

**UNITED ONLINE, INC.**  
**Unaudited Condensed Consolidated Statements of Operations**  
(in thousands, except per share amounts)

Quarter Ended	September 30, 2009	June 30, 2009	March 31, 2009	December 31, 2008	September 30, 2008
Revenues					
Services	\$ 138,337	\$ 146,200	\$ 150,382	\$ 158,337	\$ 133,999
Products	77,869	114,589	113,265	97,825	35,158
Total revenues	<u>216,206</u>	<u>260,789</u>	<u>263,647</u>	<u>256,162</u>	<u>169,157</u>
Operating expenses:					
Cost of revenues - services <sup>(a)</sup>	26,274	27,963	29,642	31,608	28,539
Cost of revenues - products <sup>(a)</sup>	58,288	80,486	84,692	73,764	26,305
Sales and marketing <sup>(a)</sup>	46,146	53,675	55,763	58,076	42,376
Technology and development <sup>(a)</sup>	15,700	16,796	17,141	16,309	14,983
General and administrative <sup>(a)</sup>	28,111	30,107	30,414	25,465	23,096
Amortization of intangible assets	9,013	8,648	8,591	8,591	4,966
Restructuring charges	-	-	-	-	93
Impairment of goodwill, intangible assets and long-lived assets	-	-	-	176,150	-
Total operating expenses	<u>183,532</u>	<u>217,675</u>	<u>226,243</u>	<u>389,963</u>	<u>140,358</u>
Operating income (loss)	32,674	43,114	37,404	(133,801)	28,799
Interest income	498	338	348	490	1,053
Interest expense	(7,542)	(8,804)	(8,201)	(9,419)	(3,751)
Other income (expense), net	567	93	38	(766)	492
Income (loss) before income taxes	26,197	34,741	29,589	(143,496)	26,593
Provision for (benefit from) income taxes	10,042	15,474	12,536	(5,933)	10,427
Net income (loss) <sup>(b)</sup>	<u>\$ 16,155</u>	<u>\$ 19,267</u>	<u>\$ 17,053</u>	<u>\$ (137,563)</u>	<u>\$ 16,166</u>
Income allocated to participating securities <sup>(b)</sup>	(1,222)	(1,580)	(671)	(355)	(982)
Net income (loss) applicable to common stockholders <sup>(b)</sup>	<u>\$ 14,933</u>	<u>\$ 17,687</u>	<u>\$ 16,382</u>	<u>\$ (137,918)</u>	<u>\$ 15,184</u>
Shares used to calculate basic net income (loss) per common share <sup>(b)</sup>	84,028	83,502	82,570	81,880	74,108
Basic net income (loss) per common share	<u>\$ 0.18</u>	<u>\$ 0.21</u>	<u>\$ 0.20</u>	<u>\$ (1.68)</u>	<u>\$ 0.20</u>
Shares used to calculate diluted net income (loss) per common share <sup>(b)</sup>	84,688	83,875	82,837	82,736	74,865
Diluted net income (loss) per common share	<u>\$ 0.18</u>	<u>\$ 0.21</u>	<u>\$ 0.20</u>	<u>\$ (1.67)</u>	<u>\$ 0.20</u>
Shares outstanding at end of period	<u>84,236</u>	<u>83,769</u>	<u>83,025</u>	<u>82,107</u>	<u>81,785</u>
(a) Stock-based compensation was allocated as follows:					
Cost of revenues - services	\$ 201	\$ 271	\$ 256	\$ 274	\$ 381
Cost of revenues - products	20	-	-	-	-
Sales and marketing	1,421	1,451	1,248	1,722	2,135
Technology and development	1,202	1,318	1,193	1,147	2,664
General and administrative	6,748	7,206	6,669	5,278	4,775
Total stock-based compensation	<u>\$ 9,592</u>	<u>\$ 10,246</u>	<u>\$ 9,366</u>	<u>\$ 8,421</u>	<u>\$ 9,955</u>

(b) The Company computes earnings per share in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 260, which requires the allocation of net income between common stockholders and participating securities when computing earnings per share. ASC 260 has been retroactively applied to the company's unaudited condensed consolidated statements of operations for the quarter and nine months ended September 30, 2008 and did not have a material impact on the calculation of basic or diluted net income per share applicable to common stockholders.

**UNITED ONLINE, INC.**
**Unaudited Reconciliation of Operating Income (Loss) to Adjusted OIBDA<sup>(1)</sup>**  
**(in thousands, except percentages)**

<b>Quarter Ended</b>	<b>September 30, 2009</b>	<b>June 30, 2009</b>	<b>March 31, 2009</b>	<b>December 31, 2008</b>	<b>September 30, 2008</b>
Operating income (loss)	\$ 32,674	\$ 43,114	\$ 37,404	\$ (133,801)	\$ 28,799
Depreciation	6,177	6,540	6,092	5,685	5,348
Amortization of intangible assets	9,013	8,648	8,591	8,591	4,966
Operating income (loss) before depreciation and amortization	47,864	58,302	52,087	(119,525)	39,113
Stock-based compensation	9,592	10,246	9,366	8,421	9,955
Restructuring charges	-	-	-	-	93
Impairment of goodwill, intangible assets and long-lived assets	-	-	-	176,150	-
Adjusted operating income before depreciation and amortization	\$ 57,456	\$ 68,548	\$ 61,453	\$ 65,046	\$ 49,161
Adjusted OIBDA as a % of revenues	26.6%	26.3%	23.3%	25.4%	29.1%

