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Company	Ticker	Price	Mkt. Cap (M)	Rating		Price Target		ThinkAction
				To	From	To	From	
Industry Update Application Software								100 IT Managers Suggest Strong Spending Trends For KNXA, CRM, LPSN, ACTV, ORCL

Industry Update

Application Software

100 IT Managers Suggest Strong Spending Trends For KNXA, CRM, LPSN, ACTV, ORCL

Our recent survey of 100 IT Managers* points to positive leading indicators for salesforce.com, LivePerson, Active Network and Oracle, as these companies distribute products into the top-tier Application spending categories. We are also bullish on Kenexa and marginally more positive on Ultimate Software, and like the SaaS-based product suites from SilkRoad and Halogen as our field checks indicate the secular trends for Talent Management remain strong. Additionally, we think customers are increasingly standardizing on, what we view as, best-in-class SaaS-based Talent Management platforms owing to the easing of competitor pressures. Reiterate Buys: KNXA, CRM, LPSN, ACTV and ORCL.

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Important Disclosures

Analyst Certification

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Hold: ThinkEquity expects the stock to generate risk-adjusted returns of +/-10% over the next 12 months. ThinkEquity believes the stock is fairly valued.

Sell: ThinkEquity expects the stock to generate negative risk-adjusted returns of more than 10% during the next 12 months. ThinkEquity recommends decreasing exposure to the stock.

Distribution of Ratings, Firmwide					
ThinkEquity LLC					
Rating	Count	Percent	IB Serv./Past 12 Mos.		
			Count	Percent	
BUY [B]	133	67.51	12	9.02	
HOLD [H]	53	26.90	1	1.89	
SELL [S]	11	5.58	0	0.00	

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UBS Investment Research

The Active Network, Inc.

Key Takeaways From A Day With ACTV Management in New York

■ On the Road with ACTV Management

We spent the whole day yesterday with Matt Landa, President, and Scott Mendel, CFO, of Active Network – our small-cap top pick. While most of the discussions were reiteration of what was said on the 4Q11 earnings call, we would like to highlight a few key points. ACTV is just beginning to realize the benefits of leverage built into its model. Low market penetration (~6% in North America) and Int'l (currently ~3% of total revenue) present tremendous growth opportunities.

■ Model with Built-in Leverage

Mgmt projects LT rev growth of 15%-20% (organic) which would eventually be supplemented with strategic acquisitions. As more clients migrate to ActiveWorks, R&D spend, while likely up in absolute dollars, should decline as % of revenue (slightly in 2013 and more noticeably in 2014) and margins should improve. Margins in Int'l markets are generally the same as in the US.

■ Management Remains Focused on Execution

Mgmt is balancing strategic acquisitions with platform and product enhancements that attract and retain customers. Revenue churn remains less than 5% on annual basis and the company is not seeing any pricing pressure on contract renewals.

■ Valuation

Our \$22 PT is based on a 10-year DCF (11.5% WACC and 4.5% LTGR).

Highlights (US\$)	12/10	12/11	12/12E	12/13E	12/14E
Revenues	279,600	337,390	432,266	521,381	590,489
EBIT (UBS)	(15,167)	(8,821)	(11,820)	24,933	45,802
Net Income (UBS)	(67,244)	(39,000)	(36,121)	1,962	13,659
EPS (UBS, US\$)	(9.50)	(1.08)	(0.61)	0.03	0.21
Net DPS (UBS, US\$)	0.00	0.00	0.00	0.00	0.00
Profitability & Valuation	5-yr hist av.	12/11	12/12E	12/13E	12/14E
EBIT margin %	-	-2.6	-2.7	4.8	7.8
ROIC (EBIT) %	-	(3.6)	(4.5)	12.0	28.7
EV/EBITDA (core) x	-	22.5	16.0	8.1	6.8
PE (UBS) x	-	NM	NM	NM	NM
Net dividend yield %	-	0.0	0.0	0.0	0.0

Source: Company accounts, Thomson Reuters, UBS estimates. (UBS) valuations are stated before goodwill-related charges and other adjustments for abnormal and economic items at the analysts' judgement.

Valuations: based on an average share price that year, (E): based on a share price of US\$15.87 on 07 Mar 2012 18:42 EST

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Global Equity Research

Americas

Internet Services

12-month rating

Buy

Unchanged

12m price target

US\$22.00

Unchanged

Price

US\$15.87

RIC: ACTV.N BBG: ACTV US

8 March 2012

Trading data

52-wk range	US\$19.41-12.43
Market cap.	US\$0.86bn
Shares o/s	54.2m (COM)
Free float	54%
Avg. daily volume ('000)	70
Avg. daily value (m)	US\$1.0

Balance sheet data 12/12E

Shareholders' equity	US\$0.33bn
P/BV (UBS)	2.7x
Net Cash (debt)	US\$0.10bn

Forecast returns

Forecast price appreciation	+38.6%
Forecast dividend yield	0.0%
Forecast stock return	+38.6%
Market return assumption	5.3%
Forecast excess return	+33.3%

EPS (UBS, US\$)

	12/12E	12/11
	UBS	Cons.
O1E	(0.45)	(0.29) (2.72)
O2E	0.06	0.15 (0.04)
O3E	(0.03)	0.10 (0.08)
O4E	(0.20)	(0.04) (0.29)
12/12E	(0.61)	(0.08)
12/13E	0.03	0.10

Performance (US\$)



Source: UBS

www.ubs.com/investmentresearch

This report has been prepared by UBS Securities LLC

ANALYST CERTIFICATION AND REQUIRED DISCLOSURES BEGIN ON PAGE 11.

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Financial Model

Table 1: ACTV Income Statement (\$000s)

	F2011				F2012				F2011A	F2012E	F2013E
	Q1 11A	Q2 11A	Q3 11A	Q4 11A	Q1 12E	Q2 12E	Q3 12E	Q4 12E			
Technology Revenue	\$63,108	\$85,553	\$76,341	\$65,478	\$81,914	\$107,189	\$98,590	\$86,572	\$290,480	\$374,265	\$454,101
Marketing Services Revenue	\$9,604	\$13,452	\$13,287	\$10,567	\$10,276	\$14,299	\$16,835	\$16,590	\$46,910	\$58,001	\$67,281
Total Net Revenue	\$72,712	\$99,005	\$89,628	\$76,045	\$92,190	\$121,489	\$115,425	\$103,162	\$337,390	\$432,266	\$521,381
% Y/Y Growth	15%	21%	23%	23%	27%	23%	29%	36%	21%	28%	21%
% Q/Q Growth	18%	36%	(9%)	(15%)	21%	32%	(5%)	(11%)	--	--	--
Cost of Technology Revenue	32,988	38,707	38,291	34,976	44,070	48,235	47,027	45,537	144,962	184,869	219,050
Cost of Marketing Services Revenue	1,162	1,480	1,599	1,711	1,326	1,802	2,189	2,256	5,952	7,572	8,285
Total Cost of Net Revenue	34,134	40,148	39,838	36,626	45,270	49,932	49,110	47,677	150,746	191,990	226,865
% Y/Y Growth	22%	18%	28%	30%	33%	24%	23%	30%	24%	27%	18%
% Q/Q Growth	22%	18%	(1%)	(8%)	24%	10%	(2%)	(3%)	--	--	--
Gross Profit	\$38,578	\$58,857	\$49,790	\$39,419	\$46,920	\$71,557	\$66,314	\$55,485	\$186,644	\$240,276	\$294,516
% Margin	53.1%	59.4%	55.6%	51.8%	50.9%	58.9%	57.5%	53.8%	55.3%	55.6%	56.5%
Sales and Marketing	16,753	18,338	16,839	16,908	23,286	22,708	22,756	22,722	68,838	91,472	98,441
Research and Development	16,058	16,174	17,313	16,293	23,565	20,823	21,942	22,910	65,838	89,240	91,335
General and Administrative	10,165	11,058	10,411	14,193	15,509	14,595	13,834	12,712	45,827	56,649	57,977
Amortization of Intangibles	3,703	3,718	3,669	3,872	3,492	4,215	3,721	3,307	14,862	14,735	21,830
Stock Based Compensation	744	2,068	1,970	3,013	5,803	4,860	4,827	5,423	7,795	20,913	21,749
Adjusted Operating Income	(\$8,101)	\$9,569	\$1,558	(\$11,847)	(\$18,932)	\$9,216	\$4,062	(\$6,166)	(\$8,821)	(\$11,820)	\$24,933
% Margin	(11%)	10%	2%	(16%)	(21%)	8%	4%	(6%)	(3%)	(3%)	5%
% Y/Y Growth	--	386	--	--	--	(4)	161	--	--	--	--
% Q/Q Growth	--	--	(84)	(860)	--	--	(56)	(252)	--	--	--
EBITDA	\$2,570	\$20,406	\$12,704	\$356	(\$3,701)	\$25,459	\$19,128	\$7,839	\$36,036	\$48,725	\$90,227
% Margin	3.5%	20.6%	14.2%	0.5%	(4.0%)	21.0%	16.6%	7.6%	10.7%	11.3%	17.3%
% Y/Y Growth	137	72	36	(88)	(244)	25	51	2,102	43	35	85
% Q/Q Growth	(10)	694	(38)	(97)	(1,140)	--	(25)	(59)	--	--	--
Net Interest (Income) and Other (Income)	1,305	1,184	110	186	72	69	65	66	2,785	272	234
Adjusted Pre-Tax Profit / (Loss)	(\$9,406)	\$8,385	\$1,448	(\$12,033)	(\$19,005)	\$9,148	\$3,997	(\$6,232)	(\$11,606)	(\$12,092)	\$24,699
% Effective Tax Rate	13%	(21%)	(107%)	84%	(5%)	9%	18%	(10%)	126%	(26%)	4%
Provision / (Benefit) for Income Taxes	792	788	910	(6,564)	950	823	719	623	(4,074)	3,116	988
Tax Adjustments for Non-GAAP Items	(2,044)	(2,527)	(2,461)	(3,553)	0	0	0	0	(10,585)	0	0
Other / Amortization of Intangibles in COGS	(1,008)	(97)	(141)	(32)	0	0	0	0	(1,278)	0	0
Minority Interest	0	0	0	0	0	0	0	0	0	0	0
Operating Net Income / (Loss)	(\$7,146)	\$10,221	\$3,140	(\$1,884)	(\$19,955)	\$8,324	\$3,278	(\$6,855)	\$4,331	(\$15,208)	\$23,711
% Margin	(10%)	10%	4%	(2%)	(22%)	7%	3%	(7%)	1%	(4%)	5%
% Y/Y Growth	--	324	607	--	--	(19)	4	--	--	(451)	--
% Q/Q Growth	--	--	(69)	(160)	--	--	(61)	(309)	--	--	--
Accretion of redeemable convertible preferred	7,410	4,400	0	0	0	0	0	0	11,810	0	0
Other / Amortization of Intangibles in COGS	1,008	97	141	32	0	0	0	0	1,278	0	0
Tax Effect of Non-GAAP Entries	2,044	2,527	2,461	3,553	0	0	0	0	10,585	0	0
Reported GAAP Net Income / (Loss)	(\$18,352)	\$1,129	(\$1,432)	(\$8,482)	(\$25,758)	\$3,464	(\$1,549)	(\$12,278)	(\$27,137)	(\$36,121)	\$1,962
% Margin	(25%)	1%	(2%)	(11%)	(28%)	3%	(1%)	(12%)	(8%)	(8%)	0%
% Y/Y Growth	--	--	--	--	--	207	--	--	--	--	--
% Q/Q Growth	--	--	(227)	--	--	--	(145)	--	--	--	--
Weighted Avg. Diluted Shares Outstanding	8,617	36,877	53,701	54,109	57,756	59,282	60,111	61,010	36,072	59,557	65,056
Operating EPS	(\$0.83)	\$0.18	\$0.05	(\$0.03)	(\$0.35)	\$0.14	\$0.05	(\$0.11)	\$0.07	(\$0.26)	\$0.36
% Y/Y Growth	--	239%	421%	--	--	(21%)	9%	--	--	(446%)	--
% Q/Q Growth	--	--	(72)	(170)	--	--	(61)	(306)	--	--	--
Reported GAAP EPS	(\$2.13)	\$0.03	(\$0.03)	(\$0.16)	(\$0.45)	\$0.06	(\$0.0258)	(\$0.20)	(\$0.75)	(\$0.61)	\$0.03
% Y/Y Growth	--	--	--	--	--	91%	--	--	--	--	--
% Q/Q Growth	--	--	(187)	--	--	--	(144)	--	--	--	--

Source: Company reports, UBS estimates

Table 2: ACTV Balance Sheet (\$000s)

	F2011				F2012				F2011A	F2012E	F2013E
	Q1 11A	Q2 11A	Q3 11A	Q4 11A	Q1 12E	Q2 12E	Q3 12E	Q4 12E			
Cash & Cash Equivalents	\$60,831	\$157,507	\$139,023	\$108,699	\$111,477	\$139,994	\$141,759	\$130,373	\$108,699	\$130,373	\$202,612
Short-Term Marketable Securities	0	0	0	0	0	0	0	0	0	0	0
Accounts Receivable, net	45,776	55,706	61,192	66,469	63,358	85,246	85,003	77,357	66,469	77,357	98,011
Inventories	0	1,810	1,102	1,662	1,356	1,855	1,711	1,743	1,662	1,743	2,288
Prepaid Expenses and Other Current Assets	4,879	5,048	4,914	6,179	7,068	6,735	6,813	6,864	6,179	6,864	7,931
Current Assets	\$111,486	\$220,071	\$206,231	\$183,009	\$183,260	\$233,830	\$235,286	\$216,337	\$183,009	\$216,337	\$310,843
Restricted Cash	5,000	5,000	5,000	1,502	1,502	1,502	1,502	1,502	1,502	1,502	1,502
Property and Equipment, net	27,495	26,919	28,936	33,830	63,730	59,481	56,241	53,835	33,830	53,835	48,166
Software Development Costs	39,548	42,188	43,620	45,093	47,225	50,554	52,946	54,421	45,093	54,421	50,779
Long-Term Investments	0	0	0	0	0	0	0	0	0	0	0
Goodwill	213,513	213,406	213,357	289,637	231,937	231,937	231,937	231,937	289,637	231,937	231,937
Intangible Assets	40,401	35,162	32,429	44,023	63,513	59,359	55,805	52,705	44,023	52,705	31,671
Deposits and Other Assets	3,261	2,212	2,040	2,133	3,270	2,781	2,773	2,781	2,133	2,781	2,958
Total Assets	\$440,704	\$544,958	\$531,613	\$599,227	\$594,437	\$639,444	\$636,490	\$613,518	\$599,227	\$613,518	\$677,856
Accounts Payable	\$6,370	\$5,044	\$4,503	\$8,516	\$7,445	\$7,935	\$8,212	\$8,619	\$8,516	\$8,619	\$11,500
Registration Fees Payable	81,191	99,566	76,172	72,405	90,445	115,072	107,641	98,338	72,405	98,338	115,251
Accrued Expenses	39,552	31,715	36,103	41,106	50,066	46,040	47,454	47,208	41,106	47,208	53,588
Deferred Revenue	36,145	46,115	52,672	54,919	55,381	73,687	73,602	67,279	54,919	67,279	83,009
Current Portion of Debt	14,092	0	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Capital Lease Obligations - Current	2,133	1,997	2,906	3,317	3,476	3,402	3,615	3,547	3,317	3,547	4,184
Other Current Liabilities	1,735	2,564	2,576	42,613	16,032	18,392	22,148	26,594	42,613	26,594	43,605
Dividends Payable	0	0	0	0	0	0	0	0	0	0	0
Total Current Liabilities	\$181,218	\$187,001	\$174,932	\$227,876	\$227,846	\$269,528	\$267,673	\$256,584	\$227,876	\$256,584	\$316,136
Long-Term Debt	27,060	0	0	0	0	0	0	0	0	0	0
Capital Lease Obligations - LT	1,043	968	649	1,652	1,443	1,360	1,391	1,515	1,652	1,515	1,949
Other Long-Term Liabilities	5,080	5,325	5,644	6,147	7,471	7,144	7,236	7,155	6,147	7,155	8,064
Deferred Tax Liability	18,952	19,703	19,556	16,913	16,913	16,913	16,913	16,913	16,913	16,913	16,913
Total Liabilities	\$233,353	\$212,997	\$200,781	\$252,588	\$253,673	\$294,945	\$293,214	\$282,167	\$252,588	\$282,167	\$343,063
Convertible Preferred Stock	21,187	0	0	0	0	0	0	0	0	0	0
Redeemable Convertible Preferred Stock	378,536	0	0	0	0	0	0	0	0	0	0
Common Stock	11	55	55	58	58	58	58	58	58	58	58
Treasury Stock	(11,959)	(11,959)	(11,959)	(11,959)	(11,959)	(11,959)	(11,959)	(11,959)	(11,959)	(11,959)	(11,959)
Accumulated Other Comprehensive Income	10,317	10,038	7,318	7,923	7,923	7,923	7,923	7,923	7,923	7,923	7,923
Additional Paid-in Capital	75,732	59,171	602,194	625,875	645,458	645,458	645,458	645,458	625,875	645,458	645,458
Accumulated Deficit	(266,473)	(265,344)	(266,776)	(275,258)	(300,717)	(296,981)	(298,204)	(310,129)	(275,258)	(310,129)	(306,688)
Shareholders' Equity	\$207,351	\$331,961	\$330,832	\$346,639	\$340,764	\$344,500	\$343,276	\$331,351	\$346,639	\$331,351	\$334,793
Liabilities & Shareholders' Equity	\$440,704	\$544,958	\$531,613	\$599,227	\$594,437	\$639,444	\$636,490	\$613,518	\$599,227	\$613,518	\$677,856

Source: Company reports, UBS estimates

Table 3: ACTV Cash Flow Statement (\$000s)

	F2011				F2012				F2011A	F2012E	F2013E
	Q1 11A	Q2 11A	Q3 11A	Q4 11A	Q1 12E	Q2 12E	Q3 12E	Q4 12E			
Net Income	(\$10,942)	\$5,529	(\$1,432)	(\$8,482)	(\$25,758)	\$3,464	(\$1,549)	(\$12,278)	(15,327)	(36,121)	\$1,962
Depreciation and Amortization	10,671	10,837	11,146	12,203	15,231	16,243	15,066	14,005	44,857	60,545	65,294
(Gain) Loss on Disposition of Assets	0	0	0	0	0	0	0	0	0	0	0
(Gain) Loss on Business Combination	0	0	0	0	0	0	0	0	0	0	0
Restricted Cash	0	0	0	0	3,498	0	0	0	3,498	0	0
Accretion of Discount on Debt	113	78	0	0	0	0	0	0	191	0	0
Earnings in Unconsolidated Equity Interests	0	0	0	0	0	0	0	0	0	0	0
Stock-Based Compensation	744	2,068	1,970	3,013	5,803	4,860	4,827	5,423	7,795	20,913	21,749
Allowance for Doubtful Accounts	338	150	102	338	300	271	326	353	928	1,250	1,480
Other / Charges	0	538	0	(35,828)	0	0	0	0	(35,290)	0	0
Funds From Operations	\$924	\$19,200	\$17,786	(\$25,258)	(\$4,424)	\$24,839	\$18,669	\$7,503	\$6,652	\$46,587	\$90,485
(Inc.) Decl. in Accounts Receivable	(11,704)	(10,093)	(5,757)	(5,277)	3,111	(21,888)	243	7,646	(32,831)	(10,888)	(20,654)
(Inc.) Decl. in Inventories	0	(1,810)	708	(560)	306	(499)	144	(32)	(1,662)	(81)	(545)
(Inc.) Decl. in Prepaid Expenses and Other Assets	(1,301)	(2,197)	968	(1,358)	(2,027)	822	(70)	(59)	(3,888)	(1,333)	(1,244)
Inc. (Dec.) in Accounts Payable	867	1,717	(1,345)	4,013	(1,071)	490	278	406	5,252	103	2,882
Inc. (Dec.) in Registration Fees Payable	40,524	18,375	(23,394)	(3,767)	18,040	24,627	(7,431)	(9,303)	31,738	25,933	16,913
Inc. (Dec.) in Accrued Expenses	7,046	(8,848)	5,363	45,543	(16,297)	(1,993)	5,263	4,118	49,104	(8,909)	24,301
Inc. (Dec.) in Deferred Tax Liability	787	783	254	(2,643)	0	0	0	0	(819)	0	0
Inc. (Dec.) in Deferred Revenue	1,458	10,003	6,628	2,247	462	18,306	(86)	(6,323)	20,336	12,360	15,730
Inc. (Dec.) in Deferred Rent	658	3	2	1,414	(49)	(158)	246	55	2,077	93	1,071
Change in Net Working Capital	\$38,335	\$7,933	(\$16,573)	\$39,612	\$2,475	\$19,707	(\$1,413)	(\$4,492)	\$69,307	\$17,277	\$38,453
Cash Flow from Operations	\$39,259	\$27,133	\$47,877	\$14,354	(\$1,949)	\$44,546	\$17,256	\$4,011	\$75,959	\$63,864	\$128,938
Purchases of Property and Equipment	(3,076)	(2,250)	(3,665)	(3,076)	(4,056)	(4,738)	(4,848)	(4,952)	(12,067)	(18,594)	(24,505)
Proceeds from Sales of PP&E	0	0	0	0	0	0	0	0	0	0	0
Cash (Paid) Received from Acquisitions, net	520	0	(4,602)	(57,700)	0	0	0	0	(61,782)	0	0
Sales of Short-Term Investments	0	0	0	0	0	0	0	0	0	0	0
Maturities of Short-Term Investments	0	0	0	0	0	0	0	0	0	0	0
Software Development Costs	(4,570)	(4,911)	(4,417)	(4,570)	(4,997)	(6,431)	(5,817)	(5,021)	(18,468)	(22,266)	(10,444)
Payment of Contingent Consideration	0	(625)	0	0	0	0	0	0	(625)	0	0
Net Cash Used in Investing Activities	(\$7,126)	(\$7,766)	(\$12,844)	(\$85,346)	(\$9,053)	(\$11,169)	(\$10,665)	(\$9,973)	(\$92,942)	(\$40,860)	(\$34,949)
Proceeds from Debt	0	0	0	0	0	0	0	0	0	0	0
Repayment of Long-Term Obligations	(3,364)	(38,264)	0	0	0	0	0	0	(41,628)	0	0
Proceeds from Exercise of Stock Options and Common Stock Warrants	914	1,846	312	0	0	0	0	0	3,072	0	0
Payments on Capital Lease Obligations	(145)	(1,088)	(974)	0	0	0	0	0	(2,207)	0	0
Proceeds from IPO, net	(250)	114,950	0	0	0	0	0	0	114,700	0	0
Repurchase of Unvested Common Stock	(13)	0	0	0	0	0	0	0	(13)	0	0
Proceeds from Issuance of Redeemable Convertible Preferred Stock, net	0	0	0	0	0	0	0	0	0	0	0
Excess Tax Benefit from Stock-Based Compensation Plans	0	0	0	20,668	13,780	(4,860)	(4,827)	(5,423)	20,668	(1,329)	(21,749)
Proceeds from Issuance (Repurchase) of Common Stock	0	0	0	0	0	0	0	0	0	0	0
Net Cash Provided by Financing Activities	(\$2,858)	\$77,444	(\$662)	\$20,668	\$13,780	(\$4,860)	(\$4,827)	(\$5,423)	\$94,592	(\$1,329)	(\$21,749)
Effect of Exchange Rate Changes	115	(115)	(351)	0	0	0	0	0	(351)	0	0
Inc. (Dec.) in Cash and Cash Equivalents	\$29,390	\$96,676	(\$18,484)	(\$30,324)	\$2,778	\$26,516	\$1,765	(\$11,386)	\$77,258	\$21,674	\$72,239
Beginning Cash and Cash Equivalents	31,441	60,831	157,507	139,023	108,699	111,477	139,994	141,7			

Table 4: ACTV Revenue Build Up (\$000s)

	F2011				F2012				F2011A	F2012E	F2013E
	Q1 11A	Q2 11A	Q3 11A	Q4 11A	Q1 12E	Q2 12E	Q3 12E	Q4 12E			
Total Net Revenue	\$72,712	\$99,005	\$89,628	\$76,045	\$92,190	\$121,489	\$115,425	\$103,162	\$337,390	\$432,266	\$521,381
% Y/Y Growth	15%	21%	23%	23%	27%	23%	29%	36%	21%	28%	21%
% Q/Q Growth	18%	36%	-9%	-15%	21%	32%	-5%	-11%	--	--	--
					92,190	126,658	114,490	98,777			
Technology Revenue	\$63,108	\$85,553	\$76,341	\$65,478	\$81,914	\$107,189	\$98,590	\$86,572	\$290,480	\$374,265	\$454,101
% Y/Y Growth	15%	20%	22%	33%	30%	25%	29%	32%	22%	29%	21%
% Q/Q Growth	28%	36%	-11%	-14%	25%	31%	-8%	-12%	--	--	--
% of Total Net Revenue	87%	86%	85%	86%	89%	88%	85%	84%	86%	87%	87%
Net Registration Revenue	\$51,433	\$69,741	\$60,893	\$46,386	\$61,170	\$84,231	\$76,176	\$60,136	\$228,453	\$281,713	\$342,112
% Y/Y Growth	13%	15%	17%	18%	19%	21%	25%	30%	16%	23%	21%
Registrations	13,931	22,926	23,513	17,305	15,900	26,024	27,464	20,526	77,675	89,914	103,402
% Y/Y Growth	8%	7%	15%	13%	9%	11%	14%	15%	11%	16%	15%
Average Revenue per Registration	3.69	3.04	2.59	2.68	3.85	3.24	2.77	2.93	2.94	3.13	3.31
% Y/Y Growth	4.4%	7.8%	1.8%	4.6%	4.2%	6.4%	7.1%	9.3%	4.5%	6.5%	5.6%
Software Revenue	\$11,675	\$15,812	\$15,448	\$19,092	\$20,745	\$22,958	\$22,414	\$26,436	\$62,027	\$92,552	\$111,988
% Y/Y Growth	26%	49%	50%	92%	34%	18%	19%	13%	55%	49%	21%
Marketing Services Revenue	\$9,604	\$13,452	\$13,287	\$10,567	\$10,276	\$14,299	\$16,835	\$16,590	\$46,910	\$58,001	\$67,281
% Y/Y Growth	16%	28%	24%	-15%	7%	6%	27%	57%	12%	24%	16%
% Q/Q Growth	-23%	40%	-1%	-20%	-3%	39%	18%	-1%	--	--	--
% of Total Net Revenue	13%	14%	15%	14%	11%	12%	15%	16%	14%	13%	13%

Source: Company reports, UBS estimates

Table 5: ACTV DCF (\$MM)

	2012				2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	
	2011A	Q1 12E	Q2 12E	Q3 12E	Q4 12E									
Revenue	\$337	\$92	\$121	\$115	\$103	\$521	\$590	\$660	\$732	\$805	\$884	\$967	\$1,058	\$1,157
% Y/Y Growth	21%	27%	23%	29%	36%	21%	13%	12%	11%	10%	10%	9%	9%	9%
EBITDA	\$36	(\$4)	\$25	\$19	\$8	\$90	\$100	\$106	\$118	\$130	\$144	\$162	\$183	\$206
% Margin	11%	(4%)	21%	17%	8%	17%	17%	16%	16%	16%	16%	17%	17%	18%
% Y/Y Growth	43	(244)	25	51	2,102	85	11	7	10	10	11	12	13	12
Implied Taxes on Operations	(\$46)	(\$0)	(\$2)	(\$3)	\$78	(\$0)	(\$20)	(\$22)	(\$24)	(\$27)	(\$30)	(\$33)	(\$38)	(\$42)
% Effective Tax Rate	126%	(5%)	9%	18%	(1,000%)	0%	21%	21%	21%	21%	21%	21%	21%	21%
Capital Expenditures	(\$12)	(\$4)	(\$5)	(\$5)	(\$5)	(\$25)	(\$28)	(\$32)	(\$35)	(\$39)	(\$42)	(\$46)	(\$51)	(\$56)
% Y/Y Growth	(18%)	32%	111%	32%	61%	32%	13%	14%	11%	10%	10%	9%	9%	9%
Change in Net Working Capital	\$69	\$2	\$20	(\$1)	(\$3)	\$38	\$16	\$28	\$21	\$29	\$28	\$31	\$33	\$36
Tax Benefit from NOL Carryforwards	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Acquisitions Not Reflected on Balance Sheet / \$	--	0	0	0	0	0	0	0	0	0	0	0	0	0
Unlevered Free Cash Flow	\$48	(\$5)	\$38	\$9	\$78	\$104	\$68	\$81	\$79	\$93	\$101	\$113	\$128	\$144
NPV at 12/31/11 Valuation Date and 11.5% WACC														
Perpetuity Growth Rate / Terminal Value at 11.5% WACC														
3.5%	4.0%	4.5%	5.0%	5.5%										
\$2,024	\$2,169	\$2,334	\$2,524	\$2,746										
Median DCF Valuation at 12/31/11 Valuation Date														
NPV of Cash Flows and Terminal Value														
Plus: Net Cash														
Implied Equity Value	\$1,449													
Implied Fully Diluted Shares Outstanding (MM)														
Implied Equity Value per Share	\$22													
Implied Terminal Value / Terminal EBITDA Multiple														
9.8x	10.5x	11.3x	12.3x	13.3x										
\$2,024	\$2,169	\$2,334	\$2,524	\$2,746										
WACC														
10%		\$24	\$25	\$26	\$27									
11%		22	23	24	25									
12%		21	22	22	23									
13%		20	20	21	22									
14%		19	19	20	21									
Equity Value per Share														

Source: UBS estimates

Table 6: Internet and Interactive Entertainment Comp Sheet Estimates

(\$MMs, except EPS)	Company	Ticker	Rating	Market Cap		Revenue				EBITDA				EPS ¹				FCF ²		12E Margin					
				3/7/2012		UBS Estimate		Consensus		UBS Estimate		Consensus		UBS Estimate		Consensus		2012E		2013E		Gross		Operating	
						2012E	2013E	2012E	2013E	2012E	2013E	2012E	2013E	2012E	2013E	2012E	2013E	2012E	2013E	2012E	2013E				
Interactive Entertainment																									
Activision	ATVI	Buy	\$13,670	4,633	4,889	4,585	4,758	4,182	4,460	4,170	4,493	598	725	558	712	0.89	1.24	0.86	1.16	2,012	1,600	67.2	30.9		
Electronic Arts	EA	Buy	5,434	--	--	--	--	9,698	9,935	--	--	--	--	834	859	--	--	2.87	3.16	1,142	(\$596)	64.6	10.6		
GameStop	GME	NR	3,293	--	--	--	--	820	1,840	818	1,825	(\$28)	379	(21)	340	(\$0.66)	2.60	(0.64)	2.81	(\$69)	296	37.6	(\$5.0)		
TakeTwo	TTWO	Neutral	1,387	801	409	808	457	(\$130)	(\$108)	(71)	(23)	(\$1.77)	(\$1.43)	(1.69)	(0.49)	48	18	24.9	(\$17.5)						
THQ Inc.	THQI	Neutral	36																						
Advertising & Related Services																									
Google	GOOG	Buy	197,654	36,136	42,245	36,161	43,610	19,711	23,732	18,932	22,583	43.88	50.45	42.33	49.76	13,508	19,926	85.3	47.9						
Yahoo!	YHOO	Neutral	18,636	4,432	4,806	4,438	4,612	1,395	1,680	1,402	1,423	0.86	1.03	0.82	0.92	946	975	78.3	18.4						
LinkedIn	LKD	Buy	8,323	869	1,208	872	1,279	174	271	168	287	0.73	1.17	0.61	1.08	67	98	84.2	11.5						
IAC / InterActiveCorp	IACI	Neutral	4,509	2,487	2,692	2,527	2,789	421	493	471	549	2.31	2.88	2.64	3.19	263	247	62.6	14.7						
TripAdvisor	TRIP	Neutral	4,248	751	881	748	882	316	400	323	391	1.40	1.63	1.37	1.66	277	213	98.3	38.9						
WebMD	WBMD	NR	1,417	--	--	507	532	--	--	106	117	--	--	0.12	0.35	--	(\$29)	--	--						
ValueClick	VCLK	Neutral	1,697	715	777	712	794	224	236	221	251	1.20	1.30	1.18	1.40	156	159	59.7	30.1						
AOL	AOL	Buy	1,669	2,114	2,070	2,114	2,088	317	317	288	304	0.88	1.02	0.40	0.56	207	98	36.5	8.9						
EarthLink	ELNK	NR	770	--	--	1,349	1,355	--	--	294	318	--	--	0.10	0.28	93	(\$119)	--	--						
comScore	SCOR	NR	691	--	--	278	323	--	--	58	70	--	--	0.19	0.46	42	46	--	--						
Demand Media	DMD	Buy	730	339	399	341	390	92	135	94	114	0.31	0.45	0.30	0.39	69	104	0.5	1.0						
Marchex	MCHX	NR	150	--	--	151	170	--	--	20	27	--	--	0.23	0.32	--	23	--	--						
Zillow	Z	NR	790	--	--	103	146	--	--	22	36	--	--	0.27	0.62	--	14	--	--						
United Online	UNTD	NR	429	--	--	867	868	--	--	139	149	--	--	0.66	0.73	93	93	--	--						
Quinstreet	QNST	Buy	454	398	456	396	436	83	91	82	90	0.94	1.00	0.95	1.03	50	59	25.9	10.8						
eCommerce																									
Amazon.com	AMZN	Neutral	83,873	63,449	79,661	62,791	80,501	3,316	5,253	2,348	3,673	1.60	3.44	1.30	2.67	2,836	6,701	22.0	2.1						
eBay	EBAY	Buy	45,892	13,965	16,130	13,810	15,765	4,441	5,290	4,437	5,096	2.32	2.71	2.29	2.63	3,687	3,932	71.4	27.0						
Groupon	GRPN	NR	11,647	--	--	2,357	3,014	--	--	377	809	--	--	0.26	0.82	--	553	--	--						
Mercado Libre	MELI	NR	4,107	--	--	399	526	--	--	146	197	--	--	2.28	3.08	--	88	--	--						
Digital River	DRIV	NR	603	--	--	405	432	--	--	84	94	--	--	1.23	1.36	--	45	--	--						
Active Network Inc.	ACTV	Buy	849	432	521	431	505	49	90	48	75	(\$0.61)	0.03	(0.08)	0.10	45	104	55.6	(2.7)						
OpenTable Inc	OPEN	NR	1,036	--	--	169	203	--	--	70	87	--	--	1.54	1.97	--	48	--	--						
Online Entertainment																									
Netflix	NFLX	Neutral	5,935	3,742	4,431	3,659	4,257	163	527	87	380	(\$0.09)	3.00	(0.25)	2.54	(\$283)	355	26.8	1.3						
Rovi Corp	ROVI	NR	3,512	--	--	773	883	--	--	364	418	--	--	2.56	3.12	269	317	--	--						
Pandora	P	NR	2,303	--	--	418	615	--	--	8	34	--	--	0.01	0.11	--	--	--	--						
TiVo Inc.	TIVO	Buy	1,351	234	263	233	251	(\$28)	0	(58)	(37)	(\$0.50)	(\$0.27)	(0.47)	(0.16)	(\$19)	20	57.5	(12.9)						
Rentrak Corp	RENT	NR	224	--	--	91	100	--	--	5	7	--	--	(0.16)	0.13	--	6	--	--						

(1) All figures represent "Operating EPS", defined to excludes SBC and 1x items as per Mgmt, except the following companies which are GAAP: ACTV, AMZN, NFLX, TIVO, VCLK

(2) FCF for non-covered companies are FirstCall means

(3) EA 2012E = Fiscal year ending 03/2012; 2013E = Fiscal Year ending 03/2013

(4) THQI 2012E = Fiscal year ending 03/2012; 2013E = Fiscal Year ending 03/2013

(5) TTWO 2012E = Fiscal year ending 03/2012; 2013E = Fiscal Year ending 03/2013

(6) TIVO 2012E = Fiscal year ending 01/2012; 2013E = Fiscal Year ending 01/2013

Source: FactSet, UBS estimates

Table 7: Internet and Interactive Entertainment Comp Sheet Valuations

Company	Ticker	Rating	Price	Price	Upside to	YTD	Firm Value ¹ (\$MMs)	Firm Value /	12-15E	Price / Earnings 2012E	12-15E	2012E	Price / FCF / share 2012E	12-15E	2012E			
			03/06/12	Target	Target	Performance		EBITDA	EBITDA CAGR		EPS CAGR	P/E to Growth		FCF CAGR	FCF Yield (%)			
Activision	ATVI	Buy	\$11.73	\$16	33%	-5%	\$10,083	6x	5x	9	1.4	12x	11x	9	7x	9x	11.2%	
Electronic Arts	EA	Buy	\$16.44	30	82	-20%	3,868	6	5	10	1.2	19	13	15	5	-	--	
GameStop	GME	NR	\$23.79	--	--	-1%	2,973	4	3	--	--	8	8	--	--	--	--	
TakeTwo	TTWO	Neutral	\$15.41	16.50	7	14%	1,246	--	3	-279	--	--	5	--	--	6	(205)	16.7%
THQ Inc.	THQI	Neutral	\$0.52	0.60	15	-31%	17	--	--	-67	--	--	--	--	1	2	(175)	49.3%
weighted average							5	5				12.1	11	8	5	5	-25	7.4%
mean							5	4				13	9	12	4	6	-106	25.7%
Advertising & Related Services																		
Google	GOOG	Buy	\$604.96	800	32	-6%	155,224	8	7	14	1.1	14	12	12	15	10	17	6.7%
Yahoo!	YHOO	Neutral	\$14.42	17	16	-11%	1,741	1	1	5	1.9	17	14	9	19	19	(3)	5.2%
LinkedIn	LNUK	Buy	\$86.44	110	28	37%	7,728	93	85	59	1.2	91	84	73	145	100	80	1.0%
IAC / InterActiveCorp	IACI	Neutral	\$46.35	47	1	9%	3,667	9	7	11	1.5	20	16	13	17	17	15	5.8%
TripAdvisor	TRIP	Neutral	\$31.42	29	-6	25%	4,445	14	11	18	1.5	23	19	15	16	21	2	4.7%
WebMD	WBMD	NR	\$25.15	--	--	-33%	1,096	10	9	--	--	211	71	--	--	--	--	--
ValueClick	VCLK	Neutral	\$20.42	19	-7	25%	1,718	8	7	4	3.2	17	16	5	11	11	(0)	9.5%
AOL	AOL	Buy	\$17.04	22	28	13%	1,328	4	4	3	1.5	19	17	13	8	16	(5)	6.1%
EarthLink	ELNK	NR	\$7.25	--	--	13%	1,183	4	4	--	--	74	26	--	--	--	--	--
comScore	SCOR	NR	\$20.92	--	--	-1%	666	11	9	--	--	108	46	--	--	--	--	--
Demand Media	DMD	Buy	\$7.20	9	25	8%	644	7	5	23	1.6	23	16	15	9	7	14	15.3%
Marchex	MCHX	NR	\$4.03	--	--	-36%	113	6	4	--	--	18	13	--	--	--	--	--
Zillow	Z	NR	\$28.67	--	--	28%	713	33	20	--	--	108	46	--	--	--	--	--
United Online	UNTD	NR	\$4.80	--	--	-12%	587	4	--	--	--	7	7	--	--	--	--	--
QuinStreet	QNST	Buy	\$9.90	12	21	6%	417	5	5	10	1.1	10	10	9	9	8	11	12.3%
weighted average							12	11				20	16	11	16	43	14	5.1%
mean							15	13				46	26	18	28	35	14	6.9%
eCommerce																		
Amazon.com	AMZN	Neutral	\$181.09	195	8	5%	74,461	22	14	32	1.8	113	53	63	30	13	46	7.9%
eBay	EBAY	Buy	\$35.11	45	29	16%	35,420	8	7	16	1.0	15	13	15	13	12	11	8.4%
Groupon	GRPN	NR	\$18.33	--	--	-11%	11,543	31	14	--	--	71	22	--	--	--	--	--
Mercado Libre	MELI	NR	\$93.05	--	--	17%	3,969	27	20	--	--	41	30	--	--	--	--	--
Digital River	DRIV	NR	\$16.99	--	--	13%	237	3	3	--	--	14	13	--	--	--	--	--
Active Network Inc.	ACTV	Buy	\$15.65	22	43	15%	745	15	8	30	--	157	--	--	21	10	22	10.3%
OpenTable Inc	OPEN	NR	\$43.66	--	--	12%	986	14	11	--	--	28	22	--	--	--	--	--
weighted average							19	12				78	38	41	21	11	30	7.0%
mean							14	11				47	43	39	21	11	26	8.9%
Online Entertainment																		
Netflix	NFLX	Neutral	\$107.13	105	-2	55%	6,277	38	12	77	--	36	100	--	-	20	(236)	5.0%
Rovi Corp	ROVI	NR	\$32.09	--	--	31%	4,087	11	10	--	--	13	10	--	13	11	--	--
Pandora	P	NR	\$14.27	--	--	43%	2,212	293	66	--	--	2854	136	--	--	--	--	--
TiVo Inc.	TIVO	Buy	\$11.11	14	23	24%	900	--	2126	(228)	--	--	--	--	-	68	(250)	--
Rentrak Corp	RENT	NR	\$20.31	--	--	42%	200	41	28	--	--	162	--	--	--	--	--	--
weighted average							66	153				446	42	46	4	17	-119	2.5%
mean							78	374				961	71	69.2	13	28	-243	6.5%

(1) Firm Value equal to Equity Value plus straight and convertible debt, straight and convertible preferred stock, and minority interest less cash and cash equivalents, marketable securities, and equity in unconsolidated affiliates.

Valuation metrics of non-covered companies are based on FirstCall mean estimates

(2) EA 2012E = Fiscal year ending 03/2012; 2013E = Fiscal Year ending 03/2013

(3) THQI 2012E = Fiscal year ending 03/2012; 2013E = Fiscal Year ending 03/2013

(4) TTWO 2012E = Fiscal year ending 10/2011; 2013E = Fiscal Year ending 10/2012

(5) TIVO 2012E = Fiscal year ending 01/2012; 2013E = Fiscal Year ending 01/2013

Source: FactSet, UBS estimates

The Active Network, Inc.

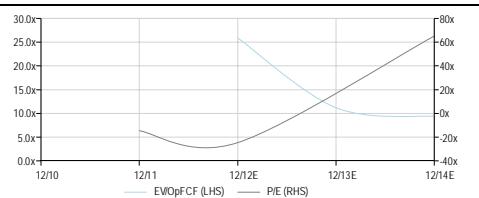
Income statement (US\$k)	12/07	12/08	12/09	12/10	12/11	12/12E	% ch	12/13E	% ch	12/14E	% ch
Revenues	-	-	242,884	279,600	337,390	432,266	28.1	521,381	20.6	590,489	13.3
Operating expenses (ex depn)	-	-	(227,138)	(254,480)	(301,354)	(383,541)	27.3	(431,155)	12.4	(490,591)	13.8
EBITDA (UBS)	-	-	15,746	25,120	36,036	48,725	35.2	90,227	85.2	99,898	10.7
Depreciation	-	-	(36,079)	(40,287)	(44,857)	(60,545)	35.0	(65,294)	7.8	(54,096)	-17.1
Operating income (EBIT, UBS)	-	-	(20,333)	(15,167)	(8,821)	(11,820)	34.0	24,933	-	45,802	83.7
Other income & associates	-	-	0	0	0	0	-	0	-	0	-
Net interest	-	-	(3,847)	(4,833)	(2,785)	(272)	-90.2	(234)	-14.1	(169)	-27.8
Abnormal items (pre-tax)	-	-	0	0	0	0	-	0	-	0	-
Profit before tax	-	-	(24,180)	(20,000)	(11,606)	(12,092)	4.2	24,699	-	45,633	84.8
Tax	-	-	(2,439)	(1,924)	4,074	(3,116)	-	(988)	-68.3	(9,355)	846.9
Profit after tax	-	-	(26,619)	(21,924)	(7,532)	(15,208)	101.9	23,711	-	36,278	53.0
Abnormal items (post-tax)	-	-	0	0	0	0	-	0	-	0	-
Minorities / pref dividends	-	-	0	0	0	0	-	0	-	0	-
Net income (local GAAP)	-	-	(26,619)	(21,924)	(7,532)	(15,208)	101.9	23,711	-	36,278	53.0
Net Income (UBS)	-	-	(63,633)	(67,244)	(39,000)	(36,121)	-7.4	1,962	-	13,659	596.3
Tax rate (%)	-	-	0	0	0	0	-	4	-	21	412.5
Pre-abnormal tax rate (%)	-	-	0	0	0	0	-	4	-	21	412.5
Per share (US\$)	12/07	12/08	12/09	12/10	12/11	12/12E	% ch	12/13E	% ch	12/14E	% ch
EPS (local GAAP)	-	-	(4.54)	(3.10)	(0.21)	(0.26)	22.3	0.36	-	0.55	49.6
EPS (UBS)	-	-	(10.86)	(9.50)	(1.08)	(0.61)	-43.9	0.03	-	0.21	581.0
Net DPS	-	-	0.00	0.00	0.00	0.00	-	0.00	-	0.00	-
Cash EPS	-	-	(4.70)	(3.81)	0.16	0.43	167.9	1.20	176.7	1.21	0.2
BVPS	-	-	4.21	3.89	6.40	5.95	-7.0	5.98	0.5	6.22	4.1
Balance sheet (US\$k)	12/07	12/08	12/09	12/10	12/11	12/12E	% ch	12/13E	% ch	12/14E	% ch
Cash and equivalents	-	-	26,381	31,441	108,699	130,373	79.9	202,612	55.4	260,370	28.5
Other current assets	-	-	31,229	38,277	74,310	85,965	15.7	108,231	25.9	119,073	10.0
Total current assets	-	-	57,610	69,718	183,009	216,337	18.2	310,843	43.7	379,443	22.1
Net tangible fixed assets	-	-	26,742	28,181	33,830	53,835	59.1	48,166	-10.5	50,429	4.7
Net intangible fixed assets	-	-	290,268	285,334	378,753	339,063	-10.5	314,387	-7.3	285,781	-9.1
Investments / other assets	0	0	7,251	7,315	3,635	4,283	17.8	4,460	4.1	4,739	6.3
Total assets	-	-	381,871	390,548	599,227	613,518	2.4	677,856	10.5	720,391	6.3
Trade payables & other ST liabilities	-	-	101,155	131,073	185,263	229,990	24.1	272,531	18.5	303,500	11.4
Short term debt	-	-	131	1,630	42,613	26,594	-37.6	43,605	64.0	39,313	-9.8
Total current liabilities	-	-	101,286	132,703	227,876	256,584	12.6	316,136	23.2	342,814	8.4
Long term debt	-	-	41,402	33,553	7,799	8,670	11.2	10,014	15.5	10,523	5.1
Other long term liabilities	-	-	16,318	17,960	16,913	16,913	0.0	16,913	0.0	16,913	0.0
Total liabilities	-	-	159,006	184,216	252,588	282,167	11.7	343,063	21.6	370,250	7.9
Equity & minority interests	-	-	222,865	206,332	346,639	331,351	-4.4	334,793	1.0	350,142	4.6
Total liabilities & equity	-	-	381,871	390,548	599,227	613,518	2.4	677,856	10.5	720,391	6.3
Cash flow (US\$k)	12/07	12/08	12/09	12/10	12/11	12/12E	% ch	12/13E	% ch	12/14E	% ch
Net income	-	-	(26,619)	(21,924)	(7,532)	(15,208)	101.9	23,711	-	36,278	53.0
Depreciation	-	-	36,079	40,287	44,857	60,545	35.0	65,294	7.8	54,096	-17.1
Net change in working capital	-	-	18,137	21,461	69,307	17,277	-75.1	38,453	122.6	16,066	-58.2
Other (operating)	-	-	11,184	6,539	8,723	22,163	154.1	23,229	4.8	24,309	4.6
Net cash from operations	-	-	38,781	46,363	115,355	84,777	-26.5	150,687	77.7	130,749	-13.2
Capital expenditure	-	-	(10,449)	(14,767)	(12,067)	(18,594)	54.1	(24,505)	31.8	(27,753)	13.3
Net (acquisitions) / disposals	-	-	0	0	0	0	-	0	-	0	-
Other changes in investments	-	-	(15,519)	(17,958)	(80,875)	(22,266)	-	(10,444)	-	0	-
Cash from investing activities	-	-	(25,968)	(32,725)	(92,942)	(40,860)	-56.0	(34,949)	-14.5	(27,753)	-20.6
Increase/(decrease) in debt	-	-	0	0	0	0	-	0	-	0	-
Share issues / (repurchases)	-	-	(8,514)	(4,349)	94,592	(1,329)	-	(21,749)	-	(22,619)	-
Dividends paid	-	-	0	0	0	0	-	0	-	0	-
Other cash from financing	-	-	0	0	0	0	-	0	-	0	-
Cash from financing activities	-	-	(8,514)	(4,349)	94,592	(1,329)	-	(21,749)	1535.9	(22,619)	4.0
Cash flow chge in cash & equivalents	-	-	4,299	9,289	117,005	42,587	-	93,989	-	80,377	-
FX / non cash items	-	-	-	(4,229)	(39,747)	(20,913)	-89.5	(21,749)	595.7	(22,619)	-53.0
Bal sheet chge in cash & equivalents	-	-	-	5,060	77,258	21,674	-	72,239	-	57,758	-
Core EBITDA	-	-	15,746	25,120	36,036	48,725	35.2	90,227	85.2	99,898	10.7
Maintenance capital expenditure	-	-	(10,449)	(14,767)	(12,067)	(18,594)	54.1	(24,505)	31.8	(27,753)	13.3
Maintenance net working capital	-	-	0	0	0	0	-	0	-	0	-
Operating free cash flow, pre-tax	-	-	5,297	10,353	23,969	30,131	25.7	65,722	118.1	72,145	9.8

Source: Company accounts, UBS estimates. (UBS) valuations are stated before goodwill-related charges and other adjustments for abnormal and economic items at the analysts' judgement. Note: For some companies, the data represents an extract of the full company accounts.

Company profile

Active Network is the leading provider of organization-based cloud computing applications. The company provides technology and marketing solutions for event organizers, community organizations, and consumer brands. Active Network serves a wide range of customers, including community and sports organizations, large corporations, small and medium-sized businesses, educational institutions, government agencies, non-profit organizations, and other similar entities.

Value (EV/OpFCF & P/E)



Profitability



ROE v Price to book value



Growth (UBS EPS)



The Active Network, Inc.

Valuation (x)	5Yr Avg	12/10	12/11	12/12E	12/13E	12/14E
P/E (local GAAP)	-	-	NM	NM	43.5	29.1
P/E (UBS)	-	-	NM	NM	NM	NM
P/CEPS	-	-	NM	36.5	13.2	13.2
Net dividend yield (%)	-	-	0.0	0.0	0.0	0.0
P/BV	-	-	2.4	2.7	2.7	2.6
EV/revenue (core)	-	-	2.4	1.8	1.4	1.1
EV/EBITDA (core)	-	-	22.5	16.0	8.1	6.8
EV/EBIT (core)	-	-	NM	NM	29.5	14.8
EV/OpFCF (core)	-	-	NM	25.9	11.2	9.4
EV/op. invested capital	-	-	3.3	3.0	3.5	4.2

Enterprise value (US\$K)	12/10	12/11	12/12E	12/13E	12/14E
Average market cap	-	841,888	860,154	860,154	860,154
+ minority interests	0	0	0	0	0
+ average net debt (cash)	9,447	(27,273)	(76,698)	(122,051)	(179,764)
+ pension obligations and other	0	0	0	0	0
- non-core asset value	(2,315)	(2,133)	(2,781)	(2,958)	(3,237)
Core enterprise value	-	812,483	780,675	735,145	677,154

Growth (%)	5Yr Avg	12/10	12/11	12/12E	12/13E	12/14E
Revenue	-	15.1	20.7	28.1	20.6	13.3
EBITDA (UBS)	-	59.5	43.5	35.2	85.2	10.7
EBIT (UBS)	-	-25.4	-41.8	34.0	-	83.7
EPS (UBS)	-	-12.5	-88.6	-40.5	-	NM
Cash EPS	-	-19.0	-	167.9	176.7	0.2
Net DPS	-	-	-	-	-	-
BVPS	-	-7.4	64.2	-7.0	0.5	4.1

Margins (%)	5Yr Avg	12/10	12/11	12/12E	12/13E	12/14E
EBITDA / revenue	-	9.0	10.7	11.3	17.3	16.9
EBIT / revenue	-	-5.4	-2.6	-2.7	4.8	7.8
Net profit (UBS) / revenue	-	NM	NM	NM	0.4	2.3

Return on capital (%)	5Yr Avg	12/10	12/11	12/12E	12/13E	12/14E
EBIT ROIC (UBS)	-	NM	NM	NM	12.0	28.7
ROIC post tax	-	NM	NM	NM	11.5	22.8
Net ROE	-	(31.3)	(14.1)	(10.7)	0.6	4.0

Coverage ratios (x)	5Yr Avg	12/10	12/11	12/12E	12/13E	12/14E
EBIT / net interest	-	-	-	-	NM	NM
Dividend cover (UBS EPS)	-	-	-	-	-	-
Div. payout ratio %, UBS EPS	-	-	-	-	-	-
Net debt / EBITDA	-	0.1	NM	NM	NM	NM

Efficiency ratios (x)	5Yr Avg	12/10	12/11	12/12E	12/13E	12/09E
Revenue / op. invested capital	-	1.3	1.4	1.7	2.5	3.7
Revenue / fixed assets	-	0.9	0.9	1.1	1.4	1.7
Revenue / net working capital	-	NM	NM	NM	NM	NM

Investment ratios (x)	5Yr Avg	12/10	12/11	12/12E	12/13E	12/14E
OpFCF / EBIT	-	NM	NM	NM	2.6	1.6
Capex / revenue (%)	-	5.3	3.6	4.3	4.7	4.7
Capex / depreciation	-	0.4	0.3	0.3	0.4	0.5

Capital structure (%)	5Yr Avg	12/10	12/11	12/12E	12/13E	12/14E
Net debt / total equity	-	1.8	(16.8)	(28.7)	(44.5)	(60.1)
Net debt / (net debt + equity)	-	1.8	(20.2)	(40.3)	(80.2)	NM
Net debt (core) / EV	-	-	(3.4)	(9.8)	(16.6)	(26.5)

Source: Company accounts, UBS estimates. (UBS) valuations are stated before goodwill-related charges and other adjustments for abnormal and economic items at the analysts' judgement.

Valuations: based on an average share price that year, (E): based on a share price of US\$15.87 on 07 Mar 2012 18:42 EST Market cap(E) may include forecast share issues/buybacks.

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■ The Active Network, Inc.

Active Network is the leading provider of organization-based cloud computing applications. The company provides technology and marketing solutions for event organizers, community organizations, and consumer brands. Active Network serves a wide range of customers, including community and sports organizations, large corporations, small and medium-sized businesses, educational institutions, government agencies, non-profit organizations, and other similar entities.

■ Statement of Risk

Risks include 1) integration of recent acquisitions and impact on margins, 2) new business model and limited history of profitability, 3) difficulty attracting new customers and transitioning existing customers to ActiveWorks. Additional concerns include the failure to compete successfully against current or future competitors, failure to comply with data privacy laws and regulations, and inability to expand business outside North America. The company's failure to expand customers' use of its applications and to increase the percentage of participants who register through its website are two additional risks.

■ Analyst Certification

Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to UBS, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

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UBS Investment Research: Global Equity Rating Allocations

UBS 12-Month Rating	Rating Category	Coverage¹	IB Services²
Buy	Buy	57%	36%
Neutral	Hold/Neutral	37%	35%
Sell	Sell	7%	17%
UBS Short-Term Rating	Rating Category	Coverage³	IB Services⁴
Buy	Buy	less than 1%	0%
Sell	Sell	less than 1%	12%

1:Percentage of companies under coverage globally within the 12-month rating category.

2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

3:Percentage of companies under coverage globally within the Short-Term rating category.

4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Source: UBS. Rating allocations are as of 31 December 2011.

UBS Investment Research: Global Equity Rating Definitions

UBS 12-Month Rating	Definition
Buy	FSR is > 6% above the MRA.
Neutral	FSR is between -6% and 6% of the MRA.
Sell	FSR is > 6% below the MRA.
UBS Short-Term Rating	Definition
Buy	Buy: Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.
Sell	Sell: Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.

KEY DEFINITIONS

Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months.

Market Return Assumption (MRA) is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium).

Under Review (UR) Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation.

Short-Term Ratings reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case.

Equity Price Targets have an investment horizon of 12 months.

EXCEPTIONS AND SPECIAL CASES

UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; Neutral: Neutral on factors such as structure, management, performance record, discount; Sell: Negative on factors such as structure, management, performance record, discount.

Core Banding Exceptions (CBE): Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

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UBS Securities LLC: Brian Pitz; Brian Fitzgerald; Brent Thill.

Company Disclosures

Company Name	Reuters	12-mo rating	Short-term rating	Price	Price date
The Active Network, Inc. ¹⁶	ACTV.N	Buy	N/A	US\$15.87	07 Mar 2012

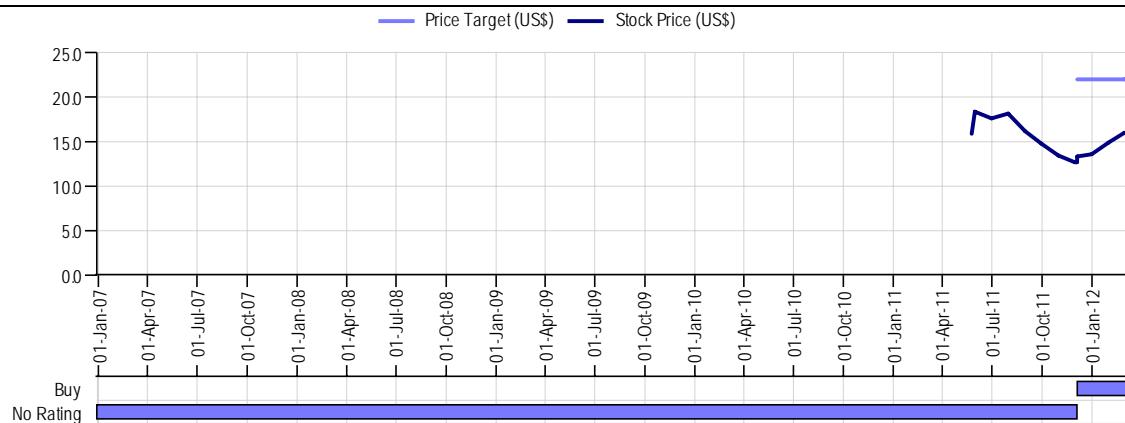
Source: UBS. All prices as of local market close.

Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date

16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report.

The Active Network, Inc. (US\$)



Source: UBS; as of 07 Mar 2012

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The Active Network, Inc.
Buy

ACTV: \$15.86
Price Target: \$19.00

Application Software

**ACTV: Key Takeaways From Investors HQ Meeting;
Reiterate Buy Rating**

THINK ACTION:

We remain positive on The Active Network following a recent investors meeting at their headquarters. Our comfort level with the current business momentum is increasing, and we believe management's approach in the meetings management market is visionary that could generate faster organic growth and higher profit margins. We also came away positive on the potential 2012 growth opportunities given a strong pipeline, new product cycles, improving win rates, greater distribution capacity y/y, and solid end-market demand as companies of all sizes increasingly realize they need a SaaS-based event registration lifecycle management platform to improve ROI.

KEY POINTS:

- **Upward bias to growth trajectory.** We maintain an upward bias to our ACTV revenue growth forecast and are increasingly comfortable with the current business momentum. Additionally, our job postings analysis indicates the number of open sales positions has increased to 94, up from 64 at the start of Q1(+47% intraquarter), which likely reflects pipeline expansion activity and is a positive trend. **Data is on page 3.**
- **Multiple expansion potential.** Since the Street is not currently valuing the business on Price/Sales, despite a highly recurring revenue stream and SaaS industry-leading retention rates, we believe consistent execution and further ActiveWorks adoption could expand the company's trading multiple. In contrast to older products, ActiveWorks is not a point-product but a platform that could be used by other divisions within a business. Thus, the organic growth potential with existing customers is more attractive with ActiveWorks than the legacy solutions, in our opinion.
- **Believe Starcrite acquisition is visionary, expect the market to follow in 12-24 months.** The Active Network is the only vendor we are aware of that offers an integrated attendee management and spend management solution in the market today. We think it is a logical direction for the Meetings Management market to combine attendee management capabilities with spend management capabilities in an integrated platform. By combining these technologies, business will have greater visibility in forecasting event ROI.
- **Latest platform architecture could lead to larger deals & faster innovation.** ActiveWorks' service-oriented architecture, along with acquired IP, allows for easy customizations and includes embedded capabilities that make larger events a more attractive ROI for the business, in our opinion. Additionally, we expect The Active Network to leverage existing IP, along with new innovations and acquired technologies like Starcrite, to succeed in altering its own architecture to accelerate new product introductions like Schwaggle, over the next couple of years.
- **Increased confidence in a potential multibillion dollar trajectory.** We came away from the investor meetings with the impression that management is focused on becoming a multi-billion dollar business. And we believe the business strategy and product strategy are well-aligned as The Active Network has mastered the art of event registration lifecycle management. Given the fact that The Active Network is the 800-lb gorilla in the space, in our view, we foresee strong pricing power and attractive cross selling opportunities in the future. We also believe having a technological advantage, along with a dominant brand, sets the stage for an enduring business model that will grow rapidly with high profit margins.

Please see analyst certification (Reg. AC) and other important disclosures on pages 6-7 of this report.

Brian Schwartz
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Changes	Current	Previous
Rating	Buy	--
Price Target	\$19.00	--
FY11A REV (M)	\$337.3A	--
FY12E REV (M)	\$430.0E	--
FY11A EPS	\$0.07A	--
FY12E EPS	(\$0.05)E	\$0.05E

52-Week High:	\$19.99
52-Week Low:	\$12.30
Shares O/S-Diluted (M):	63.0
Market Cap (M):	\$999.2
Average Daily Volume:	279,086
Short Interest:	2.5%
Debt/Total Cap:	0.3%
Net Cash Per Share:	\$1.98
P/E (12-month forward):	NA
Est. Long-Term EPS Growth:	35.0%
P/E/G:	NM
Fiscal Year-End:	Dec

REV (M) \$	2010A	2011A	2012E
Mar	63.2A	72.7A	91.1E
Jun	81.7A	99.0A	123.9E
Sep	73.1A	89.6A	115.1E
Dec	61.6A	76.0A	99.9E
FY	279.6A	337.3A	430.0E
FY P/S	3.6x	3.0x	2.3x

EPS \$	2010A	2011A	2012E
Mar	(0.19)A	(0.12)A	(0.41)E
Jun	0.05A	0.18A	0.13E
Sep	0.01A	0.05A	0.15E
Dec	(0.12)A	(0.03)A	0.08E
FY	(0.25)A	0.07A	(0.05)E
FY P/E	NM	226.6x	NM

EPS is Non-GAAP



- **Bears' theses partially misguided, in our view.** We've heard two bear theses recently and believe one thesis is overblown. First, some bears believe ACTV's IP is easy to replicate, indefensible and simply a payment processing engine. Our customer due diligence sessions have revealed quite the opposite. Customers indicate high satisfaction levels, in general, and especially with the workflow automation, ease of customization, and the back-end capabilities in addition to the payment processing engine. So while consumers/investors tend to only see the front-end of the solution (payment processing engine), the customers we spoke with tend to rave about the solution capabilities to manage their overall business not just the payments engine. We also think the level of annual R&D spend should allow ACTV to maintain a compelling technological advantage over the competition, in our view. Second and the other bear thesis is around technology-acquisition integration risk, which we view as a legitimate risk. As further discussed below, we expect The Active Network to be an aggressive consolidator of the space. And while acquisition waves create advantages in terms of pricing power and cross-sell opportunities, it also poses operational risks and could make it difficult for investors to discern The Active Network's underlying organic growth rate. We think as more customers migrate to the ActiveWorks platform (and the legacy product R&D spend diminishes) investors will see the margins accrete more meaningfully, which likely will dispel the bears thesis, though this could take a couple quarters or more to play out.
- **Believe aggressive M&A strategy makes sense for an 800 lb gorilla.** We view The Active Network as the undisputed leader in the registrations lifecycle management industry with 5x the scale of the nearest competitor and an annual R&D spend (~\$80M in 2012) that is likely greater than most competitors' annual revenue. Our research indicates that The Active Network is automatically called in to the vast majority of deals and enjoys an unusual level of pricing power for its products. We therefore believe it is unlikely a small competitor or a new entrant can overcome ACTV's dominant market share, pricing power and large technological advantage. However, the registrations lifecycle management market is very large, highly fragmented and despite ACTV's size, the business is less than 10% penetrated in the market today and is less than 5% penetrated within the Enterprise customer base, in our view. Therefore, given the scale of the Active Network's infrastructure and existing service-oriented architecture, it makes sense for The Active Network to be "the big consolidator" in the space and enlarge its market share through an acquisition strategy, in our opinion. The Active Network typically acquires companies to enter new markets or add new products and/or capabilities to the suite.
- **Believe Starcrite acquisition is visionary, expect the market to follow in 12-24 months.** The Active Network is the only vendor we are aware of that offers an integrated attendee management and spend management solution in the market today. We think The Active Network is showing significant market vision with the Starcrite acquisition and likely has a 12-24 month first-mover advantage before the competition follows. ACTV's strategy for the Meetings Management market could turn out analogous with Concur's vision to integrate expense management with travel management in 2006, in our view. We remember the nay sayers at first did not believe travel and expense management capabilities needed to be integrated and should be stand-alone, but this viewpoint was dispelled by customer purchasing habits, which forced the competition to follow Concur's market strategy. We think it is a logical direction for the Meetings Management market to combine attendee management solutions with spend management solutions in an integrated platform. By combining these technologies, businesses will have greater visibility in forecasting ROI for their events. We also note that the larger ERPs like Oracle already use The Active Network for their OpenWorld conferences in the US and China, which we think indicates the high-value of the technology.
- **Latest platform architecture could lead to larger deals & faster innovation.** Most of the largest SaaS companies we follow CRM, CNQR, ULTI, RNOW have previously upgraded their platforms to the latest technologies, similar to Active Network's development of the ActiveWorks platform. ActiveWorks' service-oriented architecture allows for easy customizations and includes embedded capabilities that make larger events a more attractive ROI for the business, in our opinion. Additionally, we expect The Active Network to leverage existing IP, along with new innovations and acquired technologies like Starcrite, to succeed in altering its own architecture to accelerate new product introductions like Schwaggle, over the next couple of years.
- **Increased confidence in a potential multibillion dollar trajectory.** We came away from the investor meetings with the impression management has its sights set on becoming a multibillion business. And we believe the business strategy and product strategy are aligned to achieve this long-term goal since The Active Network has mastered the art of event registration lifecycle management. Because The Active Network has harnessed more than 10 years of technology development, it enjoys a lower long-term cost structure and faster rate of evolution of its technology, relative to other event registration lifecycle management vendors, in our opinion. And given the fact that we think The Active Network is the 800-lb gorilla in the space, we foresee strong pricing power and attractive cross selling opportunities in the future. We believe this technological advantage, along with a dominant brand, sets the stage for an enduring business model that will grow rapidly with high profit margins.



- **Margin expansion thesis appears on track.** Part of the ACTV bull thesis revolves around on-going margin expansion in the model. For the past two years EBITDA margins have grown ~200-300 bps annum and guidance assumes a similar 300bps expansion, excluding acquisitions. Margins are likely to stay flat in 1H:2012 (vs. 2H: 2011) owing to higher integration costs and lower revenue recognized upfront from Starcite, but likely to accrete more meaningfully in 2H:2012 and 2013 from salesforce efficiency gains, lower R&D spend, and higher bookings, in our view.
- **Multiple expansion potential.** Since the Street is not currently valuing the business on Price/Sales, despite a highly, recurring revenue stream and SaaS industry leading retention rates, we believe consistent execution and further ActiveWorks adoption could expand the company's trading multiple. In contrast to older products, ActiveWorks is not a stand-alone point-product but a platform that could be used by other divisions within a business. Thus, the organic growth potential with existing customers is more attractive with ActiveWorks than the legacy solutions. One hurdle for revenue growth is migrating the customer to the new platform, which typically involves a more consultative engagement.

Exhibit 1: Q1 Open Job Positions Trend

	1/6/2012	1/13/2012	1/20/2012	1/27/2012	2/3/2012	2/10/2012	2/17/2012	2/24/2012	3/2/12
Open Sales Positions	64	66	69	67	69	84	82	82	94
% change since start of quarter		3%	8%	5%	8%	31%	28%	28%	47%
Total Open Positions	139	147	161	164	163	192	193	185	194
% change since start of quarter		6%	16%	18%	17%	38%	39%	33%	40%

Source: Active.com

VALUATION:

Currently, ACTV shares trade 19x EV/2012E EBITDA. Our \$19 price target for ACTV shares is based on the same EV/EBITDA multiple (i.e., 19x) applied to our 2013 EBITDA estimate of \$60M. We roll over the valuation multiple to the out year and believe this multiple is appropriate since the business has a highly predictable revenue stream and the multiple is below our 20% long-term CAGR expectation. ACTV shares also trade at 2.1x EV/FTM estimated revenue, which is a 50% discount to the current SaaS companies' group average of 4.2x. Our \$19 per-share price target for ACTV shares is also based on 2.2x our EV/2013E revenue estimate of \$485M, as we use a similar valuation multiple in the out year. We think ACTV shares should continue to trade at a discount to the SaaS group average on EV/Rev's owing to its higher services revenue mix and lower gross margins than most SaaS vendors. We use a 50% multiple discount to the group average to reflect the model differences.

RISKS TO PRICE TARGET:

Risks to our price target include: 1) acquisition integration challenges; 2) macroeconomic fluctuations; 3) increased churn; 4) failure to demonstrate leverage to R&D spend; and 5) failure to expand into other verticals and geographies.

COMPANY DESCRIPTION:

Active Network is a cloud computing applications provider serving the outdoor, sports, community, and corporate business segments. Its products and solutions allow organizations to automate online registrations, automate workflow processes and better manage their activities. The company introduced its technology platform in 1999 and has become over time one of the largest online sites for a broad range of consumer and corporate activities. Active Network maintains its headquarters in San Diego, California.

The Active Network

Income Statement

\$ in millions, except per share)

		2011							2012E					2013E						
		2009		2010		Q1 Mar-11	Q2 Jun-11	Q3 Sep-11	Q4 Dec-11	FY 2011	Q1E Mar-12	Q2E Jun-12	Q3E Sep-12	Q4E Dec-12	FY 2012E	Q1E Mar-13	Q2E Jun-13	Q3E Sep-13	Q4E Dec-13	FY 2013E
		2009	2010	Mar-11	Jun-11						Mar-12	Jun-12	Sep-12	Dec-12	2012E	Mar-13	Jun-13	Sep-13	Dec-13	2013E
Technology	210.5	237.7	63.1	85.6	76.3	65.5	290.4	79.5	107.8	99.2	87.2	373.7	89.4	122.0	111.3	96.9	419.7			
Y/Y % Change		13%	15%	20%	22%	33%	22%	26%	26%	30%	33%	29%	12%	13%	12%	11%	12%			
Q/Q % Change		28%	36%	-11%	-14%			21%	35%	-8%	-12%		3%	36%	-9%	-13%				
% of Total Rev	86.7%	85.0%	86.8%	86.4%	85.2%	86.1%	86.1%	87.3%	87.0%	86.1%	87.3%	86.9%	87.0%	86.7%	85.7%	86.8%	86.5%			
Marketing Services	32.4	41.9	9.6	13.5	13.3	10.6	46.9	11.5	16.1	16.0	12.7	56.3	13.4	18.7	18.5	14.7	65.3			
Y/Y % Change		29%	16%	28%	24%	-15%		12%	20%	20%	20%	20%	16%	16%	16%	16%	16%			
Q/Q % Change		-23%	40%	-1%	-21%			9%	40%	-1%	-21%		5%	40%	-1%	-21%				
Total Revenue	242.9	279.6	72.7	99.0	89.6	76.0	337.3	91.1	123.9	115.1	99.9	430.0	102.8	140.8	129.8	111.6	485.0			
Y/Y % Change	40%	15%	15%	21%	23%	23%	21%	25%	25%	29%	31%	27%	13%	14%	13%	12%	13%			
Q/Q % Change		18%	36%	-10%	-15%			20%	36%	-7%	-13%		3%	37%	-8%	-14%				
Cost of Revenue																				
Cost of Technology Revenue		91.0	26.0	33.1	32.4	28.2		119.7	33.4	43.1	40.7	35.8	152.9	36.7	50.0	45.6	39.7	172.1		
Technology Margin		58.8%	61.3%	57.6%	56.9%			58.0%	60.0%	59.0%	59.0%		59.0%	59.0%	59.0%	59.0%	59.0%			
Cost of Marketing Services		6.2	1.2	1.5	1.6	1.7		6.0	1.6	2.3	2.2	1.8	7.9	1.9	2.6	2.6	2.1	9.1		
Marketing Services Margin		87.9%	89.0%	88.0%	83.8%			86.0%	86.0%	86.0%	86.0%		86.0%	86.0%	86.0%	86.0%	86.0%			
Gross Profit	153.2	182.3	45.6	64.4	55.6	46.1	211.7	56.0	78.5	72.2	62.4	269.2	64.3	88.1	81.6	69.8	303.8			
Gross Margin	63.1%	65.2%	62.7%	65.0%	62.1%	60.7%	62.8%	61.5%	63.4%	62.7%	62.4%	62.6%	62.5%	62.6%	62.9%	62.6%	62.6%			
Operating Expense																				
Sales and Marketing	49.8	58.5	16.8	18.3	16.8	16.9	68.8	22.0	23.1	20.3	20.1	85.5	24.1	26.5	23.9	23.6	98.2			
% of Total Revenue	20.5%	20.9%	23.0%	18.5%	18.8%	22.2%	20.4%	24.1%	18.6%	17.6%	20.1%	19.9%	23.5%	18.9%	18.4%	21.2%	20.2%			
Y/Y % Change	3%	18%	15%	22%	13%	20%		18%	31%	26%	21%	19%	24%	10%	15%	18%	15%			
Research and Development	58.2	60.9	16.1	16.2	17.3	16.3	65.8	20.4	21.2	19.9	17.9	79.4	19.2	23.0	21.9	20.8	84.8			
% of Total Revenue	23.9%	21.8%	22.1%	16.3%	19.3%	21.4%	19.5%	22.4%	17.1%	17.3%	17.9%	18.5%	18.6%	16.3%	16.8%	18.6%	17.5%			
General and Administrative	29.7	38.0	10.2	11.1	10.4	14.2	45.8	17.5	17.6	15.5	12.4	63.0	15.1	19.7	18.7	17.8	71.3			
% of Total Revenue	12.2%	13.6%	14.0%	11.2%	11.6%	18.7%	13.6%	19.2%	14.2%	13.5%	12.4%	14.7%	14.7%	14.0%	14.4%	15.9%	14.7%			
Total Costs and Expenses	245.8	270.8	73.8	83.9	82.1	81.2	321.0	102.7	113.6	105.0	94.3	415.7	103.4	128.3	119.0	110.3	461.0			
PF Operating Income	3.0	5.8	(1.1)	15.1	7.4	(5.1)	16.3	(11.6)	10.3	10.1	5.6	14.3	(0.5)	12.5	10.8	1.3	24.0			
PF Operating Margin	1.2%	2.1%	(1.5%)	15.3%	8.3%	(6.7%)	4.8%	(12.8%)	8.3%	8.8%	5.6%	3.3%	(0.5%)	8.9%	8.3%	1.1%	4.9%			
Non-Cash Items/Stock Comp./Other	35.1	26.7	(7.5)	(7.3)	(7.9)	(9.7)	(32.3)	(13.5)	(13.9)	(12.8)	(11.7)	(51.8)	(12.8)	(14.7)	(14.2)	(13.2)	(54.9)			
Total Other Income	(3.8)	(4.8)	(1.3)	(1.2)	(0.0)	(0.2)	(2.7)	1.0	1.0	1.0	1.0	4.0	1.0	1.1	1.2	1.3	4.6			
PF Net Income	(15.3)	(10.1)	(5.3)	10.2	3.1	(1.8)	6.2	(26.5)	8.8	10.0	5.3	(3.2)	(18.2)	10.6	10.2	(1.8)	(0.0)			
PF Net Income %	-6.3%	-3.6%	-7.3%	10.3%	3.4%	-2.4%		1.8%	-29.0%	7.1%	8.7%	5.3%	-0.7%	-17.7%	7.5%	7.9%	-1.6%	0.0%		
GAAP Net Income	(37.9)	(27.2)	(10.9)	5.5	(1.4)	(8.5)	(14.6)	(28.9)	(3.1)	(2.1)	(5.9)	(40.0)	(16.7)	(1.5)	(2.9)	(14.4)	(35.5)			
PF EPS	(\$0.38)	(\$0.25)	(\$0.13)	\$0.18	\$0.05	(\$0.03)	\$0.07	(\$0.41)	\$0.13	\$0.15	\$0.08	(\$0.05)	(\$0.26)	\$0.15	\$0.14	(\$0.02)	(\$0.00)			
Y/Y % Change	44.0%	35.8%	30.3%	256.3%	377.7%	76.8%		N/A	(217.5%)	(24.4%)	209.5%	N/A	N/A	36.5%	11.8%	(5.9%)	N/A	99.3%		
GAAP EPS	(\$1.57)	(\$1.33)	(\$0.43)	\$0.03	(\$0.03)	(\$0.16)	(\$0.58)	(\$0.53)	(\$0.06)	(\$0.04)	(\$0.10)	(\$0.73)	(\$0.29)	(\$0.03)	(\$0.05)	(\$0.25)	(\$0.62)			
Fully Diluted Shares Outstanding (M)	40.5	41.7	49.0	57.4	62.8	63.5	58.2	63.8	65.0	66.3	67.7	65.7	69.0	70.4	71.8	73.2	71.1			
Adj. EBITDA	15.7	25.1	2.6	20.8	12.7	2.3	38.0	-4.1	18.3	18.8	14.9	47.9	7.5	21.2	20.1	11.3	60.1			
Y/Y Change %		60%	145%	76%	37%	-20%		51%	-259%	-12%	48%	558%	26%	-284%	16%	7%	-24%	26%		
Adj. EBITDA margin (%)	6%	9%	4%	21%	14%	3%		11%	-5%	15%	16%	15%	11%	7%	15%	15%	10%	12%		
Adj. EBITDA/share	\$0.39	\$0.60	\$0.05	\$0.36	\$0.20	\$0.04	\$0.65	(\$0.06)	\$0.28	\$0.28	\$0.22	\$0.73	\$0.11	\$0.30	\$0.28	\$0.15	\$0.85			

Management Guidance											
Net Revenues (\$M)			84-88	72-76	333-337	89-93					425-435
Registration Growth			5% to 7%	12% to 14%		13% to 15%					
Rev Per Registration Growth			6% to 8%	1% to 3%		3% to 5%					
Net Loss (\$M)			(3.5)-(1.5)	(15)-(13)	(22)-(20)	(27)-(25)					(39) - (35)
interest, taxes & other (\$M)			0.9								
Depreciation & Amortization (\$M)				11.6	44.0	15.2					
SCB (\$M)				1.6	8.0	5.8					60.0
Adjusted EBITDA (\$M)			10-12	1-3	36.7-38.7	(5) - (3)					21.0
											46-50

Source: Company reports and ThinkEquity LLC estimates

Balance Sheet	2009	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
		Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
Current Assets:									
Cash and Equivalents	\$26.4			\$36.9	\$31.4	\$60.8	\$157.5	\$139.0	\$108.7
Restricted cash	\$5.0			\$5.0	\$5.0	\$5.0	\$5.0	\$5.0	\$1.5
Accounts Receivable	27.6			39.1	34.1	45.8	55.7	61.2	66.5
Inventories									1.7
Prepaid expense and other current assets	3.7			4.4	4.2	4.9	6.9	6.0	6.2
Total Current Assets	62.6			85.4	74.7	116.5	225.1	211.2	184.5
Long-term Assets:									
PP&E	26.7			28.0	28.2	27.5	26.9	28.9	33.8
Software development costs	27.0			35.7	37.0	39.5	42.2	43.6	45.1
Goodwill	203.0			206.4	207.1	213.5	213.4	213.4	333.7
Deposits and other assets	2.3			2.4	2.3	3.3	2.2	2.0	2.1
Total Assets	381.9			402.8	390.5	440.7	545.0	531.6	599.3
Current Liabilities:									
Accounts Payable	3.4			4.0	5.4	6.4	5.0	4.5	8.5
Registration fees payable	30.2			47.3	40.7	81.2	99.6	76.2	72.4
Accrued expenses	27.6			34.4	32.2	39.6	31.7	36.1	41.1
Deferred Revenue	25.0			35.9	34.0	36.1	46.1	52.7	54.9
Current portion of debt	13.0			14.8	16.9	14.1	0.0	0.0	5.0
Capital lease obligations, current	1.9			2.0	2.0	2.1	2.0	2.9	3.3
Other current liabilities	0.1			2.3	1.6	1.7	2.6	2.6	42.6
Total Current Liabilities	101.3			140.8	132.7	181.2	187.0	174.9	227.9
Long-term Liabilities:									
Debt, net of current portion	35.7			28.5	27.5	27.1	0.0	0.0	0.0
Capital lease obligations, net of current	3.6			1.8	1.7	1.0	1.0	0.6	1.7
Other Long-term liabilities	2.0			1.9	4.4	5.1	5.3	5.6	6.1
Deferred tax liability	16.3			17.8	18.0	19.0	19.7	19.6	16.9
Total Liabilities	159.0			162.3	156.7	206.3	213.0	200.8	252.6
Total Preferred Stock	364.2			385.0	0.0				
Total Shareholders' Equity	-141.3			-144.6	233.9	234.4	332.0	330.8	346.7
Total Liabilities and Equity	381.9			402.8	390.5	440.7	545.0	531.6	599.3

Net Cash									
Net Cash	23			35	30	60	157	138	107
Q/Q growth in net cash					-15%	101%	162%	-12%	-23%
Days Sales Outstanding					7	6	4	5	2
Net Cash / Share				\$0.84	\$0.71	\$1.22	\$2.73	\$2.20	\$1.69

Deferred Revenue & Billings Analysis									
Total Deferred Revenue	27			38	38	41	51	58	61
Deferred Revenue Q/Q Absolute Change				1	3	10	7	3	
Q/Q % Change				1%	7%	25%	13%	5%	
Y/Y % Change	24%			42%			54%	59%	
Billings				62	76	109	96	79	
Q/Q % Change					22%	45%	-12%	-18%	
Y/Y % Change								27%	
<i>LTM Billings/FTM Revenue</i>		0%	0%	0%	18%	39%	65%	85%	84%
Billings (based only on Short-term Deferred Rev)	38	82	109	60	75	109	96	78	
Q/Q % Change				114%	33%	-45%	25%	46%	-19%
Y/Y % Change					96%	33%	-12%	31%	
Billings (based upon Cashflow chg. In Deferred Rev)	63	82	73	70	75	109	95	82	
Q/Q % Change				29%	-10%	-4%	6%	46%	-12%
Y/Y % Change					18%	33%	31%	17%	

Cash Flow Model	2009	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
		Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13
Cash from operations																	
OCF per Share	27.5				42.1	30.1	26.5	(5.0)	10.4	37.3	36.9	(8.6)	(9.3)	48.7	36.5	(8.6)	(12.1)
LTM Total					\$ 1.01	\$ 0.61	\$ 0.46	\$ (0.08)	\$ 0.16	\$ 0.58	\$ 0.57	\$ (0.13)	\$ (0.14)	\$ 0.71	\$ 0.52	\$ (0.12)	\$ (0.17)
LTM Y/Y Change %					42.1	93.7	62.0			69.2	79.6	76.0	56.2	67.7	67.3	67.3	64.5
LTM total cash from operations per share					53%			47%				-19%	-9%			-11%	15%
% of Billings					\$ 1.01			\$ 1.49	\$ 0.98	\$ 1.08	\$ 1.22	\$ 1.15	\$ 0.83	\$ 0.98	\$ 0.96	\$ 0.94	\$ 0.88
CapEx	(25.0)			(30.4)	(4.5)	(4.5)	(11.0)	(11.0)	(4.8)	(4.8)	(7.9)	(3.1)	(5.2)	(5.3)	(8.7)	(3.1)	
LTM Total					(30)			(50)	(31)	(31)	(32)	(28)	(21)	(21)	(22)	(22)	(22)
LTM Y/Y Change %	250%				22%			2%				-44%	-34%			-22%	9%
Free cash flow	2.5			11.7	25.6	22.0	(16.0)	(0.6)	32.5	32.1	(16.5)	(12.4)	43.5	31.2	(17.3)	(15.2)	
FCF per Share					\$ 0.28	\$ 0.52	\$ 0.38	\$ (0.25)	\$ (0.01)	\$ 0.56	\$ 0.50	\$ (0.25)	\$ (0.19)	\$ 0.63	\$ 0.44	\$ (0.24)	\$ (0.21)
LTM Total					11.7			43.3	31.0	37.9	48.0	47.5	35.7	46.6	45.8	45.0	42.2
LTM Y/Y Change %								164%				10%	15%		-5%	18%	
LTM total free cash flow per share					\$ 0.28			\$ 0.69	\$ 0.49	\$ 0.59	\$ 0.74	\$ 0.72	\$ 0.53	\$ 0.68	\$ 0.65	\$ 0.63	\$ 0.58

Sources for balance sheet and cash flow: Company reports and ThinkEquity LLC estimates



COMPANIES MENTIONED IN THIS REPORT:

Company	Exchange	Symbol	Price	Rating
Concur Technologies, Inc.	NASDAQ	CNQR	\$58.95	Hold
Oracle Corporation	NASDAQ	ORCL	\$30.24	Buy
RightNow Technologies, Inc.	NASDAQ	RNOW	\$43.00	Hold
salesforce.com, Inc.	NYSE	CRM	\$142.08	Buy
The Ultimate Software Group, Inc.	NASDAQ	ULTI	\$69.93	Hold

Important Disclosures

Analyst Certification

I, Brian Schwartz, hereby certify that all of the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

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Distribution of Ratings, Firmwide

ThinkEquity LLC

Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
BUY [B]	125	65.40	13	10.40
HOLD [H]	53	27.70	2	3.77
SELL [S]	13	6.80	0	0.00



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Company	Ticker	Price	Mkt. Cap (M)	Rating		Price Target		ThinkAction
				To	From	To	From	
Changes in Rating/Price Target								
KiOR, Inc.	KIOR	\$7.65	\$780.8	B	H	\$15.00		KIOR: Upgrading to Buy on Competitive Differentiation
Rubicon Technology, Inc.	RBCN	\$8.26	\$197.4	H	S	\$8.00		RBCN: Upgrade to Hold from Sell on Improving Industry Fundamentals
Changes in Estimates								
The Active Network, Inc.	ACTV	\$15.86	\$999.2	B		\$19.00		ACTV: Key Takeaways From Investors HQ Meeting; Reiterate Buy Rating
Company Update								
Advanced Micro Devices	AMD	\$7.07	\$5,401.5	H		\$7.00		AMD: Increased Manufacturing Flexibility; Maintain Hold Rating

Changes in Rating/Price Target

Rubicon Technology, Inc. (RBCN, \$8.26, Hold)

RBCN: Upgrade to Hold from Sell on Improving Industry Fundamentals

We upgrade shares of Rubicon to Hold from Sell and retain our \$8 price target on unchanged estimates. We see little downside to current levels while we believe increasing industry sapphire prices likely introduces upside risk as volume increases through the remainder of the year. With 6" price declines exceeding our expectations, further downward revisions to our estimates seem unlikely while at the same time RBCN has the opportunity to improve costs to help offset next year's price declines. We look for stable or increasing margins as evidence that cost reduction efforts can pace price declines before becoming more constructive.

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 Robert Spandau— ThinkClean Tech —212-468-7019—rspandau@thinkequity.com
 Noah Kaye— ThinkClean Tech —212-468-7029—nkaye@thinkequity.com

KiOR, Inc. (KIOR, \$7.65, Buy)

Changes	To (Current)	From (Previous)
Rating	Buy	Hold
Price Target	\$15.00	
FY11 REV (M)	\$134.0A	
FY12 REV (M)	\$79.3E	
FY11 EPS	\$1.60A	
FY12 EPS	(\$0.11)E	

KIOR: Upgrading to Buy on Competitive Differentiation

- We believe KIOR's Columbus, MS plant is near mechanical completion, has key personnel in place, and will begin trial production shortly. We view proof of production capability as a key inflection point for the stock.
- We raise 2012E Rev on increased confidence in KIOR's ramp.
- We expect a full update on KIOR's progress during its March 26 4Q:11 call.
- We upgrade KIOR to Buy and maintain our \$15 price target, based on 30x our 2015 GAAP EPS revenue est. of \$0.99, discounted back 25% annually to reflect significant technology & financing risk.

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Changes in Estimates

The Active Network, Inc. (ACTV, \$15.86, Buy)

Changes	To (Current)	From (Previous)
Rating	Buy	
Price Target	\$19.00	
FY11 REV (M)	\$337.3A	
FY12 REV (M)	\$430.0E	
FY11 EPS	\$0.07A	
FY12 EPS	(\$0.05)E	\$0.05E

ACTV: Key Takeaways From Investors HQ Meeting; Reiterate Buy Rating

We remain positive on The Active Network following a recent investors meeting at their headquarters. Our comfort level with the current business momentum is increasing, and we believe management's approach in the meetings management market is visionary that could generate faster organic growth and higher profit margins. We also came away positive on the potential 2012 growth opportunities given a strong pipeline, new product cycles, improving win rates, greater distribution capacity y/y, and solid end-market demand as companies of all sizes increasingly realize they need a SaaS-based event registration lifecycle management platform to improve ROI.

Brian Schwartz— Application Software —415-249-1982—bschwartz@thinkequity.com

Company Update

Advanced Micro Devices (AMD, \$7.07, Hold)

Changes	To (Current)	From (Previous)
Rating	Hold	
Price Target	\$7.00	
FY12 REV (M)	\$6,775.0E	
FY13 REV (M)	\$7,211.0E	
FY12 EPS	\$0.70E	
FY13 EPS	\$0.79E	

AMD: Increased Manufacturing Flexibility; Maintain Hold Rating

AMD announced plans for an amended agreement with its primary manufacturing foundry, Global Foundry (GF). Management left first quarter and full year guidance unchanged. We are encouraged by the company's increased manufacturing flexibility. Our \$7 price target is based on 9x our CY13E EPS estimate of \$0.79 relative to our view of 12% secular earnings growth, representing a PEG of 0.9x, in-line with comparables.

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Noah Huth— Semiconductors —415-249-1981—nhuth@thinkequity.com



Important Disclosures

Analyst Certification

I, Brian Schwartz, hereby certify that all of the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

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ThinkEquity LLC					
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SELL [S]	13	6.80	0	0.00	

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UBS Investment Research

The Active Network, Inc.

Solid Execution Leads to Good Quarter

■ Strong Technology Revenue Growth Contributes to Beat Quarter

ACTV reported Q4 results at the higher end of guidance for Revenue and Adj EBITDA (ex StarCite acquisition impact). Total revenue grew 23% Y/Y to \$76.0MM vs. our \$74.9MM and cons \$74.4MM. Adj EBITDA (ex StarCite acquisition) came at \$2.3MM (\$400K incl StarCite impact) vs. our / cons \$2.4MM. GAAP EPS came at (\$0.16), above our (\$0.23) and cons (\$0.22). Technology revenue was up 33% Y/Y to \$65.5MM and Marketing Services revenue was down 15% Y/Y to \$10.6MM.

■ Management Continues Executing on Strategy

Mgmt remains focused on execution and balancing strategic acquisitions with platform and product enhancements that attract and retain customers. Key areas of focus include integration of products where strong synergies exist (StarCite), new product development (for outdoors, swimming, endurance), and mobile / social.

■ Guidance

For 1Q12, ACTV expects total rev b/n \$89MM and \$93MM (\$91MM at midpoint), above cons \$87.9MM. Adj EBITDA (including \$5MM impact from StarCite acquisition) is expected to be b/n neg \$5MM and neg \$3MM (neg \$4MM at midpoint), below cons \$5.2MM. For FY12, ACTV expects total rev b/n \$425MM and \$435MM (\$430MM at midpoint), above cons \$409MM. Adj EBITDA is expected to be \$46MM-\$50MM (\$48MM at midpoint), below cons \$51MM. Our estimate changes are shown on page 2.

■ Valuation

Our \$22 PT is based on a 10-year DCF (11.5% WACC and 4.5% LTGR). Our new ests incorporate mgmt's 2012 guidance and impact from StarCite acquisition.

Highlights (US\$)	12/10	12/11	12/12E	12/13E	12/14E
Revenues	279,600	337,390	432,115	521,437	590,969
EBIT (UBS)	(15,167)	(8,821)	(12,303)	24,673	44,993
Net Income (UBS)	(67,244)	(39,000)	(36,670)	1,707	13,011
EPS (UBS, US\$)	(9.50)	(1.08)	(0.62)	0.03	0.21
Net DPS (UBS, US\$)	0.00	0.00	0.00	0.00	0.00
Profitability & Valuation	5-yr hist av.	12/11	12/12E	12/13E	12/14E
EBIT margin %	-	-2.6	-2.8	4.7	7.6
ROIC (EBIT) %	-	(3.6)	(4.7)	11.6	27.4
EV/EBITDA (core) x	-	22.5	15.8	8.0	6.7
PE (UBS) x	-	NM	NM	NM	74.5
Net dividend yield %	-	0.0	0.0	0.0	0.0

Source: Company accounts, Thomson Reuters, UBS estimates. (UBS) valuations are stated before goodwill-related charges and other adjustments for abnormal and economic items at the analysts' judgement.

Valuations: based on an average share price that year, (E): based on a share price of US\$15.49 on 23 Feb 2012 19:40 EST

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Global Equity Research

Americas

Internet Services

12-month rating

Buy
Unchanged

12m price target

US\$22.00
Unchanged

Price

US\$15.49

RIC: ACTV.N BBG: ACTV US

24 February 2012

Trading data

52-wk range	US\$19.41-12.43
Market cap.	US\$0.84bn
Shares o/s	54.2m (COM)
Free float	54%
Avg. daily volume ('000)	82
Avg. daily value (m)	US\$1.1

Balance sheet data 12/12E

Shareholders' equity	US\$0.33bn
P/BV (UBS)	2.6x
Net Cash (debt)	US\$0.09bn

Forecast returns

Forecast price appreciation	+42.0%
Forecast dividend yield	0.0%
Forecast stock return	+42.0%
Market return assumption	5.3%
Forecast excess return	+36.7%

EPS (UBS, US\$)

	12/12E	12/11		
	From	To	Cons.	Actual
Q1E	(0.22)	(0.45)	(0.14)	(2.72)
Q2E	0.06	0.06	0.13	(0.04)
Q3E	(0.02)	(0.03)	0.05	(0.08)
Q4E	(0.17)	(0.21)	(0.12)	(0.29)
12/12E	(0.35)	(0.62)	(0.06)	
12/13E	0.14	0.03	0.19	

Performance (US\$)



Source: UBS

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ANALYST CERTIFICATION AND REQUIRED DISCLOSURES BEGIN ON PAGE 14.

UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Strong Technology Revenue Growth Contributes to Beat Quarter

Active Network reported Q4 results at the higher end of guidance for Revenue and Adjusted EBITDA (excluding the impact from StarCite acquisition). Total revenue grew 23% Y/Y to \$76.0MM vs. our \$74.9MM and consensus \$74.4MM. This was the company's third straight quarter with revenue growth above 20%. Adjusted EBITDA, excluding the impact of StarCite acquisition, came at \$2.3MM (\$400K including about \$1.9MM in severance costs related to the StarCite acquisition) vs. our \$2.4MM and consensus \$2.4MM. GAAP net loss per share was (\$0.16), above our (\$0.23) and consensus (\$0.22). Technology revenue was up 33% Y/Y to \$65.5MM and Marketing Services revenue was down 15% Y/Y to \$10.6MM

Registrations in Q4 increased 13% Y/Y to 17.3MM bringing Net Registration revenue to \$46.4MM. Average revenue per registration increased 4.6% Y/Y to \$2.68. For 2011, registrations grew 14% Y/Y to 80.3MM with revenue per registration at \$2.85. Some 51,300 organizations utilized Active's technology solutions, up 8% Y/Y.

Guidance

For 1Q12, Active Network guided for total revenue between \$89MM and \$93MM (\$91MM at midpoint), above consensus \$87.9MM. Adjusted EBITDA (including a \$5MM impact from StarCite acquisition) is expected to be between negative \$5MM and negative \$3MM (negative \$4MM at midpoint), below consensus \$5.2MM. For FY12, Active expects total revenue between \$425MM and \$435MM (\$430MM at midpoint), above consensus \$409MM. Adjusted EBITDA is expected to be between \$46MM and \$50MM (\$48MM at midpoint), below consensus \$51MM.

Although management explained on the call how purchase accounting affects their 2012 guidance, we believe it would be helpful to highlight here that the above guidance excludes about \$14MM in deferred revenue (most of which flows right through to the bottom line) from Active's recent acquisitions (mostly StarCite). If the company were not subject to these accounting rules, revenue guidance for FY12 would have been close to \$439MM-\$449MM (\$444MM at midpoint, up 32% Y/Y). Similarly, Adjusted EBITDA would have been about \$60MM for a margin of about 13.5% (more than 200bps improvement Y/Y).

Our estimate changes are presented below:

Table 1: UBS New vs. Old Estimates vs. Consensus

\$MM except per share	Q1 2012E			FY 2012E				FY 2013E		
	UBS	Consensus	Guidance	UBS	Original UBS	Consensus	Guidance	UBS	Original UBS	Consensus
Net Revenue	92.2	87.9	89 - 93	432.1	427.5	409.0	425 - 435	521.4	507.0	492.8
EBITDA	-3.7	5.2	(5) - (3)	48.3	47.6	50.6	46 - 50	90.0	82.4	69.4
Operating EPS	-0.35			-0.26	-0.20			0.38	0.29	
GAAP EPS	-0.45	-0.14		-0.62	-0.35	-0.06		0.03	0.14	0.19

Source: FactSet, UBS estimates

Management Continues Executing on Strategy

Active Network remains our small-cap top pick as we still believe the company is just beginning to realize the benefits of leverage built into its model. As our guidance clarification above has shown, if the company was not subject to purchase accounting rules on its recent acquisitions, 2012 guidance would have shown a very nice margin improvement over 2011. Management remains focused on execution and balancing strategic acquisitions with platform and product enhancements that attract and retain customers. As management shared on the call, back-end functionality (business automation) is the most sticky part of Active's offerings and where it invests about 90% of efforts and dollars. Other areas of focus include integration of products where strong synergies exist (StarCite), new product development (for outdoors, swimming, endurance), and mobile / social. In Q4 Active launched its mobile platform which allows customers to offer customized, branded iPhone and Android apps to consumers. With 19% of Active.com traffic in the quarter coming from mobile devices, the company plans to expand efforts in mobile.

We believe the company is in the early stages of a material, long-term opportunity. By phasing off duplicate R&D spend for legacy systems and by migrating off-line registrations to online, Active is just beginning to realize the benefits of leverage built into its model. Currently, the North American market is penetrated approximately 6% and presents a significant growth opportunity. Similarly, international revenue is just about 3% of total revenue for Active Network and the company is in the early stages of building international presence – just opened its fourth international office in Sydney, Australia in Q4.

