

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

Quarter Ended	June 30, 2009	March 31, 2009	December 31, 2008	September 30, 2008	June 30, 2008
Revenues					
Services	\$ 146,200	\$ 150,382	\$ 158,337	\$ 133,999	\$ 122,273
Products	114,589	113,265	97,825	35,158	-
Total revenues	<u>260,789</u>	<u>263,647</u>	<u>256,162</u>	<u>169,157</u>	<u>122,273</u>
Operating expenses:					
Cost of revenues - services <sup>(a)</sup>	27,963	29,642	31,608	28,539	26,830
Cost of revenues - products	80,486	84,692	73,764	26,305	-
Sales and marketing <sup>(a)</sup>	53,675	55,763	58,076	42,376	35,809
Technology and development <sup>(a)</sup>	16,796	17,141	16,309	14,983	12,521
General and administrative <sup>(a)</sup>	30,107	30,414	25,465	23,096	22,774
Amortization of intangible assets	8,648	8,591	8,591	4,966	2,022
Restructuring charges	-	-	-	93	357
Impairment of goodwill, intangible assets and long-lived assets	-	-	176,150	-	-
Total operating expenses	<u>217,675</u>	<u>226,243</u>	<u>389,963</u>	<u>140,358</u>	<u>100,313</u>
Operating income (loss)	43,114	37,404	(133,801)	28,799	21,960
Interest income	338	348	490	1,053	1,384
Interest expense	(8,804)	(8,201)	(9,419)	(3,751)	-
Other income (expense), net	93	38	(766)	492	184
Income (loss) before income taxes	34,741	29,589	(143,496)	26,593	23,528
Provision for (benefit from) income taxes	15,474	12,536	(5,933)	10,427	9,790
Net income (loss) <sup>(b)</sup>	<u>\$ 19,267</u>	<u>\$ 17,053</u>	<u>\$ (137,563)</u>	<u>\$ 16,166</u>	<u>\$ 13,738</u>
Income allocated to participating securities <sup>(b)</sup>	(1,580)	(671)	(355)	(982)	(896)
Net income (loss) applicable to common stockholders <sup>(b)</sup>	<u>\$ 17,687</u>	<u>\$ 16,382</u>	<u>\$ (137,918)</u>	<u>\$ 15,184</u>	<u>\$ 12,842</u>
Shares used to calculate basic net income (loss) per common share <sup>(b)</sup>	<u>83,502</u>	<u>82,570</u>	<u>81,880</u>	<u>74,108</u>	<u>68,853</u>
Basic net income (loss) per common share	<u>\$ 0.21</u>	<u>\$ 0.20</u>	<u>\$ (1.68)</u>	<u>\$ 0.20</u>	<u>\$ 0.19</u>
Shares used to calculate diluted net income (loss) per common share <sup>(b)</sup>	<u>83,875</u>	<u>82,837</u>	<u>82,736</u>	<u>74,865</u>	<u>69,673</u>
Diluted net income (loss) per common share	<u>\$ 0.21</u>	<u>\$ 0.20</u>	<u>\$ (1.67)</u>	<u>\$ 0.20</u>	<u>\$ 0.18</u>
Shares outstanding at end of period	<u>83,769</u>	<u>83,025</u>	<u>82,107</u>	<u>81,785</u>	<u>69,037</u>
(a) Stock-based compensation was allocated as follows:					
Cost of revenues - services	\$ 271	\$ 256	\$ 274	\$ 381	\$ 174
Sales and marketing	1,451	1,248	1,722	2,135	1,805
Technology and development	1,318	1,193	1,147	2,664	1,311
General and administrative	7,206	6,669	5,278	4,775	4,851
Total stock-based compensation	<u>\$ 10,246</u>	<u>\$ 9,366</u>	<u>\$ 8,421</u>	<u>\$ 9,955</u>	<u>\$ 8,141</u>

(b) On January 1, 2009, the company adopted Financial Accounting Standards Board (“FASB”) Staff Position (“FSP”) EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities*, which requires the allocation of net income between common stockholders and participating securities when computing earnings per share. FSP EITF 03-6-1 has been retroactively applied to the company’s unaudited condensed consolidated statement of operations for the first quarter ended March 31, 2008 and did not have a material impact on the calculation of basic or diluted net income per common share.

