

Fourth Quarter 2012 Results

February 27, 2013

The Groupon logo is presented in a stylized, tilted rectangular frame. The frame has a dark background and a light-colored border. The word "Groupon" is written in a bold, white, sans-serif font, with a registered trademark symbol (®) to the upper right of the letter "N".

GROUPON[®]

Forward Looking Statements

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, volatility in our revenue and operating results; risks related to our business strategy; responding to changes in the market; effectively dealing with challenges arising from our international operations; retaining existing customers and adding new customers; retaining existing merchant partners and adding new merchant partners; incurring expenses as we expand our business; competing against smaller competitors and competitors with more financial resources than us; maintaining favorable terms with our business partners; maintaining a strong brand; managing inventory and order fulfillment; 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 February 27, 2013. 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.

Q4 Highlights ¹

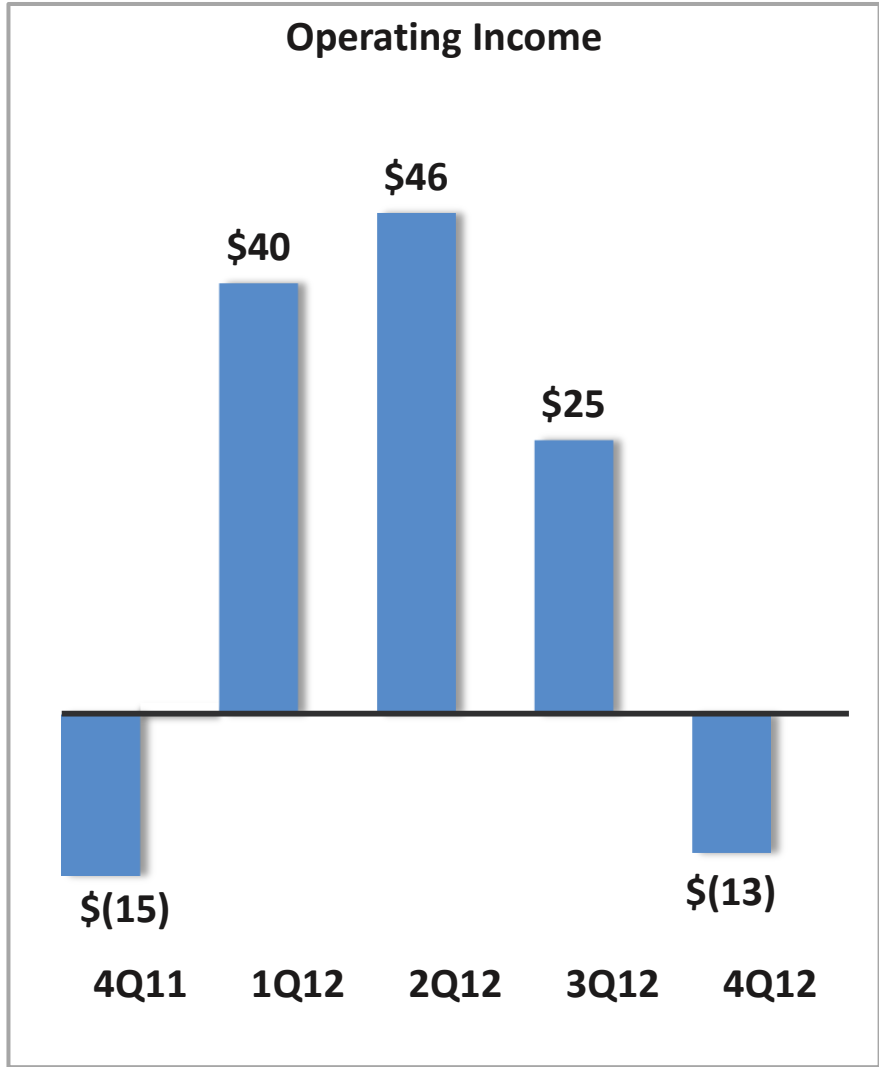
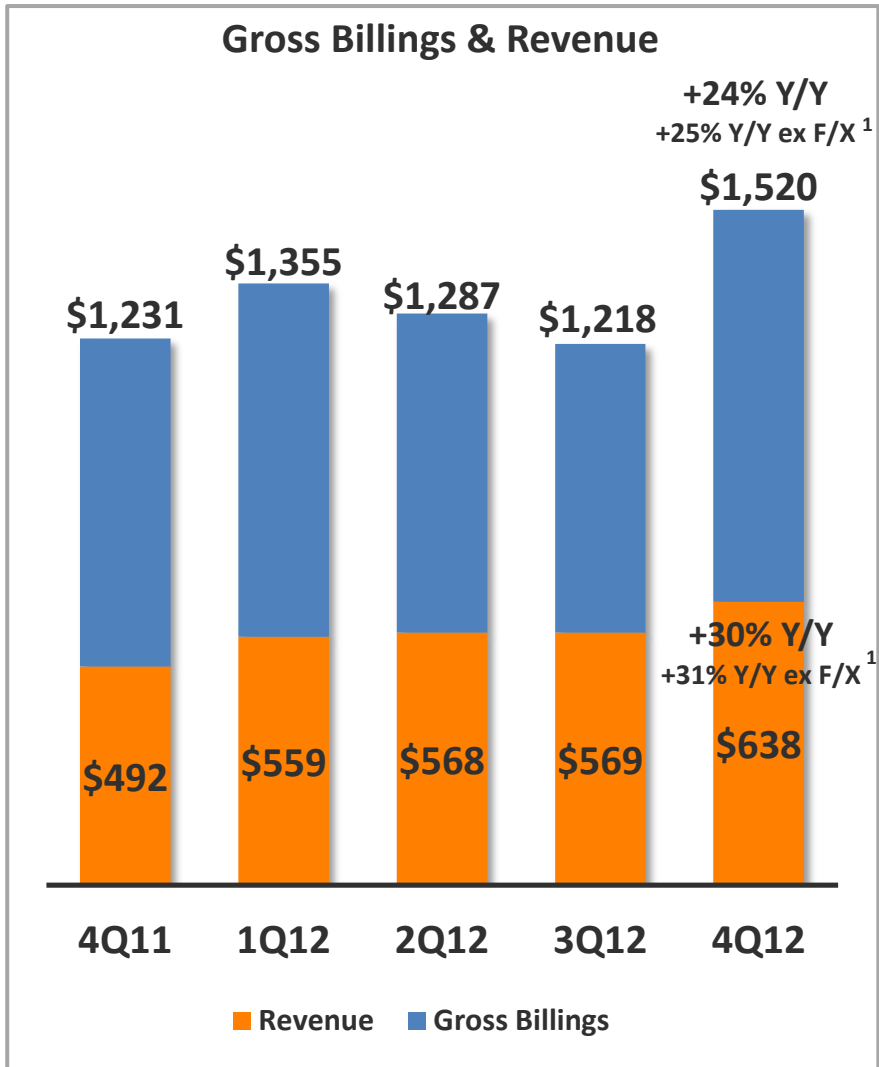
- Gross Billings of \$1.52B, up 24%; Revenue of \$638M, up 30%
 - NA: Gross Billings of \$719M, up 51%; Revenue of \$375M, up 109%
 - International: Gross Billings of \$802M, up 6%; Revenue of \$263M, down 16%
- Operating Loss of \$12.9M, including stock-based compensation and acquisition-related expenses of \$26.6M, and depreciation and amortization of \$16.0M
 - NA: \$0.1M, International: (\$13.0)M
- Total units up 21% year-over-year and 19% quarter-over-quarter
- 41.0M Active Customers, up 22%
- \$144 TTM Gross Billings per Average Active Customer, down 23%
- Groupon Goods annual billings run rate of almost \$2B after a seasonally strong fourth quarter
- Active deals in North America up almost 300% to nearly 37,000
- In January, nearly 40% of North American transactions were on mobile devices, an increase of 44% versus January 2012

