engine, Ultraseek, which the Company plans to release in the second half of 1996. Ultraseek will enable the searching of a much greater number of Web sites at even faster speeds with the same level of accuracy for which Infoseek Guide is currently known.

- Directory: Directory is a hierarchical listing of Web pages that have been selected and abstracted by the Company and organized by category. As of March 31, 1996, Directory consisted of over 25,000 abstracted entries. Directory enables a user to click on a directory entry such as Arts & Entertainment or Sports, and to look through a hierarchy of relevant Internet sites for areas of interest. For example, under Sports, the user can proceed from Baseball to Players, and finally, to Ken Griffey Jr. Directory assists the user by providing abstracts of each directory entry. In addition, the Company has entered into an agreement with HNC to license certain technology from HNC which is intended to allow the Company to enhance the Company's Web Directory feature. Infoseek expects to use this technology to automate the construction of Directory categories, the assignment of Web pages to each Directory category and the creation of abstracts for each Web page included in the Directory, as well as to increase the number of entries in the Directory.

- iZone: iZones are special interest editorial features created exclusively for Infoseek by leading third party content providers. In response to specific user queries, Infoseek Guide displays a prompt to link a user to context relevant iZones. For example, if the user effects a golf-related query, the search response will provide an iZone button that enables access to an

iZone created by iGolf. Each iZone contains a short editorial on a specific topic of interest and links to other relevant and related Web sites. iZones provide sponsors with an opportunity to reach a community of consumers having an interest in the sponsor's product, and creates a pathway to the sponsor's editorials and Web page. The Company's iZone sponsors as of April 25, 1996 are:

[Enlarge/Download Table]

SPONSOR	IZONE	DESCRIPTION
Billboard Online/BPI Communications	The Front Row	Pop music
Campus Concepts	Campus Commons	Student life
Epicurious/Conde Nast Publications, Inc.	The Dining Room	Food and drink
HomeArts/The Hearst Corporation	The Living Room	Home and lifestyle
Hoover's Online/The Reference Press, Inc.	Company Profiles	Company profiles
InterZine Productions	iGolf	Golf
Imaging Publishing, Inc./The Net	CyberArts	Fine art online
Inc. Online	The Enterprise Zone	Small business information
Inc. Online	The Inc. 500	Tips for small businesses
Macworld Online/IDG	Macintosh Shareware	Shareware for Macs
MoneyHunter/MoneyHunt Properties LLC	Growth Capital	Entrepreneurial information
Next Generation Online/Imagine Publishing, Inc.	The Arcade	Computer/video games
PC World Online/IDG	Silicon Alley	Personal computers
Quote.com	Stock Quotes	Stock quote lookups
SportsLine USA	The Sports Arena	Sports news
TV1/New Century Productions	TV Times	Television schedules
Viewz	Home Computing	Computers for at-home use
Women's Wire/Wire Networks/News Update	Fashion Plate	Fashion trends

- Toolbar: The Toolbar is a set of buttons available on the Infoseek user interface that provide users simple and instantaneous access to certain premier content providers in areas of general interest, such as news, weather, stock prices and interactive shopping directories. For example, the toolbar options Fast Facts and World News allow the user to directly access such resources as Reuters world news, directories of email addresses, phone numbers, and reference materials such as online dictionaries and a thesaurus. The Toolbar also allows users direct access to a listing of iZones and the ability to initiate new searches. The following is an illustration of the Company's current Toolbar:

Picture of current toolbox, including: Infoseek Guide Logo
and icons used to access new searches,
BigYellow, World News, Fast Facts, The iZone.

Infoseek Guide operates with most popular Web browsers. Although browser features vary by manufacturer and version, Infoseek Guide automatically configures itself to conform to the specific features of each user's browser. Where available, Infoseek Guide employs advanced features such as frames, which organize the screen format into clickable areas to enhance the usability of the service and the appeal to advertisers.

iSeek. Infoseek recently released iSeek, a new software program. iSeek is an extension of the Infoseek Guide that can be downloaded directly onto the user's desktop and makes it easier for the user to access Infoseek Guide. In its first release in March 1996, iSeek consists of a collection of *"hot buttons"* that connect users directly to Infoseek Guide. A user who clicks on *"Stock Quotes"* or *"Headline News,"* for example, can be connected to a personalized portfolio, or the latest headlines.

Future Enhancements. The Company plans to continue to enhance the attractiveness of its service to users through additional features and functionality. Infoseek is currently developing several enhancements to Infoseek Guide, which will allow for personalization of content and advertising according to user interests. These enhancements are expected to be released by fall 1996, and will allow users to create permanent filters for Internet-based information such as newswires, stock quotes, USENET listings and other Internet resources.

Infoseek Professional. Infoseek Professional is a subscription-based service targeted primarily to professional and business users of commercial online data and content. Infoseek Professional provides access to multiple, premium content databases in addition to the standard collections of Web pages, USENET News, and wire services more widely available on the Internet. Infoseek Professional provides a lower cost means to access a broad range of information databases as compared to individual premium service subscriptions. Infoseek Professional has not been a source of significant revenues to date for the Company.

TECHNOLOGY

The Company believes it can differentiate itself by developing innovative proprietary technology and integrating technology licensed from third parties where appropriate. The Company's strategy is to develop and license only technologies that are able to scale with the growth in content on the Internet, in order to enable the Company to cost-effectively adapt and grow with the Internet.

Core Search Engine Technology

The Company's current search engine technology is based upon technology licensed perpetually from ACSIOM to the Company. The Company's search engine has won a number of industry awards, including *"Number 1 Rated Search Engine"* (PC Computing Sept 95), "Best of the Test " (Internet World May 96) and "MVP: Internet Tools " (PC Computing Dec 95).

The Company's search engine seeks to deliver high accuracy, which is characterized by the level of precision and the level of recall. Precision and recall are two criteria by which the effectiveness of a search engine technology is often measured. Precision is a measure of how effectively a search engine calculates the relevance of documents that match the query. Recall is a measure of what percentage of the total number of relevant documents in the database are found during the search. Together, these two measures of search engine performance tend to be the most important factors to users in evaluating the accuracy and usefulness of a search engine. For example, in a database of 100 documents with two documents that exactly match the desired query, the ideal search engine would retrieve only the two matching documents, thereby achieving both 100% precision and 100% recall.

In addition, due to the dynamic nature of the Internet, the retrieval of up-to-date information has become another key factor for the evaluation of Internet search services. To bring current information to the user, the Company's technology refreshes its entire database of Web pages no less frequently than every four weeks, while regularly updating with new Web pages. This enables Infoseek Guide to deliver accurate, relevant and up-to-date search results.

Infoseek's search engine is able to recognize proper nouns and analyze keyword proximity. A request in Infoseek Guide for *"Pete Rose"* will return the former baseball player and not a large selection of flowers or other persons named *"Pete,"* thereby retrieving more accurate results. In addition, the technology is case-sensitive, so that it can distinguish between a search for *"NeXT,"* the computer company, and *"next,"* the common word. Another key element of the technology include its ability to *"stem"* words so that all tenses and inflections of a word (such as stop, stops, stopped and stopping) are considered in the search. Stemming, improperly performed, results in the retrieval of large volumes of irrelevant information. The technology also makes use of operators that can filter documents by either requiring a specific term to appear in all search results or rejecting any

results containing a specific term. Field operators are also used so that a search term may be linked to or excluded from a specific portion, or field, of a document, such as the title of a document.

To facilitate the ease of use of the service, Infoseek Guide includes a sophisticated technology to interpret *"natural language"* queries. Although most current search engines also provide natural language capabilities, the results achieved may differ dramatically. The Infoseek technology is based upon a weighting of various factors such as the case of the words in the search phrase, how common the words appear in usage, word proximity and how the words appear in the pages searched. By using the stemming, case-sensitivity, word proximity, operators and other algorithms in the search engine, Infoseek Guide is able to retrieve highly accurate and relevant results.

The Company has also provided a proprietary Web spider which works in conjunction with the original ACSIOM technology to enhance the performance of the search engine. A Web spider is software that identifies and catalogs pages on the Web. This catalog, when indexed with text retrieval software such as the Company's search engine, can be quickly accessed by keyword or phrase. Together, the search engine technology and the Web spider technology are used to index Web pages, the Directory, iZone pages, and other sources of content. When the user submits a query, such as *"Explain the Lyrics to Penny Lane"*, the engine searches the Web index created by the Web spider, the indices for the iZone and other content, to provide a list of 'hits' ordered by the relevance of the hits to the user's query.

The Company is currently working on its next generation search engine, Ultraseek, which the Company plans to release in the second half of 1996. Ultraseek will enable the searching of a much greater number of Web sites at even faster speeds with the same level of accuracy for which Infoseek Guide is currently known.

To enhance the capabilities of Ultraseek, the Company has recently licensed certain software technologies from XEROX for the linguistic analysis of document content and search terms. The Company will pay a royalty to XEROX based on the usage of the technology, an amount up to $200,000 per year in 1996 and 1997, and $300,000 in 1998. After payment of such $700,000 in royalties, the Company will have a fully paid, perpetual license to the technology. This technology will be licensed to the Company on a partially exclusive basis for the first year and on a nonexclusive basis thereafter.

In addition, the Company has entered into an agreement with HNC to license certain technology from HNC that is intended to allow the Company to enhance the Company's Web Directory feature. Infoseek expects to use this technology to automate the construction of Directory categories, the assignment of Web pages to each Directory category and the creation of abstracts for each Web page included in the Directory. All of these processes are currently being performed manually. Accordingly, the Company is depending upon the proposed technology to reduce the cost of expanding its Directory feature. This technology will be licensed to the Company for an initial five year term beginning upon the initial acceptance of the software by the Company. There can be no assurance that the HNC technology will function as anticipated or will provide the intended benefits, and any such deficiency could require the Company to incur significant increased costs to expand its Directory as planned. See *"Risk Factors -- Dependence on Technology Suppliers."*

Advertising Management

Infoseek has developed certain proprietary systems for the instantaneous placement of advertisements with targeted audiences on appropriate Infoseek Guide Web pages. Infoseek's advertising management systems are capable of presenting in real-time advertising that corresponds to a user's inquiry. If certain key words have been purchased by more than one advertiser, the system automatically determines which advertisement is displayed based upon the number of impressions under contract and delivered to date. As part of the Company's proprietary advertising management system, Infoseek also maintains a database that tracks the number of searches of each word queried by Infoseek users, the number of browses through each Directory category and the number of impressions of each advertisement. This system assists the Company in estimating the number of expected impressions of specific advertisement options marketed by the Company or otherwise sought by advertisers.

In April 1996, the Company licensed certain software technology from HNC. The Company intends to utilize the software technology to develop an advertising and audience management system to optimize the matching of advertisements with the appropriate audience. The software will be modified according to the Company's specifications to integrate it into the Company's advertisement placement system. This technology will be licensed to the Company for an initial five year term beginning upon the initial acceptance of the software by the Company. The Company expects that the proposed technology will provide significant technological improvements to the Company's advertising and audience management systems. The Company expects the proposed technology to provide significant technological improvements to the Company's advertising and audience management systems. There can be no assurance that such system will be successfully developed. See "*Risk Factors -- Dependence on Technology Suppliers*."

ADVERTISING SALES

Infoseek derives substantially all of its revenues from the sale of advertisements. These advertisements appear on the Infoseek Guide Web page when a user enters the service, performs a search, or browses through the Directory or Toolbar. Advertising revenues represented 82% and 96% of the Company's total revenues for fiscal 1995 and the first quarter of 1996, respectively. The Company believes it has been able to achieve its advertising revenues to date primarily through the extensive knowledge and relationship-base of its direct-sales force and through the products and technological advantages it can offer advertisers.

Sales Force

As of March 31, 1996, Infoseek's advertising sales staff consisted of 20 representatives located in Santa Clara, New York, San Francisco, Atlanta and Boston. The staff collectively has advertising experience at media firms such as Anderson Lembke, Datamation, Cahners Publishing, Foote Cone & Belding, Inc., Hachette Filipacchi, Hearst New Media, US News & World Report, Inc., and Yankee Publishing Inc. The Company believes that having an internal sales force with significant prior experience will allow it to better understand and meet advertisers' needs, increase its access to potential advertisers and maintain strong relationships with its existing base of advertising clients. The Company plans to increase its staff during the remainder of 1996. In Europe, Asia and Latin America, the Company intends to establish working relationships with international advertising representation firms. No definitive arrangement with any international firms have been reached to date.

Advertising Products and Pricing

The Company offers advertisers four main advertising options that may be purchased individually or in packages: general rotation, topic pages, keyword and special placement. These options all contain hypertext links to the advertiser's home page. To date, most of Infoseek's contracts with advertisers have terms of three months or less.