**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, 2009</b>	<b>March 31, 2009</b>	<b>December 31, 2008</b>	<b>September 30, 2008</b>	<b>June 30, 2008</b>
Operating income (loss)	\$ 43,114	\$ 37,404	\$ (133,801)	\$ 28,799	\$ 21,960
Depreciation	6,540	6,092	5,685	5,348	5,086
Amortization of intangible assets	8,648	8,591	8,591	4,966	2,022
Operating income (loss) before depreciation and amortization	58,302	52,087	(119,525)	39,113	29,068
Stock-based compensation	10,246	9,366	8,421	9,955	8,141
Restructuring charges	-	-	-	93	357
Impairment of goodwill, intangible assets and long-lived assets	-	-	176,150	-	-
Adjusted operating income before depreciation and amortization	<u>\$ 68,548</u>	<u>\$ 61,453</u>	<u>\$ 65,046</u>	<u>\$ 49,161</u>	<u>\$ 37,566</u>
Adjusted OIBDA as a % of revenues	26.3%	23.3%	25.4%	29.1%	30.7%

**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, 2009</b>	<b>March 31, 2009</b>	<b>December 31, 2008</b>	<b>September 30, 2008</b>	<b>June 30, 2008</b>
<b>FTD:</b>					
Segment income (loss) from operations	\$ 23,909	\$ 19,230	\$ (157,589)	\$ 8,184	
Stock-based compensation	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	<u>\$ 26,152</u>	<u>\$ 21,040</u>	<u>\$ 20,219</u>	<u>\$ 8,184</u>	
Segment adjusted OIBDA as a % of segment revenues	17.5%	14.2%	15.1%	17.0%	
<b>Classmates Media:</b>					
Segment income from operations	\$ 14,123	\$ 12,155	\$ 19,261	\$ 12,158	\$ 7,937
Stock-based compensation	3,766	3,664	2,772	3,435	2,708
Segment adjusted operating income before depreciation and amortization	<u>\$ 17,889</u>	<u>\$ 15,819</u>	<u>\$ 22,033</u>	<u>\$ 15,593</u>	<u>\$ 10,645</u>
Segment adjusted OIBDA as a % of segment revenues	30.8%	27.1%	35.2%	26.5%	18.7%
<b>Communications:</b>					
Segment income from operations	\$ 20,270	\$ 20,702	\$ 18,803	\$ 18,771	\$ 21,131
Stock-based compensation	4,237	3,892	3,708	6,520	5,433
Restructuring charges	-	-	-	93	357
Impairment of goodwill, intangible assets and long-lived assets	-	-	283	-	-
Segment adjusted operating income before depreciation and amortization	<u>\$ 24,507</u>	<u>\$ 24,594</u>	<u>\$ 22,794</u>	<u>\$ 25,384</u>	<u>\$ 26,921</u>
Segment adjusted OIBDA as a % of segment revenues	45.3%	42.4%	37.9%	40.9%	41.3%

UNITED ONLINE, INC.

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

Quarter Ended	June 30, 2009	March 31, 2009	December 31, 2008	September 30, 2008	June 30, 2008
Net income (loss) <sup>(a)</sup>	\$ 19,267	\$ 17,053	\$ (137,563)	\$ 16,166	\$ 13,738
Income allocated to participating securities <sup>(a)</sup>	(1,580)	(1,018)	(355)	(982)	(896)
Net income (loss) applicable to common stockholders <sup>(a)</sup>	17,687	16,035	(137,918)	15,184	12,842
Add:					
Stock-based compensation	10,246	9,366	8,421	9,955	8,141
Amortization of intangible assets	8,648	8,591	8,591	4,966	2,022
Restructuring charges	-	-	-	93	357
Impairment of goodwill, intangible assets and long-lived assets	-	-	176,150	-	-
	36,581	33,992	55,244	30,198	23,362
Income tax effect of adjusting entries	(5,224)	(5,223)	(26,665)	(4,779)	(3,001)
Adjusted net income applicable to common stockholders <sup>(a)</sup>	\$ 31,357	\$ 28,769	\$ 28,579	\$ 25,419	\$ 20,361
Adjusted basic net income per share common share <sup>(a)</sup>	\$ 0.38	\$ 0.35	\$ 0.35	\$ 0.34	\$ 0.30
Shares used to calculate adjusted basic net income per common share <sup>(a)</sup>	83,502	82,570	81,880	74,108	68,853
Adjusted diluted net income per common share <sup>(a)</sup>	\$ 0.37	\$ 0.35	\$ 0.34	\$ 0.34	\$ 0.29
Shares used to calculate adjusted diluted net income per common share <sup>(b)</sup>	84,186	83,143	82,949	74,985	69,650

(a) On January 1, 2009, the company adopted Financial Accounting Standards Board (“FASB”) Staff Position (“FSP”) EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities*, which requires the allocation of net income between common stockholders and participating securities when computing earnings per share. FSP EITF 03-6-1 has been retroactively applied to the company’s unaudited condensed consolidated statement of operations for the first quarter ended March 31, 2008 and did not have a material impact on the calculation of basic or diluted net income per common share.