4Q and Full Year 2012 Results

	4Q11	Prior 4Q12 Outlook ¹	4Q12	FY 2011	FY 2012
Gross Billings	\$1,231M	–	\$1,520M	\$3,986M	\$5,380M
Revenue	\$492M	\$625-\$675M	\$638M	\$1,610M	\$2,334M
Operating Income	(\$15)M	\$0-\$20M	(\$13)M	(\$233)M	\$99M
Stock Based Compensation and Acquisition Related Expenses	\$33M	\$30M	\$27M	\$89M	\$105M
Depreciation and Amortization	\$9M	–	\$16M	\$32M	\$56M
Net Income	(\$65)M	–	(\$81)M	(\$373)M	(\$67)M
EPS	(\$0.12)	–	(\$0.12)	(\$1.03)	(\$0.10)
Basic Shares	528.4M	–	655.7M	362.3M	650.2M
Diluted Shares	528.4M	–	655.7M	362.3M	650.2M
Cash and Cash Equivalents					\$1.2B

Consolidated Financials

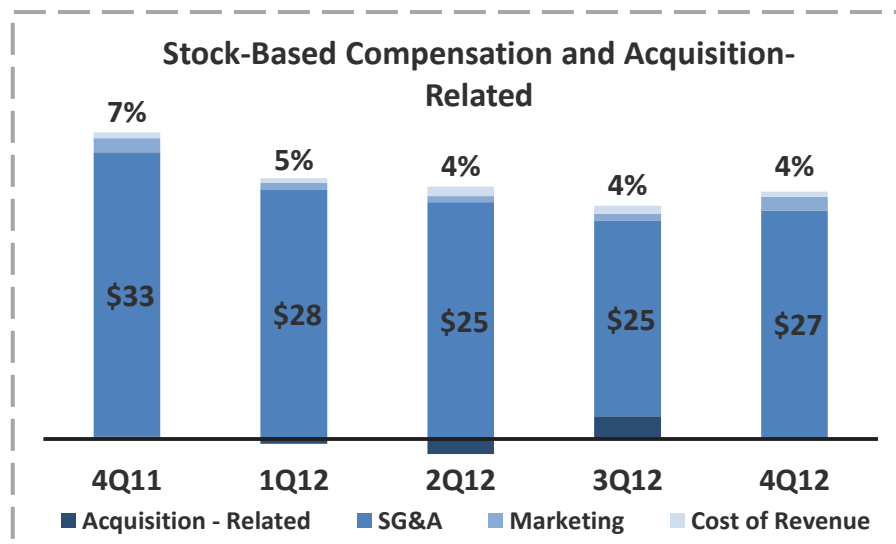
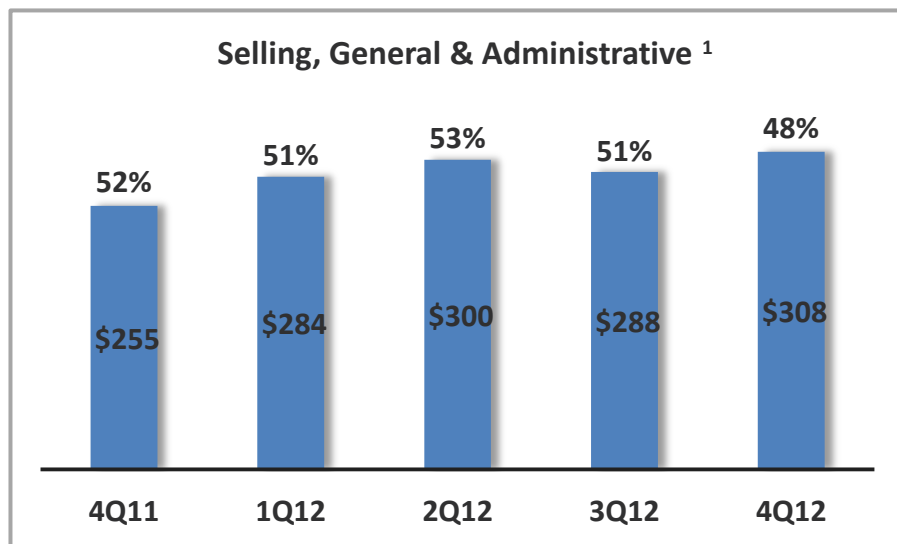
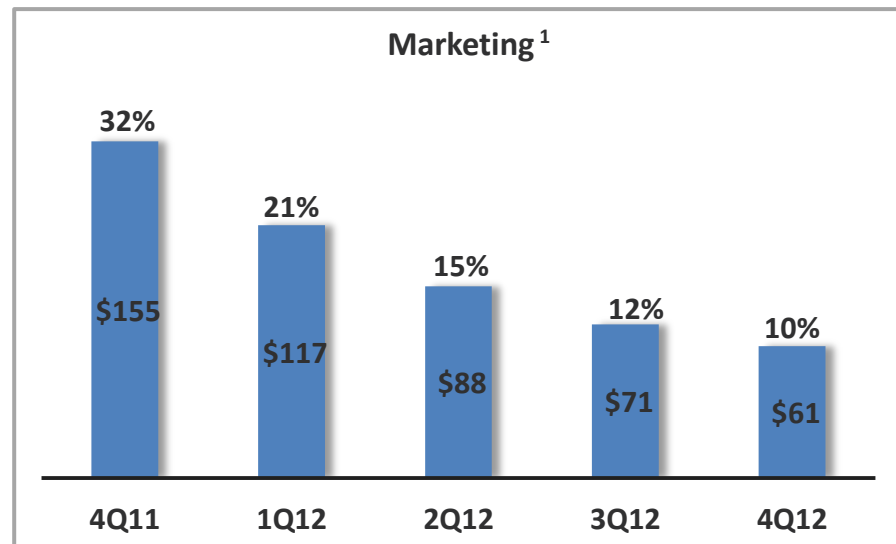
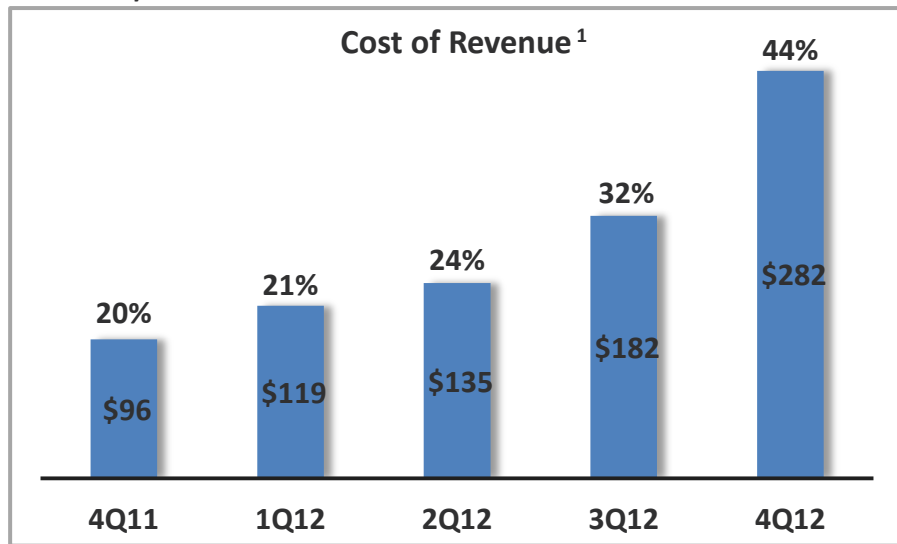
(In Millions)



