

LookSmart Raises First Quarter Guidance

Company Cites Rapid Growth in Core Listings Business and Continued Cost Reduction

SAN FRANCISCO, Calif., March 11, 2004 -- LookSmart (Nasdaq: LOOK; ASX: LOK), a leader in Internet search, today raised its financial guidance for the first quarter ending March 31, 2004.

LookSmart now expects revenue for the first quarter to be in the range of \$21 million to \$23 million, up from \$16 million to \$18 million as previously anticipated.

For the first quarter, adjusted net loss, which equates to GAAP Net Income/Loss excluding the charge or benefit due to stock compensation from variable stock options, is expected to narrow to \$10 million to \$12 million including restructuring charges of approximately \$4 million to \$5 million. This compares to prior adjusted net loss forecasts for the first quarter of \$12 million to \$14 million, including restructuring charges of approximately \$5 million to \$6 million.

Adjusted Net Income/Loss is not in accordance with, or an alternative to, GAAP financial measures and may be different from pro forma measures used by other companies. The guidance provided in this press release is based on limited information available to the Company at this time, and is subject to change. The Company does not provide all of its guidance on a GAAP basis because information relating to the variable accounting for repriced stock options is not accessible on a forward-looking basis and its probable significance is not determinable. Although management's expectations may change after the date of this release, the Company undertakes no obligation to revise or update these statements.

LookSmart's improved financial outlook reflects solid growth in its core LookListings business and continued progress in reducing the company's overall cost structure. Positive business trends include the rapid signing and implementation of new distribution partners to its Sponsored Search network and success in meeting customer needs by

providing high performance search traffic at a reasonable cost as compared to larger search networks, which can be prohibitively high for marketers. Additionally, LookSmart recently signed an agreement with Microsoft to continue providing LookSmart search results to MSN for periodic use at its discretion.

Damian Smith, LookSmart's interim chief executive officer, commented, "We are very pleased with the progress we have made this quarter and expect our ongoing Sponsored Search revenue to grow by over 25% compared to the first quarter last year. In addition, our restructuring efforts remain on track and we continue to expect a strong cash position in excess of \$60 million at the end of the quarter. LookSmart remains steadfastly focused on growing our paid listings business, reducing costs, and implementing new growth strategies focused on profitable segments within the search industry. We are making solid progress towards capitalizing on new, under-served opportunities that build and monetize proprietary traffic leveraging existing technology in specialized segments of the search market, and look forward to providing regular updates on our growth initiatives and ongoing financial performance."

LookSmart plans to provide second quarter and update its full year guidance when it announces first quarter earnings on April 29, 2004. Conference call details will follow at a later date.

Use of Non-GAAP Financial Information

We believe that Adjusted Net Income/Loss is an appropriate measure of evaluating our operating performance because by excluding the impact of variable stock compensation, which we believe is not indicative of our core operating results, the users of the financial statements are provided with a valuable insight into our operating results. Non-GAAP financial measures should be considered in addition to, and not as a substitute for or superior to, cash flow from operations, net income, or other measures of financial performance prepared in accordance with generally accepted accounting principles.

About LookSmart

LookSmart is a leader in commercial search services and a developer of innovative web search solutions. The Company provides consumers with highly relevant search results through a distribution network that includes LookSmart.com and other top portals and ISPs, while delivering targeted sales leads to online businesses. LookSmart is based in San Francisco, California. For more information, visit www.looksmart.com.

Forward-Looking Statements

This press release contains forward-looking statements, such as references to our projected revenues, future cash balances, losses, Adjusted Net Loss, restructuring implementation and costs, projected carry over from our former distribution partnerships, revenues from international operations, wind down of international operations, cash flow, other financial results, growth of our sponsored listings product, development of profitable solutions within underserved sectors of the search market, industry projections or other characterizations of future events or circumstances. These statements, including their underlying assumptions, are subject to risks and uncertainties and are not guarantees of future performance. Results may differ due to various factors such as the possibility that we may fail to preserve our expertise in search product development, that we may fail to identify early stage opportunities in underserved sectors of the search market or develop profitable solutions for them, that we may fail to reduce headcount as projected, that we may fail to derive sufficient revenues from new and existing products to meet our financial projections, that our customers or distribution partners may decide to modify or terminate their relationships with us, that we may fail to achieve our customer growth rate and paid click projections because of unexpected changes in customer or user behavior or changes in our distribution network, that we will not restructure our business in a timely or cost-effective manner, that we will not wind down international operations in a timely or cost-effective manner, or that we may have unexpected increases in costs and expenses. In addition, you should read the risk factors detailed in our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other documents filed with the Securities and Exchange Commission.

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

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