

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

	<b>Quarter Ended</b>				
	<b>December 31, 2012</b>	<b>September 30, 2012</b>	<b>June 30, 2012</b>	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Revenues:					
Products	\$ 125,000	\$ 90,600	\$ 139,722	\$ 147,361	\$ 115,328
Services	93,983	87,151	92,135	94,931	102,593
Total revenues	<u>218,983</u>	<u>177,751</u>	<u>231,857</u>	<u>242,292</u>	<u>217,921</u>
Operating expenses:					
Cost of revenues-products <sup>(a)</sup>	94,712	67,892	102,826	109,008	85,671
Cost of revenues-services <sup>(a)</sup>	23,937	21,461	22,502	22,157	23,698
Sales and marketing <sup>(a)</sup>	41,822	37,012	46,800	46,759	36,499
Technology and development <sup>(a)</sup>	12,633	11,859	11,918	11,586	11,581
General and administrative <sup>(a)</sup>	25,416	24,663	23,249	24,287	24,331
Amortization of intangible assets	7,834	7,813	7,537	7,309	7,541
Acquisition-related contingent consideration	551	(1,387)	-	-	-
Restructuring and other exit costs	77	-	85	(71)	4,926
Impairment of goodwill, intangible assets and long-lived assets	26,910	-	-	-	-
Total operating expenses	<u>233,892</u>	<u>169,313</u>	<u>214,917</u>	<u>221,035</u>	<u>194,247</u>
Operating income (loss)	(14,909)	8,438	16,940	21,257	23,674
Interest income	348	511	213	238	396
Interest expense	(3,261)	(3,260)	(3,583)	(3,458)	(3,511)
Other income (expense), net	118	(3)	567	204	426
Income (loss) before income taxes	(17,704)	5,686	14,137	18,241	20,985
Provision for (benefit from) income taxes	(5,251)	755	5,592	6,722	8,120
Net income (loss)	<u>\$ (12,453)</u>	<u>\$ 4,931</u>	<u>\$ 8,545</u>	<u>\$ 11,519</u>	<u>\$ 12,865</u>
Income allocated to participating securities	(331)	(344)	(294)	(336)	(392)
Net income (loss) attributable to common stockholders	<u>\$ (12,784)</u>	<u>\$ 4,587</u>	<u>\$ 8,251</u>	<u>\$ 11,183</u>	<u>\$ 12,473</u>
Basic net income (loss) per common share	<u>\$ (0.14)</u>	<u>\$ 0.05</u>	<u>\$ 0.09</u>	<u>\$ 0.12</u>	<u>\$ 0.14</u>
Shares used to calculate basic net income (loss) per common share	<u>90,938</u>	<u>90,657</u>	<u>90,478</u>	<u>89,794</u>	<u>89,192</u>
Diluted net income (loss) per common share	<u>\$ (0.14)</u>	<u>\$ 0.05</u>	<u>\$ 0.09</u>	<u>\$ 0.12</u>	<u>\$ 0.14</u>
Shares used to calculate diluted net income (loss) per common share	<u>90,938</u>	<u>90,735</u>	<u>90,505</u>	<u>89,894</u>	<u>89,251</u>
Shares outstanding at end of period	<u>91,092</u>	<u>90,676</u>	<u>90,637</u>	<u>90,156</u>	<u>89,423</u>
(a) Stock-based compensation was allocated as follows:					
Cost of revenues-products	\$ 18	\$ 19	\$ (2)	\$ 8	\$ 9
Cost of revenues-services	64	67	31	94	71
Sales and marketing	650	639	559	583	562
Technology and development	461	403	297	498	465
General and administrative	2,198	2,302	2,148	2,271	2,592
Total stock-based compensation	<u>\$ 3,391</u>	<u>\$ 3,430</u>	<u>\$ 3,033</u>	<u>\$ 3,454</u>	<u>\$ 3,699</u>

UNITED ONLINE, INC.

Unaudited Reconciliation of Operating Income (Loss) to Adjusted OIBDA<sup>(1)</sup>  
(in thousands, except percentages)

	Quarter Ended				
	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012	December 31, 2011
Operating income (loss)	\$ (14,909)	\$ 8,438	\$ 16,940	\$ 21,257	\$ 23,674
Depreciation	6,057	6,464	6,620	6,475	6,736
Amortization of intangible assets	8,228	8,185	7,888	7,744	7,860
Operating income (loss) before depreciation and amortization	(624)	23,087	31,448	35,476	38,270
Stock-based compensation	3,391	3,430	3,033	3,454	3,699
Restructuring and other exit costs	77	-	85	(71)	4,926
Litigation or dispute settlement charges	-	(193)	(396)	-	75
Transaction-related costs	2,968	452	1,040	298	-
Impairment of goodwill, intangible assets and long-lived assets	26,910	-	-	-	-
Adjusted OIBDA	<u>\$ 32,722</u>	<u>\$ 26,776</u>	<u>\$ 35,210</u>	<u>\$ 39,157</u>	<u>\$ 46,970</u>
Adjusted OIBDA as a % of revenues	14.9%	15.1%	15.2%	16.2%	21.6%

Unaudited Reconciliation of Segment Income (Loss) from Operations to Segment Adjusted OIBDA<sup>(1)</sup>  
(in thousands, except percentages)