(1) For a reconciliation of exchange rate neutral results to reported results, see the supplemental financial information table in the appendix of the earnings release, which is available at <http://investor.groupon.com>

Expenses as a % of Revenue

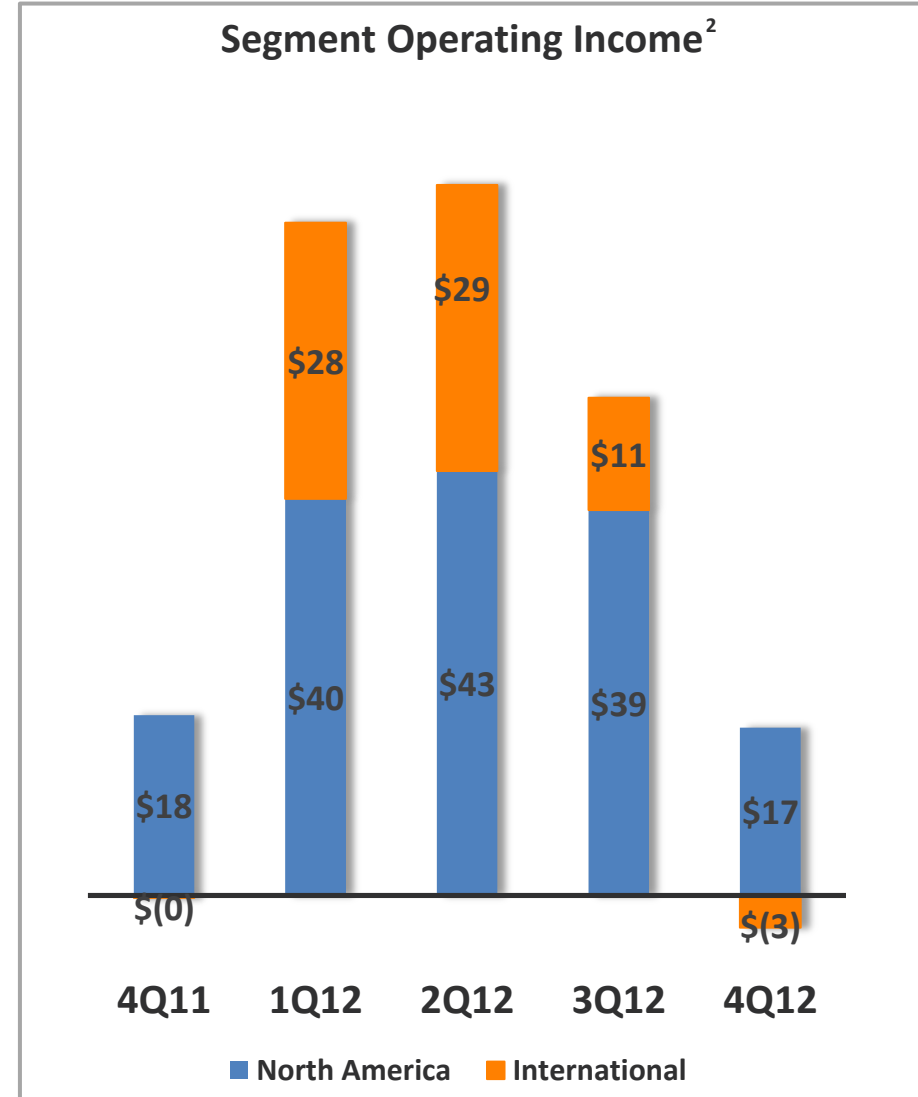
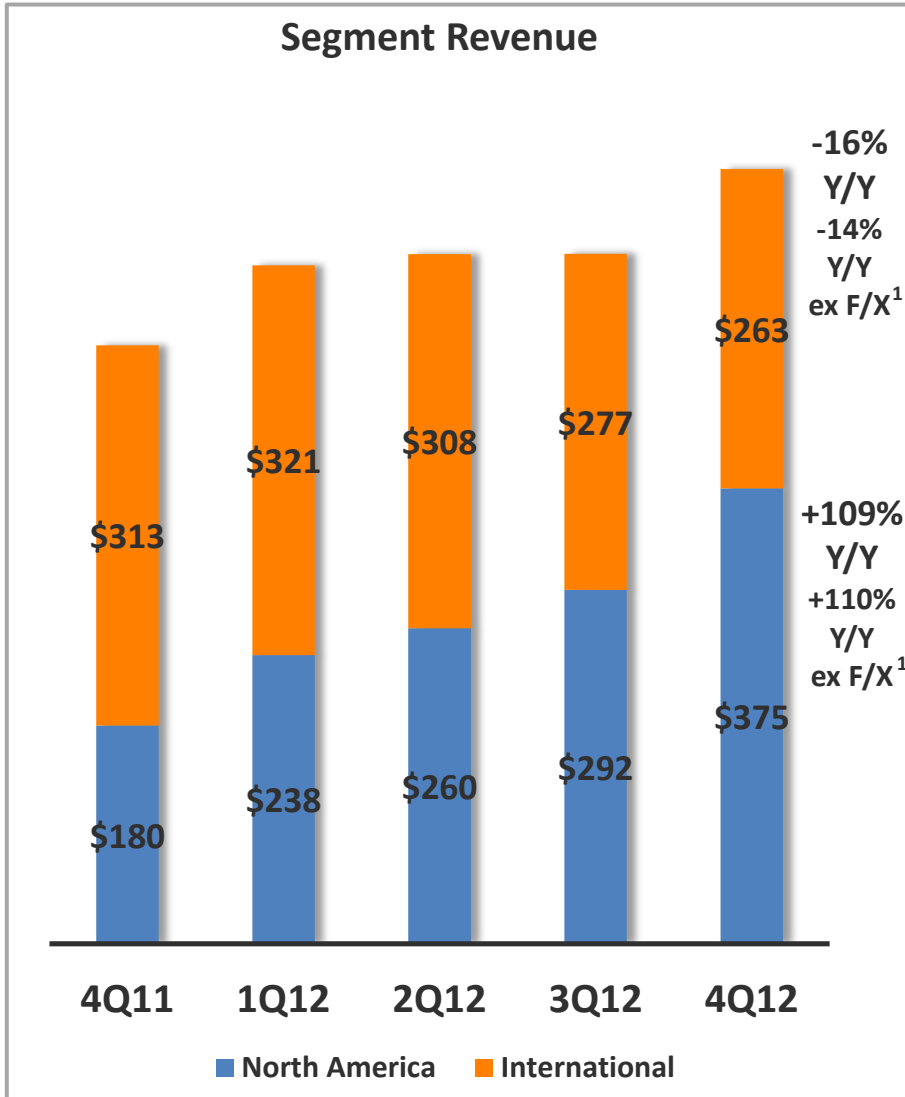
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(1) Expenses as reported, include stock-based compensation and acquisition-related expenses.

