

**Dear Fellow Shareholder:**

This marks my first letter as Chief Executive Officer of CNET Networks, and I am immensely proud to be in a position to lead this company into the future. Throughout 2006, we continued to demonstrate our ability to build and grow media brands for people and the things that they are passionate about. Today, with multiple brands serving multiple people in multiple areas of passion, CNET Networks has the foundation to thrive in the evolving media landscape.

On behalf of myself and the entire CNET Networks team, I would like to personally thank our co-founder and former Chief Executive Officer, Shelby Bonnie, for his many contributions to the Company. Shelby fostered innovation and excellence, and I will ensure that those values continue to define our culture. We owe him a permanent debt of gratitude for the vision and leadership that he provided not only to CNET Networks, but to the industry at large as well.

As Chief Executive Officer, I look forward to continuing to position CNET Networks for success in the growing and evolving media landscape. The CNET Networks team is talented, passionate and committed, and we have an outstanding opportunity to grow and help define the future of media. Above all else, CNET Networks' 2,600 worldwide employees are focused on satisfying the needs of our users and making our properties some of the best experiences online.

The growth and size of our audience is proof of this focus and dedication. At the end of 2006, more than 136 million monthly unique users around the world visited our sites, up 17 percent from 2005. We are one of the world's largest Internet networks – CNET Networks exited 2006 as the ninth largest, according to comScore Media Metrix. And once users are on our sites they are active – consuming content in many forms, such as video, audio, photos and text. Our users contributed over one million photos, opinions, and blog or forum posts during the fourth quarter of 2006. They consumed more video than ever before – in the fourth quarter of 2006, CNET Networks streamed over 1 million videos per day, more than many of the major broadcast television properties.

2006 was a year of great activity and many distractions for our company, including transitions in the personal technology and video game categories as well as the need to restate our historical financial statements to reflect the results of an investigation into our historical stock option grant practices. Despite these challenges and the resources it took to address these issues, we are pleased with our 2006 performance. CNET Networks generated total revenue of \$387.4 million, a 15 percent increase over 2005, and reported operating income before depreciation, amortization, asset impairment, stock compensation expense and investigation fees of \$79.4 million in 2006. This represents a 21 percent profit margin as compared to 19 percent in 2005. We generated free cash flow, or cash from operating activities less capital expenditures, of \$31.2 million in 2006, up 58 percent from 2005. We believe our position in the evolving media landscape is strong, and we are committed to making the changes necessary to generate sustainable top-line growth, expand margins and generate significant free cash flow in the coming years.

**Strategic Initiatives for 2007 and Beyond**

As a pioneer in interactive content, CNET Networks has played and will continue to play an important role in the evolving media landscape. When I took on the role of Chief Executive Officer in October 2006, I outlined three strategic initiatives for the Company going forward:

**1) Realize the Potential and Opportunity of Our Existing Brands**

First, we will remain focused on realizing the potential and opportunity of our existing brands. In the last four years, we have grown from almost exclusively technology brands to leading brands in personal technology, technology for business, games, music, television, food and parenting. These brands provide us with a foundation for continued leadership and growth.

**2) Identify and Realize New Opportunities for Growth**

Second, we will focus on identifying new opportunities for growth and on realizing these opportunities. Our filter for evaluating these opportunities is straightforward: Is there user interest in this category online? Is there marketer interest in this category? Do we believe that we can do it better? As we have entered numerous new categories, we have demonstrated our ability to build, buy, or combine building and buying, to create new properties.

**3) Do What We Do Better**

Third, we will focus on continuously improving what we do so that we can be more efficient. We have demonstrated an ability to expand margins while growing revenues and adding new properties. We must continue to improve our operations so that we will have more resources to create value for our users, our marketing partners, our employees, the communities in which we operate and our shareholders.