Table 2: ACTV 4Q11 E vs. A (\$000's)

	Q4 11E	Q4 11A
Technology Revenue	\$63,627	\$65,478
Marketing Services Revenue	\$11,319	\$10,567
Total Net Revenue	\$74,947	\$76,045
% Y/Y Growth	22%	23%
% Q/Q Growth	(16%)	(15%)
 Cost of Technology Revenue	33,086	34,976
Cost of Marketing Services Revenue	1,596	1,711
Total Cost of Net Revenue	34,613	36,626
% Y/Y Growth	23%	30%
% Q/Q Growth	(13%)	(8%)
 Gross Profit	\$40,334	\$39,419
% Margin	53.8%	51.8%
Sales and Marketing	17,802	16,908
Research and Development	18,106	16,293
General and Administrative	10,044	14,193
Amortization of Intangibles	3,494	3,872
Stock Based Compensation	3,208	3,013
 Adjusted Operating Income	(\$9,112)	(\$11,847)
% Margin	(12%)	(16%)
% Y/Y Growth	--	--
% Q/Q Growth	(685)	(860)
 EBITDA	\$2,446	\$356
% Margin	3.3%	0.5%
% Y/Y Growth	(15)	(88)
% Q/Q Growth	(81)	(97)
 Net Interest (Income) and Other (Income)	1,099	186
 Adjusted Pre-Tax Profit / (Loss)	(\$10,210)	(\$12,033)
% Effective Tax Rate	(9%)	84%
 Provision / (Benefit) for Income Taxes	919	(6,564)
Tax Adjustments for Non-GAAP Items	0	(3,553)
Minority Interest	0	0
 Operating Net Income / (Loss)	(\$11,129)	(\$1,884)
% Margin	(15%)	(2%)
% Y/Y Growth	--	--
% Q/Q Growth	(454)	(160)
 Accretion of redeemable convertible preferred	0	0
Tax Effect of Non-GAAP Entries	0	3,553
 Reported GAAP Net Income / (Loss)	(\$14,337)	(\$8,482)
% Margin	(19%)	(11%)
% Y/Y Growth	--	--
% Q/Q Growth	--	--
Weighted Avg. Diluted Shares Outstanding	63,622	54,109
 Operating EPS	(\$0.17)	(\$0.03)
% Y/Y Growth	--	--
% Q/Q Growth	(450)	(170)
 Reported GAAP EPS	(\$0.23)	(\$0.16)
% Y/Y Growth	--	--
% Q/Q Growth	--	--
 Expenses as % of Net Revenue		
Sales and Marketing	23.8%	22.2%
Research and Development	24.2%	21.4%
General and Administrative	13.4%	18.7%
Stock Compensation	4.3%	4.0%
Amortization of Intangibles	4.7%	5.1%

Source: Company reports, UBS estimates

Financial Model

Table 3: ACTV Income Statement (\$000s)

	F2011				F2012				F2011A	F2012E	F2013E
	Q1 11A	Q2 11A	Q3 11A	Q4 11A	Q1 12E	Q2 12E	Q3 12E	Q4 12E			
Technology Revenue	\$63,108	\$85,553	\$76,341	\$65,478	\$81,914	\$110,919	\$99,077	\$86,624	\$290,480	\$378,535	\$459,284
Marketing Services Revenue	\$9,604	\$13,452	\$13,287	\$10,567	\$10,276	\$15,739	\$15,413	\$12,152	\$46,910	\$53,580	\$62,153
Total Net Revenue	\$72,712	\$99,005	\$89,628	\$76,045	\$92,190	\$126,658	\$114,490	\$98,777	\$337,390	\$432,115	\$521,437
% Y/Y Growth	15%	21%	23%	23%	27%	28%	28%	30%	21%	28%	21%
% Q/Q Growth	18%	36%	(9%)	(15%)	21%	37%	(10%)	(14%)	--	--	--
Cost of Technology Revenue	32,988	38,707	38,291	34,976	44,070	49,914	47,260	45,305	144,962	186,548	220,458
Cost of Marketing Services Revenue	1,162	1,480	1,599	1,711	1,326	1,983	2,004	1,641	5,952	6,953	7,140
Total Cost of Net Revenue	34,134	40,148	39,838	36,626	45,270	51,792	49,158	46,829	150,746	193,049	227,128
% Y/Y Growth	22%	18%	28%	30%	33%	29%	23%	28%	24%	28%	18%
% Q/Q Growth	22%	18%	(1%)	(8%)	24%	14%	(5%)	(5%)	--	--	--
Gross Profit	\$38,578	\$58,857	\$49,790	\$39,419	\$46,920	\$74,866	\$65,332	\$51,948	\$186,644	\$239,066	\$294,309
% Margin	53.1%	59.4%	55.6%	51.8%	50.9%	59.1%	57.1%	52.6%	55.3%	55.3%	56.4%
Sales and Marketing	16,753	18,338	16,839	16,908	23,286	24,090	22,451	21,619	68,838	91,447	98,452
Research and Development	16,058	16,174	17,313	16,293	23,565	21,733	21,531	21,811	65,838	88,640	91,345
General and Administrative	10,165	11,058	10,411	14,193	15,509	15,324	13,695	12,010	45,827	56,537	57,985
Amortization of Intangibles	3,703	3,718	3,669	3,872	3,492	4,215	3,726	3,312	14,962	14,745	21,854
Stock Based Compensation	744	2,068	1,970	3,013	5,803	4,860	4,827	5,423	7,795	20,913	21,749
Adjusted Operating Income	(\$8,101)	\$9,569	\$1,558	(\$11,847)	(\$18,932)	\$9,504	\$3,930	(\$6,805)	(\$8,821)	(\$12,303)	\$24,673
% Margin	(11%)	10%	2%	(16%)	(21%)	8%	3%	(7%)	(3%)	(3%)	5%
% Y/Y Growth	--	386	--	--	--	(1)	152	--	--	--	--
% Q/Q Growth	--	--	(84)	(860)	--	--	(59)	(273)	--	--	--
EBITDA	\$2,570	\$20,406	\$12,704	\$356	(\$3,701)	\$25,754	\$19,024	\$7,220	\$36,036	\$48,296	\$90,013
% Margin	3.5%	20.6%	14.2%	0.5%	(4.0%)	20.3%	16.6%	7.3%	10.7%	11.2%	17.3%
% Y/Y Growth	137	72	36	(88)	(244)	26	50	1,928	43	34	86
% Q/Q Growth	(10)	694	(38)	(97)	(1,140)	--	(26)	(62)	--	--	--
Net Interest (Income) and Other (Income)	1,305	1,184	110	186	72	68	64	67	2,785	271	240
Adjusted Pre-Tax Profit / (Loss)	(\$9,406)	\$8,385	\$1,448	(\$12,033)	(\$19,005)	\$9,436	\$3,866	(\$6,872)	(\$11,806)	(\$12,574)	\$24,433
% Effective Tax Rate	13%	(21%)	(107%)	84%	(5%)	9%	18%	(10%)	126%	(25%)	4%
Provision / (Benefit) for Income Taxes	792	788	910	(6,564)	950	849	696	687	(4,074)	3,183	977
Tax Adjustments for Non-GAAP Items	(2,044)	(2,527)	(2,461)	(3,553)	0	0	0	0	(10,885)	0	0
Other / Amortization of Intangibles in COGS	(1,008)	(97)	(141)	(32)	0	0	0	0	(1,278)	0	0
Minority Interest	0	0	0	0	0	0	0	0	0	0	0
Operating Net Income / (Loss)	(\$7,146)	\$10,221	\$3,140	(\$1,884)	(\$19,955)	\$8,587	\$3,170	(\$7,560)	\$4,331	(\$15,757)	\$23,456
% Margin	(10%)	10%	4%	(2%)	(22%)	7%	3%	(8%)	1%	(4%)	4%
% Y/Y Growth	--	324	607	--	--	(16)	1	--	--	(464)	--
% Q/Q Growth	--	--	(69)	(160)	--	--	(63)	(338)	--	--	--
Accretion of redeemable convertible preferred	7,410	4,400	0	0	0	0	0	0	11,810	0	0
Other / Amortization of Intangibles in COGS	1,008	97	141	32	0	0	0	0	1,278	0	0
Tax Effect of Non-GAAP Entries	2,044	2,527	2,461	3,553	0	0	0	0	10,585	0	0
Reported GAAP Net Income / (Loss)	(\$18,352)	\$1,129	(\$1,432)	(\$8,482)	(\$25,758)	\$3,727	(\$1,656)	(\$12,983)	(\$27,137)	(\$36,670)	\$1,707
% Margin	(25%)	1%	(2%)	(11%)	(28%)	3%	(1%)	(13%)	(8%)	(8%)	0%
% Y/Y Growth	--	--	--	--	--	230	--	--	--	--	--
% Q/Q Growth	--	--	(227)	--	--	--	(144)	--	--	--	--
Weighted Avg. Diluted Shares Outstanding	8,617	36,877	53,701	54,109	57,759	59,287	60,115	61,014	36,072	59,550	61,029
Operating EPS	(\$0.83)	\$0.18	\$0.05	(\$0.03)	(\$0.35)	\$0.14	\$0.05	(\$0.12)	\$0.07	(\$0.26)	\$0.38
% Y/Y Growth	--	239%	421%	--	--	(19%)	6%	--	--	(458%)	--
% Q/Q Growth	--	--	(72)	(170)	--	--	(64)	(335)	--	--	--
Reported GAAP EPS	(\$2.13)	\$0.03	(\$0.03)	(\$0.16)	(\$0.45)	\$0.06	(\$0.03)	(\$0.21)	(\$0.75)	(\$0.62)	\$0.03
% Y/Y Growth	--	--	--	--	--	105%	--	--	--	--	--
% Q/Q Growth	--	--	(187)	--	--	--	(144)	--	--	--	--

Source: UBS estimates

Table 4: ACTV Balance Sheet (\$000s)

	F2011				F2012				F2011A	F2012E	F2013E
	Q1 11A	Q2 11A	Q3 11A	Q4 11A	Q1 12E	Q2 12E	Q3 12E	Q4 12E			
Cash & Cash Equivalents	\$60,831	\$157,507	\$139,023	\$108,699	\$111,508	\$147,642	\$139,829	\$122,345	\$108,699	\$122,345	\$197,556
Short-Term Marketable Securities	0	0	0	0	0	0	0	0	0	0	0
Accounts Receivable, net	45,776	55,706	61,192	66,469	63,358	88,873	84,315	74,069	66,469	74,069	96,054
Inventories	0	1,810	1,102	1,662	1,356	1,919	1,719	1,734	1,662	1,734	2,289
Prepaid Expenses and Other Current Assets	4,879	5,048	4,914	6,179	7,068	7,062	6,720	6,541	6,179	6,541	7,770
Current Assets	\$111,486	\$220,071	\$206,231	\$183,009	\$183,290	\$245,496	\$232,584	\$204,689	\$183,009	\$204,689	\$303,669
Restricted Cash	5,000	5,000	5,000	1,502	1,502	1,502	1,502	1,502	1,502	1,502	1,502
Property and Equipment, net	27,495	26,919	28,936	33,830	63,730	59,676	56,385	53,764	33,830	53,764	48,123
Software Development Costs	39,548	42,188	43,620	45,093	47,225	50,778	53,184	54,645	45,093	54,645	51,052
Long-Term Investments	0	0	0	0	0	0	0	0	0	0	0
Goodwill	213,513	213,406	213,357	289,637	231,937	231,937	231,937	231,937	289,637	231,937	231,937
Intangible Assets	40,401	35,162	32,429	44,023	63,513	59,359	55,805	52,705	44,023	52,705	31,671
Deposits and Other Assets	3,261	2,212	2,040	2,133	3,270	2,916	2,735	2,650	2,133	2,650	2,893
Total Assets	\$440,704	\$544,958	\$531,613	\$599,227	\$594,467	\$651,664	\$634,131	\$601,893	\$599,227	\$601,893	\$670,846
Accounts Payable	\$6,370	\$5,044	\$4,503	\$8,516	\$7,445	\$8,230	\$8,220	\$8,465	\$8,516	8,465	\$11,395
Registration Fees Payable	81,191	99,566	76,172	72,405	90,445	119,968	106,770	94,158	72,405	94,158	112,761
Accrued Expenses	39,552	31,715	36,103	41,106	50,066	48,271	46,806	44,989	41,106	44,989	52,481
Deferred Revenue	36,145	46,115	52,672	54,919	55,381	76,716	73,026	64,546	54,919	64,546	81,383
Current Portion of Debt	14,092	0	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Capital Lease Obligations - Current	2,133	1,997	2,906	3,317	3,476	3,566	3,566	3,380	3,317	3,380	4,101
Other Current Liabilities	1,735	2,564	2,576	42,613	16,032	19,283	21,845	25,344	42,613	25,344	42,984
Dividends Payable	0	0	0	0	0	0	0	0	0	0	0
Total Current Liabilities	\$181,218	\$187,001	\$174,932	\$227,876	\$227,846	\$281,036	\$265,234	\$245,882	\$227,876	\$245,882	\$310,106
Long-Term Debt	27,060	0	0	0	0	0	0	0	0	0	0
Capital Lease Obligations - LT	1,043	968	649	1,652	1,443	1,425	1,372	1,444	1,652	1,444	1,914
Other Long-Term Liabilities	5,080	5,325	5,644	6,147	7,471	7,491	7,138	6,818	6,147	6,818	7,897
Deferred Tax Liability	18,952	19,703	19,556	16,913	16,913	16,913	16,913	16,913	16,913	16,913	16,913
Total Liabilities	\$233,353	\$212,997	\$200,781	\$252,588	\$253,673	\$306,865	\$290,657	\$271,057	\$252,588	\$271,057	\$336,829
Convertible Preferred Stock	21,187	0	0	0	0	0	0	0	0	0	0
Redeemable Convertible Preferred Stock	378,536	0	0	0	0	0	0	0	0	0	0
Common Stock	11	55	55	58	58	58	58	58	58	58	58
Treasury Stock	(11,959)	(11,959)	(11,959)	(11,959)	(11,959)	(11,959)	(11,959)	(11,959)	(11,959)	(11,959)	(11,959)
Accumulated Other Comprehensive Income	10,317	10,038	7,318	7,923	7,923	7,923	7,923	7,923	7,923	7,923	7,923
Additional Paid-in Capital	75,732	59,171	602,194	625,875	645,489	645,489	645,489	625,875	645,489	645,489	645,489
Accumulated Deficit	(266,473)	(265,344)	(266,776)	(275,258)	(300,717)	(296,711)	(298,036)	(310,675)	(275,258)	(301,675)	(307,494)
Shareholders' Equity	\$207,351	\$331,961	\$330,832	\$346,639	\$340,794	\$344,799	\$343,475	\$330,836	\$346,639	\$330,836	\$334,017
Liabilities & Shareholders' Equity	\$440,704	\$544,958	\$531,613	\$599,227	\$594,467	\$651,664	\$634,131	\$601,893	\$599,227	\$601,893	\$670,846

Source: UBS estimates

Table 5: ACTV Cash Flow Statement (\$000s)

	F2011				F2012				F2011A	F2012E	F2013E
	Q1 11A	Q2 11A	Q3 11A	Q4 11A	Q1 12E	Q2 12E	Q3 12E	Q4 12E			
Net Income	(\$10,942)	\$5,529	(\$1,432)	(\$8,482)	(\$25,758)	\$3,727	(\$1,656)	(\$12,983)	(15,327)	(36,670)	\$1,707
Depreciation and Amortization	10,671	10,837	11,146	12,203	15,231	16,249	15,094	14,025	44,857	60,599	65,340
(Gain) Loss on Disposition of Assets	0	0	0	0	0	0	0	0	0	0	0
(Gain) Loss on Business Combination	0	0	0	0	0	0	0	0	0	0	0
Restricted Cash	0	0	0	0	3,498	0	0	0	3,498	0	0
Accretion of Discount on Debt	113	78	0	0	0	0	0	0	191	0	0
Earnings in Unconsolidated Equity Interests	0	0	0	0	0	0	0	0	0	0	0
Stock-Based Compensation	744	2,068	1,970	3,013	5,803	4,860	4,827	5,423	7,795	20,913	21,749
Allowance for Doubtful Accounts	338	150	102	338	300	278	331	344	928	1,253	1,475
Other / Charges	0	538	0	(35,828)	0	0	0	0	(35,290)	0	0
Funds From Operations	\$924	\$19,200	\$17,786	(\$25,258)	(\$4,424)	\$25,115	\$18,595	\$6,809	\$6,652	\$46,095	\$90,270
(Inc.) Dec. in Accounts Receivable	(11,704)	(10,093)	(5,757)	(5,277)	3,111	(25,515)	4,559	10,246	(32,831)	(7,600)	(21,985)
(Inc.) Dec. in Inventories	0	(1,810)	708	(560)	306	(564)	200	(15)	(1,662)	(72)	(554)
(Inc.) Dec. in Prepaid Expenses and Other Assets	(1,301)	(2,197)	968	(1,358)	(2,027)	361	522	264	(3,888)	(880)	(1,471)
Inc. (Dec.) in Accounts Payable	867	1,717	(1,345)	4,013	(1,071)	785	(10)	245	5,252	(51)	2,930
Inc. (Dec.) in Registration Fees Payable	40,524	18,375	(23,394)	(3,767)	18,040	29,523	(13,199)	(12,612)	31,738	21,753	18,604
Inc. (Dec.) in Accrued Expenses	7,046	(8,848)	5,363	45,543	(16,297)	1,476	744	1,362	49,104	(12,715)	26,211
Inc. (Dec.) in Deferred Tax Liability	787	783	254	(2,643)	0	0	0	0	(819)	0	0
Inc. (Dec.) in Deferred Revenue	1,458	10,003	6,628	2,247	462	21,335	(3,690)	(8,480)	20,336	9,627	16,837
Inc. (Dec.) in Deferred Rent	658	3	2	1,414	(49)	72	(53)	(114)	2,077	(145)	1,190
Change in Net Working Capital	\$38,335	\$7,933	(\$16,573)	\$39,612	\$2,475	\$27,474	(\$10,927)	\$9,105	\$69,307	\$9,918	\$41,761
Cash Flow from Operations	\$39,259	\$27,133	\$4,787	\$14,354	(\$1,949)	\$52,589	\$7,668	\$2,495	\$75,959	\$56,013	\$132,032
Purchases of Property and Equipment	(3,076)	(2,250)	(3,665)	(3,076)	(4,056)	(4,940)	(4,809)	(4,741)	(12,067)	(18,546)	(24,508)
Proceeds from Sales of PP&E	0	0	0	0	0	0	0	0	0	0	0
Cash (Paid) Received from Acquisitions, net	520	0	(4,602)	(57,700)	0	0	0	0	(61,782)	0	0
Sales of Short-Term Investments	0	0	0	0	0	0	0	0	0	0	0
Maturities of Short-Term Investments	0	0	0	0	0	0	0	0	0	0	0
Software Development Costs	(4,570)	(4,911)	(4,417)	(4,570)	(4,997)	(6,665)	(6,846)	(5,024)	(18,468)	(22,522)	(10,564)
Payment of Contingent Consideration	0	(625)	0	0	0	0	0	0	(625)	0	0
Net Cash Used in Investing Activities	(\$7,126)	(\$7,766)	(\$12,844)	(\$85,346)	(\$9,053)	(\$10,654)	(\$9,765)	(\$92,942)	(\$41,068)	(\$35,071)	
Proceeds from Debt	0	0	0	0	0	0	0	0	0	0	0
Repayment of Long-Term Obligations	(3,364)	(38,264)	0	0	0	0	0	0	(41,628)	0	0
Proceeds from Exercise of Stock Options and Common Stock Warrants	914	1,846	312	0	0	0	0	0	3,072	0	0
Payments on Capital Lease Obligations	(145)	(1,088)	(974)	0	0	0	0	0	(2,207)	0	0
Proceeds from IPO, net	(250)	114,950	0	0	0	0	0	0	114,700	0	0
Repurchase of Unvested Common Stock	(13)	0	0	0	0	0	0	0	(13)	0	0
Proceeds from Issuance of Redeemable Convertible Preferred Stock, net	0	0	0	0	0	0	0	0	0	0	0
Excess Tax Benefit from Stock-Based Compensation Plans	0	0	0	20,668	13,810	(4,860)	(4,827)	(5,423)	20,668	(1,299)	(21,749)
Proceeds from Issuance (Repurchase) of Common Stock	0	0	0	0	0	0	0	0	0	0	0
Net Cash Provided by Financing Activities	(\$2,858)	\$77,444	(\$662)	\$20,668	\$13,810	(\$4,860)	(\$4,827)	(\$5,423)	\$94,592	(\$1,299)	(\$21,749)
Effect of Exchange Rate Changes	115	(115)	(351)	0	0	0	0	0	(351)	0	0
Inc. (Dec.) in Cash and Cash Equivalents	\$29,390	\$96,676	(\$18,484)	(\$30,324)	\$2,809	\$36,134	(\$7,812)	(\$17,484)	\$77,258	\$13,646	\$75,211
Beginning Cash and Cash Equivalents	31,441	60,831	157,507	139,023	108,699	111,508	147,642	139,829	31,4		

Table 6: ACTV Revenue Build Up (\$000s)

	F2011				F2012				F2011A	F2012E	F2013E
	Q1 11A	Q2 11A	Q3 11A	Q4 11A	Q1 12E	Q2 12E	Q3 12E	Q4 12E			
Total Net Revenue	\$72,712	\$99,005	\$89,628	\$76,045	\$92,190	\$126,658	\$114,490	\$98,777	\$337,390	\$432,115	\$521,437
% Y/Y Growth	15%	21%	23%	23%	27%	28%	28%	30%	21%	28%	21%
% Q/Q Growth	18%	36%	-9%	-15%	21%	37%	-10%	-14%	--	--	--
					92,190	126,658	114,490	98,777			
Technology Revenue	\$63,108	\$85,553	\$76,341	\$65,478	\$81,914	\$110,919	\$99,077	\$86,624	\$290,480	\$378,535	\$459,284
% Y/Y Growth	15%	20%	22%	33%	30%	30%	30%	32%	22%	30%	21%
% Q/Q Growth	28%	36%	-11%	-14%	25%	35%	-11%	-13%	--	--	--
% of Total Net Revenue	87%	86%	85%	86%	89%	88%	87%	88%	86%	88%	88%
Net Registration Revenue	\$51,433	\$69,741	\$60,893	\$46,386	\$61,170	\$87,645	\$76,632	\$60,151	\$228,453	\$285,597	\$346,829
% Y/Y Growth	13%	15%	17%	18%	19%	26%	26%	30%	16%	25%	21%
Registrations	13,931	22,926	23,513	17,305	15,900	27,078	27,629	20,512	77,675	91,120	104,788
% Y/Y Growth	8%	7%	15%	13%	9%	15%	15%	15%	11%	17%	15%
Average Revenue per Registration	3.69	3.04	2.59	2.68	3.85	3.24	2.77	2.93	2.94	3.13	3.31
% Y/Y Growth	4.4%	7.8%	1.8%	4.6%	4.2%	6.4%	7.1%	9.4%	4.5%	6.6%	5.6%
Software Revenue	\$11,675	\$15,812	\$15,448	\$19,092	\$20,745	\$23,274	\$22,445	\$26,474	\$62,027	\$92,938	\$112,455
% Y/Y Growth	26%	49%	50%	92%	34%	20%	19%	13%	55%	50%	21%
Marketing Services Revenue	\$9,604	\$13,452	\$13,287	\$10,567	\$10,276	\$15,739	\$15,413	\$12,152	\$46,910	\$53,580	\$62,153
% Y/Y Growth	16%	28%	24%	-15%	7%	17%	16%	15%	12%	14%	16%
% Q/Q Growth	-23%	40%	-1%	-20%	-3%	53%	-2%	-21%	--	--	--
% of Total Net Revenue	13%	14%	15%	14%	11%	12%	13%	12%	14%	12%	12%

Source: UBS estimates

Table 7: ACTV DCF (\$MM)

	2012													
	2011A	Q1 12E	Q2 12E	Q3 12E	Q4 12E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E
Revenue	\$337	\$92	\$127	\$114	\$99	\$521	\$591	\$661	\$733	\$808	\$888	\$973	\$1,065	\$1,166
% Y/Y Growth	21%	27%	28%	28%	30%	21%	13%	12%	11%	10%	10%	10%	9%	10%
EBITDA	\$36	(\$4)	\$26	\$19	\$7	\$90	\$99	\$106	\$118	\$130	\$145	\$164	\$185	\$209
% Margin	11%	(4%)	20%	17%	7%	17%	17%	16%	16%	16%	16%	17%	17%	18%
% Y/Y Growth	43	(244)	26	50	1,928	86	10	7	11	10	12	13	13	13
Implied Taxes on Operations	(\$46)	(\$0)	(\$2)	(\$3)	\$72	(\$0)	(\$20)	(\$22)	(\$24)	(\$27)	(\$30)	(\$34)	(\$38)	(\$43)
% Effective Tax Rate	126%	(5%)	9%	18%	(1,000%)	0%	21%	21%	21%	21%	21%	21%	21%	21%
Capital Expenditures	(\$12)	(\$4)	(\$5)	(\$5)	(\$5)	(\$25)	(\$28)	(\$32)	(\$35)	(\$39)	(\$43)	(\$47)	(\$51)	(\$56)
% Y/Y Growth	(18%)	32%	120%	31%	54%	32%	13%	14%	11%	10%	10%	10%	9%	10%
Change in Net Working Capital	\$69	\$2	\$27	(\$11)	(\$9)	\$42	\$13	\$29	\$20	\$29	\$28	\$30	\$32	\$36
Tax Benefit from NOL Carryforwards	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Acquisitions Not Reflected on Balance Sheet / \$	--	0	0	0	0	0	0	0	0	0	0	0	0	0
Unlevered Free Cash Flow	\$48	(\$5)	\$46	(\$0)	\$66	\$107	\$64	\$82	\$78	\$93	\$101	\$114	\$128	\$146
NPV at 12/31/11 Valuation Date and 11.5% WACC	(\$5)	\$44	(\$0)	\$59	\$91	\$49	\$56	\$48	\$51	\$49	\$50	\$50	\$51	\$52
Perpetuity Growth Rate / Terminal Value at 11.5% WACC														
3.5%	4.0%	4.5%	5.0%	5.5%										
\$2,050	\$2,196	\$2,363	\$2,556	\$2,780										
Implied Terminal Value / Terminal EBITDA Multiple														
9.8x	10.5x	11.3x	12.2x	13.3x										
\$2,050	\$2,196	\$2,363	\$2,556	\$2,780										
Median DCF Valuation at 12/31/11 Valuation Date														
NPV of Cash Flows and Terminal Value						\$1,343								
Plus: Net Cash						104								
Implied Equity Value						\$1,447								
Implied Fully Diluted Shares Outstanding (MM)						65								
Implied Equity Value per Share						\$22								
WACC														
10%		\$24	\$25	\$26	\$27									
11%		22	23	24	25									
12%		21	22	22	23									
13%		20	20	21	22									
14%		19	19	20	21									
Equity Value per Share														

Source: UBS estimates

Table 8: Internet and Interactive Entertainment Comp Sheet Estimates

(\$MMs, except EPS)	Company	Ticker	Rating	Market Cap		Revenue				EBITDA				EPS ¹				FCF ²		12E Margin		
						UBS Estimate		Consensus		UBS Estimate		Consensus		UBS Estimate		Consensus				Gross	Operating	
				2/24/2012		2012E	2013E	2012E	2013E	2012E	2013E	2012E	2013E	2012E	2013E	2012E	2013E	2012E	2013E			
Interactive Entertainment																						
Activision	ATVI	Buy	\$14,177	4,633	4,889	4,585	4,758	1,806	2,009	1,627	1,814	0.96	1.05	0.95	1.05	2,012	1,600	67.2	30.9			
Electronic Arts	EA	Buy	5,682	4,182	4,460	4,170	4,502	598	725	558	714	0.89	1.24	0.86	1.16	1,142	(\$596)	64.6	10.6			
GameStop	GME	NR	3,223	--	--	9,946	9,962	--	--	834	859	--	--	2.87	3.16	435	467	--	--			
TakeTwo	TTWO	Neutral	1,401	820	1,840	818	1,825	(\$28)	379	(21)	333	(\$0.66)	2.60	(0.64)	2.81	(\$69)	296	37.6	(\$5.0)			
THQ Inc.	THQI	Neutral	41	801	409	808	457	(\$130)	(\$108)	(71)	(23)	(\$1.77)	(\$1.43)	(1.69)	(0.49)	48	18	24.9	(\$17.5)			
Advertising & Related Services																						
Google	GOOG	Buy	198,030	36,136	42,245	35,355	41,924	19,711	23,732	19,055	22,634	43.88	50.45	42.41	50.03	13,508	19,926	85.3	47.9			
Yahoo!	YHOO	Neutral	19,108	4,432	4,806	4,441	4,590	1,395	1,680	1,391	1,451	0.86	1.03	0.81	0.91	946	975	78.3	18.4			
LinkedIn	LKD	Buy	8,806	869	1,208	871	1,277	174	271	168	286	0.73	1.17	0.62	1.09	67	98	84.2	11.5			
IAC / InterActiveCorp	IACI	Neutral	4,429	2,487	2,692	2,527	2,789	421	493	471	549	2.31	2.88	2.64	3.19	263	247	62.6	14.7			
TripAdvisor	TRIP	Neutral	4,136	751	881	748	882	316	400	323	391	1.40	1.63	1.37	1.66	277	213	98.3	38.9			
WebMD	WBMD	NR	1,424	--	--	557	518	--	--	122	126	--	--	1.22	0.46	102	12	--	--			
ValueClick	VCLK	Neutral	1,702	715	777	712	794	224	236	221	251	1.20	1.30	1.18	1.40	156	159	59.7	30.1			
AOL	AOL	Buy	1,806	2,114	2,070	2,109	2,088	317	317	313	304	0.88	1.02	0.39	0.56	207	98	36.5	8.9			
EarthLink	ELNK	NR	796	--	--	1,330	1,335	--	--	293	316	--	--	0.15	0.30	--	(\$124)	--	--			
comScore	SCOR	NR	759	--	--	278	323	--	--	58	70	--	--	0.19	0.46	--	46	--	--			
Demand Media	DMD	Buy	705	339	399	341	390	92	135	94	115	0.31	0.45	0.30	0.39	69	104	0.5	1.0			
Marchex	MCHX	NR	180	--	--	151	170	--	--	20	27	--	--	0.23	0.32	--	23	--	--			
Zillow	Z	NR	816	--	--	103	146	--	--	22	36	--	--	0.27	0.62	--	14	--	--			
United Online	UNTD	NR	466	--	--	890	--	--	--	142	35,001	--	--	0.81	--	--	112	--	--			
Quinstreet	QNST	Buy	508	398	456	396	436	83	91	82	90	0.94	1.00	0.95	1.03	50	59	25.9	10.8			
eCommerce																						
Amazon.com	AMZN	Neutral	82,854	63,449	79,661	62,788	80,516	3,316	5,253	2,348	3,673	1.60	3.44	1.31	2.70	2,836	6,701	22.0	2.1			
eBay	EBAY	Buy	47,088	13,965	16,130	13,816	15,797	4,441	5,290	4,442	5,107	2.32	2.71	2.29	2.65	3,687	3,932	71.4	27.0			
Groupon	GRPN	NR	12,320	--	--	2,356	3,000	--	--	379	805	--	--	0.29	0.83	--	582	--	--			
Mercado Libre	MELI	NR	4,282	--	--	299	394	--	--	148	203	--	--	1.76	2.34	65	90	--	--			
Digital River	DRIV	NR	647	--	--	432	496	--	--	94	113	--	--	1.36	1.76	--	45	--	--			
Active Network Inc.	ACTV	Buy	840	432	521	409	493	48	90	51	69	(\$0.62)	0.03	(0.06)	0.19	37	108	55.3	(2.8)			
OpenTable Inc	OPEN	NR	1,136	--	--	206	206	--	--	70	89	--	--	2.01	2.48	--	51	--	--			
Online Entertainment																						
Netflix	NFLX	Neutral	6,260	3,742	4,431	3,649	4,244	163	527	96	387	(\$0.09)	3.00	(0.23)	2.59	(\$283)	355	26.8	1.3			
Rovi Corp	ROVI	NR	3,781	--	--	773	882	--	--	362	414	--	--	2.54	3.10	--	314	--	--			
Pandora	P	NR	2,101	--	--	276	418	--	--	3	7	--	--	(0.03)	0.00	--	(\$13)	--	--			
TiVo Inc.	TIVO	Buy	1,450	234	263	191	237	(\$28)	0	(32)	(18)	(\$0.50)	(\$0.27)	0.54	(0.35)	(\$19)	20	57.5	(12.9)			
Rentrak Corp	RENT	NR	246	--	--	91	100	--	--	5	7	--	--	(0.16)	0.13	--	6	--	--			

(1) All figures represent "Operating EPS", defined to excludes SBC and 1x items as per Mgmt, except the following companies which are GAAP: ACTV, AMZN, NFLX, TIVO, VCLK

(2) FCF for non-covered companies are FirstCall means

(3) EA 2012E = Fiscal year ending 03/2012; 2013E = Fiscal Year ending 03/2013

(4) THQI 2012E = Fiscal year ending 03/2012; 2013E = Fiscal Year ending 03/2013

(5) TTWO 2012E = Fiscal year ending 3/2012; 2013E = Fiscal Year ending 3/2013

(6) TIVO 2012E = Fiscal year ending 01/2012; 2013E = Fiscal Year ending 01/2013

Source: FactSet, UBS estimates

Table 9: Internet and Interactive Entertainment Comp Sheet Valuations

Company	Ticker	Rating	Price	Firm	Firm Value /	12-15E	Price / Earnings	12-15E	2012E	12-15E	2012E
			02/23/12	Target	Upside to Target	YTD Performance		EPS CAGR	P/E to Growth	FCF CAGR	FCF Yield (%)
Interactive Entertainment											
Activision	ATVI	Buy	\$12.17	\$16	28%	-1%	\$10,590	6x	5x	9	1.5
Electronic Arts	EA	Buy	\$17.19	30	75	-17%	4,116	7	6	10	1.3
GameStop	GME	NR	\$23.29	--	--	-3%	2,904	3	3	--	--
TakeTwo	TTWO	Neutral	\$15.56	16.50	6	15%	1,260	--	3	-279	--
THQ Inc.	THQI	Neutral	\$0.60	0.60	0	-21%	22	--	--	-67	--
weighted average						-4%		5	5		
mean						-5%		5	4		
Advertising & Related Services											
Google	GOOG	Buy	\$606.11	800	32	-6%	155,600	8	7	14	1.2
Yahoo!	YHOO	Neutral	\$14.78	17	13	-8%	2,213	2	1	5	2.0
LinkedIn	LNUK	Buy	\$91.46	110	21	45%	8,212	99	90	59	1.3
IAC / InterActiveCorp	IACI	Neutral	\$45.53	47	3	7%	3,587	9	7	11	1.5
TripAdvisor	TRIP	Neutral	\$30.59	29	-4	21%	4,333	14	11	18	1.5
WebMD	WBMD	NR	\$25.27	--	--	-33%	1,123	9	9	--	--
ValueClick	VCLK	Neutral	\$20.49	19	-7	26%	1,724	8	7	4	3.2
AOL	AOL	Buy	\$18.44	22	19	22%	1,465	5	5	3	1.1
EarthLink	ELNK	NR	\$7.50	--	--	16%	1,210	4	4	--	11
comScore	SCOR	NR	\$22.99	--	--	8%	734	13	10	--	11
Demand Media	DMD	Buy	\$6.95	9	29	5%	619	7	5	23	1.6
Marchex	MCHX	NR	\$4.83	--	--	-23%	143	7	5	--	8
Zillow	Z	NR	\$29.61	--	--	32%	739	34	21	--	18
United Online	UNTD	NR	\$5.21	--	--	-4%	624	4	--	--	(5)
QuinStreet	QNST	Buy	\$11.07	12	8	18%	471	6	5	10	1.2
weighted average						1%		13	11		
mean						9%		15	13		
eCommerce											
Amazon.com	AMZN	Neutral	\$178.89	195	9	3%	73,442	22	14	32	1.8
eBay	EBAY	Buy	\$36.02	45	26	19%	36,617	8	7	16	1.0
Groupon	GRPN	NR	\$19.39	--	--	-6%	12,216	32	15	--	--
Mercado Libre	MELI	NR	\$97.00	--	--	22%	4,159	28	20	--	--
Digital River	DRIV	NR	\$18.23	--	--	21%	281	3	2	--	--
Active Network Inc.	ACTV	Buy	\$15.49	22	45	14%	737	15	8	30	--
OpenTable Inc	OPEN	NR	\$47.85	--	--	22%	1,086	15	12	--	--
weighted average						8%		19	12		
mean						6%		16	12		
Online Entertainment											
Netflix	NFLX	Neutral	\$112.99	105	-7	63%	6,601	40	13	77	--
Rovi Corp	ROVI	NR	\$34.37	--	--	40%	4,356	12	11	--	--
Pandora	P	NR	\$13.02	--	--	30%	2,010	706	297	--	--
TiVo Inc.	TIVO	Buy	\$12.00	14	15	34%	1,013	--	2393	(36)	--
Rentrak Corp	RENT	NR	\$22.33	--	--	56%	222	45	31	--	--
weighted average						46%		118	213		
mean						35%		162	458		
								5	23	46	0.0
								19	59	69.2	0.6
										4	13
										48	14
										-108	2.6%
										-138	8.3%

(1) Firm Value equal to Equity Value plus straight and convertible debt, straight and convertible preferred stock, and minority interest less cash and cash equivalents, marketable securities, and equity in unconsolidated affiliates.

Valuation metrics of non-covered companies are based on FirstCall mean estimates

(2) EA 2012E = Fiscal year ending 03/2012; 2013E = Fiscal Year ending 03/2013

(3) THQI 2012E = Fiscal year ending 03/2012; 2013E = Fiscal Year ending 03/2013

(4) TTWO 2012E = Fiscal year ending 10/2011; 2013E = Fiscal Year ending 10/2012

(5) TIVO 2012E = Fiscal year ending 01/2012; 2013E = Fiscal Year ending 01/2013

Source: FactSet, UBS estimates

The Active Network, Inc.

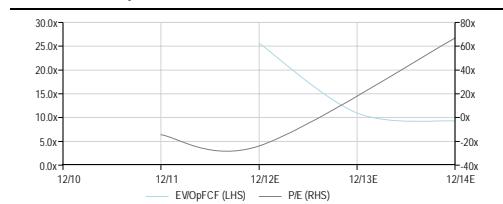
Income statement (US\$k)	12/07	12/08	12/09	12/10	12/11	12/12E	% ch	12/13E	% ch	12/14E	% ch
Revenues	-	-	242,884	279,600	337,390	432,115	28.1	521,437	20.7	590,969	13.3
Operating expenses (ex depn)	-	-	(227,138)	(254,480)	(301,354)	(383,819)	27.4	(431,424)	12.4	(491,798)	14.0
EBITDA (UBS)	-	-	15,746	25,120	36,036	48,296	34.0	90,013	86.4	99,170	10.2
Depreciation	-	-	(36,079)	(40,287)	(44,857)	(60,599)	35.1	(65,340)	7.8	(54,177)	-17.1
Operating income (EBIT, UBS)	-	-	(20,333)	(15,167)	(8,821)	(12,303)	39.5	24,673	-	44,993	82.4
Other income & associates	-	-	0	0	0	0	-	0	-	0	-
Net interest	-	-	(3,847)	(4,833)	(2,785)	(271)	-90.3	(240)	-11.5	(175)	-27.0
Abnormal items (pre-tax)	-	-	0	0	0	0	-	0	-	0	-
Profit before tax	-	-	(24,180)	(20,000)	(11,606)	(12,574)	8.3	24,433	-	44,818	83.4
Tax	-	-	(2,439)	(1,924)	4,074	(3,183)	-	(977)	-69.3	(9,188)	840.1
Profit after tax	-	-	(26,619)	(21,924)	(7,532)	(15,757)	109.2	23,456	-	35,630	51.9
Abnormal items (post-tax)	-	-	0	0	0	0	-	0	-	0	-
Minorities / pref dividends	-	-	0	0	0	0	-	0	-	0	-
Net income (local GAAP)	-	-	(26,619)	(21,924)	(7,532)	(15,757)	109.2	23,456	-	35,630	51.9
Net Income (UBS)	-	-	(63,633)	(67,244)	(39,000)	(36,670)	-6.0	1,707	-	13,011	662.4
Tax rate (%)	-	-	0	0	0	0	-	4	-	21	412.5
Pre-abnormal tax rate (%)	-	-	0	0	0	0	-	4	-	21	412.5
Per share (US\$)	12/07	12/08	12/09	12/10	12/11	12/12E	% ch	12/13E	% ch	12/14E	% ch
EPS (local GAAP)	-	-	(4.54)	(3.10)	(0.21)	(0.26)	26.7	0.38	-	0.57	48.2
EPS (UBS)	-	-	(10.86)	(9.50)	(1.08)	(0.62)	-43.0	0.03	-	0.21	643.7
Net DPS	-	-	0.00	0.00	0.00	0.00	-	0.00	-	0.00	-
Cash EPS	-	-	(4.70)	(3.81)	0.16	0.43	162.5	1.20	181.6	1.20	-0.3
BVPS	-	-	4.21	3.89	6.40	5.94	-7.2	5.96	0.5	6.20	3.9
Balance sheet (US\$k)	12/07	12/08	12/09	12/10	12/11	12/12E	% ch	12/13E	% ch	12/14E	% ch
Cash and equivalents	-	-	26,381	31,441	108,699	122,345	12.6	197,556	61.5	252,090	27.6
Other current assets	-	-	31,229	38,277	74,310	82,344	10.8	106,112	28.9	115,546	8.9
Total current assets	-	-	57,610	69,718	183,009	204,689	11.8	303,669	48.4	367,637	21.1
Net tangible fixed assets	-	-	26,742	28,181	33,830	53,764	58.9	48,123	-10.5	50,418	4.8
Net intangible fixed assets	-	-	290,268	285,334	378,753	339,287	-10.4	314,660	-7.3	285,963	-9.1
Investments / other assets	0	0	7,251	7,315	3,635	4,152	14.2	4,395	5.8	4,631	5.4
Total assets	-	-	381,871	390,548	599,227	601,893	0.4	670,846	11.5	708,649	5.6
Trade payables & other ST liabilities	-	-	101,155	131,073	185,263	220,538	79.0	267,121	21.1	294,548	10.3
Short term debt	-	-	131	1,630	42,613	25,344	-40.5	42,984	69.6	38,280	-10.9
Total current liabilities	-	-	101,286	132,703	227,876	245,882	7.9	310,106	26.1	332,828	7.3
Long term debt	-	-	41,402	33,553	7,799	8,262	5.9	9,810	18.7	10,187	3.8
Other long term liabilities	-	-	16,318	17,960	16,913	16,913	0.0	16,913	0.0	16,913	0.0
Total liabilities	-	-	159,006	184,216	252,588	271,057	7.3	336,829	24.3	359,928	6.9
Equity & minority interests	-	-	222,865	206,332	346,639	330,836	-4.6	334,017	1.0	348,721	4.4
Total liabilities & equity	-	-	381,871	390,548	599,227	601,893	0.4	670,846	11.5	708,649	5.6
Cash flow (US\$k)	12/07	12/08	12/09	12/10	12/11	12/12E	% ch	12/13E	% ch	12/14E	% ch
Net income	-	-	(26,619)	(21,924)	(7,532)	(15,757)	109.2	23,456	-	35,630	51.9
Depreciation	-	-	36,079	40,287	44,857	60,599	35.1	65,340	7.8	54,177	-17.1
Net change in working capital	-	-	18,137	21,461	69,307	9,918	-85.7	41,761	321.1	13,429	-67.8
Other (operating)	-	-	11,184	6,539	8,723	22,166	154.1	23,224	4.8	24,313	4.7
Net cash from operations	-	-	38,781	46,363	115,355	76,926	-33.3	153,781	99.9	127,548	-17.1
Capital expenditure	-	-	(10,449)	(14,767)	(12,067)	(18,546)	53.7	(24,508)	32.1	(27,776)	13.3
Net (acquisitions) / disposals	-	-	0	0	0	0	-	0	-	0	-
Other changes in investments	-	-	(15,519)	(17,958)	(80,875)	(22,522)	-	(10,564)	-	0	-
Cash from investing activities	-	-	(25,968)	(32,725)	(92,942)	(41,068)	-55.8	(35,071)	-14.6	(27,776)	-20.8
Increase/(decrease) in debt	-	-	0	0	0	0	-	0	-	0	-
Share issues / (repurchases)	-	-	(8,514)	(4,349)	94,592	(1,299)	-	(21,749)	-	(22,619)	-
Dividends paid	-	-	0	0	0	0	-	0	-	0	-
Other cash from financing	-	-	0	0	0	0	-	0	-	0	-
Cash from financing activities	-	-	(8,514)	(4,349)	94,592	(1,299)	-	(21,749)	1573.9	(22,619)	4.0
Cash flow chge in cash & equivalents	-	-	4,299	9,289	117,005	34,559	-	96,961	-	77,153	-
FX / non cash items	-	-	-	(4,229)	(39,747)	(20,913)	-92.5	(21,749)	896.8	(22,619)	-55.3
Bal sheet chge in cash & equivalents	-	-	-	5,060	77,258	13,646	-	75,211	-	54,534	-
Core EBITDA	-	-	15,746	25,120	36,036	48,296	34.0	90,013	86.4	99,170	10.2
Maintenance capital expenditure	-	-	(10,449)	(14,767)	(12,067)	(18,546)	53.7	(24,508)	32.1	(27,776)	13.3
Maintenance net working capital	-	-	0	0	0	0	-	0	-	0	-
Operating free cash flow, pre-tax	-	-	5,297	10,353	23,969	29,750	24.1	65,505	120.2	71,395	9.0

Source: Company accounts, UBS estimates. (UBS) valuations are stated before goodwill-related charges and other adjustments for abnormal and economic items at the analysts' judgement. Note: For some companies, the data represents an extract of the full company accounts.

Company profile

Active Network is the leading provider of organization-based cloud computing applications. The company provides technology and marketing solutions for event organizers, community organizations, and consumer brands. Active Network serves a wide range of customers, including community and sports organizations, large corporations, small and medium-sized businesses, educational institutions, government agencies, non-profit organizations, and other similar entities.

Value (EV/OpFCF & P/E)



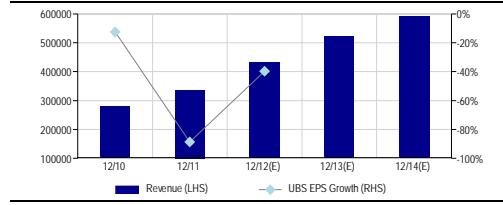
Profitability



ROE v Price to book value



Growth (UBS EPS)



The Active Network, Inc.

Valuation (x)	5Yr Avg	12/10	12/11	12/12E	12/13E	12/14E
P/E (local GAAP)	-	-	NM	NM	40.3	27.2
P/E (UBS)	-	-	NM	NM	NM	74.5
P/CEPS	-	-	NM	36.3	12.9	12.9
Net dividend yield (%)	-	-	0.0	0.0	0.0	0.0
P/BV	-	-	2.4	2.6	2.6	2.5
EV/revenue (core)	-	-	2.4	1.8	1.4	1.1
EV/EBITDA (core)	-	-	22.5	15.8	8.0	6.7
EV/EBIT (core)	-	-	NM	NM	29.2	14.7
EV/OpFCF (core)	-	-	NM	25.7	11.0	9.3
EV/op. invested capital	-	-	3.3	2.9	3.4	4.0

Enterprise value (US\$K)	12/10	12/11	12/12E	12/13E	12/14E
Average market cap	-	841,888	839,558	839,558	839,558
+ minority interests	0	0	0	0	0
+ average net debt (cash)	9,447	(27,273)	(73,513)	(116,750)	(174,192)
+ pension obligations and other	0	0	0	0	0
- non-core asset value	(2,315)	(2,133)	(2,650)	(2,893)	(3,129)
Core enterprise value	-	812,483	763,395	719,915	662,237

Growth (%)	5Yr Avg	12/10	12/11	12/12E	12/13E	12/14E
Revenue	-	15.1	20.7	28.1	20.7	13.3
EBITDA (UBS)	-	59.5	43.5	34.0	86.4	10.2
EBIT (UBS)	-	-25.4	-41.8	39.5	-	82.4
EPS (UBS)	-	-12.5	-88.6	-39.6	-	NM
Cash EPS	-	-19.0	-	162.5	181.6	-0.3
Net DPS	-	-	-	-	-	-
BVPS	-	-7.4	64.2	-7.2	0.5	3.9

Margins (%)	5Yr Avg	12/10	12/11	12/12E	12/13E	12/14E
EBITDA / revenue	-	9.0	10.7	11.2	17.3	16.8
EBIT / revenue	-	-5.4	-2.6	-2.8	4.7	7.6
Net profit (UBS) / revenue	-	NM	NM	NM	0.3	2.2

Return on capital (%)	5Yr Avg	12/10	12/11	12/12E	12/13E	12/14E
EBIT ROIC (UBS)	-	NM	NM	NM	11.6	27.4
ROIC post tax	-	NM	NM	NM	11.1	21.8
Net ROE	-	(31.3)	(14.1)	(10.8)	0.5	3.8

Coverage ratios (x)	5Yr Avg	12/10	12/11	12/12E	12/13E	12/14E
EBIT / net interest	-	-	-	-	NM	NM
Dividend cover (UBS EPS)	-	-	-	-	-	-
Div. payout ratio %, UBS EPS	-	-	-	-	-	-
Net debt / EBITDA	-	0.1	NM	NM	NM	NM

Efficiency ratios (x)	5Yr Avg	12/10	12/11	12/12E	12/13E	12/14E
Revenue / op. invested capital	-	1.3	1.4	1.6	2.4	3.6
Revenue / fixed assets	-	0.9	0.9	1.1	1.4	1.7
Revenue / net working capital	-	NM	NM	NM	NM	NM

Investment ratios (x)	5Yr Avg	12/10	12/11	12/12E	12/13E	12/14E
OpFCF / EBIT	-	NM	NM	NM	2.7	1.6
Capex / revenue (%)	-	5.3	3.6	4.3	4.7	4.7
Capex / depreciation	-	0.4	0.3	0.3	0.4	0.5

Capital structure (%)	5Yr Avg	12/10	12/11	12/12E	12/13E	12/14E
Net debt / total equity	-	1.8	(16.8)	(26.8)	(43.3)	(58.4)
Net debt / (net debt + equity)	-	1.8	(20.2)	(36.7)	(76.5)	NM
Net debt (core) / EV	-	-	(3.4)	(9.6)	(16.2)	(26.3)

Source: Company accounts, UBS estimates. (UBS) valuations are stated before goodwill-related charges and other adjustments for abnormal and economic items at the analysts' judgement.

Valuations: based on an average share price that year, (E): based on a share price of US\$15.49 on 23 Feb 2012 19:40 EST Market cap(E) may include forecast share issues/buybacks.

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■ The Active Network, Inc.

Active Network is the leading provider of organization-based cloud computing applications. The company provides technology and marketing solutions for event organizers, community organizations, and consumer brands. Active Network serves a wide range of customers, including community and sports organizations, large corporations, small and medium-sized businesses, educational institutions, government agencies, non-profit organizations, and other similar entities.

■ Statement of Risk

Risks include 1) integration of recent acquisitions and impact on margins, 2) new business model and limited history of profitability, 3) difficulty attracting new customers and transitioning existing customers to ActiveWorks. Additional concerns include the failure to compete successfully against current or future competitors, failure to comply with data privacy laws and regulations, and inability to expand business outside North America. The company's failure to expand customers' use of its applications and to increase the percentage of participants who register through its website are two additional risks.

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UBS 12-Month Rating	Rating Category	Coverage ¹	IB Services ²
Buy	Buy	57%	36%
Neutral	Hold/Neutral	37%	35%
Sell	Sell	7%	17%
UBS Short-Term Rating	Rating Category	Coverage ³	IB Services ⁴
Buy	Buy	less than 1%	0%
Sell	Sell	less than 1%	12%

1:Percentage of companies under coverage globally within the 12-month rating category.

2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

3:Percentage of companies under coverage globally within the Short-Term rating category.

4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Source: UBS. Rating allocations are as of 31 December 2011.

UBS Investment Research: Global Equity Rating Definitions

UBS 12-Month Rating	Definition
Buy	FSR is > 6% above the MRA.
Neutral	FSR is between -6% and 6% of the MRA.
Sell	FSR is > 6% below the MRA.
UBS Short-Term Rating	Definition
Buy	Buy: Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.
Sell	Sell: Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.

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Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months.

Market Return Assumption (MRA) is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium).

Under Review (UR) Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation.

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Equity Price Targets have an investment horizon of 12 months.

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UBS Securities LLC: Brian Pitz; Brian Fitzgerald; Brent Thill.

Company Disclosures

Company Name	Reuters	12-mo rating	Short-term rating	Price	Price date
The Active Network, Inc. ¹⁶	ACTV.N	Buy	N/A	US\$15.49	23 Feb 2012

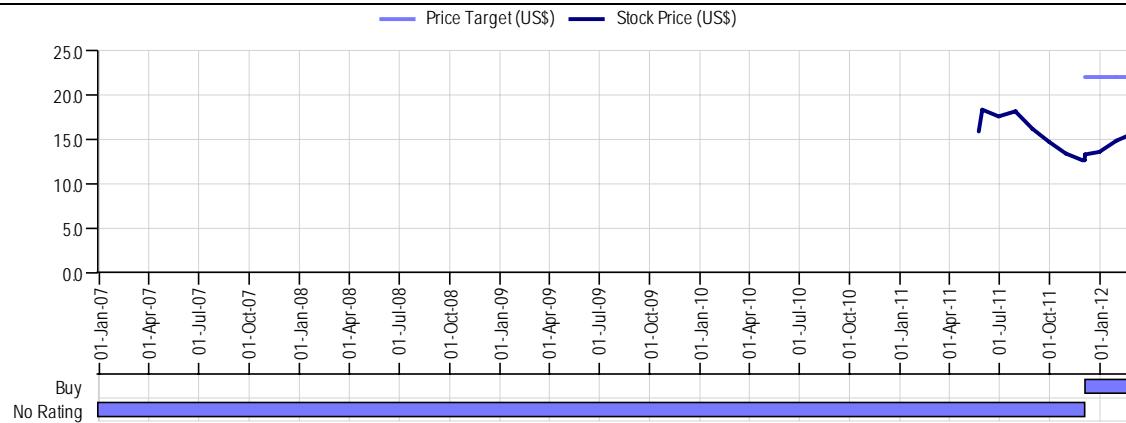
Source: UBS. All prices as of local market close.

Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date

16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report.

The Active Network, Inc. (US\$)



Source: UBS; as of 23 Feb 2012

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The Active Network, Inc.
Buy

ACTV: \$15.49
Price Target: \$19.00

Application Software

ACTV: Strong Finish to 2011 and Guidance Assumes Faster Revenue Growth in 2012

THINK ACTION:

Consistent with our preview, ACTV reported impressive Q4 results above our expectations. Q4 registration revenue grew the fastest in 2011 (+18% y/y), driven by increasing demand, higher revenue per registration, and acquisitions. Software revenue was also strong, helping deliver a solid top-line beat. Management positively surprised the Street by introducing annual guidance (in addition to quarterly) owing to the highly visible, recurring nature of ACTV's business model. Q1 revenue was guided above Consensus too despite deferring some revenue recognition upfront from Starcrite, which is typical for SaaS company acquisitions. We adjust our revenue forecast higher and reiterate our Buy rating.

KEY POINTS:

- Q4 Summary: Revenue beats; EBITDA essentially inline:** Active Network reported a very solid Q4 with both revenue and EBITDA above our estimates. Total revenue of \$76.0M (up 23% y/y) was ~\$1.6M above the Consensus. Revenue upside was mainly driven by higher registration growth, higher ARPU and higher software fees. Specifically, registrations increased 13% y/y (vs. our 12% estimate) while revenue per registration increased 5% y/y (vs. our 1% estimate).
- Q1 revenue guidance above Consensus:** ACTV guided Q1 PF total revenue of \$89.0-93.0M (+22% to +28% y/y), the midpoint of which is \$2.0M above the Consensus of \$89.0M. Adjusted EBITDA was guided to (\$5M) - (\$3M) owing to lower acquired Starcrite revenue (owing to accounting rules) and integration costs.
- Initiating 2012 guidance: Revenue above Consensus, adjusted EBITDA slightly below Consensus.** 2012 PF total revenue was introduced at \$425-435M (+26% to +29% y/y, +12% to +14% organic y/y), which is above the Consensus of \$412M. Management guides 2012 adjusted EBITDA of \$46-50M (+20% to +31% y/y), the midpoint of which is slightly below the Consensus of \$48.9M.

Positives

1) Guided 2012 total revenue midpoint ~4% above Consensus; 2) guided 2012 EBITDA to grow 20% to 30% y/y, which was above our +23% estimate; 3) The company extended its guidance from quarterly to quarterly and annual, which we view as a sign of improved revenue visibility and increasing confidence in the model; 4) Registration revenue grew 18% y/y in Q4, the fastest registrations revenue growth in 2011, and a slight acceleration from +17% last quarter; 5) 2011 number of registrations grew 14% y/y to ~80M; 6) Retention rates (on a \$ basis) was < 5%, which places ACTV among top tier SaaS vendors for customer retention; 7) Software revenue grew 92% y/y in Q4, an acceleration from 49% last quarter; and 8) Acquired Starcrite to become the only SaaS based Business Events software vendor to offer meetings management capabilities combined with process management.

Negatives

1) Marketing services revenue decreased 15% y/y in Q4 owing to a mix shift in Q2/Q3; 2) PF gross margin declined 140bps sequentially to 60.7% owing to timing of revenue recognition on larger marketing services deals; and 3) 2012 revenue guidance assumes faster growth with occur in the second half, partially owing to deferred revenue recognition from Starcrite.

Brian Schwartz

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Changes	Current	Previous
Rating	Buy	--
Price Target	\$19.00	--
FY11A REV (M)	\$337.3A	\$334.3A
FY12E REV (M)	\$430.0E	\$424.7E
FY11A EPS	\$0.07A	(\$0.05)A
FY12E EPS	\$0.05E	\$0.13E

52-Week High:	\$19.99
52-Week Low:	\$12.30
Shares O/S-Diluted (M):	54.1
Market Cap (M):	\$838.0
Average Daily Volume:	278,246
Short Interest:	2.5%
Debt/Total Cap:	0.3%
Net Cash Per Share:	\$1.98
P/E (12-month forward):	NA
Est. Long-Term EPS Growth:	35.0%
P/E/G:	NM
Fiscal Year-End:	Dec

REV (M) \$	2010A	2011A	2012E
Mar	63.2A	72.7A	91.1E
Jun	81.7A	99.0A	123.9E
Sep	73.1A	89.6A	115.1E
Dec	61.6A	76.0A	99.9E
FY	279.6A	337.3A	430.0E
FY P/S	3.0x	2.5x	1.9x

EPS \$	2010A	2011A	2012E
Mar	(0.19)A	(0.12)A	(0.28)E
Jun	0.05A	0.18A	0.14E
Sep	0.01A	0.05A	0.14E
Dec	(0.12)A	(0.03)A	0.05E
FY	(0.25)A	0.07A	0.05E
FY P/E	NM	221.3x	309.8x

EPS is Non-GAAP



Other Key Quarterly Metrics

- Registration revenue of \$46.4M (+18% y/y) was slightly above our \$44.4M estimate. Registrations increased 13% y/y (vs. our +12% estimate) while revenue per registration increased 5% (vs. our 1% estimate).
- Software revenue was \$19.1M (+92% y/y) and exceeded our \$13.9M estimate.
- Net registration revenue was up 18% y/y, versus our estimate of +13% y/y.
- Registrations were up 13% y/y to 17,305, versus our estimate of 12% and 17,200, respectively.
- Net registration revenue per registration was up 5% y/y to \$2.68, which exceeded our estimated growth of +1%.
- 60% of R&D spend in Q4 was on ActiveWorks while 40% was on legacy products.
- The company ended Q4 with ~\$107M in net cash.

Source: *Company reports*

VALUATION:

Currently, ACTV shares trade 15x EV/2012E EBITDA. Our \$19 price target for ACTV shares is based on the same EV/EBITDA multiple (i.e., 15x) applied to our 2013 EBITDA estimate of \$60M. We roll over the valuation multiple to the out year and believe this multiple is appropriate since the business has a highly predictable revenue stream and the multiple is below our 20% long-term CAGR expectation. ACTV shares also trade at 1.7x EV/FTM estimated revenue, which is a 50% discount to the current SaaS companies' group average of 4.2x. Our \$19 per-share price target for ACTV shares is also based on 1.9x our EV/2013E revenue estimate of \$485M, as we use a similar valuation multiple in the out year. We think ACTV shares should continue to trade at a discount to the SaaS group average on EV/Rev's owing to its higher services revenue mix and lower gross margins than most SaaS vendors. We use a 50% multiple discount to the group average to reflect the model differences.

RISKS TO PRICE TARGET:

Risks to our price target include: 1) acquisition integration challenges; 2) macroeconomic fluctuations; 3) increased churn; 4) failure to demonstrate leverage to R&D spend; and 5) failure to expand into other verticals and geographies.

COMPANY DESCRIPTION:

Active Network is a cloud computing applications provider serving the outdoor, sports, community, and corporate business segments. Its products and solutions allow organizations to automate online registrations, automate workflow processes and better manage their activities. The company introduced its technology platform in 1999 and has become over time the largest online site for a broad range of consumer and corporate activities. Active Network maintains its headquarters in San Diego, California.

The Active Network

Income Statement

\$ in millions, except per share)

	2010		2011						2012E					2013E				
	FY		Q1	Q2	Q3	Q4	FY	Q1E	Q2E	Q3E	Q4E	FY	Q1E	Q2E	Q3E	Q4E	FY	
	2009	2010	Mar-11	Jun-11	Sep-11	Dec-11	2011	Mar-12	Jun-12	Sep-12	Dec-12	2012E	Mar-13	Jun-13	Sep-13	Dec-13	2013E	
Technology	210.5	237.7	63.1	85.6	76.3	65.5	290.4	76.3	104.2	95.0	82.5	358.1	85.5	117.8	106.4	91.2	400.8	
Y/Y % Change		13%	15%	20%	22%	33%	22%	21%	22%	25%	26%	23%	12%	13%	12%	11%	12%	
Q/Q % Change			28%	36%	-11%	-14%		17%	37%	-9%	-13%		4%	38%	-10%	-14%		
% of Total Rev	86.7%	85.0%	86.8%	86.4%	85.2%	86.1%	86.1%	83.8%	84.1%	82.6%	82.6%	83.3%	83.2%	83.6%	81.9%	81.7%	82.6%	
Marketing Services	32.4	41.9	9.6	13.5	13.3	10.6	46.9	14.8	19.7	20.0	17.4	72.0	17.3	23.1	23.5	20.4	84.2	
Y/Y % Change		29%	16%	28%	24%	-15%		12%	54%	47%	51%	65%	53%	17%	17%	17%	17%	
Q/Q % Change			-23%	40%	-1%	-21%		40%	33%	2%	-13%		-1%	33%	2%	-13%		
Total Revenue	242.9	279.6	72.7	99.0	89.6	76.0	337.3	91.1	123.9	115.1	99.9	430.0	102.8	140.8	129.8	111.6	485.0	
Y/Y % Change	40%	15%	15%	21%	23%	23%		21%	25%	25%	29%	31%	27%	13%	14%	13%	12%	
Q/Q % Change			18%	36%	-10%	-15%		20%	36%	-7%	-13%		3%	37%	-8%	-14%		
Cost of Revenue																		
Cost of Technology Revenue		91.0	26.0	33.1	32.4	28.2		119.7	32.1	41.7	39.0	33.8	146.5	35.0	48.3	43.6	37.4	164.3
Technology Margin		58.8%	61.3%	57.6%	56.9%				58.0%	60.0%	59.0%	59.0%		59.0%	59.0%	59.0%	59.0%	
Cost of Marketing Services		6.2	1.2	1.5	1.6	1.7		6.0	2.1	2.8	2.8	2.4	10.1	2.4	3.2	3.3	2.9	11.8
Marketing Services Margin		87.9%	89.0%	88.0%	83.8%				86.0%	86.0%	86.0%	86.0%		86.0%	86.0%	86.0%	86.0%	
Gross Profit	153.2	182.3	45.6	64.4	55.6	46.1	211.7	57.0	79.5	73.3	63.6	273.4	65.3	89.3	82.9	71.3	308.9	
Gross Margin	63.1%	65.2%	62.7%	65.0%	62.1%	60.7%		62.8%	62.5%	64.1%	63.7%	63.7%	63.6%	63.5%	63.4%	63.9%	63.9%	63.7%
Operating Expense																		
Sales and Marketing	49.8	58.5	16.8	18.3	16.8	16.9	68.8	22.0	23.1	20.3	20.1	85.5	24.1	26.5	23.9	23.6	98.2	
% of Total Revenue	20.5%	20.9%	23.0%	18.5%	18.8%	22.2%		20.4%	24.1%	18.6%	17.6%	20.1%	19.9%	23.5%	18.8%	18.4%	21.2%	20.2%
Y/Y % Change	3%	18%	15%	22%	13%	20%		18%	31%	26%	21%	19%	24%	10%	15%	18%	15%	
Research and Development	58.2	60.9	16.1	16.2	17.3	16.3	65.8	20.4	21.2	19.9	17.9	79.4	19.2	23.0	21.9	20.8	84.8	
% of Total Revenue	23.9%	21.8%	22.1%	16.3%	19.3%	21.4%		19.5%	22.4%	17.1%	17.3%	17.9%	18.5%	18.7%	16.3%	16.8%	18.6%	17.5%
General and Administrative	29.7	38.0	10.2	11.1	10.4	14.2	45.8	17.5	17.6	15.5	12.4	63.0	15.1	19.7	18.7	17.8	71.3	
% of Total Revenue	12.2%	13.6%	14.0%	11.2%	11.6%	18.7%		13.6%	19.2%	14.2%	13.5%	12.4%	14.7%	14.7%	14.0%	14.4%	15.9%	14.7%
Total Costs and Expenses	245.8	270.8	73.8	83.9	82.1	81.2	321.0	101.8	112.7	103.9	93.1	411.5	102.3	127.1	117.7	108.8	455.9	
PF Operating Income	3.0	5.8	(1.1)	15.1	7.4	(5.1)	16.3	(10.7)	11.2	11.2	6.8	18.6	0.5	13.7	12.1	2.8	29.1	
PF Operating Margin	1.2%	2.1%	(1.5%)	15.3%	8.3%	(6.7%)		4.8%	(11.7%)	9.1%	9.7%	6.8%	4.3%	0.5%	9.7%	9.3%	2.5%	6.0%
Non-Cash Items/Stock Comp./Other	35.1	26.7	(7.5)	(7.3)	(7.9)	(9.7)		(32.3)	(13.5)	(13.9)	(12.8)	(11.7)	(51.8)	(12.8)	(14.7)	(14.2)	(13.2)	(54.9)
Total Other Income	(3.8)	(4.8)	(1.3)	(1.2)	(0.0)	(0.2)		(2.7)	(0.2)	(0.2)	(0.2)	(0.7)	(0.2)	(0.1)	0.0	0.1	(0.1)	
PF Net Income	(15.3)	(10.1)	(5.3)	10.2	3.1	(1.8)	6.2	(15.8)	8.3	8.2	3.2	2.9	(2.7)	10.6	9.1	(0.1)	16.1	
PF Net Income %	-6.3%	-3.6%	-7.3%	10.3%	3.4%	-2.4%		1.8%	-17.4%	6.7%	7.1%	3.2%	0.7%	-2.6%	7.5%	7.0%	-0.1%	3.3%
GAAP Net Income	(37.9)	(27.2)	(10.9)	5.5	(1.4)	(8.5)	(14.6)	(26.3)	(2.6)	(1.7)	(5.4)	(36.0)	(12.5)	(1.1)	(2.0)	(10.4)	(25.9)	
PF EPS	(\$0.38)	(\$0.25)	(\$0.12)	\$0.18	\$0.05	(\$0.03)	\$0.07	(\$0.28)	\$0.14	\$0.14	\$0.05	\$0.05	(\$0.04)	\$0.17	\$0.14	(\$0.00)	\$0.25	
Y/Y % Change	44.0%	35.8%	34.4%	256.3%	377.7%	72.8%		N/A	(127.8%)	(19.6%)	183.5%	N/A	(27.9%)	84.3%	18.8%	3.4%	N/A	403.6%
GAAP EPS	(\$1.57)	(\$1.33)	(\$0.43)	\$0.03	(\$0.03)	(\$0.16)	(\$0.58)	(\$0.48)	(\$0.05)	(\$0.03)	(\$0.10)	(\$0.65)	(\$0.22)	(\$0.02)	(\$0.03)	(\$0.18)	(\$0.45)	
Fully Diluted Shares Outstanding (M)	40.5	41.7	43.1	57.4	62.8	54.1		54.4	56.5	57.7	58.8	60.0	58.3	61.2	62.4	63.7	64.9	63.1
Adj. EBITDA	15.7	25.1	2.6	20.8	12.7	2.3	38.3	-3.2	18.6	18.4	14.0	47.9	8.1	21.4	19.9	10.7	60.1	
Y/Y Change %			60%	145%	76%	37%	-20%	53%	-222%	-11%	45%	522%	25%	-355%	15%	8%	-24%	25%
Adj. EBITDA margin (%)	6%	9%	4%	21%	14%	3%		11%	-3%	15%	16%	14%	11%	8%	15%	15%	10%	12%
Adj. EBITDA/share	\$0.39	\$0.60	\$0.06	\$0.36	\$0.20	\$0.04	\$0.70	(\$0.06)	\$0.32	\$0.31	\$0.23	\$0.82	\$0.13	\$0.34	\$0.31	\$0.16	\$0.95	

Management Guidance											
Net Revenues (\$M)			84-88	72-76	333-337	89-93					425-435
Registration Growth			5% to 7%	12% to 14%		13% to 15%					
Rev Per Registration Growth			6% to 8%	1% to 3%		3% to 5%					
Net Loss (\$M)			(3.5)-(1.5)	(15)-(13)	(22)-(20)	(27)-(25)					(39) - (35)
Interest, taxes & other (\$M)			0.9								
Depreciation & Amortization (\$M)				11.6	44.0	15.2					
SCB (\$M)				1.6	8.0	5.8					
Adjusted EBITDA (\$M)			10-12	1-3	36.7-38.7	(5) - (3)					46-50

Source: Company reports and ThinkEquity LLC estimates

US \$ Millions, except per share

Balance Sheet	2009	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
		Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
Current Assets:									
Cash and Equivalents	\$26.4			\$36.9	\$31.4	\$60.8	\$157.5	\$139.0	\$108.7
Restricted cash	\$5.0			\$5.0	\$5.0	\$5.0	\$5.0	\$5.0	\$1.5
Accounts Receivable	27.6			39.1	34.1	45.8	55.7	61.2	66.5
Inventories									1.7
Prepaid expense and other current assets	3.7			4.4	4.2	4.9	6.9	6.0	6.2
Total Current Assets	62.6			85.4	74.7	116.5	225.1	211.2	184.5
Long-term Assets:									
PP&E	26.7			28.0	28.2	27.5	26.9	28.9	33.8
Software development costs	27.0			35.7	37.0	39.5	42.2	43.6	45.1
Goodwill	203.0			206.4	207.1	213.5	213.4	213.4	333.7
Deposits and other assets	2.3			2.4	2.3	3.3	2.2	2.0	2.1
Total Assets	381.9			402.8	390.5	440.7	545.0	531.6	599.3
Current Liabilities:									
Accounts Payable	3.4			4.0	5.4	6.4	5.0	4.5	8.5
Registration fees payable	30.2			47.3	40.7	81.2	99.6	76.2	72.4
Accrued expenses	27.6			34.4	32.2	39.6	31.7	36.1	41.1
Deferred Revenue	25.0			35.9	34.0	36.1	46.1	52.7	54.9
Current portion of debt	13.0			14.8	16.9	14.1	0.0	0.0	5.0
Capital lease obligations, current	1.9			2.0	2.0	2.1	2.0	2.9	3.3
Other current liabilities	0.1			2.3	1.6	1.7	2.6	2.6	42.6
Total Current Liabilities	101.3			140.8	132.7	181.2	187.0	174.9	227.9
Long-term Liabilities:									
Debt, net of current portion	35.7			28.5	27.5	27.1	0.0	0.0	0.0
Capital lease obligations, net of current	3.6			1.8	1.7	1.0	1.0	0.6	1.7
Other Long-term liabilities	2.0			1.9	4.4	5.1	5.3	5.6	6.1
Deferred tax liability	16.3			17.8	18.0	19.0	19.7	19.6	16.9
Total Liabilities	159.0			162.3	156.7	206.3	213.0	200.8	252.6
Total Preferred Stock	364.2			385.0	0.0				
Total Shareholders' Equity	-141.3			-144.6	233.9	234.4	332.0	330.8	346.7
Total Liabilities and Equity	381.9			402.8	390.5	440.7	545.0	531.6	599.3

Net Cash

Net Cash	23	35	30	60	157	138	107
Q/Q growth in net cash				-15%			
Days Sales Outstanding				7	6	4	5
Net Cash / Share				\$0.84	\$0.71	\$1.39	\$2.73
						\$2.20	\$1.98

Deferred Revenue & Billings Analysis

Total Deferred Revenue	27	38	38	41	51	58	61
Deferred Revenue Q/Q Absolute Change				1	3	7	3
Q/Q % Change				1%	7%	25%	13%
Y/Y % Change				42%			54%
Billings				62	76	109	96
Q/Q % Change					22%	45%	-12%
Y/Y % Change							27%
LTM Billings/FTM Revenue		0%	0%	0%	18%	39%	65%
Billings (based only on Short-term Deferred Rev)	38	82	109	60	75	109	96
Q/Q % Change				114%	33%	-45%	25%
Y/Y % Change					96%	33%	-12%
Billings (based upon Cashflow chg. In Deferred Rev)	63	82	73	70	75	109	96
Q/Q % Change				29%	-10%	-4%	6%
Y/Y % Change					18%	33%	31%

Cash Flow Model	2009	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
		Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13
Cash from operations	27.5			42.1	30.1	26.5	5.8	1.5	24.7	20.9	7.2	5.6	40.8	23.4	10.8	(6.3)	
OCF per Share					\$ 1.01	\$ 0.70	\$ 0.46	\$ 0.09	\$ 0.03	\$ 0.44	\$ 0.36	\$ 0.12	\$ 0.09	\$ 0.67	\$ 0.37	\$ 0.17	\$ (0.10)
LTM Total					42.1		104.5	63.9		58.5	53.0	54.3	58.4	74.5	77.0	80.6	68.7
LTM Y/Y Change %					53%			52%		-48%		-9%		48%		18%	
LTM total cash from operations per share					\$ 1.01		\$ 1.66	\$ 1.18		\$ 1.03	\$ 0.92	\$ 0.92	\$ 0.97	\$ 1.22	\$ 1.23	\$ 1.27	\$ 1.06
% of Billings					68%	40%	24%	6%	2%								
CapEx	(25.0)			(30.4)	(4.5)	(4.5)	(11.0)	(11.0)	(9.8)	(3.1)	0.3	(11.9)	(9.8)	(3.1)	0.3	(12.0)	
LTM Total					(30)		(50)	(31)		(36)	(35)	(24)	(24)	(25)	(25)		
LTM Y/Y Change %					22%			2%		-53%		-21%		4%		1%	
Free cash flow	2.5			11.7	25.6	22.0	(5.2)	(9.5)	15.0	17.9	7.5	(6.3)	30.9	20.3	11.1	(18.3)	
FCF per Share					\$ 0.28	\$ 0.59	\$ 0.38	\$ (0.08)	\$ (0.17)	\$ 0.28	\$ 0.32	\$ 0.13	\$ (0.11)	\$ 0.51	\$ 0.33	\$ 0.17	\$ (0.28)
LTM Total					11.7		54.1	32.9		22.3	18.2	30.8	34.0	50.0	52.4	56.1	44.1
LTM Y/Y Change %							181%			-43%		3%		82%		30%	
LTM total free cash flow per share					\$ 0.28		\$ 0.86	\$ 0.61		\$ 0.39	\$ 0.32	\$ 0.52	\$ 0.57	\$ 0.82	\$ 0.84	\$ 0.88	\$ 0.68

Sources for balance sheet and cash flow: Company reports and ThinkEquity LLC estimates



Important Disclosures

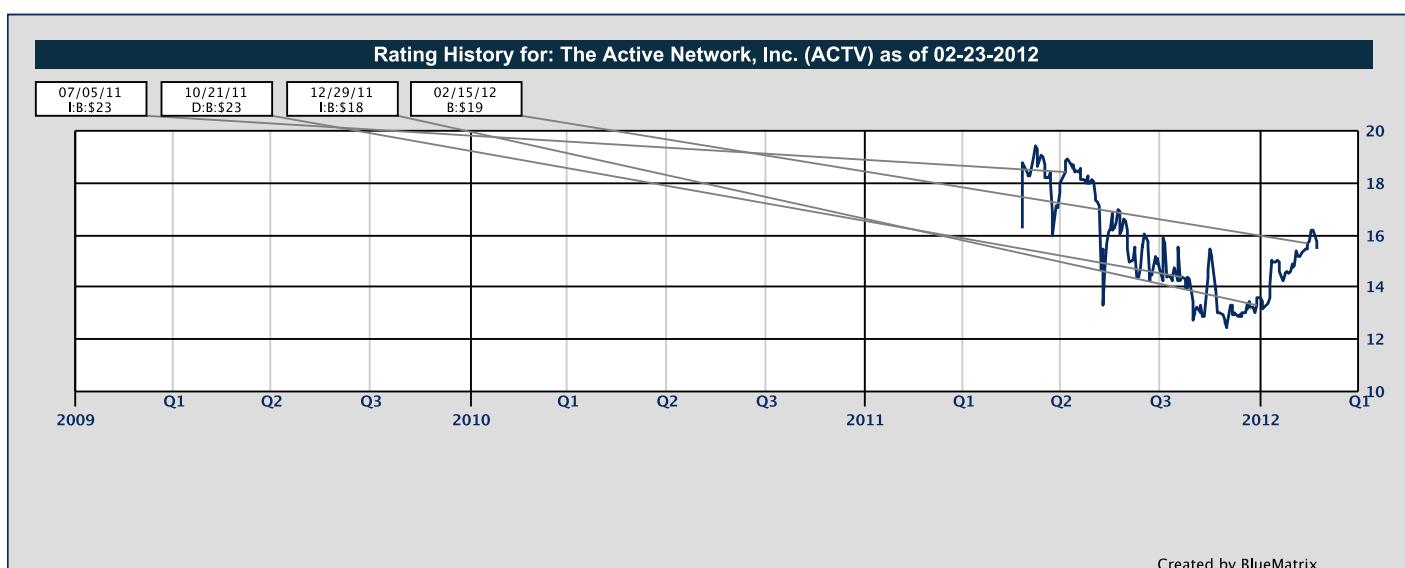
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ThinkEquity LLC

Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
BUY [B]	123	64.40	13	10.57
HOLD [H]	54	28.30	2	3.70
SELL [S]	14	7.30	0	0.00



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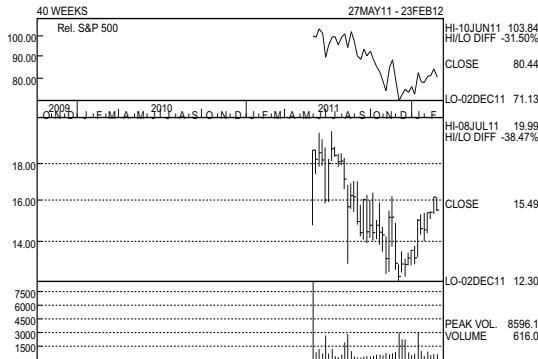
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COMPANY UPDATE | COMMENT

FEBRUARY 24, 2012



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FY Dec	2010A	2011A	2012E	2013E
Revenue (MM)	279.6	337.4	432.2	500.5
Prev.		336.0	392.7	
Adj EBITDA (MM)	25.1	36.0	46.7	78.6
Prev.		38.1	53.6	
Adj EPS - FD		0.07	(1.33)	(0.74)
Prev.		(0.04)	0.21	
P/AEPS	NM	NM	NM	NM
Revenue (MM)	Q1	Q2	Q3	Q4
2010	63.2A	81.7A	73.1A	61.6A
2011	72.7A	99.0A	89.6A	76.0A
Prev.				74.7E
2012	92.3E	125.1E	114.3E	100.4E
Prev.	82.5E	116.0E	104.9E	89.3E
2013	109.7E	144.6E	131.6E	114.6E
Adj EBITDA (MM)				
2010	1.1A	11.8A	9.3A	2.9A
2011	2.6A	20.4A	12.7A	0.4A
Prev.				2.4E
2012	(4.2)E	25.5E	18.5E	6.9E
Prev.	5.0E	26.4E	18.0E	4.2E
2013	(2.0)E	37.3E	29.1E	14.2E
Adj EPS - FD				
2011	(0.12)A	0.18A	0.05A	(0.03)A
Prev.				(0.15)E
2012	(0.28)E	0.19E	(1.14)E	(0.09)E
Prev.	(0.07)E	0.26E	0.13E	(0.11)E
2013	(0.22)E	0.39E	(0.94)E	0.03E

All values in USD unless otherwise noted.

Active Network, Inc. (NYSE: ACTV)

Steady Growth In Core, Acquisitions Boosting New Market Expansion

Outperform
Above Average Risk

Price:	15.49	Price Target:	22.00
Shares O/S (MM):	54.1	Implied All-In Return:	42%
Dividend:	0.00	Market Cap (MM):	838
		Yield:	0.0%

Reported 4Q11 Earnings

Net: Active reported revenue 2% above our estimate and in-line EBITDA after adjusting for severance costs. Software revenue growth of 33% Y/Y was above our estimate, driven by recently acquired RTP and strong core hosting and implementation revenue. Core registration revenue was in-line, with revenue per registration growth of 5% and overall registration volume growth of 13%. Excluding the impact from the deferred revenue in 2012, ACTV's EBITDA guidance would have been \$62m at the midpoint (vs. the reported \$48m), and should revert back up in 2013 assuming no additional deferred revenue hits. ACTV continues to gain share in a highly fragmented and underpenetrated space, and we expect fairly stable growth and margin expansion in 2012 and 2013, ex the acquisition-related noise. We have raised our 2012E revenue by 10% to reflect the upside in core and the contribution from Starcrite, but reduced our EBITDA by 13% to reflect the \$14m deferred revenue hit. We maintain our Outperform rating and price target of \$22.

Positives: Reported revenue of \$76m was 2% above our estimate and at the high end of the company's guided range. For 2012, management provided strong revenue guidance of \$430m at the midpoint, reflecting core growth of mid-teens, Starcrite's \$36m contribution, and \$14m deferred revenue hit. Starcrite should significantly increase ACTV's presence in the middle-market corporate events space, a nice addition to the strong footprint in Fortune 100. The Activeworks platform migration is on track and should benefit company margins. Backing out the acquisition of Starcrite (\$47m in gross revenue, \$6m of EBITDA, and \$11m of deferred), ACTV is guiding core revenue up 17% to \$394m and EBITDA around \$56m, reflecting a margin of 14.2%, so we should see closer to 16% EBITDA margin in 2013, all else equal and with no additional deferred.

Negatives: Reported 4Q EBITDA of \$0.4m included \$1.9m of severance costs for Starcrite; adjusting for that, results would have largely been in line with our \$2.4m estimate. The guidance for 2012 is clouded by the \$14m deferred revenue hit from the Starcrite and RTP acquisitions, mentioned previously. Marketing revenues declined 15% Y/Y to \$10.6m; however, the decline was primarily driven by ad spend from a large sports advertiser being pulled forward into 3Q11, which showed 24% Y/Y growth, well above the historical average.

Estimate Changes and Valuation: We have increased our 2012 revenue estimate by 10% and decreased our EBITDA estimate by 13%, and we have introduced our 2013 estimates. Our price target remains \$22.

Priced as of prior trading day's market close, EST (unless otherwise noted).

For Required Conflicts Disclosures, see Page 6.

Exhibit 1: 4Q11 Results vs. RBCCM Estimates & Consensus

	4Q11A	4Q11E	Variance	3Q11A	% Q/Q	4Q10A	% Y/Y	Cons.	Guidance
Registrations (mm):									
Total Registrations	17.3	17.4	-0.6%	23.5	-26%	15.3	12.9%		12%-14%
Avg. Revenue per Registration	\$ 2.68	\$2.62	2.3%	\$ 2.59	4%	\$ 2.56	4.6%		1%-3%
Revenues									
Registration revenue	46.4	45.6	1.7%	60.9	-23.8%	39.3	18.2%		
Software revenue	19.1	17.9	6.9%	15.4	23.6%	9.9	92.4%		
Technology revenue	65.5	63.5	3.1%	76.3	-14.2%	49.2	33.1%		
Marketing revenue	10.6	11.2	-5.6%	13.3	-20.5%	12.4	-15.0%		
Net revenue	76.0	74.7	1.8%	89.6	-15.2%	61.6	23.4%	74.4	72-76
Cost of Revenues	36.6	34.4	6.4%	39.8	-8.1%	28.1	30.5%		
Gross Profit	39.4	40.3	-2.1%	49.8	-20.8%	33.5	17.5%		
Operating Expenses:									
Sales and marketing expenses	16.9	16.9	0.0%	16.8	0.4%	14.1	19.6%		
Research and development expenses	16.3	17.9	-8.9%	17.3	-5.9%	14.8	10.5%		
General and administrative expenses	14.2	10.7	32.1%	10.4	36.3%	8.8	61.3%		
Amortization of intangibles	3.9	3.9	-2.0%	3.7	5.5%	4.0	-3.2%		
Stock-based compensation	3.0	3.2	-6.4%	2.0	52.9%	0.8	273.8%		
Total Operating Expenses	54.3	52.7	3.0%	50.2	8.1%	42.5	27.7%		
Operating Income	(14.9)	(12.4)	19.5%	(0.4)	3506.8%	(8.9)	66.2%		
Depreciation & Amortization	12.2	11.6	5.1%	11.1	9.5%	11.0	10.9%		
Stock Based Compensation	3.0	3.2	-6.4%	2.0	52.9%	0.8	273.8%		
Adjusted EBITDA	0.4	2.4	-85.1%	12.7	-97.2%	2.9	-87.6%	2.4	1-3
<i>Margin</i>	0.5%	3.2%		14.2%		4.6%			
Interest income	0.0	0.0	-19.4%	0.0	12.5%	0.0	-24.3%		
Interest expense	(0.1)	(0.4)	-77.3%	(0.1)	16.5%	(1.3)	-93.3%		
Other (expense) income, net	(0.1)	0.0	0.0%	(0.0)	272.7%	0.3	-139.2%		
Pretax Income	(15.0)	(12.8)	17.6%	(0.5)	2782.4%	(9.9)	51.4%		
Income Tax Expense (benefit)	(6.6)	0.8	-920.5%	0.9	821.3%	(0.8)	674.1%		
Reported Net Income	(8.5)	(13.6)	-37.6%	(1.4)	492.3%	(9.1)	-6.7%	(13.5)	(15)-(13)
Adjusted EPS	(\$0.03)	(\$0.15)	-76.8%	\$0.05	243.5%	\$0.00			(\$0.15)

Source: RBCCM Estimates, Company reports

Exhibit 2: Summary of Estimate Changes

	1Q12E			2012E			Introducing 2013E	
	Current	Prior	Delta	Current	Prior	Delta	Current	
Technology revenue	80.6	70.8	13.8%	378.9	338.7	11.9%	440.3	
Marketing revenue	11.7	11.7	0.0%	53.3	54.0	-1.4%	60.2	
Net revenue	92.3	82.5	11.8%	432.2	392.7	10.1%	500.5	
Total Operating Expenses	71.8	50.0	-43.5%	284.5	220.8	-28.8%	292.0	
Operating Income (Loss)	(24.6)	(4.5)	451.7%	(46.0)	4.6	-1109.7%	(3.1)	
Adjusted EBITDA	(4.2)	5.0	-183.9%	46.7	53.6	-12.9%	78.6	
<i>Margin</i>	-4.6%	6.1%		10.8%	13.6%		15.7%	
Reported Net Income	(24.6)	(6.1)	300.8%	(45.9)	67.2	-168.3%	(3.0)	
Adj EPS	(\$0.28)	(\$0.07)	297.1%	(\$1.33)	\$0.21	-739.0%	(\$0.74)	

Source: RBCCM Estimates, Company reports



Valuation

We value ACTV using a blended approach on our 2012 and 2013 estimates using 15x EV/EBITDA, a 3% FCF yield and 3.5x revenue. We take an average of these three metrics to arrive at our \$22 price target. These multiples are in range of the rest of our coverage universe, and we believe they are justified given the high revenue visibility and rapid EBITDA growth.

Exhibit 3: Valuation Worksheet

Current Price	\$15.49
Diluted Shares Outstanding	54.1
Current Market Cap	838
Less: Cash and Cash Equivalents	108.7
Less : Other Assets	0.0
Plus: Debt	0.0
Adjusted Enterprise Value	729.4

<u>EV to EBITDA</u>	<u>2012E</u>	<u>2013E</u>
Adjusted EBITDA	46.7	78.6
Current EV/EBITDA Multiple	15.6x	9.3x
Target Multiple	15.0x	15.0x
Enterprise Value	700.3	1179.7
Plus: YE Cash	86.4	119.2
Plus: Other Assets	0.0	0.0
Less: YE Debt	0.0	0.0
Less: Minority Interest	0.0	0.0
Equity Market Capitalization	786.6	1299.0
FY End Projected Sharecount	55.9	57.7
Implied Stock Price on Forward EBITDA	\$14	\$23

<u>FCF Yield</u>	<u>2012E</u>	<u>2013E</u>
FCF per Share	\$0.36	\$0.60
Current FCF Yield	2.3%	3.9%
Target Yield	3.0%	3.0%
Implied Stock Price on Forward FCF	\$12	\$20

<u>EV to Revenue</u>	<u>2012E</u>	<u>2013E</u>
Revenue	432.2	500.5
Current EV / Revenue Multiple	1.7x	1.5x
Target Multiple	3.5x	3.5x
Enterprise Value	1512.5	1751.6
Plus: YE Cash	86.4	119.2
Plus: Other Assets	0.0	0.0
Less: YE Debt	0.0	0.0
Less: Minority Interest	0.0	0.0
Equity Market Capitalization	1598.9	1870.8
FY End Projected Sharecount	55.9	57.7
Implied Stock Price on Forward EBITDA	\$29	\$32

Average

\$22

Source: RBCCM Estimates, Company reports



Valuation

We value ACTV using a blended approach on our 2012 and 2013 estimates using 15x EV/EBITDA, a 3% FCF yield and 3.5x revenue. We take an average of these three metrics to arrive at our \$22 price target. These multiples are in range of the rest of our coverage universe, and we believe they are warranted by the high revenue visibility and rapid EBITDA growth.

Price Target Impediment

- 1) Margin expansion does not play out as expected.
- 2) Large contracts material to financial statements are lost during periodic re-bidding process.
- 3) Complications from M&A integration.

Company Description

Active Network provides event registration software and services to community, sport, business and outdoor organizations. In addition to registration processing, Active Network's technology platform provides organizations with various marketing, operating and analytics tools which help their clients' event management end-to-end by increasing event participation and reducing overall event costs.



Active Network -- Quarterly Earnings Analysis
 (\$ in millions, except per share amounts)

FY Dec	2010A				2011A				2012E				2013E				2013E			
	Mar A 1Qa	Jun A 2Qa	Sep A 3Qa	Dec A 4Qa	2010A	Mar A 1Qa	Jun A 2Qa	Sep A 3Qa	Dec A 4Qa	2011A	Mar E 1QE	Jun E 2QE	Sep E 3QE	Dec E 4QE	2012E	Mar E 1QE	Jun E 2QE	Sep E 3QE	Dec E 4QE	
Technology revenue	54.9	71.2	62.4	49.2	237.7	63.1	85.6	76.3	65.5	290.5	80.6	111.2	100.4	86.8	378.9	96.4	128.8	115.8	99.2	440.3
Marketing revenue	8.3	10.5	10.7	12.4	41.9	9.6	13.5	13.3	10.6	46.9	11.7	13.9	14.0	13.6	53.3	13.3	15.7	15.8	15.4	60.2
Net revenue	63.2	81.7	73.1	61.6	279.6	72.7	99.0	89.6	76.0	337.4	92.3	125.1	114.3	100.4	432.2	109.7	144.6	131.6	114.6	500.5
Cost of Revenues																				
Technology	27.0	32.3	29.3	26.4	115.0	33.0	38.7	38.2	34.9	144.8	43.7	51.4	47.8	44.1	186.9	49.4	55.7	51.7	47.4	204.2
Marketing	1.0	1.7	1.8	1.6	6.2	1.2	1.5	1.6	1.7	6.0	1.4	1.5	1.6	2.2	6.7	1.5	1.6	1.8	2.4	7.4
Total Cost of Revenues	28.0	34.0	31.1	28.1	121.2	34.1	40.1	39.8	36.6	150.7	45.1	52.9	49.4	46.3	193.6	50.9	57.3	53.5	49.8	211.5
Gross Profit	35.2	47.6	42.0	33.5	158.4	38.6	58.9	49.8	39.4	186.6	47.2	72.3	64.9	54.1	238.5	58.7	87.3	78.1	64.8	288.9
Operating Expenses:																				
Sales & Marketing	14.5	15.0	14.9	14.1	58.5	16.8	18.3	16.8	16.9	68.8	24.5	24.4	21.5	20.3	90.7	26.9	25.3	22.1	20.9	95.2
Research & Development	14.9	16.2	15.0	14.8	60.9	16.1	16.2	17.3	16.3	65.8	20.4	20.4	20.9	20.5	82.3	22.0	20.7	21.5	21.1	85.3
General & Administrative	9.8	10.4	8.9	8.8	38.0	10.2	11.1	10.4	14.2	45.8	19.4	17.7	17.9	18.2	73.2	19.7	16.1	16.6	17.4	69.8
Amortization of Intangibles	4.0	4.1	4.0	4.0	16.1	3.7	3.7	3.7	3.9	15.0	4.2	4.1	4.1	4.6	17.0	4.5	4.0	4.1	4.7	17.2
Stock Based Compensation	1.8	1.4	1.3	0.8	5.3	0.7	2.1	2.0	3.0	7.8	3.3	5.9	5.5	6.6	21.3	3.9	6.7	6.2	7.5	24.4
Total Operating Expenses	45.1	47.1	44.2	42.5	178.9	47.4	51.4	50.2	54.3	203.3	71.8	72.5	69.9	70.3	284.5	77.1	72.9	70.5	71.5	292.0
Operating Income	(9.9)	0.6	(2.2)	(8.9)	(20.5)	(8.8)	7.5	(0.4)	(14.9)	(16.6)	(24.6)	(0.3)	(4.9)	(16.1)	(46.0)	(18.3)	14.4	7.7	(6.8)	(3.1)
Depreciation & Amortization	9.2	9.9	10.2	11.0	40.3	10.7	10.8	11.1	12.2	44.9	17.1	19.9	18.0	16.4	71.4	12.4	16.2	15.2	13.5	57.4
Stock Based Compensation	1.8	1.4	1.3	0.8	5.3	0.7	2.1	2.0	3.0	7.8	3.3	5.9	5.5	6.6	21.3	3.9	6.7	6.2	7.5	24.4
Adjusted EBITDA	1.1	11.8	9.3	2.9	25.1	2.6	20.4	12.7	0.4	36.0	(4.2)	25.5	18.5	6.9	46.7	(2.0)	37.3	29.1	14.2	78.6
Interest income	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	
Interest expense	(1.3)	(1.5)	(1.3)	(1.3)	(5.4)	(1.3)	(1.4)	(0.1)	(0.1)	(2.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other (expense) income, net	(0.4)	(0.2)	0.8	0.3	0.5	(0.1)	0.2	(0.0)	(0.1)	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Pretax Income	(11.6)	(1.1)	(2.8)	(9.9)	(25.3)	(10.2)	6.3	(0.5)	(15.0)	(19.4)	(24.6)	(0.3)	(4.9)	(16.1)	(45.9)	(18.3)	14.4	7.7	(6.8)	(3.0)
Income Tax Expense (benefit)	0.9	0.9	1.1	(0.8)	1.9	0.8	0.8	0.9	(6.6)	(4.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Reported Net Income	(12.4)	(1.9)	(3.8)	(9.1)	(27.3)	(10.9)	5.5	(1.4)	(8.5)	(15.3)	(24.6)	(0.3)	(4.9)	(16.1)	(45.9)	(18.3)	14.4	7.7	(6.8)	(3.0)
Diluted Earnings per Share																				
Pro forma Earnings per Share																				
Adjusted Earnings per Share																				
Pro forma Shares Outstanding																				
Margin Analysis																				
Gross Profit Margin	55.7%	58.3%	57.5%	54.4%	56.6%	53.1%	59.4%	55.6%	51.8%	55.3%	51.2%	57.8%	56.8%	53.9%	55.2%	53.6%	60.4%	59.4%	56.5%	57.7%
Sales & Marketing as % of Net Revenue	23.0%	18.3%	20.4%	22.9%	20.9%	23.0%	18.5%	18.8%	22.2%	20.4%	26.5%	19.5%	18.8%	20.2%	21.0%	24.5%	17.5%	16.8%	18.2%	19.0%
Research & Development as % of Net Revenue	23.6%	19.8%	20.6%	23.9%	21.8%	22.1%	16.3%	19.3%	21.4%	19.5%	22.1%	16.3%	18.3%	20.4%	19.0%	20.1%	14.3%	16.3%	18.4%	17.1%
General & Administrative as % of Net Revenue	15.5%	12.8%	12.2%	14.3%	13.6%	14.0%	11.2%	11.6%	18.7%	13.6%	21.0%	14.2%	15.6%	18.2%	16.9%	18.0%	11.2%	12.6%	15.2%	14.0%
Amortization as % of Net Revenue	6.4%	5.0%	5.5%	6.5%	5.8%	5.1%	3.8%	4.1%	5.1%	4.4%	4.6%	3.3%	3.6%	4.6%	3.9%	4.1%	2.8%	3.1%	4.1%	3.4%
Total Operating Expenses as % of Net Revenue	71.3%	57.6%	60.5%	69.0%	64.0%	65.2%	51.9%	56.0%	71.4%	60.2%	77.8%	58.0%	61.1%	70.0%	65.8%	70.3%	50.4%	53.6%	62.4%	58.4%
Operating Margin	-15.6%	0.7%	-3.1%	-14.5%	-7.3%	-12.2%	7.6%	-0.5%	-19.5%	-4.9%	-26.7%	-0.2%	-4.3%	-16.1%	-10.6%	-16.7%	9.9%	5.8%	-5.9%	-0.6%
Adjusted EBITDA Margin	1.7%	14.5%	12.8%	4.6%	9.0%	3.5%	20.6%	14.2%	0.5%	10.7%	-4.6%	20.4%	16.2%	6.8%	10.8%	-1.8%	25.8%	22.1%	12.4%	15.7%
Incremental EBITDA Margin	37.4%	7.4%	8.0%	47.4%	25.5%	15.7%	49.4%	20.4%	-17.4%	18.9%	-34.6%	19.5%	23.5%	26.8%	11.2%	12.8%	60.8%	61.2%	51.7%	46.8%
Effective Tax Rate	-7.4%	-78.5%	-38.4%	8.5%	-7.6%	-7.8%	12.5%	-174.3%	43.6%	21.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Reported Net Income	-19.6%	-2.4%	-5.2%	-14.8%	-9.8%	-15.0%	5.6%	-1.6%	-11.2%	-4.5%	-26.6%	-0.2%	-4.3%	-16.0%	-16.7%	10.0%	5.8%	-5.9%	-0.6%	
Year Over Year Growth																				
Technology	23.6%	10.9%	7.3%	12.6%	12.9%	14.9%	20.2%	22.3%	33.1%	22.2%	27.6%	30.0%	31.5%	32.5%	30.4%	19.7%	15.9%	15.4%	14.3%	16.2%
Marketing	29.5%	36.3%	40.2%	16.5%	29.4%	15.9%	28.2%	24.3%	-15.0%	11.9%	22.3%	3.5%	5.0%	29.0%	13.5%	13.0%	13.0%	13.0%	13.0%	
Net Revenue	24.3%	13.6%	11.1%	13.3%	15.1%	15.0%	21.2%	22.6%	23.4%	20.7%	26.9%	26.4%	27.5%	32.1%	28.1%	18.8%	15.5%	15.1%	14.1%	15.8%
Cost of Revenues	15.8%	12.7%	11.7%	13.2%	13.2%	21.8%	18.0%	28.1%	30.5%	24.3%	32.1%	31.7%	24.0%	26.3%	28.4%	13.0%	8.4%	8.2%	7.7%	9.2%
Gross Profit	32.1%	14.2%	10.7%	13.5%	16.6%	9.6%	23.6%	18.6%	17.5%	17.9%	22.4%	22.8%	30.4%	37.4%	27.8%	24.4%	20.8%	20.4%	19.6%	21.1%
Operating Income	-23.2%	-153.0%	-56.8%	-28.0%	-35.0%	-10.5%	122.7	6.6%	-81.7%	-19.0%	178.3%	-103.7%	1100.1%	8.5%	176.6%	-25.5%	-531.2%	-254.9%	-57.9%	-93.3%
Adjusted EBITDA	-130.6%	6.5%	6.7%	-600.7%	59.5%	137.1%	72.3%	36.2%	-87.6%	43.5%	-263.8%	25.0%	45.7%	1831.6%	29.6%	-53.0%	46.3%	57.2%	106.7%	68.5%
Reported Net Income	-12.5%	-28.3%	-44.4%	-35.4%	-28.0%	-11.8%	-385.0%	-62.6%	-6.7%	-43.8%	124.7%	-104.7%	243.8%	89.8%	199.2%	-25.5%	-5684.0%	-256.1%	-58.1%	-93.5%
Pro Forma Diluted Earnings per Share	NA																			
Adjusted Earnings per Share	NA																			
Other Metrics																				
Peer Defined Free Cash Flow	29.7	(3.3)	(4.9)	(9.9)	11.7	31.6	20.0	(12.9)	(8.8)	30.0	2.9	16.4	12.4	(11.9)	19.9	(1.3)	19.4	22.7	(6.3)	34.5
Free Cash Flow per Share	\$0.69	(\$0.07)	(\$0.11)	(\$0.21)	\$0.30	\$0.55	\$0.35	(\$0.20)	(\$0.16)	\$0.53	\$0.05	\$0.30	\$0.22	(\$0.21)	\$0.36	(\$0.02)	\$0.34	\$0.39	(\$0.11)	\$0.60
Company Defined Free Cash Flow	33.8	0.0	(2.5)	(9.5)	21.8	34.8	22.9	(15.5)	(33.7)	8.6	(34.3)	21.8	17.3	(5.9)	(1.1)	2.2	25.7	28.5	0.6	57.1
Free Cash Flow per Share	\$0.79	\$0.00	(\$0.05)	(\$0.21)	\$0.53	\$0.61	\$0.40	(\$0.25)	(\$0.62)	\$0.14	(\$0.62)	\$0.39	\$0.31	(\$0.11)	\$0.04	\$0.45	\$0.50	\$0.01	\$0.99	

Source: Company reports and RBC Capital Markets



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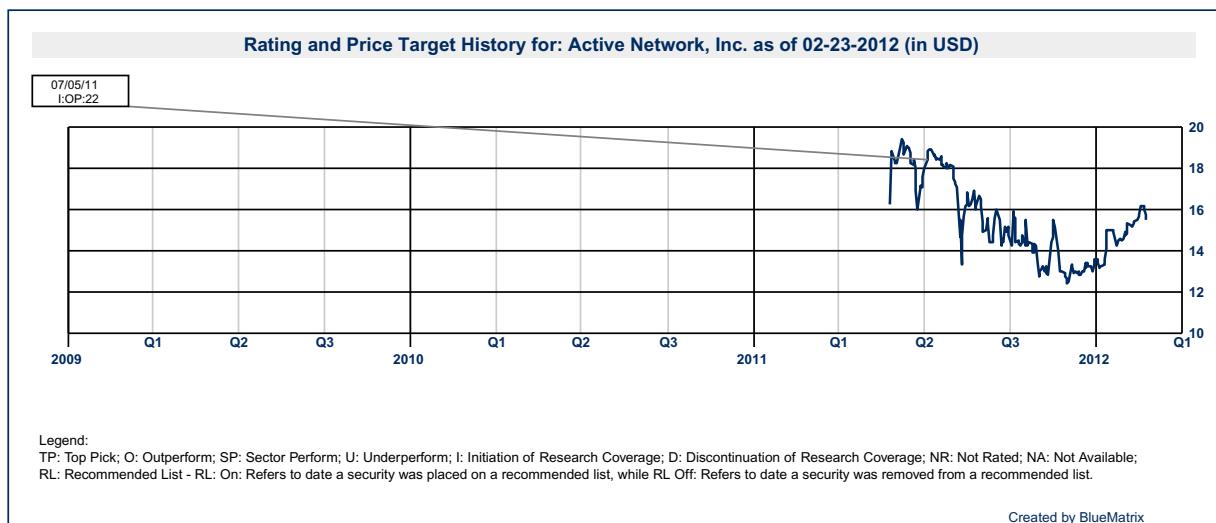
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UBS Investment Research

The Active Network, Inc.

Global Equity Research

Americas

Internet Services

12-month rating

Buy
Unchanged

12m price target

US\$22.00
Unchanged

Price

US\$15.51

RIC: ACTV.N BBG: ACTV US

23 February 2012

Trading data

52-wk range	US\$19.41-12.43
Market cap.	US\$0.84bn
Shares o/s	54.2m (COM)
Free float	54%
Avg. daily volume ('000)	82
Avg. daily value (m)	US\$1.1

Balance sheet data 12/11E

Shareholders' equity	US\$0.32bn
P/BV (UBS)	2.6x
Net Cash (debt)	US\$0.12bn

Forecast returns

Forecast price appreciation	+41.8%
Forecast dividend yield	0.0%
Forecast stock return	+41.8%
Market return assumption	5.3%
Forecast excess return	+36.5%

EPS (UBS, US\$)

	12/11E		12/10	
	From	To	Cons.	Actual
Q1	-	(2.13)	-	(2.97)
Q2	-	0.03	0.10	(1.26)
Q3E	-	(0.03)	(0.03)	(1.51)
Q4E	-	(0.23)	(0.22)	(2.29)
12/11E	-	(0.44)	(0.41)	
12/12E	-	(0.35)	(0.06)	

Performance (US\$)



Source: UBS

www.ubs.com/investmentresearch

■ Valuation

Our \$22 PT is based on a 10-year DCF (11.5% WACC and 4.5% LTGR).

Highlights (US\$K)	12/09	12/10	12/11E	12/12E	12/13E
Revenues	242,884	279,600	336,292	427,550	506,953
EBIT (UBS)	(20,333)	(15,167)	(6,086)	(6,957)	26,945
Net Income (UBS)	(63,633)	(55,429)	(28,004)	(22,554)	9,360
EPS (UBS, US\$)	(10.86)	(7.83)	(0.44)	(0.35)	0.14
Net DPS (UBS, US\$)	0.00	0.00	0.00	0.00	0.00
Profitability & Valuation	5-yr hist av.	12/10	12/11E	12/12E	12/13E
EBIT margin %	-	-5.4	-1.8	-1.6	5.3
ROIC (EBIT) %	-	(6.8)	(3.0)	(3.4)	14.2
EV/EBITDA (core) x	-	-	20.5	15.2	8.5
PE (UBS) x	-	-	NM	NM	NM
Net dividend yield %	-	-	0.0	0.0	0.0

Source: Company accounts, Thomson Reuters, UBS estimates. (UBS) valuations are stated before goodwill-related charges and other adjustments for abnormal and economic items at the analysts' judgement.

