

Groupon, Inc.
Summary Consolidated and Segment Results
(dollars in thousands, except share and per share data)
(unaudited)

	Three Months Ended December 31,		Y/Y % Growth	FX Effect ⁽²⁾	Y/Y % Growth excluding FX ⁽²⁾	Year Ended December 31,		Y/Y % Growth	FX Effect ⁽²⁾	Y/Y % Growth excluding FX ⁽²⁾
	2012	2011				2012	2011			
Gross Billings ⁽¹⁾										
North America	\$ 718,952	\$ 475,807	51.1 %	\$ (2,569)	51.6 %	\$ 2,373,153	\$ 1,561,927	51.9 %	\$ (2,780)	52.1 %
International	801,500	755,061	6.2 %	(18,451)	8.6 %	3,007,031	2,423,574	24.1 %	(180,739)	31.5 %
Consolidated Billings	\$ 1,520,452	\$ 1,230,868	23.5 %	\$ (21,020)	25.2 %	\$ 5,380,184	\$ 3,985,501	35.0 %	\$ (183,519)	39.6 %
Revenue										
North America	\$ 375,351	\$ 179,638	108.9 %	\$ (1,082)	109.6 %	\$ 1,165,700	\$ 634,980	83.6 %	\$ (1,156)	83.8 %
International	262,951	312,526	(15.9) %	(6,629)	(13.7) %	1,168,772	975,450	19.8 %	(72,960)	27.3 %
Consolidated revenue	\$ 638,302	\$ 492,164	29.7 %	\$ (7,711)	31.3 %	\$ 2,334,472	\$ 1,610,430	45.0 %	\$ (74,116)	49.6 %
Operating (loss) income	\$ (12,861)	\$ (14,972)	14.1 %	\$ 135	13.2 %	\$ 98,701	\$ (233,386)	N/A	\$ (7,401)	N/A
Net loss attributable to common stockholders	\$ (81,089)	\$ (65,379)	(24.0) %	\$ 1,102	(25.7) %	\$ (67,377)	\$ (373,494)	82.0 %	\$ (9,283)	84.4 %
Net loss per share										
Basic	\$ (0.12)	\$ (0.12)				\$ (0.10)	\$ (1.03)			
Diluted	\$ (0.12)	\$ (0.12)				\$ (0.10)	\$ (1.03)			
Weighted average basic shares outstanding	655,678,123	528,421,712				650,214,119	362,261,324			
Weighted average diluted shares outstanding	655,678,123	528,421,712				650,214,119	362,261,324			

(1) Represents the total dollar value of customer purchases of goods and services, excluding applicable taxes and net of estimated refunds. Includes direct billings and third party and other billings.

(2) Represents change in financial measures that would have resulted had average exchange rates in the reporting period been the same as those in effect in the three months and year ended December 31, 2011.

Groupon, Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2012	2011	2012	2011
Operating activities				
Net loss	\$ (80,047)	\$ (59,679)	\$ (51,031)	\$ (297,762)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation and amortization	15,965	9,301	55,801	32,055
Stock-based compensation	26,411	32,668	104,117	93,590
Deferred income taxes	(17,259)	31,601	(7,651)	32,203
Excess tax benefits on stock-based compensation	(2,403)	1,145	(27,023)	(10,178)
Loss on equity method investees	1,231	6,678	9,925	26,652
Acquisition-related expense (benefit), net	153	256	897	(4,537)
Gain on return of common stock	-	-	-	(4,916)
Gain on E-Commerce transaction	-	-	(56,032)	-
Impairment of cost method investment	50,553	-	50,553	-
Change in assets and liabilities, net of acquisitions:				
Restricted cash	(2,517)	(4,378)	(4,372)	(12,519)
Accounts receivable	12,723	(686)	10,534	(70,376)
Prepaid expenses and other current assets	(45,922)	4,731	(70,859)	(36,292)
Accounts payable	5,537	927	18,711	(20,997)
Accrued merchant and supplier payables	96,029	65,236	149,918	380,108
Accrued expenses and other current liabilities	(20,268)	80,164	47,742	189,127
Other, net	25,531	1,113	35,604	(5,711)
Net cash provided by operating activities	65,717	169,077	266,834	290,447
Net cash used in investing activities	(52,753)	(34,907)	(194,979)	(147,433)
Net cash (used in) provided by financing activities	(6,495)	746,913	12,095	867,205
Effect of exchange rate changes on cash and cash equivalents	1,809	(2,083)	2,404	(6,117)
Net increase in cash and cash equivalents	8,278	879,000	86,354	1,004,102
Cash and cash equivalents, beginning of period	1,201,011	243,935	1,122,935	118,833
Cash and cash equivalents, end of the period	\$ 1,209,289	\$ 1,122,935	\$ 1,209,289	\$ 1,122,935