General Rotation: General rotation advertisements rotate on a random basis through Infoseek Guide on search result pages and pages accessed through the Toolbar. General rotation advertising offers advertisers seeking to establish brand recognition across the broad, general population the broadest reach of Infoseek users. General rotation advertisements are typically sold in blocks of one thousand impressions to be generated over a four week period, currently at a CPM (cost per thousand impressions) of $13 to $23 depending upon the number of impressions purchased. To date, most general rotation advertisers have purchased blocks of one million impressions, which are currently priced at a rate card CPM of $18.

Topic Pages: Topic page advertisements appear when an Infoseek user browses through Directory topic pages, such as Careers and Employment, Stocks, and Health and Medicine. These advertisements allow advertisers to target an audience with a specific area of interest. Like general rotation advertisements, topic page advertisements are sold in blocks of impressions over a four week period. Because of the greater selectivity of the audience, current CPMs range from $19 to $39 with a rate card CPM of $25 for one million impressions.

Keyword: Keyword advertisements are displayed when an Infoseek user's search contains a particular keyword selected by the advertiser. This option offers the advertiser a highly targeted, self-selected audience. Through its proprietary advertising management system, the Company tracks every word that is queried by Infoseek users. From it, the Company has identified approximately 200 keywords that are most frequently queried by Infoseek users and requested by advertisers. The current four week rate card CPM for a keyword is $50, with a $1,000 minimum.

Special Placement: Special placement advertisements are displayed on special feature pages, such as iZones and in other manners customized to the needs or requests of the advertiser. Special placement advertisements include advertisements placed on special editorial pages. For example, Infoseek is offering special advertising placements within a series of editorial features, games and other items created by the Company revolving around the 1996 Atlanta Games. The Company seeks to bundle these advertising options to create packages that offer the greatest value to advertisers. Pricing for special placements is determined on a case-by-case basis.

Technological Advantages for Advertisers

The online medium offers advertisers the ability to *"narrowcast"* their advertisements. For example, car manufacturers can display their advertisements when a user executes a car-related search. Infoseek's technology additionally enables clients to monitor the effectiveness of their advertisements by tracking click-through rates (the number of viewers who click to an advertiser's site) to learn more about their target audiences. Infoseek advertising sales representatives work closely with advertisers to understand the data and integrate it into their overall advertising strategy. The Company is exploring new technologies to enhance user behavior tracking and advertising management capabilities. See *"Business -- Technology"* and *"Risk Factors -- Technological Change and New Products."*

Major Advertisers

During the course of the first quarter of 1996, over 120 advertisers placed advertisements on the Company's service. The following is a list of the Company's top advertisers for that quarter, including the percentage of revenues attributable to such advertiser for such quarter, as measured by net revenues.

Adaptec -- 3%

AT&T -- 3%

Cathay Pacific -- 2%

c/net -- 2%

Discovery Channel -- 4%

Free Ride Media -- 8%

GTE -- 1%

Hearst New Media -- 2%

IBM -- 1%

Intel -- 1%

Internet Shopping Network -- 8%

Marketplace MCI -- 2%

Microsoft -- 7%

Netscape -- 2%

Nissan -- 1%

NYNEX -- 2%

Roguewave Software -- 1%

SportsLine -- 3%

Starwave -- 1%

Swatch -- 1%

MARKETING AND DISTRIBUTION OF THE INFOSEEK BRAND

Marketing

The Company's strategy is to build brand for Infoseek through online and trade advertising, trade shows, print media and promotions. The Company's current print media campaign includes aggressively marketing in publications such as The Wall Street Journal, Internet World, WebWeek, Advertising Age and Adweek Network. In addition, the Company cross-promotes with content providers through advertising swaps both in online media and traditional print and broadcast media.

In addition, the Company seeks to establish relationships with key marketing partners. To that effect, the Company has entered into a co-marketing relationship with Sun Microsystems, Inc. (*"Sun"*) under which Infoseek has agreed to use Sun equipment exclusively for use with an Ultraseek-branded search service. In return, Infoseek will receive advantageous terms on its purchases of certain Sun equipment and the two companies shall widely promote each other's products and services.

Distribution

The Company seeks to form relationships that maximize audience reach and create alternate distribution channels to the Company's services. The Company has developed the following significant distribution relationships:

Browser Vendors: The Company has relationships with Netscape, Microsoft, Quarterdeck, NETCOM, NetManage and Freeloader. Each of these companies distributes software to its customers which is used to navigate the Web. Infoseek Guide is listed by each of these companies as a navigational service available to their users. The terms of these relationships vary widely, both in the prominence given to Infoseek Guide relative to other alternatives and the compensation paid by Infoseek for the traffic. All of these companies feature Infoseek Guide as a key navigational tool and engage in certain promotional activities.

From March 1995 through March 1996, the Company's service was listed as the sole premier navigational service on the Netscape Web page accessible via the *"Net Search"* button. As of March 31, 1996, approximately 85% of the traffic to the Company's Infoseek Guide service was derived through the Netscape Web page. In March 1996, Infoseek entered into a new agreement with Netscape, which provides that Infoseek will be listed as a premier provider of navigational services on Netscape's Web page for the period April 10, 1996 to March 31, 1997. Currently, Netscape's Web page displays four additional premier providers. During the 30 day period from April 11 through May 10, 1996, the Company's average daily traffic was approximately 47% of its average daily traffic for the 30 day period immediately prior to the change from being Netscape's sole premier provider to one of five premier providers. There can be no assurance that the Company will be able to maintain or increase its current level of traffic and any failure to do so could materially and adversely impact advertising revenues. In addition, the Company cannot anticipate the impact of any changes Netscape may make to this service, to its Web page or its other services, on Infoseek traffic, or the effect on advertising revenues that may be generated from such traffic. Infoseek's agreement with Netscape provides for payments of up to an aggregate of $5 million to Netscape over the term of the agreement. The Company has the right to terminate the agreement at the end of six months, in which case the payment to Netscape would be reduced to an aggregate of approximately $2.5 million. See *"Risk Factors -- Change in Netscape Relationship and Dependence on Other Third Party Relationships"*.

Strategic Relationships: In March 1996, the Company and NYNEX entered into a one year agreement, which provides that, beginning in May 1996, the Company will prominently display the BigYellow logo, which represents NYNEX's interactive shopping directory, as the exclusive comprehensive shopping directory within Infoseek Guide. In exchange for such exclusivity, NYNEX will pay to the Company up to an aggregate of $4.6 million in monthly payments, which amount will be decreased proportionately if the number of impressions of the BigYellow logo is below a specified number. NYNEX may extend the term of the agreement for additional one year periods, with the fee to be determined based upon Infoseek's then current advertising rate structure. See *"Risk Factors -- Potential Fluctuations in Future Results."*

The Company has recently entered into a distribution agreement with Verity, Inc. (*"Verity"*) under which Verity will provide a link to Infoseek Guide on the user interface of a new Verity product called Topics Search for Exchange, which is designed for internal corporate use, often referred to as *"intranets."* Infoseek Guide complements Verity's product by creating a gateway for intranet users of Verity's product to access the Internet. Verity is a leading supplier of corporate search and retrieval products and services for workgroups and local area networks. The addition of the Infoseek Guide link will allow Verity's users to search for information on their corporate network or across the Internet. Infoseek will pay Verity a percentage of the advertising revenues derived from such searches.

The Company has entered into a memorandum of understanding and a marketing alliance agreement with Kanematsu Corporation (*"Kanematsu"*), a large Japanese trading company and a shareholder of the Company, to create a strategic alliance. Under the initial phase of the alliance, the parties will establish a Japanese Internet search and retrieval service containing listings of Japanese Web sites written in Japanese and a Japanese translation of the Infoseek Guide Directory. A subsequent phase of the alliance is intended to create Infoseek Japan, a joint venture in Japan 40% owned by Infoseek and 60% owned by Kanematsu. Under terms of the memorandum of understanding, Kanematsu will contribute capital and Infoseek will contribute certain technologies. Infoseek Japan will be responsible for its own advertising marketing and sales.

Other Web Sites: Infoseek promotes the creation of hyperlinks between Infoseek Guide and other Web sites. Approximately 3,000 sites on the Web currently contain pointers to Infoseek Guide, often with the Infoseek logo prominently displayed on their sites.

COMPETITION

The market for Internet products and services is highly competitive, with no substantial barriers to entry, and the Company expects that competition will continue to intensify. In addition, the market for the Company's products and services has only recently begun to develop, is rapidly evolving and is characterized by an increasing number of market entrants with competing products and services. The Company does not believe this market will support the increasing number of competitors and their products and services. Although the Company believes that the diverse segments of the Internet market may provide opportunities for more than one supplier of products and services similar to those of the Company, it is possible that a single supplier may dominate one or more market segments. Accordingly, any failure of the Company to provide product and service offerings that achieve success in the short-term could result in an insurmountable loss in marketshare and brand acceptance, and could, therefore, have a material adverse and long-term effect upon the Company's business, results of operations and financial condition.

A number of companies offer competitive products and services addressing certain of the Company's target markets. These companies include America Online, Inc., Digital Equipment Corporation, Excite, Inc., Lycos, Inc., The McKinley Group, Open Text Corporation, CompuServe Corporation, Prodigy Services Company and Yahoo! Corporation. In addition, the Company competes with metasearch services that allow a user to search the databases of several catalogs and directories simultaneously. The Company also competes indirectly with database vendors that offer information search and retrieval capabilities with their core database products. In the future, the Company may encounter competition from providers of Web browser software, including Netscape and Microsoft, online services and other providers of other Internet products and services who elect to incorporate their own search and retrieval features into their offerings.

Many of the Company's existing and potential competitors have significantly greater financial, technical and marketing resources than the Company. The Company may also be adversely affected by competition from licensees of its products and technology, current and future advertisers, as well as from its current, future and former content providers. There can be no assurance that the Company's competitors will not develop Internet products and services that are superior to those of

the Company or that achieve greater market acceptance than the Company's offerings. Moreover, a number of the Company's current advertising customers, licensees and licensors have also established relationships with certain of the Company's competitors and future advertising customers, licensees and licensors may establish similar relationships. In addition, the Company competes with online services and other Web site operators as well as traditional offline media such as print and television for a share of advertisers' total advertising budgets. There can be no assurance that the Company will be able to compete successfully against its current or future competitors or that competition will not have a material adverse effect on the Company's business, results of operations and financial condition.

RESEARCH AND DEVELOPMENT

During 1995 and the first quarter of 1996, the Company spent $1,174,849 and $933,988, respectively, on research and development activities. As of March 31, 1996, the Company had a research and development staff of 26 full-time employees located at the Company's headquarters in Santa Clara, California.

The Company currently employs information retrieval technology licensed from ACSIOM, an entity related to the University of Massachusetts, but is developing a new search engine technology, Ultraseek, which is being designed to significantly improve retrieval and Web page indexing capabilities beyond the ACSIOM technology. The Company has also licensed certain software technologies from XEROX, which the Company intends to use for the linguistic analysis of search terms. This technology will be licensed to the Company on a partially exclusive basis for the first year of the contract. Infoseek has entered into an agreement with HNC to license certain technology from HNC to automate the development of the Company's Web Directory feature. Infoseek expects to use this technology to enhance the Directory development process by automating the creation of Directory entries, as well as the abstracts within the Directory entries. In addition to these technologies and services under development, many of the Company's new products and product enhancements have been only recently introduced and it is not yet clear that such products will achieve significant market acceptance. See "*Risk Factors* -- *Technological Change and New Products and Services*."

INTELLECTUAL PROPERTY AND PROPRIETARY RIGHTS

The Company's success depends significantly upon its proprietary technology. The Company currently relies on a combination of copyright and trademark laws, trade secrets, confidentiality procedures and contractual provisions to protect its proprietary rights. The Company seeks to protect its software, documentation and other written materials under trade secret, patent and copyright laws, which afford only limited protection. The Company currently has six United States patent applications pending. There can be no assurance that the pending applications will be approved, or that if issued, such patents will not be challenged, and if such challenges are brought, that such patents will not be invalidated. There can be no assurance that the Company will develop proprietary products or technologies that are patentable, that any issued patent will provide the Company with any competitive advantages or will not be challenged by third parties, or that the patents of others will not have a material adverse effect on the Company's ability to do business. The Company has registered and applied for registration for certain service marks and trademarks, and will continue to evaluate the registration of additional service marks and trademarks, as appropriate. The Company generally enters into confidentiality agreements with its employees and with its consultants and customers. Litigation may be necessary to protect the Company's proprietary technology. Any such litigation may be time-consuming and costly. Despite the Company's efforts to protect its proprietary rights, unauthorized parties may attempt to copy aspects of the Company's products or services or to obtain and use information that the Company regards as proprietary. In addition, the laws of some foreign countries do not protect proprietary rights to as great an extent as do the laws of the United States. There can be no assurance that the Company's means of protecting

its proprietary rights will be adequate or that the Company's competitors will not independently develop similar technology or duplicate the Company's products or design around patents issued to the Company or other intellectual property rights of the Company.