Valuations: based on an average share price that year, (E): based on a share price of US\$15.51 on 23 Feb 2012 14:12 EST

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Table 1: ACTV E vs. A (\$000s)

	Q4 11E	Q4 11A
Technology Revenue	\$63,627	\$65,478
Marketing Services Revenue	\$11,319	\$10,567
Total Net Revenue	\$74,947	\$76,045
% Y/Y Growth	22%	23%
% Q/Q Growth	(16%)	(15%)
 Cost of Technology Revenue	33,086	34,976
Cost of Marketing Services Revenue	1,596	1,711
Total Cost of Net Revenue	34,613	36,626
% Y/Y Growth	23%	30%
% Q/Q Growth	(13%)	(8%)
 Gross Profit	\$40,334	\$39,419
% Margin	53.8%	51.8%
Sales and Marketing	17,802	16,743
Research and Development	18,106	16,293
General and Administrative	10,044	14,193
Amortization of Intangibles	3,494	3,872
Stock Based Compensation	3,208	3,013
 Adjusted Operating Income	(\$9,112)	(\$11,847)
% Margin	(12%)	(16%)
% Y/Y Growth	--	--
% Q/Q Growth	(685)	(860)
 EBITDA	\$2,446	\$356
% Margin	3.3%	0.5%
% Y/Y Growth	(15)	(88)
% Q/Q Growth	(81)	(97)
 Net Interest (Income) and Other (Income)	1,099	186
 Adjusted Pre-Tax Profit / (Loss)	(\$10,210)	(\$12,033)
% Effective Tax Rate	(9%)	84%
 Provision / (Benefit) for Income Taxes	919	(6,564)
Tax Adjustments for Non-GAAP Items	0	(3,553)
Minority Interest	0	0
 Operating Net Income / (Loss)	(\$11,129)	(\$1,884)
% Margin	(15%)	(2%)
% Y/Y Growth	--	--
% Q/Q Growth	(454)	(160)
 Accretion of redeemable convertible preferred	0	0
Tax Effect of Non-GAAP Entries	0	3,553
 Reported GAAP Net Income / (Loss)	(\$14,337)	(\$8,482)
% Margin	(19%)	(11%)
% Y/Y Growth	--	--
% Q/Q Growth	--	--
Weighted Avg. Diluted Shares Outstanding	63,622	54,109
 Operating EPS	(\$0.17)	(\$0.03)
% Y/Y Growth	--	--
% Q/Q Growth	(450)	(170)
 Reported GAAP EPS	(\$0.23)	(\$0.16)
% Y/Y Growth	--	--
% Q/Q Growth	--	--
 Expenses as % of Net Revenue		
Sales and Marketing	23.8%	22.0%
Research and Development	24.2%	21.4%
General and Administrative	13.4%	18.7%
Stock Compensation	4.3%	4.0%
Amortization of Intangibles	4.7%	5.1%

Source: Company reports, UBS estimates

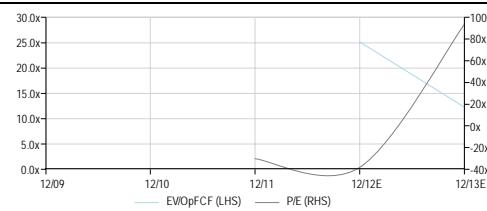
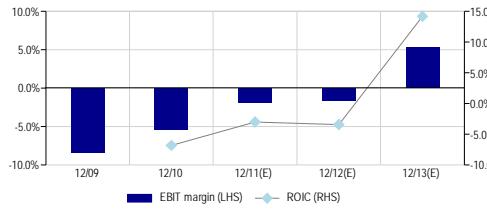
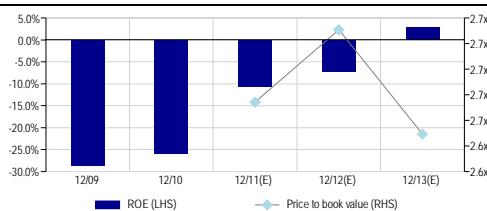
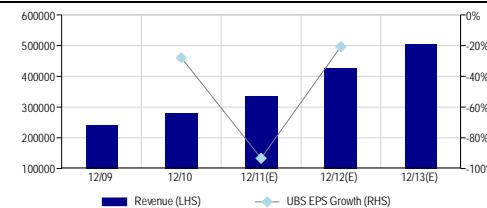
The Active Network, Inc.

Income statement (US\$k)	-	12/07	12/08	12/09	12/10	12/11E	% ch	12/12E	% ch	12/13E	% ch
Revenues	-	-	-	242,884	279,600	336,292	20.3	427,550	27.1	506,953	18.6
Operating expenses (ex depn)	-	-	-	(227,138)	(254,480)	(298,166)	17.2	(379,902)	27.4	(424,598)	11.8
EBITDA (UBS)	-	-	-	15,746	25,120	38,126	51.8	47,648	25.0	82,355	72.8
Depreciation	-	-	-	(36,079)	(40,287)	(44,212)	9.7	(54,605)	23.5	(55,410)	1.5
Operating income (EBIT, UBS)	-	-	-	(20,333)	(15,167)	(6,086)	-59.9	(6,957)	14.3	26,945	-
Other income & associates	-	-	-	0	0	0	-	0	-	0	-
Net interest	-	-	-	(3,847)	(4,833)	(3,698)	-23.5	(2,840)	-23.2	(2,611)	-8.0
Abnormal items (pre-tax)	-	-	-	0	0	0	-	0	-	0	-
Profit before tax	-	-	-	(24,180)	(20,000)	(9,783)	-51.1	(9,796)	0.1	24,334	-
Tax	-	-	-	(2,439)	3,951	1,817	-54.0	(3,364)	-	(5,110)	51.9
Profit after tax	-	-	-	(26,619)	(16,049)	(7,966)	-50.4	(13,160)	65.2	19,224	-
Abnormal items (post-tax)	-	-	-	0	0	0	-	0	-	0	-
Minorities / pref dividends	-	-	-	0	0	0	-	0	-	0	-
Net income (local GAAP)	-	-	-	(26,619)	(16,049)	(7,966)	-50.4	(13,160)	65.2	19,224	-
Net Income (UBS)	-	-	-	(63,633)	(55,429)	(28,004)	-49.5	(22,554)	-19.5	9,360	-
Tax rate (%)	-	-	-	0	0	0	-	0	-	21	-
Pre-abnormal tax rate (%)	-	-	-	0	0	0	-	0	-	21	-
Per share (US\$)	-	12/07	12/08	12/09	12/10	12/11E	% ch	12/12E	% ch	12/13E	% ch
EPS (local GAAP)	-	-	-	(4.54)	(2.27)	(0.12)	-94.5	(0.20)	62.2	0.29	-
EPS (UBS)	-	-	-	(10.86)	(7.83)	(0.44)	-94.4	(0.35)	-20.9	0.14	-
Net DPS	-	-	-	0.00	0.00	0.00	-	0.00	-	0.00	-
Cash EPS	-	-	-	(4.70)	(2.14)	0.30	-	0.59	94.8	1.16	98.6
BVPS	-	-	-	4.21	3.89	5.89	51.2	5.77	-2.1	5.95	3.1
Balance sheet (US\$k)	-	12/07	12/08	12/09	12/10	12/11E	% ch	12/12E	% ch	12/13E	% ch
Cash and equivalents	-	-	-	26,381	31,441	125,843	300.3	118,804	-5.6	170,191	43.3
Other current assets	-	-	-	31,229	38,277	51,180	33.7	67,113	31.1	77,581	15.6
Total current assets	-	-	-	57,610	69,718	177,023	153.9	185,916	5.0	247,772	33.3
Net tangible fixed assets	-	-	-	26,742	28,181	26,104	-7.4	53,695	105.7	51,064	4.9
Net intangible fixed assets	-	-	-	290,268	285,334	287,755	0.8	300,833	4.5	282,006	-6.3
Investments / other assets	-	0	0	7,251	7,315	7,628	4.3	8,016	5.1	8,385	4.6
Total assets	-	-	-	381,871	390,548	498,510	27.6	548,449	10.0	589,227	7.4
Trade payables & other ST liabilities	-	-	-	101,155	131,073	152,407	16.3	197,761	29.8	226,028	14.3
Short term debt	-	-	-	131	1,630	2,246	37.8	2,834	26.2	3,030	6.9
Total current liabilities	-	-	-	101,286	132,703	154,653	16.5	200,595	29.7	229,058	14.2
Long term debt	-	-	-	41,402	33,553	6,597	-80.3	7,815	18.5	8,628	10.4
Other long term liabilities	-	-	-	16,318	17,960	19,556	8.9	19,556	0.0	19,556	0.0
Total liabilities	-	-	-	159,006	184,216	180,806	-1.9	227,966	26.1	257,242	12.8
Equity & minority interests	-	-	-	222,865	206,332	317,704	54.0	320,483	0.9	331,985	3.6
Total liabilities & equity	-	-	-	381,871	390,548	498,510	27.6	548,449	10.0	589,227	7.4
Cash flow (US\$k)	-	12/07	12/08	12/09	12/10	12/11E	% ch	12/12E	% ch	12/13E	% ch
Net income	-	-	-	(26,619)	(16,049)	(7,966)	-50.4	(13,160)	65.2	19,224	-
Depreciation	-	-	-	36,079	40,287	44,212	9.7	54,605	23.5	55,410	1.5
Net change in working capital	-	-	-	18,137	21,461	25,160	17.2	30,839	22.6	18,438	-40.2
Other (operating)	-	-	-	11,184	6,539	9,262	41.6	11,161	20.5	12,006	7.6
Net cash from operations	-	-	-	38,781	52,238	70,668	35.3	83,445	18.1	105,078	25.9
Capital expenditure	-	-	-	(10,449)	(14,767)	(12,439)	-15.8	(18,350)	47.5	(23,827)	29.8
Net (acquisitions) / disposals	-	-	-	0	0	0	-	0	-	0	-
Other changes in investments	-	-	-	(15,519)	(17,958)	(22,232)	-	(76,913)	-	(10,136)	-
Cash from investing activities	-	-	-	(25,968)	(32,725)	(34,671)	5.9	(95,263)	174.8	(33,963)	-64.3
Increase/(decrease) in debt	-	-	-	0	0	0	-	0	-	0	-
Share issues / (repurchases)	-	-	-	(8,514)	(4,349)	71,242	-	14,173	-	(9,864)	-
Dividends paid	-	-	-	0	0	0	-	0	-	0	-
Other cash from financing	-	-	-	0	0	0	-	0	-	0	-
Cash from financing activities	-	-	-	(8,514)	(4,349)	71,242	-	14,173	-80.1	(9,864)	-
Cash flow chge in cash & equivalents	-	-	-	4,299	15,164	107,240	-	2,355	-	61,251	-
FX / non cash items	-	-	-	-	(10,104)	(12,838)	-	(9,394)	-	(9,864)	-2.9
Bal sheet chge in cash & equivalents	-	-	-	-	5,060	94,402	-	(7,039)	-	51,387	-
Core EBITDA	-	-	-	15,746	25,120	38,126	51.8	47,648	25.0	82,355	72.8
Maintenance capital expenditure	-	-	-	(10,449)	(14,767)	(12,439)	-15.8	(18,350)	47.5	(23,827)	29.8
Maintenance net working capital	-	-	-	0	0	0	-	0	-	0	-
Operating free cash flow, pre-tax	-	-	-	5,297	10,353	25,687	148.1	29,298	14.1	58,528	99.8

Source: Company accounts, UBS estimates. (UBS) valuations are stated before goodwill-related charges and other adjustments for abnormal and economic items at the analysts' judgement. Note: For some companies, the data represents an extract of the full company accounts.

Company profile

Active Network is the leading provider of organization-based cloud computing applications. The company provides technology and marketing solutions for event organizers, community organizations, and consumer brands. Active Network serves a wide range of customers, including community and sports organizations, large corporations, small and medium-sized businesses, educational institutions, government agencies, non-profit organizations, and other similar entities.

Value (EV/OpFCF & P/E)**Profitability****ROE v Price to book value****Growth (UBS EPS)**

Valuation (x)	5Yr Avg	12/09	12/10	12/11E	12/12E	12/13E
P/E (local GAAP)	-	-	-	NM	NM	52.7
P/E (UBS)	-	-	-	NM	NM	NM
P/CEPS	-	-	-	51.6	26.5	13.3
Net dividend yield (%)	-	-	-	0.0	0.0	0.0
P/BV	-	-	-	2.6	2.7	2.6
EV/revenue (core)	-	-	-	2.3	1.7	1.4
EV/EBITDA (core)	-	-	-	20.5	15.2	8.5
EV/EBIT (core)	-	-	-	NM	NM	26.1
EV/OpFCF (core)	-	-	-	NM	24.7	12.0
EV/op. invested capital	-	-	-	3.9	3.6	3.7
Enterprise value (US\$k)		12/09	12/10	12/11E	12/12E	12/13E
Average market cap	-	-	840,642	840,642	840,642	
+ minority interests	0	0	0	0	0	0
+ average net debt (cash)	15,152	9,447	(56,629)	(112,577)	(133,344)	
+ pension obligations and other	0	0	0	0	0	0
- non-core asset value	(2,251)	(2,315)	(2,628)	(3,016)	(3,385)	
Core enterprise value	-	-	781,385	725,049	703,913	
Growth (%)	5Yr Avg	12/09	12/10	12/11E	12/12E	12/13E
Revenue	-	-	15.1	20.3	27.1	18.6
EBITDA (UBS)	-	-	59.5	51.8	25.0	72.8
EBIT (UBS)	-	-	-25.4	-59.9	14.3	-
EPS (UBS)	-	-	-27.9	-93.4	-20.7	-
Cash EPS	-	-	-54.5	-	94.8	98.6
Net DPS	-	-	-	-	-	-
BVPS	-	-	-7.4	51.2	-2.1	3.1
Margins (%)	5Yr Avg	12/09	12/10	12/11E	12/12E	12/13E
EBITDA / revenue	-	6.5	9.0	11.3	11.1	16.2
EBIT / revenue	-	-8.4	-5.4	-1.8	-1.6	5.3
Net profit (UBS) / revenue	-	NM	NM	NM	NM	1.8
Return on capital (%)	5Yr Avg	12/09	12/10	12/11E	12/12E	12/13E
EBIT ROIC (UBS)	-	-	NM	NM	NM	14.2
ROIC post tax	-	-	NM	NM	NM	11.2
Net ROE	-	(28.6)	(25.8)	(10.7)	(7.1)	2.9
Coverage ratios (x)	5Yr Avg	12/09	12/10	12/11E	12/12E	12/13E
EBIT / net interest	-	-	-	-	-	10.3
Dividend cover (UBS EPS)	-	-	-	-	-	-
Div. payout ratio (%), UBS EPS	-	-	-	-	-	-
Net debt / EBITDA	-	1.0	0.1	NM	NM	NM
Efficiency ratios (x)	5Yr Avg	12/09	12/10	12/11E	12/12E	12/13E
Revenue / op. invested capital	-	-	1.3	1.7	2.1	2.7
Revenue / fixed assets	-	-	0.9	1.1	1.3	1.5
Revenue / net working capital	-	-	NM	NM	NM	NM
Investment ratios (x)	5Yr Avg	12/09	12/10	12/11E	12/12E	12/13E
OpFCF / EBIT	-	NM	NM	NM	NM	2.2
Capex / revenue (%)	-	4.3	5.3	3.7	4.3	4.7
Capex / depreciation	-	0.3	0.4	0.3	0.3	0.4
Capital structure (%)	5Yr Avg	12/09	12/10	12/11E	12/12E	12/13E
Net debt / total equity	-	6.8	1.8	(36.8)	(33.7)	(47.8)
Net debt / (net debt + equity)	-	6.4	1.8	(58.3)	(50.9)	(91.4)
Net debt (core) / EV	-	-	-	(7.2)	(15.5)	(18.9)

Source: Company accounts, UBS estimates. (UBS) valuations are stated before goodwill-related charges and other adjustments for abnormal and economic items at the analysts' judgement.

Valuations: based on an average share price that year, (E): based on a share price of US\$15.51 on 23 Feb 2012 14:12 EST Market cap(E) may include forecast share issues/buybacks.

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■ **The Active Network, Inc.**

Active Network is the leading provider of organization-based cloud computing applications. The company provides technology and marketing solutions for event organizers, community organizations, and consumer brands. Active Network serves a wide range of customers, including community and sports organizations, large corporations, small and medium-sized businesses, educational institutions, government agencies, non-profit organizations, and other similar entities.

■ **Statement of Risk**

Risks include 1) integration of recent acquisitions and impact on margins, 2) new business model and limited history of profitability, 3) difficulty attracting new customers and transitioning existing customers to ActiveWorks. Additional concerns include the failure to compete successfully against current or future competitors, failure to comply with data privacy laws and regulations, and inability to expand business outside North America. The company's failure to expand customers' use of its applications and to increase the percentage of participants who register through its website are two additional risks.

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UBS Investment Research: Global Equity Rating Allocations

UBS 12-Month Rating	Rating Category	Coverage¹	IB Services²
Buy	Buy	57%	36%
Neutral	Hold/Neutral	37%	35%
Sell	Sell	7%	17%
UBS Short-Term Rating	Rating Category	Coverage³	IB Services⁴
Buy	Buy	less than 1%	0%
Sell	Sell	less than 1%	12%

1:Percentage of companies under coverage globally within the 12-month rating category.

2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

3:Percentage of companies under coverage globally within the Short-Term rating category.

4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Source: UBS. Rating allocations are as of 31 December 2011.

UBS Investment Research: Global Equity Rating Definitions

UBS 12-Month Rating	Definition
Buy	FSR is > 6% above the MRA.
Neutral	FSR is between -6% and 6% of the MRA.
Sell	FSR is > 6% below the MRA.
UBS Short-Term Rating	Definition
Buy	Buy: Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.
Sell	Sell: Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.

KEY DEFINITIONS

Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months.

Market Return Assumption (MRA) is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium).

Under Review (UR) Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation.

Short-Term Ratings reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case.

Equity Price Targets have an investment horizon of 12 months.

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UBS Securities LLC: Brian Pitz; Brian Fitzgerald; Brent Thill.

Company Disclosures

Company Name	Reuters	12-mo rating	Short-term rating	Price	Price date
The Active Network, Inc.¹⁶	ACTV.N	Buy	N/A	US\$15.75	22 Feb 2012

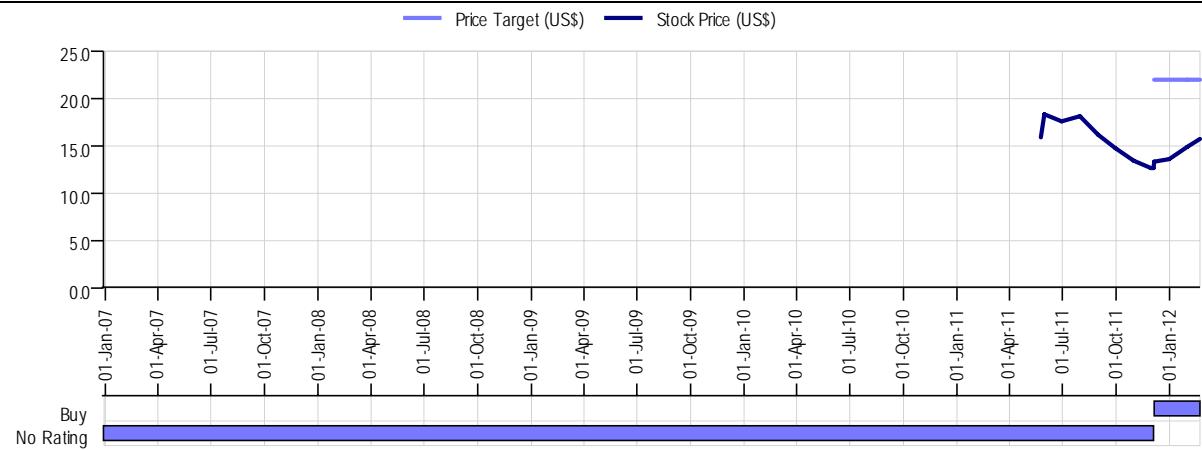
Source: UBS. All prices as of local market close.

Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date

16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report.

The Active Network, Inc. (US\$)



Source: UBS; as of 22 Feb 2012

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The Active Network, Inc.
Buy

ACTV: \$15.50
Price Target: \$19.00

Application Software

ACTV: Q4 Preview: Signs of Higher Demand Reflect Strong Trends; Raise PT to \$19

THINK ACTION:

We reiterate our Buy rating on ACTV as our checks, along with signs of accelerated sales hiring, indicate to us that demand for The ActiveWorks platform is escalating. Additionally, we think the Street under appreciates the recurring nature of ACTV's revenue stream despite having, what we view as, a very sticky customer-base with consistent organic registrations growth. We expect ACTV to report another strong quarter on February 23rd, and we carry an upward bias to our revenue growth trajectory owing to new product cycles ahead (like Starcrite), increasing sales capacity, a large but lightly penetrated endmarket, and low currency risk.

KEY POINTS:

- The Active Network reports Q4 on the evening of February 23.** We estimate PF revenue of \$73M (+18% Y/Y) and (\$0.16) PF EPS. Consensus is \$74M/ (\$0.15).
- We carry an upward bias to our revenue growth forecast for the following reasons:** 1) the mild weather in Q4 & Q1, along with contributions from RTP, could aid event registrations during what are typically slower seasonal periods; 2) Outdoor segment registrations could get a slight tailwind as large states (e.g., California and Ohio) went live; 3) strong customer retention and satisfaction levels indicate elasticity for cross-selling other products like Starcrite; 4) The Active Network open job and sales reps postings are up 39% and 33%, respectively, since January 1. **Please see page 2 for details.** We think it is logical to assume The Active Network is experiencing higher demand levels in Q1 and has accelerated investments in support of higher activity levels; and 5) management's consistent track record of raising the growth trajectory since its IPO. **Net/Net: We think business fundamentals and secular trends are strengthening for The Active Network and the business likely achieved its Q4 goals.**

- One of the lowest currency risks in our SaaS coverage universe.** The Active Network has less currency risk than most public SaaS vendors as ~97% of total revenue comes from North America. Being relatively insulated from any headwinds from the strengthening dollar is an attractive investment trait, in our opinion, and is another data point to support an upward bias to our revenue growth forecast.

- Low EV/Sales valuation could suggest the Street does not fully appreciate the recurring nature of ACTV's revenue stream, in our opinion.** We think ACTV's revenue model is more recurring in nature with better visibility than the Street assumes owing to, what we view as, a sticky customer base (~5% annual churn), great products, consistent organic registrations growth within the base, high customer satisfaction levels, and a large TAM that is lightly penetrated. These model characteristics are very similar to other SaaS companies in our coverage universe, which are typically valued on EV/Sales. A better appreciation of the underlying value of a highly visible, recurring revenue stream like The Active Network's could legitimize a higher valuation for the ACTV shares, in our opinion. **Bottom line: The recurring nature of ACTV's revenue stream, along with solid secular trends, gives us conviction that The Active Network is going to be a much larger and more profitable company in the future and legitimizes a higher near-term valuation, in our opinion.**

Brian Schwartz

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Changes	Current	Previous
Rating	Buy	--
Price Target	\$19.00	\$18.00
FY11E REV (M)	\$334.3E	--
FY12E REV (M)	\$424.7E	--
FY11E EPS	(\$0.05)E	--
FY12E EPS	\$0.13E	--

52-Week High:	\$19.99
52-Week Low:	\$12.30
Shares O/S-Diluted (M):	62.8
Market Cap (M):	\$973.4
Average Daily Volume:	277,944
Short Interest:	2.0%
Debt/Total Cap:	0.0%
Net Cash Per Share:	\$2.20
P/E (12-month forward):	NA
Est. Long-Term EPS Growth:	35.0%
P/E/G:	NM
Fiscal Year-End:	Dec

REV (M) \$	2010A	2011E	2012E
Mar	63.2A	72.7A	90.4E
Jun	81.7A	99.0A	121.8E
Sep	73.1A	89.6A	115.7E
Dec	61.6A	73.0E	96.8E
FY	279.6A	334.3E	424.7E
FY P/S	3.5x	2.9x	2.3x

EPS \$	2010A	2011E	2012E
Mar	(0.19)A	(0.12)A	(0.07)E
Jun	0.05A	0.18A	0.20E
Sep	0.01A	0.05A	0.10E
Dec	(0.12)A	(0.16)E	(0.08)E
FY	(0.25)A	(0.05)E	0.13E
FY P/E	NM	NM	119.2x

EPS is Non-GAAP



- Our 2013 estimates:\$479M In Rev/\$0.28 EPS/\$56M (\$0.77/share) EBITDA.

Exhibit 1: 2012 Job Postings Trend

ACTV	1/6/2012	1/13/2012	1/20/2012	1/27/2012	2/3/2012	2/10/2012	2/14/2012
Open Sales Positions	64	66	69	67	69	84	85
% change intraquarter		3%	8%	5%	8%	31%	33%
Open Total Positions	139	147	161	164	163	192	193
% change intraquarter		6%	16%	18%	17%	38%	39%

Source: ActiveNetwork.com

VALUATION:

Currently, ACTV shares trade 18x EV/2012E EBITDA. Our new \$19 (was \$18) price target for ACTV shares is based on the same EV/EBITDA multiple (i.e., 18x) applied to our 2013 EBITDA estimate of \$56M. We roll over the valuation multiple to the out year and believe this multiple is appropriate since the business has a highly predictable revenue stream and the multiple is below our 20% long-term CAGR expectation. ACTV shares also trade at 2.2x EV/FTM estimated revenue, which is a 50% discount to the current SaaS companies' group average of 4.4x. Our \$19 per-share price target for ACTV shares is based on 2.2x our EV/2013E revenue estimate of \$480M, as we use the same valuation multiple in the out year. We think ACTV shares should continue to trade at a discount to the SaaS group average on EV/Rev's owing to its higher services revenue mix and lower gross margins than most SaaS vendors. We use a 50% multiple discount to the group average to reflect the model differences.

RISKS TO PRICE TARGET:

Risks to our price target include: 1) acquisition integration challenges; 2) macroeconomic fluctuations; 3) increased churn; 4) failure to demonstrate leverage to R&D spend; and 5) failure to expand into other verticals and geographies.

COMPANY DESCRIPTION:

Active Network is a cloud computing applications provider serving the outdoor, sports, community, and corporate business segments. Its products and solutions allow organizations to automate online registrations, automate workflow processes and better manage their activities. The company introduced its technology platform in 1999 and has become over time the largest online site for a broad range of consumer and corporate activities. Active Network maintains its headquarters in San Diego, California.

The Active Network

Income Statement

\$ in millions, except per share)

	2010		2011E						2012E						2013E					
	FY		Q1	Q2	Q3	Q4E	FY	Q1E	Q2E	Q3E	Q4E	FY	Q1E	Q2E	Q3E	Q4E	FY			
	2009	2010	Mar-11	Jun-11	Sep-11	Dec-11	2011E	Mar-12	Jun-12	Sep-12	Dec-12	2012E	Mar-13	Jun-13	Sep-13	Dec-13	2013E			
Technology	210.5	237.7	63.1	85.6	76.3	58.3	283.2	75.4	101.8	95.4	74.4	347.0	84.4	114.9	106.9	81.5	387.7			
Y/Y % Change		13%	15%	20%	22%	19%	19%	19%	25%	28%	23%	12%	13%	12%	10%	10%	12%			
Q/Q % Change			28%	36%	-11%	-24%		29%	35%	-6%	-22%	14%	36%	-7%	-24%					
% of Total Rev	86.7%	85.0%	86.8%	86.4%	85.2%	79.9%	84.7%	83.4%	83.6%	82.4%	76.8%	81.7%	82.8%	83.1%	81.8%	75.7%	81.0%			
Marketing Services	32.4	41.9	9.6	13.5	13.3	14.7	51.0	15.0	20.0	20.3	22.4	77.7	17.5	23.4	23.8	26.2	90.9			
Y/Y % Change	29%	16%	28%	24%	18%	22%	56%	49%	53%	53%	52%	17%	17%	17%	17%	17%	17%			
Q/Q % Change		-23%	40%	-1%	10%		2%	33%	2%	10%		-22%	33%	2%	10%					
Total Revenue	242.9	279.6	72.7	99.0	89.6	73.0	334.3	90.4	121.8	115.7	96.8	424.7	102.0	138.3	130.6	107.8	478.7			
Y/Y % Change	40%	15%	15%	21%	23%	18%	20%	24%	23%	29%	33%	27%	13%	14%	13%	11%	13%			
Q/Q % Change		18%	36%	-10%	-19%		24%	35%	-5%	-16%		5%	36%	-6%	-17%					
Cost of Revenue																				
Cost of Technology Revenue																				
Technology Margin	91.0	26.0	33.1	32.4	26.1		117.6	32.4	41.7	42.0	33.5	149.6	35.5	48.3	45.9	36.3	166.0			
Cost of Marketing Services																				
Marketing Services Margin	6.2	1.2	1.5	1.6	1.9		6.2	2.0	2.7	2.6	2.7	10.1	2.3	3.0	3.1	3.4	11.8			
Gross Profit	153.2	182.3	45.6	64.4	55.6	45.0	210.6	55.9	77.3	71.1	60.6	265.0	64.2	87.0	81.6	68.1	300.9			
Gross Margin	63.1%	65.2%	62.7%	65.0%	62.1%	61.6%	63.0%	61.9%	63.5%	61.4%	62.6%	62.4%	63.0%	62.9%	62.5%	63.2%	62.9%			
Operating Expense																				
Sales and Marketing	49.8	58.5	16.8	18.3	16.8	17.0	68.9	18.9	21.7	21.5	22.1	84.1	21.9	22.8	22.3	22.8	89.7			
% of Total Revenue	20.5%	20.9%	23.0%	18.5%	18.8%	23.3%	20.6%	20.9%	17.8%	18.6%	22.8%	19.8%	21.5%	16.5%	17.1%	21.1%	18.7%			
Y/Y % Change	3%	18%	15%	22%	13%	20%	18%	13%	18%	28%	30%	22%	16%	5%	4%	3%	7%			
Research and Development	58.2	60.9	16.1	16.2	17.3	17.5	67.0	18.3	18.9	19.6	20.4	77.3	20.8	21.2	20.6	20.0	82.7			
% of Total Revenue	23.9%	21.8%	22.1%	16.3%	19.3%	23.9%	20.0%	20.3%	15.5%	17.0%	21.1%	18.2%	20.4%	15.4%	15.8%	18.6%	17.3%			
General and Administrative	29.7	38.0	10.2	11.1	10.4	10.5	42.1	11.6	11.7	11.9	12.0	47.2	12.7	13.0	13.2	13.5	52.3			
% of Total Revenue	12.2%	13.6%	14.0%	11.2%	11.6%	14.4%	12.6%	12.9%	9.6%	10.2%	12.4%	11.1%	12.5%	9.4%	10.1%	12.5%	10.9%			
Total Costs and Expenses	245.8	270.8	73.8	83.9	82.1	76.6	316.5	90.0	103.4	104.3	97.4	395.1	102.9	118.0	114.9	105.6	441.3			
PF Operating Income	3.0	5.8	(1.1)	15.1	7.4	(3.6)	17.8	0.4	18.3	11.4	(0.6)	29.6	(0.9)	20.3	15.7	2.1	37.3			
PF Operating Margin	1.2%	2.1%	(1.5%)	15.3%	8.3%	(5.0%)	5.3%	0.5%	15.1%	9.9%	(0.6%)	7.0%	(0.9%)	14.7%	12.1%	2.0%	7.8%			
Non-Cash Items/Stock Comp./Other	35.1	26.7	(7.5)	(7.3)	(7.9)	(8.9)	(31.6)	(9.8)	(10.6)	(10.4)	(10.0)	(40.8)	(9.6)	(10.3)	(10.1)	(9.7)	(39.7)			
Total Other Income	(3.8)	(4.8)	(1.3)	(1.2)	(0.0)	(0.8)	(3.3)	(0.9)	(1.0)	(0.9)	(0.6)	(3.5)	(0.5)	(0.4)	(0.3)	(0.2)	(1.6)			
PF Net Income	(15.3)	(10.1)	(5.3)	10.2	3.1	(9.9)	(1.9)	(4.8)	13.3	7.1	(5.6)	9.0	(4.9)	16.4	11.9	(1.6)	20.9			
PF Net Income %	-6.3%	-3.6%	-7.3%	10.3%	3.4%	-13.5%	-0.6%	-5.3%	10.9%	6.1%	-5.8%	2.1%	-4.9%	11.8%	9.1%	-1.5%	4.4%			
GAAP Net Income	(37.9)	(27.2)	(10.9)	5.5	(1.4)	(14.4)	(20.6)	(11.1)	6.2	0.1	(12.1)	(16.9)	(11.0)	9.6	5.3	(7.8)	(4.0)			
PF EPS	(\$0.38)	(\$0.25)	(\$0.12)	\$0.18	\$0.05	(\$0.16)	(\$0.05)	(\$0.07)	\$0.20	\$0.10	(\$0.08)	\$0.13	(\$0.07)	\$0.22	\$0.16	(\$0.02)	\$0.28			
Y/Y % Change	44.0%	35.8%	34.4%	256.3%	377.7%	(24.5%)	79.0%	40.6%	10.6%	110.2%	48.4%	N/A	5.2%	14.1%	55.6%	73.7%	113.6%			
GAAP EPS	(\$1.57)	(\$1.33)	(\$0.43)	\$0.03	(\$0.03)	(\$0.27)	(\$0.69)	(\$0.20)	\$0.11	\$0.00	(\$0.21)	(\$0.30)	(\$0.19)	\$0.17	\$0.09	(\$0.13)	(\$0.07)			
Fully Diluted Shares Outstanding (M)	40.5	41.7	43.1	57.4	62.8	63.4	56.7	66.0	67.4	68.7	70.1	68.1	71.5	72.9	74.4	75.9	73.7			
Adj. EBITDA	15.7	25.1	2.6	20.8	12.7	2.1	38.1	4.6	22.6	15.8	3.9	47.0	3.5	25.0	20.6	7.3	56.4			
Y/Y Change %		60%	145%	76%	37%	-27%	52%	78%	9%	25%	92%	23%	-24%	10%	30%	85%	20%			
Adj. EBITDA margin (%)	6%	9%	4%	21%	14%	3%	11%	5%	19%	14%	4%	11%	3%	18%	16%	7%	12%			
Adj. EBITDA/Share	\$0.39	\$0.60	\$0.06	\$0.36	\$0.20	\$0.03	\$0.67	\$0.07	\$0.34	\$0.23	\$0.06	\$0.69	\$0.05	\$0.34	\$0.28	\$0.10	\$0.77			

Management Guidance

Net Revenues (\$M)	84-88	72-76
Registration Growth	5% to 7%	12% to 14%
Rev Per Registration Growth	6% to 8%	1% to 3%
Net Loss (\$M)	(3.5)-(1.5)	(15)-(13)
Interest, taxes & other (\$M)	0.9	
Depreciation & Amortization (\$M)	11.6	44.0
SGC (\$M)	1.6	8.0
Adjusted EBITDA (\$M)	10-12	1-3
	36.7-38.7	

Source: Company reports and ThinkEquity LLC estimates

Balance Sheet	2009	Q1	Q2	Q3	Q4	Q1	Q2	Q3
		Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11
Current Assets:								
Cash and Equivalents	\$26.4			\$36.9	\$31.4	\$60.8	\$157.5	\$139.0
Restricted cash	\$5.0			\$5.0	\$5.0	\$5.0	\$5.0	\$5.0
Accounts Receivable	27.6			39.1	34.1	45.8	55.7	61.2
Prepaid expense and other current assets	3.7			4.4	4.2	4.9	6.9	6.0
Total Current Assets	62.6			85.4	74.7	116.5	225.1	211.2
Long-term Assets:								
PP&E	26.7			28.0	28.2	27.5	26.9	28.9
Software development costs	27.0			35.7	37.0	39.5	42.2	43.6
Goodwill	203.0			206.4	207.1	213.5	213.4	
Intangible assets	60.3			44.9	41.2	40.4	35.2	32.4
Deposits and other assets	2.3			2.4	2.3	3.3	2.2	2.0
Total Assets	381.9			402.8	390.5	440.7	545.0	531.6
Current Liabilities:								
Accounts Payable	3.4			4.0	5.4	6.4	5.0	4.5
Registration fees payable	30.2			47.3	40.7	81.2	99.6	76.2
Accrued expenses	27.6			34.4	32.2	39.6	31.7	36.1
Deferred Revenue	25.0			35.9	34.0	36.1	46.1	52.7
Current portion of debt	13.0			14.8	16.9	14.1	0.0	0.0
Capital lease obligations, current	1.9			2.0	2.0	2.1	2.0	2.9
Other current liabilities	0.1			2.3	1.6	1.7	2.6	2.6
Total Current Liabilities	101.3			140.8	132.7	181.2	187.0	174.9
Long-term Liabilities								
Debt, net of current portion	35.7			28.5	27.5	27.1	0.0	0.0
Capital lease obligations, net of current	3.6			1.8	1.7	1.0	1.0	0.6
Other Long-term liabilities	2.0			1.9	4.4	5.1	5.3	5.6
Deferred tax liability	16.3			17.8	18.0	19.0	19.7	19.6
Total Liabilities	159.0			162.3	156.7	206.3	213.0	200.8
Total Preferred Stock	364.2			385.0	0.0			
Total Shareholders' Equity	-141.3			-144.6	233.9	234.4	332.0	330.8
Total Liabilities and Equity	381.9			402.8	390.5	440.7	545.0	531.6

Net Cash

Net Cash	23	35	30	60	157	138
Q/Q growth in net cash				-15%	101%	162%
Days Sales Outstanding				7	6	4
Net Cash / Share				\$0.84	\$0.71	\$1.39
						\$2.73
						\$2.20

Deferred Revenue & Billings Analysis

Total Deferred Revenue	27	38	38	41	51	58
Deferred Revenue Q/Q Absolute Change				1	3	7
Q/Q % Change				1%	7%	13%
Y/Y % Change	24%			42%		54%
Billings		62	76	109	96	
Q/Q % Change				22%	45%	-12%
Y/Y % Change						
LTM Billings/FTM Revenue		0%	0%	0%	19%	39%
Billings (based only on Short-term Deferred Rev)	38	82	109	60	75	109
Q/Q % Change				114%	33%	-45%
Y/Y % Change					25%	46%
Billings (based upon Cashflow chg. In Deferred Rev)	63	82	73	70	75	109
Q/Q % Change				29%	-10%	-4%
Y/Y % Change					6%	46%
					18%	-12%
					33%	31%

Cash Flow Model	2009	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4E	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
		Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13
Cash from operations																	
OCF per Share	27.5				42.1	40.1	26.5	13.2	(14.3)	39.8	27.4	(5.6)	(8.4)	36.4	26.9	12.7	(6.6)
LTM Total					\$ 1.01	\$ 0.93	\$ 0.46	\$ 0.21	\$ (0.23)	\$ 0.60	\$ 0.41	\$ (0.08)	\$ (0.12)	\$ 0.51	\$ 0.37	\$ 0.17	\$ (0.09)
LTM Y/Y Change %					42.1	121.9	65.4	55%		65.1	66.0	47.2	53.2	49.8	49.3	67.6	69.4
LTM total cash from operations per share					\$ 1.01		\$ 1.94	\$ 1.03		\$ 0.99	\$ 0.98	\$ 0.69	\$ 0.76	\$ 0.70	\$ 0.68	\$ 0.91	\$ 0.91
% of Billings					68%	53%	24%	14%									
CapEx	(25.0)			(30.4)	(4.5)	(4.5)	(31.0)	(5.0)	(13.3)	(5.4)	(1.7)	(12.3)	(13.6)	(5.6)	(1.7)	(12.6)	
LTM Total	(25)			(30)			(70)	(45)	(54)	(55)	(25)	(33)	(33)	(33)	(34)		
LTM Y/Y Change %	250%			22%				48%			-64%	-27%		31%	2%		
Free cash flow	2.5			11.7	35.6	22.0	(17.8)	(19.3)	26.5	22.0	(7.3)	(20.7)	22.8	21.3	11.0	(19.2)	
FCF per Share					\$ 0.28	\$ 0.83	\$ 0.38	\$ (0.28)	\$ (0.30)	\$ 0.47	\$ 0.33	\$ (0.11)	\$ (0.30)	\$ 0.32	\$ 0.29	\$ 0.15	\$ (0.25)
LTM Total					11.7		51.5	20.4		11.3	11.4	21.9	20.5	16.7	16.1	34.4	35.9
LTM Y/Y Change %							74%					-58%	0%	57%	75%		
LTM total free cash flow per share							\$ 0.28		\$ 0.17	\$ 0.17	\$ 0.32	\$ 0.29	\$ 0.23	\$ 0.22	\$ 0.46	\$ 0.47	

Sources for balance sheet and cash flow: Company reports and ThinkEquity LLC estimates



Important Disclosures

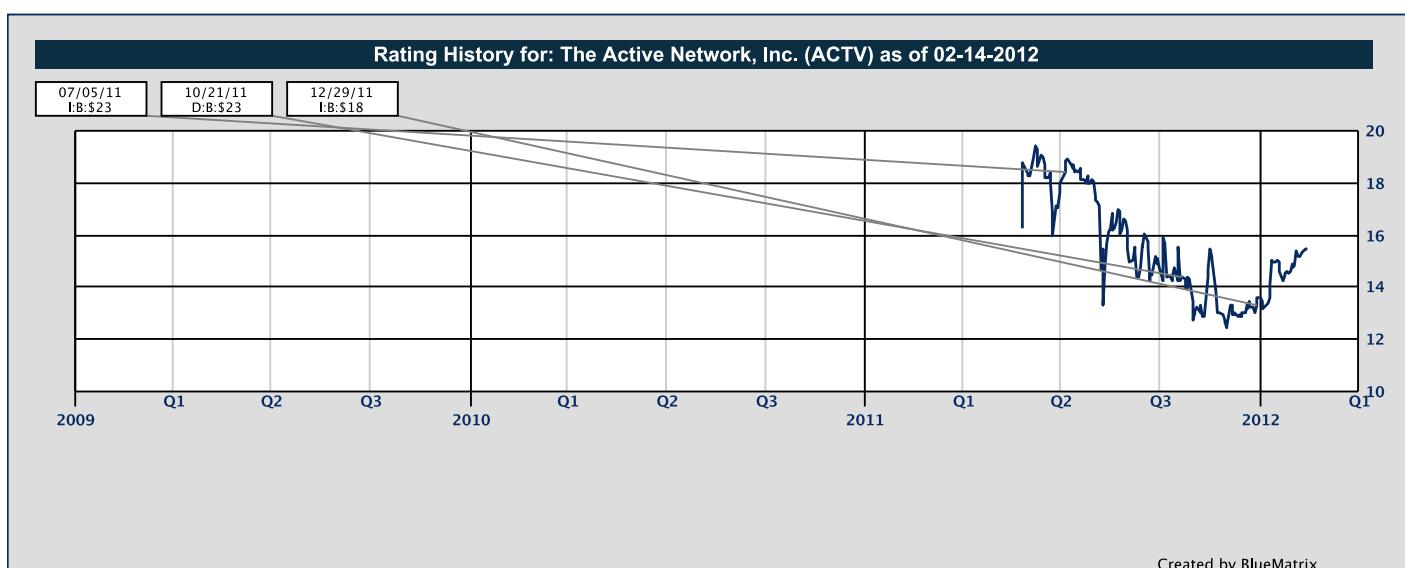
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Rating Definitions

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Hold: ThinkEquity expects the stock to generate risk-adjusted returns of +/-10% over the next 12 months. ThinkEquity believes the stock is fairly valued.

Sell: ThinkEquity expects the stock to generate negative risk-adjusted returns of more than 10% during the next 12 months. ThinkEquity recommends decreasing exposure to the stock.

Distribution of Ratings, Firmwide

ThinkEquity LLC

Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
BUY [B]	121	64.00	13	10.74
HOLD [H]	54	28.60	2	3.70
SELL [S]	14	7.40	0	0.00



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Company	Ticker	Price	Mkt. Cap (M)	Rating		Price Target		ThinkAction
				To	From	To	From	
Changes in Rating/Price Target								
Intuit Inc.	INTU	\$56.77	\$17,031.0	B		\$70.00	\$62.00	INTU: Expecting QuickBooks Momentum to Continue in the Early Tax Season
Molycorp, Inc.	MCP	\$25.97	\$2,262.0	H		\$27.00	\$30.00	MCP: 4Q11 Preview: Waiting On Cost Update
NeoPhotonics Corporation	NPTN	\$5.73	\$141.5	H		\$6.00	\$5.00	NPTN: Beat and Keep; We Still Expect Profitability 4-6 Quarters Out
The Active Network, Inc.	ACTV	\$15.50	\$973.4	B		\$19.00	\$18.00	ACTV: Q4 Preview: Signs of Higher Demand Reflect Strong Trends; Raise PT to \$19
Company Update								
CEVA, Inc.	CEVA	\$26.19	\$586.7	B		\$39.00		CEVA: Share Gain Opportunity Intact; Maintain Buy Rating
Sunesis Pharmaceuticals, Inc.	SNSS	\$1.89	\$87.5	B		\$12.00		SNSS: Its Risky Business But SNSS Carries Serious Protection (IP); Reit. Buy
Industry Update								
ThinkClean Tech								Solar Cost Update: Impact Of Technology Upgrades

Changes in Rating/Price Target

The Active Network, Inc. (ACTV, \$15.50, Buy)

Changes	To (Current)	From (Previous)
Rating	Buy	
Price Target	\$19.00	\$18.00
FY11 REV (M)	\$334.3E	
FY12 REV (M)	\$424.7E	
FY11 EPS	(\$0.05)E	
FY12 EPS	\$0.13E	

ACTV: Q4 Preview: Signs of Higher Demand Reflect Strong Trends; Raise PT to \$19

We reiterate our Buy rating on ACTV as our checks, along with signs of accelerated sales hiring, indicate to us that demand for The ActiveWorks platform is escalating. Additionally, we think the Street under appreciates the recurring nature of ACTV's revenue stream despite having, what we view as, a very sticky customer-base with consistent organic registrations growth. We expect ACTV to report another strong quarter on February 23rd, and we carry an upward bias to our revenue growth trajectory owing to new product cycles ahead (like Starcite), increasing sales capacity, a large but lightly penetrated endmarket, and low currency risk.

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Intuit Inc. (INTU, \$56.77, Buy)

Changes	To (Current)	From (Previous)
Rating	Buy	
Price Target	\$70.00	\$62.00
FY11 REV (M)	\$3,849.0A	
FY12 REV (M)	\$4,224.1E	
FY11 EPS	\$2.52A	
FY12 EPS	\$2.92E	

INTU: Expecting QuickBooks Momentum to Continue in the Early Tax Season

We believe the company is well positioned to deliver on 10%+ revenue growth in its two core franchise businesses, TurboTax and QuickBooks, and continue to expand margins over the next several years. In our view, INTU has successfully passed the inflection point in its transition to an online business model with a higher mix of recurring revenue streams, which we believe should lead to faster revenue and earnings growth with higher margins and greater visibility.

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Molycorp, Inc. (MCP, \$25.97, Hold)

Changes	To (Current)	From (Previous)
Rating	Hold	
Price Target	\$27.00	\$30.00
FY11 REV (M)	\$388.5E	
FY12 REV (M)	\$667.0E	
FY11 EPS	\$1.51E	
FY12 EPS	\$1.78E	\$2.00E

MCP: 4Q11 Preview: Waiting On Cost Update

We lower our estimates and price target for Molycorp (MCP) ahead of its 4Q11 report next Wednesday, entirely due to increased share count from the recent Molymet transaction. We are hard pressed to justify a higher target absent evidence of better costs arising from the new Mountain Pass facility, and look for such an update during next week's conference call. Our lower 2012 EPS estimate comes on a higher assumed share count and unchanged sales and margins.

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Robert Spandau— ThinkClean Tech —212-468-7019—rspandau@thinkequity.com

Noah Kaye— ThinkClean Tech —212-468-7029—nkaye@thinkequity.com

NeoPhotonics Corporation (NPTN, \$5.73, Hold)

Changes	To (Current)	From (Previous)
Rating	Hold	
Price Target	\$6.00	\$5.00
FY12 REV (M)	\$221.0E	\$210.0E
FY13 REV (M)	\$255.0E	\$250.0E
FY12 EPS	(\$0.73)E	(\$0.85)E
FY13 EPS	(\$0.07)E	(\$0.08)E

NPTN: Beat and Keep; We Still Expect Profitability 4-6 Quarters Out

We have raised our price target slightly following a beat and keep December result and outlook as we believe the worst of the down-turn may be behind us. We are encouraged by the recovery of top customer Huawei back to normalized levels and believe the Santur acquisition remains on track. We have increased our target to reflect our view that the worst is behind and NPTN's balance sheet appears to us sufficient to take them to profitability 4-6 quarters out.

Mark McKechnie— Communications Subsystems & Components —415-249-1988—mmckechnie@thinkequity.com

Company Update

CEVA, Inc. (CEVA, \$26.19, Buy)

Changes	To (Current)	From (Previous)
Rating	Buy	
Price Target	\$39.00	
FY12 REV (M)	\$63.2E	
FY13 REV (M)	\$73.0E	
FY12 EPS	\$1.01E	
FY13 EPS	\$1.28E	

CEVA: Share Gain Opportunity Intact; Maintain Buy Rating

We hosted a series of investor meetings with CEVA management. We believe that business is tracking in-line, with inventory digestion in low-end china handsets and continued opportunity for broader handset baseband share gains. Our price target of \$39 represents a 30x target multiple on our CY13 EPS estimate of \$1.28. Our price target implies a PEG of 1.7x, which we believe is justifiable given the company's share momentum.

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Noah Huth— Semiconductors —415-249-1981—nhuth@thinkequity.com



Sunesis Pharmaceuticals, Inc. (SNSS, \$1.89, Buy)

Changes	To (Current)	From (Previous)
Rating	Buy	
Price Target	\$12.00	
FY11 Gross Rev. (M)	\$6.0E	
FY12 Gross Rev. (M)	\$0.0E	
FY11 EPS	(\$0.45)E	
FY12 EPS	(\$0.72)E	

SNSS: Its Risky Business But SNSS Carries Serious Protection (IP); Reit. Buy

Announcement of Vosaroxin's USPTO Composition of Matter Intellectual Property (IP) allowance is the second most important catalyst we anticipated in 2012, beyond interim Phase 3 VALOR data in 3Q12. We believe IP may have been the sticking point in previous SNSS partnership or acquisition discussions given a large pharma partner would want an extended runway to development Vosaroxin beyond AML into larger solid tumor markets. New IP protection out to 2030 will serve as a key catalyst for future large pharma discussions, in our view. We reiterate our Buy rating and \$12PT.

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Industry Update

ThinkClean Tech

Solar Cost Update: Impact Of Technology Upgrades

Approaching the 2012 construction season, we take a step back to consider costs in addition to price to ground ourselves after the recent rally in solar names. The apparent investor optimism evident to us in rising industry prices and positive sentiment for the equities of wafer, cell and module manufacturers lead us to look for reasons to come off our generally bearish near term view. But, given recent pricing checks and after revisiting our cost estimates, we continue to be cautious on manufacturing margins given our view of limited potential for cost savings and ongoing rationalization of prices. We return to our positive recommendation for equipment suppliers as the industry moves production to 19% efficient cells from the current 16.5%.

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Buy: ThinkEquity expects the stock to generate positive risk-adjusted returns of more than 10% over the next 12 months. ThinkEquity recommends initiating or increasing exposure to the stock.

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Sell: ThinkEquity expects the stock to generate negative risk-adjusted returns of more than 10% during the next 12 months. ThinkEquity recommends decreasing exposure to the stock.

Distribution of Ratings, Firmwide					
ThinkEquity LLC					
Rating	Count	Percent	IB Serv./Past 12 Mos.		
			Count	Percent	
BUY [B]	121	64.00	13	10.74	
HOLD [H]	54	28.60	2	3.70	
SELL [S]	14	7.40	0	0.00	

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The Active Network, Inc.
Buy

ACTV: \$13.27
Price Target: \$18.00

Application Software

ACTV: Going Deep and Wide With Starcrite

THINK ACTION:

We like the potential synergies of the Starcrite acquisition and believe the acquisition will ultimately accelerate the company's organic growth and add scale to the business, while driving demand for the business segment. We've known Starcrite for years and consider it a market leader in SaaS-based meetings management with solid IP. We think ACTV will likely benefit from eliminating a top competitor, and gain substantial cross-selling opportunities since Starcrite's solutions provide end-to-end meetings management capabilities while The Active Network's are mostly geared toward attendee registration. We reiterate our BUY rating as we believe the overall business is tracking as planned.

KEY POINTS:

Last Friday, The Active Network held an investor call to discuss the recent acquisition of Starcrite. Below are deal metrics and our viewpoint:

Deal Terms Are at a Reasonable Valuation, in our view

- The Active Network acquired Starcrite for ~\$58M (\$40M in cash/ 1.35M shares).
- On a 2012 pro forma basis, Starcrite was estimated to generate ~\$47M in revenue and \$6M in EBITDA.
- **Reasonable 2012 Transaction Multiples:** ~1.2x EV/Rev's and ~9.7x EV/EBITDA compared to ACTV's multiples of ~1.9x and ~13x, respectively.

Key Positives of the Starcrite Acquisition

- Our field checks suggest Starcrite's business had reaccelerated over the past couple of quarters with ~20% increase in the number of 2011 RFPs.
- Significantly expands ACTV's market opportunity in the business segment.
- Gives ACTV more scale with additional revenue; expands the subscription revenue base.
- Broadens the application suite in the meetings management market.
- Significantly enhances the company's competitive advantage as The Active Network is the SaaS vendor that is closest to offering a unified meetings management suite for the Enterprise, in our opinion.
- Eliminates a meaningful competitor and the possibility of another vendor acquiring this technology.
- Accelerates The Active Network's penetration into the meetings management market by adding Starcrite's customer base.
- Creates numerous cross-selling opportunities for ACTV products into Starcrite's customer base and selling Starcrite's products into The Active Network customers.

Potential Risks of the Starcrite Acquisition

- This is the largest acquisition since its IPO for The Active Network which by nature will carry risks.
- ACTV could lose focus on its other three core operating segments in favor of, what we view as, the faster growing business segment.
- Starcrite had many customers that are subscription based and thus The Active Network will need to come up with a strategy to successfully migrate Starcrite's customers over to ACTV's mostly transaction-based model.

Brian Schwartz

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Changes	Current	Previous
Rating	Buy	--
Price Target	\$18.00	--
FY11E REV (M)	\$334.3E	--
FY12E REV (M)	\$424.7E	\$388.5E
FY11E EPS	(\$0.05)E	--
FY12E EPS	\$0.13E	\$0.15E

52-Week High:	\$19.99
52-Week Low:	\$12.30
Shares O/S-Diluted (M):	62.8
Market Cap (M):	\$833.4
Average Daily Volume:	223,529
Short Interest:	2.0%
Debt/Total Cap:	0.0%
Net Cash Per Share:	\$2.20
P/E (12-month forward):	NA
Est. Long-Term EPS Growth:	35.0%
P/E/G:	NM
Fiscal Year-End:	Dec

REV (M) \$	2010A	2011E	2012E
Mar	63.2A	72.7A	90.4E
Jun	81.7A	99.0A	121.8E
Sep	73.1A	89.6A	115.7E
Dec	61.6A	73.0E	96.7E
FY	279.6A	334.3E	424.7E

FY P/S	3.0x	2.5x	2.0x
EPS \$	2010A	2011E	2012E
Mar	(0.19)A	(0.12)A	(0.07)E
Jun	0.05A	0.18A	0.20E
Sep	0.01A	0.05A	0.10E
Dec	(0.12)A	(0.16)E	(0.08)E
FY	(0.25)A	(0.05)E	0.13E

FY P/E	NM	NM	102.1x
<i>EPS is Non-GAAP</i>			



2012 Model Changes

We have added ~\$36M in revenue and reduced our PF EPS by \$0.02.

VALUATION:

Currently, ACTV shares trade 18x EV/2011E EBITDA. Our \$18 price target for ACTV shares is based on a 21x EV/EBITDA multiple applied to our 2012 estimate of \$47M. We assume ACTV maintains a slightly higher valuation multiple and believe this multiple is appropriate since the business has a highly predictable revenue stream and the multiple is similar to our 20% long-term CAGR expectation.

RISKS TO PRICE TARGET:

Risks to our price target include: 1) acquisition integration challenges; 2) macroeconomic fluctuations; 3) increased churn; 4) failure to demonstrate leverage to R&D spend; and 5) failure to expand into other verticals and geographies.

COMPANY DESCRIPTION:

Active Network is a cloud computing applications provider serving the outdoor, sports, community, and corporate business segments. Its products and solutions allow organizations to automate online registrations, automate workflow processes and better manage their activities. The company introduced its technology platform in 1999 and has become over time the largest online site for a broad range of consumer and corporate activities. Active Network maintains its headquarters in San Diego, California.

The Active Network

Income Statement
(\$ in millions, except per share)

	2010						2011E						2012E					
	2009	Q1 Mar-10	Q2 Jun-10	Q3 Sep-10	Q4 Dec-10	FY 2010	Q1 Mar-11	Q2 Jun-11	Q3 Sep-11	Q4E Dec-11	FY 2011E	Q1E Mar-12	Q2E Jun-12	Q3E Sep-12	Q4E Dec-12	FY 2012E		
Technology	210.5	54.9	71.2	62.4	49.2	237.7	63.1	85.6	76.3	58.3	283.2	75.4	101.8	95.4	74.3	346.9		
Y/Y % Change		11%	7%	13%	13%		15%	20%	22%	19%	19%	20%	19%	25%	27%	22%		
Q/Q % Change		26%	30%	-12%	-21%		28%	36%	-11%	-24%		29%	35%	-6%	-22%			
% of Total Rev	86.7%	86.9%	87.2%	85.4%	79.8%	85.0%	86.8%	86.4%	85.2%	79.9%	84.7%	83.4%	83.6%	82.4%	76.8%	81.7%		
Marketing Services	32.4	8.3	10.5	10.7	12.4	41.9	9.6	13.5	13.3	14.7	51.0	15.0	20.0	20.3	22.4	77.7		
Y/Y % Change		36%	40%	17%	29%		16%	28%	24%	18%	22%	56%	49%	53%	53%	52%		
Q/Q % Change		-22%	27%	2%	16%		-23%	40%	-1%	10%		2%	33%	2%	10%			
Total Revenue	242.9	63.2	81.7	73.1	61.6	279.6	72.7	99.0	89.6	73.0	334.3	90.4	121.8	115.7	96.7	424.7		
Y/Y % Change	40%	24%	14%	11%	13%	15%	15%	21%	23%	18%	20%	24%	23%	29%	32%	27%		
Q/Q % Change		16%	29%	-10%	-16%		18%	36%	-10%	-19%		24%	35%	-5%	-16%			
Cost of Revenue																		
Cost of Technology Revenue		21.9	26.5	23.1	19.5		91.0	26.0	33.1	32.4	26.1		117.6	32.4	41.8	42.0	33.4	
Technology Margin		60.1%	62.7%	63.0%	60.4%		58.8%	61.3%	57.6%	55.3%		57.0%	59.0%	56.0%	55.0%	149.6		
Cost of Marketing Services		1.0	1.7	1.8	1.6		6.2	1.2	1.5	1.6	1.9		6.2	2.0	2.7	2.6	2.7	
Marketing Services Margin		87.7%	83.5%	83.0%	86.8%		87.9%	89.0%	88.0%	87.0%		86.5%	86.5%	87.0%	88.0%	10.1		
Gross Profit	153.2	40.3	53.4	48.2	40.5	182.3	45.6	64.4	55.6	45.0	210.6	56.0	77.4	71.1	60.6	265.0		
Gross Margin	63.1%	63.7%	65.4%	65.9%	65.7%	65.2%	62.7%	65.0%	62.1%	61.6%	63.0%	61.9%	63.5%	61.4%	62.7%	62.4%		
Operating Expense																		
Sales and Marketing	49.8	14.5	15.0	14.9	14.1	58.5	16.8	18.3	16.8	17.0	68.9	18.9	21.7	21.5	22.1	84.1		
% of Total Revenue	20.5%	23.0%	18.3%	20.4%	22.9%	20.9%	23.0%	18.5%	18.8%	23.3%	20.6%	20.9%	17.8%	18.6%	22.9%	19.8%		
Y/Y % Change	3%	10%	18%	26%	18%	18%	15%	22%	13%	20%	18%	13%	18%	28%	30%	22%		
Research and Development	58.2	14.9	16.2	15.0	14.8	60.9	16.1	16.2	17.3	17.5	67.0	18.3	18.9	19.6	20.4	77.3		
% of Total Revenue	23.9%	23.6%	19.8%	20.6%	23.9%	21.8%	22.1%	16.3%	19.3%	23.9%	20.0%	20.3%	15.5%	17.0%	21.1%	18.2%		
General and Administrative	29.7	9.8	10.4	8.9	8.8	38.0	10.2	11.1	10.4	10.5	42.1	11.6	11.7	11.9	12.0	47.2		
% of Total Revenue	12.2%	15.5%	12.8%	12.2%	14.3%	13.6%	14.0%	11.2%	11.6%	14.4%	12.6%	12.9%	9.6%	10.2%	12.4%	11.1%		
Total Costs and Expenses	245.8	66.2	73.9	67.8	62.8	270.8	73.8	83.9	82.1	76.6	316.5	90.0	103.5	104.3	97.3	395.1		
PF Operating Income	3.0	(2.8)	7.2	4.3	(3.0)	5.8	(1.1)	15.1	7.4	(3.6)	17.8	0.4	18.4	11.4	(0.6)	29.6		
PF Operating Margin	1.2%	(4.5%)	8.9%	5.9%	(4.8%)	2.1%	(1.5%)	15.3%	8.3%	(5.0%)	5.3%	0.5%	15.1%	9.9%	(0.7%)	7.0%		
Non-Cash Items/Stock Comp./Other	35.1	7.2	6.7	6.7	6.1	26.7	(7.5)	(7.3)	(7.9)	(8.9)	(31.6)	(9.8)	(10.6)	(10.4)	(10.0)	(40.8)		
Total Other Income	(3.8)	(1.7)	(1.7)	(0.5)	(1.0)	(4.8)	(1.3)	(1.2)	(0.0)	(0.8)	(3.3)	(0.9)	(1.0)	(0.9)	(0.6)	(3.5)		
PF Net Income	(15.3)	(7.8)	2.4	0.4	(5.2)	(10.1)	(5.3)	10.2	3.1	(9.9)	(1.9)	(4.8)	13.3	7.1	(5.7)	9.0		
PF Net Income %	-6.3%	-12.4%	2.9%	0.6%	-8.5%	-3.6%	-7.3%	10.3%	3.4%	-13.5%	-0.6%	-5.3%	10.9%	6.1%	-5.9%	2.1%		
GAAP Net Income	(37.9)	(12.4)	(1.9)	(3.8)	(9.1)	(27.2)	(10.9)	5.5	(1.4)	(14.4)	(20.6)	(11.1)	6.2	0.1	(12.1)	(16.9)		
PF EPS	(\$0.38)	(\$0.19)	\$0.05	\$0.01	(\$0.12)	(\$0.25)	(\$0.12)	\$0.18	\$0.05	(\$0.16)	(\$0.05)	(\$0.07)	\$0.20	\$0.10	(\$0.08)	\$0.13		
Y/Y % Change	44.0%	(24.1%)	(75.8%)	(90.8%)	2.7%	35.8%	34.4%	256.3%	377.7%	(24.5%)	79.0%	40.9%	10.8%	109.9%	47.9%	N/A		
GAAP EPS	(\$1.57)	(\$0.46)	(\$0.21)	(\$0.26)	(\$0.39)	(\$1.33)	(\$0.43)	\$0.03	(\$0.03)	(\$0.27)	(\$0.69)	(\$0.20)	\$0.11	\$0.00	(\$0.21)	(\$0.30)		
Fully Diluted Shares Outstanding (M)	40.5	41.7	45.9	41.7	41.7	41.7	43.1	57.4	62.8	63.4	56.7	66.0	67.4	68.7	70.1	68.1		
Adj. EBITDA	15.7	1.1	11.8	9.3	2.8	25.1	2.6	20.8	12.7	2.1	38.1	4.6	22.6	15.8	3.9	47.0		
Y/Y Change %						60%	145%	76%	37%	-27%	1%	79%	9%	25%	89%	85%		
Adj. EBITDA margin (%)	6%	2%	14%	13%	5%	9%	4%	21%	14%	3%	8%	5%	19%	14%	4%	11%		
Adj. EBITDA/Share	\$0.39	\$0.03	\$0.26	\$0.22	\$0.07	\$0.60	\$0.06	\$0.36	\$0.20	\$0.03	\$0.45	\$0.07	\$0.34	\$0.23	\$0.06	\$0.69		

Management Guidance

Net Revenues (\$M)	84-88	72-76
Registration Growth	5% to 7%	12% to 14%
Rev Per Registration Growth	6% to 8%	1% to 3%
Net Loss (\$M)	(3.5)-(1.5)	(15)-(13)
interest, taxes & other (\$M)	0.9	
Depreciation & Amortization (\$M)		11.6
SBC (\$M)	1.6	44.0
Adjusted EBITDA (\$M)	10-12	8.0
	1-3	36.7-38.7

Source: Company reports and ThinkEquity LLC estimates

Balance Sheet	2009	Q1	Q2	Q3	Q4	Q1	Q2	Q3
		Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11
Current Assets:								
Cash and Equivalents	\$26.4			\$36.9	\$31.4	\$60.8	\$157.5	\$139.0
Restricted cash	\$5.0			\$5.0	\$5.0	\$5.0	\$5.0	\$5.0
Accounts Receivable	27.6			39.1	34.1	45.8	55.7	61.2
Prepaid expense and other current assets	3.7			4.4	4.2	4.9	6.9	6.0
	Total Current Assets	62.6		85.4	74.7	116.5	225.1	211.2
Long-term Assets:								
PP&E	26.7			28.0	28.2	27.5	26.9	28.9
Software development costs	27.0			35.7	37.0	39.5	42.2	43.6
Goodwill	203.0			206.4	207.1	213.5	213.4	213.4
Intangible assets	60.3			44.9	41.2	40.4	35.2	32.4
Deposits and other assets	2.3			2.4	2.3	3.3	2.2	2.0
	Total Assets	381.9		402.8	390.5	440.7	545.0	531.6
Current Liabilities:								
Accounts Payable	3.4			4.0	5.4	6.4	5.0	4.5
Registration fees payable	30.2			47.3	40.7	81.2	99.6	76.2
Accrued expenses	27.6			34.4	32.2	39.6	31.7	36.1
Deferred Revenue	25.0			35.9	34.0	36.1	46.1	52.7
Current portion of debt	13.0			14.8	16.9	14.1	0.0	0.0
Capital lease obligations, current	1.9			2.0	2.0	2.1	2.0	2.9
Other current liabilities	0.1			2.3	1.6	1.7	2.6	2.6
	Total Current Liabilities	101.3		140.8	132.7	181.2	187.0	174.9
Long-term Liabilities								
Debt, net of current portion	35.7			28.5	27.5	27.1	0.0	0.0
Capital lease obligations, net of current	3.6			1.8	1.7	1.0	1.0	0.6
Other Long-term liabilities	2.0			1.9	4.4	5.1	5.3	5.6
Deferred tax liability	16.3			17.8	18.0	19.0	19.7	19.6
	Total Liabilities	159.0		162.3	156.7	206.3	213.0	200.8
Total Preferred Stock	364.2			385.0	0.0			
Total Shareholders' Equity	-141.3			-144.6	233.9	234.4	332.0	330.8
Total Liabilities and Equity	381.9			402.8	390.5	440.7	545.0	531.6
Net Cash								
Current Ratio	0.6x			0.6x	0.6x	0.6x	1.2x	1.2x
Quick Ratio	0.3x			0.3x	0.2x	0.3x	0.8x	0.8x
Total Cash	26			37	31	61	158	139
Total Debt	4			2	2	1	1	1
Net Cash	23			35	30	60	157	138
Q/Q growth in net cash				-15%		101%	162%	-12%
Days Sales Outstanding				7	6	4	5	
Total Debt to Capital	1.0%			0.4%	0.4%	0.2%	0.2%	0.1%
Total Debt to Equity	-2.6%			-1.2%	0.7%	0.4%	0.3%	0.2%
Average Shares Outstanding (M)				0.0	0.0	0.0	0.1	0.1
Book Value / Share				(\$54.47)	\$5.61	\$5.44	\$5.78	\$5.27
Cash/Share				\$0.88	\$0.75	\$1.41	\$2.74	\$2.21
Net Cash / Share				\$0.84	\$0.71	\$1.39	\$2.73	\$2.20
Deferred Revenue & Billings Analysis								
Total Deferred Revenue	27			38	38	41	51	58
Deferred Revenue Q/Q Absolute Change					1	3	10	7
Q/Q % Change					1%	7%	25%	13%
Y/Y % Change					42%			54%
Billings					62	76	109	96
Q/Q % Change						22%	45%	-12%
Y/Y % Change								
LTM Billings/FTM Revenue				0%	0%	0%	19%	39%
Billings (based only on Short-term Deferred Rev)	38	82	109	60	75	109	96	
Q/Q % Change						25%	46%	-12%
Y/Y % Change						96%	33%	-12%
Billings (based upon Cashflow chg. In Deferred Rev)	63	82	73	70	75	109	96	
Q/Q % Change						6%	46%	-12%
Y/Y % Change						18%	33%	31%
Cash Flow Model	2009	Q1	Q2	Q3	Q4	Q1	Q2	Q3
		Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11
Cash from operations	27.5			42.1	40.1	26.5	13.2	(14.3)
LTM total cash from operations per share				\$ 1.01		\$ 1.94	\$ 1.03	
% of Billings				68%	53%	24%	14%	
CapEx	(25.0)			(30.4)	(4.5)	(31.0)	(5.0)	(13.3)
LTM Total	(25)			(30)		(70)	(45)	(54)
Free cash flow	2.5			11.7	35.6	22.0	(17.8)	(19.3)
LTM total free cash flow per share				\$ 0.28		\$ 0.82	\$ 0.32	
							26.6	22.0
							(7.3)	(20.7)
							\$ 0.20	\$ 0.17
							\$ 0.33	\$ 0.30

Sources for balance sheet and cash flow: Company reports and ThinkEquity LLC estimates



Important Disclosures

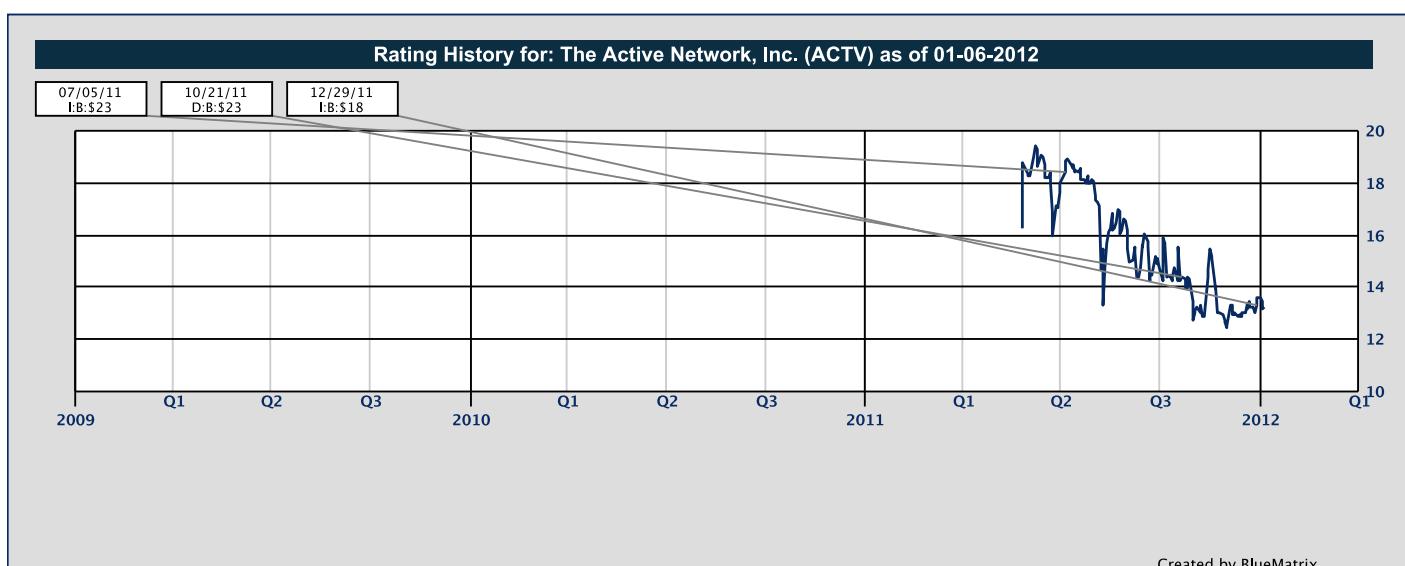
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Rating	Distribution of Ratings, Firmwide		IB Serv./Past 12 Mos.	
	Count	Percent	Count	Percent
BUY [B]	114	64.80	15	13.16
HOLD [H]	50	28.40	2	4.00
SELL [S]	12	6.80	0	0.00



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Technology: Application Software

SaaS/Application Software: Year Ahead 2012

THINK SUMMARY:

In selecting our 2012 "Fab Four", ACTV, KNXA, LPSN, & ULTI scored exceptionally well in five critical areas: SaaS business model, horizontal solutions, high scarcity value, Enterprise-wide deployments and a cost-savings value proposition. On an application segment basis, we remain most bullish on the Talent Management sector owing to its strong secular and cyclical trends and top segment rank scoring among our five critical areas.

KEY POINTS:

In choosing our "Fab Four" ideas for 2012, we evaluated a dozen small, mid and large cap Enterprise software companies that we follow in the following five critical areas and selected companies that we viewed as strong in all five categories: Company-specific secular trends and brief snapshots are located on page 2.

1. SaaS business model. We are seeing a monumental shift occurring in Enterprise Software as CIOs transition from legacy, client server software infrastructure to SaaS platforms. Although many Enterprises are still buying software in the traditional, on-premise format, we prefer the predictability, stability, and faster innovation cycles of the SaaS business model.

2. Horizontal solutions. The ability to sell to almost any size organization or industry vertical with little to no customization makes it easier to add new customers and provides diversification from vertical slowdowns (i.e., such as the current Housing industry is experiencing). This can also lead to higher operating margins from lower C.O.G.S. and R&D requirements.

3. High scarcity value. With organic growth rates slowing among most of the largest Enterprise software companies, it is logical to assume an organic growth challenged large software vendor will attempt to identify a unique technology asset and consider acquiring them as one of their eventual options.

4. Enterprise-wide deployments. Solutions that are adopted by every employee increases stickiness, demonstrates scale, and should provide better data analytics capabilities for the Enterprise than solutions sold solely into divisions. In our view, pervasive usage makes a more compelling case for CIOs to standardize on an Enterprise-wide platform and procure additional solutions over time from this type of vendor than a divisional platform. This is not to say that companies can not generate strong growth simply by selling into divisions. Years ago, who would have ever envisioned salesforce.com becoming a \$15B company simply by selling salesforce automation software to the sales and marketing departments. However, if divisional solutions never gain adoption Enterprise-wide than they lack a compelling case around data integration and analytics, in our opinion. Additionally, vendors solely selling into divisions will likely eventually succumb to market saturation and risk a slow descent in their new business growth rates as available runway shrinks.

5. Cost savings value proposition. Though we have no call on the global macro outlook, clearly there are heightened concerns around slowing growth rates among the BRIC economies and the sovereign debt crisis in Europe. We recently experienced elements of a more cautious IT buyer and elongated sales cycles in our November/December field checks, and from recent new business results from industry bellwethers such as Oracle and salesforce.com. In a slowing macro environment the IT buyer tends to be more focused on a quick ROI. And we believe it is easier to validate a quick ROI with a cost-savings solution than a demand generation solution, in most cases. Thus winning new business with a demand generation value proposition tends to be more vulnerable to customer business cycles in this type of macro backdrop, in our opinion.

Reason for Report:

Industry Update

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THE FAB FOUR - ACTV, KNXA, LPSN, ULTI

The Active Network		
Pros: Dominant brand with ~80M+ annual transactions; a deep competitive moat; sticky business; substantial margin expansion potential; reasonable valuation	Cons: Investment story could be better known and no good comps; duplicative platform support will temper margins til 2014; vulnerable to inclement weather	Overall: Although The Active Network will make duplicative C.O.G.S. and R&D investments in 2012 in support of their unified platform strategy; we believe growth prospects for all four business segments remain attractive and estimates appear conservative.
Kenexa		
Pros: Strong secular and cyclical market trends; dominates Enterprise RPO landscape; margin recovery story; reasonable valuation	Cons: Increased rate of investments will temper margin expansion slightly in 2012; higher services revenue mix; vulnerable to employment trends	Overall: A compelling value proposition for Enterprises combined with robust industry trends should lead to solid organic top-line growth and expanding margins. Revenue estimates appear conservative.
LivePerson		
Pros: Dominates proactive online chat market; morphing into a data analysis company; high scarcity value; enters 2012 with ~30% more Enterprise sales capacity	Cons: Q4 revenue expectation is a lofty target; low-end chat is becoming commoditized; higher recent management churn	Overall: Expect above industry growth as more Enterprises adopt a real-time behavioral targeting platform to improve conversion rates. Higher sales capacity and new product cycles could lead to faster growth in 2012.
The Ultimate Software Group		
Pros: Sticky business; high barriers to entry; growing attach rates & deal sizes; balanced growth & profitability; highly seasoned salesforce	Cons: Tends to guide aggressively on margins; increased competitor noise from Workday; challenge to expand overseas	Overall: We see robust top-line growth in 2012 for ULTI driven by increasing end-market demand as the Enterprise payroll market tips to SaaS and the companies attractive value proposition against the payroll processors. Also view ULTI's unified talent management platform as an attractive M&A characteristic.

Source: ThinkEquity LLC.

KEY COMPANY-SPECIFIC SECULAR TRENDS

ACTV: SaaS-based online registrations lifecycle management platform is imperative in our view for events management organizations to increase participation rates and enhance customer service; shift from offline to online registrations, transactions and advertisement

KNXA: Skilled labor shortages; higher employee attrition; automating and outsourcing HR department requirements

LPSN: Real-time customer behavioral analysis are essential in our view for effective online selling and customer support

ULTI: SaaS payroll is starting to tip into the Enterprise market = larger deal sizes & improved revenue visibility; automating HR department requirements



VALUATION AND PRICE TARGETS

ACTV: Currently, ACTV shares trade 18x EV/2011E EBITDA. Our \$18 price target for ACTV shares is based on a 18x EV/EBITDA multiple applied to our 2012 estimate of \$54M. We assume ACTV maintains a similar valuation multiple and believe this multiple is appropriate since the business has a highly predictable revenue stream and the multiple is in the middle of our 15-20% long-term CAGR expectation.

KNXA: At approximately 14x our EV/FTM OCF estimate of \$43M, we believe KNXA is one of the more attractively valued stocks in our SaaS software universe. On an EV/2012E revenue basis, KNXA shares trade at just 2.1x versus the SaaS companies group average of 4.3x. The stock also trades at a noticeable discount to the 2.9x group average on an EV/2012E revenue basis for our Non-SaaS application companies. Our \$32 price target is based on our assumption that the shares will trade at 2.4x EV/2012E revenue, which we think is appropriate, as it is a noticeable discount to the SaaS group average. We think KNXA shares should continue to trade at a discount to the SaaS group average owing to its higher services revenue mix than most SaaS vendors. However, we don't think the shares should trade at a discount to the Non-SaaS group average due to the higher visibility of its subscription model and faster organic revenue growth, cash flow growth and EPS growth than the Non-SaaS group average, but we use a slight discount group average multiple to the Non-SaaS group to be conservative.

LPSN: Currently, LPSN shares trade at approximately 21x our EV/FTM cash from operations estimate of \$29M, which is below the entire SaaS group average of 27x. Our \$14 per-share price target for LPSN shares is based on 23x our EV/2012 cash from operations estimate of \$31M, as we assume that LPSN will maintain essentially a similar valuation multiple in the out year and we believe this multiple to be appropriate and conservative since we think that LPSN shares warrant at least a group average multiple because of what we believe is LivePerson's leading market positioning in the Customer Intelligent Engagement market and higher profitability profile than most other SaaS providers.

ULTI: ULTI currently trades at 5.3x our EV/FTM Rev estimate of \$312M, which is a premium to the current SaaS Group average of 4.3x. Our valuation analysis yields a \$63 per-share price target for ULTI shares, which is based on 5.1x 2012E EV/Rev. We assume ULTI will maintain a slightly more conservative valuation multiple in the out-year and believe this multiple is appropriate since historically ULTI trades at ~5x Ev/Rev.

RISKS TO PRICE TARGETS

ACTV: 1) acquisition integration challenges; 2) macroeconomic fluctuations; 3) increased churn; 4) failure to demonstrate leverage to R&D spend; and 5) failure to expand into other verticals and geographies.

KNXA: 1) Prolonged weakness in IT spending; 2) macroeconomic fluctuations; 3) increase in customer churn; 4) slow customer adoption of talent management software; 5) rising unemployment; 6) acquisition integration challenges; 7) competition.

LPSN: 1) Competition. The above-average industry growth and increasing strategic value of customer intelligent solutions could attract the attention of larger software players. These larger software companies could then leverage the scale of their business, and size of their customer bases, to price competing solutions aggressively; which could make new customer additions and growth more challenging for LivePerson. 2) Macroeconomic fluctuations. LivePerson, like most other software companies, are exposed to changes in customer demand caused by macro fluctuations such as a recession. Any significant downturn in the economy most likely would result in a tightening of corporate IT budgets that could cause customers to defer investing in customer intelligent solutions. 3) Increased churn. SaaS companies are focused on customer renewals to sustain the business models. If renewals dip below historical levels, growth will become more of a challenge. 4) Legal Risk. The company is currently involved in two patent infringement litigation suits. While we can not predict the ultimate outcome of any legal proceedings, the suits could cause new customers from deferring purchases of LivePerson or existing customers canceling service as a result of these cases. Additionally, there could be monetary damages that could have an adverse effect on the company's financial position. The company has not accrued any monies for these cases as they believe the cases are without merit and any amount of loss, if any, cannot be reasonably estimated at this time.



ULTI: 1) competition; 2) macroeconomic fluctuations; 3) rapid increase in the unemployment rate 4) increase in customer churn; 5) slow customer adoption of talent management solutions; 6) longer deployment cycles.

ThinkEquity

Software Company Comparable Analysis

		Last 1/4/12	Shares (M)	Market Cap (\$M)	Enterprise Value (\$M)	LTM Sales (\$M)	FTM Sales est. (\$M)	2013E Sales (\$M)	LTM/ FTM est. Sales Growth	EV/ LTM Sales	EV/ FTM est. Sales	EV/ 2013E Sales
Think SaaS Universe *												
CRM	salesforce.com	\$97.48	142.2	13,862	13,055	2,092	2,737	3,554	31%	6.2x	4.8x	3.7x
SFSF	SuccessFactors	\$39.81	87.0	3,463	3,216	298	404	501	36%	10.8x	8.0x	6.4x
N	NetSuite	\$38.82	71.0	2,756	2,629	224	282	364	26%	11.7x	9.3x	7.2x
CNQR	Concur Technologies	\$49.52	55.7	2,758	2,390	350	438	541	25%	6.8x	5.5x	4.4x
ULTI	Ultimate Software Group	\$64.43	26.7	1,720	1,668	257	312	398	21%	6.5x	5.3x	4.2x
TLEO	Taleo	\$37.97	43.7	1,659	1,548	309	368	437	19%	5.0x	4.2x	3.5x
RNOW	RightNow Technologies	\$42.73	36.0	1,538	1,457	207	246	321	19%	7.0x	5.9x	4.5x
ACTV	The Active Network	\$13.19	62.8	828	690	323	375	454	16%	2.1x	1.8x	1.5x
KNXA	Kenexa	\$24.97	27.9	697	603	276	281	371	2%	2.2x	2.1x	1.6x
LPSN	LivePerson	\$12.01	55.7	669	588	127	155	192	22%	4.6x	3.8x	3.1x
CTCT	Constant Contact	\$22.26	30.4	677	548	204	241	296	18%	2.7x	2.3x	1.9x
Other SaaS Software												
ARBA	Ariba	\$27.69	97.6	2,701	2,476	444	527	604	19%	5.6x	4.7x	4.1x
CALD	Callidus Software	\$6.53	32.4	211	214	80	94	112	17%	2.7x	2.3x	1.9x
CNVO	Convio	\$11.12	18.3	203	152	77	89	106	16%	2.0x	1.7x	1.4x
CSOD	Cornerstone OnDemand	\$17.86	48.1	858	758	47	99	151	112%	16.3x	7.7x	5.0x
DMAN	DemandTec	\$13.15	33.3	438	374	89	100	112	12%	4.2x	3.7x	3.3x
IL	Intralinks	\$6.39	54.1	346	390	171	211	233	24%	2.3x	1.8x	1.7x
JCOM	J2 Global	\$28.26	46.3	1,308	1,145	326	353	375	8%	3.5x	3.2x	3.0x
LOGM	Logmein	\$37.71	24.2	913	727	118	135	174	14%	6.2x	5.4x	4.2x
RP	RealPage	\$25.33	70.9	1,795	1,785	241	315	399	31%	7.4x	5.7x	4.5x
MKTG	Responsys	\$9.04	47.1	425	339	128	153	189	19%	2.6x	2.2x	1.8x
SPSC	SPS Commerce	\$24.88	12.0	298	266	54	67	82	24%	4.9x	4.0x	3.2x
VOCS	Vocus	\$21.60	20.8	450	344	110	127	149	15%	3.1x	2.7x	2.3x
Non-SaaS Software												
ORCL	Oracle*	\$26.01	5123.0	133,249	117,015	36,822	38,992	42,297	6%	3.2x	3.0x	2.8x
CTXS	Citrix Systems	\$61.87	188.3	11,648	10,873	2,117	2,416	2,781	14%	5.1x	4.5x	3.9x
INFA	Informatica	\$35.52	106.7	3,789	3,235	755	867	1,039	15%	4.3x	3.7x	3.1x
OTEX	Open Text	\$51.57	57.3	2,955	3,180	1,104	1,244	1,315	13%	2.9x	2.6x	2.4x
PEGA	PegaSystems	\$28.17	37.5	1,058	959	391	460	589	18%	2.5x	2.1x	1.6x
SREV	ServiceSource	\$15.50	68.0	1,054	981	189	229	289	21%	5.2x	4.3x	3.4x
BLKB	Blackbaud Inc.	\$28.31	44.6	1,263	1,190	363	407	453	12%	3.3x	2.9x	2.6x
BIRT	Actuate	\$5.75	47.2	271	208	132	143	156	8%	1.6x	1.5x	1.3x
SABA	Saba	\$7.62	29.3	224	204	120	136	171	13%	1.7x	1.5x	1.2x
Group Multiples												
Think SaaS Universe												
Average				2,784	2,581	424	531	675	21%	6.0x	4.8x	3.8x
Median				1,659	1,548	276	312	398	21%	6.2x	4.8x	3.7x
All SaaS Companies												
Average				1,764	1,624	285	353	440	24%	5.5x	4.3x	3.4x
Median				858	727	207	246	321	19%	4.9x	4.0x	3.3x
Non-SaaS Companies												
AVG				34,426	29,709	10,067	10,702	10,661	11%	3.2x	2.9x	2.5x
Median				3,372	3,208	929	1,056	1,068	12%	3.1x	2.9x	2.6x

Sources: FactSet, company reports and ThinkEquity LLC estimates

* = ThinkEquity LLC estimates only

ThinkEquity

Software Company Comparable Analysis

	Last 1/4/12	EPS 2011E	EPS 2012E	EPS 2013E	P/E 2011E	P/E 2012E	P/E 2013E	EPS 2011E	EPS 2012E	EPS 2013E	LTM OCF (\$M)	FTM EV/ LTM OCF	FTM OCF est. (\$M)	FTM EV/ FTM OCF est.	FTM FCF est. (\$M)	FTM EV/ FTM FCF est.		
Think SaaS Universe *																		
CRM	salesforce.com	\$97.48	\$1.32	\$1.77	\$2.14	74x	55x	46x	8%	34%	21%	516.9	25.3x	648.0	20.1x	479.2	27.2x	
SFSF	SuccessFactors	\$39.81	\$0.13	\$0.18	\$0.24	44%	100%	85%	36.5	88.1x	42.6	75.5x	31.8	101.1x	
N	NetSuite	\$38.82	\$0.16	\$0.23	\$0.34	23%	44%	48%	29.1	90.4x	46.8	56.2x	36.0	73.0x	
CNQR	Concur Technologies	\$49.52	\$0.77	\$0.85	\$1.19	64x	58x	42x	-4%	10%	40%	77.0	31.0x	83.1	28.8x	44.9	53.2x	
ULTI	Ultimate Software Group	\$64.43	\$0.65	\$1.00	\$1.45	99x	64x	44x	38%	54%	45%	32.8	50.9x	50.2	33.2x	34.0	49.1x	
TLEO	Taleo	\$37.97	\$1.03	\$1.18	\$1.27	37x	32x	30x	32%	15%	8%	24.1	64.2x	59.5	26.0x	43.1	35.9x	
RNOW	RightNow Technologies	\$42.73	\$0.58	\$0.83	\$1.14	74x	51x	37x	18%	43%	37%	20.9	69.7x	38.6	37.8x	22.2	65.6x	
ACTV	The Active Network	\$13.19	-\$0.05	\$0.15	\$0.18	...	88x	73x	...	-400%	20%	0.0	44.6	14.1x	43.3	13.9x	19.2	36.0x
KNXA	Kenexa	\$24.97	\$0.82	\$1.07	\$1.38	30x	23x	18x	32%	30%	29%	42.8	14.1x	43.3	13.9x	24.3	24.8x	
LPSN	LivePerson	\$12.01	\$0.34	\$0.40	\$0.46	35x	30x	26x	13%	18%	15%	23.0	25.6x	28.7	20.5x	21.0	28.0x	
CTCT	Constant Contact	\$22.26	\$0.67	\$0.95	\$1.19	33x	23x	19x	76%	42%	25%	32.8	16.7x	45.6	12.0x	25.8	21.2x	
Other SaaS Software																		
ARBA	Ariba	\$27.69	\$0.84	\$1.00	\$1.15	33x	28x	24x	11%	19%	15%	66.0	37.5x	95.8	25.9x	82.1	30.1x	
CALD	Callidus Software	\$6.53	\$0.03	\$0.14	\$0.46	...	47x	14x	-1.5	...	0.0	
CNVO	Convio	\$11.12	\$0.39	\$0.50	\$0.66	29x	22x	17x	3%	28%	32%	8.0	19.0x	13.2	11.5x	7.6	20.1x	
CSOD	Cornerstone OnDemand	\$17.86	-\$0.29	-\$0.08	\$0.10	-72%	-225%	-2.1	...	11.9	63.7x	5.9	...	
DMAN	DemandTec	\$13.15	-\$0.05	\$0.11	\$0.11	67%	-320%	0%	7.5	49.6x	11.1	33.7x	7.7	48.7x	
IL	Intralinks	\$6.39	\$0.44	\$0.47	\$0.56	15x	14x	11x	...	7%	19%	35.4	11.0x	54.1	7.2x	31.8	12.2x	
JCOM	J2 Global	\$28.26	\$2.52	\$2.62	\$2.72	11x	11x	10x	29%	4%	4%	101.8	11.2x	141.9	8.1x	139.1	8.2x	
LOGM	Logmein	\$37.71	\$0.67	\$0.81	\$0.97	56x	47x	39x	...	21%	20%	30.1	24.2x	40.0	18.2x	31.8	22.9x	
RP	RealPage	\$25.33	\$0.35	\$0.49	\$0.66	72x	52x	38x	...	40%	35%	27.7	64.4x	62.4	28.6x	45.3	39.4x	
MKTG	Responsys	\$9.04	\$0.19	\$0.22	\$0.33	48x	41x	27x	...	16%	50%	19.5	17.4x	27.6	12.2x	17.5	19.4x	
SPSC	SPS Commerce	\$24.88	\$0.25	\$0.46	\$0.63	100x	54x	39x	-19%	84%	37%	4.9	54.1x	8.1	33.0x	6.3	42.2x	
VOCS	Vocus	\$21.60	\$0.79	\$0.90	\$1.04	27x	24x	21x	11%	14%	15%	15.9	21.6x	29.0	11.9x	24.9	13.8x	
Non-SaaS Software																		
ORCL	Oracle*	\$26.01	\$2.31	\$2.50	\$2.69	11x	10x	10x	21%	8%	8%	13,129.0	8.9x	13,447.0	8.7x	12,913.0	9.1x	
CTXS	Citrix Systems	\$61.87	\$2.46	\$2.79	\$3.15	25x	22x	20x	18%	13%	13%	468.1	23.2x	827.9	13.1x	689.8	15.8x	
INFA	Informatica	\$35.52	\$1.39	\$1.66	\$1.93	26x	21x	18x	23%	19%	16%	95.3	33.9x	209.5	15.4x	194.5	16.6x	
OTEX	Open Text	\$51.57	\$4.19	\$5.00	\$5.50	12x	10x	9x	13%	19%	10%	132.9	23.9x	288.2	11.0x	242.0	13.1x	
PEGA	PegaSystems	\$28.17	\$0.61	\$0.97	\$1.41	46x	29x	20x	7%	59%	45%	58.1x	...	
SREV	ServiceSource	\$15.50	\$0.05	\$0.14	\$0.21	74x	-50%	180%	50%	...	18.3	53.7x	3.6	
BLKB	Blackbaud Inc.	\$28.31	\$1.08	\$1.22	\$1.39	26x	23x	20x	16%	13%	14%	72.6	16.4x	78.7	15.1x	...	23.7x	
BIRT	Actuate	\$5.75	\$0.50	\$0.51	\$0.63	12x	11x	9x	11%	2%	24%	16.8	12.4x	16.5	12.6x	15.7	13.2x	
SABA	Saba	\$7.62	-\$0.28	\$0.02	\$0.04	-107%	100%	12.6	16.2x	14.5	14.0x	
Group Multiples																		
Think SaaS Universe																		
Average		\$0.58	\$0.78	\$1.00	56x	47x	37x	28%	-1%	34%	76.0	47.6x	102.8	30.9x	71.0	46.8x		
Median		\$0.65	\$0.85	\$1.19	51x	51x	37x	28%	34%	29%	32.8	40.9x	45.6	26.0x	31.8	36.0x		
All SaaS Companies																		
Average		\$0.55	\$0.71	\$0.89	49x	40x	30x	24%	-8%	17%	50.0	39.3x	70.7	27.0x	53.7	36.8x		
Median		\$0.44	\$0.50	\$0.66	37x	41x	27x	21%	20%	23%	27.7	28.3x	43.3	23.2x	28.8	30.1x		
Non-SaaS Companies																		
AVG		\$1.86	\$2.13	\$2.46	19x	16x	18x	16%	18%	25%	3,442.7	17.0x	3,952.8	15.1x	4,040.1	17.7x		
Median		\$2.27	\$2.41	\$2.65	16x	15x	18x	18%	12%	14%	300.5	16.3x	288.2	13.1x	465.9	13.2x		

Sources: FactSet, company reports and ThinkEquity LLC estimates

* = ThinkEquity LLC estimates only



COMPANIES MENTIONED IN THIS REPORT:

Company	Exchange	Symbol	Price	Rating
Concur Technologies, Inc.	NASDAQ	CNQR	\$49.52	Hold
Constant Contact, Inc.	NASDAQ	CTCT	\$22.26	Hold
Kenexa Corporation	NASDAQ	KNXA	\$24.97	Buy
LivePerson, Inc.	NASDAQ	LPSN	\$12.01	Buy
NetSuite Inc.	NYSE	N	\$38.82	Hold
Oracle Corporation	NASDAQ	ORCL	\$26.01	Buy
RightNow Technologies, Inc.	NASDAQ	RNOW	\$42.73	Hold
salesforce.com, Inc.	NYSE	CRM	\$97.48	Hold
Taleo Corp.	NASDAQ	TLEO	\$37.97	Hold
The Active Network, Inc.	NYSE	ACTV	\$13.19	Buy
The Ultimate Software Group, Inc.	NASDAQ	ULTI	\$64.43	Buy

Important Research Disclosures

Analyst Certification

I, Brian Schwartz, hereby certify that all of the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

The analyst(s) responsible for preparing this report has/have received compensation based on various factors, including the firm's total revenues, a portion of which is generated by investment banking activities. The analyst(s) also receive compensation in the form of a percentage of commissions from trades made through the firm in the securities of the subject company of this report, although not for any investment banking transactions with or involving the subject company.

ThinkEquity LLC and/or an affiliate managed or co-managed a public offering of securities for The Active Network, Inc. in the past 12 months.

ThinkEquity LLC makes a market in The Active Network, Inc., Concur Technologies, Inc., salesforce.com, Inc., Constant Contact, Inc., Kenexa Corporation, LivePerson, Inc., NetSuite Inc., Oracle Corporation, RightNow Technologies, Inc., Taleo Corp. and The Ultimate Software Group, Inc. securities; and/or associated persons may sell to or buy from customers on a principal basis.

ThinkEquity LLC has made affirmative disclosures concerning each of the covered securities mentioned in this report, including analyst holdings (if any), rating definitions and overall ratings distributions. These disclosures can be found in the most recent complete research report for each of the respective companies. Reports are available upon request.

Rating Definitions

Effective October 7, 2009, ThinkEquity LLC moved from a four-tier Buy/Accumulate/Source of Funds/Sell rating system to a three-tier Buy/Hold/Sell system. The new ratings appear in our Distribution of Ratings, Firmwide chart. To request historical information, including previously published reports or statistical information, please call: 866-288-8206, or write to: Director of Research, ThinkEquity LLC, 600 Montgomery Street, San Francisco, California, 94111.

Buy: ThinkEquity expects the stock to generate positive risk-adjusted returns of more than 10% over the next 12 months. ThinkEquity recommends initiating or increasing exposure to the stock.

Hold: ThinkEquity expects the stock to generate risk-adjusted returns of +/-10% over the next 12 months. ThinkEquity believes the stock is fairly valued.

Sell: ThinkEquity expects the stock to generate negative risk-adjusted returns of more than 10% during the next 12 months. ThinkEquity recommends decreasing exposure to the stock.

Distribution of Ratings, Firmwide

ThinkEquity LLC

Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
BUY [B]	110	65.10	15	13.64
HOLD [H]	47	27.80	2	4.26
SELL [S]	12	7.10	0	0.00



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Company	Ticker	Price	Mkt. Cap (M)	Rating		Price Target		ThinkAction
				To	From	To	From	
Initiations								
The Active Network, Inc.	ACTV	\$13.01	\$817.0	B		\$18.00		ACTV: Initiating Coverage With A Buy Rating And \$18 Price Target
Industry Update								
Broadband Mobility and Communications Infrastructure								Broadband Mobility and Communications Infrastructure: Year Ahead 2012
Infrastructure Software								Infrastructure Software: Year Ahead 2012

Initiations

The Active Network, Inc. (ACTV, \$13.01, Buy)

Changes	To (Current)	From (Previous)
Rating	Buy	
Price Target	\$18.00	
FY11 REV (M)	\$334.3E	
FY12 REV (M)	\$388.5E	
FY11 EPS	(\$0.05)E	
FY12 EPS	\$0.15E	

ACTV: Initiating Coverage With A Buy Rating And \$18 Price Target

We initiate coverage of The Active Network with a Buy rating and \$18 price target. We believe The Active Network will continue to deliver strong growth because event organizations increasingly realize they need a SaaS-based registrations lifecycle management platform to increase participation rates, automate online registrations, and better manage business operations. Additionally, a deep competitive moat, strong secular trends (offline-to-online registrations/transactions/advertisement trends), a proven predictable & profitable operating model and with the shares declining ~23% over the past four months (versus the NASDAQ +6%), it now looks like a buying opportunity for long-term investors, in our view.

Brian Schwartz— Application Software —415-249-1982—bschwartz@thinkequity.com

Industry Update

Broadband Mobility and Communications Infrastructure

Broadband Mobility and Communications Infrastructure: Year Ahead 2012

While we have no call on the global macro outlook, we see Broadband Mobility as a major theme in 2012 with several major disruptors and technology upgrades on the way. Specifically, we believe 1) 4G/LTE will come to mass market smart phones and tablets in 2H12 and drive new infrastructure shifts including carrier WiFi, small cells, and IP adaptive traffic management, 2) we believe Windows8 on ARM will offer low-cost/high performance/longer battery life as mobile technologies penetrate the PC market from the bottom-up, 3) Apple will disrupt the TV industry with its iTV, and 4) lower cost access solutions will bring broadband to the "have nots" in developed and developing regions.

Mark McKechnie— Broadband Mobility and Communications Infrastructure —415-249-1988—mmckechnie@thinkequity.com



Infrastructure Software

Infrastructure Software: Year Ahead 2012

We expect the security group to have an especially strong year on fundamentals in 2012, with solid demand (e.g. revenue growth of 12%, 2-3x the rate of global IT spending growth) and product news in firewall, intrusion prevention, encryption, and data protection. Key underlying trends in IT which are driving demand for security should continue to be virtualization in the data center, cloud adoption, managed service adoption, and the nightly news. We regard newsflow, apart from product introductions and potential IPOs, as a regular catalyst for the security group. While unfortunate, network-driven attacks on institutions and brands, denial of service extortion, data theft and cyber-warfare are part of the new normal of online communication, commerce and social dependency.

Daniel Cummins— Infrastructure Software —212-468-7010—dcummins@thinkequity.com



Important Disclosures

Analyst Certification

I, Brian Schwartz, hereby certify that all of the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

I, Daniel Cummins, hereby certify that all of the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

I, Mark McKechnie, hereby certify that all of the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

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ThinkEquity LLC and/or an affiliate managed or co-managed a public offering of securities for The Active Network, Inc., InvenSense, Inc. and Ubiquiti Networks, Inc. in the past 12 months.

The analyst(s) principally responsible for the preparation of this report, Mark McKechnie, and/or a member of his/her household currently has a financial interest in ARM Holdings, plc in the form of a long position in the common stock.

ThinkEquity LLC makes a market in The Active Network, Inc., Apple Inc., EMC Corporation, Fortinet, Inc., Harmonic Inc., InvenSense, Inc., Motorola Mobility Holdings, Inc., Microsoft Corporation, Mindspeed Technologies, Inc., Nokia Corporation, QUALCOMM Inc., Research In Motion Limited, Ubiquiti Networks, Inc. and VeriSign, Inc. securities; and/or associated persons may sell to or buy from customers on a principal basis.

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Sell: ThinkEquity expects the stock to generate negative risk-adjusted returns of more than 10% during the next 12 months. ThinkEquity recommends decreasing exposure to the stock.

Distribution of Ratings, Firmwide					
ThinkEquity LLC					
Rating	Count	Percent	IB Serv./Past 12 Mos.		
			Count	Percent	
BUY [B]	109	64.90	14	12.84	
HOLD [H]	47	28.00	2	4.26	
SELL [S]	12	7.10	0	0.00	

This report does not purport to be a complete statement of all material facts related to any company, industry, or security mentioned. The information provided, while not guaranteed as to accuracy or completeness, has been obtained from sources believed to be reliable. The opinions expressed reflect our judgment at this time and are subject to change without notice and may or may not be updated. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. This notice shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state in which said offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such state. This research report was originally prepared and distributed to institutional clients of ThinkEquity LLC.

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The Active Network, Inc.
Buy

ACTV: \$13.01
Price Target: \$18.00

ACTV: Initiating Coverage With A Buy Rating And \$18 Price Target

THINK ACTION:

We initiate coverage of The Active Network with a Buy rating and \$18 price target. We believe The Active Network will continue to deliver strong growth because event organizations increasingly realize they need a SaaS-based registrations lifecycle management platform to increase participation rates, automate online registrations, and better manage business operations. Additionally, a deep competitive moat, strong secular trends (offline-to-online registrations/transactions/advertisement trends), a proven predictable & profitable operating model and with the shares declining ~23% over the past four months (versus the NASDAQ +6%), it now looks like a buying opportunity for long-term investors, in our view.

KEY POINTS:

- An industry leader with strong secular trends and substantial operating leverage.** We initiate coverage of ACTV shares with a Buy rating and \$18 price target. The Active Network is a leading software-as-a-service (SaaS) provider of online events registration lifecycle management (RLM) solutions with 47,000+ customers and ~90M annual consumer registrations run-rate. We believe that, given strong secular trends, network-based effects, substantial operating leverage, increased distribution, and several potential greenfield opportunities, The Active Network can meet or exceed our 2012 financial expectations.
- Compelling value proposition, in our view.** Event organizations have mostly used manual processes (Microsoft Office), paper-based processes, or a legacy, ERP system to attract new registrants, process registrations, and manage their business operations. The Active Network has developed comprehensive online event registrations lifecycle management solutions for organizations in sports, outdoors, community-based and corporate sectors. These solutions can significantly increase event-demand, productivity, performance, registration renewal rates and employee satisfaction, in our opinion. Our customer checks reveal that online event registrations lifecycle management automation also yields an attractive ROI.
- Deep competitive moat and a sustainable competitive advantage, in our view.** Over the past 12 years, we believe The Active Network has created a deep competitive moat and sustainable competitive advantage owing to its first-mover advantage, industry-leading scale, and network-effects from a very large customer base and partner relationships with many other online portals.
- Call option on platform play.** The Active Network is in the process of transitioning its customer base onto a single platform called ActiveWorks. This transition should take 18-24 months to complete and ACTV's R&D expense and C.O.G.S. will be temporarily elevated as they end-of-life legacy platforms. Once completed, ACTV will operate a leaner cost structure that should provide leverage on future revenue growth, which we view as an attractive investment trait. Also, having one platform allows The Active Network to speed up innovation and deliver the latest functionality, which greatly enhances the number of new product cycles, increases customer stickiness, and puts The Active Network at the forefront of the industry's technology leaders, in our opinion.

