

Groupon, Inc.
Summary Consolidated and Segment Results

	Three Months Ended		Y/Y% Growth	Y/Y % Growth excluding FX⁽²⁾
	March 31,			
	2011	2012		
	(dollars in thousands, except per share data)			
	(unaudited)	(unaudited)		
	(Restated)⁽¹⁾			
Revenue (gross billings of \$668,174 and \$1,354,800 respectively)				
North America	\$ 136,612	\$ 238,565	74.6 %	74.9 %
International	158,911	320,718	101.8 %	111.9 %
Consolidated revenue	<u>\$ 295,523</u>	<u>\$ 559,283</u>	89.3 %	94.8 %
Operating (loss) income	\$ (117,148)	\$ 39,639	N/A	N/A
Segment operating (loss) income				
North America	\$ (21,778)	\$ 40,172	N/A	N/A
International	\$ (76,506)	\$ 27,418	N/A	N/A
Net loss attributable to common stockholders	\$ (146,480)	\$ (11,695)	92.0 %	92.5 %
Non-GAAP net (loss) income attributable to common stockholders ⁽³⁾	\$ (127,616)	\$ 16,256	N/A	N/A
Net loss per share attributable to common stockholders	\$ (0.48)	\$ (0.02)		
Non-GAAP net (loss) income per share attributable to common stockholders ⁽³⁾	\$ (0.41)	\$ 0.02		
Weighted average basic shares	307,849,412	644,097,375		
Weighted average diluted shares	307,849,412	644,097,375		
Weighted average diluted shares for non-GAAP (loss) income per share ⁽⁴⁾	307,849,412	663,665,615		

(1) 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.

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

(3) Non-GAAP net (loss) income attributable to common stockholders is a non-GAAP financial measure. This measure excludes stock-based compensation and acquisition-related costs. See “Non-GAAP Financial Measures” for a reconciliation of this measure to the most applicable financial measure under U.S. GAAP.

(4) 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.

Groupon, Inc.
Consolidated Statement of Cash Flows

	Three Months Ended March 31,	
	2011	2012
	(unaudited)	(unaudited)
Net cash provided by operating activities	\$ 17,940	\$ 83,714
Net cash used in investing activities	(44,294)	(46,444)
Net cash provided by (used in) financing activities	112,106	(8,275)
Effect of exchange rate changes on cash and cash equivalents	4,103	9,059
Net increase in cash and cash equivalents	89,855	38,054
Cash and cash equivalents, beginning of period	118,833	1,122,935
Cash and cash equivalents, end of period	\$ 208,688	\$ 1,160,989

Groupon, Inc.
Consolidated Statements of Operations

	Three Months Ended	
	March 31,	
	2011	2012
	(dollars in thousands, except per share data)	
	(unaudited)	(unaudited)
	(Restated) ⁽¹⁾	
Revenue (gross billings of \$668,174 and \$1,354,800 respectively)	\$ 295,523	\$ 559,283
Costs and expenses:		
Cost of revenue	39,765	119,498
Marketing	230,085	116,615
Selling, general and administrative	142,821	283,583
Acquisition-related	-	(52)
Total operating expenses	412,671	519,644
(Loss) income from operations	(117,148)	39,639
Interest and other income (expense), net	1,060	(3,539)
Equity-method investment activity, net of tax	(882)	(5,128)
(Loss) income before provision for income taxes	(116,970)	30,972
(Benefit) provision for income taxes	(3,079)	34,565
Net loss	(113,891)	(3,593)
Less: Net loss (income) attributable to noncontrolling interests	11,223	(880)
Net loss attributable to Groupon, Inc.	\$ (102,668)	\$ (4,473)
Redemption of preferred stock in excess of carrying value	(34,327)	-
Adjustment of redeemable noncontrolling interests to redemption value	(9,485)	(7,222)
Net loss attributable to common stockholders	\$ (146,480)	\$ (11,695)
Net loss per share attributable to common stockholders		
Basic	\$ (0.48)	\$ (0.02)
Diluted	\$ (0.48)	\$ (0.02)
Weighted average number of shares outstanding		
Basic	307,849,412	644,097,375
Diluted	307,849,412	644,097,375

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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.

