Second Quarter 2012 Results

August 13, 2012

GROUPON®

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Forward-Looking Statements

GROUPON

The statements contained in this presentation that refer to plans and expectations for the next quarter or the future are forward- looking statements that involve a number of risks and uncertainties, and actual results could differ materially from those discussed. The risks and uncertainties that could cause our results to differ materially from those included in the forward-looking statements include, but are not limited to, our ability to continue to expand our business and continue revenue growth; risks related to our business strategy; our ability to manage the growth of our organization; responding to changes in the markets in which we compete for business; retaining existing merchant partners and adding new merchant partners; competing against smaller competitors and competitors with more financial resources than us; developing new product and service offerings that are appealing to customers; maintaining a strong brand; effectively dealing with challenges arising from our international operations; integrating our technology platforms; managing refund risks; retaining our executive team; litigation; regulations, including the CARD Act and regulation of the Internet; tax liabilities; tax legislation; maintaining our information technology infrastructure; security breaches; protecting our intellectual property; handling acquisitions, joint ventures and strategic investments effectively; seasonality; payment-related risks; customer and merchant partner fraud; global economic uncertainty; compliance with rules and regulations associated with being a public company; and our ability to raise capital if necessary. We urge you to refer to the factors included under the headings “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the company’s Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q, copies of which may be obtained by visiting the company’s Investor Relations web site at http://investor.groupon.com or the SEC’s web site at www.sec.gov. Groupon’s actual results could differ materially from those predicted or implied and reported results should not be considered an indication of future performance.

You should not rely upon forward-looking statements as predictions of future events. Although Groupon believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. Moreover, neither the company nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. The forward-looking statements reflect Groupon’s expectations as of August 13, 2012. Groupon undertakes no obligation to update publicly any forward-looking statements for any reason after the date of this presentation to conform these statements to actual results or to changes in its expectations.

Additional information relating to certain of our financial measures contained herein is available in our most recent earnings release and at our website at investor.groupon.com.