Application Software

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Changes	Current	Previous
Rating	Buy	--
Price Target	\$18.00	--
FY11E REV (M)	\$334.3E	--
FY12E REV (M)	\$388.5E	--
FY11E EPS	(\$0.05)E	--
FY12E EPS	\$0.15E	--

52-Week High:	\$19.99
52-Week Low:	\$12.30
Shares O/S-Diluted (M):	62.8
Market Cap (M):	\$817.0
Average Daily Volume:	216,466
Short Interest:	2.0%
Debt/Total Cap:	0.0%
Net Cash Per Share:	\$2.20
P/E (12-month forward):	NA
Est. Long-Term EPS Growth:	35.0%
P/E/G:	NM
Fiscal Year-End:	Dec

REV (M) \$	2010A	2011E	2012E
Mar	63.2A	72.7A	83.0E
Jun	81.7A	99.0A	113.0E
Sep	73.1A	89.6A	106.2E
Dec	61.6A	73.0E	86.2E
FY	279.6A	334.3E	388.5E
FY P/S	2.9x	2.4x	2.1x

EPS \$	2010A	2011E	2012E
Mar	(0.19)A	(0.12)A	(0.06)E
Jun	0.05A	0.18A	0.20E
Sep	0.01A	0.05A	0.10E
Dec	(0.12)A	(0.16)E	(0.08)E
FY	(0.25)A	(0.05)E	0.15E

FY P/E NM NM 86.7x

EPS is Non-GAAP



VALUATION:

Currently, ACTV shares trade 18x EV/2011E EBITDA. Our \$18 price target for ACTV shares is based on a 18x EV/EBITDA multiple applied to our 2012 estimate of \$54M. We assume ACTV maintains a similar valuation multiple and believe this multiple is appropriate since the business has a highly predictable revenue stream and the multiple is in the middle of our 15-20% long-term CAGR expectation.

RISKS TO PRICE TARGET:

Risks to our price target include: 1) acquisition integration challenges; 2) macroeconomic fluctuations; 3) increased churn; 4) failure to demonstrate leverage to R&D spend; and 5) failure to expand into other verticals and geographies.

COMPANY DESCRIPTION:

Active Network is a cloud computing applications provider serving the outdoor, sports, community, and corporate business segments. Its products and solutions allow organizations to automate online registrations, automate workflow processes and better manage their activities. The company introduced its technology platform in 1999 and has become over time the largest online site for a broad range of consumer and corporate activities. Active Network maintains its headquarters in San Diego, California.

The Active Network

Income Statement
(\$ in millions, except per share)

	2010						2011E						2012E					
	2009	Q1 Mar-10	Q2 Jun-10	Q3 Sep-10	Q4 Dec-10	FY 2010	Q1 Mar-11	Q2 Jun-11	Q3 Sep-11	Q4E Dec-11	FY 2011E	Q1E Mar-12	Q2E Jun-12	Q3E Sep-12	Q4E Dec-12	FY 2012E		
Technology	210.5	54.9	71.2	62.4	49.2	237.7	63.1	85.6	76.3	58.3	283.2	71.8	97.3	90.6	69.0	328.8		
Y/Y % Change		11%	7%	13%	13%		15%	20%	22%	19%	19%	14%	14%	19%	18%	16%		
Q/Q % Change		26%	30%	-12%	-21%		28%	36%	-11%	-24%		23%	36%	-7%	-24%			
% of Total Rev	86.7%	86.9%	87.2%	85.4%	79.8%	85.0%	86.8%	86.4%	85.2%	79.9%	84.7%	86.5%	86.1%	85.3%	80.1%	84.6%		
Marketing Services	32.4	8.3	10.5	10.7	12.4	41.9	9.6	13.5	13.3	14.7	51.0	11.2	15.7	15.6	17.2	59.7		
Y/Y % Change		36%	40%	17%	29%		16%	28%	24%	18%	22%	17%	17%	17%	17%	17%		
Q/Q % Change		-22%	27%	2%	16%		-23%	40%	-1%	10%		-23%	40%	-1%	10%			
Total Revenue	242.9	63.2	81.7	73.1	61.6	279.6	72.7	99.0	89.6	73.0	334.3	83.0	113.0	106.2	86.2	388.5		
Y/Y % Change	40%	24%	14%	11%	13%	15%	15%	21%	23%	18%	20%	14%	14%	19%	18%	16%		
Q/Q % Change		16%	29%	-10%	-16%		18%	36%	-10%	-19%		14%	36%	-6%	-19%			
Cost of Revenue																		
Cost of Technology Revenue		21.9	26.5	23.1	19.5		91.0	26.0	33.1	32.4	26.1		117.6	30.9	40.9	40.8	31.1	
Technology Margin		60.1%	62.7%	63.0%	60.4%		58.8%	61.3%	57.6%	55.3%		57.0%	58.0%	55.0%	55.0%	143.6		
Cost of Marketing Services		1.0	1.7	1.8	1.6		6.2	1.2	1.5	1.6	1.9		6.2	1.3	1.9	1.9	2.1	
Marketing Services Margin		87.7%	83.5%	83.0%	86.8%		87.9%	89.0%	88.0%	87.0%		88.0%	88.0%	88.0%	88.0%	7.2		
Gross Profit	153.2	40.3	53.4	48.2	40.5	182.3	45.6	64.4	55.6	45.0	210.6	50.8	70.3	63.6	53.1	237.7		
Gross Margin	63.1%	63.7%	65.4%	65.9%	65.7%	65.2%	62.7%	65.0%	62.1%	61.6%	63.0%	61.2%	62.2%	59.8%	61.6%	61.2%		
Operating Expense																		
Sales and Marketing	49.8	14.5	15.0	14.9	14.1	58.5	16.8	18.3	16.8	17.0	68.9	17.5	19.3	18.7	19.2	74.7		
% of Total Revenue	20.5%	23.0%	18.3%	20.4%	22.9%	20.9%	23.0%	18.5%	18.8%	23.3%	20.6%	21.1%	17.0%	17.6%	22.3%	19.2%		
Y/Y % Change	3%	10%	18%	26%	18%	18%	15%	22%	13%	20%	18%	4%	5%	11%	13%	8%		
Research and Development	58.2	14.9	16.2	15.0	14.8	60.9	16.1	16.2	17.3	17.5	67.0	17.8	18.2	18.5	19.1	73.6		
% of Total Revenue	23.9%	23.6%	19.8%	20.6%	23.9%	21.8%	22.1%	16.3%	19.3%	23.9%	20.0%	21.5%	16.1%	17.4%	22.1%	18.9%		
General and Administrative	29.7	9.8	10.4	8.9	8.8	38.0	10.2	11.1	10.4	10.5	42.1	10.8	11.1	11.3	11.7	44.9		
% of Total Revenue	12.2%	15.5%	12.8%	12.2%	14.3%	13.6%	14.0%	11.2%	11.6%	14.4%	12.6%	13.0%	9.8%	10.7%	13.5%	11.6%		
Total Costs and Expenses	245.8	66.2	73.9	67.8	62.8	270.8	73.8	83.9	82.1	76.6	316.5	82.0	95.0	94.9	86.8	358.7		
PF Operating Income	3.0	(2.8)	7.2	4.3	(3.0)	5.8	(1.1)	15.1	7.4	(3.6)	17.8	1.0	18.1	11.3	(0.6)	29.8		
PF Operating Margin	1.2%	(4.5%)	8.9%	5.9%	(4.8%)	2.1%	(1.5%)	15.3%	8.3%	(5.0%)	5.3%	1.2%	16.0%	10.7%	(0.7%)	7.7%		
Non-Cash Items/Stock Comp./Other	35.1	7.2	6.7	6.7	6.1	26.7	(7.5)	(7.3)	(7.9)	(8.9)	(31.6)	(7.6)	(8.2)	(8.0)	(7.6)	(31.4)		
Total Other Income	(3.8)	(1.7)	(1.7)	(0.5)	(1.0)	(4.8)	(1.3)	(1.2)	(0.0)	(0.8)	(3.3)	(0.8)	(0.9)	(0.8)	(0.6)	(3.1)		
PF Net Income	(15.3)	(7.8)	2.4	0.4	(5.2)	(10.1)	(5.3)	10.2	3.1	(9.9)	(1.9)	(3.9)	12.9	6.8	(5.4)	9.6		
PF Net Income %	-6.3%	-12.4%	2.9%	0.6%	-8.5%	-3.6%	-7.3%	10.3%	3.4%	-13.5%	-0.6%	-4.7%	11.4%	6.4%	-6.3%	2.5%		
GAAP Net Income	(37.9)	(12.4)	(1.9)	(3.8)	(9.1)	(27.2)	(10.9)	5.5	(1.4)	(14.4)	(20.6)	(8.0)	8.3	2.3	(9.5)	(6.9)		
PF EPS	(\$0.38)	(\$0.19)	\$0.05	\$0.01	(\$0.12)	(\$0.25)	(\$0.12)	\$0.18	\$0.05	(\$0.16)	(\$0.05)	(\$0.06)	\$0.20	\$0.10	(\$0.08)	\$0.15		
Y/Y % Change	44.0%	(24.1%)	(75.8%)	(90.8%)	2.7%	35.8%	34.4%	256.3%	377.7%	(24.5%)	79.0%	50.6%	10.9%	111.0%	48.5%	N/A		
GAAP EPS	(\$1.57)	(\$0.46)	(\$0.21)	(\$0.26)	(\$0.39)	(\$1.33)	(\$0.43)	\$0.03	(\$0.03)	(\$0.27)	(\$0.69)	(\$0.15)	\$0.15	\$0.04	(\$0.17)	(\$0.12)		
Fully Diluted Shares Outstanding (M)	40.5	41.7	45.9	41.7	41.7	41.7	43.1	57.4	62.8	63.4	56.7	64.4	65.3	66.3	67.3	65.8		
Adj. EBITDA	15.7	1.1	11.8	9.3	2.8	25.1	2.6	20.8	12.7	2.1	38.1	6.8	24.0	17.4	5.6	53.7		
Y/Y Change %						60%	145%	76%	37%	-27%	52%	164%	15%	37%	170%	41%		
Adj. EBITDA margin (%)	6%	2%	14%	13%	5%	9%	4%	21%	14%	3%	11%	8%	21%	16%	6%	14%		
Adj. EBITDA/Share	\$0.39	\$0.03	\$0.26	\$0.22	\$0.07	\$0.60	\$0.06	\$0.36	\$0.20	\$0.03	\$0.67	\$0.11	\$0.37	\$0.26	\$0.08	\$0.82		

Management Guidance

Net Revenues (\$M)	84-88	72-76
Registration Growth	5% to 7%	12% to 14%
Rev Per Registration Growth	6% to 8%	1% to 3%
Net Loss (\$M)	(3.5)-(1.5)	(15)-(13)
interest, taxes & other (\$M)	0.9	
Depreciation & Amortization (\$M)		11.6
SBC (\$M)	1.6	44.0
Adjusted EBITDA (\$M)	10-12	8.0
	1-3	36.7-38.7

Source: Company reports and ThinkEquity LLC estimates

Balance Sheet	2009	Q1	Q2	Q3	Q4	Q1	Q2	Q3
		Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11
Current Assets:								
Cash and Equivalents	\$26.4			\$36.9	\$31.4	\$60.8	\$157.5	\$139.0
Restricted cash	\$5.0			\$5.0	\$5.0	\$5.0	\$5.0	\$5.0
Accounts Receivable	27.6			39.1	34.1	45.8	55.7	61.2
Prepaid expense and other current assets	3.7			4.4	4.2	4.9	6.9	6.0
Total Current Assets	62.6			85.4	74.7	116.5	225.1	211.2
Long-term Assets:								
PP&E	26.7			28.0	28.2	27.5	26.9	28.9
Software development costs	27.0			35.7	37.0	39.5	42.2	43.6
Goodwill	203.0			206.4	207.1	213.5	213.4	213.4
Intangible assets	60.3			44.9	41.2	40.4	35.2	32.4
Deposits and other assets	2.3			2.4	2.3	3.3	2.2	2.0
Total Assets	381.9			402.8	390.5	440.7	545.0	531.6
Current Liabilities:								
Accounts Payable	3.4			4.0	5.4	6.4	5.0	4.5
Registration fees payable	30.2			47.3	40.7	81.2	99.6	76.2
Accrued expenses	27.6			34.4	32.2	39.6	31.7	36.1
Deferred Revenue	25.0			35.9	34.0	36.1	46.1	52.7
Current portion of debt	13.0			14.8	16.9	14.1	0.0	0.0
Capital lease obligations, current	1.9			2.0	2.0	2.1	2.0	2.9
Other current liabilities	0.1			2.3	1.6	1.7	2.6	2.6
Total Current Liabilities	101.3			140.8	132.7	181.2	187.0	174.9
Long-term Liabilities								
Debt, net of current portion	35.7			28.5	27.5	27.1	0.0	0.0
Capital lease obligations, net of current	3.6			1.8	1.7	1.0	1.0	0.6
Other Long-term liabilities	2.0			1.9	4.4	5.1	5.3	5.6
Deferred tax liability	16.3			17.8	18.0	19.0	19.7	19.6
Total Liabilities	159.0			162.3	156.7	206.3	213.0	200.8
Total Preferred Stock	364.2			385.0	0.0			
Total Shareholders' Equity	-141.3			-144.6	233.9	234.4	332.0	330.8
Total Liabilities and Equity	381.9			402.8	390.5	440.7	545.0	531.6
Net Cash								
Current Ratio	0.6x			0.6x	0.6x	0.6x	1.2x	1.2x
Quick Ratio	0.3x			0.3x	0.2x	0.3x	0.8x	0.8x
Total Cash	26			37	31	61	158	139
Total Debt	4			2	2	1	1	1
Net Cash	23			35	30	60	157	138
Q/Q growth in net cash					-15%	101%	162%	-12%
Days Sales Outstanding					7	6	4	5
Total Debt to Capital	1.0%			0.4%	0.4%	0.2%	0.2%	0.1%
Total Debt to Equity	-2.6%			-1.2%	0.7%	0.4%	0.3%	0.2%
Average Shares Outstanding (M)				0.0	0.0	0.0	0.1	0.1
Book Value / Share				(\$3.47)	\$5.61	\$5.44	\$5.78	\$5.27
Cash/Share				\$0.88	\$0.75	\$1.41	\$2.74	\$2.21
Net Cash / Share				\$0.84	\$0.71	\$1.39	\$2.73	\$2.20
Deferred Revenue & Billings Analysis								
Total Deferred Revenue	27			38	38	41	51	58
Deferred Revenue Q/Q Absolute Change					1	3	10	7
Q/Q % Change					1%	7%	25%	13%
Y/Y % Change		24%			42%			54%
Billings					62	76	109	96
Q/Q % Change						22%	45%	-12%
Y/Y % Change								
<i>LTM Billings/FTM Revenue</i>		0%	0%	0%	19%	40%	69%	55%
Billings (based only on Short-term Deferred Rev)	38	82	109	60	75	109	96	
Q/Q % Change						25%	46%	-12%
Y/Y % Change						96%	33%	-12%
Billings (based upon Cashflow chg. In Deferred Rev)	63	82	73	70	75	109	96	
Q/Q % Change						6%	46%	-12%
Y/Y % Change						18%	33%	31%
Cash Flow Model	2009	Q1	Q2	Q3	Q4	Q1	Q2	Q3
		Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11
Cash from operations	27.5				42.1	40.1	26.5	13.2
LTM total cash from operations per share					\$ 1.01	\$ 1.94	\$ 1.03	\$ 0.84
% of Billings					68%	53%	24%	14%
CapEx	(25.0)				(30.4)	(4.5)	(4.5)	(5.0)
LTM Total	(25)				(30)		(70)	(45)
Free cash flow	2.5				11.7	35.6	22.0	(17.8)
LTM total free cash flow per share					\$ 0.28	\$ 0.82	\$ 0.32	\$ 0.35
Q1E	Mar-12	Q2E	Jun-12	Q3E	Sep-12	Q4E	Dec-12	

Sources for balance sheet and cash flow: Company reports and ThinkEquity LLC estimates



COMPANIES MENTIONED IN THIS REPORT:

Company	Exchange	Symbol	Price	Rating
Microsoft Corporation	NASDAQ	MSFT	\$25.82	Hold

Important Disclosures

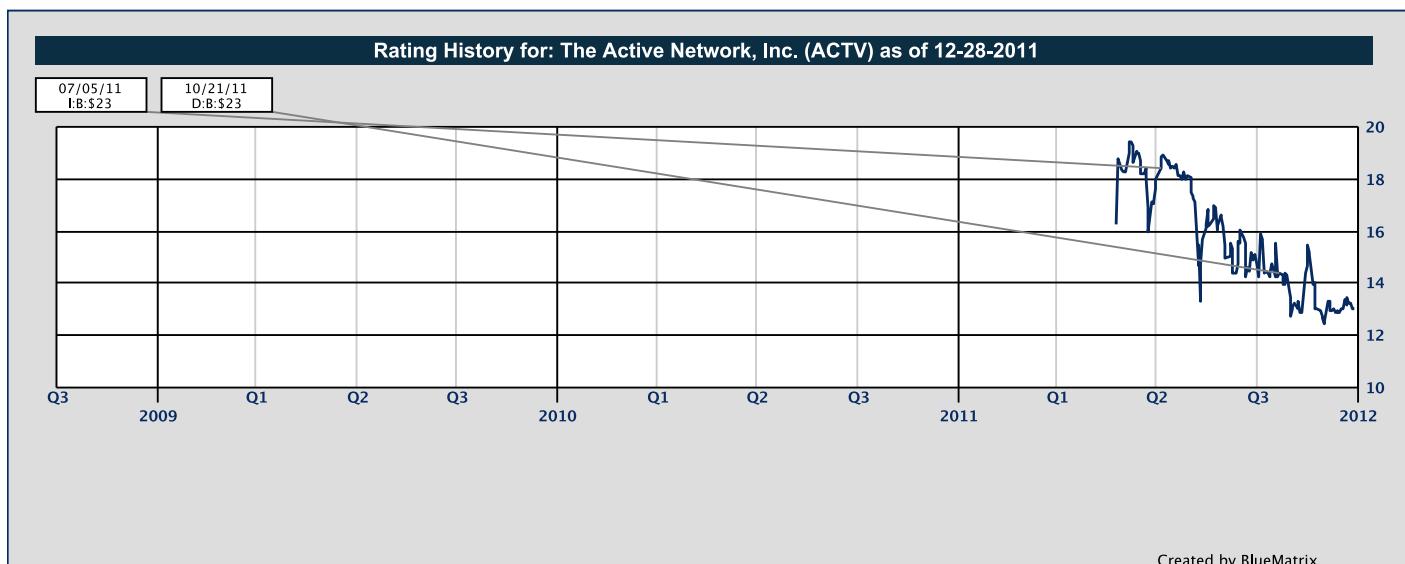
Analyst Certification

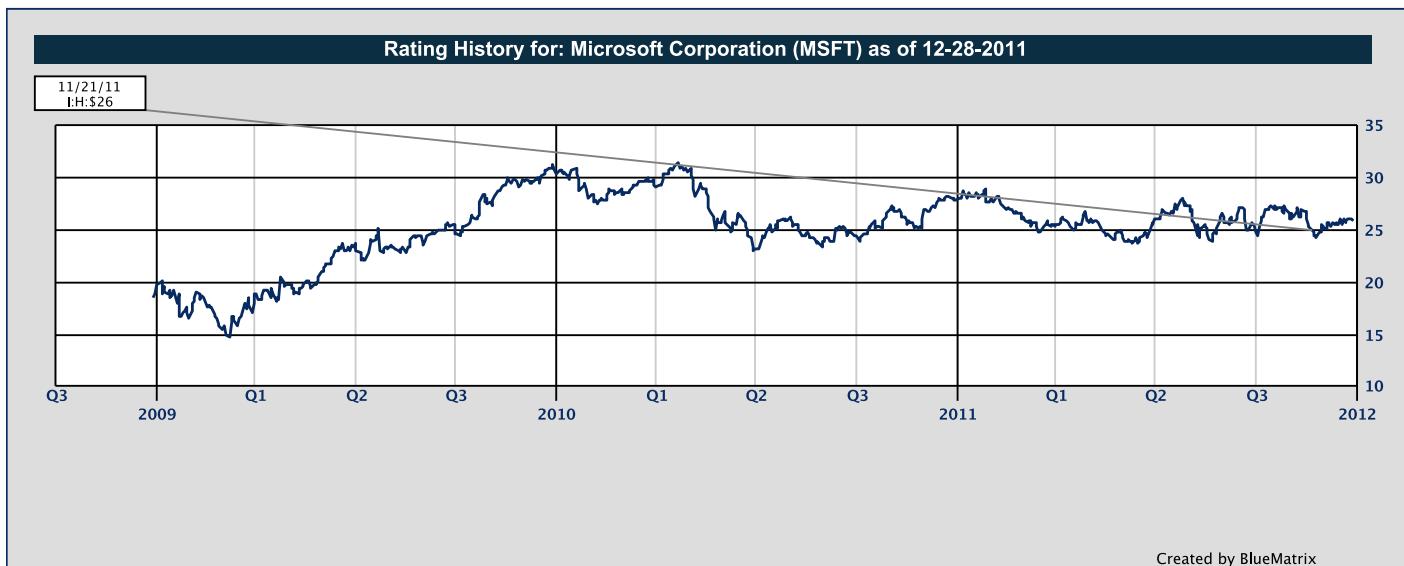
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ThinkEquity LLC and/or an affiliate managed or co-managed a public offering of securities for The Active Network, Inc. in the past 12 months.

ThinkEquity LLC makes a market in The Active Network, Inc. and Microsoft Corporation securities; and/or associated persons may sell to or buy from customers on a principal basis.





Rating Definitions

Effective October 7, 2009, ThinkEquity LLC moved from a four-tier Buy/Accumulate/Source of Funds/Sell rating system to a three-tier Buy/Hold/Sell system. The new ratings appear in our Distribution of Ratings, Firmwide chart. To request historical information, including previously published reports or statistical information, please call: 866-288-8206, or write to: Director of Research, ThinkEquity LLC, 600 Montgomery Street, San Francisco, California, 94111.

Buy: ThinkEquity expects the stock to generate positive risk-adjusted returns of more than 10% over the next 12 months. ThinkEquity recommends initiating or increasing exposure to the stock.

Hold: ThinkEquity expects the stock to generate risk-adjusted returns of +/-10% over the next 12 months. ThinkEquity believes the stock is fairly valued.

Sell: ThinkEquity expects the stock to generate negative risk-adjusted returns of more than 10% during the next 12 months. ThinkEquity recommends decreasing exposure to the stock.

Rating	Distribution of Ratings, Firmwide		IB Serv./Past 12 Mos.	
	Count	Percent	Count	Percent
BUY [B]	109	64.90	14	12.84
HOLD [H]	47	28.00	2	4.26
SELL [S]	12	7.10	0	0.00

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UBS Investment Research

The Active Network, Inc.

Global Equity Research

Americas

Internet Services

12-month rating

Buy

Prior: Not Rated

12m price target

US\$22.00

Price

US\$12.50

RIC: ACTV.N BBG: ACTV US

5 December 2011

Trading data

52-wk range	US\$19.41-12.43
Market cap.	US\$0.68bn
Shares o/s	54.2m (COM)
Free float	54%
Avg. daily volume ('000)	63
Avg. daily value (m)	US\$0.9

Balance sheet data 12/11E

Shareholders' equity	US\$0.32bn
P/BV (UBS)	2.1x
Net Cash (debt)	US\$0.12bn

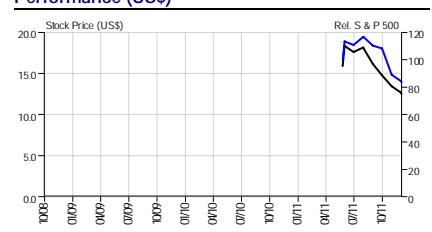
Forecast returns

Forecast price appreciation	+76.0%
Forecast dividend yield	0.0%
Forecast stock return	+76.0%
Market return assumption	5.3%
Forecast excess return	+70.7%

EPS (UBS, US\$)

	12/11E		12/10	
	From	To	Cons.	Actual
Q1	-	(2.13)	-	(2.97)
Q2	-	0.03	-	(1.26)
Q3E	-	(0.03)	-	(1.51)
Q4E	-	(0.23)	-	(2.29)
12/11E	-	(0.44)	-	
12/12E	-	0.00	-	

Performance (US\$)



Source: UBS

www.ubs.com/investmentresearch

Highlights (US\$K)	12/09	12/10	12/11E	12/12E	12/13E
Revenues	242,884	279,600	336,292	391,576	454,423
EBIT (UBS)	(20,333)	(15,167)	(6,086)	16,111	31,028
Net Income (UBS)	(63,633)	(55,429)	(28,004)	147	13,470
EPS (UBS, US\$)	(10.86)	(7.83)	(0.44)	0.00	0.21
Net DPS (UBS, US\$)	0.00	0.00	0.00	0.00	0.00
Profitability & Valuation	5-yr hist av.	12/10	12/11E	12/12E	12/13E
EBIT margin %	-	-5.4	-1.8	4.1	6.8
ROIC (EBIT) %	-	(6.8)	(3.0)	8.4	17.9
EV/EBITDA (core) x	-	-	16.2	10.4	7.8
PE (UBS) x	-	-	NM	NM	59.8
Net dividend yield %	-	-	0.0	0.0	0.0

Source: Company accounts, Thomson Reuters, UBS estimates. (UBS) valuations are stated before goodwill-related charges and other adjustments for abnormal and economic items at the analysts' judgement.

Valuations: based on an average share price that year, (E): based on a share price of US\$12.50 on 02 Dec 2011 19:41 EST

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ANALYST CERTIFICATION AND REQUIRED DISCLOSURES BEGIN ON PAGE 36.

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Investment Thesis

Market Leader in a \$10B+ SaaS Space

Active Network is the market leader in online events registration services – a \$10B opportunity in North America only – which is highly fragmented and under-penetrated (Active is serving ~4% and ~6% of addressable registrations and organizations, respectively). The company has built strong competitive moats based on scale (handling 70MM+ registrations / year for 47K+ customers), technology (900+ R&D staff), and deep domain expertise (10+ years of experience). Currently, it faces very limited competition – mostly from niche players with a few legacy relationships in their immediate vicinity.

Active Network enjoys a sizeable recurring revenue stream (about 85% of total revenue comes from exclusive multi-year contracts) and a large and diversified customer base. In addition, less than 5% annual revenue churn contributes significantly to the recurring nature of registration revenues and overall high revenue visibility. The company's model also benefits from built-in leverage that starts to kick in as Active phases off duplicate R&D spend for legacy systems and off-line registrations migrate to online.

Active Network has managed to build some very engaging Internet properties around the events it helps organize. The company is also investing in products with social / mobile / global capabilities as these tend to drive higher engagement, participation, and registrants. Social features such as user communities help create a loyal audience and drive higher traffic growth (unique visitors and total visits to Active websites increased 40%+ Y/Y in each of the past 9 months). A loyal audience and solid traffic, in turn, attract more organizers to Active's properties and create a virtuous network effect cycle.

We are initiating coverage of Active Network with a Buy rating and \$22 price target. We believe our estimates could prove conservative as Active continues to migrate existing customers to ActiveWorks – its technology platform.

Large and Fragmented Addressable Market

While Active Network may be best-known for the registration of endurance events, including triathlons and marathons, on its Active.com website, its robust SaaS-based technology platform serves a much larger, highly fragmented market. The company's customers can be categorized into 20 key verticals forming four main groups (each contributing \$50MM+ a year).

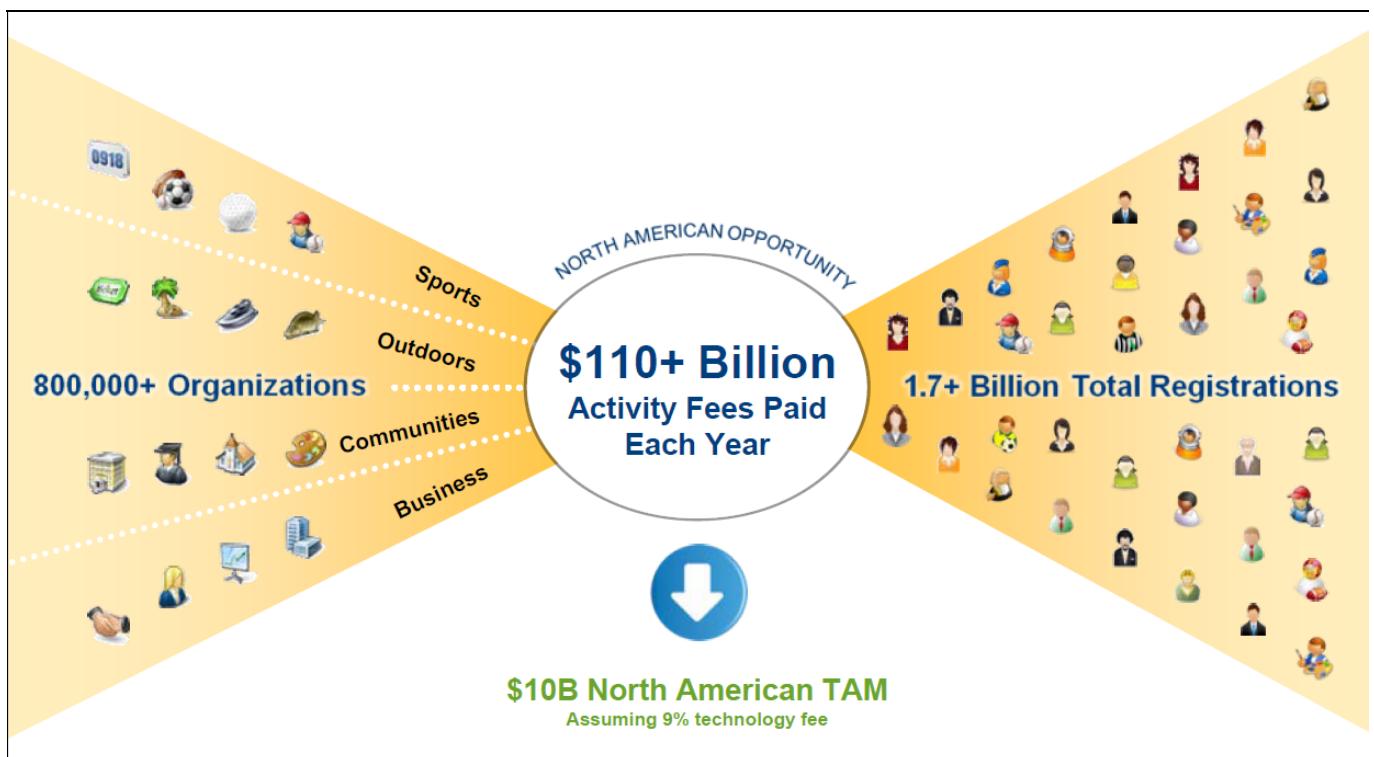
Table 1: Active Network Customer Verticals

Sports	Community Activities	Outdoors	Business Events
Endurance Events	Parks & Recreation Departments	State Campgrounds	Conferences
Leagues & Teams	Schools & Districts	National Parks	Conventions
Golf Courses	City & County Governments	Fishing Licenses	Association Gatherings
Clubs	Camps & Retreats	Hunting Permits	Meetings & Seminars
Tournaments	Faith-Based Organizations	Marinas	Trade Shows & Expos

Source: Company reports, UBS

Active's total addressable market (TAM) is so large that it is almost difficult to conceptualize. According to the company, each year more than 800,000 organizations in North America solicit and process more than 1.7B registrations for sports, outdoors, community, or business events.

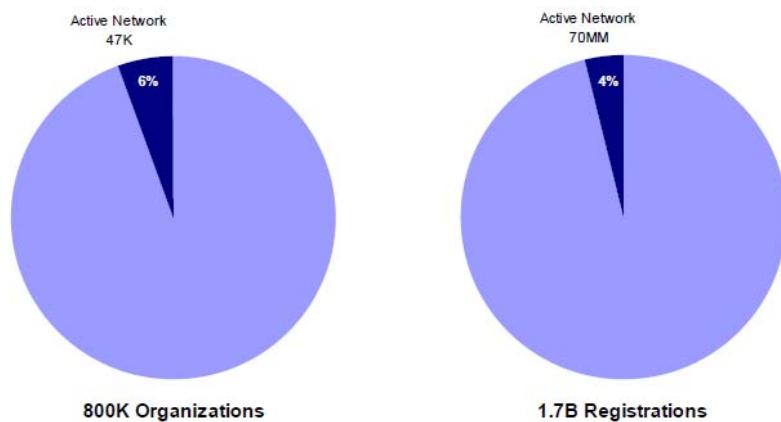
Figure 1: Total Addressable Market for Active Network



Source: Active Network, UBS

Active Network works with over 47,000 of these organizations, processing more than 70MM registrations a year for them. This represents just 4%-6% market penetration and highlights the size of the untapped opportunity. In addition, while less than five percent of revenue is currently from international sources, we believe that market characteristics abroad are similar, and thus present a significant opportunity for Active Network.

Chart 1: North America Event Registrations Market Penetration (2010)



Source: Company reports, UBS

Based on management estimates, the 1.7B annual event registrations generate more than \$110B in activity fees. This translates into about \$10B TAM in North America (based on an average 9% technology fee assumption). For comparison, Active Network generated \$238MM in technology revenue in 2010, which represents roughly 2% market share. Following its recent IPO, Active Network has very strong balance sheet with over \$139MM in cash, enabling the company to scale its business and to execute its growth plan and profitability goals.

Active Network continues to expand its presence into other areas, including winter sports and the faith-based market, where it recently acquired Resort Technology Partners (RTP) and Fellowship Technologies, respectively. Post this acquisition, the Active Network platforms now serve over 3,500 churches and a number of popular ski resorts to sell tickets, activities, and manage rentals. RTP's systems are currently implemented by Aspen Skiing Company, Intrawest, Powdr Corp., SkiStar, Vail Resorts, and VERBIER-St-Bernard, among others. Churches are not much different from other organizations (in terms of event and community management) and have the same set of needs as many of the other organizations Active currently serves. The company's comprehensive suite of solutions gives church organizers the tools to leverage their resources and best serve the people in their communities with the goal of growing revenues and operating more efficiently. We believe that opportunities for growth in each vertical, as well as in new segments, are very substantial.

In addition, the SaaS space as a whole exhibits several characteristics that make it very attractive:

- **SaaS: a major platform shift** – SaaS, as applied to business software, represents a major transition in the IT landscape. Its significance rivals past transitions, such as from mainframe computing to minicomputers, and from minis to client / server computing. As with most major IT transitions, we expect the SaaS trend to last 10+ years.
- **SaaS: fastest growing segment of enterprise software** – According to Gartner Inc. data, revenue from SaaS-based enterprise applications software is forecast to grow at a 5-year CAGR (2008-13) of 17.7% – significantly outpacing the overall enterprise apps software market growth of 3.6%. Penetration of SaaS within overall enterprise apps software is expected to nearly double from 7% in 2008 (\$6.4B out of \$90.6B total) to 13% by 2013 (\$14.4B out of \$108.3B total).

Table 2: SaaS / On-Demand Valuation Comp Sheet

ticker	name	price	mkt cap	EV	Revenues NTM	LTM	% growth	EPS NTM	LTM	% growth	Valuation EV/S (ntm)	PE (ntm)	last qtr PF op mgn
CRM	Salesforce.com Inc.	\$118.38	\$16,830	\$16,109	\$2,736	\$2,091	31%	1.56	1.23	27%	5.9x	76x	11.2%
RNOW	RightNow Technologies Inc.	42.90	1,529	1,463	258	216	19%	0.77	0.61	26%	5.7x	56x	15.5%
CNQR	Concur Technologies Inc.	47.34	2,637	2,320	436	350	25%	0.86	0.81	6%	5.3x	55x	23.9%
KNXA	Kenexa Corp.	24.56	684	635	320	276	16%	1.02	0.79	29%	2.0x	24x	10.7%
TLEO	Taleo Corp. (Cl A)	32.26	1,409	1,298	366	309	18%	1.05	1.03	2%	3.6x	31x	15.0%
ULTI	Ultimate Software Group Inc.	66.03	1,832	1,786	311	257	21%	0.90	0.59	53%	5.7x	73x	12.7%
VOCS	Vocus Inc.	20.80	439	333	127	111	15%	0.87	0.77	13%	2.6x	24x	14.6%
CTCT	Constant Contact Inc.	21.90	666	538	242	204	18%	0.88	0.59	49%	2.2x	25x	15.6%
DMAN	DemandTec Inc.	7.65	252	187	96	88	9%	0.09	(0.03)	NM	1.9x	NM	2.3%
SFSF	SuccessFactors Inc.	25.96	2,259	2,012	403	298	35%	0.09	0.11	-18%	5.0x	NM	9.1%
N	NetSuite Inc.	41.64	2,957	2,832	278	224	24%	0.20	0.14	43%	10.2x	NM	7.1%
MDSO	Medidata Solutions Inc.	19.99	496	393	199	181	10%	1.29	1.67	-23%	2.0x	15x	29.8%
LOGM	LogMeln Inc.	41.42	1,043	857	136	118	15%	0.76	0.78	-3%	6.3x	55x	22.3%
ARBA	Ariba Inc.	30.22	2,923	2,698	527	444	19%	0.93	0.81	15%	5.1x	32x	15.9%
RP	RealPage Inc.	24.68	1,777	1,767	315	241	30%	0.46	0.33	39%	5.6x	54x	17.8%
IL	Intralinks Holdings Inc.	5.19	284	307	211	212	0%	0.45	0.45	0%	1.5x	12x	23.4%
SQI	SciQuest Inc.	14.66	329	274	61	50	22%	0.32	0.26	23%	4.5x	46x	17.6%
ACTV	Active Network Inc.	12.50	683	543	379	323	17%	(0.17)	(4.42)	NM	1.4x	NM	2.0%
Total				\$39,028	\$36,353	\$7,400	\$5,995						
Mean				\$2,168	\$2,020	\$411	\$333	19%		18%	4.3x	34x	15.7%
Median				\$1,226	\$1,077	\$294	\$233	18%		19%	4.7x	32x	15.6%

Source: FactSet, UBS

Low Online Penetration

Over the years, the manual (paper-based or spreadsheet-based) approach to event registrations has been gradually replaced by more sophisticated, organizer-hosted custom applications and increasingly by tailored online applications running on platforms such as ActiveWorks – Active Network's organization-centric cloud computing platform, which has transformed the way organizers manage, market, record, track, and share information about activities and events. Prior to using SaaS solutions, organizers had limited means to improve productivity. There was a clear lack of high quality products that addressed this fragmented market. Active Network developed a superior technology platform with deep domain expertise, which helped the company embed into the operational fabric of its customer base.

Figure 2: Active Network Services Delivered Through the Cloud



Source: Active Network, UBS

Leading Technology Platform with High Competitive Barriers to Entry

Since the beginning of 2011, Active has managed over \$1.7B in gross registration fees through its proprietary cloud-based SaaS platform. The ActiveWorks platform architecture allows it to efficiently provide vertically-specialized, flexible and scalable applications to a large and diverse market.

Active Network's biggest competitor today is pen and paper. For example, if a person wants to reserve a campsite, the state park will likely book the spot by writing down their information in a reservation book. Beyond pen and paper, Active is the largest company in the space. The strength of its business lies in the core of its technology. Active has leveraged its key horizontal applications with the necessary vertical specific features and functionality, allowing for broader reach and movement into adjacent market opportunities. The company developed a platform that addresses both sides of the market – the organizer and the customer. It has partnered with organizers to gain exclusive access to their activity inventory with SaaS applications and it has built the largest online communities dedicated to active participants (Active owns and operates the leading online communities for activity participants such as Active.com, ReserveAmerica.com and LaxPower.com). These communities have been built as a by-product of SaaS systems and many activity organizers work to get access to Active's audience. The company's position in both markets is self-reinforcing, therefore, creating a network effect.

While there are a number of smaller competitors, they are mostly regional players that not only have a limited range of services but also lack the scale, technology, and vertical expertise of Active Network. The company has a loyal customer base, with less than 5% annual registration revenue churn. Active Network is the leader in each of its major verticals and management believes that, overall, Active generates over 5x the revenue of its next largest competitor – Cvent, which operates in only one of Active's verticals, business events. With mostly niche players having few legacy relationships in their immediate vicinity,

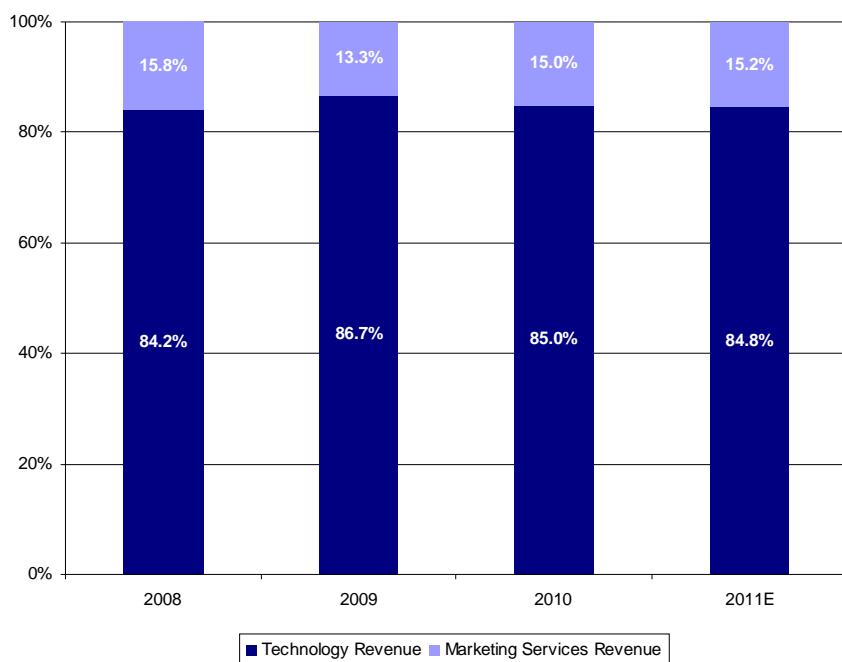
competition in online events registration is very fragmented and in our view poses no immediate threat to Active's competitive market positioning.

High Revenue Visibility / Predictable Recurring Revenue

About 85% of Active Network's revenue base consists of technology revenue composed of net registration and software revenue. Net registration revenue (~70% of total) is generated when a participant (in a customer's event) completes a registration and pays the registration fee (typically using a credit card). Once the credit card transaction is processed, Active receives the full payment (less processing fees) and retains ~\$2 per registration + 6.5% of the net registration fee paid by the participant. The remainder is remitted (in about two weeks) to the customer organization. Software revenue (~15% of total) includes revenue from software licensing, hosting, maintenance, and implementation fees, with the majority of it related to legacy systems from acquired companies. As Active continues to migrate existing customers to ActiveWorks, software revenue is expected to decline as a percentage of technology (and total) revenue.

Technology revenue comes from exclusive, multi-year contracts (usually 3-year agreements) and gives management very good visibility into revenue levels over a forward 9-12 month time frame. Historical annual revenue churn has been relatively low – less than 5% – and contributes largely to the recurring nature of revenue. In addition, the company's customer base is big (more than 47,000 organizations) and diversified, helping further increase visibility and recurrence of revenue streams.

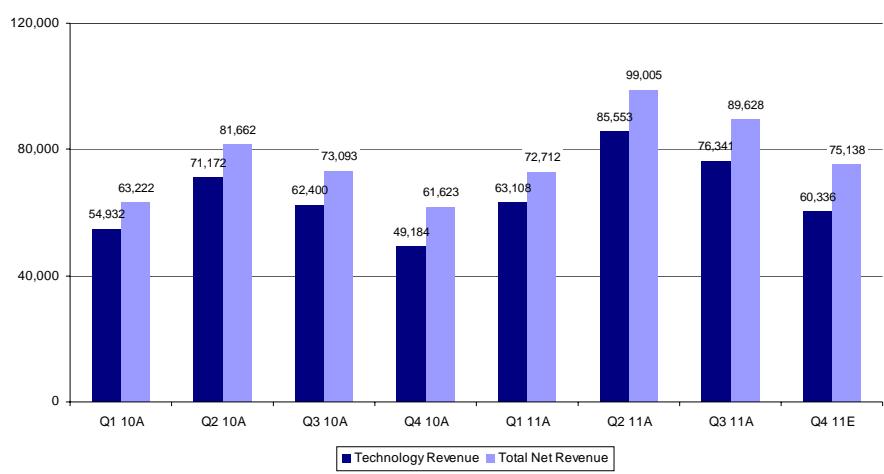
Chart 2: Breakdown of Active Network's Annual Revenue



Source: Company reports, UBS estimates

While Active Network's revenue currently exhibits pronounced seasonal patterns (with Q2 being the busiest quarter and Q4 the slowest), expansion into winter sports with the acquisition of RTP represents an opportunity to smooth out seasonality. Expansion into other verticals and growth of marketing services can soften this seasonality even more.

Chart 3: Seasonality in Active Network's Revenue (\$'000s)



Source: Company reports, UBS estimates

Model with Built-in Leverage

As a result of more than 25 acquisitions over the past 5 years, Active Network has accumulated more than a few customers that license legacy systems for all or part of their needs. Since Active is contractually obligated to support these legacy systems, it effectively duplicates its R&D (supporting both ActiveWorks and licensed software). In 2010, the company spent roughly 60% of R&D on its new platform and 40% on legacy systems. While the company has been actively transitioning customers to ActiveWorks (where possible), management estimates that the migration to the new platform will require an additional 3-4 years to complete. Once this process concludes, Active's annual R&D spend will be reduced noticeably, resulting in margin improvement of roughly 400bps over a period of 4 years.

Table 3: List of Active Network Acquisitions

#	Year	Name	Description
1	2000	eteamz	Top US online community for sports teams & leagues
2	2000	FogDog Sports	Online sporting goods retailer
3	2004	Class Software Solutions	#1 provider of software to communities/parks & recreation
4	2004	Do it Sports	Provider of race & marathon event management services
5	2005	Public Enterprise Group	Developer of municipal marketing partnerships and revenue-generating programs
6	2005	Tee Time King	Provider of online reservations and golf course management software
7	2005	Vision Sports & Entertainment Partners	Youth sports promotions agency
8	2006	IronPoint Technology	Provider of content management solutions
9	2006	Jencess Software & Technologies	Provider of golf management software
10	2006	LeagueOne	Provider of data management software for soccer associations
11	2006	ProEnroll TM	Provider of online registration services
12	2006	Promote it!	Largest US health club promotions agency
13	2006	SPORG	Provider of payment processing solutions
14	2007	CoolRunning.com	Online resources for runners and racers
15	2007	InfoSpherix	Reservation system for parks & other public agencies
16	2007	LaxPower.com	Online community for high school & college lacrosse fans
17	2007	Thriva	Provider of camp & event registration/payment services
18	2008	Automated License Systems	#1 hunting & fishing license and permit system provider
19	2008	HY-TEK Sports Software	Provider of software & services to swimming and track & field clubs
20	2008	iPlayers	Online recruiting site for high school athletes & college recruiters
21	2008	Outdoor Central	Provider of online solutions to state, natural resource & park agencies
22	2008	RegOnline	#1 provider of SaaS solutions to the events market
23	2008	WingateWeb	Provider of event management software
24	2009	ReserveAmerica	#1 campground reservation system provider
25	2010	Channel:1 Corporation	Provider of on-site event management software solutions
26	2010	Clubspaces	Online technology for youth & amateur sports associations, leagues and teams
27	2011	Fellowship Technologies	#1 provider of SaaS solutions to faith-based market
28	2011	RTP	#1 provider of SaaS solutions to ski resort market

Source: Company reports, UBS

Another built-in leverage in Active's model kicks in as off-line registrations move online. This is particularly true for the outdoors segment where the company maintains call centers for campground registrations and shares revenue with merchants such as Wal-Mart, REI, or Dick's Sporting Goods where hunting & fishing licenses are purchased at a kiosk or POS terminal. Once the migration to the online channel (accounting in 2010 for only ~9% of hunting & fishing license / permit issues and ~54% of campground registrations) accelerates, Active Network should experience a noticeable improvement in margins. This shift from off-line to online, however, is not happening very fast – only about 2%-4% of Active's business transitions each year – but we expect acceleration over time. We anticipate the potential for a significant tipping point to occur when online share eclipses 20%.

Network Effect Driven by Compelling Community / Social Features

Active Network websites' community and social features attract increasing numbers of event participants who come to share their experiences and keep in touch with fellow participants and event organizers. This attracts more event organizers to Active's platform which in turn drives more users to engage with their events, building a virtuous cycle that helps the company create value for participants and event organizers, thus attracting more customers and registrants.

Chart 4: Network Effect Drives Growth



Source: Active Network, UBS

Traffic to Active Network's properties has been growing and has averaged more than 7.0MM unique visitors per month since the beginning of 2011. Monthly traffic growth exceeded 40% Y/Y in each of the past nine months. The company has the 10th most popular sports / activity portfolio of websites in the US. Active.com is the most visited of Active Network's Web destinations and has averaged more than 2.8MM unique visitors per month since January 2011.

Table 4: Traffic Trends for Top 7 Active.com Sites

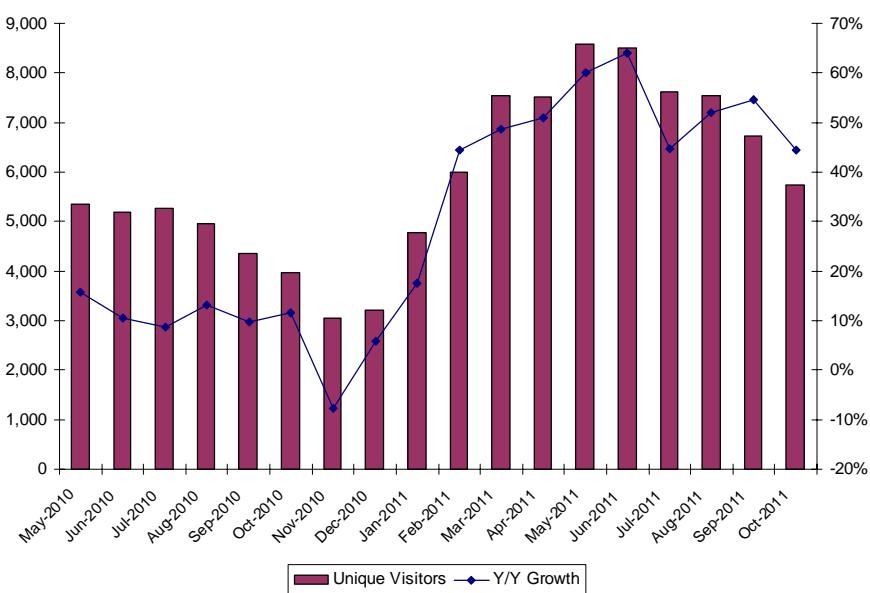
	Jan-2011	Feb-2011	Mar-2011	Apr-2011	May-2011	Jun-2011	Jul-2011	Aug-2011	Sep-2011	Oct-2011
Active.com Sites	4,767	6,006	7,551	7,518	8,571	8,515	7,609	7,532	6,736	5,731
Y/Y Growth	17%	44%	49%	51%	60%	64%	45%	52%	55%	44%
Active.com	1,356	2,679	3,346	3,320	3,585	3,257	2,997	2,976	2,740	2,474
Y/Y Growth	-5%	126%	98%	114%	147%	150%	121%	97%	106%	56%
eteamz.com	1,558	1,649	2,074	2,191	2,254	2,270	1,837	1,764	1,616	1,383
Y/Y Growth	-6%	-2%	12%	20%	30%	33%	16%	27%	22%	24%
CoolRunning.com	480	437	611	566	633	552	528	552	508	511
Y/Y Growth	102%	131%	203%	223%	240%	148%	121%	113%	85%	120%
ReserveAmerica	622	628	758	808	1,220	1,624	1,692	1,396	781	500
Y/Y Growth	64%	87%	56%	53%	74%	71%	52%	80%	96%	74%
RegOnline.com	300	296	306	259	421	363	334	461	540	388
Y/Y Growth	35%	-10%	-29%	-14%	32%	47%	36%	62%	51%	53%
USTA.com	327	349	390	350	360	387	366	379	381	359
Y/Y Growth	--	25%	9%	-12%	-22%	27%	-3%	7%	22%	73%
ActiveNetwork.com	146	173	203	177	334	498	323	306	277	281
Y/Y Growth	-25%	1%	-16%	-18%	49%	68%	48%	75%	66%	169%

Source: comScore, UBS

Total visits have been growing strong too, with Y/Y growth rates in excess of 40% over the past 10 months. Similarly, total time spent on Active.com sites shows consistently high growth rates since early 2011. In our view, this is due to increased engagement on the side of event participants who stay longer and return more often to the user communities on Active's properties to keep in touch with other participants and the organizers of their favorite events. Such

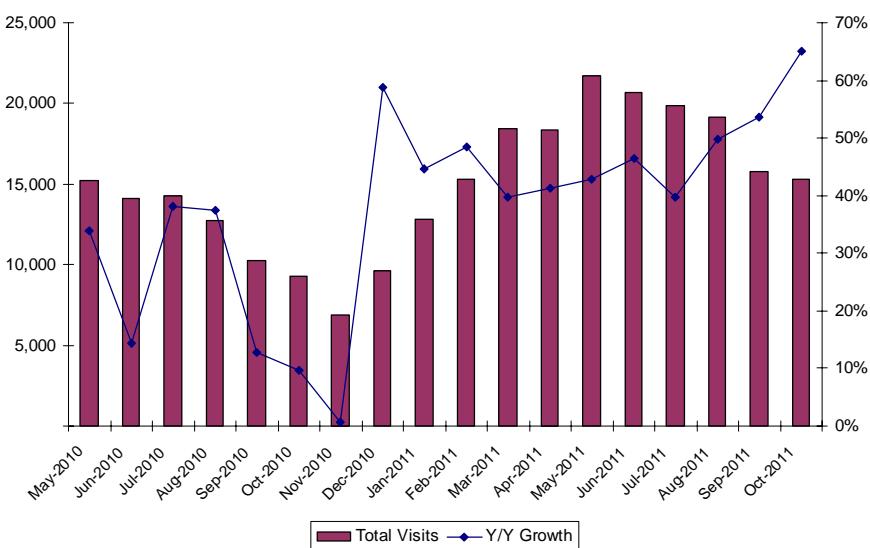
higher engagement usually results in repeat registrations and higher opportunities to generate advertising revenue.

Chart 5: Total US Unique Visitors to Active.com Sites ('000)



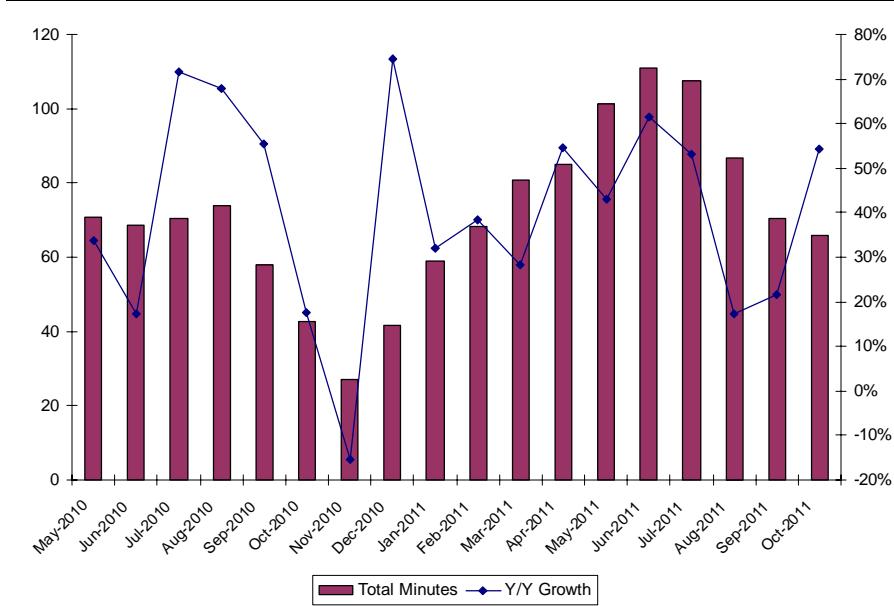
Source: comScore, UBS

Chart 6: Total US Visits to Active.com Sites ('000)



Source: comScore, UBS

Chart 7: Total Time Spent on Active.com Sites (Minutes in MM)



Source: comScore, UBS

The company is also expanding its reach and distribution channels rapidly. Mobile traffic accounts for ~18% of total Active.com traffic (up from ~15% just a couple of months ago). Social fans (Facebook and Twitter) already exceed 1MM (up 105% Y/Y) and affiliate partners contribute more than 17MM visits per month. Active Network is growing its ecosystem actively, as social integration and sharing are primary drivers of traffic growth and conversion. In addition, Active's Web properties are very complementary to its technology services and a major source of activity registrations (for example, 35%-40% of endurance sports registrations originate on Active.com).

Secular Growth in Online Advertising

While currently, marketing services revenue is only ~15% of total revenue, it has the potential to deliver significant upside to our estimated growth for the segment as ad dollars continue shifting from off-line to online in an effort to catch up with changing content consumption trends. Additional growth can also come from increased advertising budgets once the macro environment improves and advertisers return to their normal ad spend levels. Marketing services revenue consists of online and integrated field marketing campaigns. According to management, the total is roughly equally split between commerce and advertising revenue. Online marketing services include online advertising, e-mail marketing and targeted newsletter promotions. Field marketing services include event promotions, sponsorships, and sample placements, defined contractually with individual customers. A major marketing services customer of Active Network is ESPN – accounting for approximately 17% of marketing services revenue at current run rates (still only about 2% of total net revenue). We expect to see more advertisers showing up on Active's web properties as social features such as user communities and new investments in products with

social / mobile / global capabilities start driving higher engagement, participation, and registrants. Online advertisers will become another part of the virtuous cycle that reinforces the growth of a loyal audience and event organizers selecting Active Network as a service provider.

Table 5: US Online Advertising Spend by Category

(US\$ in Millions)	Q110A	Q210A	Q310A	Q410A	Q111A	Q211A	Q311E	Q411E	2008	2009	2010	2011E	2012E
Search	2,793	2,907	3,084	3,345	3,523	3,763	3,433	3,924	10,483	10,678	12,128	14,643	17,018
growth Y/Y	8.7%	13.9%	18.0%	13.7%	26.1%	29.4%	11.3%	17.3%	20.6%	1.9%	13.6%	20.7%	16.2%
% of Total Spend	47.0%	47.0%	47.7%	44.9%	47.9%	49.0%	45.8%	46.5%	44.7%	47.1%	46.6%	47.3%	47.0%
Classified (& auctions)	618	643	666	697	611	626	735	844	3,213	2,340	2,624	2,816	3,259
growth Y/Y	2.7%	7.7%	15.3%	23.7%	-1.1%	-2.7%	10.3%	21.0%	-5.3%	-27.2%	12.2%	7.3%	15.7%
% of Total Spend	10.4%	10.4%	10.3%	9.4%	8.3%	8.0%	9.8%	10.0%	13.7%	10.3%	10.1%	9.1%	9.0%
Banner	1,337	1,410	1,390	1,899	1,648	1,766	1,874	2,093	4,861	4,867	6,037	7,381	8,871
growth Y/Y	21.0%	20.7%	20.3%	31.9%	23.3%	25.2%	34.8%	10.2%	9.2%	0.1%	24.0%	22.3%	20.2%
% of Total Spend	22.5%	22.8%	21.5%	25.5%	22.4%	23.0%	25.0%	24.8%	20.7%	21.5%	23.2%	23.8%	24.5%
Rich Media	362	380	394	416	379	384	427	481	1,638	1,586	1,553	1,671	1,810
growth Y/Y	-5.3%	0.0%	2.4%	-5.2%	4.6%	1.0%	8.3%	15.7%	-3.4%	-3.2%	-2.1%	7.6%	8.3%
% of Total Spend	6.1%	6.1%	6.1%	5.6%	5.2%	5.0%	5.7%	5.7%	7.0%	7.0%	6.0%	5.4%	5.0%
Video	308	319	336	411	425	466	487	549	734	969	1,374	1,927	2,897
growth Y/Y	41.0%	46.6%	52.8%	31.3%	37.8%	46.3%	44.9%	33.4%	72.8%	32.0%	41.8%	40.2%	50.3%
% of Total Spend	5.2%	5.2%	5.2%	5.5%	5.8%	6.0%	6.5%	6.5%	3.1%	4.3%	5.3%	6.2%	8.0%
Sponsorship	119	123	129	266	240	227	150	169	408	453	637	786	760
growth Y/Y	8.7%	13.3%	17.5%	112.4%	102.0%	84.4%	15.9%	-36.5%	-35.9%	11.1%	40.6%	23.3%	-3.2%
% of Total Spend	2.0%	2.0%	2.0%	3.6%	3.3%	3.0%	2.0%	2.0%	1.7%	2.0%	2.4%	2.5%	2.1%
Email	77	87	91	40	38	41	82	84	469	389	295	246	217
growth Y/Y	-21.5%	-11.4%	-8.6%	-57.2%	-50.8%	-52.7%	-8.9%	109.8%	10.6%	-17.0%	-24.3%	-16.5%	-11.6%
% of Total Spend	1.3%	1.4%	1.4%	0.5%	0.5%	1.0%	1.1%	1.0%	2.0%	1.7%	1.1%	0.8%	0.6%
Referrals/Lead Generation	327	316	375	375	389	416	307	295	1,641	1,378	1,393	1,408	1,376
growth Y/Y	-14.5%	2.2%	10.0%	8.8%	18.8%	31.5%	-18.0%	-21.2%	10.6%	-16.1%	1.1%	1.0%	-2.3%
% of Total Spend	5.5%	5.1%	5.8%	5.0%	6.6%	5.0%	4.1%	3.5%	7.0%	6.1%	5.4%	4.5%	3.8%

Source: IAB, PwC, UBS

Major Growth Drivers

Adding more organizations in existing markets. This increases the number of registrations that utilize Active's technology solutions. In its first and most mature customer vertical, triathlons, Active's built a customer base of over 70% of all events in the market. This compares to Active's overall business with 6% of the addressable North American market. We estimate that the other 94% of the market is still using traditional pen and paper methods or generally much less sophisticated automation tools. Active's long-term goal is to have all verticals replicate the success made in penetrating triathlons.

Increasing online conversion rates. The company is working to get more of its existing customers' participants to sign up online using Active's digital technology, rather than using traditional analog methods (such as calling, mailing in paper forms, or walking up to register for an activity). Active's leading technology platform and proven ROI is driving a transition to automation in the activity and events space similar to the transition seen in the restaurant and travel space.

Deepening relationships with existing customers, driving more participants to events, and more participants online, while also broadening product offerings.

Acquisitions. We expect Active to continue to pursue strategic acquisitions to drive growth. To date, the company has a very successful track record of acquiring and integrating companies. We expect Active to look for strategic fits to enter into new markets, expand its technology footprint, and to acquire new customers.

International expansion. While Active's international business is still small, representing less than 5% of total revenue, international revenue increased by over 50% in the first half of 2011. We believe that international markets have the same fragmented characteristics, no clear market leader and a similar sized market opportunity as North America. We expect Active to expand its offerings to address this significant market opportunity.

Recent launch of online affiliate program, which distributes comprehensive directory of activities and events.

- Allows online marketers and publishers to earn revenue by directing consumers to register for activities on Active.com, while also increasing audience reach.
- Value proposition for the affiliate is they obtain compelling local content, in addition to added revenue via Active's affiliate offering.
- Value proposition for event customers is they can dramatically expand their reach just by using Active's software.
- Platform affiliates include espnW, ESPN's content and digital business initiative for women, a new collaboration exemplifying Active's versatility and the impact that Active.com has on consumers who are a natural audience for its products and services.

Another long-term initiative that could drive growth is the launch of a comprehensive lead generation program, Schwaggle; an e-commerce offering that can help to leverage Active's audience to drive demand for events and activities, again reinforcing why organizers benefit from using Active's software solutions.

This program includes exclusive deals on fitness-related products and services for the Active consumer. It is one of the first programs to distribute offers through both email and Facebook, demonstrating how Active works closely with customers to innovate and strengthen connections with Active's consumers.

Valuation and Price Target Basis

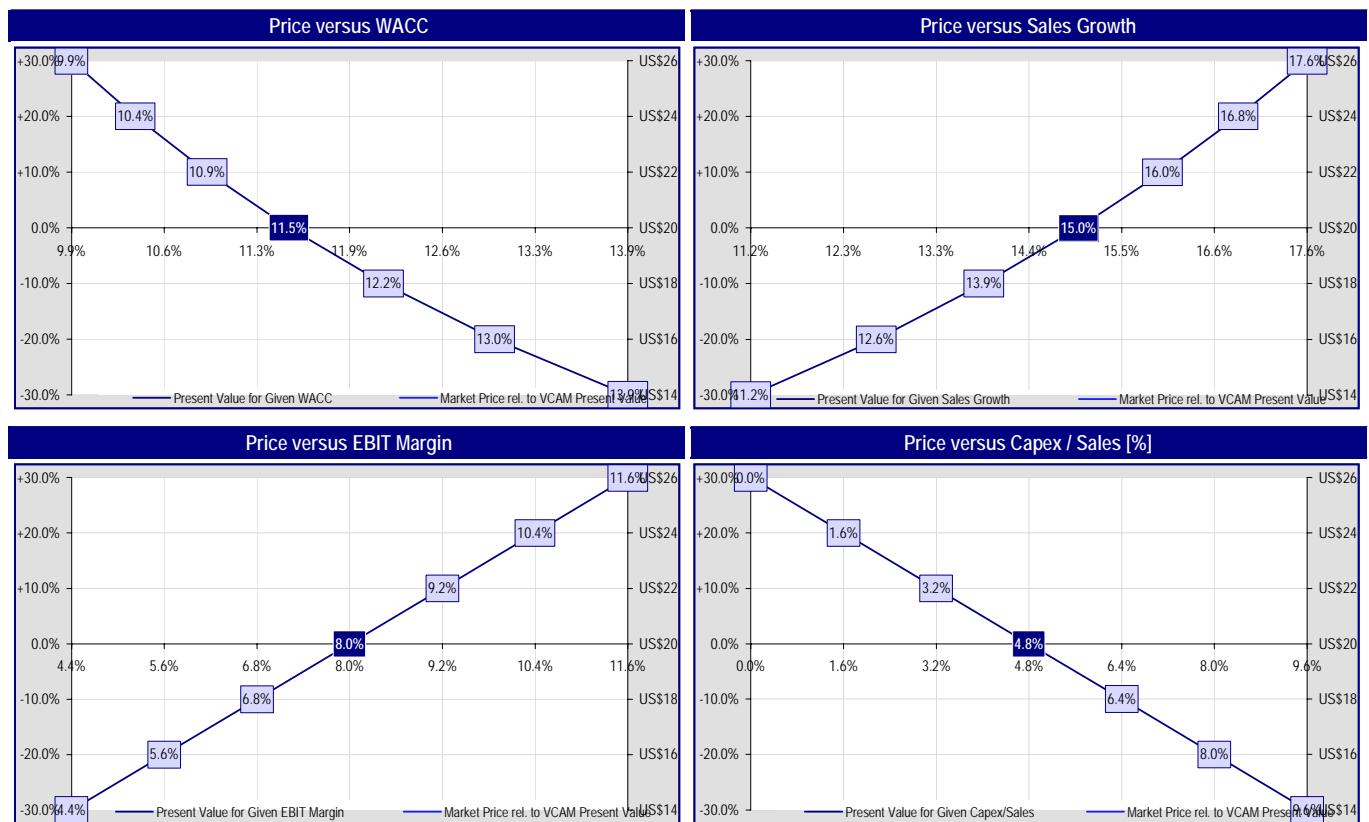
ACTV currently trades at ~10x our 2012E EBITDA and ~8x our 2013E EBITDA vs. our 2011-2014E EBITDA CAGR of 28%.

On P/FCF basis, the stock currently trades at ~20x our 2012E FCF and ~14x our 2013E FCF vs. our 2011-2014E CAGR of 12%.

Our \$22 price target is based on a 10-year DCF and reflects an 11.5% WACC and 4.5% long-term growth rate.

VCAM Sensitivity Analysis

Chart 8: UBS-VCAM Sensitivities for The Active Network [ACTV.N]



Notes: Sensitivities are derived from assuming Sales Growth, EBIT Margin, or Capex / Sales is flat annually for years 6 through the VCH (year 20).

Explicit estimates in years 1 through 5 do not vary, and always represent the assumptions on the Inputs Page.

For each chart, one parameter is varied while the others are held constant. Those held constant are set as they appear on the Inputs Page.

Source: UBS-VCAM

Consensus Expectations

Table 6: UBS vs. Consensus

\$MM except per share	Q4 2011E		FY 2011E		FY 2012E	
	UBS	Consensus	UBS	Consensus	UBS	Consensus
Net Revenue	74.9	74.7	336.3	336.0	391.6	391.5
EBITDA	2.4	2.4	38.1	38.1	52.8	53.6
Operating EPS	-0.17	-0.12	-0.12	-0.14	0.14	0.00
GAAP EPS	-0.23	-0.23	-0.44	-0.38	0.00	-0.03

Source: FactSet, UBS estimates

Risk Analysis

Integration of Recent Acquisitions

Over the past five years, Active Network has acquired more than 25 companies, and five of those were strategic acquisitions that helped it expand into new markets or build competitive moats. As Active grows larger and more complex, we believe that it will become increasingly difficult to integrate new businesses. In addition, expansion into new verticals can impact margins negatively due to the inherent characteristics of the new business and has been the cause of some lumpiness in revenue per registration in the past. For example, revenue per registration and average margins declined noticeably following the acquisition of ReserveAmerica (the US #1 campground reservations provider) in 2009. Campground revenue is inherently much lower per user than, for example, hunting or fishing registration revenue. Campground revenue is also largely the same online vs. off-line but Active has to maintain call centers that put pressure on COGS and contribute to a break-even margin for the vertical overall.

Another example of a possible negative impact on Active's business model comes from the acquisition of Automated License Systems (the US #1 hunting & fishing license and permit technology provider) in 2008. Revenue per registration in this vertical is ~\$3 online, but off-line, it is as low as \$0.90 when users go to a bait & tackle store or a retailer such as Wal-Mart, REI, or Dick's Sporting Goods and purchase the license from a POS terminal or kiosk. While outdoors is the only segment where Active collects revenue both off-line and online, it represents about 40MM of the total 70MM registrations for 2010. Most recently in 3Q11, the company saw a 15% Y/Y increase in registrations (after the implementation of two state contracts, Ohio and California) but revenue per registration increased just 2% Y/Y (down 15% sequentially) and well below the average increase of 6% Y/Y for the prior six quarters.

While the revenue mix each quarter will continue to impact average revenue per registration and result in some lumpiness, we believe that over time the quarterly variability will decline and overall revenue per registration will trend up as customers (in the outdoors segment) migrate online. We project a CAGR of ~12% for the number of registrations and ~4% for average revenue per registration from 2011 to 2015.

Table 7: Recent Strategic Acquisitions by Active Network

Acquisition	Year	Motivation	Description
Class Software Solutions	2004	Market Share	#1 provider of SW to Communities/Parks & Recreation
RegOnline	2007	New Market	#1 provider of SaaS solutions to the Event Market
Automated License Systems	2008	New Market	#1 Hunting & Fishing license and permit system provider
ReserveAmerica	2009	Technology	#1 Campground reservation system provider
Fellowship Technologies	2011	New Market	#1 provider of SaaS solutions to faith-based market
RTP	2011	New Market	#1 provider of SaaS solutions to ski resort market

Source: Active Network, UBS

Inability to Transition Existing Customers to ActiveWorks Platform

Active Network serves a wide range of customers and the majority of them are already on ActiveWorks – the company's technology platform – at varying levels of integration. The company is also transitioning to ActiveWorks certain customers that are currently using both internally developed and acquired legacy systems. The transition process is time-consuming and requires investment in personnel and technology. Active Network evaluates the level of sophistication and compatibility with its internal systems to determine whether to integrate into ActiveWorks (expanding the platform capabilities) or migrate customers to ActiveWorks (replacing the legacy system with an alternative internal system). Retaining customers, especially in new verticals, thus often requires maintaining multiple legacy systems during the transition period and integrating some legacy systems into ActiveWorks at additional costs. Extended transition periods or inability to transition new and existing customers to ActiveWorks can result in material costs. Additionally, the bulk of operating margin improvement (and long-term management guidance) assumes a comprehensive integration of the acquired technology, a process that management estimates could take about 2-3 years. Still, the recent appointment of 20-year global technology veteran Darko Dejanovic as Chief Technology, Product and Innovation Officer should help the company accelerate this process. Mr. Dejanovic has extensive expertise in growing global B2B and B2C technology and online media companies, which should be instrumental in advancing Active Network's technological innovation and growth.

New Business Model and Limited History of Profitability

Since its inception in 1998, Active Network has had only one (2Q11) profitable quarter. In addition, it has made various changes to its platform and offerings over time and as a result has a very limited operating history with its current business model. Although execution by management has been very strong, we think some risk of disruption in the business model remains. While Active's relations with existing customers tend to be strong, its business model is easily replicable. Established technology companies in the SaaS enterprise software space (Salesforce.com, Blackboard) and companies in the event ticketing space (LiveNation) are a handful of possible competitors. However, we believe this possibility is remote, as the time and cost to build a customer base that supports a profitable business model are not immaterial (Active has 10+ years of experience and a solid customer base of 47,000+ organizations in the US).

In terms of profitability, Active Network already generates positive FCF (on an annual basis) but its first positive net income quarter was 2Q11. We expect continuing losses in the near term and GAAP net income profitability (on an annual basis) in 2012.

Table 8: Summary Financial Metrics

	Q1 10A	Q2 10A	Q3 10A	Q4 10A	Q1 11A	Q2 11A	Q3 11A	Q4 11E	F2010A	F2011E	F2012E	F2013E
Total Net Revenue	63,222	81,662	73,093	61,623	72,712	99,005	89,628	74,947	279,600	336,292	391,576	454,423
% Y/Y Growth	--	--	--	--	15%	21%	23%	22%	15%	20%	16%	16%
Gross Profit	35,194	47,624	41,994	33,530	38,578	58,857	49,790	40,334	158,342	187,559	222,108	262,206
% Margin	56%	58%	57%	54%	53%	59%	56%	54%	57%	56%	57%	58%
Adjusted Operating Income	(8,099)	1,969	(901)	(8,136)	(8,101)	9,569	1,558	(9,112)	(15,167)	(6,086)	16,111	31,028
% Margin	(13%)	2%	(1%)	(13%)	(11%)	10%	2%	(12%)	(5%)	(2%)	4%	7%
% Y/Y Growth	--	--	--	--	--	386%	--	--	--	--	--	93%
GAAP Operating Income	(9,888)	565	(2,250)	(8,942)	(8,845)	7,501	(412)	(12,319)	(20,515)	(14,075)	7,535	22,022
% Margin	(16%)	1%	(3%)	(15%)	(12%)	8%	(0%)	(16%)	(7%)	(4%)	2%	5%
EBITDA	1,084	11,843	9,329	2,864	2,570	20,406	12,704	2,446	25,120	38,126	52,755	67,039
% Margin	2%	15%	13%	5%	4%	21%	14%	3%	9%	11%	13%	15%
% Y/Y Growth	--	--	--	--	137%	72%	36%	(15%)	60%	52%	38%	27%
Operating Net Income / (Loss)	(10,617)	2,410	444	(8,286)	(10,198)	10,221	3,140	(11,129)	(16,049)	(7,966)	8,724	22,475
% Margin	(17%)	3%	1%	(13%)	(14%)	10%	4%	(15%)	(6%)	(2%)	2%	5%
% Y/Y Growth	--	--	--	--	--	324%	607%	--	--	--	--	158%
GAAP Net Income / (Loss)	(19,279)	(8,840)	(10,889)	(16,421)	(18,352)	1,129	(1,432)	(14,337)	(55,429)	(28,004)	147	13,470
% Margin	(30%)	(11%)	(15%)	(27%)	(25%)	1%	(2%)	(19%)	(20%)	(8%)	0%	3%

Source: Company reports, UBS estimates

Organizers Bringing Registrations In-House

While we believe this is currently remote, the possibility that some event organizers may decide to bring their registrations in-house (rather than pay a 6.5% processing fee) remains a threat to the company's business model. Generally, Active's contracts for technology services are exclusive 3-year agreements and customers tend to be very sticky. In addition, currently, no single customer contributes more than 5% of total revenue and the eventual loss of a big one should not have an unmanageable impact on the company.

Deterioration of State / Municipal Budgets and Tough Government Agency Customers' Requirements

Continued state and municipal fiscal problems can have a negative impact on Active's business if they result in the closing of state / municipal parks and facilities serviced by the company. According to management, closures so far (particularly in California) have affected only non-revenue producing properties but continued budget deterioration can change this rapidly. In addition, many government agency customers impose additional requirements such as custom application features and service requirements (e.g. live call centers in certain states) that incur additional costs and can negatively impact margin expansion. While a lot of Active's solutions actually generate revenue for the states, continued state and local budgetary pressure could have an impact if revenue-generating state sites are closed.

Limited Exposure to International Markets

Currently, only a small fraction of Active Network's revenue comes from international sources. For 3Q11, the company reported just \$2.8MM in international sales (almost \$8MM for the first three quarters of the year), or about 3% of total. While this revenue stream grows faster than Active's domestic revenues (per management, 75% CAGR for 2005-2010), having 97% exposure to a single geographic area leaves the company overly dependent on North America. Whereas the company initially just followed some of its large

domestic customers into Europe (France, Germany, and the UK) and APAC (Australia and Singapore), current management plans include a more proactive approach to international expansion.

Figure 3: UK Website for Active.com

The screenshot shows the homepage of Active.com (United Kingdom). At the top, there's a navigation bar with links to Active Home, Site Map, Contact Us, About Us, Active Newsletters, and a search bar. The search bar has a placeholder 'Enter Keyword or name of an event' and a 'Search' button. To the right of the search bar is a yellow sidebar titled 'Event Organisers' with links for Log In, Learn More, and Add Your Event. Below the navigation is a horizontal menu with links to RESULTS, ARTICLES, TRAINING PROGRAMMES, PRO HEALTHTRAK, FORUMS, ACTIVE SINGLES, CALCULATORS, and a language selection for United Kingdom (English). The main content area is divided into several sections: 'Find an Event' (with fields for Keywords, Sport, Date Range, Country, Only Events with Online Entry, and a 'Search' button), 'Promote Your Event' (with a banner for 'more exposure, more participants' and a 'LEARN MORE' link), 'Fitness Calculator' (with a 'How fit are you?' calculator and a 'Start Here!' button), 'Events Near You' (listing three events: '2012 Empire State Building Run-Up P...', '2012 Empire State Building Run Up P...', and 'MMRF Charity Team - 2012 Empire Sta...'), and 'Featured Events Worldwide' (listing three events: 'Standard Chartered Sing...', 'Hexhamshire Hobb...', and 'Maratona di Reggio Emilia'). Each event listing includes a thumbnail, the event name, date, location, and a 'More Info' button.

Source: Active Network

Forthcoming Catalysts

There are just a few events in the near to mid-term which we believe could become a catalyst for the stock. Among them is the company's 4Q CY2011 earnings call expected in the second week of February 2012. In the meantime, any announcement of a major contract win, update on the progress of recent acquisitions' integration (especially Resort Technology Partners and Fellowship Technologies), and news of successful transition of customers to ActiveWorks can act as a catalyst for the stock.

Company Overview

Active Network (NYSE: ACTV) is the leading provider of organization-based cloud computing applications. It provides technology and marketing solutions for event organizers, community organizations, and consumer brands. Active supports a broad range of activities, such as reserving a campsite or tee time, signing up for a marathon or sports league, purchasing a fishing or hunting license, or participating in a community event or corporate conference. *Active Network leverages its proprietary technology platform, ActiveWorks, to provide cloud computing applications that reduce the cost and complexity of managing, organizing, and promoting activities by replacing low-tech and manual processes.* The company was incorporated in California in October 1998 as Racegate.com and became a Delaware corporation in July 1999. The company was renamed The Active Network in May 2001 and its headquarters are located in San Diego, California.

Active Network has over **47,000 customer organizations** and drives over **70MM** annual consumer registrations. A host of public and private organizations run all of their event operations on Active's systems, including local school districts, community churches, golf courses, YMCAs, triathlon organizations, state camp sites, and large corporations such as Cisco and Oracle.

Table 9: Active Network Customer Verticals

Sports	Community Activities	Outdoors	Business Events
Endurance Events	Parks & Recreation Departments	State Campgrounds	Conferences
Leagues & Teams	Schools & Districts	National Parks	Conventions
Golf Courses	City & County Governments	Fishing Licenses	Association Gatherings
Clubs	Camps & Retreats	Hunting Permits	Meetings & Seminars
Tournaments	Faith-Based Organizations	Marinas	Trade Shows & Expos

Source: Company reports

Active Network signs contracts with organizations to provide them with event and group management solutions that enable participants to register for their activity. The company generates revenue from technology fees paid by participants who register through Active's cloud computing applications for activities organized by Active Network customers. The technology fee is a percentage of the total registration amount paid by a participant at the time of sign-up. The consumer is charged the total event registration fee, including the technology fee. Technology fees are referred to as net registration revenue, since they are the direct result of participant registrations.

Active Network has pursued a growth strategy focused on growing the number of customers it serves and increasing participant usage of online registration services by training customers in the execution of conversion techniques. The company plans to deepen its relationships with existing customers, pursue strategic acquisitions to strengthen market position, and expand internationally.

Active Network's mission is:

"To power the world's activities and connect people with the things they love, want and need to do."

Figure 4: Active.com US Website

The figure displays four screenshots of the Active.com US website:

- Top Left:** Shows the homepage with a banner for "Active is 3,200 parks and recreation activities". It features a map of New York, NY, and a search bar.
- Top Right:** Shows the "Big Sur MARATHON EVENTS" page with a banner "RUNNING ON THE EDGE OF THE WESTERN WORLD" and a registration steps section.
- Middle Left:** Shows the "2011 Holiday Gift Ideas for Endurance Athletes" section with categories like Runner Gear, Adventure Sunglasses, Tech Gadgets, Apparel/Miles, and Food Accessories/Gear.
- Middle Right:** Shows the "2011 Holiday Gift Guide" section with a "FAME & MADE HERE" sidebar and a "DIVAS Half Marathon" sidebar.
- Bottom Left:** Shows the "2012 Subaru Ironman 70.3 Muskoka" registration page with details about the race date (Sunday, September 2, 2012, 7:30 AM) and location (Orford, ON).
- Bottom Right:** Shows the "NEW YORK CITY TRIATHLON" registration page for July 8, 2012, with a "Race Date: July 8, 2012" field and a "2012" banner.

Source: Active Network, Active.com, UBS

Management Profile

Table 10: Management Profile

Name	Title	Age	Experience
Dave Alberga	Chief Executive Officer	48	CitySearch, Linear Technology, Silicon Valley Technology, Boston Consulting Group, Procter & Gamble; MBA Stanford, BS US Military Academy at West Point
Matt Landa	President	46	ACT Manufacturing, CMC Industries, Monitor; MBA Stanford, BS Dartmouth
Scott Mendel	Chief Financial Officer	44	General Electric; MBA Northwestern, BS Indiana
Jon Belmonte	Chief Media Officer	43	LeagueLink, Boston Consulting Group; MBA Northwestern, BSE Pennsylvania
Matt Ehrlichman	Chief Strategy Officer	31	Thriva; MS & BS Stanford
Kourosh Vossoughi	Chief Legal Officer, General Counsel and Senior Vice President of Business Development	42	Brobeck, Phleger & Harrison, Luce, Forward, Hamilton & Scripps; JD San Diego School of Law, BA UC Berkeley
Darko Dejanovic	Chief Technology, Product and Innovation Officer	--	Monster Worldwide, Tribune Company, Tribune Publishing; MBA Northwestern, BS Florida Metropolitan
Alex Barnetson	Executive Vice President, Sales & Senior General Manager, State & Federal	49	Class Software Solutions; BS Simon Fraser University
Sheryl Roland	Executive Vice President, Human Resources	55	Visual Sciences, Encad, The Upper Deck Company, Taco Bell Corporate, GE/Calma; MS San Jose State, BA UCLA

Source: Company reports

Dave Alberga has served as CEO since November 1999 and as Chairman of the Board since February 2011. Prior to Active Network, Mr. Alberga worked in several roles at TicketMaster Online – CitySearch including COO. He also worked in senior management roles at Linear Technology Corporation, Silicon Valley Technology (SVT), and consulting and brand management at Boston Consulting Group and Procter & Gamble Company. He currently serves on the board of directors for Running USA, ShoeDazzle, and Kabam. He holds an MBA and MA from Stanford University, and a BS from United States Military Academy.

Matt Landa has served as President since February 2002, as Director since November 2005, and as Chief Commerce Officer from March 2000 to February 2002. Prior to Active Network, Mr. Landa served as President of ACT Manufacturing from June 1999 to March 2000 and as President and CEO of CMC Industries from 1995 to June 1999. He has also worked as an Associate at Monitor Company. He holds an MBA from Stanford University and a BS from Dartmouth College.

Scott Mendel has served as CFO since March 2010. Prior to Active Network, Mr. Mendel worked in several roles at General Electric, including CFO of GE Healthcare's IT division. He holds an MBA from Northwestern University and a BS from Indiana University.

Darko Dejanovic serves as Chief Technology, Product and Innovation Officer at Active Network. Prior to Active Network, Mr. Dejanovic served as EVP, global CIO, and head of product at Monster Worldwide for four years. Mr. Dejanovic also held CTO roles at the Tribune Company and its subsidiary, Tribune Publishing Company for more than a decade. Early in his career, Mr. Dejanovic held senior technology roles in the US and Europe. He holds an MBA from Northwestern University and a BS in Computer Science from Florida Metropolitan University.

Jon Belmonte has served as Chief Media Officer since February 2011 and as Chief Operating Officer from April 2000 to February 2011. Prior to Active Network, Mr. Belmonte was a co-founder and Vice President of Strategy & Business Development of LeagueLink. Prior to LeagueLink, Mr. Belmonte served as a Strategy Consultant for Boston Consulting Group. He holds an MBA from Northwestern University and a BS from Pennsylvania University.

Matt Ehrlichman has served as Chief Strategy Officer since February 2011 and as Executive Vice President of Strategy from March 2010 to February 2011. Prior to Active Network, Mr. Ehrlichman was a co-founder and CEO of Thriva, acquired by Active Network in March 2007. He holds an MS and a BS from Stanford University.

Alex Barnetson has served as Executive Vice President of Sales since November 2009, as Senior Vice President of Active Technologies from September 2007 to November 2009, and as Senior Vice President of Community Services from October 2004 to August 2007. Prior to that, Mr. Barnetson held various management positions at Class Software Solutions, acquired by Active Network in October 2004, including President and COO. Previously, he worked with community recreation organizations and served as a director of the Canadian Parks & Recreation Association and Simon Fraser University Alumni Association. He holds a BS from Simon Fraser University.

Sheryl Roland has served as Executive Vice President of Human Resources from March 2008 January 2011 and as Senior Vice President from April 2000 to February 2008. Previously, Ms. Roland held senior management positions at Visual Sciences, Encad and The Upper Deck Company. She also worked in Taco Bell Corporate and GE/Calma. She holds an MS from San Jose State University and a BS from the University of California, Los Angeles.

Kourosh Vossoughi is Chief Legal Officer, General Counsel, and Senior Vice President of Business Development at Active Network. Mr. Vossoughi has served as Senior Vice President of Business Development since 2000 and as Secretary since 2001. Prior to Active Network, he has served as an Associate at Brobeck, Phleger & Harrison from 1998 to 2000 and as an Associate at Luce, Forward, Hamilton & Scripps from 1996 to 1998. He holds a JD from the University of San Diego, School of Law, and a BA from the University of California, Berkeley.

Environmental, Social, and Governance Issues

Table 11: UBS Proprietary ESG Sector Questionnaire

Key Questions	Issues
The most important core drivers	New customers, number of registrations, % of registrations completed online, revenue per registration.
The most important financial metrics	Revenue growth, segment revenue growth, operating costs.
The most important environmental or social issues that could affect 1 and 2?	Attempts to disrupt services or obtain sensitive information could impact online registrations growth, which is a key driver of financial performance. The overall level of event registrations could be impacted by adverse macro-economic conditions in the US and abroad.
The most important governance issues that could affect 1 and 2	Unsuitable acquisitions could hurt margins / profitability and distract management.
The greatest opportunities and risks (business as usual) for firms in the industry?	Opportunities exist in expanding into new verticals, increasing penetration into existing ones, and driving more registrations from the off-line to the online channel. The greatest risks are competition and effective cost controls.
Potential environmental, social, or governance catalysts	Interruption in services as a result of natural disasters or power outages, diminished reputation because of privacy/information concerns, continued macro-economic headwinds.

Source: UBS

Overall, we believe the environmental and social risks for Active Network are very low. In our view, the primary social risk is a potential hacking to disrupt services or illicitly obtain private data. While they have been diminished lately, we have seen instances of corporate websites taken down by hackers, typically using relatively simple DDoS (Distributed Denial of Service) attacks. In most prior attacks, the websites and services were restored quickly (Sony is an exception), with no lasting effects on operations. Should Active Network fail to protect member privacy and prevent service disruptions, it could face legal implications and lose the confidence of both customer organizations and event participants.

While it is minimal, as the company does not consume significant resources, the principal environmental issue related to Active Network is the consumption of electricity necessary to support its IT infrastructure. Active's dependence on energy to power its servers is also a potential risk if any type of outage occurs and disrupts the availability of its services/websites for its users. The company does not disclose any information relating to its CO2 emissions. Recently, activist shareholders of Amazon have voiced concerns over the company's consumption of raw materials and energy and insisted that it make public the environmental impact of its operations. However, these issues have had no implications for Amazon and we believe the risk to Active Network shareholders is also very low.