Groupon, Inc.
Consolidated Balance Sheets

	March 31,	
	2011	2012
	(in thousands)	
	(unaudited)	(unaudited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 208,688	\$ 1,160,989
Accounts receivable, net	60,717	122,644
Prepaid expenses and other current assets	21,324	101,275
Total current assets	290,729	1,384,908
Property and equipment, net	26,928	59,713
Goodwill	154,438	185,336
Intangible assets, net	43,052	56,836
Other non-current assets	26,263	184,070
Total Assets	\$ 541,410	\$ 1,870,863
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued merchant payable	\$ 328,587	\$ 616,854
Other current liabilities	190,890	449,523
Total current liabilities	519,477	1,066,377
Deferred income taxes, non-current	1,437	12,466
Other non-current liabilities	13,353	75,189
Total Liabilities	534,267	1,154,032
Redeemable noncontrolling interest	2,744	7,211
Total Equity	4,399	709,620
Total Liabilities and Equity	\$ 541,410	\$ 1,870,863

Groupon, Inc.
Segment Information

	Three Months Ended	
	March 31,	
	2011	2012
	(in thousands)	
	(unaudited)	(unaudited)
	(Restated)⁽¹⁾	
North America		
Revenue	\$ 136,612	\$ 238,565
Segment operating expenses ⁽²⁾	158,390	198,393
Segment operating (loss) income	(21,778)	40,172
Segment (loss) income as a percent of segment revenues	(15.9) %	16.8 %
International		
Revenue	\$ 158,911	\$ 320,718
Segment operating expenses ⁽²⁾	235,417	293,300
Segment operating (loss) income	(76,506)	27,418
Segment (loss) income as a percent of segment revenues	(48.1) %	8.5 %
Consolidated		
Revenue	\$ 295,523	\$ 559,283
Segment operating expenses ⁽²⁾	393,807	491,693
Segment operating (loss) income	(98,284)	67,590
Segment (loss) income as a percent of segment revenues	(33.3) %	12.1 %
Stock-based compensation	(18,864)	(28,003)
Acquisition-related	-	52
Operating (loss) income	(117,148)	39,639
Interest and other income (expense), net	1,060	(3,539)
Equity-method investment activity, net	(882)	(5,128)
Loss before income taxes	(116,970)	30,972
Provision (benefit) for income taxes	(3,079)	34,565
Net loss	<u>\$ (113,891)</u>	<u>\$ (3,593)</u>

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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.

(2) Represents operating expenses, excluding stock-based compensation and acquisition-related expense, which are not allocated to segments.

Reconciliation of Non-GAAP Financial Measures

Free Cash Flow

The following is a reconciliation of free cash flow to the most comparable U.S. GAAP measure, "Net cash provided by operating activities," for the three months ended March 31, 2011 and 2012:

	Three Months Ended	
	March 31,	
	2011	2012
	(in thousands)	
	(unaudited)	(unaudited)
Net cash provided by operating activities	\$ 17,940	\$ 83,714
Purchases of property and equipment	(10,962)	(13,083)
Free cash flow	\$ 6,978	\$ 70,631

Foreign exchange rate neutral operating results

The effect on the Company's consolidated statements of operations from changes in exchange rates versus the U.S. Dollar since March 31, 2011 and December 31, 2011 are as follows:

	Three Months Ended March 31, 2012			Three Months Ended March 31, 2011		
	At Avg. Q1 2011 Rates ⁽¹⁾	Exchange Rate Effect ⁽²⁾ (in thousands) (unaudited)	As Reported	At Avg. Q4 2011 Rates ⁽³⁾	Exchange Rate Effect ⁽²⁾ (in thousands) (unaudited)	As Reported
Revenue	\$ 575,613	\$ (16,330)	\$ 559,283	\$ 556,313	\$ 2,970	\$ 559,283
Income from operations	\$ 40,943	\$ (1,304)	\$ 39,639	\$ 39,734	\$ (95)	\$ 39,639

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

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

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

Non-GAAP Reconciliation Schedule
(in thousands, except share and per share amounts)
(unaudited)

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 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)

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) 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 by us 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 Groups 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.

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Supplemental Financial Information and Business Metrics
(in thousands, except percentages, per share and headcount data)
(unaudited)