Segment Financials

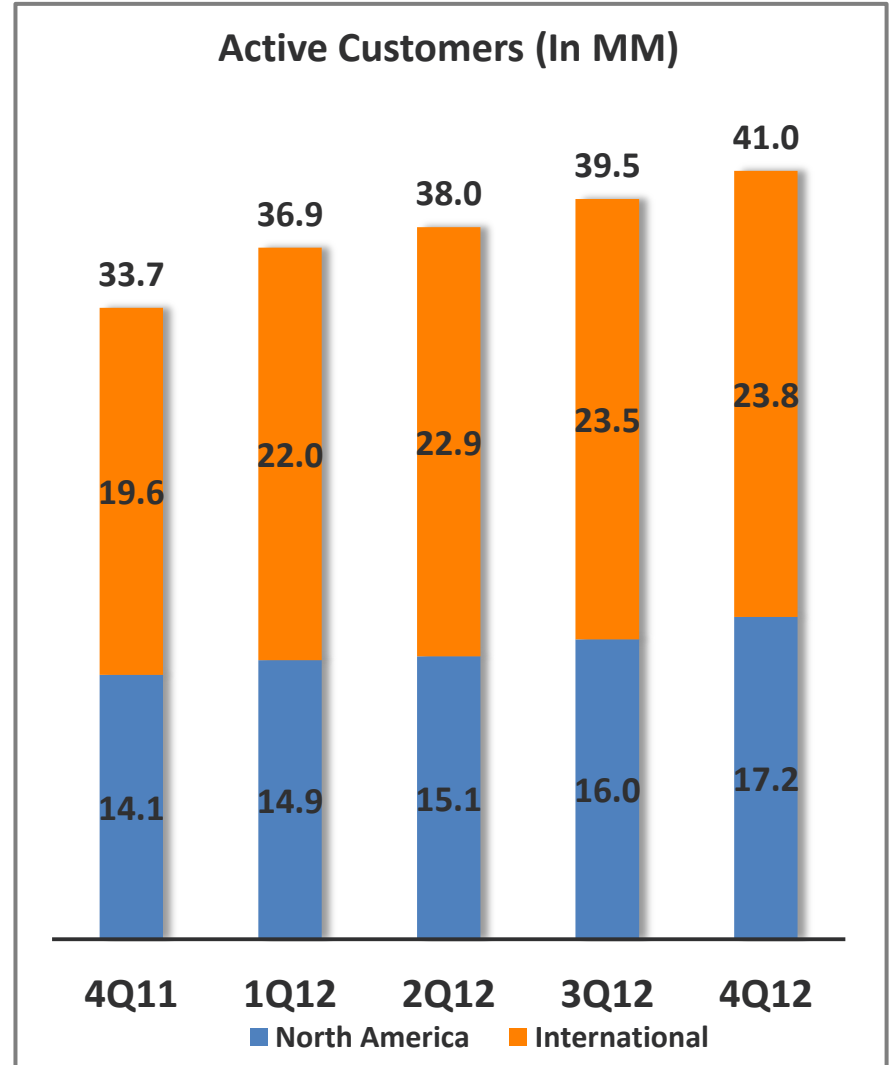
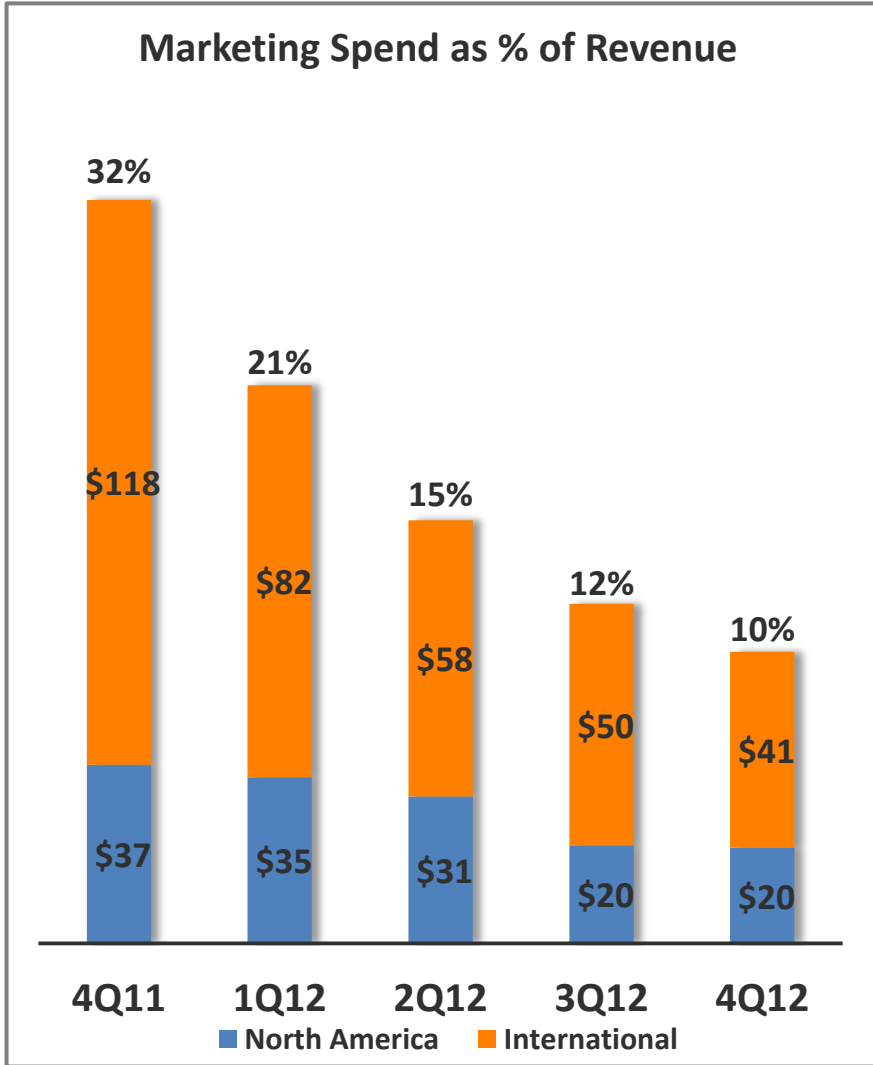
(In Millions)



