

infospace®

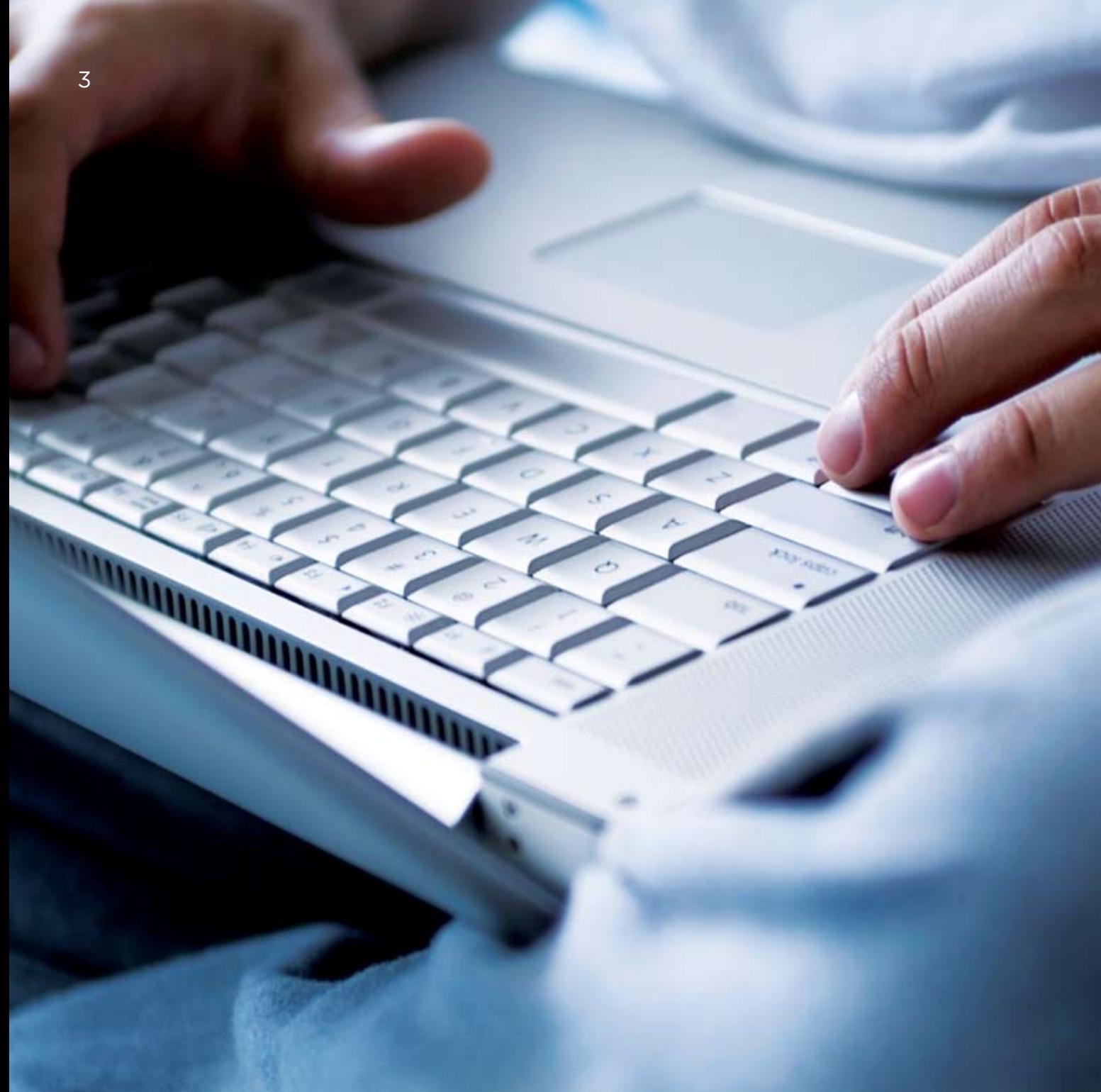
2006 ANNUAL REVIEW



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UNFOLDING POSSIBILITIES



REVEALING OPPORTUNITIES



PROVEN INNOVATION

With more than a decade of experience in the dynamic online and mobile markets, we create customized technology solutions that deliver superior results to our customers.