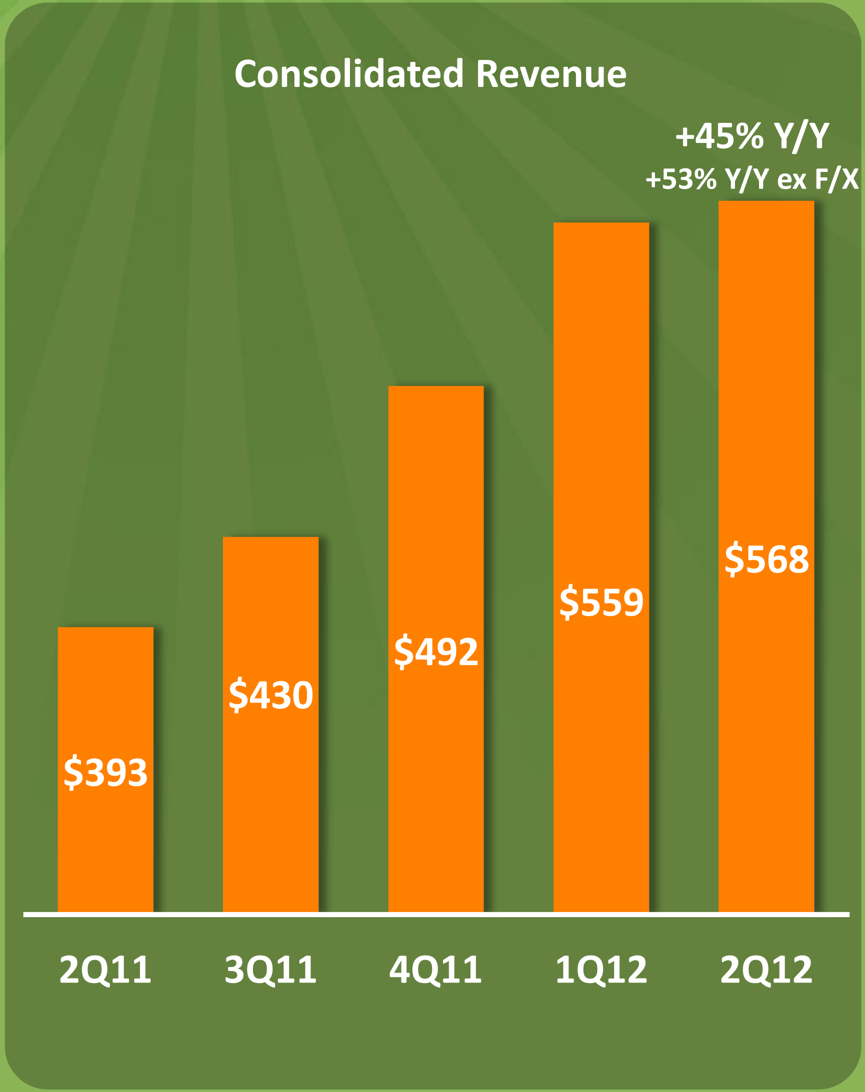
2Q12 Results

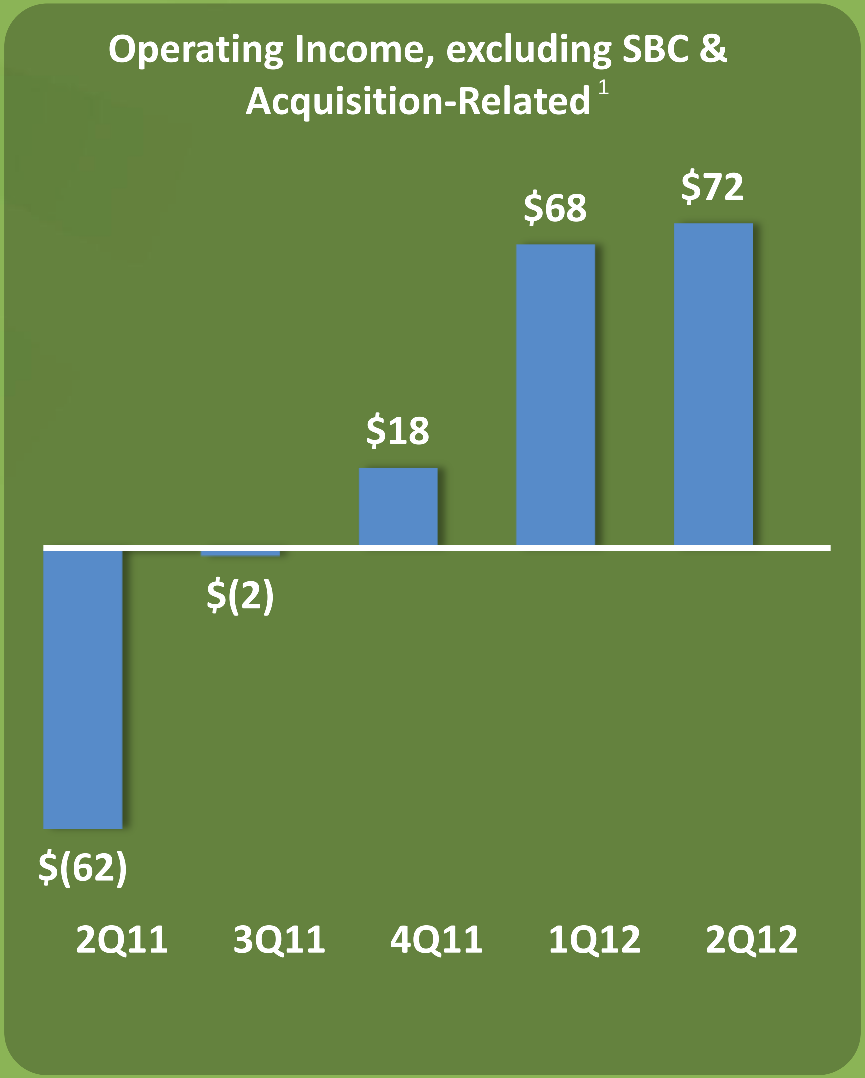
	2Q11	Prior 2Q12 Outlook[1]	2Q12
Gross Billings	$929M	–	$1,287M
Revenue	$393M	$550-$590M	$568M
GAAP Operating Income	($101)M	$25-$45M	$46M
Operating Income, excluding SBC & Acquisition-Related[2]	($62)M	–	$72M
GAAP EPS	($0.35)	–	$0.04
Non-GAAP EPS, excluding non-operating[2,3]	($0.23)	–	$0.04
Basic Shares	303.4M	–	647.1M
Weighted Avg Shares[4]	303.4M	–	663.1M
Cash and Cash Equivalents			$1.2B