Groupon, Inc.
Consolidated Statements of Operations
(in thousands, except share and per share data)
(unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2012	2011	2012	2011
Revenue:				
Third party and other revenue	\$ 413,127	\$ 478,510	\$ 1,879,729	\$ 1,589,604
Direct revenue	225,175	13,654	454,743	20,826
Total revenue	638,302	492,164	2,334,472	1,610,430
Cost of revenue:				
Third party and other revenue	63,905	86,882	297,739	243,789
Direct revenue	218,567	9,383	421,201	15,090
Total cost of revenue	282,472	96,265	718,940	258,879
Gross Profit	355,830	395,899	1,615,532	1,351,551
Operating expenses:				
Marketing	60,913	155,299	336,854	768,472
Selling, general and administrative	307,625	255,316	1,179,080	821,002
Acquisition-related expense (benefit), net	153	256	897	(4,537)
Total operating expenses	368,691	410,871	1,516,831	1,584,937
(Loss) income from operations	(12,861)	(14,972)	98,701	(233,386)
Interest and other (expense) income, net	(48,279)	(3,835)	6,166	5,973
Loss on equity method investees	(1,231)	(6,678)	(9,925)	(26,652)
(Loss) income before provision for income taxes	(62,371)	(25,485)	94,942	(254,065)
Provision for income taxes	17,676	34,194	145,973	43,697
Net loss	(80,047)	(59,679)	(51,031)	(297,762)
Less: Net (income) loss attributable to noncontrolling interests	(936)	(5,267)	(3,742)	18,335
Net loss attributable to Groupon, Inc.	(80,983)	(64,946)	(54,773)	(279,427)
Redemption of preferred stock in excess of carrying value	-	-	-	(34,327)
Adjustment of redeemable noncontrolling interests to redemption value	(106)	(433)	(12,604)	(59,740)
Net loss attributable to common stockholders	\$ (81,089)	\$ (65,379)	\$ (67,377)	\$ (373,494)
Net loss per share				
Basic	\$ (0.12)	\$ (0.12)	\$ (0.10)	\$ (1.03)
Diluted	\$ (0.12)	\$ (0.12)	\$ (0.10)	\$ (1.03)
Weighted average number of shares outstanding				
Basic	655,678,123	528,421,712	650,214,119	362,261,324
Diluted	655,678,123	528,421,712	650,214,119	362,261,324

Groupon, Inc.
Consolidated Balance Sheets
(in thousands, except share and per share data)
(unaudited)

	December 31,	
	2012	2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,209,289	\$ 1,122,935
Accounts receivable, net	96,713	108,747
Deferred income taxes	31,211	19,243
Prepaid expenses and other current assets	150,573	72,402
Total current assets	1,487,786	1,323,327
Property, equipment and software, net	121,072	51,800
Goodwill	206,684	166,903
Intangible assets, net	42,597	45,667
Investments	84,209	50,604
Deferred income taxes, non-current	29,916	46,104
Other non-current assets	59,210	90,071
Total Assets	\$ 2,031,474	\$ 1,774,476
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 59,865	\$ 40,918
Accrued merchant and supplier payables	671,305	520,723
Accrued expenses	246,924	212,007
Deferred income taxes	53,700	76,841
Other current liabilities	136,647	144,673
Total current liabilities	1,168,441	995,162
Deferred income taxes, non-current	20,860	7,428
Other non-current liabilities	100,072	70,766
Total Liabilities	1,289,373	1,073,356
Commitments and contingencies		
Redeemable noncontrolling interests	-	1,653
Stockholders' Equity		
Class A common stock, par value \$0.0001 per share, 2,000,000,000 shares authorized, 654,523,706 and 641,745,225 shares issued and outstanding at December 31, 2012 and 2011, respectively	65	64
Class B common stock, par value \$0.0001 per share, 10,000,000 shares authorized, 2,399,976 shares issued and outstanding at December 31, 2012 and 2011	-	-
Common stock, par value \$0.0001 per share, 2,010,000,000 shares authorized, no shares issued and outstanding at December 31, 2012 and 2011	-	-
Additional paid-in capital	1,485,006	1,388,253
Accumulated deficit	(753,477)	(698,704)
Accumulated other comprehensive income	12,446	12,928
Total Groupon, Inc. Stockholders' Equity	744,040	702,541
Noncontrolling interests	(1,939)	(3,074)
Total Equity	742,101	699,467
Total Liabilities and Equity	\$ 2,031,474	\$ 1,774,476

