

**Bottomline Technologies**  
**Reconciliation to Non-GAAP Measures**  
**Three Months Ended June 30, 2011**



	GAAP	Amortization of Intangible Assets	Equity Based Compensation	Acquisition Related Expenses	Restructuring Expenses	Deferred Tax Asset Valuation Allowance Release	Non-GAAP	
Revenues:								% of Revenue
Software licenses	\$ 4,845	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,845	9%
Subscriptions and transactions	17,081	-	-	-	-	-	17,081	31%
Service and maintenance	29,806	-	-	-	-	-	29,806	55%
Equipment and supplies	2,517	-	-	-	-	-	2,517	5%
<b>Total revenues</b>	<b>54,249</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54,249</b>	<b>100%</b>
Cost of revenues:								Margins
Software licenses	479	-	-	-	-	-	479	90%
Subscriptions and transactions	9,146	-	(154)	-	(23)	-	8,969	47%
Service and maintenance	13,726	-	(485)	36	(3)	-	13,274	55%
Equipment and supplies	2,060	-	-	-	-	-	2,060	18%
<b>Total cost of revenues</b>	<b>25,411</b>	<b>-</b>	<b>(639)</b>	<b>36</b>	<b>(26)</b>	<b>-</b>	<b>24,782</b>	
<b>Gross profit</b>	<b>28,838</b>	<b>-</b>	<b>639</b>	<b>(36)</b>	<b>26</b>	<b>-</b>	<b>29,467</b>	<b>54%</b>
Operating expenses:								% of Revenue
Sales and marketing	11,094	-	(1,133)	59	(108)	-	9,912	18%
Product development	5,207	-	(265)	-	(23)	-	4,919	9%
General and administrative	5,095	-	(665)	(200)	(201)	-	4,029	7%
Amortization of intangible assets	4,089	(4,089)	-	-	-	-	-	0%
<b>Total operating expenses</b>	<b>25,485</b>	<b>(4,089)</b>	<b>(2,063)</b>	<b>(141)</b>	<b>(332)</b>	<b>-</b>	<b>18,860</b>	<b>35%</b>
Income from operations	3,353	4,089	2,702	105	358	-	10,607	20%
Other income, net	110	-	-	-	-	-	110	0%
Income before income taxes	3,463	4,089	2,702	105	358	-	10,717	20%
Provision (benefit) for income taxes	(26,595)	-	-	-	-	27,394	799	1%
<b>Net Income</b>	<b>30,058</b>	<b>4,089</b>	<b>2,702</b>	<b>105</b>	<b>358</b>	<b>(27,394)</b>	<b>9,918</b>	<b>18%</b>
Basic net income per share	\$ 0.92							
Diluted net income per share	\$ 0.87						\$ 0.29	

Shares used in computing net income per share:

Basic	32,539
Diluted	34,433

34,433

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Revenues:								% of Revenue
Software licenses	\$ 16,547	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,547	9%
Subscriptions and transactions	55,133	-	-	-	-	-	55,133	29%
Service and maintenance	108,930	-	-	-	-	-	108,930	57%
Equipment and supplies	<u>8,771</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,771</u>	<u>5%</u>
Total revenues	189,381	-	-	-	-	-	189,381	100%
Cost of revenues:								Margins
Software licenses	1,352	-	-	-	-	-	1,352	92%
Subscriptions and transactions	29,935	-	(539)	(2)	(161)	-	29,233	47%
Service and maintenance	47,975	-	(1,899)	(8)	(161)	-	45,907	58%
Equipment and supplies	<u>6,880</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,880</u>	<u>22%</u>
Total cost of revenues	<u>86,142</u>	<u>-</u>	<u>(2,438)</u>	<u>(10)</u>	<u>(322)</u>	<u>-</u>	<u>83,372</u>	
Gross profit	103,239	-	2,438	10	322	-	106,009	56%
Operating expenses:								% of Revenue
Sales and marketing	39,345	-	(4,373)	(40)	(403)	-	34,529	18%
Product development	21,862	-	(1,513)	(4)	(77)	-	20,268	11%
General and administrative	19,502	-	(3,143)	(1,623)	(309)	-	14,427	8%
Amortization of intangible assets	<u>12,662</u>	<u>(12,662)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0%</u>
Total operating expenses	<u>93,371</u>	<u>(12,662)</u>	<u>(9,029)</u>	<u>(1,667)</u>	<u>(789)</u>	<u>-</u>	<u>69,224</u>	<u>37%</u>
Income from operations	9,868	12,662	11,467	1,677	1,111	-	36,785	19%
Other income, net	<u>558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>558</u>	<u>0%</u>
Income before income taxes	10,426	12,662	11,467	1,677	1,111	-	37,343	20%
Provision (benefit) for income taxes	<u>(25,467)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,394</u>	<u>1,927</u>	<u>1%</u>
<b>Net Income</b>	<b>35,893</b>	<b>12,662</b>	<b>11,467</b>	<b>1,677</b>	<b>1,111</b>	<b>(27,394)</b>	<b>35,416</b>	<b>19%</b>
Basic net income per share	<u>\$ 1.13</u>							
Diluted net income per share	<u>\$ 1.07</u>						<u>\$ 1.06</u>	
Shares used in computing net income per share:								
Basic	31,660							
Diluted	33,453						33,453	

