

INFOSPACE INC  
Form 8-K/A  
May 25, 2004

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 8-K/A**  
**(Amendment No. 1)**

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**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of**  
**The Securities Exchange Act of 1934**

March 31, 2004

**Date of Report**

(Date of earliest event reported)

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**INFOSPACE, INC.**

(Exact name of registrant as specified in its charter)

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Delaware

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(State or other jurisdiction of incorporation)

**0-25131**  
(Commission File No.)

**91-1718107**  
(IRS Employer

**601 108th Avenue NE, Suite 1200**

Identification No.)

**Bellevue, Washington**  
(Address of principal executive offices)

**98004**  
(Zip Code)

Registrant's telephone number, including area code: (425) 201-6100

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The registrant hereby amends Items 2 and 7 of its current report on Form 8-K filed on April 14, 2004 (the Initial 8-K ) as follows:

**Item 2. Acquisition or Disposition of Assets.**

On March 31, 2004, InfoSpace, Inc. ( the Company ) completed the sale of its Payment Solutions business for \$82.0 million in cash to Lightbridge, Inc. ( Lightbridge ). The sale of the Company s Payment Solutions business resulted in a gain of approximately \$29.0 million in the three months ended March 31, 2004, comprised of aggregate proceeds from the sale of \$82.0 million less the net book value of assets sold of \$49.3 million (including goodwill of \$48.9 million), estimated transaction related costs of \$3.5 million, which consists of investment bank fees, legal fees and employee related costs, and income taxes of \$260,000. The sale of the Company s Payment Solutions business was carried out through a sale to Lightbridge of all of the outstanding stock of Authorize.net Corp. pursuant to the Stock Sale Agreement filed as Exhibit 2.1 to the Initial 8-K.

**Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.**

- (a) Not applicable.
  
- (b) Pro forma financial information.

The following unaudited pro forma financial information of the Company consists of the Company s historical consolidated statements of operations for the years ended December 31, 2003, 2002 and 2001, pro forma adjustments and related notes (collectively, the Pro Forma Condensed Consolidated Financial Statements ). The Pro Forma Condensed Consolidated Financial Statements are provided for informational purposes only and assume the sale of substantially all of the operations and net assets of the Company s Payment Solutions business occurred on January 1, 2001. The Pro Forma Condensed Consolidated Financial Statements do not purport to reflect the results of operations that would have existed or occurred had such transaction taken place on the date indicated, nor do they purport to reflect the financial condition or results of operations that will exist or occur in the future. The Pro Forma Condensed Consolidated Financial Statements should be read in conjunction with the Company s historical consolidated financial statements and the notes thereto included in its Quarterly report on Form 10-Q for the three months ended March 31, 2004 and in its Annual Report on Form 10-K for the year ended December 31, 2003.

## INFOSPACE, INC.

## UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

Year ended December 31, 2003

(Amounts in thousands, except per share data)