There have been substantial amounts of litigation in the computer industry regarding intellectual property rights. There can be no assurance that third parties will not in the future claim infringement by the Company with respect to current or future products, trademarks or other proprietary rights, or that the Company will not counterclaim against any such parties in such actions. Any such claims or counterclaims could be time-consuming, result in costly litigation, cause product release delays, require the Company to redesign its products or require the Company to enter into royalty or licensing agreements, any of which could have a material adverse effect upon the Company's business, operating results and financial condition. Such royalty or licensing agreements, if required, may not be available on terms acceptable to the Company or at all. See "*Risk Factors* -- *Intellectual Property and Proprietary Rights*."

EMPLOYEES

As of March 31, 1996, the Company had 71 full-time employees, including 26 in research and development, 29 in sales and marketing and 16 in finance and administration. The Company's future performance depends in significant part upon the continued service of Robert E.L. Johnson, III, the Company President and Chief Executive Officer and Steven T. Kirsch, a founder and the Chairman of the Board of the Company, as well as its other key technical and senior management personnel, none of whom is bound by an employment agreement. The Company provides incentives such as salary, benefits and option grants (which are typically subject to vesting over four years) to attract and retain qualified employees. The loss of the services of Mr. Johnson or Mr. Kirsch or any of the Company's officers or other key employees could have a material adverse effect on the Company's business, operating results and financial condition. The Company's future success also depends on its continuing ability to attract and retain highly qualified technical and management personnel. See "*Risk Factors* -- *Management of Growth; Need to Establish Infrastructure; Recent Management Changes*" and "-- *Dependence on Key Personnel*."

FACILITIES

The Company's principal administrative, sales, marketing, and research and development facility is located in approximately 13,000 square feet of space in Santa Clara, California. This facility is leased pursuant to multiple leases through Spieker Properties, L.P. and Innovative Information Systems, Inc. with the approval of Spieker Properties, L.P. The leases expire with respect to 2,976 square feet, 3,571 square feet, 1,072 square feet, 3,760 square feet and 1,777 square feet in June 1996, December 1997, February 1998, March 31, 1999 and February 2000, respectively. The Company recently signed a lease for another building in New York for office space. The lease for this second facility, which totals approximately 3,376 square feet, expires in May 2001. The Company believes that its existing facilities are adequate for its current needs and that additional space will be available as needed. There can be no assurance that a system failure at the Company's principal location would not adversely affect the performance of the Company's products and services. See "*Risk Factors* -- *Capacity Constraints and System Failure*."

MANAGEMENT

EXECUTIVE OFFICERS AND DIRECTORS

The executive officers and directors of the Company, and their ages as of March 31, 1996, are as follows:

[Enlarge/Download Table]

NAME	*AGE*	*POSITION*
Steven T. Kirsch..................	39	Chairman of the Board and Director
Robert E. L. Johnson, III..........	38	President, Chief Executive Officer and Director
Leonard J. LeBlanc................	55	Executive Vice President, Finance, Chief Financial Officer and Assistant Secretary
Karl A. Spangenberg................	49	Vice President, Worldwide Advertising
Andrew E. Newton..................	53	Vice President, General Counsel and Secretary
Craig I. Forman....................	34	Vice President, Product Management and Editor
James N. Desrosier.................	41	Vice President, Chief Marketing Officer
John S. Nauman.....................	48	Vice President, Engineering
Oliver D. Curme(2).................	42	Director
H. DuBose Montgomery...............	47	Director
Matthew J. Stover(1)(2)...........	40	Director
John E. Zeisler(1)(2).............	43	Director

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(1) Member of Audit Committee

(2) Member of Compensation Committee

Steven T. Kirsch, a founder of the Company, has been a director of the Company since August 1993 and Chairman of the Board of Directors since December 1995. From September 1993 to November 1995, Mr. Kirsch also served as President and Chief Executive Officer of the Company. From January 1990 to December 1993, Mr. Kirsch served as Vice President, New Product Development at Frame Technology Corporation, a software engineering company which he co-founded. Mr. Kirsch holds a B.S. degree in electrical engineering and an M.S. degree in computer science from the Massachusetts Institute of Technology.

Robert E.L. Johnson, III joined the Company in November 1995 as President and Chief Executive Officer, and has served as a director of the Company since November 1995. From November 1989 to November 1995, Mr. Johnson served in various capacities at Time Inc., a media company, including Senior Vice President, Corporate Development and President, Time Inc. Asia. Mr. Johnson holds a B.S.E. degree in basic engineering from Princeton University.

Leonard J. LeBlanc joined the Company in March 1996 as Executive Vice President and Chief Financial Officer and was appointed Assistant Secretary in April 1996. From September 1993 to December 1994, Mr. LeBlanc served as Senior Vice President and Chief Financial Officer at GTECH Corporation, a computer systems company. From January 1990 to December 1992, Mr. LeBlanc was Executive Vice President and Chief Financial Officer at Cadence Design Systems, Inc., a software company. Mr. LeBlanc holds B.S. and M.S. degrees in chemistry from College of the Holy Cross and an M.S. degree in finance from George Washington University.

Karl A. Spangenberg joined the Company in December 1995 as Vice President, Worldwide Advertising. From March 1994 to November 1995, Mr. Spangenberg served as Publisher for Datamation, a trade magazine produced by Cahners Publishing. Prior to that, Mr. Spangenberg served in various capacities, including Group Vice President, Strategic Planning from March 1993 to February 1994 for the Construction Information Group at McGraw-Hill, a publishing company, and Senior Vice President, Advertising for Business Week, from January 1991 to February 1993. Mr. Spangenberg holds a B.A. degree in English from Yale College and an M.A. in English from the State University of New York at Buffalo.

Andrew E. Newton, a co-founder of the Company, has served as Vice President and General Counsel since January 1994 and Secretary since March 1994. From February 1990 to November 1993,

Mr. Newton was Vice President and General Counsel of Frame Technology Corporation, a software engineering company. Mr. Newton holds an A.B. degree in English from Dartmouth College and a J.D. degree from Columbia University School of Law. Mr. Newton is a member of the bar of the States of California, New York and Massachusetts.

Craig I. Forman joined the Company in February 1996 as Vice President, Product Management and Editor. From March 1995 to February 1996, Mr. Forman served as Director and Editor, Business Information Services International at Dow Jones & Co., a business information company. Mr. Forman also served as Tokyo Bureau Chief at The Wall Street Journal, a media company, from August 1993 to March 1995 and as Deputy Bureau Chief and Foreign Correspondent, London from September 1987 to August 1993, also at The Wall Street Journal. Mr. Forman holds an A.B. degree in public and international affairs from Princeton University and an M.S.L. in law studies from the Yale Law School.

James N. Desrosier joined the Company in March 1996 as Vice President, Chief Marketing Officer. From March 1990 to March 1996, Mr. Desrosier held a number of positions including Senior Vice President, Global Brand Marketing, Vice President, Debit Product Management and Marketing, and Vice President, Advertising at MasterCard International Incorporated, an electronic payments, systems, and products company. Mr. Desrosier holds an A.B. degree in philosophy from Kenyon College.

John S. Nauman joined the Company in February 1996 as Vice President, Engineering. From November 1993 to February 1996, Mr. Nauman served as Vice President, Engineering and then Vice President, Development at NetFRAME Systems, a hardware and software engineering company. From November 1989 to October 1993, he was Senior Director of Networking and Communication Development and then Business Unit Manager, Integrated Technologies at Apple Computer Inc. Mr. Nauman holds a B.S. degree in mathematics from the University of Oklahoma, an M.B.A. from the University of Santa Clara and an M.S. in electrical engineering from Stanford University.

Oliver D. Curme has served as a director of the Company since May 1995. Since January 1988, Mr. Curme has been a General Partner of certain venture capital funds associated with Battery Ventures III, L.P., a venture capital firm. Mr. Curme also serves as a director of HNC Software Inc. as well as several privately held technology companies. Mr. Curme holds a B.S. in biochemistry from Brown University and an M.B.A. from Harvard Business School.

H. Dubose Montgomery has served as a director of the Company since June 1994. Since 1976, Mr. Montgomery has been a General Partner at Menlo Ventures, a group of venture capital funds, in Menlo Park, California. Mr. Montgomery also serves as a director of Endovascular Technologies, Gilead Sciences, Matrix Pharmaceuticals, and a number of privately held companies. Mr. Montgomery holds a B.S. degree in management science and B.S. and M.S. degrees in electrical engineering and computer science from the Massachusetts Institute of Technology and an M.B.A. from Harvard Business School.

Matthew J. Stover has served as a director of the Company since March 1996. Mr. Stover also serves as a director of a number of private companies. Since January 1994, Mr. Stover has served as President and Chief Executive Officer of NYNEX Information Resources Company, a Delaware corporation and international marketing information services provider, and Chairman of the Board of NYNEX Information Technologies Company, a wholly owned subsidiary of NYNEX Information Resources Company. Prior to that, Mr. Stover served as President and Chief Executive Officer of AGS Computers, Inc. from December 1992 to December 1993 and as Vice President, Public Affairs and Corporate Communications of NYNEX Corporation from May 1990 to December 1992. Mr. Stover holds a B.A. in English language and literature from Yale University and a certificate from the Executive Program of the University of Virginia, Colgate Darden School of Business Administration.

John E. Zeisler has served as a director of the Company since May 1995. Since July 1995, Mr. Zeisler has served as Senior Vice President, Marketing at NETCOM, an internet company. From 1992 to 1994 he served as President and Chief Executive Officer of Pensoft Corporation, a software

company. From 1987 to 1991, Mr. Zeisler was a co-founder and Vice President, Marketing at Claris Corporation, a software company. Mr. Zeisler holds a B.S. degree in communications from Boston University.

The Company currently has authorized six directors. Each director holds office until the next annual meeting of shareholders or until his or her successor is duly elected and qualified. Certain directors have been elected by the holders of Preferred Stock pursuant to the Company's Amended and Restated Articles of Incorporation and a voting agreement contained in the Third Amended and Restated Investors' Rights Agreement dated April 19, 1996 between the Company and the Investors listed in Schedule A thereto. See *"Certain Transactions."* Except for grants of stock options pursuant to the Company's Stock Option Plan, directors of the Company do not receive compensation for services provided as a director. The Company also does not pay compensation for committee participation or special assignments of the Board of Directors. There are no family relationships among any of the directors and executive officers of the Company.

The Audit Committee will review and act on and report to the Board of Directors with respect to various auditing and accounting matters, including the selection of the Company's auditors, the scope of the annual audits, fees to be paid to the auditors, the performance of the Company's auditors and the accounting practices of the Company.

The Compensation Committee will establish salaries, incentives and other forms of compensation for officers and other employees of the Company and administers the incentive compensation and benefit plans of the Company.

EXECUTIVE COMPENSATION

The following table sets forth the compensation earned by the Company's current and former Chief Executive Officer and the two other most highly compensated executive officers whose salary and bonus for 1995 were in excess of $100,000 for services rendered in all capacities to the Company and its subsidiaries for that fiscal year (collectively, the *"Named Officers"*). No other executive officer who held office at December 31, 1995 met the definition of a *"most highly compensated executive officer"* within the meaning of the SEC's executive compensation rules for this period.

SUMMARY COMPENSATION TABLE

[Enlarge/Download Table]

LONG-TERM COMPENSATION

NAME AND PRESENT PRINCIPAL POSITION	ANNUAL COMPENSATION SALARY($)	BONUS($) (1)	SECURITIES UNDERLYING OPTIONS (#)(2)
Steven T. Kirsch(3)................................ Former President and Chief Executive Officer	$ 82,500	$ --	--
Robert E. L. Johnson, III(4)...................... President and Chief Executive Officer	$ 12,179	$ --	1,200,000
Andrew E. Newton.................................. Vice President, General Counsel and Secretary	$ 128,333	$ 40,000	--
Karl A. Spangenberg(5)............................. Vice President, Worldwide Advertising	$ 15,417	$ --	375,000

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(1) Bonus earned in 1995 and paid in 1996.

(2) The options listed in the table were granted under the Company's Stock Option Plan. See "*Management* -- *Option Grants in Last Fiscal Year* -- *Footnote 1*" for a description of the terms of these options. The option outstanding under the Stock Option Plan will be incorporated into

the new 1996 Stock Option/Stock Issuance Plan, but will continue to be governed by their existing terms. See "*Management* -- *1996 Stock Option/Stock Issuance Plan*."

(3) Mr. Kirsch served as President and Chief Executive Officer from January 1995 through November 1995.