	Quarter Ended				
	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012	December 31, 2011
<b>FTD:</b>					
Segment income from operations	\$ 21,273	\$ 14,190	\$ 22,661	\$ 24,080	\$ 19,879
Stock-based compensation	1,106	1,216	1,028	1,106	983
Restructuring and other exit costs	-	-	-	-	876
Litigation or dispute settlement charges	-	(193)	-	-	75
Transaction-related costs	(26)	19	302	298	-
Segment adjusted OIBDA	<u>\$ 22,353</u>	<u>\$ 15,232</u>	<u>\$ 23,991</u>	<u>\$ 25,484</u>	<u>\$ 21,813</u>
Segment adjusted OIBDA as a % of segment revenues	14.6%	13.1%	14.3%	14.4%	15.2%
<b>Content &amp; Media:</b>					
Segment income (loss) from operations	\$ (20,793)	\$ 8,024	\$ 6,644	\$ 7,337	\$ 12,593
Stock-based compensation	611	580	495	648	650
Restructuring and other exit costs	77	-	(28)	(63)	1,616
Litigation or dispute settlement charges	-	-	(396)	-	-
Transaction-related costs	613	(1,305)	738	-	-
Impairment of goodwill, intangible assets and long-lived assets	26,910	-	-	-	-
Segment adjusted OIBDA	<u>\$ 7,418</u>	<u>\$ 7,299</u>	<u>\$ 7,453</u>	<u>\$ 7,922</u>	<u>\$ 14,859</u>
Segment adjusted OIBDA as a % of segment revenues	18.8%	20.0%	19.6%	20.1%	32.5%
<b>Communications:</b>					
Segment income from operations	\$ 7,428	\$ 8,770	\$ 8,566	\$ 10,365	\$ 14,084
Stock-based compensation	568	529	438	648	601
Restructuring and other exit costs	-	-	-	(8)	648
Segment adjusted OIBDA	<u>\$ 7,996</u>	<u>\$ 9,299</u>	<u>\$ 9,004</u>	<u>\$ 11,005</u>	<u>\$ 15,333</u>
Segment adjusted OIBDA as a % of segment revenues	30.0%	36.9%	33.6%	41.1%	52.3%
Unallocated corporate expenses	<u>\$ (5,045)</u>	<u>\$ (5,054)</u>	<u>\$ (5,238)</u>	<u>\$ (5,254)</u>	<u>\$ (5,035)</u>
Consolidated adjusted OIBDA	<u>\$ 32,722</u>	<u>\$ 26,776</u>	<u>\$ 35,210</u>	<u>\$ 39,157</u>	<u>\$ 46,970</u>

UNITED ONLINE, INC.

**Unaudited Reconciliation of Operating Income (Loss) to Adjusted OIBDA<sup>(1)</sup>**  
(in thousands, except percentages)

	Year Ended December 31,				
	2012	2011	2010	2009	2008
Operating income (loss)	\$ 31,726	\$ 94,302	\$ 112,690	\$ 145,993	\$ (62,679)
Depreciation	25,616	25,854	26,412	24,829	21,358
Amortization of intangible assets	32,045	31,506	32,233	34,844	18,415
Operating income (loss) before depreciation and amortization	89,387	151,662	171,335	205,666	(22,906)
Stock-based compensation	13,308	17,213	27,043	40,080	36,527
Restructuring and other exit costs	91	5,677	2,815	3,494	1,692
Litigation or dispute settlement charges	(589)	2,999	1,367	2,200	(375)
Transaction-related costs	4,758	-	1,989	-	-
Impairment of goodwill, intangible assets and long-lived assets	26,910	-	-	-	176,150
Adjusted OIBDA	\$ 133,865	\$ 177,551	\$ 204,549	\$ 251,440	\$ 191,088
Adjusted OIBDA as a % of revenues	15.4%	19.8%	22.2%	25.4%	28.5%

**Unaudited Reconciliation of Segment Income (Loss) from Operations to Segment Adjusted OIBDA<sup>(1)</sup>**  
(in thousands, except percentages)

	Year Ended December 31,				
	2012	2011	2010	2009	2008
<b>FTD:</b>					
Segment income from operations	\$ 82,204	\$ 78,660	\$ 70,198	\$ 87,402	\$ (146,755)
Stock-based compensation	4,456	3,878	3,193	3,255	382
Restructuring and other exit costs	-	876	1,574	-	-
Litigation or dispute settlement charges	(193)	75	400	-	-
Transaction-related costs	593	-	-	-	-
Impairment of goodwill, intangible assets and long-lived assets	-	-	-	-	175,867
Segment adjusted OIBDA	\$ 87,060	\$ 83,489	\$ 75,365	\$ 90,657	\$ 29,494
Segment adjusted OIBDA as a % of segment revenues	14.2%	14.2%	13.6%	16.6%	16.2%
<b>Content &amp; Media:</b>					
Segment income from operations	\$ 1,212	\$ 43,450	\$ 56,618	\$ 69,093	\$ 57,102
Stock-based compensation	2,334	3,301	4,793	9,419	7,846
Restructuring and other exit costs	(14)	1,616	(91)	2,121	40
Litigation or dispute settlement charges	(396)	2,924	967	2,200	-
Transaction-related costs	46	-	-	-	-
Impairment of goodwill, intangible assets and long-lived assets	26,910	-	-	-	-
Segment adjusted OIBDA	\$ 30,092	\$ 51,291	\$ 62,287	\$ 82,833	\$ 64,988
Segment adjusted OIBDA as a % of segment revenues	19.6%	27.7%	30.9%	35.1%	28.2%
<b>Communications:</b>					
Segment income from operations	\$ 35,129	\$ 61,196	\$ 77,092	\$ 83,812	\$ 97,238
Stock-based compensation	2,183	2,493	6,773	11,217	14,634
Restructuring and other exit costs	(8)	1,399	1,332	1,373	1,652
Litigation or dispute settlement charges	-	-	-	-	(375)
Impairment of goodwill, intangible assets and long-lived assets	-	-	-	-	283
Segment adjusted OIBDA	\$ 37,304	\$ 65,088	\$ 85,197	\$ 96,402	\$ 113,432
Segment adjusted OIBDA as a % of segment revenues	35.4%	51.4%	51.0%	45.6%	44.1%
Unallocated corporate expenses	\$ (20,591)	\$ (22,317)	\$ (18,300)	\$ (18,452)	\$ (16,826)
Consolidated adjusted OIBDA	\$ 133,865	\$ 177,551	\$ 204,549	\$ 251,440	\$ 191,088

UNITED ONLINE, INC.

