

Consolidated Statements of Operations Unaudited (in thousands, except per share data)

(in thousands, except per share data)		Three Mont		Year Ended December 31,				
	-	2006	2005	_	2006	2005		
Revenues	\$	118,367 \$	103,686	\$	387,689 \$	338,047		
Operating expenses:								
Cost of revenues		45,667	39,488		169,920	152,215		
Sales and marketing		27,335	21,163		98,277	78,940		
General and administrative		17,597	13,023		58,786	48,192		
Stock option investigation		6,519	-		13,745	-		
Depreciation		6,881	4,549		22,848	17,331		
Amortization of intangible assets		3,244	2,506		11,896	9,906		
Asset impairment		-	-		-	1,613		
Goodwill impairment		1,375	-		2,793	-		
Total operating expenses		108,618	80,729		378,265	308,197		
Operating income		9,749	22,957		9,424	29,850		
Non-operating income (expense):								
Realized gains (loss) on investments		-	1,345		558	(170)		
Interest income		874	730		4,871	1,989		
Interest expense		(3,009)	(764)		(5,023)	(3,086)		
Other, net		(538)	187	_	(488)	19		
Total non-operating income (expense)	_	(2,673)	1,498	_	(82)	(1,248)		
Income before income taxes		7,076	24,455		9,342	28,602		
Income tax expense (benefit)	_	768	765	_	1,469	(80)		
Income from continuing operations		6,308	23,690		7,873	28,682		
Discontinued operations (Loss) from operations of discontinued operations	_	<u> </u>	(2,949)	_	(37)	(9,099)		
Net income	\$	6,308 \$	20,741	\$_	7,836 \$	19,583		
Basic net income per share	\$	0.04 \$	0.14	\$_	0.05 \$	0.13		
Diluted net income per share	\$	0.04 \$	0.13	\$_	0.05 \$	0.13		
Shares used in calculating basic net income per share	_	149,805	148,469	=	149,076	146,030		
Shares used in calculating diluted net income per share	_	152,559	155,638	=	152,313	152,615		
Noncash stock compensation expense is included in the above expense categories:								
Cost of revenues	\$	1,625 \$	173	\$	7,709 \$	1,664		
Sales and marketing		829	92		3,604	743		
General and administrative		2,904	681		8,438	3,937		
	\$	5,358 \$	946	\$	19,751 \$	6,344		
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Consolidated Balance Sheets Unaudited (in thousands, except per share data)

		December 31, 2006		December 31, 2005
ASSETS	_		-	
Current Assets:				
Cash and cash equivalents	\$	31,327	\$	55,895
Investments in marketable debt securities		30,372		41,591
Accounts receivable, net		90,414		85,312
Other current assets		10,439		14,337
Total current assets		162,552	-	197,135
Restricted cash		2,200		2,248
Investments in marketable debt securities		13,915		12,432
Property and equipment, net		72,625		57,765
Other assets		15,554		18,948
Intangible assets, net		34,838		37,380
Goodwill	_	133,199		129,658
Total assets	\$	434,883	\$	455,566
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	\$	10,055	\$	8,330
Accrued liabilities		80,410		52,140
Revolving credit facility		60,000		-
Current portion of long-term debt		13,750		2,652
Total current liabilities		164,215	_	63,122
Non-current liabilities:				
Long-term debt		4,598		139,114
Other liabilities	_	727		794
Total liabilities		169,540		203,030
Stockholders' equity:				
Common stock; \$0.0001 par value; 400,000 shares				
authorized; 149,805 outstanding at				
December 31, 2006 and 148,685 outstanding				
at December 31, 2005		15		15
Additional paid-in-capital		2,857,238		2,857,175
Deferred stock compensation		-		(2,871)
Accumulated other comprehensive loss		(11,357)		(13,394)
Treasury stock, at cost		(30,453)		(30,453)
Accumulated deficit	_	(2,550,100)	_	(2,557,936)
Total stockholders' equity	_	265,343	_	252,536
Total liabilities and stockholders' equity	\$	434,883	\$	455,566



Statements of Cash Flows Unaudited (in thousands)

