

November 10, 2010



## Spark Networks(R) Reports Third Quarter 2010 Financial Results

BEVERLY HILLS, CA -- (MARKET WIRE) -- 11/10/10 -- Spark Networks, Inc. (NYSE Amex: LOV), a leading provider of online personals services, today reported financial results for the third quarter ended September 30, 2010.

	Q3 2010	Q3 2009
Revenue	\$9.9 Million	\$11.1 Million
Contribution Margin	75%	72%
Net Income	\$1.2 Million	\$1.0 Million
Net Income Per Share	\$0.06	\$0.05

"Third quarter revenue from our subscription and online advertising business grew sequentially for the first time in four years behind a slight increase in ARPU(1) offset by a slight decrease in Average Paying Subscribers(2)," said Adam Berger, Spark's Chairman and CEO. "We are pleased our Jewish Networks segment achieved both ARPU and unit subscriber growth."

### Financial Results

Revenue for the third quarter of 2010 was \$9.9 million, a decrease of 10% compared to \$11.1 million for the third quarter 2009, and a decrease of 4% compared to \$10.3 million in the prior quarter. Revenue for the first nine months of 2010 was \$30.7 million, a 10% decrease compared to \$34.3 million for the same period last year.

Contribution(3) for the third quarter of 2010 was \$7.5 million, a decrease of 7% compared to \$8.0 million for the third quarter of 2009, and a 3% decrease compared to \$7.7 million in the prior quarter. Contribution for the first nine months of 2010 was \$23.3 million, a 9% decrease compared to \$25.4 million for the same period last year.

Total cost and expenses for the third quarter of 2010 were \$8.1 million, an 11% decrease compared to \$9.1 million in the third quarter of 2009, and a 6% decrease compared to \$8.6 million in the prior quarter. Total cost and expenses for the first nine months of 2010 were \$25.7 million, a 12% decrease compared to \$29.2 million for the same period last year.

Net income for the third quarter of 2010 was \$1.2 million, or \$0.06 per share, compared to \$1.0 million, or \$0.05 per share, for the third quarter of 2009 and \$923,000 or \$0.04 per share for the prior quarter. Net income for the first nine months of 2010 was \$3.1 million, or \$0.15 per share, compared to \$3.2 million or \$0.16 per share for the first nine months of 2009.

Adjusted EBITDA(4) for the third quarter of 2010 was \$2.4 million, a decrease of 7%

compared to \$2.6 million for the third quarter of 2009, and an increase of 5% compared to \$2.3 million in the prior quarter. Adjusted EBITDA for the first nine months of 2010 was \$7.4 million, a 7% decrease compared to \$8.0 million for the same period last year.

Average paying subscribers for the Company, as a whole, in the third quarter of 2010 were 158,422, a decrease of 4% compared to 165,206 for the third quarter of 2009 and a 1% decrease compared to 160,239 for the prior quarter. Average paying subscribers for the first nine months of 2010 were 162,831, a 2% decrease compared to 165,475 for the same period last year.

#### Segment Reporting(5)

Third quarter 2010 revenue for Jewish Networks was \$6.8 million, a decrease of 4% compared to \$7.1 million for the third quarter of 2009 and a 2% increase compared to \$6.7 million for the prior quarter. Jewish Networks revenue for the first nine months of 2010 was \$20.5 million, a 6% decrease compared to \$21.7 million for the same period last year.

Third quarter 2010 revenue for Other Affinity Networks was \$2.7 million, a decrease of 14% compared to \$3.2 million for the third quarter of 2009, and a decrease of 1% compared to \$2.8 million in the prior quarter. Other Affinity Networks revenue for the first nine months of 2010 was \$8.5 million, a 13% decrease compared to \$9.8 million for the same period last year.

Third quarter 2010 revenue for General Market Networks was \$264,000, a decrease of 54% compared to \$574,000 for the third quarter of 2009, and an 11% decrease compared to \$298,000 in the prior quarter. General Market Networks revenue for the first nine months of 2010 was \$932,000, a 58% decrease compared to \$2.2 million for the same period last year.