(4) Mr. Johnson became President and Chief Executive Officer in December 1995. In 1996, he will be compensated at an annual base salary rate of $200,000 and is eligible to earn a maximum bonus of $200,000.

(5) Karl A. Spangenberg joined the Company in December 1995 as Vice President, Worldwide Advertising, is compensated at an annual rate of $125,000 and is eligible for a maximum bonus of $400,000.

OPTION GRANTS IN LAST FISCAL YEAR

The following table contains information concerning stock option grants made to each of the Named Officers for the 1995 fiscal year. No stock appreciation rights were granted to these individuals during such year.

INDIVIDUAL GRANTS(1)

[Enlarge/Download Table]

NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED (#)(1)	% OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR(2)	EXERCISE PRICE ($/SH)(3)	EXPIRATION DATE	POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM(4) 5%($)	10%($)
Robert E.L. Johnson, III...................	1,200,000	34.9%	$0.1334	12/10/02	$65,120	$151,840
Karl A. Spangenberg.....	375,000	10.9%	$0.1334	11/30/02	$20,350	$ 47,450

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(1) These options were granted under the Company's Stock Option Plan. The grant date for these options are as follows: Mr. Johnson: December 11, 1995; Mr. Spangenberg: December 13, 1995. Each option has a maximum term of seven years measured from the grant date, subject to earlier termination upon the optionee's cessation of service with the Company. 150,000 of Mr. Johnson's option shares were fully vested and immediately exercisable on the date of grant. Mr. Johnson will vest, and the option will become exercisable, with respect to the remaining 1,050,000 option shares in a series of monthly installments of 25,000 shares commencing on the date seven months from the grant date. Mr. Spangenberg will vest, and his option will become exercisable, as to 25% of the shares upon his completion of one year of service measured from the grant date, and with respect to the balance of the shares in a series of equal monthly installments over the 36 months of service thereafter. These options will terminate in the event the Company is

acquired by merger or asset sale, unless these options are assumed by the acquiring company. The options outstanding under the Stock Option Plan will be incorporated into the new 1996 Stock Option/Stock Issuance Plan, but will continue to be governed by their existing terms. See "*Management -- 1996 Stock Option/Stock Issuance Plan*."

(2) The Company granted options to purchase 3,438,262 shares of Common Stock during 1995.

(3) The exercise price may be paid in cash or in shares of the Company's Common Stock valued at fair market value on the exercise date. The Company may also finance the option exercise by loaning the optionee sufficient funds to pay the exercise price for the purchased shares, together with any federal and state income tax liability incurred by the optionee in connection with such exercise.

(4) The 5% and 10% assumed annual rates of compounded stock price appreciation are mandated by rules of the Securities and Exchange Commission. There is no assurance that the actual stock

price appreciation over the 7-year option term will be at the assumed 5% and 10% levels or at any other defined level. Unless the market price of the Common Stock appreciates over the option term, no value will be realized from the option grants made to the executive officers.

OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION VALUES

The following table sets forth information concerning option exercises and option holdings for the year ended December 31, 1995 with respect to each of the Named Officers. No options were exercised by the Named Officers during such year. No stock appreciation rights were exercised during such year or were outstanding at the end of that year.

FISCAL YEAR-END OPTION VALUES

[Enlarge/Download Table]

	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT FY-END (#)		*VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT FY-END($)(1)*	
NAME	*EXERCISABLE*	*UNEXERCISABLE*	*EXERCISABLE*	*UNEXERCISABLE*
Robert E.L. Johnson, III............	150,000	1,050,000	$ 159,990	$ 1,119,930
Karl A. Spangenberg.................	--	375,000	$ --	$ 399,975

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(1) Based on the deemed fair market value of the Company's Common Stock at December 31, 1995, $1.20 per share (as determined by the Company's Board of Directors), less the exercise price payable for such shares, $0.1334.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Compensation Committee of the Company's Board was formed in April 1996 and is currently comprised of Messrs. Curme, Stover and Zeisler. None of these individuals was at any time during the fiscal year ended December 31, 1995, or at any other time, an officer or employee of the Company. No member of the Compensation Committee of the Company serves as a member of the Board of Directors or compensation committee of any entity that has one or more executive officers serving as a member of the Company's Board of Directors or Compensation Committee.

1996 STOCK OPTION/STOCK ISSUANCE PLAN

The Company's 1996 Stock Option/Stock Issuance Plan (the "*1996 Plan*") is intended to serve as the successor equity incentive program to the Company's Stock Option Plan (the "*Predecessor Plan*"). The 1996 Plan was adopted by the Board of Directors on April 10, 1996 and is subject to approval by shareholders. 5,625,000 shares of Common Stock have been authorized for issuance under the 1996 Plan. This share reserve is comprised of (i) the shares which remained available for issuance under the Predecessor Plan, including the shares subject to outstanding options thereunder and the shares otherwise available for future grant, plus (ii) an additional increase of approximately 218,591 shares. The outstanding options under the Predecessor Plan will be incorporated into the 1996 Plan at the time the Underwriting Agreement for this Offering is executed, and no further option grants or share issuances will be made under the Predecessor Plan. The incorporated options will continue to be governed by their existing terms, unless the Plan Administrator (with the consent of any optionee whose rights are diminished) elects to extend one or more features of the 1996 Plan to those options. However, except as otherwise noted below, the outstanding options under the Predecessor Plan contain substantially the same terms and conditions summarized below for the Discretionary Option Grant Program in effect under the 1996 Plan.

The 1996 Plan is divided into three separate components: (i) the Discretionary Option Grant Program under which eligible individuals in the Company's employ or service may, at the discretion of the Plan Administrator, be granted options to purchase shares of Common Stock at an exercise price not less than 85% of their fair market value on the grant date, (ii) the Stock Issuance Program under which such individuals may, in the Plan Administrator's discretion, be issued shares of

Common Stock directly, through the purchase of such shares at a price not less than 85% of their fair market value at the time of issuance or as a bonus tied to the performance of services, and (iii) the Automatic Option Grant Program under which option grants will automatically be made at periodic intervals to eligible non-employee Board members to purchase shares of Common Stock at an exercise price equal to 100% of their fair market value on the grant date.

The Discretionary Option Grant Program and the Stock Issuance Program will be administered by the Compensation Committee of the Board. The Compensation Committee as Plan Administrator will have complete discretion to determine which eligible individuals are to receive option grants or stock issuances, the time or times when such option grants or stock issuances are to be made, the number of shares subject to each such grant or issuance, the status of any granted option as either an incentive stock option or a non-statutory stock option under the Federal tax laws, the vesting schedule to be in effect for the option grant or stock issuance and the maximum term for which any granted option is to remain outstanding. In no event, however, may any one participant in the 1996 Plan receive option grants or direct stock issuances for more than 500,000 shares per calendar year.

In the event that the Company is acquired by merger or asset sale, each outstanding option under the Discretionary Option Grant Program, which is not to be assumed or replaced by the successor corporation, will automatically accelerate in full, and all unvested shares under the Stock Issuance Program will immediately vest, except to the extent the Company's repurchase rights with respect to those shares are to be assigned to the successor corporation. The Plan Administrator will have the authority under the Discretionary Option Grant and Stock Issuance Programs to grant options and to structure repurchase rights so that the shares subject to those options or repurchase rights will automatically vest in the event the individual's service is terminated, whether involuntarily or through a resignation for good reason, within 12 months following (i) a merger or asset sale in which those options are assumed or those repurchase rights are assigned or (ii) a change in control of the Company effected by a successful tender offer for more than 50% of the outstanding voting stock or by proxy contest for the election of Board members. Options currently outstanding under the Predecessor Plan will terminate upon an acquisition of the Company by merger or asset sale, unless those options are assumed or replaced by the acquiring entity. Outstanding options under the Predecessor Plan that are assumed or replaced in the acquisition will not accelerate upon the subsequent termination of the optionee's employment, except in the case of Messrs. LeBlanc and Derosier under certain circumstances. See "*Employment Contracts and Change of Control Arrangements*."

The Plan Administrator will also have discretion to issue limited stock appreciation rights under the Discretionary Option Grant Program which will provide the holders with the right, upon the successful completion of a hostile tender offer for more than 50% of the Company's outstanding voting securities, to surrender their outstanding options for a cash distribution from the Company in an amount per surrendered option share equal to the excess of (i) the highest reported price per share paid in effecting the take-over (ii) the option exercise price payable per share. No stock appreciation rights are outstanding under the Predecessor Plan.

The Plan Administrator has the authority to effect the cancellation of outstanding options under the Discretionary Option Grant Program (including options incorporated from the Predecessor Plan) in return for the grant of new options for the same or different number of option shares with an exercise price per share based upon the fair market value of the Common Stock on the new grant date.

Under the Automatic Option Grant Program, eligible non-employee Board members will receive a series of option grants over their period of Board service. However, a non-employee Board member who is affiliated, whether as a partner, principal, officer or employee, with an entity which owns 2% or more of the shares of any class of the Company's outstanding stock will not be eligible to receive any automatic option grants under such program during his or her period of Board service.

Each individual who is first elected or appointed as an eligible non-employee Board member on the date the Underwriting Agreement for this Offering is executed will receive an option grant on such date for 7,500 shares of Common Stock, provided such individual has not otherwise been in the prior employ of the Company and has not received any prior option grants from the Company. Each otherwise eligible individual who first becomes a non-employee Board member at any time thereafter will receive a similar 7,500 share option grant on the date such individual joins the Board, provided such individual has not been in the prior employ of the Company. In addition, on the date of each Annual Stockholders Meeting, beginning with the Annual Meeting of Shareholders for the 1996 fiscal year, each eligible non-employee Board member who is to continue to serve as a non-employee Board member will automatically be granted an option to purchase 3,750 shares of Common Stock provided such individual has served on the Board for at least six months. There will be no limit on the number of such 3,750 share option grants any one eligible non-employee Board member may receive over his or her period of continued Board service.

Each automatic grant will have a term of 10 years, subject to earlier termination following the optionee's cessation of Board service. Each automatic option will be immediately exercisable; however, any unvested shares so purchased will be subject to repurchase should the optionee cease service as a Board member prior to vesting in those shares. Each grant will vest in four successive equal annual installments over the optionee's period of Board service, with the first installment to vest upon the Board member's completion of one year of Board service from the date of grant. However, each outstanding option will immediately vest upon (i) certain changes in the ownership or control of the Company or (ii) the optionee's death or disability while serving as a Board member.

The Board may amend or modify the 1996 Plan at any time, however, the Automatic Option Grant Program cannot be amended more frequently than once every six months. The 1996 Plan will terminate on April 9, 2006, unless sooner terminated by the Board.

EMPLOYEE STOCK PURCHASE PLAN

The Company's Employee Stock Purchase Plan (the "*Purchase Plan*") was adopted by the Board of Directors on April 10, 1996 and is subject to approval by shareholders. The Purchase Plan is designed to allow eligible employees of the Company and participating subsidiaries to purchase shares of Common Stock, at semi-annual intervals, through their periodic payroll deductions under the Purchase Plan, and a reserve of 187,500 shares of Common Stock has been established for this purpose.

The Purchase Plan will be implemented in a series of successive offering periods, each with a maximum duration of 24 months. However, the initial offering period will begin at the time the Underwriting Agreement is executed and priced in connection with this Offering and will end on the last business day in July 1998.

Individuals who are eligible employees on the start date of any offering period may enter the Purchase Plan on that start date or on any subsequent quarterly entry date (the first business day of February, May, August and November each year). Individuals who first become eligible employees after the start date of the offering period may join the Purchase Plan on any subsequent quarterly entry date within that period.

Payroll deductions may not exceed 10% of base salary, and the accumulated payroll deductions of each participant will be applied to the purchase of shares on his or her behalf on each semi-annual purchase date (the last business day in January and July) at a purchase price per share equal to 85% of the lower of (i) the fair market value of the Common Stock on the participant's entry date into the offering period or (ii) the fair market value on the semi-annual purchase date. In no event, however, may any participant purchase more than 500 shares on any one semi-annual purchase date.

The Purchase Plan will terminate on the earlier of (i) the last business day of July 2006, (ii) an earlier date determined by the Board or (iii) the date all shares available for issuance have been sold.

EMPLOYMENT CONTRACTS AND CHANGE OF CONTROL ARRANGEMENTS

None of the Named Officers have employment contracts with the Company, and all Named Officers' employment is terminable at will. However, Messrs. Johnson, LeBlanc, Spangenberg and Desrosier each have employment offer letters which provide that they are entitled to receive certain severance payments if they are terminated without cause. Mr. Johnson will be entitled to severance payments equal to six months salary and continued participation in the Company's medical plans for six months if he is terminated without cause at any time. Messrs. LeBlanc and Desrosier will be entitled to severance payments equal to six months salary, continued participation in the Company's medical plans for six months, and continued vesting in their stock options for six months (twelve months for Mr. LeBlanc), if they are terminated without cause within two years of their date of employment. Mr. LeBlanc will also be entitled to his severence benefits if he voluntarily terminates his employment following certain changes in control of the Company that result in diminished job responsibilities. In addition, upon certain changes in control of the Company during the period ending three years from the commencement of Mr. Desrosier's employment, Mr. Desrosier's vesting in his stock options may be accelerated by twelve months. Mr. Spangenberg is entitled to severance payments equal to four months compensation, and continued participation in the Company's medical plans for four months, if he is terminated without cause within eighteen months of his date of employment.