**Unaudited Reconciliation of Segment Income (Loss) from Operations to  
Segment Adjusted OIBDA<sup>(1)</sup>**  
**(in thousands, except percentages)**

<b>Quarter Ended</b>	<b>September 30, 2009</b>	<b>June 30, 2009</b>	<b>March 31, 2009</b>	<b>December 31, 2008</b>	<b>September 30, 2008</b>
<b>FTD:</b>					
Segment income (loss) from operations	\$ 15,253	\$ 23,909	\$ 19,230	\$ (157,589)	\$ 8,184
Stock-based compensation	2,005	2,243	1,810	1,941	-
Impairment of goodwill, intangible assets and long-lived assets	-	-	-	175,867	-
Segment adjusted operating income before depreciation and amortization	\$ 17,258	\$ 26,152	\$ 21,040	\$ 20,219	\$ 8,184
Segment adjusted OIBDA as a % of segment revenues	16.1%	17.5%	14.2%	15.1%	17.0%
<b>Classmates Media:</b>					
Segment income from operations	\$ 16,998	\$ 14,123	\$ 12,155	\$ 19,261	\$ 12,158
Stock-based compensation	3,451	3,766	3,664	2,772	3,435
Restructuring charges	-	-	-	-	-
Segment adjusted operating income before depreciation and amortization	\$ 20,449	\$ 17,889	\$ 15,819	\$ 22,033	\$ 15,593
Segment adjusted OIBDA as a % of segment revenues	34.8%	30.8%	27.1%	35.2%	26.5%
<b>Communications:</b>					
Segment income from operations	\$ 15,613	\$ 20,270	\$ 20,702	\$ 18,803	\$ 18,771
Stock-based compensation	4,136	4,237	3,892	3,708	6,520
Restructuring charges	-	-	-	-	93
Impairment of goodwill, intangible assets and long-lived assets	-	-	-	283	-
Segment adjusted operating income before depreciation and amortization	\$ 19,749	\$ 24,507	\$ 24,594	\$ 22,794	\$ 25,384
Segment adjusted OIBDA as a % of segment revenues	39.0%	45.3%	42.4%	37.9%	40.9%

**UNITED ONLINE, INC.**

**Unaudited Reconciliation of Operating Income (Loss) to Adjusted OIBDA<sup>(1)</sup>**  
(in thousands, except percentages)

<b>Quarter Ended</b>	<b>June 30, 2008</b>	<b>March 31, 2008</b>	<b>December 31, 2007</b>	<b>September 30, 2007</b>	<b>June 30, 2007</b>
Operating income (loss)	\$ 21,960	\$ 20,363	\$ 22,181	\$ 23,263	\$ 24,733
Depreciation	5,086	5,239	5,150	5,021	5,234
Amortization of intangible assets	2,022	2,836	3,011	3,090	3,204
Operating income (loss) before depreciation and amortization	29,068	28,438	30,342	31,374	33,171
Stock-based compensation	8,141	10,010	6,945	5,783	2,774
Restructuring charges	357	206	2,991	34	394
Impairment of goodwill, intangible assets and long-lived assets	-	-	-	-	-
Adjusted operating income before depreciation and amortization	<u>\$ 37,566</u>	<u>\$ 38,654</u>	<u>\$ 40,278</u>	<u>\$ 37,191</u>	<u>\$ 36,339</u>
Adjusted OIBDA as a % of revenues	30.7%	31.7%	32.1%	29.3%	27.7%

**Unaudited Reconciliation of Segment Income (Loss) from Operations to Segment Adjusted OIBDA<sup>(1)</sup>**  
(in thousands, except percentages)

<b>Quarter Ended</b>	<b>June 30, 2008</b>	<b>March 31, 2008</b>	<b>December 31, 2007</b>	<b>September 30, 2007</b>	<b>June 30, 2007</b>
<b>FTD:</b>					
Segment income (loss) from operations					
Stock-based compensation					
Impairment of goodwill, intangible assets and long-lived assets					
Segment adjusted operating income before depreciation and amortization					
Segment adjusted OIBDA as a % of segment revenues					
<b>Classmates Media:</b>					
Segment income from operations	\$ 7,937	\$ 7,953	\$ 10,052	\$ 7,682	\$ 6,122
Stock-based compensation	2,708	3,863	3,383	1,904	863
Restructuring charges	-	-	42	-	-
Segment adjusted operating income before depreciation and amortization	<u>\$ 10,645</u>	<u>\$ 11,816</u>	<u>\$ 13,477</u>	<u>\$ 9,586</u>	<u>\$ 6,985</u>
Segment adjusted OIBDA as a % of segment revenues	18.7%	22.8%	25.3%	19.2%	14.6%
<b>Communications:</b>					
Segment income from operations	\$ 21,131	\$ 20,485	\$ 20,290	\$ 23,692	\$ 27,049
Stock-based compensation	5,433	6,147	3,562	3,879	1,911
Restructuring charges	357	206	2,949	34	394
Impairment of goodwill, intangible assets and long-lived assets	-	-	-	-	-
Segment adjusted operating income before depreciation and amortization	<u>\$ 26,921</u>	<u>\$ 26,838</u>	<u>\$ 26,801</u>	<u>\$ 27,605</u>	<u>\$ 29,354</u>
Segment adjusted OIBDA as a % of segment revenues	41.3%	38.4%	37.2%	35.9%	35.1%

UNITED ONLINE, INC.