In the fourth quarter of 2006, we already made progress with this initiative and took steps to simplify our business by exiting businesses that we believed were either not strategic to our future or would not meet our growth and profit expectations. Specifically, in our international operations we discontinued our Events businesses in China and the UK, and closed our Korean media business. In the U.S., during the fourth quarter of 2006, we sold the Release 1.0 newsletter and decided to no longer produce PC Forum. These changes will help us focus our time, attention and resources on the businesses and markets where we have the greatest opportunity for growth and value creation.

We are focused on continuously improving what we do so we can be more efficient and simplify our business. We know we have areas in which we can improve, and we are comfortable with change. As the pace of change in the media environment continues to accelerate, we can thrive. We have proven the profitability of our business and have demonstrated the ability to realize meaningful operating leverage. We have also demonstrated the ability to generate profits internally to fund the development of new brands and properties. It is our goal to continue to improve upon our operations so that we will have more financial resources to create long-term value.

**2006 Business Highlights**

CNET Networks represents a collection of outstanding brands for people and the things they are passionate about. This foundation of solid brands – whether it is our established brands such as CNET, ZDNet, Tech Republic and GameSpot, or our developing brands like TV.com, CHOW and UrbanBaby – provides us with the opportunity to do great things today and in the future. Following are highlights of some of our noteworthy accomplishments during 2006.

**CNET**

CNET continued to be the leading destination for consumers who want to learn about the latest in tech and consumer electronic products. In late 2006, CNET updated its “look and feel” with the goal of making CNET easier to use. The redesign resulted in greater brand consistency among CNET.com, CNET Reviews, CNET Downloads and CNET News, and made all of the CNET sites easier to use and easier to find.

In 2006, the site also introduced new features and functionality that made it easier than ever for consumers to learn about the latest products, news and trends through video, text, blogs and podcasts. Most significantly, in April 2006 CNET launched CNET TV, a unique and immersive environment that highlights CNET’s original video programming and where users can customize the content experience to match their individual interests and needs. CNET TV provides users with a single destination online where they can access all of CNET’s video content franchises, including Insider Secrets, Weekend Projects and First Look from the Lab. Through relationships with Cox Communications, TiVo, Inc. and Verizon, television viewers are

able to select popular CNET video content and view it on demand. In addition, CNET TV makes a selection of the site's popular video content available for distribution on television and for download to a portable device, to take "on the go."

In October 2006, we launched Crave, a gadget blog that gives our most passionate editors another outlet to write about the hottest products available now and on the horizon. The results have been impressive. Averaging 20 posts per day, Crave had close to 2,000 posts by the end of 2006. Most importantly, users have flocked to Crave. In December 2006, just two months after launch, over 800,000 unique users visited Crave.

#### **Business: ZDNet, BNET, and TechRepublic**

CNET Networks' portfolio of business sites, ZDNet, BNET and TechRepublic, continue to be leading destinations for professionals who are looking for answers, insights and peer advice to help them succeed and be more effective at work. In 2006, TechRepublic and ZDNet launched redesigns that take advantage of the latest technologies and encourage even greater interactivity among their respective communities.

TechRepublic, a vibrant community for IT professionals, launched its redesign in October 2006. The redesign incorporated new tools and functionality such as tagging, search and personalization, to help IT professionals connect with each other better, make it easier for them to participate in creating content for the site, and give them the ability to customize the site to their needs. In addition, the new site also harnesses both user and editorial contributions, and combines them in new ways that create more value for our audience and for marketers. Since the redesign, user trends have been positive; unique users increased over 80 percent in December 2006 from December 2005.

In December 2006, ZDNet, an online destination for professionals seeking to solve business technology problems and find new opportunities, also launched a new look and feel, with features that represent the Web's ongoing evolution into a next-generation publishing medium that gives equal weight to the voices of editorial experts, users and vendors. Along with news, product reviews and content that users and vendors contribute, ZDNet's redesign spotlights the successful ZDNet Blog Network, where more than 30 industry-recognized writers and commentators host the conversation on the most important topics in business technology. According to our internal data, the ZDNet Blog network reached 2 million business-technology decision makers in November 2006.

