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

FORM 10-Q

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the quarterly period ended June 30, 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 Number 0-25131

INFOSPACE.COM, INC.
(Exact name of registrant as specified in its charter)

Delaware	91-1718107
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

15375 N.E. 90th Street Redmond, Washington	98052
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (425) 882-1602

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 X No ___.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at July 31, 1999
Common Stock, Par Value $.0001	47,400,652

INFOSPACE.COM, INC.
FORM 10-Q QUARTERLY REPORT

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Item 1. - Financial Statements

INFOSPACE.COM, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS	June 30, 1999 (unaudited)	December 31, 1998
Current assets:		
Cash and cash equivalents	$ 108,686,020	$ 14,590,634
Short-term investments	58,940,865	72,159,522
Accounts receivable, net of allowance for doubtful accounts of $562,000 and $597,000	4,383,098	3,409,672
Notes receivable	6,000,000	-
Prepaid expenses and other assets	4,591,830	3,630,476
Total current assets	182,601,813	93,790,304
Long-term investments	70,890,183	1,252,438
Property and equipment, net	1,987,114	1,161,936
Intangible assets, net	19,094,433	5,276,880
Other investments	6,194,331	370,790
Other	374,937	405,906
Total assets	$ 281,142,811	$102,258,254
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	606,337	$ 1,586,118
Accrued expenses	4,139,413	5,032,450
Deferred revenues	1,964,932	1,391,849
Total current liabilities	6,710,682	8,010,417
Stockholders' equity		
Preferred stock, par value $.0001-Authorized, 15,000,000 shares: issued and outstanding, no shares	-	-
Common stock, par value $.0001-Authorized, 200,000,000 and 50,000,000 shares; issued and outstanding, 47,359,177 and 42,283,604 shares	4,736	4,228
Additional paid-in capital	292,949,083	107,546,932
Accumulated deficit	(15,587,566)	(9,865,672)
Deferred expense-warrants	(2,719,011)	(3,126,862)
Unearned compensation-stock options	(215,113)	(310,789)
Total stockholders' equity	274,432,129	94,247,837
Total liabilities and stockholders' equity	$ 281,142,811	$102,258,254

See accompanying notes to condensed consolidated financial statements.

INFOSPACE.COM, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

Three and Six Months Ended June 30, 1999 and 1998

	Three Months Ended June 30,		Six Months Ended June 30,	
	1999 (unaudited)	1998 (unaudited)	1999 (unaudited)	1998
Revenues	$ 6,732,430	$ 1,839,570	$11,874,788	$ 2,855,010
Cost of revenues	1,127,601	286,609	1,960,140	498,653
Gross profit	5,604,829	1,552,961	9,914,648	2,356,357
Operating expenses:				
Product development	341,788	98,952	537,484	148,509
Sales and marketing	6,348,448	505,802	10,196,949	951,671
General and administrative	1,715,448	523,337	3,387,287	833,543
Amortization of intangibles	304,661	106,582	603,940	120,805
Acquisition and related charges	4,912,500	2,800,000	4,912,500	2,800,000
Other - non-recurring charges	209,500	240,000	209,500	240,000
Total operating expenses	13,832,345	4,274,673	19,847,660	5,094,528
Loss from operations	(8,227,516)	(2,721,712)	(9,933,012)	(2,738,171)
Other income, net	3,216,354	38,454	4,287,577	43,206
Equity in loss from joint venture	(6,192)	-	(76,459)	-
Net loss	($5,017,354)	($2,638,258)	($5,721,894)	($2,694,965)
Basic and diluted net loss per share	($0.11)	($0.11)	($0.13)	($0.12)
Shares used in computing basic and diluted net loss per share	46,939,309	24,183,960	44,680,837	23,144,812

See accompanying notes to condensed consolidated financial statements.

INFOSPACE.COM, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Six Months Ended June 30, 1999 and 1998