**Unaudited Reconciliation of Operating Income (Loss) to Adjusted OIBDA<sup>(1)</sup>**  
(in thousands, except percentages)

Quarter Ended	March 31, 2007	December 31, 2006	September 30, 2006	June 30, 2006	March 31, 2006
Operating income (loss)	\$ 22,124	\$ 9,304	\$ 21,885	\$ 22,258	\$ 20,572
Depreciation	4,745	5,501	5,737	5,345	4,707
Amortization of intangible assets	3,495	4,486	4,213	4,552	4,389
Operating income (loss) before depreciation and amortization	30,364	19,291	31,835	32,155	29,668
Stock-based compensation	4,047	4,031	4,304	5,864	4,969
Restructuring charges	-	-	627	-	-
Impairment of goodwill, intangible assets and long-lived assets	-	13,285	-	-	-
Adjusted operating income before depreciation and amortization	\$ 34,411	\$ 36,607	\$ 36,766	\$ 38,019	\$ 34,637
Adjusted OIBDA as a % of revenues	26.5%	28.0%	28.4%	28.2%	27.2%

**Unaudited Reconciliation of Segment Income (Loss) from Operations to Segment Adjusted OIBDA<sup>(1)</sup>**  
(in thousands, except percentages)

Quarter Ended	March 31, 2007	December 31, 2006	September 30, 2006	June 30, 2006	March 31, 2006
<b>FTD:</b>					
Segment income (loss) from operations					
Stock-based compensation					
Impairment of goodwill, intangible assets and long-lived assets					
Segment adjusted operating income before depreciation and amortization					
Segment adjusted OIBDA as a % of segment revenues					
<b>Classmates Media:</b>					
Segment income from operations	\$ 4,321	\$ 7,464	\$ 3,312	\$ 5,114	\$ 4,048
Stock-based compensation	837	1,079	1,191	1,576	1,026
Restructuring charges	-	-	-	-	-
Segment adjusted operating income before depreciation and amortization	\$ 5,158	\$ 8,543	\$ 4,503	\$ 6,690	\$ 5,074
Segment adjusted OIBDA as a % of segment revenues	12.2%	20.3%	12.7%	18.1%	20.2%
<b>Communications:</b>					
Segment income from operations	\$ 26,043	\$ 11,827	\$ 28,523	\$ 27,041	\$ 25,620
Stock-based compensation	3,210	2,952	3,113	4,288	3,943
Restructuring charges	-	-	627	-	-
Impairment of goodwill, intangible assets and long-lived assets	-	13,285	-	-	-
Segment adjusted operating income before depreciation and amortization	\$ 29,253	\$ 28,064	\$ 32,263	\$ 31,329	\$ 29,563
Segment adjusted OIBDA as a % of segment revenues	33.5%	31.6%	34.2%	32.0%	28.9%

**UNITED ONLINE, INC.**
**Unaudited Reconciliation of Net Income (Loss) to Adjusted Net Income<sup>(2)</sup>**  
**(in thousands, except per-share data)**

Quarter Ended	September 30, 2009	June 30, 2009	March 31, 2009	December 31, 2008	September 30, 2008
Net income (loss)	\$ 16,155	\$ 19,267	\$ 17,053	\$ (137,563)	\$ 16,166
Income allocated to participating securities	(1,222)	(1,580)	(1,018)	(355)	(982)
Net income (loss) applicable to common stockholders	<u>14,933</u>	<u>17,687</u>	<u>16,035</u>	<u>(137,918)</u>	<u>15,184</u>
Add:					
Stock-based compensation	9,592	10,246	9,366	8,421	9,955
Amortization of intangible assets	9,013	8,648	8,591	8,591	4,966
Restructuring charges	-	-	-	-	93
Impairment of goodwill, intangible assets and long-lived assets	-	-	-	176,150	-
	<u>33,538</u>	<u>36,581</u>	<u>33,992</u>	<u>55,244</u>	<u>30,198</u>
Income tax effect of adjusting entries	(5,259)	(5,224)	(5,223)	(26,665)	(4,779)
Adjusted net income applicable to common stockholders	<u>\$ 28,279</u>	<u>\$ 31,357</u>	<u>\$ 28,769</u>	<u>\$ 28,579</u>	<u>\$ 25,419</u>
GAAP Earnings Per Share:					
Shares used to calculate basic net income (loss) per common share	<u>84,028</u>	<u>83,502</u>	<u>82,570</u>	<u>81,880</u>	<u>74,108</u>
Basic net income (loss) per common share	<u>\$ 0.18</u>	<u>\$ 0.21</u>	<u>\$ 0.20</u>	<u>\$ (1.68)</u>	<u>\$ 0.20</u>
Shares used to calculate diluted net income (loss) per common share	<u>84,688</u>	<u>83,875</u>	<u>82,837</u>	<u>82,736</u>	<u>74,865</u>
Diluted net income (loss) per common share	<u>\$ 0.18</u>	<u>\$ 0.21</u>	<u>\$ 0.20</u>	<u>\$ (1.67)</u>	<u>\$ 0.20</u>
Adjusted Earnings Per Share:					
Adjusted basic net income per share common share	<u>\$ 0.34</u>	<u>\$ 0.38</u>	<u>\$ 0.35</u>	<u>\$ 0.35</u>	<u>\$ 0.34</u>
Shares used to calculate adjusted basic net income per common share	<u>84,028</u>	<u>83,502</u>	<u>82,570</u>	<u>81,880</u>	<u>74,108</u>
Adjusted diluted net income per common share <sup>(a)</sup>	<u>\$ 0.33</u>	<u>\$ 0.37</u>	<u>\$ 0.35</u>	<u>\$ 0.34</u>	<u>\$ 0.34</u>
Shares used to calculate adjusted diluted net income per common share <sup>(a)</sup>	<u>84,878</u>	<u>84,186</u>	<u>83,143</u>	<u>82,949</u>	<u>74,985</u>

(a) Includes the adjustment of shares used to calculate diluted net income per common share resulting from the elimination of stock-based compensation.

