

Reconciliation of GAAP to Non-GAAP Measures
For the Three and Nine Months Ended September 30, 2013 and 2012
(unaudited, in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Non-GAAP revenue:				
Revenue (GAAP)	\$ 98,071	\$ 83,239	\$ 281,503	\$ 236,448
Acquisition-related and other deferred revenue	1,793	3	1,795	86
Non-GAAP revenue	<u>\$ 99,864</u>	<u>\$ 83,242</u>	<u>\$ 283,298</u>	<u>\$ 236,534</u>
Adjusted gross profit:				
Gross profit (GAAP)	\$ 59,960	\$ 50,342	\$ 170,688	\$ 141,090
Acquisition-related and other deferred revenue	1,793	3	1,795	86
Depreciation	1,480	1,707	4,767	4,917
Amortization of intangible assets	1,656	2,219	5,651	7,000
Stock-based compensation expense	785	649	2,211	2,088
Adjusted gross profit	<u>\$ 65,674</u>	<u>\$ 54,920</u>	<u>\$ 185,112</u>	<u>\$ 155,181</u>
Adjusted gross profit margin	65.8%	66.0%	65.3%	65.6%
Adjusted EBITDA:				
Net income (GAAP)	\$ 12,886	\$ 2,113	\$ 18,514	\$ 1,461
Acquisition-related and other deferred revenue	1,793	3	1,795	86
Depreciation, asset impairment and loss on disposal of asset	3,400	3,416	10,486	10,018
Amortization of intangible assets	4,242	4,537	12,647	14,051
Interest expense, net	236	518	1,199	1,734
Income tax expense (benefit)	(7,114)	1,211	(2,616)	704
Litigation-related expense	278	860	331	9,759
Stock-based compensation expense	7,736	6,013	21,042	14,317
Acquisition related expense	288	(572)	2,113	(256)
Stock registration costs	-	668	-	668
Adjusted EBITDA	<u>\$ 23,745</u>	<u>\$ 18,767</u>	<u>\$ 65,511</u>	<u>\$ 52,542</u>
Adjusted EBITDA margin	23.8%	22.5%	23.1%	22.2%
Non-GAAP total product development:				
Product development (GAAP)	\$ 13,232	\$ 12,274	\$ 36,997	\$ 35,325
Less: Amortization of intangible assets	-	-	1	-
Stock-based compensation expense	1,271	1,116	3,123	3,180
Non-GAAP total product development:	<u>\$ 11,961</u>	<u>\$ 11,158</u>	<u>\$ 33,873</u>	<u>\$ 32,145</u>
Non-GAAP total product development as % of non-GAAP revenue:	12.0%	13.4%	12.0%	13.6%

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(unaudited, in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Non-GAAP total sales and marketing:				
Sales and marketing (GAAP)	\$ 25,166	\$ 21,792	\$ 71,992	\$ 57,186
Less: Amortization of intangible assets	2,586	2,317	6,996	7,051
Stock-based compensation expense	2,686	2,653	7,891	4,422
Non-GAAP total sales and marketing:	<u>\$ 19,894</u>	<u>\$ 16,822</u>	<u>\$ 57,105</u>	<u>\$ 45,713</u>
Non-GAAP total sales and marketing as % of non-GAAP revenue:	19.9%	20.2%	20.2%	19.3%

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012

Non-GAAP total general and administrative:				
General and administrative (GAAP)	\$ 15,554	\$ 12,545	\$ 44,880	\$ 44,794
Less: Acquisition related expense	288	(572)	2,113	(256)
Stock-based compensation expense	2,994	1,595	7,817	4,627
Litigation related expense	278	860	331	9,759
Stock registration costs	-	668	-	668
Non-GAAP total general and administrative:	<u>\$ 11,994</u>	<u>\$ 9,994</u>	<u>\$ 34,619</u>	<u>\$ 29,996</u>
Non-GAAP total general and administrative as % of non-GAAP revenue:	12.0%	12.0%	12.2%	12.7%

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Non-GAAP total operating expense:				
Operating expense (GAAP)	\$ 53,952	\$ 46,611	\$ 153,869	\$ 137,305
Less: Amortization of intangible assets	2,586	2,317	6,996	7,051
Acquisition related expense	288	(572)	2,113	(256)
Stock-based compensation expense	6,951	5,364	18,831	12,229
Litigation related expense	278	860	331	9,759
Stock registration costs	-	668	-	668
Non-GAAP total operating expense:	<u>\$ 43,849</u>	<u>\$ 37,974</u>	<u>\$ 125,598</u>	<u>\$ 107,854</u>
Non-GAAP total operating expense as % of non-GAAP revenue:	43.9%	45.6%	44.3%	45.6%