#### **Entertainment: GameSpot, TV.com, and MP3.com**

The CNET Networks entertainment properties, GameSpot, TV.com and MP3.com, continued to exhibit momentum in 2006. In less than a year and half since launch, TV.com has emerged as the premier proof of our ability to launch new brands with significant reach and advertiser traction. In the fourth quarter of 2006, TV.com unique users were up over 30 percent year over year, and by the end of 2006 reached nearly 15 million monthly unique users. Not only are users flocking to TV.com, but there is strong momentum in the form of partnerships and advertising relationships as well. TV.com teamed up with the Academy of Television & Science to bring interactive programming to the 2006 Emmy coverage. The Academy gave TV.com special access to a wide range of pre- and post-show Emmys activities, and worked with TV.com's staff of experts to create a variety of exciting ways for fans to engage in a more interactive experience. Additional features such as surveys and polls, and coverage of major industry events like the Golden Globes, also helped establish TV.com as the place to go to engage with television fans. The site has attracted advertisers such as HBO, NBC and 20th Century Fox – further expanding CNET Networks' footprint into broader advertiser segments.

Meanwhile, GameSpot remained the go-to source for all news and information related to everything gaming in 2006. Users turned to GameSpot for its outstanding coverage of the launches of the much-anticipated video game consoles, the Nintendo Wii and Sony PS3, in

November 2006. In that month, as a result of GameSpot being the definitive source for gaming information, over 20 million unique visitors consumed news, previews, reviews and videos, surpassing the records previously set at the Electronic Entertainment Expo (E3) in May 2006.

In December 2006, we rounded out our entertainment category with the beta launch of FilmSpot. Leveraging the TV.com platform and Metacritic.com, a property that we acquired in 2005, FilmSpot aims to combine content and community features in an immersive environment that satisfies the interests of movie fans. The site is focused on becoming an in-depth online movie resource, featuring movie summaries, critical opinions, trailers, news, photos, actor and character guides, theatrical and DVD release schedules and box-office results. FilmSpot will provide valuable intelligence and back-end data for us, as well as our marketers, to monitor and assess entertainment-related trends, just as our other entertainment properties do.

#### **Lifestyle: CHOW and UrbanBaby**

In September 2006, we launched CHOW, the new home base designed to engage a passionate community of 25- to 40-year-old food enthusiasts interested in food, drink and fun. The New York Times called CHOW “a food site, spiced with attitude.” The site is an excellent example of our ability to identify an opportunity, and then, through a combination of prudent acquisition and internal development, build an outstanding property that combines content and community in a way that is unique to CNET Networks. The launch of CHOW was an important step in our efforts to continue to broaden the demographic profile of the CNET Networks audience as well as attract new advertisers in 2006, including Sub-Zero and Bertolli.

During the second quarter of 2006, CNET Networks made another move in the lifestyle category with the acquisition of UrbanBaby. UrbanBaby operates a popular website and newsletter in multiple U.S. cities, as well as an insider’s guide for expectant and new moms with active lifestyles. The UrbanBaby acquisition is important because it broadens the demographic profile of our audience into more female-related content. We believe, as we did with the food category, that this market is underserved online and we have the potential to drive marketer interest and growth within the category long term.

#### **Webshots**

In August 2006, Webshots launched a new streamlined look with updated navigation and additional functionality that modernized the experience for both users and marketers. The redesigned site features 10 community-defined, editor-programmed channels, organized around the most popular categories, such as Entertainment, Family, Good Times, Home and Garden, Sports and Travel. User momentum since the redesign has been strong, and we are beginning to see a turnaround in traffic trends, including increases in unique users and page views on a month-over-month basis.

Although it has not met our financial expectations, Webshots is profitable and serves our strategic needs. It remains a leading photo-sharing site and an important part of our network. Going forward, however, we are redistributing our internal resources towards areas with the highest long-term growth potential, which means focusing less on Webshots as a premier property. We are scaling back our investment and lowering our expectations and the resources and senior management time that we have devoted to this property. A smaller, reconstituted team will focus on realizing the opportunity of this brand going forward.

