

Groupon, Inc.
Summary Consolidated and Segment Results

	Three Months Ended		Y/Y % Growth	Twelve Months Ended		Y/Y % Growth
	December 31,			December 31,		
	2010	2011		2010	2011	
	(dollars in thousands, except per share data)			(dollars in thousands, except per share data)		
	(unaudited)	(unaudited)		(unaudited)	(unaudited)	
Revenue (gross billings of \$415,269, \$1,230,868, \$34,082, \$745,348 and \$3,985,501)						
North America	\$ 88,363	\$ 179,638	103.3 %	\$ 200,412	\$ 634,980	216.8 %
International	83,861	312,526	272.7 %	112,529	975,450	766.8 %
Consolidated revenue	<u>\$ 172,224</u>	<u>\$ 492,164</u>	185.8 %	<u>\$ 312,941</u>	<u>\$ 1,610,430</u>	414.6 %
Operating loss	(336,129)	(14,972)	95.5 %	(420,344)	(233,386)	44.5 %
Consolidated segment operating (loss) income						
North America	\$ (21,905)	\$ 18,239	183.3 %	\$ (10,437)	\$ 4,796	146.0 %
International	(121,456)	(287)	99.8 %	(170,556)	(149,129)	12.6 %
CSOI ⁽¹⁾	<u>\$ (143,361)</u>	<u>\$ 17,952</u>	112.5 %	<u>\$ (180,993)</u>	<u>\$ (144,333)</u>	20.3 %
Net loss attributable to common stockholders	\$ (378,610)	\$ (65,379)	82.7 %	\$ (456,320)	\$ (373,494)	18.2 %
Pro-forma net loss attributable to common stockholders ⁽²⁾	\$ (185,842)	\$ (32,455)	82.5 %	\$ (216,969)	\$ (284,441)	31.1 %
Net loss per share attributable to common stockholders	\$ (1.08)	\$ (0.12)		\$ (1.33)	\$ (1.03)	
Pro-forma loss per share ⁽³⁾	\$ (0.53)	\$ (0.06)		\$ (0.63)	\$ (0.79)	
Weighted average basic shares	351,494,664	528,421,712		342,698,772	362,261,324	
Weighted average diluted shares	351,494,664	528,421,712		342,698,772	362,261,324	

(1) Consolidated segment operating (loss) income, or CSOI, is a non-GAAP financial measure. See "Non-GAAP Financial Measures" for a reconciliation of this measure to the most applicable financial measure under U.S. GAAP. We do not allocate stock-based compensation and acquisition-related expense to the segments.

(2) Pro-forma net income attributable to common stockholders is a non-GAAP financial measure. This measure excludes stock-based compensation and acquisition-related costs. See "Non-GAAP Financial Measures" for a reconciliation of this measure to the most applicable financial measure under U.S. GAAP.

(3) Pro-forma loss per share attributable to common stockholders is a non-GAAP measure. It calculates loss per share based on pro forma net income attributable to common stockholders, which is described above. See "Non-GAAP Financial Measures" for a reconciliation of this measure to the most applicable financial measure under U.S. GAAP.

Groupon, Inc.
Consolidated Statement of Cash Flows

	Year Ended December 31,		
	2009	2010	2011
	(in thousands)		(unaudited)
Net cash provided by operating activities	\$ 7,510	\$ 86,885	\$ 290,447
Net cash used in investing activities	(1,961)	(11,879)	(147,433)
Net cash provided by financing activities	3,798	30,445	867,205
Effect of exchange rate changes on cash and cash equivalents	-	1,069	(6,117)
Net increase in cash and cash equivalents	9,347	106,520	1,004,102
Cash and cash equivalents, beginning of year	2,966	12,313	118,833
Cash and cash equivalents, end of year	<u>\$ 12,313</u>	<u>\$ 118,833</u>	<u>\$ 1,122,935</u>

