriers to support HDML and SMTP and a variety of emerging protocols such as WAP, VXML and PQA's for Palm VII. Our services are compatible with a variety of gateway technologies including WAP gateways from Nokia, Phone.com and Ericsson.

Our Web Server Technology includes other features designed to optimize the performance of our information infrastructure services, including:

- . an HTML compressor that enables modifications of file content to reduce size, thereby reducing download time for users;
- . an "Adaptive Keep-Alive" feature that maximizes the time during which client server connections are kept open, based on current server load, thereby increasing user navigation and Web site traversal speed; and
- . a Proxy Server that provides the capability for real-time integration and branding of content that resides remotely with third-party content providers.

#### Database Technology

We have developed proprietary database technology to address the specific requirements of our business strategy and information infrastructure services. We designed our Co-operative Database Architecture to function with a high degree of efficiency within the unique operating parameters of the Internet, as opposed to commonly used database systems that were developed prior to the widespread acceptance of the Internet. The architecture is tightly integrated with our Web Server Technology and incorporates the following features:

Our Heterogeneous Database Clustering allows disparate data sources to be combined and accessed through a single uniform interface, regardless of data structure or content. These clusters facilitate database bridging, which allows a single database query to produce a single result set containing data extracted from multiple databases, a vital component of our ability to aggregate content from multiple sources. Database clustering in this manner reduces dependence on single data sources, facilitates easy data updates and reduces integration efforts. In addition, our pre-search and post-search processing capabilities enable users to modify search parameters in real time before and after querying a database.

Our Dynamic Parallel Index Traversal mechanism utilizes the search parameters supplied by the user to determine the appropriate database index (from among multiple indices) to efficiently locate the data requested. Further, an index compression mechanism allows us to achieve an efficient balance between disk space and compression/decompression when storing or accessing data.

In a response to a database query, conventional databases access previously displayed results in order to display successive results to a given query, thus increasing response time by performing redundant operations. Our Automatic Query State Recovery mechanism decreases response time by maintaining the state of a query to allow the prompt access of successive results. This feature is particularly important, for example, when an end-user query retrieves a large number of results.

We incorporate a natural word search interpreter, which successfully utilizes familiar category and topic headings traditional to print directory media to generate relevant and related results to information queries. By incorporating a familiar navigation feature into our services, we believe we provide end users with a more intuitive mechanism to search for and locate information.

For our merchant services we have developed a comprehensive enterprise-wide data warehouse. This data warehouse contains information relating to merchants, products, services, users, customers, profiles, storefronts, purchases, site traffic and metrics. The aggregation of this information in one place allows us to leverage our development efforts and reduce redundant information.

#### Web Scraping Engine

We have developed our Web Scraping Engine to allow data from a variety of sources on the Internet to be retrieved, parsed and presented as a single virtual database result, either in real-time or at predetermined intervals. Our State Machine-Based Profiling system catalogs the data on each source site, which is later accessed by our Web Scraping Engine for real-time retrieval. Data results can be internally cached to reduce network traffic and deliver the fastest possible results to the end user.

The Web Scraping Engine has numerous applications, one of which is collecting real-time information from multiple sources in a manner that eliminates the need for a data provider to perform any local modifications. This technology is currently being applied in the price comparison feature of our ActiveShopper merchant service. Various other potential uses of the technology have been identified, including the collection and real-time updating of event data such as concert information, performing arts schedules and sporting events, and the aggregation of classified listings, such as employment listings from corporate Web sites.

#### Gateway Technology

Our Gateway Technology allows us to take content from one source protocol and forward it to a device destination that does not include any of the hardware or software necessary for establishing an Internet connection. The content can be sent directly or may have some processing performed before transmission to the destination. This can be used for a single message, or multiple messages sent on a timed basis such as weather, stock quotes, news and horoscopes. Messages may be sent to a single user or group of users.

#### Data Network Infrastructure

We maintain a carrier-class data network center designed to ensure high-level performance and reliability of our information services. We connect directly to the Internet from our facilities in Redmond, Washington through redundant, dedicated DS-3 communication lines provided by multiple telecommunication service providers. Our hardware resides in a secure climate-controlled room. As we expand our operations, we expect to locate server facilities at various strategic geographic locations.

With the acquisitions of Prio and Saraide, we have data centers in Mountain View, California serving the promotions technology, Dallas, Texas serving wireless customers in North America, and Papendrecht, Netherlands serving wireless customers in Europe.

#### Product Development

We believe that our technology platform is essential to successfully implement our strategy of expanding our affiliate network, acquiring value-added content to add to our consumer, merchant and wireless services, expanding internationally and into other services and maintaining the attractiveness and competitiveness of our private label solutions. We have invested significant time and resources in creating our proprietary technology. Product development expenses were \$3.2 million for the year ended December 31, 1999, \$1.2 million for the year ended December 31, 1998 and \$383,000 for the year ended December 31, 1997.

Rapidly changing technology, evolving industry standards, evolving customer demands and frequent new product and service introductions characterize our market. See "Factors Affecting Our Operating Results, Business Prospects and Market Price of Our Stock--Rapid Technological Change Affects Our Business" for a discussion of certain risks in this regard.

#### Intellectual Property

Our success depends significantly upon our proprietary technology. To protect our proprietary rights, we rely on a combination of copyright and trademark laws, patents, trade secrets, confidentiality agreements with employees and third parties and protective contractual provisions. All of our employees have executed confidentiality and nonuse agreements that transfer any rights they may have in copyrightable works or patentable technologies to us. In addition, prior to entering into discussions with potential content providers and affiliates regarding our business and technologies, we generally require that

such parties enter into a nondisclosure agreements with us. If these discussions result in a license or other business relationship, we also generally require that the agreement setting forth the parties' respective rights and obligations include provisions for the protection of our intellectual property rights. For example, our standard affiliate agreement provides that we retain ownership of all patents and copyrights in our technology and requires our customers to display our copyright and trademark notices.

"InfoSpace" is a registered trademark of ours. We also have applied for registration of certain other service marks and trademarks, including "InfoSpace.com " "ActiveShopper" and the "InfoSpace" logo in the United States and in other countries, and will seek to register additional service marks and trademarks, as appropriate. We may not be successful in obtaining the service marks and trademarks that we have applied for. As of March 1, 2000 we have filed 23 U.S. patent applications relating to various aspects of our technology for querying and developing databases, for developing and constructing web pages, for electronic commerce for on-line directory services and for web scraping. With the acquisition of PrivacyBank, we obtain rights to several additional pending patent applications. During January 2000, we received notification of an issued patent for commerce infrastructure services on the Internet and wireless devices. The patent covers private-label commerce solutions and tracking the purchase of products, services and information on the Internet and on wireless devices. We are preparing additional patent applications on other features of our technology. We have instituted a formal patent program and anticipate on-going patent application activity in the future. Patents with respect to our technology may not be granted, and, if granted, patents may be challenged or invalidated. In addition, issued patents may not provide us with any competitive advantages and may be challenged by third parties.

Despite our efforts to protect our proprietary rights, unauthorized parties may copy aspects of our products or services or obtain and use information that we regard as proprietary. The laws of some foreign countries do not protect proprietary rights to as great an extent as do the laws of the United States. In addition, others could possibly independently develop substantially equivalent intellectual property. If we do not effectively protect our intellectual property, our business could suffer.

Companies in the Internet services industry have frequently resorted to litigation regarding intellectual property rights. We may have to litigate to enforce our intellectual property rights, to protect our trade secrets or to determine the validity and scope of other parties' proprietary rights. From time to time, we have received, and may receive in the future, notice of claims of infringement of other parties' proprietary rights. Any such claims could be time-consuming, result in costly litigation, divert management's attention, cause product or service release delays, require us to redesign our products or services or require us to enter into royalty or licensing agreements. These royalty or licensing agreements, if required, may not be available on acceptable terms or at all. If a successful claim of infringement were made against us and we could not develop non-infringing technology or license the infringed or similar technology on a timely and cost-effective basis, our business could suffer. See "Item 3. Legal Proceedings."

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## Competition

We operate in the Internet information infrastructure services market, which is extremely competitive and is rapidly changing. Our current and prospective competitors include many large companies that have substantially greater resources than we have. We believe that the primary competitive factors in the market for Internet information infrastructure services are:

- . the ability to provide information of broad appeal, which is likely to result in increased user traffic and increase the brand name value of the Web sites and wireless devices to which the services are provided;
- . the ability to meet the specific information and service demands of a particular Web site or wireless device;
- . the cost-effectiveness and reliability of the consumer, merchant or wireless information services;

- . the ability to provide consumer, merchant or wireless information services that are attractive to advertisers and end users;
- . the ability to achieve comprehensive coverage of a particular category of information or services; and
- . the ability to integrate related information to increase the utility of the consumer, merchant or wireless information services offered.

We compete, directly or indirectly, in the following ways, among others:

- . our directory services compete with AnyWho? (a division of AT&T), GTE SuperPages, Switchboard, ZIP2 (which was acquired by Compaq), various RBOCs' directory services, infoUSA's Lookup USA, City Search's Sidewalk and Yahoo! Yellow Pages and White Pages;
- . other information services we provide, such as classifieds, horoscopes and real-time stock quotes, compete with specialized content providers;
- . our U.K. joint venture competes with British Telecom's YELL service and Scoot (UK) Limited in directory services; Inktomi and Autonomy in infrastructure services, Excite, Yahoo! and MSN in syndication; Shopguide, Shopsmart and Yahoo! shopping for merchant services and various specialized content providers for information services;
- . our community and communication services compete with services offered by Internet portals such as AOL, Yahoo!, and Excite, as well as specialized content service providers such as Hotmail;
- . our merchant services compete with e-tailers such as Amazon.com, portals such as AOL, Yahoo! and MSN and merchant aggregators such as Big Step and Microsoft's Bcentral; and
- . our wireless services compete with portals such as AOL, Yahoo!, MSN and Lycos, and with specialized content providers.

We expect that in the future we will experience competition from other Internet services companies and providers of Internet software, including Microsoft, Yahoo!, AOL, Excite, Disney/Infoseek, Lycos, Go2Net's MetaCrawler and NBC's Snap. Some of these companies are currently customers of ours, the loss of which could harm our business. We may also face increased competition from traditional media companies expanding onto the Internet.

Many of our current customers have established relationships with certain of our current and potential future competitors. If our competitors develop information infrastructure services that are superior to ours or that achieve greater market acceptance than ours, our business will suffer.

#### Governmental Regulation

Because of the increasing use of the Internet, the government may adopt laws and regulations relating to the Internet, addressing issues such as user privacy, pricing, content, taxation, copyrights, distribution and product and services quality.

Recent concerns regarding Internet user privacy has led to the introduction of federal and state legislation to protect Internet user privacy. In addition, the Federal Trade Commission has initiated investigations and hearings regarding Internet user privacy which could result in rules or regulations that could adversely affect our business. As a result, we could become subject to new laws and regulations that could limit our ability to conduct targeted advertising, or to distribute or collect user information.

European legislation to protect Internet user privacy has not heretofore greatly impacted us. European countries may seek to more strictly enforce such legislation, which may prevent us from offering some or all of our services in some European countries.

We may be subject to provisions of the Federal Trade Commission Act that regulate advertising in all media, including the Internet, and require advertisers to substantiate advertising claims before disseminating advertising. The Federal Trade Commission has the power to enforce this Act. It

has recently brought several actions charging deceptive advertising via the Internet and is actively seeking new cases involving advertising via the Internet.

We may also be subject to the provisions of the recently enacted Communications Decency Act. This Act imposes substantial monetary fines and/or criminal penalties on anyone who distributes or displays certain prohibited material over the Internet. Although some court decisions have cast doubt on the constitutionality of this Act, it could subject us to substantial liability.

These or any other laws or regulations that may be enacted in the future could have several adverse effects on our business. These effects include:

- . we may be subject to substantial liability, including fines and criminal penalties;
- . we could be prevented from offering certain products or services; and
- . the growth in Internet usage could be substantially limited.

Government regulation may present a risk to our business. See "Factors Affecting Our Operating Results, Business Prospects and Market Price of Our Stock--We May Become Subject to Government Regulation."

#### Employees

As of February 29, 2000, we had 330 employees. As of March 15, 2000, with the acquisition of Saraide.com, we had over 450 employees. None of our employees is represented by a labor union, and we consider our employee relations to be good. Competition for qualified personnel in our industry is intense, particularly for software development and other technical staff and for personnel with experience in wireless services. We believe that our future success will depend in part on our continued ability to attract, hire and retain qualified personnel. See "Factors Affecting Our Operating Results, Business Prospects and Market Price of Our Stock--We Need to Manage Our Growth and Maintain Procedures and Controls" and "--We Depend on Key Personnel" and "--We Need to Hire Additional Personnel."

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#### Executive Officers

The following table sets forth certain information as of February 29, 2000 with respect to our executive officers:

Name	Age	Position
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Naveen Jain.....	40	Chief Executive Officer and Chairman of the Board
Ashok Narasimhan.....	51	President, Merchant Services
Arif Janjua.....	44	President, Consumer Services
Ellen B. Alben.....	37	Senior Vice President, Legal and Business Affairs and Secretary
Tammy D. Halstead.....	36	Vice President, Acting Chief Financial Officer and Chief Accounting Officer
Randy Massengale.....	42	Senior Vice President, Human Resources

Naveen Jain founded InfoSpace in March 1996. Mr. Jain has served as our Chief Executive Officer since its inception, as its President since its inception to November 1998 and as its sole director from its inception to June 1998, when he was appointed Chairman of the Board upon the Board's expansion to five directors. From June 1989 to March 1996, Mr. Jain held various positions at Microsoft Corporation, including Group Manager for MSN, Microsoft's online service. From 1987 to 1989, Mr. Jain served as Software Development Manager for Tandon Computer Corporation, a PC manufacturing company. From 1985 to 1987, Mr. Jain served as Software Manager for UniLogic, Inc., a PC manufacturing company and from 1982 to 1985, he served as Product Manager and Software Engineer at

Unisys Corporation/Convergent Technologies, a computer manufacturing company. Mr. Jain holds a B.S. from the University of Roorkee and a M.B.A. from St. Xavier's School of Management.

Ashok Narasimhan joined InfoSpace in February 2000 as President of Merchant Services. He founded Prio, Inc. in March 1996 and served as Chairman and Chief Executive Officer. InfoSpace acquired Prio in February 2000. During the seven years prior to forming Prio, he was part of the core management team of VeriFone, where he served as Vice President of Product Development. Prior to VeriFone, he was the founding Chief Executive Officer of the computer businesses of Wipro, the largest computer, software and information technology company in India. He holds B.S. and a M.B.A. from Indian Institute of Management, associated with the Sloan School of Management at MIT.

Arif Janjua joined InfoSpace.com, Inc. in December 1999 as President of Consumer Services. From February 1999 to November 1999, he was General Manager of North American operations at Saraide. Prior to Saraide, from 1995 to 1999, he was a Vice President at A.T. Kearney, a global management consulting firm, where he led the firm's high technology practice. Prior to that, Mr. Janjua was Director of Business Operations at a leading graphics semiconductor firm, S3, where he had marketing responsibility for all desktop products. From 1991 to 1994, Mr. Janjua was a senior manager with Gemini Consulting, specializing in the communications and computer industry. From 1985 to 1989, Mr. Janjua was Director of Marketing at the Imaging and Graphics Division of Gould Electronics. From 1981 to 1985, Mr. Janjua was Product Marketing Manager at International Imaging Systems. He holds a B.S. and M.S. in Electrical Engineering from University of Windsor, Canada and an M.B.A. from University of California, Berkeley.

Ellen B. Alben joined InfoSpace in May 1998 as Vice President, Legal and Business Affairs and Secretary, and became a Senior Vice President in September 1999. From April 1997 to May 1998, she was a senior attorney with Perkins Coie LLP. From September 1996 to April 1997, Ms. Alben served as a consultant to Paragon Trade Brands, Inc., a private-label diaper manufacturer, and as special securities counsel to companies raising private financing. From September 1995 through June 1996, she served as Vice President, General Counsel and Secretary of Paragon Trade Brands. Paragon Trade Brands filed for bankruptcy protection under Chapter 11 of the Bankruptcy Code in January 1997. From July 1994 to September 1995, she served as Senior Associate Counsel of The Hillhaven Corporation, a nursing home

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provider, and from June 1993 to July 1994 she served as Associate Counsel of Hillhaven. Prior to joining Hillhaven, Ms. Alben was in private practice, specializing in corporate securities, finance, and mergers and acquisitions. She holds a B.A. from Duke University and a J.D. from Stanford Law School.

Tammy D. Halstead joined InfoSpace in July 1998 as Corporate Controller. In December 1998, she was appointed Vice President and Chief Accounting Officer, and in November 1999 she became Acting Chief Financial Officer. From March 1997 to June 1998, she worked at the Seattle office of USWeb Corporation, an Internet professional services firm, where she served as Director of Finance and Administration and later as Vice President, Finance and Administration. From April 1996 to March 1997, she was the Director of Finance and Administration at Cosmix, Inc., which was acquired by USWeb Corporation in March 1997. From December 1993 to February 1996, she served as Controller of ConnectSoft, Inc., a software development company. Prior to joining ConnectSoft, Inc., she spent eight years in private industry with a division of Gearbulk Ltd., an international shipping company, and in public accounting with Ernst & Whinney (now Ernst & Young LLP). She holds a B.A. in Business Administration from Idaho State University and is a licensed CPA.

Randy Massengale joined InfoSpace in December 1998 as Vice President of Human Resources and became Senior Vice President of Human Resources in September 1999. From 1992 to 1998 he was employed by Microsoft Corporation in human resources as Director of Diversity. From 1985 to 1992 he was employed by John Fluke Manufacturing Company Inc., a provider of general purpose electronic test and measurement equipment located in Everett, Washington. Prior to that he worked as a Recruiter for Intel Corp. and as Senior Human Resources Specialist at Tektronix Inc. Mr. Massengale holds a B.A. degree from Lewis and Clark College and a M. S. in Management from Antioch University.

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FACTORS AFFECTING OUR OPERATING RESULTS,  
BUSINESS PROSPECTS AND MARKET PRICE OF STOCK

In addition to other information in this report, investors evaluating us and our business should carefully consider the following risk factors. These risks may impair our operating results and business prospects and the market price of our stock. This report contains forward-looking statements that involve risks and uncertainties. These forward-looking statements include, but are not limited to, statements regarding our business and growth strategy, the expected demand for and benefits of our Internet information infrastructure services for our affiliates, advertisers, content providers and distribution partners anticipated benefits from the business and technologies we have acquired or intend to acquire, future carriage fees, increased advertising and public relations expenditures, increased operating expenses and the reasons for such increases, expected operating losses, increased product development expenditures, increased costs of revenues, increased product development expenses, increased sales and marketing expenses, increased general and administrative expenses, anticipated capital equipment expenditures and anticipated cash needs. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause our and the strategic Internet services industry's actual results, levels of activity, performance, achievements and prospects to be materially different from those expressed or implied by such forward-looking statements. The risks set forth below and elsewhere in this report could cause actual results to differ materially from those projected.

**We Have a Limited Operating History and a History of Losses.**

We have a limited operating history, which makes it difficult to evaluate our business and prospects. We have incurred net losses from our inception in March 1996 through December 31, 1999. At December 31, 1999, we had an accumulated deficit of approximately \$35.7 million. We expect to incur operating losses on a quarterly basis in the future. Our prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly companies in new and rapidly evolving markets such as Internet services. To address the risks we face and to be able to achieve and sustain profitability, we must, among other things:

- . develop and maintain strategic relationships with potential affiliates, distribution partners and content providers;
- . identify and acquire the rights to additional content, technology and services;
- . successfully integrate new features with our consumer, merchant and wireless services;
- . expand our sales and marketing efforts, including relationships with third parties to sell our merchant services;
- . maintain and increase our affiliate, distribution and advertiser base;
- . successfully expand into international markets;
- . retain and motivate qualified personnel; and
- . successfully respond to competitive developments.

If we do not effectively address the risks we face, our business will suffer and we may not sustain profitability. See "Selected Consolidated Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

**Our Financial Results Are Likely to Fluctuate.**

Our financial results have varied on a quarterly basis and are likely to fluctuate substantially in the future. These fluctuations may be caused by several factors, many of which are beyond our control. These factors include:

- . the addition or loss of affiliates;
- . variable demand for our consumer, merchant and wireless services by our affiliates;

- . the cost of acquiring and the availability of content, technology and services;
- . the growth and overall level of demand for consumer, merchant and wireless services;
- . our ability to attract and retain advertisers, content providers, affiliates and distribution partners;
- . seasonal trends in Internet usage and advertising placements;
- . the amount and timing of fees we pay to our affiliates to include our information services on their Web sites and wireless devices;
- . the productivity of our direct sales force and the sales forces of our distribution partners;
- . the amount and timing of increased expenditures for expansion of our operations, including the hiring of new employees, capital expenditures and related costs;
- . our ability to continue to enhance, maintain and support our technology;
- . the result of litigation that is currently ongoing against InfoSpace, or any litigation that is filed against us in the future;
- . our ability to attract and retain personnel;
- . our ability to successfully integrate and manage newly acquired companies;
- . the introduction of new or enhanced services by us, our affiliates or distribution partners, or other companies that compete with us or our affiliates;
- . price competition or pricing changes in Internet information infrastructure services, such as ours;
- . technical difficulties, system downtime, system failures or Internet brown-outs;
- . political or economic events and governmental actions affecting Internet operations or content; and
- . general economic conditions and economic conditions specific to the Internet.

If one or more of these factors or other factors occur, our business could suffer.

In addition, because InfoSpace.com only began operations in March 1996, and because the market for Internet infrastructure services such as ours is new and evolving, it is very difficult to predict future financial results. We plan to significantly increase our sales and marketing, research and development and general and administrative expenses in the year 2000. Our expenses are partially based on our expectations regarding future revenues and estimated expenses from our acquisitions, which are largely fixed in nature, particularly in the short term. As a result, if our revenues in a period do not meet our expectations, our financial results will likely suffer.

#### Pending and Potential Acquisitions Involve Risks.

We have acquired complementary technologies or businesses in the past, and intend to do so in the future. Acquisitions may involve potentially dilutive issuances of stock, the incurrence of additional debt and contingent liabilities or large one-time write-offs and amortization expenses related to goodwill and other intangible assets. Any of these factors could adversely affect our results of operations or stock price. Acquisitions involve numerous risks, including:

- . difficulties in assimilating the operations, products, technology, information systems and personnel of the acquired company;

- . diverting management's attention from other business concerns;
- . impairing relationships with our employees, affiliates, advertisers, content providers and distribution partners;

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- . being unable to maintain uniform standards, controls, procedures and policies;
- . entering markets in which we have no direct prior experience; and
- . losing key employees of the acquired company.

We may not be able to successfully integrate the technology and personnel we have acquired or the other businesses, technologies or personnel that we acquire in the future. We and the businesses acquired by us may require substantial additional capital, and there can be no assurance as to the availability of such capital when needed, nor as to the terms on which such capital might be made available to us. We have retained, and may in the future retain, existing management of acquired companies or technologies, under the overall supervision of our senior management. The success of the operations of these acquired companies and technologies will depend, to a great extent, on the continued efforts of the management of the acquired companies.

#### We Need to Manage Our Growth and Maintain Procedures and Controls.

We have rapidly and significantly expanded our operations and anticipate further significant expansion to accommodate expected growth in our customer base and market opportunities. We have increased the number of employees from 15 at January 1, 1998 to 330 at February 29, 2000. As of March 15, 2000, with the acquisition of Saraide, we have over 450 employees. We now have offices in Redmond, Washington, San Francisco and Mountain View, California, New York City and Rochester, New York, and Toronto, Canada. With the acquisition of Saraide, we have added offices in San Mateo, California, Dallas, Texas, Ottawa, Canada, Papendrecht, Netherlands, and London, UK. This expansion has placed, and is expected to continue to place, a significant strain on our management and operational resources. We do not have experience managing multiple offices with multiple facilities and personnel in disparate locations. As a result, we may not be able to effectively manage our resources, coordinate our efforts, supervise our personnel or otherwise successfully manage our resources. We have recently added a number of key managerial, technical and operations personnel and we expect to add additional key personnel in the near future. We also plan to continue to significantly increase our employee base. These additional personnel may further strain our management resources.

Our relationships with affiliates and distribution partners, content providers and advertisers are subject to frequent change. Prior to implementing procedures and controls in this area, these changes were often informal. In particular, we may have failed to perform our obligations under certain commercial contracts that may have been modified or terminated by verbal agreement. We believe that any failure to perform our obligations was not significant. This practice of the modification or termination of past written agreements by verbal agreement has resulted, and may result in the future, in disputes regarding the existence, interpretation and circumstances regarding modification or termination of commercial contracts. We are currently involved in litigation with Internet Yellow Pages, Inc., a direct marketing company with which we had a cooperative sales relationship, and have received other claims. If our relationships with affiliates and distribution partners, content providers and advertisers evolve in an adverse manner, if we get into contractual disputes with affiliates and distribution partners, content providers or advertisers or if any agreements with such persons are terminated, our business could suffer. See "Business--Legal Proceedings."

The rapid growth of our business has strained our ability to meet customer demands and manage the growing number of affiliate relationships. In addition, our affiliate relationships are also growing in their size and complexity of services. As a result of the growth in the size, number, and complexity of our relationships we may be unable to meet the demands of our customer relationships, which could result in the loss of customers, subject us to penalties under our affiliate agreements and harm our business reputation.

To manage the expected growth of our operations and personnel, we must continue maintaining and improving or replacing existing operational, accounting and information systems, procedures and controls.

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Further, we must manage effectively our relationships with various Internet content providers, distribution partners, wireless carriers, advertisers, affiliates and other third parties necessary to our business. If we are unable to manage growth effectively, our business could suffer. See "--We Are Subject to Pending Legal Proceedings," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business--Employees" and "--Our Executive Officers."

We Rely on Advertising and Transaction Revenues.

We derive a significant amount of our revenues from the sale of national and local advertisements, transaction fees and promotions from our affiliates who use our consumer services, and we expect this to continue for the first half of 2000. Our ability to increase and diversify our revenues will depend upon a number of factors, including the following:

- . the acceptance of the Internet as an advertising medium by national and local advertisers;
- . the acceptance and regular use of our information infrastructure services by a large number of users who have demographic characteristics that are attractive to advertisers;
- . the availability of attractive advertising space within our private label solutions;
- . the ability of our business development and sales personnel to effectively sell our broad suite of consumer, merchant and wireless services;
- . the development of the Internet as an attractive platform for electronic commerce;
- . the use of our integrated merchant tools by small and medium sized online and offline merchants;
- . the adoption of our wireless services and solutions by wireless carriers and device manufacturers; and
- . the use of our information services by subscribers on their wireless devices.

We Rely on Our Relationships with Affiliates.

We will be able to continue generating revenues from advertising, transaction fees and promotions only if we can secure and maintain distribution for our information infrastructure services on acceptable commercial terms through a wide range of affiliates. In particular, we expect that a limited number of our affiliates, including, America Online, Inc., or AOL, its CompuServe and Digital City divisions and its Netscape Communications subsidiary and Microsoft Network, LLC will account for a substantial portion of our affiliate traffic. Our distribution arrangements with our affiliates typically are for limited durations of between six months and two years and automatically renew for successive terms thereafter, subject to termination on short notice. We cannot assure you that such arrangements will not be terminated or that such arrangements will be renewed upon expiration of their terms. We generally share with each affiliate a portion of the revenues generated by advertising on the Web pages that deliver our content services. We pay carriage fees to certain affiliates, including AOL. These relationships may not be profitable or result in benefits to us that outweigh the costs of the relationships. In addition, if we lose a major affiliate, we may be unable to timely or effectively replace the affiliate with other affiliates with comparable traffic patterns and user demographics. The loss of any major affiliate could harm our business.

Advertisers May Not Adopt the Internet as an Advertising Medium.

Most advertising agencies and potential advertisers, particularly local advertisers, have only limited experience advertising on the Internet and have

not devoted a significant portion of their advertising expenditures to Internet advertising. As the Internet evolves, advertisers may find Internet advertising to be a less effective means of promoting their products and services relative to traditional methods of advertising and may not continue to allocate funds for Internet advertising. In addition, advertising on the Internet is at a much earlier stage of development in international markets compared to the United States.

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Fluid and intense competition in the sale of advertising on the Internet has led different vendors to quote a wide range of rates and offer a variety of pricing models for various advertising services. As a result, we have difficulty projecting future advertising revenues and predicting which pricing models advertisers will adopt. For example, if many advertisers based their advertising rates on the number of click throughs from our information services to their Web pages, instead of solely on the number of impressions received, our revenues could decrease. There are no widely accepted standards for the measurement of the effectiveness of Internet advertising, and standards may not develop sufficiently to support Internet advertising as a significant advertising medium. We typically base our advertising rates on the number of impressions received, and our advertising customers may not accept our measurements or such measurements may contain errors.

Industry analysts and others have made many predictions concerning the growth of the Internet as a commercial medium. Many of these historical predictions have overstated the growth of the Internet and should not be relied upon. This growth may not occur or may occur more slowly than estimated. In addition, if a large number of consumers use "filter" software programs that limit or remove advertising from the Web, advertisers may choose not to advertise on the Internet. If the commercial use of the Internet does not develop, or if the Internet does not develop as an effective and measurable medium for advertising, our business will suffer. See "Business--Advertising."

We Rely on a Small Number of Customers.

We derive a substantial portion of our revenues from a small number of customers. We expect that this will continue in the foreseeable future.

Our top ten customers represented 57% of our revenues in 1999 and 48% of our revenues for 1998. In particular, 800-U.S. Search, Inc. accounted for approximately 21% of our revenues for the years ended December 31, 1999 and 1998. If we lose any of these customers, including 800-U.S. Search in particular, or if any of these customers are unable or unwilling to pay us amounts that they owe us, our financial results will suffer.

Our Advertising Arrangements Involve Risks.

We typically sell national advertisements pursuant to short-term agreements of less than six months. As a result, our national advertising customers could cancel these agreements, change their advertising expenditures or buy advertising from our competitors on relatively short notice and without penalty. Because we derive, and expect to continue to derive, a large portion of our consumer services revenues from sales of national advertising, these short-term agreements expose us to competitive pressures and potentially severe fluctuations in our financial results.

In addition, we typically guarantee our national advertising customers a minimum number of impressions or click throughs by Web users. These arrangements expose us to potentially significant risks. If we fail to deliver these minimum levels, we typically have to provide free advertising to the customer until the minimum level is met, which could harm our financial results.

We occasionally guarantee the availability of advertising space in connection with promotion arrangements and content agreements. In addition, we occasionally provide customized advertising campaigns for advertisers and agree with certain advertisers that we will not accept advertising from any other customer within a particular subject matter. All of these arrangements subject us to certain risks. These risks include:

- . our potential inability to meet the guarantees we make to our customers;
- . our allocation of resources to create customized advertising that may not

result in successful advertisements;

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- . a requirement to forego advertising from potential customers whose advertisements would conflict with those of other customers; and
- . a potential limitation on availability of additional advertising space.

Any of these results could harm our financial results.

#### We Depend on Third Parties for Content.

We typically do not create our own content. Rather, we acquire rights to information from more than 85 third-party content providers, and our future success is critically dependent upon our ability to maintain relationships with these content providers and enter into new relationships with other content providers.

We typically license content under short-term arrangements that do not require us to pay royalties or other fees for the use of the content. However, we do enter into revenue-sharing arrangements with certain content providers, and we pay certain content providers a one-time fee, a periodic fee or a fee for each query from Web users. In the future, we expect that certain of our content providers will likely demand a greater portion of advertising revenues or increase the fees that they charge us for their content. If we fail to enter into and maintain satisfactory arrangements with content providers, our business will suffer. See "--We Need to Manage Our Growth and Maintain Procedures and Controls."

#### We Depend on Key Personnel.

Our performance depends on the continued services of our executive officers and other key personnel, particularly within our merchant services and wireless services business areas. We maintain key person life insurance on Naveen Jain, our Chief Executive Officer, in the amount of \$5.0 million. We do not maintain key person life insurance policies on any of our other employees. If we lose the services of any of our executive officers or other key employees, our business could suffer. See "Business--Employees" and "--Executive Officers."

#### We Need to Hire Additional Personnel.

Our future success depends on our ability to identify, attract, hire, train, retain and motivate highly skilled technical, managerial, sales and marketing and business development personnel. We intend to hire a significant number of technical, sales and marketing, business development and administrative personnel during the next year. Our services and the industries to which we provide our services are relatively new, particularly with respect to our wireless and merchant services. As a result, qualified technical personnel with relevant experience to our business are scarce and therefore difficult to recruit. If we fail to successfully attract, assimilate and retain a sufficient number of qualified technical, managerial, sales and marketing, business development and administrative personnel, our business could suffer.

#### Our International Expansion Plans Involve Risks.

A key component of our strategy is expanding our operations into international markets. We have entered into a joint venture agreement with Thomson Directories Limited to replicate our content, community and commerce services in Europe. The joint venture, TDL InfoSpace (Europe) Limited, has targeted the United Kingdom as its first market, and it launched content services in the third quarter of 1998. Under the joint venture agreement, each of us is obligated to negotiate with TDL InfoSpace and the other party to jointly offer content, community and commerce services in other European countries prior to offering such services independently or with other parties. In March 1999, we began providing content, community and commerce services to Canadian affiliates through our wholly-owned subsidiary, InfoSpaceCanada.com. We expect to launch InfoSpace.com India in 2000 to provide comprehensive localized consumer, merchant and wireless services to the Indian market. In addition, with our acquisition of Saraide, we expect to expand our wireless services into Europe, Japan and Canada.

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To date, we have limited experience in developing and syndicating localized versions of our information infrastructure services internationally, and we may not be able to successfully execute our business model in these markets. In addition, international markets experience lower levels of Internet usage and Internet advertising than the United States. We rely on our business partner in Europe for U.K. directory information and local sales forces and may enter into similar relationships if we expand into other international markets. Accordingly, our success in these markets will be directly linked to the success of our business partners in such activities. If our business partners fail to successfully establish operations and sales and marketing efforts in these markets, our business could suffer. See "Business--International Expansion."

In addition, we face a number of risks inherent in doing business in international markets, including, among others:

- . unexpected changes in regulatory requirements;
- . potentially adverse tax consequences;
- . export controls relating to encryption technology;
- . tariffs and other trade barriers;
- . difficulties in staffing and managing foreign operations;
- . changing economic conditions;
- . exposures to different legal standards (particularly with respect to intellectual property and distribution of information over the Internet);
- . burdens of complying with a variety of foreign laws;
- . fluctuations in currency exchange rates; and
- . seasonal reductions in business activity during the summer months in Europe and certain other parts of the world.

If any of these risks occur, our business could suffer.

Our Business Is Highly Competitive.

We operate in the Internet information infrastructure services market, which is extremely competitive and is rapidly changing. Our current and prospective competitors include many large companies that have substantially greater resources than we have. We believe that the primary competitive factors in the market for Internet information infrastructure services are:

- . the ability to provide information and services of broad appeal, which is likely to result in increased user traffic and increase the brand name value of the Web sites and wireless devices to which the services are provided;
- . the ability to meet the specific information and service demands of a particular Web site or wireless devices;
- . the cost-effectiveness and reliability of the consumer, merchant and wireless information services;
- . the ability to provide consumer, merchant and wireless information services that are attractive to advertisers and end users;
- . the ability to achieve comprehensive coverage of a particular category of information or services; and
- . the ability to integrate related information to increase the utility of the consumer, merchant and wireless information services offered.

We compete, directly or indirectly, in the following ways, among others:

- . our directory services compete with AnyWho? (a division of AT&T), GTE SuperPages, Switchboard, ZIP2 (which was recently acquired by Compaq), various RBOCs' directory services, infoUSA's Lookup USA, City Search Sidewalk and Yahoo! Yellow Pages and White Pages;

- . other information services we provide, such as classifieds, horoscopes and real-time stock quotes, compete with specialized content providers;
- . our U.K. joint venture competes with British Telecom's YELL service and Scoot (UK) Limited in directory services; Inktomi and Autonomy in infrastructure services, Excite, Yahoo! and MSN in syndication; Shopguide, Shopsmart and Yahoo! shopping for merchant services and various specialized content providers for information services;
- . our community services compete with services offered by Internet portals such as AOL, Yahoo! and Excite, as well as specialized content service providers such as Hotmail;
- . our merchant services compete with e-tailers such as Amazon.com, portals such as AOL, Yahoo! and MSN, and merchant aggregators such as Big Step and Microsoft's Bcentral; and
- . our wireless commerce services compete with portals such as AOL, Yahoo!, MSN and Lycos, and with specialized content providers.

We expect that in the future we will experience competition from other Internet services companies and providers of Internet software, including Microsoft, Yahoo!, AOL, Excite, Disney/Infoseek, Lycos, Go2Net's MetaCrawler and NBC's Snap. Some of these companies are currently customers of ours, the loss of which could harm our business. We may also face increased competition from traditional media companies expanding onto the Internet.

Many of our current customers have established relationships with certain of our current and potential future competitors. If our competitors develop Internet information infrastructure services that are superior to ours or that achieve greater market acceptance than ours, our business will suffer.

Our Business Relies on the Performance of Our Systems.

Our success depends, in part, on the performance, reliability and availability of our consumer, merchant and wireless services. Our revenues depend, in large part, on the number of users that access our consumer, merchant and wireless services. Our computer and communications hardware is currently located at our main headquarters in Redmond, Washington.

With the acquisitions of Prio and Saraide, we will have data centers in Mountain View, California serving the promotions technology, Dallas, Texas serving wireless customers in North America, and Papendrecht, Netherlands serving wireless customers in Europe. None of our data centers are currently redundant. Our success on a global basis will depend in part on our ability to create carrier class infrastructure systems and build network operations centers worldwide that can support the delivery of integrated consumer, merchant and wireless services and the expected growth of these services. We may be unable to develop or successfully manage the infrastructure necessary to meet current demands for reliability and scalability of our systems.

The Company has entered into Service Level Agreements with certain merchant services distributors including merchant banks and most of our wireless customers. These agreements call for system up times, 24/7 support and include penalties for non-performance. We may be unable to fulfill these commitments, which would subject us to penalties under our agreements, harm our reputation and could result in the loss of customers and distributors, which would harm our business.

Our systems and operations could be damaged or interrupted by fire, flood, power loss, telecommunications failure, Internet breakdown, break-in, earthquake and similar events. We do not have a formal disaster recovery plan, and we do not carry business interruption insurance that is adequate to compensate us for all the losses that may occur. In addition, systems that use sophisticated software may contain bugs, which could also interrupt service. Any system interruptions resulting in the unavailability of our consumer, merchant and wireless services would reduce the volume of users able to access our

consumer, merchant and wireless services and the attractiveness of our service offerings to our affiliates, advertisers and content providers, which could harm our business.

#### Our Industry Is Experiencing Consolidation.

The Internet industry has recently experienced substantial consolidation. For example, AOL has acquired Netscape and has agreed to acquire Time-Warner, At Home has acquired Excite, and Compaq has acquired ZIP2. We expect this consolidation to continue. These acquisitions could affect us in a number of ways, including:

- . companies from whom we acquire content could be acquired by one of our competitors and stop licensing us content;
- . our customers could be acquired by one of our competitors and stop buying advertising from us; and
- . our customers could merge with other customers, which could reduce the size of our customer base.

This consolidation in the Internet industry could harm our business.

#### We Are Subject to Pending Legal Proceedings.

From time to time we have been, and expect to continue to be, subject to legal proceedings and claims in the ordinary course of our business, including claims of alleged infringement of third-party trademarks and other intellectual property rights by us. Such claims, even if not meritorious, could require the expenditure of significant financial and managerial resources, which could harm our business.

On February 8, 2000, we reached a settlement with an alleged former employee. Under the terms of the settlement, the alleged employee received a cash payment of \$10.5 million.

On December 15, 1999, a complaint was filed against us by a former employee alleging claims for breach of contract, fraud, negligent misrepresentation, and promissory estoppel. The former employee contends he agreed to work for us on the basis of certain misrepresentation, that he entered into an agreement with the Company that entitles him to an option to purchase 150,000 shares of the Company's common stock, and that he was terminated without cause. The former employee is seeking the right to purchase the shares of stock, unspecified compensatory and punitive damages, and litigation costs and attorney's fees.

On December 23, 1998, we filed a complaint against Internet Yellow Pages, Inc., or IYP, and Greg Crane, asserting claims for (a) account stated, (b) breach of contract, and (c) fraud. IYP has asserted counterclaims against us for breach of contract, fraud, extortion and violation of the Consumer Protection Act (RCW 19.86), and seeks relief consisting of \$1,500,000 and other unquantified money damages, punitive damages, treble damages and attorney's fees.

We believe we have meritorious defenses to all of these claims against us. Nevertheless, litigation is inherently uncertain, and we may not prevail in these suits.

We had discussions with a number of individuals in the past regarding employment by us and also hired and subsequently terminated a number of individuals as employees or consultants. Furthermore, primarily during our early stage of development, our procedures with respect to the manner of granting options to new employees were not clearly documented. As a result of these factors, and in light of the receipt of the above claims, we have in the past received, and may in the future receive, similar claims from one or more individuals asserting rights to acquire shares of our stock or to receive cash compensation. We cannot predict whether such future claims will be made or the ultimate resolution of any currently outstanding or future claim See "Item 3. Legal Proceedings."

#### We Rely on Internally Developed Software and Systems.

We have developed custom software for our network servers and our private label solutions. This software may contain undetected errors, defects or bugs. Although we have not suffered significant harm from any errors or defects to date, we may discover significant errors or defects in the future that we may or may not be able to fix. We must expand and upgrade our technology, transaction-processing systems and network infrastructure if the volume of traffic on our Web site or our affiliates' Web sites increases substantially. In addition, as we continue to expand our merchant and wireless services, we may have to significantly modify our systems. We could experience periodic temporary capacity constraints, which may cause unanticipated system disruptions, slower response times and lower levels of customer service. We may be unable to accurately project the rate or timing of increases, if any, in the use of our consumer, merchant and wireless services or expand and upgrade our systems and infrastructure to accommodate these increases in a timely manner. Any inability to do so could harm our business.

#### Rapid Technological Change Affects Our Business.

Rapidly changing technology, evolving industry standards, evolving customer demands and frequent new product and service introductions characterize our market. Our market's early stage of development exacerbates these characteristics. Our future success depends in significant part on our ability to develop and introduce compelling services on a timely and competitive basis and to improve the performance, content and reliability of our consumer, merchant and wireless services in response to both the evolving demands of the market and competitive product offerings. Our efforts in these areas may not be successful. If a large number of affiliates adopt new Internet technologies or standards, we may need to incur substantial expenditures modifying or adapting our enabling technologies and Internet information infrastructure services.

#### We Rely on the Internet System Infrastructure.

Our success depends, in large part, on other companies maintaining the Internet system infrastructure. In particular, we rely on other companies to maintain a reliable network backbone that provides adequate speed, data capacity and security and to develop products that enable reliable Internet access and services. If the Internet continues to experience significant growth in the number of users, frequency of use and amount of data transmitted, the Internet system infrastructure may be unable to support the demands placed on it, and the Internet's performance or reliability may suffer as a result of this continued growth. In addition, the Internet could lose its commercial viability as a form of media due to delays in the development or adoption of new standards and protocols to process increased levels of Internet activity. Any such degradation of Internet performance or reliability could cause advertisers to reduce their Internet expenditures. If other companies do not develop the infrastructure or complementary products and services necessary to establish and maintain the Internet as a viable commercial medium, or if the Internet does not become a viable commercial medium or platform for advertising, promotions and electronic commerce, our business could suffer.

#### We Receive Information that May Subject Us to Liability.

We obtain content and commerce information from third parties. When we integrate and distribute this information over the Internet, we may be liable for the data that is contained in that content. This could subject us to legal liability for such things as defamation, negligence, intellectual property infringement and product or service liability. Many of the agreements by which we obtain content do not contain indemnity provisions in favor of us. Even if a given contract does contain indemnity provisions, these provisions may not cover a particular claim. We carry general business insurance, however, this coverage may be inadequate.

In addition, individuals whose names appear in our yellow pages and white pages directories have occasionally contacted us. These individuals believed that their phone numbers and addresses were unlisted, and our directories are not always updated to delete phone numbers or addresses when they are changed from listed to unlisted. While we have not received any claims from these individuals, we may receive claims in the future. Any liability that we incur as a result of content we receive from third parties could harm our financial results.

#### Our Networks Face Security Risks.

Even though we have implemented security measures, our networks may be vulnerable to unauthorized access by hackers or others, computer viruses and other disruptive problems. Someone who is able to circumvent security measures could misappropriate our proprietary information or cause interruptions in our Internet operations. Internet and online service providers have in the past experienced, and may in the future experience, interruptions in service as a result of the accidental or intentional actions of Internet users, current and former employees or others. We may need to expend significant capital or other resources protecting against the threat of security breaches or alleviating problems caused by breaches. Although we intend to continue to implement industry-standard security measures, persons may be able to circumvent the measures that we implement in the future. Eliminating computer viruses and alleviating other security problems may require interruptions, delays or cessation of service to users accessing Web pages that deliver our content services, any of which could harm our business. See "Business--Technology and Infrastructure--Data Network Infrastructure".

Users of online commerce services are highly concerned about the security of transmissions over public networks. Concerns over security and the privacy of users may inhibit the growth of the Internet and other online services generally, and the Web in particular, especially as a means of conducting commercial transactions. As we expand our merchant services, we intend to rely on encryption and authentication technology licensed from third parties to provide the security and authentication necessary to securely transmit confidential information, such as member profiles and customer credit card numbers. Users could possibly circumvent the measures we take to protect customer transaction data. To the extent that our activities involve the storage and transmission of proprietary information, such as credit card numbers, security breaches could damage our reputation and expose us to a risk of loss or litigation and possible liability. Any compromise of our security could harm our business.

#### We May Be Unable to Adequately Protect or Enforce Our Intellectual Property Rights.

Our success depends significantly upon our proprietary technology. To protect our proprietary rights, we rely on a combination of copyright and trademark laws, patents, trade secrets, confidentiality agreements with employees and third parties and protective contractual provisions. Despite our efforts to protect our proprietary rights, unauthorized parties may copy aspects of our products or services or obtain and use information that we regard as proprietary. In addition, others could possibly independently develop substantially equivalent intellectual property. If we do not effectively protect our intellectual property, our business could suffer.

Companies in the computer industry have frequently resorted to litigation regarding intellectual property rights. We may have to litigate to enforce our intellectual property rights, to protect our trade secrets or to determine the validity and scope of other parties' proprietary rights. From time to time, we have received, and we may receive in the future, notice of claims of infringement of other parties' proprietary rights. Any such claims could be time-consuming, result in costly litigation, divert management's attention, cause product or service release delays, require us to redesign our products or services or require us to enter into royalty or licensing agreements. These royalty or licensing agreements, if required, may not be available on acceptable terms or at all. If a successful claim of infringement were made against us and we could not develop non-infringing technology or license the infringed or similar technology on a timely and cost-effective basis, our business could suffer. See "Business--Intellectual Property" and "Item 3. Legal Proceedings."

#### We May Become Subject to Governmental Regulation.

Because of the increasing use of the Internet, the government may adopt laws and regulations with regard to the Internet covering issues such as user privacy, pricing, content, taxation, copyrights, distribution and product and services quality. For a description of certain risks relating to government regulation, see "Business--Governmental Regulation."

#### We May Require Additional Funding.

Although we believe that our cash reserves and cash flows from operations will be adequate to fund our operations for at least the next 12 months, such sources may be inadequate. Consequently, we may require additional funds during or after such period. Additional financing may not be available on favorable terms or at all. If we raise additional funds by selling stock, the percentage ownership of our then current stockholders will be reduced. If we cannot raise adequate funds to satisfy our capital requirements, we may have to limit our operations significantly. Our future capital requirements depend upon many factors, including, but not limited to:

- . the rate at which we expand our sales and marketing operations;
- . the amount and timing of fees paid to affiliates to include our consumer, merchant and wireless services on their site or service;
- . the extent to which we expand our consumer, merchant and wireless services;
- . the extent to which we develop and upgrade our technology and data network infrastructure;
- . the occurrence, timing, size and success of acquisitions;
- . the cash requirements of entities we have acquired;
- . the number and amount of investments we make in privately held technology companies;
- . the rate at which we expand internationally; and
- . the response of competitors to our service offerings.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources."

Management Owns a Large Percentage of Our Stock.

As of February 29, 2000, our officers, directors and affiliated persons beneficially owned approximately 38% of our common stock. Naveen Jain, our Chief Executive Officer, currently beneficially owns approximately 29% of our common stock. As a result, our officers, directors and affiliated persons may effectively be able to:

- . elect, or defeat the election of, our directors;
- . amend or prevent amendment of our Certificate of Incorporation or Bylaws;
- . effect or prevent a merger, sale of assets or other corporate transaction; and
- . control the outcome of any other matter submitted to the stockholders for vote.

Our public stockholders may have little control over the outcome of such transactions. Management's stock ownership may discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of InfoSpace, which in turn could reduce our stock price or prevent our stockholders from realizing a premium over our stock price.

Our Stock Price Has Been and May Continue to be Volatile.

The trading price of our common stock has been and is likely to continue to be highly volatile. Since we began trading on December 15, 1998, our stock price has ranged from \$7.50 to \$277.00. Our stock price could be subject to wide fluctuations in response to factors such as the following:

- . actual or anticipated variations in quarterly results of operations;
- . the addition or loss of affiliates, distribution partners or content providers;
- . announcements of technological innovations, new products or services by

- us or our competitors;
- . changes in financial estimates or recommendations by securities analysts;
- . conditions or trends in the Internet and online commerce industries;
- . changes in the market valuations of other Internet, online service or software companies;
- . our announcements of significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- . additions or departures of key personnel;
- . sales of our common stock;
- . general market conditions; and
- . other events or factors, many of which are beyond our control.

In addition, the stock market in general, and the Nasdaq National Market and the market for Internet and technology companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. These broad market and industry factors may materially and adversely affect our stock price, regardless of our operating performance. The trading prices of the stocks of many technology companies are at or near historical highs and reflect price-earnings ratios substantially above historical levels. These trading prices and price-earnings ratios may not be sustained.

#### You Should Not Rely on Forward-looking Statements.

You should not rely on forward-looking statements in this report. This report contains forward-looking statements that involve risks and uncertainties. We use words such as "anticipates," "believes," "plans," "expects," "future," "intends," "may," "will," "should," "estimates," "predicts," "potential," "continue," and similar expressions to identify such forward-looking statements. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause our results and the Internet information infrastructure services industry results, levels of activity, performance, achievements and prospects to be materially different from those expressed or implied by such forward-looking statements. These risks, uncertainties and other factors include, among others, those identified under "Factors Affecting Our Operating Results, Business Prospects and Market Price of Stock" and elsewhere in this report.

#### Item 2. Properties

Prior to the acquisitions of Saraide and Prio, our principal administrative, engineering, marketing and sales facilities total approximately 16,864 square feet and are located in Redmond, Washington. Under the current lease, which commenced on July 13, 1998, and expires on August 31, 2003, we pay a monthly base rent of \$19,775 through August 2001 and \$22,030 during the final two years of the lease. We have both the right to extend the term of this lease for an additional 60 months and the right of first opportunity on adjacent expansion space. Under this right of first opportunity we have expanded into an additional 6,587 square foot space at a rate of \$7,875 per month under a sublease that expires on April 30, 2000. We will be relocating to significantly larger facilities in the second quarter of 2000 under a lease for a new principal administrative, engineering, marketing and sales facility located in Bellevue, Washington totaling approximately

108,000 square feet. Under the five-year lease which is projected to commence in May 2000, we will pay a monthly base rent of \$199,783 per month during the first two years, \$208,864 per month during the second two years and \$217,864 per month during the final year. We maintain a sales office housed in an approximately 2,271-square-foot space in San Francisco, California under a lease that expires on November 30, 2001 with a monthly base rent of \$5,299. We also maintain a sales office in New York City for 1,900 square feet with a monthly base rent of \$3,667, under a lease that expires April 2004. Under the lease at our former location in Redmond, we paid an aggregate rent of \$28,840 for the first seven months of 1998 and an aggregate rent of \$49,440 during

1997. We do not own any real estate.

With the acquisitions of Saraide and Prio, we now have facilities in Mountain View, California, San Mateo, California, Dallas, Texas, Ottawa, Canada, Papendrecht, Netherlands and London, UK.