(1) For a reconciliation of exchange rate neutral results to reported results, see the supplemental financial information table in the appendix of the earnings release, which is available at <http://investor.groupon.com>

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

Marketing Leverage & Customer Growth



4Q 2012 Direct and Third Party & Other Detail

	Direct	Third Party	Total
Gross Billings	\$225M	\$1,295M	\$1,520M
<i>North America</i>	\$209M	\$509M	\$718M
<i>International</i>	\$16M	\$786M	\$802M
Revenue	\$225M	\$413M	\$638M
<i>North America</i>	\$209M	\$166M	\$375M
<i>International</i>	\$16M	\$247M	\$263M
Cost of Revenue	\$219M	\$64M	\$282M
<i>North America</i>	\$197M	\$27M	\$224M
<i>International</i>	\$22M	\$37M	\$58M
Gross Profit	\$6	\$349	\$356
<i>North America</i>	\$12	\$139	\$152
<i>International</i>	\$(6)	\$210	\$204
Gross Margin (% of Revenue)	3%	85%	56%
<i>North America</i>	6%	84%	40%
<i>International</i>	-40%	85%	78%

Direct vs. Third-Party Long-Term Operating Margin Targets ^{1,2,3,4}

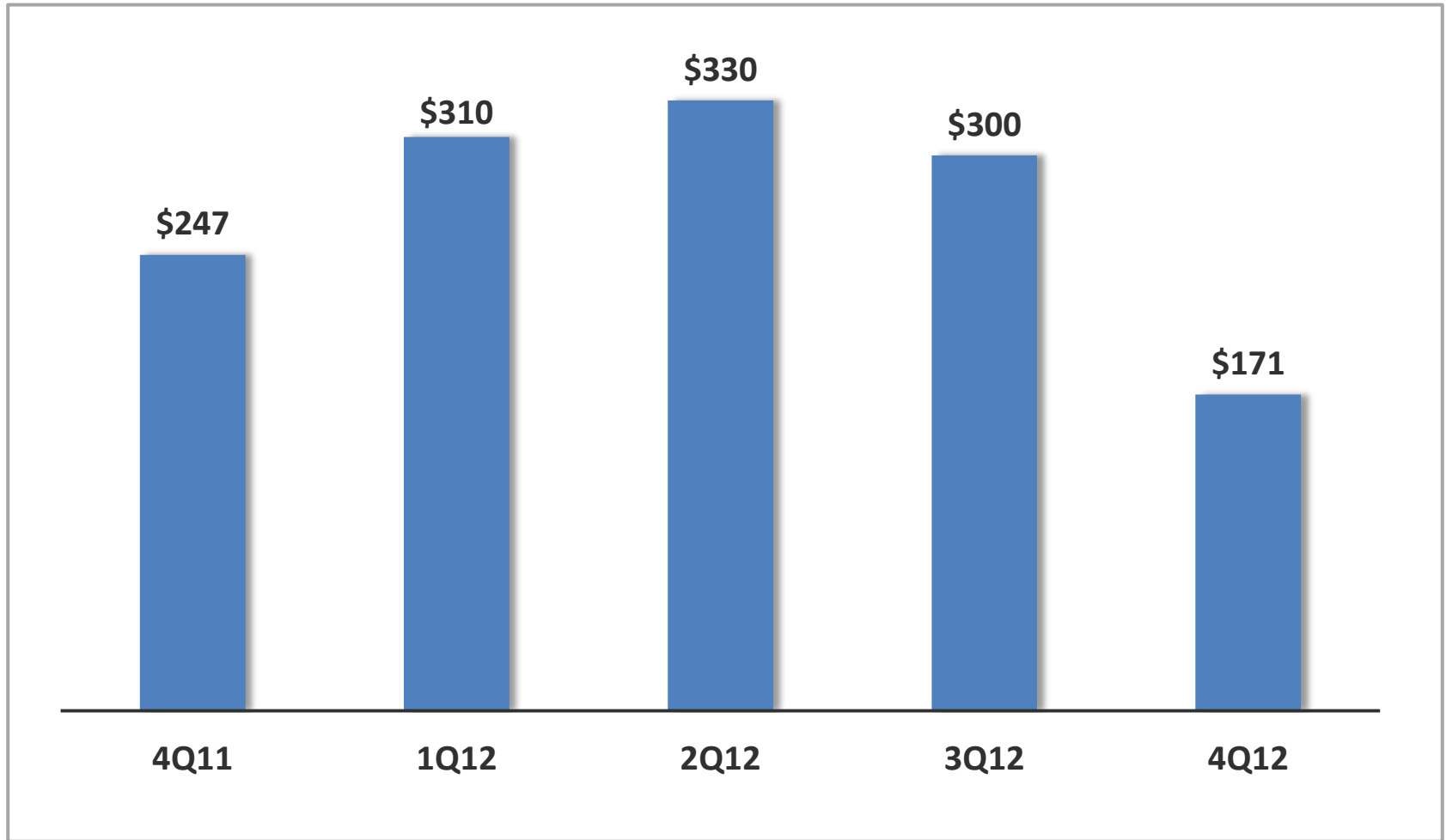
For Illustrative Purposes Only

	<u>Direct</u>	<u>% of Revenue</u>	<u>Third Party</u>	<u>% of Revenue</u>
Gross billings	\$100		~\$100	
<i>Revenue Margin</i>	<u>100%</u>	100%	<u>~35%</u>	30 – 40%
Revenue	\$100		~\$35	
Cost of revenue	~\$78	~75 - 80%	~\$4	~10 - 15%
Marketing	~\$8	~8%	~\$7	~20%
Selling, general & administrative	~\$6	~5 - 7%	~\$14	~35 - 40%
Operating income, excluding stock-based compensation and acquisition-related expenses	<u>~\$8</u>	~6 – 10% <i>(High Single Digits)</i>	<u>~\$10</u>	~25 - 30%

- (1) Targets as communicated externally; P&L detail for illustrative purposes only. All dollars represent midpoint of percent ranges shown.
- (2) Operating Margin targets exclude stock-based compensation and acquisition-related expenses.