1 Second quarter 2012 outlook provided on May 14, 2012
2 See non-GAAP reconciliation tables in the Appendix herein
3 2Q12 excludes non-operating items; see detail in the second quarter 2012 earnings release, which is available at http://investor.groupon.com
4 The weighted-average diluted shares outstanding consists of the weighted-average number of common shares and fully diluted common shares, unless their inclusion would be anti-dilutive

Consolidated Financials

In Millions



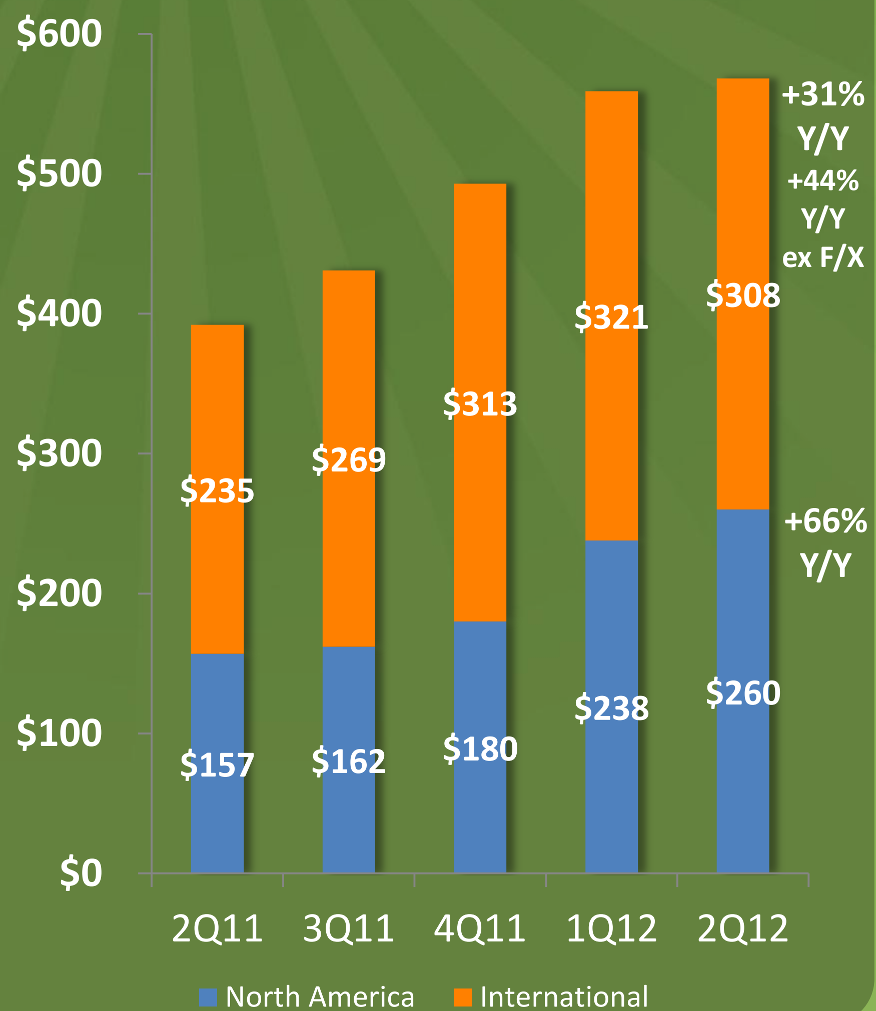


1 See non-GAAP reconciliation tables in the Appendix herein

Segment Financials

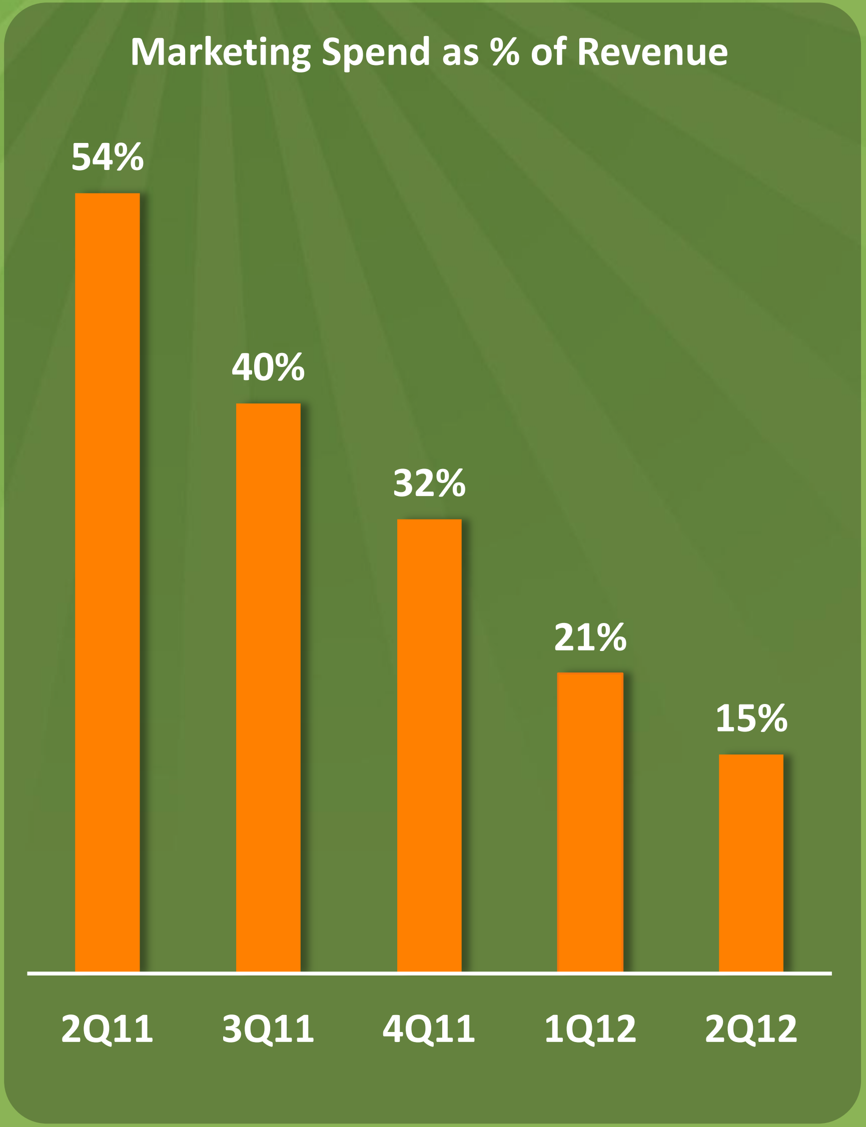
In Millions

