

SPARK NETWORKS PLC
Form PRE 14A
March 22, 2007
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SCHEDULE 14A

Information Required in Proxy Statement

REG. 240.14a-101

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to 240.14a-11(c) or 240.14a-12

SPARK NETWORKS PLC

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

PART 2 OF THIS DOCUMENT COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH SECTION 426 OF THE UK COMPANIES ACT 1985. If you are in any doubt as to the action you should take, you should seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial adviser authorised under the UK Financial Services and Markets Act 2000 (as amended) if you are taking advice in the United Kingdom or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

This document does not constitute and Spark Networks plc and Spark Networks, Inc. are not making an offer of securities to the public within the meanings of sections 85 and 102B of the UK Financial Services and Markets Act 2000 (as amended). Therefore this document is not an approved prospectus for the purposes of and as defined in section 85 of the UK Financial Services and Markets Act 2000 (as amended) and has not been prepared in accordance with the Prospectus Rules and has not been approved by the Financial Services Authority or by any other authority which could be a competent authority for the purposes of the Prospectus Directive.

If you have sold or otherwise transferred all of your Ordinary Shares, Global Depositary Shares or American Depositary Shares, please send this document and the other enclosed documents at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you have sold or transferred only part of your Ordinary Shares, Global Depositary Shares or American Depositary Shares you should retain these documents and should contact the bank, stockbroker or other agent through whom the sale or transfer was effected.

This document should be read as a whole, in conjunction with the accompanying Forms of Proxy and/or GDS/ADS Voting Instruction Card. **Capitalized terms used throughout this document have the meanings set forth in Part 8 of this document.**

SPARK NETWORKS PLC

(incorporated and registered in England and Wales under the Companies Act 1985,

registered number 03628907)

Recommended proposal

(including a Scheme of Arrangement under section 425 of the

Companies Act 1985) to establish Spark Networks plc as a

wholly-owned subsidiary of Spark Networks, Inc.

Meetings of Ordinary Shareholders to consider the Proposal will be held at the offices of Steptoe & Johnson at Fifth Floor, 99 Gresham Street, London EC2V 7NG on *2007. The Court Meeting will start at *on that date and the EGM will start at * (or as soon thereafter as the Court Meeting concludes or is adjourned). Your Board is unanimously recommending Shareholders, including GDS and ADS Holders, to vote in favour of the Proposal. The action to be taken in respect of such meetings is set out on page *of this document. Ordinary Shareholders should complete, sign and return Forms of Proxy for each of the Court Meeting and/or the EGM, to Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4BR as soon as possible but in any event to arrive not later than the times specified on page *of this document. If forms of proxy for the Court Meeting (but not forms of proxy for the EGM) are not lodged by the relevant time they may be handed to the Chairman of the Court Meeting before it starts. GDS and/or ADS Holders should complete, sign and return GDS/ADS Instruction Cards to The Bank of New York as soon as possible but in any event to arrive not later than the times specified on page * of this document. These materials are being sent to the Shareholders on or about *, 2007.

Hawkpoint Partners Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as financial adviser to Spark Networks plc, and for no one else in connection with the Proposal and will not be responsible to any other person for providing the protections afforded to its customers or for providing advice relating to the Proposal or the contents of this document. No representation or warranty, express or implied, is made by Hawkpoint as to the contents of this document.

This document does not constitute an offer to sell or the solicitation of an offer to buy any security. None of the securities referred to in this document shall be sold, issued or transferred in any jurisdiction in contravention of any applicable law. The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions.

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The Spark Networks, Inc. Common Shares to be issued in connection with the Scheme will not be, and are not required to be, registered with the United States Securities and Exchange Commission, or SEC, under the US Securities Act of 1933, as amended, in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof. The SEC has not approved or disapproved the Spark Networks, Inc. Common Shares, nor passed upon the adequacy of this document. Any representation to the contrary is a criminal offence in the United States. Shareholders who are affiliates (within the meaning of the US Securities Act) of Spark Networks plc upon or before implementation of the Scheme will be subject to timing, manner of sale and volume restrictions on the sale of Spark Networks, Inc. Common Shares received in connection with the Scheme under Rule 145(d) of the US Securities Act.

The Spark Networks, Inc. Common Shares to be issued in connection with the Scheme will only be made available to Shareholders and will not be made available generally or marketed to the public in the United Kingdom or elsewhere.

This document and the accompanying documents have been prepared in connection with proposals in relation to a scheme of arrangement pursuant to and for the purpose of complying with English law and rules and regulations of the SEC and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside England. Nothing in this document or the accompanying documents should be relied on for any other purpose.

Further details in relation to Overseas Shareholders are contained in paragraph 13 of Part 2 of this document. All Shareholders or other persons (including nominees, trustees and custodians) who would otherwise intend to or may have a contractual or legal obligation to forward this document and the accompanying forms of proxy or GDS/ADS Voting Instruction Cards to a jurisdiction outside the United Kingdom should refrain from doing so and seek appropriate professional advice before taking any action.

No person has been authorised to make any representations on behalf of Spark Networks plc or Spark Networks, Inc. concerning the Proposal which are inconsistent with the statements contained in this document and any such representations, if made, may not be relied upon as having been so authorised.

The summary of the principal provisions of the Scheme contained in this document is qualified in its entirety by reference to the Scheme itself, the full text of which is set out in Part 5 of this document. Each Shareholder is advised to read and consider carefully the text of the Scheme itself.

Shareholders should not construe the contents of this document as legal, tax or financial advice, and should consult with their own advisers as to the matters described in this document.

The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and despatch of this document shall not give rise to any implication that there has been no change in the facts set out in this document since such date. Nothing contained in this document shall be deemed to be a forecast, projection or estimate of the future financial performance of Spark Networks plc or Spark Networks, Inc. except where expressly stated.

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Company Contact Information

The Company's principal executive offices are located at 8383 Wilshire Boulevard, Suite 800, Beverly Hills, California 90211 USA. The telephone number at that location is (+1) (323) 836-3000. The Company's registered office is located at 24/26 Arcadia Avenue, London, N3 2JU, England.

References to Spark Networks, Spark Networks Group and Group mean Spark Networks plc, Spark Networks, Inc. and the following subsidiaries (the Subsidiaries): MatchNet Büro Deutschland, MatchNet Succursale Français, MingleMatch, Inc., SN Events, Inc., SN Services, Inc., Spark Networks (Israel) Limited, Spark Networks Canada Inc. / Spark Networks Canada Enterprises Inc. and HurryDate, LLC.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

GDS/ADS Voting Record Date	* on * 2007
Latest time and date for receipt by the Depository of GDS/ADS Voting Instruction Cards	* on * 2007
Latest time and date for receipt of WHITE form of proxy for the Court Meeting	* on * 2007
Latest time and date for receipt of BLUE form of proxy for the EGM	* on * 2007
Court Meeting	* on * 2007
Extraordinary General Meeting	* on * 2007
Hearing Date	* on * 2007
Scheme Record Time	* on * 2007
Effective Date	* 2007
Commencement of trading of Spark Networks, Inc. Common Shares	* 2007
Despatch of Direct Registration Transaction Advices for Spark Networks, Inc. Common Shares	by * 2007

The above times and dates will depend upon (among other things) the dates upon which the Court sanctions the Scheme and confirms the Capital Reduction and the date upon which the Court Order sanctioning the Scheme and confirming such Capital Reduction is delivered to and registered by the Registrar of Companies in England and Wales.

All times stated in this document are London times, unless indicated otherwise.

The EGM will begin at the time fixed or as soon as the Court Meeting held immediately beforehand shall have concluded.

Forms of Proxy for the Court Meeting (but not the EGM) may be handed to the Chairman of the Court Meeting if not lodged by *[time]* on *[date]*.

The existing listing of GDSs on the Frankfurt Stock Exchange will be automatically terminated upon cancellation of the GDSs after the Scheme has taken effect, and the listing of ADSs on AMEX will be cancelled immediately prior to the commencement of dealings of Spark Networks, Inc. Common Shares on AMEX.

The Company plans to apply for listing on AMEX of the Spark Networks, Inc. Common Shares to be issued pursuant to the Scheme. The application is expected to become effective and trading in the Spark Networks, Inc. Common Shares on AMEX is expected to commence at * (New York time) on the Effective Date which, subject to the approval of the High Court, is expected to be * 2007. The Spark Networks, Inc. Common Shares will not be admitted to trading on the Frankfurt Stock Exchange or any other securities exchange.

ENCLOSURES

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All Ordinary Shareholders will find enclosed with this document:

a BLUE form of proxy for use at the EGM; and

a WHITE form of proxy for use at the Court Meeting.

All ADS Holders and GDS Holders will find enclosed with this document:

an ADS/GDS Voting Instruction Card; and

a postage paid return envelope.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this document, including statements regarding expectations with respect to the timetable for completing the Scheme, future financial and operating results, potential benefits of the Scheme, and future opportunities for Spark Networks, Inc., as well as any other statement about the future expectations, beliefs, goals, plans or prospects of the management of Spark Networks, Inc. constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (United States). In some cases, you can identify forward-looking statements by terminology such as believes, expects, anticipates, intends, estimates, may, will, continue, should, potential or the negative of these terms or other similar expressions. The Board has based these forward-looking statements on its current expectations and projections about future events that the Board believes may affect the Spark Networks Group's financial condition, results of operations, business strategy and the Scheme. The Group's actual results could differ materially from those anticipated in these forward-looking statements, which are subject to a number of risks, uncertainties and assumptions described in the Risk Factors section in Spark Networks plc's Annual Report on Form 10-K for the year ended December 31, 2005 and subsequent Forms 10-Q filed with the United States Securities and Exchange Commission (and available for inspection at www.sec.gov), regarding, among other things:

the Group's significant operating losses in years prior to 2006 and uncertainties relating to its ability to continue to generate positive cash flow and operating profits in the future;

the Group's ability to attract members to its web sites, convert members into paying subscribers and retain paying subscribers;

the highly competitive nature of the Group's business;

the Group's ability to keep pace with rapid technological change;

the strength of the Group's existing brands and its ability to maintain and enhance those brands;

the Group's ability to effectively manage its growth;

the Group's dependence upon the telecommunications infrastructure and its networking hardware and software infrastructure;

uncertainties relating to potential acquisitions of companies;

the strain on the Group's resources and management team of being a public company in the United States;

the ability of the Company's principal shareholders to exercise significant influence over the Group; and

other factors referenced in this document and other reports filed with the SEC.

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You should not rely upon forward-looking statements as predictions of future events. The Company cannot assure you that the events and circumstances reflected in the forward-looking statements will be achieved or occur. Although the Board believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievements. Except as required by law, Spark Networks, undertakes no obligation to update publicly any forward-looking statements for any reason after the date of this document to conform these statements to actual results or to changes in the Board's expectations.

You should read this document, and the other documents referred to in this document, completely and with the understanding that the Group's actual future results, levels of activity, performance and achievements may materially differ from what the Board expects. All written, oral and electronic forward-looking statements made on or after the date hereof and attributable to Spark Networks, or to persons acting on behalf of Spark Networks, are expressly qualified in their entirety by this cautionary statement.

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QUESTIONS AND ANSWERS ABOUT THE PROPOSAL

The following is designed to assist your understanding of the Proposal. However, it should not be solely relied upon for a full and proper understanding of the Proposal, and you are advised to read the whole of this document.

1. What is the Proposal?

Spark Networks, Inc. is a new corporation incorporated under the laws of the State of Delaware, United States. Spark Networks plc is proposing to reorganize itself pursuant to a court-approved scheme of arrangement under the laws of England and Wales so that Spark Networks, Inc. will become the holding company and Spark Networks plc will become a wholly-owned subsidiary of Spark Networks, Inc. Under the Proposal, Shareholders, including ADS and GDS holders with interests in Ordinary Shares through their ADSs and GDSs, will become stockholders of Spark Networks, Inc. In connection with the Scheme, Shareholders are also being asked to approve certain amendments to the Articles of Association of Spark Networks plc, which amendments are in furtherance of implementing the Scheme.