- (3) Management prepared these targets based on a combination of internal data and publicly-available data about our business and our industry. There can be no assurance that Groupon will ever achieve these targets. The targets are presented for illustrative purposes only and represent management’s belief about what the company may be able to achieve in the future. We caution you against undue reliance on these targets, as they are very general in nature, are not presented with reference to a specific time frame, and are subject to significant assumptions, many of which are out of our control. We do not undertake any obligation to update these targets.
- (4) Operating income, excluding stock-based compensation and acquisition-related expenses is a non-GAAP financial measure. We are unable to provide a target for stock-based compensation and acquisition-related expenses, in order to provide a reconciliation to GAAP operating income, due to the undefined timeframe of these targets and the difficulty in forecasting these expenses as a percentage of revenue or otherwise.

TTM Free Cash Flow¹

(In Millions)



(1) Free cash flow, represents cash flow from operations minus purchases of property and equipment and software capitalization. For a reconciliation to cash flow from operations, see the reconciliation of free cash flow table in the appendix of the earnings release, which is available at <http://investor.groupon.com>

Balance Sheet

	12/31/11	12/31/12
Cash and Cash Equivalents	\$1,123M	\$1,209
Accounts Receivable, Net	\$109M	\$97M
Property and Equipment, Net	\$52M	\$121M
Goodwill and Other Intangibles, Net	\$212M	\$249M
Other Assets	\$278M	\$355M
Total Assets	\$1,774M	\$2,031M
Accounts Payable	\$41M	\$60M
Accrued Merchant Payable	\$521M	\$671M
Other Liabilities	\$511M	\$558M
Total Liabilities	\$1,073M	\$1,289M
Total Liabilities and Shareholders' Equity	\$1,774M	\$2,031M

1Q13 Outlook ¹

	1Q 2013
Revenue	\$560M - \$610M
Operating (Loss) Income	(\$10)M - \$10M
Stock-Based Compensation	\$30M

(1) The Company's first quarter 2013 outlook was provided in connection with fourth quarter 2012 earnings, on February 27, 2012. Groupon undertakes no duty to update this guidance.