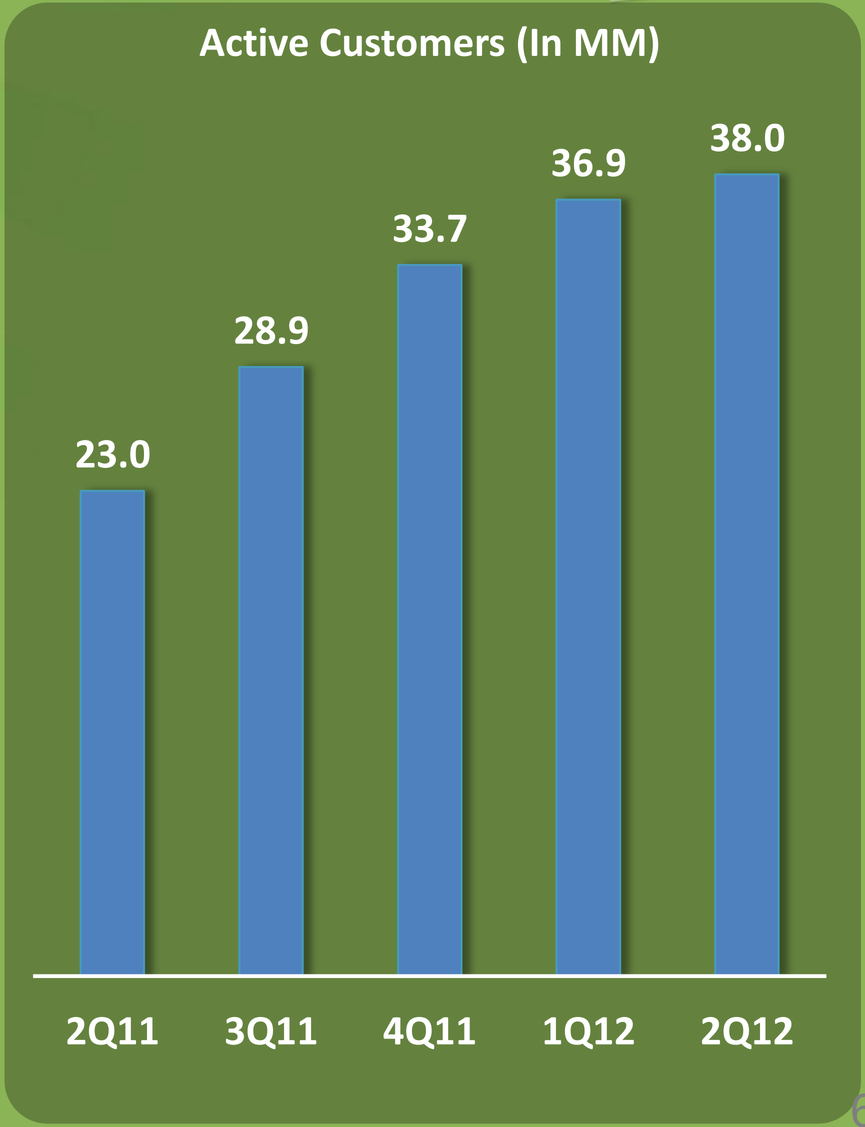
Segment Revenue



Segment Operating Income, excluding SBC & Acquisition-Related

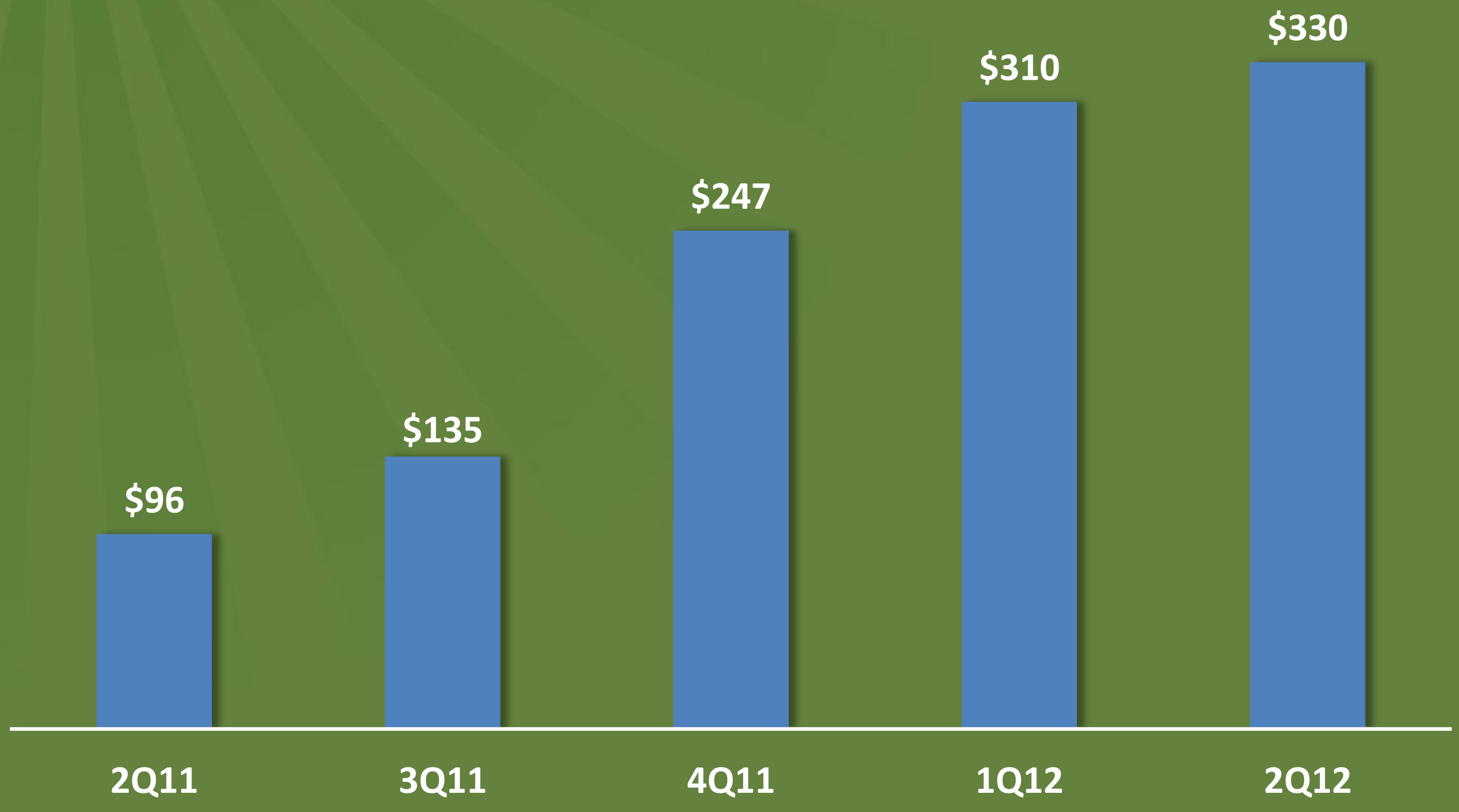
Marketing Leverage & Customer Growth





TTM Free Cash Flow [1]

In Millions



1 Non-GAAP reconciliation tables in the appendix of the earnings release, which is available at http://investor.groupon.com

Balance Sheet

	12/31/11	6/30/12
Cash and Cash Equivalents	$1,123M	$1,186M
Accounts Receivable, Net	$109M	$99M
Property and Equipment, Net	$52M	$83M
Goodwill and Other Intangibles, Net	$212M	$246M
Other Assets	$278M	$369M
Total Assets	**$1,774M**	**$1,983M**
Accounts Payable	$41M	$60M
Accrued Merchant Payable	$521M	$544M
Other Liabilities	$511M	$597M
Total Liabilities	**$1,073M**	**$1,201M**
Total Liabilities and Shareholders' Equity	**$1,774M**	**$1,983M**

2Q12 Outlook [1]

	3Q Outlook
Revenue	$580 - $620M
GAAP Operating Income	$15 - $35M
Stock-Based Compensation	$30M

1 The Company's third quarter 2012 outlook was provided in connection with second quarter 2012 earnings, on August 13, 2012. Groupon undertakes no duty to update this guidance.

Appendix

Non-GAAP Reconciliation Schedule

(dollars in thousands, except share and per share data)

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Quarterly Non-GAAP Reconciliation