2. What will be the effect of the Proposal?

Shareholders, including ADS and GDS Holders, will exchange their existing interests in Ordinary Shares for an equal number of shares of Common Stock in Spark Networks, Inc. Common Shares issued in respect of Ordinary Shares held by The Bank of New York under the Deposit Agreements will be issued to GDS and ADS Holders through The Bank of New York, in accordance with procedures explained in paragraph 11 of Part 1 of this document.

Shareholders, including ADS and GDS Holders, will not have to pay any fees for their Spark Networks, Inc. Common Shares.

3. Why is the Board proposing this?

The Board believes that the proposed change of domicile is in the best interests of the Company. The Company believes that it will (a) consolidate trading of the Company's securities onto one market, (b) eliminate transaction costs inherent in the current structure for those wishing to convert Ordinary Shares into ADSs or GDSs and GDSs into ADSs, (c) simplify the Company's regulatory environment, eliminating certain U.K. and German compliance issues, (d) provide greater and improved access to United States capital investment, and (e) reduce administrative costs by concentrating the Group's activities within one regulatory regime. The reorganization is estimated to cost approximately \$2.5 million, including up to \$5.00 per 100 GDSs/ADSs related to the cancellation of the GDSs and ADSs. However, as a result of the reorganization, the Company estimates that it will save approximately \$600,000 per year in reduced attorney, audit and filing fees, and other international securities related expenses. The Board considers that the anticipated benefits of the Proposal justify the cost. See paragraph 1 of Part 1 for a further discussion.

4. Who is entitled to vote?

Spark Networks plc Ordinary Shareholders are entitled to attend and vote at the Court Meeting and the EGM if they are registered in the register of members of the Company at the start of the relevant meeting.

ADS and GDS Holders should refer to paragraph 9 of Part 1 of this document for details of how they can become entitled to direct how votes should be cast at the Meetings.

5. Why are there two shareholder meetings?

The two meetings are for different purposes. The EGM is being held to pass the special resolution required to authorize the implementation of the Proposal. The Court Meeting is being held with the

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leave of the Court to enable Ordinary Shareholders to approve the Scheme so that, assuming the Scheme is approved by Ordinary Shareholders, the Court has the authority to sanction the Scheme. ADS and GDS Holders can direct how the Ordinary Shares in which they are interested should be voted at the EGM and the Court Meeting.

Both meetings are to be held at the offices of Steptoe & Johnson, 99 Gresham Street, London EC2V 7NG from _____ p.m. (UK time) on _____, 2007, the formal notices being set out on pages _____ to _____ of this document. Ordinary Shareholders who are unable to attend the Meetings are entitled to vote by completing and returning both of the enclosed forms of proxy in accordance with the instructions thereon. ADS and GDS holders are entitled to direct how votes should be cast at the Meetings by completing and returning the GDS/ADS Voting Instruction Card in accordance with the instructions thereon.

6. Why is High Court approval needed?

The Board has been advised that the court-approved scheme of arrangement is the best procedure to introduce the new holding company. The Proposal must satisfy precise procedural requirements imposed for the protection of Shareholders and the creditors of Spark Networks plc.

7. Do I need to vote?

Your vote is important. In particular, the Court needs to be satisfied that there is a fair representation of the opinion of Shareholders, including GDS/ADS Holders, at the Court Meeting.

Ordinary Shareholders are therefore urged to complete, sign and return BOTH forms of proxy as soon as possible. This will not preclude Ordinary Shareholders from attending the Meetings in person. The WHITE form of proxy is for the Court Meeting and the BLUE form of proxy is for the EGM.

ADS and GDS Holders are also urged to complete, sign and return their ADS/GDS Voting Instruction Cards to the Depositary before 3:00 p.m. (New York time) on _____, 2007.

8. How do I vote if my Shares are registered in my name?

If you are an Ordinary Shareholder, forms of proxy for your use in connection with the Meetings are enclosed with this document. Whether or not you propose to attend the Meetings, you should complete and sign the attached forms of proxy in accordance with the instructions on them. Completed forms of proxy should be returned to the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

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BLUE forms of proxy, to be valid for use at the EGM, must be lodged at least 48 hours before the time appointed for the EGM. BLUE forms of proxy not lodged by such time will be invalid.

WHITE forms of proxy, to be valid for use at the Court Meeting, must be lodged at least 48 hours before the time appointed for the Court Meeting. WHITE forms of proxy not lodged by such time may be handed to the chairman of the Court Meeting immediately prior to the start of the meeting and will still be valid.

The completion and return of a form of proxy will not prevent you from attending and voting in person at either of the Meetings, or any adjournment thereof, should you wish to do so.

9. If my broker is the registered holder of my Ordinary Shares will my broker vote my Ordinary Shares for me?

Only the registered holder of your Ordinary Shares is entitled to vote your Ordinary Shares at the EGM and Court Meeting. You should therefore instruct your broker to vote your Ordinary Shares, following the directions provided to you by your broker.

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10. What are the ADSs and GDSs?

Interests in Ordinary Shares are listed on the Frankfurt Stock Exchange in the form of GDSs and the American Stock Exchange in the form of ADSs. Each ADS and each GDS represents the right to receive one Ordinary Share.

If you hold Ordinary Shares only, you do not need to concern yourself with references in this document to ADSs and GDSs.

11. How do I vote if my GDSs/ADSs are registered in my name?

If you are a GDS/ADS Holder, you should use your GDS/ADS Voting Instruction Card to direct the manner in which the Depositary should vote your underlying Ordinary Shares at the Meetings and to direct the manner in which your proxy should vote the Ordinary Share which will be lent to you when you return the GDS/ADS Voting Instruction Card. Completed GDS/ADS Voting Instruction Cards should be returned to The Bank of New York, as Depositary, at the address indicated on the card as soon as possible and in any event to be received not later than 3:00 p.m. (New York time) on 2007. Ordinary Shares will be lent to GDS/ADS Holders solely for the purpose of enabling them to vote by proxy at the Court Meeting, so that they can be holders of Ordinary Shares whose votes can be taken into account when determining whether the Scheme is approved by a majority in number of the holders of Scheme Shares. Ordinary Shares will not be lent to GDS/ADS Holders so as to enable them to attend and vote at either of the Meetings in person. Therefore, notwithstanding that the names of GDS/ADS Holders will be entered on the register of members as the Ordinary Holders of the shares lent to them, GDS/ADS Holders will not be entitled to attend and vote at the Court Meeting or the EGM in person unless they cancel their GDS/ADSs in accordance with the procedures set out in the relevant Deposit Agreement, so that they can become holders of the underlying Ordinary Shares, and they can be registered as holders of the underlying Ordinary Shares prior to the Meetings.

12. If my broker is the record holder of my GDSs/ADSs, will my broker vote the underlying shares for me?

If you hold GDSs/ADSs through a broker in the United States, your broker will not be able to instruct The Bank of New York as to how to vote the Ordinary Shares underlying the GDSs/ADSs without instructions from you. You should instruct your broker to provide voting instructions to The Bank of New York, consistent with the instructions provided to your broker by you.

13. When will the Proposal be put into place?

Holdings of Ordinary Shares recorded in the share register at the Scheme Record Time (which is expected to be , 2007) will determine the entitlements to Spark Networks, Inc. Common Shares. Assuming the necessary High Court and Shareholder approvals are obtained, it is expected that the new Spark Networks, Inc. Common Shares will be listed on AMEX on 2007. The expected timetable of principal events to give effect to the Proposal is set out on page of this document.

14. What will actually happen to my Shares?

The key steps are as follows:

on the Effective Date, the Ordinary Shares (except for one Ordinary Share to be acquired by Spark Networks, Inc.) will be cancelled;

Spark Networks plc will issue an equal number of Ordinary Shares to the new holding company, Spark Networks, Inc., such that Spark Networks plc will become a wholly-owned subsidiary of Spark Networks, Inc., and

Spark Networks, Inc. will issue to Ordinary Shareholders at the Scheme Record Time (including Bank of New York's nominee on behalf of GDS/ADS Holders) an equal number of Spark Networks, Inc. Common Shares for the Ordinary Shares cancelled.

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15. When and how will I receive my new Spark Networks, Inc. Common Shares?

New Spark Networks, Inc. Direct Registration Transaction Advices are expected to be sent by _____ to Ordinary Shareholders holding their Scheme Shares in certificated form by _____, 2007. Alternatively, an Ordinary Shareholder who holds shares in certificated form may, prior to the Effective Date, notify the Company's registrar in writing of a book entry account of a DTC participant to which the holder's new Spark Networks, Inc. Common Shares should be credited.

With regards to GDS and ADS Holders, after the Scheme takes effect, The Bank of New York will send to registered GDS and ADS Holders information explaining the procedure for surrendering their ADSs and GDSs to receive their Direct Registration Transaction Advices representing Spark Networks, Inc. Common Shares. Where GDSs and ADSs are held in book-entry form all former GDS and ADS beneficial holders will have their respective entitlements in Spark Networks, Inc. Common Shares automatically credited to their respective accounts by DTC and DTC participants. Spark Networks plc will be responsible for any cancellation fees of the ADSs and GDSs pursuant to the terms of the Deposit Agreements, which fees will be up to \$5.00 per 100 GDSs/ADSs. Any questions relating to the ADSs and GDSs may be directed to The Bank of New York at 1-800-507-9357 for calls made within the US and (+1) (212) 815-3700 for calls made outside the US.

For further information please see paragraphs 10 and 11 of Part 1 of this document.

16. What should I do with my existing certificate for Ordinary Shares?

On the Effective Date (which is expected to be * 2007), your existing certificate for Ordinary Shares will cease to be valid. It is expected that Direct Registration Transaction Advices representing new Common Shares in Spark Networks, Inc. will be sent out by * 2007.

17. What should I do with my existing GDR/ADR certificate?

On the Effective Date, the ADRs and GDRs representing the ADSs and GDSs shall represent only the right to receive the appropriate number of Spark Networks, Inc. Common Shares. After the Effective Date, The Bank of New York will send ADS and GDS holders of record instructions explaining how to surrender their ADRs and GDRs for entitlement to new Spark Networks, Inc. Common Shares. If you hold your GDSs/ADSs indirectly, you will need to rely on the procedures of your bank or broker to exchange your GDSs/ADSs.

18. What if I am resident outside of the United Kingdom and the United States?

If you are resident outside of the United Kingdom and the United States, or a national or citizen of jurisdictions outside of the United Kingdom and the United States, you should read paragraph 13 of Part 2 of this document.

19. Are there any taxation consequences of this Proposal?

Generally, there should be no adverse tax consequences for UK, German and US resident Shareholders or ADS and GDS Holders arising from the Proposal. Tax consequences for UK, German and US resident Shareholders and ADS and GDS Holders are discussed in paragraphs 7 and 8 of Part 2 of this document. For all other jurisdictions, you should consult your personal professional adviser.

20. What if I participate in the Spark Networks plc Option Schemes?

You will be written to separately. Assuming the requisite approval is obtained from the option holders, it is intended that all outstanding options be assumed by Spark Networks, Inc. and become options to acquire Common Shares. Please refer to paragraph 10 of Part 2 for further information.

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21. Will I be paid a dividend by Spark Networks, Inc. in pounds sterling or US dollars?

To date, Spark Networks plc has not paid a dividend to Shareholders. There are currently no plans to pay a dividend, but if Spark Networks, Inc. decides to pay a dividend in the future, such dividends will be in US dollars.

22. Will I be able to sell my Ordinary Shares, ADSs or GDSs during the time between the date of this document and the Effective Date?

Yes, you will be able to sell your Ordinary Shares, ADSs or GDSs during the time between the date of this document and the last business day prior to the Effective Date. The Effective Date is expected to be on or about * 2007.

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PART 1

LETTER FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF SPARK NETWORKS PLC

Spark Networks plc

Registered office: 24-26 Arcadia Avenue, Finchley Central, London N3 2JU

Registered in England Registered number 03628907

Directors:

David E. Siminoff, Adam S. Berger,

Michael A. Brown, Jonathan B. Bulkeley,

Benjamin Derhy, Christopher Gaffney,

Michael A. Kumin, Laura B. Lauder and

Scott M. Sassa

* 2007

To Ordinary Shareholders, GDS/ADS Holders and, for information only, to Optionholders.