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Non-GAAP operating income:				
Operating income (GAAP)	\$ 6,008	\$ 3,731	\$ 16,819	\$ 3,785
Acquisition-related and other deferred revenue	1,793	3	1,795	86
Amortization of intangible assets	4,242	4,537	12,647	14,051
Stock-based compensation expense	7,736	6,013	21,042	14,317
Acquisition related expense	288	(572)	2,113	(256)
Litigation related expense	278	860	331	9,759
Stock registration costs	-	668	-	668
Non-GAAP operating income	<u>\$ 20,345</u>	<u>\$ 15,240</u>	<u>\$ 54,747</u>	<u>\$ 42,410</u>
Non-GAAP operating margin	20.4%	18.3%	19.3%	17.9%

Reconciliation of GAAP to Non-GAAP Measures
For the Three and Nine Months Ended September 30, 2013 and 2012
(unaudited, in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Non-GAAP net income:				
Net income (GAAP)	\$ 12,886	\$ 2,113	\$ 18,514	\$ 1,461
Acquisition-related and other deferred revenue	1,793	3	1,795	86
Amortization of intangible assets	4,242	4,537	12,647	14,051
Stock-based compensation expense	7,736	6,013	21,042	14,317
Acquisition related expense	288	(572)	2,113	(256)
Litigation related expense	278	860	331	9,759
Loss on disposal of assets	37	8	310	387
Stock registration costs	-	668	-	668
Subtotal of tax deductible items	14,374	11,517	38,238	39,012
Tax impact of tax deductible items ⁽¹⁾	(5,750)	(4,607)	(15,295)	(15,605)
Tax expense resulting from applying effective tax rate ⁽²⁾	(9,423)	(119)	(8,975)	(162)
Non-GAAP net income	<u>\$ 12,087</u>	<u>\$ 8,904</u>	<u>\$ 32,482</u>	<u>\$ 24,706</u>
Non-GAAP net income per share - diluted	\$ 0.16	\$ 0.12	\$ 0.43	\$ 0.34
Weighted average shares - diluted	76,347	74,282	75,900	73,689
Weighted average effect of dilutive securities	-	-	-	-
Non-GAAP weighted average shares - diluted	<u>76,347</u>	<u>74,282</u>	<u>75,900</u>	<u>73,689</u>

⁽¹⁾ Reflects the removal of the tax benefit associated with the amortization of intangible assets, stock-based compensation expense, Acquisition related deferred revenue adjustment and Acquisition related expense.

⁽²⁾ Represents adjusting to a normalized effective tax rate of 40%.

Three Months Ended

Nine Months Ended

	<u>September 30,</u>		<u>September 30,</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Non-GAAP cash flows from operating activities:				
Cash flows from operating activities (GAAP)	\$ 17,026	\$ 8,949	\$ 51,609	\$ 41,155
Litigation related payments	320	7,486	628	8,582
Non-GAAP cash flows from operating activities	<u>\$ 17,346</u>	<u>\$ 16,435</u>	<u>\$ 52,237</u>	<u>\$ 49,737</u>
	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Annualized Non-GAAP on demand revenue per average on demand unit:				
On demand revenue (GAAP)	\$ 94,084	\$ 78,973	\$ 270,231	\$ 224,629
Acquisition-related and other deferred revenue	1,793	3	1,795	86
Non-GAAP on demand revenue	<u>\$ 95,877</u>	<u>\$ 78,976</u>	<u>\$ 272,026</u>	<u>\$ 224,715</u>
Ending on demand units	8,730	7,823	8,730	7,823
Average on demand units	8,673	7,680	8,527	7,510
Annualized Non-GAAP on demand revenue per average on demand unit	<u>\$ 44.22</u>	<u>\$ 41.13</u>	<u>\$ 42.53</u>	<u>\$ 39.90</u>
Annual customer value of on demand revenue ⁽¹⁾	\$ 386,039	\$ 321,760		

⁽¹⁾ This metric represents management's estimate for the current annual run-rate value of on demand customer relationships. This metric is calculated by multiplying ending on demand units times annualized Non-GAAP on demand revenue per average on demand unit for the periods presented.