Groupon, Inc.
Consolidated Statements of Operations

	Three Months Ended December 31,		Year Ended December 31,		
	2010	2011	2009	2010	2011
	(dollars in thousands, except per share data)				
	(unaudited)	(unaudited)			(unaudited)
Revenue (gross billings of \$415,269, \$1,230,868, \$34,082, \$745,348 and \$3,985,501)	\$ 172,224	\$ 492,164	\$ 14,540	\$ 312,941	\$ 1,610,430
Costs and expenses:					
Cost of revenue	25,191	96,265	4,716	42,896	258,879
Marketing	200,927	155,299	5,053	290,569	768,472
Selling, general and administrative	116,896	255,316	5,848	196,637	821,002
Acquisition-related	165,339	256	-	203,183	(4,537)
Total operating expenses	508,353	507,136	15,617	733,285	1,843,816
Loss from operations	(336,129)	(14,972)	(1,077)	(420,344)	(233,386)
Interest and other income (expense), net	(1,646)	(3,835)	(16)	284	5,973
Equity-method investment activity, net of tax	-	(6,678)	-	-	(26,652)
Loss before provision for income taxes	(337,775)	(25,485)	(1,093)	(420,060)	(254,065)
(Benefit) provision for income taxes	(2,172)	34,194	248	(6,674)	43,697
Net loss	(335,603)	(59,679)	(1,341)	(413,386)	(297,762)
Less: Net loss (income) attributable to noncontrolling interests	22,373	(5,267)	-	23,746	18,335
Net loss attributable to Groupon, Inc.	(313,230)	(64,946)	(1,341)	(389,640)	(279,427)
Dividends on preferred stock	(62)	-	(5,575)	(1,362)	-
Redemption of preferred stock in excess of carrying value	(52,893)	(433)	-	(52,893)	(34,327)
Adjustment of redeemable noncontrolling interests to redemption value	(12,425)	-	-	(12,425)	(59,740)
Net loss attributable to common stockholders	\$ (378,610)	\$ (65,379)	\$ (6,916)	\$ (456,320)	\$ (373,494)
Net loss per share attributable to common stockholders					
Basic	\$ (1.08)	\$ (0.12)	\$ (0.02)	\$ (1.33)	\$ (1.03)
Diluted	\$ (1.08)	\$ (0.12)	\$ (0.02)	\$ (1.33)	\$ (1.03)
Weighted average number of shares outstanding					
Basic	351,494,664	528,421,712	337,208,284	342,698,772	362,261,324
Diluted	351,494,664	528,421,712	337,208,284	342,698,772	362,261,324

Groupon, Inc.
Consolidated Balance Sheets

	December 31,	
	2010	2011
	(in thousands)	
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 118,833	\$ 1,122,935
Accounts receivable, net	42,407	108,747
Prepaid expenses and other current assets	12,615	91,645
Total current assets	173,855	1,323,327
Property and equipment, net	16,490	51,800
Goodwill	132,038	166,903
Intangible assets, net	40,775	45,667
Other non-current assets	18,412	186,779
Total Assets	\$ 381,570	\$ 1,774,476
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued merchant payable	\$ 219,952	\$ 561,641
Other current liabilities	150,467	433,521
Total current liabilities	370,419	995,162
Deferred income taxes, non-current	604	7,428
Other non-current liabilities	1,017	70,766
Total Liabilities	372,040	1,073,356
Redeemable noncontrolling interest	2,983	1,653
Total Equity	6,547	699,467
Total Liabilities and Equity	\$ 381,570	\$ 1,774,476