#### **International**

CNET Networks operates in nine countries worldwide. Our international websites operate under many of the same brands as our sites in the U.S., including CNET, ZDNet and GameSpot, with other local brands represented in markets such as China, France, Germany and the United Kingdom.

While we have been focused on broadening our portfolio of brands here in the U.S. for the past few years, we have also made strides to add new brands in key international markets, both via acquisition and by leveraging our U.S. brands and/or content. Historically, our international brands have largely been focused in the IT and technology categories. As we have in the U.S., we are expanding our footprint with more brands in more categories worldwide. Some highlights of our progress in 2006:

- Our success in China demonstrates our ability to build upon our existing brands as well as add new ones in this exciting market. ZOL, a property that we acquired in 2004, emerged as the number one technology portal in China in late 2006, with 30 percent more traffic than its number two competitor, according to Alexa, which ranks website traffic. In July 2006 we acquired Xcar, one of the top three auto properties in China. Xcar provides a mix of community-generated and original news, reviews and information regarding the fast-growing auto market in China. Since acquisition, we have seen the rate of membership growth nearly double and the site continues to maintain its leadership position.
- In October 2006, we acquired Arts-Culinaires.com, one of France's most recognized food destinations. The site provides recipes, directories and editorials for food aficionados. This acquisition marks our first move beyond our technology and video game categories in Europe, which is consistent with the strategy we are successfully employing here in the U.S. Since acquisition, trends have been promising, with Arts-Culinaires.com achieving record traffic figures in December 2006.
- We also launched many of our leading U.S. brands in key international markets in 2006. For example, we launched GameSpot Australia, a site that provides Australian gamers with the latest video gaming information. The site capitalizes on the strength and leadership of GameSpot in the U.S. to provide a local outlet for Australian users and marketers. In addition, we launched a localized version of GameSpot in the UK in April 2006. It offers gamers the benefit of localized content, while enabling UK gaming and consumer advertisers reach into this valuable, geographically targeted audience.

### **A Different Kind of Media Company**

We are excited about the long-term course that we are charting for CNET Networks and are confident that we can meet the changing needs and desires of both our demanding users and the marketers who want to engage with them. It is a fact that online advertising is growing dramatically as a user media and is underspent from a marketing perspective.

In 2007 and beyond, we will remain focused on realizing the potential and opportunity of our existing brands, identifying and capitalizing on new opportunities for growth and expanding our footprint. We will combine our expertise and the power of our market-leading brands to bring together the best audiences and the best content available.

Our strategy is sound and the opportunity in front of us is large. With media and advertising quickly evolving toward a more interactive world, CNET Networks sits in a unique position. We have stayed ahead of the curve – providing our users with the most interactive and cutting-edge media experience in whatever format they want, from video to audio to photos to text. Going forward, CNET Networks will be known for generating, funding and promoting emerging media. Today, emerging media is taking many forms – blogs, podcasts and vodcasts to name a few. For us, emerging media means developing and/or using new and exciting forms of content to delight our audiences. It also means developing new and effective models to create and pay for the content. In many ways, CNET Networks has been the vanguard of emerging media since the conversion of CNET from a cable network to a website in 1995, and we will continue to stay on the cutting edge.

CNET Networks is a different kind of media company, and we continue to demonstrate our ability to build and grow media brands for people and the things that they are passionate about. With multiple brands serving multiple people in multiple areas of passion, CNET Networks has the foundation to thrive in the evolving media landscape.

We would like to acknowledge our employees, users, customers and shareholders for their passion and support. Together, we look forward to taking full advantage of the opportunities that lie ahead for CNET Networks.

Sincerely,

A handwritten signature in black ink, appearing to read 'Neil M. Ashe', written in a cursive style.

Neil M. Ashe  
Chief Executive Officer