Substantially all of our computer and communications hardware is located at our facilities in Redmond, Washington and we also lease redundant network facilities at two locations in the Seattle, Washington area under a month-to-month agreement and an agreement that expires in July 2001. We intend to install additional hardware and high-speed Internet connections at a location outside the West Coast as well as in the United Kingdom to support our joint venture, TDL InfoSpace.

Our systems and operations at these locations are vulnerable to damage or interruption from fire, flood, power loss, telecommunications failure, break-ins, earthquake and similar events. See "Factors Affecting Our Operating Results, Business Prospects and Market Price of Our Stock--Our Business Relies on the Performance of Our Systems."

### Item 3. Legal Proceedings

From time to time we have been, and expect to continue to be, subject to legal proceedings and claims in the ordinary course of our business, including claims of alleged infringement of third-party trademarks and other intellectual property rights by us. These claims, even if not meritorious, could require the expenditure of significant financial and managerial resources.

On December 15, 1999, a complaint was filed against us on behalf of a former employee in federal court in New Jersey alleging claims for breach of contract, breach of the covenant of good faith and fair dealing, fraud, negligent misrepresentation, and promissory estoppel. The former employee contends he agreed to work for InfoSpace on the basis of certain misrepresentations, that he entered into an agreement with us that entitles him to an option to purchase 150,000 shares of our common stock, and that he was terminated without cause. The former employee seeks (1) the right to purchase 150,000 shares of our common stock, (2) unspecified compensatory and punitive damages, and (3) litigation costs and attorney's fees. On January 31, 2000, we answered the complaint, denying the claims. Discovery is ongoing, and trial is set for September 2000. We are currently investigating the claims at issue and believe we have meritorious defenses to such claims. Nevertheless, litigation is uncertain and we may not prevail in this suit.

On February 18, 1999, a former consultant filed a complaint in the Superior Court for Santa Clara County, California alleging, among other things, that he had the right in connection with his consulting to the Company to purchase 56,924 shares of our common stock. We settled this lawsuit in September 1999. Under the settlement, the former consultant was permitted to purchase 33,012 shares of our common stock at a price of \$.05 per share.

On January 26, 1999, Civix-DDI, LLC filed a complaint in the U.S. District Court in Colorado against us and 19 other defendants for infringement of two patents relating to electronic mapping systems. In July 1999 we settled this litigation by entering into a license agreement for these patents, pursuant to which we made a single lump sum royalty payment.

On December 23, 1998, we initiated litigation against Internet Yellow Pages, Inc. ("IYP") by filing suit in United States District Court for the Western District of Washington. On February 3, 1999, we served a first amended complaint on IYP and Greg Crane, an agent of IYP, in which we asserted claims for

(a) account stated, (b) breach of contract, and (c) fraud. On March 5, 1999, IYP answered our complaint in the Washington action, and asserted claims for breach of contract, fraud, extortion and Consumer Protection Act violations. IYP seeks relief consisting of \$1,500,000 and other unquantified money damages, treble damages under the CPA, and attorneys' fees. Discovery is ongoing. We are currently investigating the claims at issue and believe we have meritorious defenses to such claims. Nevertheless, litigation is uncertain and we may not prevail in these suits. Trial is set for April 2000, but the parties are finalizing an agreement to dispose of the case through a streamlined mini-trial before a federal magistrate.

On December 7, 1998, a complaint was filed against us on behalf of an alleged former employee in Superior Court for Suffolk County in the Commonwealth of Massachusetts alleging that he was terminated without cause and that he entered into an agreement with us that entitles him to an option to purchase 4,000,000 shares of our common stock or 10% of our equity. We settled this lawsuit in February 2000. Under the settlement, we made a cash payment of \$10.5 million.

On April 16, 1998, one of our former employees filed a complaint in the Superior Court for Santa Clara County, California alleging, among other things, that he had the right in connection with his employment to purchase shares of our common stock representing up to 5% of our equity as of an unspecified date. We settled this lawsuit in February 1999. Under the settlement, we made a cash payment of \$4.5 million.

We had discussions with a number of individuals in the past regarding employment by us and also hired and subsequently terminated a number of individuals as employees or consultants. Furthermore, primarily during our early stage of development, our procedures with respect to the manner of granting options to new employees were not clearly documented. As a result of these factors, and in light of the receipt of the above claims, we have in the past received, and may in the future receive, similar claims from one or more individuals asserting rights to acquire shares of our stock or to receive cash compensation. We cannot predict whether such future claims will be made or the ultimate resolution of any currently outstanding or future claim.

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable.

PART II

Item 5. Market for Registrant's Common Stock and Related Stockholder Matters

Market for Our Common Stock

Our common stock has traded on the Nasdaq National Market under the symbol "INSP" since December 15, 1998, the date of the initial public offering. Prior to that time, there was no public market for our common stock. The following table sets forth the range of high and lows sales prices for the Company's Common Stock for the periods indicated:

	High	Low
	-----	-----
For the quarter ended:		
December 31, 1999.....	\$ 108.50	\$ 19.375
September 30, 1999.....	\$ 29.469	\$18.4375
June 30, 1999.....	\$36.3125	\$ 17.625
March 31, 1999.....	\$24.8125	\$ 7.125
December 31, 1998 (from December 15, 1998).....	\$ 13.00	\$ 3.75

The Company has never declared, nor has it paid, any cash dividends on its Common Stock. The Company currently intends to retain its earnings to finance future growth and, therefore, does not anticipate paying any cash dividends on its Common Stock in the foreseeable future.

As of March 15, 2000, the approximate number of stockholders of record of Common Stock was 397. See "Factors Affecting Our Operating Results, Business Prospects and Market Price of Stock--Our Stock Price Has Been and May Continue to be Volatile."

Recent Sales of Unregistered Securities

Since October 1, 1999 we issued and sold unregistered securities as follows:

- (a) In connection with our acquisition of INEX Corporation, on October 14, 1999, we issued 185,226 shares of our common stock to some of the former shareholders of INEX in exchange for their shares of capital stock

in INEX. InfoSpace.com Canada Holdings Inc., our wholly owned indirect subsidiary, issued 540,001 Exchangeable Shares to some of the former shareholders of INEX in exchange for their shares of capital stock of INEX. The Exchangeable Shares are exchangeable on a one-to-one basis into shares of our common stock. The shares of our common stock and the Exchangeable Shares were issued pursuant to exemptions from registration under the Securities Act of 1933, as amended (the "Securities Act") under Section 3(a)(10) of the Securities Act.

(b) In connection with our acquisition of Union-Street.com, Inc., on October 14, 1999, we issued 873,294 shares of our common stock to the former shareholders of Union-Street.com, Inc. in exchange for all of the outstanding capital stock of Union-Street.com. We issued these shares pursuant to an exemption from registration pursuant to Section 4(2) of the Securities Act.

(c) In connection with our acquisition of eComLive, Inc., on December 16, 1999, we issued 711,248 shares of our common stock to the former stockholders of eComLive in exchange for all outstanding shares and options to purchase shares of eComLive, Inc. We issued these shares pursuant to an exemption from registration under Section 4(2) of the Securities Act.

(d) In connection with our acquisition of Zephyr Software Inc., on December 29, 1999, we issued 333,912 shares of our common stock to the former stockholders of Zephyr Software in exchange for all of the outstanding shares of capital stock of Zephyr Software. We issued these shares pursuant to an exemption from registration under Section 4(2) of the Securities Act.

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No underwriters were used in connection with these sales and issuances.

#### Report of Offering of Securities and Use of Proceeds Therefrom

In December 1998, we completed a firm commitment underwritten initial public offering of, 23,000,000 shares (the "Shares") of our Common Stock, including 3,000,000 shares related to the underwriter's over-allotment option, at a price of \$3.75 per share (as adjusted for two-for-one stock splits effected by the Company in May 1999 and January 2000). The Shares were registered with the Securities and Exchange Commission pursuant to a Registration Statement on Form S-1 (No. 333- 62323), which was declared effective on December 15, 1998. After deducting underwriting discounts and commissions and offering expenses, we received net proceeds of approximately \$77,800,000.

Pending their use, we have invested the net proceeds from our initial public offering in short- and long-term investments in order to meet anticipated cash needs for future working capital. We invested our available cash principally in high-quality corporate issuers and in debt instruments of the U.S. Government and its agencies. We have used the net proceeds of our initial public offering for general corporate purposes, including for working capital, and to a lesser extent, to acquire assets from Active Voice Corporation, to invest in a variety of private and early stage public Internet companies and to make settlement payments in connection with litigation.

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#### Item 6. Selected Consolidated Financial Data

The following selected consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," our Consolidated Financial Statements and Notes thereto and other financial information included elsewhere in this report.

Year Ended December 31,			
1999	1998	1997	1996
(in thousands, except per share data)			

Consolidated Statements of Operations

Data:

Revenues.....	\$ 36,907	\$ 9,623	\$ 1,743	\$ 199
Cost of revenues.....	5,259	1,635	419	96
	-----	-----	-----	-----
Gross profit.....	31,648	7,988	1,324	103
Operating expenses:				
Product development.....	3,189	1,245	383	149
Sales and marketing.....	23,695	6,286	1,477	257
General and administrative.....	9,688	4,575	944	234
Amortization of intangibles.....	3,223	710	64	--
Acquisition and related charges .....	13,250	2,800	--	--
Other--non-recurring charges .....	11,359	4,500	137	--
	-----	-----	-----	-----
Total operating expenses.....	64,404	20,116	3,005	640
	-----	-----	-----	-----
Loss from operations.....	(32,756)	(12,128)	(1,681)	(537)
Other income, net.....	11,074	434	20	21
Equity in loss from joint venture.....	(12)	(125)	--	--
	-----	-----	-----	-----
Net loss .....	\$ (21,694)	\$ (11,819)	\$ (1,661)	516
	=====	=====	=====	=====
Basic and diluted net loss per share....	\$ (0.23)	\$ (0.22)	\$ (0.04)	\$ (0.01)
	=====	=====	=====	=====
Shares used in computing basic net loss per share.....	93,566	54,847	44,114	37,530
	=====	=====	=====	=====
Shares used in computing diluted net loss per share.....	93,566	54,847	44,341	37,530
	=====	=====	=====	=====

December 31,

	-----	-----	-----	-----
	1999	1998	1997	1996
	-----	-----	-----	-----
	(in thousands)			

Consolidated Balance Sheet Data:

Cash and short-term investments .....	\$154,176	\$ 87,334	\$ 358	\$ 693
Working capital.....	164,603	86,342	424	788
Total assets.....	352,571	103,005	1,514	1,139
Total stockholders' equity.....	331,627	94,724	792	1,000

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis in conjunction with "Selected Consolidated Financial Data" and our Consolidated Financial Statements and Notes thereto included elsewhere in this report. In addition to historical information, the following discussion contains certain forward-looking statements that involve known and unknown risks and uncertainties, such as statements of our plans, objectives, expectations and intentions. You should read the cautionary statements made in this prospectus as being applicable to all related forward-looking statements wherever they appear in this prospectus. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and in the section entitled "Factors Affecting Our Operating Results, Business Prospects and Market Price of Stock," as well as those discussed elsewhere herein. See "Factors Affecting Our Operating Results, Business Prospects and Market Price of Stock--You Should Not Rely on Forward-Looking Statements." You should not rely on these forward-looking statements, which reflect only our opinion as of the date of this report. We do not assume any obligation to revise forward-looking statements.

Overview

InfoSpace.com, Inc. is a global Internet information infrastructure services

company. InfoSpace provides enabling technologies and Internet services to Web sites, merchants and wireless devices. We began operations in March 1996. During the period from inception through December 31, 1996, we had insignificant revenues and were primarily engaged in the development of technology for the aggregation, integration and distribution of Internet content and the hiring of employees. In 1997, we expanded our operations, adding business development and sales personnel in order to capitalize on the opportunity to generate Internet advertising revenues. We began generating material revenues in 1997 with our consumer services. Revenue in 1998 was also primarily generated through our consumer services. Throughout 1999, we have expanded our information infrastructure services to enhance our consumer, merchant and wireless services. The following provides greater detail on each of our service offerings:

**Consumer Services:** We provide information of broad appeal to users of wireless devices and PC's including directories, sports, news and entertainment, financial data and traffic reports. We also offer an integrated platform of consumer services that includes community building services such as online address books, calendars, online chat and message boards and communication services including device independent e-mail and instant messaging. Our consumer services are designed for the end user and are distributed through wireless devices and Web sites.

Revenues from our consumer services are generated from advertising, licensing fees and guaranteed transaction fees in lieu of revenue share.

**Merchant Services:** We provide comprehensive end-to-end merchant services and an extensive distribution network that includes regional bell operating companies (known as RBOCs), merchant banks and other local media networks. Our end-to-end merchant services give merchants the ability to create, promote, sell and distribute their products and services across multiple channels through our broad distribution network. We have extensive reseller agreements with RBOCs, including BellSouth, SBC, Bell Atlantic, GTE and USWEST, merchant banks such as American Express and other local media networks such as newspapers and television and radio stations who provide our services to millions of local merchants worldwide.

Our merchant services are based on of a comprehensive platform of technology that enables us to deliver unique services such as:

- . the online delivery of promotions to any device that can be used online and offline;
- . single-click buying from any Web site directly from a wireless device;

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- . Page Express, which enables local merchants to create a Web presence;
- . StoreBuilder, which enables merchants to build on-line stores;
- . ActivePromotion, which enables merchants to create targeted product promotions and distribute them across our network;
- . ActiveShopper, which provides an open marketplace where consumers can find, research and purchase products from our merchant network.

Revenues from our merchant services are primarily generated from commerce fees and licensing, including per store/per month or per promotion/per month fees.

**Wireless Services:** Our wireless services are comprised of a comprehensive, integrated suite of wireless portal services that provide mobile users relevant information services such as real-time stock quotes and traffic reports, the ability to conduct secure commerce transactions including single click buying, communication services such as device-independent instant messaging and e-mail, personalization capabilities and location-based services that enable the user to search for location-based information such as the restaurant closest to the mobile user's current location. These services are distributed through wireless carriers, device manufacturers and software providers.

Our wireless services are private-labeled for each carrier, preserving the brand of the carrier and their relationship with their customer and creating a barrier to switch. Revenues are primarily generated from the carrier and

include licensing fees, per subscriber/per month fees in the U.S. and per query/per message fees in Europe and Japan. In addition, we receive commerce revenue for the transactions delivered on the wireless devices.

All three of our services are built on our core technology platform and use the same operational infrastructure. We do not allocate development or operating costs to any of these services.

In May 1997, we acquired Yellow Pages on the Internet, LLC, or YPI, a Washington limited liability company that provided Internet yellow pages directory information. In June 1998, we acquired Outpost, a Washington corporation engaged primarily in electronic commerce through the sale of cards and gifts via the Internet. In June 1999, we acquired the MyAgent technology and related assets from Active Voice Corporation. In October 1999, we acquired Union-Street.com, a provider of business services including private label e-mail, address book, calendar, personal home page, chat and message boards. In December 1999, we acquired eComLive.com, Inc., a provider of Web-based real-time collaboration and interaction solutions specialized for consumer-to-consumer, business-to-business and business-to-consumer vertical markets and Zephyr Software Inc., an infrastructure services company for the Indian market. These acquisitions were accounted for under the purchase method and, accordingly, are included in our operating results from the date of acquisition forward. The impact of the YPI acquisition on our consolidated statement of operations was not substantial. The acquisitions of Outpost, MyAgent, Union-Street and eComLive resulted in write-offs of in-process research and development and the recording of goodwill, assembled workforce and core technology. The acquisition of Zephyr Software resulted in the recording of goodwill. We have integrated these businesses and the acquired technologies with our other products and services.

In October 1999, we acquired INEX Corporation, a developer of Internet commerce solutions designed for small and medium-sized merchants. This transaction was accounted for as a pooling of interests. The consolidated financial statements for the three years ended December 31, 1999 and the accompanying notes reflect the Company's financial position and results of operations as if INEX was a wholly-owned subsidiary since inception.

In July 1998, we entered into a joint venture agreement with Thomson to form TDL InfoSpace to replicate our content, community and commerce services in Europe. TDL InfoSpace has targeted the United Kingdom as its first market, and content services were launched in the third quarter of 1998. Under

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the Web site services agreement, Thomson provides its directory information to TDL InfoSpace and sell Internet yellow pages advertising for the joint venture through its local sales forces. We also license our technology and provide hosting services to TDL InfoSpace. Thomson and we each purchased a 50% interest in TDL InfoSpace and are required to provide reasonable working capital to TDL InfoSpace. As of December 31, 1999, we had contributed \$496,000 to the joint venture. We account for our investment in the joint venture under the equity method. For the years ended December 31, 1999 and 1998, we recorded a loss from the joint venture of \$12,000 and \$125,000, respectively.

We have incurred losses since our inception and, as of December 31, 1999, we had an accumulated deficit of approximately \$35.7 million. For the year ended December 31, 1999, our net loss totaled \$21.7 million, including \$13.2 million in acquisition and related charges associated with the acquisitions of eComLive, Union-Street, INEX and MyAgent Technology and \$11.4 million in other non-recurring charges related to two lawsuit settlements. See "--Acquisitions and Item 3. Legal Proceedings." For the year ended December 31, 1998, our net loss totaled \$11.8 million, including a \$2.8 million write-off associated with our acquisition of Outpost and a \$4.5 million cash payment to settle a lawsuit filed by a former employee. See "--Acquisitions and Item 3. Legal Proceedings."

We believe that our future success will depend largely on our ability to continue to offer consumer, merchant and wireless solutions that are attractive to our existing and potential future affiliates and distribution partners. Accordingly, we plan to significantly increase our operating expenses in order to, among other things:

- . expand our affiliate network, which may require us to pay additional carriage fees to certain affiliates;

- . expand our sales and marketing operations and hire more salespersons;
- . increase our advertising and promotional activities;
- . develop and upgrade our technology and purchase equipment for our operations and network infrastructure;
- . expand internationally; and
- . expand our commerce, merchant and wireless services.

After giving effect to our recent acquisitions, we expect to incur significant operating losses on a quarterly basis in the future. In light of the rapidly evolving nature of our business and limited operating history, we believe that period-to-period comparisons of our revenues and operating results are not necessarily meaningful, and you should not rely upon them as indications of future performance. Although we have experienced sequential quarterly growth in revenues over the past ten quarters, we do not believe that our historical growth rates are necessarily sustainable or indicative of future growth. For information on recent and pending acquisitions see "Acquisitions--Subsequent to Year End and Pending."

#### Results of Operations for the Years Ended December 31, 1999, 1998 and 1997

Revenues. Currently our revenue is derived from our consumer, merchant and wireless services. These include advertising, licensing fees, commerce transaction fees, and guaranteed transaction fees in lieu of revenue share. We tailor agreements to fit the needs of our advertisers, affiliates and distribution partners, and under any one agreement we may earn revenue from a combination of these sources. We also have agreements that utilize services from more than one of our areas of service. Revenues were \$36.9 million the year ended December 31, 1999, \$9.6 million the year ended December 31, 1998 and \$1.7 million for the year ended December 31, 1997. The increases are primarily due to significant growth in our consumer and merchant services as a result of increased expansion of our affiliate network, which consists of more than 2,500 Web sites and wireless devices, increased traffic to our affiliate network that results in increased page views, increased use of our consumer, merchant and wireless services, as well as larger and longer term agreements with advertisers, affiliates and distribution partners. We entered into 286 new agreements with advertisers, affiliates and distribution partners during the year ended December 31, 1999.

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A portion of our revenues represents barter transactions resulting from our exchange with other companies of banner advertising space for reciprocal banner advertising space, for content licenses or for print advertising. Barter revenues totaled \$948,000, or 3% of revenues for the year ended December 31, 1999, and \$852,000, or 9% of revenues for the year ended December 31, 1998.

Cost of Revenues. Cost of revenues consists of expenses associated with the enhancement, maintenance and support of our consumer, merchant and wireless services, including direct personnel expenses, communication costs such as high-speed Internet access, server equipment depreciation, and content license fees. Cost of revenues were \$5.3 million, or 14% of revenues, for the year ended December 31, 1999 compared to \$1.6 million, or 17% of revenues, for the year ended December 31, 1998 and \$419,000, or 24% of revenues, for the year ended December 31, 1997. The absolute dollar increases are primarily attributable to personnel costs and other costs incurred in order to support greatly increased delivery of our consumer, merchant and wireless solutions, including communication lines, data licenses and equipment. We expect the absolute dollars spent on personnel, enhanced content and expanded communications will continue to increase for the foreseeable future.

Product Development Expenses. Product development expenses consist principally of personnel costs, for research, design and development of the proprietary technology we use to integrate and distribute our consumer, merchant and wireless services. Product development expenses were \$3.2 million or 9% of revenues for the year ended December 31, 1999, compared to \$1.2 million or 13% of revenues, for the year ended December 31, 1998 and \$383,000, or 22% of revenues, for the year ended December 31, 1997. These expenses have declined significantly as a percentage of revenues due to our rapid revenue growth. The increases in absolute dollars are primarily attributable to increases in engineering personnel needed for continued development of our

products and service offerings. We believe that significant investments in technology are necessary to remain competitive. Accordingly, we expect product development expenses to continue to increase in absolute dollars as we hire additional personnel who will develop and enhance our proprietary technology.

On January 1, 1999 we adopted Statement of Position 98-1 (SOP 98-1), Accounting for the Costs of Computer Software Developed or Obtained for Internal Use, which requires certain product development costs to be capitalized and amortized over future periods, which, prior to the adoption of SOP 98-1, were expensed. For the year ended December 31, 1999, we capitalized approximately \$340,000 of product development costs.

**Sales and Marketing Expenses.** Sales and marketing expenses consist primarily of salaries and related benefits for sales and marketing personnel, advertising expenses, trademark licensing, carriage fees and distribution revenue share paid to certain affiliates to include our content services on their Web sites, sales office expenses and travel expenses. Sales and marketing expenses were \$23.7 million or 64% of revenues, for the year ended December 31, 1999 compared to \$6.3 million or 65% of revenues, for the year ended December 31, 1998 and \$1.5 million or 85% of revenues, for the year ended December 31, 1997. The absolute dollar increases from the prior year were primarily due to carriage fees paid to certain affiliates, increased advertising, expansion of our sales and business development teams in Redmond, San Francisco and New York and distribution revenue sharing.

**General and Administrative Expenses.** General and administrative expenses consist primarily of salaries, fees for professional services, occupancy and general office expenses, B&O tax paid to the State of Washington on gross revenues and franchise tax paid to the State of Delaware on total assets and authorized shares. General and administrative expenses were \$9.7 million or 26% of revenues, for the year ended December 31, 1999 compared to \$4.6 million or 48% of revenues, for the year ended December 31, 1998 and \$944,000 or 54% of revenues, for the year ended December 31, 1997. The absolute dollar increases were primarily due to increased staffing levels necessary to manage and support our expanding operations, expansion of our facilities and professional services. On a going forward basis, we will need to continue to strengthen our infrastructure to support our planned growth.

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**Amortization of Intangibles.** Amortization of intangibles includes amortization of goodwill, core technology, purchased domain names, trademark and assembled workforce. Amortization of Intangibles was \$3.2 million in 1999, compared to \$710,000 in 1998 and \$64,000 in 1997. The increases are a result of amortization of intangibles recorded from the acquisitions of Union-Street in October 1999, MyAgent technology acquisition in June 1999 and Outpost Network in July 1998. Intangibles in all three of these acquisitions include goodwill, core technology and acquired workforce. These assets are being amortized over a five-year period. In December 1999, we also acquired Zepher Software and eComLive. Amortization on the goodwill, core technology and assembled workforce for these two acquisitions will begin in January 2000. In the first quarter of 2000, we completed the acquisition of Saraide.com which will be accounted for as a purchase and have definitive agreements to acquire Millet Software and Orchest, Inc., both of which will be accounted for as purchases. These acquisitions will significantly increase our amortization of intangibles in 2000 and beyond. In the event we complete additional acquisitions, expenses relating to the amortization of intangibles could increase in the future.

**Acquisition and Related Charges.** Acquisition and other related charges consist of in-process research and development and other one-time charges related directly to acquisitions, such as legal and accounting fees. The acquisition and related charges in 1999 were one-time in-process research and development charges and costs incurred in the purchase acquisitions of eComLive, Union-Street and the My Agent technology. Also included in acquisition and other related charges in 1999 are the costs incurred in the acquisition of INEX, which was accounted for as a pooling of interests. Total in-process research and development charges in 1999 were \$9.2 million. We expect to continue to pursue an aggressive growth strategy to enhance and expand our consumer, merchant and wireless services. We will incur acquisition and related charges in the first quarter of 2000 and future quarters related to the acquisitions we have completed and which are pending. In the event we complete additional acquisitions, we could incur additional acquisition and related charges in the future.

Other Non-Recurring Charges. Other non-recurring charges in 1999 and 1998 consist of costs associated with litigation settlements. In February 2000, we reached a settlement with an alleged employee in a lawsuit for a cash payment of \$10.5 million. We accrued and expensed this liability in 1999. On July 23, 1999, we settled a patent infringement claim in exchange for a lump sum royalty payment of \$209,500. This expense was recorded in 1999. On February 22, 1999, we reached a settlement with a former employee for a cash payment of \$4.5 million. We accrued and expensed this liability in 1998.

Other Income, Net. Other income consists primarily of interest income for all periods. Other income was \$11.1 million in 1999, \$434,000 in 1998 and \$20,000 in 1997. The increase from the prior years is primarily due to interest earned on higher average cash balances resulting from private financings in July and August of 1998, the net proceeds from our initial public offering completed in December 1998, and the net proceeds from our follow-on offering, which closed in April 1999.

We have re-invested and will continue to re-invest part of our fixed income securities in equity investments. We anticipate that our expansion plans may require greater cash uses in 2000 than in prior years. With these two factors, we anticipate that our interest income from our fixed securities will decrease in 2000.

Equity in Loss from Joint Venture. Equity in loss from joint venture consists of losses attributable to our 50% interest in TDL InfoSpace, our joint venture with Thomson in the United Kingdom. Our 1999 loss was \$12,000, compared to \$125,000 in 1998. The losses incurred in 1998 were primarily from start-up operating costs associated with the venture.

Provision for Income Taxes. Net operating losses have been incurred to date on a cumulative basis, and no tax benefit has been recorded, as sufficient uncertainty exists regarding the realizability of the deferred tax assets.

#### Liquidity and Capital Resources

From our inception in March 1996 through May 1998, we funded operations with approximately \$1.5 million in equity financing and, to a lesser extent, from revenues generated for services performed. In May 1998, we completed a \$5.1 million private placement of our common stock, and in July and August 1998, we completed an additional private placement of our common stock for \$8.2 million. Sales of our common stock to employees pursuant to our 1998 Stock Purchase Rights Plan also raised \$1.7 million in July 1998. Our initial public offering in December 1998 yielded net proceeds of \$77.8 million and a follow-on public offering in April 1999 yielded net proceeds of \$185.0 million. As of December 31, 1999, we had cash, cash equivalents and short-term investments of \$154.2 million and long-term investments of \$88.2 million.

Net cash used by operating activities was \$18.5 million in 1999. Cash used in operating activities for the year ended December 31, 1999 consisted primarily of net operating losses and increases in accounts receivable, notes receivable and prepaid expenses. These uses of cash were partially offset by increases in accrued expenses. Net cash used by operating activities was \$2.7 million in 1998. Cash used in operating activities in 1998 consisted primarily of net operating losses and increases in accounts receivable and prepaid expenses. These uses of cash were partially offset by increases in accrued expenses. Net cash used by operating activities was \$1.2 million in 1997, which was primarily comprised of the net loss.

Net cash used by investing activities was \$160.1 million in the year ended December 31, 1999. For 1999, cash used in investing activities was primarily comprised of business acquisitions, securities investments, other investments and purchase of fixed assets. The change in securities investments is primarily a result of investing proceeds from our follow-on offering in short and long-term investments. Net cash used in investing activities in 1998 was \$78.7 million. This was primarily a result of investing the cash proceeds from the initial public offering in short and long-term investments. Net cash used by investing activities in 1997 was \$225,000 and was primarily for the purchase of fixed assets.

Cash provided by financing activities in 1999 was \$193.0 million and was primarily comprised of our net proceeds from our follow-on offering in April 1999. Cash provided by financing activities in 1998 was \$96.2 million. The 1998

net proceeds were primarily from our initial public offering and, to a lesser extent, from private placements of common stock. Cash provided by financing activities in 1997 was primarily from private placements of our common stock.

We plan to use our cash for strategic investments and acquisitions, investments in internally developed technology and advertising and marketing initiatives. In addition, we are relocating our headquarter offices from Redmond, Washington to Bellevue, Washington in the second quarter of 2000. Included in the costs of this move is the construction of a new data center, tenant improvements and furniture. We will also purchase capital equipment for our headquarters and our other world-wide locations, including Mountain View, California; Dallas, Texas; Ottawa, Canada; and Pependrecht, Netherlands. We expect these capital expenditures to be approximately \$29 million for the year 2000. These costs will be capitalized and amortized over their estimated useful lives.

We believe that existing cash balances, cash equivalents and cash generated from operations will be sufficient to meet our anticipated cash needs for working capital and capital expenditures for at least the next 12 months. However, the underlying assumed levels of revenues and expenses may not prove to be accurate. We may seek additional funding through public or private financings or other arrangements prior to such time. Adequate funds may not be available when needed or may not be available on favorable terms. If we raise additional funds by issuing equity securities, dilution to existing stockholders will result. If funding is insufficient at any time in the future, we may be unable to develop or enhance our products or services, take advantage of business opportunities or respond to competitive pressures, any of which could harm our business. See "Risk Factors Affecting Our Operating Results, Business Prospects and Market Price of Stock--We May Require Additional Funding."

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#### Factors Affecting Results of Operations

Our financial results have varied on a quarterly basis and are likely to fluctuate substantially in the future. These fluctuations may be caused by several factors, many of which are beyond our control. These factors include:

- . the addition or loss of affiliates;
- . variable demand for our consumer, merchant and wireless services by our affiliates and distribution providers;
- . the cost of acquiring and the availability of content, technology and services;
- . the overall growth level of demand for consumer, merchant and wireless services;
- . our ability to attract and retain affiliates and distribution providers;
- . seasonal trends in Internet usage and advertising placements;
- . the amount and timing of fees we pay to our affiliates to include our consumer and merchant services on their Web sites;
- . the productivity of our direct sales force and the sales forces of our distribution partners;
- . the amount and timing of increased expenditures for expansion of our operations, including the hiring of new employees, capital expenditures and related costs;
- . our ability to continue to enhance, maintain and support our technology;
- . the result of litigation that is currently ongoing against InfoSpace or any litigation that is filed against us in the future;
- . our ability to attract and retain personnel;
- . the introduction of new or enhanced services by us or our affiliates, or other companies that compete with us or our affiliates;

- . price competition or pricing changes in Internet information infrastructure services, such as ours;
- . technical difficulties, system downtime, system failures or Internet brown-outs;
- . political or economic events and governmental actions affecting Internet operations or content; and
- . general economic conditions and economic conditions specific to the Internet.

If one or more of these factors or other factors occur, our business could suffer.

In addition, because we only began operations in March 1996, and because the market for Internet information infrastructure services such as ours is new and evolving, it is very difficult to predict future financial results. Our expenses are partially based on our expectations regarding future revenues, and are largely fixed in nature, particularly in the short term. As a result, if our revenues in a period do not meet our expectations, our financial results will likely suffer.

#### Acquisitions

Zephyr Software Inc.: On December 29, 1999, we acquired all of the common stock of Zephyr Software Inc., a privately held company, and its wholly owned subsidiary Zephyr Software (India) Private Limited ("Zephyr") for a purchase consideration of 325,696 shares of our common stock and acquisition expenses of \$539,512. The acquisition was accounted for as a purchase in accordance with Accounting Principles Board ("APB") No. 16. Results of operations for Zephyr have been included with our results of operations for the period subsequent to the date of acquisition.

In this transaction, we assumed net liabilities of \$20,690, issued shares with a fair value of \$8,643,105 and incurred acquisition costs of \$539,512. This acquisition resulted in our recording \$9,203,307 of goodwill.

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eComLive.com, Inc.: On December 16, 1999, we acquired all of the common stock of eComLive.com, Inc., a privately held company, for a purchase consideration of 686,356 shares and acquisition expenses of \$582,246. The acquisition was accounted for as a purchase in accordance with the provisions of APB No. 16.

In this transaction, we assumed net assets of \$5,439,075. This includes \$5,300,000 in purchased technology which includes in-process research and development, \$140,000 of acquired workforce and \$925 in net liabilities. We issued shares with a fair value of \$31,995,220 and incurred acquisition costs of \$582,246. This acquisition resulted in our recording \$27,138,391 of goodwill.

We recorded a non-recurring charge of \$2.0 million for in-process research and development that had not yet reached technological feasibility and had no alternative future use. Among the factors we considered in determining the amount of the allocation of the purchase price to in-process research and development were the estimated stage of development of each module of the technology, including the complexity and technical obstacles to overcome, the estimated expected life of each module, the estimated cash flows resulting from the expected revenues, margins, and operating expenses generated from each module, and the discounted present value of the cash flows associated with the in-process technologies. The percentage completed pre-acquisition for each application was based primarily on the evaluation of three major factors: time-based data, cost-based data, and complexity-based data.

The eComLive technology is built on client-server architecture. There are three main applications, Interactive eComLive for the Consumer to Consumer (C2C) market, Business eComLive targeted to the Business to Business (B2B) market and Consumer eComLive for the Business to Consumer (B2C) market. We have the ability to integrate the C2C eComLive technology into the InfoSpace Web site and launch this technology with our consumer services. We also plan to offer a co-branded version to our affiliates as part of our suite of co-branded service offerings. The expected life of the modules being developed was assumed to be five years, after which substantial modification and enhancement would be

required for the modules to remain competitive.

Our revenue assumptions for these modules were based on the number of licenses we estimated to sell. Our expense assumptions for these modules included cost of revenues, which we estimated to be less than 3% of revenues in the first year and thereafter to drop to 2% as we will incur minimal costs to deliver this technology on the platforms already developed and in use by us. Sales and marketing expenses combined with general and administrative expenses were estimated to be 130% in the first year, and thereafter to drop to 35% and remain relatively constant as a percentage of revenues. However, cost of revenues, sales and marketing expenses and general and administrative expenses may vary, both in absolute dollars and as a percentage of revenues.

While we believe that the assumptions discussed above were made in good faith and were reasonable when made. Accordingly, the assumptions we made may prove to be inaccurate, and there can be no assurance that we will realize the revenues, gross profit, growth rates, expense levels or other variables set forth in such assumptions. Considering the inherent difficulty in developing estimates of future performance for emerging technologies such as the eComLive applications, we utilized a relatively high rate of return (30%) to discount to present value the cash flows associated with the in-process technologies.

The next version of C2C Client and Server are scheduled for completion and beta testing and release in the first half of 2000. The B2B and B2C Client and Server are scheduled for release in the second or third quarters of 2000. Significant technology development efforts are necessary before any one of these modules can successfully be completed and integrated into our full suite of service offerings of on-line services available both on the our Web site and on those of the our many affiliates Web sites.

We expect these modules to be fully integrated into our full suite of Internet service offerings. Further, the modules will not be distinguishable market segments for financial reporting purposes or for management purposes. Consequently, there will be no separate and distinguishable allocations or utilizations of net working capital, and no specific charges for use of contributory assets. None of our operating expenses are allocated to specific service offerings.

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We do not expect to have the ability to calculate revenues specifically and exclusively attributable to the integrated eComLive technology. Further, the absence of such attribution will not be material to any module's success. The amount that we can charge customers for access and use of these modules will be greatly influenced by market forces and competitor's pricing of their own packaged and integrated offerings.

Union-Street: On October 14, 1999 we acquired all of the common stock of Union-Street, a privately held company, for a purchase consideration of 873,294 shares and acquisition expenses of \$395,656. The acquisition was accounted for as a purchase in accordance with the provisions of APB No. 16.

In this transaction, we assumed net assets of \$5,352,781. This includes \$5,300,000 in purchased technology which includes in-process research and development, \$160,000 of acquired workforce and \$107,219 in net liabilities. We issued shares with a fair value of \$20,487,518 and incurred acquisition costs of \$395,656. This acquisition resulted in our recording \$15,530,393 of goodwill.

We recorded a non-recurring charge of \$3.3 million for in-process research and development that had not yet reached technological feasibility and had no alternative future use. Among the factors we considered in determining the amount of the allocation of the purchase price to in-process research and development were various factors such as estimating the stage of development of each module of the technology, including the complexity and technical obstacles to overcome, estimating the expected life of each module, estimating cash flows resulting from the expected revenues, margins, and operating expenses generated from each module, and discounting to present value the cash flows associated with the in-process technologies. The percentage completed pre-acquisition for each application was based primarily on the evaluation of three major factors: time-based data, cost-based data, and complexity-based data.

The Union-Street technology called Traction Series 3.0 is comprised of six modules that promote inter-activity on the customer's Web site. Businesses can

integrate individual modules onto their sites or integrate all of the modules to form a comprehensive community solution. The modules include 1) Web Site Creator, 2) Event Manager, 3) Relationship Manager, 4) Forums, 5) Chat and 6) Email. We have integrated most of the Union-Street technology into the InfoSpace Web site and have launched the technology with our consumer services. We also plan to offer a co-branded version to our affiliates as part of our suite of co-branded service offerings. The expected life of the modules being developed was assumed to be five years, after which substantial modification and enhancement would be required for the modules to remain competitive.

Our revenue assumptions for these modules were based on the number of page views we estimated would be generated and the portion of those page views we estimated would be attributable to the Union-Street modules. We estimated that the Union-Street modules will generate approximately 1.6 million incremental pages views in fiscal 2000, increasing to 3 million in 2001. Thereafter, we expect the incremental growth attributed to this technology to be 8-12% annually.

While we believe that the assumptions discussed above were made in good faith and were reasonable when made, such assumptions remain largely untested, as the modules are in the early stages of being placed in service on the InfoSpace Web site and our affiliates' Web sites. Accordingly, the assumptions we made may prove to be inaccurate, and there can be no assurance that we will realize the revenues, gross profit, growth rates, expense levels or other variables set forth in such assumptions. Considering the inherent difficulty in developing estimates of future performance for emerging technologies such as the Union-Street applications, we utilized a relatively high rate of return (30%) to discount to present value the cash flows associated with the in-process technologies.

At the time of acquisition, we expected the Union-Street Traction Series 3.0 to be released in 1999. We have now fully integrated this technology into our consumer services. The modules are not distinguishable market segments for financial reporting purposes or for management purposes and consequently, we cannot segregate results from specific service offerings.

We do not expect to have the ability to calculate revenues specifically and exclusively attributable to the integrated Union-Street technology. Further, the absence of such attribution will not be material to any

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module's success. The amount that we can charge customers for access and use of these modules will be greatly influenced by market forces and competitors' pricing of their own packaged and integrated offerings.

**INEX Corporation:** On October 14, 1999, we consummated an Agreement and Plan of Acquisition and Amalgamation with INEX Corporation, a privately held company. The combination was accounted for as a pooling of interests. We issued 1,800,000 shares of our common stock (1) directly to those INEX shareholders who elected to receive our common stock in exchange for their INEX shares at the closing of the combination, (2) upon the exchange or redemption of the exchangeable shares of InfoSpace.com Canada Holdings Inc., an indirect subsidiary of ours, which exchangeable shares were issued to those INEX shareholders who elected to receive exchangeable shares, or who did not make an election to receive shares of our common stock at the closing, and (3) upon the exercise of outstanding warrants and options to purchase INEX common shares, which we assumed and which will become exercisable for shares of our common stock.

INEX developed and marketed Internet commerce applications that deliver solutions designed for small and medium-sized merchants to build, manage and promote online storefronts. We have added these products to our merchant services. The consolidated financial statements for the three years ended December 31, 1999 and the accompanying notes reflect our financial position and the results of operations as if INEX were our wholly-owned subsidiary since inception.

**MyAgent Technology:** On June 30, 1999, we acquired the MyAgent technology and related assets from Active Voice Corporation for a cash payment of \$18 million dollars. In addition, we hired six employees who comprised the MyAgent development team at Active Voice. The acquisition was accounted for as a purchase in accordance with the provisions of APB No. 16. Other than the MyAgent technology modules, no other assets or liabilities were assumed as part

of this acquisition.

The total purchase price of the acquisition of the MyAgent technology was \$18.1 million including direct acquisition expenses of \$83,054. In this transaction, we assumed net assets of \$4,380,000. This includes \$4,300,000 in purchased technology, which includes in-process research and development, and \$80,000 of acquired workforce. This acquisition resulted in our recording \$13,703,054 of goodwill.

We recorded a non-recurring charge of \$3.9 million for in-process research and development that had not yet reached technological feasibility and had no alternative future use. Separately, we recorded a one-time charge of \$1.0 million for expenses related to bonus payments made to the Active Voice MyAgent team employees who accepted employment with us on the date of the MyAgent technology acquisition, but who have no obligation to continue their employment with us.

Among the factors we considered in determining the amount of the allocation of the purchase price to in-process research and development were various factors such as estimating the stage of development of each module of the technology, including the complexity and technical obstacles to overcome, estimating the amount of core technology leveraged into the in-process projects, estimating the expected life of each module, estimating cash flows resulting from the expected revenues, margins, and operating expenses generated from each module, and discounting to present value the cash flows associated with the in-process technologies. We utilized a rate of return of 30% to discount to present value the cash flows associated with the in-process technologies.

Within the MyAgent technology there are three main modules, the Client, Server Intelligence, and Web Interface. We integrated the MyAgent technology into the InfoSpace Web site and launched the technology with our desktop portal. We also plan to offer a co-branded version to our affiliates as part of our suite of co-branded service offerings. As of the date of acquisition, we estimated that the Client, Server Intelligence, and Web Interface were 50%, 49%, and 29% completed, respectively. The percentage completed pre-acquisition for each module was based primarily on the evaluation of three major factors: time-based data, cost-based data, and complexity-based data.

The expected life of the modules being developed was assumed to be five years, after which substantial modification and enhancement would be required for the modules to remain competitive.

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Our revenue assumptions for these modules were based on the number of page views we estimate the desktop portal will generate and the portion of those page views we estimate would be attributable to the MyAgent technology modules. We estimated that the number of page views will double as a result of the launch of the desktop portal. We estimated that 50% of the incremental page view growth would be attributable to the MyAgent modules. Page view revenue generated by the desktop portal will vary from our standard page view revenue since fewer advertisements can be placed on the desktop portal.

Our expense assumptions for these modules included cost of revenues, which we estimated to be 17% of revenues in 2000 and thereafter to drop to 9% as we will incur minimal costs as we leverage the technology in future periods. Sales and marketing expenses combined with general and administrative expenses were estimated to be 34% in 2000, and thereafter to drop to 22% of revenues. However, cost of revenues, sales and marketing expenses and general and administrative expenses may vary, both in absolute dollars and as a percentage of revenues.

While we believe that the assumptions discussed above were made in good faith and were reasonable when made, the assumptions we made may prove to be inaccurate, and there can be no assurance that we will realize the revenues, gross profit, growth rates, expense levels or other variables set forth in such assumptions. Considering the inherent difficulty in developing estimates of future performance for emerging technologies such as the MyAgent modules, we utilized a relatively high rate of return (30%) to discount to present value the cash flows associated with the in-process technologies. The discount rate was selected based on evaluation of our weighted average cost of capital, the weighted average return on assets, the internal rate of return implied from the transaction, and management's assessment of the risk inherent in the future

performance estimates utilized in the valuation.

The Client and Server Intelligence and Web interface were released in the fourth quarter of 1999. Significant technology development efforts were necessary before any one of these modules could be successfully be completed and integrated into our full suite of service offerings of on-line services available both on the our Web site and on those of the our many affiliates Web sites. We made the Client modular and reduced its size considerably in order shorten the download time. The modules are not distinguishable market segments for financial reporting purposes or for management purposes and consequently, we cannot segregate results from specific service offerings.

We do not expect to have the ability to calculate revenues specifically and exclusively attributable to the integrated MyAgent technology. Further, the absence of such attribution will not be material to any module's success. The amount that we can charge customers for access and use of these modules will be greatly influenced by market forces and competitors' pricing of their own packaged and integrated offerings.

The MyAgent product team was not accounted for by Active Voice as a separate entity, a subsidiary, or a line of business, or division of the business, but rather was rolled up as part of the research and development group. Accordingly, historical financial information was not available and we were unable to utilize historical results of operations in the valuation of the MyAgent technology.

Technology from Outpost: In June 1998, we acquired Outpost, which included the acquisition of the Outpost Technology and the hiring of approximately ten employees. In the second quarter of 1998, we wrote off approximately \$2.8 million of in-process research and development in connection with the Outpost acquisition.

We conducted a valuation of the assets acquired from Outpost, including core technology, assembled workforce and in-process research and development, utilizing the following major assumptions:

- . the revenue and margin contribution of each technology (in-process and future yet-to-be defined);
- . the percentage of carryover of technology from products under development and products scheduled for development in the future;

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- . the expected life of the technology;
- . anticipated module development and module introduction schedules;
- . revenue forecasts, including expected aggregate growth rates for the business as a whole and expected growth rates for the Internet content provider industry;
- . forecasted operating expenses, including selling, general and administrative expenses, as a percentage of revenues; and
- . a rate of return of 30% utilized to discount to present value the cash flows associated with the in-process technologies.

Within the acquired Outpost Technology (smart-shopping services) there are four main modules. These modules in their developed state as of the acquisition date of Outpost had certain technological limitations. Subsequent to the acquisition date, we revised our strategy with respect to the transaction proxy module, with the result being that most of the in-process technology was discarded. Accordingly, no value was assigned to this module in connection with our valuation of the assets acquired from Outpost. The four modules are:

- . integrated content that provides users with product pricing and merchant information;
- . transaction proxy that allows us to track sales transactions from beginning to end and to receive confirmation reports from the retailers;
- . branding that allows users to travel to affiliate Web sites without leaving the InfoSpace.com Web site; and

- . universal shopping cart that allows users to make multiple purchases at different retailers in one execution.

These modules have been integrated into our full suite of Internet service offerings. The integrated content module was completed and integrated into our Web site in the third quarter of 1998. Relevant portions of the transaction proxy, branding and shopping cart modules were completed and integrated into our ActiveShopper electronic commerce private label solution that was launched in 1999.

The direct impact of the smart-shopping service on current and future results of operations, liquidity and capital resources is not known, as we do not have the ability to calculate revenues specifically and exclusively attributable to Outpost's integrated technology. Further, the modules are not distinguishable market segments for financial reporting purposes or for management purposes. However, we believe that these services will allow our affiliates to broaden and enhance their core programming at minimal cost and to generate additional advertising and transaction revenue opportunities for both us and our affiliates, initially through our launching, and affiliates utilizing, ActiveShopper as a private label electronic commerce solution. Further, the benefits to us and our affiliates can potentially extend beyond electronic commerce transactions by:

- . enabling us to apply the Outpost Technology to other functions such as building employment classifieds and databases of local events;
- . allowing end users to access consolidated bank statements or statements of airline frequent flyer miles; and
- . attracting additional Web users who are then exposed to the many other features in our suite of content, community and commerce solutions.

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#### Acquisitions--Subsequent to Year-End/Pending

On March 10, 2000, we acquired San Mateo, California-based Saraide.com Inc, a provider of wireless Internet services in Europe, Japan and Canada. Under the terms of the acquisition, which we will account for as a purchase, we exchanged 4,795,432 shares of our common stock and contributed our wireless assets in exchange for an 80% controlling interest in Saraide.

On March 6, 2000, we signed a definitive agreement to acquire Cupertino, California-based Orchest, Inc. (MoneyPlant.com). Orchest has developed a Web site to provide online account information aggregation for consumers. Under the terms of the acquisition, which will be accounted for as a purchase, we will exchange 123,211 shares of our common stock for all of Orchest's outstanding shares.

On February 15, 2000, we acquired Mountain View, California-based Prio, Inc. Prio was a privately held provider of "e-enabled" commerce solutions specializing in the development of strategic partnerships, technologies and programs that drive commerce in both traditional and online shopping environments. Under the terms of the acquisition, which we will account for as a pooling of interests, we exchanged 5,293,456 shares of our common stock for all of Prio's outstanding shares, warrants and options.

On December 23, 1999, we entered into a definitive agreement to acquire Berkeley, California-based Millet Software (privacybank.com). Millet develops e-commerce solutions to make online transactions more convenient, while enabling shoppers to check the privacy policies of online merchants at the point of purchase. Under the terms of the acquisition, which we will account for as a purchase, we will exchange 297,552 shares of our common stock for all of Millet's outstanding shares, warrants and options. We expect to complete the acquisition in the first quarter of 2000, subject to satisfaction of customary closing conditions.

#### Recent Accounting Pronouncements

In December 1999, the Securities and Exchange Commission staff issued Staff Accounting Bulletin (SAB) 101, Revenue Recognition in Financial Statements. The SAB establishes certain criteria for net versus gross recording of sales transactions and requires companies to comply with the SAB no later than the

first fiscal quarter of the fiscal year beginning after December 15, 1999 and to retroactively reclassify for all periods presented. We are adopting SAB 101 on January 1, 2000. Prior to January 1, 2000 and implementation of the SAB, we recorded gross revenues from customers for development fees, implementation fees and/or integration fees when the service was completed. If this revenue were recognized on a straight-line basis, in accordance with SAB 101, we estimate that approximately \$700,000 in revenue would have been deferred and recognized in 2000 and 2001. In accordance with SAB 101, we will recognize this revenue over the straight-lined basis and record a cumulative effect of change in accounting principle.

Quantitative and Qualitative Disclosures About Market Risk

We are exposed to financial market risks, including changes in interest rates and equity price fluctuations.

Interest Rate Risk: We invest our excess cash in high-quality corporate issuers, and in debt instruments of the U.S. Government and its agencies. By policy, we limit our credit exposure to any one issuer. We do not have any derivative instruments in our investment portfolio. We protect and preserve invested funds by limiting default, market and reinvestment risk. Investments in both fixed rate and floating rate interest earning instruments carries a degree of interest rate risk. Fixed rate securities may have their fair market value adversely impacted due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall. Due in part to these factors, the Company's future investment income may fall short of expectations due to changes in interest rates or the Company may suffer losses in principal if forced to sell securities which have declined in market value due to changes in interest rates.

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Equity Investment Risk The Company invests in equity instruments of public and privately-held, technology companies for business and strategic purposes. These investments are recorded as long-term assets and are classified as available-for-sale. For the privately-held investments, our policy is to regularly review the assumptions underlying the operating performance and cash flow forecasts in assessing the carrying value. For our publicly-held investments, we are subject to significant fluctuations in fair market value due to the volatility of the stock market. Changes in fair market value are recorded as a component of other comprehensive income and do not effect net income until the securities are sold and a realized gain or loss is incurred.

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Item 8. Financial Statements and Supplementary Data

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of InfoSpace.com.  
Redmond, Washington

We have audited the accompanying consolidated balance sheets of InfoSpace.com, Inc. and subsidiaries (the Company) as of December 31, 1999 and 1998, and the related consolidated statements of operations, changes in stockholders' equity and accumulated other comprehensive income, and cash flows for the years ended December 31, 1999, 1998 and 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of InfoSpace.com, Inc. and subsidiaries as of December 31, 1999 and 1998, and results of their operations and their cash flows for the years ended December 31, 1999, 1998 and 1997, in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP

Seattle, Washington  
March 10, 2000

INFOSPACE.COM, INC.