(b) 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>June 30, 2009</b>	<b>March 31, 2009</b>	<b>December 31, 2008</b>	<b>September 30, 2008</b>	<b>June 30, 2008</b>
<b>ASSETS</b>					
Cash, cash equivalents and short-term investments	\$ 117,422	\$ 124,751	\$ 104,514	\$ 69,670	\$ 239,990
Accounts receivable, net	49,482	54,814	58,901	58,136	26,894
Deferred tax assets, net	13,787	13,265	16,170	9,914	64,674
Property and equipment, net	62,085	62,226	61,822	60,451	36,489
Goodwill and intangible assets, net	786,657	768,789	779,584	1,003,485	168,342
Other assets	44,305	42,492	52,536	53,956	26,875
Total assets	<u>\$ 1,073,738</u>	<u>\$ 1,066,337</u>	<u>\$ 1,073,527</u>	<u>\$ 1,255,612</u>	<u>\$ 563,264</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
Accounts payable	\$ 63,973	\$ 72,549	\$ 83,372	\$ 72,390	\$ 37,161
Accrued liabilities	39,909	41,562	43,148	40,594	19,872
Member redemption liability	24,816	24,925	25,976	26,348	26,688
Deferred revenue	84,613	86,734	83,261	80,904	76,064
Debt, net of discounts	382,542	408,926	413,477	423,073	-
Deferred tax liabilities, net	54,965	55,570	60,834	70,314	-
Capital leases	-	-	-	-	5
Other liabilities	20,108	19,641	19,342	13,622	10,904
Total liabilities	<u>670,926</u>	<u>709,907</u>	<u>729,410</u>	<u>727,245</u>	<u>170,694</u>
Stockholders' equity	402,812	356,430	344,117	528,367	392,570
Total liabilities and stockholders' equity	<u>\$ 1,073,738</u>	<u>\$ 1,066,337</u>	<u>\$ 1,073,527</u>	<u>\$ 1,255,612</u>	<u>\$ 563,264</u>