In connection with an acquisition of the Company by merger or asset sale, each outstanding option held by the Chief Executive Officer and the other executive officers under the 1996 Plan will automatically accelerate in full and all unvested shares of Common Stock held by such individuals subject to direct issuances made under the 1996 Plan will immediately vest in full, except to the extent such options are to be assumed by, and the Company's repurchase rights with respect to these shares are to be assigned to, the successor corporation. In addition, the Compensation Committee as Plan Administrator of the 1996 Plan will have the authority to provide for the accelerated vesting of the shares of Common Stock subject to outstanding options held by the Chief Executive Officer or any other executive officer or the shares of Common Stock subject to direct issuances held by such individual, in connection with the termination of the officer's employment following: (i) a merger or asset sale in which these options are assumed or the Company's repurchase rights with respect to unvested shares are assigned or (ii) certain hostile changes in control of the Company.

LIMITATION ON LIABILITY AND INDEMNIFICATION MATTERS

The Company's Amended and Restated Articles of Incorporation limit the liability of directors to the maximum extent permitted by California law. Such limitation of liability has no effect on the availability of equitable remedies, such as injunctive relief or rescission.

The Company's Bylaws provide that the Company shall indemnify its directors and officers and may indemnify its other employees and agents to the fullest extent permitted by law. The Company believes that indemnification under its Bylaws covers at least negligence and gross negligence on the part of indemnified parties. The Company's Bylaws also permit the Company to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in such capacity, regardless of whether the Bylaws would permit indemnification.

The Company has entered, or plans to enter, into agreements to indemnify its directors and officers, in addition to the indemnification provided for in the Company's Bylaws. These agreements, among other things, indemnify the Company's directors and executive officers for certain expenses (including attorneys' fees), judgments, fines and settlement amounts incurred by any such person in

any action or proceeding, including any action by or in the right of the Company, arising out of such person's services as a director or executive officer of the Company, any subsidiary of the Company or any other company or enterprise to which the person provides services at the request of the Company. The Company believes that these provisions and agreements are necessary to attract and retain qualified directors and executive officers.

At present, there is no pending litigation or proceeding involving any director, officer, employee or agent of the Company where indemnification will be required or permitted. The Company is not aware of any threatened litigation or proceeding that might result in a claim for such indemnification.

CERTAIN TRANSACTIONS

Each of Steven T. Kirsch, Victoria J. Blakeslee, Ed R. Miller, Zara Tepper Haimo, Todd Jonz, Andrew Bensky, James Roskind, and Andrew E. Newton (collectively, the *"Founders"*) was involved in the founding and organization of the Company and may be considered a promoter of the Company. Described below are items of value received by each of the founders in connection with services provided to the Company.

In the Founders Agreement dated February 1, 1994 as amended on June 30, 1994 (the *"Founders Agreement"*), the Company issued an aggregate of 3,780,000 shares of Common Stock to the Founders at a purchase price of $0.01 per share, which was paid in cash. The Company retained a right to repurchase the shares of Common Stock sold pursuant to the Founders Agreement in the event that any founder terminated his employment prior to completing a four-year vesting period, as defined in the Founders Agreement. Each of the Founders, individually, purchased the number of shares set forth immediately following his or her name: Steven T. Kirsch (1,387,500); Victoria J. Blakeslee (637,500); Ed R. Miller (405,000); Zara Tepper Haimo (375,000); Todd Jonz (375,000); Andrew Bensky (225,000); James Roskind (225,000); and Andrew E. Newton (150,000). In March 1995, the Company repurchased 154,688 unvested shares of Common Stock held by James Roskind for $0.01 per share. In March 1996, the Company repurchased 179,688 unvested shares of Common Stock held by Todd Jonz for $0.01 per share.

The Founders, at the time of the issuance of Series A Preferred Stock, individually, purchased the number of shares of Series A Preferred Stock set forth immediately following his or her name: Steven T. Kirsch (4,500,000); Victoria J. Blakeslee (187,500); Ed R. Miller (75,000); Zara Tepper Haimo (300,000); Todd Jonz (300,000); James Roskind (300,000); and Andrew E. Newton (225,000).

Since the Company's inception in August 1993, the Company has issued, in private placement transactions, the following shares of Preferred Stock: 7,385,864 shares of Series A Preferred Stock for an aggregate purchase price of $984,782 on February 25, 1994, March 18, 1994, June 30, 1994 and July 22, 1994 (279,869 of which shares were forfeited back to the Company on March 18, 1995); 2,594,416 shares of Series B Preferred Stock for an aggregate purchase price of $1,176,135 on June 30, 1994; 5,600,014 shares of Series C Preferred Stock for an aggregate purchase price of $4,480,006 on May 4, 1995 and June 30, 1995; and 2,267,251 shares of Series E Preferred Stock for an aggregate purchase price of $18,137,964 on March 29, 1996, April 12, 1996 and April 19, 1996. Each outstanding share of Preferred Stock shall be converted into one share of Common Stock upon the closing of this Offering. The following table summarizes purchases, valued in excess of $60,000, of shares of Preferred Stock by directors, executive officers, and five percent shareholders of the Company and persons associated with them. No shares of Series D Preferred Stock were purchased by any such persons or entities. The price per share paid by such persons or entities was $0.133, $0.453, $0.80, and $8.00 for the Series A, Series B, Series C and Series E Preferred Stock, respectively.

[Enlarge/Download Table]

	SHARES			
INVESTOR(1)	*SERIES A*	*SERIES B*	*SERIES C*	*SERIES E*
Steven T. Kirsch(2)	4,500,000			
Menlo Ventures VI, L.P.(3)		2,238,972	2,500,000	
Andrew E. Newton		133,426	130,116	
Battery Ventures III, L.P.(4)			2,500,000	
NYNEX Information Technologies Company(5)				1,125,000

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(1) Shares held by affiliated persons and entities have been aggregated. See "*Principal Shareholders*."

(2) Steven T. Kirsch, the Chairman of the Board of the Company, has been elected as a director of the Company by the holders of the Series A Preferred Stock pursuant to the Company's

Amended and Restated Articles of Incorporation and a voting agreement contained in the Third Amended and Restated Investors' Rights Agreement dated April 19, 1996 between the Company and the Investors listed on Schedule A thereto. The right of the Preferred Stock holders to designate a director shall terminate upon the consummation of this Offering.

(3) H. DuBose Montgomery, a General Partner of Menlo Ventures, has been elected as a director of the Company by the holders of the Series B Preferred Stock pursuant to the Company's Amended and Restated Articles of Incorporation and a voting agreement contained in the Third Amended and Restated Investors' Rights Agreement dated April 19, 1996 between the Company and the Investors listed on Schedule A thereto. The right of preferred shareholders to designate a director shall terminate upon the consummation of this Offering.

(4) Oliver D. Curme, a General Partner of Battery Ventures, has been elected as a director of the Company by the holders of the Series C Preferred Stock pursuant to the Company's Amended and Restated Articles of Incorporation and a voting agreement contained in the Third Amended and Restated Investors' Rights Agreement dated April 19, 1996 between the Company and the Investors listed on Schedule A thereto. The right of the Preferred Stock holders to designate a director shall terminate upon the consummation of this Offering.

(5) Matthew J. Stover, Chairman of the Board of NYNEX Information Technologies Company, has been elected as a director of the Company by the holders of the Series E Preferred Stock pursuant to the Company's Amended and Restated Articles of Incorporation and a voting agreement contained in the Third Amended and Restated Investors' Rights Agreement dated April 19, 1996 between the Company and the Investors listed on Schedule A thereto. The right of the Preferred Stock holders to designate a director shall terminate upon the consummation of this Offering.

Pursuant to the Redemption Agreement between the Company and NYNEX, dated March 29, 1996, and the Redemption Agreement between the Company and Kanematsu, dated April 12, 1996, the Company has granted to NYNEX and Kanematsu certain rights to require the Company to redeem the Series E Preferred Stock held by such entities at the lesser of the fair market value or $8.00 per share. The Redemption Agreements terminate upon the conversion of the Series E Preferred Stock pursuant to the Company's initial public offering with aggregate proceeds of at least $15 million.

The Company has entered into a Software License Agreement (the "*License*"), dated March 29, 1996 with NYNEX to allow NYNEX to use and reproduce certain licensed software in any medium for NYNEX's internal use only. The license is royalty-free during the initial trial term, but may be renewed either (i) for subsequent annual terms for a specified percentage of collected revenues or an annual minimum payment of $3 million or (ii) for a subsequent ten year term for a lump sum payment of $4 million.

In March 1996, the Company and NYNEX entered into a one year agreement, which provides that, beginning in May 1996, the Company will prominently display the BigYellow logo, which represents NYNEX's interactive shopping directory, as the exclusive comprehensive shopping directory within Infoseek Guide. In exchange for such exclusivity, NYNEX will pay to the Company up to an aggregate of $4.6 million in monthly payments, which amount will be decreased proportionately if the number of impressions of the BigYellow logo is below a specified number. NYNEX may extend the term of the agreement for additional one year periods, with the fee to be determined based upon Infoseek's then current advertising rate structure.

On May 4, 1995, the Company entered into an Amended and Restated Put Option Agreement whereby the Company was granted the right to require certain investors, including Menlo Ventures VI, L.P., to purchase shares of Series D Preferred Stock at an aggregate price of up to $2,352,269.60 if the Company's total revenues exceed an aggregate of $8,000,000 during two consecutive fiscal quarters. The Put Option shall terminate upon the earliest to occur of a specified list of events, including an underwritten public offering of the Company's Common Stock registered under the Securities Act of 1933 on Form S-1 with aggregate gross proceeds of at least $10,000,000 at an offering price of not less than $1.80 per share.

The Company entered into four Stock Purchase Agreements on January 24, 1996 with Robert E.L. Johnson III, an executive officer of the Company, whereby Mr. Johnson purchased a total of 374,998 shares of the Company's Common Stock at $0.80 per share held in the names of IRA's for the benefit of Mr. Johnson and as custodian for his minor children. On January 30, 1996 the Company entered into an Employee Stock Purchase Agreement with Mr. Johnson pursuant to which he purchased 75,000 shares of Common Stock at $0.80 per share. Payment for the shares purchased on January 30, 1996 was made with a Promissory Note.

The Company entered into a Stock Purchase Agreement on March 28, 1996 with Leonard J. Le Blanc, an executive officer of the Company, for the purchase of 37,500 shares of the Company's Common Stock at $4.00 per share. Payment for the shares so purchased was made with a Promissory Note.

The Company entered into a Stock Purchase Agreement on March 9, 1996 with John S. Nauman, an executive officer of the Company, for the purchase of 150,000 shares of the Company's Common Stock at $1.33 per share. Payment for the shares so purchased was made with a Promissory Note.

The Company entered into a Stock Purchase Agreement on March 7, 1996 with Craig I. Forman, an executive officer of the Company, for the purchase of 150,000 shares of the Company's Common Stock at $1.33 per share. Payment for the shares so purchased was made with a Promissory Note.

The Company entered into the Internet Search Service Access Agreement between the Company and NETCOM dated October 13, 1995, as amended on March 20, 1996. John E. Zeisler is a director of the Company and an officer of NETCOM.

The Company entered into a License and Software Distribution Agreement with HNC on April 25, 1996 and a Software License Agreement with HNC on May 8, 1996. Oliver D. Curme is a director of both the Company and HNC Software Inc. In addition, Battery Ventures, L.P., of which Mr. Curme is a General Partner of a General Partner, has been a 10% shareholder of HNC.

The holders of shares of Common Stock issued upon conversion of the Series A, Series B, Series C, and Series E Preferred Stock are entitled to certain registration rights. See "*Description of Capital Stock* -- *Registration Rights*."

The Company has granted options to certain of its directors and executive officers. See "*Management* -- *Option Grants in Last Fiscal Year*" and "*Principal Shareholders*."

The Company believes that all of the transactions set forth above were made on terms no less favorable to the Company than could have been obtained from unaffiliated third parties. All future transactions, including loans, between the Company and its officers, directors, principal shareholders and their affiliates will be approved by a majority of the Board of Directors, including a majority of the independent and disinterested outside directors on the Board of Directors.