CONSOLIDATED BALANCE SHEETS  
December 31, 1999 and 1998

	1999	1998
	----	----
ASSETS		
Current assets:		
Cash and cash equivalents .....	\$ 29,456,033	\$ 15,174,009
Short-term investments, held-to-maturity (fair market value \$124,656,362 and \$72,173,013) .....	124,720,142	72,159,522
Accounts receivable, net of allowance for doubtful accounts of \$677,960 and \$603,278..	6,539,602	3,469,976
Interest receivable.....	3,321,956	9,874
Notes receivable, net of allowance of \$12,075 and \$0 .....	11,394,016	35,061
Prepaid expenses and other assets .....	10,117,391	3,611,535
	-----	-----
Total current assets .....	185,549,140	94,459,977
Long-term investments, held-to-maturity (fair market value \$70,971,645 and \$1,252,051) ....	71,416,777	1,252,438
Property and equipment, net .....	4,502,582	1,238,802
Other long-term assets .....	496,622	405,906
Other investments .....	16,779,149	370,790
Intangible assets, net.....	73,827,125	5,276,880
	-----	-----
Total assets.....	\$352,571,395	\$103,004,793
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable.....	\$ 1,865,151	\$ 1,683,379
Accrued expenses.....	16,598,382	5,032,450
Deferred revenues.....	2,480,612	1,401,865
	-----	-----
Total current liabilities.....	20,944,145	8,117,694
Convertible debentures payable.....	--	163,345
	-----	-----
Total liabilities.....	20,944,145	8,281,039
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Preferred stock, par value \$.0001--		
Authorized, 15,000,000 shares; issued and		
outstanding, 1 share.....	--	--
Common stock, par value \$.0001--Authorized,		
200,000,000 shares; issued and outstanding,		
101,450,816 and 85,320,264 shares.....	10,145	8,532
Additional paid-in capital.....	368,368,889	112,309,440
Accumulated deficit.....	(35,689,908)	(13,996,133)
Deferred expense--warrants.....	(2,311,159)	(3,126,862)
Unearned compensation--stock options.....	(68,165)	(428,875)
Accumulated other comprehensive income.....	1,317,448	(42,348)
	-----	-----
Total stockholders' equity.....	331,627,250	94,723,754
	-----	-----
Total liabilities and stockholders' equity.....	\$352,571,395	\$103,004,793
	=====	=====

See notes to consolidated financial statements.

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INFOSPACE.COM, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended December 31, 1999, 1998 and 1997

	1999	1998	1997
	-----	-----	-----
Revenues.....	\$ 36,907,171	\$ 9,623,360	\$ 1,742,542
Cost of revenues .....	5,259,043	1,634,726	418,809
	-----	-----	-----
Gross profit.....	31,648,128	7,988,634	1,323,733
Operating expenses:			
Product development.....	3,189,279	1,244,638	383,136
Sales and marketing.....	23,694,754	6,285,897	1,476,576
General and administrative .....	9,688,297	4,575,414	944,138
Amortization of intangibles .....	3,223,031	709,923	64,056
Acquisition and related charges ...	13,249,533	2,800,000	--
Other--non-recurring charges .....	11,359,500	4,500,000	137,000
	-----	-----	-----
Total operating expense .....	64,404,394	20,115,872	3,004,906
	-----	-----	-----
Loss from operations .....	(32,756,266)	(12,127,238)	(1,681,173)
Other income, net .....	11,074,008	433,511	20,258
Equity in loss from joint venture ...	(11,517)	(124,976)	--
	-----	-----	-----
Net loss.....	\$(21,693,775)	\$(11,818,703)	\$(1,660,915)
	=====	=====	=====
Basic and diluted net loss per share			
.....	\$ (0.23)	\$ (0.22)	\$ (0.04)
	=====	=====	=====
Shares used in computing basic net			
loss per share .....	93,565,780	54,847,259	44,113,886
	=====	=====	=====
Shares used in computing diluted net			
loss per share .....	93,565,780	54,847,259	44,340,553

See notes to consolidated financial statements.

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INFOSPACE.COM, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
AND ACCUMULATED OTHER COMPREHENSIVE INCOME

Years Ended December 31, 1999, 1998 and 1997

	1999	1998	1997
	-----	-----	-----
Common stock and additional paid in capital:			
Balance, beginning of year.....	\$112,317,972	\$ 3,157,235	\$ 1,593,597
Common stock issued.....	185,039,027	92,943,855	679,030
Common stock issued for acquisitions.....	61,125,843	7,902,309	292,188
Common stock issued for stock options.....	2,313,210	1,019,850	23
Common stock issued in exchange transactions.....	650,000	162,726	84,720
Common stock issued for warrants and preferred shares.....	5,315,541	2,356,412	272,957
Common stock issued for conversion of special shares and debentures...	170,369	--	--
Common stock issued for employee stock purchase plan.....	286,088	--	--
Unearned compensation--stock options.....	1,160,984	1,512,772	234,720
Deferred expense--warrants.....	--	3,262,813	--
Balance, end of year.....	368,379,034	112,317,972	3,157,235
Balance attributed to common stock....	10,145	8,532	4,476
Balance attributed to additional paid in capital.....	368,368,889	112,309,440	3,152,759
Balance, common stock and additional paid in capital.....	368,379,034	112,317,972	3,157,235
Accumulated deficit:			
Balance, beginning of year.....	(13,996,133)	(2,177,430)	(516,515)
Net loss.....	(21,693,775)	(11,818,703)	(1,660,915)
Balance, end of year.....	(35,689,908)	(13,996,133)	(2,177,430)
Deferred expense--warrants:			
Balance, beginning of year.....	(3,126,862)	--	--
Deferred expense--warrants.....	--	(3,262,813)	--
Warrant expense.....	815,703	135,951	--
Balance, end of year.....	(2,311,159)	(3,126,862)	--
Unearned compensation--stock options:			
Balance, beginning of year.....	(428,875)	(162,235)	(71,437)
Unearned compensation--stock options.....	(1,160,984)	(1,512,772)	(234,720)
Compensation expense--stock options.....	1,521,694	1,246,132	143,922
Balance, end of year.....	(68,165)	(428,875)	(162,235)
Accumulated other comprehensive income:			
Balance, beginning of year.....	(42,348)	(25,780)	(5,181)

Unrealized gain (loss) on equity investments.....	1,324,301	--	--
Foreign currency translation adjustment.....	35,495	(16,568)	(20,599)
Balance, end of year.....	1,317,448	(42,348)	(25,780)
	\$331,627,250	\$ 94,723,754	\$ 791,790
	=====	=====	=====

See notes to consolidated financial statements.

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INFOSPACE.COM, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 1999, 1998 and 1997

	1999	1998	1997
	-----	-----	-----
Operating Activities:			
Net loss.....	\$ (21,693,775)	\$ (11,818,703)	\$ (1,660,915)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:			
Trademark amortization.....	1,500,000	1,500,000	--
Depreciation and other amortization.....	4,098,201	1,018,543	285,325
Write-off of in-process research and development.....	9,200,000	2,800,000	--
Compensation expense--stock options.....	1,521,694	1,246,132	143,922
Exchange transaction.....	650,000	--	--
Currency translation.....	42,520	(28,308)	(29,830)
Warrants expense.....	815,703	135,951	--
Noncash issuance of common stock...	--	70,000	--
Noncash services exchanged.....	--	155,436	24,720
Bad debt expense.....	499,464	687,602	47,000
Equity in loss in joint venture....	11,517	124,976	--
Gain on sale of intangibles.....	(7,830)	--	--
Loss (gain) on disposal of fixed assets.....	15,019	(3,771)	3,743
Warrants--income.....	(1,295,325)	--	--
Cash provided (used) by changes in operating assets and liabilities, net of assets acquired in business combinations:			
Accounts receivable.....	(3,557,965)	(3,681,668)	(396,990)
Notes receivable.....	(11,314,171)	--	--
Interest receivable.....	(3,312,082)	--	--
Prepaid expenses and other assets.....	(7,979,947)	(2,086,941)	(45,253)
Other long-term assets.....	(90,716)	(337,500)	--
Other intangible assets.....	--	(66,865)	--
Accounts payable.....	181,772	1,468,405	147,374
Accrued expenses.....	11,112,077	4,805,428	199,648
Deferred revenue.....	1,057,294	1,337,716	58,261
Net cash used by operating activities.....	(18,546,550)	(2,673,567)	(1,222,995)
Investing Activities:			
Business acquisitions, net of cash acquired.....	(19,514,794)	(311,951)	(14,000)
Other investments.....	(13,800,250)	--	--
Purchase of domain name.....	(120,000)	--	--

Proceeds from sale of domain name..	10,000	--	--
Purchase of trademark.....	--	(3,290,000)	--
Internally developed software.....	(340,498)	--	--
Purchase of property and equipment.....	(3,634,792)	(1,201,162)	(181,666)
Investment in joint venture.....	--	(495,767)	--
Proceeds from sale of fixed assets.....	--	4,997	--
Purchase of short-term investments held-to-maturity.....	(52,560,620)	(72,159,522)	--
Purchase of long-term investments held-to-maturity.....	(70,164,338)	(1,252,438)	--
Other.....	--	--	(29,087)
	-----	-----	-----
Net cash used by investing activities.....	(160,125,292)	(78,705,843)	(224,753)
Financing Activities:			
Proceeds from issuance of common stock.....	--	17,332,871	952,010
Payment to shareholders for fractional shares.....	--	(28)	--
Proceeds from public offerings, net of expenses.....	185,039,027	77,830,903	--
Proceeds from issuance of promissory notes payable.....	--	235,992	21,670
Repayment of promissory notes payable.....	--	(256,220)	(1,234)
Repayment of stockholder loan payable.....	--	(5,116)	(39,728)
Proceeds from issuance of debentures payable.....	--	--	180,584
Proceeds from issuance of ESPP shares.....	286,088	--	--
Proceeds from exercise of warrants.....	5,315,541	40,161	--
Proceeds from exercise of stock options.....	2,313,210	1,016,210	--
	-----	-----	-----
Net cash provided by financing activities.....	192,953,866	96,194,773	1,113,302
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents.....	14,282,024	14,815,363	(334,446)
Cash and cash equivalents, beginning of period.....	15,174,009	358,646	693,092
	-----	-----	-----
Cash and cash equivalents, end of period.....	\$ 29,456,033	\$ 15,174,009	\$ 358,646
	-----	-----	-----
Supplemental Disclosure of Noncash Financing and Investing Activities:			
Acquisitions from purchase transactions:			
Stock issued.....	\$ 61,125,843	\$ 7,932,000	\$ 382,188
Net assets assumed.....	(149,723)	(191,000)	(90,000)
Warrants issued with abandoned financing.....	650,000		
Stock issued in exchange transaction.....	--	292,726	84,720
Stock issued for retirement of debentures.....	170,369	--	--
Interest paid.....	--	14,923	--

See notes to consolidated financial statements.

Note 1: Summary of Significant Accounting Policies

Description of business: InfoSpace.com, Inc., (the Company or InfoSpace), previously known as InfoSpace, Inc., a Delaware corporation, was founded in March 1996. The Company is a global Internet information infrastructure services company that provides enabling technologies and Internet services to Web sites, merchants and wireless devices.

Principles of consolidation: The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Business combinations: Business combinations accounted for under the purchase method of accounting include the results of operations of the acquired business from the date of acquisition. Net assets of the companies acquired are recorded at their fair value at the date of acquisition. Amounts allocated to in-process research and development are expensed in the period of acquisition.

Business combinations accounted for under the pooling-of-interests method of accounting include the financial position and results of operations as if the acquired company had been a wholly-owned subsidiary since inception. In such cases, the assets, liabilities and stockholders' equity of the acquired entities were combined with the Company's respective amounts at their recorded values. The equity of the acquired entity is reflected on an as-if-converted basis to InfoSpace.com, Inc. equity at the time of issuance. Prior period financial statements have been recast to give effect to the merger.

Cash and cash equivalents: The Company considers all highly liquid debt instruments with an original maturity of 90 days or less to be cash equivalents. Cash and cash equivalents are carried at cost, which approximates market.

Investments: The Company principally invests its available cash in high-quality corporate issuers, and in debt instruments of the U.S. Government and its agencies. All debt instruments with original maturities greater than three months up to one year from the balance sheet date are considered short-term investments. Investments maturing after twelve months from the balance sheet date are considered long-term. The Company accounts for investments in accordance with SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." The Company's short-term and long-term investments are classified as held-to-maturity as of the balance sheet date as the company has both the ability and the intent to hold the investments to maturity and are reported at amortized cost.

Property and equipment: Property and equipment are stated at cost. Depreciation is computed under the straight-line method over the following estimated useful lives:

Computer equipment and software.....	3 years
Office equipment.....	5 years
Office furniture.....	7 years
Leasehold improvements.....	lease term

On January 1, 1999, the Company adopted Statement of Position 98-1, Accounting for the Costs of Computer Software developed or Obtained for Internal Use. This requires capitalization of certain costs

incurred in connection with developing or obtaining internal use software and amortization of these costs over future periods, which prior to the adoption of SOP 98-1, were expensed. For the year ended December 31, 1999, the Company has capitalized \$340,498 of costs associated with internally developed software. These costs are included in property and equipment on the accompanying balance sheet and are generally amortized over five years.

Intangible assets: Goodwill, purchased technology and other intangibles are amortized on a straight-line basis over their estimated useful lives. Goodwill and purchased technology are generally amortized over three to five years. Other intangibles, primarily consisting of purchased trademarks and domain name licenses are amortized over an estimated useful life of three years.

Other investments: The Company invests in equity investments of public and privately-held technology companies for business and strategic purposes. These investments are included in long-term assets and are classified as available-for-sale. Investments in companies whose securities are not publicly traded are recorded at cost. Investments in companies whose securities are publicly traded are recorded at fair value. Unrealized gains or losses on these investments are recorded as comprehensive income in the Company's stockholders' equity. Realized gains or losses are recorded based on the identified cost of the investment sold.

Other long-lived assets: Management periodically evaluates long-lived assets, consisting primarily of purchased technology, goodwill, property and equipment, to determine whether there has been any impairment of the value of these assets and the appropriateness of their estimated remaining life. No impairment loss has been recognized through December 31, 1999.

Revenue recognition: The Company's revenues are derived from its consumer, merchant and wireless services. These include advertising, content carriage, licensing fees, e-commerce fees and guaranteed transaction fees in lieu of revenue share.

Advertising: Revenues from contracts based on the number of impressions displayed or click throughs provided are recognized as services are rendered.

Content carriage: Revenues from fixed fee content carriage agreements are recognized ratably over the related contract term. For content carriage fee contracts that are performance based with an established maximum, the Company recognizes revenues as the services are rendered, not to exceed the maximum amount over the fixed term.

Licensing fees: Revenue from licensed services is recognized ratably over the term of the license agreement.

Commerce fees: Transaction fees are recognized in the period the transaction occurred and was reported to the Company by the content providers or online merchants.

Guaranteed transaction fees: Guaranteed minimum payments are recognized ratably over the term of the agreements. Revenues earned above the guaranteed minimum payments are recognized ratably over the remaining term of the agreements.

Also included in revenues are barter revenues generated from exchanging banners for banners, banners for content or banners for print or other advertising. Barter revenues are recorded at the lower of the estimated fair market value of goods and services received or impressions given, and are recognized when the Company's advertisements are run. For barter agreements, the Company records a receivable or liability at the end of the reporting period for the difference in the fair value of the services provided or received.

Cost of revenues: Cost of revenues consists of expenses associated with the enhancement, maintenance and support of our content services, including direct personnel expenses, communication costs such as high-speed Internet access, server equipment depreciation and content license fees. Fees paid for content licenses are capitalized and amortized over the license period.

Product development: Product development expenses consist principally of personnel costs for research, design, development, enhancement and maintenance of the proprietary technology used to integrate and distribute the Company's

consumer, merchant and wireless services. These expenses are net of capitalized internally developed software costs.

Advertising costs: Costs for print advertising are recorded as expense when the advertisement appears. Advertising costs related to electronic impressions are recorded as expense as impressions are provided. Advertising expense totaled approximately \$5,369,000, \$1,265,000 and \$251,000 for the years ended December 31, 1999, 1998 and 1997, respectively.

Unearned compensation: Unearned compensation represents the unamortized difference between the option exercise price and the fair market value of the Company's common stock for shares subject to grant at the grant date, for options issued under the Company's stock incentive plan (Note 5). The amortization of unearned compensation is charged to operations and is amortized over the vesting period of the options.

Deferred expense-warrants: Deferred expense-warrants represents the fair value of the warrants that were issued and is expensed ratably over the four year vesting period. The amortization of deferred warrant expense is charged to sales and marketing expense.

Acquisition and other related charges: Acquisition and other related charges consist of in-process research and development and other one-time charges related directly to the acquisitions, such as legal and accounting fees.

Other non-recurring charges: Other non-recurring charges in 1999 and 1998 consist of costs associated with litigation settlements.

Foreign currencies: Assets and liabilities denominated in foreign currencies are translated at the exchange rate on the balance sheet date. Translation adjustments resulting from this process are charged or credited to other comprehensive income. Revenue and expenses are translated at average rates of exchange prevailing during the period. Gains and losses on foreign currency transactions are included in Other income, net.

Concentration of credit risk: Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash equivalents, short-term investments, and trade receivables. These instruments are generally unsecured and uninsured. The Company places its cash equivalents and investments with major financial institutions. The Company operates in one business segment and sells advertising to various companies across several industries. Accounts receivable are typically unsecured and are derived from revenues earned from customers primarily located in the United States operating in a wide variety of industries and geographic areas. The Company performs ongoing credit evaluations of its customers and maintains reserves for potential credit losses. For the years ended December 31, 1999 and 1998, one customer accounted for approximately 21% of revenues. For the year ended December 31, 1997, no one customer accounted for more than 10% of revenues. At December 31, 1999, one customer accounted for approximately 14% of accounts receivable. At December 31, 1998, one customer accounted for approximately 27% of accounts receivable.

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INFOSPACE.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Income taxes: The Company has adopted Statement of Financial Accounting Standards (SFAS) No. 109, Accounting for Income Taxes. Under SFAS No. 109, deferred tax assets, including net operating loss carryforwards, and liabilities are determined based on temporary differences between the book and tax basis of assets and liabilities. The Company believes sufficient uncertainty exists regarding the realizability of the deferred tax assets such that a full valuation allowance is required.

Reclassification: Certain reclassifications have been made to the 1998 and 1997 balances to conform with the 1999 presentation.

Reverse stock split: A one-for-two reverse stock split of the Company's common stock was effected on August 25, 1998. All references in the financial statements to shares, share prices, per share amounts and stock plans have been adjusted retroactively for the one-for-two reverse stock split.

Stock splits: A two-for-one stock split of the Company's common stock was effected in May 1999. A second two-for-one stock split of the Company's common stock was effected in January 2000. All references in the financial statements to shares, share prices, per share amounts and stock plans have been adjusted retroactively for these stock splits.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts may differ from estimates.

Recent accounting pronouncements: In December 1999, the Securities and Exchange Commission staff issued Staff Accounting Bulletin (SAB) 101, Revenue Recognition in Financial Statements. The SAB establishes certain criteria for net versus gross recording of sales transactions and requires companies to comply with the SAB no later than the first fiscal quarter of the fiscal year beginning after December 15, 1999. The Company is adopting SAB 101 on January 1, 2000. Prior to January 1, 2000 and implementation of the SAB, the Company recorded revenues from customers for development fees, implementation fees and/or integration fees when the service was completed. If this revenue was recognized on a straight-line basis over the term of the related service agreements, in accordance with SAB 101, the Company estimates that approximately \$700,000 in revenue would have been deferred and recognized in 2000 and 2001. In accordance with SAB 101, the Company will record a cumulative effect of change in accounting principle beginning in January 2000 and recognize this revenue on a straight-lined basis.

In June 1998, the FASB issued SFAS No. 133, Accounting for Derivatives and Hedging Activities, which establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities. Because the Company has never used nor currently intends to use derivatives, management does not anticipate that the adoption of this new standard will have a significant effect on earnings or the financial position of the Company.

INFOSPACE.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Note 2: Balance Sheet Components

Investments at December 31, 1999 consist of the following:

	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Market Value
	-----	-----	-----	-----
Corporate notes and bonds	\$100,604,357	\$ 61,109	\$(530,513)	\$100,134,953
U.S. Government securities	52,920,693	14,198	(249,720)	52,685,171
Commercial paper	27,362,325	147,997	--	27,510,322
Certificate of deposit	15,249,544	79,125	(31,108)	15,297,561
	-----	-----	-----	-----
	\$196,136,919	\$302,429	\$(811,341)	\$195,628,007
	=====	=====	=====	=====

Maturity information is as follows:

Amortized

	Cost	Fair Value
	-----	-----
Within one year .....	\$124,720,142	\$124,656,362
1 year through 5 years .....	71,416,777	70,971,645
	-----	-----
	\$196,136,919	\$195,628,007
	=====	=====

Investments at December 31, 1998 consist of the following:

	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Market Value
	-----	-----	-----	-----
Commercial paper .....	\$66,668,475	\$13,259	\$(253)	\$66,681,481
Municipal securities .....	1,499,665	485	--	1,500,150
U.S. Government securities .....	5,243,820	--	(387)	5,243,433
	-----	-----	-----	-----
	\$73,411,960	\$13,744	\$(640)	\$73,425,064
	=====	=====	=====	=====

Maturity information is as follows:

	Amortized Cost	Fair Value
	-----	-----
Within one year .....	\$72,159,522	\$72,173,013
1 year through 5 years .....	1,252,438	1,252,051
	-----	-----
	\$73,411,960	\$73,425,064
	=====	=====

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INFOSPACE.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

	December 31, 1999	December 31, 1998
	-----	-----
Property and equipment:		
Computer equipment .....	\$ 3,852,352	\$1,509,905
Purchased software .....	869,206	1,813
Internally developed software .....	340,498	--
Office equipment .....	278,489	54,366
Office furniture .....	160,598	77,789
Leasehold improvements .....	320,498	17,632
	-----	-----
	5,821,641	1,661,505
Accumulated depreciation .....	(1,319,059)	(422,703)
	-----	-----
	\$ 4,502,582	\$1,238,802
	=====	=====
Intangible assets:		
Goodwill .....	\$70,436,117	\$4,860,671

Core technology .....	6,500,000	800,000
Assembled workforce .....	420,000	40,000
Other .....	552,292	435,417
	-----	-----
	77,908,409	6,136,088
Accumulated amortization .....	(4,081,284)	(859,208)
	-----	-----
	\$73,827,125	\$5,276,880
	=====	=====
Accrued expenses:		
Salaries and related expenses .....	\$ 2,357,981	\$ 193,592
Accrued carriage fees .....	907,503	--
Accrued revenue share .....	1,064,638	93,067
Accrued settlement costs .....	10,500,000	4,500,000
Other .....	1,768,260	245,791
	-----	-----
	\$16,598,382	\$5,032,450
	=====	=====

### 3. Notes Receivable

On June 30, 1999, the Company loaned an unrelated third party \$6.0 million at 12% interest per annum. The short-term note and accrued interest was repaid on February 7, 2000.

On December 1, 1999, the Company loaned an unrelated third party \$2.5 million. This short-term note is due by August 1, 2000, and accrues interest at 12% per annum. The note is secured by all of the assets and properties of the borrower and is considered fully collectible. At December 31, 1999, accrued interest on this note is \$25,000.

On December 21, 1999, the Company loaned a director of the Company \$1.9 million. The promissory note is due on December 16, 2001, and accrues interest at the prime rate. The note is secured by a pledge of the officer's shares of the Company's common stock. The pledged shares are valued in excess of the note balance. At December 31, 1999, accrued interest on this note is \$4,405. At December 31, 1999, the Company also had approximately \$1 million in short-term loans to employees and unrelated parties at various interest rates. Approximately \$939,000 of this balance has been repaid subsequent to year-end.

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INFOSPACE.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

### 4. Other Investments

The Company invests in equity instruments of public and privately-held technology companies for business and strategic purposes. These investments are recorded as long-term assets and are classified as available-for-sale securities.

The Company also holds warrants in public and privately-held technology companies for business and strategic purposes. Certain of these warrant agreements contain provisions that require the Company to meet specific performance criteria for the warrants to vest. When the Company meets its performance obligations it records revenue equal to the difference in the exercise price of the warrant and the fair market value of the underlying security. The Company recorded revenue in the amount of \$1,895,325 for vesting in performance warrants and stock for the year ended December 31, 1999.

	Unrealized Gain	Carrying Value
	-----	-----
Investments in public companies.....	\$1,324,301	\$ 4,060,076
Investments in privately-held companies.....	--	12,359,800
Investment in joint venture.....	--	359,273
	-----	-----

Total other investments..... \$1,324,301 \$16,779,149  
=====

Note 5: Stockholders' Equity

Authorized shares: On May 1, 1998, the Company's Certificate of Incorporation was amended to increase the authorized number of shares of all classes of Company stock to 55,000,000 shares, consisting of 40,000,000 shares of common stock with a par value of \$.0001 per share and 15,000,000 shares of preferred stock with a par value of \$.0001 per share.

On August 25, 1998, the Board of Directors approved and the Company effected a one-for-two reverse stock split of the Company's common stock.

Also, on August 25, 1998, the Company filed a Restated Certificate of Incorporation. The effect was to change the authorized number of all classes of Company stock to 65,000,000 shares, consisting of 50,000,000 shares of common stock with a par value of \$.0001 per share and 15,000,000 shares of preferred stock with a par value of \$.0001 per share after giving effect to the one-for-two reverse stock split.

In April 1999, the Company closed a follow-on offering. The Company sold 8,680,000 shares and raised approximately \$185 million, net of expenses. Certain shareholders sold 6,040,000 shares.

On April 6, 1999, the Board of Directors approved a two-for-one stock split of the Company's common stock. The stock split was effected on May 5, 1999.

On May 24, 1999, the stockholders of the Company approved an amendment to the Company's Certificate of Incorporation to increase the authorized number of shares of the Company's common stock to 200,000,000 shares.

On November 29, 1999, the Board of Directors approved a two-for-one stock split of the Company's common stock. The stock split was effected on January 5, 2000.

Restated 1996 Flexible Stock Incentive Plan: On June 3, 1998, the Board of Directors approved the Restated 1996 Flexible Stock Incentive Plan (the Plan). The Plan provides employees (including officers and

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

directors who are employees) of the Company an opportunity to purchase shares of stock pursuant to options which may qualify as incentive stock options under Section 422 of the Internal Revenue Code of 1986, as amended (the Code), and employees, officers, directors, independent contractors and consultants of the Company an opportunity to purchase shares of stock pursuant to options which are not described in Section 422 of the Code (nonqualified stock options). The Plan also provides for the sale or bonus of stock to eligible individuals in connection with the performance of service for the Company. Finally, the Plan authorizes the grant of stock appreciation rights, either separately or in tandem with stock options, which entitle holders to cash compensation measured by appreciation in the value of the stock. Not more than 3,000,000 shares of stock shall be available for the grant of options or the issuance of stock under the Plan. If an option is surrendered or for any other reason ceases to be exercisable in whole or in part, the shares which were subject to option but on which the option has not been exercised shall continue to be available under the Plan. The Plan is administered by the Board of Directors. Options granted under the Plan typically vest over four years, 25% one year from the date of grant and ratably thereafter on a monthly basis. Additional options have been granted to retain certain existing employees, which options vest monthly over four years.

On June 3, 1998, the Board of Directors approved the Option Exchange Program and the Option Replacement Program, allowing employees of the Company to exchange their nonqualified stock options for incentive stock options. Nonqualified stock options to purchase a total of 1,450,212 shares were exchanged for incentive stock options to purchase the equivalent number of shares with an exercise price equal to the fair market value at the date of



Exercise price exceeds market price.....	--	\$ --	\$ --	--	--	\$ --	1,000,000	\$1.00	\$0.75
Exercise price equals market price.....	4,137,212	27.93	28.26	6,932,532	2.93	2.91	57,738	0.70	0.22
Exercise price is less than market price.....	--	--	--	1,066,000	0.33	0.89	467,496	0.19	0.60

The Company has elected to follow the measurement provisions of Accounting Principles Board Opinion No. 25, under which no recognition of expense is required in accounting for stock options granted to employees for which the exercise price equals or exceeds the fair market value of the stock at the grant date. In those cases where options have been granted when the option price is below fair market value, the Company recognizes compensation expense over the vesting period using the aggregated percentage of compensation accrued method as prescribed by Financial Standards Accounting Board Interpretation No. 28. Compensation expense of \$284,102, \$1,246,132, and \$143,922, was recognized during the years ended December 31, 1999, 1998 and 1997, respectively, for options granted with exercise prices less than grant date fair market value.

To estimate compensation expense which would be recognized under SFAS No. 123, Accounting for Stock-based Compensation, the Company uses the modified Black-Scholes option-pricing model with the following weighted-average assumptions for options granted through December 31, 1999: risk-free interest rate ranging from 4.24% to 6.56%; expected dividend yield of 0%; 121% volatility; and an expected life of five years for 1999 and six years for 1998 and prior.

INFOSPACE.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Had compensation expense for the Plan been determined based on fair value at the grant dates for awards under the Plan consistent with SFAS No. 123, Accounting for Stock-Based Compensation, the Company's net losses for the years ended December 31, 1999, 1998 and 1997, would have been adjusted to the following pro forma amounts:

	1999	1998	1997
Net loss as reported.....	\$(21,693,775)	\$(11,818,703)	\$(1,660,915)
Net loss, pro forma.....	(37,146,066)	(12,234,567)	(1,662,405)
Basic net loss per share, pro forma... \$	(0.40)	(0.22)	(0.04)

Additional information regarding options outstanding as of December 31, 1999, is as follows:

Range of exercise prices	Options outstanding			Options exercisable		
	Number outstanding	Weighted average remaining contractual life (yrs.)	Weighted average exercise price	Number Exercisable	Weighted average exercise price	
\$ 0.01- 1.88	3,870,687	6.68	\$ 0.94	2,820,076	\$ 0.84	
2.00- 9.77	4,552,296	7.91	3.66	1,193,633	3.59	
10.75- 19.94	1,236,968	6.47	14.11	147,168	13.71	
20.22- 28.63	2,020,900	9.75	23.48	--	--	
31.19- 57.56	437,000	9.87	41.09	--	--	

74.50-101.63	319,092	9.97	90.87	24,892	76.25
	-----	----	-----	-----	-----
	12,436,943	8.14	10.55	4,185,769	2.05
	=====	=====	=====	=====	=====

At December 31, 1999 6,179,815 shares were available for future grants under the Plan.

In connection with the May and August 1998 private placement offering, the Company issued warrants to purchase 8,255,344 shares of common stock to five third-party participants for consulting services performed in identifying, structuring and negotiating future financings. These warrants expire between May 21, 2008 and August 6, 2008. The activity and additional information are as follows:

Outstanding, December 31, 1998.....	8,255,344
Exercised.....	(935,436)
	-----
Outstanding, December 31, 1999.....	7,319,908
	=====

Range of Exercise prices -----	Number Outstanding -----
\$0.50-1.00.....	3,934,984
1.25-1.50.....	1,707,980
2.50.....	1,676,944

In July 1998, the Company issued warrants to purchase 1,911,868 shares of common stock at an exercise price of \$0.01 to a former consultant in conjunction with the acquisition of Outpost (Note 4). All of these warrants were exercised in 1999.

On August 24, 1998, the Company issued to AOL warrants to purchase up to 3,959,664 shares of common stock, which warrants vest in 16 equal quarterly installments over four years, conditioned on the

INFOSPACE.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

delivery by AOL of a minimum number of searches each quarter on the Company's white pages directory service. The warrants have an exercise price of \$3.00 per share. The warrants were valued using the fair value method, as required under SFAS No. 123. The fair value of the warrants was approximately \$3,300,000 at the date of grant, and is being amortized ratably over the four-year vesting period. The underlying assumptions used to determine the value of the warrants are an expected life of six years and a 5.5% risk-free interest rate.

The Company assumed warrants to purchase 72,202 shares of the Company's common stock as a result of the acquisition of INEX Corporation (Note 6). These warrants were issued to seven third-party participants. Two of the third party participants exercised 12,243 of the warrants in December 1999. The remaining warrants expire between January 29, 2000 and July 31, 2000. The range of exercise prices and number outstanding at December 31, 1999 are as follows:

Range of Exercise prices -----	Number Outstanding -----
--------------------------------------	--------------------------------

\$3.75.....	17,139
8.00.....	42,820

Stock purchase rights plan: On June 26, 1998, the Board of Directors approved the InfoSpace Stock Purchase Rights Plan. The plan was offered to employees of the Company and its subsidiaries. The purpose of the plan was to provide an opportunity for employees to invest in the Company and increase their incentive to remain with the Company. A maximum of 2,000,000 shares of common stock were available for issuance under the plan. During July 1998, the Company offered shares to employees under the plan, resulting in the sale of 893,004 shares at \$1.88 per share. The plan was terminated on August 24, 1998.

1998 Employee Stock Purchase Plan: The Company adopted the 1998 Employee Stock Purchase Plan (the ESPP) in August 1998. The ESPP was implemented upon the effectiveness of the initial public offering. The ESPP is intended to qualify under Section 423 of the Code, and permits eligible employees of the Company and its subsidiaries to purchase common stock through payroll deductions of up to 15% of their compensation. Under the ESPP, no employee may purchase common stock worth more than \$25,000 in any calendar year, valued as of the first day of each offering period. In addition, owners of 5% or more of the Company or subsidiary's common stock and the Company's executives may not participate in the ESPP. An aggregate of 1,800,000 shares of common stock are authorized for issuance under the ESPP.

The ESPP was implemented with six-month offering periods, with the first such period commencing upon the effectiveness of the initial public offering and ending July 31, 1999. Thereafter, offering periods will begin on each February 1 and August 1. The price of common stock purchased under the ESPP will be the lesser of 85% of the fair market value on the first day of an offering period and 85% of the fair market value on the last day of an offering period, except that the purchase price for the first offering period was equal to the lesser of 100% of the initial public offering price of the common stock offered hereby and 85% of the fair market value on July 31, 1999. The ESPP does not have a fixed expiration date, but may be terminated by the Company's Board of Directors at any time. There were 76,290 shares issued for the first ESPP offering period which ended on July 31, 1999.

Note 6: Business Combinations

Zephyr Software Inc: On December 29, 1999, the Company acquired all of the common stock of Zephyr Software Inc., a privately held company, and its wholly owned subsidiary Zephyr Software (India) Private Limited ("Zephyr") for a purchase consideration of 325,696 shares of the Company's common stock and acquisition expenses of \$539,512. The acquisition was accounted for as a purchase in accordance with

INFOSPACE.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Accounting Principles Board Opinion ("APB") No. 16. Results of operations for Zephyr have been included with those of the Company for the period subsequent to the date of acquisition.

The purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values as follows:

	Book and Fair Value -----
Tangible assets acquired.....	\$ 217,932
Liabilities assumed.....	(238,622)
	-----
Book value of net liabilities acquired.....	(20,690)
Purchase price:	
Fair value of shares issued.....	8,643,105
Acquisition costs.....	539,512

Excess of purchase price over net assets acquired, allocated to goodwill.....	----- \$9,203,307 =====
---	-------------------------------

The Company is amortizing the goodwill over an estimated useful life of three years.

eComLive.com, Inc.: On December 16, 1999, the Company acquired all of the common stock of eComLive.com, Inc., a privately held company, for a purchase consideration of 686,356 shares and acquisition expenses of \$582,246. The acquisition was accounted for as a purchase in accordance with the provisions of APB No. 16.

The purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values as follows:

	Book and Fair Value -----
Tangible assets acquired.....	\$ 59,128
Liabilities assumed.....	(60,053)
	-----
Book value of net liabilities acquired.....	(925)
Fair value adjustments:	
Fair value of purchased technology, including in-process research and development.....	5,300,000
Fair value of assembled workforce.....	140,000
	-----
Fair value of net assets acquired.....	5,439,075
Purchase price:	
Fair value of shares issued.....	31,995,220
Acquisition costs.....	582,246
	-----
Excess of purchase price over net assets acquired, allocated to goodwill.....	\$27,138,391 =====

The \$5,300,000 value of purchased technology includes purchased in-process research and development for future InfoSpace products. Generally accepted accounting principles require purchased in-process research and development with no alternative future use to be recorded and charged to expense in the period acquired. Accordingly, the results of operations for the year ended December 31, 1999, include the write-off of \$2,000,000 of purchased in-process research and development. The remaining \$3,300,000 represents the purchase of core technology and existing products which are being amortized over an estimated useful life of five years. The Company is amortizing the goodwill over an estimated life of five years.

Union-Street.com: On October 14, 1999, the Company acquired all of the common stock of Union-Street.com, a privately held company, for a purchase consideration of 873,294 shares and acquisition expenses of \$395,656. The acquisition was accounted for as a purchase in accordance with the provisions of APB No. 16.

The purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values as follows:

	Fair Value
	-----
Tangible assets acquired.....	\$ 69,412
Liabilities assumed.....	(176,631)
	-----
Book value of net liabilities acquired.....	(107,219)
Fair value adjustments:	
Fair value of purchased technology, including in-process research and development.....	5,300,000
Fair value of assembled workforce.....	160,000
	-----
Fair value of net assets acquired.....	5,352,781
Purchase price:	
Fair value of shares issued.....	20,487,518
Acquisition costs.....	395,656
	-----
Excess of purchase price over net assets acquired, allocated to goodwill.....	\$15,530,393
	=====

The \$5,300,000 value of purchased technology includes purchased in-process research and development for future InfoSpace products. Generally accepted accounting principles require purchased in-process research and development with no alternative future use to be recorded and charged to expense in the period acquired. Accordingly, the results of operations for the year ended December 31, 1999, include the write-off of \$3,300,000 of purchased in-process research and development. The remaining \$2,000,000 represents the purchase of core technology and existing products which are being amortized over an estimated useful life of five years. The Company is amortizing the goodwill over an estimated useful life of five years.

INEX Corporation: On October 14, 1999, the Company completed the merger with INEX Corporation, a privately held company that developed and marketed Internet commerce applications to deliver solutions designed for small and medium-sized merchants to build, manage and promote online storefronts. Under the terms of the merger, which was accounted for as a pooling-of-interests, the Company exchanged 1,800,000 shares of common stock for (1) directly to those INEX shareholders who elected to receive our common stock in exchange for their INEX shares at the closing of the combination, (2) upon the exchange or redemption of the exchangeable shares of InfoSpace.com Canada Holdings Inc., an indirect subsidiary of the Company, which exchangeable shares were issued to those INEX shareholders who elected to receive exchangeable shares, or who did not make an election to receive shares of our common stock at the closing, and (3) upon the exercise of outstanding warrants and options to purchase INEX common shares, which the Company assumed and which will become exercisable for shares of InfoSpace common stock. The consolidated financial statements for the three years ended December 31, 1999 and the accompanying notes reflect the Company's financial position and the results of operations as if INEX was a wholly-owned subsidiary since inception.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

My Agent technology: On June 30, 1999 the Company acquired the MyAgent technology and related assets from Active Voice Corporation for \$18 million dollars. The acquisition was accounted for as a purchase in accordance with the provisions of APB No. 16. Under the purchase method of accounting, the purchase price is allocated to the assets acquired and the liabilities assumed based on their fair values at the date of the acquisition. Other than the MyAgent technology modules, no other assets or liabilities were assumed as part of this acquisition.

The Company recorded a non-recurring charge of \$3.9 million for in-process research and development that had not yet reached technological feasibility and had no alternative future use. Separately, the Company also recorded a one-time charge of approximately \$1.0 million for expenses related to bonus payments made to certain Active Voice MyAgent team employees who accepted employment with InfoSpace but who are under no agreement to continue their employment with

InfoSpace. The Company also recorded \$13.7 million of goodwill and \$480,000 of other intangible assets. These intangibles will be amortized over their useful life, which the Company has estimated to be five years.

The allocation of the purchase price is summarized as follows:

Fair value of purchased technology, including in-process research and development.....	\$ 4,300,000
Fair value of assembled workforce.....	80,000
	-----
Fair value of net assets acquired.....	4,380,000
Purchase price:	
Cash paid.....	18,000,000
Acquisition costs.....	83,054
	-----
Excess of purchase price over net assets acquired, Allocated to goodwill.....	\$13,703,054
	=====

The \$4.3 million value of purchased technology includes purchased in-process research and development for future InfoSpace products. Generally accepted accounting principles require purchased in-process research and development with no alternative future use to be recorded and charged to expense in the period acquired. Accordingly, the results of operations for the quarter ended June 30, 1999, include the write-off of \$3.9 million of purchased in-process research and development. The remaining \$400,000 represents the purchase of core technology which is being amortized over an estimated useful life of five years. The Company is amortizing the goodwill over an estimated life of five years.

Prior to the acquisition, the MyAgent product team was not accounted for as a separate entity, a subsidiary, or a line of business, or division of the business, but rather was an integral part of the research and development group. Accordingly, historical financial information is not available.

Outpost Network, Inc.: On June 2, 1998, the Company acquired all of the common stock of Outpost, a privately held company, for a purchase consideration of 5,999,952 shares of the Company's common stock, cash of \$35,000, assumed liabilities of \$264,000, and acquisition expenses of \$1,957,000. In conjunction with the acquisition, the Company was required to issue warrants valued at \$1,902,000 to a former consultant, which are included in acquisition costs. The transaction was accounted for as a purchase.

Of the purchase price of \$7,992,000, \$2,800,000 was allocated to in-process research and development, \$800,000 was allocated to core technology and existing products and \$4,543,000 was recorded as goodwill. Generally accepted accounting principles require purchased in-process research and development with no

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

alternative future use to be recorded and charged to expense in the period acquired. Accordingly, the results of operations for the year ended December 31, 1998, include the write-off of the purchased in-process research and development. The core technology and goodwill are being amortized over a useful life of five years.

YPI: On May 16, 1997, the Company acquired all outstanding Membership Interest Units of YPI, a limited liability company, in a transaction accounted for as a purchase. YPI operations began to be included in the Company's financial statements on the effective date of the acquisition, May 1, 1997. In conjunction with the acquisition, the Company acquired certain advertising agreements and assumed a note payable for \$90,000. The purchase price of \$306,000 was allocated to advertising agreements of \$85,417, note payable of \$90,000 and goodwill of \$310,383. The aggregate number of shares of the stock issued was derived from revenues generated by the business during the specified measurement period. Before December 31, 1997, the number of shares to be issued

was finalized and a total of 340,000 shares were issued to the sellers on January 2, 1998.

Pro forma information relating to acquisitions (unaudited)

The following unaudited pro forma information shows the results of the Company for the year ended December 31, 1999 as if the acquisitions of Zephyr Software, eComLive and Union-Street occurred on January 1, 1999. The pro forma results of operations are unaudited, have been prepared for comparative purposes only and do not purport to indicate the results of operations which would actually have occurred had the combinations been in effect on the dates indicated or which may occur in the future.

	(unaudited)
	-----
Revenue.....	\$ 36,987,351
Net loss.....	(23,377,606)
Basic and diluted net loss per share.....	\$ (0.25)

Note 7: Commitments and Contingencies

The Company has noncancellable operating leases for corporate facilities. The leases expire through 2003. Rent expense under operating leases totaled approximately \$621,000, \$266,000 and \$134,000, for the years ended December 31, 1999, 1998 and 1997, respectively. The Company also has noncancellable carriage fee agreements with certain affiliates.

Future minimum rental payments required under noncancellable operating leases are as follows for the years ending December 31:

2000.....	\$ 727,000
2001.....	437,000
2002.....	389,000
2003.....	225,000
2004.....	17,000
	-----
	\$1,795,000
	=====

INFOSPACE.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Future payments required under noncancellable affiliate carriage fee agreements are as follows for the years ending December 31:

2000.....	\$12,083,000
2001.....	11,572,000
2002.....	900,000
2003.....	900,000
2004.....	900,000
	-----
	\$26,355,000
	=====

Litigation: On December 15, 1999, a complaint was filed against the Company on behalf of a former employee in federal court in New Jersey alleging claims for breach of contract, breach of the covenant of good faith and fair dealing, fraud, negligent misrepresentation, and promissory estoppel. The former

employee contends he agreed to work for InfoSpace on the basis of certain misrepresentations, that he entered into an agreement with the Company that entitles him to an option to purchase 150,000 shares of the Company's common stock, and that he was terminated without cause. The former employee seeks (1) the right to purchase the shares of stock, (2) unspecified compensatory and punitive damages, and (3) litigation costs and attorney's fees. On January 31, 2000, the Company answered the complaint. Discovery is ongoing, and trial is set for September 2000. The Company is currently investigating the claims at issue and believes the Company has meritorious defenses to such claims. Nevertheless, litigation is uncertain and the Company may not prevail in this suit.

One of the shareholders of INEX Corporation filed a complaint on September 22, 1999 alleging that the original shareholders of INEX and INEX itself were bound by a shareholders agreement that entitled it to pre-emptive rights and rights of first refusal. The complaint alleges that INEX improperly made private placements, issued employee options and permitted share transfers after February 1997. The complainant alleges it should have acquired rights in approximately 88% of the INEX share capital, which would be less than one percent of our common stock. The complaint also alleges other breaches of contract, breach of fiduciary duty, corporate oppression, unlawful interference with economic relations and conspiracy. The complaint was amended on December 20, 1999 to allege that the Company assumed the obligations of INEX under the alleged shareholders agreement as a result of our acquisition of INEX on October 14, 1999. The complaint seeks damages against the Company and named former INEX shareholders for the difference between the issue or sale price of INEX shares issued or transferred after February 1997 and before October 14, 1999 and the highest trading value of shares of the Company's common stock received or receivable in exchange attained before the date of trial. In the alternative, the complaint seeks special damages in the amount of \$50,000,000 Canadian. The complaint also seeks \$500,000 in punitive damages and constructive trusts, equitable liens and tracing remedies in both INEX shares formerly held by certain shareholders and shares of the Company's common stock received by those shareholders in exchange for their INEX shares. 217,567 shares of the Company's common stock and shares exchangeable into the Company's common stock that were part of the INEX purchase price which are held to satisfy this claim. The Company is currently investigating the claims at issue and believes the Company has meritorious defenses to such claims. Nevertheless, litigation is uncertain and the Company may not prevail in this suit.

On December 23, 1998, the Company initiated litigation against Internet Yellow Pages, Inc., or IYP, by filing suit in United States District Court for the Western District of Washington. On February 3, 1999, the Company served a first amended complaint on IYP and Greg Crane, an agent of IYP, in which the Company asserted claims for (a) account stated, (b) breach of contract, and (c) fraud. On March 5, 1999, IYP answered the Company's complaint in the Washington action, and asserted claims for breach of contract, fraud,

INFOSPACE.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

extortion and Consumer Protection Act violations. IYP seeks relief consisting of \$1,500,000 and other unquantified money damages and treble damages for the CPA and attorneys' fees. Discovery is ongoing. The Company is currently investigating the claims at issue and believes the Company has meritorious defenses to such claims. Nevertheless, litigation is uncertain and the Company may not prevail in these suits. Trial is set for April 2000, but the parties are finalizing an agreement to dispose of the case by a streamlined mini-trial before a federal magistrate.

Settlement of litigation: On February 8, 2000, the Company reached a settlement with an alleged former employee. Under the terms of the settlement, the alleged former employee received a cash payment of \$10.5 million. As this subsequent event was settled prior to the issuance of the financial statements, the expense has been recorded in the fourth quarter of 1999 in Other non-recurring expense.

On February 22, 1999, the Company reached a settlement with a former employee. Under the terms of the settlement the former employee received a cash payment of \$4.5 million. As this subsequent event was settled after December 31, 1998 but prior to the issuance of the financial statements, the expense was

recorded in the fourth quarter of 1998 in Other non-recurring expense.

Contingencies: In the Company's early stage of development, the Company did not clearly document arrangements with employees and consultants, including matters relating to the issuance of stock options. As a result of this incomplete documentation, the Company may receive claims in the future asserting rights to acquire common stock.

INFOSPACE.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Note 8: Income Taxes

No provision for federal income tax has been recorded as the Company has incurred net operating losses through December 31, 1999. The tax effects of temporary differences and net operating loss carryforwards that give rise to the Company's deferred tax assets and liabilities are as follows:

	1999	1998
	-----	-----
Deferred tax assets:		
Net operating loss carryforward .....	\$ 17,371,000	\$ 36,000
Tax credits.....	372,000	--
Intangible amortization .....	428,000	60,000
Compensation expense--stock options .....	--	59,000
Allowance for bad debt .....	237,000	203,000
Litigation accrual .....	3,675,000	1,530,000
Accrued carriage fees.....	318,000	--
Other, net .....	225,000	34,000
Warrants .....	--	46,000
Deferred revenue .....	199,000	473,000
	-----	-----
Gross deferred tax assets .....	22,825,000	2,441,000
Deferred tax liabilities:		
Purchased technology .....	868,000	252,000
Prepaid expenses .....	125,000	113,000
Depreciation .....	115,000	13,000
Unrealized investment gains .....	463,000	--
Other .....	5,000	--
	-----	-----
Gross deferred tax liabilities .....	1,576,000	378,000
	-----	-----
Net deferred tax assets .....	21,249,000	2,063,000
Valuation allowance .....	(21,249,000)	(2,063,000)
	-----	-----
Deferred tax balance .....	\$ --	\$ --
	=====	=====

At December 31, 1999 and 1998, the Company provided a full valuation allowance for its deferred tax assets. The Company believes sufficient uncertainty exists regarding the realizability of the deferred tax assets such that a full valuation allowance is required. The net change in the valuation allowance during the years ended December 31, 1999 and 1998, was \$19,186,000 and \$1,792,000, respectively.

As of December 31, 1999, the Company's federal net operating loss carryforward for income tax purposes was approximately \$50 million. If not utilized, the federal net operating loss carryforwards will begin to expire between 2011 and 2019. The Company's federal research tax credit carryforwards for income tax purposes are approximately \$372,000. If not utilized, the federal tax credit carryforwards will begin to expire between 2011 and 2019.

Deferred tax assets of approximately \$17.5 million as of December 31, 1999 pertain to certain net operating loss carryforwards and credit carryforwards resulting from the exercise of employee stock options. When recognized, the tax benefit of these loss and credit carryforwards are accounted for as a credit to

additional paid-in capital rather than a reduction of the income tax provision.

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INFOSPACE.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Note 9: Net Loss Per Share

The Company has adopted SFAS No. 128, Earnings per Share. Basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of common and common equivalent shares outstanding during the period. Common equivalent shares consist of the incremental common shares issuable upon conversion of the exercise of stock options and warrants (using the treasury stock method). Common equivalent shares are excluded from the computation if their effect is antidilutive. The Company had a net loss for all periods presented herein; therefore, none of the options and warrants outstanding during each of the periods presented, as discussed in Note 5, were included in the computation of diluted loss per share as they were antidilutive. Options and warrants to purchase a total of 9,063,508, 6,016,789 and 1,574,181 shares of common stock were excluded from the calculations of diluted loss per share for the years ended December 31, 1999, 1998 and 1997, respectively. 340,000 contingently issuable shares of common stock have been excluded from the calculation of basic earnings per share for the year ended December 31, 1997 (Note 6).

Note 10: Information on Products and Services

In June 1997, the FASB issued SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information, SFAS No. 131 establishes standards for the way that companies report information about operating segments in annual financial statements. It also establishes standards for related disclosures about products and services, geographic areas, and major customers as well as the reporting of selected information about operating segments in interim financial statements for the year ended December 31, 1998. The adoption of SFAS 131 did not have a material effect on the Company's primary consolidated financial statements but did affect the Company's disclosures.

The Company generates substantially all of its revenues through integrated technology and services delivered through a common physical infrastructure, and therefore the Company has only one reportable segment. Substantially all revenues are generated from domestic sources. Substantially all of the Company's long-lived assets are physically located within the United States.

Total operating expenses are controlled centrally based on established budgets by operating department. Operating departments include product development, sales and marketing, account management and customer service, and finance and administration. Assets, technology, and personnel resources of the Company are shared and utilized for all of the Company's service offerings. These resources are allocated based on contractual requirements, the identification of enhancements to the current service offerings, and other non-financial criteria. The Company does not prepare operating statements by revenue source. The Company does not account for, and does not report to management, its assets or capital expenditures by revenue source.

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INFOSPACE.COM, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Revenue Information

Revenues are derived from the Company's consumer, merchant and wireless services. These services generate revenues from advertising, content carriage, licensing fees, commerce transaction fees and guaranteed transaction fees in lieu of revenue share. Contracts with customers often utilize services from more than one area of service and include revenue from more than one revenue source.

	Year Ended December 31,		
	1999	1998	1997
Consumer revenues.....	\$29,371,286	\$8,370,965	\$1,424,748
Merchant revenues.....	6,872,585	1,252,395	317,794
Wireless revenues.....	663,300	--	--
Total revenues.....	\$36,907,171	\$9,623,360	\$1,742,542

Note 11: Related-party transactions

During the years ended December 31, 1999, 1998 and 1997, the Company sold advertising to other entities in which the Company's chief executive officer had equity interests resulting in revenues of \$580,912, \$19,269 and \$200,000, respectively.

During 1999, the Company entered into a technology license and development agreement for the development of a shopping cart technology with a software development company whose majority owner is related to the Company's chief executive officer. Under the terms of the agreement the Company paid a development fee of \$400,000. The Company owns all rights to the technology and has granted a perpetual license to the software development company to use the developed technology for certain limited uses.

