



SPARK NETWORKS® REPORTS FOURTH QUARTER 2010 FINANCIAL RESULTS

BEVERLY HILLS, Calif., March 10, 2011 -- Spark Networks, Inc. (NYSE AMEX: LOV), a leading provider of online personals services, today reported financial results for the fourth quarter and full year ended December 31, 2010.

	<u>Q4 2010</u>	<u>12 Mos. 2010</u>
Revenue	\$10.1 Million	\$40.9 Million
Contribution Margin	68%	74%
Net Income	\$0.6 Million	\$3.7 Million
Net Income Per Share	\$0.03	\$0.18

"Fourth quarter revenue grew sequentially for the first time in four years," said Adam Berger, Spark's Chairman and CEO. "We are particularly pleased with the 5% sequential average paying subscriber¹ growth in our Other Affinity Networks Segment, most of which came in the latter half of the quarter behind the roll out of new marketing initiatives. The decline in contribution² in Other Affinity Networks for the fourth quarter was expected given the nature of our business where increased revenue lags increases in marketing spend and cash sales, resulting in increased deferred revenue. The rapid growth of Other Affinity Networks in the fourth quarter may mark a turning point for Spark Networks."

Financial Results

Revenue for the fourth quarter of 2010 was \$10.1 million, a decrease of 9% compared to \$11.1 million for the fourth quarter 2009, and an increase of 2% compared to \$9.9 million in the prior quarter. Revenue for the full year of 2010 was \$40.9 million, a 10% decrease compared to \$45.4 million for the 12 months ended December 31, 2009.

Contribution for the fourth quarter of 2010 was \$6.9 million, a decrease of 13% compared to \$7.9 million for the fourth quarter of 2009, and an 8% decrease compared to \$7.5 million in the prior quarter. Contribution for the full year of 2010 was \$30.1 million, a 10% decrease compared to \$33.3 million for the 12 months ended December 31, 2009.

Total cost and expenses for the fourth quarter of 2010 were \$9.0 million, a 56% decrease compared to \$20.2 million in the fourth quarter of 2009, and an 11% increase compared to \$8.1 million in the prior quarter. Total cost and expenses for the full year of 2010 were \$34.6 million, a 30% decrease compared to \$49.4 million for the 12 months ended December 31, 2009.

Net income for the fourth quarter of 2010 was \$0.6 million, or \$0.03 per share, compared to a loss of \$9.6 million, or \$0.47 per share, for the fourth quarter of 2009 and \$1.2 million or \$0.06 per share for the prior quarter. Net income for the full year of 2010 was \$3.7 million, or \$0.18 per share, compared to a loss of \$6.4 million or \$0.31 per share for the 12 months ended December 31, 2009.

Adjusted EBITDA³ for the fourth quarter of 2010 was \$2.0 million, a decrease of 22% compared to \$2.5 million for the fourth quarter of 2009, and a decrease of 20% compared to \$2.4 million in the prior quarter. An increase in Other Affinity Networks direct marketing expense accounted for a substantial portion of the decrease in Adjusted EBITDA. Adjusted EBITDA for the full year of 2010 was \$9.4 million, a 10% decrease compared to \$10.5 million for the 12 months ended December 31, 2009.

Average paying subscribers for the Company, as a whole, in the fourth quarter of 2010 were 160,744, a decrease of 5% compared to 168,646 for the fourth quarter of 2009 and a 1% increase compared to 158,422 for the prior quarter. Average paying subscribers for the full year of 2010 were 162,311, a 2% decrease compared to 166,267 for the 12 months ended December 31, 2009.

Segment Reporting⁴

Fourth quarter 2010 revenue for Jewish Networks was \$6.9 million, a decrease of 3% compared to \$7.1 million for the fourth quarter of 2009 and a 2% increase compared to \$6.8 million for the prior quarter. Jewish Networks revenue for the full year of 2010 was \$27.4 million, a 5% decrease compared to \$28.8 million for the 12 months ended December 31, 2009.

Fourth quarter 2010 revenue for Other Affinity Networks was \$2.8 million, a decrease of 6% compared to \$3.0 million for the fourth quarter of 2009, and an increase of 1% compared to \$2.7 million in the prior quarter. Other Affinity Networks revenue for the full year of 2010 was \$11.3 million, a 12% decrease compared to \$12.8 million for the 12 months ended December 31, 2009.

Fourth quarter 2010 revenue for General Market Networks was \$236,000, a decrease of 51% compared to \$477,000 for the fourth quarter of 2009, and an 11% decrease compared to \$264,000 in the prior quarter. General Market Networks revenue for the full year of 2010 was \$1.2 million, a 57% decrease compared to \$2.7 million for the 12 months ended December 31, 2009.