|  | <u>Historical</u><br><u>InfoSpace(1)</u> | <u>Payment</u><br><u>Solutions(2)</u> | <u>Pro Forma</u><br><u>InfoSpace</u> |
|--|--|---------------------------------------|--------------------------------------|
| Revenues   | \$ 160,054                               | \$ 27,825                             | \$ 132,229                           |
| Operating expenses <sup>(3)</sup> :  |  |                                       |                                      |
| Content and distribution costs   | 36,059                                   | 8,476                                 | 27,583                               |
| Systems and network operations   | 15,238                                   | 4,249                                 | 10,989                               |
| Product development  | 20,800                                   | 3,019                                 | 17,781                               |
| Sales and marketing  | 20,030                                   | 2,543                                 | 17,487                               |
| General and administrative   | 34,940                                   | 2,716                                 | 32,224                               |
| Depreciation   | 12,147                                   | 1,327                                 | 10,820                               |
| Amortization of intangible assets  | 6,819                                    |                                       | 6,819                                |
| Impairment of other intangible assets  | 1,151                                    |                                       | 1,151                                |
| Restructuring charges  | 11,722                                   |                                       | 11,722                               |
| Other, net   | 3,029                                    | 1,500                                 | 1,529                                |
|  | <u>161,935</u>                           | <u>23,830</u>                         | <u>138,105</u>                       |
| Total operating expenses   | 161,935                                  | 23,830                                | 138,105                              |
| Operating Income (loss)  | (1,881)                                  | 3,995                                 | (5,876)                              |
| Loss on equity investments   | (11,997)                                 |                                       | (11,997)                             |
| Other income, net  | 8,435                                    | 243                                   | 8,192                                |
|  | <u>(5,443)</u>                           | <u>4,238</u>                          | <u>(9,681)</u>                       |
| Income (loss) from operations before income taxes                                      | (5,443)                                  | 4,238                                 | (9,681)                              |
| Income tax expense   | (876)                                    | (127)                                 | (749)                                |
|  | <u>(6,319)</u>                           | <u>4,111</u>                          | <u>(10,430)</u>                      |
| Net loss   | \$ (6,319)                               | \$ 4,111                              | \$ (10,430)                          |
|  | <u>(0.20)</u>                            |                                       | <u>(0.33)</u>                        |
| Net loss per share Basic and Diluted   | \$ (0.20)                                |                                       | \$ (0.33)                            |
|  | <u>31,232</u>                            |                                       | <u>31,232</u>                        |
| Weighted average shares outstanding used in computing basic and diluted loss per share | 31,232                                   |                                       | 31,232                               |

See notes to the unaudited pro forma condensed consolidated financial statements.

## INFOSPACE, INC.

## UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

Year ended December 31, 2002

(Amounts in thousands, except per share data)

|  | Historical<br>InfoSpace(1) | Payment<br>Solutions(2) | Pro Forma<br>InfoSpace |
|--|----------------------------|-------------------------|------------------------|
| Revenues   | \$ 136,142                 | \$ 21,170               | \$ 114,972             |
| Operating expenses <sup>(3)</sup> :  |                            |                         |                        |
| Content and distribution costs   | 22,082                     | 7,055                   | 15,027                 |
| Systems and network operations   | 19,712                     | 3,611                   | 16,101                 |
| Product development  | 32,106                     | 2,978                   | 29,128                 |
| Sales and marketing  | 21,884                     | 2,451                   | 19,433                 |
| General and administrative   | 46,729                     | 4,043                   | 42,686                 |
| Depreciation   | 19,065                     | 976                     | 18,089                 |
| Amortization of intangible assets  | 16,875                     | 4,021                   | 12,854                 |
| Impairment of goodwill   | 56,104                     |                         | 56,104                 |
| Impairment of other intangible assets  | 20,281                     |                         | 20,281                 |
| Restructuring charges and other, net   | 5,981                      |                         | 5,981                  |
| Total operating expenses   | 260,819                    | 25,135                  | 235,684                |
| Operating loss   | (124,677)                  | (3,965)                 | (120,712)              |
| Loss on equity investments   | (20,940)                   |                         | (20,940)               |
| Other income, net  | 7,416                      | 484                     | 6,932                  |
| Loss from operations before income taxes and cumulative effect of change in accounting principle | (138,201)                  | (3,481)                 | (132,720)              |
| Income tax expense   | (430)                      |                         | (430)                  |
| Loss from operations before cumulative effect of change in accounting principle                  | (138,631)                  | (3,481)                 | (135,150)              |
| Cumulative effect of change in accounting principle  | (206,619)                  |                         | (206,619)              |
| Net loss   | \$ (345,250)               | \$ (3,481)              | \$ (341,769)           |
| Net Loss per share Basic and Diluted   |                            |                         |                        |
| Net loss per share before cumulative effect of change in accounting principle                    | \$ (4.52)                  |                         | \$ (4.41)              |
| Cumulative effect of change in accounting principle  | \$ (6.74)                  |                         | \$ (6.74)              |
| Net loss per share   | \$ (11.26)                 |                         | \$ (11.15)             |
| Weighted average shares outstanding used in computing basic and diluted net loss per share       | 30,656                     |                         | 30,656                 |

See notes to the unaudited pro forma condensed consolidated financial statements.