Financial Model

Table 12: ACTV Income Statement (\$000s)

	F2011				F2012				F2010A	F2011E	F2012E	F2013E
	Q1 11A	Q2 11A	Q3 11A	Q4 11E	Q1 12E	Q2 12E	Q3 12E	Q4 12E				
Technology Revenue	\$63,108	\$85,553	\$76,341	\$63,627	\$72,687	\$100,243	\$89,013	\$73,498	\$237,688	\$288,629	\$335,441	\$388,183
Marketing Services Revenue	\$9,604	\$13,452	\$13,287	\$11,319	\$11,160	\$16,008	\$15,679	\$13,289	\$41,912	\$47,662	\$56,135	\$66,240
Total Net Revenue	\$72,712	\$99,005	\$89,628	\$74,947	\$83,847	\$116,251	\$104,692	\$86,787	\$279,600	\$336,292	\$391,576	\$454,423
% Y/Y Growth	15%	21%	23%	22%	15%	17%	17%	16%	15%	20%	16%	16%
% Q/Q Growth	18%	36%	(9%)	(16%)	12%	39%	(10%)	(17%)	--	--	--	--
Cost of Technology Revenue	32,988	38,707	38,291	33,086	36,998	44,508	42,281	38,586	115,148	143,072	162,373	184,375
Cost of Marketing Services Revenue	1,162	1,480	1,599	1,596	1,395	1,905	2,007	1,980	6,203	5,837	7,287	8,043
Total Cost of Net Revenue	34,134	40,148	39,888	34,613	38,369	46,370	44,241	40,490	121,258	148,733	169,468	192,217
% Y/Y Growth	22%	18%	28%	23%	12%	15%	11%	17%	13%	23%	14%	13%
% Q/Q Growth	22%	18%	(1%)	(13%)	11%	21%	(5%)	(8%)	--	--	--	--
Gross Profit	\$38,578	\$58,857	\$49,790	\$40,334	\$45,478	\$69,882	\$60,451	\$46,297	\$158,342	\$187,559	\$222,108	\$262,206
% Margin	53.1%	59.4%	55.6%	53.8%	54.2%	60.1%	57.7%	53.3%	56.6%	55.8%	56.7%	57.7%
Sales and Marketing	16,753	18,338	16,839	17,802	18,388	21,916	20,864	19,185	58,650	69,732	80,353	93,113
Research and Development	16,058	16,174	17,313	18,106	17,635	18,116	18,355	18,471	60,749	67,651	72,577	80,472
General and Administrative	10,165	11,058	10,411	10,044	10,212	11,639	10,582	9,205	37,963	41,678	41,638	47,829
Amortization of Intangibles	3,703	3,718	3,669	3,494	3,053	2,863	2,786	2,725	16,147	14,584	11,428	9,765
Stock Based Compensation	744	2,068	1,970	3,208	1,079	1,965	2,069	3,465	5,348	7,990	8,576	9,005
Adjusted Operating Income	(\$8,101)	\$9,569	\$1,558	(\$9,112)	(\$3,810)	\$15,348	\$7,863	(\$3,290)	(\$15,167)	(\$6,086)	\$16,111	\$31,028
% Margin	(11%)	10%	2%	(12%)	(5%)	13%	8%	(4%)	(5%)	(2%)	4%	7%
% Y/Y Growth	--	386	--	--	--	60	405	--	--	--	--	93
% Q/Q Growth	--	--	(84)	(685)	--	--	(49)	(142)	--	--	--	--
EBITDA	\$2,570	\$20,406	\$12,704	\$2,446	\$6,170	\$24,600	\$16,753	\$5,232	\$25,120	\$38,126	\$52,755	\$67,039
% Margin	3.5%	20.6%	14.2%	3.3%	7.4%	21.2%	16.0%	6.0%	9.0%	11.3%	13.5%	14.8%
% Y/Y Growth	137	72	36	(15)	140	21	32	114	60	52	38	27
% Q/Q Growth	(10)	694	(38)	(81)	152	299	(32)	(69)	--	--	--	--
Net Interest (Income) and Other (Income)	1,305	1,184	110	1,099	936	925	917	24	4,833	3,698	2,801	2,578
Adjusted Pre-Tax Profit / (Loss)	(\$9,406)	\$8,385	\$1,448	(\$10,210)	(\$4,745)	\$14,423	\$6,946	(\$3,314)	(\$20,000)	(\$9,783)	\$13,310	\$28,450
% Effective Tax Rate	(8%)	(21%)	(107%)	(9%)	(23%)	21%	11%	9%	14%	16%	34%	21%
Provision / (Benefit) for Income Taxes	792	788	910	919	1,091	3,029	764	(298)	1,924	3,409	4,586	5,974
Tax Adjustments for Non-GAAP Items	0	(2,527)	(2,461)	0	0	0	0	0	(4,646)	(4,988)	0	0
Other / Amortization of Intangibles in COGS	0	(97)	(141)	0	0	0	0	0	(1,229)	(238)	0	0
Minority Interest	0	0	0	0	0	0	0	0	0	0	0	0
Operating Net Income / (Loss)	(\$10,198)	\$10,221	\$3,140	(\$11,129)	(\$5,837)	\$11,394	\$6,182	(\$3,016)	(\$16,049)	(\$7,966)	\$8,724	\$22,475
% Margin	(14%)	10%	4%	(15%)	(7%)	10%	6%	(3%)	(6%)	(2%)	2%	5%
% Y/Y Growth	--	324	607	--	--	11	97	--	--	--	--	158
% Q/Q Growth	--	--	(69)	(454)	--	--	(46)	(149)	--	--	--	--
Accretion of redeemable convertible preferred	7,410	4,400	0	0	0	0	0	0	28,157	11,810	0	0
Other / Amortization of Intangibles in COGS	0	97	141	0	0	0	0	0	1,229	238	0	0
Tax Effect of Non-GAAP Entries	0	2,527	2,461	0	0	0	0	0	4,646	0	0	0
Reported GAAP Net Income / (Loss)	(\$18,352)	\$1,129	(\$1,432)	(\$14,337)	(\$6,916)	\$9,430	\$4,114	(\$6,480)	(\$55,429)	(\$28,004)	\$147	\$13,470
% Margin	(25%)	1%	(2%)	(19%)	(8%)	8%	4%	(7%)	(20%)	(8%)	0%	3%
% Y/Y Growth	--	--	--	--	--	735	--	--	--	--	--	9,039
% Q/Q Growth	--	--	(227)	--	--	--	(56)	(258)	--	--	--	--
Weighted Avg. Diluted Shares Outstanding	8,617	36,877	53,701	63,631	63,845	64,124	64,435	64,909	7,080	63,907	64,195	64,476
Operating EPS	(\$1.18)	\$0.18	\$0.05	(\$0.17)	(\$0.09)	\$0.18	\$0.10	(\$0.05)	(\$2.27)	(\$0.12)	\$0.14	\$0.35
% Y/Y Growth	--	239%	421%	--	--	(0%)	92%	--	--	--	--	157%
% Q/Q Growth	--	--	(72)	(450)	--	--	(46)	(148)	--	--	--	--
Reported GAAP EPS	(\$2.13)	\$0.03	(\$0.03)	(\$0.23)	(\$0.11)	\$0.15	\$0.06	(\$0.10)	(\$7.83)	(\$0.44)	\$0.00	\$0.21
% Y/Y Growth	--	--	--	--	--	380%	--	--	--	--	--	8,999%
% Q/Q Growth	--	--	(187)	--	--	--	(57)	(256)	--	--	--	--

Source: Company data, UBS estimates

Table 13: ACTV Balance Sheet (\$000s)

	F2011				F2012				F2010A	F2011E	F2012E	F2013E
	Q1 11A	Q2 11A	Q3 11A	Q4 11E	Q1 12E	Q2 12E	Q3 12E	Q4 12E				
Cash & Cash Equivalents	\$60,831	\$157,507	\$139,023	\$125,843	\$131,981	\$169,683	\$162,395	\$141,019	\$31,441	\$125,843	\$141,019	\$180,877
Short-Term Marketable Securities	0	0	0	0	0	0	0	0	0	0	0	0
Accounts Receivable, net	45,776	55,706	61,192	45,497	52,027	71,871	66,179	53,763	34,096	45,497	53,763	61,935
Inventories	0	1,810	1,102	625	873	1,313	1,065	938	0	625	938	935
Prepaid Expenses and Other Current Assets	4,679	5,048	4,914	5,058	5,066	5,581	5,381	5,079	4,181	5,058	5,079	5,869
Current Assets	\$111,486	\$220,071	\$206,231	\$177,023	\$189,947	\$248,449	\$235,020	\$200,799	\$69,718	\$177,023	\$200,799	\$249,617
Restricted Cash	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Property and Equipment, net	27,495	26,919	28,936	26,104	24,691	24,758	25,114	25,551	28,181	26,104	25,551	28,972
Software Development Costs	39,548	42,188	43,620	44,584	45,859	48,203	49,664	50,180	37,013	44,584	50,180	46,705
Long-Term Investments	0	0	0	0	0	0	0	0	0	0	0	0
Goodwill	213,513	213,406	213,357	213,357	213,357	213,357	213,357	213,357	207,113	213,357	213,357	213,357
Intangible Assets	40,401	35,162	32,429	29,814	27,659	25,743	23,972	22,265	41,208	29,814	22,265	16,593
Deposits and Other Assets	3,261	2,212	2,040	2,628	2,590	2,629	2,580	2,516	2,315	2,628	2,516	2,981
Total Assets	\$440,704	\$544,958	\$531,613	\$498,510	\$509,103	\$568,139	\$554,707	\$519,667	\$390,548	\$498,510	\$519,667	\$563,224
Accounts Payable	\$6,370	\$5,044	\$4,503	\$5,335	\$5,558	\$6,233	\$6,044	\$5,770	\$5,372	\$5,335	5,770	\$6,719
Registration Fees Payable	81,191	99,566	76,172	68,053	81,335	108,509	95,828	80,859	40,667	68,053	80,859	92,898
Accrued Expenses	39,552	31,715	36,103	37,226	36,869	39,440	39,081	36,785	32,172	37,226	36,785	42,861
Deferred Revenue	36,145	46,115	52,672	39,394	43,520	60,978	56,452	45,746	34,013	39,394	45,746	53,160
Current Portion of Debt	14,092	0	0	0	0	0	0	0	16,866	0	0	0
Capital Lease Obligations - Current	2,133	1,997	2,906	2,399	2,402	2,700	2,722	2,461	1,983	2,399	2,461	2,813
Other Current Liabilities	1,735	2,564	2,576	2,246	2,317	2,698	2,568	2,364	1,630	2,246	2,364	2,668
Dividends Payable	0	0	0	0	0	0	0	0	0	0	0	0
Total Current Liabilities	\$181,218	\$187,001	\$174,932	\$154,653	\$172,002	\$220,557	\$202,694	\$173,985	\$132,703	\$154,653	\$173,985	\$201,119
Long-Term Debt	27,060	0	0	0	0	0	0	0	27,537	0	0	0
Capital Lease Obligations - LT	1,043	968	649	1,179	977	1,046	1,003	1,016	1,663	1,179	1,016	1,273
Other Long-Term Liabilities	5,080	5,325	5,644	5,419	5,464	6,074	5,901	5,505	4,353	5,419	5,505	6,323
Deferred Tax Liability	18,952	19,703	19,556	19,556	19,556	19,556	19,556	19,556	17,960	19,556	19,556	19,556
Total Liabilities	\$233,353	\$212,997	\$200,781	\$180,806	\$197,999	\$247,233	\$229,154	\$200,061	\$184,216	\$180,806	\$200,061	\$228,271
Convertible Preferred Stock	21,187	0	0	0	0	0	0	0	21,187	0	0	0
Redeemable Convertible Preferred Stock	378,536	0	0	0	0	0	0	0	371,126	0	0	0
Common Stock	11	55	55	55	55	55	55	55	9	55	55	55
Treasury Stock	(11,959)	(11,959)	(11,959)	(11,959)	(11,959)	(11,959)	(11,959)	(11,959)	(11,959)	(11,959)	(11,959)	(11,959)
Accumulated Other Comprehensive Income	10,317	10,038	7,318	7,318	7,318	7,318	7,318	7,318	8,866	7,318	7,318	7,318
Additional Paid-in Capital	75,732	599,171	602,194	602,720	602,720	602,788	602,841	65,224	602,720	602,841	602,841	602,841
Accumulated Deficit	(266,473)	(265,344)	(266,776)	(280,431)	(287,030)	(277,229)	(272,649)	(248,649)	(248,431)	(278,649)	(248,121)	(263,303)
Shareholders' Equity	\$207,351	\$331,961	\$330,832	\$317,704	\$311,104	\$320,905	\$325,553	\$319,606	\$206,332	\$317,704	\$319,606	\$334,953
Liabilities & Shareholders' Equity	\$440,704	\$544,958	\$531,613	\$498,510	\$509,103	\$568,139	\$554,707	\$519,667	\$390,548	\$498,510	\$519,667	\$563,224

Source: Company data, UBS estimates

Table 14: ACTV Cash Flow Statement (\$000s)

	F2011				F2012				F2010A	F2011E	F2012E	F2013E
	Q1 11A	Q2 11A	Q3 11A	Q4 11E	Q1 12E	Q2 12E	Q3 12E	Q4 12E				
Net Income	(\$10,942)	\$5,529	(\$1,432)	(\$14,337)	(\$6,916)	\$9,430	\$4,114	(\$6,480)	(\$27,272)	(21,182)	147	\$13,470
Depreciation and Amortization	10,671	10,837	11,146	11,558	9,980	9,252	8,890	8,522	40,287	44,212	36,644	36,012
(Gain) Loss on Disposition of Assets	0	0	0	0	0	0	0	0	46	0	0	0
(Gain) Loss on Business Combination	0	0	0	0	0	0	0	0	(21)	0	0	0
Restricted Cash	0	0	0	0	0	0	0	0	0	0	0	0
Accretion of Discount on Debt	113	78	0	0	0	0	0	0	1,055	191	0	0
Earnings in Unconsolidated Equity Interests	0	0	0	0	0	0	0	0	0	0	0	0
Stock-Based Compensation	744	2,068	1,970	3,208	1,079	1,965	2,069	3,465	5,348	7,990	8,576	9,005
Allowance for Doubtful Accounts	338	150	102	682	316	371	466	480	1,191	1,272	1,635	1,876
Other / Charges	0	538	0	0	0	0	0	0	0	538	0	0
Funds From Operations	\$924	\$19,200	\$11,786	\$1,111	\$4,459	\$21,018	\$15,538	\$5,987	\$20,634	\$33,021	\$47,002	\$60,363
(Inc.) Dec. in Accounts Receivable	(11,704)	(10,093)	(5,757)	15,695	(6,530)	(19,844)	5,692	12,416	(8,028)	(11,859)	(8,266)	(8,173)
(Inc.) Dec. in Inventories	0	(1,810)	708	477	(249)	(440)	248	128	0	(625)	(313)	3
(Inc.) Dec. in Prepaid Expenses and Other Assets	(1,301)	(2,197)	968	(732)	30	(555)	250	365	(262)	(3,262)	90	(1,254)
Inc. (Dec.) in Accounts Payable	867	1,717	(1,345)	832	223	675	(189)	(274)	2,945	2,071	435	950
Inc. (Dec.) in Registration Fees Payable	40,524	18,375	(23,394)	(8,119)	13,282	27,174	(12,681)	(14,969)	10,509	27,386	12,806	12,039
Inc. (Dec.) in Accrued Expenses	7,046	(8,848)	5,363	568	(240)	3,561	(662)	(2,896)	5,486	4,129	(237)	7,198
Inc. (Dec.) in Deferred Tax Liability	787	783	254	0	0	0	0	0	1,239	1,824	0	0
Inc. (Dec.) in Deferred Revenue	1,458	10,003	6,628	(13,278)	4,126	17,457	(4,526)	(10,706)	8,800	4,811	6,352	7,414
Inc. (Dec.) in Deferred Rent	658	3	2	22	(198)	367	(21)	(248)	772	685	(101)	610
Change in Net Working Capital	\$38,335	\$7,933	(\$16,573)	(\$4,535)	\$10,445	\$28,395	(\$11,889)	(\$16,184)	\$21,461	\$25,160	\$10,767	\$18,786
Cash Flow from Operations	\$39,259	\$27,133	(\$4,787)	(\$3,424)	\$14,904	\$49,413	\$3,649	(\$10,197)	\$42,095	\$58,181	\$57,769	\$79,150
Purchases of Property and Equipment	(3,076)	(2,250)	(3,665)	(3,448)	(3,689)	(4,534)	(4,397)	(4,166)	(14,767)	(12,439)	(16,786)	(21,358)
Proceeds from Sales of PP&E	0	0	0	0	0	0	0	0	0	0	0	0
Cash (Paid) Received from Acquisitions, net	520	0	(4,602)	0	0	0	0	0	(125)	(4,082)	0	0
Sales of Short-Term Investments	0	0	0	0	0	0	0	0	0	0	0	0
Maturities of Short-Term Investments	0	0	0	0	0	0	0	0	0	0	0	0
Software Development Costs	(4,570)	(4,911)	(4,417)	(3,627)	(3,998)	(5,213)	(4,540)	(3,601)	(15,651)	(17,525)	(17,351)	(8,928)
Payment of Contingent Consideration	0	(625)	0	0	0	0	0	0	(2,182)	(625)	0	0
Net Cash Used in Investing Activities	(\$7,126)	(\$7,786)	(\$12,684)	(\$7,075)	(\$7,687)	(\$9,746)	(\$8,937)	(\$7,767)	(\$32,725)	(\$34,671)	(\$34,137)	(\$30,286)
Proceeds from Debt	0	0	0	0	0	0	0	0	3,000	0	0	0
Repayment of Long-Term Obligations	(3,364)	(38,264)	0	0	0	0	0	0	(8,035)	(41,628)	0	0
Proceeds from Exercise of Stock Options and Common Stock Warrant	914	1,846	312	0	0	0	0	0	2,584	3,072	0	0
Payments on Capital Lease Obligations	(145)	(1,088)	(974)	0	0	0	0	0	(1,898)	(2,207)	0	0
Proceeds from IPO, net	(250)	114,950	0	0	0	0						

Table 15: ACTV Revenue Build Up (\$000s)

	F2011				F2012				F2010A	F2011E	F2012E	F2013E
	Q1 11A	Q2 11A	Q3 11A	Q4 11E	Q1 12E	Q2 12E	Q3 12E	Q4 12E				
Total Net Revenue	\$72,712	\$99,005	\$89,628	\$74,947	\$83,847	\$116,251	\$104,692	\$86,787	\$279,600	\$336,292	\$391,576	\$454,423
% Y/Y Growth	15%	21%	23%	22%	15%	17%	17%	16%	15%	20%	16%	16%
% Q/Q Growth	18%	36%	-9%	-16%	12%	39%	-10%	-17%	--	--	--	--
Technology Revenue	\$63,108	\$85,553	\$76,341	\$63,627	\$72,687	\$100,243	\$89,013	\$73,498	\$237,688	\$288,629	\$335,441	\$388,183
% Y/Y Growth	15%	20%	22%	29%	15%	17%	17%	16%	13%	21%	16%	16%
% Q/Q Growth	28%	36%	-11%	-17%	14%	38%	-11%	-17%	--	--	--	--
% of Total Net Revenue	87%	86%	85%	85%	87%	86%	85%	85%	85%	86%	86%	85%
Net Registration Revenue	\$51,433	\$69,741	\$60,893	\$46,260	\$58,327	\$83,483	\$72,638	\$55,193	\$197,575	\$228,327	\$269,640	\$316,460
% Y/Y Growth	13%	15%	17%	18%	13%	20%	19%	19%	14%	16%	18%	17%
Registrations	13,931	22,926	23,513	17,546	15,338	26,388	26,969	20,129	70,182	77,916	88,824	99,759
% Y/Y Growth	8%	7%	15%	15%	10%	15%	15%	15%	7%	11%	14%	12%
Average Revenue per Registration	3.69	3.04	2.59	2.64	3.80	3.16	2.69	2.74	2.82	2.93	3.04	3.17
% Y/Y Growth	4.4%	7.8%	1.8%	2.9%	3.0%	4.0%	4.0%	4.0%	5.9%	4.1%	3.6%	4.5%
Software Revenue	\$11,675	\$15,812	\$15,448	\$17,367	\$14,360	\$16,761	\$16,375	\$18,305	\$40,113	\$60,302	\$65,801	\$71,723
% Y/Y Growth	26%	49%	50%	75%	23%	6%	6%	5%	10%	50%	9%	9%
Marketing Services Revenue	\$9,604	\$13,452	\$13,287	\$11,319	\$11,160	\$16,008	\$15,679	\$13,289	\$41,912	\$47,662	\$56,135	\$66,240
% Y/Y Growth	16%	28%	24%	-9%	16%	19%	18%	17%	29%	14%	18%	18%
% Q/Q Growth	-23%	40%	-1%	-15%	-1%	43%	-2%	-15%	--	--	--	--
% of Total Net Revenue	13%	14%	15%	15%	13%	14%	15%	15%	15%	14%	14%	15%

Source: Company data, UBS estimates

Table 16: ACTV DCF (\$MM)

	2011					2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	
	2010A	Q1 11A	Q2 11A	Q3 11A	Q4 11E										
Revenue	\$280	\$73	\$99	\$90	\$75	\$392	\$454	\$522	\$595	\$674	\$760	\$854	\$957	\$1,072	
% Y/Y Growth	15%	15%	21%	23%	22%	16%	16%	15%	14%	13%	13%	12%	12%	12%	
EBITDA	\$25	\$3	\$20	\$13	\$2	\$53	\$67	\$80	\$96	\$111	\$132	\$154	\$180	\$211	
% Margin	9%	4%	21%	14%	3%	13%	15%	15%	16%	17%	17%	18%	19%	20%	
% Y/Y Growth	60	137	72	36	(15)	38	27	20	19	17	18	17	16	18	
Implied Taxes on Operations	(\$3)	\$0	\$4	\$14	\$22	(\$18)	(\$14)	(\$16)	(\$20)	(\$23)	(\$27)	(\$32)	(\$37)	(\$43)	
% Effective Tax Rate	14%	(8%)	(21%)	(107%)	(900%)	34%	21%	21%	21%	21%	21%	21%	21%	21%	
Capital Expenditures	(\$15)	(\$3)	(\$2)	(\$4)	(\$3)	(\$17)	(\$21)	(\$25)	(\$29)	(\$32)	(\$36)	(\$41)	(\$46)	(\$51)	
% Y/Y Growth	41%	34%	(59%)	8%	(4%)	35%	27%	15%	17%	13%	13%	12%	12%	12%	
Change in Net Working Capital	\$21	\$38	\$8	(\$17)	(\$5)	\$11	\$19	\$18	\$21	\$22	\$24	\$26	\$29	\$32	
Tax Benefit from NOL Carryforwards	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Acquisitions Not Reflected on Balance Sheet / \$	--	--	--	--	0	0	0	0	0	0	0	0	0	0	
Unlevered Free Cash Flow	\$28	\$38	\$30	\$6	\$16	\$29	\$50	\$57	\$68	\$78	\$92	\$108	\$126	\$148	
NPV at 9/30/11 Valuation Date and 11.5% WACC	--	--	--	--	\$16	\$26	\$42	\$42	\$45	\$47	\$49	\$52	\$54	\$57	
Perpetuity Growth Rate / Terminal Value at 11.5% WACC															
3.5%	4.0%	4.5%	5.0%	5.5%											
\$2,106	\$2,257	\$2,430	\$2,630	\$2,862											
Median DCF Valuation at 9/30/11 Valuation Date															
NPV of Cash Flows and Terminal Value					\$1,270										
Plus: Net Cash					139										
Implied Equity Value					\$1,410										
Implied Fully Diluted Shares Outstanding (MM)					64										
Implied Equity Value per Share					\$22										
WACC															
10%		\$23				\$24									
11%		22				22									
12%		20				21									
13%		19				20									
14%		18				19									
Equity Value per Share															

Source: UBS estimates

Table 17: Internet and Interactive Entertainment Comp Sheet Estimates

(\$MMs, except EPS)			Market Cap		Revenue				EBITDA				EPS ¹				FCF ²		11E Margin	
Company	Ticker	Rating	12/5/2011		UBS Estimate	Consensus	2011E	2012E	UBS Estimate	Consensus	2011E	2012E	UBS Estimate	Consensus	2011E	2012E	2011E	2012E	Gross	Operating
Interactive Entertainment																				
Activision	ATVI	Buy	\$14,266		4,276	4,632	4,278	4,563	1,609	1,934	1,483	1,733	0.87	0.95	0.86	0.96	1,005	1,507	74.4	34.3
Electronic Arts	ERTS	Buy	7,577		4,264	4,668	4,329	4,465	693	816	602	773	0.93	1.36	0.90	1.24	735	(\$310)	60.7	13.2
GameStop	GME	NR	3,214		--	--	9,741	9,973	--	--	833	861	--	--	2.88	3.15	417	442	--	--
TakeTwo	TTWO	Neutral	1,180		1,071	1,580	1,029	1,674	48	248	44	274	0.24	2.02	0.18	2.43	80	39	39.2	3.3
THQ Inc.	THQI	Neutral	119		993	1,053	971	981	12	32	6	34	(\$0.04)	0.16	(0.11)	0.25	26	(\$21)	31.8	0.0
Advertising & Related Services																				
Google	GOOG	Buy	202,477		29,455	35,581	29,297	35,934	16,150	19,817	15,938	19,403	36.84	42.66	36.86	43.86	10,920	16,130	86.1	48.6
Yahoo!	YHOO	Neutral	21,135		4,400	4,801	4,428	4,588	1,649	1,811	1,471	1,538	0.96	1.06	0.81	0.89	877	984	79.8	22.9
IAC / InterActiveCorp	IACI	Neutral	4,118		2,011	2,267	2,029	2,401	362	447	365	448	2.08	2.48	2.12	2.60	280	180	62.6	15.0
WebMD	WBMD	NR	2,000		--	--	559	565	--	--	183	186	--	--	1.22	0.94	93	65	--	--
ValueClick	VCLK	Neutral	1,285		555	706	553	707	169	220	169	215	1.15	1.23	1.18	1.13	74	128	67.8	29.1
AOL	AOL	Buy	1,541		2,193	2,117	2,193	2,097	349	317	362	310	0.62	0.80	0.06	0.36	280	247	31.9	5.5
United Online	UNTD	NR	486		--	--	901	888	--	--	175	160	--	--	0.97	0.80	137	130	--	--
EarthLink	ELNK	NR	672		--	--	1,313	1,336	--	--	331	320	--	--	0.32	0.23	113	109	--	--
comScore	SCOR	NR	657		--	--	233	280	--	--	46	60	--	--	(0.43)	0.22	43	50	--	--
Demand Media	DMD	Buy	809		314	382	313	367	86	122	85	110	0.26	0.37	0	0	46	106	0.5	(2.4)
Marchex	MCHX	NR	260		--	--	148	173	--	--	23	28	--	--	0.29	0.34	27	37	--	--
Zillow	Z	NR	608		--	--	65	96	--	--	11	18	--	--	0.13	0.30	4	11	--	--
LinkedIn	LKD	Buy	6,537		513	832	506	787	93	87	71	134	0.32	0.72	0.03	0.27	37	68	84.1	8.0
Quinstreet	QNST	Buy	438		402	464	406	450	83	87	82	91	0.89	0.98	0.91	1.00	56	53	27.4	11.0
eCommerce																				
Amazon.com	AMZN	Neutral	93,408		49,037	62,994	64,977	83,831	2,451	3,712	2,717	3,889	1.29	2.32	1.21	2.05	2,514	4,519	22.2	2.3
eBay	EBAY	Buy	39,153		11,610	13,471	11,595	13,675	3,747	4,377	3,807	4,482	2.01	2.32	2.00	2.32	4,073	3,676	71.6	26.9
Digital River	DRIV	NR	576		--	--	390	422	--	--	75	87	--	--	1.03	1.21	45	41	--	--
Mercado Libre	MELI	NR	3,767		--	--	298	390	--	--	108	147	--	--	1.75	2.33	64	90	--	--
Active Network Inc.	ACTV	Buy	678		336	392	336	392	38	53	38	54	(\$0.44)	0.00	(0.38)	(0.03)	46	41	55.8	(1.8)
Groupon	GRPN	NR	12,041		--	--	1,602	2,383	--	--	(61)	(426)	--	--	(0.64)	0.14	--	--	--	--
OpenTable Inc	OPEN	NR	860		--	--	139	169	--	--	54	71	--	--	1.20	1.49	30	41	--	--
Online Entertainment																				
Netflix	NFLX	Neutral	3,485		3,177	3,400	3,187	3,623	463	167	437	191	3.84	0.30	4.08	0.59	175	(\$532)	36.3	8.0
TiVo Inc.	TIVO	Buy	1,156		191	226	190	226	106	(\$39)	95	(43)	0.50	(\$0.55)	0.46	(0.49)	207	(\$18)	47.4	(33.8)
Rovi Corp	ROVI	NR	2,993		--	--	779	830	--	--	369	389	--	--	2.45	2.64	315	289	--	--
Rentrak Corp	Rent	NR	157		--	--	94	107	--	--	5	12	--	--	(0.04)	0.32	--	5	--	--
Pandora	P	NR	1,737		--	--	275	415	--	--	1	5	--	--	(0.02)	(0.01)	--	(\$14)	--	--

(1) All figures represent "Operating EPS", defined to excludes SBC and 1x items as per Mgmt, except the following companies which are GAAP: ACTV, AMZN, NFLX, TIVO, VCLK

(2) FCF for non-covered companies are FirstCall means

(3) ERTS 2011E = Fiscal year ending 03/2012; 2011E = Fiscal Year ending 03/2013

(4) THQI 2011E = Fiscal year ending 03/2012; 2012E = Fiscal Year ending 03/2013

(5) TTWO 2011E = Fiscal year ending 10/2011; 2012E = Fiscal Year ending 10/2012

(6) TIVO 2011E = Fiscal year ending 01/2012; 2012E = Fiscal Year ending 01/2013

Source: FactSet, UBS estimates

Table 18: Internet and Interactive Entertainment Comp Sheet Valuations

Company	Ticker	Rating	Price				Firm Value ¹ (\$MMs)	Firm Value / EBITDA			11-14E			Price / Earnings 2011E	11-14E			Price / FCF / share 2011E	11-14E			FCF CAGR	2011E		
			12/04/11	Price Target	Upside to Target	YTD Performance		2011E	2012E	EBITDA CAGR	EPS CAGR	P/E to Growth	2011E	2012E	FCF CAGR	FCF Yield (%)									
Interactive Entertainment																									
Activision	ATVI	Buy	\$12.27	\$14	18%	-1%	\$11,251	7x	6x	8%	14x	13x	8%	1.5	15x	10x	15%	10.0%							
Electronic Arts	ERTS	Buy	\$23.00	30	30	40%	6,376	9	8	15	25	17	29	0.6	11	23	(15)	4.35							
GameStop	GME	NR	\$23.22	--	--	1%	2,894	3	3	--	8	7	--	--	--	--	--	--							
TakeTwo	TTWO	Neutral	\$13.66	16	17	11%	1,021	21	4	38	76	6	50	0.1	15	31	(5)	3.2%							
THQ Inc.	THQI	Neutral	\$1.74	2.25	29	-71%	100	8	3	76	--	7	--	--	5	-	17	--							
weighted average mean							8	6			19.3	13	15	1.0	12	13	3	6.6%							
							10	5			31	10	29	0.7	11	21	3	5.9%							
Advertising & Related Services																									
Google	GOOG	Buy	\$620.36	800	29	4%	162,012	10	8	17	17	15	15	0.9	19	13	21	7.8%							
Yahoo!	YHOO	Neutral	\$16.05	17	7	-3%	13,698	8	8	10	17	15	13	1.2	24	22	11	4.6%							
IAC / InterActiveCorp	IACI	Neutral	\$42.45	43	0	48%	3,285	9	7	16	20	17	14	1.2	15	20	9	4.9%							
WebMD	WBMD	NR	\$35.49	--	--	-30%	1,698	9	9	--	29	38	--	--	--	--	--	--							
ValueClick	VCLK	Neutral	\$15.74	17	9	-2%	1,302	8	6	11	14	13	2	6.7	18	11	21	9.4%							
AOL	AOL	Buy	\$14.47	20	38	-39%	1,166	3	4	3	23	18	29	0.6	5	6	(16)	16.7%							
United Online	UNTD	NR	\$5.47	--	--	-17%	635	4	4	--	6	7	--	--	--	--	--	--							
EarthLink	ELNK	NR	\$6.26	--	--	-27%	1,066	3	3	--	19	27	--	--	--	--	--	--							
comScore	SCOR	NR	\$19.89	--	--	-11%	637	14	11	--	--	90	--	--	--	--	--	--							
Demand Media	DMD	Buy	\$7.90	13.50	71	-65%	729	8	6	34	31	21	27	0.8	15	7	58	14.3%							
Marchex	MCHX	NR	\$6.98	--	--	-27%	225	10	8	--	24	20	--	--	--	--	--	--							
Zillow	Z	NR	\$22.06	--	--	-35%	512	48	28	--	170	74	--	--	--	--	--	--							
LinkedIn	LNKD	Buy	\$67.89	90	33	-28%	6,146	74	70	63	74	68	91	0.7	--	--	--	--							
QuinStreet	QNST	Buy	\$9.20	11	24	-52%	401	5	5	11	10	9	13	0.7	8	9	6	11.4%							
weighted average mean							9%				14	11			22	18	14	0.8	25	41	15	5.9%			
							-16%				16	13			34	29	25	1.6	22	30	16	8.6%			
eCommerce																									
Amazon.com	AMZN	Neutral	\$196.03	215	10	9%	87,246	36	24	35	152	85	65	1.3	36	20	36	5.0%							
eBay	EBAY	Buy	\$29.60	45	52	6%	27,627	7	6	15	15	13	15	0.8	10	11	2	9.4%							
Digital River	DRIV	NR	\$15.43	--	--	-55%	266	4	3	--	15	13	--	--	--	--	--	--							
Mercado Libre	MELI	NR	\$85.34	--	--	28%	3,644	34	25	--	49	37	--	--	--	--	--	--							
Active Network Inc.	ACTV	Buy	\$12.50	22	76	-21%	539	14	10	28	--	--	--	--	17	20	12	5.1%							
Groupon	GRPN	NR	\$18.95	--	--	-24%	11,796	--	--	--	--	139	--	--	--	--	--	--							
OpenTable Inc	OPEN	NR	\$36.24	--	--	-49%	780	15	11	--	30	24	0	--	--	--	--	--							
weighted average mean							5%				26	18			104	72	46	1	26	16	24	5.2%			
							-20%				15	13			49	49	27	1	21	17	17	6.5%			
Online Entertainment																									
Netflix	NFLX	Neutral	\$66.37	70	6	-62%	3,694	8	22	6	17	223	1	173.7	21	66	16	1.5%							
TiVo Inc.	TIVO	Buy	\$9.57	13	36	11%	719	7	--	(37)	19	--	--	--	6	-	(39)	--							
Rovi Corp	ROVI	NR	\$27.21	--	--	-56%	3,631	10	9	--	11	10	--	--	--	--	--	--							
Rentrak Corp	Rent	NR	\$14.24	--	--	-53%	134	27	12	--	--	45	--	--	--	--	--	--							
Pandora	P	NR	\$10.78	--	--	-38%	1,646	1344	328	--	--	0	--	--	--	--	--	--							
weighted average mean							-50%				233	67			12	88	0	65.3	9	25	3	0.6%			
							-40%				279	93			16	93	0.6	173.7	14	66	-12	1.5%			

(1) Firm Value equal to Equity Value plus straight and convertible debt, straight and convertible preferred stock, and minority interest less cash and cash equivalents, marketable securities, and equity in unconsolidated affiliates.

Valuation metrics of non-covered companies are based on FirstCall mean estimates

(2) ERTS 2011E = Fiscal year ending 03/2012; 2011E = Fiscal Year ending 03/2013

(3) THQI 2011E = Fiscal year ending 03/2012; 2012E = Fiscal Year ending 03/2013

(4) TTWO 2011E = Fiscal year ending 10/2011; 2012E = Fiscal Year ending 10/2012

(5) TIVO 2011E = Fiscal year ending 01/2012; 2012E = Fiscal Year ending 01/2013

Source: FactSet, UBS estimates

The Active Network, Inc.

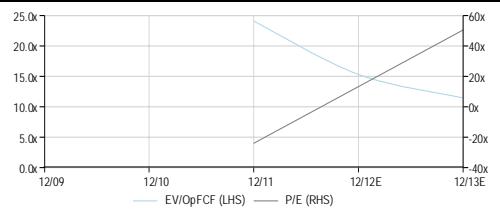
Income statement (US\$k)	-	12/07	12/08	12/09	12/10	12/11E	% ch	12/12E	% ch	12/13E	% ch
Revenues	-	-	-	242,884	279,600	336,292	20.3	391,576	16.4	454,423	16.0
Operating expenses (ex depn)	-	-	-	(227,138)	(254,480)	(298,166)	17.2	(338,821)	13.6	(387,383)	14.3
EBITDA (UBS)	-	-	-	15,746	25,120	38,126	51.8	52,755	38.4	67,039	27.1
Depreciation	-	-	-	(36,079)	(40,287)	(44,212)	9.7	(36,644)	-17.1	(36,012)	-1.7
Operating income (EBIT, UBS)	-	-	-	(20,333)	(15,167)	(6,086)	-59.9	16,111	-	31,028	92.6
Other income & associates	-	-	-	0	0	0	-	0	-	0	-
Net interest	-	-	-	(3,847)	(4,833)	(3,698)	-23.5	(2,801)	-24.2	(2,578)	-8.0
Abnormal items (pre-tax)	-	-	-	0	0	0	-	0	-	0	-
Profit before tax	-	-	-	(24,180)	(20,000)	(9,783)	-51.1	13,310	-	28,450	113.7
Tax	-	-	-	(2,439)	3,951	1,817	-54.0	(4,586)	-	(5,974)	30.3
Profit after tax	-	-	-	(26,619)	(16,049)	(7,966)	-50.4	8,724	-	22,475	157.6
Abnormal items (post-tax)	-	-	-	0	0	0	-	0	-	0	-
Minorities / pref dividends	-	-	-	0	0	0	-	0	-	0	-
Net income (local GAAP)	-	-	-	(26,619)	(16,049)	(7,966)	-50.4	8,724	-	22,475	157.6
Net Income (UBS)	-	-	-	(63,633)	(55,429)	(28,004)	-49.5	147	-	13,470	9038.7
Tax rate (%)	-	-	-	0	0	0	-	34	-	21	-39.1
Pre-abnormal tax rate (%)	-	-	-	0	0	0	-	34	-	21	-39.1
Per share (US\$)	-	12/07	12/08	12/09	12/10	12/11E	% ch	12/12E	% ch	12/13E	% ch
EPS (local GAAP)	-	-	-	(4.54)	(2.27)	(0.12)	-94.5	0.14	-	0.35	156.5
EPS (UBS)	-	-	-	(10.86)	(7.83)	(0.44)	-94.4	0.00	-	0.21	8998.9
Net DPS	-	-	-	0.00	0.00	0.00	-	0.00	-	0.00	-
Cash EPS	-	-	-	(4.70)	(2.14)	0.30	-	0.68	126.4	0.91	33.8
BVPS	-	-	-	4.21	3.89	5.89	51.2	5.90	0.1	6.15	4.3
Balance sheet (US\$k)	-	12/07	12/08	12/09	12/10	12/11E	% ch	12/12E	% ch	12/13E	% ch
Cash and equivalents	-	-	-	26,381	31,441	125,843	300.3	141,019	12.1	180,877	28.3
Other current assets	-	-	-	31,229	38,277	51,180	33.7	59,780	16.8	68,740	15.0
Total current assets	-	-	-	57,610	69,718	177,023	153.9	200,799	13.4	249,617	24.3
Net tangible fixed assets	-	-	-	26,742	28,181	26,104	-7.4	25,551	2.1	28,972	13.4
Net intangible fixed assets	-	-	-	290,268	285,334	287,755	0.8	285,802	-0.7	276,655	-3.2
Investments / other assets	-	0	0	7,251	7,315	7,628	4.3	7,516	-1.5	7,981	6.2
Total assets	-	-	-	381,871	390,548	498,510	27.6	519,667	4.2	563,224	8.4
Trade payables & other ST liabilities	-	-	-	101,155	131,073	152,407	16.3	171,620	12.6	198,451	15.6
Short term debt	-	-	-	131	1,630	2,246	37.8	2,364	5.3	2,668	12.8
Total current liabilities	-	-	-	101,286	132,703	154,653	16.5	173,985	12.5	201,119	15.6
Long term debt	-	-	-	41,402	33,553	6,597	-80.3	6,520	-1.2	7,597	16.5
Other long term liabilities	-	-	-	16,318	17,960	19,556	8.9	19,556	0.0	19,556	0.0
Total liabilities	-	-	-	159,006	184,216	180,806	-1.9	200,061	10.6	228,271	14.1
Equity & minority interests	-	-	-	222,865	206,332	317,704	54.0	319,606	0.6	334,953	4.8
Total liabilities & equity	-	-	-	381,871	390,548	498,510	27.6	519,667	4.2	563,224	8.4
Cash flow (US\$k)	-	12/07	12/08	12/09	12/10	12/11E	% ch	12/12E	% ch	12/13E	% ch
Net income	-	-	-	(26,619)	(16,049)	(7,966)	-50.4	8,724	-	22,475	157.6
Depreciation	-	-	-	36,079	40,287	44,212	9.7	36,644	-17.1	36,012	-1.7
Net change in working capital	-	-	-	18,137	21,461	25,160	17.2	10,767	-57.2	18,786	74.5
Other (operating)	-	-	-	11,184	6,539	9,262	41.6	10,211	10.2	10,882	6.6
Net cash from operations	-	-	-	38,781	52,238	70,668	35.3	66,345	-6.1	88,155	32.9
Capital expenditure	-	-	-	(10,449)	(14,767)	(12,439)	-15.8	(16,786)	34.9	(21,358)	27.2
Net (acquisitions) / disposals	-	-	-	0	0	0	-	0	-	0	-
Other changes in investments	-	-	-	(15,519)	(17,958)	(22,232)	-	(17,351)	-	(8,928)	-
Cash from investing activities	-	-	-	(25,968)	(32,725)	(34,671)	5.9	(34,137)	-1.5	(30,286)	-11.3
Increase/(decrease) in debt	-	-	-	0	0	0	-	0	-	0	-
Share issues / (repurchases)	-	-	-	(8,514)	(4,349)	71,242	-	(8,456)	-	(9,005)	-
Dividends paid	-	-	-	0	0	0	-	0	-	0	-
Other cash from financing	-	-	-	0	0	0	-	0	-	0	-
Cash from financing activities	-	-	-	(8,514)	(4,349)	71,242	-	(8,456)	-	(9,005)	6.5
Cash flow chge in cash & equivalents	-	-	-	4,299	15,164	107,240	-	23,753	-	48,863	-
FX / non cash items	-	-	-	-	(10,104)	(12,838)	-	(8,576)	-	(9,005)	20.5
Bal sheet chge in cash & equivalents	-	-	-	-	5,060	94,402	-	15,176	-	39,858	-
Core EBITDA	-	-	-	15,746	25,120	38,126	51.8	52,755	38.4	67,039	27.1
Maintenance capital expenditure	-	-	-	(10,449)	(14,767)	(12,439)	-15.8	(16,786)	34.9	(21,358)	27.2
Maintenance net working capital	-	-	-	0	0	0	-	0	-	0	-
Operating free cash flow, pre-tax	-	-	-	5,297	10,353	25,687	148.1	35,969	40.0	45,682	27.0

Source: Company accounts, UBS estimates. (UBS) valuations are stated before goodwill-related charges and other adjustments for abnormal and economic items at the analysts' judgement. Note: For some companies, the data represents an extract of the full company accounts.

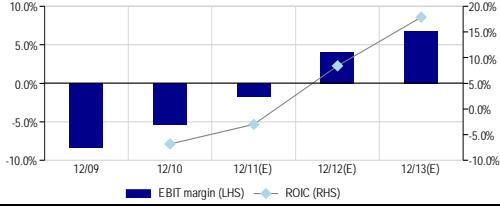
Company profile

Active Network is the leading provider of organization-based cloud computing applications. The company provides technology and marketing solutions for event organizers, community organizations, and consumer brands. Active Network serves a wide range of customers, including community and sports organizations, large corporations, small and medium-sized businesses, educational institutions, government agencies, non-profit organizations, and other similar entities.

Value (EV/OpFCF & P/E)



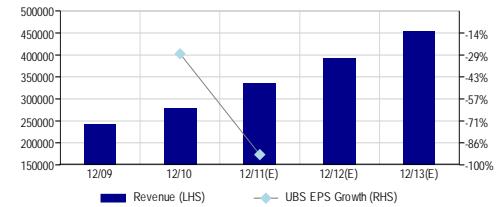
Profitability



ROE v Price to book value



Growth (UBS EPS)



Valuation (x)	5Yr Avg	12/09	12/10	12/11E	12/12E	12/13E
P/E (local GAAP)	-	-	-	NM	NM	35.9
P/E (UBS)	-	-	-	NM	NM	59.8
P/CEPS	-	-	-	41.6	18.4	13.7
Net dividend yield (%)	-	-	-	0.0	0.0	0.0
P/BV	-	-	-	2.1	2.1	2.0
EV/revenue (core)	-	-	-	1.8	1.4	1.2
EV/EBITDA (core)	-	-	-	16.2	10.4	7.8
EV/EBIT (core)	-	-	-	NM	NM	16.9
EV/OpFCF (core)	-	-	-	24.1	15.3	11.5
EV/op. invested capital	-	-	-	3.0	2.9	3.0
Enterprise value (US\$k)		12/09	12/10	12/11E	12/12E	12/13E
Average market cap	-	-	-	677,500	677,500	677,500
+ minority interests	0	0	0	0	0	0
+ average net debt (cash)	15,152	9,447	(56,629)	(124,567)	(151,373)	
+ pension obligations and other	0	0	0	0	0	0
- non-core asset value	(2,251)	(2,315)	(2,628)	(2,516)	(2,981)	
Core enterprise value	-	-	-	618,243	550,417	523,146
Growth (%)	5Yr Avg	12/09	12/10	12/11E	12/12E	12/13E
Revenue	-	-	15.1	20.3	16.4	16.0
EBITDA (UBS)	-	-	59.5	51.8	38.4	27.1
EBIT (UBS)	-	-	-25.4	-59.9	-	92.6
EPS (UBS)	-	-	-27.9	-93.4	-	NM
Cash EPS	-	-	-54.5	-	126.4	33.8
Net DPS	-	-	-	-	-	-
BVPS	-	-	-7.4	51.2	0.1	4.3
Margins (%)	5Yr Avg	12/09	12/10	12/11E	12/12E	12/13E
EBITDA / revenue	-	6.5	9.0	11.3	13.5	14.8
EBIT / revenue	-	-8.4	-5.4	-1.8	4.1	6.8
Net profit (UBS) / revenue	-	NM	NM	NM	0.0	3.0
Return on capital (%)	5Yr Avg	12/09	12/10	12/11E	12/12E	12/13E
EBIT ROIC (UBS)	-	-	NM	NM	8.4	17.9
ROIC post tax	-	-	NM	NM	5.5	14.2
Net ROE	-	(28.6)	(25.8)	(10.7)	0.0	4.1
Coverage ratios (x)	5Yr Avg	12/09	12/10	12/11E	12/12E	12/13E
EBIT / net interest	-	-	-	-	5.8	12.0
Dividend cover (UBS EPS)	-	-	-	-	-	-
Div. payout ratio (%), UBS EPS	-	-	-	-	-	-
Net debt / EBITDA	-	1.0	0.1	NM	NM	NM
Efficiency ratios (x)	5Yr Avg	12/09	12/10	12/11E	12/12E	12/13E
Revenue / op. invested capital	-	-	1.3	1.7	2.0	2.6
Revenue / fixed assets	-	-	0.9	1.1	1.3	1.5
Revenue / net working capital	-	-	NM	NM	NM	NM
Investment ratios (x)	5Yr Avg	12/09	12/10	12/11E	12/12E	12/13E
OpFCF / EBIT	-	NM	NM	NM	2.2	1.5
Capex / revenue (%)	-	4.3	5.3	3.7	4.3	4.7
Capex / depreciation	-	0.3	0.4	0.3	0.5	0.6
Capital structure (%)	5Yr Avg	12/09	12/10	12/11E	12/12E	12/13E
Net debt / total equity	-	6.8	1.8	(36.8)	(41.3)	(50.9)
Net debt / (net debt + equity)	-	6.4	1.8	(58.3)	(70.5)	NM
Net debt (core) / EV	-	-	-	(9.2)	(22.6)	(28.9)

Source: Company accounts, UBS estimates. (UBS) valuations are stated before goodwill-related charges and other adjustments for abnormal and economic items at the analysts' judgement.

Valuations: based on an average share price that year, (E): based on a share price of US\$12.50 on 02 Dec 2011 19:41 EST Market cap(E) may include forecast share issues/buybacks.

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■ The Active Network, Inc.

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■ Statement of Risk

Risks include 1) integration of recent acquisitions and impact on margins, 2) new business model and limited history of profitability, 3) difficulty attracting new customers and transitioning existing customers to ActiveWorks. Additional concerns include the failure to compete successfully against current or future competitors, failure to comply with data privacy laws and regulations, and inability to expand business outside North America. The company's failure to expand customers' use of its applications and to increase the percentage of participants who register through its website are two additional risks.

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Equity Price Targets have an investment horizon of 12 months.

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UBS Securities LLC: Brian Pitz; Brian Fitzgerald; Brent Thill; Stan Velikov, CFA; Timothy O'Shea; John Byun; Nicole Hayashi.

Company Disclosures

Company Name	Reuters	12-mo rating	Short-term rating	Price	Price date
The Active Network, Inc.¹⁶	ACTV.N	Not Rated	N/A	US\$12.50	02 Dec 2011

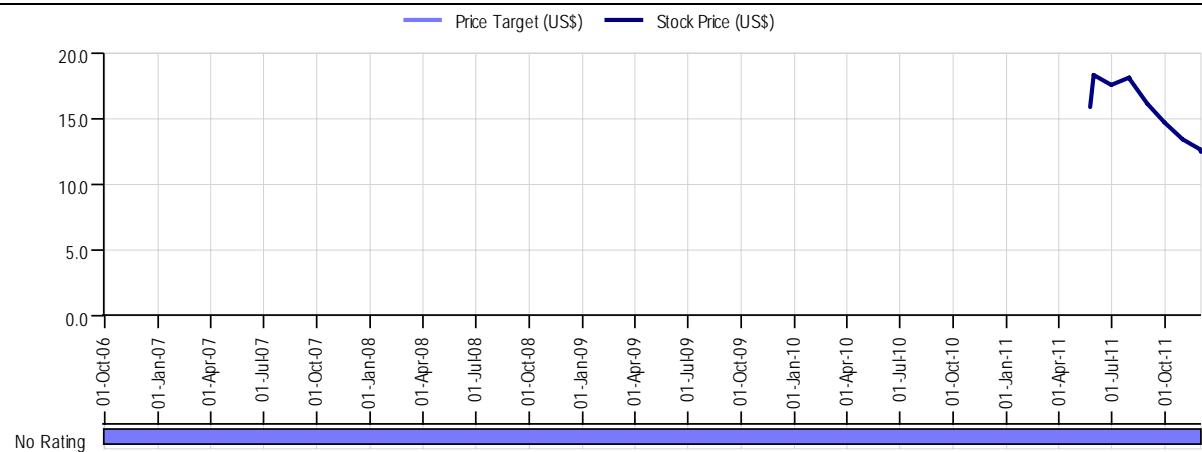
Source: UBS. All prices as of local market close.

Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date

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Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report.

The Active Network, Inc. (US\$)



Source: UBS; as of 02 Dec 2011

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UBS Investment Research

Alpha Preferences - US

Changes to US Alpha Preferences

5 December 2011

www.ubs.com/investmentresearch

■ Adding ACTV to Most Preferred (Analyst: Brian Pitz)

Adding Active Network (ACTV) to the Most Preferred list. With its sizeable recurring revenue stream and modest annual revenue churn, we have a positive view on near term earnings. ACTV is the leader in a large and highly fragmented market with low levels of penetration, and while it has built strong competitive moats based on scale, technology, and deep domain expertise, we expect the company to make some acquisitions to further build out its platform.

Michael Ching

COO US Equities Research

michael.ching@ubs.com

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Table 1: US Alpha Preferences Most / Least Preferred

Action	Preference Stock	Ticker	Analyst	Rating	Price Local cc	Market Cap
Add	Most The Active Network, Inc.	ACTV	Brian Pitz	Buy	12.50	677.50

Source: UBS; as of 2 December 2011

■ Statement of Risk

Forecast earnings and corporate financial behaviour is difficult because it is affected by a wide variety of economic, financial, accounting, and regulatory trends, as well as changes in tax policy

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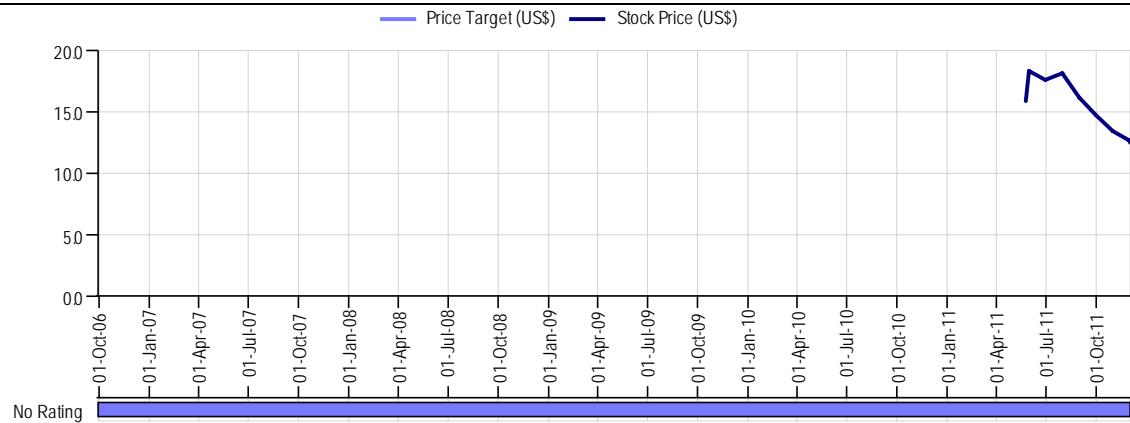
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The Active Network, Inc. (US\$)



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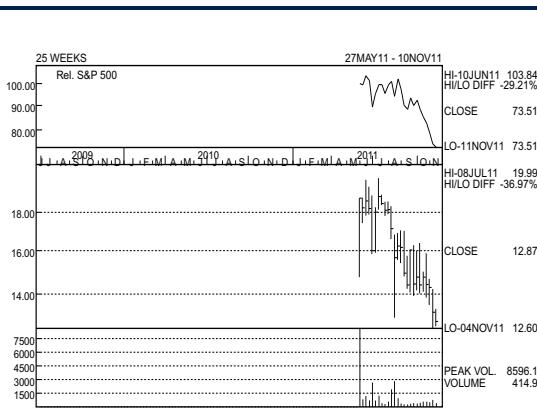
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COMPANY UPDATE | COMMENT

NOVEMBER 11, 2011



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FY Dec	2010A	2011E	2012E
Revenue (MM)	279.6	336.0	392.7
Prev.		327.4	375.5
Adj EBITDA (MM)	25.1	38.1	53.6
Prev.		36.1	52.6
Adj EPS - FD	(0.04)	0.21	
Prev.	0.01	0.30	
P/AEPS	NM	NM	61.3x
Revenue (MM)	Q1	Q2	Q3
2010	63.2A	81.7A	73.1A
2011	72.7A	99.0A	89.6A
Prev.			86.4E
2012	82.5E	116.0E	104.9E
Prev.	82.3E	113.7E	99.8E
Adj EBITDA (MM)	1.1A	11.8A	9.3A
2010	2.6A	20.4A	12.7A
2011			11.5E
Prev.			1.6E
2012	5.0E	26.4E	18.0E
Prev.	4.5E	29.5E	16.8E
Adj EPS - FD	(0.12)A	0.18A	0.05A
2011			(0.15)E
Prev.			0.06E
2012	(0.07)E	0.26E	0.13E
Prev.	(0.06)E	0.34E	(0.11)E

All values in USD unless otherwise noted.

Active Network, Inc. (NYSE: ACTV)

Active Beats Top And Bottom Line Again In 3Q, Raising Estimates

Outperform
Above Average Risk

Price:	12.87	Price Target:	22.00
Shares O/S (MM):	62.8	Implied All-In Return:	71%
Dividend:	0.00	Market Cap (MM):	808
		Yield:	0.0%

Reported 3Q11 Earnings

Net: Active reported a beat and raise quarter once again in 3Q11. The company continues to outperform expectations and execute on its plan for mid-teens registration volume growth and healthy Y/Y margin expansion. In terms of vertical categories, Active is seeing solid growth across both offline registration growth (outdoor) and core endurance, camping and faith-based online registration and technology growth. The company announced the acquisition of Resort Technology Partners, a leading software provider to the winter resort space, which exposes ACTV to cross selling opportunities in its participant pool (especially tennis/skiing) and is accretive following the deferred revenue hit in 2012. We have increased 2012 revenue and EBITDA by 5% and 2%, which incorporates 2% upside from core operations and \$10m in RTP revenue. ACTV's multiple has compressed ~15% in the past quarter, despite the solid outperformance in both 2Q and 3Q, which we view as a buying opportunity. Our longer term thesis is fully intact and is based on ACTV's strong recurring revenue model, margin expansion mix-shift to more profitable online registrations and limited competition. Our rating remains Outperform, and our price target remains \$22.

Positives: ACTV reported revenue and EBITDA of \$89.6m and \$12.7m, which were 4% and 10% above our estimates and above the high end of the guided range. Software and marketing services revenue were the standout performers in the quarter, beating our estimates by 11% and 20%, respectively. The mid-points of the company's 4Q11 revenue and EBITDA guidance were 6% and 28% ahead of our prior estimates.

Negatives: There were few material negatives to point to for ACTV in 3Q. Technology gross margin compressed 320bps y/y in 3Q11 vs. a slight improvement in the second quarter. This deleverage was driven by non-cash items as well as some one-time implementation costs, and led to overall gross margin compression of 190bps, only 30bps of which was core. 4Q guidance assumes a steep deceleration in marketing services revenue, as ACTV had some ad campaigns pull forward into 2Q and 3Q, more than offset by stronger technology revenue growth.

Estimate Changes and Valuation: We have increased our 2012 revenue and EBITDA estimates by 5% and 2%, respectively. Our rating remains Outperform and our price target remains \$22.

Priced as of prior trading day's market close, EST (unless otherwise noted).

For Required Conflicts Disclosures, see Page 6.

Exhibit 1: 3Q11 Results vs. RBC Capital Markets Estimates

(\$ in Millions, except per share amounts)

	<u>3Q11A</u>	<u>3Q11E</u>	<u>Variance</u>	<u>2Q11A</u>	<u>% Q/Q</u>	<u>3Q10A</u>	<u>% Y/Y</u>	<u>Cons.</u>	<u>Guidance</u>
Registrations (mm):									
Total Registrations	23.5	22.1	6.5%	24.6	-4%	20.5	14.8%		21.5-21.9
Avg. Revenue per Registration	\$2.59	\$2.78	-6.8%	\$2.84	-9%	\$2.54	1.8%		\$2.70-\$2.75
Revenues									
Registration revenue	60.9	61.4	-0.8%	69.7	-12.7%	52.1	16.9%		
Software revenue	15.4	13.9	10.8%	15.8	-2.3%	10.3	49.6%		
Technology revenue	76.3	75.3	1.4%	85.6	-10.8%	62.4	22.3%		
Marketing revenue	13.3	11.1	19.5%	13.5	-1.2%	10.7	24.3%		
Net revenue	89.6	86.4	3.7%	99.0	-9.5%	73.1	22.6%	85.8	84-88
Cost of Revenues	39.8	36.6	9.0%	40.1	-0.8%	31.1	28.1%		
Gross Profit	49.8	49.9	-0.2%	58.9	-15.4%	42.0	18.6%		
Operating Expenses:									
Sales and marketing expenses	16.8	18.0	-6.3%	18.3	-8.2%	14.9	13.0%		
Research and development expenses	17.3	16.7	3.4%	16.2	7.0%	15.0	15.1%		
General and administrative expenses	10.4	11.0	-5.6%	11.1	-5.9%	8.9	16.7%		
Amortization of intangibles	3.7	3.8	-2.7%	3.7	-1.3%	4.0	-8.9%		
Stock-based compensation	2.0	1.6	23.5%	2.1	-4.7%	1.3	46.0%		
Total Operating Expenses	50.2	51.1	-1.8%	51.4	-2.2%	44.2	13.5%		
Operating Income	(0.4)	(1.2)	-66.7%	7.5	-105.5%	(2.2)	-81.7%		
Depreciation & Amortization	11.1	11.2	-0.2%	10.8	2.9%	10.2	9.0%		
Stock Based Compensation	2.0	1.6	23.5%	2.1	-4.7%	1.3	46.0%		
Adjusted EBITDA	12.7	11.5	10.2%	20.4	-37.7%	9.3	36.2%	11.3	10-12
<i>Margin</i>	14.2%	13.3%		20.6%		12.8%			
Interest income	0.0	0.1	-71.4%	0.0	10.3%	0.0	-25.6%		
Interest expense	(0.1)	(0.2)	-45.5%	(1.4)	92.2%	(1.3)	-91.8%		
Other (expense) income, net	(0.0)	0.0	0.0%	0.2	117.1%	0.8	-104.3%		
Pretax Income	(0.5)	(1.3)	-60.6%	6.3	108.3%	(2.8)	-81.2%		
Income Tax Expense (benefit)	0.9	0.8	13.8%	0.8	15.5%	1.1	-14.5%		
Reported Net Income	(1.4)	(2.1)	-32.6%	5.5	125.9%	(3.8)	-62.6%		
Adjusted EPS	\$0.05	\$0.06	-17.8%	\$0.18	256.1%	\$0.00			\$0.04

Source: Company reports, First Call, RBC Capital Markets

Exhibit 2: Summary of Estimate Changes

(\$ in millions, except per share amounts)

	<u>4Q11E</u>		<u>2011E</u>		<u>2012E</u>	
	<u>Current</u>	<u>Prior</u>	<u>Delta</u>	<u>Current</u>	<u>Prior</u>	<u>Delta</u>
Technology revenue	63.5	57.3	10.9%	288.5	281.2	2.6%
Marketing revenue	11.2	12.0	-6.7%	47.5	46.2	2.9%
Net revenue	74.7	69.3	7.8%	336.0	327.4	2.6%
Total Operating Expenses	52.7	49.8	-5.8%	201.7	199.7	-1.0%
Operating Income (Loss)	(12.4)	(11.6)	7.1%	(14.2)	(14.2)	0.0%
Adjusted EBITDA	2.4	1.6	53.8%	38.1	36.1	5.6%
<i>Margin</i>	3.2%	2.2%		11.3%	11.0%	
Reported Net Income	(13.6)	(12.3)	10.4%	(20.4)	(19.9)	2.9%
Adj EPS	(\$0.15)	(\$0.12)	30.5%	(\$0.04)	\$0.01	-432.6%

Source: Company reports, RBC Capital Markets



Valuation

We use a blended approach on our 2012 estimates. Using an average of 15x EV/EBITDA, 3% FCF yield, and 3.5x EV/Revenue, we arrive at our \$22 target.

Exhibit 3: Valuation Worksheet

(\$ in millions, except per share amounts)

Current Price	\$12.87
Diluted Shares Outstanding	62.8
Current Market Cap	809
Less: Cash and Cash Equivalents	139.0
Less : Other Assets	0.0
Plus: Debt	0.0
Adjusted Enterprise Value	669.5

EV to EBITDA

	<u>2012E</u>
Adjusted EBITDA	53.6
Current EV/EBITDA Multiple	12.5x
Target Multiple	15.0x
Enterprise Value	803.7
Plus: YE Cash	192.4
Plus: Other Assets	0.0
Less: YE Debt	0.0
Less: Minority Interest	0.0
Equity Market Capitalization	996.1
FY End Projected Sharecount	53.9
Implied Stock Price on Forward EBITDA	\$18

FCF Yield

	<u>2012E</u>
FCF per Share	\$0.54
Current FCF Yield	4.2%
Target Yield	3.0%
Implied Stock Price on Forward FCF	\$18

EV to Revenue

	<u>2012E</u>
Revenue	392.7
Current EV / Revenue Multiple	1.7x
Target Multiple	3.5x
Enterprise Value	1374.4
Plus: YE Cash	192.4
Plus: Other Assets	0.0
Less: YE Debt	0.0
Less: Minority Interest	0.0
Equity Market Capitalization	1566.7
FY End Projected Sharecount	53.9
Implied Stock Price on Forward EBITDA	\$29

Average

\$22

Source: RBC Capital Markets



RBC Capital Markets®

Valuation

We value ACTV using a blended approach on our 2012 estimates using 15x EV/EBITDA, a 3% FCF yield and 3.5x revenue. We take an average of these three metrics to arrive at our \$22 price target. These multiples are in range of the rest of our coverage universe, and we believe they are justified given the high revenue visibility and rapid EBITDA growth.

Price Target Impediment

- 1) Margin expansion does not play out as expected.
- 2) Large contracts material to financial statements are lost during periodic re-bidding process.
- 3) Complications from M&A integration.

Company Description

Active Network provides event registration software and services to community, sport, business and outdoor organizations. In addition to registration processing, Active Network's technology platform provides organizations with various marketing, operating and analytics tools which help their clients' event management end-to-end by increasing event participation and reducing overall event costs.



Active Network -- Quarterly Earnings Analysis
(\$ in millions, except per share amounts)

FY Dec	2010A				2011E				2012E							
	Mar A 1QA	Jun A 2QA	Sep A 3QA	Dec A 4QA	2010A	Mar A 1QA	Jun A 2QA	Sep A 3QA	Dec E 4QE	2011E	Mar E 1QE	Jun E 2QE	Sep E 3QE	Dec E 4QE	2012E	
Technology revenue	54.9	71.2	62.4	49.2	237.7	63.1	85.6	76.3	63.5	288.5	70.8	102.1	90.9	74.8	338.7	
Marketing revenue	8.3	10.5	10.7	12.4	41.9	9.6	13.5	13.3	11.2	47.5	11.7	13.9	14.0	14.4	54.0	
Net revenue	63.2	81.7	73.1	61.6	279.6	72.7	99.0	89.6	74.7	336.0	82.5	116.0	104.9	89.3	392.7	
Cost of Revenues																
Technology	27.0	32.3	29.3	26.4	115.0	33.0	38.7	38.2	33.2	143.1	35.6	44.2	43.8	37.6	161.2	
Marketing	1.0	1.7	1.8	1.6	6.2	1.2	1.5	1.6	1.3	5.5	1.4	1.5	1.6	1.6	6.1	
Total Cost of Revenues	28.0	34.0	31.1	28.1	121.2	34.1	40.1	39.8	34.4	148.5	37.0	45.7	45.4	39.2	167.3	
Gross Profit	35.2	47.6	42.0	33.5	158.4	38.6	58.9	49.8	40.3	187.5	45.6	70.3	59.4	50.1	225.4	
Operating Expenses:																
Sales & Marketing	14.5	15.0	14.9	14.1	58.5	16.8	18.3	16.8	16.9	68.8	18.4	20.9	19.2	19.6	78.1	
Research & Development	14.9	16.2	15.0	14.8	60.9	16.1	16.2	17.3	17.9	67.4	17.4	20.7	19.2	20.5	77.8	
General & Administrative	9.8	10.4	8.9	8.8	38.0	10.2	11.1	10.4	10.7	42.4	11.5	12.8	12.1	12.6	48.9	
Amortization of Intangibles	4.0	4.1	4.0	4.0	16.1	3.7	3.7	3.7	3.9	15.0	1.9	1.2	1.4	2.3	6.8	
Stock Based Compensation	1.8	1.4	1.3	0.8	5.3	0.7	2.1	2.0	3.2	8.0	0.8	2.4	2.3	3.8	9.2	
Total Operating Expenses	45.1	47.1	44.2	42.5	178.9	47.4	51.4	50.2	52.7	201.7	50.0	58.0	54.1	58.7	220.8	
Operating Income	(9.9)	0.6	(2.2)	(8.9)	(20.5)	(8.8)	7.5	(0.4)	(12.4)	(14.2)	(4.5)	12.3	5.3	(8.6)	4.6	
Depreciation & Amortization	9.2	9.9	10.2	11.0	40.3	10.7	10.8	11.1	11.6	44.3	8.7	11.7	10.4	9.0	39.8	
Stock Based Compensation	1.8	1.4	1.3	0.8	5.3	0.7	2.1	2.0	3.2	8.0	0.8	2.4	2.3	3.8	9.2	
Adjusted EBITDA	1.1	11.8	9.3	2.9	25.1	2.6	20.4	12.7	2.4	38.1	5.0	26.4	18.0	4.2	53.6	
Interest income	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.1	
Interest expense	(1.3)	(1.5)	(1.3)	(1.3)	(5.4)	(1.3)	(1.4)	(0.1)	(0.4)	(3.2)	0.0	0.0	0.0	0.0	0.0	
Other (expense) income, net	(0.4)	(0.2)	0.8	0.3	0.5	(0.1)	0.2	(0.0)	0.0	0.1	0.0	0.0	0.0	0.0	0.0	
Pretax Income	(11.6)	(1.1)	(2.8)	(9.9)	(25.3)	(10.2)	6.3	(0.5)	(12.8)	(17.2)	(4.4)	12.3	5.3	(8.5)	4.7	
Income Tax Expense (benefit)	0.9	0.9	1.1	(0.8)	1.9	0.8	0.8	0.9	0.8	3.3	1.7	1.7	(67.6)	1.7	(62.5)	
Reported Net Income	(12.4)	(1.9)	(3.8)	(9.1)	(27.3)	(10.9)	5.5	(1.4)	(13.6)	(20.4)	(6.1)	10.6	72.9	(10.2)	67.2	
Diluted Earnings per Share																
Pro forma Earnings per Share																
Adjusted Earnings per Share						(\$0.15)	\$0.21	\$0.06	(\$0.15)	(\$0.04)	(\$0.07)	\$0.26	\$0.13	(\$0.11)	\$0.21	
Pro forma Shares Outstanding																
57.4	57.4	62.8	53.5	57.8	53.6	53.7	53.8	53.9	53.8							
<u>Margin Analysis</u>																
Gross Profit Margin	55.7%	58.3%	57.5%	54.4%	56.6%	53.1%	59.4%	55.6%	53.9%	55.8%	55.2%	60.6%	56.7%	56.1%	57.4%	
Sales & Marketing as % of Net Revenue	23.0%	18.3%	20.4%	22.9%	20.9%	23.0%	18.5%	18.8%	22.6%	20.5%	22.3%	18.0%	18.3%	21.9%	19.9%	
Research & Development as % of Net Revenue	23.6%	19.8%	20.6%	23.9%	21.8%	22.1%	16.3%	19.3%	23.9%	20.1%	21.1%	17.8%	18.3%	22.9%	19.8%	
General & Administrative as % of Net Revenue	15.5%	12.8%	12.2%	14.3%	13.6%	14.0%	11.2%	11.6%	14.4%	12.6%	13.9%	11.1%	11.5%	14.1%	12.5%	
Amortization as % of Net Revenue	6.4%	5.0%	5.5%	6.5%	5.8%	5.1%	3.8%	4.1%	5.3%	4.5%	2.3%	1.0%	1.3%	2.5%	1.7%	
Total Operating Expenses as % of Net Revenue	71.3%	57.6%	60.5%	69.0%	64.0%	65.2%	51.9%	56.0%	70.6%	60.0%	60.6%	50.0%	51.6%	65.8%	56.2%	
Operating Margin	-15.6%	0.7%	-3.1%	-14.5%	-7.3%	-12.2%	7.6%	-0.5%	-16.6%	-4.2%	-5.4%	10.6%	5.0%	-9.6%	1.2%	
Adjusted EBITDA Margin	1.7%	14.5%	12.8%	4.6%	9.0%	3.5%	20.6%	14.2%	3.2%	11.3%	6.1%	22.8%	17.1%	4.7%	13.6%	
Incremental EBITDA Margin	37.4%	7.4%	8.0%	47.4%	25.5%	15.7%	49.4%	20.4%	-3.6%	23.0%	24.9%	35.5%	34.5%	12.1%	27.4%	
Effective Tax Rate	-7.4%	-78.5%	-38.4%	8.5%	-7.6%	-7.8%	12.5%	-174.3%	-6.3%	-19.2%	-38.3%	13.8%	-1269.3%	-19.9%	-1333.1%	
Reported Net Income	-19.6%	-2.4%	-5.2%	-14.8%	-9.8%	-15.0%	5.6%	-1.6%	-18.2%	-6.1%	-7.4%	9.2%	69.5%	-11.5%	17.1%	
<u>Year Over Year Growth</u>																
Technology	23.6%	10.9%	7.3%	12.6%	12.9%	14.9%	20.2%	22.3%	29.1%	21.4%	12.2%	19.4%	19.1%	17.9%	17.4%	
Marketing	29.5%	36.3%	40.2%	16.5%	29.4%	15.9%	28.2%	24.3%	-10.0%	13.4%	22.3%	3.1%	5.0%	29.0%	13.6%	
Net Revenue	24.3%	13.6%	11.1%	13.3%	15.1%	15.0%	21.2%	22.6%	21.2%	20.2%	13.5%	17.2%	17.0%	19.5%	16.9%	
Cost of Revenues	15.8%	12.7%	11.7%	13.2%	13.2%	21.8%	18.0%	28.1%	22.6%	22.5%	8.3%	13.8%	14.1%	13.8%	12.6%	
Gross Profit	32.1%	14.2%	10.7%	13.5%	16.6%	9.6%	23.6%	18.6%	20.0%	18.4%	18.1%	19.4%	19.3%	24.4%	20.2%	
Operating Income	-23.2%	-153.0%	-56.8%	-28.0%	-35.0%	-10.5%	1227.6%	-81.7%	39.0%	-30.8%	-49.6%	64.2%	-1385.1%	-30.8%	-132.1%	
Adjusted EBITDA	-130.6%	6.5%	6.7%	-600.7%	59.5%	137.1%	72.3%	36.2%	-16.4%	51.6%	95.1%	29.6%	41.4%	73.8%	40.7%	
Reported Net Income	-12.5%	-28.3%	-44.4%	-35.4%	-28.0%	-11.8%	-385.0%	-62.6%	49.5%	-25.0%	-43.9%	92.5%	-5192.6%	-24.6%	-428.7%	
Pro Forma Diluted Earnings per Share	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
Adjusted Earnings per Share	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
<u>Other Metrics</u>																
Peer Defined Free Cash Flow	29.7	(3.3)	(4.9)	(9.9)	11.7	31.6	20.0	(12.6)	(11.8)	27.1	(6.9)	23.8	14.8	(16.3)	15.4	
Free Cash Flow per Share	\$0.69	(\$0.07)	(\$0.11)	(\$0.21)	\$0.30	\$0.55	\$0.35	(\$0.20)	(\$0.22)	\$0.48	(\$0.13)	\$0.44	\$0.27	(\$0.30)	\$0.29	
Company Defined Free Cash Flow	33.8	0.0	(2.5)	(9.5)	21.8	34.8	22.9	(11.3)	(29.1)	17.4	(4.9)	27.3	18.2	(11.4)	29.2	
Free Cash Flow per Share	\$0.79	\$0.00	(\$0.05)	(\$0.21)	\$0.53	\$0.61	\$0.40	(\$0.18)	(\$0.54)	\$0.28	(\$0.09)	\$0.51	\$0.34	(\$0.21)	\$0.54	

Source: Company reports and RBC Capital Markets



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Ratings

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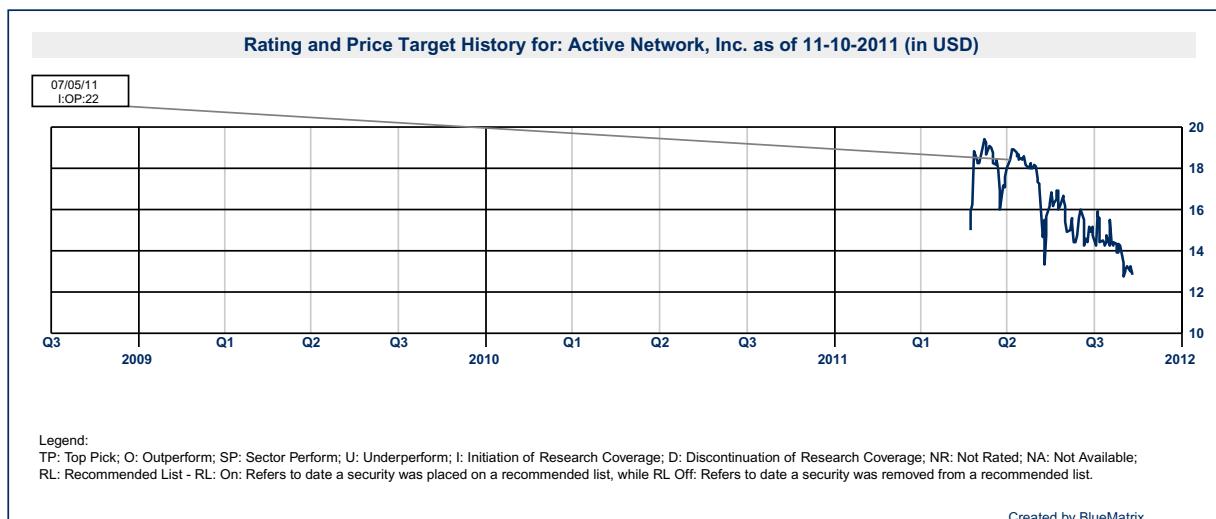
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Rating	Count	Percent	Count	Percent
BUY[TP/O]	771	52.50	234	30.35
HOLD[SP]	633	43.10	137	21.64
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Think Internet: Internet

Termination Of Coverage

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We previously covered Amazon.com, Inc., Ctrip.com International, Ltd., eBay Inc., Expedia, Inc., Google, Inc., ICG Group, Inc., MercadoLibre, Inc., Monster Worldwide, Inc., Move, Inc., priceline.com Incorporated, Shutterfly, Inc., The Active Network, Inc., VistaPrint Ltd., WebMD Health Corp, XO Group Inc., and Yahoo!, but due to the departure of the covering analyst from ThinkEquity LLC, we are terminating coverage.

KEY POINTS:

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Reason for Report:

Terminating Coverage

ThinkEquity Research

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COMPANIES MENTIONED IN THIS REPORT:

Company	Exchange	Symbol	Price	Rating
Amazon.com, Inc.	NASDAQ	AMZN	\$233.61	Buy
Ctrip.com International, Ltd.	NASDAQ	CTRP	\$32.11	Buy
eBay Inc.	NASDAQ	EBAY	\$32.15	Buy
Expedia, Inc.	NASDAQ	EXPE	\$27.20	Hold
Google, Inc.	NASDAQ	GOOG	\$583.67	Buy
ICG Group, Inc.	NASDAQ	ICGE	\$10.20	Buy
MercadoLibre, Inc.	NASDAQ	MELI	\$61.25	Buy
Monster Worldwide, Inc.	NYSE	MWW	\$8.36	Buy
Move, Inc.	NASDAQ	MOVE	\$1.69	Hold
priceline.com Incorporated	NASDAQ	PCLN	\$473.82	Buy
Shutterfly, Inc.	NASDAQ	SFLY	\$45.90	Hold
The Active Network, Inc.	NYSE	ACTV	\$14.27	Buy
VistaPrint Ltd.	NASDAQ	VPRT	\$29.20	Hold
WebMD Health Corp.	NASDAQ	WBMD	\$31.74	Buy
XO Group Inc.	NASDAQ	XOXO	\$9.00	Buy
Yahoo!	NASDAQ	YHOO	\$16.18	Buy

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Rating	Distribution of Ratings, Firmwide			IB Serv./Past 12 Mos.	
	Count	Percent		Count	Percent
BUY [B]	147	64.80		16	10.88
HOLD [H]	75	33.00		4	5.33
SELL [S]	5	2.20		0	0.00

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Think Piece: Equity Strategy

Think Conviction: Confidence in the Fundamentals Should Drive Outperformance

THINK SUMMARY:

With this report, we identify those stocks under our current research coverage in which our analysts have the highest degree of conviction in the fundamentals of the company. Given our belief that stock prices reflect fundamentals over the intermediate and longer term, we believe these stocks will outperform the broader market over the next 6-12 months.

KEY POINTS:

- We are adding **LSI (LSI)** and **Skyworks Solutions (SWKS)** to the ThinkEquity Conviction List and believe these companies are well positioned for future growth and outperformance. While we still rate the shares Buy, we are removing **Entropic Communications (ENTR)**, **Fairchild Semiconductor (FCS)**, **NetApp (NTAP)** and **Ultra Clean Holdings (UCTT)** from the list.

The rest of the list remains unchanged as follows (see below for individual Investment Thesis by company):

- In the Technology/Communications sector, we have confidence in the fundamentals of **ANSYS (ANSS)**, **Fortinet (FTNT)**, **Mellanox Technologies (MLNX)**, **OPNET Technologies (OPNT)**, **Oracle Corp. (ORCL)**, **QUALCOMM (QCOM)**, **RightNow Technologies (RNOW)**, **Spansion (CODE)**, and **VMware (VMW)** and expect outperformance for the shares of these companies.
- In the Internet/Media vertical, we expect continued solid growth for **Active Network (ACTV)**, **Baidu (BIDU)**, **eBay (EBAY)** and **Velti (VELT)**. In the Games space, we like the prospects for **Electronic Arts (ERTS)**.
- In the Healthcare/Medical Devices industry, we believe **Alnylam Pharmaceuticals (ALNY)**, and **NuVasive (NUVA)** are attractive investment ideas.
- In the Cleantech area, we have confidence in the fundamentals of **Ceradyne (CRDN)**, **Johnson Controls (JCI)** and **Rogers Corp. (ROG)**.
- In the Consumer vertical, we continue to view **Costco (COST)** as a key investment idea.

Reason for Report:

Equity Strategy

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ThinkEquity LLC
Conviction List

Company	Symbol	Rating	Price 22-Aug	Price Target	% Upside	FY EPS		CY P/E		Secular Growth	P/E/G		Mkt Cap (\$MM)
						2011E	2012E	2011E	2012E		2011E	2012E	
<i>Technology / Communications</i>													
Ansys Inc.	ANSS	Buy	\$45.98	\$62	35%	\$2.50	\$2.75	18x	17x	13%	1.4x	1.3x	\$4,241
Fortinet Inc.	FTNT	Buy	\$17.54	\$29	65%	\$0.39	\$0.48	45x	37x	15%	3.0x	2.4x	\$2,685
LSI Corp.	LSI	Buy	\$6.29	\$9	43%	\$0.48	\$0.58	13x	11x	14%	0.9x	0.8x	\$3,603
Mellanox Technologies Ltd.	MLNX	Buy	\$26.48	\$35	32%	\$1.07	\$1.60	25x	17x	20%	1.2x	0.8x	\$939
OPNET Technologies Inc.	OPNT	Buy	\$29.55	\$43	46%	\$0.66	\$1.00	31x	24x	15%	2.1x	1.6x	\$663
Oracle Corp.	ORCL	Buy	\$24.78	\$40	61%	\$2.22	\$2.45	11x	10x	15%	0.7x	0.6x	\$125,523
QUALCOMM Inc.	QCOM	Buy	\$46.52	\$75	61%	\$3.20	\$3.50	14x	13x	18%	0.8x	0.7x	\$78,014
RightNow Technologies Inc.	RNOW	Buy	\$27.52	\$38	38%	\$0.58	\$0.83	47x	33x	25%	1.9x	1.3x	\$915
Skyworks Solutions Inc.	SWKS	Buy	\$18.78	\$30	60%	\$1.88	\$2.04	10x	9x	17%	0.6x	0.5x	\$3,498
Spansion Inc. Cl A	CODE	Buy	\$14.16	\$25	77%	\$2.55	\$2.90	6x	5x	12%	0.5x	0.4x	\$875
VMware Inc.	VMW	Buy	\$76.76	\$110	43%	\$2.03	\$2.22	38x	35x	30%	1.3x	1.2x	\$9,387
<i>Internet / Media</i>													
Active Network Inc.	ACTV	Buy	\$16.23	\$23	42%	(\$0.07)	\$0.17	n/m	n/m	35%	n/m	n/m	\$880
Baidu Inc. ADS	BIDU	Buy	\$126.98	\$200	58%	\$2.91	\$4.32	44x	29x	35%	1.2x	0.8x	\$34,399
eBay Inc.	EBAY	Buy	\$27.16	\$41	51%	\$2.00	\$2.34	14x	12x	10%	1.4x	1.2x	\$35,003
Electronic Arts Inc.	ERTS	Buy	\$19.31	\$28	45%	\$0.70	\$0.87	23x	17x	20%	1.2x	0.9x	\$6,371
Velti PLC	VELT	Buy	\$10.64	\$22	107%	\$0.37	\$0.74	29x	14x	35%	0.8x	0.4x	\$655
<i>Healthcare / Life Sciences</i>													
Alnylam Pharmaceuticals Inc.	ALNY	Buy	\$6.62	\$18	172%	(\$1.61)	(\$2.25)	n/m	n/m	n/m	n/m	n/m	\$282
NuVasive Inc.	NUVA	Buy	\$21.08	\$39	85%	\$1.11	\$1.28	19x	16x	10%	1.9x	1.6x	\$841
<i>Cleantechology</i>													
Ceradyne Inc.	CRDN	Buy	\$27.17	\$45	66%	\$3.18	\$3.43	9x	8x	25%	0.3x	0.3x	\$4,306
Johnson Controls Inc.	JCI	Buy	\$28.83	\$50	73%	\$2.33	\$3.31	11x	8x	20%	0.5x	0.4x	\$4,570
Rogers Corp.	ROG	Buy	\$43.15	\$64	48%	\$2.85	\$3.50	15x	12x	15%	1.0x	0.8x	\$6,839
<i>Consumer</i>													
Costco Wholesale Corp.	COST	Buy	\$74.36	\$90	21%	\$3.36	\$4.05	21x	19x	12%	1.8x	1.5x	\$32,556
AVERAGE								22x	17x	20%	1.2x	1.0x	\$16,229
MEDIAN								19x	15x	17%	1.2x	0.8x	\$3,922

Source: ThinkEquity LLC estimates, FactSet.



TECHNOLOGY / COMMUNICATIONS

ANSYS, Inc. (NASDAQ: ANSS, \$45.98, Buy, Price Target: \$62)

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Investment Thesis

We like what we view as ANSYS' global franchise in advanced simulation applications, and expect the company's cyclical demand fundamentals to continue strengthening over the course of 2011 and 2012. Additionally, we like the alignment between global wireless technology demand, and integration of electro-magnetic simulation with fluid and mechanical multiphysics in the flagship ANSYS product platform. We believe the company's acquisition of Apache Design Solutions, a successful startup with a strategic focus on semiconductor power integrity and low power requirements, will further solidify the company's position as the scale leader in simulation software technology.

Valuation

Our \$62 price target is based on a 22.5x P/E on our revised CY2012 EPS estimate of \$2.75. ANSS shares trade at a 20x P/E based on our revised CY2011 pro forma EPS estimate of \$2.50. Shares of the design peer group median current-year P/E multiple is currently 19x. We believe that ANSS shares deserve a premium valuation compared to the peer group, based on what we view as the company's global franchise, unique competitive strengths, and first-ever scale attributes in fluid, and electromagnetic simulation software applications.

Risks to Price Target

ANSYS is historically acquisitive; acquisitions may involve product and organizational integration challenges: We believe CY11 will see ANSYS more active again with its M&A strategy, perhaps to consolidate market share or possibly add selected vertical market depth to its applications. ANSYS has capital-intensive end markets. Several of ANSYS' largest verticals, including aerospace, automobiles and industrial equipment are very cyclical and subject to the more harsh capital constraints of those particular end markets.

Fortinet Inc. (NASDAQ: FTNT, \$17.54, Buy, Price Target: \$29)

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Investment Thesis

We regard the recent slump in Fortinet's share price as a buying opportunity because, above all, recent results continue to point to global market share gain, notwithstanding EMEA mid-year deceleration. In 2Q, revenues grew by 40%, or more, in the Americas and Asia-Pacific. Deferred revenue was up qtr/qtr, despite EMEA, implying a healthy pipeline overall for 2H-2011. In our model, we project billings growth of 25% for 2011E. Growth in product revenue (45% of total), which, in turn, generates software subscriptions, which drives deferred revenue, is showing a strong positive trend, up 30-35% yr/yr for the first half of 2011, and renewal rates remain at record high levels. While developments in Europe raise the risk profile of FTNT shares, we continue to have high confidence in the company's competitive position and fundamentals.

Valuation

We base our \$29 price target on a FCF per share multiple of 30x our FY12 FCF/share estimate of \$0.95, above the current 26x based on our 2011E FCF estimate of \$0.84. The security group peer median FCF multiple is currently 21x. We believe investors will continue to pay a premium multiple for the company's ability to potentially outperform estimates. Accordingly, we believe a 31x multiple is appropriate.

Risks to Price Target

Although Fortinet is a leader in high-growth, unified-threat, management technology and appliances, there is a demand relationship to the core firewall technology market, which is mature and likely to experience increasing commoditization over time. As the market of firewall/VPN continues to mature over time, competitive pressures could erode margins and result in market share loss.



LSI Corp. (NYSE: LSI, \$6.29, Buy, Price Target: \$9)

Suji De Silva | 415-249-1987 | sdesilva@thinkequity.com

Investment Thesis

We are adding LSI to our Conviction List, following our recent upgrade of the stock. While demand across key end markets such as server/computing, data center storage, and wireless infrastructure has become increasingly uncertain, we nonetheless are encouraged by recent success in converting design wins across storage and networking into revenue. We expect revenue uplift from additional hard drive, server and networking design wins in the coming quarters. With room for additional operating leverage, we also expect company operating margins to progress toward the stated goal of 17% versus 2Q11 operating margin of 12.4%.

Valuation

Our price target of \$9 represents 15x our new CY12 EPS estimate of \$0.58. Our new price target implies a PEG of 1.1x, a slight premium the comparable median of 0.9x reflecting improving design win and share momentum.

Risks to Price Target

The key risks for LSI Corporation include the following: 1) The market for storage and hard drive semiconductors remains competitive and it faces competition from a number of established companies as well as emerging solid-state drive vendors. 2) The market for networking is highly competitive and it faces competition from a number of established companies. 3) The company's revenue stream is exposed to any macro-driven slowdown in the spending in the enterprise and infrastructure end-markets, 4) The company's revenue is concentrated at two large customers, and is exposed to either slowing demand for these customers and/or potential design losses to competitors.

Mellanox Technologies Ltd. (NASDAQ: MLNX, \$26.48, Buy, Price Target: \$35)

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Investment Thesis

A strong beat-and-raise quarter with no apparent signs of weakness in any specific geography and vertical showcased MLNX's growth momentum and re-affirmed our conviction in one of our favorite names in our coverage universe. Based on this quarter's performance, we have further evidence to believe that the scale, low latency, and I/O speed requirements, hitherto restricted to the High Performance Computing (HPC) market, are now becoming increasingly common in mainstream Enterprise and Cloud applications, which should continue to drive MLNX on a strong growth path in the foreseeable future. Hence, we reiterate our Buy rating on MLNX shares and continue to include it on our Conviction Buy list.

Valuation

Our price target for MLNX shares is \$35, which is based on a 20x P/E multiple on our FY12 EPS estimate of \$1.60 and \$2.78 cash per share. We believe a 20x P/E multiple is appropriate as it reflects a PEG ratio of 1x on our assumption of an earnings growth rate of 20%.

Risks to Price Target

Mellanox is a component supplier to powerful OEMs that enjoy pricing leverage and are likely to change order patterns rapidly, which may affect revenue visibility for MLNX. Although Mellanox has enjoyed a virtual monopoly in InfiniBand, serious competition in the form of QLogic has begun to emerge in the market. QLogic could potentially cause severe price competition in the future as it tries to gain market share from MLNX. With the acquisition of VOLT, the InfiniBand market has become a two-horse race, in our view. If OEMs determine that they need to dual source their InfiniBand adaptors, QLGC could gain significant share in the market. Additionally, customer inertia may prevent InfiniBand from moving beyond its current niche of High Performance Computing.



OPNET Technologies, Inc. (NASDAQ: OPNT, \$29.55, Buy, Price Target: \$43)

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Investment Thesis

We like OPNET's product strategy and execution in application performance monitoring (APM), where new challenges of complexity and network diversity among next generation, process-driven applications are creating growth opportunities. We believe OPNET will continue to raise its competitive profile in strategic APM, while taking share from a range of larger incumbents; the company has been reaping benefits of focused efforts to expand and improve the capabilities of its sales function, and we expect this trend to continue.

Valuation

Our \$43 per-share price target is based on a P/FCF multiple of 28x based on our FY13E FCF estimate of \$1.55 (+25% yr/yr). OPNT shares currently trade at 27x our FY12E FCF per share estimate of \$1.24. At our \$43 price target 12 months from now, OPNT shares would trade at a 32x P/E based on our FY2013 pro forma EPS estimate of \$1.34, compared to the current 33x P/E multiple based on our FY12 estimate of \$1.00. We believe investors will continue to pay a high multiple of FCF for OPNT shares in anticipation of strong revenue growth and margin accretion. Accordingly, we believe a 28x multiple is appropriate.

Risks to Price Target

The Network instrumentation market is fragmented, and competition amongst existing vendors could be a source of margin compression. Large players could develop their own solutions and infringe upon OPNET's turf. OPNET occupies a niche in the broader Network Management space. The niche does not have a large vendor in this space. We believe that continued macroeconomic uncertainty could lead to a larger portion of deals getting consummated over longer cycles, hence, delaying revenue recognition.

Oracle Corp. (NASDAQ: ORCL, \$24.78, Buy, Price Target: \$40)

Brian Schwartz | 415-249-1982 | bschwartz@thinkequity.com

Investment Thesis

We believe Oracle today exerts greater global account control than ever, resulting in share gains of customers' IT budgets and a stronger ability to enter new markets. Supplemented by its successful acquisition strategy, Oracle has attained the #1 market share position in both the database and middleware markets, and a #2 position in the application software market. Because this stack is increasingly based on industry standards for programming and exposing data, the marketplace is gravitating toward Oracle's offerings over those of second-tier providers, in our view. Additionally, ORCL has only reported a full-year EPS decline once in the last 12 years (and even then, only 4%), and we believe ORCL's earnings resiliency has improved, as recurring maintenance revenue comprises 50% of revenue, versus 37% in FY02, and Oracle is advantaged by greater economies of scale today. In our view, this earnings resiliency and earnings growth that are more attractive to that of the S&P 500 deserve a premium valuation rather than a discount or market-average valuation, and we believe this equilibrium will be restored over time.

Valuation

On CY: 2012E P/E basis, ORCL trades at 13x (ex-cash) our CY:2012 estimate of \$2.54, which is in line with the S&P 500 group average of 13x. Our \$40 price target for ORCL shares is based on a 15x (ex-cash) multiple applied to our FY:2013 EPS estimate of \$2.67/share. We believe that ORCL maintains a slightly higher valuation multiple for its out-year and believe this multiple is appropriate since, historically, ORCL shares have traded at an in-line to slight premium to the average market multiple of 15x, and we expect the shares to continue to trade at a multiple that is in line with the historical level.

Risks to Price Target

Risks to our price target include but are not limited to: 1) Prolonged weakness in IT spending; 2) macroeconomic fluctuations; 3) acquisition integration challenges; 4) competition; 5) departure of key management personnel could impede our price target.



QUALCOMM Inc. (NASDAQ: QCOM, \$46.52, Buy, Price Target: \$75)

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Investment Thesis

QUALCOMM delivered a solid report and outlook in what we view as a "transitional" quarter ahead of two major 2H11 drivers: Apple's iPhone5 and Nokia's WindowsPhone7 (WP7) models. The quarter confirmed our thesis on QCOM as the best large cap semi play on smart phones and tablets as it powered through rough overall industry waters with improved earnings prospects. We look for potential upside relative to our new forecast to become more apparent as we approach the September reporting period.

Valuation

Our QCOM \$75 price target is based on 21.4x our FY12 (September) EPS estimate of \$3.50 and does not include \$11.97 per share in net cash. We justify the multiple on 1) our view of QCOM's leading royalty and chip position in smart phones, 2) what we see as near-term potential upside from increased chips share with the iPhone5 and NOK's WindowsPhone7, and 3) what we see as potential upside from SnapDragon tablet wins.

Risks to Price Target

Risks to our price target include: 1) Slower-than-anticipated industry unit growth; 2) Faster erosion of handset average selling prices; 3) Increased chip competition; and 4) general compression of market multiples.

RightNow Technologies Inc. (NASDAQ: RNOW, \$27.52, Buy, Price Target: \$38)

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Investment Thesis

Our recent survey work indicates the marketplace momentum of replacing legacy, single-channel on premise Customer Experience solutions with multi-channel cloud based solutions is accelerating compared to six month ago. We think RNOW will benefit disproportionately from this replacement cycle since RightNow Technologies is the farthest along in building an Enterprise-scale cloud-based Customer Experience suite of solutions for large B2C businesses, in our view. Additionally, RightNow's business model is positively levered to the mobile tsunami trend due to its volume-based usage pricing model. These strong market tailwinds plus reported TTM current software backlog growth of 27% gives us confidence that new business and cash flow trends are accelerating, and we maintain a positive bias to current consensus expectations. We believe the shares could appreciate through either higher estimate revisions or multiple expansion as the current discount valuation to the SaaS group average narrows over time.

Valuation

Our \$38 price target is based on approximately 27x our EV/2012E OCF of \$48M (cash from operations), which is a slight discount to the current average SaaS companies' EV/FTM OCF estimated multiple of 29. We use a 27 multiple to derive our price target, as we expect the shares to trade at a multiple that is essentially in line with the SaaS group average.

Risks to Price Target

Risks to our price target include: 1) Competition; 2) macroeconomic fluctuations; 3) acquisition integration challenges; 4) increased churn; and 5) slow customer adoption of Cx solutions.

Skyworks Solutions Inc. (NASDAQ: SWKS, \$18.78, Buy, Price Target: \$30)

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Investment Thesis

We are adding SWKS to our Conviction List. We expect relative resilience in the smartphone and tablet markets given strong customer interest and product cycles. With multiple smartphone customers ramping new models in the next few quarters, we expect SWKS to benefit from its market leading position in the handset radio frequency components market. We also expect benefit from increasing use of wireless connectivity beyond traditional handsets. Lastly, we are



encouraged by the company's ramp of new competitive filter products to more aggressively address a broader array of market opportunities.

Valuation

Our \$30 price target is based on a 14x target multiple on our CY12 EPS estimate of \$2.10, implying a PEG of 0.8x, a slight premium to the comparable average 0.7x, which we believe is deserved, given the company's market position and share gain opportunity.

Risks to Price Target

The key risks for Skyworks Solutions include the following: 1) The markets for handset front-end components and analog are highly competitive, and the company faces competition from a number of established competitors, along with competition in analog. 2) Consistency in financial results in recent years leaves the stock more vulnerable than peers to a management execution misstep, in our view. 3) We believe that the increasing complexity of wireless front-end components could expand the risk of product delays and/or issues versus in the past.

Spansion, Inc. (NYSE: CODE, \$14.16, Buy, Price Target: \$25)

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Investment Thesis

We view Spansion as the leader in the embedded NOR flash memory market for diversified end markets in industrial/automotive, telecom/networking, computing and consumer electronics. Since emerging from bankruptcy, we believe that Spansion has executed well in regaining share in the embedded flash market with consistent revenue growth, higher margins, and free cash flow using its proprietary MirrorBit flash memory technology and a "FabLite" manufacturing strategy. Spansion has what we view as: a diversified customer base of over 4,000 global customers, good design win momentum, a focused new management team, a flexible Fab Lite manufacturing strategy and recent strong revenue and earnings growth.

Valuation

Our \$25 price target is based on an approximate 10x P/E on our calendar 2011E pro forma EPS estimate of \$2.55 relative to our outlook for 12% secular earnings growth. Given the consolidation in the NOR industry likely leading to more stable pricing with Spansion and Micron technology being the two main competitors in the high-performance embedded NOR flash market, strong demand drivers currently in the embedded NOR market, technology leadership, and good management execution, we believe that a forward multiple of 10x on our calendar 2011E EPS is justified relative to our Spansion secular earnings growth outlook.

Risks to Price Target

The following risks are inherent to investing in Spansion: general business and economic conditions; demand for products; changes in customer order patterns; the pricing of products driven by capacity versus demand; the continued development, qualification, and availability of innovative products in a rapidly changing technological environment; the ability to reduce costs; manufacturing risks; inventory risk; manufacturing yield risks, the ability to recruit and retain skilled engineers and other personnel; and currency risks. In addition, Spansion's recent emergence from Chapter 11 implies that the company has to re-engage and win back new and existing customers who may not have a business relationship. Spansion also has to rapidly transition to a "Fab Lite" flexible, manufacturing strategy of using its captive Fab in Austin, coupled with foundries such as Elpida, SMIC etc. Additionally, Spansion still has significant debt load which may constrain its operational flexibility; especially in weak economic times.



VMware Inc. (NYSE: VMW, \$76.76, Buy, Price Target: \$110)

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Investment Thesis

Our conviction in VMW's growth story is further enhanced after yet another beat-and-raise in VMW's 2QFY11, driven by broad-based growth across geographies, verticals and product-lines. FCF/share was, once again, well ahead of EPS, indicating to us that VMW continues to be a very strategic vendor for its customers, who remain willing to sign multi-year contracts with VMW and keep driving VMW's deferred revenue higher. We remind investors that, despite VMW's strong investment mode, we think it remains likely to see significant operating margin expansion in future years—potentially a 1000-point expansion over the next three years. In our view, this could lead to a very significant increase in earnings power and FCF generation, well ahead of current, long-term Street estimates. We believe VMW is the undisputed leader in virtualization and Cloud build-out—the top IT secular growth trends today in our view. In our opinion, VMW is poised to extend this lead as it innovates ahead of its competitors and executes effectively, potentially driving stronger FCF generation and significant operating margin expansion in the future. With a new product cycle (vSphere 5) and an upcoming trade show as likely upside catalysts, we continue to include the name on our Conviction Buy list.

Valuation

Our \$110 price target is based on an approximate, ex-cash per share, 31x multiple to our FY12 FCF estimate of \$3.30 per share. The 31x multiple implies a PEG ratio of 1.03x, assuming a long-term FCF growth rate of ~30%, which, we believe is appropriate, given the early stage of the company's opportunity and its strong strategic positioning.

Risks to Price Target

Competition with Microsoft and the open-source community. Challenges associated with any new technology. EMC owning 97% of voting rights and likely competing with VMware in some areas. Acquisitions could lead to dilution.



INTERNET / MEDIA

Active Network Inc. (NYSE: ACTV, \$16.23, Buy, Price Target: \$23)

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Investment Thesis

Active is a leading provider of cloud-based reservation and marketing solutions serving a variety of customer groups, including business events, community activities, outdoors, and sports. Our Buy rating is based on: 1) strong growth potential in an underpenetrated \$10B North American technology fee opportunity, 2) Active provides a strong value proposition to both organizations and consumers, 3) numerous growth drivers that should lead to mid-teens long-term growth, and 4) attractive financial characteristics with highly predictable revenues and high incremental EBITDA margins.

Valuation

Our \$23 per-share price target for ACTV shares is based on 25x our 2012 EBITDA estimate of \$54M. We believe a 25x multiple is justified given our view for 35%-plus long-term EBITDA growth.

Risks to Price Target

Risks for Active Network include risks of integrating acquisitions; competition; slower adoption of web-based reservation systems; the macroeconomic environment; transition to the ActiveWorks platform; expansion into new businesses and risks surrounding International expansion.

Baidu Inc. (NASDAQ: BIDU, \$126.98, Buy, Price Target: \$200)

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Investment Thesis

We remain positive on BIDU shares, and expect continued strong growth driven by 1) continued consumer Internet adoption – we expect China to add another 70 million Internet users in 2011 up from approximately 450M at the end of 2010 (33% online penetration); 2) continued merchant adoption – we estimate Baidu has approximately 5% market share among its addressable market of 5 million larger SMEs in China; 3) strong growth in emerging categories including eCommerce; 4) continued monetization improvements. We believe these factors should lead to 60% plus top-line growth in 2011 and we expect continued strong incremental margins which we expect to lead to 70% plus EPS growth.

Valuation

Our \$200 price target for BIDU shares is based on a 45x P/E to our 2012 pro forma EPS estimate. We believe a 45x multiple is justified, given our outlook for 40%-plus long-term EPS growth.

Risks to Price Target

Key risks for Baidu include an economic slowdown in China, increased regulatory action, increased competition, and lack of a developed eCommerce market.

eBay Inc. (NASDAQ: EBAY, \$27.16, Buy, Price Target: \$41)

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Investment Thesis

eBay reported a solid quarter with strength in both Payments (29% Y/Y FX neutral vs. 27% last quarter) and improved Marketplace GMV (10% Y/Y vs. 8% in 1Q). U.S. GMV accelerated to 14% Y/Y, driven primarily by an improved user experience, better search, and more top-rated sellers. We are encouraged by the improved business fundamentals and solid traction of the company's growth initiatives, such as mobile payment. Payments growth momentum continued with total payment revenue up 29% Y/Y FX neutral (vs. 27% last quarter), driven by further penetration on both Merchant Services and on-eBay. Segment margin expanded 200 bps Y/Y benefiting from stable transaction margin, continuing operating leverage and improvement in BML. Both U.S. and international were solid in the quarter: U.S. non-vehicle GMV accelerated 400 bps sequentially, mainly driven by improvement in the user interface, search experience (i.e., removal of



duplicate listings), and more sales from trusted sellers. Solid European growth and stabilizing Korean growth led to 200 bps sequential growth acceleration for international in 2Q.

Valuation

Our \$41 EBAY price target is based on approximately 16x our 2012 PF EPS estimate of \$2.34 plus net cash, which we believe is appropriate given our outlook of 5-10% long-term growth for the marketplace business and 15-20% long-term growth for the payment business. For our price target, we apply a 12x multiple to Marketplace 2012E PF EPS, a 25x multiple to Payments 2012E EPS, and add \$4 in cash/investments, which equates to our \$41 PT.

Risks to Price Target

Key risks for eBay include competition, adverse currency movements, inability to improve eBay's user experience, and economic weakness.

Electronic Arts Inc. (NASDAQ: ERTS, \$19.31, Buy, Price Target: \$28)

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Investment Thesis

We are positive on ERTS's proposed acquisition of PopCap, given growth in social and smart phone games that was faster than we had expected; better than we expected EPS accretion from the deal; the quality of PopCap assets; and a potential to accelerate growth in higher-quality Games-as-a-Service business. We are raising our estimates and now expect EPS growth at 21% Y/Y and 39% Y/Y EPS during FY12 and FY13 respectively, driven largely by growing revenue contribution from relatively lucrative Games-as-a-Service segment.

Valuation

Our \$28 price target on ERTS shares is based on a 26x PE (net of cash) on our FY12 EPS estimate of \$0.82 versus a 13x average for the shares of the peer group. We think that the premium is appropriate, given that we believe that the company has strong franchises and the potential to monetize these franchises on emerging platforms and given the company's focus on the faster-growing Games-as-a-Service segment.

Risks to Price Target

Gaming continues to be a hit-or-miss-driven business, and predicting successful titles versus unsuccessful titles is extremely difficult. The risk is especially high for the new and unproven IPs, and a company's reliance on the new IPs and the titles in the established franchises to reach the revenue target opens it to risk of a revenue miss. Additionally, we believe there are macro headwinds given the increasing popularity of the used games and free-to-play online games.

Velti PLC (NASDAQ: VELT, \$10.64, Buy, Price Target: \$22)

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Investment Thesis

Velti reported a strong Q2 result (revenue of \$34.4M was up 57% Y/Y and came in 8% higher than our forecast), but the stock traded down we believe in reaction to higher OpEx investments and negative (and we believe misplaced) read-through from Motricity's negative Q2 earnings report. We believe that the sell-off in VELT shares is misguided and that shares represent a compelling value at 8.2x our FY12E EBITDA estimate of \$87M. At current levels, we believe investors have the unique opportunity to acquire a leading SaaS tools/solutions provider serving the rapidly emerging mobile marketing and advertising ecosystem for a "traditional media" multiple. We believe that shares will rebound during the company's seasonally strong 2H and that shares should be aggressively acquired at the current valuation.

Valuation

We note that shares of interactive marketing services peers currently trade at an average FY12E EV/EBITDA multiple of approximately 8x, while SaaS companies currently trade at an average of 16x FY12E EV/EBITDA. Given the company's growing SaaS revenue streams and what we view as its superior growth and long-term margin prospects, we believe VELT shares should trade toward the higher end of the 8-16x range, especially given the fact that the company is likely to



grow significantly faster than SaaS peers for the foreseeable future, in our view. Accordingly, we apply a 14x multiple against our 2012 EBITDA estimate of \$86.8M to derive our \$22 12-month price target.

Risks to Price Target

Risks to our price target include the very early stage of development of the mobile marketing/advertising technology opportunity, customer/category concentration, geographic risk, ongoing development of internal controls, working capital requirements, competition, and the high degree of seasonality present in the business.

HEALTHCARE / LIFE SCIENCES

Alnylam Pharmaceuticals Inc. (NASDAQ: ALNY, \$6.62, Buy, Price Target: \$18)

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Investment Thesis

ALNY is making solid progress towards its 5x15 goals by advancing numerous early stage programs and preparing for 2 important 4Q11 dataset announcements. In 4Q11, we are primarily focused on ALN-TTR proof of concept (POC) data that will be presented at a major Amyloid meeting. We view ALN-TTR as one of ALNY's most promising emerging pipeline compounds based on due diligence with our KOLs and therapeutic potential in a disease with unmet medical need and clear genetically defined targets. Given a low \$60M EV and near-term drivers, ALNY represents an attractive risk reward, in our view.

2H11 Drivers: We believe the next two years (and especially 2H11) will show two additional important pipeline proof of concept (POC) data sets that we expect could drive shares significantly from current levels. In 3Q11, ALNY plans to announce Phase 1 POC data for ALN-TTR01 in TTR Amyloidosis. The trial's primary goal is to evaluate safety, but it also includes secondary end points the Street should find meaningful, such as ALN-TTR treatment's effect on circulating TTR plasma levels measured as percentage (%) lowering of TTR from pretreatment/baseline TTR levels. Our TTR consultants would be encouraged to observe 10-20% plasma TTR reductions while they believe up to 50% is also possible in this trial. They generally believe a 50% plasma TTR reduction is enough to cause TTR plaque regression or slow progression of the disease by 50% (factor of 2). By YE11, we believe ALN-PCS data for hypercholesterolemia patients should become available. ALNY has not yet specified the end points for this trial, but we believe it is also committed to measuring efficacy in a manner that would be appreciated by the Street. In 2011, ALNY further plans to disclose two additional pipeline programs. In 2012, ALNY plans to enter ALN-ALN-HTT for Huntington's Disease and ALN-HPN for refractory anemia into the clinic.

Valuation

Our 12-month price target of \$18 is based on a sum-of-parts analysis by estimating YE11 cash (12-month forward) at approximately \$8-9 per share and adding \$9 per share (\$410M) in pipeline technology value. Risks include IP litigation; delivery failures; clinical, regulatory, and competitive risks for pipeline candidates; and extended timelines to potential profitability.

Risks to Price Target

ALNY's lead product candidates appear to be at least a few years from market and may face significant clinical, regulatory, and competitive risks. Additionally, IP litigation and failure to make advances in RNAi delivery could lead to extended timelines to potential profitability. We also anticipate significant changes to the marketplace as new medicines are introduced. To reiterate, primary investment risks include IP litigation; delivery failures; clinical, regulatory, and competitive risks for pipeline candidates; and future financing risk.



NuVasive Inc. (NASDAQ: NUVA, \$21.08, Buy, Price Target: \$39)

Sameer Harish | 415-249-1989 | sharish@thinkequity.com

Investment Thesis

We expect NuVasive sales growth to accelerate through 2012. We expect significant upside to NUVA's share price if the company continues to meet or beat numbers and demonstrates additional leverage in 2011. NuVasive's suite of minimally invasive spine implants and instruments are designed to improve surgical outcomes, reduce blood loss and pain, and speed recovery. The company has successfully created a market for its lateral access spine products and continues to increase the number of physician users. Additionally, NuVasive has a high-margin business model boasting 80%+ gross margins implant business and serves the robust and fast growing minimally-invasive spine market.

Momentum in minimally invasive and lateral spine surgery is building. NuVasive expects this segment of the spine market to grow 15% in 2011 despite a flat to down market for total spine procedures. However, a key driver for the market interest is the recent flurry of competitive product introductions. Ultimately, we believe the heightened interest in minimally invasive and lateral access surgery may increase overall surgeon interest in XLIF and NeuroVision. We believe NuVasive will be able to convert many of these surgeons to XLIF in the future with superior nerve avoidance technology, supportive clinical data, and a market-leading portfolio of lateral focused implants and tools. Channel checks have shown more established physicians tend to seek XLIF training, often seeking better techniques to benefit their patients after years of limited clinical success. These surgeons tend to be stickier, longer-term adopters of technology, we believe, and less likely to pursue lower cost alternatives which may lack critical features. Notably, driving physician utilization through training is at the center of NuVasive's near-term growth strategy. Operating leverage will also be driven by sale force maturation, as well as an expanding product offering, and fixed-cost efficiencies, in our view.

We believe international markets offer significant potential growth opportunities to complement U.S. growth. We expect NuVasive to invest heavily in international markets, which represent approximately \$20% of the global \$9 billion spine market. Currently international revenues comprise only 5% of NuVasive's revenues; however, the company expects international revenues to comprise approximately 10% of revenues as the company approaches \$1B in revenues.

Valuation

Our \$39 price target is based upon 3x our 2012 revenue estimate of \$602.9 million. This is a discount to the comparable medtech companies' averages of 3.8x 2012 revenues. NuVasive shares are trading at 1.8x our 2012 revenues and 2.1x our 2011 revenues of \$532.8 million, compared to the medtech companies' average of 3.9x 2011 revenues.

Risks to Price Target

NuVasive operates in a highly competitive and dynamic industry—new technology and innovation from other organizations may change NuVasive's ability to successfully grow in their markets and may make the company's technology obsolete. Additional near-term risks include pricing or reimbursement pressures, slowing market for spine surgery, timing and/or loss of orders to large hospital or physician groups, clinical guideline changes, delays in regulatory filings and supply and manufacturing disruptions.

CLEANTECHNOLOGY

Ceradyne Inc. (NASDAQ: CRDN, \$27.17, Buy, Price Target: \$45)

Colin Rusch | 212-468-7015 | crusch@thinkequity.com

Investment Thesis

We believe CRDN is uniquely positioned to benefit from the secular trend toward increased applications of advanced ceramics in the industrial and energy market due to lightweight, heat, and wear advantages versus incumbent materials. Near term, we believe the company is getting better yield on its military business as it more effectively meets product specs. Second, the company is getting better utilization of its manufacturing assets having closed two facilities in 2010 and getting better utilization as revenue increases. Third, the company's mix of products is migrating to higher margin opportunities in solar and industrial applications. We believe these three drivers will remain intact going forward. We are also encouraged by the company's investment in additional Boron separation capacity this year along with the accelerated



traction of its Petrochem and bioglass products. We believe CRDN's improving product mix and end-market exposure are sufficient to drive material growth over the next several years.

Valuation

We give shares of CRDN a Buy rating and a price target of \$45 based on 13x our 2012E EPS of \$3.43, which we believe is appropriate as it is in line with peers.

Risks to Price Target

1) Defense Demand Risk; 2) Non-Defense Demand Risk; 3) Operational Risk; 4) Competition Risk; 5) Foreign Market Risk.

Johnson Controls Inc. (NYSE: JCI, \$28.83, Buy, Price Target: \$50)

Colin Rusch | 212-468-7015 | crusch@thinkequity.com

Investment Thesis

We continue to highlight JCI as a core holding for Cleantech investors with exposure to energy efficiency and the electrification of the transportation market. We continue to believe the company's Power Solutions and Automotive Experience segments are positioned for improvement. We also continue to believe that the company is well positioned to benefit from multi-year revenue and margin growth in its Building Efficiency segment. In addition, we note that JCI's entry into the demand response (DR) market signals that the DR market is a large enough addressable opportunity to warrant investment and that the economics of DR contracts are likely to change substantially over time and move more toward commodity pricing. We believe that JCI's entry into the DR market may be driven in part by a desire to retain customers. We also note interest from global energy regulators. In the United States, we note that FERC's Order 745 sets up a framework for DR providers to receive Locational Marginal Pricing, while the TVA's recent Integrated Resource Plan has increased focus on Energy Efficiency and DR. The European Energy Commission's recent communication on its 2011 Energy Efficiency Plan states continued focus on Building Efficiency improvements. We also note statements from various news sources that Germany plans to increase its focus on Offshore Wind and Building Efficiency.

Valuation

We give shares of JCI a Buy rating and price target of \$50, based on 15x our FY2012E EPS estimate of \$3.31, a modest premium to diversified industrial peers due to our expectation for JCI to grow faster than peers. JCI is at a slight premium to shares of diversified industrial peers due to its exposure to strong growth markets and positive product mix shift, in our opinion. We also view JCI as a core holding for cleantech investors with exposure to energy efficiency and the electrification of the transportation market.

Risks to Price Target

Operating Risk, Market Acceptance Risk, Customer Concentration Risk, Competition Risk, Subsidy Risk, and Intellectual Property Risk.

