



SPARK NETWORKS® REPORTS FIRST QUARTER 2009 FINANCIAL RESULTS

BEVERLY HILLS, Calif., May 14, 2009 -- Spark Networks, Inc. (NYSE Amex: LOV), a leading provider of online personals services, today reported financial results for the first quarter ended March 31, 2009.

| | <u>Q1 2009</u> | <u>Q1 2008</u> |
|---------------------|----------------|----------------|
| Revenue | \$12.0 Million | \$15.0 Million |
| Contribution Margin | 76% | 73% |
| Net Income | \$0.3 Million | \$1.6 Million |
| Earnings Per Share | \$0.02 | \$0.06 |

"The negative trends in average paying subscribers which began last fall, particularly in our high margin Jewish Networks segment, which comprises about half our total average paying subscribers and about three-quarters of our contribution, continued into the first quarter and led to a decline in sequential Adjusted EBITDA," stated Adam Berger, Chief Executive Officer of Spark Networks, Inc.

Berger continued, "We are in the middle of an investment cycle which began about a year ago to re-balance our portfolio and reduce our dependence upon one brand. As part of this re-balancing we chose to stop investing in the General Markets segment as we were poorly positioned to compete against much larger competitors, new subscriber unit economics were unfavorable, and its decline has dragged Revenue and Contribution down. Our investment has been in enhancing Jewish Networks, building Other Affinity Networks and developing new systems to allow us to reduce the cost of running our business over the longer term. Unfortunately, we hit some economic headwinds in the middle of our investment cycle. This adversely affected our most profitable segment and cost cutting efforts did not outpace the loss of contribution from Jewish Networks. We continued to invest in and enhance our JDate product and despite only modest gains on total subscribers for Other Affinity Networks, our brand mix has shifted to more growth oriented markets."

Financial Results

Revenue for the first quarter of 2009 was \$12.0 million, a decrease of 20% compared to \$15.0 million in the first quarter of 2008, and a 9% decrease compared to \$13.2 million for the prior quarter.

Contribution¹ for the first quarter of 2009 was \$9.2 million, a decrease of 16% compared to \$11.0 million for the first quarter of 2008, and a 5% decrease compared to \$9.7 million in the prior quarter.

Operating expenses for the first quarter of 2009 were \$8.0 million, a 6% decrease compared to \$8.5 million for each of the first and fourth quarters of 2008. The decrease in year-over-year operating expenses can be attributed to lower cash operating expenses. The sequential decrease in operating expenses can be primarily

attributed to a lower asset impairment charge in the first quarter of 2009 compared to the fourth quarter of 2008.

Net income for the first quarter of 2009 was \$311,000, or \$0.02 per share, compared to \$1.6 million, or \$0.06 per share, for the first quarter of 2008, and a net loss of \$164,000 or \$0.01 per share for the prior quarter. First quarter 2009 net earnings were reduced by an \$880,000 asset impairment charge primarily related to our HurryDate acquisition.

Adjusted EBITDA² for the first quarter of 2009 was \$2.8 million, a decrease of 31% compared to \$4.0 million for the first quarter of 2008, and a decrease of 24% compared to \$3.7 million in the prior quarter.

Average paying subscribers³ for the Company, as a whole, in the first quarter of 2009 were 168,004, a decrease of 13% compared to 192,652 for the first quarter of 2008, and a 5% decrease compared to 177,011 for the prior quarter.

Segment Reporting⁴

First quarter 2009 revenue for Jewish Networks was \$7.6 million, a decrease of 13% compared to \$8.7 million for the first quarter of 2008, and a 5% decrease compared to \$8.0 million in the prior quarter.

First quarter 2009 revenue for Other Affinity Networks was \$3.3 million, a decrease of 2% compared to \$3.4 million in the first quarter of 2008 and a decrease of 6% compared to \$3.5 million in the prior quarter.

First quarter 2009 revenue for General Market Networks was \$940,000, a decrease of 64% compared to \$2.6 million for the first quarter of 2008, and a 27% decrease compared to \$1.3 million in the prior quarter. The planned decrease in revenue for General Market Networks is largely attributable to an 80% decrease in the marketing spend for this segment in the first quarter of 2009 compared to the same period in 2008. Direct marketing expense decreased 48% sequentially, which accounted for the sequential revenue decrease.

First quarter 2009 revenue for Offline & Other Businesses was \$212,000, a decrease of 50% compared to \$426,000 for the first quarter of 2008, and a 53% decrease compared to \$446,000 in the prior quarter.