	Year Decei		
•	2006		2005
Cash flows from operating activities:		_	
Net Income \$	7,836	\$	19,583
Adjustments to reconcile net income to net cash provided by	y		
operating activities:			
Depreciation and amortization	34,744		27,405
Stock compensation expense	19,751		6,344
Asset impairments	2,793		12,257
Asset disposals	302		133
Noncash interest	(583)		290
Deferred taxes	-		159
Allowance for doubtful accounts	2,475		1,769
Gain on sale of business, net	(298)		-
Realized gain on investments	(558)		(1,913)
Realized loss on investments	-		2,083
Changes in operating assets and liabilities, net of acquisition	ns:		
Accounts receivable	(7,541)		(19,958)
Other assets	(2,343)		1,341
Accounts payable	1,400		1,415
Accrued liabilities	3,929		(7,620)
Other long-term liabilities	(59)	_	(60)
Net cash provided by operating activities	61,848	_	43,228
Cash flows used in investing activities:			
Purchase of marketable debt securities	(45,546)		(58,803)
Proceeds from sale of marketable debt securities	57,620		49,049
Release of restrictions on cash	62		17,526
Proceeds from sales of investments in privately held comp	3,058		1,913
Investments in privately held companies	-		(1,934)
Net cash paid for acquisitions	(14,482)		(25,105)
Capital expenditures	(32,833)		(23,359)
Net cash used in investing activities	(32,121)	_	(40,713)
Cash flows provided by (used in) financing activities:		_	
Net proceeds from exercise of stock options	6,500		29,417
Net proceeds from employee stock purchase plan	780		1,266
Write-off of debt issuance costs	2,163		1,200
			-
Proceeds from borrowings on credit facility	60,000		(5 972)
Principal payments on borrowings	(125,096)	_	(5,873)
Net cash provided by (used in) financing activities	(55,653)	_	24,810
Net increase (decrease) in cash and cash equivalents	(25,926)		27,325
Effect of exchange rate changes on cash and cash equivaler	1,358		(990)
Cash and cash equivalents at the beginning of the period	55,895	Ф-	29,560
Cash and cash equivalents at the end of the period \$	31,327	\$_	55,895



Business Segments

CNET's primary areas of measurement and decision-making include two principal business segments. CNET has determined that its business segments are U.S. Media and International Media. U.S. Media consists of an online network focused on four content categories: personal technology, entertainment, business and community. International Media includes the delivery of online technology information and several technology print publications in non-U.S. markets. Management believes that segment operating income (loss) before depreciation, amortization and stock compensation expenses is an appropriate measure of evaluating the operating performance of the company's segments. However, segment operating income (loss) before depreciation, amortization and stock compensation expense should not be considered a substitute for operating income, cash flows or other measures of financial performance prepared in accordance with generally accepted accounting principles.

(Unaudited) (in thousands)

(in thousands)		
	U.S. International	
	Media Media Other (1)	Total
Three Months Ended		
December 31, 2006		
Revenues	\$ 93,907 \$ 24,460 \$ -	\$ 118,367
Operating expenses	64,687 20,554 23,377	108,618
Operating income	<u>\$ 29,220</u> <u>\$ 3,906</u> <u>\$ (23,377)</u>	\$ 9,749
Three Months Ended December 31, 2005		
Revenues	\$ 82,952 \$ 20,734 \$ -	\$ 103,686
Operating expenses	56,056 16,672 8,001	80,729
Operating income	<u>\$ 26,896</u> <u>\$ 4,062</u> <u>\$ (8,001)</u>	\$ 22,957
Year Ended December 31, 2006		
Revenues	\$ 307,942 \$ 79,747 \$ -	\$ 387,689
Operating expenses	<u>232,961</u> <u>74,271</u> <u>71,033</u>	378,265
Operating income	<u>\$ 74,981</u> <u>\$ 5,476</u> <u>\$ (71,033)</u>	\$ 9,424
Year Ended December 31, 2005		
Revenues	\$ 271,027 \$ 67,020 \$ -	\$ 338,047
Operating expenses	208,327 64,676 35,194	308,197
Operating income	<u>\$ 62,700</u> <u>\$ 2,344</u> <u>\$ (35,194)</u>	\$ 29,850

(1) For the three months ended December 31, 2006, Other represents operating expenses related to depreciation of \$6.9 million, amortization of \$3.2 million, impairments of \$1.4 million, stock option investigation expenses of \$6.5 million and stock compensation expense of \$5.4 million. For the three months ended December 31, 2005, Other represents operating expenses related to depreciation of \$4.6 million, amortization of \$2.5 million and stock compensation expense of \$0.9 million.

For the year ended December 31, 2006, Other represents operating expenses related to depreciation of \$22.8 million, amortization of \$11.9 million, impairments of \$2.8 million, stock option investigation expenses of \$13.7 million and stock compensation expense of \$19.8 million. For the year ended December 31, 2005, Other represents operating expenses related to depreciation of \$17.3 million, amortization of \$9.9 million, impairments of \$1.6 million and stock compensation expense of \$6.4 million.