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

	Quarter Ended				
	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012	December 31, 2011
Net income (loss)	\$ (12,453)	\$ 4,931	\$ 8,545	\$ 11,519	\$ 12,865
Income allocated to participating securities	(331)	(344)	(294)	(336)	(392)
Net income (loss) attributable to common stockholders	(12,784)	4,587	8,251	11,183	12,473
Adjustments:					
Stock-based compensation	3,391	3,430	3,033	3,454	3,699
Amortization of intangible assets	8,228	8,185	7,888	7,744	7,860
Restructuring and other exit costs	77	-	85	(71)	4,926
Litigation or dispute settlement charges	-	(193)	(396)	-	75
Transaction-related costs	2,968	452	1,040	298	-
Impairment of goodwill, intangible assets and long-lived assets	26,910	-	-	-	-
	28,790	16,461	19,901	22,608	29,033
Income tax effect of adjusting entries	(15,593)	(3,945)	(3,936)	(3,456)	(6,323)
Adjusted net income attributable to common stockholders	\$ 13,197	\$ 12,516	\$ 15,965	\$ 19,152	\$ 22,710
GAAP net income (loss) per common share:					
Basic net income (loss) per common share	\$ (0.14)	\$ 0.05	\$ 0.09	\$ 0.12	\$ 0.14
Shares used to calculate basic net income (loss) per common share	90,938	90,657	90,478	89,794	89,192
Diluted net income (loss) per common share	\$ (0.14)	\$ 0.05	\$ 0.09	\$ 0.12	\$ 0.14
Shares used to calculate diluted net income (loss) per common share	90,938	90,735	90,505	89,894	89,251
Adjusted net income per common share:					
Adjusted basic net income per common share	\$ 0.15	\$ 0.14	\$ 0.18	\$ 0.21	\$ 0.25
Shares used to calculate adjusted basic net income per common share	90,938	90,657	90,478	89,794	89,192
Adjusted diluted net income per common share	\$ 0.14	\$ 0.14	\$ 0.18	\$ 0.21	\$ 0.25
Shares used to calculate adjusted diluted net income per common share	91,321	90,952	90,768	90,101	89,449

UNITED ONLINE, INC.

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

	Year Ended December 31,				
	2012	2011	2010	2009	2008
Net income (loss)	\$ 12,542	\$ 51,730	\$ 53,687	\$ 70,085	\$ (94,657)
Income allocated to participating securities	(1,225)	(1,993)	(3,233)	(4,969)	(3,065)
Net income (loss) applicable to common stockholders	11,317	49,737	50,454	65,116	(97,722)
Adjustments:					
Stock-based compensation	13,308	17,213	27,043	40,080	36,527
Amortization of intangible assets	32,045	31,506	32,233	34,844	18,415
Restructuring and other exit costs	91	5,677	2,815	3,494	1,692
Litigation or dispute settlement charges	(589)	2,999	1,117	2,200	(375)
Transaction-related costs	4,758	6,078	1,989	-	-
Impairment of goodwill, intangible assets and long-lived assets	26,910	-	-	-	176,150
	87,840	113,210	115,651	145,734	134,687
Income tax effect of adjusting entries	(26,930)	(21,353)	(19,659)	(23,198)	(38,539)
Adjusted net income applicable to common stockholders	\$ 60,910	\$ 91,857	\$ 95,992	\$ 122,536	\$ 96,148
GAAP net income (loss) per common share:					
Basic net income (loss) per common share	\$ 0.13	\$ 0.56	\$ 0.58	\$ 0.78	\$ (1.33)
Shares used to calculate basic net income (loss) per common share	90,469	88,478	86,429	83,698	73,236
Diluted net income (loss) per common share	\$ 0.12	\$ 0.56	\$ 0.58	\$ 0.78	\$ (1.33)
Shares used to calculate diluted net income (loss) per common share	90,564	88,631	87,062	84,386	73,236
Adjusted net income per common share:					
Adjusted basic net income per common share	\$ 0.67	\$ 1.04	\$ 1.11	\$ 1.46	\$ 1.31
Shares used to calculate adjusted basic net income per common share	90,469	88,478	86,429	83,698	73,236
Adjusted diluted net income per common share	\$ 0.67	\$ 1.03	\$ 1.10	\$ 1.45	\$ 1.30
Shares used to calculate adjusted diluted net income per common share	90,787	88,788	87,155	84,684	74,088