**UNITED ONLINE, INC.**  
**Unaudited Condensed Consolidated Balance Sheets**  
**(in thousands)**

	<b>September 30, 2009</b>	<b>June 30, 2009</b>	<b>March 31, 2009</b>	<b>December 31, 2008</b>	<b>September 30, 2008</b>
<b>ASSETS</b>					
Cash, cash equivalents and short-term investments	\$ 121,424	\$ 117,422	\$ 124,751	\$ 104,514	\$ 69,670
Accounts receivable, net	52,288	49,482	54,814	58,901	58,136
Deferred tax assets, net	14,867	13,787	13,265	16,170	9,914
Property and equipment, net	60,501	62,085	62,226	61,822	60,451
Goodwill and intangible assets, net	762,906	786,657	768,789	779,584	1,003,485
Other assets	41,740	44,305	42,492	52,536	53,956
Total assets	<u>\$ 1,053,726</u>	<u>\$ 1,073,738</u>	<u>\$ 1,066,337</u>	<u>\$ 1,073,527</u>	<u>\$ 1,255,612</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
Accounts payable	\$ 55,230	\$ 63,973	\$ 72,549	\$ 83,372	\$ 72,390
Accrued liabilities	39,011	39,909	41,562	43,148	40,594
Member redemption liability	24,890	24,816	24,925	25,976	26,348
Deferred revenue	80,862	84,613	86,734	83,261	80,904
Debt, net of discounts	374,011	382,542	408,926	413,477	423,073
Deferred tax liabilities, net	48,139	54,965	55,570	60,834	70,314
Other liabilities	19,541	20,108	19,641	19,342	13,622
Total liabilities	<u>641,684</u>	<u>670,926</u>	<u>709,907</u>	<u>729,410</u>	<u>727,245</u>
Stockholders' equity	412,042	402,812	356,430	344,117	528,367
Total liabilities and stockholders' equity	<u>\$ 1,053,726</u>	<u>\$ 1,073,738</u>	<u>\$ 1,066,337</u>	<u>\$ 1,073,527</u>	<u>\$ 1,255,612</u>

**UNITED ONLINE, INC.**
**Unaudited Condensed Consolidated Statements of Cash Flows**
**(in thousands)**

<b>Quarter Ended</b>	<b>September 30, 2009</b>	<b>June 30, 2009</b>	<b>March 31, 2009</b>	<b>December 31, 2008</b>	<b>September 30, 2008</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Net income (loss)	\$ 16,155	\$ 19,267	\$ 17,053	\$ (137,563)	\$ 16,166
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation, amortization and stock-based compensation	24,782	25,434	24,049	22,697	20,269
Accretion of discounts and amortization of debt issue costs	1,061	1,809	1,013	1,023	447
Impairment of goodwill, intangible assets and long-lived assets	-	-	-	176,150	-
Provision for doubtful accounts receivable	1,811	1,715	1,161	1,334	402
Deferred taxes and other	1,130	(3,201)	(2,018)	(20,449)	3,802
Tax benefits (shortfalls) from equity awards	(1,078)	(1,134)	(492)	(853)	161
Excess tax (benefits) shortfalls from equity awards	(81)	214	(227)	44	(75)
Change in operating assets and liabilities (excluding the effects of acquisitions):					
Accounts receivable	(4,638)	4,046	2,803	(2,824)	2,779
Other assets	2,466	(2,013)	9,859	(879)	(1,700)
Accounts payable and accrued liabilities	(9,905)	(12,021)	(12,007)	17,723	(6,201)
Member redemption liability	74	(110)	(1,050)	(372)	(340)
Deferred revenue	(3,049)	(1,681)	3,476	2,285	1,629
Other liabilities	(507)	150	(41)	5,152	(1,848)
Net cash provided by operating activities	<u>28,221</u>	<u>32,475</u>	<u>43,579</u>	<u>63,468</u>	<u>35,491</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Purchases of property and equipment	(4,758)	(6,085)	(6,347)	(8,403)	(4,227)
Proceeds from maturities of short-term investments	-	-	-	-	34,465
Proceeds from sales of short-term investments	-	-	-	-	91,841
Cash paid for acquisitions, net of cash acquired	-	-	-	(336)	(303,995)
Proceeds from sales of assets, net	-	14	-	-	16
Net cash provided by (used for) investing activities	<u>(4,758)</u>	<u>(6,071)</u>	<u>(6,347)</u>	<u>(8,739)</u>	<u>(181,900)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>					
Proceeds from term loans and revolver	-	-	-	947	421,041
Payments on term loans and revolver	(9,452)	(28,040)	(5,438)	(11,438)	(302,280)
Payments on capital leases	-	-	-	-	(5)
Payments for debt issue costs	-	-	-	-	(249)
Proceeds from exercises of stock options	410	16	109	7	618
Proceeds from employee stock purchase plan	-	2,490	-	1,178	-
Repurchases of common stock	(1,843)	(763)	(2,611)	(460)	(1,257)
Payment for dividends	(9,203)	(9,145)	(8,770)	(8,734)	(14,857)
Excess tax benefits (shortfalls) from equity awards	81	(214)	227	(44)	75
Net cash provided by (used for) financing activities	<u>(20,007)</u>	<u>(35,656)</u>	<u>(16,483)</u>	<u>(18,544)</u>	<u>103,086</u>
Effect of foreign currency exchange rate changes on cash and cash equivalents	546	1,923	(512)	(1,341)	(674)
Change in cash and cash equivalents	4,002	(7,329)	20,237	34,844	(43,997)
Cash and cash equivalents, beginning of period	117,422	124,751	104,514	69,670	113,667
Cash and cash equivalents, end of period	<u>\$ 121,424</u>	<u>\$ 117,422</u>	<u>\$ 124,751</u>	<u>\$ 104,514</u>	<u>\$ 69,670</u>