	Six Months Ended June 30, 1999 (unaudited)	Six Months Ended June 30, 1998
Operating Activities		
Net loss	$ (5,721,894)	$(2,694,965)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Trademark amortization	1,500,000	-
Depreciation and other amortization	924,979	207,307
Compensation expense-stock options	95,676	98,799
Warrants expense	407,851	-
Write-off of in process research and development	3,900,000	2,800,000
Noncash services exchanged	-	25,873
Bad debt expense	245,783	255,813
Equity in loss from joint venture	76,459	-
Loss on disposal of fixed assets	1,904	-
Gain on sale of intangible	(7,830)	-
Cash provided (used) by changes in operating assets and liabilities:		
Accounts receivable	(1,219,209)	(687,792)
Prepaid expense and other current assets	(2,461,354)	3,140
Other long-term assets	30,969	-
Other intangibles	-	(30,913)
Accounts payable	(979,781)	40,601
Accrued expenses	(893,037)	412,271
Deferred revenue	173,083	166,387
Net cash provided (used) by operating activities	(3,926,401)	596,521
Investing Activities		
Business acquisitions	(18,083,054)	(311,951)
Issuance of note receivable	(6,000,000)	-
Other investments	(5,500,000)	-
Purchase of domain name	(100,000)	-
Capitalized internally developed software	(142,712)	-
Sale of domain name	10,000	-
Purchase of property and equipment	(1,146,018)	(73,009)
Long-term investments	(69,637,746)	-
Short-term investments	13,218,658	-
Net cash used by investing activities	(87,380,872)	(384,960)
Financing Activities:		
Proceeds from follow-on offering, net of expenses	185,105,061	-
Payments for initial public offering	(55,464)	-
Proceeds from issuance of other common stock to investors	-	5,238,748
Proceeds from exercise of stock options	353,062	-
Net cash provided by financing activities	185,402,659	5,238,748
Net Increase in Cash and Cash Equivalents	94,095,386	5,450,309
Cash and Cash Equivalents:		
Beginning of period	14,590,634	324,415
End of period	$108,686,020	$5,774,724
Supplemental Disclosure of Noncash Activities		
Settlement of note payable for noncash services	-	30,000

See accompanying notes to condensed consolidated financial statements.

INFOSPACE.COM, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. The Company and Basis of Presentation

InfoSpace.com, Inc. (the Company), a Delaware corporation, is a leading Internet infrastructure company that provides private label solutions for content, community and commerce to web sites and Internet appliances. The Company was founded in March 1996. The Company conducts its business within one industry segment.

The accompanying unaudited financial statements include all adjustments, consisting only of normal recurring adjustments that, in the opinion of management, are necessary to present fairly the financial information set forth therein. Certain information and note disclosures normally included in financial statements, prepared in accordance with generally accepted accounting principles, have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. Results of operations for the three and six month periods ended June 30, 1999 are not necessarily indicative of future financial results.

Investors should read these interim statements in conjunction with the audited financial statements and notes thereto included in our annual report (Commission File Number 0-25131) filed on Form 10-K for the fiscal year ended December 31, 1998. Certain prior period balances have been reclassified to conform to current period presentation.

2. Other Investments

The Company invests in equity instruments of privately-held, information technology companies for business and strategic purposes. These investments are included in other long-term assets and are accounted for under the cost method. For these investments, the Company's policy is to regularly review the assumptions underlying the operating performance and cash flow forecasts in assessing the carrying values. The Company identifies and records impairment losses on long-lived assets when events and circumstances indicate that such assets might be impaired. To date, no such impairment has been recorded.

On January 1, 1999 the Company purchased 250,000 shares of Series D Convertible Preferred Stock of a privately held online merchant company at $2.00 per share in a private placement transaction. On June 30, 1999, the Company received 80,000 shares of Series F Convertible Preferred Stock of the same online merchant company in lieu of cash payment for services to be performed by the Company in the future. These shares were valued at $5.00 per share in a private placement transaction. The revenue on this transaction has been deferred and will be recognized when the services are performed.

On June 15, 1999, the Company purchased 611,996 shares of Series E Convertible Preferred Shares of a privately held provider of content solutions on the Internet at $8.17 per share in a private placement transaction.

3. Acquisition

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 Accounting Principles Board Opinion ("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. The Company also recorded a one-time charge of $1.0 million for expenses incurred with the transaction. These expenses consisted of bonus payments made to certain Active Voice MyAgent team employees who accepted employment with InfoSpace.com 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	100,000
Excess of purchase price over net assets acquired, Allocated to goodwill (amortized over five years)	$13,720,000

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 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 rolled up as part of the research and development group. Accordingly, historical financial information is not available. The Company expects these modules to be fully integrated into the Company's full suite of Internet service offerings. Further, the modules will not be distinguishable market segments for financial reporting purposes or for management purposes.

In conjunction with the acquisition, the Company and Active Voice entered into a License Agreement whereby Active Voice has the right to use the MyAgent technology for a limited purpose as a product or service interfaced with or integrated into a private telephone switch, or a voice messaging or unified messaging system directly connected to a private telephone switch, or a packaged software product for use by substantially all the employees of the enterprise.

4. Notes Receivable

On June 30, 1999, the Company loaned an unrelated third party $6.0 million. The short-term note is due March 31, 2000 and accrues interest at 12% per annum. The note is secured by all of the assets of the borrower.

5. Follow-on Offering

In April 1999, the Company closed a follow-on offering. The Company sold 2,170,000 shares and raised approximately $185 million, net of expenses. Certain shareholders sold 1,510,000 shares.