Groupon, Inc.
Segment Information
(in thousands)
(unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2012	2011	2012	2011
North America				
Gross Billings ⁽¹⁾	\$ 718,952	\$ 475,807	\$ 2,373,153	\$ 1,561,927
Revenue	\$ 375,351	\$ 179,638	\$ 1,165,700	\$ 634,980
Segment cost of revenue and operating expenses ⁽²⁾⁽³⁾	358,319	161,399	1,025,974	630,184
Segment operating income ⁽³⁾	\$ 17,032	\$ 18,239	\$ 139,726	\$ 4,796
Segment income as a percent of segment revenue	4.5 %	10.2 %	12.0 %	0.8 %
International				
Gross Billings ⁽¹⁾	\$ 801,500	\$ 755,061	\$ 3,007,031	\$ 2,423,574
Revenue	\$ 262,951	\$ 312,526	\$ 1,168,772	\$ 975,450
Segment cost of revenue and operating expenses ⁽²⁾⁽³⁾	266,280	312,813	1,104,783	1,124,579
Segment operating (loss) income ⁽³⁾	\$ (3,329)	\$ (287)	\$ 63,989	\$ (149,129)
Segment (loss) income as a percent of segment revenue	(1.3) %	(0.1) %	5.5 %	(15.3) %
Consolidated				
Gross Billings ⁽¹⁾	\$ 1,520,452	\$ 1,230,868	\$ 5,380,184	\$ 3,985,501
Revenue	\$ 638,302	\$ 492,164	\$ 2,334,472	\$ 1,610,430
Segment cost of revenue and operating expenses ⁽²⁾	624,599	474,212	2,130,757	1,754,763
Segment operating income (loss)	\$ 13,703	\$ 17,952	\$ 203,715	\$ (144,333)
Segment income (loss) as a percent of segment revenue	2.1 %	3.6 %	8.7 %	(9.0) %
Stock-based compensation	26,411	32,668	104,117	93,590
Acquisition-related expense (benefit), net	153	256	897	(4,537)
Operating (loss) income	(12,861)	(14,972)	98,701	(233,386)
Interest and other expense (income), net	48,279	3,835	(6,166)	(5,973)
Loss on equity method investees	1,231	6,678	9,925	26,652
(Loss) income before provision for income taxes	(62,371)	(25,485)	94,942	(254,065)
Provision for income taxes	17,676	34,194	145,973	43,697
Net loss	<u>\$ (80,047)</u>	<u>\$ (59,679)</u>	<u>\$ (51,031)</u>	<u>\$ (297,762)</u>

(1) Represents the total dollar value of customer purchases of goods and services, excluding applicable taxes and net of estimated refunds. Includes direct billings and third party and other billings.

(2) Represents cost of revenue and operating expenses, excluding stock-based compensation and acquisition-related expense (benefit), net.

(3) We record intercompany cross-charges every period for services provided by the United States to our international subsidiaries. We updated our intercompany allocations for those charges during the fourth quarter of 2012, which resulted in a one-time \$8.5 million decrease to International Segment operating expenses (reduction to International Segment operating loss) and a corresponding increase to North America Segment operating expenses (reduction to North America Segment operating income).

Reconciliation of Free Cash Flow to Net Cash Provided by Operating Activities
(in thousands)
(unaudited)

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 three months and years ended December 31, 2012 and 2011, respectively:

	Three Months Ended December 31,		Year Ended December 31,	
	2012	2011	2012	2011
Net cash provided by operating activities	\$ 65,717	\$ 169,077	\$ 266,834	\$ 290,447
Purchases of property and equipment and capitalized software	(40,034)	(13,986)	(95,836)	(43,811)
Free cash flow	<u>\$ 25,683</u>	<u>\$ 155,091</u>	<u>\$ 170,998</u>	<u>\$ 246,636</u>
Net cash used in investing activities	\$ (52,753)	\$ (34,907)	\$ (194,979)	\$ (147,433)
Net cash (used in) provided by financing activities	\$ (6,495)	\$ 746,913	\$ 12,095	\$ 867,205

Reconciliation of Foreign Exchange Rate Neutral Operating Results to Revenue and (Loss) Income from Operations
(in thousands)
(unaudited)

The following is a reconciliation of foreign exchange rate neutral operating results to the most comparable U.S. GAAP measures, "Revenue" and "(Loss) Income from operations," for the three months and year ended December 31, 2012:

The effect on the Company's consolidated statements of operations from changes in exchange rates versus the U.S. Dollar for the three months ended December 31, 2012 are as follows:

	Three Months Ended December 31, 2012			Three Months Ended December 31, 2012		
	At Avg. Q4 2011 Rates ⁽¹⁾	Exchange Rate Effect ⁽²⁾	As Reported	At Avg. Q3 2012 Rates ⁽³⁾	Exchange Rate Effect ⁽²⁾	As Reported
Revenue	\$ 646,013	\$ (7,711)	\$ 638,302	\$ 634,734	\$ 3,568	\$ 638,302
Loss from operations	\$ (12,996)	\$ 135	\$ (12,861)	\$ (12,075)	\$ (786)	\$ (12,861)

The effect on the Company's consolidated statements of operations from changes in exchange rates versus the U.S. Dollar for the year ended December 31, 2012 are as follows:

	Year Ended December 31, 2012			Year Ended December 31, 2012		
	At Avg. 2011 Rates ⁽¹⁾	Exchange Rate Effect ⁽²⁾	As Reported	At Avg. Q4'11 - Q3'12 Rates ⁽³⁾	Exchange Rate Effect ⁽²⁾	As Reported
Revenue	\$ 2,408,588	\$ (74,116)	\$ 2,334,472	\$ 2,344,952	\$ (10,480)	\$ 2,334,472
Income from operations	\$ 106,102	\$ (7,401)	\$ 98,701	\$ 105,467	\$ (6,766)	\$ 98,701

(1) Represents the outcome that would have resulted had average exchange rates in the reported period been the same as those in effect during the three months and year ended December 31, 2011.