	Revenue	Cost of Revenue	Marketing	SG&A	Acq-Related	Total OpEx	Operating Income (Loss)	Net Income (Loss) attributable to common stockholders	Sharecount	Diluted EPS [1]
Three months ended June 30, 2012										
GAAP	$ 568,335	$ 135,184	$ 88,407	$ 299,894	$ (1,635)	$ 521,850	$ 46,485	$ 28,386	663,122,709	$ 0.04
Stock-based compensation [2]	-	(1,015)	(646)	(25,423)	-	(27,084)	27,084	27,084	-	0.04
Acquisition-related charges [3]	-	-	-	-	1,635	1,635	(1,635)	(1,635)	-	-
Non-GAAP	$ 568,335	$ 134,169	$ 87,761	$ 274,471	$ -	$ 496,401	$ 71,934	$ 53,835	663,122,709	$ 0.08
Three months ended March 31, 2012										
GAAP	$ 559,283	$ 119,498	$ 116,615	$ 283,583	$ (52)	$ 519,644	$ 39,639	$ (11,695)	644,097,375	$ (0.02)
Stock-based compensation [2]	-	(482)	(726)	(26,795)	-	(28,003)	28,003	28,003	-	0.04
Acquisition-related charges [3]	-	-	-	-	52	52	(52)	(52)	-	(0.00)
Non-GAAP	$ 559,283	$ 119,016	$ 115,889	$ 256,788	$ -	$ 491,693	$ 67,590	$ 16,256	663,665,615 [1]	$ 0.02
Three months ended December 31, 2011										
GAAP	$ 492,164	$ 96,265	$ 155,299	$ 255,316	$ 256	$ 507,136	$ (14,972)	$ (65,379)	528,421,712	$ (0.12)
Stock-based compensation [2]	-	(650)	(1,492)	(30,526)	-	(32,668)	32,668	32,668	-	0.06
Acquisition-related charges [3]	-	-	-	-	(256)	(256)	256	256	-	-
Non-GAAP	$ 492,164	$ 95,615	$ 153,807	$ 224,790	$ -	$ 474,212	$ 17,952	$ (32,455)	528,421,712	$ (0.06)
Three months ended September 30, 2011										
GAAP	$ 430,161	$ 68,046	$ 170,349	$ 196,798	$ (4,793)	$ 430,400	$ (239)	$ (54,229)	307,605,060	$ (0.18)
Stock-based compensation [2]	-	(56)	(53)	(3,231)	-	(3,340)	3,340	3,340	-	0.01
Acquisition-related charges [3]	-	-	-	-	4,793	4,793	(4,793)	(4,793)	-	(0.01)
Non-GAAP	$ 430,161	$ 67,990	$ 170,296	$ 193,567	$ -	$ 431,853	$ (1,692)	$ (55,682)	307,605,060	$ (0.18)
Three months ended June 30, 2011										
GAAP	$ 392,582	$ 54,803	$ 212,739	$ 226,067	$ -	$ 493,609	$ (101,027)	$ (107,406)	303,414,676	$ (0.35)
Stock-based compensation [2]	-	(212)	(493)	(38,013)	-	(38,718)	38,718	38,718	-	0.12
Acquisition-related charges [3]	-	-	-	-	-	-	-	-	-	-
Non-GAAP	$ 392,582	$ 54,591	$ 212,246	$ 188,054	$ -	$ 454,891	$ (62,309)	$ (68,688)	303,414,676	$ (0.23)
Three months ended March 31, 2011 (Restated)[4]										
GAAP	$ 295,523	$ 39,765	$ 230,085	$ 142,821	$ -	$ 412,671	$ (117,148)	$ (146,480)	307,849,412	$ (0.48)
Stock-based compensation [2]	-	(212)	(493)	(18,159)	-	(18,864)	18,864	18,864	-	0.07
Acquisition-related charges [3]	-	-	-	-	-	-	-	-	-	-
Non-GAAP	$ 295,523	$ 39,553	$ 229,592	$ 124,662	$ -	$ 393,807	$ (98,284)	$ (127,616)	307,849,412	$ (0.41)

Year-to-Date Non-GAAP Reconciliation

	Revenue	Cost of Revenue	Marketing	SG&A	Acq-Related	Total OpEx	Operating Income (Loss)	Net Income (Loss) attributable to common stockholders	Sharecount	Diluted EPS [1]
Six months ended June 30, 2012										
GAAP	$ 1,127,618	$ 254,682	$ 205,022	$ 583,477	$ (1,687)	$ 1,041,494	$ 86,124	$ 16,691	663,230,558	$ 0.03
Stock-based compensation [2]	-	(1,497)	(1,372)	(52,218)	-	(55,087)	55,087	55,087	-	0.08
Acquisition-related charges [3]	-	-	-	-	1,687	1,687	(1,687)	(1,687)	-	-
Non-GAAP	$ 1,127,618	$ 253,185	$ 203,650	$ 531,259	$ -	$ 988,094	$ 139,524	$ 70,091	663,230,558	$ 0.11
Six months ended June 30, 2011 (Restated)[4]										
GAAP	$ 688,105	$ 94,568	$ 442,824	$ 368,888	$ -	$ 906,280	$ (218,175)	$ (253,886)	305,626,028	$ (0.83)
Stock-based compensation [2]	-	(424)	(986)	(56,172)	-	(57,582)	57,582	57,582	-	0.19
Acquisition-related charges [3]	-	-	-	-	-	-	-	-	-	-
Non-GAAP	$ 688,105	$ 94,144	$ 441,838	$ 312,716	$ -	$ 848,698	$ (160,593)	$ (196,304)	305,626,028	$ (0.64)

Non-GAAP Reconciliation Schedule *(cont'd)*

(dollars in thousands, except share and per share data)