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Revenues:								% of Revenue
Software licenses	\$ 3,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,200	8%
Subscriptions and transactions	11,877	-	-	-	-	-	11,877	28%
Service and maintenance	24,426	-	-	-	-	-	24,426	59%
Equipment and supplies	<u>1,989</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,989</u>	<u>5%</u>
Total revenues	41,492	-	-	-	-	-	41,492	100%
Cost of revenues:								Margins
Software licenses	289	-	-	-	-	-	289	91%
Subscriptions and transactions	5,916	-	(90)	(1)	-	-	5,825	51%
Service and maintenance	10,726	-	(376)	(1)	-	-	10,349	58%
Equipment and supplies	<u>1,524</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,524</u>	<u>23%</u>
Total cost of revenues	<u>18,455</u>	<u>-</u>	<u>(466)</u>	<u>(2)</u>	<u>-</u>	<u>-</u>	<u>17,987</u>	
Gross profit	23,037	-	466	2	-	-	23,505	57%
Operating expenses:								% of Revenue
Sales and marketing	8,657	-	(827)	(5)	-	-	7,825	19%
Product development	5,056	-	(277)	(1)	-	-	4,778	12%
General and administrative	4,050	-	(717)	(69)	-	-	3,264	8%
Amortization of intangible assets	<u>3,265</u>	<u>(3,265)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0%</u>
Total operating expenses	<u>21,028</u>	<u>(3,265)</u>	<u>(1,821)</u>	<u>(75)</u>	<u>-</u>	<u>-</u>	<u>15,867</u>	<u>38%</u>
Income from operations	2,009	3,265	2,287	77	-	-	7,638	18%
Other expense, net	<u>(265)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(265)</u>	<u>-1%</u>
Income before income taxes	1,744	3,265	2,287	77	-	-	7,373	18%
Provision for income taxes	<u>616</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>616</u>	<u>1%</u>
<b>Net Income</b>	<b>1,128</b>	<b>3,265</b>	<b>2,287</b>	<b>77</b>	<b>-</b>	<b>-</b>	<b>6,757</b>	<b>16%</b>
Basic net income per share	<u>\$ 0.04</u>							
Diluted net income per share	<u>\$ 0.04</u>						<u>\$ 0.24</u>	
Shares used in computing net income per share:								
Basic	27,052							
Diluted	28,608						28,608	

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Revenues:								% of Revenue
Software licenses	\$ 13,607	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,607	9%
Subscriptions and transactions	41,421	-	-	-	-	-	41,421	26%
Service and maintenance	94,379	-	-	-	-	-	94,379	60%
Equipment and supplies	<u>8,583</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,583</u>	<u>5%</u>
Total revenues	157,990	-	-	-	-	-	157,990	100%
Cost of revenues:								Margins
Software licenses	1,082	-	-	-	-	-	1,082	92%
Subscriptions and transactions	20,552	-	(274)	(33)	3	-	20,248	51%
Service and maintenance	40,772	-	(1,559)	(1)	15	-	39,227	58%
Equipment and supplies	<u>6,515</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,515</u>	<u>24%</u>
Total cost of revenues	<u>68,921</u>	<u>-</u>	<u>(1,833)</u>	<u>(34)</u>	<u>18</u>	<u>-</u>	<u>67,072</u>	
Gross profit	89,069	-	1,833	34	(18)	-	90,918	58%
Operating expenses:								% of Revenue
Sales and marketing	34,013	-	(3,151)	(50)	12	-	30,824	20%
Product development	18,858	-	(1,106)	(1)	16	-	17,767	11%
General and administrative	16,383	-	(2,866)	(500)	6	-	13,023	8%
Amortization of intangible assets	<u>13,214</u>	<u>(13,214)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0%</u>
Total operating expenses	<u>82,468</u>	<u>(13,214)</u>	<u>(7,123)</u>	<u>(551)</u>	<u>34</u>	<u>-</u>	<u>61,614</u>	<u>39%</u>
Income from operations	6,601	13,214	8,956	585	(52)	-	29,304	19%
Other expense, net	<u>(93)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(93)</u>	<u>0%</u>
Income before income taxes	6,508	13,214	8,956	585	(52)	-	29,211	18%
Provision for income taxes	<u>2,554</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,554</u>	<u>2%</u>
<b>Net Income</b>	<b>3,954</b>	<b>13,214</b>	<b>8,956</b>	<b>585</b>	<b>(52)</b>	<b>-</b>	<b>26,657</b>	<b>17%</b>
Basic net income per share	<u>\$ 0.15</u>							
Diluted net income per share	<u>\$ 0.15</u>						<u>\$ 0.99</u>	
Shares used in computing net income per share:								
Basic	25,552							
Diluted	26,696						26,958	

# Bottomline Technologies

## Reconciliation to EBITDA



	Three months Ended		Twelve months Ended	
	6/30/2011	6/30/2010	6/30/2011	6/30/2010
GAAP Net Income	\$ 30,058	\$ 1,128	\$ 35,893	\$ 3,954
Adjustments:				
Interest, other	(110)	265	(558)	93
Taxes	(26,595)	616	(25,467)	2,554
Depreciation	1,361	1,201	5,140	4,565
Amortization of intangible assets	4,089	3,265	12,662	13,214
Equity based compensation	2,702	2,287	11,467	8,956
Acquisition related expenses	105	77	1,677	585
Restructuring expenses	358	-	1,111	(52)
EBITDA	<u>11,968</u>	<u>8,839</u>	<u>41,925</u>	<u>33,869</u>