Third quarter 2010 revenue for Offline & Other Businesses was \$142,000, a decrease of 34% compared to \$215,000 for the third quarter of 2009, and a 74% decrease compared to \$549,000 in the prior quarter. The year-over-year lower revenue reflects fewer hosted events while the sequential decline reflects the absence of a travel offering in the third quarter of 2010. Offline & Other Businesses revenue for the first nine months of 2010 was \$805,000, a 35% increase compared to \$598,000 for the same period last year.

Average paying subscribers for Jewish Networks were 89,792 during the third quarter of 2010, an increase of 4% compared to 86,051 for the third quarter of 2009, and a 1% increase compared to 89,055 for the prior quarter. Jewish Networks average paying subscribers for the first nine months of 2010 were 90,694, a 7% increase compared to 84,488 for the same period last year.

Average paying subscribers for Other Affinity Networks were 62,026 during the third quarter of 2010, a decrease of 7% compared to 66,786 for the third quarter of 2009 and a 3% decrease compared to 64,083 for the prior quarter. Other Affinity Networks average paying subscribers for the first nine months of 2010 were 64,744, a 1% decrease compared to 65,529 for the same period last year.

Average paying subscribers for General Market Networks were 5,888 during the third quarter of 2010, a decrease of 49% compared to 11,452 for the third quarter of 2009, and an 8% decrease compared to 6,434 for the prior quarter. General Market Networks average paying

subscribers for the first nine months of 2010 were 6,712, a 53% decrease compared to 14,428 for the same period last year.

#### Balance Sheet, Cash, Debt

As of September 30, 2010, the Company had cash and cash equivalents of \$12.7 million compared to \$6.2 million at December 31, 2009. As of September 30, 2010, the Company had no outstanding debt.

#### Investor Conference Call

The Company will discuss its financial results during a live teleconference tomorrow at 1:30 p.m. Pacific time.

Call Title:	Spark Networks Q3 '10 Financial Results
Toll-Free (United States):	1-888-765-5570
International:	1-913-312-1477
Passcode:	5753745

Digital Replay through November 25, 2010:	
Toll-Free (United States):	1-888-203-1112
International:	1-719-457-0820
Passcode:	5753745

In addition, the Company will host a webcast of the call which will be accessible in the Investor Relations section of the Company's website under "Conference Calls and Presentations" at: <http://www.spark.net/investor.htm>.

#### Safe Harbor Statement:

This press release contains forward-looking statements. Any statements in this news release that are not statements of historical fact may be considered to be forward-looking statements. Written words, such as "may," "will," "expect," "believe," "anticipate," "estimate," "intends," "goal," "objective," "seek," "attempt," or variations of these or similar words, identify forward-looking statements. By their nature, forward-looking statements and forecasts involve risks and uncertainties because they relate to events and depend on circumstances that will occur in the near future. There are a number of factors that could cause actual results and developments to differ materially, including, but not limited to our ability to: attract members; convert members into paying subscribers and retain our paying subscribers; develop or acquire new product offerings and successfully implement and expand those offerings; keep pace with rapid technological changes; maintain the strength of our existing brands and maintain and enhance those brands and our dependence upon the telecommunications infrastructure and our networking hardware and software infrastructure; identify and consummate strategic acquisitions and integrate acquired companies or assets; obtain financing on acceptable terms; and successfully implement both cost cutting initiatives and our current long-term growth strategy. For a discussion of these and further risks and uncertainties, please see our filings with the Securities and Exchange Commission. We file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any reports, statements or other information that we file at the SEC's public reference room at 100 F Street, N.E., Washington, D.C., 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our public filings with the SEC also are available from commercial

document retrieval services and at the web site maintained by the SEC at <http://www.sec.gov>.

About Spark Networks, Inc.:

The Spark Networks portfolio of consumer websites includes, among others, JDate®.com ([www.jdate.com](http://www.jdate.com)), Spark®.com ([www.spark.com](http://www.spark.com)), BlackSingles.com® ([www.blacksingles.com](http://www.blacksingles.com)), and ChristianMingle®.com ([www.christianmingle.com](http://www.christianmingle.com)).

(1) "ARPU" is defined as average revenue per user.