6. 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. The Company places its cash equivalents 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 three and six months ended June 30, 1999, one customer accounted for approximately 26% and 27% of revenues, respectively. At June 30, 1999, one customer accounted for approximately 20% of gross accounts receivable. At December 31, 1998, one customer accounted for approximately 27% of gross accounts receivable.

7. Reclassification of Expense

Management determined that distribution revenue share costs, previously classified as Cost of Revenues, were more appropriately classified as Sales and Marketing. Under these agreements, affiliates are paid a portion of certain advertising revenues generated from traffic on co-branded distribution pages. This reclassification has been made to the 1998 financial statements to conform with the 1999 presentation.

To reflect ongoing expenses from core operations, management determined that amortization of intangibles was more appropriately classified in one line item. This reclassification has been made to the 1998 financial statements to conform with the 1999 presentation.

The line item Other-non-recurring charges includes charges for settlement of litigation. The 1998 financials have been adjusted to conform with the 1999 presentation.

8. Litigation Settlement

On July 23, 1999, the Company settled the patent infringement claim that was filed by Civix-DDI, LLC in January 1999. Under the settlement agreement, the patents have been licensed to the Company in exchange for a lump sum royalty payment of $209,500. This settlement payment has been accrued in the quarter ended June 30, 1999 and is reflected in Other-non-recurring charges.

Item 2. -- Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion and analysis in conjunction with our Condensed Consolidated Financial Statements and Notes to Condensed Consolidated Financial Statements 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 report as being applicable to all related forward-looking statements wherever they appear in this report. 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 InfoSpace.com's Operating Results, Business Prospects and Market Price of Stock," and in our reports filed with the Securities and Exchange Commission, including our annual report on Form 10-K for the year ended December 31, 1998 (the "Form 10-K"). 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 leading Internet infrastructure company that provides private label solutions for content, community and commerce to web sites and Internet appliances. 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 through the sale of advertising on the Web pages that deliver our content services.

We currently derive substantially all of our revenues from advertising, which includes national, local and classifieds, promotions, including content carriage, e-commerce, premium services, and from our non-advertising based private label solutions. We tailor agreements to fit the needs of our partners, and under any one agreement we may earn revenue from a combination of these sources.

In order to evaluate and forecast revenue derived from these different revenue sources, the principal revenue metric we utilize is productivity per page. This metric measures our ability to generate revenue from traffic. To compute revenue produced per page you divide total revenue for a reporting period by the total number of page views in the same period, then multiply by 1,000. Productivity per page will vary due to the lag time it takes to monetize our increasing traffic. For the three-month and six-month period ended June 30, 1999, traffic totaled 1.4 billion and 2.6 billion page views, respectively. This compares to 375 million and 742 million page views for the three and six month periods ended June 30, 1998. Revenue per thousand page views was $4.81 for the second quarter of 1999, an increase of $.58 from $4.23

for the first quarter of 1999. We expect revenue per thousand page views for the remainder of 1999 to range between $3.75 and $5.00.

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 on them as indicators of future performance. Although we have experienced sequential quarterly growth in revenues over the past eight quarters, we do not believe that our historical growth rates are necessarily sustainable or indicative of future growth.

MyAgent Technology Acquisition

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 that comprised the MyAgent development team at Active Voice. The acquisition was accounted for as a purchase in accordance with the provisions of Accounting Principles Board Opinion ("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 total purchase price of the acquisition was $18.1 million including acquisition expenses of $100,000. The purchase price was allocated to the assets acquired based on their estimated fair values as follows:

In-process research and development	$ 3,900,000
Core technology	400,000
Goodwill	13,720,000
Acquired workforce	80,000
	$18,100,000

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. We also recorded a one-time charge of $1.0 million for expenses incurred with the transaction, which was separate from the purchase price from Active Voice. These expenses consisted of bonus payments made to the Active Voice MyAgent team employees who accepted employment with us on the date of the MyAgent 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 expected life of each module, estimating the amount of core technology leveraged into the in-process projects, 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 intend to integrate the MyAgent technology into the InfoSpace.com Web site and launch 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.

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 will 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 the first year 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 the first year, 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, such assumptions remain largely untested, as the three modules are not yet in service. 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 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 are scheduled for completion and beta testing in the fourth quarter of 1999 and for release in the first quarter of 2000. The Web Interface is 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 plan to make the Client modular and slim it down considerably in order shorten the download time. As acquired, the Client does not have a mechanism to support co-branding. This will need to be designed, developed, and tested.

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.

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.