**UNITED ONLINE, INC.****Unaudited Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow<sup>(4)</sup>****(in thousands)**

<b>Quarter Ended</b>	<b>September 30, 2009</b>	<b>June 30, 2009</b>	<b>March 31, 2009</b>	<b>December 31, 2008</b>	<b>September 30, 2008</b>
Net cash provided by operating activities	\$ 28,221	\$ 32,475	\$ 43,579	\$ 63,468	\$ 35,491
Add (deduct):					
Capital expenditures	(4,758)	(6,085)	(6,347)	(8,403)	(4,227)
Excess tax benefits (shortfalls) from equity awards	81	(214)	227	(44)	75
Cash paid for restructuring charges	-	-	-	-	119
Free cash flow	<u>\$ 23,544</u>	<u>\$ 26,176</u>	<u>\$ 37,459</u>	<u>\$ 55,021</u>	<u>\$ 31,458</u>

UNITED ONLINE, INC.  
**Unaudited Quarterly Segment Information<sup>(b)</sup>**  
(in thousands)

	September 30, 2009	June 30, 2009	March 31, 2009	December 31, 2008	September 30, 2008
<b>FTD</b>					
Revenues:					
Services	\$ 28,535	\$ 32,357	\$ 32,798	\$ 34,155	\$ 13,122
Products	77,869	114,589	113,265	97,825	35,158
Advertising	1,122	2,270	1,924	1,705	-
Total revenues	107,526	149,216	147,987	133,685	48,280
Operating expenses					
Cost of revenues	62,995	85,553	90,153	79,241	28,272
Sales and marketing	16,757	26,039	24,888	23,470	7,247
Technology and development	3,462	3,491	3,366	3,230	914
General and administrative	10,236	11,498	11,366	10,468	4,081
Amortization of intangible assets	6,698	6,636	6,557	6,387	2,719
Impairment of goodwill, intangible assets and long-lived assets	-	-	-	175,867	-
Total operating expenses	100,148	133,217	136,330	298,663	43,233
Operating income (loss)	7,378	15,999	11,657	(164,978)	5,047
Depreciation	1,177	1,274	1,016	1,002	418
Amortization of intangibles	6,698	6,636	6,557	6,387	2,719
Segment income (loss) from operations	15,253	23,909	19,230	(157,589)	8,184
Stock-based compensation	2,005	2,243	1,810	1,941	-
Impairment of goodwill, intangible assets and long-lived assets	-	-	-	175,867	-
Segment adjusted operating income before depreciation and amortization <sup>(1)</sup>	\$ 17,258	\$ 26,152	\$ 21,040	\$ 20,219	\$ 8,184
<b>Classmates Media</b>					
Revenues:					
Services	\$ 38,283	\$ 38,718	\$ 38,221	\$ 37,625	\$ 36,386
Advertising	20,399	19,437	20,252	24,967	22,360
Total revenues	58,682	58,155	58,473	62,592	58,746
Operating expenses:					
Cost of revenues <sup>(a)</sup>	9,416	10,421	10,369	11,827	11,407
Sales and marketing <sup>(a)</sup>	19,229	18,955	20,134	19,996	21,576
Technology and development <sup>(a)</sup>	6,299	7,235	7,614	5,956	6,102
General and administrative <sup>(a)</sup>	9,288	10,161	10,625	7,526	9,679
Amortization of intangible assets	2,053	1,747	1,772	1,942	1,984
Total operating expenses	46,285	48,519	50,514	47,247	50,748
Operating income	12,397	9,636	7,959	15,345	7,998
Depreciation	2,548	2,740	2,424	1,974	2,176
Amortization of intangibles	2,053	1,747	1,772	1,942	1,984
Segment income from operations	16,998	14,123	12,155	19,261	12,158
Stock-based compensation	3,451	3,766	3,664	2,772	3,435
Segment adjusted operating income before depreciation and amortization <sup>(1)</sup>	\$ 20,449	\$ 17,889	\$ 15,819	\$ 22,033	\$ 15,593
<b>Communications</b>					
Revenues:					
Services	\$ 42,050	\$ 45,658	\$ 48,049	\$ 49,651	\$ 53,208
Advertising	8,629	8,489	9,929	10,469	8,923
Total revenues	50,679	54,147	57,978	60,120	62,131
Operating expenses					
Cost of revenues <sup>(a)</sup>	12,187	12,534	13,887	14,313	15,165
Sales and marketing <sup>(a)</sup>	10,805	9,350	11,457	14,836	13,553
Technology and development <sup>(a)</sup>	5,939	6,070	6,161	7,123	7,967