	Q1 2011 ⁽⁵⁾ (Restated) ⁽¹⁾⁽⁶⁾	Q2 2011	Q3 2011	Q4 2011	Q1 2012
Consolidated Results of Operations					
Gross Billings	\$ 668,174	\$ 929,249	\$ 1,157,210	\$ 1,230,868	\$ 1,354,800
<i>Year-over-year growth</i>	1,405 %	916 %	496 %	196 %	103 %
Gross Billings Trailing Twelve Months (TTM)	\$ 1,369,139	\$ 2,206,964	\$ 3,169,902	\$ 3,985,501	\$ 4,672,127
Consolidated Revenue	\$ 295,523	\$ 392,582	\$ 430,161	\$ 492,164	\$ 559,283
<i>Year-over-year growth</i>	1,358 %	915 %	426 %	186 %	89 %
Consolidated Revenue TTM	\$ 588,192	\$ 942,108	\$ 1,290,490	\$ 1,610,430	\$ 1,874,190
Operating (Loss) Income	\$ (117,148)	\$ (101,027)	\$ (239)	\$ (14,972)	\$ 39,639
<i>Year-over-year growth</i>	N/A	(174) %	100 %	96 %	N/A
Operating Margin (% of revenue)	(39.6) %	(25.7) %	(0.1) %	(3.0) %	7.1 %
<i>Year-over-year growth (bps)</i>	(8,192)	6,949	6,838	19,213	4,673
Operating (Loss) Income TTM	\$ (546,064)	\$ (610,272)	\$ (554,543)	\$ (233,386)	\$ (76,599)
Operating Margin TTM (% of TTM revenue)	(92.8) %	(64.8) %	(43.0) %	(14.5) %	(4.1) %
<i>Year-over-year growth (bps)</i>	(11,533)	(2,457)	1,427	11,983	8,875
Net Loss Attributable to Common Stockholders	\$ (146,480)	\$ (107,406)	\$ (54,229)	\$ (65,379)	\$ (11,695)
Weighted Average Basic and Diluted Shares Outstanding ⁽¹⁾	307,849	303,415	307,605	528,422	644,097
Net Loss Attributable to Common Stockholders per Share	\$ (0.48)	\$ (0.35)	\$ (0.18)	\$ (0.12)	\$ (0.02)
Operating (Loss) Income excl stock-based compensation (SBC), acquisition-related expenses ⁽²⁾	\$ (98,284)	\$ (62,309)	\$ (1,692)	\$ 17,952	\$ 67,590
<i>Year-over-year growth</i>	N/A	(166) %	93 %	N/A	N/A
Operating Margin excl SBC, acq-related (% of revenue) ⁽²⁾	(33.3) %	(15.9) %	(0.4) %	3.6 %	12.1 %
<i>Year-over-year growth (bps)</i>	(7,611)	4,471	1	8,689	4,534
Operating (Loss) Income TTM excl SBC, acq-related ⁽²⁾	\$ (287,964)	\$ (326,848)	\$ (305,646)	\$ (144,333)	\$ 21,541
Operating Margin TTM excl SBC, acq-related (% of TTM revenue) ⁽²⁾	(49.0) %	(34.7) %	(23.7) %	(9.0) %	1.1 %
<i>Year-over-year growth (bps)</i>	(7,208)	(1,333)	245	4,887	5,011
Non-GAAP Net (Loss) Income Attributable to Common Stockholders ⁽³⁾	\$ (127,616)	\$ (68,688)	\$ (55,682)	\$ (32,455)	\$ 16,256
Weighted Average Diluted Shares for non-GAAP Net (Loss) Income per Share ⁽¹⁾	307,849	303,415	307,605	528,422	663,666
Non-GAAP Net (Loss) Income Attributable to Common Stockholders per Share ⁽³⁾	\$ (0.41)	\$ (0.23)	\$ (0.18)	\$ (0.06)	\$ 0.02
Segments					
North America Segment:					
Revenue	\$ 136,612	\$ 157,205	\$ 161,525	\$ 179,638	\$ 238,565
<i>Year-over-year growth</i>	574 %	341 %	188 %	103 %	75 %
<i>% of Consolidated Revenue</i>	46 %	40 %	38 %	36 %	43 %
Revenue TTM	\$ 316,752	\$ 438,305	\$ 543,705	\$ 634,980	\$ 736,933
Segment Operating (Loss) Income ⁽⁴⁾	\$ (21,778)	\$ (10,501)	\$ 18,836	\$ 18,239	\$ 40,172
<i>Year-over-year growth</i>	N/A	(2,678) %	496 %	N/A	N/A
<i>% of Consolidated Segment Operating Income</i>	22 %	17 %	1,113 %	102 %	59 %
Segment Operating Margin (% of North America revenue) ⁽⁴⁾	(15.9) %	(6.7) %	11.7 %	10.2 %	16.8 %
<i>Year-over-year growth (bps)</i>	(5,879)	(562)	603	3,494	3,278
Segment Operating (Loss) Income TTM ⁽⁴⁾	\$ (40,901)	\$ (51,024)	\$ (35,348)	\$ 4,796	\$ 66,746
Segment Operating Margin TTM (% of North America TTM revenue) ⁽⁴⁾	(12.9) %	(11.6) %	(6.5) %	0.8 %	9.1 %
<i>Year-over-year growth (bps)</i>	(3,604)	(2,266)	(1,467)	596	2,197
International Segment:					
Revenue	\$ 158,911	\$ 235,377	\$ 268,636	\$ 312,526	\$ 320,718
<i>Year-over-year growth</i>	N/A	7,709 %	947 %	273 %	102 %
<i>% of Consolidated Revenue</i>	54 %	60 %	62 %	64 %	57 %
Revenue TTM	\$ 271,440	\$ 503,803	\$ 746,785	\$ 975,450	\$ 1,137,257
Segment Operating (Loss) Income ⁽⁴⁾	\$ (76,506)	\$ (51,808)	\$ (20,528)	\$ (287)	\$ 27,418
<i>Year-over-year growth</i>	N/A	(125) %	21 %	100 %	N/A
<i>% of Consolidated Segment Operating Income</i>	78 %	83 %	(1,213) %	(2) %	41 %
Segment Operating Margin (% of International revenue) ⁽⁴⁾	(48.1) %	(22.0) %	(7.6) %	(0.1) %	8.5 %
<i>Year-over-year growth (bps)</i> ⁽⁵⁾	N/A	74,265	9,392	14,474	5,669
Segment Operating (Loss) Income TTM ⁽⁴⁾	\$ (247,063)	\$ (275,824)	\$ (270,298)	\$ (149,129)	\$ (45,205)
Segment Operating Margin TTM (% of International TTM revenue) ⁽⁴⁾	(91.0) %	(54.7) %	(36.2) %	(15.3) %	(4.0) %
<i>Year-over-year growth (bps)</i> ⁽⁵⁾	N/A	70,992	13,508	13,628	8,704