(2) "Average paying subscribers" are defined as individuals who have paid a monthly fee for access to communication and Web site features beyond those provided to our members. Average paying subscribers for each month are calculated as the sum of the paying subscribers at the beginning and end of the month, divided by two. Average paying subscribers for periods longer than one month are calculated as the sum of the average paying subscribers for each month, divided by the number of months in such period.

(3) "Contribution" is defined as revenue, net of credits and credit card chargebacks, less direct marketing and "Contribution Margin" is defined as Contribution divided by revenue, net of credits and credit card chargebacks.

(4) The Company reports Adjusted EBITDA as a supplemental measure to generally accepted accounting principles ("GAAP"). This measure is one of the primary metrics by which we evaluate the performance of our businesses, budget, forecast and compensate management. We believe this measure provides management and investors with a consistent view, period to period, of the core earnings generated from on-going operations and excludes the impact of: (i) non-cash items such as stock-based compensation, asset impairments, non-cash currency translation adjustments related to an inter-company loan and (ii) one-time items that have not occurred in the past two years and are not expected to recur in the next two years, such as the Scheme of Arrangement. Adjusted EBITDA should not be construed as a substitute for net income (loss) (as determined in accordance with GAAP) for the purpose of analyzing our operating performance or financial position, as Adjusted EBITDA is not defined by GAAP.

"Adjusted EBITDA" is defined as earnings before interest, taxes, depreciation, amortization, stock-based compensation, impairment of long-lived assets, non-cash currency translation adjustments for inter-company loans and the income recognized from assets received in connection with a legal judgment.

(5) In accordance with Segment Reporting guidance, the Company's financial reporting includes detailed data on four separate operating segments. The Jewish Networks segment consists of the Company's JDate.com, JDate.co.il, JDate.fr, JDate.co.uk and Cupid.co.il Web sites and their respective co-branded Web sites. The General Market Networks segment consists of the Company's Spark.com Web site (formerly known as AmericanSingles.com, Date.co.uk and Date.ca) and its co-branded and private label Web sites. The Other Affinity Networks segment consists of all of the Company's Provo, Utah-based properties which primarily consist of sites targeted at various religious, ethnic, geographic and special interest groups including BlackSingles.com and ChristianMingle.com. The Offline & Other Businesses segment consists of net revenue

generated from offline activities, HurryDate events and subscriptions and other Web sites and businesses.

(Consolidated financial statements to follow)

SPARK NETWORKS, INC.  
BALANCE SHEET  
(in thousands, except share data)

	September 30, ----- 2010 -----	December 31, ----- 2009 -----
Assets	(Unaudited)	
Current assets:		
Cash and cash equivalents	\$ 12,704	\$ 6,223
Restricted cash	607	681
Accounts receivable	694	684
Deferred tax asset - current	219	221
Prepaid expenses and other	496	853
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Total current assets	14,720	8,662
Property and equipment, net	2,497	2,277
Goodwill	8,945	8,758
Intangible assets, net	3,289	3,586
Deferred tax asset - non-current	4,708	4,707
Deposits and other assets	295	1,866
	-----	-----
Total assets	\$ 34,454	\$ 29,856
	=====	=====
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 869	\$ 1,415
Accrued liabilities	5,198	4,232
Deferred revenue	3,899	4,244
	-----	-----
Total current liabilities	9,966	9,891
Deferred tax liability	770	663
Other liabilities non-current	997	978
	-----	-----
Total liabilities	11,733	11,532
Commitments and contingencies	--	--
Stockholders' equity:		
Authorized capital stock consists of		
100,000,000 Common Stock, \$0.001 par value;		
issued and outstanding 20,587,336 at		
September 30, 2010 and 20,581,544 shares as		
of December 31, 2009, at stated values of:	21	21
Additional paid-in-capital	50,071	48,813
Accumulated other comprehensive income	699	638
Accumulated deficit	(28,070)	(31,148)
	-----	-----
Total stockholders' equity	22,721	18,324
	-----	-----
Total liabilities and stockholders'	\$ 34,454	\$ 29,856
equity	=====	=====