IN ORDER THAT THE COURT CAN BE SATISFIED THAT THE VOTES CAST CONSTITUTE A FAIR REPRESENTATION OF THE VIEWS OF SCHEME SHAREHOLDERS, IT IS IMPORTANT THAT AS MANY VOTES AS POSSIBLE ARE CAST AT THE COURT MEETING. SCHEME SHAREHOLDERS AND GDS/ADS HOLDERS ARE THEREFORE URGED TO TAKE THE ACTION REFERRED TO IN PARAGRAPHS 8 AND 9 BELOW. If you are in any doubt as to what action you should take, you are recommended to seek your own independent advice.

Dear Ordinary Shareholder and/or GDS/ADS Holder,

1. Introduction

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The Proposal, which is being presented to you in this document, to change the place of incorporation of the holding company of the Spark Networks Group to the United States, which, as a result of the Scheme taking effect, also includes the listing of the Common Stock in Spark Networks, Inc. (the new holding company) on the American Stock Exchange, and the termination of the listing of Spark Networks plc's GDSs from the Frankfurt Stock Exchange and ADSs from the American Stock Exchange, is the result of long and careful consideration by your Board. This document, the forms of proxy and GDS/ADS Voting Instruction Card are being furnished to Shareholders and GDS and ADS Holders, as applicable, in connection with the solicitation of proxies by the Board of Directors for use at the Meetings to be held on * 2007 (and at any adjournments thereof) to approve the Proposal. The Board unanimously recommends the Proposal and firmly believes it is in the best interests of the Company and will create long term shareholder value. In reaching our decision, we have received independent advice.

Your Board believes that the proposed change of place of incorporation of the parent company of the Spark Networks Group will:

consolidate trading of the Company's securities onto one market;

eliminate transaction costs inherent in the current structure for those wishing to convert Ordinary Shares to ADSs and GDSs and GDSs into ADSs;

provide greater and improved access to United States capital investment;

simplify the Company's regulatory environment, eliminating certain UK and German compliance issues;

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reduce administrative costs by concentrating the Group's activities within one regulatory regime. The Company estimates that it will save approximately \$600,000 per year including attorney, audit and filing fees, and other international securities related expenses.

Your Board strongly believes that Spark Networks plc will for these reasons be much better positioned to implement its growth and value creation strategy as a wholly-owned subsidiary of a newly-formed United States company, Spark Networks, Inc. The cost to the Company of implementing the Proposal is anticipated to be approximately \$2.5 million, which includes up to \$5.00 per 100 GDSs or ADSs related to the cancellation of the GDSs and ADSs. Your Board considers that the cost is justified in the light of the anticipated benefits from the Proposal. Your Board, therefore, unanimously recommends that you support this Proposal and asks you to complete, sign and return your forms of proxy and, if relevant, GDS/ADS Voting Instruction Card as soon as possible.

2. Method of Implementing the Proposed Change of the Place of Incorporation of the Group's Holding Company

The proposed change of the place of incorporation of the Group's holding company will be effected by way of a scheme of arrangement under section 425 of the UK Companies Act between the Company and the Scheme Shareholders. Shareholders, including ADS and GDS Holders, will exchange their existing interests in Shares for an equal number of shares of Common Shares in Spark Networks, Inc. Subject to Scheme Shareholder and Court approval, the Scheme Shares will be cancelled and Scheme Shareholders will receive:

For every One Scheme Share held at the Scheme Record Time One Spark Networks, Inc. Common Share

Common Shares issued in respect of Ordinary Shares registered to BNY (Nominees) Limited on behalf of The Bank of New York under the Deposit Agreements will be issued to GDS and ADS Holders through BNY (Nominees) Limited on behalf of The Bank of New York, in accordance with procedures explained in paragraph 17 of Part 2 of this document.

Upon completion of the Scheme, Spark Networks plc will become a wholly-owned subsidiary of Spark Networks, Inc.

Present Ownership Structure

**Proposed
Ownership
Structure**

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3. Financial Reporting

Spark Networks plc currently files periodic reports, proxy statements and other information with the United States Securities and Exchange Commission, or SEC. Following the Effective Date, Spark Networks, Inc. will assume the reporting obligations of Spark Networks plc and continue to file periodic reports, proxy statements and other information with the SEC. Such periodic reports, proxy statements and other information of Spark Networks plc are, and following the Effective Date, Spark Networks, Inc. will be, available for inspection and copying at the SEC's public reference room located at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549-USA. The SEC maintains an Internet site at <http://www.sec.gov> and Spark Networks maintains its web site at www.spark.net. This is a textual reference only, which means that it is a written citation to the web site. The Company does not incorporate the information on its web site into this document, and you should not consider any information on, or that can be accessed through, the Company's web site as part of this document. As with the current SEC filings of Spark Networks plc, Stockholders and others will be able to access Spark Networks, Inc.'s annual reports on Form 10-K (containing audited financial statements), quarterly reports on Form 10-Q (containing unaudited financial statements), current reports on Form 8-K (containing other information required by the SEC), and amendments to those reports filed or furnished pursuant to the United States Securities Exchange Act of 1934, as amended, with the SEC free of charge at such web sites as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC.

4. Directors, Management and Employees

From the Effective Date until its next annual meeting of Stockholders (when a portion of its Board of Directors will stand for re-election by Stockholders), the Board of Directors of Spark Networks, Inc. will be identical to the current Board of Directors of Spark Networks plc. Spark Networks, Inc. will have a staggered Board of Directors meaning that only a portion of Spark Networks, Inc.'s Directors will be subject to re-election each year. Save in respect of wider ranging indemnities to be granted by Spark Networks, Inc. to its Directors and Executive Officers, there will be no other material changes to the rights, including remuneration and pension arrangements, of Spark Networks Group management and other employees arising from the Proposal. For more information as to the new indemnification arrangements to be granted by Spark Networks, Inc. to its Directors and other officers, please refer to paragraph 3 of Part 3 of this document.

In respect of the terms of the Option certificates issued to Laura B. Lauder, Michael A. Brown, and Benjamin A. Derhy, each a Director of the Company, and Gregory R. Liberman, President and Chief Operating Officer, Mark G. Thompson, Chief Financial Officer and Joshua A. Kreinberg, General Counsel, each have waived the acceleration of the vesting of their Options upon the effectiveness of the Scheme.

The interests of the Directors in the Spark Networks Group are set out in Part 3 of this document.

5. Other Effects of the Proposal

Rights of Stockholders in Spark Networks, Inc. (which will be a Delaware corporation, with its principal place of business in California and with its shares traded on the American Stock Exchange) will be materially different from the current rights of Ordinary Shareholders and GDS/ADS Holders in Spark Networks plc (which is an English public company, with its principal place of business in California and with Global Depositary Shares traded on the Frankfurt Stock Exchange and American Depositary Shares traded on the American Stock Exchange, both representing its Ordinary Shares). Please refer to Part 4 of this document which contains a summary of the main aspects of those respective rights.

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Following implementation of the Proposal, the UK Takeover Code and the German Takeover Act will no longer apply to acquisitions of shares in, or offers for shares of, Spark Networks, Inc. Instead, Spark Networks, Inc. will be governed by the General Corporation Law of the State of Delaware and it intends to adopt a stockholder rights plan. Please refer to paragraph 6 in Part 4 of this document which contains a summary of the main aspects of those respective rules.

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6. Option Schemes

Details of the proposals relating to Optionholders are set out in paragraph 10 of the Explanatory Statement in Part 2 of this document.

7. Meetings, Quorum, and Required Vote

The Scheme requires approval at the Court Meeting and the passing of a special resolution at the EGM to implement the changes required to effect the Proposal.

At the close of business on _____, 2007, the Company had _____ issued Ordinary Shares, of which [_____] were held in the name of BNY (Nominees) Limited on behalf of The Bank of New York as depository of the GDSs and ADSs.

Court Meeting

Pursuant to the order of the Court, a Court Meeting of Scheme Shareholders has been convened for * 2007 to consider and, if thought fit, approve the Scheme.

Spark Networks, Inc. is to be issued one Ordinary Share in the Company to obtain exemption from the requirements of section 103 of the UK Companies Act, but Spark Networks, Inc. will not be entitled to attend or vote at the Court Meeting in respect of the Ordinary Share held by it.

Spark Networks, Inc. has confirmed that it will consent to the Scheme at the hearing of the petition to sanction the Scheme and will be represented by Counsel at such hearing to consent to the Scheme and to undertake to the Court to be bound thereby.

Extraordinary General Meeting

The EGM to be held immediately after the Court Meeting has been concluded or adjourned, has been convened to consider and, if thought fit, pass a special resolution to approve the Capital Reduction and subsequent restoration of the share capital of the Company in accordance with the Scheme and to alter the Company's Articles of Association to provide that any Ordinary Shares issued prior to the Cancellation Record Time be issued on terms that Holders will be bound by the Scheme, and to provide that any Ordinary Shares in the Company issued to anyone other than Spark Networks, Inc. or its nominee after the Scheme Record Time will automatically be transferred to Spark Networks, Inc. or its nominee for the same consideration as would have been received by the holder of those shares under the Scheme had they been Scheme Shares.

Quorum

Persons holding one third of the Company's Ordinary Shares present, in person or by proxy, at the EGM and entitled to vote constitute a quorum for the transaction of business at the EGM. If a quorum is not present within five minutes from the time appointed for the EGM, the Company's Articles of Association provide that the EGM shall be adjourned to the same day in the next week at the same time and place, or to such other day, time and place as the Board may determine. In addition, under English law, each Meeting requires the presence of at least two individuals although it is acceptable for such individuals to be either Ordinary Shareholders or their corporate representatives or proxies for Ordinary Shareholders.

Proxies

Duly executed forms of proxy will be voted in accordance with the instructions given or, if in the case of the EGM no instruction is given, will be voted in accordance with the discretion of the proxies. At the EGM, if no alternative proxy is indicated, the chairman of the meeting will act as the proxy, in accordance with the recommendations of the board of directors described herein on the Proposal.

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Required vote

The Court Meeting and EGM have been convened to begin at *and *respectively on *and notices of the Meetings are set out in Parts 6 and 7 of this document. The Scheme must be approved at the Court Meeting by a majority in number of the Scheme Shareholders representing at least 75% of the votes cast by Scheme Shareholders present and voting either in person or by proxy. Voting at the Court Meeting will be on a poll, meaning that every Ordinary Shareholder present in person or by proxy will have one vote for every Ordinary Share held. The majority required for the special resolution to be proposed at the EGM is not less than 75% of the votes cast by members present in person or, if a poll is called at the EGM, by proxy. Arrangements are being made to ensure that GDS/ADS Holders who choose to participate in these arrangements can be counted for the purposes of establishing whether the Scheme is approved by a majority in number voting on the Scheme. These arrangements are explained in paragraph 9.

If the Scheme becomes effective, it will be binding on all holders of Scheme Shares, including Scheme Shareholders who did not vote on the Scheme or voted against the Scheme.

8. Ordinary Shareholders Voting and Revocation of Proxies

If you are an Ordinary Shareholder, you will find enclosed with this document two forms of proxy addressed to Capita Registrars:

WHITE for use at the Court Meeting to be held on * 2007; and

BLUE for use at the EGM to be held on * 2007.

Whether or not you intend to attend both or either of the Meetings, please complete and sign the enclosed forms of proxy and return them in accordance with the instructions printed thereon as soon as possible but in any event so as to be received at least 48 hours before the relevant meeting. If the WHITE form of proxy for use at the Court Meeting is not lodged by then, it may be handed to the chairman of the Court Meeting at that meeting. However, in the case of the EGM, unless the BLUE form of proxy is received by Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4BR, England by *[time] on * 2007 it will be invalid. The completion and return of a form of proxy will not prevent a shareholder from attending and voting at either the Court Meeting or the EGM, or any adjournment thereof, in person if he wishes to do so.

Any proxy given may be revoked at any time up to one hour before the start of the relevant Meeting or adjourned Meeting by notifying Capita Registrars in writing of such revocation at the address set out on the proxy form, or, except in the case of shares lent to GDS/ADS Holders, by attending and voting in person at the Meeting or any adjournment thereof.