PRINCIPAL SHAREHOLDERS

The following table sets forth certain information regarding beneficial ownership of the Company's Common Stock as of March 31, 1996 by (i) each person who is known by the Company to own beneficially more than 5% of the Company's Common Stock, (ii) each of the Company's directors, (iii) each of the Named Officers, and (iv) all current officers and directors as a group.

[Enlarge/Download Table]

NAME AND ADDRESS OF BENEFICIAL OWNERS	*SHARES BENEFICIALLY OWNED(1)(2)* *NUMBER*	*PERCENT BENEFICIALLY OWNED(1)(2)(3)* *BEFORE OFFERING*	*AFTER OFFERING*
Steven T. Kirsch(4)	6,012,503	27.4%	24.1%
Infoseek Corporation 2620 Augustine Drive, Suite 250 Santa Clara, CA 95054			
Menlo Ventures VI, L.P(5)................................	4,815,097	21.9%	19.3%

Building 4, Suite 100 3000 Sand Hill Road Menlo Park, CA 94025			
Battery Ventures III, L.P. 200 Portland Street Boston, MA 02114	2,500,000	11.4%	10.0%
NYNEX Information Technologies Company 35 Village Road Middleton, MA 01946	1,125,000	5.1%	4.5%
Andrew E. Newton	638,542	2.9%	2.6%
Robert E.L. Johnson, III(6)	599,998	2.7%	2.4%
John E. Zeisler	12,500	*	*
Oliver D. Curme(7)	2,500,000	11.4%	10.0%
H. Dubose Montgomery(8)	4,815,097	21.9%	19.3%
Matthew J. Stover(9)	1,125,000	5.1%	4.5%
Karl A. Spangenberg	--	*	*
All Directors and Executive Officers as a group (12 persons)(10)	16,041,140	72.6%	63.8%

----

* Less than 1%.

(1) Except as indicated in the footnotes to this table and pursuant to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of Common Stock.

(2) The number of shares of Common Stock beneficially owned includes the shares issuable pursuant to stock options that may be exercised within 60 days after March 31, 1996. Shares issuable pursuant to such options are deemed outstanding for computing the percentage of the person holding such options but are not deemed outstanding for computing the percentage of any other person. For purposes of this table, the number of shares outstanding at March 31, 1996 includes the issuance of 1,048,501 shares of Convertible Preferred Stock in April 1996. The number of shares of Common Stock outstanding after this Offering includes the 3,000,000 shares of Common Stock being offered for sale by the Company in this Offering.

(3) Assumes no exercise of the Underwriters' over-allotment option. See "*Underwriting*."

(4) Includes 37,500 shares held by the Kirsch Family Trust, an aggregate of 87,503 shares held by the children of Mr. Kirsch, and 5,887,500 shares held in the name of trusts for the benefit of Mr. Kirsch.

(5) Includes 71,160 shares owned by Menlo Entrepreneurs Fund VI, L.P.

(6) Includes an aggregate of 209,436 held by Mr. Johnson in custody for his children, and includes an aggregate of 165,562 shares held in two IRAs for the benefit of Mr. Johnson. Also includes 150,000 shares issuable pursuant to stock options that may be exercised within 60 days after March 31, 1996.

(7) Represents 2,500,000 shares beneficially owned by Battery Ventures III, L.P. Mr. Curme, a director of the Company is a General Partner of Battery Partners, III, L.P., the general partner of Battery Ventures III, L.P., and he disclaims beneficial ownership of these shares except to the extent of his pecuniary interest therein.

(8)Includes 71,160 shares owned by Menlo Entrepreneurs Fund VI, L.P. and 4,743,937 shares owned by Menlo Ventures VI, L.P. Mr. Montgomery, a director of the Company, is a general partner of Menlo Ventures Management VI, L.P., which is the general partner of each of the foregoing venture funds. Mr. Montgomery disclaims beneficial ownership of these shares except to the extent of his pecuniary interest therein.

(9) Represents 1,125,000 shares beneficially owned by NYNEX Information Technologies Company. Mr. Stover, a director of the Company is the Chairman of the Board of NYNEX Information Technologies Company, an indirect wholly owned subsidiary of NYNEX Corporation and he disclaims beneficial ownership of these shares.

(10) Includes 150,000 shares subject to options, including those identified in note (6).

DESCRIPTION OF CAPITAL STOCK

The authorized capital stock of the Company upon the closing of this Offering will consist of 60,000,000 shares of Common Stock, no par value, and 5,000,000 shares of Preferred Stock, no par value.

COMMON STOCK

As of March 31, 1996, and including the issuance of 1,048,501 shares of Convertible Preferred Stock in April 1996, there were 21,946,228 shares of Common Stock outstanding held of record by 51 shareholders. There will be 24,946,228 shares of Common Stock outstanding after giving effect to the sale of the shares of Common Stock offered hereby.

The holders of Common Stock are entitled to one vote per share on all matters to be voted upon by the shareholders. Subject to preferences that may be applicable to any outstanding Preferred Stock, the holders of Common Stock are entitled to receive ratably such dividends, if any, as may be declared from time to time by the Board of Directors out of funds legally available therefor. See "*Dividend Policy*." In the event of the liquidation, dissolution or winding up of the Company, the holders of Common Stock are entitled to share ratably in all assets remaining after payment of liabilities, subject to prior distribution rights of Preferred Stock, if any, then outstanding. The Common Stock has no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to the Common Stock. All outstanding shares of Common Stock are fully paid and nonassessable, and the shares of Common Stock to be issued upon completion of this Offering will be fully paid and nonassessable.

PREFERRED STOCK

The Company's Articles of Incorporation authorize 5,000,000 shares of Preferred Stock. The Board of Directors has the authority to issue the Preferred Stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, conversion rights, voting rights, terms of redemption, redemption prices, liquidation preferences and the number of shares constituting any series or the designation of such series, without further vote or action by the shareholders. The issuance of Preferred Stock may have the effect of delaying, deferring or preventing a change in control of the Company without further action by the shareholders and may adversely affect the voting and other rights of the holders of Common Stock. The issuance of Preferred Stock with voting and conversion rights may adversely affect the voting power of the holders of Common Stock, including the loss of voting control to others. At present, the Company has no plans to issue any of the Preferred Stock.

REGISTRATION RIGHTS

After this Offering, the holders of 21,579,512 shares of Common Stock and holders of warrants and options to purchase 1,345,000 shares of Common Stock will be entitled to certain rights with respect to the registration of such shares under the Securities Act. Under the terms of the agreement between the Company and the holders of such registrable securities, if the Company proposes to register any of its securities under the Securities Act, either for its own account or for the account of other security holders exercising registration rights, such holders are entitled to notice of such registration and are entitled to include shares of such Common Stock therein. Certain of such shareholders benefitting from these rights may also require the Company to file a registration statement under the Securities Act at the Company's expense with respect to their shares of Common Stock, and the Company is required to use its diligent reasonable efforts to effect such registration. Further, holders may require the Company to file additional registration statements on Form S-3 at the Holder's expense. These rights are subject to certain conditions and limitations, among them the right of the underwriters of an offering to limit the number of shares included in such registration in certain circumstances.

TRANSFER AGENT AND REGISTRAR

The Transfer Agent and Registrar for the Common Stock is First National Bank of Boston, whose telephone number is (617) 575-2000.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this Offering, there has been no market for the Common Stock of the Company. Therefore, future sales of substantial amounts of Common Stock in the public market could adversely affect market prices prevailing from time to time. Furthermore, since only a limited number of shares will be available for sale shortly after this Offering because of certain contractual and legal restrictions on resale (as described below), sales of substantial amounts of Common Stock of the Company in the public market after the restrictions lapse could adversely affect the prevailing market price and the ability of the Company to raise equity capital in the future.

Upon completion of this Offering, the Company will have outstanding an aggregate of 24,946,228 shares of Common Stock. Of these outstanding shares of Common Stock, the 3,000,000 shares sold in this Offering will be freely tradeable without restriction or further registration under the Securities Act, unless purchased by an *"affiliate"* of the Company, as that term is defined in Rule 144 under the Securities Act (an *"Affiliate"*). The remaining 21,946,228 shares of Common Stock existing are *"restricted securities"* as that term is defined in Rule 144 under the Act (*"Restricted Shares"*). Restricted Shares may be sold in the public market only if registered or if they qualify for an exemption from registration under Section 4(1) Rules 144, 144(k) or 701 promulgated under the Securities Act, which are summarized below. Sales of the Restricted Shares in the public market, or the availability of such shares for sale, could adversely affect the market price of the Common Stock.

All holders of Common Stock and options to purchase Common Stock have agreed pursuant to certain *"lockup"* agreements that they will not, directly or indirectly, offer, sell, pledge, contract to sell, grant any option to purchase, grant a security interest in, hypothecate or otherwise sell or dispose of the shares of Common Stock owned by them or that could be purchased by them through the exercise of options to purchase Common Stock of the Company for a period of 180 days after the date of this Prospectus, which lock-ups may not be released without the prior written consent of Alex. Brown & Sons Incorporated. As a result of these contractual restrictions, notwithstanding possible earlier eligibility for sale under the provisions of Section 4(1) or Rules 144, 144(k) and 701, shares subject to lock-up agreements will not be saleable until the agreements expire. The number of outstanding shares (based on shares outstanding at March 31, 1996 and including the issuance of 1,048,501 shares of Convertible Preferred Stock in April 1996) that will be available for sale in the public market, after giving effect to lock-up agreements, will be as follows: (i) no shares of Common Stock will be eligible for sale as of the date of this Prospectus, (ii) 13,514,626 shares of Common Stock will be eligible for sale beginning 180 days after the date of this Prospectus, subject in some cases to certain volume and other limitations, and (iii) the approximately 8,433,477 remaining Restricted Shares will not be eligible for sale pursuant to Rule 144 until the expiration of their two-year holding periods.

In general, under Rule 144 as currently in effect, beginning 90 days after the date of this Prospectus, a person (or persons whose shares are aggregated) who has beneficially owned Restricted Shares for at least two years (including the holding period of any prior owner except an Affiliate) would be entitled to sell within any three-month period a number of shares that does not exceed the greater of: (i) one percent of the number of shares of Common Stock then outstanding; or (ii) the average weekly trading volume of the Common Stock during the four calendar weeks preceding the filing of a Form 144 with respect to such sale. Sales under Rule 144 are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about the Company. Under Rule 144(k), a person who is not deemed to have been an Affiliate of the Company at any time during the 90 days preceding a sale, and who has beneficially

owned the shares proposed to be sold for at least three years (including the holding period of any prior owner except an Affiliate), is entitled to sell such shares without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144; therefore, unless otherwise restricted, *"144(k) shares"* may therefore be sold immediately upon the completion of this Offering.

In addition, any employee, officer or director of or consultant to the Company who purchased his or her shares pursuant to a written compensatory plan or contract may be entitled to rely on the resale provisions of Rule 701. Rule 701 permits such a holder to sell his or her Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. Rule 701 further provides that non-affiliates may sell such shares in reliance on Rule 144 without having to comply with the public information, volume limitation or notice provisions of Rule 144. In both cases, a holder of Rule 701 shares is required to wait until 90 days after the date of this Prospectus before selling such shares. The Company's Stock Option Plan requires that the holders of shares issued upon exercise of options under such plan will not offer, sell contract to sell or grant any option to sell or grant any option to purchase or otherwise dispose of the shares of Common Stock owned by them for a period of 180 days after the effective date of this Offering.

The Company has agreed not to offer, sell, contract to sell or otherwise dispose of any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock or any rights to acquire Common Stock for a period 180 days after the date of this Prospectus, without the prior written consent of the Representatives of the Underwriters, subject to certain limited exceptions.

The Company intends to file one or more registration statements on Form S-8 under the Securities Act to register all shares of Common Stock subject to outstanding stock options and Common Stock issued or issuable pursuant to the Company's 1996 Stock Option/Stock Issuance Plan and Common Stock issuable pursuant to the Company's Employee Stock Purchase Plan. See "*Management -- 1996 Stock Option/Stock Issuance Plan*," and "-- *Employee Stock Purchase Plan*." Accordingly, shares registered under such registration statements will, subject to Rule 144 volume limitations applicable to an Affiliate and the lapsing of the Company's repurchase options, be available for sale in the open market, except to the extent that such shares are subject to vesting restrictions with the Company or the contractual restrictions described above.

UNDERWRITING

Subject to the terms and conditions of the Underwriting Agreement, the Underwriters named below (the "*Underwriters*"), through their Representatives, Alex. Brown & Sons Incorporated and Merrill Lynch, Pierce, Fenner & Smith Incorporated, have severally agreed to purchase from the Company the following respective number of shares of Common Stock at the initial public offering price less the underwriting discounts and commissions set forth on the cover page of this Prospectus:

[Enlarge/Download Table]

UNDERWRITER	*NUMBER OF SHARES*
Alex. Brown & Sons Incorporated	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Total	3,000,000

The Underwriting Agreement provides that the obligations of the Underwriters are subject to certain conditions precedent and that the Underwriters will purchase all shares of the Common Stock offered hereby if any of such shares are purchased.