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

Quarter Ended	June 30, 2009	March 31, 2009	December 31, 2008	September 30, 2008	June 30, 2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Net income (loss)	\$ 19,267	\$ 17,053	\$ (137,563)	\$ 16,166	\$ 13,738
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation, amortization and stock-based compensation	25,434	24,049	22,697	20,269	15,249
Accretion of discounts and amortization of debt issue costs	1,809	1,013	1,023	447	-
Impairment of goodwill, intangible assets and long-lived assets	-	-	176,150	-	-
Provision for doubtful accounts receivable	1,715	1,161	1,334	402	268
Deferred taxes and other	(3,201)	(2,018)	(20,449)	3,802	296
Tax benefits (shortfalls) from equity awards	(1,134)	(492)	(853)	161	148
Excess tax (benefits) shortfalls from equity awards	214	(227)	44	(75)	(38)
Change in operating assets and liabilities (excluding the effects of acquisitions):					
Accounts receivable	4,046	2,803	(2,824)	2,779	(1,933)
Other assets	(2,013)	9,859	(879)	(1,700)	865
Accounts payable and accrued liabilities	(12,021)	(12,007)	17,723	(6,201)	1,326
Member redemption liability	(110)	(1,050)	(372)	(340)	2,932
Deferred revenue	(1,681)	3,476	2,285	1,629	3,250
Other liabilities	150	(41)	5,152	(1,848)	(10)
Net cash provided by operating activities	<u>32,475</u>	<u>43,579</u>	<u>63,468</u>	<u>35,491</u>	<u>36,091</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Purchases of property and equipment	(6,085)	(6,347)	(8,403)	(4,227)	(4,457)
Purchases of short-term investments	-	-	-	-	(51,110)
Proceeds from maturities of short-term investments	-	-	-	34,465	25,315
Proceeds from sales of short-term investments	-	-	-	91,841	5,250
Cash paid for acquisitions, net of cash acquired	-	-	(336)	(303,995)	-
Cash paid for proposed acquisition	-	-	-	-	(2,483)
Proceeds from sales of assets, net	14	-	-	16	20
Net cash provided by (used for) investing activities	<u>(6,071)</u>	<u>(6,347)</u>	<u>(8,739)</u>	<u>(181,900)</u>	<u>(27,465)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>					
Proceeds from term loans and revolver	-	-	947	421,041	-
Payments on term loans and revolver	(28,040)	(5,438)	(11,438)	(302,280)	-
Payments on capital leases	-	-	-	(5)	(4)
Payments for debt issue costs	-	-	-	(249)	-
Proceeds from exercises of stock options	16	109	7	618	349
Proceeds from employee stock purchase plan	2,490	-	1,178	-	2,576
Repurchases of common stock	(763)	(2,611)	(460)	(1,257)	(962)
Payment for dividends	(9,145)	(8,770)	(8,734)	(14,857)	(14,900)
Excess tax benefits (shortfalls) from equity awards	(214)	227	(44)	75	38
Net cash provided by (used for) financing activities	<u>(35,656)</u>	<u>(16,483)</u>	<u>(18,544)</u>	<u>103,086</u>	<u>(12,903)</u>
Effect of foreign currency exchange rate changes on cash and cash equivalents	1,923	(512)	(1,341)	(674)	(153)
Change in cash and cash equivalents	(7,329)	20,237	34,844	(43,997)	(4,430)
Cash and cash equivalents, beginning of period	124,751	104,514	69,670	113,667	118,097
Cash and cash equivalents, end of period	<u>\$ 117,422</u>	<u>\$ 124,751</u>	<u>\$ 104,514</u>	<u>\$ 69,670</u>	<u>\$ 113,667</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>June 30, 2009</b>	<b>March 31, 2009</b>	<b>December 31, 2008</b>	<b>September 30, 2008</b>	<b>June 30, 2008</b>
Net cash provided by operating activities	\$ 32,475	\$ 43,579	\$ 63,468	\$ 35,491	\$ 36,091
Add (deduct):					
Capital expenditures	(6,085)	(6,347)	(8,403)	(4,227)	(4,457)
Excess tax benefits (shortfalls) from equity awards	(214)	227	(44)	75	38
Cash paid for restructuring charges	-	-	-	119	276
Free cash flow	<u>\$ 26,176</u>	<u>\$ 37,459</u>	<u>\$ 55,021</u>	<u>\$ 31,458</u>	<u>\$ 31,948</u>