Note 12: Investment in Joint Venture

In 1998, the Company entered into a joint venture with Thomson Directories Limited to form TDL InfoSpace to replicate the Company's content, community and commerce services in Europe. TDL InfoSpace has targeted the United Kingdom as its first market, and content services were launched in the third quarter of 1998. Under the license agreement between Thomson and TDL InfoSpace, Thomson licenses its U.K. directory information database to TDL InfoSpace. Under the Web site services agreement between Thomson and TDL InfoSpace, Thomson also sells Internet yellow pages advertising for the joint venture through its local sales force. Under the Company's license agreement with TDL InfoSpace, the Company licenses technology and provides hosting services to TDL InfoSpace.

Under the joint venture agreement, the Company and Thomson is obligated to negotiate with TDL InfoSpace and the other party to jointly offer private label solutions in other European countries prior to offering such services independently or with other parties.

Note 13: Subsequent Events

Business Combinations:

On March 10, 2000, the Company acquired San Mateo, California-based Saraide.com, Inc., a provider of wireless Internet services in Europe, Japan and Canada. Under the terms of the agreement, InfoSpace merged Saraide with its own wireless services and issued 4,795,432 shares of the Company's common stock valued at approximately \$347.2 million to the existing shareholders of Saraide in a transaction to be accounted for as a purchase. InfoSpace will control 80% of the combined company.

On March 6, 2000, the Company signed a definitive agreement to acquire Cupertino, California-based, Orchest, Inc. (MoneyPlant.com). Orchest has developed a Web site to provide online account information aggregation for consumers. Under the terms of the acquisition, which will be accounted for as a purchase, InfoSpace will exchange 123,211 shares of the Company's common stock valued at approximately \$31.3 million for all of Orchest's outstanding shares.

On February 15, 2000, the Company closed the acquisition of Mountain View, California-based Prio, Inc. Under the terms of the acquisition, which will be accounted for as a pooling of interests, InfoSpace will exchange 5,293,456 shares of the Company's common stock for all of Prio's outstanding shares, warrants and options. Prior period financial statements will be recast for this acquisition in future filings.

On December 23, 1999, the Company signed a definitive agreement to acquire Berkeley, California-based Millet Software (privacybank.com). Under the terms of the acquisition, which will be accounted for as a purchase, InfoSpace will exchange 297,552 shares of the Company's common stock valued at approximately \$29.7 million for all of Millet's outstanding shares, warrants and options. The Company expects to close this acquisition in the first quarter of 2000.

#### Stockholder's Equity:

On January 21, 2000, the Board of Directors approved a two-for-one stock split of the Company's common stock. In order to effect this split the Board of Directors has approved, pending stockholder approval, increase the number of authorized shares of Common Stock from 200,000,000 to 900,000,000 shares. A special shareholder meeting of stockholders has been scheduled for April 3, 2000.

On January 21, 2000, the Board of Directors approved the deletion of the 4,000,000 limitation to the annual number of additional shares reserved for issuance under the Restated 1996 Flexible Stock Incentive Program. The Company intends to solicit stockholder approval for this amendment at its 2000 Annual Meeting of Stockholders.

#### Commitments:

In March 2000, the Company entered into a five-year lease agreement for the corporate headquarters in Bellevue, Washington. The Company will pay a monthly base rent of \$199,783 per month during the first two years, \$208,864 per month during the second two years and \$217,864 per month during the final year.

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#### Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

#### PART III

We have omitted certain information from this Report that is required by Part III. We intend to file a definitive proxy statement pursuant to Regulation 14A with the Securities and Exchange Commission relating to our annual meeting of stockholders not later than 120 days after the end of the fiscal year covered by this Report, and such information is incorporated by reference herein.

#### Item 10. Executive Officers and Directors of the Registrant

The information concerning our directors required by this Item is incorporated by reference to our proxy statement under the heading "Election of Directors."

Information regarding our executive officers is included in Part I under the caption "Executive Officers of the Registrant" and is incorporated by reference into this Item.

#### Item 11. Executive Compensation

The information required by this Item is incorporated by reference to our proxy statement under the heading "Additional Information Relating to Directors and Officers of the Company."

#### Item 12. Security Ownership of Certain Beneficial Owners and Management

The information required by this Item is incorporated by reference to our proxy statement under the heading "Security Ownership of Certain Beneficial Owners and Management."

Item 13. Certain Relationships and Related Transactions

The information required by this Item is incorporated by reference to our proxy statement under the heading "Additional Information Relating to Directors and Officers of the Company--Certain Relationships and Related Transactions."

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PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) 1. Consolidated Financial Statements.

See Index to Consolidated Financial Statements at Item 8 on page 48 of this report.

2. Financial Statement Schedules.

All financial statement schedules required by 14(a)(2) have been omitted because they are not applicable or the required information is shown in the Consolidated Financial Statements or Notes thereto.

3. Exhibits

Number -----	Description -----
3.1*	Restated Certificate of Incorporation of the registrant.
3.2*	Restated Bylaws of the registrant.
4.1*	Form of Certificate of the Powers, Designations, Preferences and Rights of Series A Preferred Stock.
10.1*	Form of Indemnification Agreement between the registrant and each of its Directors and Executive Officers.
10.2*	Restated 1996 Flexible Stock Incentive Plan and Terms of Stock Option Grant Program for Nonemployee Directors under the Restated 1996 Flexible Stock Incentive Plan.
10.3*	1998 Employee Stock Purchase Plan
10.4*	Lease, dated May 14, 1998, between the registrant and TIAA Realty, Inc.
10.5*	Registration Rights Agreement, dated May 1, 1997, among the registrant, John E. Richards, Peter S. Richards, John Enger and Alexander Hutton Capital L.L.C., as subsequently amended by Agreement dated as of January 2, 1998, among the registrant, John E. Richards, Peter S. Richards, John Enger and Alexander Hutton Capital L.L.C.
10.6*	Agreement, dated January 2, 1998, among the registrant, John E. Richards, Peter S. Richards, John Enger and Alexander Hutton Capital, L.L.C.
10.7*	Form of Common Stock and Common Stock Warrant Purchase Agreements, dated May 21, 1998, between the registrant and each of Acorn Ventures-IS, LLC, Kellett Partners, LLP and John and Carolyn Cunningham.
10.8*	Form of Investor Rights Agreements, dated as of May 21, 1998, between the registrant and each of Acorn Ventures-IS, LLC, Kellett Partners, LLP and John and Carolyn Cunningham.
10.9*	Form of Co-Sale Agreements, dated as of May 21, 1998, among the registrant, Naveen Jain and each of Acorn Ventures-IS, LLC, Kellett Partners, LLP and John and Carolyn Cunningham.
10.10*	Form of Common Stock Warrant, dated May 21, 1998, between the registrant and each of Acorn Ventures-IS, LLC, Kellett Partners, LLP and John and Carolyn Cunningham.
10.11*	Common Stock Purchase Agreement, dated as of August 6, 1998, by and among the registrant and the investors named therein.
10.12*	Stockholder Rights Agreement, dated as of August 6, 1998, by and among the registrant and the investors named therein.

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Number	Description
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- 
- 10.13\* Form of Amendment to Common Stock and Common Stock Warrant Purchase Agreements, dated August 6, 1998, between the Registrant and each of Acorn Ventures-IS, LLC, Kellett Partners, LLP and John and Carolyn Cunningham.
- 10.14\* License Agreement, dated July 28, 1998, between the registrant and American Business Information, Inc. (now known as infoUSA, Inc.).
- 10.15\* Amended and Restated Content Provider Agreement, made as of August 24, 1998, effective as of April 25, 1998, between the registrant and 800-U.S. Search.
- 10.16\* Letter Agreement with Bernee D. L. Strom, dated November 22, 1998.
- 10.17 Lease, dated February 2000, between the registrant and Three Bellevue Center, LLC.
- 10.18 Letter Agreement with Bernee D. L. Strom, dated December 15, 1999.
- 10.19 Letter Agreement with Naveen Jain, dated February 10, 2000.
- 23.1\* Consent of Deloitte & Touche LLP, Independent Auditors.
- 24.1 Power of Attorney (contained on signature page hereto).
- 27.1 Financial Data Schedule

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\* Previously filed.

Reports on Form 8-K.

The following reports on Form 8-K were filed during the quarter ended December 31, 1999:

Item #	Description	Filing Date
-----	-----	-----
1.	On October 4, 1999, we filed a Current Report on Form 8-K (a "Form 8-K") with the Securities and Exchange Commission (the "Commission") to report under Item 5 that we had entered into a definitive agreement to acquire Union-Street.com, Inc.	
2.	On October 28, 1999, we filed a Form 8-K with the Commission to report under Item 2 that we had completed our acquisition of INEX Corporation and under Item 5 that we had completed our acquisition of Union-Street.com, Inc. and had entered into a definitive agreement to acquire Zephyr Software Inc. and its wholly owned subsidiary, Zephyr Software (India) Private Limited.	
3.	On December 20, 1999, we filed an Amendment to Current Report on Form 8-K on Form 8-K/A with the Commission to amend the Form 8-K filed on October 28, 1999 to report under Item 7 updated financial information relating to our acquisition of INEX Corporation.	
4.	On December 29, 1999, we filed a Form 8-K with the Commission to report under Item 2 that we had completed our acquisition of eComLive, Inc.	

(b) Exhibits.

See Item 14 (a) above.

(c) Financial Statements and Schedules.

See Item 14 (a) above.

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#### SIGNATURES

Pursuant to the requirements of Section 13 or 15(d), as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Redmond, State of Washington, on the 30th of March, 2000.

InfoSpace.com, Inc.

/s/ Naveen Jain

By: \_\_\_\_\_  
Naveen Jain, Chief Executive  
Officer and Chairman of the Board

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Naveen Jain and Ellen B. Alben and each of them, with full power of substitution and resubstitution and full power to act without the other, as his true and lawful attorney-in-fact and agent to act in his name, place and stead and to execute in the name and on behalf of each person, individually and in each capacity stated below, and to file, any and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing, ratifying and confirming all that said attorneys-in-fact and agents or any of them or their and his or her substitute or substitutes, may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons in the capacities indicated on the 30th day of March, 2000.

Signature -----	Title -----
<p>/s/ Naveen Jain</p> <p>-----</p> <p>Naveen Jain</p>	<p>Chief Executive Officer and Chairman of the Board (Principal Executive Officer)</p>
<p>/s/ Tammy D. Halstead</p> <p>-----</p> <p>Tammy D. Halstead</p>	<p>Vice President, Acting Chief Financial Officer and Chief Accounting Officer (Principal Financial and Accounting Officer)</p>
<p>/s/ John E. Cunningham, IV</p> <p>-----</p> <p>John E. Cunningham, IV</p>	<p>Director</p>
<p>/s/ Peter L .S. Currie</p> <p>-----</p> <p>Peter L. S. Currie</p>	<p>Director</p>
<p>-----</p> <p>Gary C. List</p>	<p>Director</p>

Signature -----	Title -----
<p>/s/ Rufus W. Lumry III</p> <p>-----</p> <p>Rufus W. Lumry III</p>	<p>Director</p>
<p>/s/ Carl Stork</p> <p>-----</p> <p>Carl Stork</p>	<p>Director</p>
<p>/s/ Bernee D. L. Strom</p> <p>-----</p> <p>Berne D. L. Strom</p>	<p>Director</p>
<p>/s/ David House</p>	<p>Director</p>

## INDEX TO EXHIBITS

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23.1*	Consent of Deloitte & Touche LLP, Independent Auditors.
24.1	Power of Attorney (contained on signature page hereto).
27.1	Financial Data Schedule

-----  
\* Previously filed.

THREE BELLEVUE CENTER  
BELLEVUE, WASHINGTON

OFFICE LEASE AGREEMENT

BETWEEN

THREE BELLEVUE CENTER LLC, a Washington limited liability company  
("LANDLORD")

AND

INFOSPACE.COM, INC., a Delaware corporation  
("TENANT")

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Exhibits  
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- Exhibit A - Outline and Location of Premises
- Exhibit A-1 - Legal Description of Property
- Exhibit B - Rules and Regulations
- Exhibit C - Commencement Letter
- Exhibit D - Work Letter Agreement
- Exhibit E - Additional Provisions
- Exhibit F - Subordination Agreement
- Exhibit G - Rooftop Rates
- Exhibit H - Form of Letter of Credit
- Exhibit I - Ground Lessor Nondisturbance Agreement
- Exhibit J - Facade Signage

OFFICE LEASE AGREEMENT

This Office Lease Agreement (the "Lease") is made and entered into as of the \_\_\_\_ day of February, 2000, by and between THREE BELLEVUE CENTER LLC, a Washington limited liability company ("Landlord") and INFOSPACE.COM, INC., a Delaware corporation ("Tenant").

I. Basic Lease Information.

- A. "Building" shall mean the building located at 601 108th Avenue N.E., Bellevue, King County, Washington, and commonly known as Three Bellevue Center.
- B. "Rentable Square Footage of the Building" is deemed to be 472,410 square feet.
- C. "Premises" shall mean the area shown on Exhibit A to this Lease. The Premises are located on Floors 8, 9, 10, 11 and 12 of the Building. The "Rentable Square Footage of the Premises" is approximately 108,973 square feet (96,951 usable square feet). The precise square footage of the Premises shall be determined by Landlord and Tenant based upon Tenant's Final Plans, and once so determined shall not be further adjusted except to reflect additions to or other modifications of the Premises. Once the area of the Premises is so determined, the area of the Premises, Base Rent, Tenant's Pro Rata Share and the Allowance shall be appropriately adjusted and confirmed in writing by Landlord and Tenant. "Rentable Area," "rentable square feet" and similar terms shall mean Rentable Area as determined in accordance with the American National Standard Method of measuring floor space in office buildings as published by the Building Owners and Managers Association International dated June 7, 1996 ("BOMA"). "Usable Area" and "usable square feet" shall mean Usable Area as determined in accordance with BOMA.

D. "Base Rent":

Period -----	Annual Rate Per Square Foot -----	Annual ----- Base Rent -----	Monthly ----- Base Rent -----
Years 1 and 2	\$22.00	\$2,397,405.96	\$199,783.83
Years 3 and 4	\$23.00	\$2,506,379.04	\$208,864.92
Year 5	\$24.00	\$2,615,352.00	\$217,946.00

The above amounts are based on a rentable area of 108,973 square feet and are subject to adjustment as provided in Section I.C above.

E. "Tenant's Pro Rata Share": 23.0675%, subject to adjustment per Section I.C above.

F. "Term": A period of sixty (60) months, commencing on the later to occur of (i) May 1, 2000 (the "Target Commencement Date") and, (ii) the date on which the Landlord Work is Substantially Complete, as determined by Section III.A. However, notwithstanding anything to the contrary contained in this Lease, Tenant shall not be obligated to pay Base Rent on the portion of the Premises located on the eighth (8th) floor of the Building (the "Eighth Floor") until the earlier of (i) the date one hundred five (105) days after the Commencement Date; or (ii) the date Tenant first occupies the Eighth Floor for the Permitted Use. Tenant shall pay all Additional Rent and other amounts owing under this Lease on the Eighth Floor commencing on the Commencement Date. The Termination Date shall be the last day of the Term based upon the actual Commencement Date, provided that if the Termination Date, as determined herein, does not occur on the last day of a calendar month, Landlord, at its option, may extend the Term by the number of days necessary to cause the Termination Date to occur on the last day of the last calendar month of the Term. Except as set forth in Section III.A below, Landlord's failure to Substantially Complete the Landlord Work by the Target Commencement Date shall not be a default by Landlord or otherwise render Landlord liable for damages. Promptly after the determination of the Commencement Date, Landlord and Tenant shall enter into a commencement letter agreement in the form attached as Exhibit C.

G. Tenant allowance(s): \$32.00 per square foot of usable area in the Premises. See Exhibit D.

H. "Security Deposit": \$800,000.00.

I. "Guarantor(s)": None.

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J. "Broker(s)": Colliers International, Inc. representing Landlord and Leibsohn & Company representing Tenant.

K. "Permitted Use": General office purposes, including a computer/data center room.

L. "Notice Addresses":

Tenant:

On and after the Commencement Date, notices shall be sent to Tenant at the Premises, Attention: Chief Financial Officer, with a copy to the attention of General Counsel. Prior to the Commencement Date, notices shall be sent to Tenant at the following address:

InfoSpace.com, Inc.  
15375 NE 90th St.  
Redmond, WA 98052  
Attention: Chief Financial Officer,  
Phone #: (425) 882-1602  
Fax #: (425) 882-0988

with a copy to Attention: General Counsel

Landlord:

Three Bellevue Center LLC  
1191 Second Avenue, Suite 2000  
Seattle, Washington 98101  
Attention: Building Manager

With a copy to:

Equity Office Properties  
Two North Riverside Plaza  
Suite 2200  
Chicago, Illinois 60606  
Attention: Regional Counsel -  
West Region

Payments of Rent only shall be made payable to the order of: Three Bellevue Center LLC at the address of Landlord stated above.

- M. "Business Day(s)" are Monday through Friday of each week, exclusive of New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day ("Holidays"). Landlord may designate additional Holidays, provided that the additional Holidays are commonly recognized by other office buildings in the area where the Building is located.
- N. "Landlord Work" means the work that Landlord is obligated to perform in the Premises pursuant to this Lease and the work letter agreement (the "Work Letter") attached as Exhibit D.
- O. "Law(s)" means all applicable statutes, codes, ordinances, orders, rules and regulations of any municipal or governmental entity.
- P. "Normal Business Hours" for the Building are 6:00 A.M. to 7:00 P.M. on Business Days and 8:00 A.M. to 1:00 P.M. on Saturdays.
- Q. "Property" means the Building and the parcel(s) of land on which it is located legally described on Exhibit A-1 attached hereto and, at Landlord's discretion, the Building garage and other improvements serving the Building, if any, and the parcel(s) of land on which they are located.

## II. Lease Grant.

Landlord leases the Premises to Tenant and Tenant leases the Premises from Landlord, together with the right in common with others to use any portions of the Property that are designated by Landlord for the common use of tenants and others, such as sidewalks, unreserved parking areas, common corridors, elevator foyers, restrooms, vending areas and lobby areas (the "Common Areas").

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## III. Adjustment of Commencement Date; Possession.

- A. The Landlord Work shall be deemed to be "Substantially Complete" on the date that all Landlord Work has been performed, other than any details of construction, mechanical adjustment or any other similar matter, the noncompletion of which does not materially interfere with Tenant's use of the Premises, and as otherwise defined below. In the event the Landlord Work has not been completed by June 15, 2000 for reasons other than Force Majeure or Tenant Delay, then beginning on the Commencement Date Base Rent and Additional Rent shall be abated one (1) day for each day that substantial completion of the Landlord Work is delayed (excluding delays caused by Force Majeure and Tenant Delay) after June 15, 2000; provided, however, that in the event the Landlord Work has not been completed by March 31, 2001 for any reason (including Force Majeure) other than Tenant Delay, then Tenant shall have the right to terminate this Lease upon written notice to Landlord within 30 days thereafter. However, if Landlord is delayed in the performance of the Landlord Work as a result of any Tenant Delay(s) (defined below), the Landlord Work shall be deemed to be Substantially Complete on the date that Landlord could reasonably have been expected to Substantially Complete the Landlord Work absent any Tenant Delay. "Tenant Delay" means any act or omission of Tenant or its agents, employees, vendors or contractors that actually delays the Substantial Completion of the Landlord Work, including, without limitation: (1) Tenant's failure to furnish information or approvals within any time period specified in this Lease, including the failure to prepare or approve

preliminary or final plans by any applicable due date; (2) Tenant's selection of equipment or materials that have long lead times after first being informed by Landlord that the selection may result in a delay; (3) changes requested or made by Tenant to previously approved plans and specifications; (4) performance of work in the Premises by Tenant or Tenant's contractor(s) during the performance of the Landlord Work; or (5) if the performance of any portion of the Landlord Work depends on the prior or simultaneous performance of work by Tenant, a delay by Tenant or Tenant's contractor(s) in the completion of such work.

Notwithstanding anything to the contrary contained herein, the Commencement Date shall not be deemed to occur until the following conditions shall have been satisfied by Landlord:

- (1) Landlord (A) shall have obtained a temporary Certificate of Occupancy for the Building and the Premises, or (B) would have been entitled to the issuance of a temporary Certificate of Occupancy for the Building and the Premises, but for Tenant Delay; and
- (2) The following items shall have been substantially completed, except to the extent the noncompletion of such items does not materially interfere with Tenant's use of the Premises or was caused by Tenant Delay:
  - (a) The utility and other systems servicing the Building and necessary for the operation of the Building or Tenant's occupancy and full enjoyment of the Premises (such as elevators, plumbing, heating, ventilating, air conditioning, electrical and security systems).
  - (b) The lobby of the Building and the entrances and public portions (including the garage), stairways, corridors and elevators (including freight elevators) of the Building; and
  - (c) The exterior of the Building (including the installation of glass therein).

The occurrence of the Commencement Date prior to the completion in full of all work required to be performed by Landlord as provided herein shall not relieve Landlord of its obligation thereafter to complete the same with due dispatch and in a workmanlike manner. Without waiving any rights of Tenant, Landlord, Tenant, and Landlord's and Tenant's architects shall prepare within thirty (30) days after the Commencement Date or as soon thereafter as practicable a "punch-list" which shall consist of the items that have not been, but should have been, finished or furnished by Landlord in the Premises. Upon presentation of such punch-list to Landlord, Landlord shall, with all due diligence, proceed to complete and furnish all punch-list items. If such items relate to shell and core work, they shall be completed at Landlord's sole cost and expense. If such items relate to Tenant Improvements, they shall be paid in the same manner that the costs of

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Tenant Improvements are paid. Any such punch-list items which do not materially interfere with Tenant's enjoyment of the portion of the Premises involved shall not delay the Commencement Date with respect thereto.

- B. Subject to Landlord's obligation to perform Landlord Work and Landlord's obligations under Section IX.B., by taking possession of the Premises, Tenant agrees that the Premises are in good order and satisfactory condition, and that there are no representations or warranties by Landlord regarding the condition of the Premises or the Building except as expressly set forth in this Lease.
- C. If Tenant takes possession of the Premises before the Commencement Date, such possession shall be subject to the terms and conditions of this Lease and Tenant shall pay Rent (defined in Section IV.A.) to Landlord for each day of possession before the Commencement Date. Notwithstanding the foregoing, Landlord shall give Tenant at least 30 days prior written notice ("Completion Notice") of the anticipated Commencement Date and Tenant may occupy the Premises during the 30-day period prior to the Commencement Date for the sole purpose of performing improvements or installing furniture,

equipment or other personal property and shall not be obligated to pay Rent during such period. Tenant shall coordinate its occupancy during such period with Landlord's Building contractor and the Tenant Improvement Contractor (if different) and shall not interfere with the construction of the Tenant Improvements.

IV. Rent.

A. Payments. As consideration for this Lease, Tenant shall pay Landlord,

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without any setoff or deduction except as expressly set forth in this Lease, the total amount of Base Rent and Additional Rent due for the Term. "Additional Rent" means all sums (exclusive of Base Rent) that Tenant is required to pay Landlord. Additional Rent and Base Rent are sometimes collectively referred to as "Rent". Tenant shall pay and be liable for all rental, sales and use taxes (but excluding income taxes), if any, imposed upon or measured by Rent under applicable Law. Base Rent and recurring monthly charges of Additional Rent shall be due and payable in advance on the first day of each calendar month without notice or demand, provided that the installment of Base Rent for the first full calendar month of the Term shall be payable upon Landlord's first disbursement of the Allowance (as described in Exhibit D). All other items of Rent shall be due and payable by Tenant on or before 30 days after billing by Landlord. All payments of Rent shall be by good and sufficient check or by other means (such as automatic debit or electronic transfer) acceptable to Landlord. If Tenant fails to pay any item or installment of Rent when due, Tenant shall pay Landlord an administration fee equal to 5% of the past due Rent, provided that Tenant shall be entitled to a grace period of 5 days for the first 2 late payments of Rent in a given calendar year. If the Term commences on a day other than the first day of a calendar month or terminates on a day other than the last day of a calendar month, the monthly Base Rent and Tenant's Pro Rata Share of Expenses (defined in Section IV.C.) and Taxes (defined in Section IV.D.) for the month shall be prorated based on the number of days in such calendar month. Landlord's acceptance of less than the correct amount of Rent shall be considered a payment on account of the earliest Rent due. No endorsement or statement on a check or letter accompanying a check or payment shall be considered an accord and satisfaction, and either party may accept the check or payment without prejudice to that party's right to recover the balance or pursue other available remedies. Tenant's covenant to pay Rent is independent of every other covenant in this Lease.

B. Payment of Tenant's Pro Rata Share of Expenses and Taxes. Tenant shall pay

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Tenant's Pro Rata Share of the total amount of Expenses (defined in Section IV.C.) and Taxes (defined in Section IV.D) for each calendar year during the Term. Landlord shall provide Tenant with a good faith estimate of the total amount of Expenses and Taxes for each calendar year during the Term. On or before the first day of each month, Tenant shall pay to Landlord a monthly installment equal to one-twelfth of Tenant's Pro Rata Share of Landlord's estimate of the total amount of Expenses and Taxes. If Landlord determines that its good faith estimate was incorrect by a material amount, Landlord may provide Tenant with a revised estimate. After its receipt of the revised estimate, Tenant's monthly payments shall be based upon the revised estimate. If Landlord does not provide Tenant with an estimate of the total amount of Expenses and Taxes by January 1 of a calendar year, Tenant shall continue to pay monthly installments based on the previous year's estimate until Landlord provides Tenant with the new estimate. Upon delivery of the new estimate, an adjustment shall be made for any month for which Tenant paid monthly installments based on the previous year's estimate. Tenant shall

pay Landlord the amount of any underpayment within 30 days after receipt of the new estimate. Any overpayment shall be refunded to Tenant within 30 days or credited against the next due future installment(s) of Additional Rent.

Landlord currently estimates that for calendar year 2000 Expenses for the Building will be \$5.50 per rentable square foot and Taxes for the Building will be \$1.25 per rentable square foot.

As soon as is practical following the end of each calendar year, Landlord

shall furnish Tenant with a statement of the actual amount of Expenses and Taxes for the prior calendar year and Tenant's Pro Rata Share of the actual amount of Expenses and Taxes for the prior calendar year. If the estimated amount of Expenses and Taxes for the prior calendar year is more than the actual amount of Expenses and Taxes for the prior calendar year, Landlord shall apply any overpayment by Tenant against Additional Rent due or next becoming due, provided if the Term expires before the determination of the overpayment, Landlord shall refund any overpayment to Tenant after first deducting the amount of Rent due. If the estimated amount of Expenses and Taxes for the prior calendar year is less than the actual amount of Expenses and Taxes for such prior year, Tenant shall pay Landlord, within 30 days after its receipt of the statement of Expenses and Taxes, any underpayment for the prior calendar year.

C. Expenses Defined. "Expenses" means all costs and expenses incurred in each -----

calendar year in connection with operating, maintaining, repairing, and managing the Building and the Property to a standard similar to other Class A office buildings in Bellevue, Washington, including, but not limited to:

1. Labor costs, including, wages, salaries, social security and employment taxes, medical and other types of insurance, uniforms, training, and retirement and pension plans.
2. Management fees, the cost of equipping and maintaining a management office not exceeding 2,000 square feet, accounting and bookkeeping services and other customary administrative costs. Landlord, by itself or through an affiliate, shall have the right to directly perform or provide any services under this Lease (including management services), provided that the cost of any such services shall not exceed the cost that would have been incurred had Landlord entered into an arms-length contract for such services with an unaffiliated entity of comparable skill and experience. Landlord will engage Wright Runstad & Company to manage the Property for at least two (2) years after the Commencement Date.
3. The cost of services, including amounts paid to service providers and the rental and purchase cost of parts, supplies, tools and equipment.
4. Premiums and commercially reasonable deductibles paid by Landlord for insurance, including workers compensation, fire and extended coverage, earthquake, general liability, rental loss, elevator, boiler and other insurance customarily carried from time to time by owners of comparable office buildings.
5. Electrical Costs (defined below) and charges for water, gas, steam and sewer, but excluding those charges for which Landlord is reimbursed by tenants. "Electrical Costs" means: (a) charges paid by Landlord for electricity; (b) costs incurred in connection with an energy management program for the Property. Electrical Costs shall be adjusted as follows: (i) amounts received by Landlord as reimbursement for above standard electrical consumption shall be deducted from Electrical Costs; (ii) the cost of electricity incurred to provide overtime HVAC to specific tenants (as reasonably estimated by Landlord) shall be deducted from Electrical Costs; and (iii) if Tenant is billed directly for the cost of building standard electricity to the Premises as a separate charge in addition to Base Rent, the cost of electricity to individual tenant spaces in the Building shall be deducted from Electrical Costs.
6. The amortized cost of capital improvements (as distinguished from replacement parts or components installed in the ordinary course of business) made to the Property after the Commencement Date which are: (a) performed primarily to reduce operating expense costs or otherwise improve the operating efficiency of the Property; or (b) required to comply with any Laws that are enacted, or first interpreted to apply to the Property, after the date of this Lease. The cost of capital improvements shall be amortized by Landlord over the lesser of the Payback Period

(defined below) or 5 years. The amortized cost of capital improvements may, at Landlord's option, include actual or imputed interest at the rate that Landlord would reasonably be required to pay to finance the

cost of the capital improvement. "Payback Period" means the reasonably estimated period of time that it takes for the cost savings resulting from a capital improvement to equal the total cost of the capital improvement.

If Landlord incurs Expenses for the Property together with one or more other buildings or properties, whether pursuant to a reciprocal easement agreement, common area agreement or otherwise, the shared costs and expenses shall be equitably prorated and apportioned between the Property and the other buildings or properties. Expenses shall not include:

- (a) the cost of capital improvements (except as set forth above);
- (b) depreciation; interest (except as provided above for the amortization of capital improvements);
- (c) principal payments of mortgage and other non-operating debts of Landlord;
- (d) the cost of repairs or other work to the extent Landlord is reimbursed by insurance or condemnation proceeds;
- (e) costs in connection with leasing space in the Building, including brokerage commissions;
- (f) lease concessions, including rental abatements and construction allowances, granted to specific tenants;
- (g) costs incurred in connection with the sale, financing or refinancing of the Building;
- (h) fines, interest and penalties incurred due to the late payment of Taxes (defined in Section IV.D) or Expenses;
- (i) organizational expenses associated with the creation and operation of the entity which constitutes Landlord; or any penalties or damages that Landlord pays to Tenant under this Lease or to other tenants in the Building under their respective leases;
- (j) costs resulting from the correction of any latent construction defects in all or any portion of the Building, or any condition that is, as of the Commencement Date of this Lease, not in compliance with applicable laws, codes, rules or regulations;
- (k) the costs of renovating or otherwise improving or decorating, painting or redecorating space (exclusive of common areas) for any tenants or other occupants of the Building or Project, including, without limitation, Tenant;
- (l) Landlord's general overhead and any other expense not directly related to the Building or Project;
- (m) all items, services and/or goods for which Tenant or any other tenant, occupant, person or other party is obligated to reimburse, and does reimburse, Landlord;
- (n) brokerage, legal and professional fees expended by Landlord in connection with negotiating and entering into any leases and any related instruments with any tenant or other occupant of any portion of the Building, and the enforcement of any such instruments; or which are expended or incurred by Landlord in connection with the negotiation and entering of sale, financing, partnership or similar transactions pertaining to the Building;
- (o) wages, salaries and other compensation paid to employees of the Landlord at the Building who are above the level of general manager or Building manager;
- (p) the costs and expenses of maintenance and operation of any parking facility in or serving the Building except to the extent that such costs and expenses exceed any revenues for parking received from such operation;

(q) structural replacements;

(r) property management fees in excess of the prevailing market management fee from time to time (determined on a percentage of gross receipts basis) for regional or national operating/management companies operating comparable first class office buildings in the Bellevue, Washington area.

If the Building is not at least 95% occupied during any calendar year or if Landlord is not supplying services to at least 95% of the total Rentable Square Footage of the Building at any time during a calendar year, Expenses (and, at Landlord's option, Taxes) shall, at Landlord's option, be determined as if the Building had been 95% occupied and Landlord had been supplying services to 95% of the Rentable Square Footage of the Building during that calendar year. The extrapolation of Expenses under this Section shall be performed by appropriately adjusting the cost of those components of Expenses that are impacted by changes in the occupancy of the Building.

D. Taxes Defined. "Taxes" shall mean: (1) all real estate taxes and other  
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assessments on the Building and/or Property, including, but not limited to, assessments for special improvement districts and building improvement districts, taxes and assessments levied in substitution or supplementation in whole or in part of any such taxes and assessments and the Property's share of any real estate taxes and assessments under any reciprocal easement agreement, common area agreement or similar agreement as to the Property; (2) all personal property taxes for property that is owned by Landlord and used in connection with the operation, maintenance and repair of the Property; and (3) all costs and fees incurred in connection with seeking reductions in any tax liabilities described in (1) and (2), including, without limitation, any costs incurred by Landlord for compliance, review and appeal of tax liabilities. Without limitation, Taxes shall not include any income, capital levy, franchise, capital stock, gift, estate or inheritance tax. If an assessment is payable in installments, Taxes for the year shall include the amount of the installment and any interest due and payable during that year. For all other real estate taxes, Taxes for that year shall include the amount due and payable for that year. If a change in Taxes is obtained for any year of the Term, then Taxes for that year will be retroactively adjusted and Landlord shall provide Tenant with a credit, if any, based on the adjustment.

E. Audit Rights. Tenant may, within 90 days after receiving Landlord's  
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statement of Expenses, give Landlord written notice ("Review Notice") that Tenant intends to review Landlord's records of the Expenses for that calendar year. Within a reasonable time after receipt of the Review Notice, Landlord shall make all pertinent records available for inspection that are reasonably necessary for Tenant to conduct its review. If any records are maintained at a location other than the office of the Building, Tenant may either inspect the records at such other location or pay for the reasonable cost of copying and shipping the records. If Tenant retains an agent to review Landlord's records, the agent must be with a licensed CPA firm. Landlord agrees that Tenant may retain a third party agent to review Landlord's books and records which third party agent is not a CPA firm, so long as the third party agent retained by Tenant shall have expertise in and familiarity with general industry practice with respect to the operation of and accounting for a first class office building and whose compensation shall in no way be contingent upon or correspond to the financial impact on Tenant resulting from the review. Tenant shall be solely responsible for all costs, expenses and fees incurred for the audit. Within 60 days after the records are made available to Tenant, Tenant shall have the right to give Landlord written notice (an "Objection Notice") stating in reasonable detail any objection to Landlord's statement of Expenses for that year. If Tenant fails to give Landlord an Objection Notice within the 60 day period or fails to provide Landlord with a Review Notice within the 90 day period described above, Tenant shall be deemed to have approved Landlord's statement of Expenses and shall be barred from raising any claims regarding the Expenses for that year. If Tenant provides Landlord with a timely Objection Notice, Landlord and Tenant shall work together in good faith to resolve any issues raised in Tenant's Objection Notice. If Landlord and Tenant determine that Expenses for the calendar year are less than reported, Landlord shall provide Tenant with a credit against the next installment of Rent in the amount of the overpayment by Tenant. Likewise, if Landlord and Tenant determine that Expenses for the

calendar year are greater than reported, Tenant shall pay Landlord the amount of any underpayment within 30 days. In addition, if Landlord and Tenant determine that Expenses for the Building for the year in question were less than stated by more than five percent (5%), Landlord, within thirty (30) days after its receipt of paid invoices

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therefor from Tenant, shall reimburse Tenant for any reasonable amounts paid by Tenant to third parties in connection with such review by Tenant. The records obtained by Tenant shall be treated as confidential. In no event shall Tenant be permitted to examine Landlord's records or to dispute any statement of Expenses unless Tenant has paid and continues to pay all Rent when due.

V. Compliance with Laws; Use.

The Premises shall be used only for the Permitted Use and for no other use whatsoever. Tenant shall not use or permit the use of the Premises for any purpose which is illegal, dangerous to persons or property or which, in Landlord's reasonable opinion, unreasonably disturbs any other tenants of the Building or unreasonably interferes with the operation of the Building. Tenant shall comply with all Laws, including the Americans with Disabilities Act, regarding the operation of Tenant's business and the use, condition, configuration and occupancy of the Premises. Tenant, within 10 days after receipt, shall provide Landlord with copies of any notices it receives regarding a violation or alleged violation of any Laws. Tenant shall comply with the rules and regulations of the Building attached as Exhibit B and such other reasonable rules and regulations adopted by Landlord from time to time. Tenant shall also cause its agents, contractors, subcontractors, employees, customers, and subtenants to comply with all rules and regulations. Landlord shall not knowingly discriminate against Tenant in Landlord's enforcement of the rules and regulations.

VI. Security Deposit.

- A. The Security Deposit shall be delivered to Landlord upon the execution of this Lease by Tenant and, if in the form of cash (or converted to cash), shall be held by Landlord in an interest-bearing account (with interest to be added to and held as a part of the Security Deposit hereunder) as security for the performance of Tenant's obligations. The Security Deposit is not an advance payment of Rent or a measure of Tenant's liability for damages. Landlord may, from time to time, without prejudice to any other remedy, use all or a portion of the Security Deposit to satisfy past due Rent or to cure any uncured default by Tenant. If Landlord uses the Security Deposit, Tenant shall on demand restore the Security Deposit to its original amount. If Tenant is not in default at the termination of this Lease, Landlord shall return any unapplied balance of the Security Deposit to Tenant within thirty (30) day(s) after Tenant surrenders the Premises to Landlord. In addition to any other deductions Landlord is entitled to make pursuant to the terms hereof, Landlord shall have the right to make a good faith estimate of any unreconciled Expenses and Taxes as of the Termination Date and to deduct any anticipated shortfall from the Security Deposit. If Landlord transfers its interest in the Premises, Landlord shall assign the Security Deposit to the transferee and, following the assignment, Landlord shall have no further liability for the return of the Security Deposit. Landlord shall not be required to keep the Security Deposit separate from its other accounts.
- B. The Security Deposit may be in the form of an irrevocable letter of credit (the "Letter of Credit"), which Letter of Credit shall: (a) be in the amount of Eight Hundred Thousand Dollars (\$800,000); (b) be in substantially the form of Exhibit H attached hereto; (c) name Landlord as its beneficiary; (d) be drawn on an FDIC insured financial institution satisfactory to the Landlord; (e) expressly allow Landlord to draw upon it: (i) in the event that the Tenant is in default under the Lease beyond applicable notice and cure periods by delivering to the issuer of the Letter of Credit written notice to such effect and certifying that Landlord is entitled to draw thereunder pursuant to the terms of this Lease; or (ii) if Tenant, within thirty (30) days prior to expiration of the Letter of Credit then held by Landlord, fails to provide Landlord with a replacement Letter of Credit meeting the requirements herein; (f) expressly state that it will be honored by the issuer without inquiry into the accuracy of any such notice or statement made by Landlord; (g) expressly permit multiple or

partial draws up to the stated amount of the Letter of Credit; (h) expressly provide that it is transferable to any successor of Landlord; and (i) expire no earlier than sixty (60) days after the Termination Date of this Lease.

VII. Services to be Furnished by Landlord.

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A. Landlord agrees to furnish Tenant with the following services: (1) Water service for use in the lavatories on each floor on which the Premises are located; (2) Heat, ventilation and air conditioning in season during Normal Business Hours, at such temperatures and in such amounts as are standard for comparable Class A buildings or as required by governmental authority. Tenant, upon such advance notice as is reasonably required by Landlord, shall have the right to receive HVAC service during hours other than Normal Business Hours. Tenant shall pay Landlord's actual costs of providing such after-hours HVAC service (including a reasonable charge for additional wear and tear on equipment); ; (3) Maintenance and repair of the Property as described in Section IX.B.; (4) Janitor service on the evenings prior to Business Days. If Tenant's use, floor covering or other improvements require special services in excess of the standard services for the Building, Tenant shall pay the additional cost attributable to the special services; (5) Elevator service 24 hours per day, 7 days per week; (6) Electricity to the Premises for the Permitted Use, in accordance with and subject to the terms and conditions in Article X; and (7) such other services as Landlord reasonably determines are necessary or appropriate for the Property.

B. Landlord's failure to furnish, or any interruption or termination of, services due to the application of Laws, the failure of any equipment, the performance of repairs, improvements or alterations, or the occurrence of any event or cause beyond the reasonable control of Landlord (a "Service Failure") shall not render Landlord liable to Tenant, constitute a constructive eviction of Tenant, give rise to an abatement of Rent, nor relieve Tenant from the obligation to fulfill any covenant or agreement. However, if the Premises, or a material portion of the Premises, is made untenable for a period in excess of 3 consecutive Business Days as a result of the Service Failure, then Tenant, as its sole remedy, shall be entitled to receive an abatement of Rent payable hereunder during the period beginning on the 4th consecutive Business Day of the Service Failure and ending on the day the service has been restored. If the entire Premises has not been rendered untenable by the Service Failure, the amount of abatement that Tenant is entitled to receive shall be prorated based upon the percentage of the Premises rendered untenable and not used by Tenant. In no event, however, shall Landlord be liable to Tenant for any loss or damage, including the theft of Tenant's Property (defined in Article XV), arising out of or in connection with the failure of any security services, personnel or equipment.

VIII. Leasehold Improvements.

All improvements to the Premises (collectively, "Leasehold Improvements") shall be owned by Landlord and shall remain upon the Premises without compensation to Tenant. However, Landlord, by written notice to Tenant within 30 days prior to the Termination Date, may require Tenant to remove, at Tenant's expense: (1) Cable (defined in Section IX.A) installed by or for the exclusive benefit of Tenant and located in the Premises or other portions of the Building; and (2) any Leasehold Improvements that are performed by or for the benefit of Tenant and, in Landlord's reasonable judgment, are of a nature that would require removal and repair costs that are materially in excess of the removal and repair costs associated with standard office improvements (collectively referred to as "Required Removables"). Without limitation, it is agreed that Required Removables include internal stairways, raised floors, personal baths and showers, vaults, rolling file systems and structural alterations and modifications of any type. The Required Removables designated by Landlord shall be removed by Tenant before the Termination Date, provided that upon prior written notice to Landlord, Tenant may remain in the Premises for up to 5 days after the Termination Date for the sole purpose of removing the Required Removables. Tenant's possession of the Premises shall be subject to all of the terms and conditions of this Lease, including the obligation to pay Rent on a per diem basis at the rate in effect for the last month of the Term. Tenant shall repair damage caused by the installation or removal of Required Removables. If Tenant fails to remove any Required Removables or perform related

repairs in a timely manner, Landlord, at Tenant's expense, may remove and dispose of the Required Removables and perform the required repairs. Tenant, within 30 days after receipt of an invoice, shall reimburse Landlord for the reasonable costs incurred by Landlord. Notwithstanding the foregoing, Tenant, at the time it requests approval for a proposed Alteration (defined in Section IX.C), may request in writing that Landlord advise Tenant whether the Alteration or any portion of the Alteration will be designated as a Required Removable. Within 10 days after receipt of Tenant's request, Landlord shall advise Tenant in writing as to which portions of the Alteration, if any, will be considered to be Required Removables. In addition, Tenant shall not be required to remove any portion of the Tenant Improvements at the end of the Term.

IX. Repairs and Alterations.

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A. Tenant's Repair Obligations. Tenant shall, at its sole cost and expense,

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promptly perform all maintenance and repairs to the Premises that are not Landlord's express responsibility under this Lease, and shall keep the Premises in good condition and repair, reasonable wear and tear excepted. Tenant's repair obligations include, without limitation, repairs to: (1) floor covering; (2) interior partitions; (3) doors; (4) the interior side of demising walls; (5) electronic, phone and data cabling and related equipment (collectively, "Cable") that is installed by or for the exclusive benefit of Tenant and located in the Premises or other portions of the Building; (6) supplemental air conditioning units, private showers and kitchens, including hot water heaters, plumbing, and similar facilities serving Tenant exclusively; and (7) Alterations performed by contractors retained by Tenant, including related HVAC balancing required as a result of such Alteration. All work shall be performed in accordance with the rules and procedures described in Section IX.C. below. If Tenant fails to make any repairs to the Premises for more than 15 days after notice from Landlord (although notice shall not be required if there is an emergency), Landlord may make the repairs, and Tenant shall pay the reasonable cost of the repairs to Landlord within 30 days after receipt of an invoice, together with an administrative charge in an amount equal to 5% of the cost of the repairs. Notwithstanding the foregoing, if the repair to be performed by Tenant cannot reasonably be completed within ten (10) days by Tenant or Landlord, Landlord shall not exercise its right to make such repair on Tenant's behalf so long as Tenant commences such repair within five (5) days after notice from Landlord and is diligently pursuing the same to completion.

B. Landlord's Repair Obligations. Landlord shall keep and maintain in good

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condition and repair and working order and make repairs to and perform maintenance upon: (1) structural elements of the Building; (2) mechanical (including HVAC), electrical, plumbing and fire/life safety systems serving the Building in general; (3) Common Areas; (4) the roof and roof membrane of the Building; (5) exterior windows of the Building; and (6) elevators serving the Building. Landlord shall promptly make repairs (considering the nature and urgency of the repair) for which Landlord is responsible.

C. Alterations. Tenant shall not make alterations, additions or improvements

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to the Premises or install any Cable in the Premises or other portions of the Building (collectively referred to as "Alterations") without first obtaining the written consent of Landlord in each instance, which consent shall not be unreasonably withheld or delayed. However, Landlord's consent shall not be required for any Alteration that satisfies all of the following criteria (a "Cosmetic Alteration"): (1) is of a cosmetic nature such as painting, wallpapering, hanging pictures and installing carpeting; (2) is not visible from the exterior of the Premises or Building; (3) will not affect the systems or structure of the Building; and (4) does not require work to be performed inside the walls or above the ceiling of the Premises. However, even though consent is not required, the performance of Cosmetic Alterations shall be subject to all the other provisions of this Section IX.C. Prior to starting work, Tenant shall furnish Landlord with plans and specifications reasonably acceptable to Landlord; names of contractors reasonably acceptable to Landlord (provided that Landlord may designate specific contractors with respect to Building systems, and Tenant may designate non-union contractors for Alterations to be constructed after the Commencement Date); copies of contracts; necessary permits and

approvals; evidence of contractor's and subcontractor's insurance in amounts reasonably required by Landlord. Changes to the plans and specifications must also be submitted to Landlord for its approval. Alterations shall be constructed in a good and workmanlike manner using materials of a quality that is at least equal to the quality designated by Landlord as the minimum standard for the Building. Landlord may designate reasonable rules, regulations and procedures for the performance of work in the Building and, to the extent reasonably necessary to avoid disruption to the occupants of the Building, shall have the right to designate the time when Alterations may be performed. Tenant shall reimburse Landlord within 30 days after receipt of an invoice for sums paid by Landlord for third party examination of Tenant's plans for non-Cosmetic Alterations. In addition, within 30 days after receipt of an invoice from Landlord, Tenant shall pay Landlord a reasonable hourly fee (currently \$100 per hour) for Landlord's oversight and coordination of any non-Cosmetic Alterations. Upon completion, Tenant shall furnish "as-built" plans (except for Cosmetic Alterations), completion affidavits, full and final waivers of lien and receipted bills covering all labor and materials. Tenant shall assure that the Alterations comply with all insurance requirements and Laws. Landlord's approval of an Alteration shall not be a representation by Landlord that the Alteration complies with applicable Laws or will be adequate for Tenant's use.

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X. Use of Electrical Services by Tenant.

- A. Electricity used by Tenant in the Premises shall, at Landlord's option, be paid for by Tenant either: (1) through inclusion in Expenses (except as provided in Section X.B. for excess usage); (2) by a separate charge payable by Tenant to Landlord within 30 days after billing by Landlord; or (3) by separate charge billed by the applicable utility company and payable directly by Tenant. Electrical service to the Premises may be furnished by one or more companies providing electrical generation, transmission and distribution services, and the cost of electricity may consist of several different components or separate charges for such services, such as generation, distribution and stranded cost charges. Landlord shall have the exclusive right to select any company providing electrical service to the Premises, to aggregate the electrical service for the Property and Premises with other buildings, to purchase electricity through a broker and/or buyers group and to change the providers and manner of purchasing electricity.
- B. Tenant's use of electrical service shall not exceed, either in voltage, rated capacity, use beyond Normal Business Hours or overall load, Building capacities. Building electrical capacities are 4.5 watts per square foot connected load for convenience outlets, 1.2 watts per square foot connected load for lighting (the code maximum), and an HVAC capacity for lights and equipment of 3.5 watts per square foot (diversified load). An additional 1.5 watts per square foot connect load for convenience outlets can be made available to Tenant and the cost of such increased capacity shall be paid by Tenant. In the event Tenant elects to increase its connected load for convenience outlets to 6.0 watts per square foot, Landlord reserves the right to submeter the Premises and charge Tenant directly for such excess usage. If Tenant requests permission to consume excess electrical service, Landlord may refuse to consent or may condition consent upon conditions that Landlord reasonably elects (including, without limitation, the installation of utility service upgrades, meters, submeters, air handlers or cooling units), and the additional usage (to the extent permitted by Law), installation and maintenance costs shall be paid by Tenant. Landlord shall have the right to separately meter electrical usage for the Premises and to measure electrical usage by survey or other commonly accepted methods.

XI. Entry by Landlord.

Landlord, its agents, contractors and representatives may enter the Premises to inspect or show the Premises, to clean and make repairs, alterations or additions to the Premises, and to conduct or facilitate repairs, alterations or additions to any portion of the Building, including other tenants' premises. Except in emergencies or to provide janitorial and other Building services after Normal Business Hours, Landlord shall provide Tenant with reasonable prior notice of entry into the Premises, which may be given orally. In exercising any entry rights hereunder, Landlord shall comply with all reasonable measures

requested by Tenant in order to preserve the confidentiality and security of Tenant's operations and business. If reasonably necessary for the protection and safety of Tenant and its employees, Landlord shall have the right to temporarily close all or a portion of the Premises to perform repairs, alterations and additions. However, except in emergencies, Landlord will not close the Premises if the work can reasonably be completed on weekends and after Normal Business Hours. Entry by Landlord shall not constitute constructive eviction or entitle Tenant to an abatement or reduction of Rent.

### XIII. Assignment and Subletting.

- A. Except in connection with a Permitted Transfer (defined in Section XII.E. below), Tenant shall not assign, sublease, transfer or encumber any interest in this Lease or allow any third party to use any portion of the Premises (collectively or individually, a "Transfer") without the prior written consent of Landlord, which consent shall not be unreasonably withheld if Landlord does not elect to exercise its termination rights under Section XII.B below. Without limitation, it is agreed that Landlord's consent shall not be considered unreasonably withheld if: (1) in the event of a proposed assignment of this Lease, the proposed transferee's financial condition does not meet the criteria Landlord uses to select Building tenants having similar leasehold obligations; (2) the proposed transferee's business is not suitable for the Building considering the business of the other tenants and the Building's prestige, or would result in a violation of an exclusive use right of another tenant; (3) the proposed transferee is a governmental agency or occupant of the Building; (4) Tenant is in default after the expiration of the notice and cure periods in this Lease; or (5) any portion of the Building or Premises would likely

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become subject to additional or different Laws that would have a material, adverse effect on the Building as a consequence of the proposed Transfer. Tenant shall not be entitled to receive monetary damages based upon a claim that Landlord unreasonably withheld its consent to a proposed Transfer and Tenant's sole remedy shall be an action to enforce any such provision through specific performance or declaratory judgment. Any attempted Transfer in violation of this Article shall, at Landlord's option, be void. Consent by Landlord to one or more Transfer(s) shall not operate as a waiver of Landlord's rights to approve any subsequent Transfers. In no event shall any Transfer or Permitted Transfer release or relieve Tenant from any obligation under this Lease.