Rogers Corp. (NYSE: ROG, \$43.15, Buy, Price Target: \$64)

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Investment Thesis

We are of the belief that Rogers is only in the early stages of a multi-year growth story built on key applications in the cleantech, Internet and mass transit markets. We think many of the company's products are high value added components, yet account for a relatively small portion of the bill of materials. This is a very important distinction as it can provide some price protection and insulation from competition as commercial volumes scale in markets such as electric vehicles and smart phones/tablets, in our view. We think the current valuation provides a significant opportunity for investors to build a position and we expect multiple expansion and solid earnings growth to prevail over the coming 12 months.



Valuation

Our price target for ROG shares is \$64, based on a PE of 18x our FY12 EPS estimate of \$3.43. Our target multiple is in line with the shares' average valuation since 2005. We believe the multiple expansion from the current level will be driven by investors recognizing what we view as strong secular megatrends developing for the company and the potential effect on earnings over the next three years.

Risks to Price Target

Although we believe the company is likely to benefit from positive megatrends, the company is still likely to be sensitive to broader economic conditions. As was displayed clearly during the financial crisis and subsequent recession, ROG's products and, hence, revenues are subject to cyclical trends. As we have stated previously, we believe ROG has solid growth opportunities in some key sectors, but this would not be enough to offset a meaningful decline in the global economy. Failure of key growth markets to materialize. Our investment thesis is dependent a couple key markets and any significant or permanent disruption in those markets could have a sustained negative effect on the shares. Specifically, the prospects for 4G deployment, rail infrastructure in developing countries, and the adoption rate of HEV/EV around the world.

CONSUMER

Costco Wholesale (NASDAQ: COST, \$74.36, Buy, Price Target: \$90)

Edward Weller | 415 249 1377 | eweller@thinkequity.com

Investment Thesis

With high gas prices and food inflation both intensifying the consumer's usual quest for value, the combination of Costco's always extremely aggressive pricing and what appears to be improving customer service seem to us to be driving increased frequency among existing members and new customer sign-ups, as well. Comp store customer traffic has been rising by 4% month after month for more than two years now and we believe that customers will continue to favor Costco for more of their purchases. What's more, international operations (ex the UK business) seems to be firing on all cylinders and an incipient recovery in Southern California, historically Costco's most profitable regions, can have a disproportionately favorable impact on profitability for the next couple of years. We expect that ROIs will continue to rise, that Costco will increase its growth rate and, by putting more capital to work at those high ROIs, drive increasing shareholder value. We reiterate our Buy on Costco.

Valuation

The rising valuations that we foresee in coming years derive directly from this recovery to "normal" – or recently normal – returns, and those rising returns should drive richer valuations in our view. These generally rising returns, in combination with our estimates of slowly rising company investment suggest a price target a year from now of \$90. (See our extensive valuation methodology in our report entitled *COST: Closes Quarter Strong, Recovery Still Building in Southern California*, dated May 18th, 2011.

Risks to Price Target

Potential risks to our forecasts and to our estimates and price target for Costco include: yet a further general economic slowdown in the United States, Canada, or other region important to the company; interruptions in merchandise availability; continued upward pressure on operating expenses; and greater-than-anticipated competitive pressures.



COMPANIES MENTIONED IN THIS REPORT:

Company	Exchange	Symbol	Price	Rating
Alnylam Pharmaceuticals, Inc.	NASDAQ	ALNY	\$6.62	Buy
ANSYS, Inc.	NASDAQ	ANSS	\$45.98	Buy
Apple Inc.	NASDAQ	AAPL	\$356.03	Buy
Baidu, Inc.	NASDAQ	BIDU	\$126.98	Buy
Ceradyne, Inc.	NASDAQ	CRDN	\$27.17	Buy
Costco Wholesale Corporation	NASDAQ	COST	\$74.36	Buy
eBay Inc.	NASDAQ	EBAY	\$27.16	Buy
Electronic Arts Inc.	NASDAQ	ERTS	\$19.31	Buy
EMC Corporation	NYSE	EMC	\$20.28	Buy
Entropic Communications, Inc.	NASDAQ	ENTR	\$3.61	Buy
Fairchild Semiconductor International	NYSE	FCS	\$12.04	Buy
Fortinet, Inc.	NASDAQ	FTNT	\$17.54	Buy
Johnson Controls Inc.	NYSE	JCI	\$28.83	Buy
LSI Corp.	NYSE	LSI	\$6.29	Buy
Mellanox Technologies, Ltd.	NASDAQ	MLNX	\$26.48	Buy
NetApp, Inc.	NASDAQ	NTAP	\$35.95	Buy
Nokia	NYSE	NOK	\$5.80	Hold
NuVasive, Inc.	NASDAQ	NUVA	\$21.08	Buy
OPNET Technologies, Inc.	NASDAQ	OPNT	\$29.55	Buy
Oracle Corporation	NASDAQ	ORCL	\$24.78	Buy
QLogic Corporation	NASDAQ	QLGC	\$12.31	Hold
QUALCOMM Inc.	NASDAQ	QCOM	\$46.52	Buy
RightNow Technologies, Inc.	NASDAQ	RNOW	\$27.52	Buy
Rogers Corporation	NYSE	ROG	\$43.15	Buy
Skyworks Solutions, Inc.	NASDAQ	SWKS	\$18.78	Buy
Spansion Inc.	NYSE	CODE	\$14.16	Buy
The Active Network, Inc.	NYSE	ACTV	\$16.23	Buy
Ultra Clean Holdings, Inc.	NASDAQ	UCTT	\$4.90	Buy
Velti plc	NASDAQ	VELT	\$10.64	Buy
VMware, Inc.	NYSE	VMW	\$76.76	Buy

Important Research Disclosures

Analyst Certification

We, Atul Bagga, Robert Coolbrith, Daniel Cummins, Sujeeva (Suji) De Silva, CFA, Rajesh Ghai, CFA, Sameer Harish, Aaron Kessler, CFA, Marko Kozul, M.D., Mark McKechnie, Colin Rusch, Brian Schwartz, Shawn Severson, Krishna Shankar, and Ed Weller, hereby certify that all of the views expressed in this research report accurately reflect our personal views about the subject securities and issuers. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

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ThinkEquity LLC and/or an affiliate managed or co-managed a public offering of securities for The Active Network, Inc. in the past 12 months.

ThinkEquity LLC and/or an affiliate managed or co-managed a public offering of securities for Spansion Inc. in the past 12 months.

ThinkEquity LLC and/or an affiliate received compensation for investment banking services from Ceradyne, Inc. in the past 12 months.

ThinkEquity LLC and/or an affiliate managed or co-managed a public offering of securities for Velti plc in the past 12 months.

ThinkEquity LLC makes a market in The Active Network, Inc., Alnylam Pharmaceuticals, Inc., ANSYS, Inc., Baidu, Inc., Spansion Inc.,



Costco Wholesale Corporation, Ceradyne, Inc., eBay Inc., Entropic Communications, Inc., Electronic Arts Inc., Fairchild Semiconductor International, Fortinet, Inc., Johnson Controls Inc., LSI Corp., Mellanox Technologies, Ltd., NetApp, Inc., NuVasive, Inc., OPNET Technologies, Inc., Oracle Corporation, QUALCOMM Inc., RightNow Technologies, Inc., Rogers Corporation, Skyworks Solutions, Inc., Ultra Clean Holdings, Inc., Velti plc, VMware, Inc., Apple Inc., Nokia, QLogic Corporation, and EMC Corporation securities; and/or associated persons may sell to or buy from customers on a principal basis.

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Rating Definitions

Effective October 7, 2009, ThinkEquity LLC moved from a four-tier Buy/Accumulate/Source of Funds/Sell rating system to a three-tier Buy/Hold/Sell system. The new ratings appear in our Distribution of Ratings, Firmwide chart. To request historical information, including previously published reports or statistical information, please call: 866-288-8206, or write to: Director of Research, ThinkEquity LLC, 600 Montgomery Street, San Francisco, California, 94111.

Buy: ThinkEquity expects the stock to generate positive risk-adjusted returns of more than 10% over the next 12 months. ThinkEquity recommends initiating or increasing exposure to the stock.

Hold: ThinkEquity expects the stock to generate risk-adjusted returns of +/-10% over the next 12 months. ThinkEquity believes the stock is fairly valued.

Sell: ThinkEquity expects the stock to generate negative risk-adjusted returns of more than 10% during the next 12 months. ThinkEquity recommends decreasing exposure to the stock.

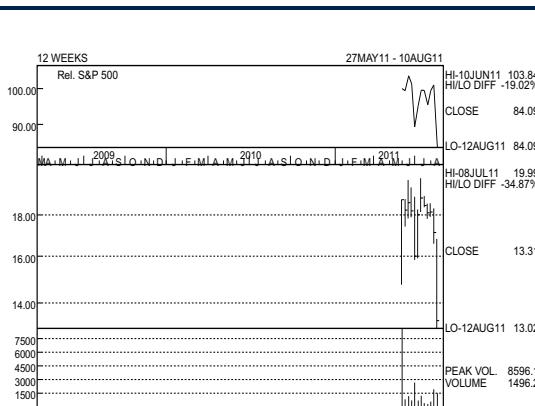
Rating	Distribution of Ratings, Firmwide		IB Serv./Past 12 Mos.	
	Count	Percent	Count	Percent
BUY [B]	138	63.00	20	14.49
HOLD [H]	78	35.60	6	7.69
SELL [S]	3	1.40	0	0.00

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COMPANY UPDATE | COMMENT

AUGUST 11, 2011



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FY Dec	2010A	2011E	2012E
Revenue (MM)	279.6	327.4	375.5
Prev.		322.0	370.9
Adj EBITDA (MM)	25.1	36.1	52.6
Prev.		33.1	51.0
Adj EPS - FD		0.01	0.30
Prev.		(0.35)	0.08
P/AEPS	NM	NM	44.4x
Revenue (MM)	Q1	Q2	Q3
2010	63.2A	81.7A	73.1A
2011	72.7A	99.0A	86.4E
Prev.		94.6E	85.5E
2012	82.3E	113.7E	99.8E
Prev.		108.7E	100.3E
Adj EBITDA (MM)			
2010	1.1A	11.8A	9.3A
2011	2.6A	20.4A	11.5E
Prev.		17.2E	1.8E
2012	4.5E	29.5E	16.8E
Prev.	5.0E	25.9E	17.4E
Adj EPS - FD			
2011	(0.12)A	0.18A	0.06E
Prev.	(0.24)A	0.09E	(0.01)E
2012	(0.06)E	0.34E	0.13E
Prev.	(0.10)E	0.23E	0.09E
			(0.14)E

All values in USD unless otherwise noted.

Active Network, Inc. (NYSE: ACTV)
Ironmen Hit A Personal Best In 2QOutperform
Above Average Risk

Price:	13.31	Price Target:	22.00
Shares O/S (MM):	57.4	Implied All-In Return:	65%
Dividend:	0.00	Market Cap (MM):	764
		Yield:	0.0%

Reported 2Q11 Earnings

Net: Active Network reported revenue and EBITDA 5% and 19% above expectations for 2Q. The upside was driven by higher than expected marketing services and licensing software revenue growth and steady registration revenue growth. EBITDA Margins came in better than expected on flow-through from higher-margin marketing revenue and lower than expected R+D expense. The upside gives us increased confidence in the resiliency of the business model and management's ability to execute in any environment, given the bad weather in June in their Outdoor business and the ongoing issues in display advertising broadly. Our bullish thesis is based on ACTV's 1) highest revenue visibility in our space, further reinforced by the performance in 2Q, 2) expanding EBITDA margins from the Activeworks platform upgrade and the mix shift from offline to online registrations over time, and 3) minimal competition in its core segments. We have increased our 2012 revenue and EBITDA by 1% and 3% respectively. Our price target remains \$22, and our rating remains Outperform.

Positives: Revenue of \$99m and EBITDA of \$20.4m were 5% and 19% ahead of our estimates, respectively. Gross margin of 59.4% improved 110bps y/y, and EBITDA margin of 20.6% was 250bps better than expected, largely from increased mix of higher-margin Marketing Services revenue and lower than expected R+D expense. The company introduced new initiatives, such as its Schwaggle lead gen business for fitness deals, and its affiliate program through which partners can earn revenue by driving additional registrations to ACTV.

Negatives: There are few negatives to highlight in 2Q for ACTV, it was a clean quarter all around. Poor weather in June impacted revenues by approximately \$0.5m in the Outdoor registration business, proving to be one of the only factors which can decrease revenue visibility.

Estimate Changes and Valuation: We have increased 2012 revenue and EBITDA estimates by 1% and 3%, respectively. Our \$22 price target is based on an average of 15x EV/EBITDA, 3% FCF yield, and 3.5x EV/Revenue on our 2012 estimates.

Priced as of prior trading day's market close, EST (unless otherwise noted).

For Required Conflicts Disclosures, see Page 6.

Exhibit 1: 2Q11 Results vs. RBCCM Estimates

(\$ in Millions, except per share amounts)

	2Q11A	2Q11E	Variance	1Q11A	% Q/Q	2Q10A	% Y/Y
Registrations (mm):							
Total Registrations	22.9	23.0	-0.5%	13.9	65%	21.5	6.8%
Avg. Revenue per Registration	\$3.04	\$3.05	-0.3%	\$3.69	-18%	\$2.82	7.8%
Revenues							
Registration revenue	69.7	70.3	-0.7%	51.4	35.7%	60.6	15.2%
Software revenue	15.8	13.3	19.2%	11.7	35.1%	10.6	49.0%
Technology revenue	85.6	83.5	2.4%	63.1	35.6%	71.2	20.2%
Marketing revenue	13.5	11.1	21.6%	9.6	40.1%	10.5	28.2%
Net revenue	99.0	94.6	4.7%	72.7	36.2%	81.7	21.2%
Cost of Revenues	40.1	37.6	6.7%	34.1	17.6%	34.0	18.0%
Gross Profit	58.9	57.0	3.3%	38.6	52.6%	47.6	23.6%
Operating Expenses:							
Sales and marketing expenses	18.3	17.9	2.3%	16.8	9.5%	15.0	22.4%
Research and development expenses	16.2	18.0	-10.0%	16.1	0.7%	16.2	0.0%
General and administrative expenses	11.1	10.9	1.5%	10.2	8.8%	10.4	6.1%
Amortization of intangibles	3.7	3.8	-1.4%	3.7	0.4%	4.1	-8.7%
Stock-based compensation	2.1	0.8	166.8%	0.7	178.0%	1.4	47.3%
Total Operating Expenses	51.4	51.3	0.0%	47.4	8.3%	47.1	9.1%
Operating Income	7.5	5.6	33.4%	(8.8)	-184.8%	0.6	1227.6%
Depreciation & Amortization	10.8	5.8	86.5%	10.7	1.6%	9.9	9.8%
Stock Based Compensation	2.1	0.8	166.8%	0.7	178.0%	1.4	47.3%
Adjusted EBITDA	20.4	17.2	18.9%	2.6	694.0%	11.8	72.3%
Margin	20.6%	18.1%		3.5%		14.5%	
Interest income	0.0	0.1	-56.7%	0.0	3.3%	0.0	-31.0%
Interest expense	(1.4)	(1.1)	32.0%	(1.3)	9.5%	(1.5)	-3.0%
Other (expense) income, net	0.2	0.0	0.0%	(0.1)	478.4%	(0.2)	-179.1%
Pretax Income	6.3	4.6	36.6%	(10.2)	162.2%	(1.1)	-681.1%
Income Tax Expense (benefit)	0.8	0.7	12.6%	0.8	0.5%	0.9	-7.6%
Reported Net Income	5.5	3.9	40.9%	(10.9)	150.5%	(1.9)	-385.0%
Adjusted EPS	\$0.18	\$0.09	92.5%	(\$0.12)	169.9%	\$0.00	

Source: RBCCM Estimates, Company reports

Exhibit 2: Summary of Estimate Changes

(\$ in millions, except per share amounts)

	3Q11E			2011E			2012E		
	Current	Prior	Delta	Current	Prior	Delta	Current	Prior	Delta
Technology revenue	75.3	74.4	1.2%	281.2	278.3	1.1%	321.4	319.7	0.5%
Marketing revenue	11.1	11.1	0.5%	46.2	43.7	5.6%	54.0	51.2	5.6%
Net revenue	86.4	85.5	1.1%	327.4	322.0	1.7%	375.5	370.9	1.2%
Total Operating Expenses	51.1	51.5	0.7%	199.7	199.6	-0.1%	213.0	211.9	-0.5%
Operating Income (Loss)	(1.2)	(0.5)	151.7%	(14.2)	(14.2)	-0.1%	6.3	8.0	-21.9%
Adjusted EBITDA	11.5	11.5	0.4%	36.1	33.1	9.1%	52.6	51.0	3.1%
Margin	13.3%	13.4%		11.0%	10.3%		14.0%	13.8%	
Reported Net Income	(2.1)	(1.1)	96.4%	(19.8)	(19.2)	3.4%	69.6	71.3	-2.4%
Adj EPS	\$0.06	(\$0.01)	-679.7%	\$0.01	(\$0.35)	-103.1%	\$0.30	\$0.08	277.7%

Source: RBCCM Estimates, Company reports



Valuation

We use a blended approach on our 2012 estimates. Using an average of 15x EV/EBITDA, 3% FCF yield, and 3.5x EV/Revenue, we arrive at our \$22 target.

Exhibit 3: Valuation Worksheet

(\$ in millions, except per share amounts)

Current Price	\$13.31	
Diluted Shares Outstanding	57.4	
Current Market Cap	764	
Less: Cash and Cash Equivalents	157.5	
Less : Other Assets	0.0	
Plus: Debt	0.0	
Adjusted Enterprise Value	606.9	
<u>EV to EBITDA</u>		<u>2012E</u>
Adjusted EBITDA		52.6
Current EV/EBITDA Multiple		11.5x
Target Multiple	15.0x	
Enterprise Value	789.6	
Plus: YE Cash	226.4	
Plus: Other Assets	0.0	
Less: YE Debt	0.0	
Less: Minority Interest	0.0	
Equity Market Capitalization	1016.1	
FY End Projected Sharecount	53.9	
Implied Stock Price on Forward EBITDA		\$19
<u>FCF Yield</u>		<u>2012E</u>
FCF per Share		\$0.54
Current FCF Yield		4.0%
Target Yield	3.0%	
Implied Stock Price on Forward FCF		\$18
<u>EV to Revenue</u>		<u>2012E</u>
Revenue		375.5
Current EV / Revenue Multiple		1.6x
Target Multiple	3.5x	
Enterprise Value	1314.2	
Plus: YE Cash	226.4	
Plus: Other Assets	0.0	
Less: YE Debt	0.0	
Less: Minority Interest	0.0	
Equity Market Capitalization	1540.6	
FY End Projected Sharecount	53.9	
Implied Stock Price on Forward EBITDA		\$29
Average		\$22

Source: RBCCM Estimates, Company reports



Valuation

We value ACTV using a blended approach on our 2012 estimates using 15x EV/EBITDA, a 3% FCF yield and 3.5x revenue. We take an average of these three metrics to arrive at our \$22 price target. These multiples are in range of the rest of our coverage universe, and we believe they are justified given the high revenue visibility and rapid EBITDA growth.

Price Target Impediment

- 1) Margin expansion does not play out as expected.
- 2) Large contracts material to financial statements are lost during periodic re-bidding process.
- 3) Complications from M&A integration.

Company Description

Active Network provides event registration software and services to community, sport, business and outdoor organizations. In addition to registration processing, Active Network's technology platform provides organizations with various marketing, operating and analytics tools which help their clients' event management end-to-end by increasing event participation and reducing overall event costs.



Active Network -- Quarterly Earnings Analysis
(\$ in millions, except per share amounts)

FY Dec	2010A				2010A	2011E				2011E	2012E				2012E
	Mar A 1Qa	Jun A 2Qa	Sep A 3Qa	Dec A 4Qa		Mar A 1Qa	Jun A 2Qa	Sep E 3QE	Dec E 4QE		Mar E 1QE	Jun E 2QE	Sep E 3QE	Dec E 4QE	
Technology revenue	54.9	71.2	62.4	49.2	237.7	63.1	85.6	75.3	57.3	281.2	71.1	98.0	86.8	65.6	321.4
Marketing revenue	8.3	10.5	10.7	12.4	41.9	9.6	13.5	11.1	12.0	46.2	11.2	15.7	13.0	14.0	54.0
Net revenue	63.2	81.7	73.1	61.6	279.6	72.7	99.0	86.4	69.3	327.4	82.3	113.7	99.8	79.6	375.5
Cost of Revenues															
Technology	27.0	32.3	29.3	26.4	115.0	33.0	38.7	35.1	29.6	136.4	35.8	42.5	38.9	32.7	149.9
Marketing	1.0	1.7	1.8	1.6	6.2	1.2	1.5	1.4	1.4	5.5	1.3	1.7	1.7	1.6	6.3
Total Cost of Revenues	28.0	34.0	31.1	28.1	121.2	34.1	40.1	36.6	31.0	141.9	37.1	44.2	40.5	34.3	156.2
Gross Profit	35.2	47.6	42.0	33.5	158.4	38.6	58.9	49.9	38.2	185.5	45.1	69.6	59.3	45.3	219.3
Operating Expenses:															
Sales & Marketing	14.5	15.0	14.9	14.1	58.5	16.8	18.3	18.0	16.6	69.7	18.5	20.5	20.3	18.7	78.0
Research & Development	14.9	16.2	15.0	14.8	60.9	16.1	16.2	16.7	16.7	65.7	17.3	17.4	18.3	18.4	71.6
General & Administrative	9.8	10.4	8.9	8.8	38.0	10.2	11.1	11.0	11.1	43.4	11.6	12.8	12.8	12.9	50.1
Amortization of Intangibles	4.0	4.1	4.0	4.0	16.1	3.7	3.7	3.8	3.7	14.9	1.9	1.1	1.6	2.1	6.6
Stock Based Compensation	1.8	1.4	1.3	0.8	5.3	0.7	2.1	1.6	1.6	6.0	0.8	2.3	1.8	1.8	6.7
Total Operating Expenses	45.1	47.1	44.2	42.5	178.9	47.4	51.4	51.1	49.8	199.7	50.2	54.2	54.8	53.9	213.0
Operating Income	(9.9)	0.6	(2.2)	(8.9)	(20.5)	(8.8)	7.5	(1.2)	(11.6)	(14.2)	(5.0)	15.4	4.5	(8.6)	6.3
Depreciation & Amortization	9.2	9.9	10.2	11.0	40.3	10.7	10.8	11.2	11.6	44.2	8.7	11.8	10.5	8.7	39.6
Stock Based Compensation	1.8	1.4	1.3	0.8	5.3	0.7	2.1	1.6	1.6	6.0	0.8	2.3	1.8	1.8	6.7
Adjusted EBITDA	1.1	11.8	9.3	2.9	25.1	2.6	20.4	11.5	1.6	36.1	4.5	29.5	16.8	1.9	52.6
Interest income	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.1	0.1	0.3	0.2	0.2	0.2	0.2	0.8
Interest expense	(1.3)	(1.5)	(1.3)	(1.3)	(5.4)	(1.3)	(1.4)	(0.2)	0.0	(2.9)	0.0	0.0	0.0	0.0	0.0
Other (expense) income, net	(0.4)	(0.2)	0.8	0.3	0.5	(0.1)	0.2	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Pretax Income	(11.6)	(1.1)	(2.8)	(9.9)	(25.3)	(10.2)	6.3	(1.3)	(11.5)	(16.7)	(4.8)	15.6	4.7	(8.4)	7.1
Income Tax Expense (benefit)	0.9	0.9	1.1	(0.8)	1.9	0.8	0.8	0.8	0.8	3.2	1.7	1.7	(67.6)	1.7	(62.5)
Reported Net Income	(12.4)	(1.9)	(3.8)	(9.1)	(27.3)	(10.9)	5.5	(2.1)	(12.3)	(19.8)	(6.5)	13.9	7.23	(10.1)	69.6
Diluted Earnings per Share															
Pro forma Earnings per Share						(\$0.15)	\$0.21	\$0.07	(\$0.12)	(\$0.34)	(\$0.06)	\$0.34	\$0.13	(\$0.11)	\$1.29
Adjusted Earnings per Share						(\$0.12)	\$0.18	\$0.06	(\$0.12)	\$0.01	(\$0.06)	\$0.34	\$0.13	(\$0.11)	\$0.30
Pro forma Shares Outstanding						57.4	57.4	63.6	53.5	58.0	53.6	53.7	53.8	53.9	53.8
Margin Analysis															
Gross Profit Margin	55.7%	58.3%	57.5%	54.4%	56.6%	53.1%	59.4%	57.7%	55.2%	56.7%	54.9%	61.2%	59.4%	56.9%	58.4%
Sales & Marketing as % of Net Revenue	23.0%	18.3%	20.4%	22.9%	20.9%	23.0%	18.5%	20.8%	24.0%	21.3%	22.5%	18.0%	20.3%	23.5%	20.8%
Research & Development as % of Net Revenue	23.6%	19.8%	20.6%	23.9%	21.8%	22.1%	16.3%	19.4%	24.1%	20.1%	21.1%	15.3%	18.4%	23.1%	19.1%
General & Administrative as % of Net Revenue	15.5%	12.8%	12.2%	14.3%	13.6%	14.0%	11.2%	12.8%	16.1%	13.3%	14.1%	11.3%	12.9%	16.2%	13.3%
Amortization as % of Net Revenue	6.4%	5.0%	5.5%	6.5%	5.8%	5.1%	3.8%	4.4%	5.4%	4.6%	2.3%	0.9%	1.6%	2.6%	1.8%
Total Operating Expenses as % of Net Revenue	71.3%	57.6%	60.5%	69.0%	64.0%	65.2%	51.9%	59.1%	72.0%	61.0%	61.0%	47.6%	54.9%	67.7%	56.7%
Operating Margin	-15.6%	0.7%	-3.1%	-14.5%	-7.3%	-12.2%	7.6%	-1.4%	-16.8%	-4.3%	-6.1%	13.5%	4.5%	-10.8%	1.7%
Adjusted EBITDA Margin	1.7%	14.5%	12.8%	4.6%	9.0%	3.5%	20.6%	13.3%	2.2%	11.0%	5.5%	25.9%	16.8%	2.4%	14.0%
Incremental EBITDA Margin	37.4%	7.4%	8.0%	47.4%	25.5%	15.7%	49.4%	16.5%	-17.1%	22.9%	20.0%	61.8%	39.1%	3.0%	34.5%
Effective Tax Rate	-7.4%	-78.5%	-38.4%	8.5%	-7.6%	-7.8%	12.5%	-60.4%	-7.0%	-19.1%	-35.1%	10.9%	-1438.6%	-20.3%	-882.2%
Reported Net Income	-19.6%	-2.4%	-5.2%	-14.8%	-9.8%	-15.0%	5.6%	-2.5%	-17.8%	-6.1%	-7.9%	12.2%	72.4%	-12.6%	18.5%
Year Over Year Growth															
Technology	23.6%	10.9%	7.3%	12.6%	12.9%	14.9%	20.2%	20.7%	16.4%	18.3%	12.6%	14.5%	15.3%	14.5%	14.3%
Marketing	29.5%	36.3%	40.2%	16.5%	29.4%	15.9%	28.2%	4.0%	-3.5%	10.2%	17.0%	17.0%	17.0%	17.0%	17.0%
Net Revenue	24.3%	13.6%	11.1%	13.3%	15.1%	15.0%	21.2%	18.3%	12.4%	17.1%	13.2%	14.9%	15.5%	15.0%	14.7%
Cost of Revenues	15.8%	12.7%	11.7%	13.2%	13.2%	21.8%	18.0%	17.6%	10.5%	17.0%	8.8%	10.0%	10.9%	10.6%	10.1%
Gross Profit	32.1%	14.2%	10.7%	13.5%	16.6%	9.6%	23.6%	18.8%	13.9%	17.2%	17.0%	18.2%	18.9%	18.5%	18.2%
Operating Income	-23.2%	-153.0%	-56.8%	-28.0%	-35.0%	-10.5%	1227.6%	-45.0%	29.8%	-30.9%	-43.2%	105.3%	-464.7%	-25.8%	-144.3%
Adjusted EBITDA	-130.6%	6.5%	6.7%	-600.7%	59.5%	137.1%	72.3%	23.6%	-45.6%	43.6%	74.6%	44.6%	45.5%	20.2%	46.0%
Reported Net Income	-12.5%	-28.3%	-44.4%	-35.4%	-28.0%	-11.8%	-385.0%	-44.6%	35.4%	-27.2%	-40.2%	151.1%	-3502.8%	-18.3%	-450.6%
Pro Forma Diluted Earnings per Share	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	-60.3%	58.9%	78.1%	-4.9%	-478.1%
Adjusted Earnings per Share	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	-52.4%	90.8%	113.9%	-4.9%	2655.1%
Other Metrics															
Peer Defined Free Cash Flow	29.7	(3.3)	(4.9)	(9.9)	11.7	31.6	19.1	(15.4)	(17.9)	17.5	1.6	30.3	8.5	(22.2)	18.3
Free Cash Flow per Share	\$0.69	(\$0.07)	(\$0.11)	(\$0.21)	\$0.30	\$0.55	\$0.33	(\$0.24)	(\$0.33)	\$0.31	\$0.03	\$0.56	\$0.16	(\$0.41)	\$0.34
Company Defined Free Cash Flow	33.8	0.0	(2.5)	(9.5)	21.8	34.8	22.3	(14.5)	(15.7)	26.9	3.4	33.7	11.2	(19.5)	28.8
Free Cash Flow per Share	\$0.79	\$0.00	(\$0.05)	(\$0.21)	\$0.53	\$0.61	\$0.39	(\$0.23)	(\$0.29)	\$0.47	\$0.06	\$0.63	\$0.21	(\$0.36)	\$0.54

Source: Company reports and RBC Capital Markets



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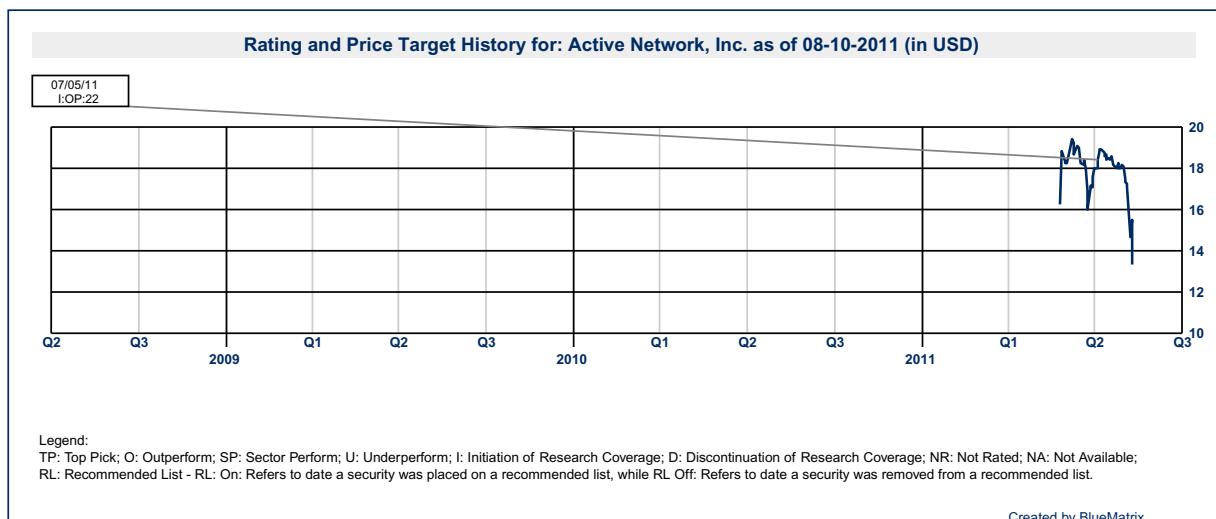
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The Active Network, Inc.
Buy

ACTV: \$13.31
Price Target: \$23.00

Internet

**ACTV: Solid 2Q Driven by Marketing Services;
Maintain Buy and \$23 PT**

THINK ACTION:

ACTV reported solid 2Q11 results, its first as a public company. Over the quarter, registration revenue grew 15% Y/Y, driven by 8% growth of revenue per registration and 7% growth of registrations. Marketing services were also solid, helping deliver a solid top-line beat. Revenue upside, favorable mix shift and leverage drove a solid bottom-line outperformance - EBITDA and non-GAAP were 16% and \$0.06 ahead of our estimates. We reiterate our Buy rating and maintain our \$23 price target.

KEY POINTS:

Q2 Summary. Active Network reported a solid Q2 with both revenue and EBITDA above our estimates and consensus. Revenues of \$99M (up 21% Y/Y) exceeded our estimate of \$95M and consensus of \$95.2M. Revenue upside was mainly driven by higher marketing services and software fees. Registrations increased 7% Y/Y (vs. our 8% estimate) while revenue per registration increased 8% (in line with our estimate). Top-line upside and mix shift to higher margin marketing services helped drive adjusted EBITDA of \$20.4M, 16% above our and the Street estimates.

Positives:

- Marketing Services Upside.** Marketing services revenues increased 28% Y/Y, accelerating from 1Q11's 16%, driven by strong advertising revenues to its key destination sites.
- Software growth accelerates.** Software revenue grew 49% Y/Y in Q2, accelerating from Q1's 13%, mainly due to several early closed implementation contracts. Management does expect software growth to moderate in Q3.
- Solid Margin Expansion.** Revenue upside and mix shift led to gross margin expansion of 110bps Y/Y to 59.4%. Operating expense of \$51.3M was roughly in line with our estimates. Upside to revenues and in line expenses led to an adjusted EBITDA margin of 20.6%, up 600bps Y/Y and 200bps above our estimates.
- Emerging Segments Appear Promising.** Management noted that some of its newer subverticals (i.e. Golf and Education) are seeing good traction and is confident with the growth prospects for these areas.

Negatives:

- Registration growth slightly below our estimate.** Registrations increased 7% Y/Y, slightly below our estimate of 8%. Management believes the inclement weather in Q2 had a modest impact on its outdoor segment.

Estimates. We are modestly increasing our estimates to reflect the upside in 2Q and improved marketing services outlook. For 2011, our revenue and EBITDA estimates move from \$324M and \$32.8M to \$330M and \$35M. For 2012, we move our revenue and EBITDA estimates from \$374M and \$53.5M to \$377M and \$54.2M.

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Changes	Current	Previous
Rating	Buy	--
Price Target	\$23.00	--
FY11E REV (M)	\$330.1E	\$324.1E
FY12E REV (M)	\$377.3E	\$373.6E
FY11E EPS	(\$0.07)E	(\$0.11)E
FY12E EPS	\$0.17E	\$0.16E

52-Week High:	\$19.99
52-Week Low:	\$13.02
Shares O/S-Diluted (M):	57.4
Market Cap (M):	\$764.0
Average Daily Volume:	NA
Short Interest:	2.2%
Debt/Total Cap:	0.0%
Net Cash Per Share:	\$2.80
P/E (12-month forward):	NA
Est. Long-Term EPS Growth:	35.0%
P/E/G:	NM
Fiscal Year-End:	Dec

REV (M) \$	2010A	2011E	2012E
Mar	63.2A	72.7A	NA
Jun	81.7A	99.0A	NA
Sep	73.1A	86.9E	NA
Dec	<u>61.6A</u>	<u>71.5E</u>	<u>NA</u>
FY	279.6A	330.1E	377.3E
CY	NA	NA	NA
FY P/S	2.7x	2.3x	2.0x
CY P/S	2.7x	2.3x	2.0x

EPS \$	2010A	2011E	2012E
Mar	(0.19) A	(0.17) A	NA
Jun	0.06A	0.18E	NA
Sep	0.01A	0.04E	NA
Dec	<u>(0.12) A</u>	<u>(0.15) E</u>	<u>NA</u>
FY	(0.25) A	(0.07) E	0.17E
CY	NA	NA	NA
FY P/E	NM	NM	78.3x
CY P/E	NM	NM	78.3x

EPS is Non-GAAP



Quarter Highlights. Active Network reported a solid Q2 with both revenue and EBITDA above our estimates and consensus. Revenues of \$99M (up 21% Y/Y) exceeded our estimate of \$95M and consensus of \$95.2M. Revenue upside was mainly driven by higher marketing services and software fees. Registration revenues of \$69.7M (15% Y/Y) were slightly below our \$70.6M estimate. Registrations increased 7% Y/Y (vs. our 8% estimate) while revenue per registration increased 8% (in line with our estimate). Software revenues of \$15.8M (49% Y/Y) exceeded our \$13.3M estimate as a few deals closed sooner than we expected. Marketing Services revenues of \$13.5M (28% Y/Y) exceeded our \$11.1M estimate as Active benefited from higher advertising on its core destination Websites. Top-line upside and mix shift to higher margin marketing services helped drive adjusted EBITDA of \$20.4M, 16% above our and the Street estimates.

Key Metrics:

- Net registration revenue was up 15% Y/Y, versus our estimate of 16.6% Y/Y.
- Registrations was up 7% Y/Y to 22,926, versus our estimate of 8% and 23,200, respectively.
- Net registration revenue per registration was up 8% Y/Y to \$3.04, roughly in line with our estimates.

Estimates vs. Actuals Table						
\$ in M, except EPS	2Q4	Y/Y %	Est.	Diff \$	Diff %	Consensus
Registration	\$69.7	15%	\$70.6	(0.9)	-1%	
Software	\$15.8	49%	\$13.3	2.5	19%	
Technology	\$85.6	20%	\$83.9	1.7	2%	
Marketing Services	\$13.5	28%	\$11.1	2.4	21%	
Net Revenue	\$99.0	21%	\$95.0	4.0	4.2%	\$95.2
Gross Profits	\$58.8	24%	\$57.3	1.5	2.6%	
Gross Margin	59.4%		60.4%	-1%	-1.6%	
Operating income	\$7.5		\$5.3	2.2	41.8%	
Operating Margin	7.6%		5.6%			
EBITDA	\$20.4	72%	\$17.6	2.8	15.9%	
GAAP EPS	\$0.03		\$0.05	(\$0.02)	-43.2%	\$0.11
PF EPS	\$0.18	212%	\$0.12	\$0.05	44.5%	

Source: Company reports, ThinkEquity LLC estimates, FactSet

Guidance

For Q3, Active Network guided net revenues to \$84-88M (versus our estimate of \$86.3M and consensus of \$86.4M), with registrations growth of 5-7% and revenue per registration growth of 6-8% Y/Y. On the bottom-line, the company expects net loss of \$3.5M-\$1.5M and adjusted EBITDA of \$10M to \$12M, versus our previous estimate of (\$2M) and \$11.6M and consensus of (\$0.6M) and \$12.1M.

Estimates

We are modestly increasing our estimates to reflect the upside in 2Q and improved marketing services outlook. For 2011, our revenue and EBITDA estimates move from \$324M and \$32.8M to \$330M and \$35M. For 2012, we move our revenue and EBITDA estimates from \$374M and \$53.5M to \$377M and \$54.2M.

\$ in M, except EPS	Revenue (\$M)			EBITDA (\$M)			PF EPS			
	Period	From	To	% Change	From	To	% Change	From	To	Change
1Q11A	\$72.7	\$72.7	0%		\$2.6	\$2.6	-1%	(\$0.17)	(\$0.17)	(\$0.00)
2Q11A	\$95.0	\$99.0	4%		\$17.6	\$20.4	16%	\$0.12	\$0.18	\$0.05
3Q11E	\$86.3	\$86.9	1%		\$11.6	\$11.7	1%	\$0.03	\$0.04	\$0.01
4Q11E	\$70.1	\$71.5	2%		\$1.0	\$0.3	-70%	(\$0.13)	(\$0.15)	(\$0.02)
FY11E	\$324.1	\$330.1	2%		\$32.8	\$35.0	6%	(\$0.11)	(\$0.07)	\$0.04
FY12E	\$373.6	\$377.3	1%		\$53.5	\$54.2	1%	\$0.16	\$0.17	\$0.01

Source: Company reports and ThinkEquity LLC estimates



VALUATION:

Our \$23 per-share price target for ACTV shares is based on 25x our 2012 EBITDA estimate of \$54M. We believe a 25x multiple is justified given our view for 35%-plus long-term EBITDA growth.

RISKS TO PRICE TARGET:

Acquisitions. Active has been highly acquisitive, with over 25 acquisitions over the past five years. Going forward, we believe the company will likely continue to be acquisitive to gain share and expand into new categories and geographies. While we believe the company's track record in integrating acquisitions has been good thus far, acquisitions always create uncertainties and could be a distraction for management.

Competition. While we believe the market for Web-based reservations and activity-based software is highly fragmented, we believe the large and growing market opportunity is likely to attract additional entrants. Today, Active primarily competes with legacy registration methods such as pen and paper, mail, and phone based reservations. Additionally, Active competes with internally developed software applications, off-the-shelf software (i.e., Microsoft Excel), as well as companies that offer Web-based solutions in one or more of its vertical areas.

Slower Adoption of Web-Based Reservation Systems. While online penetration for events and activities registration is still low today, which we believe presents significant growth potential for the company, slower-than-expected online adoption from organizations and participants may limit Active Network's near-term growth potential.

Macroeconomic Environment. We believe the activities and events market is sensitive to consumer sentiment and the overall economic environment. For instance, the company experienced a significant slowdown in its business in the second half of 2008 due to the economic downturn. In addition, due to the company's exposure to the parks and recreation segment, governmental budgetary cuts could adversely impact the company's growth rates.

Transition to ActiveWorks Platform. While we believe the company's transition from its legacy platform to PaaS-based ActiveWorks should drive increased efficiencies and margin expansion, the transition is time consuming and requires significant investment. We note that in 2010, approximately 35% of Active's research and development spending was on the legacy platform. We currently expect Active to transition off the legacy platform by 2014. Delays in the transition (i.e., difficulties in convincing customers to migrate) would likely adversely impact Active's operating leverage.

COMPANY DESCRIPTION:

Active Network was originally incorporated in California in October 1998 as Racegate.com and in May 2001, the company changed its name to The Active Network. Active Network is a leading provider of cloud-based reservation and marketing solutions serving a variety of customer groups, including business events, community activities, outdoors, and sports. In 2010, Active Network had over 47,000 customer organizations and processed over 70 million consumer registrations. Active Network is based in San Diego, CA and has over 2,400 full-time employees. Headquartered in San Diego, California, the company has approximately 2,281 employees at the end of 2010, which included approximately 250 temporary employees and independent contractors.

Active Network Income Statement

Aaron Kessler (415) 249-6366

\$ in M, except per share data	2008	2009	1Q10	2Q10	3Q10	4Q10	2010	1Q11	2Q11	3Q11E	4Q11E	2011E	2012E	2013E
Registration	174.0	45.7	60.6	52.1	39.3	197.6	51.4	69.7	59.8	44.5	225.5	253.3	283.1	
Software	36.5	9.3	10.6	10.3	9.9	40.1	11.7	15.8	14.5	13.9	55.8	67.0	78.7	
Technology	145.8	210.5	54.9	71.2	62.4	49.2	237.7	63.1	85.6	74.2	58.4	281.3	320.3	361.8
Marketing Services	27.4	32.4	8.3	10.5	10.7	12.4	41.9	9.6	13.5	12.6	13.1	48.7	57.0	66.4
Net revenue	173.2	242.9	63.2	81.7	73.1	61.6	279.6	72.7	99.0	86.9	71.5	330.1	377.3	428.3
Cost of technology revenue	74.3	103.1	27.0	32.3	29.3	26.5	115.1	33.0	38.7	34.2	31.0	136.8	151.6	166.6
Cost of marketing services revenue	5.4	4.1	1.0	1.7	1.8	1.6	6.2	1.2	1.5	1.5	1.6	5.7	6.7	7.5
Cost of Revenue	79.7	107.2	28.1	34.1	31.1	28.1	121.4	34.2	40.2	35.7	32.5	142.5	158.3	174.1
Gross Profit	93.5	135.7	35.2	47.6	42.0	33.5	158.2	38.6	58.8	51.2	39.0	187.5	219.0	254.2
Operating Expenses														
Sales and marketing	48.4	49.8	14.5	15.0	14.9	14.1	58.5	16.8	18.3	18.0	17.1	70.2	76.5	83.4
Research and development	31.7	58.2	14.9	16.2	15.0	14.8	60.9	16.1	16.2	17.4	17.7	67.3	73.1	78.7
General and administrative	29.0	29.7	9.8	10.4	8.9	8.8	38.0	10.2	11.1	11.5	11.7	44.4	50.0	53.4
Amortization of intangibles	13.8	18.5	4.0	4.1	4.0	4.0	16.1	3.7	3.7	3.7	3.7	14.8	6.6	6.6
Stock Compensation	14.5	11.1	1.8	1.4	1.3	0.8	5.2	0.7	2.0	1.6	1.7	6.1	7.4	8.4
Total Operating Expenses	137.4	167.3	45.1	47.0	44.2	42.5	178.8	47.4	51.3	52.1	51.9	202.7	213.6	230.4
Operating income	(43.9)	(31.6)	(9.9)	0.6	(2.2)	(8.9)	(20.5)	(8.8)	7.5	(0.9)	(12.9)	(15.2)	5.4	23.7
Adjusted EBITDA	(2.6)	15.9	1.1	11.9	9.4	2.9	25.2	\$2.6	\$20.4	\$11.7	\$0.3	35.0	54.2	\$75.6
Interest expense, net	(3.3)	(5.0)	(1.3)	(1.4)	(1.3)	(1.3)	(5.3)	(1.3)	(1.4)	0.1	0.1	(2.4)	0.6	0.8
Other (expense) income, net	(0.3)	1.2	(0.4)	(0.2)	0.8	0.3	0.5	(0.1)	0.2	0.0	0.0	0.1	0.0	0.0
Pre-tax income	(47.5)	(35.4)	(11.6)	(1.1)	(2.8)	(9.9)	(25.8)	(10.2)	6.3	(0.8)	(12.8)	(17.6)	6.0	24.5
Income taxes	1.5	2.4	0.9	0.9	1.1	(0.8)	1.9	0.8	0.8	0.8	1.0	3.4	7.2	9.8
GAAP Net Income	(49.0)	(37.9)	(12.4)	(1.9)	(4)	(9.1)	(27.3)	(10.9)	5.5	(2)	(13.8)	(20.9)	(1.2)	14.7
Accretion of convertible preferred	(15.6)	(25.8)	(6.9)	(6.9)	(7.1)	(7.3)	(28.2)	(7.4)	(4.4)			(11.8)		
NI to common stockholders	(\$64.6)	(63.6)	(\$19.3)	(\$8.8)	(\$10.9)	(\$16.4)	(55.4)	(\$18.4)	\$1.1	(\$1.6)	(\$13.8)	(32.7)	(1.2)	4.9
PF Net Income	(\$27.4)	(\$15.4)	(\$7.8)	\$2.4	\$0.4	(\$5.2)	(\$10.2)	(\$7.2)	\$10.2	\$2.7	(\$9.6)	(\$4.0)	\$11.1	\$27.6
GAAP EPS	(\$1.61)	(\$1.57)	(\$0.46)	(\$0.21)	(\$0.26)	(\$0.39)	(\$1.33)	(\$0.43)	\$0.03	(\$0.03)	(\$0.25)	(\$0.54)	(\$0.02)	\$0.24
PF EPS	(\$0.68)	(\$0.38)	(\$0.19)	\$0.06	\$0.01	(\$0.12)	(\$0.25)	(\$0.17)	\$0.18	\$0.04	(\$0.15)	(\$0.07)	\$0.17	\$0.42
GAAP Shares (diluted)	5.5	5.9	6.5	7.0	7.1	7.1	7.1	8.5	36.9	54.0	54.3	38.4	60.0	61.2
Non-GAAP Diluted Shares	40.1	40.5	41.7	41.7	41.7	41.7	41.7	43.1	57.4	64.0	64.3	57.2	65.1	66.4

Y/Y Change														
Registration			22.8%	10.9%	7.5%	16.3%	13.5%	12.6%	15.2%	14.8%	13.4%	14.1%	12.3%	12.0%
Software			27.8%	10.9%	6.4%	(0.3%)	10.0%	26.2%	49.0%	40.0%	40.0%	39.2%	20.0%	19.5%
Technology			23.6%	10.9%	7.3%	12.6%	12.9%	14.9%	20.2%	19.0%	18.8%	18.4%	13.8%	13.3%
Marketing Services			29.5%	36.3%	40.2%	16.5%	29.4%	15.9%	28.2%	18.0%	5.0%	16.3%	17.0%	16.5%
Net revenue	70.0%	40.2%	24.3%	13.6%	11.1%	13.3%	15.1%	15.0%	21.2%	18.8%	16.0%	18.0%	14.3%	13.5%
Gross Profit	53.8%	45.1%	32.1%	14.2%	10.8%	13.4%	16.6%	9.7%	23.6%	22.0%	16.2%	18.5%	16.8%	16.1%
Adjusted EBITDA	31.0%	NA	NA	6.5%	6.2%	NA	59.0%	130.1%	71.9%	25.2%	(89.6%)	38.6%	55.1%	39.3%
Net Income	97.6%	(22.7%)	nm	(28.3%)	(44.4%)	(35.4%)	(28.0%)	(11.8%)	(385.0%)	(57.6%)	52.2%	(23.4%)	(94.2%)	(1312.4%)
PF EPS	234.2%	NA	24.1%	(72.4%)	(90.8%)	(2.7%)	(35.8%)	(11.0%)	211.7%	306.8%	19.7%	(71.8%)	(346.2%)	144.8%
Expenses - % of Revenue														
Cost of Technology	51.0%	49.0%	49.2%	45.4%	47.0%	53.8%	48.4%	52.3%	45.2%	46.0%	53.0%	48.6%	47.3%	46.0%
Cost of Marketing Services	19.6%	12.5%	12.3%	16.5%	17.0%	13.2%	14.8%	12.1%	11.0%	12.0%	12.0%	11.7%	11.7%	11.3%
Cost of Revenue	46.0%	44.1%	44.4%	41.7%	42.6%	45.6%	43.4%	47.0%	40.6%	41.1%	45.5%	43.2%	42.0%	40.7%
Sales and marketing	27.9%	20.5%	23.0%	18.3%	20.4%	22.9%	20.9%	23.0%	18.5%	20.7%	23.9%	21.3%	20.3%	19.5%
Research and development	18.3%	23.9%	23.6%	19.8%	20.6%	23.9%	21.8%	22.1%	16.3%	20.0%	24.7%	20.4%	19.4%	18.4%
General and administrative	16.8%	12.2%	15.5%	12.8%	12.2%	14.3%	13.6%	14.0%	11.2%	13.2%	16.4%	13.5%	13.3%	12.5%
Total Operating Expenses (ex SBC)	63.0%	56.7%	62.1%	50.9%	53.2%	61.2%	56.3%	59.1%	46.0%	53.9%	65.0%	55.1%	52.9%	50.3%
Tax rate	-3.2%	-6.9%	-7.4%	-78.5%	-38.4%	8.5%	-7.5%	-7.8%	12.5%	-53.9%	51.7%	-19.2%	120.3%	40.0%
Margins														
Gross Margin	54.0%	55.9%	55.6%	58.3%	57.4%	54.4%	56.6%	53.0%	59.4%	58.9%	54.5%	56.8%	58.0%	59.3%
Operating Margin	-25.4%	-13.0%	-15.6%	0.7%	-3.1%	-14.5%	-7.3%	-12.2%	7.6%	-1.1%	-18.1%	-4.6%	1.4%	5.5%
Adj. EBITDA Margin	(1.5%)	6.5%	1.8%	14.5%	12.8%	4.7%	9.0%	3.5%	20.6%	13.5%	0.4%	10.6%	14.4%	17.6%
Incremental EBITDA margin	(0.9%)	26.5%	37.4%	7.4%	7.5%	47.6%	25.5%	15.2%	49.2%	17.1%	(26.3%)	19.3%	40.8%	41.8%
Net income margin	-28.3%	-15.6%	-19.6%	-2.4%	-5.2%	-14.8%	-9.8%	-15.0%	5.6%	-1.9%	-19.4%	-6.3%	-0.3%	3.4%

Source: Company reports and ThinkEquity LLC estimates



COMPANIES MENTIONED IN THIS REPORT:

Company	Exchange	Symbol	Price	Rating
The Active Network, Inc.	NYSE	ACTV	\$13.31	Buy

Important Disclosures

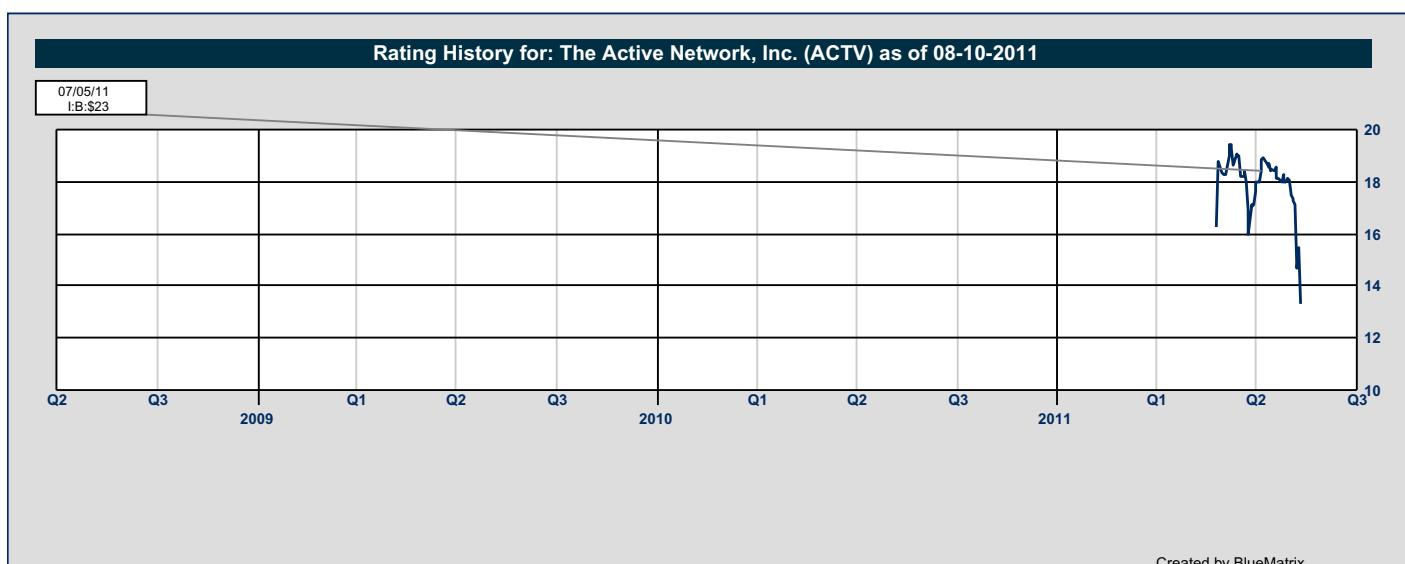
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Buy: ThinkEquity expects the stock to generate positive risk-adjusted returns of more than 10% over the next 12 months. ThinkEquity recommends initiating or increasing exposure to the stock.

Hold: ThinkEquity expects the stock to generate risk-adjusted returns of +/-10% over the next 12 months. ThinkEquity believes the stock is fairly valued.

Sell: ThinkEquity expects the stock to generate negative risk-adjusted returns of more than 10% during the next 12 months. ThinkEquity recommends decreasing exposure to the stock.

Distribution of Ratings, Firmwide



ThinkEquity LLC

Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
BUY [B]	139	63.80	20	14.39
HOLD [H]	77	35.30	6	7.79
SELL [S]	2	0.90	0	0.00

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Company	Ticker	Price	Mkt. Cap To (M)	Rating From	Price To	Target From	ThinkAction
Initiations							
Intuitive Surgical, Inc.	ISRG	\$328.00	\$13,284.0H		\$330.00		ISRG: Initiate Coverage With A Hold Rating And \$330 Price
Changes in Estimates							
The Active Network, Inc.	ACTV	\$13.31	\$764.0	B	\$23.00		ACTV: Solid 2Q Driven by Marketing Services; Maintain Buy and \$23 PT
Company Update							
CEVA, Inc.	CEVA	\$25.43	\$569.6	B	\$35.00		CEVA: Continued Design Activity and Handset Growth; Maintain Buy Rating
QuinStreet, Inc.	QNST	\$11.02	\$546.6	B	\$19.00		QNST: In-Line Quarter, Fundamentals Stabilizing; Reiterate Buy
Velti plc	VELT	\$10.00	\$631.0	B	\$22.00		VELT: Analyzing The Dip, We Disagree With The Market; Buy
Industry Update							
Gaming							Social Gaming: An Interview With The CEO Of 6waves And The CEO Of Lolapps

Initiations

Intuitive Surgical, Inc. (ISRG, \$328.00, Hold)

ISRG: Initiate Coverage With A Hold Rating And \$330 Price

Changes	To (Current)	From (Previous)
Rating	Hold	
Price Target	\$330.00	
FY11 EPS	\$11.45E	
FY12 EPS	\$13.19E	
FY11 REV (M)	\$1698.2E	
FY12 REV (M)	\$1951.5E	

We initiate coverage on Intuitive Surgical (ISRG) with a Hold rating and \$330 price target. Our price target is based upon 25x our 2012E EPS of \$13.19. ISRG shares trade at 25x our 2012E EPS and at 6.6x our 2012E revenue of \$1.95B. This compares to the medtech companies' share averages of 18x consensus 2012E EPS and 3.2x consensus 2012E revenues. Despite ISRG's strong recent financial performance, we remain cautious regarding potential upside to procedure volumes and system placements in the near- to mid-term due to slowing growth for new U.S. systems and limited potential upside to Prostatectomy volumes.

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Changes in Estimates

The Active Network, Inc. (ACTV, \$13.31, Buy)

ACTV: Solid 2Q Driven by Marketing Services; Maintain Buy and \$23 PT

Changes	To (Current)	From (Previous)
Rating	Buy	
Price Target	\$23.00	
FY11 EPS	(\$0.07)E	(\$0.11)E
FY12 EPS	\$0.17E	\$0.16E
FY11 REV (M)	\$330.1E	\$324.1E
FY12 REV (M)	\$377.3E	\$373.6E

ACTV reported solid 2Q11 results, its first as a public company. Over the quarter, registration revenue grew 15% Y/Y, driven by 8% growth of revenue per registration and 7% growth of registrations. Marketing services were also solid, helping deliver a solid top-line beat. Revenue upside, favorable mix shift and leverage drove a solid bottom-line outperformance - EBITDA and non-GAAP were 16% and \$0.06 ahead of our estimates. We reiterate our Buy rating and maintain our \$23 price target.

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Company Update



CEVA, Inc. (CEVA, \$25.43, Buy)

Changes	To (Current)	From (Previous)
Rating	Buy	
Price Target	\$35.00	
FY11 EPS	\$0.85E	--
FY12 EPS	\$0.87E	--
FY11 REV (M)	\$58.0E	--
FY12 REV (M)	\$62.1E	--

CEVA: Continued Design Activity and Handset Growth; Maintain Buy Rating

We hosted a series of management meetings with CEVA, and came away comfortable with continued license and royalty opportunity for the company, despite broader market concerns. We believe the company is tracking to our near-term expectations, and is poised to benefit from share gains across low-end and high-end handsets. Our price target of \$35 represents a 40x target multiple on our CY12 EPS estimate of \$0.87, which we believe is justifiable given the company's market position and share momentum.

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QuinStreet, Inc. (QNST, \$11.02, Buy)

Changes	To (Current)	From (Previous)
Rating	Buy	
Price Target	\$19.00	
FY11 EPS	\$1.03A	\$0.99E
FY12 EPS	\$1.01E	--
FY11 REV (M)	\$403.0A	\$404.6E
FY12 REV (M)	\$462.8E	--

QNST: In-Line Quarter, Fundamentals Stabilizing; Reiterate Buy

QNST reported F4Q11 results roughly in line with our revenue forecast and higher than our EBITDA/PF EPS estimates, and reiterated the company's outlook for FY12. Financial services revenue was higher than expected as QNST was able to make progress on differentiating its insurance offering versus lower-quality competitors and thus stabilize pricing, while education was slightly below our expectation as the uncertain regulatory environment had some impact on client budget deployment. We continue to view QNST's business/opportunity as fundamentally intact and believe that the company will overcome market/regulatory headwinds over the next year. We reiterate our Buy rating and \$19 PT.

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Velti plc (VELT, \$10.00, Buy)

Changes	To (Current)	From (Previous)
Rating	Buy	
Price Target	\$22.00	
FY11 EPS	\$0.37E	--
FY12 EPS	\$0.74E	--
FY11 REV (M)	\$176.8E	--
FY12 REV (M)	\$253.8E	--

VELT: Analyzing The Dip, We Disagree With The Market; Buy

VELT shares finished down 17% yesterday (versus the NASDAQ down 4%) and VELT now has an enterprise value of approximately \$500M, representing 9.2x/5.7x FY11E/12E EBITDA, "traditional media" multiples for the leading SaaS tools/solutions provider serving the next emerging major media market. We believe yesterday's sell-off may have been triggered by 1) concerns over increasing OpEx 2) lack of incremental transparency into business model drivers and/or 3) erroneous (in our view) analogies between VELT and Motricity. In our view, such concerns are misplaced and VELT shares should be acquired aggressively at current levels. We reiterate our Buy rating and \$22 PT.

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Industry Update



Gaming

Social Gaming: An Interview With The CEO Of 6waves And The CEO Of Lolapps

We had a chance to interview Rex Ng, CEO of 6waves and Arjun Sethi, CEO of Lolapps. 6waves and Lolapps recently combined to make one of the largest social game developers/publishers on Facebook. The combined company also received investment from Nexon and could likely partner with Nexon for publishing and social commerce. The company is seeing strong growth in social games driven largely by improving conversion rates. The company expects continued momentum in social games driven by improving conversion and growing usage from platforms such as Facebook Connect, Google Plus, Tencent, Mixi and mobile.

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Important Disclosures

Analyst Certification

I, Atul Bagga, hereby certify that all of the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

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Buy: ThinkEquity expects the stock to generate positive risk-adjusted returns of more than 10% over the next 12 months. ThinkEquity recommends initiating or increasing exposure to the stock.

Hold: ThinkEquity expects the stock to generate risk-adjusted returns of +/-10% over the next 12 months. ThinkEquity believes the stock is fairly valued.

Sell: ThinkEquity expects the stock to generate negative risk-adjusted returns of more than 10% during the next 12 months. ThinkEquity recommends decreasing exposure to the stock.

Rating	Count		IB Serv./Past 12 Mos.	
	Count	Percent	Count	Percent
BUY [B]	139	63.80	20	14.39
HOLD [H]	77	35.30	6	7.79
SELL [S]	2	0.90	0	0.00

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Think Piece: Equity Strategy

Think Conviction: Adding Active Network

THINK SUMMARY:

With this report, we identify those stocks under our current research coverage in which our analysts have the highest degree of conviction in the fundamentals of the company. Given our belief that stock prices reflect fundamentals over the intermediate and longer term, we believe these stocks will outperform the broader market over the next 6-12 months.

KEY POINTS:

- We are adding **Active Network (ACTV)** to the ThinkEquity Conviction List and believe the company is well positioned for future growth and outperformance. We are removing **Sourcefire (FIRE)** and **Take Two Interactive (TTWO)** from the list.

The rest of the list remains unchanged as follows (see below for individual Investment Thesis by company):

- In the Technology/Communications sector, we have confidence in the fundamentals of **ANSYS (ANSS)**, **Aruba Networks (ARUN)**, **Entropic Communications (ENTR)**, **Fairchild Semiconductor (FCS)**, **Fortinet (FTNT)**, **Mellanox Technologies (MLNX)**, **NetApp (NTAP)**, **OPNET Technologies (OPNT)**, **Oracle Corp. (ORCL)**, **QUALCOMM (QCOM)**, **RightNow Technologies (RNOW)**, **Riverbed Technology (RVBD)**, **Spansion (CODE)**, and **Ultra Clean Holdings (UCTT)** and expect outperformance for the shares of these companies.
- In the Internet/Media vertical, we expect continued solid growth for **Baidu (BIDU)**, **comScore (SCOR)**, **eBay (EBAY)**, **Velti (VELT)** and **WebMD Health Corp. (WBMD)**. In the Games space, we like the prospects for **Electronic Arts (ERTS)**.
- In the Healthcare/Medical Devices industry, we believe **Alyncham Pharmaceuticals (ALNY)**, **Dendreon (DNDN)** and **NuVasive (NUVA)** are attractive investment ideas.
- In the Cleantech area, we have confidence in the fundamentals of **Ceradyne (CRDN)**, **Johnson Controls (JCI)** and **Rogers Corp. (ROG)**.
- In the Consumer vertical, we continue to view **Costco (COST)** as a key investment idea.

Reason for Report:

Equity Strategy

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ThinkEquity LLC
Conviction List

Company	Symbol	Rating	Price	Price	%	FY EPS		CY P/E		Secular	P/E/G		\$MM)	
			13-Jul	Target	Upside	2011E	2012E	2011E	2012E		2011E	2012E		
<i>Technology / Communications</i>														
Ansys Inc.	ANSS	Buy	\$54.73	\$62	13%	\$2.37	\$2.58	23x	21x	13%	1.8x	1.6x	\$5,091	
Aruba Networks Inc.	ARUN	Buy	\$27.61	\$38	38%	\$0.58	\$0.68	48x	41x	40%	1.2x	1.0x	\$3,047	
Entropic Communications Inc.	ENTR	Buy	\$8.41	\$13	55%	\$0.80	\$0.85	11x	10x	15%	0.7x	0.7x	\$767	
Fairchild Semiconductor Int'l	FCS	Buy	\$15.85	\$22	39%	\$1.63	\$1.80	10x	9x	12%	0.8x	0.7x	\$2,177	
Fortinet Inc.	FTNT	Buy	\$26.86	\$29	8%	\$0.40	\$0.50	67x	54x	15%	4.5x	3.6x	\$4,156	
Mellanox Technologies Ltd.	MLNX	Buy	\$29.65	\$36	21%	\$1.07	\$1.68	28x	18x	20%	1.4x	0.9x	\$1,050	
NetApp Inc.	NTAP	Buy	\$51.97	\$65	25%	\$2.20	\$2.60	21x	18x	20%	1.1x	0.9x	\$19,506	
OPNET Technologies Inc.	OPNT	Buy	\$38.82	\$43	11%	\$0.66	\$0.98	42x	32x	15%	2.8x	2.1x	\$891	
Oracle Corp.	ORCL	Buy	\$32.60	\$40	23%	\$2.22	\$2.45	14x	13x	15%	0.9x	0.8x	\$167,871	
QUALCOMM Inc.	QCOM	Buy	\$56.52	\$75	33%	\$3.13	\$3.40	17x	16x	18%	1.0x	0.9x	\$97,234	
RightNow Technologies Inc.	RNOW	Buy	\$29.77	\$38	28%	\$0.55	\$0.80	54x	37x	25%	2.2x	1.5x	\$1,011	
Riverbed Technology Inc.	RVBD	Buy	\$40.17	\$48	19%	\$0.90	\$1.20	45x	33x	30%	1.5x	1.1x	\$6,112	
Spansion Inc. Cl A	CODE	Buy	\$19.31	\$25	29%	\$2.30	\$2.70	8x	7x	12%	0.7x	0.6x	\$1,220	
Ultra Clean Holdings Inc.	UCTT	Buy	\$8.38	\$20	139%	\$1.15	\$1.55	7x	5x	15%	0.5x	0.4x	\$203	
<i>Internet / Media</i>														
Active Network Inc.	ACTV	Buy	\$18.58	\$23	24%	(\$0.39)	(\$0.03)	n/m	n/m	35%	n/m	n/m	\$993	
Baidu Inc. ADS	BIDU	Buy	\$138.94	\$175	26%	\$2.62	\$3.82	53x	36x	35%	1.5x	1.0x	\$37,905	
comScore Inc.	SCOR	Buy	\$26.45	\$36	36%	\$1.12	\$1.47	24x	18x	25%	0.9x	0.7x	\$854	
eBay Inc.	EBAY	Buy	\$32.26	\$38	18%	\$1.99	\$2.24	16x	14x	10%	1.6x	1.4x	\$42,714	
Electronic Arts Inc.	ERTS	Buy	\$24.17	\$28	16%	\$0.70	\$0.84	30x	23x	20%	1.5x	1.2x	\$8,082	
Velti PLC	VELT	Buy	\$18.70	\$22	18%	\$0.43	\$0.80	43x	23x	35%	1.2x	0.7x	\$932	
WebMD Health Corp.	WBMD	Buy	\$47.00	\$66	40%	\$1.32	\$1.40	36x	34x	20%	1.8x	1.7x	\$2,779	
<i>Healthcare / Life Sciences</i>														
Alnylam Pharmaceuticals Inc.	ALNY	Buy	\$9.75	\$18	85%	(\$1.53)	(\$2.13)	n/m	n/m	n/m	n/m	n/m	\$400	
Dendreon Corp.	DNDN	Buy	\$38.49	\$55	43%	(\$2.39)	\$0.61	n/m	63x	n/m	n/m	n/m	\$5,717	
NuVasive Inc.	NUVA	Buy	\$32.18	\$39	21%	\$1.20	\$1.44	27x	22x	15%	1.8x	1.5x	\$1,285	
<i>Cleantechology</i>														
Ceradyne Inc.	CRDN	Buy	\$36.21	\$60	66%	\$3.17	\$3.53	11x	10x	25%	0.5x	0.4x	\$5,739	
Johnson Controls Inc.	JCI	Buy	\$41.14	\$49	19%	\$2.40	\$3.27	16x	12x	20%	0.8x	0.6x	\$6,521	
Rogers Corp.	ROG	Buy	\$46.90	\$64	36%	\$2.73	\$3.43	17x	14x	15%	1.1x	0.9x	\$7,434	
<i>Consumer</i>														
Costco Wholesale Corp.	COST	Buy	\$80.71	\$90	12%	\$3.36	\$4.05	23x	20x	12%	1.9x	1.7x	\$35,323	
AVERAGE									28x	23x	20%	1.4x	1.1x	\$16,679
MEDIAN									23x	19x	19%	1.2x	0.9x	\$3,602

Source: ThinkEquity LLC estimates, FactSet.



TECHNOLOGY / COMMUNICATIONS

ANSYS, Inc. (NASDAQ: ANSS, \$54.73, Buy, Price Target: \$62)

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Investment Thesis

We like what we view as ANSYS' global franchise in advanced simulation applications, and expect the company's cyclical demand fundamentals to continue strengthening over the course of 2011 and 2012. Additionally, we like the alignment between global wireless technology demand, and integration of electro-magnetic simulation with fluid and mechanical multiphysics in the flagship ANSYS (current version 13) platform. We regard the version 13 product cycle as a major product release which we expect to further spur cross-sale efforts in CY11, and motivate a new group of select, certified channel dealers.

Valuation

Our \$62 price target is based on a 24x P/E on our CY2012 EPS estimate of \$2.58. The design peer group median current-year P/E multiple is currently 22x. We believe that ANSS shares deserve a premium valuation, based on what we view as the company's unique competitive strengths and first-ever scale attributes in simulation applications for manufacturing and process industries.

Risks to Price Target

ANSYS is historically acquisitive; acquisitions may involve product and organizational integration challenges: We believe CY11 will see ANSYS more active again with its M&A strategy, perhaps to consolidate market share or possibly add selected vertical market depth to its applications. ANSYS has capital-intensive end markets. Several of ANSYS' largest verticals, including aerospace, automobiles and industrial equipment are very cyclical and subject to the more harsh capital constraints of those particular end markets.

Aruba Networks, Inc. (NASDAQ: ARUN, \$27.61, Buy, Price Target: \$38)

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Potential Near Term Catalyst

ARUN's third consecutive quarter of accelerating top-line growth suggests to us that the WLAN secular trend is just beginning and ARUN, given its security-based differentiation and solid execution, is benefiting disproportionately and gaining significant share. While the sequential GM decline (attributed to mix-shift to international geographies) was surprising, we believe as US re-accelerates in upcoming quarters, ARUN's GM should rebound, providing a tailwind to OM expansion. Given our belief that ARUN's rapid growth, indirect model, and high repeat purchase rate in installed base should result in materially higher earnings power beyond current Street estimates, we reiterate our Buy rating.

Longer term, we believe the rapid proliferation of wi-fi devices and the October 2009 ratification of the 802.11n standard are strong catalysts of WLAN adoption across the globe, and are driving a strong wireless networking secular trend. As enterprises move to 802.11n WLANs, it creates a need for a significant upgrade to WLAN infrastructure, which is unlike the change from 11b to 11g, creating a significant opportunity for ARUN to gain market share. ARUN is the largest WLAN pure-play and the mind-share leader in the market, which we believe is a result of ARUN's superior security-based differentiation. Security, according to our checks, is the most important concern for enterprise WLAN prospects, and considering enhancing this differentiation has been ARUN's R&D focus in recent times (as evident from the company's analyst day and product announcements) which gives us reason to believe that ARUN can continue to benefit disproportionately from secular trends.

Valuation

Our \$38 ARUN price target is based on an ex-cash 54x PE multiple on our FY12 EPS estimate of \$0.68, considering our 40% long-term growth assumption implies a PEG of 1.3x, which we believe is appropriate, given what we view as ARUN's superior positioning in an early-stage high-growth opportunity and its superior execution as reflected in its fast expanding operating model.



Risks to Price Target

In addition to the typical competitive risks, other investment risks include the dependence on the adoption of advanced technologies by customers, lengthening sales cycles, dependence on outsourced manufacturing, dependence on sales through VARs and OEMs, and adverse effects of international conflicts on operations or business conditions.

Entropic Communications Inc. (NASDAQ: ENTR, \$8.41, Buy, Price Target: \$13)

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Investment Thesis

We view Entropic as a key investment theme that benefits from the widespread adoption of Multimedia-over-coax (MoCA) technology for distributing high definition, premium video content within the home for multi-room DVR installations. We believe that the market is still early in MoCA penetration with an eventual run-rate opportunity of 40 million MoCA chips per year and potential longer-term growth opportunities such as MoCA 2.0 platforms and high-volume consumer electronics such as HDTVs, Blu-Ray players, game consoles, PCs etc. We expect the company to see continuing good business momentum over the next 12 months driven by multiple cable, satellite, and telco service providers rolling out MoCA based multi-room DVR premium video services.

Valuation

Our \$13 price target is based on a P/E of 15x our calendar 2012E EPS of \$0.85 relative to our outlook for 15% secular earnings growth. We believe that a 15x target P/E multiple is justified relative to our outlook for 15% secular earnings growth using a PEG ratio of 100% and assuming that ENTR remains a dominant, high-growth provider of networked home entertainment system-level solutions with high entry barriers.

Risks to Price Target

The key investment risks for Entropic Communications are: 1) the market for its products is highly competitive, and they face competition from a number of established companies. 2) The company receives a substantial portion of revenues from a limited number of customers, and the loss of, or a significant reduction in, orders from one or a few of its major customers would likely adversely affect its operations and financial condition. The company's growth is dependent on the deployment plans for multi-room HD video distribution by a small group of cable service providers; satellite service providers; and telco service providers. Any delay in deployment plans by these customers could materially affect revenues for Entropic. 3) Average selling prices of products in markets served have historically decreased over time and will likely do so in the future, which could harm revenues and gross profits.

Fairchild Semiconductor International Inc. (NYSE: FCS, \$15.85, Buy, Price Target: \$22)

Suji De Silva | 415-249-1987 | sdesilva@thinkequity.com

Investment Thesis

We view Fairchild Semiconductor as well positioned with its power and analog products to benefit from customer focus on mobility and energy efficiency. We expect increasing content and margin expansion to drive earnings growth in the next few quarters, as the company executes its on-going product mix improvement strategy. We believe that Fairchild is well positioned across its low and higher power business segments to benefit from growth in key end markets. We see company products levered to growth in handsets, smartphones, notebooks, servers, home appliances, digital television and automotive markets. In certain key markets, we expect the content opportunity to more than double over the next few years as the company targets an increasing portion of available content. From its position in high growth markets, we believe the company is driving a favorable mix shift toward more differentiated, high margin products. We believe that the greater than 1,000bps increase in gross margin over the last five years is evidence of the effectiveness of management's product strategy. We expect product momentum to continue driving further gross margin expansion for the company. Additionally, with what we think is an opportunity for growth in key end markets coupled with margin expansion, we expect Fairchild EPS to increase at least 12% annually in the next few years.



Valuation

Our price target of \$22 is based on 12x our CY12 EPS forecast of \$1.80, a slight PEG premium of 1.0x versus comparable 0.9x, which we believe is appropriate as it reflects what we view as superior growth and margin potential.

Risks to Price Target

The key risks for Fairchild Semiconductor include the following: 1) The market for power semiconductors is highly competitive, and it faces competition from established companies 2) Given the high unit volume manufacturing intensity of the power semiconductor market, the company remains exposed to pricing pressure if unit demand weakens and manufacturing utilization declines; 3) Execution risk remains as the company shifts its mix to higher margin analog and mixed-signal products where the company has not historically competed.

Fortinet Inc. (NASDAQ: FTNT, \$26.86, Buy, Price Target: \$29)

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Investment Thesis

We believe Fortinet's growth opportunity in network security and focused capabilities can enable the company to continue to compete favorably and expand its addressable markets over the next several years. We expect Fortinet to take market share in the roughly \$4 billion global market for unified threat management (UTM) and next-generation firewall and VPN technologies. We believe Fortinet's strategy and investment opportunity will grow to include larger market opportunities beyond a current core UTM market. Despite rapid success in channel-driven UTM over the past ten years, the company has resisted temptation to dilute its focus and chase adjacent market opportunities. Now, as a scale leader in its core market, we believe Fortinet has options for new addressable markets, with notable early success (e.g. carrier-level, global enterprise) and presence in Gbps-speed packet inspection appliances. In late April, Fortinet made a small, technology focused acquisition which we believe can improve the company's capabilities to protect voice-over-IP traffic, a strong growth category in data services.

Valuation

We base our \$29 price target on a FCF per share multiple of 31x our revised FY12 FCF/share estimate of \$0.95, in line with the current 31x based on our revised 2011E FCF estimate of \$0.84. The security group peer median FCF multiple is currently 23x. We believe investors will continue to pay a premium multiple for the company's ability to potentially outperform estimates. Accordingly, we believe a 31x multiple is appropriate.

Risks to Price Target

Competitive landscape is tough: scale and specialist vendors, and dynamic technology. Fortinet competes with significantly larger companies, including Cisco and others. HP and IBM also possess notable assets in networking security as a result of acquisitions, and can price aggressively in order to box out competitors, we believe. The overall UTM market is fragmented, with nearly 40% of revenue market share for unified threat management held by mostly private, subscale firms. Private competitors also compete aggressively with new technological approaches to networking security, and could soon prove to be as disruptive.



Mellanox Technologies Ltd. (NASDAQ: MLNX, \$29.65, Buy, Price Target: \$36)

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Investment Thesis

Strong OEM endorsements from HPQ/ORCL and at least three new potential near-term revenue drivers: 1) new tier-1 Storage back-end interconnects expected in 2H11; 2) new ORCL clustered appliances targeting Enterprise Apps, in addition to Exadata and Exalogic; 3) and HPQ's recent broadening of scope of HPC BU to include web2.0/Cloud verticals, strengthen our conviction in MLNX fundamentals. Additionally, given, in our view, its strong engineering talent base, its excellent execution capabilities and now its end-to-end product portfolio encompassing IB/ Ethernet and silicon/ adaptors/ switches, the company is likely to continue benefitting disproportionately from trends that are converging requirements in its historically strong HPC market and the Cloud. We believe MLNX's strength lies in its strong engineering talent base and its superior execution of its vision, which we believe are strong sustainable competitive advantages.

Valuation

Our price target for MLNX shares is \$36, which is based on a 20x P/E multiple on our FY12 EPS estimate of \$1.68 and \$2.45 per share cash. We believe a 20x P/E multiple is appropriate as it reflects a PEG ratio of 1x on our assumption of an earnings growth rate of 20%.

Risks to Price Target

Mellanox is a component supplier to powerful OEMs that enjoy pricing leverage and are likely to change order patterns rapidly, which may affect revenue visibility for MLNX. Although Mellanox has enjoyed a virtual monopoly in InfiniBand, serious competition in the form of QLogic has begun to emerge in the market. QLogic could potentially cause severe price competition in the future as it tries to gain market share from MLNX. With the acquisition of VOLT, the InfiniBand market has become a two-horse race, in our view. If OEMs determine that they need to dual source their InfiniBand adaptors, QLGC could gain significant share in the market. Additionally, customer inertia may prevent InfiniBand from moving beyond its current niche of High Performance Computing.

NetApp Inc. (NASDAQ: NTAP, \$51.97, Buy, Price Target: \$65)

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Investment Thesis

A strong storage-optimization based product positioning especially in virtual-server related storage deployments, ramping distribution and sales presence, and increasing penetration into the enterprise have, in our view, enabled NetApp to gain significant market share over the past year. We expect these growth-drivers to continue driving share gains for NetApp and solidify its recently-achieved No.2 position in the storage market. We are also encouraged by the upward reset in operating margin target from 16% to north of 18%. We also view the Engenio takeout as positive for NTAP given our belief that it fills a fairly large hole in NTAP's portfolio in terms of a high-performance controller-based storage system and inexpensive price. This signals a departure from NTAP's historical product strategy of leveraging "common-operating-system-on-commodity-hardware" but in our view is a necessary step as NTAP expands beyond its core mid-range-storage segment into higher performance-sensitive workloads, we estimate an incremental \$5B TAM by 2014. We expect NTAP to leverage its channel to drive strong revenue synergies for Engenio and NTAP's existing portfolio. We believe NTAP is likely to show significant operating leverage and exit FY11 with operating margins significantly higher than the targeted range. We believe this positions the company to report results ahead of current consensus estimates in upcoming quarters. Considering our belief that NTAP is strongly positioned in the strongest storage growth markets, is gaining significant share at scale and has seen a significant reset in its earning power, we believe there is material potential upside in NTAP stock at current levels.

Valuation

Our price target of \$65 is based on an ex-cash 21x multiple to our CY12 EPS estimate of \$2.70 and net cash per share of \$8.58. This implies a PEG ratio of 1.05, assuming a long-term growth rate of 20%, which we believe is appropriate based on, in our view, superior positioning in the fastest growing mid-market storage segment.



Risks to Price Target

NetApp is exposed to the global macroeconomic slowdown, as are all other storage majors. Given its broad storage product and geographical footprint, NetApp is exposed to the global economic slowdown as much as all other large storage system vendors. Historically, strong Financial Services concentration could be a source of revenue risk. NetApp has historically generated about 10-15% of its revenue from the Financial Services vertical. The company generates about 40% of its revenues overseas and is, therefore, subject to above-average foreign currency risk. Competition is becoming more intense all the time. We believe that competition from the large system vendors is bound to increase in a downturn.

OPNET Technologies, Inc. (NASDAQ: OPNT, \$38.82, Buy, Price Target: \$43)

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Investment Thesis

We characterize OPNET's opportunity as enterprise IT's efforts upgrade application performance monitoring (APM), in order to meet the challenges of complexity and network diversity among a new generation of process-driven enterprise applications. We believe OPNET will continue to raise its competitive profile in strategic APM, while taking share from a range of larger incumbents. We expect OPNET to reap the benefits of recent and focused efforts to expand and improve the capabilities of its sales function, in order to match up with OPNET's native depth in packet network design and protocols, application troubleshooting, and in heterogeneous application architectures.

Valuation

Our \$43 per-share price target is based on a P/FCF multiple of 27x based on our FY13E FCF estimate of \$1.57 (+43% yr/yr). OPNT shares currently trade at 35x our FY12E FCF per share estimate of \$1.10. We believe investors will continue to pay a high multiple of earnings for OPNT shares in anticipation of strong revenue growth and margin accretion. Accordingly, we believe a 27x multiple is appropriate.

Risks to Price Target

The Network instrumentation market is fragmented, and competition amongst existing vendors could be a source of margin compression. Large players could develop their own solutions and infringe upon OPNET's turf. OPNET occupies a niche in the broader Network Management space. The niche does not have a large vendor in this space. We believe that continued macroeconomic uncertainty could lead to a larger portion of deals getting consummated over longer cycles, hence, delaying revenue recognition.

Oracle Corp. (NASDAQ: ORCL, \$32.60, Buy, Price Target: \$40)

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Investment Thesis

We believe Oracle today exerts greater global account control than ever, resulting in share gains of customers' IT budgets and a stronger ability to enter new markets. Supplemented by its successful acquisition strategy, Oracle has attained the #1 market share position in both the database and middleware markets, and a #2 position in the application software market. Because this stack is increasingly based on industry standards for programming and exposing data, the marketplace is gravitating toward Oracle's offerings over those of second-tier providers, in our view. Additionally, ORCL has only reported a full-year EPS decline once in the last 12 years (and even then, only 4%), and we believe ORCL's earnings resiliency has improved, as recurring maintenance revenue comprises 50% of revenue, versus 37% in FY02, and Oracle is advantaged by greater economies of scale today. In our view, this earnings resiliency and earnings growth that are more attractive to that of the S&P 500 deserve a premium valuation rather than a discount or market-average valuation, and we believe this equilibrium will be restored over time.

Valuation

On a CY: 2011E P/E basis, ORCL trades at 14.5x our CY: 2011 estimate of \$2.28, which is essentially in line with the S&P 500 group average of 14.0x. Our \$40 price target for ORCL shares is based on a 15x multiple applied to our CY:2012 EPS estimate of \$2.52/share + \$1.87 net cash per share. We believe that ORCL maintains essentially a similar valuation multiple for its out-year and believe this multiple is appropriate since, historically, ORCL shares have traded at a



slight premium to the market, and we expect the shares to continue to trade at a multiple that is in line with the historical level.

Risks to Price Target

Risks to our price target include but are not limited to: 1) Prolonged weakness in IT spending; 2) macroeconomic fluctuations; 3) acquisition integration challenges; 4) competition; 5) departure of key management personnel could impede our price target.

QUALCOMM Inc. (NASDAQ: QCOM, \$56.52, Buy, Price Target: \$75)

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Investment Thesis

We view QCOM as the best large-cap semi play on smart phones and tablets with longer-term EPS power in the \$4.00-plus range. Our positive stance on QCOM is based on strong positioning in smart phones, market expansion into tablets and PCs (Windows8 ARM), with chipset share gains at Apple (iPhone5) and Nokia (WindowsPhone7) providing potential upside to our forecasts. While we view the broad PC and Handset industries as cyclical, we estimate 35-40% growth in the coveted "gap" between the two: smart phones and tablets. We expect QCOM to benefit from 1) higher chip content as processing power/connectivity increases across mobile devices and 2) better royalties as 3G/4G moves upstream into tablets. We forecast unit growth of approximately 20% for CY11 and 15% for CY12 for QCOM's CDMA/WCDMA/LTE handset markets in aggregate, with an incremental 5-10% upside from tablets. Our \$75 target is based on 22x our FY12 EPS estimate and does not include \$13.09 in net cash per share. Accordingly, we continue to include QCOM on our Conviction list.

Valuation

Our QCOM \$75 price target is based on 22x our FY12 (September) EPS estimate of \$3.40 and does not include \$13.09 per share in net cash. We justify the multiple on 1) our view of QCOM's leading royalty and chip position in smart phones, 2) what we see as near-term potential upside from increased chips share with the iPhone5 and NOK's WindowsPhone7, and 3) what we see as potential upside from SnapDragon tablet wins.

Risks to Price Target

Risks to our price target include: 1) Slower-than-anticipated industry unit growth; 2) Faster erosion of handset average selling prices; 3) Increased chip competition; and 4) general compression of market multiples.

RightNow Technologies Inc. (NASDAQ: RNOW, \$29.77, Buy, Price Target: \$38)

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Investment Thesis

Our recent survey work indicates the marketplace momentum of replacing legacy, single-channel on premise Customer Experience solutions with multi-channel cloud based solutions is accelerating compared to six month ago. We think RNOW will benefit disproportionately from this replacement cycle since RightNow Technologies is the farthest along in building an Enterprise-scale cloud-based Customer Experience suite of solutions for large B2C businesses, in our view. Additionally, RightNow's business model is positively levered to the mobile tsunami trend due to its volume-based usage pricing model. These strong market tailwinds plus reported TTM current software backlog growth of 27% gives us confidence that new business and cash flow trends are accelerating, and we maintain a positive bias to current consensus expectations. We believe the shares could appreciate through either higher estimate revisions or multiple expansion as the current discount valuation to the SaaS group average narrows over time.

Valuation

Our \$38 price target is based on approximately 27x our EV/2012E OCF of \$48M (cash from operations), which is a slight discount to the current average SaaS companies' EV/FTM OCF estimated multiple of 29. We use a 27 multiple to derive our price target, as we expect the shares to trade at a multiple that is essentially in line with the SaaS group average.



Risks to Price Target

Risks to our price target include: 1) Competition; 2) macroeconomic fluctuations; 3) acquisition integration challenges; 4) increased churn; and 5) slow customer adoption of Cx solutions.

Riverbed Technology Inc. (NASDAQ: RVBD, \$40.17, Buy, Price Target: \$48)

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Investment Thesis

We are impressed by the company's material beat despite significant concerns related to Japan and US Federal markets. While these concerns are likely to persist into 2QFY11, we expect RVBD's momentum in other markets to offset any weakness in Japan and US Federal. Our checks suggest a strong pipeline for RVBD's core WAN optimization solution, ramping cross-sell opportunities for Network Monitoring solutions, and nascent interest in new Cloud offerings. We are also encouraged by our checks in Europe, which suggest strong momentum for RVBD despite likely recent sales leadership changes. While we believe consolidation of infrastructure within and across datacenters and branch offices is a strong secular trend that is likely to continue driving RVBD's core WAN optimization market, we believe the compelling economics of Cloud Backup Storage could potentially see broader adoption begin in CY11, which could cause another leg of growth for RVBD in the near future.

Valuation

We base our \$48 price target on a P/E of 37.5x (ex cash) on our FY12 EPS estimate of \$1.20 and a PEG ratio of 1.25. This is a premium multiple given our long-term earnings growth rate assumption of 30%, and we assume a PEG greater than 1 to reflect the company's leadership position in a high growth and what we believe is an underpenetrated market opportunity. Accordingly, we believe a premium multiple is appropriate.

Risks to Price Target

Larger vendors with greater access to resources may compete more vigorously than we expect. Larger vendors may develop competing products or acquire the remaining private vendors, thus becoming a greater threat to Riverbed's market leadership. Riverbed may hire new employees more aggressively than we anticipate, thus limiting the operating margin and EPS potential.

Spansion, Inc. (NYSE: CODE, \$19.31, Buy, Price Target: \$25)

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Investment Thesis

We view Spansion as the leader in the embedded NOR flash memory market for diversified end markets in industrial/automotive, telecom/networking, computing and consumer electronics. Since emerging from bankruptcy, we believe that Spansion has executed well in regaining share in the embedded flash market with consistent revenue growth, higher margins, and free cash flow using its proprietary MirrorBit flash memory technology and a "FabLite" manufacturing strategy. Spansion has what we view as: a diversified customer base of over 4,000 global customers, good design win momentum, a focused new management team, a flexible Fab Lite manufacturing strategy and recent strong revenue and earnings growth.

Valuation

Our \$25 price target is based on an approximate 11x P/E on our calendar 2011E pro forma EPS of \$2.30 relative to our outlook for 12% secular earnings growth. Given the consolidation in the NOR industry likely leading to more stable pricing with Spansion and Micron technology being the two main competitors in the high-performance embedded NOR flash market, strong demand drivers currently in the embedded NOR market, technology leadership, and good management execution, we believe that a forward multiple of 11x on our calendar 2011E EPS is justified relative to Spansion's expected secular earnings growth outlook.



Risks to Price Target

The following risks are inherent to investing in Spansion: general business and economic conditions; demand for products; changes in customer order patterns; the pricing of products driven by capacity versus demand; the continued development, qualification, and availability of innovative products in a rapidly changing technological environment; the ability to reduce costs; manufacturing risks; inventory risk; manufacturing yield risks, the ability to recruit and retain skilled engineers and other personnel; and currency risks. In addition, Spansion's recent emergence from Chapter 11 implies that the company has to re-engage and win back new and existing customers who may not have a business relationship. Spansion also has to rapidly transition to a "Fab Lite" flexible, manufacturing strategy of using its captive Fab in Austin, coupled with foundries such as Elpida, SMIC etc. Additionally, Spansion still has significant debt load which may constrain its operational flexibility; especially in weak economic times.

Ultra Clean Holdings Inc. (NASDAQ: UCTT, \$8.38, Buy, Price Target: \$20)

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Investment Thesis

We believe Ultra Clean Holdings is well-positioned for long-term growth as a leading provider of gas delivery systems and outsourced manufacturing of larger subsystems for the semiconductor, flat panel, solar/LED, medical, and research capital equipment industry. UCTT has a history of consistent growth and profitability. Key factors for potential growth in our view include higher-level subsystems outsourced manufacturing, diversification into related markets, and a focus on expansion in Asia. Ultra Clean has a blue-chip list of customers in our view, within the semiconductor capital equipment industry. In addition, the company is diversifying into non-semiconductor capital equipment manufacturing, flat panel displays, and medical robotics equipment.

Valuation

Our price target of \$20 is based on a 13x P/E on our estimated CY12 EPS of \$1.55 relative to our outlook for 15% secular earnings growth (87% PEG). We believe that a conservative PEG ratio of 87% is appropriate for a cyclical outsourced manufacturing services company such as UCTT, which has a relatively concentrated customer base, prospects for moderate revenue growth of 10% to 15% per year, and limited long-term visibility on orders and business trends, in our view.

Risks to Price Target

Risks to our UCTT price target include the cyclical outsourced manufacturing services strategy with a relatively concentrated customer base, prospects for moderate revenue growth of 10 to 15% per year, and limited long-term visibility on orders and business trends. The following risks are inherent in a diversified semiconductor company: general business and economic conditions; demand for products; customer concentration, changes in customer order patterns; changes in outsourced manufacturing strategy, the pricing of products driven by capacity versus demand; the continued development, qualification, and availability of innovative products in a rapidly changing technological environment; the ability to reduce costs; manufacturing risks; inventory risk; manufacturing yield risks, the ability to recruit and retain skilled engineers and other personnel; and currency risks.



INTERNET / MEDIA

Active Network Inc. (NYSE: ACTV, \$18.58, Buy, Price Target: \$23)

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Investment Thesis

Active is a leading provider of cloud-based reservation and marketing solutions serving a variety of customer groups, including business events, community activities, outdoors, and sports. Our Buy rating is based on: 1) strong growth potential in an underpenetrated \$10B North American technology fee opportunity, 2) Active provides a strong value proposition to both organizations and consumers, 3) numerous growth drivers that should lead to mid-teens long-term growth, and 4) attractive financial characteristics with highly predictable revenues and high incremental EBITDA margins. Accordingly, we add ACTV to our Conviction Buy list.

Valuation

We arrive at a \$23 per-share price target for Active based on 26x our 2012 EBITDA estimate of \$53.5M. We believe a 26x multiple is justified given our view for 35% plus long-term EBITDA growth, and 30% and 63% EBITDA growth in 2011 and 2012. Our price target also equates to 22x our 2013 EBITDA estimate of \$75.7M, discounted back to 2012 at 12%.

Risks to Price Target

Risks for Active Network include risks of integrating acquisitions; competition; slower adoption of web-based reservation systems; the macroeconomic environment; transition to the ActiveWorks platform; expansion into new businesses and risks surrounding International expansion.

Baidu Inc. (NASDAQ: BIDU, \$138.94, Buy, Price Target: \$175)

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Investment Thesis

We remain positive on BIDU shares, and expect continued strong growth driven by 1) continued consumer Internet adoption – we expect China to add another 70 million Internet users in 2011 up from approximately 450M at the end of 2010 (33% online penetration); 2) continued merchant adoption – we estimate Baidu has approximately 5% market share among its addressable market of 5 million larger SMEs in China; 3) strong growth in emerging categories including eCommerce; 4) continued monetization improvements. We believe these factors should lead to 60% plus top-line growth in 2011 and we expect continued strong incremental margins which we expect to lead to 70% plus EPS growth.

Valuation

Our \$175 price target for BIDU shares is based on a 45x P/E to our 2012 PF EPS estimate of \$3.88. We believe a 45x multiple is justified given our outlook for 40%-plus long-term EPS growth.

Risks to Price Target

Key risks for Baidu include an economic slowdown in China, increased regulatory action, increased competition, and lack of a developed eCommerce market.

comScore Inc. (NASDAQ: SCOR, \$26.45, Buy, Price Target: \$36)

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Investment Thesis

comScore is a leading provider of audience measurement tools and related marketing intelligence, in our view. The company offers its products and solutions to agencies, marketers, and online publishers via a combination of subscription products (~85% of total revenue; subscription services are sold on annual basis and retention rates have historically exceeded 90%) and customized, project-based engagements (~15% of revenue). Over the past year, comScore has demonstrated significant Y/Y growth acceleration in net customer additions (a key indicator of the company's future revenue prospects), driven by an improving ad spending environment and strong demand for the company's enhanced



audience measurement technology, Media Metrix 360, based on a hybrid panel-and-census measurement approach. While we expect continued strong net customer additions in 2011, we believe that the key driver for comScore's fundamentals and stock performance over the next 6-12 months will be growth in revenue per customer, which we expect to be driven by generally deepening engagement with customers, and particularly by increasing traction for the company's Digital Analytix Web analytics suite and the company's ad effectiveness measurement solutions. We believe that a significant acceleration in project revenue growth witnessed beginning in 3Q10 is an early indication of a trend of increasing ARPU which we expect to continue through 2011. Heading into 2012, we expect the company's continuing development of its new product pipeline to serve as a further catalyst for company fundamentals. Based on these key catalysts, we believe the company is likely to generally outperform consensus expectations, drive increased operating leverage into 2012, and garner an expanding valuation multiple over the next 12-24 months.

Valuation

Our \$36 price target is based on 14x our FY12 EBITDA estimate of \$74.5M. We believe 14x FY12 EBITDA represents an appropriate discount to SaaS peers, given SCOR's exposure to risks associated with the advertising market and the broader consumer economy.

Risks to Price Target

Potential risks include customer concentration, competition, or potential long-term changes in media-buying behavior (e.g., the shift to user-targeted online advertising), among others.

eBay Inc. (NASDAQ: EBAY, \$32.26, Buy, Price Target: \$38)

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Investment Thesis

We believe factors that could lead to outperformance for eBay shares include continued improved performance of the U.S. Marketplace and strong growth for PayPal. We expect the Marketplace business to benefit from an anticipated continuation of an improved user experience, growth from larger and top-rated sellers, and an increased mix of fixed price sales and stable auction sales. We note that ChannelAdvisor also recently indicated eBay's April marketplace growth of 10.9% (up from 4.9% in 1Q) and we note eBay is benefiting from a higher mix of fixed price sales, improved user experience such as Parts & Accessories, and strength from larger merchants. For 2011, we estimate U.S. GMV to accelerate to 9% Y/Y vs. 4% Y/Y in 2010. We expect Payments growth to remain robust in 2011 driven by increasing penetration on eBay, continued robust Merchant Services growth driven by global expansion and increased merchant share, growth of PayPal for digital goods platform, and 4) growth of mobile payments – PayPal expects to triple mobile TPV from \$750M in 2010 to over \$2B in 2011. We estimate 26% Y/Y Payments revenue growth for 2011 (low 20's FX neutral).

Valuation

Our \$38 EBAY price target is based on approximately 14.4x our 2012 PF EPS estimate of \$2.24 plus cash, which we believe is appropriate given our outlook of 5-10% long-term growth for the marketplace business and 15-20% long-term growth for the payment business. For our price target, we apply a 12x multiple to Marketplace 2012E PF EPS, a 20x multiple to Payments 2012E EPS, and add \$6 in cash/investments, which equates to our \$38 PT.

Risks to Price Target

Key risks for eBay include competition, adverse currency movements, inability to improve eBay's user experience, and economic weakness.



Electronic Arts Inc. (NASDAQ: ERTS, \$24.17, Buy, Price Target: \$28)

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Investment Thesis

We are positive on ERTS's proposed acquisition of PopCap, given growth in social and smartphone games that was faster than we had expected; better than we expected EPS accretion from the deal; the quality of PopCap assets; and a potential to accelerate growth in higher-quality Games-as-a-Service business. We are raising our estimates and now expect EPS growth at 21% Y/Y and 39% Y/Y EPS during FY12 and FY13 respectively, driven largely by growing revenue contribution from relatively lucrative Games-as-a-Service segment.

Valuation

Our \$28 price target on ERTS shares is based on a 26x PE (net of cash) on our FY12 EPS estimate of \$0.82 versus a 13x average for the shares of the peer group. We think that the premium is appropriate, given that we believe that the company has strong franchises and the potential to monetize these franchises on emerging platforms and given the company's focus on the faster-growing Games-as-a-Service segment.

Risks to Price Target

Gaming continues to be a hit-or-miss-driven business, and predicting successful titles versus unsuccessful titles is extremely difficult. The risk is especially high for the new and unproven IPs, and a company's reliance on the new IPs and the titles in the established franchises to reach the revenue target opens it to risk of a revenue miss. Additionally, we believe there are macro headwinds given the increasing popularity of the used games and free-to-play online games.

Velti PLC (NASDAQ: VELT, \$18.70, Buy, Price Target: \$22)

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Investment Thesis

Velti is, in our view, a leading provider of mobile marketing and mobile advertising technology solutions. We believe the company is well positioned to benefit from rapid growth in demand for mobile marketing/advertising in the coming years, which we believe should drive complementary demand for technology solutions which make mobile marketing and advertising campaigns more targetable, effective, and accountable. While we expect the company's core market opportunity to grow at a 30%+ CAGR over the next five years, we believe that Velti could grow even faster, based on: 1) a focus on marketing solutions—we believe the company faces a richer and less competitive opportunity than peers focused solely on mobile advertising; 2) a flexible business model and end-to-end technology platform that allow the company to align incentives with customers and provide seamless solutions to address marketers' needs across the consumer lifecycle; and 3) a strong management team and reputation in the marketplace. Regarding the potential performance of VELT shares, we note that 1) we have a high degree of confidence in the company's fundamental performance; 2) the company represents a unique asset in the public markets in our view; 3) we believe the company could become a takeout candidate, based on the historical record of M&A activity in the space; and 4) shares appear to us to be attractively valued at approximately 11x FY12E EV/EBITDA.

Valuation

We note that shares of interactive marketing services peers currently trade at an average FY11E EV/EBITDA multiple of approximately 10x, while SaaS companies currently trade at an average of 23x FY11E EV/EBITDA. Given the company's growing SaaS revenue streams and what we view as its superior growth and long-term margin prospects, we believe VELT shares should trade toward the higher end of the 10-23x range. Accordingly, we apply a 20x multiple against or 2011E EBITDA estimate of \$54.1M to derive our \$22 12-month price target.

Risks to Price Target

Risks to our price target include the very early stage of development of the mobile marketing/advertising technology opportunity, customer/category concentration, geographic risk, ongoing development of internal controls, working capital requirements, competition, and the high degree of seasonality present in the business.



WebMD Health Corp. (NASDAQ: WBMD, \$47.00, Buy, Price Target: \$66)

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Investment Thesis

We remain positive on WBMD shares, and expect another solid year of growth for WebMD in 2011 driven by 1) continued online migration of health related advertising – we estimate only mid-single digit online share today for the healthcare vertical; 2) continued consumer adoption health related web information which we believe should drive solid page view growth of approximately 15% in 2011; 3) continued operating leverage – we expect 53% incremental EBITDA margins in 2011. We believe these factors should lead to 17% plus top-line growth in 2011 and 28% plus EBITDA growth.

Valuation

Our \$66 price target is based on a 12x multiple of our 2012E EBITDA of \$279M plus net cash and investments and present value of NOLs. Historically, shares of Internet companies with similar business models, growth rates, and cash flow characteristics to WebMD have traded in the 10-15x forward-year EBITDA forecast range. Given those comparisons as a backdrop, we believe that our use of an EV/EBITDA multiple of 12x—near the mid point of the range—is appropriate, given the company's solid fundamentals and what we view as its "premier" status among Internet publishers.

Risks to Price Target

Risks include deterioration of the macroeconomic outlook, weakening of the advertising market, market share shift to lower-priced online advertising alternatives (e.g., health-oriented vertical advertising and content networks), and the potential for incremental regulation further limiting the ability of pharmaceutical companies to market directly to consumers, among others.