General and administrative <sup>(a)</sup>	8,587	8,450	8,423	7,471	9,336
Amortization of intangible assets	262	264	262	262	263
Restructuring charges	-	-	-	-	93
Impairment of goodwill, intangible assets and long-lived assets	-	-	-	283	-
Total operating expenses	37,780	36,668	40,190	44,288	46,377
Operating income	12,899	17,479	17,788	15,832	15,754
Depreciation	2,452	2,526	2,652	2,709	2,754
Amortization	262	265	262	262	263
Segment income from operations	15,613	20,270	20,702	18,803	18,771
Stock-based compensation	4,136	4,237	3,892	3,708	6,520
Restructuring charges	-	-	-	-	93
Impairment of goodwill, intangible assets and long-lived assets	-	-	-	283	-
Segment adjusted operating income before depreciation and amortization <sup>(1)</sup>	\$ 19,749	\$ 24,507	\$ 24,594	\$ 22,794	\$ 25,384
Consolidated adjusted operating income before depreciation and amortization <sup>(1)</sup>	\$ 57,456	\$ 68,548	\$ 61,453	\$ 65,046	\$ 49,161
Reconciliation of segment revenues to consolidated revenues:					
FTD	\$ 107,526	\$ 149,216	\$ 147,987	\$ 133,685	\$ 48,280
Classmates Media	58,682	58,155	58,473	62,592	58,746
Communications	50,679	54,147	57,978	60,120	62,131
Intersegment eliminations	(681)	(729)	(791)	(235)	-
Consolidated revenues	\$ 216,206	\$ 260,789	\$ 263,647	\$ 256,162	\$ 169,157
Reconciliation of segment operating expenses to consolidated operating expenses:					
FTD	\$ 100,148	\$ 133,217	\$ 136,330	\$ 298,663	\$ 43,233
Classmates Media	46,285	48,519	50,514	47,247	50,748
Communications	37,780	36,668	40,190	44,288	46,377
Intersegment eliminations	(681)	(729)	(791)	(235)	-
Consolidated operating expenses	\$ 183,532	\$ 217,675	\$ 226,243	\$ 389,963	\$ 140,358
Reconciliation of segment income (loss) from operations before depreciation and amortization to consolidated operating income (loss):					
FTD	\$ 15,253	\$ 23,909	\$ 19,230	\$ (157,589)	\$ 8,184
Classmates Media	16,998	14,123	12,155	19,261	12,158
Communications	15,613	20,270	20,702	18,803	18,771
Total segment income (loss) from operations before depreciation and amortization:	47,864	58,302	52,087	(119,525)	39,113
Depreciation	(6,177)	(6,540)	(6,092)	(5,685)	(5,348)
Amortization of intangible assets	(9,013)	(8,648)	(8,591)	(8,591)	(4,966)
Consolidated operating income (loss)	\$ 32,674	\$ 43,114	\$ 37,404	\$ (133,801)	\$ 28,799
(a) Stock-based compensation was allocated as follows:					
<b>FTD:</b>					
Cost of revenues-services	\$ 8	\$ 33	\$ 11	\$ -	\$ -
Cost of revenues-products	20	-	-	-	-
Sales and marketing	176	177	90	65	-
Technology and development	25	27	-	8	-
General and administrative	1,776	2,006	1,709	1,868	-
Total stock-based compensation	\$ 2,005	\$ 2,243	\$ 1,810	\$ 1,941	\$ -
<b>Classmates Media:</b>					
Cost of revenues-services	\$ 100	\$ 103	\$ 127	\$ 159	\$ 227
Sales and marketing	600	614	525	491	669
Technology and development	455	519	457	392	443
General and administrative	2,296	2,530	2,555	1,730	2,096
Total stock-based compensation	\$ 3,451	\$ 3,766	\$ 3,664	\$ 2,772	\$ 3,435
<b>Communications:</b>					
Cost of revenues-services	\$ 93	\$ 135	\$ 118	\$ 115	\$ 154
Sales and marketing	645	660	633	1,166	1,466
Technology and development	722	772	736	747	2,221
General and administrative	2,676	2,670	2,405	1,680	2,679
Total stock-based compensation	\$ 4,136	\$ 4,237	\$ 3,892	\$ 3,708	\$ 6,520

(b) Segment results for all prior periods have been adjusted to conform with the current segment reporting structure, which was modified in Q4 2007.