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

(3) Represents the outcome that would have resulted had average exchange rates in the reported period been the same as those in effect during the three and twelve months ended September 30, 2012.

Supplemental Financial Information and Business Metrics⁽¹⁾
(in thousands, except per share and headcount data and TTM
Gross Billings / Average Active Customer)
(unaudited)

	Q1 2011 ⁽⁸⁾	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012
Segments								
North America Segment:								
Gross Billings ⁽¹⁾	\$ 315,152	\$ 369,990	\$ 400,978	\$ 475,807	\$ 553,557	\$ 548,275	\$ 552,369	\$ 718,952
Year-over-year growth	610 %	359 %	204 %	118 %	76 %	48 %	38 %	51 %
% of Consolidated Gross Billings	47 %	49 %	45 %	45 %	43 %	43 %	45 %	47 %
Gross Billings ⁽¹⁾ Trailing Twelve Months (TTM)	\$ 745,772	\$ 1,035,183	\$ 1,304,128	\$ 1,561,927	\$ 1,800,332	\$ 1,978,617	\$ 2,130,008	\$ 2,373,153
Revenue:								
Third Party and Other Revenue ⁽²⁾	\$ 136,612	\$ 157,205	\$ 161,525	\$ 179,638	\$ 230,984	\$ 207,119	\$ 158,545	\$ 165,776
Direct Revenue ⁽²⁾	-	-	-	-	7,581	53,062	123,058	209,375
Total Revenue	\$ 136,612	\$ 157,205	\$ 161,525	\$ 179,638	\$ 238,565	\$ 260,181	\$ 291,603	\$ 375,351
Year-over-year growth	574 %	341 %	188 %	103 %	75 %	66 %	81 %	109 %
% of Consolidated Revenue	46 %	49 %	38 %	36 %	43 %	40 %	39 %	39 %
Revenue TTM	\$ 316,752	\$ 438,305	\$ 543,705	\$ 634,980	\$ 736,933	\$ 839,909	\$ 969,987	\$ 1,165,700
Cost of Revenue:								
Third Party and Other Cost of Revenue ⁽³⁾	\$ 25,050	\$ 32,169	\$ 31,316	\$ 51,419	\$ 62,580	\$ 40,155	\$ 15,475	\$ 27,002
Direct Cost of Revenue ⁽³⁾	-	-	-	-	6,671	46,159	115,560	196,789
Total Cost of Revenue	\$ 25,050	\$ 32,169	\$ 31,316	\$ 51,419	\$ 69,251	\$ 86,314	\$ 131,035	\$ 233,791
% of North America Total Revenue	18 %	20 %	19 %	29 %	29 %	33 %	45 %	60 %
Gross Profit								
Third Party and Other	\$ 111,562	\$ 125,036	\$ 130,209	\$ 128,219	\$ 168,404	\$ 166,964	\$ 143,070	\$ 138,774
Direct	-	-	-	-	910	6,903	17,498	12,786
Total	\$ 111,562	\$ 125,036	\$ 130,209	\$ 128,219	\$ 169,314	\$ 173,867	\$ 160,568	\$ 151,560
% of North America Total Revenue	82 %	80 %	81 %	71 %	71 %	67 %	55 %	40 %
Operating (Loss) Income Excl SBC, Acq-Related Expenses	\$ (21,778)	\$ (10,501)	\$ 18,836	\$ 18,239	\$ 40,172	\$ 43,429	\$ 39,093	\$ 17,032
Year-over-year growth	N/A	(2,678) %	496 %	N/A	N/A	N/A	108 %	(7) %
% of Consolidated Operating (Loss) Income Excl SBC, Acq-Related	22 %	17 %	1,113 %	102 %	59 %	60 %	77 %	124 %
Operating Margin Excl SBC, Acq-Related (% of North America Total revenue)	(15.9) %	(6.7) %	11.7 %	10.2 %	16.8 %	16.7 %	13.4 %	4.5 %
Year-over-year growth (bps)	(5,859)	(562)	903	3,494	2,278	2,257	170	(570)
Operating (Loss) Income TTM Excl SBC, Acq-Related	\$ (40,901)	\$ (51,024)	\$ (35,348)	\$ 4,796	\$ 66,746	\$ 120,676	\$ 140,933	\$ 139,726
Operating Margin TTM Excl SBC, Acq-Related (% of North America Total TTM revenue)	(12.9) %	(11.6) %	(6.5) %	0.8 %	9.1 %	14.4 %	14.5 %	12.0 %
Year-over-year growth (bps)	(3,664)	(2,266)	(1,467)	596	2,197	2,601	2,100	1,120
International Segment:								
Gross Billings ⁽¹⁾	\$ 353,022	\$ 559,259	\$ 756,232	\$ 755,061	\$ 801,243	\$ 738,401	\$ 665,887	\$ 801,500
Year-over-year growth	N/A	5,957 %	1,115 %	289 %	127 %	32 %	(12) %	6 %