Provided the Scheme becomes effective, Scheme Shareholders will receive Spark Networks, Inc. Common Shares without having to take further action.

9. GDS and ADS Holders Voting and Revocation of Instructions

If you are a GDS/ADS Holder, you will find enclosed with this document a combined GDS/ADS Voting Instruction Card addressed to The Bank of New York relating to the Court Meeting to be held on * 2007; and the EGM to be held on * 2007.

GDS/ADS Holders as of the GDS/ADS Voting Record Date are requested to complete and sign the enclosed GDS/ADS Voting Instruction Card and return it in accordance with the instructions printed thereon as soon as possible, and in any event so as to be received by the Depositary not later than 3.00 p.m. (New York time) on * 2007.

Pursuant to the Deposit Agreements, the Depositary has fixed the close of business in New York on * 2007 as the GDS/ADS Voting Record Date. On the GDS/ADS Voting Record Date, there were issued Ordinary Shares represented by GDSs and Ordinary Shares represented by ADSs. The Depositary, to the extent practicable, will mail to all GDS/ADS Holders registered on the books of the

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Depository at the GDS/ADS Voting Record Date a notice containing (i) this document, (ii) a statement that the GDS/ADS Holders as of the GDS/ADS Voting Record Date will be entitled to instruct the Depository as to the exercise of the voting rights pertaining to the number of Ordinary Shares represented by their respective GDS/ADSs, and (iii) a statement that such instructions may be given by returning a properly executed GDS/ADS Voting Instruction Card (in the form provided by the Depository) to the Depository. Ordinary Shares represented by properly executed GDS/ADS Voting Instruction Cards received by the Depository before *pm (New York time) on *2007, unless such GDS/ADS Voting Instruction Cards have been revoked, will be voted by the Depository in accordance with the instructions set forth on such GDS/ADS Voting Instruction Cards. If no instructions are indicated, or a GDS/ADS Holder does not return the GDS/ADS Voting Instruction Card, such GDS/ADS Holder will be deemed to have instructed the Depository to give, and the Depository will give, a discretionary proxy to a person designated by Spark Networks plc with respect to such Ordinary Shares represented by such holder's GDSs/ADSs. Ordinary Shares covered by such discretionary proxy will be voted to approve the Scheme.

Any GDS/ADS Holder giving instructions to the Depository has the power to revoke the instructions by delivery of a notice to the Depository at The Bank of New York, 101 Barclay Street, Attn: Proxy Department, A-Level, New York, NY 10286, USA at any time so that the Depository receives, by no later than [] p.m. (New York time) on * 2007, duly executed instructions bearing a later date or time than the date or time of the instructions being revoked.

A completed GDS/ADS Voting Instruction Card returned by a GDS/ADS Holder registered on the books of the Depository will authorize the disclosure to the Company of the name and address of such GDS/ADS Holder together with details of the instructions on the GDS/ADS Voting Instruction Card, and will entitle (and contain the consent of) such GDS/ADS Holder to be lent (by a person other than The Bank of New York and who is currently expected to be Gregory R. Liberman, the Company's President and Chief Operating Officer) and registered (either in his/her name or through a nominee) as holder of one Ordinary Share. A completed GDS/ADS Voting Instruction Card will also appoint the Company Secretary of Spark Networks plc or such other person as may be nominated by the Board as the GDS/ADS Holder's attorney-in-fact to (i) appoint (or authorize the appointment of) a proxy to vote the Ordinary Share at the Court Meeting and the EGM in accordance with the instructions on the GDS/ADS Voting Instruction Card (who in the absence of such instructions will be able to vote at their discretion and who will vote to approve the resolutions to approve and implement the Scheme), and (ii) sign any necessary documentation to transfer the Ordinary Share back into the name of the lender of the Ordinary Share after the Meetings. The costs associated with this registration and transfer will be paid by Spark Networks plc. This procedure is designed to enable as many GDS/ADS Holders as possible to be included among the registered Shareholders present or represented at the Meetings and thereby ensure that the voting figures will not only reflect the number of votes cast at the Meetings by or on behalf of GDS/ADS Holders, but will also reflect the number of GDS/ADS Holders who vote.

Even if they complete the GDS/ADS Voting Instruction Card, GDS/ADS Holders will not be entitled to attend the Meetings or the Court Hearing. Each GDS/ADS Holder is lent an Ordinary Share for the sole purpose of enabling them to vote by proxy at the Meetings, but not for the purpose of enabling them to attend and vote in person at the Meetings or the Court Hearing. GDS/ADS Holders who wish to attend and vote in person at the Court Meeting and/or the EGM may only do so if they cancel their GDSs/ADSs in accordance with the procedures set forth in the applicable Deposit Agreement so that they become the registered holder of the underlying Ordinary Shares by no later than 6pm on , 2007. If GDS/ADS Holders wish to attend the Court Hearing as holders of Ordinary Shares, they should cancel their GDSs/ADSs in accordance with the procedures set forth in the applicable Deposit Agreement no later than , 2007. In both cases, such GDS/ADS Holders will be responsible for any cancellation fees payable pursuant to the applicable Deposit Agreement, together with stamp duty at the rate of £5 per instrument of transfer. No guarantee can be given by the Depository that it will be able to procure that the relevant GDS/ADS Holder becomes a holder of record of Ordinary Shares in time for the Meetings or in time for the Court Hearing.

Apart from completing the GDS/ADS Voting Instruction Card, GDS/ADS Holders need take no further action at this stage.

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10. Cancellation of Ordinary Shares and Receipt of Common Shares

On the Effective Date pursuant to the terms of the Scheme, all issued Ordinary Shares (except the one Ordinary Share to be issued to Spark Networks, Inc.) will be cancelled. Existing certificates representing Ordinary Shares cancelled pursuant to the Scheme will cease to be of value and Ordinary Shareholders will be bound at the request of Spark Networks to return such certificates for cancellation. Direct Registration Transaction Advices for Spark Networks, Inc. Common Shares will be despatched by post at the earliest opportunity, which is expected to be no later than 21 days after the Effective Date. In the case of joint holders, these will be despatched to the joint holder whose name appears first in the Register of Members. Direct Registration Transaction Advices will be despatched at the risk of the person(s) entitled thereto. Pending despatch of Direct Registration Transaction Advices, any transfers of Spark Networks, Inc. Common Shares will be certified against the Spark Networks, Inc. share register.

11. Treatment of GDSs and ADSs

Each GDS/ADS represents one Ordinary Share. BNY (Nominees) Limited on behalf of The Bank of New York, as Depositary, is the record holder of the Ordinary Shares underlying the GDSs/ADSs. Accordingly, under the Scheme, BNY (Nominees) Limited, as an Ordinary Shareholder of Spark Networks plc, will be entitled to one Common Share of Spark Networks, Inc. for every one Ordinary Share held by it at the Scheme Record Time. BNY (Nominees) Limited will upon surrender and exchange of the GDSs/ADSs distribute, pursuant to the procedures described in this paragraph 11, directly to the GDS and ADS holders their respective proportions to the Common Shares of Spark Networks, Inc.

As soon as reasonably practicable, and in any event within five business days after the Effective Date, the Depositary will mail to each GDS and ADS holder registered on the books of the Depositary information on the surrender and exchange of the GDSs/ADSs for Common Shares. GDS/ADS Holders at the Scheme Record Time who hold GDSs/ADSs in certificated form will receive Direct Registration Transaction Advices evidencing their Spark Networks, Inc. Common Shares. All Direct Registration Transaction Advices will be sent to GDS/ADS Holders at their own risk and will be sent by post either to the holder's address as set out on the register of GDS/ADS Holders at the Scheme Record Time or to such other address of the holder as is notified as a change of address in writing by an GDS/ADS Holder to the Depositary prior to the Effective Date and, in the case of joint holders, to the holder whose name stands first in such register in respect of the joint holdings concerned.

GDS/ADS Holders who hold GDSs/ADSs in book entry form will have their relevant proportion of their Spark Networks, Inc. Common Shares automatically credited to their respective book-entry accounts. GDS/ADS holders who hold their GDSs/ADSs in book-entry form may rely on the procedures of DTC, the registered holder of all GDSs and a majority of ADSs, and DTC participants for the surrender and exchange of their GDSs/ADSs as described above. The Board anticipates that the Common Shares will be credited to the book-entry accounts within approximately 48 hours of the Effective Date. If for any reason GDS/ADS Holders who hold their GDSs/ADSs in book-entry form would prefer to receive Direct Registration Transaction Advices, such GDS/ADS Holders must provide notification to their broker prior to the Effective Date to withdraw the book entry GDSs/ADSs and request the Common Shares as Direct Registration Transaction Advices.

Notification will also be provided that the Deposit Agreements and the GDS and ADS facilities will be terminated.

Spark Networks plc has agreed to pay to the Depositary fees related to the surrender and cancellation of the GDSs and ADSs, which will be up to \$5.00 per 100 GDSs/ADSs.

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Any questions relating to the ADSs and GDSs may be directed to The Bank of New York at 1-800-507-9357 for calls made within the US and (+1) (212) 815-3700 for calls made outside the US.

Until properly surrendered, each GDS/ADS will, after the Effective Date, represent the right to receive upon proper surrender, Spark Networks, Inc. Common Shares. Once the Scheme takes effect, the ADSs will no longer be traded on the American Stock Exchange and the GDSs will no longer trade on the Frankfurt Stock Exchange.

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12. Solicitations

The cost of preparing, assembling, and mailing this document, the forms of proxy and GDS/ADS Voting Instruction Cards to Ordinary Shareholders, including the cost of forwarding these materials to the beneficial owners of the Ordinary Shares (including GDS/ADS Holders), will be borne by the Company. The solicitation of proxies will be made by use of postal services and may also be made by telephone, e-mail, or personally, by certain directors, officers and regular employees of the Company who will receive no extra compensation for those services. The Company has retained _____, a proxy solicitation firm, for the assistance in connection with the distribution of the materials to beneficial shareholders and the solicitation of proxies for the Meetings at a cost of approximately \$ _____ and reimbursement of reasonable out-of-pocket expenses. The Company will also reimburse brokers, nominees, fiduciaries and other custodians for expenses reasonably incurred in forwarding these materials to the beneficial owners of Ordinary Shares.

13. Further Information

Your attention is drawn to the further details concerning the Scheme contained in Parts 2 to 5 of this document. The Scheme is set out in full in Part 5 of this document.

14. Board Recommendation

The Board of Spark Networks plc, which has been advised by Hawkpoint Partners Limited, believes that the terms of the Proposal are fair and reasonable and in the best interests of Shareholders as a whole. In giving its advice to the Board of Spark Networks plc, Hawkpoint Partners Limited has relied upon the Spark Networks plc Board's commercial assessment of the Proposal.

The Board of Spark Networks plc unanimously recommends its Ordinary Shareholders to vote, and GDS/ADS Holders to instruct the Depository and the proxy (with respect to the Ordinary Share to be lent to them) to vote, in favour of the resolutions to be proposed at the Court Meeting and the EGM, as its Directors and Executive Officers intend to do in respect of their respective beneficial holdings totalling 10,379,500 Shares as of 1 March 2007, representing in aggregate approximately 33.6% of Spark Networks plc's existing issued share capital as of that date.

Yours sincerely,

David E. Siminoff

Chairman

Adam S.
Berger
*Chief
Executive
Officer*

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PART 2

EXPLANATORY STATEMENT IN RELATION TO THE SCHEME

(in compliance with section 426 of the Act)

* 2007

To Ordinary Shareholders, GDS/ADS Holders, and, for information only, to Optionholders

Dear Ordinary Shareholder and/or GDS/ADS Holder,

1. Introduction

The letter from the Chairman and Chief Executive Officer of Spark Networks plc, set out in Part 1 of this document, explains the background to and reasons for the Proposal, which includes the Scheme. This statement, together with Part 1 and the other Parts of this document, explains the details of the Scheme and the other steps necessary to implement the Proposal. The approval of Scheme Shareholders is required in order for the Proposal to be implemented. The notices of the Court Meeting and EGM to consider and, if thought fit, pass the resolutions required to approve the Scheme and implement the Proposal, are set out in Parts 6 and 7 of this document.