Supplemental Financial Information and Business Metrics (continued)
(in thousands, except percentages, per share and headcount data)
(unaudited)

	<u>Q1 2011</u> ⁽⁵⁾ <u>(Restated)</u> ⁽⁶⁾	<u>Q2 2011</u>	<u>Q3 2011</u>	<u>Q4 2011</u>	<u>Q1 2012</u>
Cash Flow					
Operating cash flow (TTM)	\$ 91,928	\$ 128,316	\$ 173,291	\$ 290,447	\$ 356,221
Purchases of Property and Equipment (TTM)	\$ (24,780)	\$ (31,949)	\$ (38,414)	\$ (43,811)	\$ (45,932)
Free cash flow (TTM) ⁽⁶⁾	\$ 67,148	\$ 96,367	\$ 134,877	\$ 246,636	\$ 310,289
Other Metrics:					
Active Customers ⁽⁷⁾	15,376	23,037	28,906	33,742	36,850
TTM Gross Billings / Average Active Customer ⁽⁸⁾	\$ 169	\$ 174	\$ 189	\$ 187	\$ 179
Headcount					
Sales ⁽⁹⁾	3,556	4,850	4,853	5,196	5,735
% North America	19%	20%	21%	20%	21%
% International	81%	80%	79%	80%	79%
Other	3,551	4,775	5,565	6,275	6,813
Total Headcount	7,107	9,625	10,418	11,471	12,548

- (1) 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) Please see the section entitled 'Non-GAAP Financial Measures' above for further information on these metrics.
- (3) Non-GAAP net (loss) income attributable to common stockholders is a non-GAAP financial measure. This measure excludes stock-based compensation and acquisition-related costs. See "Non-GAAP Financial Measures" for a reconciliation of this measure to the most applicable financial measure under U.S. GAAP.
- (4) Segment operating income excludes stock-based compensation and acquisition-related expenses, as they are not allocated at the segment level.
- (5) Year-over-year growth is unavailable for select international growth measures as Groupon did not commence international operations until the second quarter of 2010.
- (6) Free cash flow is a non-GAAP financial measure. The Company reconciles this measure to the most comparable U.S. GAAP measure, "Net cash provided by operating activities," for the periods presented.
- (7) Reflects the total number of unique accounts who have purchased Groupons during the trailing twelve months.
- (8) Reflects the total gross billings generated in the trailing twelve months per average active customer.
- (9) Includes inside and outside merchant sales representatives, as well as sales support.
- (10) 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 has 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 include 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 have been 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, have been reclassified to marketing for the three months ended March 31, 2011 from selling general and administrative.