Year-over-year growth, excluding FX ⁽⁴⁾	N/A	4,562 %	1,021 %	297 %	128 %	45 %	(4) %	9 %
% of Consolidated Gross Billings	33 %	60 %	61 %	61 %	37 %	37 %	35 %	33 %
Gross Billings ⁽¹⁾ TTM	\$ 623,367	\$ 1,171,781	\$ 1,865,774	\$ 2,423,574	\$ 2,871,795	\$ 3,050,937	\$ 2,960,592	\$ 3,007,031
Revenue:								
Third Party and Other Revenue ⁽²⁾	\$ 158,911	\$ 235,377	\$ 261,464	\$ 298,872	\$ 309,069	\$ 295,866	\$ 265,019	\$ 247,351
Direct Revenue ⁽²⁾	-	-	7,172	13,654	11,649	12,288	11,930	15,600
Total Revenue	\$ 158,911	\$ 235,377	\$ 268,636	\$ 312,526	\$ 320,718	\$ 308,154	\$ 276,949	\$ 262,951
Year-over-year growth	N/A	7,709 %	947 %	373 %	102 %	31 %	(5) %	(16) %
Year-over-year growth, excluding FX ⁽⁴⁾	N/A	7,013 %	868 %	276 %	112 %	44 %	13 %	(14) %
% of Consolidated Revenue	34 %	60 %	62 %	64 %	57 %	34 %	49 %	41 %
Revenue TTM	\$ 271,440	\$ 503,803	\$ 746,785	\$ 975,450	\$ 1,137,257	\$ 1,210,034	\$ 1,218,347	\$ 1,168,772
Cost of Revenue:								
Third Party and Other Cost of Revenue ⁽³⁾	\$ 14,715	\$ 22,634	\$ 31,023	\$ 35,463	\$ 40,049	\$ 36,877	\$ 38,698	\$ 36,903
Direct Cost of Revenue ⁽³⁾	-	-	5,707	9,383	10,198	11,993	12,053	12,778
Total Cost of Revenue	\$ 14,715	\$ 22,634	\$ 36,730	\$ 44,846	\$ 50,247	\$ 48,870	\$ 50,751	\$ 49,681
% of International Total Revenue	9 %	10 %	14 %	14 %	16 %	16 %	18 %	22 %
Gross Profit								
Third Party and Other	\$ 144,196	\$ 212,743	\$ 230,441	\$ 263,409	\$ 269,020	\$ 258,989	\$ 226,321	\$ 210,448
Direct	-	-	1,465	4,271	1,451	295	(123)	(6,178)
Total	\$ 144,196	\$ 212,743	\$ 231,906	\$ 267,680	\$ 270,471	\$ 259,284	\$ 226,198	\$ 204,270
% of International Total Revenue	91 %	90 %	86 %	85 %	84 %	84 %	82 %	78 %
Operating (Loss) Income Excl SBC, Acq-Related	\$ (76,506)	\$ (51,808)	\$ (20,528)	\$ (287)	\$ 27,418	\$ 28,505	\$ 11,395	\$ (3,329)
Year-over-year growth	N/A	(125) %	21 %	100 %	N/A	155 %	88 %	9 %
% of Consolidated Operating (Loss) Income Excl SBC, Acq-Related	78 %	83 %	(1,213) %	(2) %	41 %	40 %	23 %	(24) %
Operating Margin Excl SBC, Acq-Related (% of International Total revenue)	(48.1) %	(22.0) %	(7.6) %	(0.1) %	8.5 %	9.3 %	4.1 %	(1.3) %
Year-over-year growth (bps)	N/A	74,265	9,392	14,474	5,669	3,126	1,170	(120)
Operating (Loss) Income TTM Excl SBC, Acq-Related	\$ (247,063)	\$ (275,824)	\$ (270,298)	\$ (149,129)	\$ (45,205)	\$ 35,108	\$ 67,031	\$ 63,989
Operating Margin TTM Excl SBC, Acq-Related (% of International Total TTM revenue)	(91.0) %	(64.7) %	(36.2) %	(15.3) %	(4.0) %	2.9 %	5.5 %	5.5 %
Year-over-year growth (bps)	N/A	70,992	13,508	13,528	6,704	5,765	4,170	2,080
Consolidated Results of Operations								
Gross Billings ⁽¹⁾	\$ 668,174	\$ 929,249	\$ 1,157,210	\$ 1,230,868	\$ 1,354,800	\$ 1,286,676	\$ 1,218,256	\$ 1,520,452
Year-over-year growth	1,485 %	916 %	496 %	196 %	103 %	48 %	38 %	54 %
Year-over-year growth, excluding FX ⁽⁴⁾	1,378 %	859 %	465 %	198 %	108 %	47 %	11 %	25 %
Gross Billings ⁽¹⁾ (TTM)	\$ 1,369,139	\$ 2,206,964	\$ 3,169,902	\$ 3,985,501	\$ 4,672,127	\$ 5,029,554	\$ 5,090,600	\$ 5,380,184
Year-over-year growth	1,651 %	1,227 %	804 %	435 %	241 %	128 %	61 %	35 %
Revenue:								
Third Party and Other Revenue ⁽²⁾	\$ 295,523	\$ 392,582	\$ 422,989	\$ 478,510	\$ 540,053	\$ 502,985	\$ 423,564	\$ 413,127
Direct Revenue ⁽²⁾	-	-	7,172	13,654	19,230	65,350	144,988	225,175