**UNITED ONLINE, INC.**  
**Unaudited Condensed Consolidated Balance Sheets**  
**(in thousands)**

	<u>December 31,</u> <u>2012</u>	<u>September 30,</u> <u>2012</u>	<u>June 30,</u> <u>2012</u>	<u>March 31,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 136,444	\$ 108,140	\$ 111,436	\$ 137,660	\$ 136,105
Accounts receivable, net	43,721	40,362	36,185	39,547	43,177
Inventories, net	16,116	12,934	11,197	10,464	8,832
Deferred tax assets, net	12,279	13,040	15,622	15,167	15,587
Property and equipment, net	57,877	56,238	57,808	60,452	62,460
Goodwill and intangible assets, net	668,479	702,072	704,158	691,614	693,279
Other assets	28,068	29,607	28,666	30,178	36,917
Total assets	<u>\$ 962,984</u>	<u>\$ 962,393</u>	<u>\$ 965,072</u>	<u>\$ 985,082</u>	<u>\$ 996,357</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
Accounts payable	\$ 80,543	\$ 54,785	\$ 55,876	\$ 59,687	\$ 66,818
Accrued liabilities	45,555	43,914	39,842	42,127	52,681
Member redemption liability	21,479	21,528	21,558	21,927	22,453
Deferred revenue	49,581	51,067	53,621	58,183	57,915
Debt, net of discounts	244,000	243,908	243,816	260,563	261,124
Deferred tax liabilities, net	31,896	41,988	43,624	42,523	44,098
Other liabilities	14,179	12,587	18,713	11,284	11,133
Total liabilities	<u>487,233</u>	<u>469,777</u>	<u>477,050</u>	<u>496,294</u>	<u>516,222</u>
Stockholders' equity	475,751	492,616	488,022	488,788	480,135
Total liabilities and stockholders' equity	<u>\$ 962,984</u>	<u>\$ 962,393</u>	<u>\$ 965,072</u>	<u>\$ 985,082</u>	<u>\$ 996,357</u>

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

	Quarter Ended				
	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012	December 31, 2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Net income (loss)	\$ (12,453)	\$ 4,931	\$ 8,545	\$ 11,519	\$ 12,865
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation, amortization and stock-based compensation	17,676	18,079	17,541	17,673	18,295
Provision for doubtful accounts receivable	665	524	393	729	1,014
Acquisition-related contingent consideration	551	(1,387)	-	-	-
Accretion of discounts and amortization of debt issue costs	188	188	432	202	203
Impairment of goodwill, intangible assets and long-lived assets	26,910	-	-	-	-
Deferred taxes and other	(8,067)	657	(1,938)	(1,530)	455
Tax benefits (shortfalls) from equity awards	94	99	22	(274)	(568)
Excess tax benefits from equity awards	-	(1)	-	(13)	-
Change in operating assets and liabilities (excluding the effects of acquisitions):					
Accounts receivable	(3,954)	(4,577)	2,811	3,077	(6,081)
Inventories	(4,374)	(1,721)	(743)	(1,614)	(1,723)
Other assets	1,329	(1,196)	632	6,283	(6,280)
Accounts payable and accrued liabilities	24,122	1,757	(5,776)	(18,457)	26,063
Member redemption liability	(48)	(30)	(368)	(527)	(344)
Deferred revenue	(1,871)	(2,807)	(3,645)	(286)	(4,667)
Other liabilities	937	(3,911)	(1,933)	93	151
Net cash provided by operating activities	<u>41,705</u>	<u>10,605</u>	<u>15,973</u>	<u>16,875</u>	<u>39,383</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Purchases of property and equipment	(4,595)	(4,771)	(4,235)	(4,212)	(5,341)
Purchases of rights, content and intellectual property	(472)	(586)	(621)	(519)	(408)
Purchases of investments	(88)	(31)	(47)	(18)	-
Proceeds from sales of investments	36	70	285	89	403
Cash paid for acquisitions, net of cash acquired	-	-	(11,355)	-	-
Net cash used for investing activities	<u>(5,119)</u>	<u>(5,318)</u>	<u>(15,973)</u>	<u>(4,660)</u>	<u>(5,346)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>					
Payments on term loans	-	-	(17,000)	(663)	(662)
Proceeds from exercises of stock options	-	-	1	4	4
Proceeds from employee stock purchase plans	1,215	-	1,793	-	1,558
Repurchases of common stock	(362)	(117)	(62)	(2,082)	(764)
Dividends and dividend equivalents paid on outstanding shares and restricted stock units	(9,441)	(9,417)	(9,420)	(9,250)	(9,267)
Excess tax benefits from equity awards	-	1	-	13	-
Net cash used for financing activities	<u>(8,588)</u>	<u>(9,533)</u>	<u>(24,688)</u>	<u>(11,978)</u>	<u>(9,131)</u>
Effect of foreign currency exchange rate changes on cash and cash equivalents	306	950	(1,536)	1,318	(1,643)
Change in cash and cash equivalents	28,304	(3,296)	(26,224)	1,555	23,263
Cash and cash equivalents, beginning of period	108,140	111,436	137,660	136,105	112,842
Cash and cash equivalents, end of period	<u>\$ 136,444</u>	<u>\$ 108,140</u>	<u>\$ 111,436</u>	<u>\$ 137,660</u>	<u>\$ 136,105</u>

**UNITED ONLINE, INC.**

**Unaudited Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow<sup>(3)</sup>**

**(in thousands)**

	<b>Quarter Ended</b>				
	<b>December 31, 2012</b>	<b>September 30, 2012</b>	<b>June 30, 2012</b>	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Net cash provided by operating activities	\$ 41,705	\$ 10,605	\$ 15,973	\$ 16,875	\$ 39,383
Adjustments:					
Capital expenditures	(4,595)	(4,771)	(4,235)	(4,212)	(5,341)
Excess tax benefits from equity awards	-	1	-	13	-
Cash paid for restructuring and other exit costs	226	527	851	2,570	886
Cash paid for litigation or dispute settlement charges	2,777	656	6	102	320
Cash paid for transaction-related costs	1,719	836	795	5	-
Free cash flow	<u>\$ 41,832</u>	<u>\$ 7,854</u>	<u>\$ 13,390</u>	<u>\$ 15,353</u>	<u>\$ 35,248</u>