Quarterly Statistical Highlights

Unaudited

	<u>Q4-06</u>	<u>Q3-06</u>	<u>Q2-06</u>	<u>Q1-06(a)</u>	<u>Q4-05(a)</u>
Total Quarterly Revenue (\$mm)	\$ 118.4	\$ 93.3	\$ 92.4	\$ 83.6	\$ 103.7
Revenue Distribution (%) (b)					
Marketing Services	89%	86%	86%	85%	89%
Licensing, Fees and User	11%	14%	14%	15%	11%
Segment Revenue (\$mm)					
U.S. Media	\$ 93.9	\$ 73.5	\$ 72.8	\$ 67.8	\$ 83.0
International Media	\$ 24.5	\$ 19.8	\$ 19.6	\$ 15.8	\$ 20.7
Advertiser Metrics					
CNET Networks Top 100 US Advertisers' Renewal Rate (Q-to-Q)	96%	96%	100%	96%	100%
CNET Networks Top 100 US Advertisers' % of Network Revenue	57%	54%	55%	53%	55%
Select Business Metrics					
Network Unique Users (mm)	135.8	124.5	116.2	116.8	116.1
Network Average Daily Page Views (mm)	84.8	86.3	92.8	98.7	103.6
Balance Sheet Highlights (\$mm)					
Cash	\$ 31.3	\$ 78.7	\$ 79.1	\$ 74.2	\$ 55.9
Marketable Debt Securities	 44.3	60.9	62.0	62.1	54.1
Total Cash and Investments	\$ 75.6	\$ 139.6	\$ 141.1	\$ 136.3	\$ 110.0
Days Sales Outstanding (DSO)	69	73	67	70	71
Total Debt	\$ 78.3	\$ 143.3	\$ 143.3	\$ 141.7	\$ 141.8

⁽a) Results for 2005 and Q1 2006 exclude revenue related to Computer Shopper due to the sale of the Computer Shopper magazine business in Q1 2006. Results are reflected in discontinued operations on the consolidated statements of operations.

⁽b) Due to the sale of Computer Shopper magazine on February 2, 2006, CNET Networks no longer reports publishing revenue. The company's in publishing revenue is now reported in the marketing services and licensing, fees and users lines as described below:

Marketing Services - sales of advertisements on our Internet network through impression-based and activity-based advertising, and sales of adve publications.

Licensing, Fees and Users - licensing our product database, online content, subscriptions to online services, subscription and newsstand sales of other paid services.



Guidance to the Investment Community

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\$ in millions, except per share	Q4-06 Actual	Q1-07 estimate Low - High	FY 2007 estimate Low - High
Total Revenues	\$118.4	\$90.0 - \$94.0	\$425.0 - \$445.0
Operating income before depreciation, amortization and stock compensation expense	\$26.6	\$7.0 - \$11.0	\$90.0 - \$105.0
Depreciation expense	\$6.9	\$7.0	\$32.0
Amortization expense	\$3.2	\$3.0	\$12.0
Stock compensation expense	\$5.4	\$5.5	\$23.0
Stock inquiry investigation	\$6.5	-	-
Goodwill impairment	\$1.4	-	-
Operating income	\$9.7	(\$8.5) - (\$4.5)	\$23.0 - \$38.0
Interest income (expense), net	(\$2.1)	(\$0.5)	(\$1.3)
Other income (expense)	(\$0.5)	-	-
Tax benefit (expense)	(\$0.8)	(\$0.1)	(\$3.0) - (\$2.0)
GAAP EPS (including stock compensation expense)	\$0.04	(\$0.06) - (\$0.03)	\$0.12 - \$0.22
Pro forma EPS (excluding stock compensation expense)	\$0.08	(\$0.02) - \$0.00	\$0.27 - \$0.37

Note: Q107 and FY07 operating income $\,$ guidance does not consider ongoing fees related to the stock option investigation.

Note: Q107 and FY07 earnings per share guidance does not reflect the non-cash financial statement impact of any adjustments to our deferred tax assets and the likely release of the related valuation allowance.



	Three Months Ended December 31,				Year Ended December 31,				
	2006 2005			2005		2006		2005	
Operating income	\$	9,749	\$	22,957	\$	9,424	\$	29,850	
Stock compensation expense		5,358		946		19,751		6,344	
Depreciation		6,881		4,549		22,848		17,331	
Amortization of intangible assets		3,244		2,506		11,896		9,906	
Impairments		1,375				2,793		1,613	
Operating income before depreciation, amortization, impairments and	¢	26,607	\$	20.059	¢	66,712	\$	65 044	
stock compensation expense	Ф	20,007	Ф	30,958	\$	00,712	Ф	65,044	
Stock option investigation		6,519		-		13,745		_	
Operating income before depreciation, amortization, impairments, stock compensation	Ф	22.126	Φ	20.050	¢.	00.457	Φ	c5 044	
expense and stock option investigation	\$	33,126	\$	30,958	\$	80,457	\$	65,044	

We believe that "operating income before depreciation, amortization, impairments and stock compensation expense" is useful to management and investors as a supplement to our GAAP (generally accepted accounting principles in the United States) financial measures for evaluating the ability of the business to generate cash from operations. Depreciation, amortization and asset impairments are non-cash items and include within them amounts related to past transactions and expenditures that are not necessarily reflective of the current cash or capital requirements of the business. Stock compensation expense is a non-cash item that does not reflect upon the ability of the business to generate cash from operations.