- B. As part of its request for Landlord's consent to a Transfer, Tenant shall provide Landlord with financial statements for the proposed transferee (in the event of a proposed assignment), a complete copy of the proposed assignment, sublease and other contractual documents and such other information as Landlord may reasonably request. Landlord shall, by written notice to Tenant within 30 days of its receipt of the required information and documentation, either: (1) consent to the Transfer by the execution of a consent agreement in a form reasonably designated by Landlord or reasonably refuse to consent to the Transfer in writing; or (2) exercise its right to terminate this Lease with respect to the portion of the Premises that Tenant is proposing to assign or sublet; provided, however, that Landlord shall not exercise its right to terminate this Lease in the event Tenant is proposing to sublet, in the aggregate, no more than 25% of the area of the Premises for less than all or substantially all of the remainder of the Term. Any such termination shall be effective on the proposed effective date of the Transfer for which Tenant requested consent. Tenant shall pay Landlord a review fee of \$750.00 for Landlord's review of any Permitted Transfer or requested Transfer, provided if Landlord's actual reasonable costs and expenses (including reasonable attorney's fees) exceed \$750.00, Tenant shall reimburse Landlord for its actual reasonable costs and expenses in lieu of a fixed review fee.
- C. Tenant shall pay Landlord 50% of all rent and other consideration which Tenant receives as a result of a Transfer that is in excess of the Rent payable to Landlord for the portion of the Premises and Term covered by the Transfer. Tenant shall pay Landlord such excess within 30 days after Tenant's receipt of such amounts. Tenant may deduct from the excess all reasonable and customary expenses directly incurred by Tenant attributable to the Transfer (other than Landlord's review fee), including brokerage fees, legal fees and construction costs. If Tenant is in Monetary Default (defined in Section XIX.A. below), Landlord may require that all sublease

payments be made directly to Landlord, in which case Tenant shall receive a credit against Rent in the amount of any payments received (less Landlord's share of such excess).

- D. Except as provided below with respect to a Permitted Transfer, if Tenant is a corporation, limited liability company, partnership, or similar entity, and if the entity which owns or controls a majority of the voting shares/rights at any time changes for any reason (including but not limited to a merger, consolidation or reorganization), such change of ownership or control shall constitute a Transfer. The foregoing shall not apply so long as Tenant is an entity whose outstanding stock is listed on a recognized security exchange, or if at least 80% of its voting stock is owned by another entity, the voting stock of which is so listed.
- E. Tenant may assign its entire interest under this Lease, or sublease all or any portion of the Premises, to an affiliate of Tenant (meaning an entity that controls, is controlled by, or is under common control with, Tenant) or to a successor to Tenant by purchase, merger, consolidation or reorganization without the consent of Landlord, provided that all of the following conditions are satisfied (a "Permitted Transfer"): (1) Tenant is not in default under this Lease after the expiration of any applicable notice and cure periods in this Lease; (2) Tenant's successor shall own all or substantially all of the assets of Tenant; (3) Tenant's successor shall have a net worth which is at least equal to the greater of Tenant's net worth at the date of this Lease or Tenant's net worth as of the day prior to the proposed purchase, merger, consolidation or reorganization; (4) the Permitted Use does not allow the Premises to be used for retail purposes; and (5) Tenant shall give Landlord written notice at least 20 days prior to the effective date of the proposed assignment, purchase, merger, consolidation or reorganization. Tenant's notice to Landlord shall include information and documentation showing that each of the above conditions has been satisfied. If requested by Landlord in the event of an assignment, Tenant's successor shall sign a commercially reasonable form of assumption agreement.

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#### XIII. Liens.

Tenant shall not permit mechanic's or other liens to be placed upon the Property, Premises or Tenant's leasehold interest in connection with any work or service done or purportedly done by or for benefit of Tenant. If a lien is so placed, Tenant shall, within 20 days of notice from Landlord of the filing of the lien, fully discharge the lien by settling the claim which resulted in the lien or by bonding or insuring over the lien in the manner prescribed by the applicable lien Law. If Tenant fails to discharge the lien, then, in addition to any other right or remedy of Landlord, Landlord may bond or insure over the lien or otherwise discharge the lien. Tenant shall reimburse Landlord for any amount paid by Landlord to bond or insure over the lien or discharge the lien, including, without limitation, reasonable attorneys' fees (if and to the extent permitted by Law) within 30 days after receipt of an invoice from Landlord.

#### XIV. Indemnity and Waiver of Claims.

- A. Except to the extent caused by the negligence or willful misconduct of Landlord or any Landlord Related Parties (defined below), Tenant shall indemnify, defend and hold Landlord, its trustees, members, principals, beneficiaries, partners, officers, directors, employees, Mortgagee(s) (defined in Article XXVI) and agents ("Landlord Related Parties") harmless against and from all liabilities, obligations, damages, penalties, claims, actions, costs, charges and expenses, including, without limitation, reasonable attorneys' fees and other professional fees (if and to the extent permitted by Law), which may be imposed upon, incurred by or asserted against Landlord or any of the Landlord Related Parties and arising out of or in connection with any damage or injury occurring in the Premises or any acts or omissions (including violations of Law) of Tenant, the Tenant Related Parties (defined below) or any of Tenant's transferees, contractors or licensees.
- B. Except to the extent caused by the negligence or willful misconduct of Tenant or any Tenant Related Parties (defined below), Landlord shall indemnify, defend and hold Tenant, its trustees, members, principals, beneficiaries, partners, officers, directors, employees and agents ("Tenant Related Parties") harmless against and from all liabilities,

obligations, damages, penalties, claims, actions, costs, charges and expenses, including, without limitation, reasonable attorneys' fees and other professional fees (if and to the extent permitted by Law), which may be imposed upon, incurred by or asserted against Tenant or any of the Tenant Related Parties and arising out of or in connection with the acts or omissions (including violations of Law) of Landlord, the Landlord Related Parties or any of Landlord's contractors.

C. Except for matters arising out of the negligence or willful misconduct of Landlord or the Landlord Related Parties, Landlord and the Landlord Related Parties shall not be liable for, and Tenant waives, all claims for loss or damage to Tenant's business or loss, theft or damage to Tenant's Property or the property of any person claiming by, through or under Tenant resulting from: (1) wind or weather; (2) the failure of any sprinkler, heating or air-conditioning equipment, any electric wiring or any gas, water or steam pipes; (3) the backing up of any sewer pipe or downspout; (4) the bursting, leaking or running of any tank, water closet, drain or other pipe; (5) water, snow or ice upon or coming through the roof, skylight, stairs, doorways, windows, walks or any other place upon or near the Building; (6) any act or omission of any party other than Landlord or Landlord Related Parties; and (7) any causes not reasonably within the control of Landlord. Tenant shall insure itself against such losses under Article XV below.

#### XV. Insurance.

Tenant shall carry and maintain the following insurance ("Tenant's Insurance"), at its sole cost and expense: (1) Commercial General Liability Insurance applicable to the Premises and its appurtenances providing, on an occurrence basis, a minimum combined single limit of \$2,000,000.00; (2) All Risk Property/Business Interruption Insurance written at replacement cost value and with a replacement cost endorsement covering all of Tenant's trade fixtures, equipment, furniture and other personal property within the Premises ("Tenant's Property"); (3) Workers' Compensation Insurance as required by the state in which the Premises is located and in amounts as may be required by applicable statute; and (4) Employers Liability Coverage of at least \$1,000,000.00 per occurrence. Any company writing any of Tenant's Insurance shall have an A.M. Best rating of not less than A-VIII. All Commercial General Liability Insurance policies shall name Tenant as a named insured and Landlord (or any successor), Equity Office Properties Trust, a Maryland real estate investment trust, EOP Operating Limited Partnership, a Delaware limited partnership, Wright Runstad Associates Limited Partnership, a Washington

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limited partnership, any Mortgagee(s), and their respective members, principals, beneficiaries, partners, officers, directors, employees, and agents, and other designees of Landlord as the interest of such designees shall appear, as additional insureds. All policies of Tenant's Insurance shall contain endorsements that the insurer(s) shall give Landlord and its designees at least 30 days advance written notice of any cancellation, termination or lapse of insurance. Tenant shall provide Landlord with a certificate of insurance evidencing Tenant's Insurance prior to the earlier to occur of the Commencement Date or the date Tenant is provided with possession of the Premises for any reason, and upon renewals at least 15 days prior to the expiration of the insurance coverage. Landlord shall maintain so called All Risk property insurance on the Building at replacement cost value, as reasonably estimated by Landlord and shall deliver a certificate evidencing such insurance to Tenant upon Tenant's request. Except as specifically provided to the contrary, the limits of either party's insurance shall not limit such party's liability under this Lease.

#### XVI. Subrogation.

Notwithstanding anything in this Lease to the contrary, Landlord and Tenant shall cause their respective insurance carriers to waive any and all rights of recovery, claim, action or causes of action against the other and their respective trustees, principals, beneficiaries, partners, officers, directors, agents, and employees, for any loss or damage that may occur to Landlord or Tenant or any party claiming by, through or under Landlord or Tenant, as the case may be, with respect to Tenant's Property, the Building, the Premises, any additions or improvements to the Building or Premises, or any contents thereof, including all rights of recovery, claims, actions or causes of action arising out of the negligence of Landlord or any Landlord Related Parties or the

negligence of Tenant or any Tenant Related Parties, which loss or damage is (or would have been, had the insurance required by this Lease been carried) covered by insurance.

XVII. Casualty Damage.

- A. If all or any part of the Premises is damaged by fire or other casualty, Tenant shall immediately notify Landlord in writing. During any period of time that all or a portion of the Premises is rendered untenable as a result of a fire or other casualty, the Rent shall abate for the portion of the Premises that is untenable and not used by Tenant. Landlord shall have the right to terminate this Lease if: (1) the Building shall be damaged so that, in Landlord's reasonable judgment, substantial alteration or reconstruction of the Building shall be required (whether or not the Premises has been damaged) and Landlord is therefore terminating all similarly situated leases in the Building ; (2) Landlord is not permitted by Law to rebuild the Building in substantially the same form as existed before the fire or casualty; (3) the Premises have been materially damaged and there is less than 2 years of the Term remaining on the date of the casualty; (4) any Mortgagee requires that the insurance proceeds over \$200,000 be applied to the payment of the mortgage debt; or (5) a material uninsured loss to the Building occurs. Landlord may exercise its right to terminate this Lease by notifying Tenant in writing within 90 days after the date of the casualty. In addition to Landlord's rights to terminate as provided herein, Tenant shall have the right to terminate this Lease if: (1) a substantial portion of the Premises has been damaged by fire or other casualty and such damage cannot reasonably be repaired within sixty (60) days after the date of such fire or other casualty; (2) there is less than one (1) year of the Lease Term remaining on the date of such casualty; (3) the casualty was not caused by the negligence or willful misconduct of Tenant or its agents, employees or contractors; and (4) Tenant provides Landlord with written notice of its intent to terminate within thirty (30) days after the date of the fire or other casualty. If neither Landlord nor Tenant elect to terminate this Lease, Landlord shall commence and proceed with reasonable diligence to repair and restore the Building and the Leasehold Improvements (excluding any Alterations that were performed by Tenant in violation of this Lease). However, in no event shall Landlord be required to spend more than the insurance proceeds received by Landlord. Landlord shall not be liable for any loss or damage to Tenant's Property or to the business of Tenant resulting in any way from the fire or other casualty or from the repair and restoration of the damage. Landlord and Tenant hereby waive the provisions of any Law relating to the matters addressed in this Article, and agree that their respective rights for damage to or destruction of the Premises shall be those specifically provided in this Lease.
- B. If all or any portion of the Premises shall be made untenable by fire or other casualty, Landlord shall, with reasonable promptness, cause an architect or general contractor selected by Landlord to provide Landlord and Tenant with a written estimate of the

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amount of time required to substantially complete the repair and restoration of the Premises and make the Premises tenantable again, using standard working methods ("Completion Estimate"). If the Completion Estimate indicates that the Premises cannot be made tenantable within 210 days from the date the repair and restoration is started, then regardless of anything in Section XVII.A above to the contrary, either party shall have the right to terminate this Lease by giving written notice to the other of such election within 10 days after receipt of the Completion Estimate.

XVIII. Condemnation.

Either party may terminate this Lease if the whole or any material part of the Premises shall be taken or condemned for any public or quasi-public use under Law, by eminent domain or private purchase in lieu thereof (a "Taking"). Landlord shall also have the right to terminate this Lease if there is a Taking of any portion of the Building or Property which would leave the remainder of the Building unsuitable for use as an office building in a manner comparable to the Building's use prior to the Taking and Landlord is terminating all other similarly situated leases in the Building. In order to exercise its right to terminate the Lease, Landlord or Tenant, as the case may be, must provide

written notice of termination to the other within 45 days after the terminating party first receives notice of the Taking. Any such termination shall be effective as of the date the physical taking of the Premises or the portion of the Building or Property occurs. If this Lease is not terminated, the Rentable Square Footage of the Building, the Rentable Square Footage of the Premises and Tenant's Pro Rata Share shall, if applicable, be appropriately adjusted. In addition, Rent for any portion of the Premises taken or condemned shall be abated during the unexpired Term of this Lease effective when the physical taking of the portion of the Premises occurs. All compensation awarded for a Taking, or sale proceeds, shall be the property of Landlord, any right to receive compensation or proceeds being expressly waived by Tenant. However, Tenant may file a separate claim at its sole cost and expense for Tenant's Property and Tenant's reasonable relocation expenses, provided the filing of the claim does not diminish the award which would otherwise be receivable by Landlord .

#### XIX. Events of Default.

Tenant shall be considered to be in default of this Lease upon the occurrence of any of the following events of default:

- A. Tenant's failure to pay when due all or any portion of the Rent, if the failure continues for 3 business days after written notice to Tenant ("Monetary Default").
- B. Tenant's failure (other than a Monetary Default) to comply with any term, provision or covenant of this Lease, if the failure is not cured within 20 days after written notice to Tenant. However, if Tenant's failure to comply cannot reasonably be cured within 20 days, Tenant shall be allowed additional time (not to exceed 90 days) as is reasonably necessary to cure the failure so long as: (1) Tenant commences to cure the failure within 20 days, and (2) Tenant diligently pursues a course of action that will cure the failure and bring Tenant back into compliance with the Lease. However, if Tenant's failure to comply creates a hazardous condition, the failure must be cured immediately upon notice to Tenant. In addition, if Landlord provides Tenant with notice of Tenant's failure to comply with any particular term, provision or covenant of the Lease on 3 occasions during any 12 month period, Tenant's subsequent violation of such term, provision or covenant shall, at Landlord's option, not require further notice (except as required by law).
- C. Tenant or any Guarantor becomes insolvent, makes a transfer in fraud of creditors or makes an assignment for the benefit of creditors, or admits in writing its inability to pay its debts when due.
- D. The leasehold estate is taken by process or operation of Law.

#### XX. Remedies.

- A. Upon any default, Landlord shall have the right without notice or demand (except as provided in Article XIX) to pursue any of its rights and remedies at Law or in equity, including any one or more of the following remedies:
  1. Terminate this Lease, in which case Tenant shall immediately surrender the Premises to Landlord. If Tenant fails to surrender the Premises, Landlord may, in compliance with applicable Law and without prejudice to any other right or remedy,

enter upon and take possession of the Premises and expel and remove Tenant, Tenant's Property and any party occupying all or any part of the Premises. Tenant shall pay Landlord on demand the amount of all past due Rent and other losses and damages which Landlord may suffer as a result of Tenant's default, whether by Landlord's inability to relet the Premises on satisfactory terms or otherwise, including, without limitation, all Costs of Reletting (defined below) and any deficiency that may arise from reletting or the failure to relet the Premises. "Costs of Reletting" shall include all costs and expenses incurred by Landlord in reletting or attempting to relet the Premises, including, without limitation, reasonable legal fees, brokerage commissions, the cost of alterations and the value of other concessions or allowances granted to a new tenant.

2. Terminate Tenant's right to possession of the Premises and, in compliance with applicable Law, expel and remove Tenant, Tenant's Property and any parties occupying all or any part of the Premises. Landlord may (but shall not be obligated to) relet all or any part of the Premises, without notice to Tenant, for a term that may be greater or less than the balance of the Term and on such conditions (which may include concessions, free rent and alterations of the Premises) and for such uses as Landlord in its absolute discretion shall determine. Landlord may collect and receive all rents and other income from the reletting. Tenant shall pay Landlord on demand all past due Rent, all Costs of Reletting and any deficiency arising from the reletting or failure to relet the Premises. Landlord shall not be responsible or liable for the failure to relet all or any part of the Premises or for the failure to collect any Rent. The re-entry or taking of possession of the Premises shall not be construed as an election by Landlord to terminate this Lease unless a written notice of termination is given to Tenant.
3. In lieu of calculating damages under Sections XX.A.1 or XX.A.2 above, Landlord may elect to receive as damages the sum of (a) all Rent accrued through the date of termination of this Lease or Tenant's right to possession, and (b) an amount equal to the total Rent that Tenant would have been required to pay for the remainder of the Term discounted to present value at the Prime Rate (defined in Section XX.B. below) then in effect, minus the then present fair rental value of the Premises for the remainder of the Term, similarly discounted, after deducting all anticipated Costs of Reletting.

B. Unless expressly provided in this Lease, the repossession or re-entering of all or any part of the Premises shall not relieve Tenant of its liabilities and obligations under the Lease. No right or remedy of Landlord shall be exclusive of any other right or remedy. Each right and remedy shall be cumulative and in addition to any other right and remedy now or subsequently available to Landlord at Law or in equity. If Landlord declares Tenant to be in default, Landlord shall be entitled to receive interest on any unpaid item of Rent at a rate equal to the Prime Rate plus 4%. For purposes hereof, the "Prime Rate" shall be the per annum interest rate publicly announced as its prime or base rate by a federally insured bank selected by Landlord in the state in which the Building is located. Forbearance by Landlord to enforce one or more remedies shall not constitute a waiver of any default.

#### XXI. Limitation of Liability.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE, THE LIABILITY OF LANDLORD (AND OF ANY SUCCESSOR LANDLORD) TO TENANT SHALL BE LIMITED TO THE INTEREST OF LANDLORD IN THE PROPERTY. TENANT SHALL LOOK SOLELY TO LANDLORD'S INTEREST IN THE PROPERTY FOR THE RECOVERY OF ANY JUDGMENT OR AWARD AGAINST LANDLORD. NEITHER LANDLORD NOR ANY LANDLORD RELATED PARTY SHALL BE PERSONALLY LIABLE FOR ANY JUDGMENT OR DEFICIENCY. INTEREST OF LANDLORD IN THE BUILDING SHALL INCLUDE ANY ASSETS OF LANDLORD IN THE OPERATION OF THE BUILDING (PRIOR TO THE DISTRIBUTION OF SAME TO ANY PARTNER OR SHAREHOLDER OF LANDLORD OR ANY OTHER THIRD PARTY) SUCH AS ACCOUNTS RECEIVABLE, RENTS DUE FROM TENANTS, INSURANCE PROCEEDS, FIXTURES, EQUIPMENT, SUPPLIES, CLAIMS OF ANY NATURE, SORT OR DESCRIPTION AND ANY OTHER ITEMS DEEMED TO BE ASSETS IN CONNECTION WITH THE OWNERSHIP, MAINTENANCE AND OPERATION OF THE BUILDING. BEFORE FILING SUIT FOR AN ALLEGED DEFAULT BY LANDLORD, TENANT SHALL GIVE LANDLORD AND THE MORTGAGEE(S) (DEFINED IN ARTICLE XXVI BELOW) WHOM TENANT HAS BEEN NOTIFIED HOLD MORTGAGES (DEFINED IN ARTICLE XXVI BELOW) ON THE PROPERTY, BUILDING OR PREMISES, NOTICE AND

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REASONABLE TIME TO CURE THE ALLEGED DEFAULT. IN ADDITION, TENANT ACKNOWLEDGES THAT ANY ENTITY MANAGING THE BUILDING ON BEHALF OF LANDLORD, OR WHICH EXECUTES THIS LEASE AS AGENT FOR LANDLORD, IS ACTING SOLELY IN ITS CAPACITY AS AGENT FOR LANDLORD AND SHALL NOT BE LIABLE FOR ANY OBLIGATIONS, LIABILITIES, LOSSES OR DAMAGES ARISING OUT OF OR IN CONNECTION WITH THIS LEASE, ALL OF WHICH ARE EXPRESSLY WAIVED BY TENANT.

#### XXII. No Waiver.

Either party's failure to declare a default immediately upon its

occurrence, or delay in taking action for a default shall not constitute a waiver of the default, nor shall it constitute an estoppel. Either party's failure to enforce its rights for a default shall not constitute a waiver of its rights regarding any subsequent default. Receipt by Landlord of Tenant's keys to the Premises shall not constitute an acceptance or surrender of the Premises.

XXIII. Quiet Enjoyment.

Tenant shall, and may peacefully have, hold and enjoy the Premises, subject to the terms of this Lease, provided Tenant pays the Rent and fully performs all of its covenants and agreements. This covenant and all other covenants of Landlord shall be binding upon Landlord and its successors only during its or their respective periods of ownership of the Building, and shall not be a personal covenant of Landlord or the Landlord Related Parties.

XXIV. Intentionally Omitted.

XXV. Holding Over.

Except for any permitted occupancy by Tenant under Article VIII, if Tenant fails to surrender the Premises at the expiration or earlier termination of this Lease, occupancy of the Premises after the termination or expiration shall be that of a tenancy at sufferance. Tenant's occupancy of the Premises during the holdover shall be subject to all the terms and provisions of this Lease and Tenant shall pay an amount (on a per month basis without reduction for partial months during the holdover) equal to 150% of the sum of the Base Rent and Additional Rent due for the period immediately preceding the holdover. No holdover by Tenant or payment by Tenant after the expiration or early termination of this Lease shall be construed to extend the Term or prevent Landlord from immediate recovery of possession of the Premises by summary proceedings or otherwise. In addition to the payment of the amounts provided above, if Landlord is unable to deliver possession of the Premises to a new tenant, or to perform improvements for a new tenant, as a result of Tenant's holdover and Tenant fails to vacate the Premises within 15 days after Landlord notifies Tenant of Landlord's inability to deliver possession, or perform improvements, Tenant shall be liable to Landlord for all damages, including, without limitation, consequential damages, that Landlord suffers from the holdover.

XXVI. Subordination to Mortgages; Estoppel Certificate.

Tenant accepts this Lease subject and subordinate to any mortgage(s), deed(s) of trust, ground lease(s) or other lien(s) now or subsequently arising upon the Premises, the Building or the Property, and to renewals, modifications, refinancings and extensions thereof (collectively referred to as a "Mortgage"). Landlord represents that Bank of America N.A. and Union Bank of California, as co-lenders, are the only Mortgagees (defined below) having a lien on the Property as of the date of execution of this Lease, and Landlord shall deliver to Tenant, in recordable form, a subordination, nondisturbance and attornment agreement from such Mortgagees in substantially the form of Exhibit F within thirty (30) days after execution of this Lease, and if such agreement is not so delivered Tenant shall have the right to terminate this Lease upon written notice given to Landlord within fifteen (15) days thereafter. The party having the benefit of a Mortgage shall be referred to as a "Mortgagee". This clause shall be self-operative, but upon request from a Mortgagee, Tenant shall execute a commercially reasonable subordination agreement in favor of the Mortgagee, including a subordination, non-disturbance and attornment agreement in the form of Exhibit F attached hereto. In lieu of having the Mortgage be superior to this Lease, a Mortgagee shall have the right at any time to subordinate its Mortgage to this Lease. If requested by a successor-in-interest to all or a part of Landlord's interest in the Lease, Tenant shall, without charge, attorn to the successor-in-interest. Landlord and Tenant shall each, within 10 days after receipt of a written request from the other, execute and deliver an estoppel certificate to those parties as are reasonably requested by the other (including a Mortgagee or prospective purchaser). The estoppel certificate shall include a statement certifying that this Lease is unmodified (except as identified in the estoppel certificate) and in full force and effect, describing the dates to which Rent and other charges have been paid, representing that, to such party's actual knowledge, there is no

default (or stating the nature of the alleged default) and indicating other matters with respect to the Lease that may reasonably be requested.

XXVII. Attorneys' Fees.

If either party institutes a suit against the other for violation of or to enforce any covenant or condition of this Lease, or if either party intervenes in any suit in which the other is a party to enforce or protect its interest or rights, the prevailing party shall be entitled to all of its costs and expenses, including, without limitation, reasonable attorneys' fees.

XXVIII. Notice.

If a demand, request, approval, consent or notice (collectively referred to as a "notice") shall or may be given to either party by the other, the notice shall be in writing and delivered by hand or sent by registered or certified mail with return receipt requested, or sent by overnight or same day courier service at the party's respective Notice Address(es) set forth in Article I, except that if Tenant has vacated the Premises (or if the Notice Address for Tenant is other than the Premises, and Tenant has vacated such address) without providing Landlord a new Notice Address, Landlord may serve notice in any manner described in this Article or in any other manner permitted by Law. Each notice shall be deemed to have been received or given on the earlier to occur of actual delivery or the date on which delivery is refused, or, if Tenant has vacated the Premises or the other Notice Address of Tenant without providing a new Notice Address, three (3) business days after notice is deposited in the U.S. mail or with a courier service in the manner described above. Either party may, at any time, change its Notice Address by giving the other party written notice of the new address in the manner described in this Article.

XXIX. Excepted Rights.

This Lease does not grant any rights to light or air over or about the Building. Except as otherwise expressly set forth in this Lease, Landlord excepts and reserves exclusively to itself the use of: (1) roofs, (2) telephone, electrical and janitorial closets, (3) equipment rooms, Building risers or similar areas that are used by Landlord for the provision of Building services, (4) rights to the land and improvements below the floor of the Premises, (5) the improvements and air rights above the Premises, (6) the improvements and air rights outside the demising walls of the Premises, and (7) the areas within the Premises used for the installation of utility lines and other installations serving occupants of the Building. Landlord has the right to change the Building's name or address. Landlord also has the right to make such other changes to the Property and Building as Landlord deems appropriate, provided the changes do not materially affect Tenant's ability to use the Premises for the Permitted Use or materially adversely affect Tenant's rights under this Lease. Landlord shall also have the right (but not the obligation) to temporarily close the Building if Landlord reasonably determines that there is an imminent danger of significant damage to the Building or of personal injury to Landlord's employees or the occupants of the Building. The circumstances under which Landlord may temporarily close the Building shall include, without limitation, electrical interruptions, hurricanes and civil disturbances. A closure of the Building under such circumstances shall not constitute a constructive eviction nor entitle Tenant to an abatement or reduction of Rent.

XXX. Surrender of Premises.

At the expiration or earlier termination of this Lease or Tenant's right of possession, Tenant shall remove Tenant's Property (defined in Article XV) from the Premises, and quit and surrender the Premises to Landlord, broom clean, and in good order, condition and repair, ordinary wear and tear excepted. Tenant shall also be required to remove the Required Removables in accordance with Article VIII. If Tenant fails to remove any of Tenant's Property within 2 days after the termination of this Lease or of Tenant's right to possession, Landlord, at Tenant's sole cost and expense, shall be entitled (but not obligated) to remove and store Tenant's Property. Landlord shall not be responsible for the value, preservation or safekeeping of Tenant's Property. Tenant shall pay Landlord, upon demand, the expenses and storage charges incurred for Tenant's Property. In addition, if Tenant fails to remove Tenant's Property from the Premises or storage, as the case may be, within 30 days after written notice, Landlord may deem all or any part of Tenant's Property to be abandoned, and title to Tenant's Property shall be deemed to be immediately vested in Landlord.

XXXI. Miscellaneous.

A. This Lease and the rights and obligations of the parties shall be

interpreted, construed and enforced in accordance with the Laws of the state of Washington and Landlord and Tenant hereby irrevocably consent to the jurisdiction and proper venue of such state. If any term or provision of this Lease shall to any extent be invalid or unenforceable, the remainder of this Lease shall not be affected, and each provision of this Lease shall be valid and enforced to the fullest extent permitted by Law. The headings and titles to the

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Articles and Sections of this Lease are for convenience only and shall have no effect on the interpretation of any part of the Lease.

- B. Tenant shall not record this Lease without Landlord's prior written consent, but the parties shall, at the request of either party, execute and record a memorandum of this Lease in a form acceptable to both parties.
- C. Landlord and Tenant hereby waive any right to trial by jury in any proceeding based upon a breach of this Lease.
- D. Whenever a period of time is prescribed for the taking of an action by Landlord or Tenant, the period of time for the performance of such action shall be extended by the number of days that the performance is actually delayed due to strikes, acts of God, shortages of labor or materials, war, civil disturbances and other causes beyond the reasonable control of the performing party ("Force Majeure"). However, events of Force Majeure shall not extend any period of time for the payment of Rent or other sums payable by either party or any period of time for the written exercise of an option or right by either party.
- E. After the Commencement Date, Landlord shall have the right to transfer and assign, in whole or in part, all of its rights and obligations under this Lease and in the Building and/or Property referred to herein, and upon such transfer, and upon Landlord's delivery of the Security Deposit to the transferee and the transferee's written assumption of all of Landlord's obligations contained in this Lease accruing from and after the date of such assumption, Landlord shall be released from any further obligations hereunder, and Tenant agrees to look solely to the successor in interest of Landlord for the performance of such obligations.
- F.
  - 1. Tenant represents that it has dealt directly with and only with the Brokers as a broker in connection with this Lease. Tenant shall indemnify and hold Landlord and the Landlord Related Parties harmless from all claims of any other brokers claiming to have represented Tenant in connection with this Lease. Landlord agrees to indemnify and hold Tenant and the Tenant Related Parties harmless from all claims of the Brokers and any brokers claiming to have represented Landlord in connection with this Lease. Landlord agrees to pay a brokerage commission to Brokers in accordance with the terms of a written commission agreement between Landlord and Brokers.
  - 2. Agency Disclosure. At the signing of this Lease, Landlord's leasing agent, Tim O'Keefe, of Colliers International, Inc. represented Landlord. At the signing of this Lease, Tenant's agent, Craig Levine of Leibsohn & Company represented Tenant. Each party signing this document confirms that the prior oral and/or written disclosure of agency was provided to such party in this transaction, as required by RCW 18.86.030(1)(g).
  - 3. Landlord and Tenant, by their execution of this Lease, each acknowledge and agree that they have timely received a pamphlet on the law of real estate agency as required under RCW 18.86.030(1)(f).
- G. Tenant covenants, warrants and represents that: (1) each individual executing, attesting and/or delivering this Lease on behalf of Tenant is authorized to do so on behalf of Tenant; (2) this Lease is binding upon Tenant; and (3) Tenant is duly organized and legally existing in the state of its organization and is qualified to do business in the state in which the Premises are located. If there is more than one Tenant, or if Tenant is comprised of more than one party or entity, the obligations imposed upon Tenant shall be joint and several obligations of all the parties and

entities. Notices, payments and agreements given or made by, with or to any one person or entity constituting Tenant shall be deemed to have been given or made by, with and to all of them.

Landlord covenants, warrants and represents that: (1) each individual executing, attesting and/or delivering this Lease on behalf of Landlord is authorized to do so on behalf of Landlord; (2) this Lease is binding upon Landlord; and (3) Landlord is duly organized and legally existing in the state of its organization and is qualified to do business in the state in which the Premises are located.

H. Time is of the essence with respect to Tenant's exercise of any expansion, renewal or extension rights granted to Tenant. This Lease shall create only the relationship of landlord and tenant between the parties, and not a partnership, joint venture or any other relationship. This Lease and the covenants and conditions in this Lease shall

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inure only to the benefit of and be binding only upon Landlord and Tenant and their permitted successors and assigns.

I. The expiration of the Term, whether by lapse of time or otherwise, shall not relieve either party of any obligations which accrued prior to or which may continue to accrue after the expiration or early termination of this Lease. Without limiting the scope of the prior sentence, it is agreed that Tenant's obligations under Sections IV.A, IV.B., VIII, XIV, XX, XXV and XXX shall survive the expiration or early termination of this Lease.

J. Landlord has delivered a copy of this Lease to Tenant for Tenant's review only, and the delivery of it does not constitute an offer to Tenant or an option. This Lease shall not be effective against any party hereto until an original copy of this Lease has been signed by such party.

K. All understandings and agreements previously made between the parties are superseded by this Lease, and neither party is relying upon any warranty, statement or representation not contained in this Lease. This Lease may be modified only by a written agreement signed by Landlord and Tenant.

L. Tenant, within 15 days after request, shall provide Landlord with a current financial statement and such other information as Landlord may reasonably request in order to create a "business profile" of Tenant and determine Tenant's ability to fulfill its obligations under this Lease. Landlord, however, shall not require Tenant to provide such information unless Landlord is requested to produce the information in connection with a proposed financing or sale of the Building. Upon written request by Tenant, Landlord shall enter into a commercially reasonable confidentiality agreement covering any confidential information that is disclosed by Tenant.

XXXII. Entire Agreement.

This Lease and the following exhibits and attachments constitute the entire agreement between the parties and supersede all prior agreements and understandings related to the Premises, including all lease proposals, letters of intent and other documents: Exhibit A (Outline and Location of Premises), Exhibit A-1 (Legal Description of Property), Exhibit B (Rules and Regulations), Exhibit C (Commencement Letter), Exhibit D (Work Letter Agreement), Exhibit E (Additional Provisions), Exhibit F (Subordination Agreement), Exhibit G (Rooftop Rates), Exhibit H (Form of Letter of Credit), Exhibit I (Ground Lessor Nondisturbance Agreement) and Exhibit J (Facade Signage).

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Landlord and Tenant have executed this Lease as of the day and year first above written.

LANDLORD: THREE BELLEVUE CENTER LLC, a Washington limited liability company

By: WRIGHT RUNSTAD ASSOCIATES LIMITED PARTNERSHIP, a Washington limited

partnership, its manager

By: WRIGHT RUNSTAD & COMPANY, a  
Washington corporation, its general  
partner

By: /s/ H. J. Runstad  
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Its: Chairman and CEO  
-----

By: EOP-THREE BELLEVUE, L.L.C., a Delaware  
limited liability company, its manager

By: EOP OPERATING LIMITED PARTNERSHIP, a  
Delaware limited partnership, its sole  
member

By: EQUITY OFFICE PROPERTIES TRUST, a  
Maryland real estate investment  
trust, its managing general partner

By: /s/ Michael Steel  
-----

Its: COO, EVP Real Estate Operations  
-----

TENANT: INFOSPACE.COM, INC., a Delaware corporation

By: /s/ Naveen Jain  
-----

Its: CEO  
-----

LANDLORD ACKNOWLEDGMENTS

STATE OF )  
 ) ss:  
COUNTY OF )

On this the 3rd day of February, 2000, before me a Notary Public duly authorized in and for the said County in the State aforesaid to take acknowledgments personally appeared Chairman and CEO known to me to be the H. J. Runstad of Wright Runstad & Company, the general partner of Wright Runstad Associates Limited Partnership, a Member of THREE BELLEVUE CENTER LLC, a Washington limited liability company, the Landlord in the foregoing instrument, and acknowledged that as such officer, being authorized so to do, (s)he executed the foregoing instrument on behalf of said corporation by subscribing the name of such corporation by himself/herself as such officer and caused the corporate seal of said corporation to be affixed thereto, as a free and voluntary act, and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public: /s/ Coriss J. Perdaems  
-----

Printed Name: Coriss J. Perdaems  
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Residing at: Seattle  
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My Commission expires: 3/29/2000  
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STATE OF Illinois )  
 ) ss:  
COUNTY OF Cook )

On this the 10th day of March, 2000, before me a Notary Public duly authorized in and for the said County in the State aforesaid to take acknowledgments personally appeared COO, EVP A.E. OPS known to me to be the Michael Steel of Equity Office Properties Trust, the general partner of EOP Operating Limited Partnership, the sole member of EOP-Three Bellevue, L.L.C., a Member of THREE BELLEVUE CENTER LLC, a Washington limited liability company, the Landlord in the foregoing instrument, and acknowledged that as such officer, being authorized so to do, (s)he executed the foregoing instrument on behalf of said corporation by subscribing the name of such corporation by himself/herself as such officer and caused the corporate seal of said corporation to be affixed thereto, as a free and voluntary act, and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public: /s/ Cynthia A. Nowitzki  
-----  
Printed Name: Cynthia A. Nowitzki  
-----  
Residing at: Illinois  
-----  
My Commission expires: 7/31/2000  
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TENANT ACKNOWLEDGMENT

STATE OF WASHINGTON )  
 ) ss:  
COUNTY OF KING )

On this the 2nd day of February, 2000, before me a Notary Public duly authorized in and for the said County in the State aforesaid to take acknowledgments personally appeared CEO known to me to be the Naveen Jain of INFOSPACE.COM, INC., the Tenant in the foregoing instrument, and acknowledged that as such officer, being authorized so to do, (s)he executed the foregoing instrument on behalf of said corporation by subscribing the name of such corporation by himself/herself as such officer and caused the corporate seal of said corporation to be affixed thereto, as a free and voluntary act, and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public: /s/ Kurt Langkow  
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Printed Name: Kurt Langkow  
-----  
Residing at: Bothell, WA  
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My Commission expires: 2/27/03  
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EXHIBIT A

PREMISES  
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This Exhibit is attached to and made a part of the Lease dated February \_\_\_\_, 2000, by and between Three Bellevue Center LLC ("Landlord") and InfoSpace.com, Inc. ("Tenant") for space in the Building located at 601 108th Avenue NE, Bellevue, Washington 98004.

Exhibit A

EXHIBIT A-1

LEGAL DESCRIPTION OF PROPERTY

This Exhibit is attached to and made a part of the Lease dated February \_\_\_\_, 2000, by and between Three Bellevue Center LLC, a Washington limited liability company ("Landlord") and InfoSpace.com, Inc., a Delaware corporation ("Tenant") for space in the Building located at 601 108th Avenue NE, Bellevue, Washington 98004.

PARCEL A:

THAT PORTION OF LOT 2 IN BLOCK 2 OF CHERITON FRUIT GARDENS PLAT NO. 1, AS PER PLAT RECORDED IN VOLUME 7 OF PLATS, PAGE 47, RECORDS OF KING COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE WEST LINE OF THE EAST 230 FEET OF SAID LOT 2 WHICH IS SOUTH 00 DEGREES 05'54f" WEST ALONG SAID WEST LINE 297 FEET FROM THE NORTH LINE OF SAID LOT 2;  
THENCE SOUTH 89 DEGREES 54 minutes 06 seconds EAST 178 FEET;  
THENCE SOUTH 44 DEGREES 54 minutes 06 seconds EAST 14.14 FEET;  
THENCE SOUTH 89 DEGREES 54 minutes 06 seconds EAST 12 FEET TO THE WEST LINE OF THE EAST 30 FEET OF SAID LOT 2;  
THENCE SOUTH 00 DEGREES 05 minutes 54 seconds WEST ALONG SAID WEST LINE 138.02 FEET TO THE SOUTH LINE OF THE NORTH 120 FEET OF THE SOUTH 1/2 OF SAID LOT 2;  
THENCE NORTH 88 DEGREES 44 minutes 41 seconds WEST ALONG SAID SOUTH LINE 200.04 FEET TO THE WEST LINE OF THE EAST 230 FEET OF SAID LOT 2;  
THENCE NORTH 00 DEGREES 05 minutes 54 seconds EAST ALONG SAID WEST LINE 143.98 FEET TO THE POINT OF BEGINNING;

(ALSO KNOWN AS PARCEL B OF CITY OF BELLEVUE LOT LINE REVISION NO. 84-43 RECORDED UNDER RECORDING NO. 8503079001)

SITUATE IN THE CITY OF BELLEVUE, COUNTY OF KING, STATE OF WASHINGTON.

PARCEL B:

THAT PORTION OF THE SOUTH 1/2 OF LOT 2 IN BLOCK 2 OF CHERITON FRUIT GARDENS PLAT NO. 1, AS PER PLAT RECORDED IN VOLUME 7 OF PLATS, PAGE 47, RECORDS OF KING COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE WEST LINE OF THE EAST 30 FEET OF SAID LOT 2 WITH THE SOUTH LINE THEREOF;  
THENCE NORTH 88 DEGREES 46 minutes 31 seconds WEST ALONG SAID SOUTH LINE 221.81 FEET;  
THENCE NORTH 00 DEGREES 05 minutes 54 seconds EAST 108.37 FEET;  
THENCE SOUTH 89 DEGREES 54 minutes 06 seconds EAST 21.77 FEET TO THE WEST LINE OF THE EAST 230 FEET OF SAID LOT 21'  
THENCE NORTH 00 DEGREES 05 minutes 54N EAST ALONG SAID WEST LINE 80.31 FEET TO THE SOUTH LINE OF PARCEL B OF CITY OF BELLEVUE BOUNDARY LINE ADJUST NO. 84-43, RECORDED UNDER KING COUNTY RECORDING NO. 8503019001;  
THENCE SOUTH 88 DEGREES 44 minutes 41 seconds EAST ALONG SAID SOUTH LINE 200.04 FEET TO THE WEST LINE OF THE EAST 30 FEET OF SAID LOT 2;  
THENCE SOUTH 00 DEGREES 05 minutes 54 seconds WEST ALONG SAID WEST LINE 189.00 FEET TO BEGINNING;

(ALSO KNOWN AS LOT 2 OF CITY OF BELLEVUE BOUNDARY LINE ADJUSTMENT NO. BLA-90-7034 RECORDED UNDER RECORDING NO. 9201159011);

SITUATE IN THE CITY OF BELLEVUE, COUNTY OF KING, STATE OF WASHINGTON.  
BOTH PARCELS ABOVE ALSO BEING DESCRIBED AS FOLLOWS:

Exhibit A-1

THAT PORTION OF LOT 2 IN BLOCK 2 OF CHERITON FRUIT GARDENS PLAT NO. 1, AS PER PLAT RECORDED IN VOLUME 7 OF PLATS, PAGE 47, RECORDS OF KING COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID LOT 2; THENCE NORTH 88 DEGREES 46 minutes 31 seconds ST 30.00 FEET ALONG THE SOUTH LINE THEREOF TO THE WEST LINE OF THE EAST 30.00 FEET OF SAID LOT 2, THE WEST MARGIN 108TH AVENUE N.E. (60 FEET WIDE) AND THE TRUE POINT OF BEGINNING;

THENCE CONTINUING NORTH 88 DEGREES 4 minutes 13 seconds WEST 221.81 FEET ALONG SAID SOUTH LINE AND THE SOUTH LINE OF LOT 2 OF CITY OF BELLEVUE BOUNDARY LINE ADJUSTMENT NO. BLA-90-7034, RECORDED UNDER KING COUNTY RECORDING NO. 9201159011 TO THE SOUTHWEST CORNER OF SAID LOT 2 OF BLA-90-7034; THENCE ALONG THE WEST LINE OF LAST SAID LOT 2 THE FOLLOWING THREE COURSES:  
THENCE NORTH 00 DEGREES 05 minutes 31 seconds EAST 108.37 FEET;  
THENCE SOUTH 89 DEGREES 54 minutes 29 seconds EAST 21.77 FEET;  
THENCE NORTH 00 DEGREES 05 minutes 31 seconds EAST 80.31 FEET TO THE MOST NORTHERLY NORTHWEST CORNER OF SAID LOT 2 AND THE SOUTHWEST CORNER OF PARCEL B OF CITY OF BELLEVUE LOT LINE REVISION NO. 84-43, RECORDED UNDER KING COUNTY RECORDING NO. 8503079001;  
THENCE CONTINUING NORTH 00 DEGREES 05 minutes 31 seconds EAST 143.98 FEET ALONG THE WEST LINE OF SAID PARCEL B TO THE NORTHWEST CORNER THEREOF; THENCE ALONG THE NORTH LINE OF SAID PARCEL B THE FOLLOWING THREE COURSES:  
THENCE SOUTH 89 DEGREES 54 minutes 29 seconds EAST 178.00 FEET;  
THENCE SOUTH 44 DEGREES 54 minutes 29 seconds EAST 14.14 FEET;  
THENCE SOUTH 89 DEGREES 54 minutes 29 seconds EAST 12.00 FEET TO THE EAST LINE OF SAID PARCEL B AND SAID WEST MARGIN OF 108TH AVENUE N.E.;

THENCE SOUTH 00 DEGREES 05 minutes 31 seconds WEST 327.02 FEET ALONG SAID WEST MARGIN TO THE TRUE POINT OF BEGINNING;

SITUATE IN THE CITY OF BELLEVUE, COUNTY OF KING, STATE OF WASHINGTON.

Exhibit A-1

EXHIBIT B

BUILDING RULES AND REGULATIONS  
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The following rules and regulations shall apply, where applicable, to the Premises, the Building, the parking garage (if any), the Property and the appurtenances. Capitalized terms have the same meaning as defined in the Lease.

1. Sidewalks, doorways, vestibules, halls, stairways and other similar areas shall not be obstructed by Tenant or used by Tenant for any purpose other than ingress and egress to and from the Premises. No rubbish, litter, trash, or material shall be placed, emptied, or thrown in those areas. At no time shall Tenant permit Tenant's employees to loiter in Common Areas or elsewhere about the Building or Property.
2. Plumbing fixtures and appliances shall be used only for the purposes for which designed, and no sweepings, rubbish, rags or other unsuitable material shall be thrown or placed in the fixtures or appliances. Damage resulting to fixtures or appliances by Tenant, its agents, employees or invitees, shall be paid for by Tenant, and Landlord shall not be responsible for the damage.
3. No signs, advertisements or notices shall be painted or affixed to windows, doors or other parts of the Building, except those of such color, size, style and in such places as are first approved in writing by Landlord and except as otherwise set forth in the Lease. All tenant identification and suite numbers at the entrance to the Premises shall be installed by Landlord, at Tenant's cost and expense, using the standard graphics for the Building. Except in connection with the hanging of lightweight pictures and wall decorations, no nails, hooks or screws shall be inserted into any part of the Premises or Building except by the Building maintenance personnel.
4. Landlord will provide and maintain in the first floor (main lobby) of the Building an alphabetical directory board or other directory device listing tenants, and no other directory shall be permitted unless previously consented to by Landlord in writing.
5. Tenant shall not place any lock(s) on any door in the Premises or Building without Landlord's prior written consent and Landlord shall have the right to retain at all times and to use keys to all locks within and into the Premises. A reasonable number of keys to the locks on the entry doors in the Premises shall be furnished by Landlord to Tenant at Tenant's cost, and Tenant shall not make any duplicate keys. All keys shall be returned to Landlord at the expiration or early termination of this Lease.

6. All contractors, contractor's representatives and installation technicians performing work in the Building shall be subject to Landlord's prior approval and shall be required to comply with Landlord's standard rules, regulations, policies and procedures, which may be revised from time to time.
7. Movement in or out of the Building of furniture or office equipment, or dispatch or receipt by Tenant of merchandise or materials requiring the use of elevators, stairways, lobby areas or loading dock areas, shall be restricted to hours designated by Landlord. Tenant shall obtain Landlord's prior approval by providing a detailed listing of the activity. If approved by Landlord, the activity shall be under the supervision of Landlord and performed in the manner required by Landlord. Tenant shall assume all risk for damage to articles moved and injury to any persons resulting from the activity. If equipment, property, or personnel of Landlord or of any other party is damaged or injured as a result of or in connection with the activity, Tenant shall be solely liable for any resulting damage or loss.
8. Landlord shall have the right to approve the weight, size, or location of heavy equipment or articles in and about the Premises. Damage to the Building by the installation, maintenance, operation, existence or removal of property of Tenant shall be repaired at Tenant's sole expense.
9. Corridor doors, when not in use, shall be kept closed.
10. Tenant shall not: (1) make or permit any improper, objectionable or unpleasant noises or odors in the Building, or otherwise interfere in any way with other tenants or persons having business with them; (2) solicit business or distribute, or cause to be distributed,

Exhibit B - Page 1

in any portion of the Building, handbills, promotional materials or other advertising; or (3) conduct or permit other activities in the Building that might, in Landlord's reasonable opinion, constitute a nuisance.

11. No animals, except those assisting handicapped persons, shall be brought into the Building or kept in or about the Premises.
12. No inflammable, explosive or dangerous fluids or substances shall be used or kept by Tenant in the Premises, Building or about the Property. Tenant shall not, without Landlord's prior written consent, use, store, install, spill, remove, release or dispose of, within or about the Premises or any other portion of the Property, any asbestos-containing materials or any solid, liquid or gaseous material now or subsequently considered toxic or hazardous under the provisions of 42 U.S.C. Section 9601 et seq. or any other applicable environmental Law which may now or later be in effect. Tenant shall comply with all Laws pertaining to and governing the use of these materials by Tenant, and shall remain solely liable for the costs of abatement and removal.
13. Tenant shall not use or occupy the Premises in any manner or for any purpose which might injure the reputation or impair the present or future value of the Premises or the Building. Tenant shall not use, or permit any part of the Premises to be used, for lodging, sleeping or for any illegal purpose.
14. Tenant shall not take any action which would violate Landlord's labor contracts or which would cause a work stoppage, picketing, labor disruption or dispute, or interfere with Landlord's or any other tenant's or occupant's business or with the rights and privileges of any person lawfully in the Building ("Labor Disruption"). Tenant shall take the actions necessary to resolve the Labor Disruption, and shall have pickets removed and, at the request of Landlord, immediately terminate any work in the Premises that gave rise to the Labor Disruption, until Landlord gives its written consent for the work to resume. Tenant shall have no claim for damages against Landlord or any of the Landlord Related Parties, nor shall the date of the commencement of the Term be extended as a result of the above actions.
15. Tenant shall not install, operate or maintain in the Premises or in any other area of the Building, electrical equipment that would overload the

electrical system beyond its capacity for proper, efficient and safe operation as determined solely by Landlord. Tenant shall not furnish cooling or heating to the Premises, including, without limitation, the use of electronic or gas heating devices, without Landlord's prior written consent.

16. Tenant shall not operate or permit to be operated a coin or token operated vending machine or similar device (including, without limitation, telephones, lockers, toilets, scales, amusement devices and machines for sale of beverages, foods, candy, cigarettes and other goods), except for machines for the exclusive use of Tenant's employees, and then only if the operation does not violate the lease of any other tenant in the Building.
17. Bicycles and other vehicles are not permitted inside the Building or on the walkways outside the Building, except in areas designated by Landlord.
18. Landlord may from time to time adopt systems and procedures for the security and safety of the Building, its occupants, entry, use and contents. Tenant, its agents, employees, contractors, guests and invitees shall comply with Landlord's systems and procedures.
19. Landlord shall have the right to prohibit the use of the name of the Building or any other publicity by Tenant that in Landlord's sole opinion may impair the reputation of the Building or its desirability. Upon written notice from Landlord, Tenant shall refrain from and discontinue such publicity immediately.
20. Tenant shall not canvass, solicit or peddle in or about the Building or the Property.
21. Neither Tenant nor its agents, employees, contractors, guests or invitees shall smoke or permit smoking in the Common Areas, unless the Common Areas have been declared a designated smoking area by Landlord, nor shall the above parties allow smoke from the Premises to emanate into the Common Areas or any other part of the Building. Landlord shall have the right to designate the Building (including the Premises) as a non-smoking building.

Exhibit B - Page 2

22. Landlord shall have the right to designate and approve standard window coverings for the Premises and to establish rules to assure that the Building presents a uniform exterior appearance. Tenant shall ensure, to the extent reasonably practicable, that window coverings are closed on windows in the Premises while they are exposed to the direct rays of the sun.
23. Deliveries to and from the Premises shall be made only at the times, in the areas and through the entrances and exits designated by Landlord. Tenant shall not make deliveries to or from the Premises in a manner that might interfere with the use by any other tenant of its premises or of the Common Areas, any pedestrian use, or any use which is inconsistent with good business practice.
24. The work of cleaning personnel shall not be hindered by Tenant after 5:30 P.M., and cleaning work may be done at any time when the offices are vacant. Windows, doors and fixtures may be cleaned at any time. Tenant shall provide adequate waste and rubbish receptacles to prevent unreasonable hardship to the cleaning service.

Exhibit B - Page 3

EXHIBIT C  
-----  
COMMENCEMENT LETTER  
(EXAMPLE)

Date:

Tenant: InfoSpace.com, Inc.

Address:

Re: Commencement Letter with respect to that certain Lease dated as of February \_\_\_, 2000 by and between THREE BELLEVUE CENTER LLC, as Landlord, and INFOSPACE.COM, INC., as Tenant, for 65,331 square feet of Rentable Area on the Floors 8, 9, 10, 11 and 12 of the Building located at 601 108th Avenue N.E., Bellevue, Washington.

Dear \_\_\_\_\_ :

In accordance with the terms and conditions of the above referenced Lease, Tenant accepts possession of the Premises and agrees:

1. The Commencement Date of the Lease is \_\_\_\_\_ ;
2. The Termination Date of the Lease is \_\_\_\_\_ .

Please acknowledge your acceptance of possession and agreement to the terms set forth above by signing all 3 counterparts of this Commencement Letter in the space provided and returning 2 fully executed counterparts to my attention.