The Company has been advised by the Representatives of the Underwriters that the Underwriters propose to offer the shares of Common Stock to the public at the initial public offering price set forth on the cover page of this Prospectus and to certain dealers at such price less a concession not in excess of $ per share. The Underwriters may allow, and such dealer may reallow, a concession not in excess of $ per share to certain other dealers. After the initial public offering, the offering price and other selling terms may be changed by the Representatives of the Underwriters.

The Company has granted to the Underwriters an option, exercisable not later than 30 days after the date of this Prospectus, to purchase up to 450,000 additional shares of Common Stock at the public offering price less the underwriting discounts and commissions set forth on the cover page of this Prospectus. To the extent that the Underwriters exercise such option, each of the Underwriters will have a firm commitment to purchase approximately the same percentage thereof that the number of shares of Common Stock to be purchased by it shown in the above table bears to 450,000, and the Company will be obligated, pursuant to the option, to sell such shares to the Underwriters. The Underwriters may exercise such option only to cover over-allotments made in connection with the sale of Common Stock offered hereby. If purchased, the Underwriters will offer such additional shares on the same terms as those on which the 3,000,000 shares are being offered.

The Company has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended.

All shareholders of the Company have agreed not to offer, sell or otherwise dispose of any shares of Common Stock for a period of 180 days after the date of this Prospectus, which agreements may not be released without the prior consent of Alex. Brown & Sons Incorporated. See "*Shares Eligible for Future Sale*."

Reuters NewMedia Inc., a shareholder of the Company, may purchase up to 454,546 shares in the Offering (assuming an initial public offering price of $11.00 per share), for investment purposes only, and with no present intention to resell the shares. Upon such purchase, Reuters NewMedia Inc. will hold approximately 2% of the outstanding capital stock of the Company.

The Representatives of the Underwriters have advised the Company that the Underwriters do not intend to confirm sales to any account over which they exercise discretionary authority.

Prior to this Offering, there has been no public market for the Common Stock of the Company. Consequently, the initial public offering price for the Common Stock has been determined by negotiation between the Company and the Representatives of the Underwriters. Among the factors considered in such negotiations were prevailing market conditions, the results of operations of the

Company in recent periods, the market capitalizations and stages of development of other companies which the Company and the Representatives of the Underwriters believed to be comparable to the Company, estimates of the business potential of the Company, the present state of the Company's development and other factors deemed relevant.

LEGAL MATTERS

The validity of the issuance of the shares of Common Stock offered hereby will be passed upon for the Company by Brobeck, Phleger & Harrison LLP, Palo Alto, California. Certain legal matters in connection with this Offering will be passed upon for the Underwriters by Wilson Sonsini Goodrich & Rosati, Professional Corporation, Palo Alto, California.

EXPERTS

The financial statements of Infoseek Corporation at December 31, 1994 and 1995 and for the period from August 30, 1993 (inception) through December 31, 1993 and the years ended December 31, 1994 and 1995 appearing in this Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

ADDITIONAL INFORMATION

The Company has filed with the Securities and Exchange Commission, Washington, D.C. 20549, a Registration Statement on Form S-1 under the Securities Act with respect to the Common Stock offered hereby. This Prospectus does not contain all of the information set forth in the Registration Statement and the exhibits and schedules to the Registration Statement. For further information with respect to the Company and such Common Stock offered hereby, reference is made to the Registration Statement and the exhibits and schedules filed as a part of the Registration Statement. Statements contained in this Prospectus concerning the contents of any contract or any other document referred to are not necessarily complete; reference is made in each instance to the copy of such contract or document filed as an exhibit to the Registration Statement. Each such statement is qualified in all respects by such reference to such exhibit. The Registration Statement, including exhibits and schedules thereto, may be inspected without charge at the Securities and Exchange Commission's principal office in Washington, D.C. 20549, and copies of all or any part thereof may be obtained from such office after payment of fees prescribed by the Securities and Exchange Commission.

INFOSEEK CORPORATION

INDEX TO FINANCIAL STATEMENTS

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REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

The Board of Directors and Shareholders
Infoseek Corporation

We have audited the accompanying balance sheets of Infoseek Corporation as of December 31, 1994 and 1995, and the related statements of operations, shareholders' equity (deficit), and cash flows for the period from August 30,1993 (inception) through December 31, 1993 and for the years ended December 31, 1994 and 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Infoseek Corporation at December 31, 1994 and 1995, and the results of its operations and its cash flows for the period from August 30, 1993 (inception) through December 31, 1993 and for the years ended December 31, 1994 and 1995, in conformity with generally accepted accounting principles.

ERNST & YOUNG LLP

San Jose, California
February 27, 1996,
except as to Note 10, as to which
the date is May 15, 1996

INFOSEEK CORPORATION

BALANCE SHEETS

[Enlarge/Download Table]

	DECEMBER 31, 1994	DECEMBER 31, 1995	MARCH 31, 1996 (UNAUDITED)	PRO FORMA SHAREHOLDERS' EQUITY MARCH 31, 1996 (UNAUDITED)
ASSETS				
Current assets:				
Cash and cash equivalents	$ 568,120	$ 1,129,096	$10,114,023	
Short-term investments	--	496,871	--	
Accounts receivable, less allowance for doubtful accounts of $41,500 in 1995 and $49,387 in 1996	--	498,567	858,239	

Other current assets	19,303	110,901	303,357	
Total current assets	587,423	2,235,435	11,275,619	
Property and equipment:				
Computer and office equipment	367,423	3,102,894	4,281,051	
Furniture and fixtures	8,125	85,212	154,919	
Leasehold improvements	5,927	22,020	22,020	
	381,475	3,210,126	4,457,990	
Less accumulated depreciation and amortization	109,819	397,569	692,336	
Net property and equipment	271,656	2,812,557	3,765,654	
Purchased technology, net of accumulated amortization	--	74,632	37,316	
Deposits	--	--	668,359	
Total assets	$ 859,079	$ 5,122,624	$15,746,948	
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	$ 11,394	$ 1,222,585	$ 1,040,757	
Accrued payroll and payroll related expenses	4,000	70,768	264,095	
Accrued royalties	--	35,736	918,895	
Other accrued liabilities	113,627	575,767	1,007,199	
Short-term obligations	--	238,453	913,931	
Total current liabilities	129,021	2,143,309	4,144,877	
Long-term obligations	--	687,596	2,489,833	
Maintenance fees due third parties	210,000	150,000	150,000	
Commitments				
Redeemable convertible preferred stock, no par value:				
Authorized shares -- included in convertible preferred stock authorized				
Issued and outstanding shares -- 1,125,000 in 1996, and none pro forma, aggregate redemption value of $12,375,000; aggregate liquidation preference of $9,000,000 in 1996	--	--	8,953,846	$ --
Shareholders' equity:				
Preferred stock, no par value:				
Authorized shares -- 5,000,000 pro forma				
Issued and outstanding shares -- none pro forma	--	--	--	--
Convertible preferred stock, no par value:				
Authorized shares -- 27,890,378 in 1996;				
Issued and outstanding shares -- 9,420,541 in 1994, 15,580,294 in 1995, 15,394,175 in 1996, and none pro forma; aggregate liquidation preference of $7,321,277 in 1996	2,019,549	6,694,544	7,440,698	--
Common stock, no par value:				
Authorized shares -- 45,000,000 in 1996				
Issued and outstanding shares -- 3,782,812 in 1994, 4,000,011 in 1995, 4,378,552 in 1996, and 20,897,727 pro forma	37,830	2,410,333	6,389,813	22,784,357
Accumulated deficit	(1,537,321)	(4,833,008)	(8,400,509)	(8,400,509)
Deferred compensation	--	(2,080,300)	(4,795,850)	(4,795,850)
Notes receivable from shareholders	--	(49,850)	(625,760)	(625,760)
Total shareholders' equity	520,058	2,141,719	8,392	$ 8,962,238
Total liabilities and shareholders' equity	$ 859,079	$ 5,122,624	$15,746,948	

See accompanying notes.

INFOSEEK CORPORATION

STATEMENTS OF OPERATIONS

[Enlarge/Download Table]

	PERIOD FROM AUGUST 30, 1993 (INCEPTION) TO DECEMBER 31, 1993	*YEARS ENDED DECEMBER 31, 1994*	*1995*	*THREE MONTHS ENDED MARCH 31, 1995*	*1996*
				(UNAUDITED)	
Revenues:					
Advertising	$ --	$ --	$ 848,650	$ --	$ 1,655,691
Subscription	--	--	183,640	5,402	75,214
Total revenues	--	--	1,032,290	5,402	1,730,905
Cost of revenues	--	--	614,622	79,292	689,480
Gross profit	--	--	417,668	(73,890)	1,041,425
Operating expenses:					
Research and development	8,290	1,062,915	1,174,849	176,357	933,988
Sales and marketing	--	96,704	1,488,492	77,218	2,756,579
General and administrative	19,045	360,676	1,147,507	98,121	860,111

Total operating expenses	27,335	1,520,295	3,810,848	351,696	4,550,678
Operating loss	(27,335)	(1,520,295)	(3,393,180)	(425,586)	(3,509,253)
Interest income (expense):					
Interest income	--	15,089	114,689	3,574	6,247
Interest expense	--	(4,780)	(17,196)	(30)	(64,495)
	--	10,309	97,493	3,544	(58,248)
Net loss	$ (27,335)	$(1,509,986)	$ (3,295,687)	$ (422,042)	$(3,567,501)
Pro forma net loss per share			$ (0.13)	$ (0.02)	$ (0.14)
Shares used in computing pro forma net loss per share			25,862,923	25,966,048	25,914,408

See accompanying notes.

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INFOSEEK CORPORATION

STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)

[Enlarge/Download Table]

	CONVERTIBLE PREFERRED STOCK		*COMMON STOCK*					
	SHARES	*AMOUNT*	*SHARES*	*AMOUNT*	*ACCUMULATED DEFICIT*	*DEFERRED COMPENSATION*	*NOTES RECEIVABLE FROM SHAREHOLDERS*	*TOTAL SHAREHOLDERS' EQUITY (DEFICIT)*
Balance at August 30, 1993	--	$ --	--	$ --	$ --	$ --	$ --	$ --
Net loss	--	--	--	--	(27,335)	--	--	(27,335)
Balance at December 31, 1993	--	--	--	--	(27,335)	--	--	(27,335)
Issuance of common stock to founders	--	--	3,780,000	37,800	--	--	--	37,800
Issuance of Series A convertible preferred stock for cash and conversion of note payable, net of issuance costs	6,826,125	899,452	--	--	--	--	--	899,452
Issuance of Series B convertible preferred stock for cash, net of issuance costs	2,594,416	1,120,097	--	--	--	--	--	1,120,097
Exercise of common stock options	--	--	2,812	30	--	--	--	30
Net loss	--	--	--	--	(1,509,986)	--	--	(1,509,986)
Balance at December 31, 1994	9,420,541	2,019,549	3,782,812	37,830	(1,537,321)	--	--	520,058
Issuance of Series A preferred stock for purchased technology	559,739	223,895	--	--	--	--	--	223,895
Repurchase of common stock from founder	--	--	(154,688)	(1,547)	--	--	--	(1,547)
Issuance of Series C convertible preferred stock for cash, net of issuance costs	5,600,014	4,430,100	--	--	--	--	--	4,430,100

Issuance of warrants for shares of Series C convertible preferred stock.........	--	21,000	--	--	--	--	--	21,000
Issuance of common stock to employee for note receivable....	--	--	371,887	49,850	--	--	(49,850)	--
Unearned compensation related to stock options.......	--	--		2,124,200	--	(2,124,200)	--	--
Amortization of unearned compensation related to stock options.......	--	--	--	--	--	43,900	--	43,900
Fair value assigned to services provided by Netscape......	--	--	--	200,000	--	--	--	200,000
Net loss........	--	--	--	--	(3,295,687)	--	--	(3,295,687)
Balance at December 31, 1995............	15,580,294	6,694,544	4,000,011	2,410,333	(4,833,008)	(2,080,300)	(49,850)	2,141,719
Cancellation of Series A preferred stock issued for purchased technology (unaudited)...	(279,869)	--	--	--	--	--	--	--
Unearned compensation related to stock options (unaudited)...	--	--	--	3,102,200	--	(3,102,200)	--	--
Amortization of unearned compensation related to stock options (unaudited)...	--	--	--	--	--	386,650	--	386,650
Issuance of Series E convertible preferred stock for cash, net of issuance costs (unaudited)...	93,750	746,154	--	--	--	--	--	746,154
Repurchases of common stock (unaudited)...	--	--	(179,688)	(1,797)	--	--	--	(1,797)
Issuance of common stock to officer (unaudited)...	--	--	374,999	300,000	--	--	--	300,000
Issuance of common stock to officers for notes receivable (unaudited)...	--	--	412,499	610,000	--	--	(610,000)	--
Exercise of common stock options (unaudited)...	--	--	26,404	3,167	--	--	--	3,167
Cancelation of note receivable and return of unvested shares by employee (unaudited)...	--	--	(255,673)	(34,090)	--	--	34,090	--
Net loss (unaudited)...	--	--	--	--	(3,567,501)	--	--	(3,567,501)
Balance at March 31, 1996 (unaudited).....	15,394,175	$ 7,440,698	4,378,552	$6,389,813	$(8,400,509)	$(4,795,850)	$ (625,760)	$ 8,392

See accompanying notes.