Results of Operations

Revenues. For the three months ended June 30, 1999, revenues were $6.73 million, an increase of $4.90 million, or 266%, from the comparable period in 1998. For the six months ended June 30, 1999, revenues were $11.87 million, an increase of $9.02 million or 316%, from the comparable period in 1998. The increases from the prior year are primarily due to increased expansion of our affiliate network, which now consists of more than 1,800 Web sites and Internet appliances, increased traffic to our affiliate network that results in increased page views, increased use of our content and commerce services, as well as larger and longer term agreements with certain advertisers and affiliates. Barter revenues represented 2% and 3% of total revenues for the three and six month periods ended June 30, 1999, respectively.

We have experienced, and expect to continue to experience, seasonality in our business, with reduced user traffic on our affiliate network expected during the summer and year-end vacation and holiday periods, when usage of the Internet has typically declined. Advertising sales in traditional media, such as broadcast and cable television, generally decline in the first and third quarters of each year. Depending on the extent to which the Internet and commercial online services are accepted as an advertising medium, seasonality in the level of advertising expenditures could become more pronounced for Internet-based advertising. Seasonality in Internet service usage and advertising expenditures is likely to cause quarterly fluctuations in our results of operations.

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 with dedicated DS-3 communication lines, server equipment depreciation, and license fees related to third-party content. Cost of revenues was $1.13 million and $1.96 million for the three and six months ended June 30, 1999, respectively, representing 17% of revenues for both periods. This compares to $287,000 and $499,000 for the three and six months ended June 30, 1998,

respectively. The absolute dollar increases are primarily attributable to personnel costs and other costs incurred in order to support greatly increased delivery of content and commerce solutions. We expect the absolute dollars spent on personnel and enhanced content and expanded communication backbone will continue to increase for the foreseeable future. We currently anticipate cost of revenues will be in the range of high teens to low twenties as a percentage of revenues for the remainder of 1999.

Product Development Expenses. Product development expenses consist principally of personnel costs for research, design and development of the proprietary technology used to aggregate, integrate and distribute our content and commerce services. Product development expenses for the three and six months ended June 30, 1999 increased 245% and 262% from the three and six months ended June 30, 1998, to $342,000 and $537,000, respectively. 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 engineering 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 three and six months ended June 30, 1999, we capitalized approximately $64,000 and $143,000, respectively, 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 $6.35 million and $10.20 million for the three and six months ended June 30, 1999, respectively. This compares to $506,000 and $952,000 for the comparable periods in the prior year. The increases from the prior year were primarily due to trademark licensing and carriage fees paid to certain affiliates under agreements entered into during the third and fourth quarters of 1998, the launching of our first advertising campaign during the second quarter of 1999, expansion of our business development group in Redmond and expansion of our sales offices in San Francisco and New York. In accordance with our plan for 1999, in coming quarters we plan to continue our advertising and marketing initiatives.

General and Administrative Expenses. General and administrative expenses consist primarily of salaries, professional fees, 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 outstanding shares and bad debt expense. General and administrative expenses increased $1.19 million, or 228%, to $1.72 million in the three-month period ended June 30, 1999 compared with the comparable period in the prior year. For the six months ended June 30, 1999, general and administrative expenses increased $2.55 million, or 306%, to $3.39 million compared with the comparable period in the prior year. As a percent of revenues, general and administrative was 25% and 29% for the three and six months ended June 30, 1999, respectively. The increases were primarily due to increased staffing levels necessary to manage and support

our expanding operations and expansion of our facilities. Bad debt expense was 1.1% for the quarter ended June 30, 1999, compared to 8.2% in the same quarter of 1998. We expect general and administrative expenses to range in the low to mid 30's as a percent of revenues for the remainder of 1999.

Amortization of Intangibles. Amortization of intangibles includes amortization of goodwill, core technology, purchased domain names, trademark and assembled workforce. As part of the Outpost Network, Inc. acquisition in the second quarter of 1998, we recorded intangible assets related to goodwill, core technology and acquired workforce in the amount of $5.8 million. These intangibles are being amortized over a five-year period which began in June 1998. As part of the June 1999 MyAgent technology acquisition, we recorded intangible assets related to goodwill, core technology and acquired workforce in the amount of $14.2. These assets are being amortized over a five-year period beginning in July 1999.

Acquisition and Related Charges. Acquisition and other related charges consists of in-process research and development and other one-time charges related directly to acquisitions. In the second quarter of 1999, we recorded $4.91 million in acquisition and other related charges in connection with the purchase of the MyAgent technology. See "MyAgent Acquisition." In the second quarter of 1998, we recorded $2.8 million in acquisition and other related charges as part of the Outpost acquisition.

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

Other Income, Net. Other income consists primarily of interest income. Other income increased to $3.22 million and $4.29 million in the three and six month periods ended June 30, 1999, from $38,000 and $43,000 for the comparable periods in 1998. The increases from the prior year were primarily due to interest earned on higher average cash and investment balances resulting from proceeds received from private financings in the third quarter of 1998, the net proceeds from our initial public offering completed in December 1998 and our follow-on offering completed in April 1999.