Sincerely,

Property Manager

Agreed and Accepted:

Tenant:  
By:  
Name:  
Title:  
Date:

Exhibit C

EXHIBIT D

WORK LETTER  
-----

This Exhibit is attached to and made a part of the Lease dated February \_\_\_, 2000, by and between WRC THREE BELLEVUE CENTER LLC, a Washington limited liability company ("Landlord") and INFOSPACE.COM, INC., a Delaware corporation ("Tenant") for space on Floors 8, 9, 10, 11 and 12 in the Building located at 601 108th Avenue NE, Bellevue, Washington 98004.

Defined terms used in this Exhibit D shall have the same meanings given them in the attached Lease.

I. IMPROVEMENTS PROVIDED BY LANDLORD: Landlord agrees to provide improvements to the Building and the Premises pursuant to the attached Exhibit D-1, Base Building Condition and the Plans and Specifications listed on Exhibit D-2 ("Landlord Work").

II. IMPROVEMENTS BY TENANT/REIMBURSEMENT BY LANDLORD: Design and construction of all improvements in the Premises beyond those listed on Exhibit D-1 (the "Tenant Improvements") shall be provided at Tenant's expense. Landlord shall pay the cost of such additional improvements up to an amount equal to \$32.00 per square foot of "Tenant's Usable Area" as outlined on the floor plan(s) in Exhibit A, for a total payment by Landlord, based on a usable area of 96,951 square feet, of \$3,102,432.00 (the "Allowance"). The Allowance shall be applied only to the cost of design and construction of such improvements, including but not be limited to: architectural and engineering design, partitions (including one-half (1/2) the cost of any public corridor or demising partitions enclosing the Tenant's Usable Area), doors, door frames, hardware, paint, wall coverings, base, ceilings, lights, mechanical distribution, diffusers, thermostats, sprinkler distribution, sprinkler heads, emergency speakers, fire extinguishers and cabinets, telephone and electrical outlets, light switches, floor coverings, and all applicable permit fees and sales tax.

Landlord shall obtain all permits and government approvals and assume specific responsibility for delivery of the Premises as defined in the Lease and this Exhibit D, provided Tenant shall have met the drawing delivery dates

herein. Landlord has approved Tenant's selection of Turner Construction Company (the "Tenant Improvement Contractor") to construct the Tenant Improvements.

TENANT ACKNOWLEDGES THAT UNTIL APPROXIMATELY MAY 1, 2000, A SIGNIFICANT AMOUNT OF CONSTRUCTION ACTIVITY RELATED TO THE CONSTRUCTION OF THE BUILDING SHELL AND CORE AND OTHER TENANT SPACES WILL BE ONGOING IN THE BUILDING. AS A RESULT, ACCESS TO THE BUILDING AND TO CERTAIN SERVICES, SUCH AS VERTICAL TRANSPORTATION, WILL BE LIMITED. IT IS THEREFORE ESSENTIAL THAT TENANT AND THE TENANT IMPROVEMENT CONTRACTOR COORDINATE ALL OF THEIR WORK IN THE PREMISES THROUGH CINDY EDENS OR DIANE UNDI-HAGA, LANDLORD'S CONSTRUCTION COORDINATORS ("LANDLORD'S COORDINATORS"). TENANT SHALL CONSULT WITH LANDLORD'S COORDINATORS IN ALL ASPECTS OF THE TENANT IMPROVEMENTS CONSTRUCTION AND SHALL INCLUDE LANDLORD'S COORDINATORS IN ALL OWNER/CONTRACTOR MEETINGS. IN ORDER TO INCREASE THE EFFICIENCY OF CONSTRUCTING THE TENANT IMPROVEMENTS, WITH RESPECT TO BOTH COST AND TIMING, TENANT IS ENCOURAGED TO OBTAIN A BID FOR CONSTRUCTION OF THE TENANT IMPROVEMENTS FROM SELLEN CONSTRUCTION CO., INC. ("SELLEN"), THE BUILDING SHELL AND CORE GENERAL CONTRACTOR. SELLEN HAS EXPRESSED ITS WILLINGNESS TO NEGOTIATE ITS CONSTRUCTION FEE AND WILL COMPETITIVELY BID ALL SUBCONTRACTS ON AN OPEN-BOOK BASIS. IN ALL EVENTS, LANDLORD'S COORDINATORS WILL PROVIDE COORDINATION WITH THE TENANT IMPROVEMENT CONTRACTOR FOR NO FEE.

III. BUILDING STANDARD IMPROVEMENTS: Except as Landlord and Tenant may otherwise agree, Tenant shall use Building Standard lighting, window coverings, doors, relites, hardware, ceiling treatment and heating, ventilating and air conditioning distribution equipment and controls.

Exhibit D - Page 1

IV. DESIGN OF TENANT IMPROVEMENTS: Tenant, at Tenant's cost (except as provided below) and with the approval of Landlord, has retained CNA Architecture ("Tenant's Office Planner") to prepare the necessary drawings for Basic Plans and supply the information necessary to complete the Working Drawings and Engineering Drawings referred to in Section IV(B) of this Exhibit D for construction of the tenant improvements in Tenant's area. Notwithstanding the foregoing, Landlord shall provide an initial space plan of the Premises, at Landlord's expense, not to exceed \$.12 per usable square foot of area in the Premises,. Any cost of such space plan in excess of \$.12 per usable square foot shall be paid by Tenant. All of Tenant's plans described below ("Tenant's Plans") shall be delivered to Landlord on the dates stated (the "Plan Delivery Dates"), and shall be subject to approval of Landlord, such approval not to be unreasonably withheld or delayed. Landlord agrees to respond in writing with approval or comments within five (5) business days after receipt of each component of Tenant's Plans.

Tenant's Office Planner shall ensure that the work shown on Tenant's Plans is compatible with the basic Building plans and that necessary basic Building modifications are included in Tenant's Plans. Such modifications shall be subject to Landlord approval. If such approved basic Building modifications are made subsequent to completion of the shell and core documents or Landlord's architect reasonably charges Landlord for such changes, then such modifications shall be subject to Landlord's approval and the cost of the changes to the documents as well as any increased shell and core construction costs shall be paid by Tenant.

On or before the indicated dates, Tenant shall supply Landlord with one (1) reproducible copy and five (5) black line prints of the following Tenant's Plans with respect to the Tenant Improvements in the Premises:

A. Basic Plans Delivery Date: January 3, 2000

The Basic Plans due on this date shall be signed by Tenant and include:

Architectural Floor Plans: These shall be fully dimensioned floor plans showing partition layout and identifying each room with a number and each door with a number. The Basic Plans must clearly identify and locate equipment requiring plumbing or other special mechanical systems, area(s) subject to above-normal floor loads, special openings in the floor, and other major or special features.

B. Working Drawings Delivery Date: January 3, 2000

On this date and at Tenant's expense, Tenant's Office Planner shall produce four (4) sets of Full Working Drawings for construction from the Basic

Plans using the Pin Bar or CADD System, which system shall be approved by Landlord for compatibility with the other Building drawings. The four (4) sets of Working Drawings due on this date shall be signed by the Tenant and include all items in the Basic Plans referenced in Section IV(A) above plus the following additional information:

(1) Electrical and Telephone Outlets: Locate all power and telephone requirements: Dimension the position from a corner and give height above concrete slab for all critically located outlets. Identify all dedicated circuits and identify all power outlets greater than 120 volts. For the equipment used in these outlets which require dedicated circuits and/or which require greater than 120 volts, identify the type of equipment, the manufacturer's name and the manufacturer's model number, and submit a brochure for each piece of equipment. Also identify the manufacturer's name of the phone system to be used and the power requirements, size, and location of its processing equipment.

(2) Reflected Ceiling Plan: Lighting layout showing location and type of all Building Standard and special lighting fixtures.

(3) Furniture Layout: Layout showing furniture location so that Landlord's engineer can review the location of all light fixtures.

The Allowance shall be applied to the cost of the engineers retained by Tenant's Office Planner. The Allowance shall also be applied to any necessary review of the Engineering Drawings by Landlord's shell and core engineers: electrical (Holmes Electric), mechanical (McDonald Miller) and structural plans (KPF) (Engineering Drawings) for Tenant's improvements based on the signed Working Drawings.

The Working Drawings shall be delivered to the Tenant Improvement Contractor

Exhibit D - Page 2

for purposes of preparing a preliminary estimate of construction costs.

C. Permit Submittal Package: January 3, 2000

On this date, Tenant shall deliver to Landlord all materials necessary to submit a full building permit application to the appropriate municipality.

D. Final Plans Review Date: February 7, 2000

On this date, Tenant's Office Planner shall deliver to Landlord and Tenant for review and approval four (4) complete sets of Final Plans which will incorporate the Working Drawings referenced in Section IV(B) above, plus the following additional information:

(1) Millwork Details: These drawings shall be in final form with Tenant's Office Planner's title block along the right border of the drawing, and shall include construction details of all cabinets, paneling, trim, bookcases, and door and jamb details for non-Building Standard doors and jambs.

(2) Keying Schedules and Hardware Information: This information shall be in final form and include a preliminary keying schedule indicating which doors are locked, plus an "X" on the side of the door where the key will be inserted if a keyed door. Complete specifications for all non-Building Standard hardware will also be provided.

(3) Room Finish and Color Schedule: This information shall be in final form and include locations and specifications for all wall finishes, floor covering and base for each room.

(4) Construction Notes and Specifications: Complete specifications for every item included except those specified by the Landlord.

E. Final Plans Delivery Date: February 7, 2000

The four (4) sets of Final Plans approved by Landlord and Tenant and due on this date shall include all the Final Plans referenced in Section IV(D) above. Final Plans are to be signed by Tenant and delivered to Landlord by the Final Plans Delivery Date. Landlord shall return one (1) signed set to Tenant for Tenant's records. Landlord will incorporate or submit Engineering Drawings

with Tenant's Final Plans for transmittal to Landlord's Contractor.

F. Anticipated Construction Commencement Date: February 1, 2000

On this date Landlord anticipates that construction of the Tenant Improvements shall commence.

Tenant shall be responsible for delays and additional costs in completion of the Tenant Improvements incurred as a result of changes made to any of Tenant's Plans after the specified Plan Delivery Date, delays caused by Tenant's failure to comply with the Plan Delivery Dates, Tenant's failure to provide adequate specifications or information for the completion of Tenant's Plans, or by delays caused by Tenant's specification of special materials; but only to the extent any of the foregoing delays or prevents critical path work or adversely affects completion.

V. CONSTRUCTION OF TENANT IMPROVEMENTS

A. Authorization to Proceed. Upon completion of Tenant's Final Plans the Final Plans will be submitted to Shell and Core Contractor for pricing. Shell and Core Contractor shall have two (2) weeks to provide its bid proposal with respect to completion of the Tenant Improvement Work pursuant to the Final Plans, and if Tenant, Landlord and Shell and Core Contractor have not agreed on hiring Shell and Core Contractor within one (1) week after receipt of Shell and Core Contractor's bid, then the work contemplated in Tenant's Final Plans shall go out to bid as described in Article II above. The final construction contract to be entered into between Landlord and the Tenant Improvement Contractor (including, but not limited to, the guaranteed maximum price and any provisions regarding delay damages to be contained therein) shall also be subject to Tenant's review and approval, such approval not to be unreasonably withheld or delayed. If the Shell and Core Contractor is not selected as the Tenant Improvement Contractor, Landlord shall entertain bids from the three (3) firms and Landlord and Tenant shall review all pricing documentation received from the bidding tenant

Exhibit D - Page 3

improvement contractors, including sub bids, quantities, and unit prices. Within ten (10) days of receipt of such prices and prior to execution of the Tenant Improvements construction contract, Tenant shall give Landlord written authorization to complete the Premises in accordance with such Final Plans and naming the Tenant Improvement Contractor. Tenant may in such authorization delete any or all items of extra cost; however, if the Shell and Core Contractor is selected, then if Landlord deems these changes to be extensive, at its option, Landlord may within three (3) business days of Tenant's written authorization refuse to accept the authorization to proceed until all changes have been incorporated in the Final Plans signed by Tenant and written acceptance of the revised price has been received by Landlord from Tenant. In the absence of such written authorization to proceed, Landlord shall not be obligated to commence work on the Premises and Tenant shall be responsible for any costs due to any resulting delay in completion of the Premises and as provided in Section III.A of the Lease.

B. Payments. All costs of designing and constructing the Tenant Improvements in excess of the Allowance shall be borne solely by Tenant. If the budgeted cost of designing or constructing the Tenant Improvements, as reasonably agreed by Landlord and Tenant, exceeds the Allowance, all payments for the Tenant Improvements shall be shared by Landlord and Tenant in proportion to their estimated sharing of the total costs of the Tenant Improvements. Landlord may adjust that sharing ratio from time to time if the cost of completing the Tenant Improvements has increased or decreased pursuant to change orders approved by Landlord and Tenant. Tenant shall pay its share of such costs directly to Landlord in immediately available funds at least one (1) business day prior to the date such funds are required to be paid to the Tenant Improvement Contractor or such other party due funds for work related to the design or construction of the Tenant Improvements, provided Landlord has given Tenant at least four (4) days prior notice of the amount to be so funded by Tenant. The progress billings may include a retainage amount up to ten percent (10%) of the work ("Retainage"). Final billing shall be rendered and payable within ten (10) days after acceptance of the Premises by Tenant in accordance with the terms of the Lease. Retainage pursuant to the terms of this paragraph shall be payable with such final billing. In the event acceptance of the Premises is subject to punchlist items as provided in the Lease, a portion of the retainage equal to the cost to complete each outstanding punchlist item may

be retained until such punchlist item is complete.

C. Final Plans and Modifications. If Tenant shall request any change after the Final Plans are submitted, Tenant shall request such change in writing to Landlord and such request shall be accompanied by all plans and specifications necessary to show and explain changes from the approved Final Plans. After receiving this information, Landlord shall give Tenant within five (5) business days a written price for the cost of engineering design services and an estimate of construction costs to incorporate the change in Tenant's Final Plans. If Tenant approves such price in writing within five (5) business days, Tenant shall within five (5) business days have such Final Plans changes made to engineering drawings and Tenant shall have changes made to other Final Plan design documents. Within three (3) business days after completion of such changes in the Final Plans, Landlord shall provide Tenant a written breakdown of the final costs, if any, which shall be chargeable or credited to Tenant for such change, addition or deletion and any impact such changes shall have on the schedule. Landlord shall not charge for its services in relation to any such modifications. Landlord shall not charge Tenant a construction management fee for Landlord's work on the Tenant Improvements. If Tenant wishes to proceed with such changes, Tenant shall within five (5) business days so notify Landlord in writing. In the absence of such notice, Landlord shall proceed in accordance with the previously approved Final Plans before such change, addition or deletion was requested. In accordance with Section 3.A of the Lease, Tenant shall be responsible for any resulting delay in completion of the Premises due to modification of Final Plans. Tenant shall also be responsible for any demolition work required as a result of the change.

D. Improvements Constructed by Tenant. If any work is to be performed in connection with the Tenant Improvements on the Premises by Tenant or Tenant's contractor:

(1) Such work shall proceed upon Landlord's written approval (not to be unreasonably withheld) of (i) Tenant's contractor, (ii) general liability and property damage insurance satisfactory to Landlord carried by Tenant's contractor, which insurance shall not be required to exceed levels carried by the contractor engaged by Landlord to complete Landlord's Work ("Landlord's Contractor"), and (iii) detailed plans and specifications for such work.

(2) All work shall be done in conformity with a valid building permit when required, a copy of which shall be furnished for Landlord before such work is commenced, and in any case, all such work shall be performed in accordance with all

Exhibit D - Page 4

applicable governmental regulations. Notwithstanding any failure by Landlord to object to any such work, Landlord shall have no responsibility for Tenant's failure to meet all applicable regulations.

(3) All work by Tenant or Tenant's contractor shall be done with union labor in accordance with all union labor agreements applicable to the trades being employed, unless otherwise agreed to in writing by Landlord.

(4) All work by Tenant or Tenant's contractor shall be scheduled through Landlord or, with Landlord's approval, directly with Landlord's Contractor or Tenant Improvement Contractor. Landlord shall make best efforts to accommodate work by Tenant or Tenant's contractor during times requested.

(5) Tenant or Tenant's contractor shall arrange for necessary utility, hoisting and elevator service with the Landlord's Contractor or the Tenant Improvement Contractor and shall pay such reasonable charges for such services as may be charged by Landlord's Contractor or the Tenant Improvement Contractor.

(6) Tenant shall promptly reimburse Landlord for costs incurred by Landlord due to faulty work done by Tenant or its contractors, or by reason of any delays caused by such work, or by reason of inadequate clean-up. Tenant shall receive notice from Landlord and a reasonable opportunity to cure damages prior to Landlord undertaking corrective action.

(7) Prior to commencement of any work on the Premises by Tenant or Tenant's contractor, Tenant or Tenant's contractor shall enter into an indemnity agreement satisfactory to Landlord indemnifying and holding harmless Landlord and Landlord's Contractor or the Tenant Improvement Contractor for any liability, losses or damages directly or indirectly from lien claims affecting

the land, the Building or the Premises arising out of Tenant's or Tenant's contractor's work or that of subcontractor or suppliers, and subordinating any such liens to the liens of construction and permanent financing for the Building.

(8) Landlord shall have the right to post a notice or notices in conspicuous places in or about the Premises announcing its non- responsibility for the work being performed therein.

E. Tenant's Entry to Premises. Tenant's entry to the Premises for any purpose, including without limitation, inspection or performance of Tenant Construction by Tenant's agents, prior to the Commencement Date as specified in Section 3.A of the Lease shall be scheduled in advance with Landlord and shall be subject to all the terms and conditions of the Lease, except the payment of Rent and Additional Rent. Tenant's entry shall mean entry by Tenant, its officers, contractors, Tenant's Office Planner, licensees, agents, servants, employees, guests, invitees, or visitors. Landlord will make reasonable efforts to accommodate Tenant's request for access to the Premises at all times. Tenant will supply Landlord with a pre-approved list of individuals who will be allowed to have access to the Premises prior to the Commencement Date.

F. Tenant's Telephone and Computer/Data Service. Tenant is responsible for Tenant's telephone service, computer and data service, obtaining any applicable permits related thereto, and related cabling. Tenant shall select and coordinate installation of such communication and information systems with the Landlord pursuant to item V(D) (4) of this Exhibit D.

G. Tenant shall be allowed to install a standby generator and uninterrupted power supply system at Tenant's sole cost and expense in an area of the Building that is mutually acceptable to Landlord and Tenant. Tenant shall also be entitled to provide fencing or other appropriate security for this area, subject to Landlord's reasonable approval.

Exhibit D - Page 5

H. Landlord shall (i) promptly correct all defects in Landlord's Work and all failures of such work to conform to the plans and specifications for such work which have been agreed upon by Landlord and Tenant; and (ii) take commercially reasonable measures to cause the Tenant Improvement Contractor to correct all defects in the Tenant Improvements and all failures of the Tenant Improvements to conform to plans and specifications for such work which have been agreed upon by Landlord and Tenant, provided in all cases such defects or non-conformities are disclosed in writing to Landlord within three hundred thirty five (335) days after the Commencement Date. Landlord shall bear all costs of correcting Landlord's Work. Costs of correcting the Tenant Improvements shall be paid in the same manner that the costs of Tenant Improvements are paid. Landlord and Tenant shall each give the other prompt written notice after discovering the existence of any such defects or non-conformities in Landlord's Work and Tenant Improvement work performed by the Tenant Improvement Contractor.

IN WITNESS WHEREOF, Landlord and Tenant have executed this exhibit as of the day and year first above written.

WITNESS/ATTEST:                      LANDLORD:     THREE BELLEVUE CENTER LLC, a Washington limited liability company

By:     WRIGHT RUNSTAD ASSOCIATES LIMITED PARTNERSHIP, a Washington limited partnership, its manager

By:     WRIGHT RUNSTAD & COMPANY, a Washington corporation, its general partner

By:     /s/ H. J. Runstad  
-----  
Its: Chairman and CEO  
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By:     EOP-THREE BELLEVUE, L.L.C., a Delaware limited liability company,

its manager

By: EOP OPERATING LIMITED  
PARTNERSHIP, a Delaware  
limited partnership, its sole  
member

By: EQUITY OFFICE PROPERTIES  
TRUST, a Maryland real  
estate investment trust,  
its managing general  
partner

By: /s/ Michael Steel  
-----  
Its: COO, EVP Real  
-----  
Estate Operations  
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WITNESS/ATTEST:           TENANT:    INFOSPACE.COM, INC., a Delaware corporation

By: /s/ Naveen Jain  
-----  
Its: CEO  
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Exhibit D - Page 6

EXHIBIT D-1

Bare Shell and Core  
With Items Done Early

The condition of a bare shell and core floor ready for tenant improvements is as follows:

- . Building Standard restrooms completed.
- . Building Standard drinking fountains installed.
- . Drywall. Drywall installed around the core areas, perimeter of the floor (around the windows and soffit) and columns; taped (one coat) and ready for Tenant's final taping and finishes.
- . Main Lobby. The main lobby serving the building is completed.
- . Elevator Lobby. All Building Standard elevator lobby finishes are installed on a multi-tenanted floor. For a single tenanted floor, Landlord will provide only Building Standard elevator doors, frames, and buttons.
- . Life Safety. Life safety includes fire sprinkler riser, code minimum tenant distribution for open areas with drops to 8'11". Central life safety system with conduit and wire to floor. Additional heads and sprinkler distribution (over and above minimum code distribution) or modification of standard layout and all detectors, strobe lights and speakers are part of Tenant Finish Work paid for by Tenant.
- . Mechanical. Mechanical includes the main system with medium pressure duct (the main loop) serving the floor. Landlord will install seven (7) VAV boxes per floor for freeze protection with flexible duct and thermostats hanging from the box, including connection to main loop. Modification of the Landlord installed boxes and distribution, including final installation of diffuser and thermostat, and additional boxes, duct, and thermostats are part of Tenant Finish Work paid for by Tenant. Landlord will provide plumbing stub-outs at the core. Each floor shall be served by an auxiliary cooling loop (five (5) tons per floor) to facilitate 24-hour cooling of computer rooms. This cooling loop is available to Tenant at no monthly cost, provided Tenant shall pay all costs of connecting to such cooling loop and the cost of maintaining any special HVAC equipment installed by Tenant.

- . Electrical. Electrical includes panels in the electrical closets based on a design load of 4.5 watts per square foot. The main system includes expansion capabilities for additional panels installed during Tenant Finish Work at cost of Tenant.
- . Perimeter Finishes. Perimeter finishes include the exterior of the building, support structure, and insulation (as well as drywall work noted above).
- . Ceiling Grid. Ceiling grid installed on a 4'x 4' pattern. Additional grid (cross "T's" to a 2 x 2 pattern) and ceiling tiles are part of Tenant Finish Work paid by Tenant.
- . Elevators and Stairwells. Elevators and stairwells (with Building Standard finishes) serving the floor are completed. Stairwell vestibules are unfinished.
- . Security. A multi-level cardkey system to control access to the Building and the Building elevators. Additional card readers in the stairwells (to provide access among the floors of the Premises) or other areas of the Premises shall be at Tenant's costs.
- . Data Access Lines. The Building shall be served with high capacity fiber provided by at least two different companies from two access points.

Exhibit D-1

EXHIBIT D-2

List of Building Plans and Specifications

Drawings

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CIVIL

C1.0	Abbreviations, Vicinity Map and Legend
C1.1	General Notes
C2.0	Temporary Erosion and Sedimentation Control Plan
C2.1	Demolition Plan
C2.2	Utility Relocation Plan
C2.4	Foundation Drainage Plan (sheet 1 of 2)
C2.5	Foundation Drainage Plan (sheet 2 of 2)
C3.0	TESC Sections and Details
C3.1	Utility Sections and Details
C3.2	Foundation Drainage Sections and Details
C4.0	Storm Drain Profile
C4.1	Water and Sewer Plan
C4.2	106th Ave NE Improvements (sheet 1 of 2)
C4.3	106th Ave NE Improvements (sheet 2 of 2)
C4.4	Pedestrian Corridor
C4.5	Sections & Details

ARCHITECTURAL

A1.00	General Notes
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A1.01	Site Plan
A1.02A	Site Plan
A1.02B	Pedestrian Corridor Grading & Layout Plans
A1.02C	Off-site Demolition & Improvements at Rainier Plaza
A1.03	Plaza Level Sections and Details
A1.04	Pedestrian Corridor Sections and Elevations
A1.05	Site Details
A1.07	Paving Plans & Details
A2.0F	Parking Level F Plan
A2.0E	Parking Level E Plan
A2.0D	Parking Level D Plan
A2.0C	Parking Level C Plan
A2.0B	Parking Level B Plan
A2.0.A	Parking Level A Plan
A2.01	First Floor Plan
A2.01a	First Floor Perimeter Slab Edge
A2.02	Second Floor Plan
A2.02a	Second Floor Perimeter Slab Edge Plan
A2.03	Third Floor Plan
A2.03a	Third Floor Perimeter Slab Edge Plan
A2.04	4th through 12th Floor Plans
A2.14	14th Floor Plan
A2.15	15th Floor Plan
A2.16	16th Floor Plan
A2.17	17th through 21st Floor Plans
A2.22	22nd Floor Plan
A2.23	23rd Floor Plan and Roof Plan
A2.24	Penthouse and Upper Roof Plan
A2.25	Penthouse and Upper Roof Plan
A2.26	Canopy Plan
A3.01	Building Elevations
A3.02	Building Elevations
A3.05	Enlarged Podium Elevations and Plans
A3.06	Enlarged Podium Elevations and Plans
A3.07	Enlarged Podium Elevations and Plans
A3.08	Enlarged Podium Elevations and Plans
A3.09	Enlarged Partial Elevations

Exhibit D-2

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A3.10            Enlarged Tower Elevations  
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A3.11            Enlarged Tower Elevations  
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A4.01            North South Building Section  
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A4.02            East West Building Section  
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A4.03            Garage Sections  
-----

A4.04            Wall Sections - Podium  
-----

A4.06            Wall Sections - Tower  
-----

A4.07            Wall Sections - Tower  
-----

A4.08            Enlarged Tower Plans  
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A4.10            Podium Details  
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A4.11            Podium Details  
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A4.12            Podium Details  
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A4.13            Podium Details  
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A4.19            Canopy Details  
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A4.20            Exterior Details  
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A4.21            Exterior Details  
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A4.22            Exterior Details  
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A4.23            Penthouse Details  
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A5.01            Enlarged Lobby Plan, Sections & Details  
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A5.02            Enlarged Core Plans  
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A6.01            Stair and Elevator Riser Diagrams  
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A6.02            Stair #1 Plans and Sections  
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A6.03            Stair #2 Plans and Sections  
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A6.04            Stair #3 Plans and Sections/Stair Details  
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A6.05            Elevator Plans, Sections and Details  
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A7.01            First Floor Reflected Ceiling Plan  
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A8.03            Restroom Elevations and Details  
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A9.01            Partition Types  
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A9.02            Shaft and Opening Details  
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STRUCTURAL  
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S0.00 Abbreviations, Drawing Symbols and Drawing List  
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S0.01 General Notes  
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S0.02 Load Maps  
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S1.00 Typical Concrete Details  
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S1.03 Typical Steel Details  
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S1.04 Typical Steel Details  
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S2.00 Level E Framing Plan  
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S2.01 Level D Framing Plan  
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S2.05 Floor 1 Framing Plan  
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S2.07 Floor 3 Framing Plan  
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P-2.01	1st Floor Plan - Plumb
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E3.03	Electrical Room Layouts
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VT1	Index, Summary, Abbreviations, General Notes, Rail Forces, Electrical/Mechanical Requirements and Work by Other Trades
VT2	Hoistway, Pit, Express Zone, and Machine Room Plans Elevators 1-4 & 5-8
VT3	Machine Room Plan Elevators 1-4 and Hoistway Section Elevators 1-8
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Specifications

Project Manual - Construction Set, Volume 1 of 2, Bidding and Contract Requirements, Architectural	9/11/98
Project Manual - Construction Set, Volume 2 of 2, Vertical Transportation, Mechanical, Electrical	9/11/98

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EXHIBIT E

ADDITIONAL PROVISIONS

This Exhibit is attached to and made a part of the Lease dated February \_\_\_\_, 2000, by and between THREE BELLEVUE CENTER LLC ("Landlord") and INFOSPACE.COM, INC., a Delaware corporation ("Tenant") for space in the Building known as Three Bellevue Center located at 601 - 108th Avenue NE, Bellevue, King County, Washington.

I. Parking.

A. Landlord shall lease to Tenant, or cause the operator (the "Operator") of the garage servicing the Building (the "Garage") to lease to Tenant, and Tenant shall lease from Landlord or such Operator, up to three and one half (3.5) unreserved parking spaces in the Garage for each one thousand (1,000) usable square feet of area in the Premises (the "Spaces") for the use of Tenant and its employees. The Spaces shall be leased for the first full year after the Commencement Date at the rate of \$135.00 per Space, per month, plus applicable tax thereon, as such rate may later be adjusted from time-to-time to reflect the then current rate for parking in the Garage, provided in no event shall the increases in such rate exceed at any time a cumulative increase, measured from the Commencement Date, of six percent (6.0%) per annum. If requested by Landlord, Tenant shall execute and deliver to Landlord the standard parking agreement used by Landlord or the Operator (the "Parking Agreement") in the Garage for such Spaces.

B. Tenant shall have the right, on thirty (30) days' prior written notice to Landlord from time to time, to temporarily reduce (and thereafter reinstate) the number of parking spaces it reserves in the Garage. No deductions or allowances shall be made for days when Tenant or any of its employees does not utilize the parking facilities or for Tenant utilizing less than all of the Spaces. Tenant shall not have the right to lease or otherwise use more than the number of reserved and unreserved Spaces set forth above.

C. Except for particular spaces and areas designated by Landlord or the Operator for reserved parking, all parking in the Garage shall be on an unreserved, first-come, first-served basis. Notwithstanding anything to the contrary contained in this Section I, Tenant acknowledges that Landlord may implement a valet parking system in the Garage, and that up to 1.5 of the 3.5 Spaces provided per 1,000 usable square feet may be provided in covered or surface parking lots located within the area bounded by the office buildings commonly known as One Bellevue Center, Rainier Plaza, City Center Bellevue, and parcels contiguous thereto, and the rate charged to Tenant for such Spaces not located in the Garage shall be the actual cost charged to Landlord for such Spaces.

D. Neither Landlord nor the Operator shall be responsible for money, jewelry, automobiles or other personal property lost in or stolen from the Garage or the surface parking areas regardless of whether such loss or theft occurs when the Garage or other areas therein are locked or otherwise secured. Except as caused by the negligence or willful misconduct of Landlord and without limiting the terms of the preceding sentence, Landlord shall not be liable for any loss, injury or damage to persons using the Garage or the surface parking areas or automobiles or other property therein, it being agreed that, to the fullest extent permitted by law, the use of the Spaces shall be at the sole risk of Tenant and its employees.

E. Landlord or its Operator shall have the right from time to time to designate the location of the Spaces and to promulgate reasonable rules and regulations regarding the Garage, the surface parking areas, if any, the Spaces and the use thereof, including, but not limited to, rules and regulations controlling the flow of traffic to and from various parking areas, the angle and direction of parking and the like. Tenant shall comply with and cause its employees to comply with all such rules and regulations, all reasonable additions and amendments thereto, and the terms and provisions of the Parking Agreement.

F. Tenant shall not store or permit its employees to store any automobiles in the Garage or on the surface parking areas without the prior written consent of Landlord. Except for emergency repairs, Tenant and its employees shall not perform any work on any automobiles while located in the Garage or on the Property.

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G. Landlord or the Operator shall have the right to temporarily close the Garage or certain areas therein in order to perform necessary repairs, maintenance and improvements to the Garage or the surface parking areas, if any.

H. Tenant shall not assign or sublease any of the Spaces without the consent of Landlord except in connection with an assignment or sublease of this Lease approved by Landlord in accordance with Article XII of the Lease. Landlord shall have the right to terminate the agreement contained in this Section I or in the Parking Agreement with respect to any Spaces that Tenant desires to sublet or assign.

I. Landlord may elect to provide parking cards or keys to control access to the Garage or surface parking areas, if any. In such event, Landlord shall provide Tenant with one card or key for each Space that Tenant is leasing hereunder, provided that Landlord shall have the right to require Tenant or its employees to place a deposit on such access cards or keys and to pay a fee for any lost or damaged cards or keys.

II. Renewal.  
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A. Tenant shall have the right to extend the Lease Term (the "Renewal Option") for two (2) additional periods of five (5) years each commencing on the day following the Termination Date of the immediately prior Lease Term and ending on date five (5) years thereafter (the "Renewal Term"), if:

1. Landlord receives notice of exercise of the Renewal Option ("Initial Renewal Notice") not less than twelve (12) full calendar months prior to the expiration of the initial Lease Term and not more than fifteen (15) full calendar months prior to the expiration of the

initial Lease Term; and

2. Tenant is not in default under the Lease beyond any applicable cure periods at the time that Tenant delivers its Initial Renewal Notice or at the time Tenant delivers its Binding Notice; and

3. No more than twenty five percent (25%) of the area of the Premises is sublet at the time that Tenant delivers its Initial Renewal Notice or at the time Tenant delivers its Binding Notice (except for a Permitted Transfer); and

4. The Lease has not been assigned prior to the date that Tenant delivers its Initial Renewal Notice or prior to the date Tenant delivers its Binding Notice (except for a transfer approved by Landlord or a Permitted Transfer); and

5. Tenant executes and returns the Renewal Amendment (hereinafter defined) within thirty (30) days after its submission to Tenant.

B. The initial Base Rent rate per rentable square foot for the Premises during the Renewal Term shall equal the Prevailing Market (hereinafter defined) rate per rentable square foot for the Premises.

C. Tenant shall pay Additional Base Rent (i.e. Expenses and Taxes) for the Premises during the Renewal Term in accordance with Article IV of the Lease.

D. Within sixty (60) days after receipt of Tenant's Initial Renewal Notice, Landlord shall advise Tenant of the applicable Base Rent rate for the Premises for the Renewal Term. Tenant, within sixty (60) days after the date on which Landlord advises Tenant of the applicable Base Rent rate for the Renewal Term, shall either (i) give Landlord final binding written notice ("Binding Notice") of Tenant's exercise of its option, or (ii) if Tenant disagrees with Landlord's determination, provide Landlord with written notice of rejection (the "Rejection Notice"). If Tenant fails to provide Landlord with either a Binding Notice or Rejection Notice within such sixty (60) day period, Tenant's Renewal Option shall be null and void and of no further force and effect. If Tenant provides Landlord with a Binding Notice, Landlord and Tenant shall enter into the Renewal Amendment upon the terms and conditions set forth herein. If Tenant provides Landlord with a Rejection Notice, Landlord and Tenant shall work together in good faith to agree upon the Prevailing Market Base Rent rate for the Premises during the Renewal Term. Upon agreement Tenant shall provide Landlord with Binding Notice and Landlord and Tenant shall enter into the Renewal Amendment in accordance with the terms and conditions hereof. If Landlord and Tenant fail to agree upon the Prevailing Market Rate within thirty (30) days after the date of the Rejection Notice, either party, by written notice (the "Arbitration Notice") to the other within thirty (30) days after the expiration of such thirty (30) day period, shall have the right to have the Prevailing Market Rate

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determined by binding arbitration in accordance with the procedures set forth below. If Landlord and Tenant cannot agree upon the Prevailing Market Rate and neither party elects to invoke its right of arbitration, Tenant's Renewal Option shall be deemed to be null and void and of no further force and effect. If the right of arbitration is invoked, Landlord and Tenant, at their sole cost and expense, shall each employ an appraiser within fifteen (15) days after the date the Arbitration Notice is given. If either party fails to appoint an appraiser within such period then the appointed appraiser shall be the sole appraiser and his or her determination shall be binding. Each such appraiser shall be a member of the Master Appraisers Institute or similar reputable organization, with ten (10) years of experience appraising office buildings comparable to the location and type of that of the Building. Each appraiser shall render an appraisal of the Prevailing Market Rate for the Premises within thirty (30) calendar days. The two appraisers, within ten (10) days after the exchange of appraisals, shall mutually agree upon the Prevailing Market Rate and notify Landlord and Tenant in writing of their determination. Such determination shall be binding upon both Landlord and Tenant. If the appraisers cannot agree on a determination of the Prevailing Market Rate within ten (10) days of the exchange of appraisals, then Landlord and Tenant shall select an independent third appraiser acceptable to both within ten (10) days. If

Landlord and Tenant are unable to select an independent third appraiser acceptable to both within ten (10) days, either party may request that the American Arbitration Association in the county in which the Building is located appoint an independent third appraiser that meets the qualifications described above. Within ten (10) days following appointment (whether by mutual agreement or arbitration), the third appraiser shall choose the appraisal of either Landlord's appraiser or Tenant's appraiser and the chosen appraisal shall be deemed to represent the Prevailing Market Rate for the Premises. Such determination shall be binding upon both Landlord and Tenant. The parties shall share equally in the cost of any such third appraiser.

E. If Tenant is entitled to and properly exercises its Renewal Option, Landlord shall prepare an amendment (the "Renewal Amendment") to reflect changes in the Base Rent, Lease Term, Termination Date and other appropriate terms. The Renewal Amendment shall be:

1. sent to Tenant within a reasonable time after receipt of the Binding Notice; and
2. executed by Tenant and returned to Landlord in accordance with paragraph A.5. above.

An otherwise valid exercise of the Renewal Option shall, at Landlord's option, be fully effective whether or not the Renewal Amendment is executed.

F. For purpose hereof, "Prevailing Market" shall mean the arms length fair market annual rental rate per rentable square foot, and refurbishment allowance, if any, under leases entered into on or about the date on which the Prevailing Market is being determined hereunder for space comparable to the Premises in the Building and office buildings comparable to the Building in Bellevue, Washington. The determination of Prevailing Market shall take into account any material economic differences between the terms of this Lease and any comparison lease, such as rent abatements, construction costs and other concessions and the manner, if any, in which the Landlord under any such lease is reimbursed for operating expenses and taxes. The determination of Prevailing Market shall also take into consideration any reasonably anticipated changes in the Prevailing Market rate from the time such Prevailing Market rate is being determined and the time such Prevailing Market rate will become effective under this Lease. In no event shall the Prevailing Market rate be less than the rate payable under this Lease immediately prior to the commencement of a Renewal Term.

### III. Satellite Dish.

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1. Tenant shall have the right to lease space on the roof of the Building for the purpose of installing (in accordance with Section IX.C of the Lease), operating and maintaining one or more dish, antenna or other communication device approved by the Landlord (collectively the "Dish/Antenna"). Tenant shall pay, in addition to all other amounts required to be paid under this Lease, Landlord's scheduled rates for all roof space so leased, provided such rates shall not exceed rates then being charged for leases of roofs of comparable buildings in the Bellevue, Washington area. Landlord's current scheduled rates for roof space is attached as Exhibit G. The exact location of

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the space on the roof to be leased by Tenant shall be designated by Landlord (the "Roof Space"). Landlord reserves the right to relocate the Roof Space, at Landlord's cost, as reasonably necessary during the Lease Term. Landlord's designation shall take into account Tenant's use of the Dish/Antenna. Notwithstanding the foregoing, Tenant's right to install the Dish/Antenna shall be subject to the approval rights of Landlord and Landlord's architect and/or engineer with respect to the plans and specifications of the Dish/Antenna, the manner in which the Dish/Antenna is attached to the roof of the Building and the manner in which any cables are run to and from the Dish/Antenna. The precise specifications and a general description of the Dish/Antenna along with all documents Landlord reasonably requires to review the installation of the Dish/Antenna (the "Plans and Specifications") shall be submitted to Landlord for Landlord's written approval no later than twenty (20) days before Tenant commences to

install the Dish/Antenna. Tenant shall be solely responsible for obtaining all necessary governmental and regulatory approvals and for the cost of installing, operating, maintaining and removing the Dish/Antenna. Tenant shall notify Landlord upon completion of the installation of the Dish/Antenna. If Landlord determines that the Dish/Antenna equipment does not comply with the approved Plans and Specifications, that the Building has been damaged during installation of the Dish/Antenna or that the installation was defective, Landlord shall notify Tenant of any noncompliance or detected problems and Tenant immediately shall cure the defects. If the Tenant fails to immediately cure the defects, Tenant shall pay to Landlord upon demand the cost, as reasonably determined by Landlord, of correcting any defects and repairing any damage to the Building caused by such installation. If at any time Landlord, in its sole discretion, deems it necessary, Tenant shall provide and install, at Tenant's sole cost and expense, appropriate aesthetic screening, reasonably satisfactory to Landlord, for the Dish/Antenna (the "Aesthetic Screening").

2. Landlord agrees that Tenant, upon reasonable prior written notice to Landlord, shall have access to the roof of the Building and the Roof Space for the purpose of installing, maintaining, repairing and removing the Dish/Antenna, the appurtenances and the Aesthetic Screening, if any, all of which shall be performed by Tenant or Tenant's authorized representative or contractors, which shall be approved by Landlord, at Tenant's sole cost and risk. It is agreed, however, that only authorized engineers, employees or properly authorized contractors of Tenant, FCC inspectors, or persons under their direct supervision will be permitted to have access to the roof of the Building and the Roof Space. Tenant further agrees to exercise firm control over the people requiring access to the roof of the Building and the Roof Space in order to keep to a minimum the number of people having access to the roof of the Building and the Roof Space and the frequency of their visits.

3. It is further understood and agreed that the installation, maintenance, operation and removal of the Dish/Antenna, the appurtenances and the Aesthetic Screening, if any, will in no way damage the Building or the roof thereof, or interfere with the use of the Building and roof by Landlord. Tenant agrees to be responsible for any damage caused to the roof or any other part of the Building, which may be caused by Tenant or any of its agents or representatives.

4. Tenant agrees to install only equipment of types and frequencies which will not cause unreasonable interference to Landlord or existing tenants of the Building. In the event Tenant's equipment causes such interference, Tenant will change the frequency on which it transmits and/or receives and take any other steps necessary to eliminate the interference. If said interference cannot be eliminated within a reasonable period of time, in the judgment of Landlord, then Tenant agrees to remove the Dish/Antenna from the Roof Space.

5. Tenant shall, at its sole cost and expense, and at its sole risk, install, operate and maintain the Dish/Antenna in a good and workmanlike manner, and in compliance with all Building, electric, communication, and safety codes, ordinances, standards, regulations and requirements, now in effect or hereafter promulgated, of the Federal Government, including, without limitation, the Federal Communications Commission (the "FCC"), the Federal Aviation Administration ("FAA") or any successor agency of either the FCC or FAA having jurisdiction over radio or telecommunications, and of the state, city and county in which the Building is located. Under this Lease, the Landlord and its agents assume no responsibility for the licensing, operation and/or maintenance of Tenant's equipment. Tenant has the responsibility of carrying out the terms of its FCC license in all respects. The Dish/Antenna shall be connected to Landlord's power supply in strict compliance with all applicable Building, electrical, fire and safety codes. Neither

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Landlord nor its agents shall be liable to Tenant for any stoppages or shortages of electrical power furnished to the Dish/Antenna or the Roof Space because of any act, omission or requirement of the public utility serving the Building, or the act or omission of any other tenant, invitee or licensee or their respective agents, employees or contractors, or for any other cause beyond the reasonable control of Landlord, and Tenant shall not be entitled to any rental abatement for any such stoppage or shortage

of electrical power. Neither Landlord nor its agents shall have any responsibility or liability for the conduct or safety of any of Tenant's representatives, repair, maintenance and engineering personnel while in or on any part of the Building or the Roof Space.

6. The Dish/Antenna, the appurtenances and the Aesthetic Screening, if any, shall remain the personal property of Tenant, and shall be removed by Tenant at its own expense at the expiration or earlier termination of this Lease or Tenant's right to possession hereunder. Tenant shall repair any damage caused by such removal, including the patching of any holes to match, as closely as possible, the color surrounding the area where the equipment and appurtenances were attached. Tenant agrees to maintain all of the Tenant's Dish/Antenna equipment placed on or about the roof or in any other part of the Building in proper operating condition and maintain same in satisfactory condition as to appearance, in Landlord's reasonable discretion, and satisfactory condition as to safety, in Landlord's reasonable discretion. Such maintenance and operation shall be performed in a manner to avoid any interference with any other tenants or Landlord. Tenant agrees that at all times during the Lease Term, it will keep the roof of the Building and the Roof Space free of all trash or waste materials produced by Tenant or Tenant's agents, employees or contractors.

7. In light of the specialized nature of the Dish/Antenna, Tenant shall be permitted to utilize the services of its choice for installation, operation, removal and repair of the Dish/Antenna, the appurtenances and the Aesthetic Screening, if any, subject to the reasonable approval of Landlord. Notwithstanding the foregoing, Tenant must provide Landlord with prior written notice of any such installation, removal or repair and coordinate such work with Landlord in order to avoid voiding or otherwise adversely affecting any warranties granted to Landlord with respect to the roof. If necessary, Tenant, at its sole cost and expense, shall retain any contractor having a then existing warranty in effect on the roof to perform such work (to the extent that it involves the roof), or, at Tenant's option, to perform such work in conjunction with Tenant's contractor. In the event the Landlord contemplates roof repairs that could affect Tenant's Dish/Antenna, or which may result in an interruption of the Tenant's telecommunication service, Landlord shall formally notify Tenant at least thirty (30) days in advance (except in cases of an emergency) prior to the commencement of such contemplated work in order to allow Tenant to make other arrangements for such service.

8. Tenant shall not allow any provider of telecommunication, video, data or related services ("Communication Services") to locate any equipment on the roof of the Building or in the Roof Space for any purpose whatsoever, nor may Tenant use the Roof Space and/or Dish/Antenna to provide Communication Services to an unaffiliated tenant, occupant or licensee of another building, or to facilitate the provision of Communication Services on behalf of another Communication Services provider to an unaffiliated tenant, occupant or licensee of the Building or any other building.

9. Tenant acknowledges that Landlord may at some time establish a standard license agreement (the "License Agreement") with respect to the use of roof space by tenants of the Building. Tenant, upon request of Landlord, shall enter into such License Agreement with Landlord provided that such agreement is reasonably acceptable to Tenant and does not materially alter the rights of Tenant hereunder with respect to the Roof Space.

10. Tenant specifically acknowledges and agrees that the terms and conditions of Article XIV of the Lease (Indemnity and Waiver of Claims) shall apply with full force and effect to the Roof Space and any other portions of the roof accessed or utilized by Tenant, its representatives, agents, employees or contractors.

11. If Tenant defaults under any of the terms and conditions of this Section or the Lease, and Tenant fails to cure said default within the time allowed by Article XIX of the Lease, Landlord shall be permitted to exercise all remedies provided under the terms of the Lease, including removing the Dish/Antenna, the appurtenances and the Aesthetic Screening, if any, and restoring the Building and the Roof Space to the condition that

the appurtenances and the Aesthetic Screening, if any, as a result of an uncured default, Tenant shall be liable for all costs and expenses Landlord incurs in removing the Dish/Antenna, the appurtenances and the Aesthetic Screening, if any, and repairing any damage to the Building, the roof of the Building and the Roof Space caused by the installation, operation or maintenance of the Dish/Antenna, the appurtenances, and the Aesthetic Screening, if any.

12. Tenant shall be allowed to install fiber optics and related equipment in the Building for Tenant's own use, the design, location, and operating characteristics of which shall be subject to Landlord's reasonable approval.

IV. Signage. Landlord shall provide and install Tenant signage on the ground

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floor entry door side panel, the lobby directory, the floor directory on each floor on which the Premises are located, and on the entry door to the Premises, all using the standard graphics for the Building. Provided Tenant has not assigned its interest under this Lease (except Permitted Transfers), continues to lease and occupy at least two (2) full floors of the Building and is not in default under this Lease beyond any applicable notice and cure periods, Tenant may also install, at Tenant's expense, the Building facade signage described and depicted on Exhibit J (the "Facade Signage"). The Facade Signage shall conform with the specifications set forth on Exhibit J, provided that the Facade Signage on the West side of the Building may, at Tenant's election, be either Tenant's logo or Tenant's name, as each of those is shown elsewhere on Exhibit J, and subject to the size and other limitations set forth on Exhibit J. Landlord shall not allow more than two (2) other office tenants (as opposed to retail tenants) of the Building to have prominent building facade signage facing 108th Avenue N.E. (other than signage on the ground floor entry door side panels). Tenant shall not be permitted to install any signs or other identification without Landlord's prior written consent. The size, design and location of all such signage shall comply with all applicable laws and codes and shall conform to Landlord's specifications for the Building. Tenant agrees upon the expiration date or sooner termination of this Lease, upon Landlord's request, to remove the Facade Signage and to repair and restore any damage to the Building and Property at Tenant's expense. In addition, Landlord shall have the right to remove the Facade Signage at Tenant's sole cost and expense, if, at any time during the Lease Term: (1) Tenant assigns this Lease (except Permitted Transfers), (2) Tenant no longer leases and occupies at least two (2) full floors of the Building, or (3) Tenant defaults under any term or condition of the Lease and fails to cure such default within any applicable grace period.

V. Storage Space.

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A. Landlord shall lease to Tenant up to 1,500 square feet of storage space (the "Storage Space"). The Storage Space rental rate per square foot of the Storage Space ("Storage Space Rental") shall be Sixteen Dollars (\$16.00) per usable square foot per month for the first year after the Commencement Date and shall thereafter be adjusted from time to time by Landlord to reflect market rates. Storage Space Rental shall be payable in advance on or before the first day of each month of the Storage Term. Any initial or final month shall be prorated. The Lease Term for the Storage Space shall be coterminous with the Term of the Premises, provided that Tenant shall have the right to terminate the term of the Storage Space lease upon thirty (30) days' prior written notice to Landlord at any time during the Lease Term. The Storage Space shall be used by Tenant for the storage of furniture, equipment, inventory or other non-perishable items normally used in Tenant's business (exclusive of any items or materials which may be deemed to be hazardous to the environment or hazardous to human life or safety), and for no other purpose whatsoever. Tenant agrees to keep the Storage Space in a neat and orderly fashion and to keep all stored items in cartons, file cabinets or other suitable containers. Landlord shall have the right to designate the location within the Storage Space of any items to be placed therein. All items stored in the Storage Space shall be elevated at least six inches above the floor on wooden pallets, and shall be at least eighteen inches below the bottom of all sprinklers located in the ceiling of the Storage Space, if any. Tenant shall not store anything in the Storage Space which is unsafe or which otherwise may create a hazardous condition, or which may increase Landlord's insurance rates, or cause a cancellation or modification of Landlord's insurance coverage. Without limitation, Tenant shall not store any flammable, combustible or explosive fluid, chemical or substance nor any perishable food or beverage products, except with Landlord's prior written approval. Landlord reserves the right to adopt and enforce reasonable rules and regulations governing the use of the Storage Space from time to time.

B. All terms and provisions of this Lease shall be applicable to the Storage Space,

including, without limitation, Article XIV (Indemnity and Waiver of Claims) and Article XV (Tenant's Insurance), except that Landlord need not supply air-cooling, heat, water, janitorial service, cleaning, window washing or electricity to the Storage Space and Tenant shall not be entitled to any work allowances, rent credits, expansion rights or renewal rights with respect to the Storage Space unless such concessions or rights are specifically provided for in the Lease with respect to the Storage Space.

C. Tenant agrees to accept the Storage Space in its condition and "as-built" configuration existing on the earlier of the date Tenant takes possession of the Storage Space or the Commencement Date, provided that such space is then ready for storage and provided, further, Tenant may, at its expense and with Landlord's reasonable approval, improve such space.

D. At any time and from time to time, Landlord shall have the right to relocate the Storage Space to a new location which shall be no smaller than the square footage of the Storage Space. Landlord shall pay the direct, out-of-pocket, reasonable expenses of such relocation.

E. Storage Space Rental is deemed Rent under the Lease.

F. Notwithstanding anything set forth in Article XII of the Lease, Tenant shall not, without the prior written consent of Landlord, which consent may be withheld in Landlord's sole discretion, assign, sublease, transfer or encumber the Storage Space or grant any license, concession or other right of occupancy or permit the use of the Storage Space by any party other than Tenant, except in connection with an assignment of the Lease consented to by Landlord or pursuant to a Permitted Assignment.