Total Consolidated Revenue	\$ 295,523	\$ 392,582	\$ 430,161	\$ 492,164	\$ 559,283	\$ 568,335	\$ 568,552	\$ 638,302
Year-over-year growth	1,358 %	915 %	426 %	186 %	89 %	45 %	32 %	30 %
Year-over-year growth, excluding FX ⁽⁴⁾	1,332 %	858 %	401 %	188 %	95 %	53 %	38 %	31 %
Total Consolidated Revenue TTM	\$ 588,192	\$ 942,108	\$ 1,290,490	\$ 1,610,430	\$ 1,874,190	\$ 2,049,943	\$ 2,188,534	\$ 2,334,472
Year-over-year growth	1,594 %	1,205 %	761 %	415 %	219 %	118 %	70 %	45 %
Cost of Revenue:								
Third Party and Other Cost of Revenue ⁽³⁾	\$ 39,765	\$ 54,803	\$ 62,339	\$ 86,882	\$ 102,629	\$ 77,032	\$ 54,173	\$ 63,905
Direct Cost of Revenue ⁽³⁾	-	-	5,707	9,383	16,869	58,152	127,613	218,567
Total Consolidated Cost of Revenue	\$ 39,765	\$ 54,803	\$ 68,046	\$ 96,265	\$ 119,498	\$ 135,184	\$ 181,786	\$ 282,472
% of Total Consolidated Revenue	13 %	14 %	16 %	20 %	21 %	24 %	32 %	44 %
Gross Profit								
Third Party and Other	\$ 255,758	\$ 337,779	\$ 360,650	\$ 391,628	\$ 437,424	\$ 425,953	\$ 369,391	\$ 349,222
Direct	-	-	1,465	4,271	2,361	7,198	17,375	6,608
Total	\$ 255,758	\$ 337,779	\$ 362,115	\$ 395,899	\$ 439,785	\$ 433,151	\$ 386,766	\$ 355,830
% of Total Consolidated Revenue	87 %	86 %	84 %	80 %	79 %	76 %	68 %	56 %
Operating (Loss) Income Excl SBC, Acq-Related	\$ (98,284)	\$ (62,309)	\$ (1,692)	\$ 17,952	\$ 67,590	\$ 71,934	\$ 50,488	\$ 13,703
Year-over-year growth	N/A	(166) %	93 %	N/A	N/A	N/A	N/A	(24) %
Operating Margin Excl SBC, Acq-Related (% of Total Consolidated revenue)	(33.3) %	(15.9) %	(0.4) %	3.6 %	12.1 %	12.7 %	8.9 %	2.1 %
Year-over-year growth (bps)	(7,611)	4,471	2,760	8,689	4,534	2,853	930	(150)
Operating (Loss) Income TTM Excl SBC, Acq-Related	\$ (287,964)	\$ (326,848)	\$ (305,646)	\$ (144,333)	\$ 21,541	\$ 155,784	\$ 207,964	\$ 203,715
Operating Margin TTM Excl SBC, Acq-Related (% of Total Consolidated TTM revenue)	(49.0) %	(34.7) %	(23.7) %	(9.0) %	1.1 %	7.6 %	9.5 %	8.7 %
Year-over-year growth (bps)	(7,208)	(1,335)	245	4,887	5,011	4,229	3,320	1,770
Operating (Loss) Income	\$ (117,148)	\$ (101,027)	\$ (239)	\$ (14,972)	\$ 39,639	\$ 46,485	\$ 25,438	\$ (12,861)
Year-over-year growth	N/A	(174) %	100 %	96 %	N/A	N/A	N/A	14 %
Operating Margin (% of Total Consolidated revenue)	(39.6) %	(25.7) %	(0.1) %	(3.0) %	7.1 %	8.2 %	4.5 %	(2.0) %
Year-over-year growth (bps)	(8,192)	6,949	6,838	19,213	3,391	3,991	457	100
Operating (Loss) Income TTM	\$ (546,064)	\$ (610,272)	\$ (554,543)	\$ (233,386)	\$ (76,599)	\$ 70,913	\$ 96,590	\$ 98,701
Operating Margin TTM (% of Total Consolidated TTM revenue)	(92.8) %	(64.8) %	(43.0) %	(14.5) %	(4.1) %	3.5 %	4.4 %	4.2 %
Year-over-year growth (bps)	(11,533)	(2,457)	1,427	11,983	8,875	6,824	4,740	1,870
Net (Loss) Income Attributable to Common Stockholders	(146,480)	(107,406)	(54,229)	(65,379)	(11,695)	28,386	(2,979)	(81,089)
Weighted Average Basic Shares Outstanding	307,849	303,415	307,605	528,422	644,097	647,150	653,224	655,678
Weighted Average Diluted Shares Outstanding ⁽⁵⁾	307,849	303,415	307,605	528,422	644,097	647,150	653,224	655,678
Net (Loss) Earnings per Share								
Basic	\$ (0.48)	\$ (0.35)	\$ (0.18)	\$ (0.12)	\$ (0.02)	\$ 0.04	\$ (0.00)	\$ (0.12)
Diluted	\$ (0.48)	\$ (0.35)	\$ (0.18)	\$ (0.12)	\$ (0.02)	\$ 0.04	\$ (0.00)	\$ (0.12)