Equity in Loss from Joint Venture. Equity in loss from joint venture consists of losses attributable to our 50% interest in TDL InfoSpace (Europe) Limited, our joint venture with Thomson Directories Limited in the United Kingdom. For the three and six months ended June 30, 1999, we recorded joint venture losses totaling approximately $6,000 and $76,000, respectively. These losses are due primarily to start-up operating costs and direct selling costs.

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.

Net Loss. Our losses were $5.02 million and $5.72 million for the three and six months ended June 30, 1999, respectively, compared to $2.68 million and $2.69 million for the comparable periods in 1998. Our cumulative losses sustained since inception total $15.59 million.

Quarterly and Seasonal Fluctuations. 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 content and commerce solutions by our affiliates;
- the cost of acquiring and the availability of content;
- the overall level of demand for content and commerce services;
- our ability to attract and retain advertisers and content providers;
- seasonal trends in Internet usage and advertising placements;
- the amount and timing of fees we pay to our affiliates to include our content and commerce solutions on their Web sites;
- the productivity of our direct sales force and the sales forces of the independent yellow pages publishers, media companies and direct marketing companies that sell local Internet yellow pages advertising for us;
- 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.com, 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 advertising and Internet 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 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 remainder of 1999. 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.

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 $185.1 million. As of June 30, 1999, we had cash, cash equivalents and short-term investments of $167.6 million and long-term investments of $70.89 million.

Net cash used by operating activities was $3.9 million for the six months ended June 30, 1999. Cash used in operating activities for this period was primarily comprised of net operating losses, increases in accounts receivable and prepaid expenses and other assets, and decreases in accounts payable and accrued expenses. These uses of cash were partially offset with the write-off of in process research and development.

Net cash used in investing activities was $87.4 million in the six months ended June 30, 1999. Cash used in investing activities consisted primarily of business acquisitions, securities investments, other investments and note receivable. The change in securities investments is primarily a result of investing proceeds from the initial public and follow-on offerings in short and long-term investments.

Net cash of $185.4 million was provided by financing activities for the six months ended June 30, 1999, is primarily from proceeds received in the follow-on offering in April 1999.

We anticipate we will spend up to $1.0 million for capital equipment in the remainder of 1999. We have entered into various agreements that provide for us to make payments for carriage fees of $4.2 million for the remainder of 1999.

At June 30, 1999, we had $238.5 million in cash and investments. We plan to use this cash for strategic investments and acquisitions, investment in internally developed technology and advertising and marketing campaigns.

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 "Factors Affecting InfoSpace.com's Operating Results, Business Prospects and Market Price of Stock--We May Require Additional Funding."

Year 2000 Compliance

Many currently installed computer systems and software products are coded to accept only two-digit entries in the date code field and cannot distinguish 21st century dates from 20th century dates. These date code fields will need to accept four digit entries to distinguish 21st century dates. As a result, many companies may need to upgrade, repair or replace their computer systems and software ("IT Systems") and other property and equipment not directly associated with IT Systems ("Non-IT Systems"), including ones with embedded technology such as microcontrollers, in order to comply with Year 2000 requirements.

We have conducted an internal review of most of our internal IT Systems and Non-IT Systems. Because we developed our software products and services internally, beginning at inception in 1996 when the Year 2000 problem already had some visibility, we were largely able to anticipate four digit requirements. In conjunction with ongoing reviews of our own products and services, we are also reviewing our IT infrastructure, including network equipment and servers. We do not anticipate material problems with network equipment, as our current configuration was installed in 1998. Similarly, most of our servers were purchased in 1997 and 1998, and each server is being amortized over a three-year period. With this relatively current equipment, we do not anticipate material Year 2000 compliance problems, and any servers that we find cannot be updated will be replaced either in the normal replacement cycle or on an accelerated basis. We have also internally standardized our machines on Windows NT 4.0, using reasonably current service packs, which we are advised by our vendor are Year 2000 compliant.

We use multiple software systems for internal business purposes, including accounting, email, development, human resources, customer service and support, and sales tracking systems. All of these applications have been purchased within the last three years. We have made inquiries of vendors of systems we believe to be mission critical to our business regarding their Year 2000 readiness. Although we have received various assurances, we have not received affirmative documentation of Year 2000 compliance from any of these vendors, and we have not performed any operational tests on our internal systems. We generally do not have any contractual rights with third party providers should their equipment or software fail due to Year 2000 issues. If this third party equipment or software does not operate properly with regard to Year 2000, we may incur unexpected expenses to remedy any problems. These expenses could potentially include purchasing replacement hardware and software. We have not determined the state of compliance of certain third-party suppliers of services such as phone companies, long distance carriers, financial institutions and electric companies, the failure of any one of which could severely disrupt our ability to carry on our business.