You will see from the letter from the Chairman and Chief Executive Officer of Spark Networks plc that the Board of Spark Networks plc believes that the terms of the Proposal are fair and reasonable and in the best interests of Shareholders as a whole, and that the Board unanimously recommends Ordinary Shareholders to vote, and GDS/ADS Holders to instruct the Depositary to vote, in favour of the Proposal.

2. The Proposal

Under the Proposal, Spark Networks, Inc. will become the new parent company of the Spark Networks Group. The Proposal will be effected by way of a Scheme of Arrangement under section 425 of the UK Companies Act between the Company and the Scheme Shareholders. The Scheme Shares will be cancelled and new Ordinary Shares in Spark Networks plc will be issued to Spark Networks, Inc. which in turn will issue Spark Networks, Inc. Common Shares to the Scheme Shareholders on the register of members on the Scheme Record Time on the following basis:

For every 1 Scheme Share held 1 Spark Networks, Inc. Common Share

Application will be made for the Spark Networks, Inc. Common Shares to be listed on the American Stock Exchange.

On the Effective Date of the Scheme, Spark Networks, Inc. will have no assets other than the entire issued share capital of Spark Networks plc.

If the Scheme becomes effective, Spark Networks, Inc. will be owned by Shareholders in the proportions in which they have interests in Spark Networks plc Shares when the Scheme becomes effective.

The cost to the Company of implementing the Proposal is anticipated to be approximately \$2.5 million, which includes up to \$5.00 per 100 GDSs/ADSs related to the cancellation of the GDSs and ADSs.

Hawkpoint Partners Limited

Registered Office 41 Lothbury London EC2R 7AE

Registered in England number 3875835 Authorised and regulated by the FSA

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3. Other Effects of the Proposal

Rights of Stockholders in Spark Networks, Inc. (which will be a Delaware corporation, with its principal place of business in California and with its shares traded on the American Stock Exchange) will be materially different from the current rights of Ordinary Shareholders and GDS/ADS Holders in Spark Networks plc (which is an English public company, with its principal place of business in California, and with Global Depositary Shares traded on the Frankfurt Stock Exchange and American Depositary Shares traded on the American Stock Exchange representing its Ordinary Shares). Please refer to Part 4 of this document which contains a summary of those rights. Furthermore, upon the Scheme becoming effective, the UK Takeover Code and the German Takeover Act will not apply to Spark Networks, Inc, but instead, any takeover of Spark Networks, Inc. will be governed by the business combination provisions of the General Corporation Law of the State of Delaware, which includes certain regulations related to business combinations. Spark Networks, Inc. also intends to adopt a stockholders rights plan. Please refer to Part 4 of this document which contains a summary of the effects of these changes.

4. Background to and Reasons for the Proposal

The attention of Shareholders is drawn to the letter from the Chairman and Chief Executive Officer of Spark Networks plc (Part 1 of this document) which includes information on the background to, and reasons for, the Proposal.

5. Directors, Management and Employees

No changes are contemplated in the operations of the Group in terms of business, management or staff as a consequence of the Proposal or any element of the Proposal. The rights of the management and employees of the Group, including existing conditions of service and pension rights, will be fully safeguarded. The total emoluments receivable by each of the Directors of Spark Networks plc will not be varied as a result of the Proposal. All of the Directors of Spark Networks plc will be appointed Directors of Spark Network, Inc.

Adam S. Berger, the Company's Chief Executive Officer and a Director, has an Executive Employment Agreement with Spark Networks plc (as referred to and summarised in paragraph 3 of Part 3 of this document). Gregory R. Liberman, the Company's President and Chief Operating Officer, and Mark Thompson, the Company's Chief Financial Officer, also each have employment agreements with Spark Network plc. It is intended that on the Effective Date, the rights and obligations of Spark Networks plc under these employment agreements will be assumed by Spark Networks, Inc. In respect of the terms of the Option certificates issued to Laura B. Lauder, Michael A. Brown, and Benjamin A. Derhy, each a Director of the Company, and Gregory R. Liberman, Mark G. Thompson and Joshua A. Kreinberg, General Counsel, each have waived the acceleration of the vesting of their Options upon the effectiveness of the Scheme.

Upon the Effective Date, it is intended that wider ranging indemnities will be granted by Spark Networks, Inc. to its Directors and other officers. For more information on these new indemnification arrangements, please refer to paragraph 5 of Part 4 of this document.

6. Dividend and Distribution Policy

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Spark Networks, Inc. will have the same financial year end as Spark Networks plc, namely 31 December. Neither Spark Networks plc nor Spark Networks, Inc. has paid cash dividends on its Ordinary Shares, Common Shares or other securities and neither company plans to pay cash dividends on its Ordinary Shares, Common Shares or other securities in the foreseeable future. If any cash dividends are ever paid by Spark Networks, Inc., they will be paid in United States Dollars.

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THE DISCUSSIONS SET FORTH IN PARAGRAPHS 7 AND 8 BELOW ARE NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY ANY TAXPAYER, FOR THE PURPOSE OF AVOIDING TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER. THESE DISCUSSIONS WERE WRITTEN TO SUPPORT THE PROMOTION OF THE PROPOSAL OR MATTERS ADDRESSED IN IT.

**YOU SHOULD SEEK ADVICE BASED ON YOUR PARTICULAR
CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR,
NOT ASSOCIATED IN ANY WAY WITH THE PROPOSAL.**

The information included in paragraphs 7 and 8 summarises advice received by the Directors in respect of legislation and current fiscal authority published practice as at the date of this document. Paragraph 7 summarises the key taxation effects of the Proposal for the Spark Networks Group, Paragraph 8 summarises the key tax consequences for Spark Networks plc Shareholders resident in the United Kingdom, the United States and Germany with regard to the Scheme.

7. Taxation Effects of the Proposal for the Spark Networks Group

Spark Networks plc will continue to be subject to UK corporation tax by reason of its incorporation in the United Kingdom subject to the provisions in the Double Tax Treaty between the UK and the US. The availability to carry forward trading losses may be affected under section 768 of the UK Income and Corporation Taxes Act 1988 if shares are issued in the future by Spark Networks, Inc. to new shareholders so that there is a change in controlling interests. Any dividends paid by Spark Networks plc to Spark Networks, Inc. will not be tax deductible for UK corporation tax purposes and should not affect the UK profile of Spark Networks plc. There is no UK withholding tax on dividends remitted to overseas recipients. These corporation tax consequences do not represent an exhaustive list of possible UK tax implications for Spark Networks plc from the Proposal.

Spark Networks, Inc. will, subsequent to the Proposal, be subject to US taxation on its worldwide income. Additionally, subsequent to the Proposal, certain types of income of Spark Networks plc may be required to be included in the gross income of Spark Networks, Inc., as well as dividends paid by Spark Networks plc to Spark Networks, Inc. depending upon the source of Spark Networks plc's earnings out of which dividend distributions are paid. However, such US income taxes may be mitigated pursuant to rules providing a deduction for dividends received by corporate shareholders, or depending upon the availability of certain tax credits.

The foregoing income tax consequences do not represent an exhaustive list of the possible tax implications to Spark Networks, Inc. and Spark Networks plc subsequent to the Proposal. It is not possible to predict all of the income tax consequences for Spark Networks, Inc. and Spark Networks plc as a result of the implementation of the Proposal.

8. Taxation Effects of the Proposal for Shareholders, Warranholders and Optionholders

The following paragraphs are intended as a general guide only. They do not constitute tax advice to any Spark Networks plc Shareholders and may not be applicable to certain Spark Networks plc Shareholders, including persons not resident in the United Kingdom, the United States or Germany for tax purposes.

All Shareholders are strongly recommended to consult their own independent advisers before taking any action in relation to the Scheme if they are in any doubt as to their tax position.

A. United Kingdom tax

The following paragraphs address Spark Networks plc Shareholders who are resident or (if individuals) ordinarily resident in the United Kingdom for tax purposes (unless express reference is made to Non-UK resident Spark Networks plc Shareholders), and who hold their Spark Networks plc Shares beneficially as investments. For UK tax purposes, a GDS/ADS Holder should be treated as the beneficial owner of the underlying Spark Networks plc Shares and therefore these paragraphs should also apply to GDS/ADS Holders who are resident or ordinarily resident in the UK.

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These paragraphs may not be applicable to certain Spark Networks plc Shareholders including, but not limited to, insurance companies, dealers in securities, holders of 10% or more of Spark Networks plc Shares and Spark Networks plc Shareholders who are not beneficial owners of their Spark Networks plc Shares, such as trustees. Investors in these categories should, where necessary, seek their own independent advice in relation to the tax effects of the Scheme.

(i) Taxation of chargeable gains

Spark Networks plc Shareholders

A Spark Networks plc Shareholder who receives Spark Networks, Inc. Common Shares under the Scheme will not, subject to the paragraph below concerning larger holdings, be treated as having made a disposal of his or her Spark Networks plc Shares for the purposes of computing chargeable gains. Instead, any gain or loss which would otherwise have arisen on a disposal of the Spark Networks plc Shares will be rolled-over into the Spark Networks, Inc. Common Shares so that the Spark Networks, Inc. Common Shares will be treated as the same asset as the Spark Networks plc Shares, acquired at the same time as the Spark Networks plc Shares and for the same acquisition cost.

If a Spark Networks plc Shareholder, either alone or together with any connected person, holds more than 5% of, or of any class of, shares in, or debentures of, Spark Networks plc, he or she will only be eligible for the roll over treatment referred to above if the Scheme is effected for *bona fide* commercial reasons and does not form part of a scheme or arrangement of which the main purpose, or one of the main purposes, is avoidance of liability to capital gains tax or corporation tax. If this is not the case and the roll over treatment is not applicable, then there will be a chargeable gain. A clearance application has been made to Her Majesty's Revenue & Customs seeking confirmation that it is satisfied as to these matters. It is not a condition of the Scheme that such clearance is obtained.

Warranholders

For UK chargeable gains purposes, the cancellation of warrants to subscribe for Spark Networks plc Shares (the Old Warrants) in exchange for warrants to subscribe for Common Shares in Spark Networks, Inc. (the New Warrants) will constitute a disposal of the Old Warrants, with the market value of the New Warrants constituting the consideration received for the disposal.

For Warranholders who are resident or ordinarily resident in the UK, the disposal may, depending on the Warranholders' circumstances and subject to any available exemptions or reliefs, give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains. It is highly recommended that Warranholders consult their own tax advisers in this regard.

In the event that Warranholders decide to exercise Old Warrants prior to the Scheme being implemented and acquire Spark Networks plc shares, the exercise will not constitute a disposal of the Old Warrants for UK tax purposes. Any amount paid to acquire the Old Warrants together with any amount paid on the exercise of the Old Warrants would constitute the acquisition cost of the Spark Networks plc Shares issued upon exercise of the Old Warrant. The Spark Networks plc Shares acquired by the Warranholders on the exercise of the Old Warrants would then be covered by the Scheme, the tax effects of which have already been described above.

(ii) Dividends on the Spark Networks, Inc. Common Shares

UK resident holders of Spark Networks, Inc. Common Shares will, in general, be subject to UK income tax or corporation tax on the gross amount of dividends paid on the Spark Networks, Inc. Common Shares. Dividends received by UK resident companies will be taxed at the prevailing corporation tax rate. An individual Stockholder will generally be subject to income tax on dividends paid on the Spark Networks, Inc. Common Shares at the dividend income ordinary rate (currently 10%) or, to the extent that his or her income exceeds the threshold for higher rate tax, at the dividend income upper rate (currently 32.5%). Credit will be available against income or corporation tax for US tax required to be deducted or withheld from the dividends provided that such credit does not exceed the credit which would have been allowed had all reasonable steps been taken to minimise such US tax (such steps including any claims which could be made by the relevant holder under the terms of the double taxation treaty between the US and the UK).

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Details of the US withholding tax which will be applied to dividends paid on the Spark Networks, Inc. Common Shares, and the conditions (including procedural requirements) which must be met in order for a UK resident holder to benefit from a reduced rate of withholding tax under the terms of the double taxation treaty between the US and the United Kingdom, may be found in subsection B of this paragraph 8.