INFOSEEK CORPORATION

STATEMENTS OF CASH FLOWS

[Enlarge/Download Table]

	PERIOD FROM AUGUST 30, 1993 (INCEPTION) TO DECEMBER 31, 1993	*YEARS ENDED DECEMBER 31,*		*THREE MONTHS ENDED MARCH 31,*	
		1994	*1995*	*1995*	*1996*
				(UNAUDITED)	
OPERATING ACTIVITIES					
Net loss	$(27,335)	$(1,509,986)	$(3,295,687)	$(422,042)	$(3,567,501)
Adjustments to reconcile net loss to net cash used in operating activities:					
Depreciation and amortization	--	109,819	437,013	69,597	332,083
Amortization of unearned compensation related to stock options	--	--	43,900	--	386,650
Amortization of warrants issued in connection with term loan	--	--	21,000	--	--
Fair value assigned to services provided by Netscape	--	--	200,000	--	--
Changes in operating assets and liabilities:					
Accounts receivable	--	--	(498,567)	(4,000)	(359,672)
Other current assets	(69,850)	50,547	(91,598)	(3,592)	(192,456)
Accounts payable	68,628	(57,234)	1,211,191	19,377	(181,828)
Accrued payroll	--	4,000	66,768	--	193,327
Accrued royalties	--	--	35,736	--	883,159
Other accrued liabilities	--	113,627	462,140	42,484	431,432
Maintenance fees due third parties	--	210,000	(60,000)	(70,000)	--
Net cash used in operating activities	(28,557)	(1,079,227)	(1,468,104)	(368,176)	(2,074,806)
INVESTING ACTIVITIES					
Purchase of short-term investments	--	--	(2,483,011)	--	--
Proceeds from sales and maturities of available-for-sale investments	--	--	1,986,140	--	496,871
Purchase of property and equipment	(71,129)	(310,346)	(2,828,651)	(47,511)	(1,247,864)
Net cash used in investing activities	(71,129)	(310,346)	(3,325,522)	(47,511)	(750,993)
FINANCING ACTIVITIES					
Term loan	--	--	965,860	--	2,572,749
Repayments of term loan	--	--	(39,811)	--	(95,034)
Issuance of note payable	277,151	380,000	--	--	--
Payment of deposit on term loan	--	--	--	--	(668,359)
Repayment of note payable	--	(57,151)	--	--	--
Proceeds from sale of convertible preferred stock, net of issuance costs	--	1,419,549	4,430,100	--	746,154
Proceeds from sale of redeemable convertible preferred stock, net of issuance costs	--	--	--	--	8,953,846
Proceeds from sale of common stock	--	37,830	--	--	303,167
Repurchase of common stock	--	--	(1,547)	--	(1,797)
Net cash provided by financing activities	277,151	1,780,228	5,354,602	--	11,810,726
Net increase (decrease) in cash and cash equivalents	177,465	390,655	560,976	(415,687)	8,984,927
Cash and cash equivalents at beginning of period	--	177,465	568,120	568,120	1,129,096
Cash and cash equivalents at end of period	$177,465	$ 568,120	$ 1,129,096	$ 152,433	$10,114,023

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

Unearned compensation related to stock options amounted to $2,124,200 and $3,102,200 for the year ended December 31, 1995 and the three months ended March 31, 1996, respectively.

See accompanying notes.

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INFOSEEK CORPORATION

NOTES TO FINANCIAL STATEMENTS

(INFORMATION AS OF MARCH 31, 1996 AND RELATING TO THE THREE MONTHS ENDED MARCH 31, 1995 AND 1996 IS UNAUDITED)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Infoseek Corporation (the "*Company*") was formed in August 1993 to develop and provide branded, comprehensive Web-based navigational services that help users access and personalize the vast resources of the Internet. The Company's primary service offering, Infoseek Guide, is a free service targeted at individual users.

Cash, Cash Equivalents and Short-Term Investments

Cash and Cash Equivalents -- The Company considers all highly liquid debt instruments which are purchased with a maturity of three months or less to be cash equivalents. Through March 31, 1996, the Company has invested cash in excess of operating requirements in high-quality investments, primarily U.S. treasury securities, at prevailing market interest rates at the time of purchase.

Short-Term Investments -- The Company accounts for investments in accordance with Statement of Financial Accounting Standards No. 115, *"Accounting for Certain Investments in Debt and Equity Securities"* (FAS 115). Management determines the appropriate classification of debt securities at the time of purchase and reevaluates such designation as of each balance sheet date. The Company's short-term investments, which consist primarily of U.S. treasury securities with maturities of one year or less, are classified as available-for-sale, and as such, are carried at fair value with the unrealized gains and losses, net of tax, reported in a separate component of shareholders' equity. The amortized cost of debt securities in this category is adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization, as well as any interest on the securities, is included in interest income. Realized gains and losses and declines in value judged to be other-than-temporary on available-for-sale securities are included in interest income (expense). The cost of securities sold is based on the specific identification method. The Company had no investments in equity securities at December 31, 1994 and 1995 or March 31, 1996.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation. The Company depreciates property and equipment using the straight-line method over the estimated useful lives of three to five years. Leasehold improvements are amortized using the straight-line method over the shorter of the life of the related asset or the term of the lease.

Research and Development

Research and development expenditures are generally charged to operations as incurred. Statement of Financial Accounting Standards No. 86, *"Accounting for the Costs of Computer Software to be Sold, Leased or Otherwise Marketed,"* requires the capitalization of certain software development costs subsequent to the establishment of technological feasibility. In the Company's case, capitalization would begin upon completion of a working model as the Company does not prepare detail program designs as part of the development process. As of December 31, 1995 and March 31, 1996, such capitalizable costs were insignificant. Accordingly, the Company has charged all such costs to research and development expense in the accompanying statements of operations, and such costs have been immaterial to date.

INFOSEEK CORPORATION

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

Stock-Based Compensation

The Company has chosen not to adopt the accounting provisions under Statement of Financial Accounting Standards No. 123, *"Accounting for Stock-Based Compensation"* (FAS 123), and therefore the effect of adopting the disclosure standards required by FAS 123 has not had any effect on the Company's financial position or results of operations.

Long-Lived Assets

In 1995, the Financial Accounting Standards Board released the Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of " (FAS 121). FAS 121 requires recognition of impairment of long-lived assets in the event the net book value of such assets exceeds the future undiscounted cash flows attributable to such assets. FAS 121 has not had a material impact on the financial statements of the Company.

Revenue Recognition

The Company's advertising revenues are derived principally from short-term advertising contracts in which the Company guarantees a minimum number of impressions for a fixed fee. Advertising revenues are recognized ratably over the term of the contract provided that the monthly minimum impressions are met, the Company does not have any remaining significant obligations, and collection of the resulting receivable is probable.

Also included in advertising revenues is the exchange by the Company of advertising space on the Company's Web sites for reciprocal advertising space in other media publications or other Web sites or receipt of applicable goods and services. Revenues from these exchange transactions are recorded as advertising revenue at the estimated fair value of the goods and services received and are recognized when both the Company's advertisements and the reciprocal advertisements are run, or goods or services are received. For the three months ended March 31, 1996, advertising revenues recognized under these trading activities amounted to $55,500.

The Company has also derived revenues during 1995 and the first quarter of 1996 from fees related to a premium subscription service offered to business and professional users. Revenues from this service are recognized over the period the services are provided.

Advertising Costs

Advertising costs are recorded as an expense the first time an advertisement appears. Advertising costs amounted to $367,319 for the three months ended March 31, 1996. There were no advertising expenses during the period from August 30, 1993 (inception) to December 31, 1993 and for the years ended December 31, 1994 and 1995.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash equivalents, short-term investments, and trade receivables. The Company places its cash equivalents and short-term investments with high-quality financial institutions. Through March 31, 1996 the Company invested its excess cash in collateralized funds of U.S. government entities. The Company operates in one business segment and sells advertising to various companies across several industries. The Company generally does not require collateral. The Company maintains reserves for credit losses, and such losses have been within management's expectations. For the year ended December 31, 1995, one customer accounted for 13% of revenues.

Net Loss Per Share

Net loss per share is computed using the weighted average number of common shares outstanding. Pursuant to the Securities and Exchange Commission Staff Accounting Bulletins, convertible preferred stock, redeemable convertible preferred stock, common stock and common equivalent shares (options and warrants) issued by the Company at prices below the assumed public offering price during the twelve-month period prior to the proposed offering have been included in the calculation as if they were outstanding for all periods presented regardless of whether they are antidilutive (using the treasury stock method at an assumed public offering price of $11.00).

Net loss per share calculated on this basis for the period from August 30, 1993 (inception) to December 31, 1993 and for the years ended December 31, 1994 and 1995, and for the three months ended March 31, 1995 and 1996 was ($0.00), ($0.10), ($0.20), ($0.03) and ($0.22), respectively, based upon 12,482,827, 15,791,265, 16,162,515, 16,265,640 and 16,214,000 shares, respectively.

Pro Forma Net Loss Per Share and Unaudited Pro Forma Shareholders' Equity

Pro forma net loss per share has been computed as described above and also gives effect, even if antidilutive, to common equivalent shares from preferred stock that will automatically convert upon the closing of the Company's initial public offering (using the as-if-converted method). If the offering contemplated by this Prospectus is consummated, all of the convertible preferred stock outstanding as of the closing date will automatically be converted into an aggregate of approximately 16,519,175 shares of common stock based on the shares of convertible preferred stock outstanding at March 31, 1996. Unaudited pro forma shareholders' equity at March 31, 1996, as adjusted for the conversion of preferred stock is disclosed on the balance sheet.

Interim Financial Statements

In the opinion of management, the unaudited interim financial statements at March 31, 1996 and for the three months ended March 31, 1995 and 1996 include all adjustments, consisting only of normal recurring accruals, necessary to present fairly the Company's financial position at March 31, 1996, and results of operations and cash flows for the three months ended March 31, 1995 and 1996. Results for the three months ended March 31, 1996 are not necessarily indicative of the results to be expected for the entire year.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenue and expenses during the reporting period. Actual results inevitably will differ from those estimates, and such differences may be material to the financial statements.

2. PURCHASED TECHNOLOGY

The Company exchanged 559,739 shares of its Series A convertible preferred stock to license certain technology from ACSIOM under an amended July 1994 Software Development and Licensing Master Agreement ("*ACSIOM Agreement*"). In March 1996, 279,869 shares of the previously issued Series A convertible preferred stock were cancelled under terms contained in the ACSIOM Agreement. The value assigned to the Series A convertible preferred stock of $223,895 is being amortized over 18 months ending June 30, 1996. Amortization expense for the year ended

INFOSEEK CORPORATION

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

December 31, 1995 and the three months ended March 31, 1996 was $149,263 and $37,316, respectively.

3. OBLIGATIONS

In October 1995 and February 1996, the Company entered into term loan agreements with Venture Lending and Leasing, Inc. ("*Venture*") under which the Company borrowed approximately $3,500,000 to finance the purchase of equipment. Borrowings made under this agreement are due over 37 months, bear interest which ranges from 15.80% to 16.39%, and are secured by certain assets of the Company. In connection with the October 1995 loan agreement, the Company issued warrants to purchase 100,000 shares of Series C convertible preferred stock (see Note 5). In connection with the February 1996 loan agreement, the Company paid a cash deposit of $668,359 to Venture.

Maturities under this agreement as of December 31, 1995 and March 31, 1996 are as follows:

[Download Table]

	DECEMBER 31, 1995	*MARCH 31, 1996*
1996	$193,453	$ 913,931
1997	280,045	1,033,742
1998	407,551	1,388,329
1999	--	67,762
	$881,049	$3,403,764

During 1994, the Company repaid a $657,151 note payable to a founder through the issuance of 6,000,000 shares of Series A preferred stock and the payment of $57,151 in cash.

4. COMMITMENTS

The Company leases its facilities under operating lease agreements which