We anticipate that our review of Year 2000 issues and any remediation efforts will continue throughout calendar 1999. To date, we have spent less than an estimated $10,000 to remediate our Year 2000 issues. If any Year 2000 issues are uncovered with respect to these systems or our other internal systems, we believe that these problems will be able to be resolved without material difficulty as replacement systems are available on commercially reasonable terms. We presently estimate that the total remaining cost of addressing Year 2000 issues will not exceed $100,000. These estimates were derived utilizing a number of assumptions, including the assumption that we have already identified our most significant Year 2000 issues. However,

these assumptions may not be accurate, and actual results could differ materially from those anticipated. In view of our Year 2000 review and remediation efforts to date, the recent development of our products and services, the recent installation of our networking equipment and servers, and the limited activities that remain to be completed, we do not consider contingency planning to be necessary at this time.

Our applications operate in complex network environments and directly and indirectly interact with a number of other hardware and software systems. We are unable to predict to what extent our business may be affected if our systems or the systems that operate in conjunction with it experience a material Year 2000 failure. Known or unknown errors or defects that affect the operation of our software and systems could result in delay or loss of revenue, interruption of services, cancellation of customer contracts, diversion of development resources, damage to our reputation, increased service and warranty costs, and litigation costs, any of which could adversely affect our business, financial condition and results of operations. The most likely worst case scenario is that the Internet fails and we are unable to offer our content and commerce services.

Factors Affecting Infospace.com's 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 and the additional risk factors set forth in our Form 10-K under the heading "Factors Affecting InfoSpace.com Operating Results," including the following risks: our business model is evolving and unproven, we rely on our relationships with affiliates, we rely on third parties for sales of Internet yellow pages advertising, advertisers may not adopt the Internet as an advertising medium, our advertising arrangements involve risks, we depend on third parties for content, we depend on key personnel, we need to hire additional personnel, our international expansion plans involve risks, our business is highly competitive, our business relies on the performance of our systems, our industry is experiencing consolidation, we are subject to pending legal proceedings, we rely on internally developed software and systems, rapid technological change affects our business, we rely on the Internet infrastructure, we receive information that may subject us to liability, our networks face security risks, we may be unable to adequately protect or enforce our intellectual property rights, we may become subject to government regulation, potential acquisitions involve risks, management owns a large percentage of our stock, year 2000 issues could adversely impact our business, our stock price has been and may continue to be volatile, future sales of our common stock may depress our stock price, certain anti-takeover provisions my affect the price of our stock. 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 expected revenue per thousand page views, expected operating losses, estimates made in determining the amount of the allocation of the purchase price of the MyAgent technology and related assets to in-process research and development, increased spending on personnel and enhanced content and expanded communication backbone, anticipated cost of revenues, increased product development expenses, plans for continued advertising and marketing initiatives, expected levels of general and administrative expenses, anticipated capital expenditures, anticipated cash needs and the absence of material Year 2000 compliance problems and the time frame and cost of addressing

any Year 2000 problems. 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 form 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 very limited operating history, which makes it difficult to evaluate our business and prospects. We have incurred net losses since our inception in March 1996. At June 30, 1999, we had an accumulated deficit of approximately $15.6 million. We expect to incur significant operating losses on a quarterly basis in the future. We may never be profitable. 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 content providers and affiliates;
- identify and acquire the rights to additional content;
- successfully integrate new features with our content and commerce services;
- expand our sales and marketing efforts, including relationships with third parties to sell local advertising for our Internet yellow pages directory services;
- maintain and increase our affiliate 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 never achieve or sustain profitability.

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 content and commerce solutions by our affiliates;
- the cost of acquiring and the availability of content;
- the overall level of demand for content and commerce services;

- our ability to attract and retain advertisers and content providers;

- seasonal trends in Internet usage and advertising placements;

- the amount and timing of fees we pay to our affiliates to include our content and commerce solutions on their Web sites;

- the productivity of our direct sales force and the sales forces of the independent yellow pages publishers, media companies and direct marketing companies that sell local Internet yellow pages advertising for us;

- 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.com, 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 advertising and Internet 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 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 1999. 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.

Our Business Is Seasonal.

During the summer months and year-end holiday season, Internet usage typically declines, and our affiliates experience reduced user traffic. In addition, advertising sales in traditional media, such as broadcast and cable television, generally declines in the first and third quarters of the year. This seasonality is likely to cause fluctuations in our financial results.

We Rely on Advertising and Promotion Revenues.