Supplemental Financial Information and Business Metrics⁽¹³⁾
(in thousands, except per share and headcount data and TTM
Gross Billings / Average Active Customer)
(unaudited)

	Q1 2011 ⁽⁸⁾	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012
Depreciation and Amortization								
North America	\$ 1,273	\$ 1,910	\$ 2,817	\$ 4,515	\$ 5,004	\$ 6,669	\$ 8,153	\$ 10,754
International	6,325	6,188	4,241	4,786	6,712	6,141	7,157	5,211
Consolidated	\$ 7,598	\$ 8,098	\$ 7,058	\$ 9,301	\$ 11,716	\$ 12,810	\$ 15,310	\$ 15,965
The following is a quarterly reconciliation of Operating (Loss) Income, excluding stock-based compensation and acquisition-related expense (benefit), net, to the most comparable U.S. GAAP measure, "Operating (Loss) Income."⁽⁶⁾								
Operating (Loss) Income, excluding stock-based compensation and acquisition-related expense	\$ (98,284)	\$ (62,309)	\$ (1,692)	\$ 17,952	\$ 67,590	\$ 71,934	\$ 50,488	\$ 13,703
Stock-based Compensation	(18,864)	(38,718)	(3,340)	(32,668)	(28,003)	(27,084)	(22,619)	(26,411)
Acquisition-related expense (benefit), net	-	-	4,793	(256)	82	1,635	(2,431)	(153)
Operating (Loss) Income	\$ (117,148)	\$ (101,027)	\$ (239)	\$ (14,972)	\$ 39,639	\$ 46,485	\$ 25,438	\$ (12,861)
The following is a trailing twelve months reconciliation of Operating (Loss) Income, excluding stock-based compensation and acquisition-related expense (benefit), net, to the most comparable U.S. GAAP measure, "Operating (Loss) Income."⁽⁶⁾								
Operating (Loss) Income, excluding stock-based compensation and acquisition-related expense TTM	\$ (287,964)	\$ (326,848)	\$ (305,646)	\$ (144,333)	\$ 21,541	\$ 155,784	\$ 207,964	\$ 203,715
Stock-based Compensation	(54,916)	(89,674)	(88,351)	(93,590)	(102,729)	(91,095)	(110,374)	(104,117)
Acquisition-related expense (benefit), net	(203,184)	(193,750)	(160,546)	4,537	4,589	6,224	(1,000)	(897)
Operating (Loss) Income TTM	\$ (546,064)	\$ (610,272)	\$ (554,543)	\$ (233,386)	\$ (76,599)	\$ 70,913	\$ 96,590	\$ 98,701
The following is a quarterly reconciliation of foreign exchange rate neutral Gross Billings growth from the comparable quarterly periods of the prior year to reported Gross Billings growth from the comparable quarterly periods of the prior year.⁽⁷⁾								
International Gross Billings, excluding FX	N/A	4,587 %	1,021 %	287 %	138 %	45 %	(4) %	9 %
FX Effect	N/A	470 %	94 %	(4) %	(11) %	(13) %	(8) %	(3) %
International Gross Billings	N/A	5,057 %	1,115 %	283 %	127 %	32 %	(12) %	6 %
Consolidated Gross Billings, excluding FX	1,378 %	859 %	465 %	198 %	108 %	47 %	11 %	25 %
FX Effect	27 %	57 %	31 %	(2) %	(5) %	(9) %	(6) %	(1) %
Consolidated Gross Billings	1,405 %	916 %	496 %	196 %	103 %	38 %	5 %	24 %
The following is a quarterly reconciliation of foreign exchange rate neutral Revenue growth from the comparable quarterly periods of the prior year to reported Revenue growth from the comparable quarterly periods of the prior year.⁽⁷⁾								
International Revenue, excluding FX	N/A	7,013 %	868 %	276 %	112 %	44 %	13 %	(14) %
FX Effect	N/A	696 %	79 %	(3) %	(10) %	(13) %	(10) %	(2) %
International Revenue	N/A	7,709 %	947 %	273 %	102 %	31 %	3 %	(16) %
Consolidated Revenue, excluding FX	1,332 %	858 %	401 %	188 %	95 %	53 %	38 %	31 %
FX Effect	26 %	57 %	25 %	(2) %	(6) %	(8) %	(6) %	(1) %
Consolidated Revenue	1,358 %	915 %	426 %	186 %	89 %	45 %	32 %	30 %
Cash Flow								
Operating cash flow (TTM)	\$ 91,928	\$ 128,316	\$ 173,291	\$ 290,447	\$ 356,221	\$ 393,517	\$ 370,194	\$ 266,834
Purchases of property, equipment and capitalized software, net (TTM)	(24,780)	(31,949)	(38,414)	(43,811)	(45,932)	(62,401)	(69,788)	(95,836)
Free cash flow (TTM) ⁽⁹⁾	\$ 67,148	\$ 96,367	\$ 134,877	\$ 246,636	\$ 310,289	\$ 330,116	\$ 300,406	\$ 170,998
Net cash (used in) provided by investing activities (TTM)	\$ (55,510)	\$ (83,226)	\$ (124,301)	\$ (147,433)	\$ (149,583)	\$ (184,552)	\$ (177,133)	\$ (194,979)
Net cash provided by (used in) financing activities (TTM)	\$ 142,549	\$ 125,404	\$ 130,593	\$ 867,205	\$ 746,824	\$ 771,404	\$ 765,503	\$ 12,095
Other Metrics:								
Active Customers⁽¹⁰⁾								
North America	8,213	11,039	12,823	14,084	14,876	15,121	15,983	17,215
International	7,163	11,998	16,083	19,658	21,974	22,925	23,542	23,834
Total Active Customers	15,376	23,037	28,906	33,742	36,850	38,046	39,525	41,049
TTM Gross Billings / Average Active Customer⁽¹¹⁾								
	\$ 169	\$ 174	\$ 189	\$ 187	\$ 179	\$ 165	\$ 149	\$ 144
Headcount								
Sales ⁽¹²⁾	3,556	4,850	4,853	5,196	5,735	5,587	5,087	4,677
% North America	19%	20%	21%	20%	21%	20%	24%	25%
% International	81%	80%	79%	80%	79%	80%	76%	75%
Other	3,581	4,775	5,565	6,275	6,813	7,233	6,779	6,717
Total Headcount	7,107	9,625	10,418	11,471	12,548	12,820	11,866	11,394