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

	June 30, 2009	March 31, 2009	December 31, 2008	September 30, 2008	June 30, 2008
<b>FTD</b>					
Revenues:					
Products	\$ 114,589	\$ 113,265	\$ 97,825	\$ 35,158	
Services	32,357	32,798	34,155	11,677	
Advertising	2,270	1,924	1,705	1,445	
Total revenues	149,216	147,987	133,685	48,280	
Operating expenses:					
Cost of revenues	85,553	90,153	79,241	28,272	
Sales and marketing	26,039	24,888	23,470	7,247	
Technology and development	3,491	3,366	3,230	914	
General and administrative	11,498	11,366	10,468	4,081	
Amortization of intangible assets	6,636	6,557	6,387	2,719	
Impairment of goodwill, intangible assets and long-lived assets	-	-	175,867	-	
Total operating expenses	133,217	136,330	298,663	43,233	
Operating income (loss)	15,999	11,657	(164,978)	5,047	
Depreciation	1,274	1,016	1,002	418	
Amortization of intangibles	6,636	6,557	6,387	2,719	
Segment income (loss) from operations	23,909	19,230	(157,589)	8,184	
Stock-based compensation	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>	\$ 26,152	\$ 21,040	\$ 20,219	\$ 8,184	
<b>Classmates Media</b>					
Revenues:					
Services	\$ 38,718	\$ 38,221	\$ 37,625	\$ 36,386	\$ 34,134
Advertising	19,437	20,252	24,967	22,360	22,879
Total revenues	58,155	58,473	62,592	58,746	57,013
Operating expenses:					
Cost of revenues <sup>(a)</sup>	10,421	10,369	11,827	11,407	11,539
Sales and marketing <sup>(a)</sup>	18,955	20,134	19,996	21,576	20,985
Technology and development <sup>(a)</sup>	7,235	7,614	5,956	6,102	5,496
General and administrative <sup>(a)</sup>	10,161	10,625	7,526	9,679	13,144
Amortization of intangible assets	1,747	1,772	1,942	1,984	1,760
Total operating expenses	48,519	50,514	47,247	50,748	52,924
Operating income	9,636	7,959	15,345	7,998	4,089
Depreciation	2,740	2,424	1,974	2,176	2,088
Amortization of intangibles	1,747	1,772	1,942	1,984	1,760
Segment income from operations	14,123	12,155	19,261	12,158	7,937
Stock-based compensation	3,766	3,664	2,772	3,435	2,708
Segment adjusted operating income before depreciation and amortization <sup>(1)</sup>	\$ 17,889	\$ 15,819	\$ 22,033	\$ 15,593	\$ 10,645
<b>Communications</b>					
Revenues:					
Services	\$ 45,658	\$ 48,049	\$ 49,651	\$ 53,208	\$ 56,134
Advertising	8,489	9,929	10,469	8,923	9,126
Total revenues	54,147	57,978	60,120	62,131	65,260
Operating expenses:					
Cost of revenues <sup>(a)</sup>	12,534	13,887	14,313	15,165	15,291
Sales and marketing <sup>(a)</sup>	9,350	11,457	14,836	13,553	14,824
Technology and development <sup>(a)</sup>	6,070	6,161	7,123	7,967	7,025
General and administrative <sup>(a)</sup>	8,450	8,423	7,471	9,336	9,630
Amortization of intangible assets	264	262	262	263	262
Restructuring charges	-	-	-	93	357
Impairment of goodwill, intangible assets and long-lived assets	-	-	283	-	-
Total operating expenses	36,668	40,190	44,288	46,377	47,389
Operating income	17,479	17,788	15,832	15,754	17,871
Depreciation	2,526	2,652	2,709	2,754	2,998
Amortization	265	262	262	263	262
Segment income from operations	20,270	20,702	18,803	18,771	21,131
Stock-based compensation	4,237	3,892	3,708	6,520	5,433
Restructuring charges	-	-	-	93	357
Impairment of goodwill, intangible assets and long-lived assets	-	-	283	-	-
Segment adjusted operating income before depreciation and amortization <sup>(1)</sup>	\$ 24,507	\$ 24,594	\$ 22,794	\$ 25,384	\$ 26,921
Consolidated adjusted operating income before depreciation and amortization <sup>(1)</sup>	\$ 68,548	\$ 61,453	\$ 65,046	\$ 49,161	\$ 37,566
Reconciliation of segment income (loss) from operations before depreciation and amortization to consolidated operating income (loss):					
FTD	\$ 23,909	\$ 19,230	\$ (157,589)	\$ 8,184	\$ -
Classmates Media	14,123	12,155	19,261	12,158	7,937
Communications	20,270	20,702	18,803	18,771	21,131
Total segment income (loss) from operations before depreciation and amortization:	58,302	52,087	(119,525)	39,113	29,068
Depreciation	(6,540)	(6,092)	(5,685)	(5,348)	(5,086)
Amortization of intangible assets	(8,648)	(8,591)	(8,591)	(4,966)	(2,022)
Consolidated operating income (loss)	\$ 43,114	\$ 37,404	\$ (133,801)	\$ 28,799	\$ 21,960
Reconciliation of segment revenues to consolidated revenues:					
FTD	\$ 149,216	\$ 147,987	\$ 133,685	\$ 48,280	\$ -
Classmates Media	58,155	58,473	62,592	58,746	57,013
Communications	54,147	57,978	60,120	62,131	65,260
Intersegment eliminations	(729)	(791)	(791)	(235)	-
Consolidated revenues	\$ 260,789	\$ 263,647	\$ 256,162	\$ 169,157	\$ 122,273
Reconciliation of segment operating expenses to consolidated operating expenses:					
FTD	\$ 133,217	\$ 136,330	\$ 298,663	\$ 43,233	\$ -
Classmates Media	48,519	50,514	47,247	50,748	52,924
Communications	36,668	40,190	44,288	46,377	47,389
Intersegment eliminations	(729)	(791)	(235)	-	-
Consolidated operating expenses	\$ 217,675	\$ 226,243	\$ 389,963	\$ 140,358	\$ 100,313
(a) Stock-based compensation was allocated as follows:					
<b>FTD:</b>					
Cost of revenues	\$ 33	\$ 11	\$ -		
Sales and marketing	177	90	65		
Technology and development	27	-	8		
General and administrative	2,006	1,709	1,868		
Total stock-based compensation	\$ 2,243	\$ 1,810	\$ 1,941		
<b>Classmates Media:</b>					
Cost of revenues	\$ 103	\$ 127	\$ 159	\$ 227	\$ 88
Sales and marketing	614	525	491	669	435
Technology and development	519	457	392	443	291
General and administrative	2,530	2,555	1,730	2,096	1,894
Total stock-based compensation	\$ 3,766	\$ 3,664	\$ 2,772	\$ 3,435	\$ 2,708
<b>Communications:</b>					
Cost of revenues	\$ 135	\$ 118	\$ 115	\$ 154	\$ 86
Sales and marketing	660	633	1,166	1,466	1,370
Technology and development	772	736	747	2,221	1,020
General and administrative	2,670	2,405	1,680	2,679	2,957
Total stock-based compensation	\$ 4,237	\$ 3,892	\$ 3,708	\$ 6,520	\$ 5,433