Fourth quarter 2010 revenue for Offline & Other Businesses was \$160,000, a decrease of 67% compared to \$485,000 for the fourth quarter of 2009, and a 13% increase compared to \$142,000 in the prior quarter. The year-over-year lower revenue reflects fewer hosted events and the absence of a travel offering in the fourth quarter of 2010. Offline & Other Businesses revenue for the full year of 2010 was \$964,000, an 11% decrease compared to \$1.1 million for the 12 months ended December 31, 2009.

Average paying subscribers for Jewish Networks were 89,723 during the fourth quarter of 2010, a decrease of 1% compared to 90,657 for the fourth quarter of 2009, and flat compared to 89,792 for the prior quarter. Jewish Networks average paying subscribers for the full year of 2010 were 90,452, a 5% increase compared to 86,030 for the 12 months ended December 31, 2009.

Average paying subscribers for Other Affinity Networks were 65,172 during the fourth quarter of 2010, a decrease of 4% compared to 67,725 for the fourth quarter of 2009 and a 5% increase compared to 62,026 for the prior quarter. Other Affinity Networks average paying subscribers for the full year of 2010 were 64,851, a 2% decrease compared to 66,078 for the 12 months ended December 31, 2009.

Average paying subscribers for General Market Networks were 5,174 during the fourth quarter of 2010, a decrease of 46% compared to 9,594 for the fourth quarter of 2009, and a 12% decrease compared to 5,888 for the prior quarter. General Market Networks average paying subscribers for the full year of 2010 were 6,328, a 52% decrease compared to 13,219 for the 12 months ended December 31, 2009.

Balance Sheet, Cash, Debt

As of December 31, 2010, the Company had cash and cash equivalents of \$13.9 million compared to \$6.2 million at December 31, 2009. As of December 31, 2010, the Company had no outstanding debt.

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 Q4 '10 Financial Results
Toll-Free (United States): 1-888-211-4439
International: 1-913-312-0640
Passcode: 7201062

Digital Replay through March 24, 2011:
Toll-Free (United States): 1-888-203-1112
International: 1-719-457-0820
Passcode: 7201062

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

Investors: Brett Zane
 + 1-323-658-3000 ext. 4001
 bzane@spark.net

¹“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.

² “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.

³ 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.

⁴ 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)

	December 31, 2010	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents.....	\$ 13,901	\$ 6,223
Restricted cash.....	996	681
Accounts receivable	847	684
Deferred tax asset – current	43	221
Prepaid expenses and other	911	853
Total current assets	16,698	8,662
Property and equipment, net	2,520	2,277
Goodwill.....	9,156	8,758
Intangible assets, net	3,017	3,586
Deferred tax asset – non-current	4,882	4,707
Deposits and other assets	295	1,866
Total assets	\$ 36,568	\$ 29,856
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable.....	\$ 1,371	\$ 1,415
Accrued liabilities.....	3,635	4,232
Deferred revenue.....	4,331	4,244
Total current liabilities	9,337	9,891
Deferred tax liability	825	663
Other liabilities non-current	1,036	978
Total liabilities.....	11,198	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 December 31, 2010 and 20,581,544 shares as of December 31, 2009, at stated values of:	21	21
Additional paid-in-capital.....	52,020	48,813
Accumulated other comprehensive income.....	773	638
Accumulated deficit	(27,444)	(31,148)
Total stockholders' equity	25,370	18,324
Total liabilities and stockholders' equity.....	\$ 36,568	\$ 29,856

SPARK NETWORKS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS¹
(unaudited, in thousands, except per share data)

	Three Months Ended December 31,		Years Ended December 31,		
	2010	2009	2010	2009	2008
	2010	2009	2010	2009	2008
Revenue	\$ 10,109	\$ 11,056	\$40,851	\$45,388	\$57,266
Cost and expenses:					
Cost of revenue (exclusive of depreciation shown separately below)	4,002	3,953	13,749	15,207	18,715
Sales and marketing	788	904	3,496	3,507	4,234
Customer service	420	400	1,601	1,832	2,319
Technical operations.....	302	376	1,232	1,504	1,917
Development.....	760	674	3,092	3,895	4,463
General and administrative	2,141	2,390	9,782	9,932	13,290
Depreciation.....	263	236	962	873	867
Amortization of intangible assets other than goodwill.....	97	165	421	663	787
Impairment of goodwill, long-lived assets and other assets	187	11,119	308	11,999	1,354
Total cost and expenses.....	<u>8,960</u>	<u>20,217</u>	<u>34,643</u>	<u>49,412</u>	<u>47,946</u>
Operating income (loss).....	1,149	(9,161)	6,208	(4,024)	9,320
Interest expense (income) and other, net	(72)	338	(54)	(1,099)	107
Income (loss) before income taxes.....	1,221	(9,499)	6,262	(2,925)	9,213
Provision for income taxes	595	109	2,558	3,479	4,425
Net income (loss).....	<u>\$ 626</u>	<u>\$ (9,608)</u>	<u>\$ 3,704</u>	<u>\$ (6,404)</u>	<u>\$ 4,788</u>
Net income (loss) per share – basic and diluted	<u>\$ 0.03</u>	<u>\$ (0.47)</u>	<u>\$ 0.18</u>	<u>\$ (0.31)</u>	<u>\$ 0.20</u>
Weighted average shares outstanding – basic.....	20,587	20,582	20,586	20,570	23,637
Weighted average shares outstanding – diluted	20,588	20,582	20,590	20,570	23,640

