

**VERTICALNET INC**  
**Income Statement**  
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Effective Tax Rate = 0.4

	1 YE 12/31/96	1 YE 12/31/97	1 YE 12/31/98	1 YE 12/31/99	Q1 00	Q2 00	Q3 00	Q4 00	1 YE 12/31/00	Q1 01	Q2 01	Q3 01	Q4 01
<b>Revenues:</b>													
Exchange transaction sales	--	--	--	16,501	99,044	168,224	209,349	251,219	727,836	288,902	317,792	333,682	367,050
Cost of exchange transaction sales	--	--	--	14,171	84,456	139,111	173,760	208,512	605,839	236,900	260,590	273,619	300,981
Net exchange revenues	--	--	--	2,329	14,588	29,113	35,589	42,707	121,998	52,002	57,203	60,063	66,069
Advertising and e-commerce revenues	285	792	3,135	18,428	12,863	24,445	34,842	55,747	127,896	61,321	67,453	74,199	83,103
Combined revenues	285	792	3,135	20,758	27,451	53,558	70,431	98,454	249,894	113,324	124,656	134,262	149,172
<b>Costs and Expenses:</b>													
Editorial and operational	214	1,056	3,238	8,611	4,262	8,704	11,614	18,582	43,162	18,396	20,236	22,260	24,931
Product development	214	711	1,405	7,396	4,534	8,640	9,879	13,336	36,389	17,337	19,071	20,978	23,076
Sales and marketing	268	2,300	7,895	26,268	18,123	37,459	42,584	63,876	162,042	65,153	65,805	65,805	66,463
General and administrative	292	1,388	3,824	11,887	12,206	18,988	29,243	32,167	92,604	32,167	32,167	28,950	23,160
Amortization expense	0	0	283	7,819	15,615	55,236	58,617	58,617	188,085	58,617	58,617	58,617	58,617
In-process research and development charge	0	0	0	13,600	10,000	0	0	0	10,000	0	0	0	0
Operating expenses	988	5,456	16,644	75,582	64,740	129,027	151,936	186,578	532,282	191,671	195,896	196,610	196,247
Operating loss	(702)	(4,664)	(13,509)	(54,824)	(37,289)	(75,469)	(81,505)	(88,124)	(282,388)	(78,347)	(71,240)	(62,348)	(47,075)
Interest and dividend income	7	11	212	3,448									
Interest expense	(14)	(126)	(297)	(2,104)									
Interest, net	(6)	(115)	(85)	1,344	(724)	1,081	1,081	1,081	2,519	1,189	1,070	1,070	1,284
Net gain on investment					79,875				79,875				
Equity in earnings of affiliates					231	319	529	1,241	2,320	1,117	1,061	1,061	1,273
Conversion payment to debt holders						-11,207			(11,207)				
Warrant amortization						-422	1,800	1,800	3,178	1,800	1,800	1,800	1,800
Less: preferred stock dividends						(1,450)			(1,450)				
Pre-Tax Income	(\$709)	(\$4,779)	(\$13,594)	(\$53,480)	\$42,093	(\$87,148)	(\$78,096)	(\$84,002)	(\$207,153)	(\$74,241)	(\$67,308)	(\$58,417)	(\$42,717)
Tax (gain)	(\$284)	(\$1,912)	(\$5,438)	(\$21,392)	\$16,837	(\$34,859)	(\$31,238)	(\$33,601)	(\$82,861)	(\$29,696)	(\$26,923)	(\$23,367)	(\$17,087)
Net Income	(\$425)	(\$2,867)	(\$8,157)	(\$32,088)	\$25,256	(\$52,289)	(\$46,857)	(\$50,401)	(\$124,292)	(\$44,545)	(\$40,385)	(\$35,050)	(\$25,630)
Diluted Pre-Tax Income per share	(\$0.07)	(\$0.47)	(\$1.32)	(\$0.86)	\$0.56	(\$1.05)	(\$0.92)	(\$0.96)	(\$2.37)	(\$0.82)	(\$0.72)	(\$0.62)	(\$0.44)
Diluted Net Income per share	(0.04)	(0.28)	(0.79)	(0.51)	0.34	(0.63)	(0.55)	(0.58)	(1.42)	(0.49)	(0.43)	(0.37)	(0.26)
<b>Weighted average shares outstanding used in diluted per-share calculation</b>													
	10,335	10,107	10,282	62,391	74,805	83,052	84,952	87,452	87,452	90,452	93,452	94,952	97,452
<b>Margin Analysis (%age of revenue)</b>													
Gross Margin	25%	-33%	-3%	59%	84%	84%	84%	81%	83%	84%	84%	83%	83%
Sales & Marketing	94%	291%	252%	127%	66%	70%	60%	65%	65%	57%	53%	49%	45%
General & Administrative	102%	175%	122%	57%	44%	35%	42%	33%	37%	28%	26%	22%	16%
Research & Development	0%	0%	0%	66%	36%	0%	0%	0%	4%	0%	0%	0%	0%
Amortization expense	0%	0%	9%	38%	57%	103%	83%	60%	75%	52%	47%	44%	39%
Net Margin	-249%	-604%	-434%	-258%	153%	-163%	-111%	-85%	-83%	-66%	-54%	-44%	-29%
<b>Growth</b>													
Total Revenue		178%	296%	562%		95%	32%	40%	1203749%	15%	10%	8%	11%
Gross Profit		-469%	61%	11870%		93%	31%	36%	1701872%	19%	10%	7%	11%
Operating Expenses		452%	205%	354%		99%	18%	23%	704144%	3%	2%	0%	0%
Net Income		-574%	-184%	-293%		-307%	10%	-8%	-387248%	12%	9%	13%	27%
Fully Dilute EPS		-589.31%	-179.64%	35.17%					-176.35%				

\* The share numbers have been adjusted to reflect the two-for-one splits of the common stock effective 08/20/99 and 03/31/00 respectively.