**UNITED ONLINE, INC.****Unaudited Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow<sup>(3)</sup>**  
**(in thousands)**

	<b>Year Ended December 31,</b>				
	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Net cash provided by operating activities	\$ 85,158	\$ 111,117	\$ 143,803	\$ 163,526	\$ 164,049
Adjustments:					
Capital expenditures	(17,813)	(24,552)	(27,269)	(26,196)	(19,886)
Excess tax benefits from equity awards	14	265	1,099	584	295
Cash paid for restructuring and other exit costs	4,174	2,923	1,543	3,330	1,328
Cash paid for litigation or dispute settlement charges	3,541	247	1,102	-	306
Cash paid for transaction-related costs	3,355	-	1,994	-	-
Free cash flow	<u>\$ 78,429</u>	<u>\$ 90,000</u>	<u>\$ 122,272</u>	<u>\$ 141,244</u>	<u>\$ 146,092</u>

**UNITED ONLINE, INC.**  
**Unaudited Quarterly Segment Information**  
**(in thousands)**

	<b>Quarter Ended</b>				
	<b>December 31, 2012</b>	<b>September 30, 2012</b>	<b>June 30, 2012</b>	<b>March 31, 2012</b>	<b>December 31, 2011</b>
<b>FTD</b>					
Revenues:					
Products	\$ 123,148	\$ 88,809	\$ 137,905	\$ 146,164	\$ 114,520
Services	30,030	27,553	29,622	30,283	28,784
Total revenues	<u>153,178</u>	<u>116,362</u>	<u>167,527</u>	<u>176,447</u>	<u>143,304</u>
Operating expenses:					
Cost of revenues	95,951	71,153	106,387	113,255	90,164
Sales and marketing	26,325	21,181	28,668	28,739	22,851
Technology and development	3,854	3,710	3,782	3,706	3,627
General and administrative	8,109	8,641	8,483	9,182	8,405
Amortization of intangible assets	6,451	6,431	6,383	6,278	6,275
Restructuring and other exit costs	-	-	-	-	876
Total operating expenses	<u>140,690</u>	<u>111,116</u>	<u>153,703</u>	<u>161,160</u>	<u>132,198</u>
Operating income	12,488	5,246	13,824	15,287	11,106
Depreciation	2,334	2,513	2,454	2,515	2,498
Amortization of intangible assets	6,451	6,431	6,383	6,278	6,275
Segment income from operations	<u>21,273</u>	<u>14,190</u>	<u>22,661</u>	<u>24,080</u>	<u>19,879</u>
Stock-based compensation	1,106	1,216	1,028	1,106	983
Restructuring and other exit costs	-	-	-	-	876
Litigation or dispute settlement charges	-	(193)	-	-	75
Transaction-related costs	(26)	19	302	298	-
Segment adjusted OIBDA <sup>(1)</sup>	<u>\$ 22,353</u>	<u>\$ 15,232</u>	<u>\$ 23,991</u>	<u>\$ 25,484</u>	<u>\$ 21,813</u>
<b>Content &amp; Media</b>					
Revenues:					
Products	\$ 760	\$ 1,105	\$ 881	\$ 900	\$ 808
Services	22,233	23,033	24,067	25,786	28,388
Advertising and other	16,516	12,418	13,038	12,759	16,469
Total revenues	<u>39,509</u>	<u>36,556</u>	<u>37,986</u>	<u>39,445</u>	<u>45,665</u>
Operating expenses:					
Cost of revenues	12,427	10,209	10,567	10,064	11,512
Sales and marketing	11,308	11,813	12,919	14,342	11,867
Technology and development	6,151	5,793	5,497	5,198	5,163
General and administrative	5,873	5,186	5,580	5,653	6,074
Amortization of intangible assets	1,383	1,382	1,154	1,031	1,052
Acquisition-related contingent consideration	551	(1,387)	-	-	-
Restructuring and other exit costs	77	-	(28)	(63)	1,616
Impairment of goodwill, intangible assets and long-lived assets	26,910	-	-	-	-
Total operating expenses	<u>64,680</u>	<u>32,996</u>	<u>35,689</u>	<u>36,225</u>	<u>37,284</u>
Operating income (loss)	(25,171)	3,560	2,297	3,220	8,381
Depreciation	2,601	2,710	2,842	2,651	2,841
Amortization of intangible assets	1,777	1,754	1,505	1,466	1,371
Segment income (loss) from operations	<u>(20,793)</u>	<u>8,024</u>	<u>6,644</u>	<u>7,337</u>	<u>12,593</u>
Stock-based compensation	611	580	495	648	650
Restructuring and other exit costs	77	-	(28)	(63)	1,616
Litigation or dispute settlement charges	-	-	(396)	-	-
Transaction-related costs	613	(1,305)	738	-	-
Impairment of goodwill, intangible assets and long-lived assets	26,910	-	-	-	-
Segment adjusted OIBDA <sup>(1)</sup>	<u>\$ 7,418</u>	<u>\$ 7,299</u>	<u>\$ 7,453</u>	<u>\$ 7,922</u>	<u>\$ 14,859</u>
<b>Communications</b>					
Revenues:					
Products	\$ 1,092	\$ 686	\$ 936	\$ 297	\$ -
Services	18,194	18,882	19,945	21,068	22,621
Advertising	7,383	5,635	5,929	5,395	6,674
Total revenues	<u>26,669</u>	<u>25,203</u>	<u>26,810</u>	<u>26,760</u>	<u>29,295</u>
Operating expenses:					
Cost of revenues	10,367	8,079	8,534	7,972	7,825
Sales and marketing	4,466	4,300	5,519	3,912	1,992
Technology and development	2,628	2,356	2,639	2,682	2,791
General and administrative	2,843	2,880	2,815	3,084	3,301
Amortization of intangible assets	-	-	-	-	214
Restructuring and other exit costs	-	-	-	(8)	648
Total operating expenses	<u>20,304</u>	<u>17,615</u>	<u>19,507</u>	<u>17,642</u>	<u>16,771</u>
Operating income	6,365	7,588	7,303	9,118	12,524
Depreciation	1,063	1,182	1,263	1,247	1,346
Amortization of intangible assets	-	-	-	-	214
Segment income from operations	<u>7,428</u>	<u>8,770</u>	<u>8,566</u>	<u>10,365</u>	<u>14,084</u>
Stock-based compensation	568	529	438	648	601
Restructuring and other exit costs	-	-	-	(8)	648
Segment adjusted OIBDA <sup>(1)</sup>	<u>\$ 7,996</u>	<u>\$ 9,299</u>	<u>\$ 9,004</u>	<u>\$ 11,005</u>	<u>\$ 15,333</u>
Total segment adjusted OIBDA <sup>(1)</sup>	<u>\$ 37,767</u>	<u>\$ 31,830</u>	<u>\$ 40,448</u>	<u>\$ 44,411</u>	<u>\$ 52,005</u>