## INFOSPACE, INC.

## UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

Year ended December 31, 2001

(Amounts in thousands, except per share data)

|  | Historical<br>InfoSpace(1) | Payment<br>Solutions(2) | Pro Forma<br>InfoSpace |
|--|----------------------------|-------------------------|------------------------|
| Revenues   | \$ 161,921                 | \$ 15,356               | \$ 146,565             |
| Operating expenses <sup>(3)</sup> :  |                            |                         |                        |
| Content and distribution costs   | 25,498                     | 4,929                   | 20,569                 |
| Systems and network operations   | 26,255                     | 1,037                   | 25,218                 |
| Product development  | 37,988                     | 1,460                   | 36,528                 |
| Sales and marketing  | 34,306                     | 863                     | 33,443                 |
| General and administrative   | 56,114                     | 4,409                   | 51,705                 |
| Depreciation   | 19,354                     | 874                     | 18,480                 |
| Amortization of intangible assets  | 236,714                    | 36,937                  | 199,777                |
| Impairment of goodwill   | 101,789                    |                         | 101,789                |
| Impairment of other intangible assets  | 5,940                      |                         | 5,940                  |
| Restructuring charges and other, net   | 25,393                     |                         | 25,393                 |
| Total operating expenses   | 569,351                    | 50,509                  | 518,842                |
| Operating loss   | (407,430)                  | (35,153)                | (372,277)              |
| Loss on equity investments   | (108,158)                  |                         | (108,158)              |
| Other income, net  | 17,361                     | 441                     | 16,920                 |
| Loss from operations before income taxes and cumulative effect of change in accounting principle | (498,227)                  | (34,712)                | (463,515)              |
| Income tax expense   | (681)                      |                         | (681)                  |
| Loss from operations before cumulative effect of change in accounting principle                  | (498,908)                  | (34,712)                | (464,196)              |
| Cumulative effect of change in accounting principle  | (3,171)                    |                         | (3,171)                |
| Net loss   | \$ (502,079)               | \$ (34,712)             | \$ (467,367)           |
| Net Loss per share Basic and Diluted   |                            |                         |                        |
| Net loss per share before cumulative effect of change in accounting principle                    | \$ (15.68)                 |                         | \$ (14.59)             |
| Cumulative effect of change in accounting principle  | \$ (0.10)                  |                         | \$ (0.10)              |
| Net loss per share   | \$ (15.78)                 |                         | \$ (14.69)             |
| Weighted average shares outstanding used in computing basic and diluted net loss per share       | 31,822                     |                         | 31,822                 |

See notes to the unaudited pro forma condensed consolidated financial statements.





**INFOSPACE, INC.**

**NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED**

**FINANCIAL STATEMENTS**

The accompanying Pro Forma Condensed Consolidated Financial Statements consist of the historical Condensed Consolidated Financial Statements of the Company, adjusted to exclude the historical operating results of the Company's Payment Solutions business, as described herein:

1. Represents the historical results of operations of the Company and were derived from the Company's Consolidated Statements of Operations as previously reported in its Annual Report on Form 10-K for the year ended December 31, 2003, before reflecting its Payment Solutions business as a discontinued operation.
2. Represents the historical operating results of the Company's Payment Solutions business for the periods presented.
3. In 2004, the Company revised the presentation of its Consolidated Statements of Operations to eliminate the caption Cost of Revenues, and separately present Content and Distribution costs, Systems and Network Operations costs and Depreciation expense. Content and Distribution costs were previously included in Cost of Revenues and Sales and Marketing expense. Certain reclassifications have been made to the accounts for all periods reported herein to conform to the current presentation. The reclassifications did not impact previously reported revenues, total operating expenses, operating income or net income or loss.

**SIGNATURE**

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**INFOSPACE, INC.**

By /s/ David E. Rostov

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David E. Rostov  
Chief Financial Officer

Dated: May 24, 2004