Average paying subscribers for Jewish Networks were 84,644 during the first quarter of 2009, a decrease of 9% compared to 92,719 for the first quarter of 2008, and a 3% decrease compared to 87,205 for the prior quarter.

Average paying subscribers for Other Affinity Networks were 64,393 during the first quarter of 2009, an increase of 7% compared to 60,133 for the first quarter of 2008 and a 2% decrease compared to 65,395 for the prior quarter.

Average paying subscribers for General Market Networks were 17,810 during the first quarter of 2009, a decrease of 52% compared to 37,435 for the first quarter of 2008, and a 23% decrease compared to 23,094 for the prior quarter.

Balance Sheet, Cash, Debt

As of March 31, 2009, the Company had cash and cash equivalents of \$7.4 million, the same amount as on December 31, 2008. As of March 31, 2009, the Company had approximately \$7.8 million of debt outstanding.

Investor Conference Call

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

| | |
|----------------------------|---|
| Call Title: | Spark Networks Q1 '09 Financial Results |
| Toll-Free (United States): | 1-877-723-9518 |
| International: | 1-719-325-4808 |
| Confirmation #: | 8826764 |

| | |
|----------------------------|----------------|
| Replay through 5/28/09 | |
| Toll-Free (United States): | 1-888-203-1112 |
| International: | 1-719-457-0820 |
| Confirmation #: | 8826764 |

In addition, the Company will host a webcast of the call which will be accessible in the Investor Relations section of the Company's Web site 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 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 Web sites includes, among others, JDate[®].com (www.jdate.com), AmericanSingles[®].com (www.americansingles.com), BlackSingles.com[®] (www.blacksingles.com), and ChristianMingle[®].com (www.christianmingle.com).

For More Information

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¹ "Contribution" is defined as net revenue less direct marketing and "Contribution Margin" is defined as contribution divided by revenue.

² "Adjusted EBITDA" is defined as earnings before interest, taxes, depreciation, amortization, stock-based compensation, impairment of long-lived assets and non-cash currency translation adjustments for inter-company loans. Adjusted EBITDA should not be construed as a substitute for net income (loss) or net cash provided by (used in) operating activities (all as determined in accordance with GAAP) for the purpose of analyzing our operating performance, financial position and cash flows, as adjusted EBITDA is not defined by GAAP. However, the Company regards adjusted EBITDA as a complement to net income and other GAAP financial performance measures, including an indirect measure of operating cash flow. As such, management believes that the investment community finds it to be a useful tool to perform meaningful comparisons of past, present and future operating results and as a means to evaluate the results of core on-going operations.

³ 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.

⁴ In accordance with Financial Accounting Standard No. 131, 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 and Cupid.co.il Web sites and their respective co-branded Web sites. The General Market Networks segment consists of the Company's AmericanSingles.com Web site, its co-branded and private label Web sites, and Date.co.uk and Date.ca. The Affinity Networks segment consists of all of the Company's Provo, Utah-based properties which primarily consist of sites targeted towards various religious, ethnic, geographic and special interest groups including BlackSingles.com and ChristianMingle.com. The Offline & Other Businesses segment consists of revenue generated from offline activities, HurryDate events and subscriptions and other Web sites and businesses.

(Consolidated financial statements to follow)

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

| | March 31, | December 31, |
|--|------------------|---------------------|
| | 2009 | 2008 |
| | (unaudited) | |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents..... | \$ 7,402 | \$ 7,417 |
| Restricted cash | 703 | 766 |
| Accounts receivable | 850 | 1,102 |
| Deferred tax asset | 44 | 52 |
| Prepaid expenses and other | 1,548 | 1,869 |
| Total current assets | 10,547 | 11,206 |
| Property and equipment, net..... | 1,779 | 1,685 |
| Goodwill, net..... | 17,392 | 17,964 |
| Intangible assets, net..... | 5,580 | 5,750 |
| Deferred tax asset | 5,002 | 5,002 |
| Deposits and other assets | 367 | 401 |
| Total assets | \$ 40,667 | \$ 42,008 |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable..... | \$ 1,455 | \$ 2,260 |
| Accrued liabilities..... | 3,792 | 4,830 |
| Deferred revenue..... | 4,132 | 4,093 |
| Notes payable and other short-term debt..... | 7,750 | 7,750 |
| Total current liabilities | 17,129 | 18,933 |
| Deferred tax liabilities | 721 | 756 |
| Income tax liabilities | 906 | 906 |
| Total liabilities | 18,756 | 20,595 |
| Commitments and contingencies..... | -- | -- |
| Stockholders' equity: | | |
| Authorized capital stock consists of 100,000,000 Common Shares, \$0.001 par value; issued and outstanding 20,551,544 at March 31, 2009 and 20,541,744 shares as of December 31, 2008, at stated values of: | 21 | 21 |
| Additional paid-in-capital | 45,878 | 45,545 |
| Accumulated other comprehensive income..... | 445 | 591 |
| Accumulated deficit | (24,433) | (24,744) |
| Total stockholders' equity | 21,911 | 21,413 |
| Total liabilities and stockholders' equity | \$ 40,667 | \$ 42,008 |