HEALTHCARE / LIFE SCIENCES

Alnylam Pharmaceuticals Inc. (NASDAQ: ALNY, \$9.75, Buy, Price Target: \$18)

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Investment Thesis

ALNY presented what we view as encouraging ALN-VSP01 data at ASCO and will seek a development partner prior to initiating Phase 2 trials. For the remainder of 2011, we believe additional important catalysts will include clinical data for ALN-TTR (3Q11), and ALN-PCS (4Q11). We believe investors could benefit from potential 2011 drivers in the context of a marginal cash burn (we estimate at \$1.26 per share). We reiterate our Buy rating and \$18 price target.

2H11 Drivers: We believe the next two years (and especially 2H11) will show two additional important pipeline proof of concept (POC) data sets that we expect could drive shares significantly from current levels. In 3Q11, ALNY plans to announce Phase 1 POC data for ALN-TTR01 in TTR Amyloidosis. The trial's primary goal is to evaluate safety, but it also includes secondary end points the Street should find meaningful, such as ALN-TTR treatment's effect on circulating TTR plasma levels measured as percentage (%) lowering of TTR from pretreatment/baseline TTR levels. Our TTR consultants would be encouraged to observe 10-20% plasma TTR reductions while they believe up to 50% is also possible in this trial. They generally believe a 50% plasma TTR reduction is enough to cause TTR plaque regression or slow progression of the disease by 50% (factor of 2). By YE11, we believe ALN-PCS data for hypercholesterolemia patients should become available. ALNY has not yet specified the end points for this trial, but we believe it is also committed to measuring efficacy in a manner that would be appreciated by the Street. In 2011, ALNY further plans to disclose two additional pipeline programs. In 2012, ALNY plans to enter ALN-ALN-HTT for Huntington's Disease and ALN-HPN for refractory anemia into the clinic.

Valuation

Our 12-month price target of \$18 is based on a sum-of-parts analysis by estimating YE11 cash (12-month forward) at approximately \$8-9 per share and adding \$9 per share (\$410M) in pipeline technology value. Risks include IP litigation; delivery failures; clinical, regulatory, and competitive risks for pipeline candidates; and extended timelines to potential profitability.



Risks to Price Target

ALNY's lead product candidates appear to be at least a few years from market and may face significant clinical, regulatory, and competitive risks. Additionally, IP litigation and failure to make advances in RNAi delivery could lead to extended timelines to potential profitability. We also anticipate significant changes to the marketplace as new medicines are introduced. To reiterate, primary investment risks include IP litigation; delivery failures; clinical, regulatory, and competitive risks for pipeline candidates; and future financing risk.

Dendreon Corp. (NASDAQ: DNDN, Buy, Price Target: \$55)

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Investment Thesis

Our 40 U.S. physician survey provides a foundation for our Provenge near term launch expectations and longer term peak sales potential by scenario analysis of the potential impact of Abiraterone and MDV-3100. Our most conservative scenario relative to Provenge leads us to a \$50 12-month price target. Less conservative scenarios lead to a price target as high as \$67. If the 2011 Provenge sales ramp falls short of Street expectations, we would take advantage of any weakness as our longer term robust survey-predicted peak sales estimate provides downside protection, in our view.

Valuation

Our 12-month price target of \$55 is based on a discounted EPS valuation analysis. Our \$55 PT is based on 25x our fully taxed/diluted FY14 EPS estimate of \$3.85 discounted annually back to mid-2012 at 25%. Our PE multiple is in line with shares of high-growth biotechnology companies, and we believe the discount rate is appropriate for a company with late-stage therapeutic candidates for orphan indication.

Risks to Price Target

Central to our thesis and current valuation is DNDN's execution related to ramping up Provenge sales. Near term, there is risk of DNDN successfully training additional physicians on use and treatment of Provenge, increase manufacturing capacity including regulatory plant approvals, streamline reimbursement and physician education related to Provenge. Longer term, DNDN will need to successfully mitigate E.U. manufacturing facility build out, regulatory challenges and launch of the drug. Over the next 12 months, we foresee the major near-term risk in DNDN relating to it achieving its 2011 Provenge revenue guidance, with near 50% of those revenues expected in 4Q11. We do not expect reporting of these Provenge revenues until early 2012, either at an investor conference or quarterly earnings call.

NuVasive Inc. (NASDAQ: NUVA, Buy, Price Target: \$39)

Sameer Harish | 415-249-1989 | sharish@thinkequity.com

Investment Thesis

We expect NuVasive to benefit from the increased interest in minimally invasive and lateral spine surgery and to increasingly promote their nerve monitoring system, advanced retractors, and market leading suite of lateral implants. A significant part of NuVasive's growth and margin strategy circles around sales force leverage, we believe. Over half of the sales reps have been with NuVasive for less than two years and are just starting to reach their target productivity. Further, we expect NuVasive to focus on advanced physician training to expand utilization and procedure breadth amongst surgeons to take advantage of newly introduced products such as XLIF Thoracic, NuVasive TLIF, and procedures using multi-level constructs. Operating leverage will also be driven by sale force maturation, as well as an expanding product offering, and fixed cost efficiencies, in our view. Thus we expect Street estimates for NUVA will increase over time. Notably, the company recently increased guidance for 2011 citing improved visibility and physician reimbursement conversion rates for cases under appeal, all contribution to a stronger U.S. lumbar outlook. We also expect NuVasive to launch several new products in the near-to-mid term. NuVasive is developing disc replacement devices including the PCM cervical disc system, XL total disc replacement (TDR), and NeoDisc cervical disc replacement device. Progentix is a new synthetic biologic that we expect to gain FDA approval during 2011. We believe NuVasive will maintain a sustainable competitive advantage for growth with its proprietary technologies, and strong pipeline products.



Valuation

Our \$39 price target is based upon 3x our 2012 revenue estimate of \$602.9 million. This is a discount to the comparable medtech companies' averages of 3.8x 2012 revenues. NuVasive shares are trading at 1.8x our 2012 revenues and 2.1x our 2011 revenues of \$532.8 million, compared to the medtech companies' average of 3.9x 2011 revenues.

Risks to Price Target

NuVasive operates in a highly competitive and dynamic industry—new technology and innovation from other organizations may change NuVasive's ability to successfully grow in their markets and may make the company's technology obsolete. Additional near-term risks include pricing or reimbursement pressures, slowing market for spine surgery, timing and/or loss of orders to large hospital or physician groups, clinical guideline changes, delays in regulatory filings and supply and manufacturing disruptions.

CLEANTECHNOLOGY

Ceradyne Inc. (NASDAQ: CRDN, Buy, Price Target: \$60)

Colin Rusch | 212-468-7015 | crusch@thinkequity.com

Investment Thesis

We believe CRDN is uniquely positioned to benefit from the secular trend toward increased applications of advanced ceramics in the industrial and energy market due to lightweight, heat, and wear advantages versus incumbent materials. Near term, we believe the company is getting better yield on its military business as it more effectively meets product specs. Second, the company is getting better utilization of its manufacturing assets having closed two facilities in 2010 and getting better utilization as revenue increases. Third, the company's mix of products is migrating to higher margin opportunities in solar and industrial applications. We believe these three drivers will remain intact going forward. We are also encouraged by the company's investment in additional Boron separation capacity this year along with the accelerated traction of its Petrochem and bioglass products. We believe CRDN's improving product mix and end-market exposure are sufficient to drive material growth over the next several years.

Valuation

We give shares of CRDN a Buy rating and a price target of \$60, based on 8x our EV/2012E EBITDA of \$171M, in line with peers now that the company has realized its margin expansion potential.

Risks to Price Target

1) Defense Demand Risk; 2) Non-Defense Demand Risk; 3) Operational Risk; 4) Competition Risk; 5) Foreign Market Risk.

Johnson Controls Inc. (NYSE: JCI, Buy, Price Target: \$49)

Colin Rusch | 212-468-7015 | crusch@thinkequity.com

Investment Thesis

We continue to highlight JCI as a core holding for Cleantech investors with exposure to energy efficiency and the electrification of the transportation market. We continue to believe the company's Power Solutions and Automotive Experience segments are positioned for improvement. We also continue to believe that the company is well positioned to benefit from multi-year revenue and margin growth in its Building Efficiency segment. In addition, we note that JCI's entry into the demand response (DR) market signals that the DR market is a large enough addressable opportunity to warrant investment and that the economics of DR contracts are likely to change substantially over time and move more toward commodity pricing. We believe that JCI's entry into the DR market may be driven in part by a desire to retain customers. We also note interest from global energy regulators. In the United States, we note that FERC's Order 745 sets up a framework for DR providers to receive Locational Marginal Pricing, while the TVA's recent Integrated Resource Plan has increased focus on Energy Efficiency and DR. The European Energy Commission's recent communication on its 2011



Energy Efficiency Plan states continued focus on Building Efficiency improvements. We also note statements from various news sources that Germany plans to increase its focus on Offshore Wind and Building Efficiency.

Valuation

We give shares of JCI a Buy rating and price target of \$49, based on 15x our FY2012E EPS estimate of \$3.27, a modest premium to diversified industrial peers due to our expectation for JCI to grow faster than peers. JCI is at a slight premium to shares of diversified industrial peers due to its exposure to strong growth markets and positive product mix shift, in our opinion. We also view JCI as a core holding for cleantech investors with exposure to energy efficiency and the electrification of the transportation market.

Risks to Price Target

Operating Risk, Market Acceptance Risk, Customer Concentration Risk, Competition Risk, Subsidy Risk, and Intellectual Property Risk.

Rogers Corp. (NYSE: ROG, \$46.90, Buy, Price Target: \$64)

Shawn Severson | 415-249-1986 | sseverson@thinkequity.com

Investment Thesis

We are of the belief that Rogers is only in the early stages of a multi-year growth story built on key applications in the cleantech, Internet and mass transit markets. We think many of the company's products are high value added components, yet account for a relatively small portion of the bill of materials. This is a very important distinction as it can provide some price protection and insulation from competition as commercial volumes scale in markets such as electric vehicles and smart phones/tablets, in our view. We think the current valuation provides a significant opportunity for investors to build a position and we expect multiple expansion and solid earnings growth to prevail over the coming 12 months.

Valuation

Our price target for ROG shares is \$64, based on a PE of 18x our FY12 EPS estimate of \$3.43. Our target multiple is in line with the shares' average valuation since 2005. We believe the multiple expansion from the current level will be driven by investors recognizing what we view as strong secular megatrends developing for the company and the potential effect on earnings over the next three years.

Risks to Price Target

Although we believe the company is likely to benefit from positive megatrends, the company is still likely to be sensitive to broader economic conditions. As was displayed clearly during the financial crisis and subsequent recession, ROG's products and, hence, revenues are subject to cyclical trends. As we have stated previously, we believe ROG has solid growth opportunities in some key sectors, but this would not be enough to offset a meaningful decline in the global economy. Failure of key growth markets to materialize. Our investment thesis is dependent a couple key markets and any significant or permanent disruption in those markets could have a sustained negative effect on the shares. Specifically, the prospects for 4G deployment, rail infrastructure in developing countries, and the adoption rate of HEV/EV around the world.



CONSUMER

Costco Wholesale (NASDAQ: COST, \$80.71, Buy, Price Target: \$90)

Edward Weller | 415 249 1377 | eweller@thinkequity.com

Investment Thesis

With high gas prices and food inflation both intensifying the consumer's usual quest for value, the combination of Costco's always extremely aggressive pricing and what appears to be improving customer service seem to us to be driving increased frequency among existing members and new customer sign-ups, as well. Comp store customer traffic has been rising by 4% month after month for more than two years now and we believe that customers will continue to favor Costco for more of their purchases. What's more, international operations (ex the UK business) seems to be firing on all cylinders and an incipient recovery in Southern California, historically Costco's most profitable regions, can have a disproportionately favorable impact on profitability for the next couple of years. We expect that ROIs will continue to rise, that Costco will increase its growth rate and, by putting more capital to work at those high ROIs, drive increasing shareholder value. We reiterate our Buy on Costco.

Valuation

The rising valuations that we foresee in coming years derive directly from this recovery to "normal" – or recently normal – returns, and those rising returns should drive richer valuations in our view. These generally rising returns, in combination with our estimates of slowly rising company investment suggest a price target a year from now of \$90. (See our extensive valuation methodology in our report entitled *COST: Closes Quarter Strong, Recovery Still Building in Southern California*, dated May 18th, 2011.

Risks to Price Target

Potential risks to our forecasts and to our estimates and price target for Costco include: yet a further general economic slowdown in the United States, Canada, or other region important to the company; interruptions in merchandise availability; continued upward pressure on operating expenses; and greater-than-anticipated competitive pressures.



COMPANIES MENTIONED IN THIS REPORT:

Company	Exchange	Symbol	Price	Rating
Alnylam Pharmaceuticals, Inc.	NASDAQ	ALNY	\$9.75	Buy
ANSYS, Inc.	NASDAQ	ANSS	\$54.73	Buy
Apple Inc.	NASDAQ	AAPL	\$353.75	Buy
Aruba Networks, Inc.	NASDAQ	ARUN	\$27.61	Buy
Baidu, Inc.	NASDAQ	BIDU	\$138.94	Buy
Ceradyne, Inc.	NASDAQ	CRDN	\$36.21	Buy
comScore, Inc.	NASDAQ	SCOR	\$26.45	Buy
Costco Wholesale Corporation	NASDAQ	COST	\$80.71	Buy
Dendreon Corporation	NASDAQ	DNDN	\$38.49	Buy
eBay Inc.	NASDAQ	EBAY	\$32.26	Buy
Electronic Arts Inc.	NASDAQ	ERTS	\$24.17	Buy
Entropic Communications, Inc.	NASDAQ	ENTR	\$8.41	Buy
Fairchild Semiconductor International	NYSE	FCS	\$15.85	Buy
Fortinet, Inc.	NASDAQ	FTNT	\$26.86	Buy
Johnson Controls Inc.	NYSE	JCI	\$41.14	Buy
Mellanox Technologies, Ltd.	NASDAQ	MLNX	\$29.65	Buy
NetApp, Inc.	NASDAQ	NTAP	\$51.97	Buy
Nokia	NYSE	NOK	\$5.80	Hold
NuVasive, Inc.	NASDAQ	NUVA	\$32.18	Buy
OPNET Technologies, Inc.	NASDAQ	OPNT	\$38.82	Buy
Oracle Corporation	NASDAQ	ORCL	\$32.60	Buy
QLogic Corporation	NASDAQ	QLGC	\$16.07	Hold
QUALCOMM Inc.	NASDAQ	QCOM	\$56.52	Buy
RightNow Technologies, Inc.	NASDAQ	RNOW	\$29.77	Buy
Riverbed Technology, Inc.	NASDAQ	RVBD	\$40.17	Buy
Rogers Corporation	NYSE	ROG	\$46.90	Buy
Sourcefire, Inc.	NASDAQ	FIRE	\$28.72	Buy
Spansion Inc.	NYSE	CODE	\$19.31	Buy
Take-Two Interactive Software	NASDAQ	TTWO	\$14.77	Buy
The Active Network, Inc.	NYSE	ACTV	\$18.58	Buy
Ultra Clean Holdings, Inc.	NASDAQ	UCTT	\$8.38	Buy
Velti plc	NASDAQ	VELT	\$18.70	Buy
WebMD Health Corp.	NASDAQ	WBMD	\$47.00	Buy

Important Research Disclosures

Analyst Certification

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Hold: ThinkEquity expects the stock to generate risk-adjusted returns of +/-10% over the next 12 months. ThinkEquity believes the stock is fairly valued.



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Distribution of Ratings, Firmwide					
ThinkEquity LLC			IB Serv./Past 12 Mos.		
Rating	Count	Percent	Count	Percent	
BUY [B]	148	68.80	20	13.51	
HOLD [H]	65	30.20	5	7.69	
SELL [S]	2	0.90	0	0.00	

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The Active Network, Inc.
Buy

ACTV: \$18.01
Price Target: \$23.00

Internet

ACTV: Initiate Coverage With A Buy Rating And \$23 Price Target

THINK ACTION:

We initiate coverage of Active Network (ACTV) with a Buy rating and a \$23 price target. Active is a leading provider of cloud-based reservation and marketing solutions serving a variety of customer groups, including business events, community activities, outdoors, and sports. Our Buy rating is based on: 1) strong growth potential in an underpenetrated \$10B North American technology fee opportunity, 2) Active provides a strong value proposition to both organizations and consumers, 3) numerous growth drivers that should lead to mid-teens long-term growth, and 4) attractive financial characteristics with highly predictable revenues and high incremental EBITDA margins.

KEY POINTS:

Leadership Position in Underpenetrated Market. We believe Active is the clear leader today in providing Web-based reservations in the four key verticals it serves: sports, community activities, outdoors, and business events. As the market leader with most scale (70 million reservations in 2010), we believe Active is able to invest significantly more resources than competitors in both its technology and marketing to organizations and consumers. Furthermore, Active estimates a North American Technology Fee market opportunity of \$10B, indicating Active had less than 2.5% market share in 2010.

Strong Value Proposition for Organizations and Consumers. We believe Active Network provides a strong value proposition for both organizations as well as consumers. For organizations, Active Network has developed an automated Web-based platform to enable organizations to manage events and registrations more efficiently, thereby saving resources and enabling the organization to focus on its core competencies of running the event. Active's solutions also enable an organization to attract additional participants and improve conversion rates. For consumers, we believe the two key advantages of Active's platform are to discover new events through Active's directory and providing a fast Web-based solution for registering for events.

Multiple Growth Drivers Should Drive Mid-Teens Long-Term Revenue Growth. Growth drivers include: 1) growth in the number of customers (about 5% today of market); 2) growth in online penetration (in its most mature Triathlon market, Active has 36% online penetration vs. 2% online penetration in total); 3) introduction of additional modules to customers as well as marketing services solutions; 4) strategic acquisitions to bolster its market positions in current verticals, expand into new verticals, or add additional technology solutions; 5) expand internationally; and 6) increase eCommerce offerings (Active recently launched a Daily Deals site named Schwaggle).

Highly Scalable Model Should Lead to Significant EBITDA Margin Expansion and Growth. While EBITDA margins were just 9% in 2010, we believe margins can potentially reach 30% or higher longer term. We expect Active to be able to achieve scale efficiencies across most of its expense lines, particularly COGS and R&D. We believe R&D spend should be able to decline to a mid-teens rate (versus 22% in 2010) as Active rolls off its legacy platforms. We also expect significant leverage in COGS over time, benefiting from call center integration, Web hosting scale, and moving to a self-serve model.

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Qi (Henry) Guo

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Changes	Current	Previous
Rating	Buy	--
Price Target	\$23.00	--
FY11E REV (M)	\$324.1E	--
FY12E REV (M)	\$373.6E	--
FY11E EPS	(\$0.39)E	--
FY12E EPS	(\$0.03)E	--

52-Week High:	\$19.89
52-Week Low:	\$14.75
Shares O/S-Diluted (M):	43.1
Market Cap (M):	\$776.2
Average Daily Volume:	NA
Short Interest:	2.2%
Debt/Total Cap:	0.0%
Net Cash Per Share:	\$2.08
P/E (12-month forward):	35.0x
Est. Long-Term EPS Growth:	35.0%
P/E/G:	100%
Fiscal Year-End:	Dec

REV (M) \$	2010A	2011E	2012E
Mar	63.2A	72.7A	NA
Jun	81.7A	95.0E	NA
Sep	73.1A	86.3E	NA
Dec	<u>61.6A</u>	<u>70.1E</u>	<u>NA</u>
FY	279.6A	324.1E	373.6E
CY	NA	NA	NA
FY P/S	2.8x	2.4x	2.1x
CY P/S	2.8x	2.4x	2.1x

EPS \$	2010A	2011E	2012E
Mar	(0.30) A	(0.25) A	NA
Jun	(0.05) A	0.05E	NA
Sep	(0.09) A	(0.03) E	NA
Dec	<u>(0.22) A</u>	<u>(0.20) E</u>	<u>NA</u>
FY	(1.33) A	(0.39) E	(0.03) E
CY	NA	NA	NA
FY P/E	NM	NM	NM
CY P/E	NM	NM	NM



Investment Thesis

Leadership Position in Underpenetrated Market. We believe Active is the clear leader today in providing Web-based reservations in the four key verticals it serves today: sports, community activities, outdoors, and business events. As the market leader with the most scale (70 million reservations in 2010), we believe Active is able to invest significantly more resources than competitors in both its technology and marketing to organizations and consumers. Furthermore, Active estimates a North American Technology Fee market opportunity of \$10B, indicating Active had less than 2.5% market share in 2010. Similarly, Active estimates it had approximately 5% of North American customers and 5% of total registrations in 2010. In total, we estimate that the market is approximately 10% penetrated online today. This compares to more mature markets in the United States, such as online travel reservations, which we estimate have over 50% online penetration.

Strong Value Proposition for Organizations and Consumers. We believe Active Network provides a strong value proposition for both organizations (its customers) as well as consumers. Historically, many organizations have relied on paper-based systems or simple spreadsheet applications to manage events and registrations. Additionally, organizations typically have taken reservations by phone or walk-up registrations. For organizations, Active Network has developed an automated Web-based platform to enable organizations to manage events and registrations more efficiently, thereby saving resources and enabling the organization to focus on its core competencies of running the event. Active's solutions also enable an organization to attract additional participants and improve conversion rates. For instance, Active estimates that for the New York City Triathlon, it delivered a 469% ROI through both cost savings and additional revenues. For consumers, we believe the two key advantages of Active's platform are to discover new events through Active's directory as well as providing a fast Web-based solution for registering for events.

Beneficiary of “Network Effect.” We believe Active is a clear beneficiary of the network effect, which we believe will enable Active to enjoy scale efficiencies over smaller competitors. We believe the network effect occurs as 1) Active adds new organizations, 2) the additional organizations lead to more participants to book online at either the organizations website or though one of Active's sites, and 3) the growth of registrations attracts new potential customers.

Exhibit 1: Active “Network Effect”



Source: Active Network



Highly Predictable Revenue Model. In 2010, 85% of Active's revenues were technology based, for which the revenues are highly predictable. For its technology solutions, Active typically signs three-year contracts, and enjoys less than 5% annual registration revenue churn, which we believe is an indication of the high ROI it delivers to organizations. Additionally, while most revenues are transaction based, based on historical events, Active has strong insights into forward-booking trends.

Multiple Growth Drivers Should Drive Mid-Teens Long-Term Revenue Growth. We believe Active has numerous growth drivers that should lead to mid-teens long-term revenue growth, including the following: 1) growth in the number of customers (approximately 5% today of market); 2) growth in online penetration (in its most mature Triathlon market, Active has 36% online penetration with participants versus 2% online penetration in total); 3) the ability to provide additional modules to customers as well as marketing services solutions; 4) we expect Active to remain acquisitive, acquiring companies to bolster its market positions in current verticals, expand into additional verticals, or add additional technology solutions; 5) expand internationally—we believe the international opportunity should be at least as large as the U.S. market, although it represents less than 3% of revenues today; 6) increase eCommerce offerings (i.e., Active recently launched Daily Deals [Schwaggle] for which it plans to launch in 25 cities by the end of 2011).

Highly Scalable Model Should Lead to Significant EBITDA Margin Expansion and Growth. While EBITDA margins were just 9% in 2010, we believe margins can potentially reach 30% or higher longer term. We expect Active to be able to achieve scale efficiencies across most of its expense lines, particularly COGS and R&D. In particular, we note that approximately 35% of Active's 2010 R&D spend was spent on legacy platforms. We believe R&D spend should be able to decline to a mid-teens rate as Active rolls off its legacy platforms. We also expect significant leverage in COGS over time, benefiting from call center integration, Web hosting scale, and moving to a self-serve model.



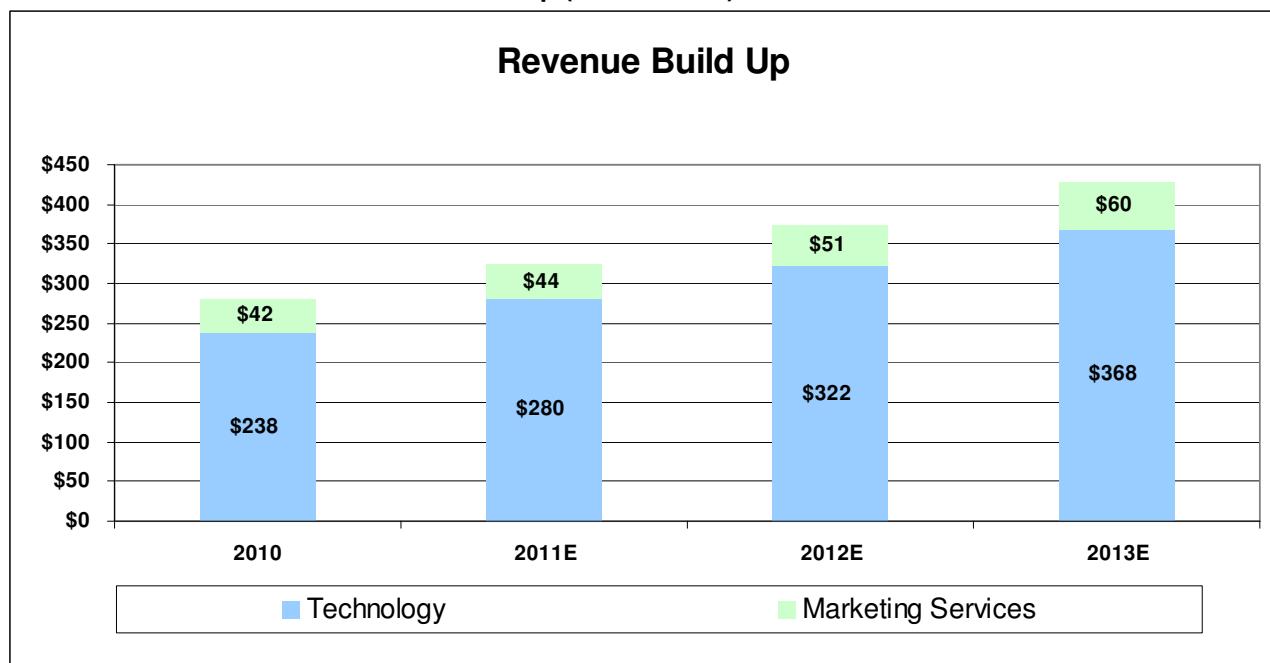
Company Description

Active Network was originally incorporated in California in October 1998 as Racegate.com and, in May 2001, the company changed its name to The Active Network. Active Network is a leading provider of cloud-based reservation and marketing solutions serving a variety of customer groups, including business events, community activities, outdoors, and sports. In 2010, Active Network had over 47,000 customer organizations and processed over 70 million consumer registrations. Headquartered in San Diego, California, the company has approximately 2,281 employees at the end of 2010, which included approximately 250 temporary employees and independent contractors.

Financial Overview

Revenues. We estimate total revenues of \$324.1M in 2011 and \$373.6M in 2012, 15.9% and 15.3% growth, respectively.

Exhibit 2: Active Network Revenue Build Up (\$ in millions)

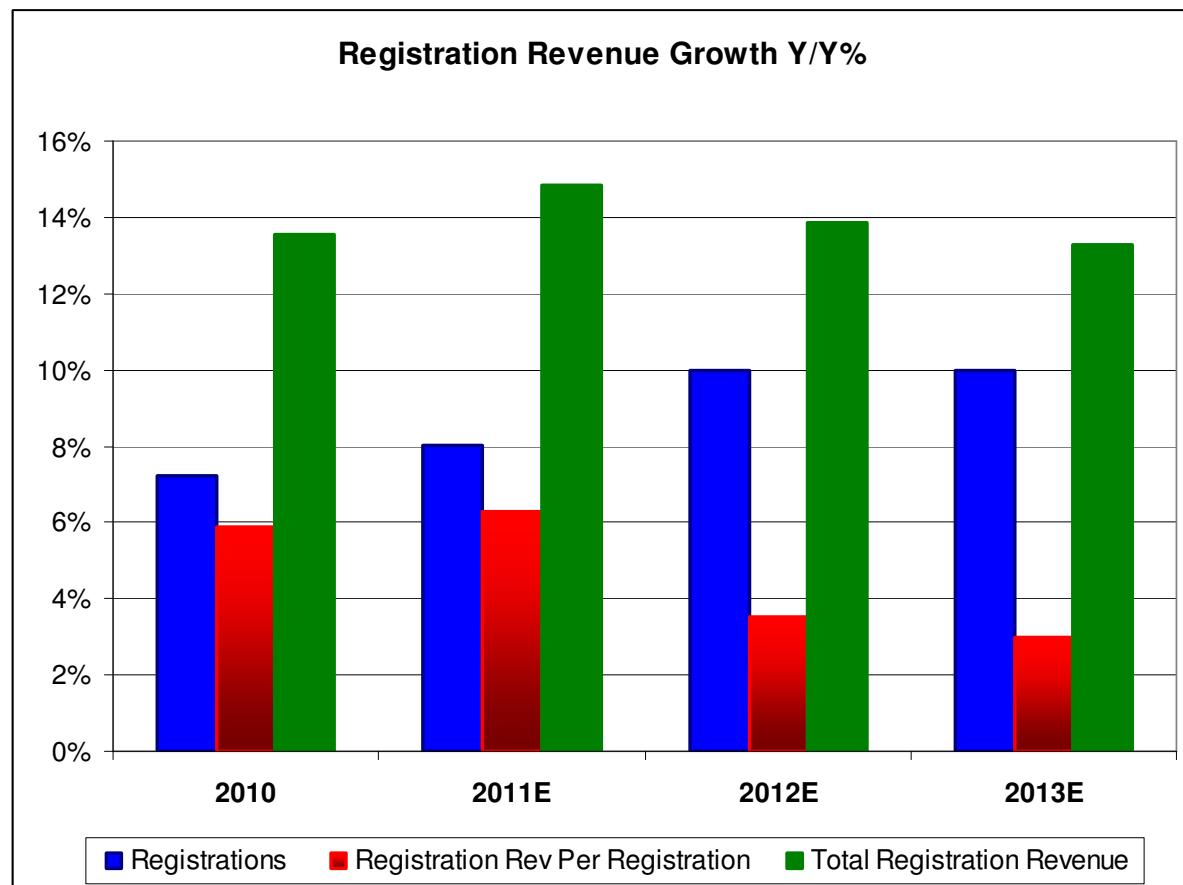


Source: Active Network and ThinkEquity LLC estimates

Technology Revenue. We estimate Technology revenues of \$280.2M in 2011 and \$322.3M in 2012, or growth of 17.9%, and 15.0%, respectively. Within the technology segment, we estimate registration revenues of \$226.9M in 2011 and \$258.3M in 2012, or growth of 14.8% and 13.9% respectively. For 2011, we estimate net registrations of 75,800 (8% Y/Y), and average registration revenue per registration of \$2.99 (6.3% Y/Y). Additionally, we estimate software revenues of \$53.3M in 2011 and \$63.9M in 2012, or growth of 32.8% and 20.0%, respectively.



Exhibit 3: Active Network Revenue Growth



Source: Active Network and ThinkEquity LLC estimates

Marketing Services Revenue. We estimate Marketing Services Revenues of \$43.9M in 2011 and \$51.3M in 2012, growth of 4.7% and 17.0%, respectively. The key drivers for marketing services include Online Services, Commerce, and Field Marketing. We expect Online Services to benefit from online advertising growth including email, search, and social. We expect Commerce to benefit from growth of membership programs, growth of registration platforms, and Daily Deals adoption (Schwaggle). We expect Field Services to benefit from the growth of access to events, activities, facilities, and consumers.

Gross Margins. Cost of revenues for Active consists of credit card processing fees, payroll and related costs, customer support and call center expenses, and amortization of capitalized software. We estimate gross margins of 57.4% in 2011 and 59.1% in 2012, versus 56.6% in 2010. We expect gross margins to expand in both 2011 and 2012 driven by call center integration, scale in Web hosting, and the rollout of self set up. We believe gross margins can expand to the low 60's longer term.

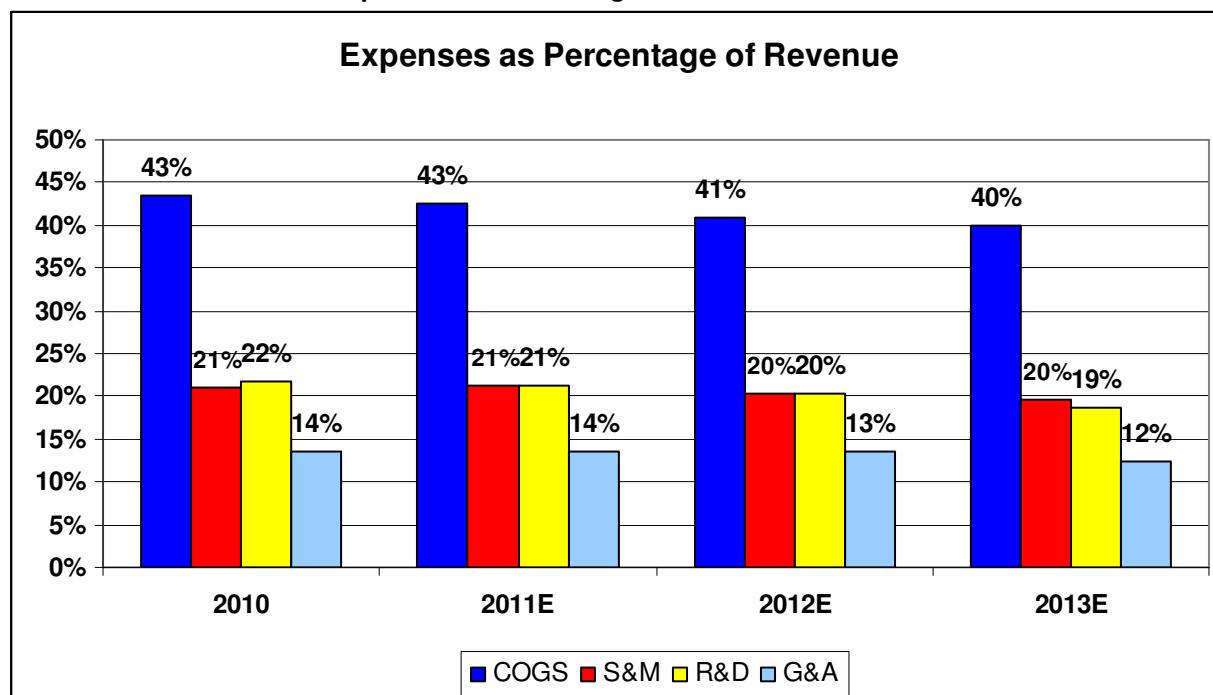
Operating Expenses. We expect total operating expense (excluding SBC) to remain relatively flat as a percentage of revenues in 2011 versus 2010 given public company costs and continued high levels of technology investments. We expect increased operating expense leverage in 2012 and beyond.

- **Sales and Marketing.** We expect Sales and Marketing expenses to account for 21.3% of revenue in 2011 and 20.3% in 2012 versus 20.9% in 2010. We expect Sales and Marketing to increase modestly as a percentage of revenue in 2011 given significant investments in headcount. Longer term, we expect S&M expenses in the high-teens as a percentage of revenues.



- **Research and Development.** We expect Research and Development expenses to account for 21.3% of revenue in 2011 and 20.3% in 2012, versus 21.8% in 2010. We expect modest leverage in R&D in 2011 and increased leverage in 2012 as the platform scales and investments in legacy platforms begins to decline. Longer term, we expect R&D to represent approximately 15% of revenues.
- **General and Administrative.** We expect General and Administrative expenses to account for 13.6% of revenue in 2011 and 13.5% in 2012, versus 13.6% in 2010. We expect G&A expenses to remain flat in 2011 despite increased public company costs and then to decline as a percentage of revenue in 2012 and to decline to the 10% range longer term.

Exhibit 4: Active Network Expenses as Percentage of Revenue

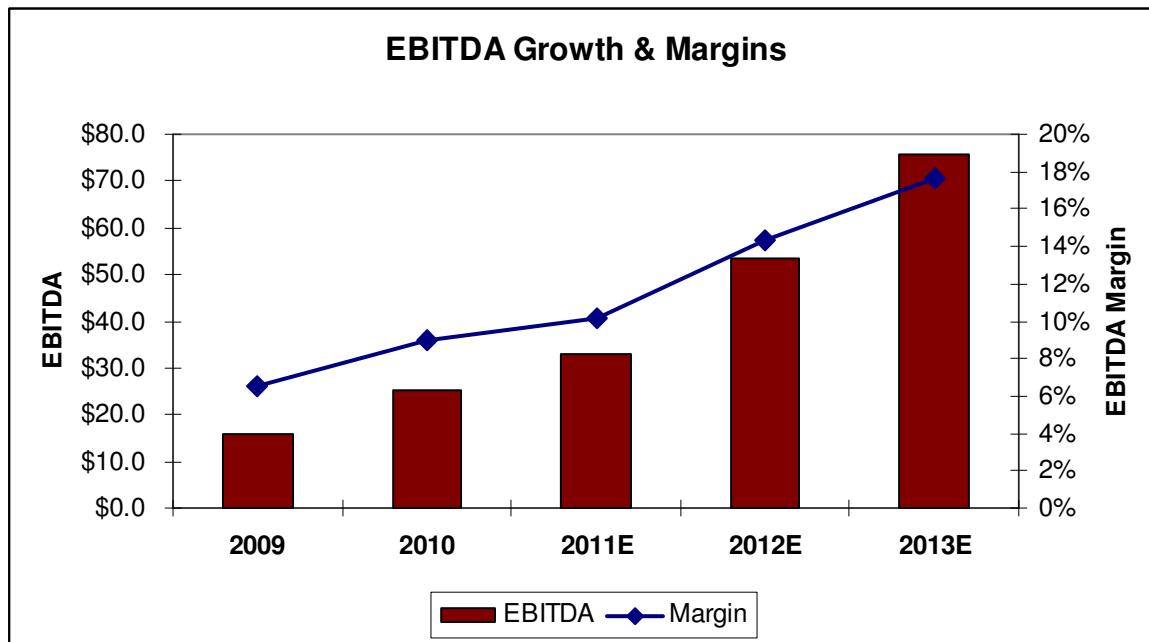


Source: Active Network and ThinkEquity LLC estimates

EBITDA. We expect EBITDA of \$32.8M in 2011 and \$53.5M in 2012, representing increases of 30.2% and 63.0%, respectively. We expect just modest EBITDA margin leverage in 2011 given increased public company costs, and investments in S&M and the ActiveWorks platform. And we expect increased EBITDA margin leverage in 2012 and beyond as Active benefits from scale efficiencies and legacy technology investments begin to decline.



Exhibit 5: Active Network EBITDA Growth and Margin (\$ in millions)



Source: Active Network and ThinkEquity LLC estimates

EPS. We estimate GAAP EPS of (\$0.39) in 2011 and (\$0.03) in 2012 versus (\$1.33) in 2010.



Valuation

We arrive at a \$23 per-share price target for Active based on 26x our 2012 EBITDA estimate of \$53.5M. We believe a 26x multiple is justified given our view for 35%-plus long-term EBITDA growth, and 30% and 63% EBITDA growth in 2011 and 2012, respectively. Our price target also equates to 22x our 2013 EBITDA estimate of \$75.7M, discounted back to 2012 at 12%.

Our \$23 price target is also justified by a DCF analysis. In our 10-year DCF analysis, we have assumed a revenue CAGR (2011-2020) of 14% and an EBITDA CAGR of 30%. Additionally, we estimate a FCF CAGR (2012-2020) of 41%. Furthermore, we have assume a weighted average cost of capital of 11.7%, FCF growth in perpetuity of 5%, and a terminal FCF multiple of 15x.

Exhibit 6: Active Discounted Cash Flow Analysis (\$in millions)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	CAGR (11-20)
Revenue	\$324	\$374	\$428	\$490	\$561	\$641	\$730	\$830	\$942	\$1,066	14.1%
Adjusted EBITDA	\$33	\$54	\$76	\$103	\$134	\$170	\$203	\$243	\$289	\$342	29.8%
Less: Cash Taxes	(\$4)	(\$7)	(\$10)	(\$12)	(\$17)	(\$39)	(\$54)	(\$68)	(\$85)	(\$104)	
Less: CapEx	(\$18)	(\$18)	(\$19)	(\$20)	(\$21)	(\$22)	(\$23)	(\$24)	(\$25)	(\$26)	
Less: Capitalized Software	(\$16)	(\$16)	(\$17)	(\$18)	(\$19)	(\$20)	(\$21)	(\$22)	(\$23)	(\$24)	
Free Cash Flow	(\$5)	\$12	\$30	\$53	\$77	\$89	\$105	\$129	\$156	\$188	40.6%
Y/Y% Growth		-335%	142%	77%	46%	15%	19%	22%	21%	20%	
DCF		(\$5)	\$10	\$21	\$34	\$44	\$46	\$49	\$53	\$58	\$63

Source: ThinkEquity LLC estimates

Exhibit 7: Active DCF Sensitivity Analysis

Terminal Growth Rate	9.7%	10.7%	WACC	11.7%	12.7%	13.7%
3%	\$26	\$22		\$19	\$17	\$15
4%	\$29	\$24		\$21	\$18	\$16
5%	\$34	\$27		\$23	\$19	\$17
6%	\$41	\$32		\$26	\$21	\$18
7%	\$54	\$38		\$30	\$24	\$20

Source: ThinkEquity LLC estimates

Relative to shares of a peer group of leading eCommerce companies, Active shares trade at a 2012E EV/EBITDA multiple of **20x** versus 15x for the peer group. While Active shares trade at a premium, we believe the premium is justified given our higher long-term growth estimate for Active. We estimate Active's long-term earnings growth at approximately 35% versus the peer group at 22%, and, hence, Active shares trade at a 2012E EV/EBITDA/Growth multiple of 0.6x, in line with the peer group at 0.7x.



Exhibit 8: Comparable Company Analysis

(\$M, unless noted) Company Name	Price 7/1	Enterprise Value	EV/Rev		10-11 Growth	EV/EBITDA		EV/EBITDA/Growth		11-12 Growth	LT Growth
			CY11E	CY12E		CY11E	CY12E	CY11E	CY12E		
Amazon	\$209.49	\$86,301	1.9x	1.5x	36%	28.2x	21.7x	1.1x	0.9x	30%	25%
eBay	\$32.74	\$35,536	3.3x	2.9x	19%	9.5x	8.6x	0.9x	0.9x	11%	10%
Priceline	\$524.80	\$25,965	6.1x	4.9x	38%	18.5x	14.1x	1.0x	0.8x	31%	18%
Netflix	\$267.99	\$13,960	4.3x	3.2x	50%	28.7x	20.5x	1.1x	0.8x	40%	25%
Expedia	\$29.54	\$7,732	2.0x	1.8x	16%	7.6x	7.0x	0.8x	0.7x	10%	10%
MercadoLibre	\$81.55	\$3,446	11.8x	9.3x	35%	32.6x	24.4x	0.9x	0.7x	34%	35%
OpenTable	\$82.56	\$1,937	13.3x	10.4x	47%	34.8x	23.0x	nm	0.7x	51%	35%
Vistaprint	\$48.77	\$1,990	2.2x	1.9x	22%	11.1x	10.0x	0.6x	0.5x	11%	20%
Shutterfly	\$59.02	\$1,611	3.4x	2.7x	55%	17.8x	12.7x	0.7x	0.5x	39%	25%
Ancestry.com	\$41.00	\$1,811	4.6x	3.9x	32%	13.2x	11.1x	0.7x	0.6x	19%	20%
Mean			5.4x	4.3x	35%	20.2x	15.3x	0.9x	0.7x	28%	22%
Active Network	\$18.01	\$1,050	3.2x	2.8x	16%	32.0x	19.6x	0.9x	0.6x	63%	35%

Source: Company reports and ThinkEquity LLC estimates for covered companies



Business Segments. Active Network reports revenues under Technology revenues as well as Marketing Services revenues. For 2010, Technology revenues represented 85% of the total while Marketing Services represented 15% of revenues.

- **Technology revenue.** Technology revenues consist of registration revenues (83% of Technology revenues in 2010) as well as software license, maintenance, and hosting revenues.
 - **Registration revenues.** Registration fees are typically based on a percentage of the total dollars processed for a registration and typically have both a fixed and variable component. Active Network's typical contract length for registration customers is three years. In 2010, Active processed 70.2 million transactions for 47,300 organizations totaling \$197.6 million in registration revenues or \$2.28 per registration.
 - **Licensed software, maintenance, hosting, and implementation revenues.** Licensed software, maintenance, hosting, and implementation fees accounted for 17% of technology revenues in 2010. We expect these revenues to decline as a percentage of revenues over time as the company transitions customers to transaction-based solutions.
- **Marketing Services revenues.** Marketing Services accounted for 15% of 2010 total revenues. The Marketing Services segment provides customers with 1) online services (e.g., email, targeted newsletter promotions); 2) field marketing (e.g., event promotions and sponsorships); 3) commerce revenue (e.g., membership programs, training programs, and websites). The contract length for Marketing Services customers is typically less than one year.

Acquisitions. Active Network has been pursuing growth through acquisition strategy to expand into new categories and geographies over the last several years. Below we list some of the company's major acquisitions.

- October 2004, Class Software Solutions, number one provider of software to communities and recreation.
- January 2007, Cool Running, a commercial site devoted to runners.
- August 2007, LaxPower.com, a site for high school and college lacrosse.
- August 2007, InfoSpherix, a provider park reservation services for government agencies; Active Network paid \$17M in cash.
- January 2008, Regonline, number one provider of event management software.
- January 2008, WingateWeb, a provider of event management software.
- January 2008, iPlayers, an online recruiting site for high school athletes and college recruiters.
- July 2008, HY-TEK Sports Software, a provider of services and tools for swimming and track and field clubs.
- October 2008, Automated License System and Central Bank's hunting and fishing division, number one hunting and fishing license and permit system provider; Active Network paid \$58.5M in cash plus stock valued at approximately \$0.5M and cancellation of a promissory note of \$3.0M.
- January 2009, ReserveAmerica, a provider of camping reservation and campground management solutions; Active Network paid convertible preferred stock valued at approximately \$47.7M.
- January 2010, Channel:1, a provider of onsite event management software solutions.
- February 2011, Fellowship Technologies, an online church management software provider.



Market Opportunity

North American Technology Market Opportunity. Active Network estimates that there are 800,000 potential customers in North America across its four key customer groups: sports, community, outdoors, and business events. Based on this, Active has approximately 5-6% market share of potential customers. Furthermore, Active Network estimates that its target market includes over 1.8 billion annual registrations in the United States (Active estimates it processes approximately 5% of registrations today), representing \$110 billion in registration spending. Assuming a 9% take rate, which we believe is reasonable, this would equate to a potential North American market of roughly \$10 billion in revenues.

Triathlon Market Shows Potential of Platform. Active Network's most developed segment is the triathlon market, which the company estimates that it works with 60% of the triathlon organizations and over 60% of those participants transacting online, suggesting Active registers 36% of triathlon participants in North America. In contrast, Active estimates that it processes just 2% of total registrations, suggesting a significant opportunity if Active can continue to increase its penetration rates in the less mature markets.

Marketing Services Opportunity. Active estimates that its North American Marketing Services opportunity is \$10 billion, equivalent to the size of its technology revenues. We note that in Active's most mature endurance vertical, nearly half of its revenues come from marketing services fees.

International Opportunity. While still small today (less than 5% of 2010 revenues), Active believes the longer-term opportunity for International (primarily Europe and APAC) should be as large as the North American market.

Growth Drivers

We believe Active Network's should benefit from numerous growth drivers, which we believe should enable Active to achieve mid-teens long-term revenue growth.

- **Increase number of organizations.** In 2010, Active worked with approximately 47,000 organizations, representing approximately 5% of its potential customer base. We believe that through increased sales and marketing, and continued adoption of Web-based solutions, the company should be able to significantly increase its organization count over the long term.
- **Increase Online Penetration.** Of the organizations that Active works with, approximately 20% transact online today. We expect this percentage to increase significantly longer term through increased training of its customer base, increased awareness of Active's websites, and emerging forms of marketing including social and mobile. We note that in the company's triathlon segment, approximately 60% of registrations are online today. We note that higher online penetration should also increase Active's revenue per customer.
- **International.** International represented less than 5% of revenues in 2010, though we believe Active has a significant opportunity to expand internationally, primarily Europe and APAC. We believe Active will focus on the endurance and corporate events categories initially.
- **Additional Vertical Markets.** We believe there is an opportunity to expand into other markets whereby its technology platform can deliver similar benefits to a specific market vertical. For example, Active recently entered the faith-based category through the acquisition of Fellowship Technologies, whereby it added 1,700 churches as clients.
- **Sell Additional Modules to Installed Base.** We expect Active to focus on cross-selling additional modules into its installed base, encompassing both technology and marketing solutions. We note that marketing services represent nearly 50% of endurance category revenues but only 15% of total revenues, and, hence, we believe there is an opportunity to further cross-sell these solutions into its other verticals. Additionally, we expect Active to cross-sell technology solutions such as call-center services and survey services.



- **Acquisitions.** We expect Active to remain acquisitive in order to gain further market share in its current categories, expand into additional categories, and expand internationally.
- **Daily Deals.** We expect Active to aggressively expand its group buying platform “Schwaggle” to additional geographies. Schwaggle offers deals on fitness-related products and services. Schwaggle is currently in four cities (San Francisco, New York, Los Angeles, and Chicago) though the company plans to roll out to a total of 25 cities by the end of 2011 and to select international markets in 2012. Schwaggle offers a variety of discounts from endurance sports, to spas, to magazine subscriptions, to golf lessons.

Exhibit 9: Example of Schwaggle Offer

The screenshot shows a Schwaggle deal page for a Group Fitness Package at Training Adventures. The deal is priced at \$18, with a value of \$180 and a 90% discount, saving \$162. The deal has been bought 80 times and 4 days are left to buy. A timer shows 8:22:32. A photo of people using treadmills in a gym is displayed. The top navigation bar shows 'Los Angeles' and 'ACTIVE'.

\$18 for Group Fitness Package At Training Adventures (\$180 Value)

\$18 See Deal

\$180 Value **90%** Discount **\$162** You Save

Time Left To Buy
4 days 8:22:32

80 Bought

Active Advantage
Save 15% more on Schwaggle!

Schwaggle

Sign up for Great Deals: Email Address... Los Angeles Submit or F

Los Angeles ACTIVE

Source: Active Network



Product Description

Customers. In 2010, Active worked with 47,000 organizations that generated 70 million registrations in total in 2010. The four key verticals today include:

- **Sports:** 35,000 including 26,000 endurance, 600-plus golf courses, 8,000-plus leagues and clubs.
- **Community Activities:** 1,000-plus parks departments and community recreational centers; 600-plus schools including universities, K-12 districts, and specialty schools; 2,000-plus camps; 100-plus city and county governments; 1700-plus faith-based organizations.
- **Outdoors:** 75 outdoors contracts across 34 state campgrounds encompassing 4000-plus parks, 3,000-plus campgrounds, national parks, and 23 state hunting and fishing licenses, marinas.
- **Business Events:** 8,000-plus clients for conferences, conventions, association gatherings, meetings and seminars, and trade shows and expos.

ActiveWorks Platform. ActiveWorks is Active's back-office platform that provides its customers with various solutions, including participant management, reporting, volunteer management, and service and payment processing. The platform provides data on a real-time basis as well as providing historical comparisons to organizations.

Exhibit 10: ActiveWorks Platform Solutions

<u>Register</u>	<u>Operate</u>	
	Online Registration	
	Payment Processing	
	Point of Sale	
	Reservation & Ticketing	
	Donations & Funding	
	Merchandise	
<u>Market</u>	<u>Analyze</u>	
	Email Marketing & Tracking	
	Email Advertising	
	Social Media	
	Event Syndication	
	Websites	
		Event & Activity Management
		Financial Management
		Membership Management
		Call Center Services
		Facility & Resource Management
		Customer Relationship Management
		Volunteer & Staff Management
		Reporting
		Customer Loyalty
		Surveys Pricing
		Optimization

Source: Active Network



Exhibit 11: ActiveWorks Platform Solutions

Sports	Communities	Outdoors	Business Events
 Endurance Events Race software for running, cycling, swimming, and multi-sport events.	 Parks & Recreation Parks and recreation software for city and county parks, rec departments, and more.	 Hunting & Fishing Hunting and fishing license management software for state wildlife and conservation agencies.	 Enterprise Corporations Conference management software used by large enterprise conferences and events.
 Team Sports & Tournaments League software used by teams and clubs including baseball, football, hockey, soccer, tennis, and many more.	 State & Local Government Government software for states, counties, cities, and districts.	 Campgrounds Campground reservation software for public park agencies and state and county campgrounds.	 Small to Mid-Size Businesses Meeting and event software for business events, workshops, and seminars.
 Golf Golf course software used to manage municipal, daily fee, semi-private, and private courses.	 Higher Education University management software for collegiate programs and private schools.	 Marinas Marina management software used by state and county-owned and operated marinas.	 Meeting Planners Meeting planning software for a variety of event and meeting types.
 Sports Facilities Facility management for sportsplexes, martial arts centers, field houses, ice rinks and community centers.	 K12 Schools School management software for accounting and fundraising in K12 schools and districts.	 Resorts Management software for resort spa, golf, and other activity operations.	 Associations Trade association event management software for industry trade groups and conferences.
 Camps & Clinics Parks and recreation software for city and county parks, rec departments, and more.	 Churches Church software to manage membership and facilities in faith-based organizations.	 Venues Venue management software for day-use facilities, aquariums, zoos, museums and tour sites.	
	 Camps & Retreat Centers Camp management software for camps and conferences.		
	 Youth & Education Programs Management software for YMCA/YWCAs, JCCs, Boys and Girls Clubs, and others.		
	 Charities Charity software to manage altruistic fundraising and donations.		

Source: Active Network

ActiveWorks Solutions for Organizations

- 1) **Marketing.** Active provides email marketing, websites, and social media solutions to drive additional traffic and registrations for clients. According to Active, for the Endurance vertical, the company generates 44% incremental registrations through Active.com, Social Media, search, and partner websites. Also, according to Active, its website draws 2.9 million visitors per month and sends event information to its subscriber base of over 6 million active consumers. Additionally, according to the company, over 475,000 Active searches are performed each month, which helps drive potential registrants to the Active website. Furthermore, Active.com's social media network size was over 500,000 fans at the end of May 2011 and has been growing by almost 50,000 fans and followers a month.



Exhibit 12: Active.com Website Activity Listings

Activities
Race Results
Training Plans
Articles

Refine Search

Keyword
[X](#)

Sport/Interest
[▼](#)

In & Around
[X](#)

Within (mi): [▼](#)

Date

Activity Type
[▼](#)

view by: [Details](#) | [Map](#)

sort by: [Relevance](#) | [Date](#)

Maya-Pro Computer Animation Camp @ Miller Creek Jun 27, 2011
San Rafael, California Monday
★★★★★ [Be the first to review](#) [Like](#)
 Learn Maya! This is a unique opportunity to learn professional computer modeling for animation. Build your own vehicle, add FX, and animate ...
Online Registration Available class

Summer Sports Camps Jun 03, 2011
San Anselmo, California Friday
★★★★★ [Be the first to review](#) [Like](#)
 class

Canon Tennis and Swim Camps Jun 03, 2011
San Anselmo, California Friday
★★★★★ [Be the first to review](#) [Like](#)
 class

Deer Valley Open Jun 03, 2011 - Jun 05, 2011
Antioch, CA Friday
★★★★★ [Be the first to review](#)
 Location: Deer Valley Tennis, Division: BG(18-10)s, SE, Notes: All Match Play starts June 4th Sat.

[Update Search](#)

Source: Active Network

Exhibit 13: Active.com Partner Sites

The Official Online Community for Youth Basketball. Bring it to you by the NCAA and the NBA.

Welcome to iHoops.com | Training Tools | Message boards | News | About iHoops | Contact us | Log In | Register

PRACTICE TIME | TRAINING ROOM | CLASSROOM | PROGRAMS | LOCKER ROOM | COMMUNITY

Search Options: Event/Activity Type: Any | Date Range: (MM/DD/YYYY) from: [] to: [] | Search Radius: 200 miles | City: California | State: California | Zip: 94501 | Search

Welcome back, Activator! [Profile](#) | [Logout](#)

CAMPUS ROAR

03 Apr 2009: High School T.E.S.T. CALIFORNIA - MEN'S BASKETBALL | Sunday | Documented | Status: Maxed

04 Apr 2009: High School T.E.S.T. CALIFORNIA - WOMEN'S BASKETBALL | Saturday | Documented | Status: Maxed

01 Sep 2009: CLAREMONT YOUTH BASKETBALL | Tuesday | Documented | Status: Maxed

07 Dec 2008: CLAREMONT YOUTH BASKETBALL | Sunday | Documented | Status: Maxed

29 Mar 2008: 2008 RDYB Basketball Tournament Classics | Friday | Status: Maxed

13 Apr 2010: LA Sparks Mpls Practice Squad Tryouts | Tuesday | Status: Maxed

Washington Running Report
The Runner's Source Washington D.C.'s premier running & racing site

Race Results | Race Calendar | Race Registration | Featured Races | Home | News | Resources | Training | Runner Rankings | Community | Newsletter | Event Direct

Race Details

Event Name	Date	Location	Distance	Event Type
Potomac River Trail 5K	03/26/11	Upper Marlboro, MD	5K	Run
Colonial Half Marathon & 5K	03/27/11	Washington, DC	5K, 10K, Half Marathon	Run
Capital Running Company St. Patrick's Day 5K	03/17/11	Washington, DC	5K	Run
St. Patrick's Day 5K	04/09/11	Washington, DC	5K	Run
Springtime Success 5K Run & 10K Run/Walk	04/10/11	Katoma, VA	5K, 10K	Run
Let Freedom Run 5K	02/04/11	Documented by Capital Running Company	5K	Run

PREMIUM EVENT LISTINGS

Event Name	Date	Location	Distance	Event Type
Capital Running Company St. Patrick's Day 5K	03/17/11	Washington, DC	5K	Run
Capital Running Company St. Patrick's Day 5K	03/17/11	Washington, DC	5K	Run
St. Patrick's Day 5K	04/09/11	Washington, DC	5K	Run
Springtime Success 5K Run & 10K Run/Walk	04/10/11	Katoma, VA	5K, 10K	Run
Let Freedom Run 5K	02/04/11	Documented by Capital Running Company	5K	Run

Active.com does not guarantee entry in these events. LISTINGS is an activity marketplace, placement and extra exposure through our calendar.

Source: Active Network



Exhibit 14: Active.com Facebook Page

The screenshot shows the Active.com Facebook page. The sidebar on the left includes links for Wall, Info, Training, Promotions, Twitter, YouTube, Careers, Feedback, Photos, Welcome!, Events, Discussions, Video, Links, Notes, News, and Twitter. Below the sidebar, it says "506,467 people like this". The main content area features a "Fan of all things Active?" message with a "Like" button, followed by a collage of various sports and fitness activities like swimming, running, cycling, and golf.

Source: Active Network

2) Register. Active provides online registration, reservations and ticketing, and payment processing solutions for customers.

Exhibit 15: Active.com Registration Page

The screenshot shows a registration page for a chess class. The top navigation bar includes the Vancouver Board of Parks and Recreation logo, Advanced Search, and a powered by active.com logo. The main content area features a large image of chess pieces, the title "Introduction to Chess", and a note that the activity has already started but registrations are still being accepted. It lists the price (\$55.00), status (Four openings remaining), when (Thursdays: June 13, 2010 - Aug 15, 2010, 7pm - 8pm), where (pr-resultslabileroom B at Douglas Park Community Center), instructor (Robert Eidsfors), and category (Adult, Fun & Games). To the right, there are buttons for "Add to Basket", "Bookmark & Share" (with links to social media), and a map showing the location in Burnaby. At the bottom, there are links for Powered by Active, Privacy Policy, and Terms of Use.

Source: Active Network



- 3) **Operate.** Active provides event and activity management, facility and resource management, membership management, and call center services.

Exhibit 16: Example of Facility and Resource Planning Software

The screenshot shows the activeworks software interface for Devil's Fork State Park. It includes:

- Current Park Status:** Shows site types (Villa, Standard Site, Picnic Shelter, Boat In, Rustic Tent Site) with their availability and type of use (OverNight, Day, Walk-in).
- Activity:** Log of Check-ins, Check-outs, No-Shows, Walk-ins, Reservations, POS Sales, Events, and Gift Cards.
- Bulletins:** Welcome message from Minnesota State Parks.
- Alerts:** Information about boat trailer parking area rules and a note about donations.
- Totals for Today:** A summary table showing the total number of check-ins for the day.
- Check-ins:** A detailed table listing customer names, site numbers, loops, reservation numbers, dates, and occupants for each check-in.

Source: Active Network

- 4) **Analyze.** Active provides reporting analytics, customer loyalty, pricing optimization, and surveys for customers.

Exhibit 17: Example of Reporting Analytics Solution

The screenshot shows a reporting analytics solution interface with the following sections:

- Approved Exhibitors:** Bar chart showing the count of exhibitors categorized as a, b, c, and d.
- Approved Sessions:** List of sessions with titles like "Optical 101", "CB Test Session", "Session 1", "Session 2", "Session 3 test", and "Ryan's Test Title".
- Schedule:** A dropdown menu showing options like List View, Scheduling Grid, and Scheduling History.
- Percent Registrations By Primary Attendee Type:** Pie chart and table showing the distribution of registrations by attendee type.
- Session Enrollment:** Pie chart showing the distribution of session enrollment counts.

Source: Active Network



Consumer Facing Offerings. Active provides offerings to consumers both through an organization's website as well as through one of Active's websites. Active operates several leading websites, including the flagship Active.com (leading online participation site), eteamz.com (online community for teams and leagues), Cool Running (running community), LAXPower.com (high school and college lacrosse results/rankings), and ReserveAmerica.com (campground reservations).

Exhibit 18: Active Network Websites



www.Active.com
Leading online participation site



www.eteamz.com
Online community for teams and leagues



www.ActiveGolf.com
Online info and tee times



www.ActiveEurope.com
Searchable database of European athletic events



www.CoolRunning.com
Running community



www.LaxPower.com
High school and college results and rankings



www.FootballPower.tv
High school and college results and rankings



www.ActiveRecruiting.com
Recruiting resource for high school athletes and college recruiters

Source: Active Network

In total, Active Network ranks as the eleventh most popular sports website portfolio in the United States in terms of unique visitors. Active Network's portfolio of websites has experienced very strong unique user growth over the last few years. Year to date, Active Network (total), Active.com, and ReserveAmerica.com have seen unique user growth of 46% Y/Y, 96% Y/Y, and 66% Y/Y, respectively.

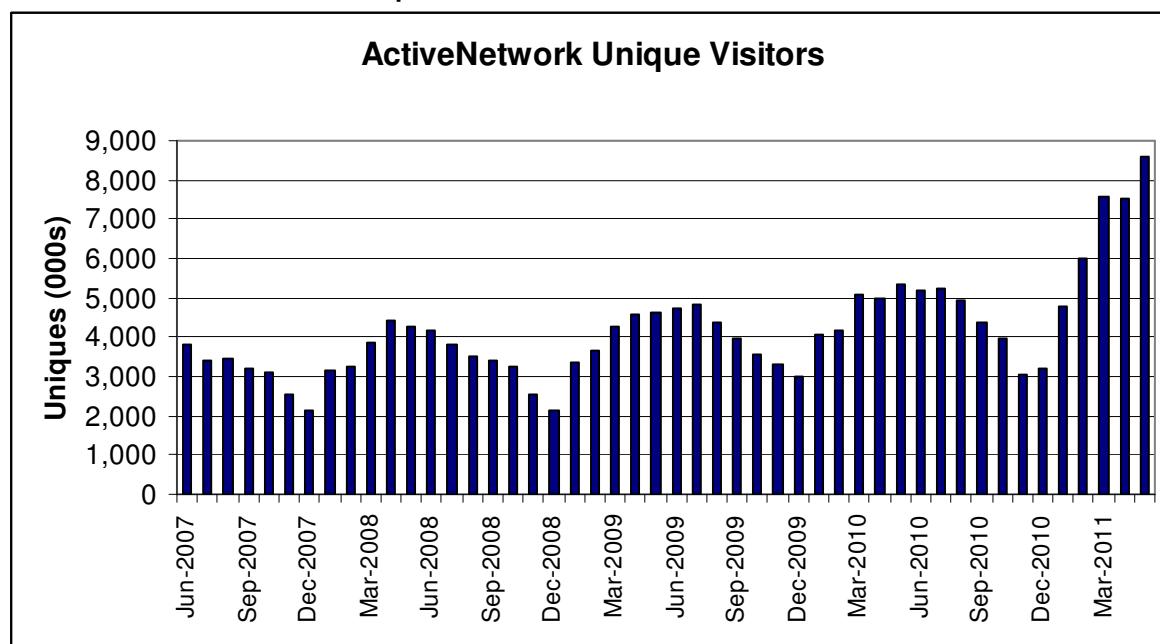


Exhibit 19: Sports Websites Unique Visitors Ranking

Sports Websites Unique Visitors - May 2011	
Yahoo! Sports	47,728
ESPN	38,141
FOXSports.com	27,770
Turner-SI Digital	26,186
Big Lead Sports	16,990
CBS Sports	11,653
NBC Sports	10,493
USA Today Sports Media Group	9,618
MLB.COM	9,061
BLEACHERREPORT.COM	8,645
Active.com Sites	8,571
Sporting News On AOL	8,017
NFL Internet Group	7,713
SB Nation	6,958
NHL Network	4,590
STACK Media	4,065
World Wrestling Entertainment (WWE)	3,528
JUMPTV Neulion	3,374
BNQT	2,893
MINORLEAGUEBASEBALL.COM	2,821
eHow Sports And Fitness (w/ history)	1,894
Demand Media Sports	1,739
Comcast.net Sports (w/ history)	1,648
RUNNERSWORLD.COM	1,425

Source: Active Network

Exhibit 20: Active Network Unique Visitors



Source: ComScore

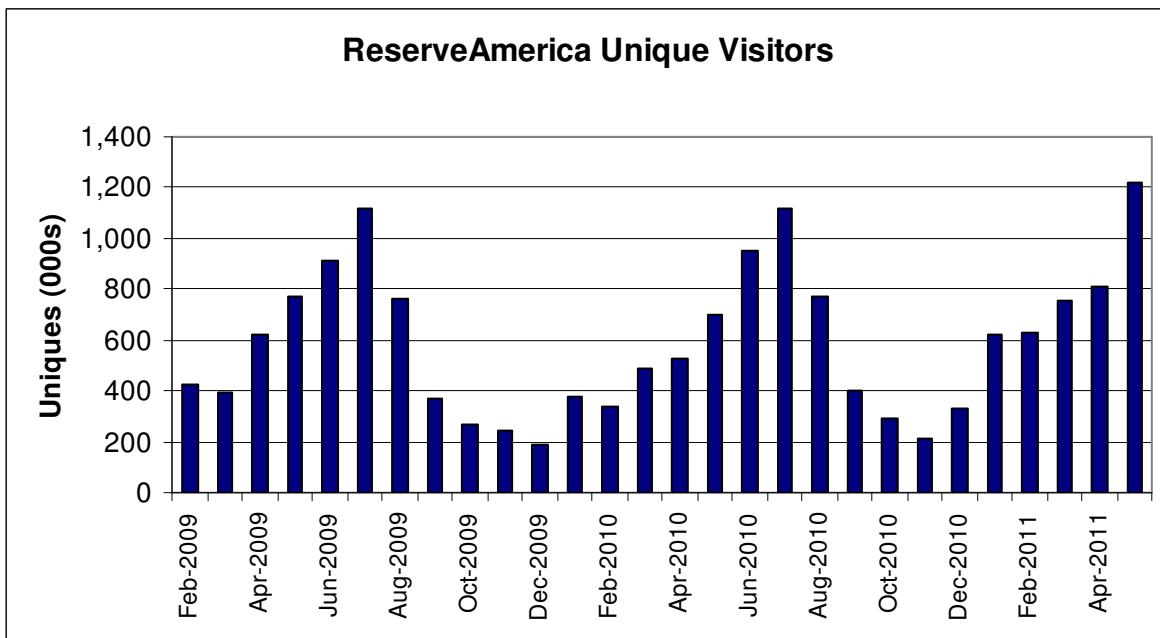


Exhibit 21: Active.com Unique Visitors



Source: ComScore.

Exhibit 22: Reserve America Unique Visitors



Source: ComScore



The Active platform provides consumers with the ability to:

- 1) **Find and Register.** The Active platform enables consumers to discover activities through search or a directory as well as targeted recommendations through its website, partner websites, or its mobile application. Active also offers discounts for events and products and services through its group buying discount platform, Schwaggle.

Exhibit 23: Active.com Website Activity Listings

The screenshot shows the Active.com website interface. On the left, there is a sidebar with search filters: Keyword (sport, interest, etc.), Sport/Interest (Any), In & Around (San Francisco, CA, US), Within (mi): 50 miles, Date (all future dates), and Activity Type (Any). Below these is a yellow "Update Search" button. The main content area has tabs at the top: Activities (selected), Race Results, Training Plans, and Articles. It shows activity listings with details like date, location, rating, and a "Be the first to review" link. The first listing is "Maya-Prof Computer Animation Camp @ Miller Creek" in San Rafael, California, on Jun 27, 2011. The second is "Summer Sports Camps" in San Anselmo, California, on Jun 03, 2011. The third is "Canon Tennis and Swim Camps" in San Anselmo, California, on Jun 03, 2011. The fourth is "Deer Valley Open" in Antioch, CA, from Jun 03, 2011 - Jun 05, 2011.

Source: Active Network

Exhibit 24: Active Mobile Offering



Source: Active Network



Exhibit 25: Schwaggle Discount for Marin County Half Marathon



Source: Active Network

- 2) **Share and Prepare.** Active enables consumers to find articles, videos, and discounts on gear in order to prepare for events. Active's social integration with sites like Facebook can also drive incremental reservations for customers.



Exhibit 26: Examples of Cycling and Gear Tips

Racing Tips



- Bike Racing 101
- Pre-Race Homework: Knowing Is Half the Battle
- The Art of Improvising During a Bike Race

Improve Your Climbing



- 4 Tips for Cycling Uphill
- 5 Ways to Become a Better Climber
- Defying Gravity: Climbing With the Pros

Bike to Work



- Bike to Work: Tips for Your First Commute
- Important Safety Tips for Commuting by Bike
- 5 Quick Tips to Keep Your Bike Running Its Best

Cycling Gear



- 16 Bike Tools Every Cyclist Should Have
- What Is the Most Comfortable Frame Material?
- Tech Talk: When to Replace Your Chain

Find a Race

San Francisco, California
Sat, Sep 17, 2011

[Find More >](#)

Cycling Videos



00:00 05:40

Cycling Video Tips

- How to Change a Flat**
Active Expert Gale Bernhardt details how to change a flat tire on a bicycle.
- Tubular vs. Clincher Tires**
Active Expert Gale Bernhardt explains the differences between tubular and clincher tires.
- Using a CO2 Cartridge**
Active Expert Gale Bernhardt explains how to use a CO2 cartridge to inflate a bicycle tire.

Source: Active Network

3) Participate and Commemorate. Participants have access to results, photo sharing, and social media.

Exhibit 27: Race Results Page

active.com Race Results

Win \$1,000 Give back to active lifestyle advisor

Join the race! Email a friend Print

Jolla Half Marathon - La Jolla Half Marathon

if 25, 2010 updated on July 14, 2010

Top Finishers - 2007 Half 3528 F

Search Last Name First Name City State Zip City State Zip Zip Code Gender

Search

Top Finishers

Age Groups and Divisions

Search

Show More Columns

Displaying 1 - 20 of 5888

ID	Place	Name	City	State	Zip	Age Group	Division	Clock Time	Overall	Sex	Age	Adjusted
7276	Serial	Jeffrey	Oceanside	CA	92049	23	M	1:09:48	1:09:48	1	1	38.8%
9208	Jeffrey	Gibson	San Diego	CA	92129	35	M	1:16:00	1:16:00	2	2	78.5%
6677	Holca	Rebecca	San Diego	CA	92129	36	M	1:16:39	1:16:39	3	3	76.5%
3296	Krebs	Zimmer	Del Mar	CA	92049	47	M	1:18:38	1:18:38	4	4	83%
2048	Hock	Monica	El Cajon	CA	92129	38	M	1:19:04	1:19:04	5	5	76.8%
4367	Krook	Rebecca	Encino	CA	91313	34	M	1:19:54	1:19:54	6	6	74.3%
1614	Krebs	Karen	Los Angeles	CA	90043	33	M	1:20:38	1:20:38	7	7	73.2%
4637	Krook	Vivian	Oceanside	CA	92049	32	M	1:20:49	1:20:49	8	8	73.3%
9006	Alfonsander	Mathilde	Oceanside	CA	92049	42	M	1:21:36	1:21:36	9	9	72%
7891	Dobado	Sara	Oceanside	CA	92049	35	M	1:21:49	1:21:49	10	10	73%
3923	Krebs	Jessica	San Diego	CA	92129	28	M	1:21:49	1:21:49	11	11	73.4%
9	Hill	Taylor	San Diego	CA	92129	25	M	1:22:09	1:22:09	12	12	72.3%
3048	Ariza	Van Doren	San Diego	CA	92129	42	M	1:22:13	1:22:13	13	13	70.2%
977	Fitz	Juliet	Wheaton	IL	60186	28	M	1:28:17	1:28:17	14	14	70.1%

Leadership

Rank	Name	Time
1	Sergio Gonzalez	1:09:48
2	Jeremy Goddard	1:16:01
3	Nyle Murphy	1:16:39
4	Kevin Krieger	1:16:39
5	Mark Spacca	1:16:41

Leadership

Rank	Name	Time
1	Jessica Goertz	1:20:06
2	Hillary Corso	1:21:35
3	Morgan Supreme	1:26:37
4	Karla Grannum	1:29:14
5	Rochelle Ulrich	1:29:38

FREE RUNNING LOG

Easy Tools & Calculators!

Get Started

Active Trainer

Commemorate your great race with a

Source: Active Network



Management Overview

Dave Alberga, CEO. Mr. Alberga oversees the executive management team for all of Active Network's markets and leads the general managers in new business development. Prior to Active Network, Mr. Alberga headed operations for Ticketmaster Online-CitySearch Inc., a leading portal and transaction company. Additional experience includes senior management positions with Linear Technology Corporation, Silicon Valley Technology and consulting and brand management at the Boston Consulting Group and Procter & Gamble Company. Mr. Alberga holds a Master of Business Administration degree and a master's degree in arts from Stanford University. He earned a bachelor's degree in general engineering from the United States Military Academy at West Point.

Matt Landa, President. Mr. Landa heads all operations including strategy, sales, professional services, technology, and financial execution. Prior to Active Network, Mr. Landa was president and chief executive officer of Silicon Valley-based CMC Industries. Prior to CMC Industries, Mr. Landa was chief operating officer of Silicon Valley Technology (SVT), a high-volume manufacturer of electronics products. Additional experience includes serving as an associate of Monitor Company, a strategic consulting firm based in Cambridge, Mass. Mr. Landa holds a Master of Business Administration degree from Stanford University and a Bachelor of Science degree from Dartmouth College with concentrations in engineering and economics.

Scott Mendel, Chief Financial Officer. Mr. Mendel is responsible for Active Network's corporate finance, accounting, and investor relations functions. Prior to joining Active Network, Mr. Mendel worked in finance positions for General Electric (GE) for over 20 years. In his most recent position, chief financial officer for GE's Healthcare IT division, he led a 150-person global finance function and headed up the financial due diligence and integration of a \$1.2 billion acquisition in 2006. Mendel received his undergraduate degree in finance from Indiana University and his Master of Business Administration degree from Northwestern University, Kellogg School of Management.

John Belmonte, Chief Media Officer. Mr. Belmonte has served as chief media officer since February, 2011. He also served as chief operating officer from April 2000 to February 2011. Previous to Active Network, he was co-founder and president of LeagueLink, a Web-based service for administering recreational sports leagues. Active acquired LeagueLink in April 2000. Mr. Belmonte also worked as a strategy consultant for Boston Consulting Group. Mr. Belmonte has a B.S.E. from University of Pennsylvania's Wharton School of Business and a Master of Business Administration degree from Northwestern University, Kellogg School of Management.

Risks to Price Target

Acquisitions. Active has been highly acquisitive, with over 25 acquisitions over the past five years. Going forward, we believe the company will likely continue to be acquisitive to gain share and expand into new categories and geographies. While we believe the company's track in integrating acquisitions has been good thus far, acquisitions always create uncertainties and could be a distraction for management.

Competition. While we believe the market for Web-based reservations and activity-based software is highly fragmented, we believe the large and growing market opportunity is likely to attract additional entrants. Today, Active primarily competes with legacy registration methods such as pen and paper, mail, and phone-based reservations. Additionally, Active competes with internally developed software applications, off-the-shelf software (e.g., Microsoft Excel), as well as companies that offer Web-based solutions in one or more of its vertical areas.

Slower Adoption of Web-Based Reservation Systems. While online penetration for events and activities registration is still low today, which presents significant growth potential for the company, slower-than-expected online adoption from organizations and participants may limit Active Network's near-term growth potential.

Macroeconomic Environment. We believe the activities and events market is sensitive to consumer sentiment and the overall economic environment. For instance, the company experienced a significant slowdown in its business in the second half of 2008 due to the economic downturn. In addition, due to the company's exposure to the parks and recreation segment, governmental budgetary cuts could adversely impact the company's growth rates.



Transition to ActiveWorks Platform. While we believe the company's transition from its legacy platform to PaaS-based ActiveWorks should drive increased efficiencies and margin expansion, the transition is time consuming and requires significant investment. We note that in 2010, approximately 35% of Active's research and development spending was on the legacy platform. We currently expect Active to transition off the legacy platform by 2014. Delays in the transition (i.e., difficulties in convincing customers to migrate) would likely adversely impact Active's operating leverage.

Expand into New Businesses. While we believe the ActiveWorks platform should enable the company to expand into new verticals, new verticals may require significant incremental investment. Additionally, new businesses may require additional expertise that Active may not have, and as such Active would need to invest in additional personal.

International Expansion. We expect Active to look to expand more internationally in the future, given the potentially large international market for Active's solutions. That said, differences in a specific country's culture and lack of international operational experience of Active could limit the company's success internationally. We believe it is likely that Active will look to a partner and acquisition strategy for international, which could create additional risks and uncertainties.

Environmental Impact. Active's business, especially the Outdoors vertical, could be negatively affected by environmental conditions. For instance, during the Gulf oil spill in the summer of 2010, Active's outdoor growth was negatively impacted.

Active Network Income Statement

Aaron Kessler (415) 249-6366

\$ in M, except per share data	2007	2008	2009	1Q10	2Q10	3Q10	4Q10	2010	1Q11	2Q11E	3Q11E	4Q11E	2011E	2012E	2013E	
Registration			174.0	45.7	60.6	52.1	39.3	197.6	51.4	70.6	60.7	44.1	226.9	258.3	292.7	
Software			36.5	9.3	10.6	10.3	9.9	40.1	11.7	13.3	14.5	13.9	53.3	63.9	75.1	
Technology	78.5	145.8	210.5	54.9	71.2	62.4	49.2	237.7	63.1	83.9	75.2	58.0	280.2	322.3	367.8	
Marketing Services	23.3	27.4	32.4	8.3	10.5	10.7	12.4	41.9	9.6	11.1	11.1	12.1	43.9	51.3	59.8	
Net revenue	101.9	173.2	242.9	63.2	81.7	73.1	61.6	279.6	72.7	95.0	86.3	70.1	324.1	373.6	427.6	
Cost of technology revenue			74.3	103.1	27.0	32.3	29.3	26.5	115.1	33.0	36.1	33.5	29.8	132.4	146.4	163.4
Cost of marketing services revenue			5.4	4.1	1.0	1.7	1.8	1.6	6.2	1.2	1.5	1.6	1.3	5.6	6.6	7.5
Cost of Revenue	41.1	79.7	107.2	28.1	34.1	31.1	28.1	121.4	34.2	37.7	35.1	31.1	138.0	152.9	170.9	
Gross Profit	60.8	93.5	135.7	35.2	47.6	42.0	33.5	158.2	38.6	57.3	51.2	39.0	186.0	220.7	256.7	
Operating Expenses																
Sales and marketing	31.0	48.4	49.8	14.5	15.0	14.9	14.1	58.5	16.8	17.9	17.6	16.8	69.0	75.9	84.3	
Research and development	21.0	31.7	58.2	14.9	16.2	15.0	14.8	60.9	16.1	17.8	17.9	17.3	69.0	75.8	80.4	
General and administrative	18.0	29.0	29.7	9.8	10.4	8.9	8.8	38.0	10.2	11.2	11.4	11.5	44.2	50.3	53.2	
Amortization of intangibles	5.9	13.8	18.5	4.0	4.1	4.0	4.0	16.1	3.7	3.7	3.7	3.7	14.8	6.6	6.6	
Stock Compensation	8.0	14.5	11.1	1.8	1.4	1.3	0.8	5.2	0.7	1.5	1.8	1.8	5.8	7.4	8.4	
Total Operating Expenses	83.8	137.4	167.3	45.1	47.0	44.2	42.5	178.8	47.4	52.1	52.4	51.1	202.9	215.9	232.9	
Operating income	(23.0)	(43.9)	(31.6)	(9.9)	0.6	(2.2)	(8.9)	(20.5)	(8.8)	5.3	(1.2)	(12.1)	(16.8)	4.7	23.9	
Depreciation	4.2	7.9	12.6	3.9	4.6	5.0	5.8	19.2	5.6	5.9	6.3	6.7	24.5	29.8	31.8	
Amortization	8.9	18.8	23.4	5.3	5.3	5.2	5.2	21.1	5.1	4.9	4.7	4.6	19.3	11.5	11.5	
Depreciation and Amortization	13.1	26.7	36.1	9.2	9.9	10.2	11.0	40.3	10.7	10.8	11.0	11.3	43.8	41.3	43.3	
SBC - COGS	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.1	
SBC - Operating Expenses	8.0	14.5	11.2	1.8	1.4	1.3	0.8	5.3	0.7	1.5	1.8	1.8	5.8	7.4	8.4	
Adjusted EBITDA	(2.0)	(2.6)	15.9	1.1	11.9	9.4	2.9	25.2	\$2.6	\$17.6	\$11.6	\$1.0	32.8	53.5	\$75.7	
Interest expense, net	0.6	(3.3)	(5.0)	(1.3)	(1.4)	(1.3)	(1.3)	(5.3)	(1.3)	(1.1)	0.1	0.1	(2.1)	0.6	0.8	
Other (expense) income, net	0.2	(0.3)	1.2	(0.4)	(0.2)	0.8	0.3	0.5	(0.1)	0.0	0.0	0.0	(0.1)	0.0	0.0	
Pre-tax income	(22.2)	(47.5)	(35.4)	(11.6)	(1.1)	(2.8)	(9.9)	(25.8)	(10.2)	4.2	(1.1)	(12.0)	(18.9)	5.3	24.7	
Income taxes	2.6	1.5	2.4	0.9	0.9	1.1	(0.8)	1.9	0.8	1.0	1.0	1.0	3.8	7.2	9.9	
GAAP Net Income	(24.8)	(49.0)	(37.9)	(12.4)	(1.9)	(4)	(9.1)	(27.3)	(10.9)	3.2	(2)	(13.0)	(22.8)	(1.9)	14.8	
PF Net Income	(\$2.7)	(\$12.7)	\$1.6	(\$3.6)	\$6.4	\$4.9	(\$4.8)	\$2.9	(\$3.6)	\$11.6	\$6.4	(\$4.6)	\$9.9	\$31.4	\$54.4	
GAAP EPS	(\$0.86)	(\$1.61)	(\$1.57)	(\$0.30)	(\$0.05)	(\$0.09)	(\$0.22)	(\$1.33)	(\$0.25)	\$0.05	(\$0.03)	(\$0.20)	(\$0.39)	(\$0.03)	\$0.22	
PF EPS	(\$0.07)	(\$0.32)	\$0.04	(\$0.09)	\$0.15	\$0.12	(\$0.12)	\$0.07	(\$0.08)	\$0.19	\$0.10	(\$0.07)	\$0.17	\$0.47	\$0.80	
PF EPS (fully taxed)	(\$0.08)	(\$0.21)	(\$0.01)	(\$0.06)	\$0.08	\$0.05	(\$0.06)	\$0.01	(\$0.06)	\$0.11	\$0.05	(\$0.05)	\$0.06	\$0.22	\$0.39	
Basic Shares (mm)	38.7	40.1	40.5	41.7	41.7	41.7	41.7	41.7	43.1	60.1	65.9	66.2	58.9	67.0	68.3	
Fully Diluted Shares (mm)	38.7	40.1	40.5	41.7	41.7	41.7	41.7	41.7	43.1	60.1	65.9	66.2	58.9	67.0	68.3	

Y/Y% Change															
Registration				22.8%	10.9%	7.5%	16.3%	13.5%	12.6%	16.6%	16.6%	12.4%	14.8%	13.9%	13.6%
Software				27.8%	10.9%	6.4%	(0.3%)	10.0%	26.2%	25.0%	40.0%	40.0%	32.8%	20.0%	19.5%
Technology				23.6%	10.9%	7.3%	12.6%	12.9%	14.9%	17.9%	20.5%	17.9%	17.9%	15.0%	14.5%
Marketing Services				29.5%	36.3%	40.2%	16.5%	29.4%	15.9%	5.8%	3.9%	(3.0%)	4.7%	17.0%	16.5%
Net revenue	62.5%	70.0%	40.2%	24.3%	13.6%	11.1%	13.3%	15.1%	15.0%	16.3%	18.1%	13.7%	15.9%	15.3%	14.5%
Gross Profit	42.2%	53.8%	45.1%	32.1%	14.2%	10.8%	13.4%	16.6%	9.7%	20.5%	21.9%	16.2%	17.6%	18.6%	16.3%
Adjusted EBITDA	(49.9%)	31.0%	NA	NA	6.5%	6.2%	NA	59.0%	133.0%	48.4%	24.5%	(65.2%)	30.2%	63.0%	41.3%
Net Income	198.4%	97.6%	(22.7%)	nm	(28.3%)	(44.4%)	(35.4%)	(28.0%)	(11.8%)	(267.0%)	(45.8%)	43.1%	(16.4%)	(91.9%)	(89.2%)
PF EPS	(61.3%)	355.1%	NA	(42.5%)	(25.5%)	4.5%	(10.4%)	76.3%	(5.1%)	25.6%	(16.5%)	(39.5%)	144.3%	179.3%	69.6%
Expenses - % of Revenue															
Cost of Technology	51.0%	49.0%	49.2%	45.4%	47.0%	53.8%	48.4%	52.3%	43.0%	44.6%	51.4%	47.3%	45.4%	44.4%	
Cost of Marketing Services	19.6%	12.5%	12.3%	16.5%	17.0%	13.2%	14.8%	12.1%	14.0%	14.5%	10.7%	12.8%	12.8%	12.6%	
Cost of Revenue	40.3%	46.0%	44.1%	44.4%	41.7%	42.6%	45.6%	43.4%	47.0%	39.6%	40.7%	44.4%	42.6%	40.9%	40.0%
Sales and marketing	30.4%	27.9%	20.5%	23.0%	18.3%	20.4%	22.9%	20.9%	23.0%	18.8%	20.4%	23.9%	21.3%	20.3%	19.7%
Research and development	20.6%	18.3%	23.9%	23.6%	19.8%	20.6%	23.9%	21.8%	22.1%	18.7%	20.7%	24.7%	21.3%	20.3%	18.8%
General and administrative	17.7%	16.8%	12.2%	15.5%	12.8%	12.2%	14.3%	13.6%	14.0%	11.8%	13.2%	16.4%	13.6%	13.5%	12.5%
Total Operating Expenses (ex SBC)	68.6%	63.0%	56.7%	62.1%	50.9%	53.2%	61.2%	56.3%	59.1%	49.3%	54.3%	65.0%	56.2%	54.0%	50.9%
Tax rate	-11.7%	-3.2%	-6.9%	-7.4%	-78.5%	-38.4%	8.5%	-7.5%	-7.8%	9.4%	18.4%	-17.8%	-20.0%	134.7%	40.0%
Margins															
Gross Margin	59.7%	54.0%	55.9%	55.6%	58.3%	57.4%	54.4%	56.6%	53.0%	60.4%	59.3%	55.6%	57.4%	59.1%	60.0%
Operating Margin	-22.6%	-25.4%	-13.0%	-15.6%	0.7%	-3.1%	-14.5%	-7.3%	-12.2%	5.6%	-1.4%	-17.3%	-5.2%	1.3%	5.6%
Adj. EBITDA Margin	(2.0%)	(1.5%)	6.5%	1.8%	14.5%	12.8%	4.7%	9.0%	3.6%	18.5%	13.5%	1.4%	10.1%	14.3%	17.7%
Incremental EBITDA margin	5.1%	(0.9%)	26.5%	37.4%	7.4%	7.5%	47.6%	25.5%	15.6%	43.0%	17.3%	(22.4%)	17.1%	41.7%	41.0%
Net income margin	-24.3%	-28.3%	-15.6%	-19.6%	-2.4%	-5.2%	-14.8%	-9.8%	-15.0%	3.4%	-2.4%	-18.6%	-7.0%	-0.5%	3.5%

Source: Company reports and ThinkEquity LLC estimates



COMPANIES MENTIONED IN THIS REPORT:

Company	Exchange	Symbol	Price	Rating
Amazon.com, Inc.	NASDAQ	AMZN	\$209.49	Buy
Apple Inc.	NASDAQ	AAPL	\$343.26	Buy
comScore, Inc.	NASDAQ	SCOR	\$26.24	Buy
eBay Inc.	NASDAQ	EBAY	\$32.74	Buy
Expedia, Inc.	NASDAQ	EXPE	\$29.54	Hold
Linear Technology Corporation	NASDAQ	LLTC	\$33.43	Hold
MercadoLibre, Inc.	NASDAQ	MELI	\$81.55	Buy
Motorola Mobility Holdings, Inc.	NYSE	MMI	\$23.48	Buy
Netflix, Inc.	NASDAQ	NFLX	\$267.99	Buy
OpenTable, Inc.	NASDAQ	OPEN	\$82.56	Hold
priceline.com Incorporated	NASDAQ	PCLN	\$524.80	Buy
Shutterfly, Inc.	NASDAQ	SFLY	\$59.02	Hold
VistaPrint Ltd.	NASDAQ	VPRT	\$48.77	Hold
Yahoo!	NASDAQ	YHOO	\$15.45	Buy

Important Disclosures

Analyst Certification

I, Aaron Kessler, CFA, hereby certify that all of the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

I, Qi (Henry) Guo, hereby certify that all of the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

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ThinkEquity LLC and/or an affiliate managed or co-managed a public offering of securities for The Active Network, Inc. in the past 12 months.

ThinkEquity LLC makes a market in comScore, Inc., Amazon.com, Inc., eBay Inc., priceline.com Incorporated, Netflix, Inc., Expedia, Inc., MercadoLibre, Inc., OpenTable, Inc., VistaPrint Ltd., Shutterfly, Inc., Apple Inc., Linear Technology Corporation, Motorola Mobility Holdings, Inc., Yahoo!, and The Active Network, Inc. securities; and/or associated persons may sell to or buy from customers on a principal basis.

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Effective October 7, 2009, ThinkEquity LLC moved from a four-tier Buy/Accumulate/Source of Funds/Sell rating system to a three-tier Buy/Hold/Sell system. The new ratings appear in our Distribution of Ratings, Firmwide chart. To request historical information, including previously published reports or statistical information, please call: 866-288-8206, or write to: Director of Research, ThinkEquity LLC, 600 Montgomery Street, San Francisco, California, 94111.

Buy: ThinkEquity expects the stock to generate positive risk-adjusted returns of more than 10% over the next 12 months. ThinkEquity recommends initiating or increasing exposure to the stock.

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Sell: ThinkEquity expects the stock to generate negative risk-adjusted returns of more than 10% during the next 12 months. ThinkEquity recommends decreasing exposure to the stock.



Distribution of Ratings, Firmwide

ThinkEquity LLC

Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
BUY [B]	147	69.00	20	13.61
HOLD [H]	64	30.00	4	6.25
SELL [S]	2	0.90	0	0.00

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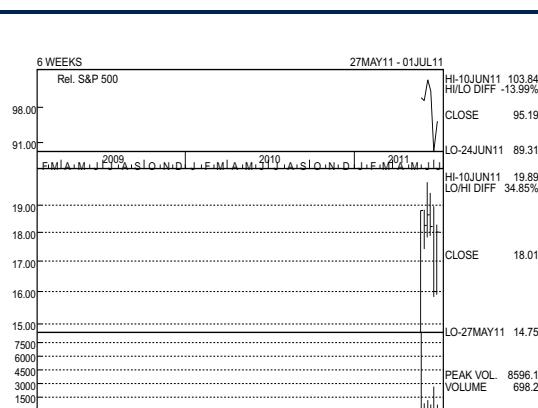
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INITIATION | COMMENT

JULY 5, 2011



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FY Dec	2010A	2011E	2012E	
Revenue (MM)	279.6	322.0	370.9	
Adj EBITDA (MM)	25.1	33.1	51.0	
Adj EPS - FD		(0.35)	0.08	
P/AEPS	NM	NM	NM	
Revenue (MM)	Q1	Q2	Q3	Q4
2010	63.2A	81.7A	73.1A	61.6A
2011	72.7A	94.6E	85.5E	69.3E
2012	82.3E	108.7E	100.3E	79.6E
Adj EBITDA (MM)				
2010	1.1A	11.8A	9.3A	2.9A
2011	2.6A	17.2E	11.5E	1.8E
2012	5.0E	25.9E	17.4E	2.7E
Adj EPS - FD				
2011	(0.24)A	0.09E	(0.01)E	(0.20)E
2012	(0.10)E	0.23E	0.09E	(0.14)E

All values in USD unless otherwise noted.

INITIATION | COMMENT

Active Network, Inc. (NYSE: ACTV)

The Ironmen of the Internet

Outperform
Above Average Risk

Price:	18.01	Price Target:	22.00
Shares O/S (MM):	53.0	Implied All-In Return:	22%
Dividend:	0.00	Market Cap (MM):	955
		Yield:	0.0%

Active Network Grinds Out Steady Growth and Margin Expansion

Net: We are initiating coverage of Active Network with an Outperform rating and \$22 price target. ACTV is the leading online event registration company, handling over 70m transactions per annum for organizations in the sports, outdoors, community, and corporate sectors. We believe ACTV deserves a premium to our Internet coverage peer universe, as it has business model attributes that stand out amongst its peers. Similar to online advertising and e-commerce, ACTV operates in a large addressable market with low online penetration, but what separates ACTV from the peers is the company's very high level of revenue visibility and the lower-than-average level of competition. These two factors, among others listed below, should allow ACTV to grow into a much larger company, both organizationally and financially. We forecast revenue and EBITDA growth of 15% and 54% in 2012. Shares trade at 2.1x EV/revenue, below the SAAS peer group, and 4.8x 2012E EBITDA which is at the higher end of the Internet peer universe, but as margin expansion plans take form, the EBITDA multiple should reduce by 30%-40% per annum as we flip the calendar. Our \$22 price target is based on 15x EBITDA, a 3% FCF yield and 3.5x revenue.

Reasons to Own Active Network: We see six key reasons to own shares of ACTV: 1) Highest revenue visibility in our space: ACTV should see stable 2010-2012E 15% revenue CAGR with high visibility and low customer churn for the foreseeable future. 2) Expanding EBITDA margins: Our model assumes 43% adjusted EBITDA CAGR through 2012 and margin expansion from 9% in 2010 to a target of ~25% by 2015, as duplicative costs come out of R&D, with additional leverage in COGS and G&A. 3) Large underpenetrated TAM: ACTV operates in a \$10B event registration market, with only ~3% currently online, below online advertising and e-commerce penetration. 4) Mix shift to online drives revenue and margins: ACTV's model should see higher revenue and lower expenses as registrations shift from offline to online. 5) Minimal competition online: ACTV's nearest competitor is only 15% its size and few operate across verticals. 6) High quality management team: A proven management team has demonstrated its ability to grow the business both organically and through accretive M&A.

Risks to Monitor: There are three primary risks to our investment thesis: 1) ACTV's margin expansion thesis does not play out over the set timeline (or does not play out at all). 2) While unlikely, ACTV could lose large contracts material to financial statements as states/municipalities struggle financially. 3) M&A and related complications around integration could materialize.

Valuation: Shares trade at 12x our 2012E EBITDA and 2.1x 2012E revenue vs. the peer universe at 19x and 3.7x. Our \$22 price target is based on 15x 2012E EBITDA, a 3% FCF yield and 3.5x revenue.

Priced as of prior trading day's market close, EST (unless otherwise noted).

For Required Conflicts Disclosures, see Page 38.

Summary and Investment Conclusion

Active Network (ACTV) is a company that shows many of the attributes of successful Internet companies that we like to see, including: 1) a unique business model that is difficult to replicate or compete against; 2) a unique relationship with its customers (both organizations and participants); and 3) strong recurring revenue and visibility.

ACTV's business model is simple: the company automates the labor-intensive process of registering participants for different kinds of events. Organizations from triathlons to soccer camps to campgrounds to church groups all use Active Network's software and websites to register participants online for their respective events. ACTV's solutions are mission-critical for many of these organizations, which historically (and in many cases currently) had to manage the registration process manually offline. Active Network not only processes the registration transaction, but also provides lots of analytics, tracking, optimization and demand generation tools to its customers in an effort to increase the event organizer's revenue and decrease costs. For these services and solutions, ACTV charges its customers around 6.5% of each registration fee, which aligns the customer's incentive of increasing the size (and revenue generation) of the event, with Active Network's goal of increasing its revenue.

Looking across the landscape of online advertising, online travel and e-commerce sectors that we cover, we find few companies that enjoy Active Network's dominant position in its space and below-average level of large-scale competition. The company's 2010-2012E 15% revenue CAGR may fall short of some of the faster-growing, newer business models emerging in the space, but few others have the same entrenched position in their respective industry. As a result, shareholders are likely to realize value over time as the company continues on its stable growth trajectory but begins to pull some of the cost/efficiency levers. Our expectation for a highly predictable, 15% revenue CAGR with expanding margins is likely to warrant a premium valuation over time.

ACTV Valuation Comparables

Exhibit 1: Active Network Valuation Comparables

Company	Ticker	Rating	Price	Shares Out (mm)	Market Cap	Adjusted EV (USD)	EV/SALES FY12E	EV/EBITDA FY12E	FCF Yield FY12E
Category Leaders									
Netflix	NFLX	NR	\$262.69	52.5	13791	13444	3.2x	19.5x	4.4%
Amazon	AMZN	OP-AA	\$204.49	459.0	93861	86343	1.4x	22.3x	5.4%
Priceline	PCLN	OP-AA	\$511.93	51.7	26467	24428	4.8x	14.2x	5.8%
Blue Nile	NILE	SP-AA	\$43.98	15.2	668	580	1.5x	15.0x	8.3%
Opentable	OPEN	NR	\$83.12	23.5	1953	1884	10.2x	24.1x	
WebMD	WBMD	NR	\$45.58	58.2	2653	2251	3.0x	8.3x	4.4%
Dice Holdings, Inc.	DHX	NR	\$13.52	66.5	899	824	4.0x	9.0x	7.3%
Average							4.0x	16.1x	5.9%
SAAS									
Salesforce	CRM	OP-A	\$135.37	132.9	17991	16524	6.6x	32.6x	3.1%
Concur	CNQR	OP-S	\$50.08	53.9	2699	2155	5.3x	17.4x	4.3%
Blackboard	BBBB	NR	\$45.31	34.7	1572	1551	2.8x	11.2x	7.8%
Constant Contact	CTCT	OP-S	\$26.76	29.5	789	609	2.4x	12.4x	7.4%
LogMeIn	LOGM	OP-S	\$42.55	24.1	1025	775	5.6x	18.6x	5.1%
SuccessFactors	SFSF	OP-S	\$33.80	77.5	2620	2118	6.4x	111.4x	2.8%
Average							4.8x	33.9x	5.1%
Online Advertising									
Valueclick	VLCK	SP-S	\$16.60	81.6	1355	1080	2.1x	6.8x	9.1%
Marchex	MCHX	SP-S	\$8.88	37.4	332	286	1.9x	11.7x	5.1%
interCLICK	ICLK	OP-S	\$7.96	26	207	188	1.1x	6.6x	5.8%
Google	GOOG	OP-A	\$506.38	326.4	165282	125670	4.0x	7.3x	8.2%
Yahoo	YHOO	OP-A	\$15.04	1320.2	19856	4535	1.1x	2.4x	17.9%
Demand Media	DMD	OP-AA	\$13.55	89.9	1218	1050	2.7x	8.4x	7.6%
Average							2.1x	7.2x	8.9%

Source: Company reports, RBC Capital Markets estimates, Thomson One (for not rated companies)

Note: salesforce, Concur, Constant Contact, LogMeIn, and SuccessFactors are covered by RBC Capital Markets LLC analyst Robert Breza, 612-313-1207.

Ratings Legend: OP - Outperform, SP - Sector Perform, NR - Not Rated, S - Speculative, AA - Above Average, A - Average

Priced as of market close June 30, 2011.



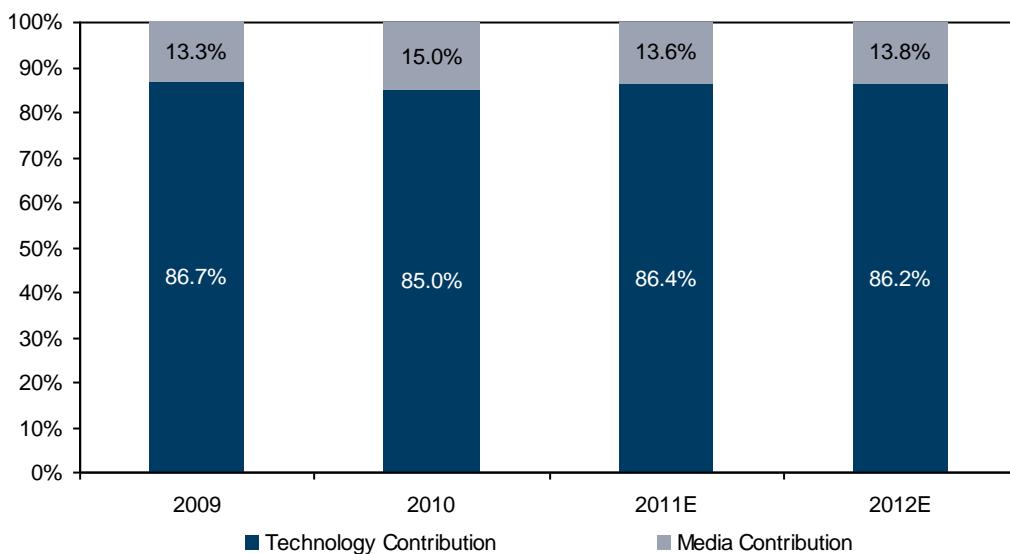
Investment Thesis

Our bullish thesis on Active Network is based on the following six factors: 1) the company has the highest level of revenue visibility in our coverage universe; 2) we expect EBITDA margins to expand significantly through 2015; 3) ACTV operates in a large addressable market with low online penetration; 4) revenue and margins will naturally benefit from a shift to online; 5) there is minimal competition that poses any real threat to Active Network's position; and 6) ACTV's proven management team has demonstrated its ability to execute and grow the business both organically and through accretive M&A.

Active Network Has the Highest Level of Revenue Visibility in Our Coverage Universe

The recurring nature of the events that Active Network supports and the long-term nature of its customer contracts (and low churn) provide the company with an unusually high level of revenue visibility. Active Network can predict approximately 85% of the following year's revenue before the start of the year. The organizations that Active Network provides its services to operate events on a regular schedule each year or several times per year, and ACTV can reasonably expect to run the same event the following year. Active's goal is to reduce costs and increase revenue for its clients, while increasing the mix of event participants signing up through Active Network (vs. offline) and hence online.