Stock-Based Compensation (in thousands)	Three Months Ended December 31,		Twelve Months Ended December 31,		
	2010	2009	2010	2009	2008
	2010	2009	2010	2009	2008
Cost of revenue	\$ 3	\$ 3	\$ 11	\$ 17	\$ 33
Sales and marketing	35	49	233	184	649
Customer service	-	(23)	1	(14)	65
Technical operations	33	44	167	158	602
Development	12	(55)	54	29	553
General and administrative	187	161	1,044	667	1,966

Reconciliation of Net Income to Adjusted
DA¹:

	Three Months Ended		Years Ended		
	December 31,		December 31,		
	2010	2009	2010	2009	2008
Net income (loss)	\$ 626	\$ (9,608)	\$ 3,704	\$(6,404)	\$ 4,788
Interest	51	69	207	378	152
Taxes	595	109	2,558	3,479	4,425
Depreciation	263	236	962	873	867
Amortization	97	165	421	663	787
EBITDA	1,632	(9,029)	7,852	(1,011)	11,019
Stock-based compensation	270	179	1,510	1,041	3,868
Impairment of goodwill, long-lived assets and other assets	187	11,119	308	11,999	1,354
Non-cash currency translation adjustments	(133)	19	(269)	(30)	(41)
Non-repetitive property possession	--	235	--	(1,507)	--
Adjusted EBITDA	\$ 1,956	\$ 2,523	\$ 9,401	\$ 10,492	\$ 16,200

¹ Prior period amounts have been reclassified to conform to current period presentation.

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

	Three Months Ended December 31,		Years Ended December 31,		
	2010	2009	2010	2009	2008
Revenue					
Jewish Networks	\$ 6,930	\$ 7,121	\$ 27,440	\$ 28,842	\$ 33,740
Other Affinity Networks.....	2,783	2,973	11,279	12,771	13,749
General Market Networks.....	236	477	1,168	2,692	7,762
Offline & Other Businesses	160	485	964	1,083	2,015
Total Revenue.....	<u>\$ 10,109</u>	<u>\$ 11,056</u>	<u>\$ 40,851</u>	<u>\$ 45,388</u>	<u>\$ 57,266</u>
Direct Marketing Expenses					
Jewish Networks	\$ 586	\$ 559	\$ 2,321	\$ 2,346	\$ 2,519
Other Affinity Networks.....	2,436	2,157	7,292	8,502	7,875
General Market Networks.....	175	117	582	676	3,488
Offline & Other Businesses	62	344	535	541	1,128
Total Direct Marketing Expenses	<u>\$ 3,259</u>	<u>\$ 3,177</u>	<u>\$ 10,730</u>	<u>\$ 12,065</u>	<u>\$ 15,010</u>
Contribution					
Jewish Networks	\$ 6,344	\$ 6,562	\$ 25,119	\$ 26,496	\$ 31,221
Other Affinity Networks.....	347	816	3,987	4,269	5,874
General Market Networks.....	61	360	586	2,016	4,274
Offline & Other Businesses	98	141	429	542	887
Total Contribution	<u>\$ 6,850</u>	<u>\$ 7,879</u>	<u>\$ 30,121</u>	<u>\$ 33,323</u>	<u>\$ 42,256</u>
Average Paying Subscribers					
Jewish Networks	89,723	90,657	90,452	86,030	90,806
Other Affinity Networks.....	65,172	67,725	64,851	66,078	63,859
General Market Networks.....	5,174	9,594	6,328	13,219	30,486
Offline & Other Businesses	675	670	680	940	1,806
Total Average Paying Subscribers....	<u>160,744</u>	<u>168,646</u>	<u>162,311</u>	<u>166,267</u>	<u>186,957</u>