SPARK NETWORKS, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(unaudited, in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Revenue	\$ 9,916	\$ 11,058	\$ 30,742	\$ 34,332
Cost and expenses:				
Cost of revenue (exclusive of depreciation shown separately below)	3,206	3,849	9,747	11,254
Sales & marketing	774	845	2,708	2,603
Customer service	403	450	1,181	1,432
Technical operations	252	342	930	1,128
Development	773	899	2,332	3,221
General and administrative	2,316	2,311	7,641	7,542
Depreciation	242	236	699	637
Amortization of intangible assets	98	127	324	498
Impairment of goodwill, long-lived assets and other assets	-	-	121	880
Total cost and expenses	8,064	9,059	25,683	29,195
Operating income	1,852	1,999	5,059	5,137
Interest expense (income) and other, net	(182)	(44)	18	(1,437)
Income before income taxes	2,034	2,043	5,041	6,574
Provision for income taxes	808	1,036	1,963	3,370
Net income	\$ 1,226	\$ 1,007	\$ 3,078	\$ 3,204
Net income per share - basic and diluted	\$ 0.06	\$ 0.05	\$ 0.15	\$ 0.16
Weighted average shares outstanding - basic	20,587	20,582	20,585	20,566
Weighted average shares outstanding - diluted	20,590	20,582	20,588	20,574

	Three Months		Nine Months	
	Ended September 30,		Ended September 30,	
Stock-Based Compensation (in thousands)	2010	2009	2010	2009
Cost of revenue	3	2	8	12
Sales and marketing	39	44	198	134
Customer service	0	2	1	9
Technical operations	30	37	134	117
Development	14	22	42	84
General and administrative	172	162	857	506

Reconciliation of Net Income to Adjusted EBITDA

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2010	2009	2010	2009
Net income	\$ 1,226	\$ 1,007	\$ 3,078	\$ 3,204
Interest	54	116	155	309
Taxes	808	1,036	1,963	3,369
Depreciation	242	236	699	637
Amortization	98	127	324	498
EBITDA	2,428	2,522	6,219	8,017
Stock based compensation	258	269	1,240	862
Impairment of goodwill	--	--	121	880
Non-cash currency translation adjustments	(254)	(177)	(136)	(49)
Non-repetitive property possession	--	--	--	(1,742)
Adjusted EBITDA	\$ 2,432	\$ 2,614	\$ 7,444	\$ 7,968

SPARK NETWORKS, INC.  
SEGMENT RESULTS FROM OPERATIONS  
(in thousands except subscriber information)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2010	2009	2010	2009
Revenue				
Jewish Networks	\$ 6,766	\$ 7,074	\$ 20,509	\$ 21,721

Other Affinity Networks	2,744	3,195	8,496	9,798
General Market Networks	264	574	932	2,215
Offline & Other Businesses	142	215	805	598
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Total Revenue	\$ 9,916	\$ 11,058	\$ 30,742	\$ 34,332
	=====	=====	=====	=====

Direct Marketing Expenses				
Jewish Networks	\$ 696	\$ 628	\$ 1,735	\$ 1,787
Other Affinity Networks	1,601	2,188	4,855	6,345
General Market Networks	121	138	407	559
Offline & Other Businesses	39	100	473	197
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Total Direct Marketing Expenses	\$ 2,457	\$ 3,054	\$ 7,470	\$ 8,888
	=====	=====	=====	=====

Contribution				
Jewish Networks	\$ 6,070	\$ 6,446	\$ 18,774	\$ 19,934
Other Affinity Networks	1,143	1,007	3,641	3,453
General Market Networks	143	436	525	1,656
Offline & Other Businesses	103	115	332	401
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Total Contribution	\$ 7,459	\$ 8,004	\$ 23,272	\$ 25,444
	=====	=====	=====	=====

Average Paying Subscribers				
Jewish Networks	89,792	86,051	90,694	84,488
Other Affinity Networks	62,026	66,786	64,744	65,529
General Market Networks	5,888	11,452	6,712	14,428
Offline & Other Businesses	716	917	681	1,030
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Total Average Paying Subscribers	158,422	165,206	162,831	165,475
	=====	=====	=====	=====

For More Information  
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