Groupon, Inc.
Segment Information

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2010	2011	2010	2011
	(in thousands)			
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
North America				
Revenue	\$ 88,363	\$ 179,638	\$ 200,412	\$ 634,980
Segment operating expenses ⁽¹⁾	110,268	161,399	210,849	630,184
Segment operating (loss) income	(21,905)	18,239	(10,437)	4,796
International				
Revenue	\$ 83,861	\$ 312,526	\$ 112,529	\$ 975,450
Segment operating expenses ⁽¹⁾	205,317	312,813	283,085	1,124,579
Segment operating (loss) income	(121,456)	(287)	(170,556)	(149,129)
Consolidated				
Revenue	\$ 172,224	\$ 492,164	\$ 312,941	\$ 1,610,430
Segment operating expenses ⁽¹⁾	315,585	474,212	493,934	1,754,763
Segment operating (loss) income	(143,361)	17,952	(180,993)	(144,333)
Stock-based compensation	27,429	32,668	36,168	93,590
Acquisition-related	165,339	256	203,183	(4,537)
Interest and other expense (income), net	1,646	3,835	(284)	(5,973)
Equity-method investment activity, net	-	6,678	-	26,652
Loss before income taxes	(337,775)	(25,485)	(420,060)	(254,065)
Provision (benefit) for income taxes	(2,172)	34,194	(6,674)	43,697
Net loss	\$ (335,603)	\$ (59,679)	\$ (413,386)	\$ (297,762)
<p>(1) Represents operating expenses, excluding stock-based compensation and acquisition-related expense, which are not allocated to segments.</p>				
Segment highlights				
Y/Y revenue growth:				
North America	855 %	103 %	1,278 %	217 %
International	100 %	273 %	100 %	767 %
Consolidated	1,761 %	186 %	2,052 %	415 %
Y/Y segment operating income growth:				
North America	1,302 %	183 %	985 %	146 %
International	(100) %	100 %	(100) %	13 %
Consolidated	9,078 %	113 %	18,174 %	20 %
Revenue mix				
North America	51 %	37 %	64 %	39 %
International	49 %	64 %	36 %	61 %
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

Groupon, Inc.
Supplemental Financial Information
Historical Consolidated Statements of Cash Flows

	Twelve Months Ended	Three Months Ended			Twelve Months Ended	
	Dec. 31, 2010	Mar. 31, 2011	June 30, 2011	Sept. 30, 2011	Dec. 31, 2011	
	(in thousands)					
		(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Net cash provided by operating activities	\$ 86,885	\$ 17,940	\$ 39,019	\$ 64,411	\$ 169,077	\$ 290,447
Net cash used in investing activities	(11,879)	(44,294)	(25,184)	(43,048)	(34,907)	(147,433)
Net cash provided by (used in) financing activities	30,445	112,106	(422)	8,608	746,913	867,205
Effect of exchange rate changes on cash and cash equivalents	1,069	4,103	2,992	(11,129)	(2,083)	(6,117)
Net increase in cash and cash equivalents	106,520	89,855	16,405	18,842	879,000	1,004,102
Cash and cash equivalents, beginning of period	12,313	118,833	208,688	225,093	243,935	118,833
Cash and cash equivalents, end of period	<u>\$ 118,833</u>	<u>\$ 208,688</u>	<u>\$ 225,093</u>	<u>\$ 243,935</u>	<u>\$ 1,122,935</u>	<u>\$ 1,122,935</u>

Groupon, Inc.
Supplemental Financial Information
Historical Consolidated Statements of Operations