Annual Non-GAAP Reconciliation

	Revenue	Cost of Revenue	Marketing	SG&A	Acq-Related	Total OpEx	Operating Income (Loss)	Net Income (Loss) attributable to common stockholders	Sharecount	Diluted EPS [1]
Twelve months ended December 31, 2011										
GAAP	$ 1,610,430	$ 258,879	$ 768,472	$ 821,002	$ (4,537)	$ 1,843,816	$ (233,386)	$ (373,494)	362,261,324	$ (1.03)
Stock-based compensation [2]	-	(1,130)	(2,531)	(89,929)	-	(93,590)	93,590	93,590	-	0.25
Acquisition-related charges [3]	-	-	-	-	4,537	4,537	(4,537)	(4,537)	-	(0.01)
Non-GAAP	$ 1,610,430	$ 257,749	$ 765,941	$ 731,073	$ -	$ 1,754,763	$ (144,333)	$ (284,441)	362,261,324	$ (0.79)
Twelve months ended December 31, 2010										
GAAP	$ 312,941	$ 42,896	$ 290,569	$ 196,637	$ 203,183	$ 733,285	$ (420,344)	$ (456,320)	342,698,772	$ (1.33)
Stock-based compensation [2]	-	(157)	(129)	(35,882)	-	(36,168)	36,168	36,168	-	0.11
Acquisition-related charges [3]	-	-	-	-	(203,183)	(203,183)	203,183	203,183	-	0.59
Non-GAAP	$ 312,941	$ 42,739	$ 290,440	$ 160,755	$ -	$ 493,934	$ (180,993)	$ (216,969)	342,698,772	$ (0.63)
Twelve months ended December 31, 2009										
GAAP	$ 14,540	$ 4,716	$ 5,053	$ 5,848	$ -	$ 15,617	$ (1,077)	$ (6,916)	337,208,284	$ (0.02)
Stock-based compensation [2]	-	-	-	(115)	-	(115)	115	115	-	-
Acquisition-related charges [3]	-	-	-	-	-	-	-	-	-	-
Non-GAAP	$ 14,540	$ 4,716	$ 5,053	$ 5,733	$ -	$ 15,502	$ (962)	$ (6,801)	337,208,284	$ (0.02)

(1) Per U.S. GAAP, Diluted EPS is calculated using the weighted-average diluted shares outstanding rather than weighted-average basic shares outstanding. 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.

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

(3) Primarily represents non-cash charges for measurement of the fair value of contingent consideration related to acquisitions made since 2010.

(4) The Company restated the Condensed Consolidated Statements of Operations for the three months ended March 31, 2011, included in the Form S-1 filed with the SEC on June 2, 2011, to correct for an error in its presentation of revenue. Most significantly, the Company restated its reporting of revenues from Groupons to be net of the amounts related to merchant fees. Historically, the Company reported the gross amounts billed to its subscribers as revenue. The Condensed Consolidated Statement of Operations for the three months ended March 31, 2011, was restated to show the net amount the Company retains after paying the merchant fees. The effect of the correction resulted in a reduction of previously reported revenues and corresponding reductions in cost of revenue in those periods. The change in presentation had no effect on pre-tax loss, net loss or any per share amounts for the period.

The Company also changed the presentation of certain other income statement expenses for the three months ended March 31, 2011, to be consistent with reporting revenue on a net basis. These changes included presenting loyalty programs as a component of marketing rather than as an offset to revenue. The Company believes that this classification is most appropriate as it is acting as an agent on behalf of the merchant in driving traffic to generate revenue. In addition, refunds made to customers which are not recovered by the merchant are presented as a component of cost of revenue, rather than as an offset to revenue, as these amounts are not paid directly to the merchants.

A portion of technology costs and editorial costs were reclassified to cost of revenue from selling, general and administrative for the three months ended March 31, 2011.

Costs associated with the Company's marketing staff, including payroll, benefits and stock compensation, were reclassified to marketing for the three months ended March 31, 2011, from selling general and administrative.

Additionally, the Company restated the Condensed Consolidated Statements of Operations for the six months ended June 30, 2011, included in the Form S-1 filed with the SEC on September 23, 2011, to correct for an error in its presentation of certain income statement expenses. These changes were to be consistent with the Company's election to report revenue on a net basis. As a result, a portion of technology costs and editorial costs have been reclassified to cost of revenue from selling, general and administrative expense for the six months ended June 30, 2011. In addition, costs associated with the Company's marketing staff, including payroll, benefits and stock compensation, have been reclassified to marketing for the six months ended June 30, 2011 from selling, general and administrative. The change in presentation had no effect on pre-tax loss, net loss or any per share amounts for the period.