**UNITED ONLINE, INC.**  
**Unaudited Quarterly Segment Information**  
**(in thousands)**

	<b>Quarter Ended</b>				
	<b>December 31, 2012</b>	<b>September 30, 2012</b>	<b>June 30, 2012</b>	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Reconciliation of segment revenues to consolidated revenues:					
FTD	\$ 153,178	\$ 116,362	\$ 167,527	\$ 176,447	\$ 143,304
Content & Media	39,509	36,556	37,986	39,445	45,665
Communications	26,669	25,203	26,810	26,760	29,295
Intersegment eliminations	(373)	(370)	(466)	(360)	(343)
Consolidated revenues	<u>\$ 218,983</u>	<u>\$ 177,751</u>	<u>\$ 231,857</u>	<u>\$ 242,292</u>	<u>\$ 217,921</u>
Reconciliation of segment operating expenses to consolidated operating expenses:					
FTD	\$ 140,690	\$ 111,116	\$ 153,703	\$ 161,160	\$ 132,198
Content & Media	64,680	32,996	35,689	36,225	37,284
Communications	20,304	17,615	19,507	17,642	16,771
Unallocated corporate expenses	8,591	7,956	6,484	6,368	8,337
Intersegment eliminations	(373)	(370)	(466)	(360)	(343)
Consolidated operating expenses	<u>\$ 233,892</u>	<u>\$ 169,313</u>	<u>\$ 214,917</u>	<u>\$ 221,035</u>	<u>\$ 194,247</u>
Reconciliation of segment income (loss) from operations to consolidated operating income (loss):					
FTD	\$ 21,273	\$ 14,190	\$ 22,661	\$ 24,080	\$ 19,879
Content & Media	(20,793)	8,024	6,644	7,337	12,593
Communications	7,428	8,770	8,566	10,365	14,084
Total segment income from operations	7,908	30,984	37,871	41,782	46,556
Depreciation	(6,057)	(6,464)	(6,620)	(6,475)	(6,736)
Amortization of intangible assets	(8,228)	(8,185)	(7,888)	(7,744)	(7,860)
Unallocated corporate expenses, excluding depreciation	(8,532)	(7,897)	(6,423)	(6,306)	(8,286)
Consolidated operating income (loss)	<u>\$ (14,909)</u>	<u>\$ 8,438</u>	<u>\$ 16,940</u>	<u>\$ 21,257</u>	<u>\$ 23,674</u>
Reconciliation of segment adjusted OIBDA to consolidated adjusted OIBDA:					
FTD adjusted OIBDA	\$ 22,353	\$ 15,232	\$ 23,991	\$ 25,484	\$ 21,813
Content & Media adjusted OIBDA	7,418	7,299	7,453	7,922	14,859
Communications adjusted OIBDA	7,996	9,299	9,004	11,005	15,333
Total segment adjusted OIBDA	37,767	31,830	40,448	44,411	52,005
Unallocated corporate expenses	(5,045)	(5,054)	(5,238)	(5,254)	(5,035)
Consolidated adjusted OIBDA	<u>\$ 32,722</u>	<u>\$ 26,776</u>	<u>\$ 35,210</u>	<u>\$ 39,157</u>	<u>\$ 46,970</u>
Stock-based compensation was allocated as follows:					
<b>FTD:</b>					
Cost of revenues-products	\$ 18	\$ 19	\$ (2)	\$ 8	\$ 9
Cost of revenues-services	8	11	(1)	7	3
Sales and marketing	438	435	394	354	306
Technology and development	33	32	16	33	20
General and administrative	609	719	621	704	645
FTD stock-based compensation	<u>\$ 1,106</u>	<u>\$ 1,216</u>	<u>\$ 1,028</u>	<u>\$ 1,106</u>	<u>\$ 983</u>
<b>Content &amp; Media:</b>					
Cost of revenues-services	\$ 7	\$ 8	\$ 6	\$ 24	\$ 17
Sales and marketing	135	127	105	149	191
Technology and development	168	143	94	173	171
General and administrative	301	302	290	302	271
Content & Media stock-based compensation	<u>\$ 611</u>	<u>\$ 580</u>	<u>\$ 495</u>	<u>\$ 648</u>	<u>\$ 650</u>
<b>Communications:</b>					
Cost of revenues-services	\$ 49	\$ 48	\$ 26	\$ 63	\$ 51
Sales and marketing	77	77	60	80	65
Technology and development	260	228	187	292	274
General and administrative	182	176	165	213	211
Communications stock-based compensation	<u>\$ 568</u>	<u>\$ 529</u>	<u>\$ 438</u>	<u>\$ 648</u>	<u>\$ 601</u>
Unallocated corporate stock-based compensation	1,106	1,105	1,072	1,052	1,465
Consolidated stock-based compensation	<u>\$ 3,391</u>	<u>\$ 3,430</u>	<u>\$ 3,033</u>	<u>\$ 3,454</u>	<u>\$ 3,699</u>