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

| | Three Months Ended March 31, | |
|--|---|-------------|
| | 2009 | 2008 |
| Net revenues | \$ 12,032 | \$ 15,022 |
| Direct marketing expenses..... | 2,850 | 4,072 |
| Contribution | 9,182 | 10,950 |
| Operating expenses: | | |
| Sales and marketing (including stock-based compensation of \$48 and \$192) | 921 | 1,053 |
| Customer service (including stock-based compensation of \$5 and \$19) | 545 | 631 |
| Technical operations (including stock-based compensation of \$50 and \$171) | 870 | 1,063 |
| Development (including share-based compensation of \$41 and \$159) | 1,308 | 1,221 |
| General and administrative (including stock-based compensation of \$181 and \$526)..... | 3,266 | 4,176 |
| Amortization of intangible assets | 184 | 329 |
| Impairment of goodwill and long-lived assets | 880 | -- |
| Total operating expenses..... | 7,974 | 8,473 |
| Operating income | 1,208 | 2,477 |
| Interest expense (income) and other, net..... | 492 | (334) |
| Income before income taxes | 716 | 2,811 |
| Provision for income taxes | 405 | 1,245 |
| Net income | \$ 311 | \$ 1,566 |
| Net income per share – basic and diluted | \$ 0.02 | \$ 0.06 |
| Weighted average shares outstanding – basic | 20,548 | 26,004 |
| Weighted average shares outstanding – diluted..... | 20,563 | 26,027 |

| Reconciliation of Net income to Adjusted EBITDA | Three Months Ended March 31, | |
|---|---|-----------------|
| | 2009 | 2008 |
| Net income | \$ 311 | \$ 1,566 |
| Interest | 68 | (48) |
| Taxes | 405 | 1,245 |
| Depreciation | 206 | 243 |
| Amortization | 184 | 329 |
| EBITDA | <u>1,174</u> | <u>3,335</u> |
| Stock-based compensation | 325 | 1,067 |
| Impairment | 880 | -- |
| Non-cash currency translation adjustments | 422 | (360) |
| Adjusted EBITDA | <u>\$ 2,801</u> | <u>\$ 4,042</u> |

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

| | Three Months Ended | |
|--------------------------------------|---------------------------|-------------|
| | March 31, | |
| | 2009 | 2008 |
| Net Revenues | | |
| Jewish Networks | \$ 7,583 | \$ 8,667 |
| Other Affinity Networks..... | 3,297 | 3,353 |
| General Market Networks | 940 | 2,576 |
| Offline & Other Businesses | 212 | 426 |
| Total Net Revenues | \$ 12,032 | \$ 15,022 |
| Direct Marketing Expenses | | |
| Jewish Networks | \$ 563 | \$ 705 |
| Other Affinity Networks..... | 1,965 | 1,842 |
| General Market Networks | 273 | 1,336 |
| Offline & Other Businesses | 49 | 189 |
| Total Direct Marketing Expenses..... | \$ 2,850 | \$ 4,072 |
| Contribution | | |
| Jewish Networks | \$ 7,020 | \$ 7,962 |
| Other Affinity Networks..... | 1,332 | 1,511 |
| General Market Networks | 667 | 1,240 |
| Offline & Other Businesses | 163 | 237 |
| Total Contribution | \$ 9,182 | \$ 10,950 |
| Average Paying Subscribers | | |
| Jewish Networks | 84,644 | 92,719 |
| Other Affinity Networks..... | 64,393 | 60,133 |
| General Market Networks | 17,810 | 37,435 |
| Offline & Other Businesses | 1,157 | 2,365 |
| Total Average Paying Subscribers.... | 168,004 | 192,652 |