(1) Represents the total dollar value of customer purchases of goods and services, excluding applicable taxes and net of estimated refunds. Includes direct billings and third party and other billings.

(2) Third party revenue is related to sales for which the company acts as a marketing agent for the merchant. This revenue is recorded on a net basis. Direct revenue is related to the sale of products for which the Company is the merchant of record. These revenues are accounted for on a gross basis, with the cost of inventory included in cost of revenue.

(3) Cost of revenue is comprised of direct and indirect costs incurred to generate revenue. Direct cost of revenue includes the purchase price of consumer products, warehousing, shipping costs and inventory markdowns. Third party cost of revenue includes estimated refunds for which the merchant's share is not recoverable. Other costs incurred to generate revenue are allocated to cost of third party revenue, direct revenue and other revenue in proportion to relative gross billings during the period.

(4) Represents change in financial measures that would have resulted had average exchange rates in the reported period been the same as those in effect in the prior year period.

(5) The weighted-average diluted shares outstanding is calculated using the weighted-average number of common shares and, if dilutive, potential common shares outstanding during the period. Potential common shares consist of the incremental common shares issuable upon the exercise of stock options and vesting of restricted stock units and restricted shares, as calculated using the treasury stock method.

(6) Operating income excluding stock-based compensation and acquisition-related activities is a non-GAAP financial measure. The Company reconciles this measure to the most comparable U.S. GAAP measure, "Operating Income," for the periods presented.

(7) Foreign Exchange Rate neutral operating results are non-GAAP financial measures. The Company reconciles these measures to the most comparable U.S. GAAP measures, "Gross Billings" and "Revenue," for the periods presented.

(8) Year-over-year growth is unavailable for select international growth measures as Groupon did not commence international operations until the second quarter of 2010.

(9) Free cash flow is a non-GAAP financial measure. The Company reconciles this measure to the most comparable U.S. GAAP measure, "Net cash provided by operating activities," for the periods presented. See "Reconciliation of Free Cash Flow to Net Cash Provided by Operating Activities."

(10) Reflects the total number of unique accounts who have purchased Groupons during the trailing twelve months.

(11) Reflects the total gross billings generated in the trailing twelve months per average active customer over that period.

(12) Includes inside and outside merchant sales representatives, as well as sales support.

(13) The definition, methodology, and appropriateness of each of our supplemental metrics is reviewed periodically. As a result, metrics are subject to removal and/or change.