Management refers to "operating income before depreciation, amortization, impairments, stock compensation expense and stock option investigation" in making operating decisions and for planning and compensation purposes. A limitation associated with this measure is that it does not reflect the costs of certain capitalized tangible and intangible assets used in generating revenue. Management compensates for these limitations by relying primarily on our GAAP financial measures, such as capital expenditures, and using "operating income before depreciation, amortization, impairments, stock compensation expense and stock option investigation" only on a supplemental basis. Although depreciation and amortization are non-cash charges, the capitalized assets being depreciated and amortized will often have to be replaced in the future, and "operating income before depreciation and amortization" does not reflect any cash requirements for such replacements. This measure also does not take into account interest expense, or the cash requirements necessary to service interest or principal payments on our debt. Nor does the measure reflect changes in, or cash requirements for, our working capital needs. "Operating income before depreciation, amortization, impairments, stock compensation expense and stock option investigation" should be considered in addition to, and not as a substitute for, other measures of financial performance prepared in accordance with GAAP.



		Three Mo Decen	nths Ei iber 31			Pear Ended December 31,					
		2006		2005	2006			2005			
Net income	\$	6,308	\$	20,741	\$	7,836	\$	19,583			
Stock compensation expense (1)		5,358		946		19,751		6,344			
Stock option investigation (2)		6,519		-		13,745		-			
Asset impairments (3)		1,375		-		2,793		1,613			
Realized (gain) loss on investments (4)		-		(1,345)		(558)		170			
Loss from discontinued Operations (5)				2,949		37		9,099			
Effect on earnings from depreciation, amortization, asset impairments, stock compensation expense and stock option investigation		13,252		2,550		35,768		17,226			
Net income excluding depreciation, amortization asset impairments, stock compensation expense and stock option investigation	\$	19,560	\$	23,291	\$	43,604	\$	36,809			
Diluted net income per share excluding depreciation, amortization, asset impairments, stock compensation expense and stock option investigation	\$	0.13	\$	0.15	\$	0.29	\$	0.24			
Shares used in calculating diluted net income per share		152,559	_	155,638		152,313		152,615			

Three Months Ended

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- (1) During the three months and year ended December 31, 2006, the company recorded \$5.4 million and \$19.8 million of stock compensation expense. Stock compensation expense was \$0.9 million and \$6.4 million for the three months and year ended December 31, 2005.
- (2) During the three months and year ended December 31, 2006, \$6.5 million and \$13.7 million of charges related to the stock option investigation were incurred.
- (3) The company made a decision in the three months ended December 31, 2006 to exit its Korean operations. An impairment of \$1.4 million was taken representing the write-off of goodwill associated with that operation. Additionally, the year ended December
- 31, 2006 includes an additional impairment of \$1.4 million that was recorded in connection with the company's decision to terminate its U.S. events operations. The \$1.6 million impairment in the year ended December 31, 2005 is related to a loss associated with the evaluation of the carrying value of an office building in Switzerland that was held for sale.
- (4) The company recognized a gain of \$1.3 million on privately held investments during the three months ended December 31, 2005. The company recognized \$0.6 million net gain on sales of privately held investments during the year ended December 31, 2006 and a \$0.2 million net loss on privately held investments during the year ended December 31, 2005.
- (5) The company recognized a small loss from discontinued operations for the year ended December 31, 2006. The company recognized a loss from discontinued operations of \$2.9 million and \$9.1 million in the three months and year ended December 31, 2005, respectively.

The company believes that this information is useful to investors because these items are infrequent in nature and may affect the comparability of the current quarter and full year results to other quarter and full year results.



Free Cash Flows (Unaudited) (in thousands)

		Three Mor Decem			Year Ended December 31,			
		2006		2005	2006		2005	
Cash flows from operating activities	\$	8,630	\$	8,802	\$	61,848	\$ 43	,228
Capital expenditures		(5,942)		(7,167)		(32,833)	(23	,359)
Free cash flow	\$	2,688	\$	1,635	\$	29,015	\$ 19	,869

Free Cash Flow is defined as net cash provided by operating activities less capital expenditures. The company believes that free cash flow provides useful information about the amount of cash generated by the business after the purchase of property and equipment. A limitation of free cash flow is that it does not represent the total increase or decrease in the cash balance for the period. Free cash flow should be considered in addition to, and not as a substitute for, other measures of financial performance prepared in accordance with US GAAP.