**UNITED ONLINE, INC.**
**Unaudited Selected Quarterly Historical Key Metrics (a)**

	<u>December 31, 2012</u>	<u>September 30, 2012</u>	<u>June 30, 2012</u>	<u>March 31, 2012</u>	<u>December 31, 2011</u>
<b>Consolidated:</b>					
Revenues (in thousands)	\$ 218,983	\$ 177,751	\$ 231,857	\$ 242,292	\$ 217,921
<b>FTD:</b>					
Segment revenues (in thousands)	\$ 153,178	\$ 116,362	\$ 167,527	\$ 176,447	\$ 143,304
<i>% of consolidated revenues</i>	70%	65%	72%	73%	66%
Consumer orders <sup>(4)</sup> (in thousands)	1,787	1,239	1,997	1,997	1,615
Average order value <sup>(4)</sup>	\$ 60.13	\$ 61.06	\$ 60.75	\$ 62.91	\$ 62.31
Average currency exchange rate: GBP to USD	1.61	1.58	1.58	1.58	1.57
<b>Content &amp; Media:</b>					
Segment revenues (in thousands)	\$ 39,509	\$ 36,556	\$ 37,986	\$ 39,445	\$ 45,665
<i>% of consolidated revenues</i>	18%	21%	16%	16%	21%
Pay accounts <sup>(5)</sup> (in thousands)	2,864	2,987	3,120	3,293	3,484
Segment churn <sup>(7)</sup>	3.5%	3.4%	3.6%	3.9%	4.1%
ARPU <sup>(6)</sup>	\$ 2.52	\$ 2.50	\$ 2.50	\$ 2.54	\$ 2.60
Segment active accounts <sup>(5)</sup> (in millions)	11.5	10.9	10.3	11.3	10.3
Average currency exchange rate: EUR to USD	1.30	1.25	1.28	1.31	1.35
<b>Communications:</b>					
Segment revenues (in thousands)	\$ 26,669	\$ 25,203	\$ 26,810	\$ 26,760	\$ 29,295
<i>% of consolidated revenues</i>	12%	14%	12%	11%	13%
Pay accounts <sup>(5)</sup> (in thousands):					
Access	421	440	467	498	535
Other	229	235	242	249	259
Total Communications pay accounts	<u>650</u>	<u>675</u>	<u>709</u>	<u>747</u>	<u>794</u>
Segment churn <sup>(7)</sup>	2.9%	3.1%	3.2%	3.4%	3.4%
ARPU <sup>(6)</sup>	\$ 9.05	\$ 8.97	\$ 8.97	\$ 8.99	\$ 9.09
Segment active accounts <sup>(5)</sup> (in millions)	1.3	1.4	1.4	1.5	1.5

(a) More information on the financial results for these quarters can be found in the company's filings with the Securities and Exchange Commission.

## **Non-GAAP Measures:**

In evaluating the company's performance, management uses one or more of the following measures that are not determined in accordance with accounting principles generally accepted in the United States of America ("GAAP"): adjusted OIBDA, adjusted net income, adjusted basic and diluted net income per common share, and free cash flow. These measures are adjusted to exclude certain non-cash expenses such as depreciation, amortization, stock-based compensation, and impairment of goodwill, intangible assets and long-lived assets. In addition, these measures are adjusted to exclude the items discussed below because such items are either operating expenses which would not otherwise have been incurred by the company in the normal course of the company's business operations or are not reflective of the company's core results over time. These items may include recurring as well as non-recurring items. These adjustments should not be construed as an inference that all of these adjustments or costs are unusual, infrequent or non-recurring. For example, certain restructuring and other exit costs may be considered recurring given the company's ongoing efforts to be more cost effective and efficient, certain litigation or dispute settlement charges or gains may be viewed as recurring given that the company is continually involved in, and resolving, litigation, arbitration, investigations, disputes and similar matters, and certain transaction-related costs may be deemed recurring given the company's regular evaluation of potential transactions. Notwithstanding that certain charges, costs or gains may be considered recurring, in order to provide meaningful comparisons, the company believes that it is appropriate to adjust for such charges, costs or gains because they are not reflective of the company's core results and tend to vary based on timing, frequency and magnitude.

*Restructuring and Other Exit Costs* — Restructuring and other exit costs consist primarily of employee termination costs, facility closure and relocation costs and contract termination costs.

*Litigation or Dispute Settlement Charges or Gains* — These charges or gains include estimated losses for which we have established a reserve, as well as actual settlements, judgments, fines, penalties, assessments or other resolutions against, or in favor of, the company related to litigation, arbitration, investigations, disputes or similar matters. Insurance recoveries received by the company related to such matters are also included in these adjustments.