VI. Landlord's Warranties.  
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Landlord hereby represents and warrants to Tenant that , to the best of Landlord's knowledge (a) the common areas of the Building shall comply with the requirements of the Americans With Disabilities Act in effect as of the day the building permit for the Building was issued; and (b) the Building has been and shall be constructed free of any hazardous materials, except in compliance with applicable laws. The term "hazardous materials" shall mean any flammable, contaminants, explosive or radioactive materials, asbestos, crude oil, petroleum hydrocarbons, air pollution, soil or water pollution, hazardous materials, hazardous wastes, dangerous, hazardous or toxic substances or similar substances or materials including, without limitation, any substances or materials defined as hazardous, toxic or environmentally unsafe under any federal, state or local governmental law, rule, regulation or ordinance including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"), 42 U.S.C. Sec. 9601, et seq.; the Hazardous

Materials Transportation Act, as amended, 49 U.S.C. Section 1801, et seq.; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. Section 6901 et seq.; the Toxic Substances Control Act, as amended, 15 U.S.C. Section 2601 et seq.; the Clean Air Act, 42 U.S.C. 7401 et seq., as amended, Federal Water Pollution Control Act as amended by The Clean Water Act of 1977 PL 92-500, et seq., as amended, and the regulations adopted and publications promulgated pursuant to said laws or ordinances, rules or regulations.

Landlord further represents and warrants to Tenant that (a) Landlord is the sole owner of the Building, and (b) Landlord has obtained and currently holds in full force and effect all necessary permits and approvals for construction of the Building in accordance with the terms of this Lease.

VII. Moving Allowance. As partial compensation of Tenant's expenses of moving into the Premises, Landlord shall pay to Tenant, in cash, upon Tenant's

occupancy of the Premises for the Permitted Use, a moving allowance of One Dollar (\$1.00) per usable square foot of area in the Premises.

VIII. Ground Lease. Landlord represents and warrants to Tenant that Landlord

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is the lessee of the Property under that certain Ground Lease dated November 20, 1998 ("Ground Lease") between Sterling Realty Organization Co., a Washington corporation ("Ground Lessor"), as landlord and Landlord as tenant. With respect to the Ground Lease, Landlord further warrants and represents:

1. The Ground Lease has not been modified or amended and is in full force and effect and in good standing and, to Landlord's knowledge, neither Landlord nor

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Ground Lessor is in default thereunder, and Landlord is not aware of any facts which would now or with the passage of time, or both, constitute a default thereunder.

2. Ground Lessor has approved the plans and specifications for the Building as required by the Ground Lease;
3. The consent of Ground Lessor is not required for the full execution, delivery and performance of this Lease by Landlord;
4. There are no actions, suits or proceedings, governmental or otherwise, pending or threatened against or affecting the Ground Lease;

Section 12.01 of the Ground Lease provides that Ground Lessor will deliver nondisturbance and attornment agreements to the subtenants of Landlord. Landlord agrees to use its commercially reasonable efforts to cause Ground Lessor to enter into a nondisturbance and attornment agreement, in substantially the form of Exhibit I hereto, with Tenant within thirty (30) days after the date of this Lease, and if such agreement is not so executed and delivered, Tenant shall have the right to terminate this Lease within ten (10) business days thereafter unless Landlord delivers such agreement executed by Ground Lessor within fifteen (15) days after receipt of Tenant's notice.

IX. Right of First Offer.

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A. Tenant shall have the right of first offer ("Right of First Offer") with respect to any space that becomes Available for Lease (hereinafter defined) within the Offering Space on the terms and conditions contained in this Section IX. As used in this Section IX, the "Offering Space" shall mean the portion of Floor 5 of the Building (which portion is approximately half of Floor 5) that is not initially leased to KeyBank (as defined below) under the lease between Landlord and KeyBank and all of Floor 6 of the Building. Offering Space shall be deemed to be "Available for Lease" as follows: (i) with respect to any Offering Space that is under lease from time to time to third parties, such Offering Space shall be deemed to be Available for Lease when Landlord has determined that such third party will not extend or renew the term of its lease for the Offering Space, or (ii) with respect to any Offering Space that is not under lease, such Offering Space shall be deemed to be available when Landlord has located a prospective tenant that may be interested in leasing such Offering Space, provided that, notwithstanding the foregoing, the Offering Space shall not be Available for Lease until (A) with respect to the Offering Space on Floor 5 of the Building, Landlord has determined that KeyBank National Association, and its successors or assigns ("KeyBank"), will not exercise its expansion rights (including a right of first offer) with respect to such portion of the Offering Space; and (B) with respect to the Offering Space on Floor 6 of the Building, Landlord has determined that neither KeyBank nor ITI Information Technology Institute (Seattle) LLC, a Delaware limited liability company, and its successors and assigns, will exercise their expansion rights (including a right of first offer) with respect to such portion of the Offering Space. In addition, with respect to any Advice delivered prior to the date the lease between Landlord and KeyBank is fully executed, Tenant's rights under this Section IX shall be determined as though the KeyBank Lease were then fully executed and in effect. Landlord shall, within a reasonable time after Landlord has determined that a particular portion of the Offering Space is Available for Lease (but prior to leasing such portion of the Offering Space to a third

party) advise Tenant (the "Advice") of the square footage and location of such portion of the Offering Space and the terms (i.e. Base Rent, Additional Base Rent and improvement allowance) under which Landlord is prepared to lease such Offering Space to Tenant for the remainder of the Lease Term, and Landlord shall certify that in Landlord's reasonable judgment such offered terms do not exceed then market rates being paid for comparable space in comparable buildings in the downtown Bellevue, Washington area. Tenant may lease such portion of the Offering Space in its entirety only, under such terms, by delivering written notice of exercise to Landlord ("Notice of Exercise") within five (5) business days after the date of the Advice, except that Tenant shall have no such Right of First Offer and Landlord need not provide Tenant with an Advice, if:

1. Tenant is in default under the Lease at the time Landlord would otherwise deliver the Advice; or

2. The Lease has been assigned prior to the date Landlord would otherwise

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deliver the Advice (unless pursuant to a Permitted Transfer); or

3. With respect to and Advice delivered after the date twelve (12) months after the Commencement Date, Tenant is not occupying at least 75% of the Premises on the date Landlord would otherwise deliver the Advice; or

4. The Offering Space is not ultimately intended for the exclusive use of Tenant during the Lease Term.

B. 1. The term for the Offering Space shall commence upon the commencement date stated in the Advice and thereupon such Offering Space shall be considered a part of the Premises, provided that all of the terms stated in the Advice shall govern Tenant's leasing of the Offering Space and only to the extent that they do not conflict with the Advice, the terms and conditions of this Lease shall apply to the Offering Space.

2. Tenant shall pay Base Rent and Additional Base Rent for the Offering Space in accordance with the terms and conditions of the Advice.

3. Except to the extent otherwise provided in the Advice, the Offering Space (including improvements and personalty, if any) shall be accepted by Tenant in its condition and as-built configuration existing on the earlier of the date Tenant takes possession of the Offering Space or as of the date the term for such Offering Space commences, provided that such Offering Space shall be delivered to Tenant vacant, broom clean and free of claims and possession of third parties.

C. The rights of Tenant hereunder with respect to any portion of the Offering Space for which Landlord provides Tenant with an Advice shall terminate on the earlier to occur of: (i) Tenant's failure to exercise its Right of First Offer within the five (5) business day period provided in paragraph A above, and (ii) the date Landlord would have provided Tenant an Advice if Tenant had not been in violation of one or more of the conditions set forth in Paragraph A above. In addition, if Landlord provides Tenant with an Advice that contains expansion rights (whether such rights are described as an expansion option, right of first refusal, right to first offer or otherwise) and Tenant does not exercise its Right of First Offer to lease the Offering Space described in the Advice, Tenant's Right of First Offer shall be subject and subordinate to all such expansion rights contained in the Advice. Notwithstanding the foregoing, if (i) Tenant was entitled to exercise its Right of First Offer, but failed to provide Landlord with a Notice of Exercise within the five (5) business day period provided in paragraph A above, and (ii) Landlord does not enter into a lease for such portion of the Offering Space within a period of six (6) months following the date of the Advice, Tenant shall once again have a Right of First Offer with respect to such portion of the Offering Space. In addition, if Landlord does enter into a lease for such portion of the Offering Space, (i) Landlord shall lease such space for terms of either three (3) or five (5) years, with any renewal rights being subject to

Tenant's Right of First Offer hereunder; and (ii) Tenant shall have a Right of First Offer on such Offering Space (subject to the terms and conditions set forth herein) upon the expiration of the lease with the prospect.

D. 1. If Tenant exercises its Right of First Offer, Landlord shall prepare an amendment (the "Offering Amendment") adding the Offering Space to the Premises on the terms set forth in the Advice and reflecting the changes in the Base Rent, Rentable Area of the Premises, Tenant's Pro Rata Share and other appropriate terms.

2. A copy of the Offering Amendment shall be (i) sent to Tenant within a reasonable time after receipt of the Notice of Exercise executed by Tenant, and (ii) revised by Landlord to address any requested changes by Tenant that are necessary to accurately reflect the terms and conditions hereof; (iii) executed by Tenant and returned to Landlord within fifteen (15) days thereafter.

X. Rooftop Equipment.  
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1. Tenant shall have the right to lease space on the roof of the Building for the purpose of installing (in accordance with Section IX.C of the Lease), operating and maintaining a pump room and cooling tower approved by the Landlord ( collectively the

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"Rooftop Equipment"). The space on the roof to be leased by Tenant shall include 192 square feet of usable area on the lower roof and sufficient space on the upper roof for Tenant to place two cooling towers. The exact location of the space on the roof to be leased by Tenant shall be designated by Landlord (the "Roof Space"). The rental rate for the Roof Space shall be (i) for the lower roof area, the Storage Space Rental rate, as defined in Section V above, as it may be adjusted from time to time; (ii) for the upper roof area, the rate chargeable for a six-foot diameter satellite dish, as set forth in Exhibit G below and as adjusted from time to time in accordance with Section III.1 of this Exhibit E, for each cooling tower. That rate is initially \$500 per cooling tower per month. In addition, Landlord shall provide Tenant with a shaft running from the Premises to the roof of the Building to connect the mechanical equipment in the Premises to the Rooftop Equipment. The Shaft will supplant a total of 37.4 rentable square feet of area in the Building (the "Shaft Area"). Tenant shall pay a rental rate per square foot of the Shaft Area equal to the Base Rent payable for the Premises, as adjusted from time to time in accordance with the terms of the Lease. The rent payable for the Rooftop Space and the Shaft Area shall hereinafter be together referred to as "Roof Space Rental". Roof Space Rental shall be payable in advance on or before the first day of each month of the Term. Any initial or final month shall be prorated. The Roof Space Rental is separate and in addition to any charges for a Dish/Antennae pursuant to Article III above. Tenant's right to install the Rooftop Equipment shall be subject to the approval rights of Landlord and Landlord's architect and/or engineer with respect to the plans and specifications of the Rooftop Equipment, the manner in which the Rooftop Equipment is attached to the roof of the Building and the manner in which any cables or other connections are run to and from the Rooftop Equipment. The precise specifications and a general description of the Rooftop Equipment along with all documents Landlord reasonably requires to review the installation of the Rooftop Equipment (the "Plans and Specifications") shall be submitted to Landlord for Landlord's written approval no later than twenty (20) days before Tenant commences to install the Rooftop Equipment. Tenant shall be solely responsible for obtaining all necessary governmental and regulatory approvals and for the cost of installing, operating, maintaining and removing the Rooftop Equipment. Tenant shall notify Landlord upon completion of the installation of the Rooftop Equipment. If Landlord determines that the Rooftop Equipment does not comply with the approved Plans and Specifications, that the Building has been damaged during installation of the Rooftop Equipment or that the installation was defective, Landlord shall notify Tenant of any noncompliance or detected problems and Tenant immediately shall cure the defects. If the Tenant fails to immediately cure the defects, Tenant shall pay to Landlord upon demand the cost, as reasonably determined by Landlord, of correcting any defects and repairing any damage to the Building caused by such installation. If at any time Landlord, in its sole discretion, deems it necessary, Tenant shall provide and install, at Tenant's sole cost

and expense, appropriate aesthetic screening, reasonably satisfactory to Landlord, for the Rooftop Equipment (the "Aesthetic Screening").

2. Landlord agrees that Tenant, upon reasonable prior notice to Landlord, shall have access to the roof of the Building and the Roof Space for the purpose of installing, maintaining, repairing and removing the Rooftop Equipment, the appurtenances and the Aesthetic Screening, if any, all of which shall be performed by Tenant or Tenant's authorized representative or contractors, which shall be approved by Landlord, at Tenant's sole cost and risk. It is agreed, however, that only authorized engineers, employees or properly authorized contractors of Tenant, or persons under their direct supervision will be permitted to have access to the roof of the Building and the Roof Space. Tenant further agrees to exercise firm control over the people requiring access to the roof of the Building and the Roof Space in order to keep to a minimum the number of people having access to the roof of the Building and the Roof Space and the frequency of their visits.

3. It is further understood and agreed that the installation, maintenance, operation and removal of the Rooftop Equipment, the appurtenances and the Aesthetic Screening, if any, will in no way damage the Building or the roof thereof, or interfere with the use of the Building and roof by Landlord. Tenant agrees to be responsible for any damage caused to the roof or any other part of the Building, which may be caused by Tenant or any of its agents or representatives.

4. Tenant shall, at its sole cost and expense, and at its sole risk, install, operate and maintain the Rooftop Equipment in a good and workmanlike manner, and in compliance with all Building, electric, communication, and safety codes, ordinances, standards, regulations and requirements, now in effect or hereafter promulgated, of the

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Federal Government, and of the state, city and county in which the Building is located. Under this Lease, the Landlord and its agents assume no responsibility for the operation and/or maintenance of Tenant's equipment. The Rooftop Equipment shall be connected to Landlord's power supply in strict compliance with all applicable Building, electrical, fire and safety codes. Neither Landlord nor its agents shall be liable to Tenant for any stoppages or shortages of electrical power furnished to the Rooftop Equipment or the Roof Space because of any act, omission or requirement of the public utility serving the Building, or the act or omission of any other tenant, invitee or licensee or their respective agents, employees or contractors, or for any other cause beyond the reasonable control of Landlord, and Tenant shall not be entitled to any rental abatement for any such stoppage or shortage of electrical power. Neither Landlord nor its agents shall have any responsibility or liability for the conduct or safety of any of Tenant's representatives, repair, maintenance and engineering personnel while in or on any part of the Building or the Roof Space.

5. The Rooftop Equipment, the appurtenances and the Aesthetic Screening, if any, shall remain the personal property of Tenant, and shall be removed by Tenant at its own expense at the expiration or earlier termination of this Lease or Tenant's right to possession hereunder. Tenant shall repair any damage caused by such removal, including the patching of any holes to match, as closely as possible, the color surrounding the area where the equipment and appurtenances were attached. Tenant agrees to maintain all of the Tenant's Rooftop Equipment in proper operating condition and maintain same in satisfactory condition as to appearance, in Landlord's reasonable discretion, and satisfactory condition as to safety, in Landlord's reasonable discretion. Such maintenance and operation shall be performed in a manner to avoid any interference with any other tenants or Landlord. Tenant agrees that at all times during the Lease Term, it will keep the roof of the Building and the Roof Space free of all trash or waste materials produced by Tenant or Tenant's agents, employees or contractors.

6. In light of the specialized nature of the Rooftop Equipment, Tenant shall be permitted to utilize the services of its choice for installation, operation, removal and repair of the Rooftop Equipment, the appurtenances and the Aesthetic Screening, if any, subject to the reasonable approval of Landlord. Notwithstanding the foregoing, Tenant must provide Landlord with prior written notice of any such installation, removal or repair and coordinate such work with Landlord in order to avoid voiding or otherwise adversely affecting any warranties granted to Landlord with respect to the

roof. If necessary, Tenant, at its sole cost and expense, shall retain any contractor having a then existing warranty in effect on the roof to perform such work (to the extent that it involves the roof), or, at Tenant's option, to perform such work in conjunction with Tenant's contractor. In the event the Landlord contemplates roof repairs that could affect Tenant's Rooftop Equipment, Landlord shall formally notify Tenant at least thirty (30) days in advance (except in cases of an emergency) prior to the commencement of such contemplated work in order to allow Tenant to make other arrangements for such service.

7. Tenant acknowledges that Landlord may at some time establish a standard license agreement (the "License Agreement") with respect to the use of roof space by tenants of the Building. Tenant, upon request of Landlord, shall enter into such License Agreement with Landlord provided that such agreement is reasonably acceptable to Tenant and does not materially alter the rights of Tenant hereunder with respect to the Roof Space.

8. Tenant specifically acknowledges and agrees that the terms and conditions of Article XIV of the Lease (Indemnity and Waiver of Claims) shall apply with full force and effect to the Roof Space and any other portions of the roof accessed or utilized by Tenant, its representatives, agents, employees or contractors.

9. If Tenant defaults under any of the terms and conditions of this Section or the Lease, and Tenant fails to cure said default within the time allowed by Article XIX of the Lease, Landlord shall be permitted to exercise all remedies provided under the terms of the Lease, including removing the Rooftop Equipment, the appurtenances and the Aesthetic Screening, if any, and restoring the Building and the Roof Space to the condition that existed prior to the installation of the Rooftop Equipment, the appurtenances and the Aesthetic Screening, if any. If Landlord removes the Rooftop Equipment, the appurtenances and the Aesthetic Screening, if any, as a result of an uncured default, Tenant shall be liable for all costs and expenses Landlord incurs in removing the Rooftop Equipment, the appurtenances and the Aesthetic Screening, if

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any, and repairing any damage to the Building, the roof of the Building and the Roof Space caused by the installation, operation or maintenance of the Rooftop Equipment, the appurtenances, and the Aesthetic Screening, if any.

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IN WITNESS WHEREOF, Landlord and Tenant have executed this exhibit as of the day and year first above written.

LANDLORD: THREE BELLEVUE CENTER LLC, a Washington limited liability company

By: WRIGHT RUNSTAD ASSOCIATES LIMITED PARTNERSHIP, a Washington limited partnership, its manager

By: WRIGHT RUNSTAD & COMPANY, a Washington corporation, its general partner

By: /s/ H. J. Runstad

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Its: Chairman and CEO  
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By: EOP-THREE BELLEVUE, L.L.C., a Delaware limited liability company, its manager

By: EOP OPERATING LIMITED PARTNERSHIP, a Delaware limited partnership, its sole member

By: EQUITY OFFICE PROPERTIES  
TRUST, a Maryland real estate  
investment trust, its managing  
general partner

By: /s/ Michael Steel  
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Its: COO, EVP Real Estate Operations  
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TENANT: INFOSPACE.COM, INC., a Delaware corporation

By: /s/ Naveen Jain  
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Its: CEO  
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EXHIBIT F  
SUBORDINATION AGREEMENT

RETURN NAME AND ADDRESS:

Jackson Walker L.L.P.  
901 Main Street, Suite 6000  
Dallas, TX 75202  
Attn: Deborah A. Lowenkron, Esq.

SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT

LANDLORD: Three Bellevue Center LLC, a Washington limited liability company

TENANT: InfoSpace.com, Inc., a Delaware corporation

MORTGAGEE: Bank of America, N.A., a national banking association

LEGAL  
DESCRIPTION: Parcel A Portion of Lot 2, Block 2, Cheriton Fruit Gardens, Plat No. 1,  
according to the plat thereof recorded in Volume 7 of Plats, page  
47, in King County, Washington.

Parcel B Portion of the south half of Lot 2, Block 2, Cheriton Fruit  
Gardens, Plat No. 1, according to the plat thereof recorded in  
Volume 7 of Plats, page 57, in King County, Washington.

Additional legal description is on Exhibit A of document.

ASSESSOR'S  
PROPERTY TAX  
PARCEL ACCOUNT  
NUMBER(S): 154410-0230-01 and 154410-0219-06

Exhibit F - Page 1

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT  
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This Subordination, Non-Disturbance and Attornment Agreement (this

"Agreement") dated \_\_\_\_\_, 2000, is made among InfoSpace.com, Inc.  
-----  
("Tenant"), Three Bellevue Center, LLC ("Landlord"), and Bank of America, N.A.,  
-----  
a national banking association ("Mortgagee").  
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WHEREAS, Mortgagee (as successor in interest to NationsBank, N.A.) is the owner of a promissory note (herein, as it may have been or may be from time to time renewed, extended, amended or supplemented, called the "Note") dated \_\_\_\_\_  
November 23, 1998, executed by Landlord, payable to the order of Mortgagee, in the principal face amount of \$60,000,000, bearing interest and payable as therein provided, secured by, among other things, a Leasehold Deed of Trust, Security Agreement, Financing Statement and Fixture Filing (herein, as it may have been or may be from time to time renewed, extended, amended or supplemented, called the "Mortgage"), recorded under Auditor's No. 9811230283 in \_\_\_\_\_  
the real property records of King County, Washington, covering, among other property, the land (the "Land") described in Exhibit "A" which is attached  
-----  
hereto and incorporated herein by reference, and the improvements  
("Improvements") thereon (such Land and Improvements being herein together  
-----  
called the "Property");  
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WHEREAS, Tenant is the tenant under a lease which, including all amendments and supplements thereto, is described as follows: \_\_\_\_\_ (herein, as it may from time to time be renewed, extended, amended or supplemented, called the "Lease"), covering a portion of the Property (said portion being  
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herein referred to as the "Premises"); and  
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WHEREAS, the term "Landlord" as used herein means the present landlord under the Lease or, if the landlord's interest is transferred in any manner, the successor(s) or assign(s) occupying the position of landlord under the Lease at the time in question;

THEREFORE, in consideration of the mutual agreements herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Subordination. Tenant agrees and covenants that the Lease and the rights  
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of Tenant thereunder, all of Tenant's right, title and interest in and to the property covered by the Lease, and any lease thereafter executed by Tenant covering any part of the Property, are and shall be subordinate and inferior to (a) the Mortgage and the rights of Mortgagee thereunder, and all right, title and interest of Mortgagee in the Property, and (b) all other security documents now or hereafter securing payment of any indebtedness of the Landlord (or any prior landlord) to Mortgagee which cover or affect the Property (the "Security  
-----  
Documents"). This Agreement is not intended and shall not be construed to  
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subordinate the Lease to any mortgage, deed of trust or other security document other than those referred to in the preceding sentence, securing the indebtedness to Mortgagee. Without limitation of any other provision hereof, Mortgagee may, at its option and without joinder or further consent of Tenant, Landlord, or anyone else, at any time after the date hereof subordinate the lien of the Mortgage (or any other lien or security interest held by Mortgagee which covers or affects the Property) to the Lease by executing an instrument which is intended for that purpose and which specifies such subordination; and, in the event of any such election by Mortgagee to subordinate, Tenant will execute any documents required to evidence such subordination; provided however, notwithstanding that the Lease may by unilateral subordination by Mortgagee hereafter be made superior to the lien of the Mortgage, the provisions of the Mortgage relative to the rights of Mortgagee with respect to proceeds arising from an eminent domain taking (including a voluntary conveyance by Landlord) and/or insurance payable by reason of damage to or destruction of the Premises shall be prior and superior to and shall control over any contrary provisions in

the Lease.

2. Non-Disturbance. Mortgagee agrees that so long as the Lease is in full

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force and effect and Tenant is not in default in the payment of rent, additional rent or other payments or in the performance of any of the other terms, covenants or conditions of the Lease on Tenant's part to be performed (beyond the period, if any, specified in the Lease within which Tenant may cure such default),

(a) Tenant's possession of the Premises under the Lease shall not be disturbed or interfered with by Mortgagee in the exercise of any of its rights under the

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Mortgage, including any foreclosure or conveyance in lieu of foreclosure, and

(b) Mortgagee will not join Tenant as a party defendant for the purpose of terminating Tenant's interest and estate under the Lease in any proceeding for foreclosure of the Mortgage.

3. Attornment.

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(a) Tenant covenants and agrees that in the event of foreclosure of the Mortgage, whether by power of sale or by court action, or upon a transfer of the Property by conveyance in lieu of foreclosure (the purchaser at foreclosure or the transferee in lieu of foreclosure, including Mortgagee if it is such purchaser or transferee, being herein called "New Owner"), Tenant

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shall attorn to the New Owner as Tenant's new landlord, and agrees that the Lease shall continue in full force and effect as a direct lease between Tenant and New Owner upon all of the terms, covenants, conditions and agreements set forth in the Lease and this Agreement, except for provisions which are impossible for Mortgagee to perform; provided, however, that in no event shall the New Owner be:

(i) liable for any act, omission, default, misrepresentation, or breach of warranty, of any previous landlord (including Landlord) or obligations accruing prior to New Owner's actual possession of the property;

(ii) subject to any offset, defense, claim or counterclaim which Tenant might be entitled to assert against any previous landlord (including Landlord) (but this shall not limit New Owner's obligation to correct any conditions that existed as of the date of attornment and violate New Owner's obligations as landlord under the Lease);

(iii) bound by any payment of rent, additional rent or other payments, made by Tenant to any previous landlord (including Landlord) for more than one (1) month in advance;

(iv) bound by any material amendment, or material modification of the Lease hereafter made, or consent by any previous landlord (including Landlord) under the Lease to any assignment or sublease hereafter granted, without the written consent of Mortgagee; or

(v) liable for any deposit that Tenant may have given to any previous landlord (including Landlord) which has not, as such, been transferred to New Owner.

(b) The provisions of this Agreement regarding attornment by Tenant shall be self-operative and effective without the necessity of execution of any new lease or other document on the part of any party hereto or the respective heirs, legal representatives, successors or assigns of any such party. Tenant agrees, however, to execute and deliver at any time and from time to time, upon the request of Landlord or of any holder(s) of any of the indebtedness or other obligations secured by the Mortgage, any instrument or certificate which, in the reasonable judgement of Landlord or of such holder(s), may be necessary or appropriate in any such foreclosure proceeding or otherwise to evidence such attornment, including, if requested, a new lease of the Premises on the same terms and conditions as the Lease for the then unexpired term of the Lease.

4. Estoppel Certificate. Tenant agrees to execute and deliver from time to  
-----

time, upon the request of Landlord or of any holder(s) of any of the indebtedness or other obligations secured by the Mortgage, a certificate regarding the status of the Lease, consisting of statements, if true (or if not, specifying why not), (a) that the Lease is in full force and effect, (b) the date through which rentals have been paid, (c) the date of the commencement of the term of the Lease, (d) the nature of any amendments or modifications of the Lease, (e) that no default, or state of facts which with the passage of time or notice (or both) would constitute a default, exists under the Lease, and (f) such other matters as may be reasonably requested.

5. Acknowledgement and Agreement by Tenant. Tenant acknowledges and agrees  
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as follows:

(a) Tenant acknowledges that Landlord will execute and deliver to Mortgagee in connection with the financing of the Property an Assignment of Leases and Rents assigning absolutely the rent and all other sums due under the Lease. Tenant hereby expressly consents to such absolute assignment and agrees that such assignments shall,

Exhibit F - Page 3

in all respects, be superior to any interest Tenant has in the Lease of the Property, subject to the provisions of this Agreement. Tenant will not amend, alter, terminate, or waive any provision of, or consent to the amendment, alteration, termination or waiver of any provision of the Lease without the prior written consent of Mortgagee, and no termination of the Lease, whether pursuant to the terms of the Lease or otherwise, will be effective without the prior written consent of Mortgagee. Tenant shall not prepay any rents or other sums due under the lease for more than one (1) month in advance of the due date therefor. Tenant acknowledges that Mortgagee will rely upon this instrument in connection with such financing. Notwithstanding anything to the contrary contained herein, Tenant shall have the right to terminate the Lease under Section III(A) thereof without notice to, or consent of, Mortgagee.

(b) Mortgagee, in making any disbursements to Landlord, is under no obligation or duty to oversee or direct the application of the proceeds of such disbursements, and such proceeds may be used by Landlord for purposes other than improvement of the Property.

(c) From and after the date hereof, in the event of any act or omission by Landlord which would give Tenant the right, either immediately or after the lapse of time, to terminate the Lease or to claim a partial or total eviction, Tenant will not exercise any such right (i) until it has given written notice of such act or omission to the Mortgagee; and (ii) until the same period of time as is given to Landlord under the Lease to cure such act or omission shall have elapsed following such giving of notice to Mortgagee and following the time when Mortgagee shall have become entitled under the Mortgage to remedy the same, but in any event 30 days after receipt of such notice or such longer period of time as may be necessary to cure or remedy such default act, or omission including such period of time necessary to obtain possession of the Property and thereafter cure such default, act, or omission, during which period of time Mortgagee shall be permitted to cure or remedy such default, act or omission; provided, however, that Mortgagee shall have no duty or obligation to cure or remedy any breach or default. It is specifically agreed that Tenant shall not, as to Mortgagee, require cure of any such default which is personal to Landlord, and therefore not susceptible to cure by Mortgagee. Notwithstanding any to the contrary contained herein, Tenant shall have the right to terminate the Lease under Section III(A) thereof without notice to, or consent of, Mortgagee.

(d) In the event that Mortgagee notifies Tenant of a default under the Mortgage, Note, or Security Documents and demands that Tenant pay its rent and all other sums due under the Lease directly to Mortgagee, Tenant shall honor such demand and pay the full amount of its rent and all other sums due under the Lease directly to Mortgagee or as otherwise required pursuant to such notice beginning with the payment next due after such notice of default, without inquiry as to whether a default actually exists under the Mortgage, Security Documents or otherwise in connection with the Note, and notwithstanding any contrary instructions of or demands from Landlord.

(e) Tenant shall send a copy of any notice of default or incipient default under the Lease to Mortgagee at the same time such notice is sent to Landlord.

(f) Tenant has no right or option of any nature whatsoever, whether pursuant to the Lease or otherwise, to purchase the Premises or the Property, or any portion thereof or any interest therein, and to the extent that Tenant has had, or hereafter acquires, any such right or option, same is hereby acknowledged to be subject and subordinate to the Mortgage and is hereby waived and released as against Mortgagee.

(g) This Agreement satisfies any condition or requirement in the Lease relating to the granting of a Lender's non-disturbance agreement and Tenant waives any requirement to the contrary in the Lease.

(h) Mortgagee and any New Owner shall have no liability to Tenant or any other party for any conflict between the provisions of the Lease and the provisions of any other lease affecting the Property, including, but not limited to, any provisions relating to exclusive or non-conforming uses or rights, renewal options and options to expand, and in the event of such a conflict, Tenant shall have no right to cancel the Lease or take any other remedial action against Mortgagee or New Owner, or against any other party for which Mortgagee or any New Owner would be liable.

(i) Mortgagee and any New Owner shall have no obligation nor incur any liability with respect to the erection or completion of the improvements in which the

Exhibit F - Page 4

Premises are located or for completion of the Premises or any improvements for Tenant's use and occupancy, either at the commencement of the term of the Lease or upon any renewal or extension thereof or upon the addition of additional space, pursuant to any expansion rights contained in the Lease; provided that, notwithstanding the foregoing or any terms of the Lease to the contrary, in the event Mortgagee or any New Owner acquires title to the Property prior to the completion of the Tenant Improvements (as defined in the Lease) and Mortgagee or such New Owner fails to complete construction of the Tenant Improvements after the delivery by Tenant of any required notice and the expiration of any applicable cure period set forth in the Lease, Tenant may, as its sole remedy in such event, complete construction of the Tenant Improvements itself or through a contractor engaged by Tenant, and the cost of so completing such improvements (but not to exceed an amount equal to the unfunded portion of the Allowance (as defined in the Lease) as of such date), may be deducted from the next due installments of Base Rent under the Lease.

(j) Mortgagee and any New Owner shall have no obligation nor incur any liability with respect to any warranties of any nature whatsoever, whether pursuant to the Lease or otherwise, including, without limitation, any warranties respecting use, compliance with zoning, Landlord's title, Landlord's authority, habitability or fitness for purpose.

(k) In the event that Mortgagee or any New Owner shall acquire title to the Premises or the Property, Mortgagee or such New Owner shall have no obligation, nor incur any liability, beyond Mortgagee's or New Owner's then equity interest, if any, in the Property or the Premises, and Tenant shall look exclusively to such equity interest of Mortgagee or New Owner, if any, for the payment and discharge of any obligations imposed upon Mortgagee or New Owner hereunder or under the Lease or for recovery of any judgement from Mortgagee, or New Owner, and in no event shall Mortgagee, New Owner, nor any of their respective officers, directors, shareholders, agents, representatives, servants, employees or partners ever be personally liable for such judgement.

(l) Nothing herein contained is intended, nor shall it be construed, to abridge or adversely affect any right or remedy of Landlord under the Lease in the event of any default by Tenant in the payment of rent and/or any other sums due under the Lease or in the performance of any of the other terms, covenants or conditions of the Lease on Tenant's part to be performed.

(m) Landlord has not agreed to any abatement of rent or other sums or period of "free rent" for the Premises unless same is specifically provided in the Lease, and Tenant agrees that in the event Mortgagee, or any New Owner

becomes the owner of the Property, no agreement for abatement of rent or any other sum not specifically provided in the Lease will be binding on Mortgagee or New Owner.

(n) Tenant has never permitted, and will not permit, the generation, treatment, storage or disposal of any hazardous substance as defined under federal, state, or local law, on the Premises or Property except for such substances of a type and only in a quantity normally used in connection with the occupancy or operation of buildings (such as non-flammable cleaning fluids and supplies normally used in the day to day operation of first class office establishments), which substances are being held, stored, and used in strict compliance with federal, state, and local laws. Tenant shall be solely responsible for and shall reimburse Landlord for any loss, liability, claim or expense, including without limitation, cleanup and all other expenses, that Landlord may incur by reason of Tenant's violation of the requirements of this Section 5(n).

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(o) In the event that Tenant exercises any self-help right under the Lease, Tenant shall perform all work in connection therewith in a good and workmanlike manner and in accordance with all applicable requirements to which Landlord would be subject under the Lease (if Landlord were performing such work) and all applicable laws, ordinances, rules and regulations, and in no event will such work affect or impair the building systems or any portion of the Property other than the Premises. Tenant hereby indemnifies Landlord for, and holds Landlord harmless from, any and all claims, liabilities, losses, costs and expenses (including attorneys' fees) arising from or in connection with the performance of such work by Tenant.

6. Acknowledgement and Agreement by Landlord. Landlord, as landlord under

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the Lease and grantor under the Mortgage, acknowledges and agrees for itself and its heirs,

Exhibit F - Page 5

representatives, successors and assigns, that: (a) this Agreement does not constitute a waiver by Mortgagee of any of its rights under the Mortgage, Note, or Security Documents, or in any way release Landlord from its obligations to comply with the terms, provisions, conditions, covenants, agreements and clauses of the Mortgage, Note, or Security Documents; (b) the provisions of the Mortgage, Note, or Security Documents remain in full force and effect and must be complied with by Landlord; and (c) Tenant is hereby authorized to pay its rent and all other sums due under the Lease directly to Mortgagee upon receipt of a notice as set forth in Section 5(d) above from Mortgagee and that Tenant is

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not obligated to inquire as to whether a default actually exists under the Mortgage, Security Documents or otherwise in connection with the Note. Landlord hereby releases and discharges Tenant of and from any liability to Landlord resulting from Tenant's payment to Mortgagee in accordance with this Agreement. Landlord represents and warrants to Mortgagee that a true and complete copy of the Lease has been delivered by Landlord to Mortgagee.

7. Lease Status. Landlord and Tenant certify to Mortgagee that neither

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Landlord nor Tenant has knowledge of any default on the part of the other under the Lease, that the Lease is bona fide and contains all of the agreements of the parties thereto with respect to the letting of the Premises and that all of the agreements and provisions therein contained are in full force and effect.

8. Notices. All notices, requests, consents, demands and other

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communications required or which any party desires to give hereunder shall be in writing and shall be deemed sufficiently given or furnished if delivered by personal delivery, by telegram, telex, or facsimile, by expedited delivery service with proof of delivery, or by registered or certified United States mail, postage prepaid, at the addresses specified at the end of this Agreement (unless changed by similar notice in writing given by the particular party whose address is to be changed). Any such notice or communication shall be deemed to have been given either at the time of personal delivery or, in the case of delivery service or mail, as of the date of first attempted delivery at the address and in the manner provided herein, or, in the case of telegram, telex or facsimile, upon receipt. Notwithstanding the foregoing, no notice of change of address shall be effective except upon receipt. This Section 8 shall not be

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construed in any way to affect or impair any waiver of notice or demand provided in this Agreement or in the lease or in any document evidencing, securing or pertaining to the loan evidenced by the Note or to require giving of notice or demand to or upon any person in any situation or for any reason.

9. Miscellaneous.  
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(a) This Agreement supersedes any inconsistent provision of the Lease.

(b) Nothing contained in this Agreement shall be construed to derogate from, or in any way impair or affect the lien, security interest or provisions of the Mortgage, Note, or Security Documents.

(c) This Agreement shall inure to the benefit of the parties hereto, their respective successors and permitted assigns, and any New Owner, and its heirs, personal representatives, successors and assigns; provided, however, that in the event of the assignment or transfer of the interest of Mortgagee, all obligations and liabilities of the assigning Mortgagee under this Agreement shall terminate, and thereupon all such obligations and liabilities shall be the responsibility of the party to whom Mortgagee's interest is assigned or transferred; and provided further that the interest of Tenant under this Agreement may not be assigned or transferred, except in connection with an assignment permitted under the Lease or consented to by Landlord and Mortgagee.

(d) THIS AGREEMENT AND ITS VALIDITY, ENFORCEMENT AND INTERPRETATION SHALL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS AND APPLICABLE UNITED STATES FEDERAL LAW EXCEPT ONLY TO THE EXTENT, IF ANY, THAT THE LAWS OF THE STATE IN WHICH THE PROPERTY IS LOCATED NECESSARILY CONTROL.

(e) The words "herein", "hereof", "hereunder" and other similar compounds of the word "here" as used in this Agreement refer to this entire Agreement and not to any particular section or provision.

(f) This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by the parties hereto or their respective successors in interest.

Exhibit F - Page 6

(g) If any provision of the Agreement shall be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not apply to or affect any other provision hereof, but this Agreement shall be construed as if such invalidity, illegibility, or unenforceability did not exist.

(h) If any bankruptcy proceedings shall hereafter commence with respect to Landlord, and if the Lease is rejected by the trustee pursuant to Section 365 of the United States Bankruptcy Code, Tenant agrees with Mortgagee (i) not to treat such lease as terminated and (ii) to remain in possession of the Premises.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

ADDRESS OF MORTGAGEE:  
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901 Main Street  
51st Floor  
Dallas, Texas 75202  
Attention: Real Estate  
Loan Administration

MORTGAGEE:  
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BANK OF AMERICA, N.A., a national banking  
association

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ADDRESS OF TENANT:  
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TENANT:  
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15375 NE 90th St.  
Redmond, Washington 98052  
Attention: Chief Financial  
Officer

INFOSPACE.COM, INC., a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ADDRESS OF LANDLORD:  
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LANDLORD:  
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1191 Second Avenue  
Suite 2000  
Seattle, Washington 98101

THREE BELLEVUE CENTER LLC, a  
Washington limited liability company

By: WRIGHT RUNSTAD ASSOCIATES LIMITED  
PARTNERSHIP, a Washington limited  
partnership, its manager

By: WRIGHT RUNSTAD & COMPANY,  
a Washington corporation, its general  
partner

By: \_\_\_\_\_

Its: \_\_\_\_\_

By: EOP-THREE BELLEVUE, L.L.C., a Delaware  
limited liability company, its manager

By: EOP OPERATING LIMITED  
PARTNERSHIP, a Delaware limited  
partnership, its sole member

By: EQUITY OFFICE PROPERTIES  
TRUST, a Maryland real estate  
investment trust, its managing general  
partner

By: \_\_\_\_\_

Its: \_\_\_\_\_

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LANDLORD ACKNOWLEDGMENT

STATE OF WASHINGTON )  
 ) ss:  
COUNTY OF KING )

On this the \_\_\_\_ day of \_\_\_\_\_, 2000, before me a Notary Public duly  
authorized in and for the said County in the State aforesaid to take  
acknowledgments personally appeared \_\_\_\_\_ known to me to be the  
\_\_\_\_\_ of Wright Runstad & Company, the general partner of Wright Runstad  
Associates Limited Partnership, a Member of THREE BELLEVUE CENTER LLC, a  
Washington limited liability company, the Landlord in the foregoing instrument,  
and acknowledged that as such officer, being authorized so to do, (s)he executed  
the foregoing instrument on behalf of said corporation by subscribing the name  
of such corporation by himself/herself as such officer and caused the corporate  
seal of said corporation to be affixed thereto, as a free and voluntary act, and  
as the free and voluntary act of said corporation, for the uses and purposes  
therein set forth.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public: \_\_\_\_\_  
Printed Name: \_\_\_\_\_

Residing at: \_\_\_\_\_  
My Commission expires: \_\_\_\_\_

STATE OF WASHINGTON )  
 ) ss:  
COUNTY OF KING )

On this the \_\_\_\_ day of \_\_\_\_\_, 2000, before me a Notary Public duly authorized in and for the said County in the State aforesaid to take acknowledgments personally appeared \_\_\_\_\_ known to me to be the \_\_\_\_\_ of Equity Office Properties Trust, the general partner of EOP Operating Limited Partnership, the sole member of EOP-Three Bellevue, L.L.C., a Member of THREE BELLEVUE CENTER LLC, a Washington limited liability company, the Landlord in the foregoing instrument, and acknowledged that as such officer, being authorized so to do, (s)he executed the foregoing instrument on behalf of said corporation by subscribing the name of such corporation by himself/herself as such officer and caused the corporate seal of said corporation to be affixed thereto, as a free and voluntary act, and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Residing at: \_\_\_\_\_  
My Commission expires: \_\_\_\_\_

Exhibit F - Page 9

TENANT ACKNOWLEDGMENT

STATE OF WASHINGTON )  
 ) ss:  
COUNTY OF KING )

On this the \_\_\_\_ day of \_\_\_\_\_, 2000, before me a Notary Public duly authorized in and for the said County in the State aforesaid to take acknowledgments personally appeared \_\_\_\_\_ known to me to be the \_\_\_\_\_ of INFOSPACE.COM, INC., a Delaware corporation, the Tenant in the foregoing instrument, and acknowledged that as such officer, being authorized so to do, (s)he executed the foregoing instrument on behalf of said corporation by subscribing the name of such corporation by himself/herself as such officer and caused the corporate seal of said corporation to be affixed thereto, as a free and voluntary act, and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Residing at: \_\_\_\_\_  
My Commission expires: \_\_\_\_\_

LENDER ACKNOWLEDGMENT

STATE OF )  
 ) ss:  
COUNTY OF )

On this the \_\_\_\_ day of \_\_\_\_\_, 2000, before me a Notary Public duly authorized in and for the said County in the State aforesaid to take acknowledgments personally appeared \_\_\_\_\_ known to me to be the \_\_\_\_\_ of BANK OF AMERICA, N.A., a national banking association, the Lender in the foregoing instrument, and acknowledged that as such officer, being authorized so to do, (s)he executed the foregoing instrument on behalf of said corporation by subscribing the name of such corporation by himself/herself as such officer and caused the corporate seal of said corporation to be affixed thereto, as a free and voluntary act, and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Residing at: \_\_\_\_\_  
My Commission expires: \_\_\_\_\_

EXHIBIT "A"  
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Legal Description of the Land  
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This Exhibit is attached to and made a part of the Lease dated \_\_\_\_\_, 2000, by and between Three Bellevue Center LLC, a Washington limited liability company ("Landlord") and InfoSpace.com, Inc., a Delaware corporation ("Tenant") for space in the Building located at 601 108th Avenue NE, Bellevue, Washington 98004.

PARCEL A:

THAT PORTION OF LOT 2 IN BLOCK 2 OF CHERITON FRUIT GARDENS PLAT NO. 1, AS PER PLAT RECORDED IN VOLUME 7 OF PLATS, PAGE 47, RECORDS OF KING COUNTY, DESCRIBED AS FOLLOWS:

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BEGINNING AT A POINT ON THE WEST LINE OF THE EAST 230 FEET OF SAID LOT 2 WHICH IS SOUTH 00 degrees 05 minutes 54 seconds WEST ALONG SAID WEST LINE 297 FEET FROM THE NORTH LINE OF SAID LOT 2; THENCE SOUTH 89 degrees 54 minutes 06 seconds EAST 178 FEET; THENCE SOUTH 44 degrees 54 minutes 06 seconds EAST 14.14 FEET; THENCE SOUTH 89 degrees 54 minutes 06 seconds EAST 12 FEET TO THE WEST LINE OF THE EAST 30 FEET OF SAID LOT 2; THENCE SOUTH 00 degrees 05 minutes 54 seconds WEST ALONG SAID WEST LINE 138.02 FEET TO THE SOUTH LINE OF THE NORTH 120 FEET OF THE SOUTH 1/2 OF SAID LOT 2; THENCE NORTH 88 degrees 44 minutes 41 seconds WEST ALONG SAID SOUTH LINE 200.04 FEET TO THE WEST LINE OF THE EAST 230 FEET OF SAID LOT 2; THENCE NORTH 00 degrees 05 minutes 54 seconds EAST ALONG SAID WEST LINE 143.98 FEET TO THE POINT OF BEGINNING;

(ALSO KNOWN AS PARCEL B OF CITY OF BELLEVUE LOT LINE REVISION NO. 84-43 RECORDED UNDER RECORDING NO. 8503079001)

SITUATE IN THE CITY OF BELLEVUE, COUNTY OF KING, STATE OF WASHINGTON.

PARCEL B:

THAT PORTION OF THE SOUTH 1/2 OF LOT 2 IN BLOCK 2 OF CHERITON FRUIT GARDENS PLAT NO. 1, AS PER PLAT RECORDED IN VOLUME 7 OF PLATS, PAGE 47, RECORDS OF KING COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE WEST LINE OF THE EAST 30 FEET OF SAID LOT 2 WITH THE SOUTH LINE THEREOF; THENCE NORTH 88 degrees 46 minutes 31 seconds WEST ALONG SAID SOUTH LINE 221.81 FEET; THENCE NORTH 00 degrees 05 minutes 54 seconds EAST 108.37 FEET; THENCE SOUTH 89 degrees 54 minutes 06 seconds EAST 21.77 FEET TO THE WEST LINE OF THE EAST 230 FEET OF SAID LOT 2; THENCE NORTH 00 degrees 05 minutes 54 seconds EAST ALONG SAID WEST LINE 80.31 FEET TO THE SOUTH LINE OF PARCEL B OF CITY OF BELLEVUE BOUNDARY LINE ADJUST NO. 84-43, RECORDED UNDER KING COUNTY RECORDING NO. 8503019001; THENCE SOUTH 88 degrees 44 minutes 41 seconds EAST ALONG SAID SOUTH LINE 200.04 FEET TO THE WEST LINE OF THE EAST 30 FEET OF SAID LOT 2; THENCE SOUTH 00 degrees 05 minutes 54 seconds WEST ALONG SAID WEST LINE 189.00 FEET TO BEGINNING;

(ALSO KNOWN AS LOT 2 OF CITY OF BELLEVUE BOUNDARY LINE ADJUSTMENT NO. BLA-90-7034 RECORDED UNDER RECORDING NO. 9201159011);

SITUATE IN THE CITY OF BELLEVUE, COUNTY OF KING, STATE OF WASHINGTON.  
BOTH PARCELS ABOVE ALSO BEING DESCRIBED AS FOLLOWS:

THAT PORTION OF LOT 2 IN BLOCK 2 OF CHERITON FRUIT GARDENS PLAT NO. 1, AS PER PLAT RECORDED IN VOLUME 7 OF PLATS, PAGE 47, RECORDS OF KING COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID LOT 2; THENCE NORTH 88 degrees 46 minutes 31 seconds WEST 30.00 FEET ALONG THE SOUTH LINE THEREOF TO THE WEST LINE OF THE EAST 30.00 FEET OF SAID LOT 2, THE WEST MARGIN 108TH AVENUE N.E. (60 FEET WIDE) AND THE TRUE POINT OF BEGINNING;

THENCE CONTINUING NORTH 88 degrees 46 minutes 13 seconds WEST 221.81 FEET ALONG SAID SOUTH LINE AND THE SOUTH LINE OF LOT 2 OF CITY OF BELLEVUE BOUNDARY LINE ADJUSTMENT NO. BLA-90-7034, RECORDED UNDER KING COUNTY RECORDING NO. 9201159011 TO THE SOUTHWEST CORNER OF SAID LOT 2 OF BLA-90-7034; THENCE ALONG THE WEST LINE OF LAST SAID LOT 2 THE FOLLOWING THREE COURSES: THENCE NORTH 00 degrees 05 minutes 31 seconds EAST 108.37 FEET; THENCE SOUTH 89 degrees 54 minutes 29 seconds EAST 21.77 FEET; THENCE NORTH 00 degrees 05 minutes 31 seconds EAST 80.31 FEET TO THE MOST NORTHERLY

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NORTHWEST CORNER OF SAID LOT 2 AND THE SOUTHWEST CORNER OF PARCEL B OF CITY OF BELLEVUE LOT LINE REVISION NO. 84-43, RECORDED UNDER KING COUNTY RECORDING NO. 8503079001; THENCE CONTINUING NORTH 00 degrees 05 minutes 31 seconds EAST 143.98 FEET ALONG THE WEST LINE OF SAID PARCEL B TO THE NORTHWEST CORNER THEREOF; THENCE ALONG THE NORTH LINE OF SAID PARCEL B THE FOLLOWING

THREE COURSES:

THENCE SOUTH 89 degrees 54 minutes 29 seconds EAST 178.00 FEET; THENCE SOUTH 44 degrees 54 minutes 29 seconds EAST 14.14 FEET; THENCE SOUTH 89 degrees 54 minutes 29 seconds EAST 12.00 FEET TO THE EAST LINE OF SAID PARCEL B AND SAID WEST MARGIN OF 108TH AVENUE N.E.;

THENCE SOUTH 00 degrees 05 minutes 31 seconds WEST 327.02 FEET ALONG SAID WEST MARGIN TO THE TRUE POINT OF BEGINNING;

SITUATE IN THE CITY OF BELLEVUE, COUNTY OF KING, STATE OF WASHINGTON.

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EXHIBIT G

Rooftop Rates

This Exhibit is attached to and made a part of the Lease dated February \_\_\_\_, 2000, by and between THREE BELLEVUE CENTER LLC ("Landlord") and INFOSPACE.COM, INC., a Delaware corporation ("Tenant") for space in the Building known as Three Bellevue Center located at 601 - 108th Avenue NE, Bellevue, King County, Washington.

The following are the current rates for use of the rooftop of the Building. Such rates are subject to change by Landlord from time to time.

Average Rents by Tenant Type

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Market: Northwest United States

	Monthly	Annual
Type 1		\$ 6,000
-----		
Two-Way Paging cells	\$ 500	
Analog SMR Transmitters	\$ 500	
.3-1 meter satellite reception dishes (VSAT)	"	
Wireless data mini bases		
Wireless cable antenna		
Two-way communication whip antennas	\$ 250	
Twelve foot whip antenna (450 MHz, 50 watts)	\$ 500	
-----		
Type 2		\$ 4200
-----		
38 Ghz Wireless Fiber Microwave (unswitched-switched)	\$500	

Community Repeaters	\$ 500-800	
Standard paging/messaging transmitters	"	
Wireless data base stations	"	
-----		
2 foot telemetry antennas (yagi) (receive telemetering data)	\$ 200	
Six-foot diameter open grid dish antenna (10 watts, 950 mHz) Studio-Transmitter Link band.	\$ 500	
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Type 3		
-----	\$ 800	\$ 9600
220 MHz Repeaters		
PCS mini-cells		
Vehicle location services	\$ 800	
High power messaging		
-----		
Type 4		
-----	\$ 2000	\$ 24000
PS Cells, Large		
High power Trunking		
Enhanced specialized mobile radio	\$ 2000	
2-3 meter satellite transmission dishes	\$ 2,400	
-----		
Type 5		
-----	\$ 3000	\$ 36000
Multiple Sector Cell Sites		
Traditional Microwave (6-10')	\$ 2,500	
Major microwave backbone facilities	\$3,000-5,000	
-----		
Type 6		
-----	\$ 7500	\$90,000
38 GHz Wireless Fiber Microwave Hubs		
-----		
Type 7		
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Exhibit G - Page 1

Digital Cable Wireless Headends	\$ 4500	\$ 54000
Commercial Broadcast Facilities	\$ 3000-7000	

Exhibit G - Page 2

EXHIBIT H

Form of Letter of Credit

\_\_\_\_\_  
[Name of Financial Institution]

Irrevocable Standby  
Letter of Credit  
No. \_\_\_\_\_  
Issuance Date: \_\_\_\_\_  
Expiration Date: \_\_\_\_\_  
Applicant: \_\_\_\_\_

Beneficiary

-----

[Insert Name of Owner]

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Ladies/Gentlemen:

We hereby establish our Irrevocable Standby Letter of Credit in your favor for the account of the above referenced Applicant in the amount of \_\_\_\_\_ U.S. Dollars (\$ \_\_\_\_\_) available for payment at sight by your draft drawn on us when accompanied by the following documents:

1. An original copy of this Irrevocable Standby Letter of Credit.
2. Beneficiary's dated statement purportedly signed by one of its officers reading: "This draw in the amount of \_\_\_\_\_ U.S. Dollars (\$ \_\_\_\_\_) under your Irrevocable Standby Letter of Credit No. \_\_\_\_\_ represents funds due and owing to us as a result of the Applicant's failure to comply after the expiration of applicable notice and cure periods with one or more of the terms of that certain lease by and between \_\_\_\_\_, as landlord, and \_\_\_\_\_, as tenant."

