



Spark Networks Announces Third Quarter 2010 Financial Results

November 10, 2010

BEVERLY HILLS, Calif., November 10, 2010 -- 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 ARPU¹ offset by a slight decrease in Average Paying Subscribers²," 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.

Contribution³ 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 EBITDA⁴ 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 Reporting⁵

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), Spark.com (www.spark.com), BlackSingles.com@ (www.blacksingles.com), and ChristianMingle.com (www.christianmingle.com).

For More Information

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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.