TO OUR SHAREHOLDERS:

Entering 2006, InfoSpace was focused on the promising mobile media market. We had established ourselves as the leader in providing mobile operators with an end-to-end solution for content. We developed and supplied the infrastructure for content delivery, while also supplying content licensing, production, programming, and merchandising, and had produced strong revenue growth in the previous two years. However, in the third quarter, one of our operator customers elected to acquire mobile content rights directly from the licensors rather than through us. Without this customer, it was clear that the content business would become subscale. We therefore moved quickly and decisively to restructure our mobile business to focus primarily on infrastructure services and to reduce our costs to align with anticipated revenues. We ended the year with a renewed focus and opened 2007 with a well-implemented plan that streamlines our priorities and increases our operating cash flow. To that end, we reorganized InfoSpace into two business units: – Online and Mobile Services.

On the mobile side, we announced a plan to substantially end our mobile content product offerings by mid-2007. We are now focused on our successful mobile infrastructure technology services, where we remain the leader in mobile data technology providing solutions to operators such as AT&T Mobility, T-Mobile, and Verizon, as well as several European carriers including Vodafone and Virgin UK. In 2006, we launched our downloadable mobile local search product InfoSpace Find It! on Sprint and recently announced distribution of this product on BlackBerry devices. Demand for our services is stronger than ever before, and we are optimistic that we will generate growth and cash flow by the close of the year.



InfoSpace's online search, local search, and directory businesses remain solid, with great products, a proven business model, and strong partnerships. In October our metasearch engine, Dogpile, received the prestigious J.D. Power and Associates award for the highest in customer satisfaction among Internet users with primary search engine functions. Our search distribution business expanded in the U.S. and Western Europe with the addition of several blue-chip partners to our base. During the year we also launched the kid-friendly search site Zoo.com. Our online unit continues to produce strong cashflow.

Financially, in 2006 we delivered strong overall revenue growth of 9%, increasing from \$340 million in 2005 to \$372 million in 2006. In addition, we implemented a plan to significantly lower expenses to enhance our profitability and cash flow. We added another \$27 million to strengthen the balance sheet and finished the year with approximately \$402 million in cash.

InfoSpace is on solid financial ground with a strong balance sheet and a positive cash flow business. As we move into 2007, we are focused on increasing profits and shareholder value.

Thank you for your continued support.

Sincerely,

Jim Voelker

ONLINE

Expertise to Build Upon

InfoSpace brings more than 10 years of experience, 130+ partners, and long-term relationships with Google, Yahoo!, and Microsoft's Windows Live Search to the rapidly growing Internet search and online directory markets.

We differentiate ourselves from our competitors through our metasearch technology and our overarching ability to deliver highly relevant search results. In fact, J.D. Power and Associates presented our leading metasearch site, Dogpile, with its "Highest Customer Satisfaction Award for Search Engine Functions."

Our edge is two-fold: proprietary metasearch technology and our relationships with leading search engines. Together, it's how we build on the billions of R&D search investments made by the search industry as a whole.

No single search engine covers the entire Internet. Different engines use different technologies and thus draw different results from the vast pool of available information. Our metasearch-driven searches cover more of the Internet because they

combine the most relevant returns from multiple search engines such as Google, Yahoo!, and Windows Live Search.

InfoSpace also applies this approach to the fast-growing local search space where print, yellow pages, and online advertisers pay for placements in online directories. A combination of highly relevant search results and strong consumer brands such as Yellowpages.com, Dex Media, and Superpages.com reinforces our already strong market position in directory services.

Users return again and again to our search and directory experiences because of the highly relevant results they deliver.