(iii) Subsequent disposals of the Spark Networks, Inc. Common Shares

A disposal or deemed disposal of Spark Networks, Inc. Common Shares may, depending on the Stockholder's individual circumstances (including whether such Stockholder benefited from rollover relief in respect of the Scheme: see above) and subject to any available exemptions or reliefs, give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains.

(iv) Stamp duty and stamp duty reserve tax (SDRT)

No UK stamp duty or SDRT will be payable by Spark Networks plc Shareholders (wherever resident) on the cancellation of the Spark Networks plc Shares or on the issue of the Spark Networks, Inc. Common Shares as part of the Scheme.

(v) Value Added Tax (VAT)

The cancellation of existing shares and the issue of new Ordinary Shares by Spark Networks plc will not be subject to VAT.

B. United States federal tax

The following discussion is a summary of certain US federal income tax considerations relevant to the Scheme. For US income tax purposes, the Scheme will be treated as if the Spark Networks plc Shares, Options and Warrants are exchanged directly for Spark Networks, Inc. Common Shares and Spark Networks, Inc. options and warrants, respectively. In addition, the following discussion will address certain US federal income tax considerations relevant to the exchange of stock options in Spark Networks plc for options in Spark Networks, Inc. The discussion is based on the current provisions of the US Internal Revenue Code of 1986, as amended, its legislative history, applicable existing and proposed Treasury Regulations promulgated thereunder, administrative rulings and pronouncements and judicial decisions, as well as on the double taxation treaties between the US and the UK and the US and Germany, all as of the date hereof, all of which are subject to change possibly on a retroactive basis. The summary is not a complete description of all the tax considerations that may be relevant to a particular holder of Spark Networks plc Shares.

To the extent the discussion addresses US Holders, the discussion addresses only a US Holder that holds the Spark Networks plc Shares and Spark Networks, Inc. Common Shares as capital assets and that uses the US Dollar as its functional currency. This discussion does not address all aspects of US federal income taxation that may be relevant to any particular holder based on such holder's circumstances. In particular, it does not address the potential application of the alternative minimum tax or the US federal income tax consequences to holders subject to special rules, such as brokers, dealers, traders in securities that elect mark to market treatment, insurance companies, tax-exempt entities, holders of 10% or more of the Spark Networks plc Shares or Spark Networks, Inc. Common Shares (including options and warrants as though exercised),

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persons holding Spark Networks plc Shares or Spark Networks, Inc. Common Shares as part of a hedge, straddle, conversion, or other integrated financial transaction and US holders resident or ordinarily resident in the UK or Germany. This discussion does not address the tax consequences to holders that are partnerships for US federal income tax purposes. This discussion does not address any aspect of taxes other than US federal income taxes.

Each Holder is urged to consult his or her tax advisor about US federal, state and local income tax and any foreign tax consequences of exchanging Spark Networks plc Shares for Spark Networks, Inc. Common Shares pursuant to the Scheme.

As used in this paragraph 8, "US Holder" means a beneficial owner of Spark Networks plc Shares or Spark Networks, Inc. Common Shares that is, for US federal tax purposes (i) a US citizen or resident,

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(ii) a corporation organized under the laws of the US, (iii) a trust subject to the control of a US person and the primary supervision of a US Court or (iv) an estate the income of which is subject to US federal income tax regardless of its source. A Non-US Holder is a beneficial owner of Spark Networks plc Shares that is not a US Holder or a partnership organized under the laws of, the United States.

(i) US federal tax consequences of the Scheme

(a) US Holders

A US Holder should not recognize any gain or loss in the share exchange since the US Holder will receive only Spark Networks, Inc. Common Shares and will not receive any cash or other property as a part of the transaction. A US Holder's basis in the shares received should be equal to the US Holder's basis in the Spark Networks plc Shares contributed. The holding period associated with the shares received by the US Holder should include the holding period of the shares surrendered since such shares surrendered are capital assets.

In addition, the US Holders holding Options should not recognize any gain for federal income tax purposes on the rollover of Options, and such rollover pursuant to the Scheme should not constitute a modification for Section 409A purposes as long as (1) the Spark Networks, Inc. stock options received by the US Holders contain all of the terms of the Spark Networks plc Options other than terms rendered inoperative by the Scheme, if any, (2) the terms of the Spark Networks, Inc. stock options received by the US Holders are not more favorable to the US Holders than the terms of the Spark Networks plc Options, (3) the ratio of the exercise price of the Spark Networks, Inc. stock options to the fair market value of the underlying Spark Networks, Inc. Common Shares, immediately after the rollover, does not exceed the ratio of the exercise price of the Spark Networks plc stock options to the fair market value of the underlying Spark Networks plc Shares immediately before the issuance of the Spark Networks, Inc. stock options, and (4) the aggregate intrinsic value of the Spark Networks plc Options, immediately after the Scheme, is not greater than the aggregate intrinsic value of the Spark Networks, Inc. Options immediately before the Scheme.

Furthermore, a US Holder should not recognize any gain or loss as a result of exchanging Warrants to subscribe for shares in Spark Networks plc for warrants to subscribe for shares in Spark Networks, Inc. provided the warrants have substantially similar terms and conditions.

(b) Non-US Holders

No adverse US tax consequences should arise with respect to Non-US Holders as a result of this transaction. It should be noted that this discussion does not address the local country tax consequences. Therefore, the Non-US Holders should consult with their local country advisors in order to determine if any adverse tax consequences will result from the transaction from a local country tax perspective.

(ii) Dividends on Spark Networks, Inc. Common Shares

(a) US Holders

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Dividends paid on new Spark Networks, Inc. Common Shares will be included in the gross income of a corporate US Holder as ordinary income from sources within the US and may be eligible for the dividends received deduction. Dividends received by non-corporate US Holders will be taxed at the same preferential rate allowed for long-term capital gains if the US Holder meets certain eligibility requirements (including a holding period requirement).

(b) Non-US Holders

Dividends paid on new Spark Networks, Inc. Common Shares to Non-US Holders will be subject to US withholding tax. Non-US Holders may qualify for a reduced withholding rate on dividends pursuant to an income tax treaty with the US. Although Non-US Holders may be able to claim a reduced withholding rate under their respective tax treaties on dividend payments from Spark Networks, Inc.,

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certain tax treaties contain a limitation on benefits (LOB). The requirements of the LOB clause would also have to be met in order to obtain any benefits under the income tax treaty. A LOB clause is generally intended to prevent the misuse of treaties by residents of countries that are not party to the treaty. Most recent US income tax treaties contain a LOB clause, such as the US-UK income tax treaty (Article 23) and US-Germany income tax treaty (Article 28).

A Non-US Holder must certify its residency to Spark Networks, Inc. on a properly executed IRS Form W-8BEN to claim the benefits of a treaty. A Form W-8BEN may be obtained through the IRS website at www.irs.gov. As long as the new Spark Networks, Inc. Common Shares are traded on an established financial market, a Non-US Holder will not be required to provide a US taxpayer identification number on the Form W-8BEN to claim treaty benefits.

If the dividends are effectively connected with a trade or business and, if an income tax treaty applies, are otherwise attributable to a permanent establishment in the US, a Non-US Holder will be subject to US federal income tax on a net basis on the amount of the distribution. In addition, a Non-US Holder that is a corporation may be subject to the US branch profits tax.

(iii) Subsequent disposals of Spark Networks, Inc. Common Shares

(a) US Holders

A US Holder generally will recognize capital gain or loss on the sale or other disposition of the Spark Networks, Inc. Common Shares in an amount equal to the difference between its adjusted tax basis in the Spark Networks, Inc. Common Shares and the amount realized from the sale or other disposition. Any gain or loss generally will be long-term capital gain or loss if the holding period in the Spark Networks, Inc. Common Shares (including the holding period of the Spark Networks plc Shares surrendered) is more than one year on the date of sale or exchange. Long-term capital gain will be eligible for reduced rates of taxation for individuals and certain non-corporate taxpayers. The deductibility of capital losses is subject to limitations. Any gain or loss generally will be treated as arising from US sources.

(b) Non-US Holders

Any gain realized by a Non-US Holder on the disposition of new Spark Networks, Inc. Common Shares will not be subject to US federal income tax unless (i) the gain is effectively connected with the holder's conduct of a US trade or business and, if an income tax treaty applies, is otherwise attributable to a permanent establishment in the US (in which case, if the Non-US Holder is a foreign corporation, the US branch profits tax may apply), (ii) the holder is an individual present in the US for at least 183 days during the taxable year of disposition and certain other conditions are met or (iii) Spark Networks, Inc. is or has been a US real property holding company (USRPHC) for US federal income tax purposes unless the Non-US Holder owns actively or constructively less than 5% or more of the class of shares sold and such class is regularly traded on an established securities market. We believe that Spark Networks, Inc. is not a USRPHC for US federal income tax purposes nor do we anticipate Spark Networks, Inc. will become a USRPHC. However, no assurance can be given that Spark Networks, Inc. will not become a USRPHC.

Further, in order to not be subject to withholding tax on the disposal of a non-USRPHC interest, the Non-US Holder must take certain actions when disposing of an interest in a US domestic corporation. A foreign person disposing of an interest in a domestic corporation must establish that the interest was not a U.S. real property interest as of the date of disposition, either by: (A) obtaining a statement from the corporation

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pursuant to the provisions of §1.897-2(g)(1)(ii), or (B) obtaining a determination by the director, Foreign Operations District pursuant to §1.897-2(g)(1)(iii).

(iv) Information reporting and backup withholding tax

Dividends from Spark Networks, Inc. Common Shares paid to a Non-US Holder will be reported annually to the IRS. Dividends from Spark Networks, Inc. Common Shares paid to a US Holder and proceeds from the sale, exchange or other disposition of Spark Networks, Inc. Shares paid to a US Holder or a Non-US Holder should be reported to the IRS unless the holder (i) is a corporation,

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(ii) provides a properly executed IRS Form W-8BEN or (iii) otherwise establishes a basis for exemption. Backup withholding tax may apply to amounts subject to reporting if the holder fails to provide an accurate taxpayer identification number or otherwise establish an exemption. Backup withholding tax is not an additional tax. The holder can claim a credit against its US federal income tax liability for the amount of any backup withholding tax and a refund of any excess amount provided that certain information is furnished to the IRS.

C. German tax

The following is a summary of certain German income tax considerations for Spark Networks plc Shareholders, GDS Holders and ADS Holders, all resident in Germany (collectively "German resident investors"), with respect to the exchange of Spark Networks plc Shares for Spark Networks, Inc. Common Shares.

This discussion is based on the assumption that Spark Networks plc is respected as a UK business corporation for German corporate law purposes, and that the Ordinary Shares also qualify as corporate shares for German corporate and income tax purposes, regardless of being effectively managed and controlled in the United States. It is also assumed that Spark Networks plc is an operating company taxed at standard rates in the UK, and does not, and will not, receive low-taxed passive income within the meaning of Section 8 of the German Foreign Taxes Act (AStG). This discussion is further based upon the current state of the German legislation, which may change in the future. It is also possible that such changes could be enacted with retroactive effect.

The discussion is intended as general guidance only, and does not constitute, and may not be construed to constitute, tax advice to any German resident investor. As such, the summary is not a complete description of all the tax considerations that may be relevant to a particular German Resident investor and it does not address all aspects of German income taxation that may be relevant to any particular holder based on such holder's circumstances. In particular, the following paragraphs may not be applicable to certain German resident investors including, but not limited to, insurance companies, banks, financial service institutes, dealers in securities, or indirect investors through certain funds or other investment vehicles. For such other shareholders, special tax regimes may apply, which are not addressed below.

It is strongly recommended that all German resident investors consult their own independent advisers before taking any action in relation to the Scheme if they are in any doubt as to their tax position.

(i) Application for German resident direct shareholders and GDS/ADS Holders

Direct Shareholders

The German tax considerations below are generally applicable, with certain exceptions, for German residents holding Spark Networks plc Shares directly.