	Twelve Months Ended	Three Months Ended			Twelve Months Ended	
	Dec. 31, 2010	Mar. 31, 2011	June 30, 2011	Sept. 30, 2011	Dec. 31, 2011	
		(dollars in thousands, except per share data)				
		(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	\$ 312,941	\$ 295,523	\$ 392,582	\$ 430,161	\$ 492,164	\$ 1,610,430
Costs and expenses:						
Cost of revenue	42,896	39,765	54,803	68,046	96,265	258,879
Marketing	290,569	230,085	212,739	170,349	155,299	768,472
Selling, general and administrative	196,637	142,821	226,067	196,798	255,316	821,002
Acquisition-related	203,183	-	-	(4,793)	256	(4,537)
Total operating expenses	733,285	412,671	493,609	430,400	507,136	1,843,816
(Loss) income from operations	(420,344)	(117,148)	(101,027)	(239)	(14,972)	(233,386)
Interest and other income (expense), net	284	1,060	479	8,269	(3,835)	5,973
Equity-method investment activity, net of tax	-	(882)	(7,881)	(11,211)	(6,678)	(26,652)
Loss before provision for income taxes	(420,060)	(116,970)	(108,429)	(3,181)	(25,485)	(254,065)
(Benefit) provision for income taxes	(6,674)	(3,079)	1,347	11,235	34,194	43,697
Net loss	(413,386)	(113,891)	(109,776)	(14,416)	(59,679)	(297,762)
Less: Net loss (income) attributable to noncontrolling interests	23,746	11,223	8,536	3,843	(5,267)	18,335
Net loss attributable to Groupon, Inc.	<u>\$ (389,640)</u>	<u>\$ (102,668)</u>	<u>\$ (101,240)</u>	<u>\$ (10,573)</u>	<u>\$ (64,946)</u>	<u>\$ (279,427)</u>
Net loss per share attributable to common stockholders						
Basic	\$ (1.33)	\$ (0.48)	\$ (0.35)	\$ (0.18)	\$ (0.12)	\$ (1.03)
Diluted	\$ (1.33)	\$ (0.48)	\$ (0.35)	\$ (0.18)	\$ (0.12)	\$ (1.03)
Weighted average number of shares outstanding						
Basic	342,698,772	307,849,412	303,414,676	307,605,060	528,421,712	362,261,324
Diluted	342,698,772	307,849,412	303,414,676	307,605,060	528,421,712	362,261,324

Groupon, Inc.
Supplemental Financial Information
Historical Consolidated Balance Sheets

	<u>Dec. 31,</u> <u>2010</u>	<u>Mar. 31,</u> <u>2011</u>	<u>June 30,</u> <u>2011</u>	<u>Sept. 30,</u> <u>2011</u>	<u>Dec. 31,</u> <u>2011</u>
		(unaudited)	(in thousands) (unaudited)	(unaudited)	(unaudited)
Assets					
Current assets:					
Cash and cash equivalents	\$ 118,833	\$ 208,688	\$ 225,093	\$ 243,935	\$ 1,122,935
Accounts receivable, net	42,407	60,717	99,674	109,852	108,747
Prepaid expenses and other current assets	12,615	21,324	50,947	111,856	91,645
Total current assets	173,855	290,729	375,714	465,643	1,323,327
Property and equipment, net	16,490	26,928	36,532	41,374	51,800
Goodwill	132,038	154,438	162,796	169,152	166,903
Intangible assets, net	40,775	43,052	39,516	50,141	45,667
Other non-current assets	18,412	26,263	23,154	69,257	186,779
Total Assets	<u>\$ 381,570</u>	<u>\$ 541,410</u>	<u>\$ 637,712</u>	<u>\$ 795,567</u>	<u>\$ 1,774,476</u>
Liabilities and Stockholders' Equity					
Current liabilities:					
Accounts payable and accrued merchant payable	\$ 219,952	\$ 328,587	\$ 440,927	\$ 505,931	\$ 561,641
Other current liabilities	150,467	190,890	239,691	260,762	433,521
Total current liabilities	370,419	519,477	680,618	766,693	995,162
Deferred income taxes, non-current	604	1,437	2,180	4,788	7,428
Other non-current liabilities	1,017	13,353	23,533	39,719	70,766
Total Liabilities	372,040	534,267	706,331	811,200	1,073,356
Redeemable noncontrolling interest	2,983	2,744	681	2,198	1,653
Total Equity	6,547	4,399	(69,300)	(17,831)	699,467
Total Liabilities and Equity	<u>\$ 381,570</u>	<u>\$ 541,410</u>	<u>\$ 637,712</u>	<u>\$ 795,567</u>	<u>\$ 1,774,476</u>

Reconciliation of Non-GAAP Financial Measures

Free Cash Flow

The following is a reconciliation of free cash flow to the most comparable U.S. GAAP measure, "Net cash provided by operating activities," for the years ended December 31, 2011, 2010, and 2009, and the three months ended December 31, 2011 and 2010:

	Three Months Ended		Year Ended December 31,		
	December 31,		2009		
	2010	2011	2009	2010	2011
	(in thousands)				
	(unaudited)				
Net cash provided by operating activities	\$ 51,919	\$ 169,077	\$ 7,510	\$ 86,885	\$ 290,447
Purchases of property and equipment	(8,589)	(13,986)	(290)	(14,681)	(43,811)
Free cash flow	<u>\$ 43,330</u>	<u>\$ 155,091</u>	<u>\$ 7,220</u>	<u>\$ 72,204</u>	<u>\$ 246,636</u>

Consolidated Segment Operating Income (CSOI)

The following is a reconciliation of CSOI to the most comparable U.S. GAAP measure, "Loss from operations," for the years ended December 31, 2011 and 2010 and the three months ended December 31, 2011 and 2010:

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2010	2011	2010	2011
	(in thousands) (unaudited)			
Loss from operations	\$ (336,129)	\$ (14,972)	\$ (420,344)	\$ (233,386)
Stock-based compensation ⁽¹⁾	27,429	32,668	36,168	93,590
Acquisition-related ⁽²⁾	165,339	256	203,183	(4,537)
CSOI	<u>\$ (143,361)</u>	<u>\$ 17,952</u>	<u>\$ (180,993)</u>	<u>\$ (144,333)</u>

(1) Represents non-cash stock-based compensation expense recorded within selling, general and administrative expenses, marketing expenses and cost of revenue on the income statement.

(2) Primarily represents non-cash charges for remeasurement of the fair value of contingent consideration related to acquisitions made by us in 2010 and 2011.

Pro-forma net income attributable to common stockholders

The following is a reconciliation of pro-forma net income attributable to common stockholders to the most comparable U.S. GAAP measure, "Net loss attributable to common stockholders," for the years ended December 31, 2011 and 2010 and the three months ended December 31 2011 and 2010:

	Three Months Ended		Year Ended December 31,	
	December 31,		2010	
	2010	2011	2010	2011
	(in thousands)			
	(unaudited)			
Net loss attributable to common stockholders	\$ (378,610)	\$ (65,379)	\$ (456,320)	\$ (373,494)
Stock-based compensation ⁽¹⁾	27,429	32,668	36,168	93,590
Acquisition-related ⁽²⁾	165,339	256	203,183	(4,537)
Pro-forma net loss attributable to common stockholders	<u>\$ (185,842)</u>	<u>\$ (32,455)</u>	<u>\$ (216,969)</u>	<u>\$ (284,441)</u>
Weighted average basic shares	351,494,664	528,421,712	342,698,772	362,261,324
Pro-forma loss per share	\$ (0.53)	\$ (0.06)	\$ (0.63)	\$ (0.79)

(1) Represents non-cash stock-based compensation expense recorded within selling, general and administrative expenses, marketing expenses and cost of revenue on the income statement.

(2) Primarily represents non-cash charges for remeasurement of the fair value of contingent consideration related to acquisitions made by us in 2010 and 2011.

Foreign exchange rate neutral operating results

The effect on the company's consolidated statements of operations from changes in exchange rates versus the U.S. Dollar is as follows:

	Three Months Ended December 31, 2011			Year Ended December 31, 2011		
	At Avg. Q4 2010 Rates Rates ⁽¹⁾	Exchange Rate Effect ⁽²⁾	As Reported	At Avg. 2010 Rates ⁽¹⁾	Exchange Rate Effect ⁽²⁾	As Reported
	(in thousands) (unaudited)					
Revenue	\$ 495,085	\$ (2,921)	\$ 492,164	\$ 1,566,450	\$ 43,980	\$ 1,610,430
Loss from operations	(23,403)	8,431	(14,972)	(220,397)	(12,989)	(233,386)

(1) Represents the outcome that would have resulted had exchange rates in the reported period been the same as those in effect in the comparable prior year period for operating results.

(2) Represents the increase or decrease in reported amounts resulting from changes in exchange rates from those in effect in the comparable prior year period for operating results.