It is a condition of this Irrevocable Standby Letter of Credit that it will be considered automatically renewed for a one year period upon the expiration date set forth above and upon each anniversary of such date, unless at least thirty (30) days prior to such expiration date or applicable anniversary thereof, we notify you in writing by certified mail, return receipt requested, that we elect not to so renew this Irrevocable Standby Letter of Credit. A copy of any such notice shall also be sent to: Three Bellevue Center LLC, 1191 Second Avenue, Suite 2000, Seattle, Washington 98101. In addition to the foregoing, we understand and agree that you shall be entitled to draw upon this Irrevocable Standby Letter of Credit in accordance with 1 and 2 above in the event that we elect not to renew this Irrevocable Standby Letter of Credit and, in addition, you provide us with a dated statement purportedly signed by one of Beneficiary's officers stating that the Applicant has failed to provide you with an acceptable substitute irrevocable standby letter of credit in accordance with the terms of the above referenced lease. We further acknowledge and agree that: (a) upon receipt of the documentation required herein, we will honor your draws against this Irrevocable Standby Letter of Credit without inquiry into the accuracy of Beneficiary's signed statement and regardless of whether Applicant disputes the content of such statement; (b) this Irrevocable Standby Letter of Credit shall permit partial draws and, in the event you elect to draw upon less than the full stated amount hereof, the stated amount of this Irrevocable Standby Letter of Credit shall be automatically reduced by the amount of such partial draw; and (c) you shall be entitled to assign your interest in this Irrevocable Standby Letter of Credit from time to time without our approval and without charge. In the event of an assignment, we reserve the right to require reasonable evidence of such assignment as a condition to any draw hereunder.

This Irrevocable Standby Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 revision) ICC Publication No. 500.

We hereby engage with you to honor drafts and documents drawn under and in compliance with the terms of this Irrevocable Standby Letter of Credit.

Exhibit H - Page 1

All communications to us with respect to this Irrevocable Standby Letter of Credit must be addressed to our office located at \_\_\_\_\_ to the attention of \_\_\_\_\_.

Very truly yours,

\_\_\_\_\_

[name]

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[title]

EXHIBIT I

Ground Lessor Nondisturbance Agreement

RETURN NAME AND ADDRESS:

Perkins Coie LLP  
1201 Third Avenue, 40th Floor  
Seattle, WA 98101  
Attn: William L. Green, Esq.

NONDISTURBANCE AND ATTORNMENT AGREEMENT

LANDLORD: Three Bellevue Center LLC, a Washington limited liability company  
TENANT: InfoSpace.com, Inc., a Delaware corporation  
GROUND LESSOR: Sterling Realty Organization, Co., a Washington company  
LEGAL  
DESCRIPTION: Parcel A Portion of Lot 2, Block 2, Cheriton Fruit Gardens, Plat No. 1,  
according to the plat thereof recorded in Volume 7 of Plats, page  
47, in King County, Washington.  
Parcel B Portion of the south half of Lot 2, Block 2, Cheriton Fruit Gardens,  
Plat No. 1, according to the plat thereof recorded in  
Volume 7 of Plats, page 57, in King County, Washington.  
Additional legal description is on Exhibit A of document.  
ASSESSOR'S  
PROPERTY TAX  
PARCEL ACCOUNT  
NUMBER(S): 154410-0230-01 and 154410-0219-06

NON-DISTURBANCE AND ATTORNMENT AGREEMENT  
-----

This Non-Disturbance and Attornment Agreement (this "Agreement") dated  
\_\_\_\_\_, 2000, is made among InfoSpace.com, Inc. ("Tenant"), Three  
Bellevue Center, LLC ("Landlord"), and Sterling Realty Organization Co.,  
("Ground Lessor").  
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WHEREAS, Ground Lessor as landlord and Landlord as tenant are parties to that  
certain Ground Lease dated November 20, 1998 (as amended from time to time, the  
"Ground Lease") for the lease of certain real property described on Exhibit A  
attached hereto (the "Land"), upon which Landlord has constructed certain  
improvements (the "Improvements", and together with the Land, the "Property");

WHEREAS, Tenant is the tenant under a lease for space in the Improvements  
dated February \_\_\_\_\_, 2000 (herein, as it may from time to time be renewed,  
extended, amended or supplemented, called the "Lease"), covering a portion of

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the Property (said portion being herein referred to as the "Premises"); and  
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WHEREAS, the term "Landlord" as used herein means the present landlord under the Lease or, if the landlord's interest is transferred in any manner, the successor(s) or assign(s) occupying the position of landlord under the Lease at the time in question;

THEREFORE, in consideration of the mutual agreements herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Non-Disturbance. Ground Lessor agrees that in the event the Ground Lease  
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is terminated, and so long as the Lease is in full force and effect and Tenant is not in default in the payment of rent, additional rent or other payments or in the performance of any of the other terms, covenants or conditions of the Lease on Tenant's part to be performed (beyond the period, if any, specified in the Lease within which Tenant may cure such default),

(a) Tenant's possession of the Premises under the Lease shall not be disturbed or interfered with by Ground Lessor in the exercise of any of its rights under the Ground Lease, and

(b) Ground Lessor will, from and after the date the Ground Lease is terminated, recognize the Lease as a direct lease between Ground Lessor as landlord and Tenant as tenant, subject to the terms and conditions of the Lease and this Agreement, and

(c) Ground Lessor will not join Tenant as a party defendant for the purpose of terminating Tenant's interest and estate under the Lease in any proceeding for termination of the Ground Lease or eviction of Landlord from the Property.

2. Attornment.  
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(a) Tenant covenants and agrees that in the event the Ground Lease is terminated for any reason, Tenant shall attorn to the Ground Lessor as Tenant's new landlord, and agrees that the Lease shall continue in full force and effect as a direct lease between Tenant and Ground Lessor upon all of the terms, covenants, conditions and agreements set forth in the Lease and this Agreement, except for provisions which by their nature are not possible for Ground Lessor to perform; provided, however, that in no event shall the Ground Lessor be:

(i) liable for any act, omission, default, misrepresentation, or breach of warranty, of any previous landlord (including Landlord) or obligations accruing prior to Ground Lessor's actual possession of the property;

(ii) subject to any offset, defense, claim or counterclaim which Tenant might be entitled to assert against any previous landlord (including Landlord) (but this shall not limit any right of Tenant under the Lease to terminate the Lease if Ground Lessor fails to correct any conditions that existed as of the date of attornment and violate Landlord's obligations under the Lease);

Exhibit I - Page 2

(iii) bound by any payment of rent, additional rent or other payments, made by Tenant to any previous landlord (including Landlord) for more than one (1) month in advance;

(iv) liable for any deposit that Tenant may have given to any previous landlord (including Landlord) which has not, as such, been transferred to Ground Lessor.

(b) The provisions of this Agreement regarding attornment by Tenant shall be self-operative and effective without the necessity of execution of any new lease or other document on the part of any party hereto or the respective heirs, legal representatives, successors or assigns of any such party. Tenant agrees, however, to execute and deliver at any time and from

time to time, upon the request of Landlord or of any holder(s) of any of the indebtedness or other obligations secured by the Mortgage, any instrument or certificate which, in the reasonable judgement of Landlord or of such holder(s), may be necessary or appropriate in any such foreclosure proceeding or otherwise to evidence such attornment, including, if requested, a new lease of the Premises on the same terms and conditions as the Lease for the then unexpired term of the Lease.

3. Notices. All notices, requests, consents, demands and other

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communications required or which any party desires to give hereunder shall be in writing and shall be deemed sufficiently given or furnished if delivered by personal delivery, by telegram, telex, or facsimile, by expedited delivery service with proof of delivery, or by registered or certified United States mail, postage prepaid, at the addresses specified at the end of this Agreement (unless changed by similar notice in writing given by the particular party whose address is to be changed). Any such notice or communication shall be deemed to have been given either at the time of personal delivery or, in the case of delivery service or mail, as of the date of first attempted delivery at the address and in the manner provided herein, or, in the case of telegram, telex or facsimile, upon receipt. Notwithstanding the foregoing, no notice of change of address shall be effective except upon receipt. This Section 3 shall not be

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construed in any way to affect or impair any waiver of notice or demand provided in this Agreement or in the lease or to require giving of notice or demand to or upon any person in any situation or for any reason.

4. Miscellaneous.

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(a) This Agreement supersedes any inconsistent provision of the Lease.

(b) This Agreement shall inure to the benefit of the parties hereto, their respective successors and permitted assigns, provided, however, that in the event of the assignment or transfer of the interest of Ground Lessor, all obligations and liabilities of the assigning Ground Lessor under this Agreement shall terminate, and thereupon all such obligations and liabilities shall be the responsibility of the party to whom Ground Lessor's interest is assigned or transferred.

(c) THIS AGREEMENT AND ITS VALIDITY, ENFORCEMENT AND INTERPRETATION SHALL BE GOVERNED BY THE LAWS OF THE STATE OF WASHINGTON AND APPLICABLE UNITED STATES FEDERAL LAW.

(d) The words "herein", "hereof", "hereunder" and other similar compounds of the word "here" as used in this Agreement refer to this entire Agreement and not to any particular section or provision.

(e) This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by the parties hereto or their respective successors in interest.

(f) If any provision of the Agreement shall be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not apply to or affect any other provision hereof, but this Agreement shall be construed as if such invalidity, illegibility, or unenforceability did not exist.

(g) If any bankruptcy proceedings shall hereafter commence with respect to Landlord, and if the Lease is rejected by the trustee pursuant to Section 365 of the United States Bankruptcy Code, Tenant agrees with Ground Lessor (i) not to treat such lease as terminated and (ii) to remain in possession of the Premises.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

ADDRESS OF GROUND LESSOR:      GROUND LESSOR:  
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STERLING REALTY ORGANIZATION, CO.

\_\_\_\_\_  
Attention: \_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ADDRESS OF TENANT: \_\_\_\_\_  
TENANT: \_\_\_\_\_  
\_\_\_\_\_  
INFOSPACE.COM, INC.  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Attention: \_\_\_\_\_

ADDRESS OF LANDLORD: \_\_\_\_\_  
LANDLORD: \_\_\_\_\_  
\_\_\_\_\_  
THREE BELLEVUE CENTER LLC, a  
Washington limited liability company  
By: WRIGHT RUNSTAD ASSOCIATES LIMITED  
PARTNERSHIP, a Washington limited  
partnership, its manager  
By: WRIGHT RUNSTAD & COMPANY,  
a Washington corporation, its general  
partner  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: EOP-THREE BELLEVUE, L.L.C., a Delaware  
limited liability company, its manager  
By: EOP OPERATING LIMITED  
PARTNERSHIP, a Delaware limited  
partnership, its sole member  
By: EQUITY OFFICE PROPERTIES TRUST, a  
Maryland real estate investment trust,  
its managing general partner  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

LANDLORD ACKNOWLEDGMENT

STATE OF WASHINGTON )  
                          ) ss:  
COUNTY OF KING      )

On this the \_\_\_\_ day of February, 2000, before me a Notary Public duly authorized in and for the said County in the State aforesaid to take acknowledgments personally appeared \_\_\_\_\_ known to me to be the \_\_\_\_\_ of Wright Runstad & Company, the general partner of Wright Runstad Associates Limited Partnership, a Member of THREE BELLEVUE CENTER LLC, a Washington limited liability company, the Landlord in the foregoing instrument, and acknowledged that as such officer, being authorized so to do, (s)he executed the foregoing instrument on behalf of said corporation by subscribing the name of such corporation by himself/herself as such officer and caused the corporate seal of said corporation to be affixed thereto, as a free and voluntary act, and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public: \_\_\_\_\_

Printed Name: \_\_\_\_\_  
Residing at: \_\_\_\_\_  
My Commission expires: \_\_\_\_\_

STATE OF )  
 ) ss:  
COUNTY OF )

On this the \_\_\_\_ day of February, 2000, before me a Notary Public duly authorized in and for the said County in the State aforesaid to take acknowledgments personally appeared \_\_\_\_\_ known to me to be the \_\_\_\_\_ of Equity Office Properties Trust, the general partner of EOP Operating Limited Partnership, the sole member of EOP-Three Bellevue, L.L.C., a Member of THREE BELLEVUE CENTER LLC, a Washington limited liability company, the Landlord in the foregoing instrument, and acknowledged that as such officer, being authorized so to do, (s)he executed the foregoing instrument on behalf of said corporation by subscribing the name of such corporation by himself/herself as such officer and caused the corporate seal of said corporation to be affixed thereto, as a free and voluntary act, and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Residing at: \_\_\_\_\_  
My Commission expires: \_\_\_\_\_

Exhibit I - Page 5

TENANT ACKNOWLEDGMENT

STATE OF WASHINGTON )  
 ) ss:  
COUNTY OF KING )

On this the \_\_\_\_ day of February, 2000, before me a Notary Public duly authorized in and for the said County in the State aforesaid to take acknowledgments personally appeared \_\_\_\_\_ known to me to be true of INFOSPACE.COM, INC., the Tenant in the foregoing instrument, and acknowledged that as such officer, being authorized so to do, (s)he executed the foregoing instrument on behalf of said corporation by subscribing the name of such corporation by himself/herself as such officer and caused the corporate seal of said corporation to be affixed thereto, as a free and voluntary act, and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Residing at: \_\_\_\_\_  
My Commission expires: \_\_\_\_\_

LENDER ACKNOWLEDGMENT

STATE OF WASHINGTON )  
 ) ss:  
COUNTY OF KING )

On this the \_\_\_\_ day of February, 2000, before me a Notary Public duly authorized in and for the said County in the State aforesaid to take acknowledgments personally appeared \_\_\_\_\_ known to me to be true of Sterling Realty Organization, Co., the Ground Lessor in the foregoing instrument, and acknowledged that as such officer, being authorized so to do, (s)he executed the foregoing instrument on behalf of said corporation by subscribing the name of such corporation by himself/herself as such officer and caused the corporate seal of said corporation to be affixed thereto, as a free and voluntary act, and as the free and voluntary act of said corporation, for

the uses and purposes therein set forth.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Residing at: \_\_\_\_\_  
My Commission expires: \_\_\_\_\_

Exhibit I - Page 6

EXHIBIT "A"  
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Legal Description of the Land  
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This Exhibit is attached to and made a part of the Lease dated February \_\_\_\_, 2000, by and between Three Bellevue Center LLC, a Washington limited liability company ("Landlord") and Infospace.com, a Delaware company ("Tenant") for space in the Building located at 601 108th Avenue NE, Bellevue, Washington 98004.

PARCEL A:

THAT PORTION OF LOT 2 IN BLOCK 2 OF CHERITON FRUIT GARDENS PLAT NO. 1, AS PER PLAT RECORDED IN VOLUME 7 OF PLATS, PAGE 47, RECORDS OF KING COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE WEST LINE OF THE EAST 230 FEET OF SAID LOT 2 WHICH IS SOUTH 00 degrees 05 minutes 54 seconds WEST ALONG SAID WEST LINE 297 FEET FROM THE NORTH LINE OF SAID LOT 2; THENCE SOUTH 89 degrees 54 minutes 06 seconds EAST 178 FEET; THENCE SOUTH 44 degrees 54 minutes 06 seconds EAST 14.14 FEET; THENCE SOUTH 89 degrees 54 minutes 06 seconds EAST 12 FEET TO THE WEST LINE OF THE EAST 30 FEET OF SAID LOT 2; THENCE SOUTH 00 degrees 05 minutes 54 seconds WEST ALONG SAID WEST LINE 138.02 FEET TO THE SOUTH LINE OF THE NORTH 120 FEET OF THE SOUTH 1/2 OF SAID LOT 2; THENCE NORTH 88 degrees 44 minutes 41 seconds WEST ALONG SAID SOUTH LINE 200.04 FEET TO THE WEST LINE OF THE EAST 230 FEET OF SAID LOT 2; THENCE NORTH 00 degrees 05 minutes 54 seconds EAST ALONG SAID WEST LINE 143.98 FEET TO THE POINT OF BEGINNING;

(ALSO KNOWN AS PARCEL B OF CITY OF BELLEVUE LOT LINE REVISION NO. 84-43 RECORDED UNDER RECORDING NO. 8503079001)

SITUATE IN THE CITY OF BELLEVUE, COUNTY OF KING, STATE OF WASHINGTON.

PARCEL B:

THAT PORTION OF THE SOUTH 1/2 OF LOT 2 IN BLOCK 2 OF CHERITON FRUIT GARDENS PLAT NO. 1, AS PER PLAT RECORDED IN VOLUME 7 OF PLATS, PAGE 47, RECORDS OF KING COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE WEST LINE OF THE EAST 30 FEET OF SAID LOT 2 WITH THE SOUTH LINE THEREOF; THENCE NORTH 88 degrees 46 minutes 31 seconds WEST ALONG SAID SOUTH LINE 221.81 FEET; THENCE NORTH 00 degrees 05 minutes 54 seconds EAST 108.37 FEET; THENCE SOUTH 89 degrees 54 minutes 06 seconds EAST 21.77 FEET TO THE WEST LINE OF THE EAST 230 FEET OF SAID LOT 2; THENCE NORTH 00 degrees 05 minutes 54 seconds EAST ALONG SAID WEST LINE 80.31 FEET TO THE SOUTH LINE OF PARCEL B OF CITY OF BELLEVUE BOUNDARY LINE ADJUST NO. 84-43, RECORDED UNDER KING COUNTY RECORDING NO. 8503019001; THENCE SOUTH 88 degrees 44 minutes 41 seconds EAST ALONG SAID SOUTH LINE 200.04 FEET TO THE WEST LINE OF THE EAST 30 FEET OF SAID LOT 2; THENCE SOUTH 00 degrees 05 minutes 54 seconds WEST ALONG SAID WEST LINE 189.00 FEET TO BEGINNING;

(ALSO KNOWN AS LOT 2 OF CITY OF BELLEVUE BOUNDARY LINE ADJUSTMENT NO. BLA-90-7034 RECORDED UNDER RECORDING NO. 9201159011);

SITUATE IN THE CITY OF BELLEVUE, COUNTY OF KING, STATE OF WASHINGTON. BOTH PARCELS ABOVE ALSO BEING DESCRIBED AS FOLLOWS:

THAT PORTION OF LOT 2 IN BLOCK 2 OF CHERITON FRUIT GARDENS PLAT NO. 1, AS PER PLAT RECORDED IN VOLUME 7 OF PLATS, PAGE 47, RECORDS OF KING COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID LOT 2; THENCE NORTH 880461310 WEST 30.00 FEET ALONG THE SOUTH LINE THEREOF TO THE WEST LINE OF THE EAST 30.00 FEET OF SAID LOT 2, THE WEST MARGIN 108TH AVENUE N.E. (60 FEET WIDE) AND THE TRUE POINT OF BEGINNING;

THENCE CONTINUING NORTH 880461310 WEST 221.81 FEET ALONG SAID SOUTH LINE AND THE SOUTH LINE OF LOT 2 OF CITY OF BELLEVUE BOUNDARY LINE ADJUSTMENT NO. BLA-90-7034, RECORDED UNDER KING COUNTY RECORDING NO. 9201159011 TO THE SOUTHWEST CORNER OF SAID LOT 2 OF BLA-90-7034;  
THENCE ALONG THE WEST LINE OF LAST SAID LOT 2 THE FOLLOWING THREE COURSES:  
THENCE NORTH 00'05131H EAST 108.37 FEET;  
THENCE SOUTH 89 degrees 54 feet 29 inches EAST 21.77 FEET;  
THENCE NORTH 00 degrees 05 feet 31 inches EAST 80.31 FEET TO THE MOST NORTHERLY NORTHWEST CORNER OF SAID LOT 2 AND THE SOUTHWEST CORNER OF PARCEL B OF CITY OF BELLEVUE LOT LINE REVISION NO. 84-43, RECORDED UNDER KING COUNTY RECORDING NO. 8503079001;  
THENCE CONTINUING NORTH 00 degrees 05 feet 31 inches EAST 143.98 FEET ALONG THE WEST LINE OF SAID PARCEL B TO THE NORTHWEST CORNER THEREOF;  
THENCE ALONG THE NORTH LINE OF SAID PARCEL B THE FOLLOWING THREE COURSES:  
THENCE SOUTH 89 degrees 54 feet 29 inches EAST 178.00 FEET;  
THENCE SOUTH 44 degrees 54 feet 29 inches EAST 14.14 FEET;  
THENCE SOUTH 89 degrees 54 feet 29 inches EAST 12.00 FEET TO THE EAST LINE OF SAID PARCEL B AND SAID WEST MARGIN OF 108TH AVENUE N.E.;

THENCE SOUTH 00 degrees 05 feet 31 inches WEST 327.02 FEET ALONG SAID WEST MARGIN TO THE TRUE POINT OF BEGINNING;

SITUATE IN THE CITY OF BELLEVUE, COUNTY OF KING, STATE OF WASHINGTON.

EXHIBIT J

Facade Signage

[See attached]

Exhibit J

EMPLOYMENT AGREEMENT  
-----

This Agreement is entered into as of December 16, 1999, by and among InfoSpace.com, Inc., a Delaware corporation ("InfoSpace"), and Bernee D. L. Strom ("Strom").

WHEREAS, Strom is presently employed as President and Chief Operating Officer of InfoSpace; and

WHEREAS, Strom is presently a member of the Board of Directors of InfoSpace; and

WHEREAS, Strom and InfoSpace are parties to an employment agreement dated as of November 22, 1998 (the "November Employment Agreement"); and

WHEREAS, Strom and InfoSpace are parties to an agreement entitled "InfoSpace.com, Inc. Stock Option Agreement," dated November 23, 1998 (the "Performance Option Agreement"); and

WHEREAS, Strom is a party to three other stock option agreements and/or plans in addition to the Performance Option Agreement, namely, an agreement entitled "InfoSpace.com, Inc. Incentive Stock Option Agreement," dated November 23, 1998, an agreement entitled "InfoSpace.com, Inc. Nonqualified Stock Option Agreement," dated November 23, 1998, and a plan entitled "InfoSpace.com, Inc. Restated 1996 Flexible Stock Incentive Plan" (collectively hereinafter the option agreements and plans, not including the Performance Option Agreement, --- will be referred to as the "Option Agreements"); and

WHEREAS, Strom purchased a residence at One Carillon Point, 5505 Lake Washington Boulevard NE, Unit 3B, Kirkland, Washington 98033 (the "Kirkland Residence") in connection with her relocation to the Seattle area; and

WHEREAS, the parties intend that Strom shall relinquish her position as President and Chief Operating Officer of InfoSpace as of January 1, 2000; and

WHEREAS, InfoSpace desires to retain the services of Strom from January 1, 2000 until June 30, 2000 and Strom agrees to provide services from January 1, 2000 until June 30, 2000; and

WHEREAS the parties desire and agree to amend and supersede the November Employment Agreement in its entirety and enter into the employment relationship described herein by means of this Agreement;

NOW THEREFORE in consideration of the promises and mutual covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is mutually covenanted and agreed by and among the parties as follows:

1. This Agreement Shall Supercede All Prior Employment Agreements. The  
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parties agree that this Agreement shall supercede the November Employment Agreement and any other prior employment agreements between InfoSpace and Strom, including all written and oral agreements, except for the Performance Option Agreement, the Option Agreements and the InfoSpace Employee Non-disclosure Agreement, the terms of which are incorporated herein subject to any revisions or modifications made herein. This Agreement shall not affect the Performance Option Agreement, the Option Agreements, the InfoSpace Employee Nondisclosure Agreement and the InfoSpace Employee Handbook Acknowledgment between InfoSpace and Strom except in the manner and to the extent set forth in this Agreement. The parties agree that (i) the last sentence of the first paragraph of the InfoSpace Employee Nondisclosure Agreement (the "NDA Agreement") shall be revised to state that "business" means "the outsourcing or co-branding of fully integrated private label solutions (as such solutions exist as of December 31, 1999) to web sites or Internet access devices (defined as "InfoSpace Competitors") (it being agreed that any question as to whether an entity is an InfoSpace Competitor within such definition shall be determined by the outside

directors of InfoSpace), (ii) the limitation on activities and investment in the second sentence of the first paragraph of the NDA Agreement shall be superseded in its entirety by Section 4 of this Agreement, (iii) the provisions of the third and fourth paragraphs of the NDA Agreement should be revised to limit the scope of such paragraphs to matters that relate specifically to the "business" of InfoSpace as defined above, (iv) the provisions of the eighth, twelfth, thirteenth and fourteenth paragraphs of the NDA Agreement shall be superseded in its entirety by this Agreement, and (v) the provisions of the tenth paragraph of the NDA agreement should be revised to omit the words "indirectly" and "demonstratively anticipated" and (vi) that the InfoSpace Employee Handbook Acknowledgment shall not be applicable to Strom after January 1, 2000.

2. Strom's Position At InfoSpace. Strom shall continue in her position as  
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President and Chief Operating Officer of InfoSpace through December 31, 1999.

3. Strom's Position At InfoSpace's Venture Capital Division. On January 1,  
-----  
2000, Strom shall assume the position of President of InfoSpace's newly formed venture capital division (the "Division"). Strom shall remain in the position of President of the Division until June 30, 2000. Strom shall perform the duties reasonably necessary to fulfill the responsibilities of such position. All parties hereto acknowledge and understand that Strom may perform her duties as President of the Division at a location of her own choice and which may only require limited attendance at InfoSpace's corporate offices. If, for any reason, the Division does not exist as of January 1, 2000, then Strom shall assume a position at InfoSpace to be mutually agreed upon between the parties hereto, under the same terms and conditions (as set forth herein) that would apply if she assumed the position of President of the Division. Strom understands that the Division may be formed as a separate division or a separate entity which may be a corporation, limited liability corporation or limited partnership. The Division will be capitalized with at least \$15,000,000 and such additional amount as may be determined by InfoSpace's Board of Directors.

4. Outside Activities. During the time in which Strom will perform the  
-----  
duties of President of the Division, Strom may continue to serve as a director of other entities and may become a director or chairman of the board of additional entities, perform part-time consulting services for other entities, serve as part-time employee of other entities (not to exceed 15 hours of part-time employment per week in the aggregate) and make investments in other entities, provided

that all such activities in the aggregate do not result in Strom being unable to fulfill her responsibilities as defined in Section 3 and are not with InfoSpace competitors.

5. Salary And Benefits. Strom's salary and benefits will remain the same  
-----  
during the remainder of her tenure as President and Chief Operating Officer of InfoSpace until December 31, 1999. Strom's salary and benefits as President of the Division for January 1, 2000 to June 30, 2000 shall be the same as her salary and benefits as President and Chief Operating Officer of InfoSpace.

6. Membership On InfoSpace's Board Of Directors. Strom will remain a  
-----  
member of InfoSpace's Board of Directors during the remainder of her tenure as President and Chief Operating Officer of InfoSpace until December 31, 1999 and during her employment as President of the Division from January 1, 2000 to June 30, 2000. During this time, Strom may become a member of the Board of Directors of any other entity, except InfoSpace Competitors. Upon no less than 30 days notice to InfoSpace, Strom may resign as a director of InfoSpace at any time and agrees to resign when her employment at InfoSpace terminates.

7. No Termination Except For Good Cause. Strom may not be terminated from  
-----  
her position as President and Chief Operating Officer of InfoSpace, or from her position as President of the Division prior to June 30, 2000, except for "Good Cause" which is defined specifically the happening of one or more of the following events: (a) a repeated, willful failure or a repeated refusal to comply in any material respect with the reasonable written policies, standards or regulations of the Company as modified to reflect the performance of services as contemplated by this Agreement; (b) a repeated willful failure or a repeated refusal in any material respect, faithfully or diligently, to perform her duties

as described in Section 3 (except due to ill health or disability); (c) unethical or fraudulent conduct or conduct that materially discredits the Company or is materially detrimental of the reputation, character or standing of the Company; (d) dishonest conduct or a deliberate attempt to do an injury to the Company; (e) a willful and material breach of a term (other than Section 3 which is provided for in (b) above) of this Agreement and the agreements incorporated herein; (f) a criminal act; or (g) death. Notwithstanding the foregoing, Strom shall not be deemed to have been terminated for "Good Cause" without (i) at least 30 days notice to Strom setting forth the reasons and specific facts for InfoSpace's or the Division's intention to terminate for "Good Cause," and (ii) an opportunity during such 30 day period for Strom, together with her counsel, if any, to be heard before the Board of Directors of InfoSpace and/or for Strom to cure such grounds for termination. After June 30, 2000, Strom's employment shall become at will and may be terminated at any time by Strom or InfoSpace for any reason or no reason.

8. Reimbursement Of Expenses. During the term of Strom's employment as

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President and Chief Operating Officer of InfoSpace, and as President of the Division, InfoSpace will continue to reimburse Strom for all expenses reasonably incurred in the fulfillment of her duties, including, without limitation, travel expenses, provided such expenses have been preapproved by either Tammy Halstead, Ellen Alben or John Cunningham. Strom will submit her actual expenses, on a monthly basis, to Tammy Halstead, who will make arrangements for reimbursement of all expenses (within 30 days).

9. Voicemail And E-Mail Continued; Computer. During the term of Strom's

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employment as President and Chief Operating Officer of InfoSpace, and as President of the Division,

InfoSpace will continue to provide Strom with all voice-mail and e-mail services she currently has. Strom may retain her computer after termination of employment and agrees to promptly delete all InfoSpace proprietary information therefrom.

10. Officer And Director Indemnification Continued. During the term of

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Strom's employment as President and Chief Operating Officer of InfoSpace, and as President of the Division, InfoSpace will continue to provide Strom with indemnification and/or insurance, such as Errors and Omissions or Directors and Officers insurance, in the same manner and to the same extent as is currently in effect or through purchase of a separate insurance policy.

11. Stock Option Vesting. Throughout the remainder of Strom's tenure as

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President and Chief Operating Officer of InfoSpace until December 31, 1999, and during her employment as President of the Division, all stock options to which Strom is entitled under the Option Agreements shall continue to vest as provided in those agreements. During that time, all provisions of all the Option Agreements shall continue in full force and effect including, without limitation, all provisions relating to the parties rights in the event of a change of control of InfoSpace.

12. Performance Option Agreement. InfoSpace confirms that Strom has been

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vested in options to purchase 125,000 shares under the Performance Option Agreement for 1999. Strom and InfoSpace agree that the Performance Option Agreement shall be terminated at the effective date of this Agreement and Strom shall not be entitled to any further awards of options under such agreement.

13. Term Loan For Stock Option Exercise And Taxes. Commencing as of the

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date of this Agreement, InfoSpace will extend a term loan in an amount not to exceed \$10,000,000 to Strom for the purpose of (i) exercising stock options to which Strom becomes or has become entitled under the Option Agreements; and (ii) paying the Federal taxes due upon exercise of those stock options (the "Term Loan"). The Term Loan will be subject to a interest rate equal to the prime rate as adjusted from time to time, compounded annually. The Term Loan and interest accrued thereon will be secured by an escrow account, but with full recourse against Strom. Each time Strom utilizes the Term Loan in order to exercise options, Strom will place into escrow a sufficient number of shares of InfoSpace stock (which, for this purpose, shall be valued at the fair market value at the time of exercise) equal to two times the amount advanced to secure the amount advanced for the purchase of the shares, in addition to the amount advanced for

payment of taxes incurred as a result of the exercise. For purposes of calculations under this provisions, Strom shall be deemed to have total tax liability in the 40% tax bracket. The Term Loan shall remain open for a period of 2 years from the date of this Agreement, at which time the entire amount of the Term Loan which remains unpaid, in addition to the interest accrued thereon, shall become due and payable.

14. Relocation Expenses. From the date of this Agreement to June 30, 2001,  
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Strom may, at her sole discretion, give notice to InfoSpace of her decision to relocate and to sell the Kirkland Residence. InfoSpace agrees that if during such period prior to June 30, 2001, Strom intends to enter into an agreement (as evidenced by a bona fide written offer to purchase) to sell such Kirkland Residence for a price after deduction of customary closing costs to be paid by Strom (the "Net Purchase Price") less than \$3,600,000 (the price Strom paid for such residence, not including any improvements by Strom), then InfoSpace will either, at its option, pay to Strom the difference

between \$3,600,000 and the Net Purchase Price or purchase the Kirkland Residence from Strom at the Net Purchase Price. The provisions of Section 14 shall not be applicable if Strom is terminated for "Good Cause."

15. Severance Package. The day following Strom's last day of employment as  
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President of the Division unless such employment is earlier terminated for "Good Cause", InfoSpace shall pay Strom a severance amount equal to \$250,000 and InfoSpace shall maintain Strom's life insurance, health insurance and dental insurance, at the present rate until the earlier of one year from her last day of employment, or the date Strom accepts employment with another entity providing such benefits. The benefits in this Section 15 shall be payable to Strom if she is terminated voluntarily or without "Good Cause." It shall be a condition of the receipt of such amounts in this Section 15 and the amount provided in Section 14 that Strom enter into a mutual release as of the date of the payment of such \$250,000 in the form of Section 20.

16. Public Announcement And Non-Disparagement. After execution of this  
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Agreement, the parties hereto will agree on the wording of a public announcement, an internal announcement and a response to any request for references describing the relationship between Strom, InfoSpace and the Division. The parties agree that neither InfoSpace, the Division nor Strom, nor any member of the Board of Directors, officer, employee or agent of InfoSpace or the Division, shall make any statement to the press or any individual or entity that relates to InfoSpace's business or related activities or the relationship between the parties that in anyway disparages the other party or InfoSpace's officers or directors. This Agreement regarding non-disparagement shall be personally binding upon all members of the Board of Directors of InfoSpace and all officers of InfoSpace. Neither party will disclose the terms of this Agreement, unless and until this Agreement is filed as required as an exhibit to InfoSpace's Form 10-K or other SEC filing.

17. Arbitration.  
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(a) Agreement. In consideration of this Agreement, InfoSpace and Strom agree that any dispute and/or claim between InfoSpace and Strom that (i) underlies, (ii) relates to, (iii) and/or is asserted following the termination of, her employment relationship with InfoSpace and that cannot be otherwise resolved will be submitted to final, binding arbitration in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association that are then in effect. (Copies of the current rules are available from InfoSpace's human resources department.) This Agreement also governs any claims that Strom may have against InfoSpace's officers, directors, employees, agents and shareholders. Strom and InfoSpace understand that, pursuant to this Agreement, each foregoes and waives the right to take any covered dispute or claim to civil litigation in court. Strom and InfoSpace understand that this Agreement governs any claim each may have that underlies, relates to and/or is asserted following the termination of her employment relationship with InfoSpace, including, but not limited to, claims of wrongful discharge, infliction of emotional distress, breach of contract, breach of any covenant of good faith and fair dealing, and claims of retaliation and/or discrimination in violation of any local, state or federal law. Examples of such laws include Title VII of the Civil Rights Act of 1964, as amended; the Age Discrimination in Employment Act; the Americans with Disabilities Act; the

Family and Medical Leave Act, and state and local laws applicable to her employment. This Agreement does not affect Strom's right to pursue worker's compensation or unemployment compensation benefits for which

she may be eligible in accordance with state law, nor does it affect her right to file and/or to cooperate in the investigation of an administrative charge of discrimination.

Strom and InfoSpace understand that each may seek in arbitration any remedy or award that would be available to each through civil litigation and the arbitrator has authority to grant any such remedy or award. Strom and InfoSpace agree that such remedies include monetary damages but do not include reinstatement unless authorized by statute.

In any matter that is presented to an arbitrator under this Agreement, Strom and InfoSpace agree that the location of the arbitration hearing(s) will be in Redmond, Washington, unless another location is mutually agreed upon.

Strom and InfoSpace enter into this Agreement freely and voluntarily in consideration for her employment with InfoSpace, the compensation and benefits she receives based on that employment and InfoSpace's mutual agreement for arbitration.

(b) Governing Law. The arbitrator shall apply the law of the State of Washington to the merits of any dispute or claim, without reference to rules of conflict of law. Each party hereby expressly consents to the personal jurisdiction of the state and federal courts located in the State of Washington for any action or proceeding arising from or relating to this Agreement or relating to any arbitration in which the parties are participants.

(c) Costs and Fees of Arbitration. The prevailing party in any arbitration or legal proceeding hereunder shall be entitled to recover her or its attorneys' fees and expenses from the losing party.

(d) Equitable Relief. The parties may apply to any court of competent jurisdiction for a temporary restraining order, preliminary injunction, or other interim or conservatory relief, as necessary, without breach of this arbitration agreement and without abridgment of the powers of the arbitrator.

#### 18. Successors.

(a) InfoSpace's Successors. Any successor to InfoSpace (whether direct or indirect and whether by purchase, lease, merger, consolidation, or otherwise) to all or substantially all of InfoSpace's business and/or assets shall assume the obligations under this Agreement and agree expressly to perform the obligations under this Agreement in the same manner and to the same extent as InfoSpace would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "InfoSpace" shall include any successor to InfoSpace's business and/or assets which executes and delivers the assumption agreement described in this subsection (a) or which becomes bound by the terms of this Agreement by operation of law.

(b) Strom's Successors. Without the written consent of InfoSpace, Strom shall not assign or transfer this Agreement or any right or obligation under this Agreement to any other person or entity. Notwithstanding the foregoing, the terms of this Agreement and all rights of Strom

hereunder shall inure to the benefit of, and be enforceable by, Strom's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

#### 19. Notice Clause.

(a) Manner. Any notice hereby required or permitted to be given shall be sufficiently given if in writing and upon mailing by registered or certified

mail, postage prepaid, to either party at the address of such party or such other address as shall have been designated by written notice by such party to the other party.

(b) Effectiveness. Any notice or other communication required or  
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permitted to be given under this Agreement will be deemed given on the day when delivered in person, or the third business day after the day on which such notice was mailed in accordance with Section 18(a).

20. Mutual Release of Claims.  
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(a) General Release. Strom expressly waives any claims against  
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InfoSpace and releases InfoSpace (including its owners, officers, directors, stockholders, managers, agents, employees and representatives) (collectively "InfoSpace") from any and all actual or potential actions, claims or causes of action and damages known or unknown from any and all actual or potential actions, claims, causes of action, and damages, known or unknown and InfoSpace expressly waives any claims against Strom and releases Strom from any and all actual or potential actions, claims or causes of action and damages known or unknown from any and all actual or potential actions, claims, causes of action, and damages, known or unknown, in all cases on account of or arising out of Strom's employment relationship with InfoSpace or the change in or the termination thereof in accordance with this Agreement. It is understood that other than as provided pursuant to this Agreement, this release includes, but is not limited to, any claims for wages, bonuses, or other compensation, including but not limited to stock or stock options, employment benefits, or damages of any kind whatsoever, arising out of any common law torts, arising out of any contracts, express or implied, any covenant of good faith and fair dealing, express or implied, any theory of wrongful discharge, any theory of negligence, any theory of retaliation, any theory of discrimination or harassment in any form, any legal restriction on InfoSpace's right to terminate employees, or any federal, state, or other governmental statute or ordinance, including, without limitation, Title VII of the Civil Rights Act of 1964 as amended, the Americans with Disabilities Act, the Age Discrimination in Employment Act, the Older Workers Benefit Protection Act, the Washington Law Against Discrimination, or any other legal limitation on or regulation of the employment relationship. Strom agrees to indemnify and hold InfoSpace harmless from and against any and all loss, costs, damages, or expenses, including, without limitation, reasonable attorneys' fees incurred by InfoSpace or arising out of any breach of this Agreement by Strom or resulting from any representation made herein by Strom that was false when made. InfoSpace agrees to indemnify and hold Strom harmless from and against any and all loss, costs, damages, or expenses, including, without limitation, reasonable attorneys' fees incurred by Strom or arising out of any breach of this Agreement by InfoSpace or resulting from any representation made herein by InfoSpace that was false when made. This waiver and release shall not preclude either party from proceeding with arbitration as provided herein for the exclusive purpose of enforcing its rights under this Agreement.

(b) No Admission of Wrongdoing. This Agreement shall not be construed  
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as an admission by InfoSpace and Strom of any wrongful act, unlawful discrimination, or breach of contract, and InfoSpace and Strom specifically disclaim any liability to or discrimination against Strom or any other person.

(c) Other Charges or Complaints. Strom and InfoSpace represent that  
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each has not filed any complaints, charges or lawsuits against InfoSpace or Strom with any governmental agency or any court, and agrees that each will not initiate, assist, participate in, or encourage in any such actions, except as required by subpoena or court order. Strom and InfoSpace agree that if any agency or court assumes jurisdiction of any complaint or charge against InfoSpace on behalf of Strom or against Strom on behalf of InfoSpace that the other party will request the agency or court to withdraw from the matter and dismiss it with prejudice.

21. Governing Law. This Agreement shall be governed by and construed  
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in accordance with the internal substantive laws, but not the choice of law rules, of the State of Washington.

22. Severability. The invalidity or unenforceability of any provision  
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of this Agreement, or any terms hereof, shall not affect the validity or  
enforceability of any other provision or term of this Agreement.

23. Integration. This Agreement represents the entire agreement and  
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understanding between the parties as to the subject matter herein and supersedes  
all prior or contemporaneous agreements whether written or oral. No waiver,  
alteration, or modification of any of the provisions of this Agreement shall be  
binding unless in writing and signed by duly authorized representatives of the  
parties hereto.

IN WITNESS WHEREOF, each of the parties has executed this Agreement as of  
the day and year first above written.

/s/ Bernee D. L. Strom  
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BERNEE D. L. STROM  
  
InfoSpace.com, Inc.  
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INFOSPACE.COM, INC.

By: Ellen B. Alben  
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Its: Senior Vice President,  
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Legal and Business Affairs  
-----  
and Secretary  
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AGREEMENT

This Agreement is entered into as of February 10, 2000 by and between InfoSpace.com, Inc., a Delaware corporation, Naveen Jain, and each of the undersigned individuals.

WHEREAS, at the time of the Company's initial public offering in December 1998, the parties to this Agreement entered into a Indemnification Agreement dated as of December 11, 1998, whereby Mr. Jain, as the Company's majority stockholder, agreed to provide 1,000,000 shares (before adjustment for stock splits after such date) of his Common Stock into an escrow fund to provide indemnification to the Company and the Company's directors in connection with certain potential claims against the Company arising from activities of the Company prior to the initial public offering, and

WHEREAS, the purpose of that Agreement was to enable the Company to complete its initial public offering and assure that, should any of such claims related to the Company's business prior to the public offering arise, the Company would have an escrow fund available which would provide further assurances to the underwriters and the public investors in connection with the Company's initial public offering, and

WHEREAS, the Company completed its initial public offering and, under the leadership of Mr. Jain, has substantially increased its business and its market capitalization, and

WHEREAS, the Company, Mr. Jain and the undersigned individuals wish to enter into this Agreement terminating the Indemnification Agreement and providing that Mr. Jain will enter into a two (2) year non-competition agreement with the Company.

NOW THEREFORE, in consideration of the mutual agreements and covenants herein contained, it is agreed as follows:

1. Effective as of the date of this Agreement, the Indemnification Agreement shall be, and is, terminated and of no further force and effect.
2. Mr. Jain, in consideration of the termination of the Indemnification Agreement and for other good and valuable consideration, hereby concurrently with this Agreement and as a condition thereto enters into the attached InfoSpace.com, Inc. Employee-Non-Disclosure and Invention Release and Non-Competition Agreement which shall provide for a non-competition term of the duration of Mr. Jain's employment with the Company and for a period of two (2) years thereafter.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as of the date above written.

INFOSPACE.COM, INC.

By: /s/ Ellen B. Alben  
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/s/ Naveen Jain  
-----  
Naveen Jain

/s/ John E. Cunningham IV  
-----  
John E. Cunningham IV

/s/ Peter L.S. Currie

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Peter L.S. Currie

/s/ David C. House  
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David C. House

/s/ Gary List  
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Gary List

/s/ Rufus W. Lumry III  
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Rufus W. Lumry III

/s/ Carl Stork  
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Carl Stork

/s/ Bernee D. L. Strom  
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Bernee D. L. Strom

-2-

InfoSpace.com Employee Non-Disclosure, Invention Release and Non-competition Agreement

1. As an employee of InfoSpace.com, a Delaware Corporation (InfoSpace.com), and in consideration of the compensation now and hereafter paid to me and the termination of my Indemnification with InfoSpace.com dated December 11, 1998, I hereby agree to the provisions in this Agreement, and I will devote my best efforts to furthering the best interest of InfoSpace.com. During my employment by InfoSpace.com, I will not engage in any business activities or ventures outside of the business activities of InfoSpace.com without the express prior written consent of InfoSpace.com. Also, during my employment, I will not engage in any activity or investment (other than an investment of less than .01% of the shares of a company traded on registered stock exchange), that (a) conflicts with InfoSpace.com's business interest, including without limitation, any business activity not contemplated by this agreement, (b) occupies my attention so as to interfere with the proper and efficient performance of my duties at InfoSpace.com, or (c) interferes with the independent exercise of my judgment in InfoSpace.com's best interest, except for investments that are approved by InfoSpace.com's Special Projects Committee. As used herein, InfoSpace.com's "business" means the development, marketing and support of software for Internet.

2. At all times during my employment and thereafter I will not disclose to anyone outside InfoSpace.com nor use for any purpose other than my work for InfoSpace.com (a) any confidential or proprietary technical, financial, marketing or distribution of other technical or business information or trade secrets of InfoSpace.com, including without limitation, concepts, techniques, processes, methods, systems, designs, cost data, computer programs, formulas, development or experimental work, work in progress, customer and suppliers, (b) any information InfoSpace.com has received from others which InfoSpace.com is obligated to treat as confidential or proprietary or (c) any confidential or proprietary information which is circulated within InfoSpace.com via its internal email system or otherwise. I will also not disclose any confidential information inside InfoSpace.com except on "need to know" basis. If I have any questions as to what comprises such confidential proprietary information or trade secrets, or to whom, if anyone, inside InfoSpace.com, it may be disclosed, I will consult my manager at InfoSpace.com

3. I will make prompt and full disclosure to InfoSpace.com, will hold in trust

for the sole benefit of InfoSpace.com, and will assign exclusively to InfoSpace.com all my rights, title and interest in and to any and all inventions, discoveries, designs, developments, improvements, copyrightable material, and trade secrets (collectively herein "inventions") that I, solely or jointly, may conceive, develop, or reduce to practice during the period of time I am in the employ of InfoSpace.com. I hereby waive and quitclaim to InfoSpace.com any and all claims of any nature whatsoever that I now or hereafter may have for infringement of any patent resulting from any patent applications for any inventions so assigned to InfoSpace.com.

My obligation to assign shall not apply to any Invention about which I can prove that:

- (a) It was developed entirely on my own time; and
- (b) No equipment, supplies, facility, or trade secret information of InfoSpace.com was used in its development; and
- (c) It does not relate 1) directly to the business of InfoSpace.com or 2) to the actual or demonstrably anticipated research or development of InfoSpace.com; and
- (d) It does not result from any work performed by me for InfoSpace.com

I will assign to InfoSpace.com or its designee all my rights, title and interest in and to any and all inventions full title to which may be required to be in the United States by any contract between InfoSpace.com and the United States or any of its agencies.

4. I have attached hereto a list describing all inventions belonging to me and made by me prior to my employment at InfoSpace.com that I wish to have excluded from this agreement. If no such list is attached, I represent that there are no such inventions. If in the course of my employment at InfoSpace.com, I use in or incorporate into an InfoSpace.com product, process, or machine, an invention owned by me or in which I have an interest. InfoSpace.com is hereby granted and shall have an exclusive royalty-free, irrevocable, worldwide license to make, have made, use and sell that invention without restriction as to the extent of my ownership or interest.

5. I will execute any proper oath or verify and proper document in connection with carrying out the terms of this agreement. If, because of my mental or physical incapacity or for any other reason whatsoever, InfoSpace.com is unable to secure my signature to apply for or to pursue any application for any United States or foreign patent or copyright covering Inventions assigned to InfoSpace.com as stated above, I hereby irrevocably designate and appoint InfoSpace.com and its duly authorized officers and agents as my agent and attorney in fact, to act for me and in my behalf and stead to execute and file any such applications and to all other lawfully permitted acts to further the prosecution and issuance of U.S. and foreign patents and copyrights thereon with the same legal force and effect as if executed by me. I will testify at InfoSpace.com's request and expense in any interference, litigation, or other legal proceeding that may arise during or after my employment.

6. I recognize that InfoSpace.com has received and will receive confidential and proprietary information from third parties subject to a duty on InfoSpace.com's part to maintain the confidentiality of such information and to use it only for certain limited purposes. During the term of my employment and thereafter I owe InfoSpace.com and such third parties a duty not to disclose such confidential or proprietary information to anyone except as necessary in carrying out my work for InfoSpace.com and consistent with InfoSpace.com's agreement with such third party. I will not use such information for the benefit of anyone other than InfoSpace.com or such third party, or in any manner inconsistent with any agreement between InfoSpace.com and such third party of which I am made aware.

7. During my employment at InfoSpace.com I will not improperly or disclose any confidential or proprietary information or trade secrets of my former or current employers, principals, partners, co-ventures, clients customers or suppliers or the vendors or customers of such persons or entities or their vendors or customers unless such persons or entities have given verbal consent. I will not violate any non-disclosure or proprietary rights agreement I might have signed in connection with any such person or entity.

8. I acknowledge that my employment will be of indefinite duration and that either InfoSpace.com or I will be free to terminate this employment relationship at will at any time with or without cause. I also acknowledge that any representation to the contrary are unauthorized and void, unless contained in a formal written employment contract signed by an officer of InfoSpace.com. I further acknowledge that the terms and conditions of this agreement shall

survive termination of my employment.

9. At the time I leave the employ of InfoSpace.com, I will return to InfoSpace.com all papers, drawings, notes, memoranda, manuals, specifications, designs, devices, documents, diskettes and tapes, and any other material on any media containing or disclosing any confidential or proprietary technical or business information. I will also return any keys, pass cards, identification cards or any other property belonging to InfoSpace.com.

10. For a period of two years after termination of my employment for any reason, I will not accept employment or engage in any activities directly or indirectly competitive with the business (as defined in the first paragraph) or with the actual or demonstrably anticipated research or development of InfoSpace.com as of my termination date.

11. While employed at InfoSpace.com and for a period of two years from the termination of my employment for any reason I will not induce or attempt to influence directly or indirectly any employee of InfoSpace.com to terminate his/her employment with InfoSpace.com or to work for me or any other person or entity.

12. I acknowledge that any violation of this agreement by me will cause irreparable injury to InfoSpace.com, and InfoSpace.com shall be entitled to extraordinary relief in court, including, but not limited to, temporary restraining orders, preliminary injunctions, and permanent injunctions, without the necessity of posting bond or security.

13. If court proceedings are required to enforce any provision or to remedy any breach of this Agreement, the prevailing party shall be entitled to an award of reasonable and necessary expenses of litigation, including reasonable attorney fees.

14. I agree that this agreement shall be governed for all purposes by the laws of the state of Washington as such laws applies to contracts to be performed within Washington by residents of Washington and that venue for any action arising out of this Agreement shall be property laid in King County, Washington or in the Federal District Court of the Western District of Washington. If any provision of this Agreement shall be declared excessively broad, it shall be construed so as to afford InfoSpace.com the maximum protection permissible by law. If any provision of this Agreement is void or so declared, such provision shall be severed from this Agreement, which shall otherwise remain in full force and effect. This Agreement sets forth the entire Agreement of the parties as to employment at InfoSpace.com and any representations promises, or conditions in connection therewith not in writing and signed by both parties shall not be binding upon either party.

HAVING READ AND FULLY UNDERSTOOD THIS AGREEMENT, I have signed my name this date.

/s/ Naveen Jain  
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Naveen Jain

February 10, 2000  
-----  
Date

Inventions listed on attached:      Yes      No  
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Ellen B. Alben  
-----  
InfoSpace.com Witness

<ARTICLE> 5

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