**UNITED ONLINE, INC.**
**Unaudited Selected Quarterly Historical Key Metrics (a)**

	<u>September 30, 2009</u>	<u>June 30, 2009</u>	<u>March 31, 2009</u>	<u>December 31, 2008</u>	<u>September 30, 2008</u>
<b>Consolidated:</b>					
Revenues (in thousands)	\$ 216,206	\$ 260,789	\$ 263,647	\$ 256,162	\$ 169,157
<b>FTD:</b>					
Basis of Presentation <sup>(b)</sup>					Combined
Revenues (in thousands)	\$ 107,526	\$ 149,216	\$ 147,987	\$ 133,685	\$ 121,427
<i>% of consolidated revenues</i>	50%	57%	56%	52%	N/A
Consumer orders <sup>(5)</sup> (in thousands)	1,075	1,711	1,691	1,467	1,154
Average order value <sup>(5)</sup>	\$ 61.29	\$ 59.78	\$ 57.70	\$ 58.80	\$ 64.37
Currency exchange rate: GBP to USD	1.64	1.55	1.43	1.56	1.90
<b>Classmates Media:</b>					
Segment revenues (in thousands)	\$ 58,682	\$ 58,155	\$ 58,473	\$ 62,592	\$ 58,746
<i>% of consolidated revenues</i>	27%	22%	22%	24%	35%
Pay accounts (in thousands)	4,785	4,621	4,563	4,319	4,087
Segment churn <sup>(c)</sup>	3.8%	4.3%	4.1%	4.4%	4.1%
ARPU <sup>(d)</sup>	\$ 2.71	\$ 2.81	\$ 2.87	\$ 2.98	\$ 3.07
Segment active accounts (in millions)	16.9	16.4	16.8	16.0	15.5
<b>Communications:</b>					
Segment revenues (in thousands)	\$ 50,679	\$ 54,147	\$ 57,978	\$ 60,120	\$ 62,131
<i>% of consolidated revenues</i>	23%	21%	22%	23%	37%
Pay accounts (in thousands):					
Access	1,118	1,203	1,316	1,388	1,468
Other	322	329	337	347	353
Total Communications pay accounts	<u>1,440</u>	<u>1,532</u>	<u>1,653</u>	<u>1,735</u>	<u>1,821</u>
Segment churn <sup>(c)</sup>	4.6%	4.9%	4.8%	4.3%	4.4%
ARPU <sup>(d)</sup>	\$ 9.43	\$ 9.55	\$ 9.45	\$ 9.31	\$ 9.49
Segment active accounts (in millions)	2.3	2.4	2.6	2.7	2.8

(a) More information on the financial results for these quarters can be found in the company's filings with the Securities and Exchange Commission.

(b) Combined quarterly results were calculated by adding historical results prior to the acquisition (July 1, 2008 through August 25, 2008) to FTD's results following the acquisition (August 26, 2008 through September 30, 2008). The company has not verified the accuracy of the pre-acquisition historical results of FTD and makes no representations with respect to such information.

(c) Churn is calculated as the total number of pay accounts that terminated or expired in a period divided by the average number of pay accounts for the same period, divided by the number of months in that period.

(d) ARPU is calculated by dividing billable services revenues for a period by the average number of pay accounts for that period, divided by the number of months in that period.

## **Definitions of Non-GAAP Measures and Selected Metrics**

(1) Adjusted operating income before depreciation and amortization (“adjusted OIBDA”) is defined by the company as operating income before depreciation; amortization; stock-based compensation; restructuring and related charges; and impairment of goodwill, intangible assets and long-lived assets. The company’s definition of adjusted OIBDA has been modified from time to time. Management believes that because adjusted OIBDA excludes (i) certain non-cash expenses (such as depreciation, amortization, stock-based compensation, and impairment of goodwill, intangible assets and long-lived assets) and (ii) expenses that are not reflective of the company’s core operating results over time (such as restructuring and related charges), this measure provides investors with additional useful information to measure the company’s financial performance, particularly with respect to changes in performance from period to period. Management uses adjusted OIBDA to measure the company’s performance. The company’s board of directors has used this measure as a basis in determining certain compensation incentives for certain members of the company’s management. Adjusted OIBDA is not determined in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and should be considered in addition to, not as a substitute for or superior to, financial measures determined in accordance with GAAP. A limitation associated with the use of adjusted OIBDA is that it does not reflect the periodic costs of certain tangible and intangible assets used in generating revenues in the company’s business. Management evaluates the costs of such tangible and intangible assets through other financial activities such as evaluations of capital expenditures and purchase accounting. An additional limitation associated with this measure is that it does not include stock-based compensation expenses related to the company’s workforce. Management compensates for this limitation by providing a summary of stock-based compensation expenses on the face of the consolidated statements of operations. A further limitation associated with the use of this measure is that it does not reflect the costs of restructuring and related charges and the impairment of goodwill, intangible assets and long-lived assets. Management compensates for this limitation by providing supplemental information about restructuring and related charges and impairment charges within its financial press releases and Securities and Exchange Commission (“SEC”) filings, when applicable. An additional limitation associated with the use of this measure is that the term “adjusted OIBDA” does not have a standardized meaning. Therefore, other companies may use the same or a similarly named measure but exclude different items or use different computations, which may not provide investors a comparable view of the company’s performance in relation to other companies. Management compensates for this limitation by presenting the most comparable GAAP measure, operating income, directly ahead of adjusted OIBDA within its financial press releases and by providing a reconciliation that shows and describes the adjustments made. A reconciliation to operating income is provided in the accompanying tables.

Adjusted OIBDA for each of the company’s segments is defined by the company as segment income from operations, as set forth in the company’s Forms 10-K and Forms 10-Q, before stock-based compensation, restructuring and related charges and the impairment of goodwill, intangible assets and long-lived assets. The company’s definition of adjusted OIBDA for each of the company’s segments has been modified from time to time. Management believes that because segment adjusted OIBDA and segment adjusted OIBDA as a percentage of segment revenues exclude (1) certain non-cash expenses (such as stock-based compensation, and the impairment of goodwill, intangible assets and long-lived assets); and (2) expenses that are not reflective of the segment’s core operating results over time (such as restructuring and related charges), these measures provide investors with additional useful information to evaluate the company’s segment financial performance, particularly with respect to changes in performance from period to period. Segment adjusted OIBDA and segment adjusted OIBDA as a percentage of segment revenues are not determined in accordance with GAAP and should be considered in addition to, not as a substitute for or superior to, financial measures determined in accordance with GAAP. A limitation associated with these measures is that they do not include stock-based compensation expenses related to the company’s workforce. Management compensates for this limitation by providing a summary of stock-based compensation expenses on the face of the consolidated statements of operations. A further limitation associated with the use of these measures is that they do not reflect the costs of restructuring and related charges and impairment charges related to an operating segment. Management compensates for this limitation by providing supplemental information about restructuring and related charges and impairment charges by segment within its financial press releases and SEC filings, when applicable. A reconciliation to segment income from operations, its most comparable GAAP measure, is provided in the accompanying tables.