(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>June 30, 2009</u>	<u>March 31, 2009</u>	<u>December 31, 2008</u>	<u>September 30, 2008</u>	<u>June 30, 2008</u>
<b>Consolidated:</b>					
Revenues (in thousands)	\$ 260,789	\$ 263,647	\$ 256,162	\$ 169,157	\$ 122,273
<b>FTD:</b>					
Basis of Presentation <sup>(b)</sup>				Combined	Pre-Acquisition
Revenues (in thousands)	\$ 149,216	\$ 147,987	\$ 133,685	\$ 121,427	\$ 174,904
<i>% of consolidated revenues</i>	57%	56%	52%	N/A	N/A
Consumer orders <sup>(5)</sup> (in thousands)	1,711	1,691	1,467	1,154	1,933
Average order value <sup>(5)</sup>	\$ 59.78	\$ 57.70	\$ 58.80	\$ 64.37	\$ 62.67
Currency exchange rate: GBP to USD	1.55	1.43	1.56	1.90	1.97
<b>Classmates Media:</b>					
Segment revenues (in thousands)	\$ 58,155	\$ 58,473	\$ 62,592	\$ 58,746	\$ 57,013
<i>% of consolidated revenues</i>	22%	22%	24%	35%	47%
Pay accounts (in thousands)	4,621	4,563	4,319	4,087	3,809
Segment churn <sup>(c)</sup>	4.3%	4.1%	4.4%	4.1%	4.2%
ARPU <sup>(d)</sup>	\$ 2.81	\$ 2.87	\$ 2.98	\$ 3.07	\$ 3.10
Segment active accounts (in millions)	16.4	16.8	16.0	15.5	15.1
<b>Communications:</b>					
Segment revenues (in thousands)	\$ 54,147	\$ 57,978	\$ 60,120	\$ 62,131	\$ 65,260
<i>% of consolidated revenues</i>	21%	22%	23%	37%	53%
Pay accounts (in thousands):					
Access	1,203	1,316	1,388	1,468	1,560
Other	329	337	347	353	356
Total Communications pay accounts	<u>1,532</u>	<u>1,653</u>	<u>1,735</u>	<u>1,821</u>	<u>1,916</u>
Segment churn <sup>(c)</sup>	4.9%	4.8%	4.3%	4.4%	4.5%
ARPU <sup>(d)</sup>	\$ 9.55	\$ 9.45	\$ 9.31	\$ 9.49	\$ 9.45
Segment active accounts (in millions)	2.4	2.6	2.7	2.8	2.9

(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). Pre-acquisition results reflect the historical quarterly results of FTD prior to the acquisition date. The pre-acquisition historical results of FTD were derived from the results of FTD as disclosed in the financial statements set forth in FTD Group, Inc.'s historical filings with the Securities and Exchange Commission. 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 SFAS 123R; 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 that shows and describes the adjustments made. Reconciliations to net income and diluted net income per common share, their most comparable GAAP measures, are provided in the accompanying tables.

(3) A pay account is 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. Pay accounts also include, at any given measurement date, a number of members who are receiving pay services free of charge for a limited period of time on a promotional basis.

Classmates Media segment active accounts are 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 loyalty marketing members who have earned or redeemed points during such period. Communications segment active accounts are all Communications pay accounts as of the date presented combined with the number of free Communications accounts (Internet access and email users), excluding free Web hosting 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 paid for orders delivered in the U.K. and the Republic of Ireland into U.S. Dollars. Average order value includes merchandise revenue and shipping and service fees payable by the consumer, less certain discounts and certain refunds.