We derive substantially all of our revenues from the sale of national and local advertisements and promotions on the Web pages that deliver our content, and we expect this to continue in the future. Our ability to increase 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 content and commerce solutions by a large number of users who have demographic characteristics that are attractive to advertisers;

- the success of our strategy to sell local Internet yellow pages advertising through third parties;

- the expansion and productivity of our advertising sales force; and

- the development of the Internet as an attractive platform for electronic commerce.

We are relying on revenues from local Internet yellow pages advertising as a significant source of our future revenues. However, we have not yet generated significant revenues from local Internet yellow pages advertising.

We Rely on a Small Number of Advertising Customers.

We derive a substantial portion of our revenues from a small number of advertising customers. We expect that this will continue in the foreseeable future. In particular, 800-U.S. Search, Inc. accounted for 26% and 27% of our revenue for the three and six months ended June 30, 1999, respectively, and 20% of our accounts receivable at June 30, 1999.

Our top ten advertising customers represented 60% and 59% of our revenues in the three and six months ended June 30, 1999. 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.

Many of Our Customers Are Emerging Internet Companies.

A significant portion of our revenues is derived from sales of advertising to other Internet companies. Many of these companies have limited operating histories, are operating at a loss and have limited access to capital. Many of these businesses could fail and, in any event, represent credit risks. Our bad debt expense represented approximately1.1% and 2.1% of our revenues in the three and six months ended June 30, 1999, respectively, compared to 8.2% and 9.0% in the comparable periods of 1998. If our customer base experiences financial difficulties or fails to experience commercial success, our business will suffer

We Need to Manage Our Growth and Implement 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 98 at June 30, 1999. This expansion has placed, and is expected to continue to place, a significant strain on our management, operational and financial resources. Since May 1998, we have added a number of key managerial, technical and operations personnel, including our President and Chief Operating Officer, Chief Financial Officer, Chief Accounting Officer, Vice President, Legal and Business Affairs and Vice President, Human Resources, and we expect to add additional key personnel in the near future. We are also significantly increasing our employee base.

We have implemented improvements in our operational, accounting and information systems, procedures and controls. In the past, our controls have not been adequate to ensure proper communication within our company regarding, and to properly document, the terms of certain of our written and verbal contracts and the termination of certain contracts. Specifically, in May 1997, we entered into a written acquisition agreement that included a formula to be used in determining the final purchase price. Subsequently, pursuant to a verbal understanding that did not include the use of this formula, we made a determination of the final purchase price. This understanding was not documented and, as a result, we initially accounted for the transaction improperly, which required us to restate our financial statements. Also in the past, we did not consistently follow our procedures with respect to the documentation of the granting of options to new employees, and, at times, we failed to maintain an appropriate level of internal communication regarding the potential hiring of new employees, especially management employees. These inadequacies have led to claims against us, some of which are still pending.

Our relationships with content providers, affiliates 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 content providers, affiliates and advertisers evolve in an adverse manner, if we get into contractual disputes with content providers, affiliates or advertisers or if any agreements with such persons are terminated, our business could suffer.

We have taken a number of steps to improve our accounting and information systems, procedures and controls, including the hiring of a President and Chief Operating Officer, Chief Financial Officer, Chief Accounting Officer, a Vice President, Legal and Business Affairs and Vice President, Human Resources and other financial and administrative personnel. In addition, we have adopted certain policies with respect to the approval, tracking and management of our commercial agreements, including:

- standardizing the form of our commercial agreements, where possible;

- requiring our legal and accounting departments to review any proposed commercial contract and approve contract modifications prior to their implementation;

- prohibiting ourselves from entering into verbal agreements or verbal modifications or terminations of agreements; and

- etablishing a contracts database to serve as a central source of key information regarding our commercial contracts, which will facilitate the tracking and management of these contracts.

We may be unable to successfully implement these policies. Furthermore, these steps may be inadequate to prevent disputes or issues relating to inadequate internal communications from arising in the future.

To manage the expected growth of our operations and personnel, we must continue improving or replacing existing operational, accounting and information systems, procedures and controls. We will also need to expand, train and manage our growing employee base, particularly our finance, administrative and operations staff. Further, we must manage effectively our relationships with various Internet content providers, advertisers, affiliates and other third parties necessary to our business. If we are unable to manage growth effectively, our business could suffer. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

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 content and commerce solutions on their site or service;

- the extent to which we expand our content and commerce solutions;

- the extent to which we develop and upgrade our technology and data network infrastructure;

- the occurrence, timing, size and success of acquisitions;
- 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."

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. This report also contains forward-looking statements attributed to certain third parties relating to their estimates regarding the growth of certain markets. 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. These risks, uncertainties and other factors include, among others, those identified under "Factors Affecting InfoSpace.com's Operating Results, Business Prospects and Market Price of Stock" and elsewhere in this report.