(2) Adjusted net income is defined by the company as net income before the after-tax effect of: stock-based compensation; amortization of intangible assets; restructuring and related charges; impairment of goodwill, intangible assets and long-lived assets; the cumulative effect of a change in accounting principle as a

result of the adoption of Accounting Standards Codification 718, *Compensation – Stock Compensation*; and the re-measurement of certain deferred tax assets. Management believes that adjusted net income and adjusted diluted net income per common share provide investors with additional useful information to measure the company's financial performance, particularly with respect to changes in performance from period to period, because these measures are exclusive of (i) certain non-cash expenses (such as stock-based compensation, amortization, the cumulative effect of a change in accounting principle, and the impairment of goodwill, intangible assets and long-lived assets) and (ii) expenses that are not reflective of the company's core results over time (such as restructuring and related charges). Management also uses adjusted net income and adjusted diluted net income per common share for this purpose. Adjusted net income and adjusted diluted net income per common share are not determined in accordance with GAAP and should be considered in addition to, not as a substitute for or superior to, financial measures determined in accordance with GAAP. The limitations of adjusted net income and adjusted diluted net income per common share are that, similar to adjusted OIBDA, they do not include certain costs, and the terms "adjusted net income" and "adjusted diluted net income per common share" do not have standardized meanings. Therefore, other companies may use the same or similarly named measures but exclude different items or use different computations, which may not provide investors a comparable view of the company's performance in relation to other companies. Management compensates for this limitation by presenting the most comparable GAAP measures, net income and diluted net income per common share, directly ahead of adjusted net income and adjusted diluted net income per common share within its financial press releases and by providing a reconciliation of adjusted net income that shows and describes the adjustments made. A reconciliation of adjusted net income to net income, the most comparable GAAP measure, is provided in the accompanying tables.

(3) A pay account is defined as a member who has subscribed to, and paid for, our Classmates Media or Communications services, and whose subscription has not expired. A pay account does not equate to a unique subscriber since one subscriber could have several pay accounts. At any point in time, our pay account base includes a number of accounts receiving a free period of service as either a promotion or retention tool and a number of accounts that have notified us that they are terminating their service but whose service remains in effect.

Classmates Media segment active accounts are defined as the sum of all social networking pay accounts as of the date presented; the monthly average for the period of all free social networking accounts who have visited the company's domestic or international social networking Web sites (excluding The Names Database) at least once during the period; and the monthly average for the period of all online loyalty marketing members who have earned or redeemed points during such period. Communications segment active accounts include all Communications segment pay accounts as of the date presented combined with the number of free Internet access and email accounts that logged on to the company's services at least once during the preceding 31 days.

(4) Free cash flow is defined by the company as net cash provided by operating activities, less capital expenditures and including the excess tax benefits from stock-based compensation and cash paid for restructuring and related charges. Management believes that free cash flow provides investors with additional useful information to measure operating liquidity because it reflects the company's operating cash flows after investing in capital assets and prior to cash paid for restructuring and related charges. It also fully reflects the tax benefits realized by the company from stock-based compensation. This measure is used by management, and may also be useful for investors, to assess the company's ability to pay its quarterly dividend, repay debt obligations, generate cash flow for a variety of strategic opportunities, including reinvestment in the business, and effect potential acquisitions and share repurchases. Free cash flow is not determined in accordance with GAAP and should be considered in addition to, not as a substitute for or superior to, measures determined in accordance with GAAP. A limitation of free cash flow is that it does not represent the total increase or decrease in cash during the period. An additional limitation associated with the use of this measure is that the term "free cash flow" does not have a standardized meaning. Therefore, other companies may use the same or a similarly named measure but exclude different items or use different computations, which may not provide investors a comparable view of the company's performance in relation to other companies. Management compensates for this limitation by presenting the most comparable GAAP measure, net cash provided by operating activities, directly ahead of free cash flow within its financial press releases and by providing a reconciliation that shows and describes the adjustments made. A reconciliation to net cash provided by operating activities is provided in the accompanying tables.

(5) Consumer orders are orders delivered during the period that originated in the U.S. and Canada, primarily from the [www.ftd.com](http://www.ftd.com) Web site and the 1-800-SEND-FTD telephone number, and in the U.K. and the Republic of Ireland, primarily from the [www.interflora.co.uk](http://www.interflora.co.uk) Web site and a toll-free telephone number. Orders originating with a florist or other retail location for delivery to consumers are not included.

Average order value represents the average U.S. Dollar amount received for consumer orders delivered during a period. This average U.S. Dollar amount is determined after translating the British Pound amounts received for orders delivered in the United Kingdom and the Republic of Ireland into U.S. Dollars. Average order value includes merchandise revenue and shipping and service fees paid by the consumer, less certain discounts and certain refunds.