GDS/ADS Holders

There is no conclusive judgment from the Federal Tax Court on the treatment of German resident GDS Holders or German resident ADS Holders for German income tax and trade tax purposes. Available professional literature suggests that the German income tax and trade tax treatment of GDS/ADS Holders could correspond with the income tax and trade tax treatment of direct (legal and beneficial) shareholders, if their contractual rights and obligations are similar to the typical legal rights and obligations of a shareholder. Based upon decisions of the Federal Tax Court dealing with the question of economic ownership in general, the following circumstances could support a conclusion that the economic ownership of the Ordinary Shares is held by the respective GDS/ADS Holders to the exclusion of The Bank of New York as the presumed legal shareholder:

The GDS/ADS Holders are entitled to receive any distributed dividends or other distribution, and should benefit from an increase in value and bear the risk of the shares becoming impaired.

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The GDS/ADS Holders are entitled to exercise the primary rights resulting from ownership of the shares, including the right to vote at, general meetings of the company.

Economic ownership by the GDS/ADS Holders of the Ordinary Shares could be further supported, where they have the right to subscribe for additional shares or GDSs or ADSs in any case where additional shares or GDSs or ADSs are issued.

Assuming that the Federal Tax Court accepts that the economic ownership of the Ordinary Shares is held by the GDS/ADS Holders, the following comments on the German income tax and trade tax implications for German resident investors should generally apply to all German resident investors, including the GDS/ADS Holders, in essentially the same way.

Nevertheless, in light of the remaining uncertainty, and in the event that German resident GDS Holders or German resident ADS Holders are for any other reason in any doubt as to their tax position under the Global Deposit Agreement or American Deposit Agreement, it is strongly recommended that they consult their own independent advisers before taking any action in relation to the Scheme.

(ii) Income Tax and Trade Tax Treatment of Scheme of Arrangement

The Scheme is an integrated transaction, which for German tax purposes, consists of the following steps:

The issuance by Spark Networks plc of one unissued share to Spark Networks Inc.,

The Capital Reduction and cancellation of all other Shares of Spark Networks plc,

The restoration of the former capital amount of Spark Networks plc for all new shares to be allotted and issued to Spark Networks, Inc., and

Spark Networks, Inc. issuing new Common Shares to the former Shareholders and GDS/ADS Holders in the proportionate amount of their former shareholding in Spark Networks plc, who receive those Common Shares in Spark Networks, Inc. in consideration for their former Shares (or GDSs/ADSs where applicable) in Spark Networks plc.

Applying general German income and trade tax principles, the Scheme should generally be treated as a share-for-share exchange from the perspective of the German resident investors, (including, as discussed above, shares beneficially held through GDSs/ADSs). However, the treatment of a scheme of arrangement as described above is unfamiliar in German law. In the event that each of the above transaction steps are treated separately and on a stand-alone basis, steps (ii) and (iii) could alternatively be treated as a return of shares by the German resident investors in the course of the capital reduction of Spark Networks plc, followed by a corresponding capital increase, and the receipt of new shares by the investors. Although there is no conclusive authority from the German Federal Tax Court dealing with this fact pattern, the German income tax and trade tax implications for the German resident investors would not necessarily materially differ under this latter view of the Scheme. Therefore, despite the remaining uncertainty and because treating the Scheme as an integrated share-for-share transaction is the more appropriate approach from a general German income tax and trade tax perspective, the German income tax and trade tax consequences for the German resident investors will be discussed on the basis that the Scheme constitutes an integrated share-for-share exchange.

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A share-for-share exchange is generally considered as a recognition event for purposes of German income taxation, except in certain tax-preferred reorganization transactions. Where no exception applies, the taxable gain or loss to a Spark Networks plc Shareholder is generally equal to the difference between the market value of the Spark Networks plc Ordinary Shares disposed of minus transaction expenses, and the tax basis of the Spark Networks plc Ordinary shares disposed of. The tax basis of the Spark Networks plc shares in the hands of the German resident investors will be equal to the acquisition price plus post-acquisition capital contributions. Based on the wording of the

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provisions of the German Reorganizations Tax Code (as amended in late 2006) governing share-for-share exchanges, the scheme of arrangement would appear to not qualify as a tax preferred reorganization scheme. On that basis, the consequences of the scheme of arrangement for the German resident investors would depend on the legal form and tax attributes of each investor. At a high level, and without limitation, the following classes of investors may generally be distinguished:

(a) Shareholder is an individual person holding his or her investment in a German trade or business

If the individual shareholder holds the Spark Networks plc Shares in a German trade or business, generally 50% of the capital gain is included in taxable income for individual income tax and trade tax purposes, and 50% of an eventual capital loss, if any, should be tax deductible. Where the 50% capital gains exemption applies, only 50% of the transferor's expenses are generally tax deductible. The 50% capital gains exemption is subject to certain exceptions in which 100% of the gain could be subject to income taxation, for example where the shares have been written down 100% for tax purposes, and the value has been restored in the meantime to original acquisition costs, or where shares have been issued prior to December 2006 in consideration for a contribution in kind of a business below market value within a seven-year testing period.

The income tax rate applicable for an individual Shareholder depends on his or her individual circumstances and attributes. Solidarity surcharge of 5.5% of the income tax would have to be added. The applicable trade tax rate depends on the municipality where the trade or business is carried on, and may amount up to approximately 20%. Under current legislation, trade tax is in itself a tax deductible item, and may be credited to a certain extent against the individual income tax liability of the individual business investor. For certain individuals, Church tax may have to be added as well.

(b) Shareholder is an individual person holding his or her investment as a private investment

If the individual Shareholder holds the Spark Networks plc Shares as a private asset outside a trade or business, a capital gain or capital loss is not subject to German taxation if the following additional prerequisites are met:

The individual Shareholder must not have held, directly or indirectly, 1% or more of the issued share capital in Spark Networks plc at any time during the five-year period preceding the transaction, and

The shares to be transferred / cancelled have been held in each case for more than one year at the time of their transfer / cancellation.

Where the shares are transferred within a one-year testing period from their former acquisition, 50% of the capital gain is generally subject to German individual income taxation. Capital losses resulting from a transfer within the one-year testing period can only offset taxable gains from other short term capital gains resulting from similar transactions. Specific capital loss assessment requirements apply.

Where an individual shareholder held 1% or more of the issued share capital in Spark Networks plc as a private asset at any time during a five-year testing period prior to the scheme of arrangement, 50% of the capital gain should be taxable regardless of the one-year testing period discussed before. As such, only 50% of a potential capital loss should be tax deductible in Germany subject to certain further conditions.

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Where the 50% capital gains exemption applies, only 50% of the transferor's expenses are generally tax deductible.

The income tax rate applicable to an individual shareholder depends on his or her circumstances and tax attributes. Solidarity surcharge of 5.5% of the income tax would have to be added. The gain resulting from a transfer of privately held shares of German resident individuals should not be subject to trade tax. For certain individuals, Church tax may have to be added as well.

(c) *Shareholder is a German resident business corporation*

As a general rule, capital gains arising from the sale of investments are excluded from German taxable income for corporate income tax and trade tax purposes irrespective of a holding period or of a

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minimum shareholding. However, 5% of the capital gain is deemed to be a non-tax deductible business expense. Consequently, effectively only 95% of the capital gain is generally tax-exempt. Capital losses are completely disregarded for German tax purposes. However, the capital gains exemption is subject to certain exceptions in which 100% of the gain could be subject to income taxation, where, for example the shares have been written down 100% for tax purposes, and the value has been restored in the meantime to original acquisition costs, or where shares have been issued prior to December 2006 in consideration for a contribution in kind of a business below market value within a seven-year testing period. Further exceptions relating to institutional financial services and certain other investors are outside the scope of these comments.

German business corporations are subject to corporate income tax at a formal rate of 25%, solidarity surcharge of 5.5% on the corporate income tax liability, and municipal trade tax. The effective corporate tax rate is generally reduced by trade tax being a deductible item, resulting in an aggregate corporate and trade tax rate of up to approximately 40%, depending on the municipal trade tax rate. No trade tax credit against the corporate income tax liability of the corporation is available.

(d) Shareholder is a partnership effectively managed in Germany

For German income tax purposes, partnerships are transparent. Therefore, the income tax treatment of capital gains/capital losses generally depends on the tax status of the partners in the partnership.

With respect to the trade tax, where the shares in Spark Networks plc are held through a German trading partnership, 50% of the capital gain attributable to individual partners and 5% of the capital gain attributable to corporate partners should generally be included in the trade tax basis of the partnership. The trade tax treatment is similar to the corporate tax treatment in the case of shares held as part of a German business except that the trading partnership itself is considered the relevant trade taxpayer.

Where the shares are held through a non-trading partnership (that is, a partnership which does not carry on a trade or business and which is not deemed to carry on a trade or business under applicable income tax and trade tax provisions), capital gains should not be subject to trade tax at the partnership level, but may still apply at the level of partners holding the partnership interest as part of their German business property. The conditions for the qualification as a non-trading partnership are rather restrictive and need to be dealt with on a case-by-case basis.

(iii) German Income Tax and Trade Tax Treatment of Dividends received by German resident shareholders from Spark Networks, Inc. going forward

Following the effective date, dividends paid by Spark Networks, Inc. and received by German resident shareholders in Spark Networks, Inc. will be subject to German income and if applicable trade tax according to general rules.

Comments on the US withholding tax which will be applied to dividends paid on the Spark Networks, Inc. Common Shares, and the conditions (including procedural requirements) which must be met in order for a German resident holder to benefit from a reduced rate of withholding under the terms of the applicable tax treaty between the US and Germany, may be found in subsection B of this paragraph 8. Where applicable, details of the administration of the filing procedures for recovering US dividend withholding taxes should be discussed by the German resident shareholders with their respective paying agents.

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The treatment of dividends received under German domestic income tax and trade tax rules depends on the tax status and capacity of each German resident shareholder.

(a) Shareholder is an individual

Generally, only 50% of the dividend income received by German individuals is subject to German income tax. Expenses connected with the dividend income are also only 50% tax deductible. German resident individual shareholders of Spark Networks, Inc. may, within certain limitations, be entitled to a partial credit for US withholding taxes withheld from the gross dividend amount against his or her individual German income tax liability on such dividend income.

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Where the individual shareholder holds the shares in a trade or business, dividends are generally also subject to trade tax unless the shares represent an interest of at least 10% in the corporation and are held for an uninterrupted period starting from January 1 of each calendar year through the date when such dividend is received. Dividends paid in 2007 may not benefit from the 50% trade tax received exemption. Costs directly related to the dividends received, are no longer deductible for trade tax purposes. In addition, no foreign tax credit is available against German trade tax.

(b) Shareholder is a corporation

Dividends received from Spark Networks, Inc. should generally be exempt from German corporation tax. This general exemption applies regardless of a certain minimum shareholding or of a minimum holding period. However, 5% of the tax-exempt gross dividend amount are treated as non-deductible expenses. Effectively, only 95% of the dividend income is thus tax-exempt.

For German trade tax purposes, the dividends received exemption requires that the shares represent an interest of at least 10% in the corporation and are held for an uninterrupted period starting on January 1 of each calendar year through the date when the dividend is received. Costs directly connected with the receipt of the dividend are no longer deductible for trade tax purposes.

As the dividend income is exempt from German corporation tax, a corporation is not entitled to a foreign tax credit in respect of US withholding tax. In addition, under the wording of legislation enacted in late 2006, it was retroactively clarified that no deduction of foreign dividend withholding tax from the German corporate income tax base is available.

(c) Shareholder is a partnership

For individual and corporate income tax purposes, the dividend income is subject to tax in the hands of the partner of the partnership following essentially the same rules as laid down before. Therefore, the tax treatment of the dividend income depends on the circumstances of each of the partners.

Where the German partnership is a trading company, the dividend income might be subject to trade tax if the shareholding is less than 10 per cent or if the investment has not been held since January 1 of each calendar year in which the dividend is received. Costs directly related to the dividends received would effectively not be deductible for trade tax purposes.