These forward-looking statements, apply only as of the date of this report. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties, and assumptions, the forward-looking events discussed in this report might not occur. Our actual results could differ materially from those anticipated in these forward-looking statements for many reasons, including the risks faced by us described above and elsewhere in this report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to financial market risks, including changes in interest rates. We typically do not attempt to reduce or eliminate our market exposures on our investment securities because the majority of our investments are short-term. We do not have any derivative instruments.

The fair value of our investment portfolio or related income would not be significantly impacted by either a 100 basis point increase or decrease in interest rates due mainly to the short-term nature of the major portion of our investment portfolio.

All the potential changes notes above are based on sensitivity analysis performed on our balances as of June 30, 1999.

PART II -- OTHER INFORMATION

Item 1. Legal Proceedings

See notes to financial statements.

Item 2. Change in Securities and Use of Proceeds

Not applicable with respect to the current reporting period.

Item 3. Defaults Upon Senior Securities

Not applicable with respect to the current reporting period.

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

At the annual stockholders' meeting held on May 24, 1999, the following proposals were adopted by the margin indicated:

1. To elect the Board of Directors to hold office until their successors are duly elected and qualified.

NOMINEE	SHARES FOR	SHARES WITHHELD
Naveen Jain	38,080,694	22,778
Bernee D. L. Strom	38,079,758	23,714
John E. Cunningham	38,080,476	22,996
Peter L. S. Currie	38,087,586	15,886
Gary C. List	38,086,516	16,954
Rufus W. Lumry III	38,081,386	22,086
Carl Stock	38,083,426	20,046

2. Amend the Company's 1996 Flexible Stock Incentive Plan to increase the number of shares of Common Stock reserved for issuance thereunder by 2,000,000.

Shares Voting:	
For	28,991,912
Against	3,878,728
Abstain	56,756

3. To ratify and approve an amendment to the Stock Incentive Plan to annually increase the number of shares reserved for issuance on the first day of the Company's fiscal year beginning in 2000 by the amount equal to the lesser of (A) 1,000,000 shares, (B) three percent of the Company's outstanding shares at the end of the Company's preceding fiscal year, and (C) a lesser amount determined by the board, received the following votes:

Shares Voting:	
For	28,991,906
Against	3,959,262
Abstain	58,784

4. To ratify and approve an amendment to the Stock Incentive Plan to limit the number of shares of Common Stock that may be granted to one individual pursuant to stock options in any fiscal year of the Company to 2,000,000 (plus an additional 2,000,000 shares in connection with his or her initial employment with the Company), which grant shall not count against the limit.

Shares Voting:	
For	37,868,126
Against	218,666
Abstain	16,680

5. Amend the Company's Certificate of Incorporation to increase the authorized Common Stock from 50,000,000 to 200,000,000 shares, in part, to facilitate a two-for-one forward stock split of the Common Stock.

Shares Voting:	
For	35,185,034
Against	2,863,268
Abstain	55,170

6. To ratify the appointment of Deloitte & Touche LLP as independent auditors of the Company for the fiscal year ending December 31, 1999.

Shares Voting:	
For	38,038,816
Against	55,130
Abstain	9,526

Item 5. Other Information
Not applicable with respect to the current reporting period.

Item 6. -- Exhibits and Reports on Form 8-K:

a. Exhibits

10.1* Restated 1996 Flexible Stock Incentive Plan
*Incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-8 (No. 333-81593) filed June 25, 1999.

27.1 Financial Data Schedule

6. Reports on Form 8-K.

InfoSpace.com filed no reports on Form 8-K during the quarter ended June 30, 1999.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

INFOSPACE.COM, INC.

By: /s/ Tammy D. Halstead

Tammy D. Halstead
Vice President and
Chief Accounting Officer

Dated: August 13, 1999

3-MOS	6-MOS
DEC-31-1999	DEC-31-1999
APR-01-1999	JAN-01-1999
JUN-30-1999	JUN-30-1999
108,686,020	108,686,020
58,940,865	58,940,865
10,383,098	10,383,098
702,000	702,000
0	0
182,601,813	182,601,813
1,987,114	1,987,114
693,932	693,932
281,142,811	281,142,811
6,710,682	6,710,682
0	0
0	0
0	0
4,736	4,736
274,427,393	274,427,393
281,142,811	281,142,811
0	0
6,732,430	11,874,788
0	0
1,127,601	1,960,140
13,832,345	19,847,660
0	0
0	0
(5,017,354)	(5,721,894)
0	0
(5,017,354)	(5,721,894)
0	0
0	0
0	0
(5,017,354)	(5,721,894)
(.11)	(.13)
(.11)	(.13)