*Transaction-Related Costs* — The company excludes certain expense items resulting from actual or potential transactions such as business combinations, mergers, acquisitions, dispositions, spin-offs, financing transactions, and other strategic transactions, including, without limitation, (i) compensation expenses and (ii) expenses for advisors and representatives such as investment bankers, consultants, attorneys, and accounting firms. Transaction-related costs may also include, without limitation, transition and integration costs such as retention bonuses and acquisition-related milestone payments to acquired employees.

## **Definitions of Non-GAAP Measures:**

(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 other exit costs; litigation or dispute settlement charges or gains; transaction-related costs; 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 other exit costs, litigation or dispute settlement charges or gains, and transaction-related costs), 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 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 within the accompanying tables and in the footnotes accompanying its financial statements. A further limitation associated with the use of this measure is that it does not reflect the costs of restructuring and other exit costs, litigation or dispute settlement charges or gains, transaction-related costs, and the impairment of goodwill, intangible assets and long-lived assets. Management compensates for this limitation by providing supplemental information about such charges, gains and costs within its financial press releases and 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. In addition, many of the adjustments to our GAAP financial measures reflect the exclusion of items that are recurring in nature and will be reflected in our financial results for the foreseeable future.

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 other exit costs, litigation or dispute settlement charges or gains, transaction-related costs 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 (i) certain non-cash expenses (such as stock-based compensation, and the impairment of goodwill, intangible assets and long-lived assets); and (ii) expenses that are not reflective of the segment's core operating results over time (such as restructuring and other exit costs, litigation or dispute settlement charges or gains, and transaction-related costs), 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 within the accompanying tables and in the footnotes accompanying its financial statements. A further limitation associated with the use of these measures is that they do not reflect the costs of restructuring and other exit costs, litigation or dispute settlement charges or gains, transaction-related costs and impairment charges related to an operating segment. Management compensates for this limitation by providing supplemental information about such charges, gains and costs 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; impairment of goodwill, intangible assets and long-lived assets; restructuring and other exit costs; litigation or dispute settlement charges or gains; transaction-related costs; and the re-measurement of certain deferred tax assets. Adjusted diluted net income per common share includes the adjustment for shares resulting from the elimination of stock-based compensation. 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 of intangible assets, 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 other exit costs, litigation or dispute settlement charges or gains, and transaction-related costs). 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 of adjusted net income that shows and describes the adjustments made. A reconciliation of adjusted net income to net income, its most comparable GAAP measure, is provided in the accompanying tables.

(3) Free cash flow is defined by the company as net cash provided by operating activities, less capital expenditures and cash received for litigation or dispute settlement gains, and plus the excess tax benefits from equity awards, cash paid for restructuring and other exit costs, cash paid for litigation or dispute settlement charges, and cash paid for transaction-related costs. 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 other exit costs, cash paid or received for litigation or dispute settlement charges or gains, and cash paid for transaction-related costs. 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.

(4) 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) and [www.ftd.ca](http://www.ftd.ca) websites 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), [www.flyingflowers.co.uk](http://www.flyingflowers.co.uk), [www.flowersdirect.co.uk](http://www.flowersdirect.co.uk), and [www.interflora.ie](http://www.interflora.ie) websites and various telephone numbers. The number of consumer orders

is not adjusted for non-delivered orders that are refunded after the scheduled delivery date. 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. For orders placed outside the U.S. (principally in the U.K. and the Republic of Ireland), this average U.S. Dollar amount is determined after translating the local currency amounts received into U.S. Dollars. Average order value includes merchandise revenues and shipping, handling and service fees paid by the consumer, less discounts and refunds (net of refund-related fees charged to floral network members).

(5) A pay account is defined as a member who has paid for a subscription to a Content & Media or Communications service, and whose subscription has not terminated or expired. A subscription provides the member with access to our service for a specific term (for example, a month or a year) and may be renewed upon the expiration of each term. One-time purchases of our services are not considered subscriptions and thus, are not included in the pay accounts metric. A pay account does not equate to a unique subscriber since one subscriber could have several pay accounts. In addition, 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, such as the subscribers receiving our free NetZero 4G mobile broadband service, and a number of accounts that have notified us that they are terminating their service but whose service remains in effect.

Content & Media segment active accounts are defined as the sum of all pay accounts as of the date presented; the monthly average for the period of all free accounts who have visited our domestic or international online nostalgia websites (excluding schoolFeed and The Names Database) at least once during the period; and the monthly average for the period of all online loyalty marketing members who have earned or redeemed points during such period. Communications segment active accounts include all Communications segment pay accounts as of the date presented combined with the number of free dial-up Internet access and email accounts that logged on to our services at least once during the preceding 31 days.

(6) ARPU is calculated by dividing services revenues generated from the pay accounts of our Content & Media or Communications segment, as applicable, for a period (after translation into U.S. Dollars) by the average number of segment pay accounts for that period, divided by the number of months in that period.

(7) Our average monthly churn rate 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 that period, divided by the number of months in that period. Our average monthly churn percentage may fluctuate from period to period due to our mix of subscription terms, which affects the timing of subscription expirations, and other factors. We make certain normalizing adjustments to the calculation of our churn percentage for periods in which we add a significant number of pay accounts due to acquisitions. For our Communications segment pay accounts, we do not include in our churn calculation dial-up accounts canceled during the first 30 days of service unless the accounts have upgraded from free accounts, although a number of such accounts will be included in our account totals at any given measurement date. Additionally, we do not include 4G mobile broadband accounts canceled during the first 30 days of service provided the mobile broadband device is returned within 30 days of cancelation. Subscribers who cancel one pay service but subscribe to another pay service are not necessarily considered to have canceled a pay account depending on the services and, as such, our segment churn rates are not necessarily indicative of the percentage of subscribers canceling any particular service.