“With Internet search projected as a \$10.3 billion market by 2010¹ and the directory services market estimated at \$13 billion by 2010², InfoSpace stands ready to capitalize upon both.”

Source:
¹ Jupiter Research, 2006
² Yankee Group, 2006

MOBILE

An Early Leader

InfoSpace is a leader in mobile data technology solutions for operators. Our core technology products are in high demand, and we continue to grow users and revenues. More than 20 million U.S. users accessed our portal and mobile search services in the fourth quarter of 2006—an increase of over 60% from 2005.

Our edge is the way we consistently create effective and profitable mobile experiences because we understand the needs of both customers and operators.

At the highest level, we give users discoverable and highly personalized experiences while ensuring that operators benefit from a viable means of delivering and monetizing those experiences. On a more detailed level, we create a solution that offers users a simple way of personalizing their content while ensuring that the operator can control that experience across a number of device platforms.

InfoSpace has been a trusted partner serving the needs of customers and operators through a combination of comprehensive, scalable, secure, quickly deployed, cost-effective, and customizable solutions for nearly a decade.

The combination of InfoSpace's platform offering, hosting services, mobile services, and managed services creates valuable technologies and experiences for end users, which in turn helps our customers establish and build revenue streams from their customer bases.

Moreover, our unique position as a creator of both online and mobile technology solutions places us in an optimal position to capitalize on the opportunity in mobile search and advertising. Although this market is still nascent, a product like InfoSpace Find It! successfully displays InfoSpace's early leadership in this space.

“Our mobile services are in high demand, up 60% year over year.”

DIRECTORS

JAMES F. VOELKER
Chairman
Chief Executive Officer and President,
InfoSpace

JOHN E. CUNNINGHAM IV
Clear Fir Partners, LP

JULES HAIMOVITZ
Dick Clark Productions, Inc.

GEN. RICHARD D. HEARNEY (RET.)
Management Consultant

LEWIS M. TAFFER
Management Consultant

GEORGE M. TRONSRUE III
Jericho Fund, LLC

VANESSA A. WITTMAN
Director, InfoSpace

EXECUTIVE OFFICERS

JAMES F. VOELKER
Chairman, Chief Executive Officer
and President

ALLEN M. HSIEH
Chief Financial Officer

BRIAN T. MCMANUS
Executive Vice President - Online
Division

STEVEN L. ELFMAN
Executive Vice President -
Mobile Division

R. BRUCE EASTER, JR.
Senior Vice President, General
Counsel and Secretary

SHAREHOLDER INFORMATION

Investor Information

To request copies of InfoSpace's Form 10-K, Annual Review, or other financial information, or to contact Investor Relations, please call 866.438.4677 or visit our web site at www.infospaceinc.com.

Annual Meeting

The annual meeting of InfoSpace shareholders will be held on Thursday, May 31, 2007, at 10 a.m., at The Westin Bellevue, 600 Bellevue Way NE, Bellevue, WA 98004

Independent Registered Public Accounting Firm

Deloitte & Touche, LLP
925 Fourth Avenue, Suite 3300
Seattle, WA 98104

Transfer Agent

Mellon Investor Services, LLC
85 Challenger Road
Ridgefield Park, NJ 07660
www.chasemellon.com

Corporate Headquarters

InfoSpace, Inc.
601 - 108th Avenue NE, Suite 1200
Bellevue, WA 98004
425.201.6100
www.infospaceinc.com

Dogpile received the highest numerical score for primary search engines in the proprietary J.D. Power and Associates 2006 Residential Online Service Customer Satisfaction StudySM. Study based on responses from 10,787 residential customers of Internet service providers, measuring 7 search engines/functions. Proprietary study results are based on experiences and perceptions of consumers surveyed June-July 2006. Your experiences may vary. Visit jdpower.com.

This annual review contains forward-looking statements regarding InfoSpace's business that are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected, including those discussed in our most recent Annual Report on Form 10-K and quarterly reports of Form 10-Q as filed from time to time in the section entitled "Risk Factors."



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