(iv) Subsequent disposal of the Spark Networks, Inc. Common Shares

Under current legislation, the German income tax and trade tax consequences arising from a disposal or deemed disposal of Spark Networks, Inc. Common Shares should essentially correspond with the income tax and trade tax consequences described above with regard to the intended share-for-share exchange.

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Therefore, any capital gain or capital loss arising from a subsequent disposal of the common shares in Spark Networks Inc. by German resident shareholders should generally depend on the shareholder's individual income and trade tax status and be subject to any available exemption rule. Refer to the further discussion set forth in subsection C(ii) of this paragraph 8.

(v) Stamp duty and stamp duty reserve tax (SDRT)

No German stamp duty issues should arise in connection with the Scheme.

THE ABOVE PARAGRAPHS ARE A GENERAL GUIDE ONLY AND ARE NOT EXHAUSTIVE.

IF YOU ARE IN ANY DOUBT AS TO YOUR TAXATION POSITION YOU SHOULD CONSULT AN APPROPRIATE PROFESSIONAL ADVISER WITHOUT DELAY.

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9. Directors Interests

The interests of the Directors of the Company (including the interests of connected persons, which, pursuant to the UK Companies Act, includes spouses, civil partners and infant children) in the share capital of Spark Networks plc and of Spark Networks, Inc. (on the basis that the Scheme becomes effective) are set out in paragraph 2 of Part 3 of this document. Please also see paragraph 3 of Part 3 of this document regarding the Directors' interests in respect of the Company's Option Schemes.

Save as is referred to in paragraph 5 of this Part 2, the effect of the Scheme on the interests of the Directors does not differ from its effect on the interests of other persons.

10. Option Schemes and Warrant

Spark Networks plc currently has Options subsisting under its Option Schemes. Upon the Scheme taking effect, and provided the Optionholders have previously approved certain modifications to the rules of the Option Schemes, Spark Networks, Inc. will assume all subsisting Options on an equivalent basis, meaning that the assumed Options will continue on the same terms and conditions, except that they will become options to purchase Spark Networks, Inc. Common Shares.

In connection with the Scheme, a separate document will be sent to Optionholders inviting them to approve amendments to the rules of the Option Schemes in order to provide that: (i) upon the Scheme taking effect, all subsisting Options will be assumed by Spark Networks, Inc. on the same terms and conditions as the Optionholders' existing Options, except that they will become options to purchase Spark Networks, Inc. Common Shares; and (ii) for the avoidance of doubt, upon the Scheme taking effect, no Options will vest at earlier dates than would otherwise be the case if the Scheme did not take effect.

Spark Networks plc currently has one Warrant to subscribe for Ordinary Shares subsisting. In accordance with the terms of that Warrant, upon the Scheme taking effect, Spark Networks, Inc. will assume the obligations of Spark Networks plc under the Warrant so that upon any subsequent exercise of the Warrant after the Scheme has taken effect, the holder of the Warrant will receive Spark Networks, Inc. Common Shares instead of Ordinary Shares. No consent of the Warrant holder is required for this change.

11. Information on Spark Networks, Inc.

Prior to the Effective Date, Spark Networks, Inc. will be incorporated in the state of Delaware in the USA. Following the implementation of the Scheme, the principal place of business of Spark Networks, Inc. will continue to be at Spark Networks plc's existing offices in Beverly Hills, California. Additional information on Spark Networks, Inc. is set out in Part 3 of this document. Details of the rights to be attached to the Spark Networks, Inc. Common Shares are contained in Part 4 of this document.

12. Amendments to the Articles of Association

It is proposed that Spark Networks plc's Articles of Association be altered to provide that any Ordinary Shares issued prior to the Scheme Record Time be issued on terms that the holders will be bound by the Scheme. It is also proposed that Spark Networks plc's Articles of Association be amended to provide that any Ordinary Shares issued after the Scheme Record Time (other than to Spark Networks, Inc. or its nominee), including Ordinary Shares issued pursuant to Share Options and the Warrant, shall be automatically acquired by Spark Networks, Inc. or its nominee for the same consideration as would have been received by the holder of those Ordinary Shares under the Scheme had they been Scheme Shares. The proposed amendments to the Articles of Association are set out in full in the notice of the EGM.

13. Overseas Shareholders

The implications of the Scheme for Overseas Shareholders will depend upon the law of the relevant jurisdiction. Overseas Shareholders should inform themselves about and observe any applicable legal

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requirements. It is the responsibility of each Overseas Shareholder to satisfy himself as to the full observance of the laws of any jurisdiction in connection with the Scheme, including obtaining any governmental, exchange control or other consents that may be required and/or compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

The provisions of the Scheme are subject to any prohibition or condition imposed by law in any relevant jurisdiction. If Spark Networks, Inc. is advised that the allotment and issue of Spark Networks, Inc. Common Shares to a holder of Scheme Shares at a registered address outside the United Kingdom would infringe the laws of any jurisdiction or necessitate compliance with any special requirement, the Scheme provides that the Company may determine that the Overseas Shareholder's entitlement to Spark Networks, Inc. Common Shares should be issued to a nominee for such holder and then sold and the proceeds of sale remitted to the Overseas Shareholder.

14. US Securities Act Considerations

The Spark Networks, Inc. Common Shares will not be registered under the US Securities Act, in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof. Spark Networks, Inc. Common Shares issued to an Ordinary Shareholder or to a GDS/ADS Holder who is neither an affiliate, for the purposes of the US Securities Act, of Spark Networks plc or Spark Networks, Inc. prior to the Effective Date, nor an Affiliate of Spark Networks, Inc. after the Effective Date, may be resold without restriction under the US Securities Act. Affiliates of Spark Networks plc and Spark Networks, Inc. will be subject to timing, manner of sale and volume restrictions on the sale of Spark Networks, Inc. Common Shares received in connection with the Scheme under Rule 145(d) of the US Securities Act. Persons who may be deemed to be affiliates of Spark Networks plc or Spark Networks, Inc. include individuals who, or entities that, control directly or indirectly, are controlled by or are under common control with Spark Networks plc or Spark Networks, Inc. and may include certain officers and Directors of Spark Networks plc and Spark Networks, Inc., and principal shareholders (such as a holder of more than 10% of the issued share capital of Spark Networks plc or of the outstanding capital stock of Spark Networks, Inc.). Holders who are affiliates, in addition to reselling their Spark Networks, Inc. Common Shares in the manner permitted by Rule 145(d) under the US Securities Act, may also sell their securities under any other available exemption under the US Securities Act, including Regulation S under the US Securities Act. Ordinary Shareholders and GDS/ADS Holders who believe they may be affiliates for the purposes of the US Securities Act should consult their own legal advisers prior to any sale of Spark Networks, Inc. Common Shares received upon implementation of the Scheme.

For the purpose of qualifying for the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) therein with respect to the Spark Networks, Inc. Common Shares issued pursuant to the Scheme, Spark Networks plc will advise the Court that Spark Networks plc and Spark Networks, Inc. will rely on the Section 3(a)(10) exemption based on the Court's sanctioning of the Scheme and will view the Court's sanctioning of the Scheme as an approval of the Scheme following a hearing on its fairness to Ordinary Shareholders, at which hearing all such Ordinary Shareholders are entitled to attend in person or by counsel to support or oppose the sanctioning of the Scheme and with respect to which notification has been given to all such Spark Networks plc Shareholders.

15. Conditions of the Scheme

The Scheme will not become effective and binding unless:

- (a) the Scheme is approved by a majority in number representing 75% by value of the holders of the Ordinary Shares present and voting either in person or by proxy at the Court Meeting;

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- (b) the Resolution set out in the notice of the EGM contained in Part 7 of this document is passed as a special resolution by Ordinary Shareholders;
- (c) the Scheme is sanctioned (with or without modification) and the Capital Reduction is confirmed by the Court at the Court Hearing;

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- (d) an office copy of the Court Order sanctioning the Scheme and confirming the Capital Reduction is registered by the Registrar of Companies; and
- (e) the listing on AMEX of the Spark Networks, Inc. Common Shares is approved.

The hearing of the petition to sanction the Scheme and confirm the Capital Reduction is expected to be on * 2007 at the Royal Courts of Justice, Strand, London WC2A 2LL. Ordinary Shareholders have the right to attend the hearing and to appear in person or by legal representative to support or oppose the sanctioning of the Scheme and cancellation of the Scheme Shares. It is expected that the Scheme will become effective on or about .

If the Scheme does not become effective by * 2007, or such later date as the Court may allow and the Company and Spark Networks, Inc. may agree, it will lapse. If the Scheme lapses, Scheme Shareholders will remain Ordinary Shareholders, GDS Holders will remain holders of the GDSs, ADS Holders will remain holders of the ADSs and Spark Networks, Inc. Common Shares will not be issued to Scheme Shareholders or GDS/ADS Holders. Also, the GDSs and ADSs will continue to be listed on the Frankfurt Stock Exchange and American Stock Exchange, respectively.

The Scheme contains a provision for Sparks Network plc and Sparks Network, Inc. jointly to consent on behalf of all persons concerned to any modification of or addition to the Scheme, or to any condition which the Court may think fit to approve or impose. Sparks Network plc has been advised by its legal advisers that the Court would be unlikely to approve or impose any amendment to the Scheme that might be material to the interests of Scheme Shareholders unless Ordinary Shareholders were informed of any such amendment. It will be a matter for the Court to decide, in its discretion, whether or not a further meeting of Scheme Shareholders should be held or consent obtained (as the case may be). If the Court does approve or impose any amendment to the Scheme which, in the opinion of the Sparks Network plc Board, is such as to require the consent of the Ordinary Shareholders, the Board will not take the necessary steps to enable the Scheme to become effective unless and until such consent is obtained.

16. Meetings in Connection with the Scheme

The Scheme requires the approval of the holders of Ordinary Shares at the Court Meeting and, for its implementation, at the EGM. The Scheme also requires the sanction of the Court.

16.1 Court Meeting

The Court Meeting has been convened for a.m. on 2007, pursuant to an order of the Court, at which meeting, or at any adjournment thereof, Ordinary Shareholders will consider and, if thought fit, approve the Scheme.

Your attention is drawn to the notice of the Court Meeting contained in Part 6 of this document.

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At the Court Meeting voting will be by poll and each Ordinary Shareholder entitled to attend and who is present in person or by proxy will be entitled to one vote for each Ordinary Share held. The statutory majority required to approve the Scheme at the Court Meeting is a simple majority in number of the Ordinary Shareholders present and voting (either in person or by proxy) at the Court Meeting representing not less than 75% in value of Ordinary Shares held by such Ordinary Shareholders.

It is important that as many votes as possible are cast at the Court Meeting by or on behalf of as many Ordinary Shareholders and GDS/ADS Holders as possible so that the Court may be satisfied that there is a fair representation of the opinion of Ordinary Shareholders and GDS/ADS Holders. Ordinary Shareholders are therefore urged to return the completed Forms of Proxy and GDS/ADS Holders are urged to return the GDS/ADS Voting Instruction Cards, as soon as possible. Details of the action you should take and instructions on completing the forms of proxy and the GDS/ADS Voting Instruction Cards are given in paragraphs 8 and 9 of Part 1 of this document and on the forms of proxy and the GDS/ADS Voting Instruction Cards themselves.

If the Scheme becomes effective, it will be binding on all Scheme Shareholders, including GDS/ADS Holders, irrespective of whether or how they voted.

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16.2 EGM

The EGM has been convened for 2007 (the same date as the Court Meeting) at a.m. (or, if later, immediately following the conclusion or adjournment of the Court Meeting), at which meeting, or at any adjournment thereof, Ordinary Shareholders will consider and, if thought fit, pass the Resolution set out in the notice of EGM as a special resolution.

Your attention is drawn to the notice of EGM contained in Part 7 of this document.

The Special Resolution to be proposed at the EGM is to approve:

the Scheme;

the cancellation of the Scheme Shares;

the allotment of the New Shares by the Spark Networks plc's Directors to Spark Network, Inc. under the Scheme;

the disapplication of the statutory pre-emption rights to permit one share in the Company to be allotted to Spark Network, Inc. prior to the Effective Date; and

alterations to the Company's Articles of Association to:

- ensure that any Ordinary Shares issued after the passing of such Special Resolution