Exhibit 2: Highly Predictable Technology Revenue as a Percentage of Total Revenue



Source: Company reports, RBC Capital Markets estimates

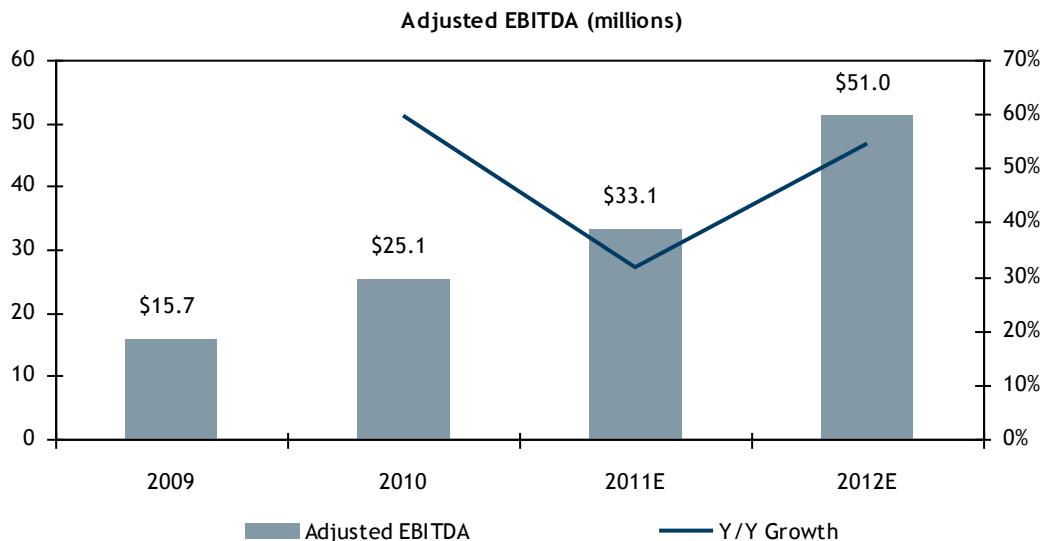
Revenue from the Technology segment, which includes registrations, subscriptions, and maintenance, makes up ~85%+ of the company's revenue each year, and is highly predictable. As noted, most events are recurring in nature, and the standard technology contract at Active Network is for three years. The company also performed an internal study on 75% of its registration revenue and noted that registration revenue has a churn rate of less than 5% per year, representing a high level of customer retention (and hence satisfaction) compared to other companies in the online services space.

EBITDA Margins to Expand Significantly

Active Network expects its adjusted EBITDA margin to expand by as much as 1600bp over the next several years, from the 9% level in 2010 to a target of ~25% by 2013-2015. As a result, our adjusted EBITDA estimate is projected to grow at a 43% CAGR from 2010 to 2012, well ahead of the peer average of 29% (defined as our coverage universe), despite revenue growth at only a 15% CAGR. We project adjusted EBITDA to grow to \$33.1 million in 2011 and \$51.0 million in 2012, up from \$25.1 million in 2010.



Exhibit 3: Adjusted EBITDA Estimates and Growth



Source: Company reports, RBC Capital Markets estimates

Exhibit 4 illustrates where Active Network expects to gain leverage in each expense line in its income statement in order to reach its target adjusted EBITDA margin of ~25%. (Note that the individual expense lines include depreciation and amortization which are added back to arrive at adjusted EBITDA, and thus adding these lines together does not arrive at the total EBITDA margin shown.) We discuss each of these expense areas below.

Exhibit 4: Target EBITDA Margin

	2008	2009	2010	2011E	2012E	2013-2015 Target
Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	
Operations	46.0%	44.1%	43.4%	42.4%	40.7%	-37.5%
Sales & Marketing	27.9%	20.5%	20.9%	21.5%	20.7%	-19.0%
Research & Development	18.3%	23.9%	21.8%	21.5%	20.3%	-16.5%
General & Administrative	16.8%	12.2%	13.6%	13.4%	13.4%	-10.0%
Adjusted EBITDA	-0.6%	6.5%	9.0%	10.3%	13.8%	→ 22.5%-27.5%

Note: Combined OPEX lines above do not total to adjusted EBITDA as they include additional depreciation and amortization expenses which are removed to arrive at adjusted EBITDA.

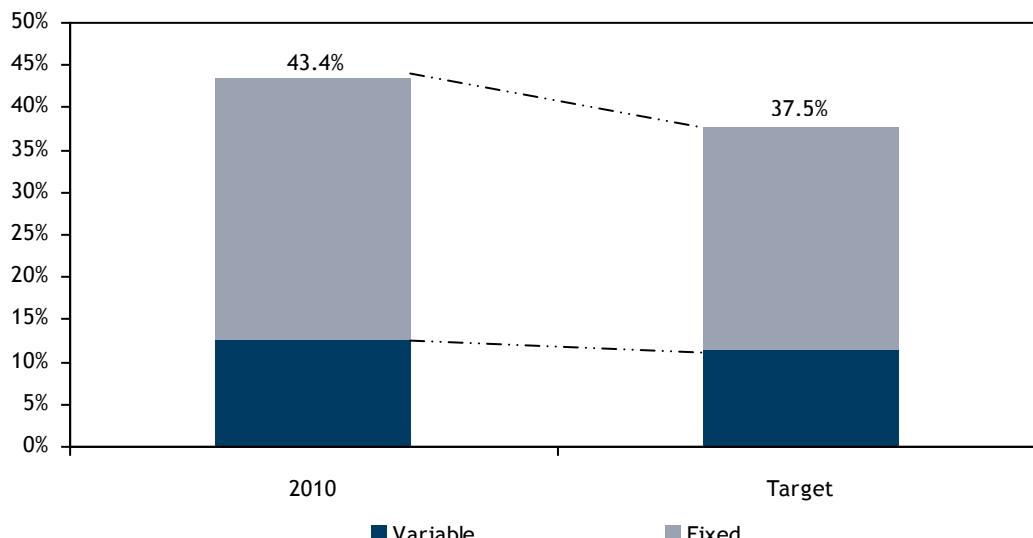
Source: Company reports, RBC Capital Markets estimates

Cost of Revenues

Active Network expects to achieve leverage of ~500-600bp in cost of revenues from 2010 to 2013-2015, going from 43.4% reported in 2010 to ~37.5%. Cost of revenue at ACTV includes primarily credit card fees, call center costs, web hosting, and other related employee costs to support revenue growth. Variable costs consist primarily of credit card fees, and parts of ACTV's headcount in this area, which will increase with revenues. COGS leverage should come largely from efficiencies around fixed costs like infrastructure expenses and call center efficiencies, and represent ~70% of COGS, we estimate. As registration volume mix shifts towards online registrations (vs. offline), the need for call center staffing and technology will be reduced, further driving leverage in the category. Investments in technological improvement will drive operational efficiencies around telephony and web hosting costs, as well as reducing headcount needs.



Exhibit 5: COGS as a Percent of Revenue

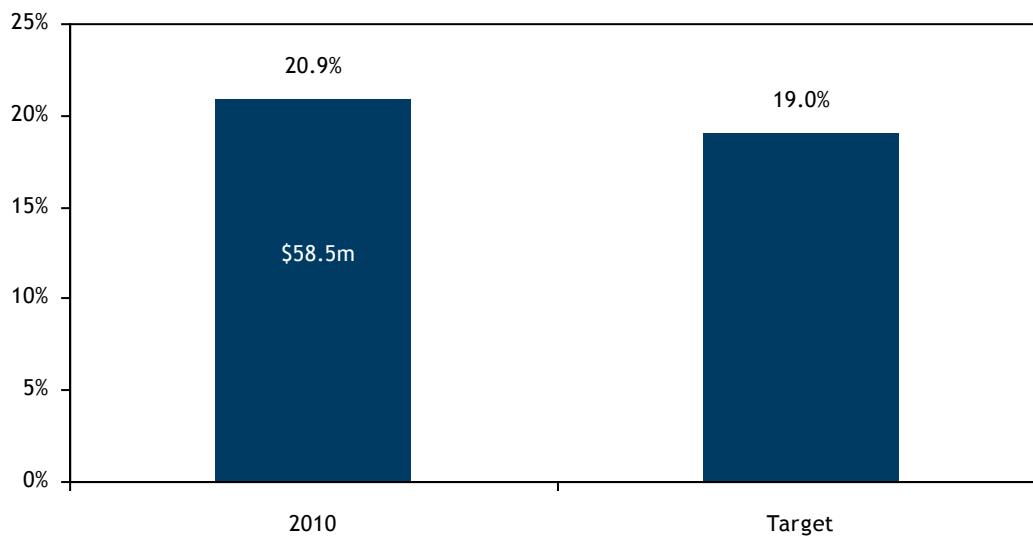


Source: Company reports and estimates

Sales & Marketing

The company expects Sales & Marketing (S&M) expense as a percentage of revenue to achieve the least amount of leverage in the coming years, with only around 200bps through 2013-2015 (21% to 19% of revenue). ACTV will continue to invest in S&M activities to increase its breadth of organizations and events under management. S&M expense is largely comprised of salary and benefits for sales and marketing employees, but also includes other promotional and marketing activities, including direct and online marketing. As the sales staff matures and becomes more productive, we estimate the company should see modest operating leverage.

Exhibit 6: S&M as a Percent of Revenue



Source: Company reports and estimates

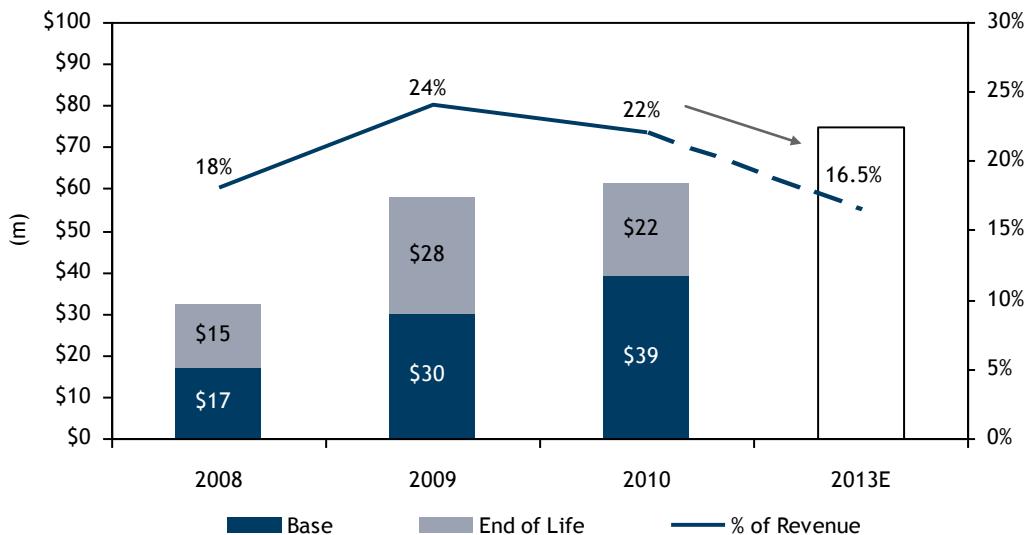
Research & Development

Active Network expects to achieve leverage of ~500bp-600bp from Research & Development (R&D) from 2010 to 2013-2015, going from 22% of revenue in 2010 to ~16.5% in three to five years. R&D costs support the technology platforms used and thus reflect both in-house platforms that will be used going forward (the “Base” platforms), as well as those added in corporate acquisitions and older systems being retired (the “End of Life”, or “EOL”, platforms). The company is building a unified single platform for all of its various customers and verticals to operate on top of. This project is one of the largest initiatives at ACTV over the next several years and



should bring about efficiencies and greater speed and flexibility to roll out new features and services to its clients. In the interim, the older and acquired systems must be maintained and kept reasonably up to date until customers operating through those platforms can be ported over to the new Active Network software stack, a process that is likely to take several years.

Exhibit 7: R&D as a Percent of Revenue



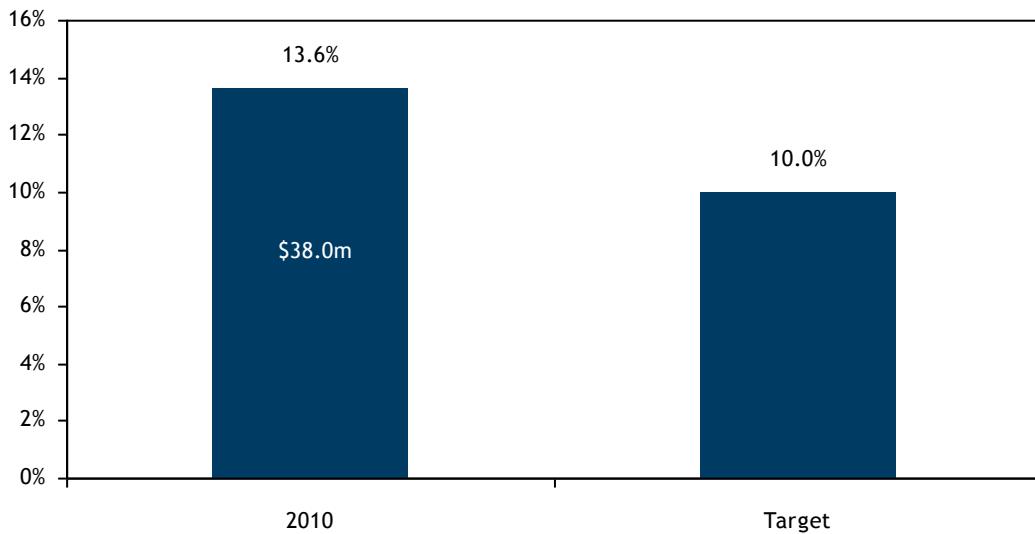
Source: Company reports and estimates

Leverage from R&D will come from both economies of scale on the Base platform as well as the tapering off of expenses related to the maintenance of EOL systems.

General & Administrative

The company expects to gain between 300bp and 400bp of leverage over the next four to five years in General & Administrative (G&A) expense as a percent of revenue, going from a reported 13.6% of revenue in 2010 to a target of ~10%. G&A expense is largely comprised of salary and benefits for employees in support roles, such as finance, legal, and public company costs, but also includes professional fees as well as software and travel expenses for support employees. Similar to most companies in our coverage universe, beyond the increased public company costs in 2011, ACTV should see operating leverage naturally in G&A as revenue growth outpaces headcount needs; support departments such as IT and Accounting will increasingly achieve economies of scale.

Exhibit 8: G&A as a Percent of Revenue



Source: Company reports and estimates

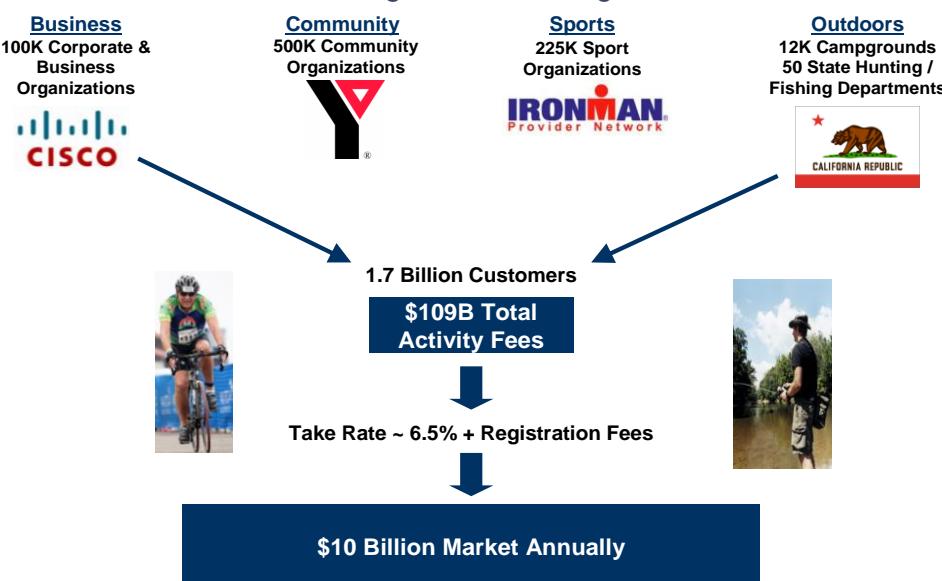


Large TAM with Below-Average Online Penetration

\$10 Billion Total Marketplace for Event Registrations

The event registrations marketplace is primarily one that has the vast majority (97%) processed offline. According to Active Network, in 2010, over 800,000 organizations hosted recreational or communal events that required over 1.7 billion event participants in North America to complete a registration form, with total participation or “activity” fees collected around these events summing to approximately \$109 billion. The typical registration processing fee (or “take rate”) is around ~6.5% of total activity fees, often with additional fees for registration and application. In total, this translated to the total addressable market (TAM) opportunity in the North American event registration space to more than \$10 billion in 2010.

Exhibit 9: North American Event Registration Flow-Diagram

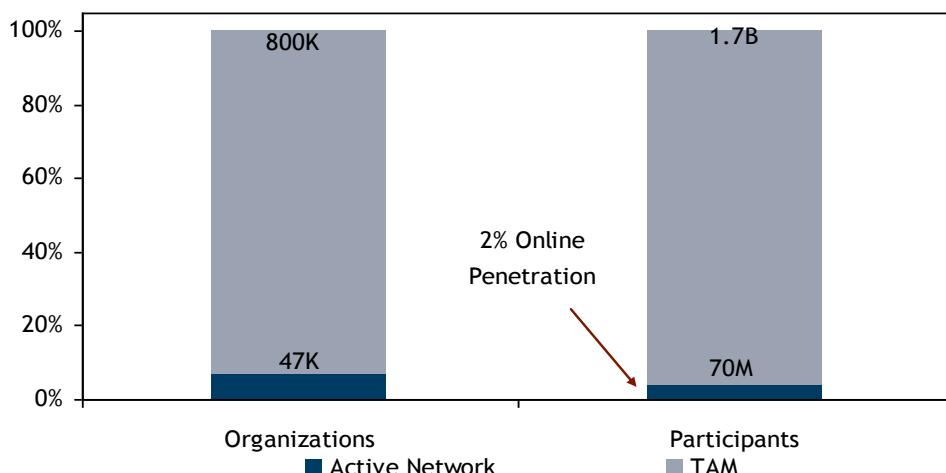


Source: Company reports

Only 3% of Total Registrations Processed Online

According to Active Network, in 2010, only ~3% of the 1.7 billion event registrations completed were processed online, or approximately 51 million registrations. By comparison, Active Network completed around 40% of its registrations online in 2010, with 28.3 million online registrations, or on the order of 55% of the total market's online registrations (assuming 51 million total online registrations). As more registrations move online at ACTV's organization customers, the company could see modest acceleration in growth, as it tends to pick up a disproportionate share given its wide reach in the space.

Exhibit 10: Active Network Registration Penetration, 2010



Source: Company reports



In 2010 Active Network processed ~70 million registrations in total, which represented ~4% of total event registrations. The 70 million total registrations handled by Active Network represents ~4% of registrations in North America, and the 28 million online registrations represent only 2% of the total North American market. Active Network managed registrations for 47,000 organizations, representing ~6% of the 800,000 North American organizations that hosted an event (although we don't like to focus on total number of organizations because size of organization can significantly skew the data).

Core Registration Segments

Active's addressable market consists of four broad organization categories (today): business, community, sports, and outdoors. Of the over 800,000 organizations that hosted an event in 2010, the vast majority, ~500,000, were community organizations, followed by sports (225,000+), business (100,000+) and outdoors (12,000+). We note that a particular organization may have any number of events and even more volume of registrations per year, so the use of organizations as a growth or market penetration metric can be somewhat misleading (and hence, we present these statistics here only to give a sense of the marketplace and clientele for Active Network). Individual registration volume estimates are also not available on a category level so it is difficult to identify an accurate market share for ACTV across the four major segments.

Sports: Organizations in the sports segment include endurance events (Active Network's first core services area), sport organizers, leagues, tournaments, sports camps, and golf courses. In 2010, there was a TAM of over 225,000 sport organizations, leagues and tournaments as well as 16,000 golf courses that relied on event registrations. Active Network currently manages registrations for over 1,500 public golf courses (e.g., BethPage Golf Club, Hilton Golf), 10,000+ endurance event customers (e.g., the Ironman Triathlon), and 25,500+ leagues and clubs (e.g., United States Tennis Association), so the sports segment still only addresses a fraction of the total addressable market, even though Active Network has provided services to this vertical longer than any of the others.

Outdoors: Outdoor organizations include campground sites and state hunting & fishing departments. In North America alone, the TAM for these organizations is over 12,000 campground sites as well as hunting & fishing departments for all 50 states. By the end of 2010, 34 states were managing their campgrounds (4,000+ parks and 3,000+ campgrounds) and 23 states were managing their hunting and fishing licenses via Active software, websites and call centers. Reserve America, ACTV's campground reservation service, acquired from IAC in 2009 for \$50 million, falls into the Outdoors vertical.

Community: This customer segment includes educational, non-recreational government and faith-based organizations as well as camps and park and recreation agencies. In 2010, Active Network had over 1,500+ parks departments and community recreational centers, 3,500+ educational organizations, 1,600+ summer camps and over 100+ city and country governments. That year, the TAM in North America consisted of over 90,000 educational and 55,000 non-recreational government organizations, 270,000 religious groups, 50,000 camps and 9,000 parks and recreation agencies.

Business: The business segment includes all corporations that are using third-party registration services to manage conferences, speaker series, fundraisers and other corporate events. In 2010 over 100,000 corporate and business organizations hosted events that required some form of event registration. ACTV has over 8,000 corporate clients including Subway, Cisco, Microsoft and Hewlett-Packard, among others.

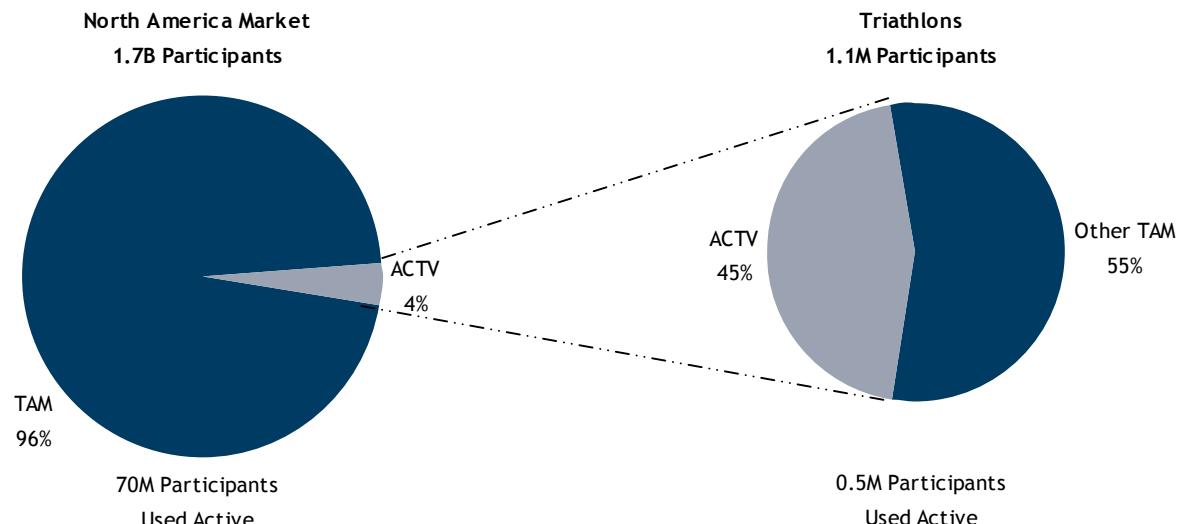
The Endurance Vertical - A Proxy for What the Rest of the Segments Could Evolve To

Active Network holds a significantly higher percentage of the total available organizations and registrations in the endurance sports (i.e., triathlon and marathon) category. At its inception, Active Network wanted to solve the problem of participants signing up for important endurance sports events, which previously were handled mostly offline, by mail/check, which were very problematic for both organizations and participants. Event organizers realized significant revenue generation, cost savings, and troubleshooting benefits once they adopted Active Network's online registration platform. As more and more endurance events shifted their event registration and event promotions to Active Network, the company's market share in the category increased.

ACTV has been in the endurance space for 13 years and has managed to win over 70% market share of organizations in the category. More importantly, as event organizers use Active Network, they are seeing higher revenue generation and lower costs of registration over time, the real value proposition of working with Active. The company's role in the endurance category has allowed 45% of overall registrations to now take place via ACTV, well above the company's overall industry penetration of 4% (discussed below). ACTV's goal is to replicate the success it has experienced in the endurance category across each of its other verticals: winning more and more events and organizations, and shifting more registrations from offline to the more efficient online process, which is the key driver of the long-term growth thesis.



Exhibit 11: North American Triathlon Vertical vs. TAM, by Participants, 2010



Source: Company reports

In 2010, there were over 1.7 billion event registrations, of which 70 million, or 4%, were completed through Active Network. However, of the 1.1 million endurance sports registrations in the U.S. in 2010, ~500,000, or 45%, registered for their event through Active Network.

Mix Shift to Online Drives Revenue and Margin

Active's registration business model is simple: the company earns an average of 6.5% plus additional fees for each registration that it processes (the take rate discussed below). The revenue growth at the company is driven by growing the volume of registrations managed by ACTV and increasing the revenue per registration. Volume growth is dictated by share shift from offline to online and increased market share for ACTV. Revenue per registration is mostly a function of mix of registrations.

There are two scenarios under which mix shift will drive additional registration revenue: 1) a higher take rate on hunting and fishing licenses purchased directly from Active Network versus via other means (offline and off ACTV); and 2) additional registrations captured by ACTV at events where some offline cash transactions are currently not done through the Active Network system. Beyond the revenue boost, a shift to online registrations will also cut down on costs from the more labor-intensive call centers, increasing margins. In 2010, Active Network processed 28.3 million registrations online, an increase of 20.8% vs. 2009. We estimate that the number of online registrations will increase 16% in 2011 and 14% in 2012, bringing the number of online registrations processed by ACTV in 2012 to 37.5 million. As online registration growth continues to outpace offline registration growth, we estimate that online registrations as a percentage of total registrations will increase from 35.8% in 2009 to 44.9% in 2012, or roughly 230bp of share shift per annum.

Exhibit 12: Mix Shift to Online Increases Revenue and Margin

	2009	2010	2011E	2012E
Registrations:				
Online	23.4	28.3	32.9	37.5
Y/Y%		21%	16%	14%
% of total	36%	40%	44%	45%
Offline	42.1	41.9	42.6	46.1
Y/Y%		0%	2%	8%
% of total	64%	60%	56%	55%
Revenue Per Registration	\$2.66	\$2.82	\$3.00	\$3.10
Y/Y%		6%	6%	4%
Registration Revenue	\$174.0	\$197.6	\$226.0	\$259.3
Y/Y%		14%	14%	15%

Source: Company reports, RBC Capital Markets estimates



Exhibit 13: Estimated Registration Unit Economics

	Average Event Registration Fee	Take-rate	Revenue Per Reg.	Gross Profit Per Reg.	Gross Margin Per Reg.
Large online org.	\$40	5.0%	\$2.00	\$1.27	64%
Small online org.	\$44	9.0%	\$4.00	\$2.54	64%
Offline (hunting/fishing)	\$25	4.4%	\$1.11	\$0.49	44%

Source: Company reports, RBC Capital Markets estimates

Licenses Booked Online Earn Higher Take Rate

Hunting and fishing licenses booked offline tend to earn a lower take rate for Active Network due to the revenue share paid out to the offline merchant. Offline registrations for licenses are typically done through retailers at a physical location, like a bait & tackle shop or a Walmart. The registrant will request the license at the cashier who enters the information into a point of sale (POS) machine and provides the license. As the retailer is performing a service, Active Network shares the revenue earned from the registration. Under the current economics, a hunting or fishing license booked at a physical retailer earns Active Network net revenue of around ~\$0.90, while a license booked online earns the company ~\$3, more than three times as much. A shift to online offers a clear benefit in a higher take rate for Active Network.

Of the over 30 million annual hunting and fishing license registrations in the U.S., only around 9% are currently booked online. While there is a natural progression for registrations to shift online, Active Network is also considering additional service options to help drive more license registrations digitally and through its internal systems. One option that is being piloted would be to install kiosks at the physical retail location, which would go directly to ACTV, but would still bring customers into the store, which is often the retailer's primary objective.

Additional Volume as Out-of-System Registrations Move Online

Events often offer day-of registrations that are performed in cash and are not captured in the ACTV system. While Active Network may have been contracted to handle all of the registrations for the event, both on- and offline, the company has no control over these transactions, and will not be paid for the registration. In this scenario, a greater mix of online registrations simply results in a greater volume of registrations being completed through the Active Network system, driving higher revenue growth despite the take rate being equivalent between on- and offline.

Online Registrations Cost Less per Unit than Offline Registrations for Active

As more registrations move online, ACTV will be able to realize higher margins, as noted in the "EBITDA Margins to Expand Significantly" section above. Once the initial investment has been made on the registration technology platform, online registrations have a natural lower-cost higher-efficiency over similar offline registrations, which have a higher variable labor component. Online registrations are often fully automated, so an incremental transaction does not have any associated cost (outside of minimal cost allocation for web hosting and maintenance) and is much less prone to human error. On the other hand, offline registrations are performed through one of Active Network's call centers, which have a direct labor component associated in the call technician taking and processing the registration. In the case of some outdoor activity registrations, such as campground management, the ASP is so low that the variable cost to Active Network balances out any gain in revenue, resulting in effectively a breakeven registration.

Minimal Competition Online

The market for online event registrations is very fragmented. As discussed below, there are a number of organizations across a wide range of categories that require software solutions to handle their registrations. Active Network is the leading provider of these registration solutions by a significant margin in this fragmented space, at over six times the registration revenue and volume of its closest competitor.

ACTV has acquired a number of large and small competitors over the years in an attempt to diversify the categories that it operates in, and the organizations that it depends on. Across all of these verticals, there are common requirements from event customers: they need a solution that reduces cost, allows for tracking and management of their events, allows for marketing and promotion, and has certain compliance requirements. As a result, few service providers have the scale necessary to compete with Active Network on price and service quality.

The majority of online event registration competition comes from small niche competitors, which have legacy relationships with a few organizations in their immediate region. A few examples include Eventrite, an event-based management and e-commerce company that targets small community events; Meetup Inc., a social network that assists group meeting organization; MyPunchBowl, a party planning and management service; and Amiando, a global SaaS provider that assists with event marketing, registration and payment



processing. Many of the smaller competitors are below ACTV's radar, although as an example of one that could present a competitive threat, we briefly describe Cvent below.

Cvent

Cvent is an event, survey and e-marketing solutions company that employs over 800 personnel worldwide. According to company reports, to date, Cvent is used by over 90,000 professionals, and since its inception, it has managed over 275,000 events and surveys. Cvent offers customers a variety of online services including event management, supplier networking, meeting management and web surveying. Cvent solutions compete primarily with Active Network's corporate segment, but Cvent competes in the non-profit, government and educational space as well.

Cvent's primary solutions are:

Event Management: A proprietary event management software that enables customers to manage registration, marketing, budgeting, analytics and other aspects of events online.

Supplier Network Services (SNS): SNS is an online database that matches event space suppliers with organizations that are looking for large venues to host upcoming events.

Meeting Management: Meeting Management solutions help organizations plan, manage and source their meetings while also providing analytical tools to help corporations identify and evaluate a meeting's effectiveness and ROI.

High Quality Management Team

One of Active Network's biggest intangible assets is its culture. The company has many endurance sports athletes across many parts of the organization. This athletic culture has created a very driven and aggressive "get things done" attitude that most ACTV employees embrace.

Active Network has assembled a top management team, many of which have been with the company for over ten years, which embodies several qualities we see as key to the company's success. In addition to solid organic growth, a significant portion of ACTV's growth has come through acquisitions of competing and complementary companies, a strong internal culture is extremely important to ensure a successful integration; we believe that culture is driven from the top by the strong management team.

Risks to Monitor

As mentioned above, Active Network's model is unique in that it does not have as much risk from competition as other online businesses we cover across e-commerce, online advertising and online travel. Active Network typically competes against smaller regional companies that have relationships with organizations, but can rarely compete on resource allocation, breadth of services provided, or in some cases, price. There are also some "free-mium" registration solutions that are available to organizations today and should increasingly become available as software applications shift from a client-server architecture, to a more collaborative cloud architecture over the next several years. We don't expect ACTV to lose share to these companies, but in some cases, smaller organizations could choose to in-house their registration process.

Outside of the risk from competition, we see three primary risks to our investment thesis: 1) our adjusted EBITDA growth estimates of 32% and 54% in 2011 and 2012, respectively, are contingent upon ACTV achieving operational leverage; therefore, there is a risk that any delay or failure to deliver on margin expansion plans could cause EBITDA to fall short of future estimates; 2) a loss of a large customer(s) could lead to a considerable reduction in registrations; and 3) integration risks associated with future M&A.

Margin Expansion from Platform Upgrade Might Not Deliver on Time or Meet Expectations

Our 2011 and 2012 adjusted EBITDA estimates imply year-on-year growth rates of 32% and 54%, respectively, compared to year-on-year revenue growth of 15% in both years. As EBITDA growth outpaces revenue growth, we project ACTV's adjusted EBITDA margin will expand from 9.0% in 2010 to 13.8% in 2012. Although management expects long-term revenue growth to remain ~15%, ACTV believes that its adjusted EBITDA margin could expand to ~25% by 2015. Every 10bp reduction in our implied adjusted EBITDA margin for 2011 and 2012 would reduce our 2011 and 2012 EBITDA estimates by approximately 1%.

As noted earlier, to achieve the 25% EBITDA margin target, Active Network believes it can gain: 1) 500-600bp of leverage from cost of revenue from technological fixed cost efficiencies; 2) S&M leverage of ~200bp from revenue growth outpacing headcount increases; 3) 500-600bp of leverage from R&D as support costs for acquired platforms are reduced over time; and 4) 300-400bp of leverage from G&A from efficiencies in infrastructure and from revenue growth outpacing headcount increases.

Cost of revenue leverage should come largely from efficiencies in fixed costs (call center expenses) as registration mix shifts to online; however, it could happen that users fail to use online for registration or the shift to online happens much slower than expected, which would result in a delay or elimination of cost of revenue leverage. Like most other online categories, we expect (and have witnessed to date) a natural shift in registration volume from offline to online. Mobile registrations should help shift from offline to online.



S&M and G&A leverage both come from an anticipated growth in revenue above headcount growth, as employees in the two groups are able to achieve scale efficiencies and become more productive. The sales staff becomes more efficient as it matures, and the members of G&A are able to make better use of time and serve more employees as a growing department allows for greater specialization of roles. In S&M, the risk that target margins are not achieved is mitigated by the fact that if the company needs to slow hiring in that department, employee mix will shift to more experienced, more productive members, supporting margins. The additional leverage in G&A from infrastructure and scale efficiencies will come eventually, even if revenue growth is slower than anticipated; the infrastructure investment has already been made, so the company will benefit from scale, even if it is delayed.

The greatest risk to achieving target leverage in R&D is delays in the single-platform initiative, which allows for end-of-lifeing some of the legacy software platforms from acquired companies. Additional M&A activity could also introduce more EOL technology expense which would compress margins.

Loss of Large Contracts

The majority of ACTV's revenues are generated from customers that have entered into long-term contracts, with the standard contract length ranging from three to seven years. However, Active Network has multiple customers that operate under contracts that have terms of service less than three years, some of which actually renew on a yearly basis. If these customers decide not to renew with ACTV, which may not necessarily be a reflection on the Active service offering but rather due to the client's financial situation (especially in the case of state and municipal government contracts), ACTV could report financial results below expectations.

As of early 2011, Active Network operated registration services for fishing and hunting licenses in 23 states and provided reservation and management services for campgrounds in 32 states. In addition, ACTV works with many community organizations that fall under the jurisdiction of local and state agencies. These contracts are subject to an open bidding process and must be renewed every two years. A failure to re-win these contracts would negatively affect financial performance.

While the potential loss of customer contracts will always remain a risk for ACTV, we believe that the loss of multiple large organization contracts is unlikely. The typical ROI for an Active Network customer is 381%, so there is significant incentive for clients to remain with the company. ACTV's solutions help organizations increase their participants per event while simultaneously reducing costs, giving organizations increased dependency on ACTV and little reason to consider not renewing. An internal analysis conducted by ACTV in 2010, in which it analyzed 75% of its registration revenue, found that its registration churn in terms of revenue dollars was less than 5%.

Complications from M&A Integration

Active Network is a roll-up of several services providers across the four vertical categories mentioned previously. M&A has been ACTV's primary method for entering new markets and sub-verticals. The company has completed 27 acquisitions since its inception. Increased M&A activity poses two potential risks for ACTV: 1) acquisitions could delay the margin expansion target time-line, which could cause reported EBITDA figures to be below market estimates; and 2) with any M&A, integration risk is always a concern.

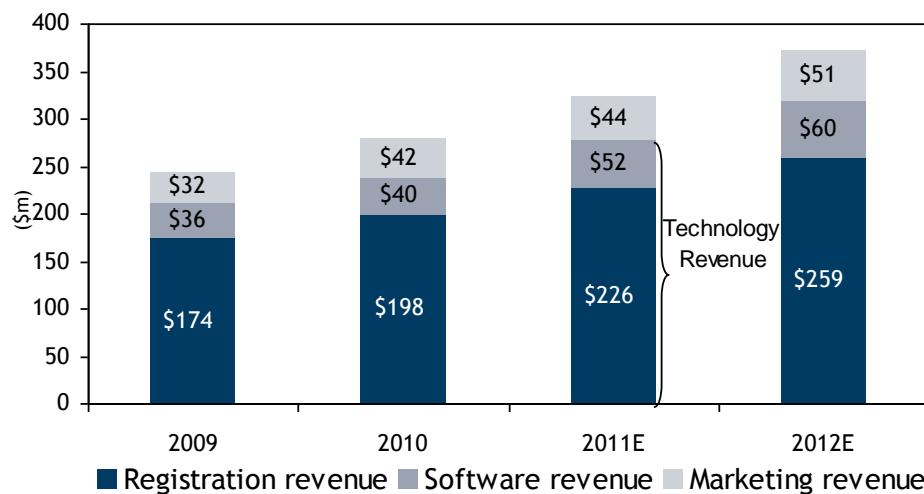
Company Overview

Active Network provides event registration software and services to community, sports, business and outdoor organizations. In addition to registration processing, Active Network's technology platform provides organizations with various marketing, operating and analytics tools which help their clients' event management end-to-end by increasing event participation and reducing overall event costs.

The Business Model

The company operates under two primary revenue lines: technology and marketing. Technology revenue consists of two areas: 1) Registration revenue: earned through the completion of registrations where ACTV earns a ~6.5% take rate on each registration fee; and 2) Software License revenue: via Active licensing software to certain organizations on a flat monthly fee. Marketing revenue includes several items, such as online advertising, marketing done at client events, and commerce revenue from ancillary items sold through Active Network's site.

Exhibit 14: Revenue by Segment



Source: Company reports, RBC Capital Markets estimates

The majority of company revenues consist of Registration revenue, which represented 71% of total company revenue in 2010; Software revenue represented 14% of total revenue; and Marketing made up the remaining 15%. We project Registration revenue to grow at 14% and 15% over each of the next two years, respectively, maintaining its approximate share of total revenue at 70% of total in 2012E. Software revenue is projected to outpace the other two lines in 2011, at 30% y/y growth, before decelerating to 15% in 2012E; marketing is projected to grow at only 4% in 2011, against a tougher comp, before reaccelerating to 17% in 2012E.

Registration Revenue

Registration revenue is earned any time a registration is processed by Active Network on behalf of one of its customers (the organizations). A transaction fee is charged at a percentage take rate, which can vary based on a number of factors, including the event type and the services provided, as well as whether the registration was processed online or offline; within a particular contract, however, the offline and online take rates are often the same. The company's average take rate is approximately 6.5% excluding additional service fees. A summary of the components of Registration revenue and the influencing factors is displayed in Exhibit 15.



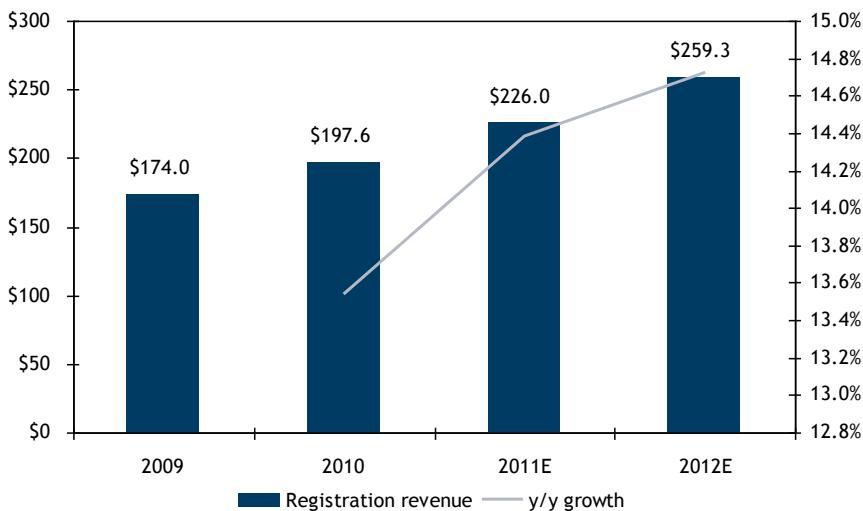
Exhibit 15: Registration Revenue Components and Influencing Factors

	2009	2010	2011E	2012E	Influencing factors:
Registrations (mm)	65.46	70.18	75.44	83.53	Total registrations
Y/Y Growth		7.2%	7.5%	10.7%	(+) Additional customers (+) Existing customers shift new events to ACTV (+) More registrants at existing events use ACTV system (often through shift to online)
Offline Registrations (mm)	42.1	41.9	42.6	46.1	
Y/Y Growth		-0.3%	1.6%	8.2%	
Online Registrations (mm)	23.4	28.3	32.9	37.5	Online penetration
Y/Y Growth		20.8%	16.3%	14.0%	(+) Existing clients offering online option (+) Existing registrants shifting to online option (+) Increased use of mobile
% Online	35.8%	40.3%	43.6%	44.9%	
Average Net Revenue per Registration	\$2.66	\$2.82	\$3.00	\$3.10	Revenue per registration
Net Registration Revenue (mm)	\$174.0	\$197.6	\$226.0	\$259.3	(+) Increases in take rate from shift to online (+) Higher ASP registrations (+) Increase in take rate
Y/Y Growth		13.5%	14.4%	14.7%	

Source: Company reports, RBC Capital Markets estimates

In 2010, Registration revenues of \$197.6 million were approximately 83% of technology revenues and 70% of total revenues, in line with 2009 levels. We project Registration revenues to grow 14.4% in 2011 and 14.7% in 2012, to \$259 million. Registration revenues will be driven by both the number of registrations completed through Active Network's technology, as well as from an increase in average revenue per registration. Registration volume growth is driven by: 1) Active winning more customers; 2) existing customers shift more of their events to Active; and 3) Active processing more registrations from existing clients for the same events (typically as event registrations shift from offline/in person to online via Active's software).

Exhibit 16: Registration Revenue and Growth (Millions)

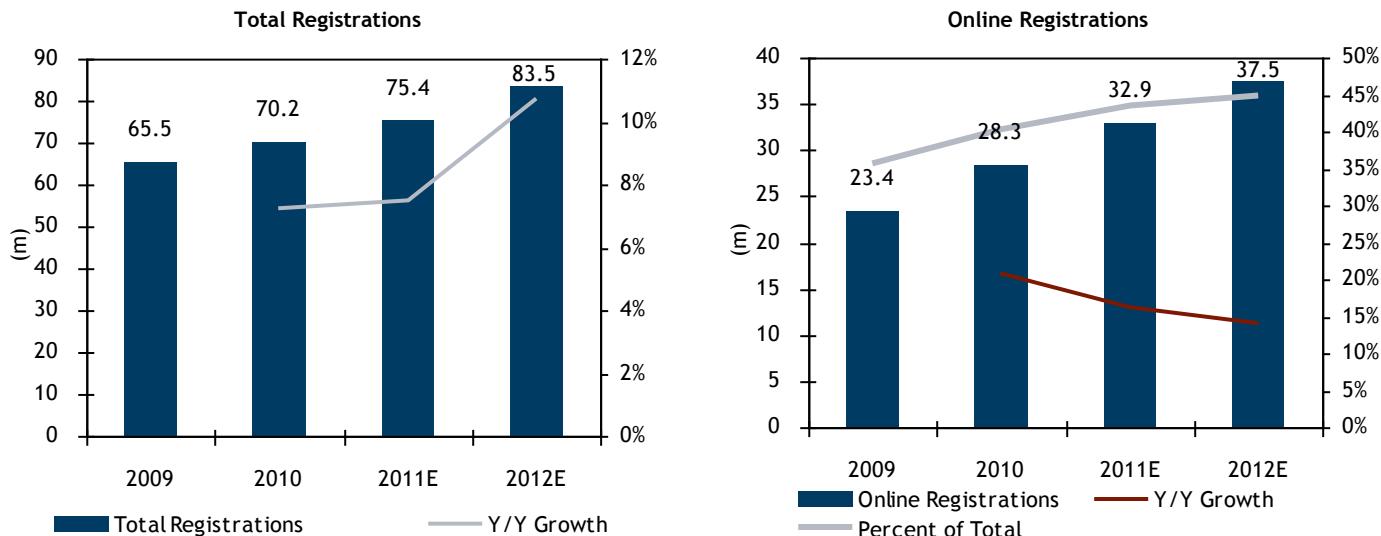


Source: Company reports, RBC Capital Markets estimates

Total registrations grew 7.2% in 2010, to 70.2 million, and we estimate registrations will grow 7.5% in 2011 and accelerate by 10.7% in 2012, as displayed in Exhibit 17. In 2010, ACTV processed 28.3 million online registrations, a 21% increase from 2009. We estimate that ACTV will increase online registrations by 16% and 14% in 2011 and 2012, respectively, bringing 2012 total online registrations to 37.5 million. In 2009, ~36% of registrations processed by ACTV were online, which increased to 40% in 2010; we estimate that online will continue to increase in share, accounting for 45% of processed transactions by 2012.



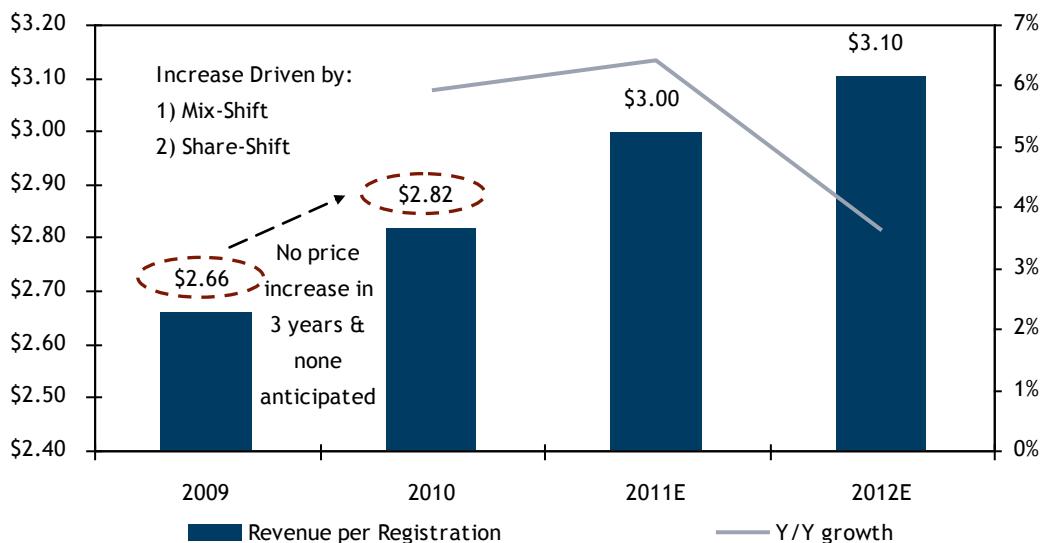
Exhibit 17: Total and Online Registrations



Source: Company reports, RBC Capital Markets estimates

In 2010, ACTV's revenue per registration was \$2.82, a 5.9% increase from 2009, as shown in Exhibit 18; we expect revenue per registration to continue to grow in 2011 and 2012. We estimate that revenue per registration will increase 6.4% and 3.6% in 2011 and 2012, respectively, implying revenue per registration of \$3.10 in 2012. It should be noted that Active Network has not increased its prices in three years, and our projections do not incorporate any price increase on the average ~6.5% take rate (excluding additional fees) through 2012.

Exhibit 18: Revenue per Registration



Source: Company reports, RBC Capital Markets estimates

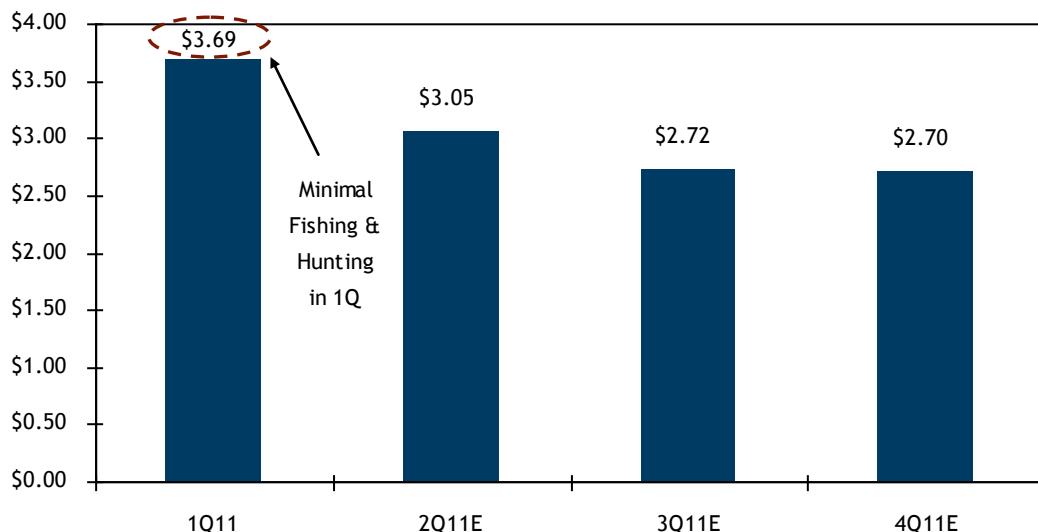
Higher revenue per registration can be achieved either through mix shift to higher ASP transactions, or from a higher take rate; we expect that Active Network will be able to take advantage of both of these trends in the coming years. The recent inclusion of campground bookings and hunting and fishing licenses through the acquisition of Reserve America and Outdoor Central introduced a large number of low ASP registrations. In all likelihood, future client additions will be for events of a higher ASP, which will naturally increase revenue per registration.

The transition from offline to online will further drive higher revenue per registration, in particular as it pertains to hunting and fishing licenses. Where take rates are typically the same for online and offline transactions, the license registrations acquired through Outdoor Central have an arrangement with offline retailers that can severely affect take rate. To register for a license, a user can go to a brick-and-mortar retailer, such as a bait & tackle shop or Walmart, and pay for and receive their license at the cashier. As the retailer is



performing a service, ACTV must pay a revenue share, which drives take rate down from the ~\$3 per registration earned online to around \$0.90 per license. Active Network currently processes more than 30 million hunting and fishing licenses per year, with only 9% of those booked online. As more of these users begin to register online, the significantly higher take rate will drive a higher revenue per registration.

Exhibit 19: Seasonality of Revenue per Registration



Source: Company reports, RBC Capital Markets estimates

While we expect the average revenue per registration will grow in the low-to-mid single digits over the next few years, Exhibit 19 highlights the seasonality of registration revenues. In 1Q11 ACTV reported revenue per registration of \$3.69, well ahead of our full-year 2011 estimate of \$3.00, and we estimate that revenue per registration will decline to \$3.05, \$2.72, and \$2.70 in 2Q11, 3Q11, and 4Q11, respectively.

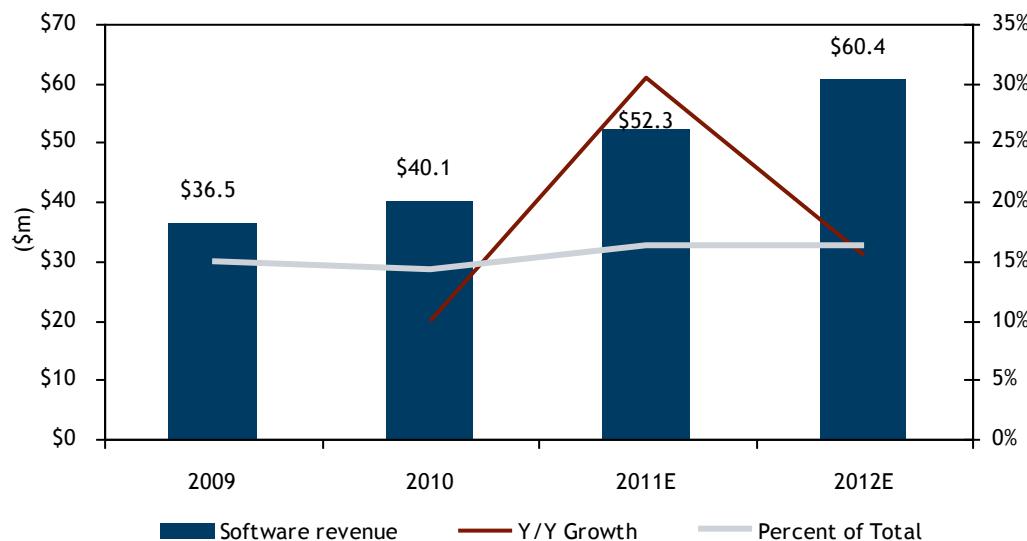
The sequential declines in revenue per registration are the result of mix shift, as fishing and hunting licenses and campground registration revenues are closer to ~\$1 per license/registration, and these activities make up the smallest percentage of total registrations in 1Q. Hunting and fishing and campground registrations as a percentage of total registrations increase throughout the year during the peak outdoor seasons. However, the seasonal affect of revenue per registration will become less extreme over time as growth in other segments should outpace growth in these lower revenue per registration verticals.

Software Revenue

The second component of technology revenue comes from the licensing of ACTV software to organizations. In 2010, software revenues accounted for 17% of technology revenues and 14% of total revenues. Under the licensing model, customers pay a subscription fee to Active Network to use their software solution in-house, which includes many of the same marketing, operating and analytics tools that ACTV uses to manage events for customers. Revenue earned from licensed software would include customers that wish to use ACTV's proprietary registration software platform, such as the point-of-sale payment processing devices or marketing and analytics software tools, with the key differentiator being that the organization, not ACTV, is the one managing the payments and other software tools. Pricing for licenses may vary based on geography, event type, and the amount of services that organizations wish to access, but not based on volume (like Registration revenue).



Exhibit 20: Software Revenue



Source: Company reports, RBC Capital Markets estimates

In 2010, Software revenues were \$40.1 million, up 10% from 2009; we expect further growth in revenue of 30% in 2011 and 16% in 2012 to reach revenue of \$60 million. We expect software revenue as a percentage of total revenue to remain at ~15% over the next few years, in line with historical averages.

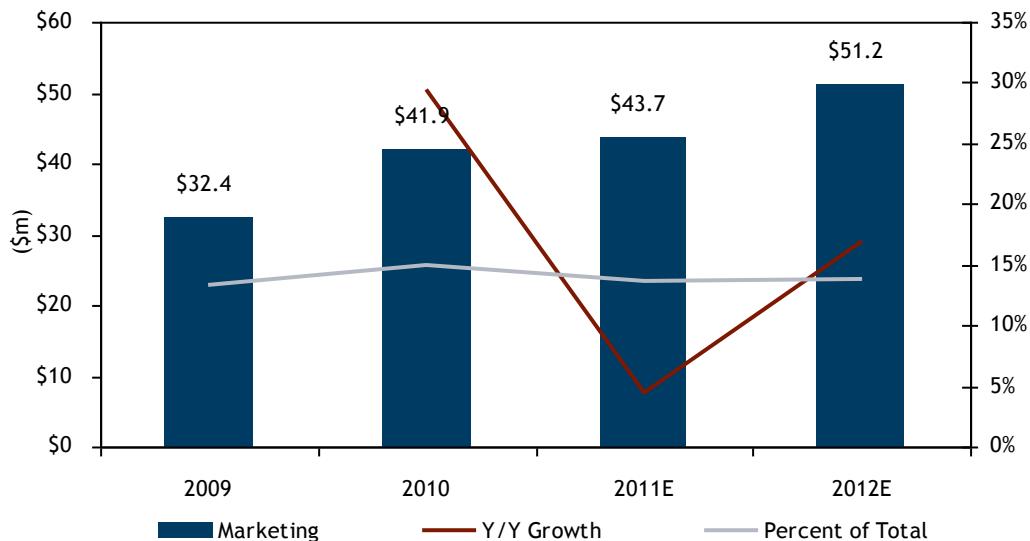
Marketing Revenue

Active Network generates approximately 15% of its revenues from marketing-related services, which consist of revenues earned through three primary sub-segments: online marketing, field marketing, and commerce. Online marketing services include banner/display ads that appear on Active.com sites, button ads and newsletter and email marketing. Field marketing services include a wide range of event promotions and sponsorship which can take place at the customer's event or elsewhere. Commerce revenues include membership programs, training programs, websites, and other purchases made through Active.com websites.

Marketing revenue growth tends to be a little more volatile compared to the more predictable technology revenues, as they are more project based (in the case of field marketing revenue) or pageview based (in the case of display ads and commerce revenue).

In 2010, ACTV earned \$41.9 million in marketing revenue, up 29% from 2009. We estimate that marketing revenues will increase 4.4% in 2011 and 17% in 2012, bringing 2012 marketing revenues to \$51.2 million. The 29% year-over-year increase in 2010 was the result of high adoption rates within ACTV's commerce program, as well as growth in online media and promotions. The accelerated growth in 2010 (vs. +18% in 2009) created a difficult comp for 2011, which is why we are estimating more modest growth of 4.4%. Our 2012 estimate of \$60.4 million implies a year-over-year growth rate of 17%, which is in line with ACTV's three-year CAGR, from 2008 through 2012E, of 17%. In 2009, Marketing revenues accounted for ~13 % of total revenues, and while they did increase to 15% of total revenues in 2010, we expect them to fall back to the mid 13% range in 2011 and 2012.

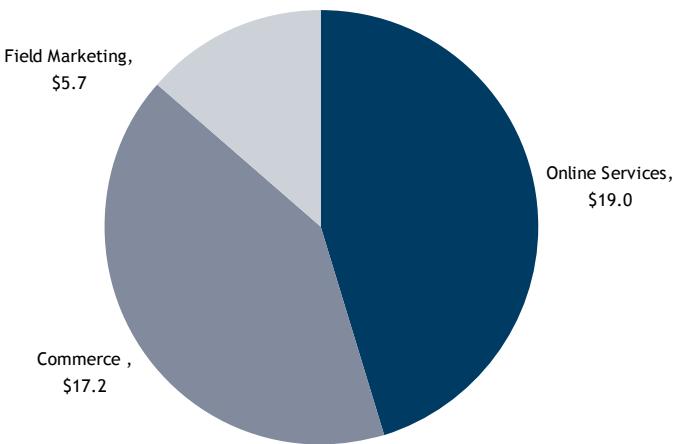
Exhibit 21: Active Network's Marketing Revenue Growth



Source: Company reports, RBC Capital Markets estimates

Exhibit 22 below displays the revenue contribution for the three marketing segments in 2010, although they are not typically broken out specifically by the company on an ongoing basis. Online Services accounted for approximately 45% of total marketing revenues, or \$19 million. Commerce revenues and Field Marketing revenues of \$17.2 million and \$5.7 million represented 41% and 14% of marketing revenues, respectively. The company does not expect the percentage that each segment represents of total marketing revenues to fluctuate meaningfully over the next few years.

Exhibit 22: Active Network's 2010 Marketing Revenue Breakdown (Millions)



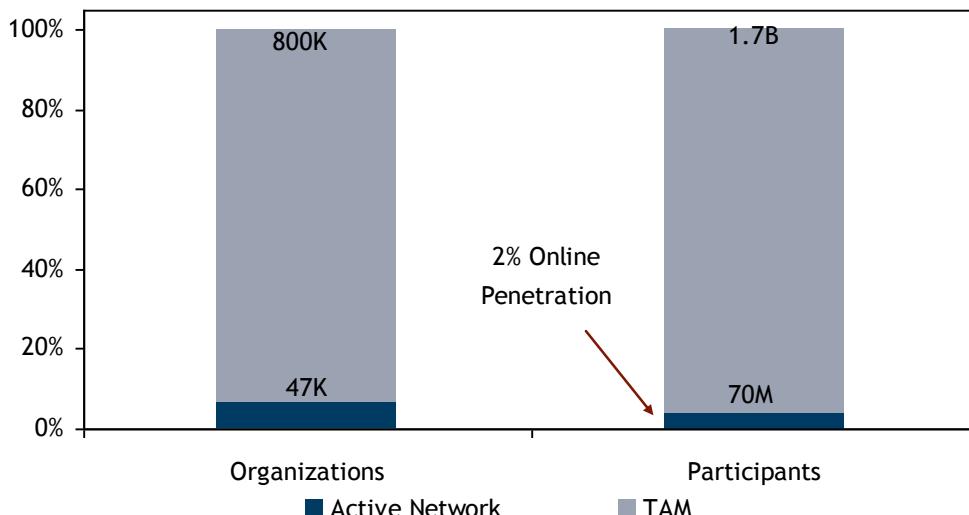
Source: Company reports

Online Services and Commerce revenues, which collectively represented 86% of marketing revenues in 2010, are highly dependent on online registrations and should continue to benefit as organizations shift from offline to online. Drivers for the segments also include peer sharing and SEO, which can drive traffic to Active Network's websites, and personalization, which can increase the engagement level of users.

Active Network Competes in a Broad, Underpenetrated Space

Active Network offers services to a wide variety of organizations of different sizes, activities and budgets. ACTV works with 47,000 of the 800,000+ organizations that host events in North America, with over 40% of Active Network's processed registrations being conducted online. Active Network's share of the total registration market in North America was approximately 4% in 2010, with 70 million registrations of a total 1.7 billion.

Exhibit 23: Active Network's Target Organizations and Participants (North America)



Active Network categorizes its client organizations into four primary verticals: sports, community activities, outdoors, and business events. These verticals define a wide breadth of clients which the company can serve through specialized services customized to each segment. How some of these clients utilize Active Network's solutions are discussed briefly below.

Active.com

Active Network's flagship site, active.com, is the leading online event registration destination on the web in terms of the number of registrations completed. Through active.com, users can register for local sport and recreational activities and rent facilities and event venues. In addition to registration services, users can access event information as well as interact with other users through the site's social networking community. Active.com has over 66,000 listings spanning 5,000 cities around the world and has more than 6.5 million monthly and daily newsletter subscribers.

Exhibit 24: Active.com

The image shows two screenshots of the Active.com website. The left screenshot is the 'Homepage' showing a banner for the 'Freedom Run 5K' and a section for 'Get Moving on July 4th'. The right screenshot is an 'Activity Search' results page showing a list of events like 'Harvard Pilgrim 10K 2011' and 'Ridgefield's Independence Run 10K/5K'.

Source: Company websites

Sports

Active Network's sport organization solutions assist customers with all event management needs. ACTV's event management software helps organizations manage sport leagues and tournaments, host triathlons and other endurance races as well as maintain golf, sport facility and camp registrations.



Team Sports and Tournaments

Active Network's team sport and tournament offerings provide event management solutions for a wide range of sports across all age groups. ACTV currently has over 3 million registered teams and over 80 million monthly page views related to its sport offerings. Laxpower.com, one of ACTV's O&O sites, is the number one destination for high school sports fans in the U.S. with over 750,000 unique visitors annually. Eteamz.com, acquired by ACTV in 2000, is the primary online resource for many leagues, tournaments and ad-hoc sporting events. In addition to many O&O sport related sites, ACTV has partnerships with state and national sport organizations including Little League Baseball, USA Volleyball and the United States Tennis Association, among others.

Exhibit 25: Laxpower.com and Eteamz.com

The image shows two screenshots of sports management websites side-by-side. On the left is Laxpower.com, featuring a banner for ESPN Trivia and sections for Men, Women, Boys, Girls, News, and Resources. It includes a "Win a Power Shaft" contest and links to Special Analytics & Reports. On the right is Eteamz.com, which has a "Create a FREE Website" button and sections for Football, Soccer, Basketball, Baseball, Cheerleading, Softball, Volleyball, Lacrosse, Swimming, Tennis, Boxing, and More Sports. It highlights Professional Templates and various website features like Team Messages, Calendars, Photos & Videos, Match Results, Site Management, and Online Registration.

Source: Company websites

Endurance Race

The endurance vertical provides event management software for marathons, triathlons, swim meets and cycling. In 2010, ACTV managed over 100,000 events across 5,000 cities in the U.S. In the triathlon vertical, ACTV worked with 74% of organizers in North America, processing over 500,000 registrations which represented 45% of all triathlon registrations.

Golf

Active Network's golf management solutions help public and private courses manage their tee time registrations. As of 1Q11, over 1,600 courses in North America relied on ACTV's solutions. Active Network's four dedicated golf sites, ActiveGolf.com, click4teetimes.com, freeGolfinfo.com and teetimeking.com, provide users with tee time registration services and general golfing information.

Sport Facilities and Camps

Customer organizations that manage sport facilities such as ice rinks and playing fields rely on Active Network management solutions to manage facility scheduling as well as process user registrations.

Community Activities

As part of community events, Active Network provides solutions to state and local government organizations, park and recreational centers, educational institutions, camp and retreat centers, churches and charity groups. Active Network provides services to over 100 state and local government organizations, 1,000 parks departments and community recreational centers, 600 schools and 2,000 camps across North America.

Outdoors

Active Network's outdoors solutions include hunting and fishing licenses, outdoor facility registration, campground reservations, marina management, and resort administration. Active Network processes hunting and fishing licenses for 24 state departments and operates campground sites for 34 states which include over 4,000 state parks (combined representing 41 unique states). The company



currently processes more than 30 million hunting and fishing licenses and is now the largest campground registration processor through the acquisition of Reserve America.

Business Events

Active Network also targets corporate and business activities such as conferences, recruiting events, conventions and other enterprise activities. Over 8,000 of 100,000 corporations in North America use Active Network for their event marketing, administration and operational needs.

Exhibit 26: Active Network Sample Corporate Clients



Source: Company websites

Active Network Services Offered

Active Network offers a variety of services for event management and administration through its proprietary ActiveWorks platform. ActiveWorks is a turnkey solution that assists organizers with registration, operation, marketing, and analytics. Active Network's collection of event management services help customers increase event participation, reduce duplicative cost, and eliminate the friction involved in the traditional event registration process. A brief description of the services offered by ACTV is provided here.

Registration Services

Registration services allow the organizer to perform administrative tasks such as payment processing and ticketing, while also providing e-commerce and fundraising solutions.

As part of registration services, Active Network offers:

Online Registration: Collects and manages user registration data in a secure central database for processing and analytics.

Payment Processing: Handles payment collection, processing and reporting. This service integrates registration data with financial information in real time with transaction tracking and security.

Point of Sale (POS): Provides an on-location payment option for quick transactions, enabling relationship management tools and reports. The client can perform discounts, refunds and charges to the customer accounts from a hand-held device.

Reservation and Ticketing: Provides real-time integration of ticket sales, reservations and inventory management.

Donation and Funding: Supports fundraising and donation events by providing consultation and management services. This service can collect donations, auto-generate tax deductible receipts and forward customized thank-you notes.

Merchandise: Offers e-commerce solutions to clients by providing website integration, marketing, design and payment processing.

Exhibit 27: Active Network's Registration Services Snapshots

Register: Catalog

The screenshot shows a search results page for 'Basketball'. It includes a search bar, a sidebar with filters like 'Activity Type' and 'Age Group', and a main table with columns for Activity Name, Number, Age, Type, and Facility Rating. Several basketball-related activities are listed, such as 'Basketball', 'Basketball', 'Basketball', 'Basketball', 'Basketball', 'Basketball', and 'Basketball'.

Register: Reservations and Ticketing

The screenshot shows a map titled 'LAKE CALHOUN' with various green and red dots representing sailboat buoys. A legend indicates that green dots represent 'Buy Online' and red dots represent 'Buy In-Person'. The map also shows water, land, and some structures.

Register: Payment Processing

The screenshot shows a payment form for a transaction of \$100.00. It includes fields for 'Card type', 'Card number', 'Expiration date', 'Billing address', 'Billing contact', and 'Billing phone'. The total amount is \$100.00, and the payment method is 'Credit Card'.

Source: Company reports



Operations Services

Active Network's operations services offer various tools focused on event efficiency and optimization. These services allow the organizer to manage financial activities, subscriber information, customer service, resource allocations and staff data – basically everything necessary to improve the operations of an events organization.

As part of operations services, Active Network offers:

Event and Activity Management: Allows registration, scheduling and management of events.

Financial Management: Provides accounting and budgeting tools for financial reporting and analysis.

Membership Management: Arranges membership types based on client's customized categories and creates event passes (i.e., ID cards).

Facility and Resource Management: Allows real-time inventory and facility management, processing and reporting.

Customer Relationship Management: Gives access to the user's activities, transactions, and behavior.

Volunteer and Staff Management: Streamlines and manages staff recruitment, payment and timesheet processing.

Call Center Services: ACTV's 851 call center agents across its eight customer call centers provide organizations with a wide range of support and assistance services.

Exhibit 28: Active Network's Operation Services Snapshots

Operation: Facility and Resource Management

The screenshot shows a table with columns: Facility Name, Address, Type of Use, and Meter Reading. Facilities listed include VMLA, RECREATION SITE, PARKING SITE, REPAIRS, and RUSTY TENT SITE. Below the table, there are sections for 'Facilities' and 'Equipment', each with a table of items like 'Couches', 'Chairs', 'Crates', 'Tables', 'Hammocks', 'Pavilions', 'Post Boxes', 'Guns', and 'Off Grids'.

Operate: Financial Management

The screenshot displays a financial summary for 'Summer 2011' with a total of 8 registrations, \$1,150.00 total collected, and \$0.00 total over. Below this, a table lists sessions with columns: Session name, Dates, Status, Registrations, and Revenue. Sessions include 'Art & Craft Week 1', 'Run With Your Head 1', 'Art & Craft Week 2', and 'Run With Your Head 2'. Each session has a status of 'Open' and shows the number of spots remaining.

Source: Company reports

Marketing Services

Active Network's marketing services provide various communication and marketing tools to organizations, while leveraging Active Network's subscriber and viewer base, social channels and partner websites. The following are key marketing tools:

Email Marketing and Tracking: Creates customized emails to members with special tools for the client such as conversion notification and statistics.

Email Advertising: Allows marketing through Active Network's large subscriber base using E-Newsletters and targeted emails.

Social Media: Provides marketing solutions through Active Network's social media channels such as Twitter and Facebook. With daily posts and updates on social media, Active Network attracts a large viewer and subscriber base, which clients can use to promote their events on Active Network's calendars.

Event Syndication: Gives clients access to users who rely on Active.com as a search/discovery tool for local events and activities. Active Network also has a number of well known affiliate and distribution partnerships that syndicate Active Network's directory.

Website: Provides tools for clients to create professional and marketable websites plus various tools such as Search Engine Optimization (SEO) and website analytics.



Exhibit 29: Active Network's Syndication Site Partnerships

afitplanet.com	livestrong.com	shape.com
aol.com	mapmyrun.com	southwest.com
boston.com	marriot.com	stateparks.net
ESPNW.com	mensfitness.com	trails.com
eventful.com	muscleandfitness.com	walkjogrun.net
examiner.com	nokia.com	yelp.com
golflink.com	runningintheusa.com	zvents.com

Source: Company reports

Analytics Services

Active Network's analytics services provide various tools that assist clients with analysis and reporting of customer behavior, financial performance, staff and inventory information. These tools are:

Reporting: Allows clients to create standard or customized reports and charts for analysis.

Customer Loyalty: Provides the ability to monitor and attract customers' performance by following their retention behavior and providing promotional offers.

Survey: Gives clients the ability to create customized surveys for feedback and further analysis.

Price Optimization: Offers analytical tools that allow customer demand and price sensitivity prediction.

Exhibit 30: Active Network's Analytics Services Snapshots

Source: Company website

How ACTV Acquires Customers

Active Network increases its revenue via three primary forms of customer acquisition: 1) winning new customers; 2) winning events at existing customers (that were previously not managed by ACTV); and 3) gaining share of registrations within existing events from offline (not via Active Network) to online (via Active Network's software).

Active Network's core value proposition to clients includes: 1) driving demand (and hence revenue to the event) – ACTV is able to bring new participants to its various clients' events through marketing activities across the Active participant network (people who have previously registered with ACTV); and 2) reducing cost of managing registrations via automation and services mentioned above.

How ACTV Acquires Customers - Organizations

The Active Network sales force is broken down into four primary roles: 1) enterprise account executives; 2) inside account executives; 3) self-service reps; and 4) account managers. Individuals are organized by customer group (e.g., sports, outdoors, etc.) and deployed by geography. Collectively, the sales force is responsible for driving organization growth (i.e., new client wins and new event wins within existing clients), whereas participation growth is driven by various marketing channels, as discussed below.



Enterprise Account Executives

Enterprise Account Executives focus on leveraging state, government and corporate relations to drive new account opportunities. Each executive is responsible for managing a specific territory by developing relationships with senior members of organizations and leveraging those relationships into long-term business partnerships. At the beginning of 2011, Active Network had 42 executives in North America and eight executives in various international regions.

Inside Account Executive

Inside Account Executives are contracted to drive new business by reaching out to prospective clients via email and phone. Each executive focuses on developing unique business opportunities for clients through various Active Network offerings. These executives are primarily commission-based employees that focus on middle tier clients. Active Network currently has 53 inside account executives stationed in North America and six international posts.

Account Management

Account Management employees focus on managing customer accounts that have been brought in by enterprise and inside account executives. Account managers are responsible for retaining clients, as well as up-selling clients to additional Active services to make sure that they are utilizing the Active Network products that are relevant to their events and business operations. Active Network currently has 62 account managers in North America and four in international regions.

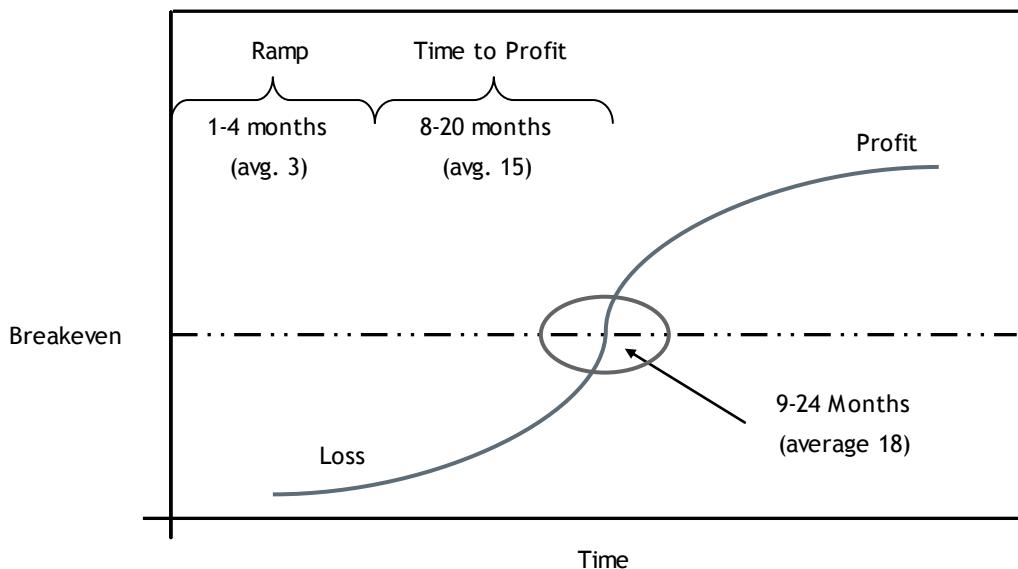
Self-Service Representative

Self-Service Representatives are responsible for increasing Active Network's market share amongst small and regional clients. Active Network currently has 24 service reps in North America but none in international regions.

Time to Profitability

There is a learning curve for any new sales rep as ACTV's solutions are more of a consultative sale versus other online services, and most represent a longer-term investment by the company before they begin to produce. The average sales representative reaches a breakeven point for Active Network after approximately 18 months. This includes a typical time to ramp up on client and industry knowledge of 1-4 months, and a further 8-20 months to land enough clients to achieve profitability. The average ramp time for a sales person is displayed in Exhibit 31.

Exhibit 31: Sales Person Performance Trajectory

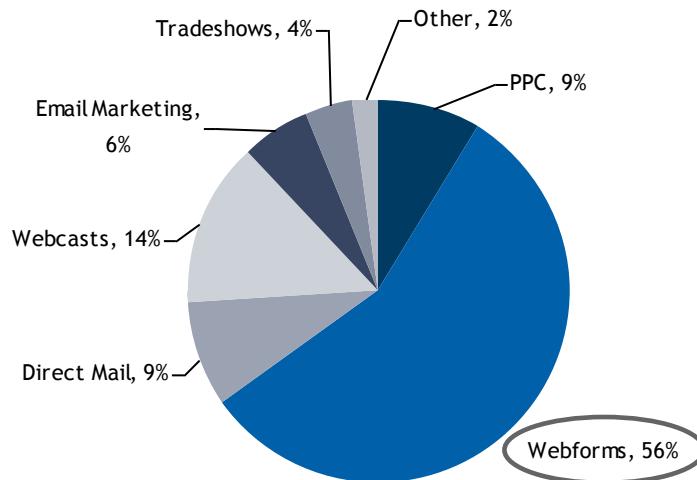


Source: Company reports

Online Marketing to Organization

Active Network focuses the majority of its marketing effort to acquire new organizations around organic search, lead generation, paid search and other various channels, as illustrated below.

Exhibit 32: Online Customer Acquisition - For Organizations



Source: Company reports

Offline B2B Strategies

Active Network will continue to rely on in-person marketing initiatives to complement its online presence. The offline strategy is essential to attracting new customers, particularly large organizations that may not be aware of the growth, efficiencies or savings that can be realized through the Active Network platform. In 2011, management expects to attend 120 trade shows, over 100 event technology seminars, as well as launch Activation!, a 700-person corporate user conference.

How ACTV Acquires Customers - Registrations/Participants

Active Network's ability to increase event participation is a major selling point for organizations. ACTV customers enjoy the cost savings and operational efficiencies realized through the ACTV platform, but for many customers, it is the incremental participation and the accompanying revenue increases that draw them to Active Network.

Active relies heavily on the organizations' own sites as well as its owned and operated sites to increase the number of participants that are registering for events. Approximately 60% of ACTV registrations are directed from the site of the organization that is hosting the event, with the remaining 40% of customer registrations navigating directly to Active Network's websites. This blended consumer acquisition strategy positions ACTV to leverage the brand of the organization hosting the event while also relying on its own loyal participant/registrant base.

Social media and partner websites are two important consumer marketing channels for ACTV. Active Network's Facebook fan page has hundreds of thousands of active users that visit daily to learn about upcoming events and other real time information. Active Network's O&O sites are also fully integrated with Facebook, which enables users to share information with their friends. ACTV has a significant Twitter presence, with many users relying on Twitter to help them raise money for charity as they enter races through ACTV. Active Network also relies on partner sites to acquire participants, some of which can be seen below in Exhibit 33.

Exhibit 33: Partner Sites



Source: Company websites

Active Network partners with many sport organization sites including iHoops (above) and littleleague.org, among others. Users that click on the Active Network logo are redirected to Active Network's flagship site where they can learn about upcoming events. The state of Oregon uses Active Network to manage their campground sites, so when a user clicks on a specific campground they are directed to reserveamerica.com where they can book their reservation. Active Network powers shape.com and when users click to register for local events they are redirected to Active.com.

Client Case Studies

Below we present three specific case studies of actual ACTV clients that have had success managing their event registrations via Active's solutions over a multi-year time period. While the first two cases demonstrate particularly strong results, Case 3 represents the average Active Network client organization, and shows that even the typical customer can experience a significant benefit from the relationship.

Case 1: Celtic Solstice Five-Miler

The Celtic Solstice Five-Miler is a premier five-mile race held every December in Baltimore, Maryland. The event is organized by Baltimore Running, and the company has commissioned Active Network to manage registrations for the five-mile race every year since 2001. Active Network helped Baltimore Running increase revenues through increased participation and reduce costs through wage and supply cost cuts (detailed below). As a result, in 2010, Baltimore Running returned 712% on their Active Network investment for the single year. Baltimore Running management has stated that ACTV's technology, marketing, and consultative services have been an impetus behind the growth of the Celtic Solstice Five-Miler.

Active Network Contribution

The five-mile race had 123 customers in 2000, the year before Baltimore Running hired Active Network to take over event management responsibilities. Since hiring Active Network in 2001, participation has increased to 2,999 runners, growing at a CAGR of 37.6% from 2000-2010. Additionally, total Celtic Solstice revenues increased from \$3,075 to \$146,951, a CAGR of 47.2%.

Exhibit 34: Key Performance Metrics

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total registrations	123	274	417	697	832	949	1,521	1,918	2,213	2,750	2,999
Total fees paid to Active		\$311	\$750	\$1,365	\$1,986	\$2,606	\$4,834	\$7,261	\$8,767	\$10,276	\$13,008
Total Celtic Solstice revenue	\$1,476	\$6,850	\$10,842	\$20,910	\$25,792	\$31,317	\$48,672	\$74,802	\$86,504	\$101,613	\$146,951

Source: Company reports

Baltimore Running started realizing financial benefits within the first year of hiring Active Network; these benefits are shown in Exhibit 35. The Company experienced cost reductions related to wages and supplies of \$156, and Active Network added 115 participants, which accounted for 42% of all runners in 2001, with increased revenues of \$2,875. (Active Network defines added participants as participants that register for a given event through the Active Network platform.) Total costs paid to Active Network were \$311, implying a return on investment of 975% for Baltimore Running. In addition, the majority of the costs paid to Active Network by Baltimore Running were passed onto event participants.

Exhibit 35: 2001 Active Network Benefits

2001 Reduction in Costs	\$156
Reduced Staff / Wage Cost	\$96
Reduced Supply Cost	\$60
2001 Increase in Revenue	\$2,875
Search and Find through Active.com	\$2,875 115 registrations
2001 Cost of Active Network	\$311

Source: Company reports

Even after nine years of using Active Network to manage the Celtic Solstice race, Active Network continues to provide significant benefits for Baltimore Running. Exhibit 36 highlights the cost reductions and revenue increases driven by Active Network's solutions in 2010.



Exhibit 36: 2010 Active Network Benefits

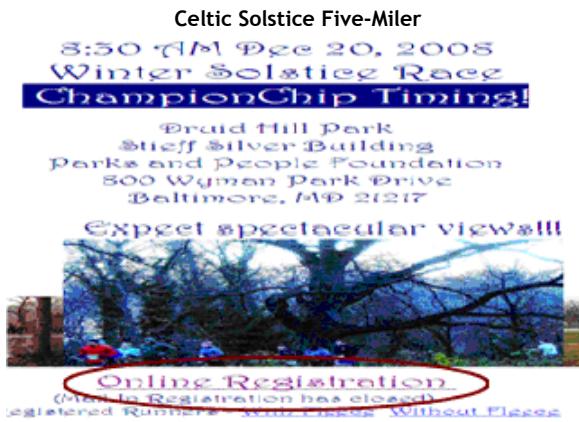
2010 Reduction in Costs	\$578
Reduced Staff / Wage Cost	\$368
Reduced Supply Cost	\$210
2010 Increase in Revenue	\$92,050
Active.com Email Newsletter	\$4,540 94 registrations
Social Marketing to Active.com Facebook Fans	\$2,365 49 registrations
Search and Find through Active.com	\$85,035 1761 registrations
Active.com Affiliate Partners	\$110 2 registrations
2010 Cost of Active Network	\$13,008

Source: Company reports

Active Network reduced 2010 race operating expenses by \$578, driven by wage and supply reductions. Through marketing and various race promotions, Active Network increased total registrations by 1906 participants. The majority of participants, 1761, learned about the race as they navigated through the Active Network site, while 94 registered after receiving a newsletter and 49 found out about the race through Active Network's social networking initiatives. The increase in runner participation increased Baltimore Running's race revenues by \$92,050, while costs paid to Active Network were only \$13,008. Based on the fee paid to Active Network, the associated cost reductions and revenue increases imply an ROI of 712%.

Active Network Contribution

Active Network eliminates event registration friction, which helps drive growth in total participants and revenues. The company fully integrates itself with the organization's site, and then brings customers to the Active Network site to provide users with information and other value-added services. Exhibit 37 shows the Baltimore Running homepage for the Celtic Solstice race. Users that choose to register for the event online click the online registration link and are directed to Active Network's Celtic Solstice homepage, as seen in Exhibit 37, as well.

Exhibit 37: Celtic Solstice Online Registration Screenshots

Source: Company websites

Once on the Active Network site, users can register for the event as well as purchase race jackets and other event souvenirs. In addition, users can read information about the race, learn best practices, watch videos, read reviews, and communicate with other participants.

Case 2: Louisiana Department of Culture, Recreation & Tourism

The Louisiana Department of Culture, Recreation & Tourism, similar to Baltimore Running, experienced immediate success once it transferred reservation/registration management over to the Active Network event management platform, but on a much larger scale. Active Network helped the Department save on administrative and accounting costs, introduced new cost-cutting initiatives, and provided valuable analytics to help improve organizational efficiencies for campground reservations.

Exhibit 38: Louisiana Department of Culture, Recreation & Tourism

	2008	2009	2010
Total fees paid to Active Network	\$63,645	\$189,966	\$461,099
Total reservations	\$65,656	\$76,129	\$75,447
Total organization revenue	\$5,831,901	\$6,499,594	\$7,225,829

Source: Company reports

With the help of Active Network, the Louisiana Department of Culture, Recreation & Tourism increased revenues from \$5.8 million in 2008 to \$7.2 million in 2010, a CAGR of ~11%, while fees paid only increased by ~\$400,000, to a total of \$461,000.

Exhibit 39: Louisiana Department of Culture, Recreation & Tourism 2010 ROI

2010 Reduction in Costs	\$515,262
Reduced Staff / Wage Cost	\$515,262
2010 Increase in Revenue	\$954,994
Search and Find through ReserveAmerica.com	\$948,812
Upsell during reservation process	\$6,182
2010 Cost of Active Network	\$461,099

Source: Company reports

The total economic benefit that the Louisiana Department of Culture, Recreation & Tourism received from the Active Network platform was approximately \$1.5 million versus the noted costs to Active Network of \$461,000, implying an ROI of 319%.

M&A Is Core to Strategy

Strategic acquisitions have been management's primary tool with which to enter new verticals and regions. The event registration industry is highly fragmented and localized, with many small companies highly focused on a small niche of loyal customers, which makes penetrating some of these organizations and accounts difficult. While Active Network has had some success in attracting new clients with its superior scale, technology and service offerings, it can remain a challenge to enter new verticals or to win clients away from current providers. Thus, Active Network has often grown through the roll-up of similar service providers, thereby gaining entry to a new base of customers or a previously un-penetrated market vertical.

Most event organizers are more focused on the operation of the event than on the functionality of their registration process. However, as the registration provider will likely interact with a majority of the organization's participants, the organizer will be very sensitive to any problems in the registration process; system reliability is of the utmost importance to gain the client's trust. Thus, once a functional system is in place, organizers are generally not inclined to switch providers, unless there is a highly compelling reason to do so. For this reason, acquiring the current provider might be the least expensive way to add new customers.

Entering a new vertical or geographical region can present an additional challenge, as Active Network may not have the reputation, expertise, or track record in the target community. Here, again, acquisition may be the most efficient vehicle for entry, as it immediately provides an established relationship and local expertise, which can be used to approach other, similar organizations.

An example of this approach is Active Network's recently acquired Fellowship Technologies, an online church management software provider that manages over 300,000 churches in North America. The acquisition immediately gave ACTV a meaningful presence in the faith-based vertical, an accomplishment that could have taken significantly longer had management attempted to grow organically.

M&A History

In the past 13 years, Active Network has undergone three mergers and 27 acquisitions which have provided the company with access to new customer bases across North America.

Mergers

Early in the company's history, it underwent several mergers with complementary businesses to build out the technological capability and breadth of offerings. In 1999, Active Network merged with Racegate.com, an event web portal and event management service provider, to form ActiveUSA.com as the largest recreational sports portal. In 2000, Active Network merged with Sierra Digital Inc. to provide online registration services to outdoor recreation enthusiasts. In 2001, the company merged with Myteam.com, a leading center for online team sports marketing and community. In addition, Leagelink and ActiveUSA (an Active Network subsidiary) merged in 2001.



Large Acquisitions

Class Software Solutions - October 2004

In October 2004, Active Network acquired Class Software Solutions for an undisclosed amount. This acquisition provided technology solutions and access to community service agencies that included local governments, park and recreation agencies, community centers, etc. Class Software Solutions, a Vancouver, British Columbia-based company, had 700 customers and \$12 million in annual revenue. This ACTV subsidiary has grown to generate \$33 million in revenue with 1,800 customers in 2010.

RegOnline – January 2008

In January 2004, Active Network acquired RegOnline for \$47 million. RegOnline is an event management software provider and the largest service provider by revenues for corporate and independent organizations. RegOnline, a Colorado-based company, had a wide range of recognized corporations as customers such as Hitachi, Burger King, Sony and more.

Outdoor Central – November 2008

In October 2004, Central Trust Bank's Conservation Licensing Division and Outdoor Central and its wholly owned subsidiary Outdoor Central was acquired by ACTV for an undisclosed amount. Outdoor Central processed hunting and fishing licenses for 24 state government agencies and after the acquisition, Active Network became the largest provider of hunting and fishing licensing technology in the U.S. by the number of licenses processed.

Reserve America – January 2009

In January 2009, Active Network acquired IAC's Reserve America segment in a 3.5 million convertible preferred stock swap deal totalling \$50 million. Reserve America, a campground reservation provider, managed over 300,000 campgrounds in major North American National Parks. This acquisition positioned Active Network as the leading outdoor recreation technology provider by the number of registrations managed.

Exhibit 40: Active Network Acquisition History

No.	Year	Company	Note
1	2000	eteamz	Leading online community for sports teams and leagues
2	2000	FogDog Sports	Online sporting good retailer
3	2004	Class Software Solutions	#1 provider of SW to Communities / Parks & Recreation
4	2004	Do it Sports, Inc.	Race and marathon event management company
5	2005	Tee Time King	Launch of ActiveGolf.com
6	2005	Vision Spots & Entertainment Partners	Youth sports promotion agency
7	2005	Public Enterprise Group	Municipal marketing and revenue-generation program developer
8	2006	Promote it!	The largest health club promoting agency
9	2006	IronPoint Technology, Inc.	Content management software solutions
10	2006	LeagueOne	Data management software for state soccer associations
11	2006	ProEnroll TM	Leading provider of online registration services
12	2006	SPORG	Payment processing systems solution provider
13	2006	Jencess Software & Technologies, Inc.	Leading provider in golf management software.
14	2007	InfoSperix	Public camp reservation agency
15	2007	LaxPwer.com	Leading online community for highschool and university Lacrosse fans
16	2007	Thriva LLC	Online registration and payment processing solution provider for campgrounds
17	2007	CoolRunning.com	Leading online resource for the running and racing community
18	2008	WingateWeb	Event management software
19	2008	RegOnline	#1 provider of Event management software
20	2008	HY-TEK Sports Software	Leading online service provider for swimming and track & field communities
21	2008	iPlayers, LLC	Online recruiting website for high school athletes
22	2008	Outdoor Central	State, natural resource and park agencies online solution provider
23	2008	Automated License System, Inc.	State, natural resource and park agencies online solution provider
24	2009	Reserve America	#1 Campground reservation system provider
25	2010	Channel:1 Corporation	Onsite event management software
26	2010	Clubspaces, Inc.	Youth and amateur sport association online technology and service provider
27	2011	Fellowship Technologies	Church management software provider

Source: Company reports, RBC Capital Markets



Challenge of M&A Integration

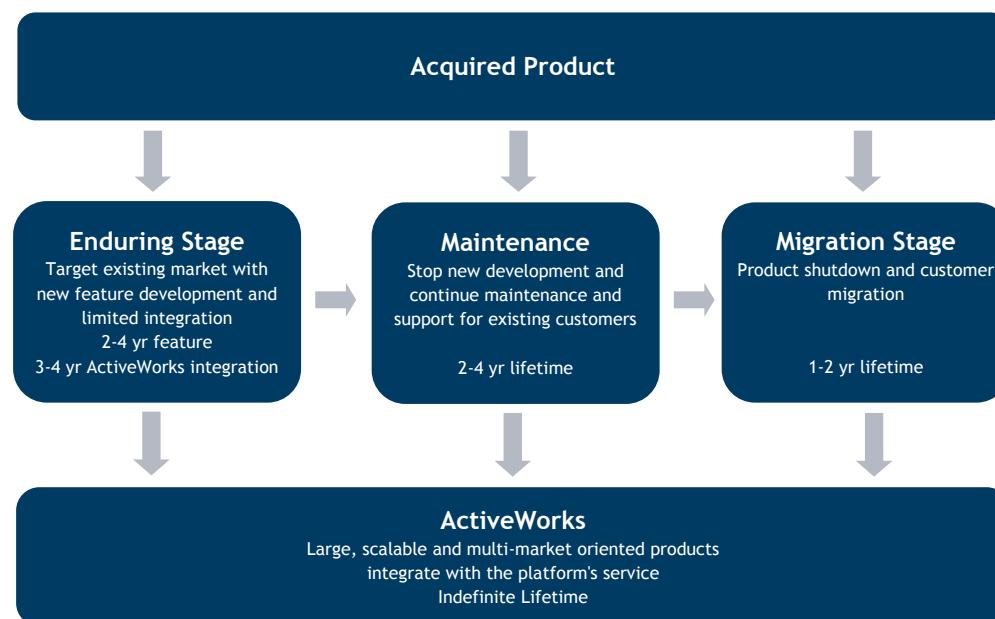
Although Active Network management has shown a knack for business combinations, the acquisition of new companies can pose a significant integration challenge. On top of the cultural and operational matters that arise in a typical acquisition, Active Network faces an additional challenge in the integration and assimilation of new technology platforms. As the company does not want to disrupt the customer's experience, the transition process is undertaken so as to be as seamless as possible to any user, an effort that can increase the overall expense base.

Active Network has embarked on a very significant initiative, started in 2008, to consolidate all its acquired systems and platforms onto one core singular software solution, referred to as ActiveWorks, that can be leveraged across any organization or event. When Active Network acquires a company with its own proprietary registration system, end-customers on that system can often not immediately be ported over to ACTV's core platform, as each vertical has nuances and services that are unique. As a result, the company must operate both the acquired and internal systems simultaneously and thus incur double the typical expense run rate for software maintenance in many cases. The ActiveWorks project aims to consolidate all acquired software platforms onto a single solution, thus eliminating the duplicative costs from running redundant systems in parallel.

Even with the ActiveWorks initiative in place, there will still be a transition period for acquired software platforms, which can be quite lengthy in some cases. Some integrations will be nearly immediate, where customer information and data processing can simply be migrated onto the ActiveWorks platform, whereas in other cases the acquired platform will still need to be operated independently for years before ACTV is able to shut it down completely.

Active Network views the integration of an acquired products and systems in three stages – the enduring stage, the maintenance stage, and the migration stage – during which time the acquired system is referred to as EOL (“End of Life”), as it is being phased out. Associated costs are thus also referred to as EOL expenses and are recognized in R&D on the income statement. As noted, depending on the level of complication associated with an acquired software product or system, it may fall into different stages of the integration process – i.e., some acquisitions will immediately migrate to the ActiveWorks platform, while others might spend nearly a decade in the EOL stage before all clients are transitioned to ACTV systems.

Exhibit 41: Active Network's Acquired Product Integration Process



Source: Company reports, RBC Capital Markets

As displayed in Exhibit 41, the company is on various stages of development of the new ActiveWorks platform, and acquired systems are being transitioned over accordingly. In the Enduring stage, a two- to three-year process, the products and systems continue competing in the marketplace with new feature development and limited integration; the integration of ActiveWorks for appropriate companies also occurs during this phase, which can take 3-4 years. In the Maintenance stage, a two- to four-year process, Active Network will only provide service and maintenance to existing customers with no further feature development. Finally, in the Migration stage, a one- to two-year process, the legacy system will shut down and clients will be transferred to the main platform. As there are many nuances and variables to consider, it is also possible that certain systems move from any one of the three stages to the ActiveWorks completed integration.

In 2010, EOL expenses were \$22 million or ~8% of total revenues, compared to \$30 million or ~12% of total revenues in 2009. While we do not model EOL expenses separately, we expect they will increase by several million in 2011 due to recent additional M&A activity. In 2012 and beyond, ACTV expects to see a meaningful decrease in EOL expenses, and resulting leverage is an important component of the margin expansion thesis. However, further acquisitions could introduce new EOL systems which must be maintained, thus making target margins more difficult to achieve.



International Overview

Active Network currently processes over 20 million event registrations annually across 38 countries and in 10 different currencies. As displayed in Exhibit 42, ACTV has 13 local dedicated websites across the world. In addition, Active Network has over 40 staff members across Europe and Australia as well as over 400 technology employees in China.

Exhibit 42: Core International Markets



Source: Company reports

Exhibit 43 below displays Active Network's homepages for Australia, France, and the U.K. The organization and the functionality of the three sites below, as well as all of the remaining international sites, are all comparable to Active Network's flagship U.S. site. Although Active Network will adjust sites to fit local language, cultural or regional trends, the foundations of the sites are relatively homogenous across the world. The international opportunity for Active Network is focused on leveraging its existing relationships, experience and platform for use in new markets.

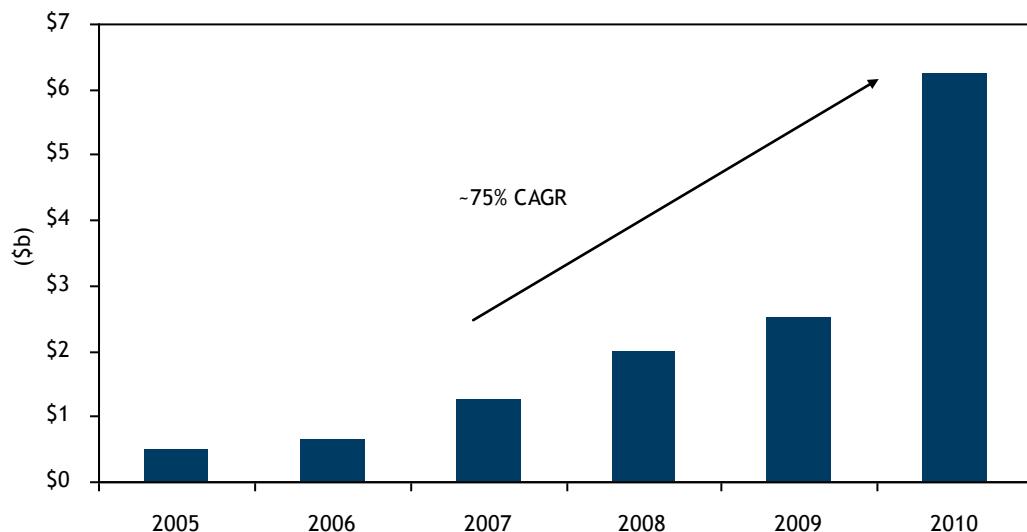
Exhibit 43: International Screen Shots

Source: Company reports

International Opportunity

International expansion represents a significant growth opportunity for Active Network over the next 5-10 years. The company estimates that Europe's event registration TAM is approximately US\$10 billion, similar to the North American TAM. The Asian markets also represent a large opportunity, although it remains difficult to quantify. Combined, Active Network's total international opportunity is likely more than twice that of the domestic opportunity.

In 2005, ACTV generated less than \$1 million in international revenue. By 2007, international expansion became a significant point of emphasis for the management team, opening the Australian office that year and expanding into the U.K. one year later with its London office. Since 2005, ACTV has grown international revenues by a CAGR of ~75%, and in 2010, the company grew international revenues 152% year-over-year. Active Network has not engaged in any meaningful international M&A; therefore, effectively all of its international revenue growth has been achieved organically.

Exhibit 44: International Revenues

Source: Company reports

Today, the company is primarily focused on expanding its operations in the U.K., France, Germany, Australia/New Zealand and Singapore. The company's decision to focus on these five regions is in line with consumer trends in those particular countries, where online, credit card, and smartphone penetration rates are similar to the U.S. and Canada, and therefore participants and organizations are likely ready to handle online registration formats. Although international revenues remain small on an absolute basis, growth should remain high for several years, enabling meaningful revenue contribution in the future.

Initial Public Offering

On May 25, 2011, Active Network issued 11 million shares of common stock at \$15.90 per share. Of the 11 million shares offered, 8.2 million were primary shares and 2.8 million were secondary shares. Following the initial public offering there were approximately 53 million common shares outstanding, of which 27.8 million shares were held by officers, directors, and holders with positions equivalent to at least 10% of all shares outstanding. Exhibit 45 below displays the top 11 holders of ACTV stock based on documents filed on May 24, 2011.

Exhibit 45: Top Holders of ACTV

Holder Name	Shares	Percent of Outstanding
Locked shares	15,495,604	29.3%
Institution 1	7,738,220	14.6%
Institution 2	5,561,671	10.5%
Institution 3	4,600,052	8.7%
Institution 4	4,172,481	7.9%
Matt Ehrlichman	2,058,789	3.9%
Institution 5	535,300	1.0%
Matthew Landa	400,000	0.8%
Institution 6	242,383	0.5%
James Woodman	205,354	0.4%
David Alberga	184,199	0.3%

Source: Bloomberg



Valuation & Price Target

Estimates Snapshot

Exhibit 46: 2Q11, FY2011 and FY2012 Estimates (\$ in millions, except for per share amounts)

	2Q11E	FY2011E	FY2012E
Technology revenue	\$83.5	\$278.3	\$319.7
Marketing revenue	\$11.1	\$43.7	\$51.2
Net revenue	\$94.6	\$322.0	\$370.9
Gross Profit	\$57.0	\$185.4	\$219.9
<i>Gross Profit Margin</i>	60.2%	57.6%	59.3%
Operating Income	\$5.6	(\$14.2)	\$8.0
<i>Operating Margin</i>	5.9%	-4.4%	2.2%
Adjusted EBITDA	\$17.2	\$33.1	\$51.0
Reported Net Income	\$3.9	(\$19.2)	\$71.3
Adjusted Earnings per Share	\$0.09	(\$0.35)	\$0.08

Source: Company reports, RBC Capital Markets estimates

Valuation & Price Target

We value ACTV using a blended approach on our 2012 estimates using 15x EV/EBITDA, a 3% FCF yield and 3.5x sales. We take an average of these three metrics to arrive at our \$22 price target. These multiples are in range of the rest of our coverage universe, and we believe they are justified given the high revenue visibility and rapid EBITDA growth.

Exhibit 47: Valuation & Price Target Derivation

(\$ in millions, except per share amounts)

Current Price	\$17.60
Diluted Shares Outstanding	53.0
Current Market Cap	933
Less: Cash and Cash Equivalents	154.4
Plus: Debt	0.0
Adjusted Enterprise Value	778.4

	2012E
Adjusted EBITDA	51.0
Current EV/EBITDA Multiple	15.2x
Target Multiple	15.0x
Enterprise Value	765.7
Plus: YE Cash	229.7
Less: YE Debt	0.0
Equity Market Capitalization	995.4
FY End Projected Sharecount	53.9
Implied Stock Price on Forward EBITDA	\$18

	2012E
FCF per Share	\$0.56
Current FCF Yield	3.2%
Target Yield	3.0%
Implied Stock Price on Forward FCF	\$19

	2012E
Revenue	370.9
Current EV / Revenue Multiple	2.1x
Target Multiple	3.5x
Enterprise Value	1298.0
Plus: YE Cash	229.7
Less: YE Debt	0.0
Equity Market Capitalization	1527.7
FY End Projected Sharecount	53.9
Implied Stock Price on Forward EBITDA	\$28

Average \$22

Priced as of market close June 30, 2011.

Source: Company reports, RBC Capital Markets estimates



Senior Management

David Alberga - Chairman and Chief Executive Officer

Mr. Alberga has been the chairman of Active Network since February 2011 and CEO since 1999, having also served as president from 1999 to 2002. Mr. Alberga previously served as CEO of CitySearch's City Guide, and in senior management positions at Linear Technology Corporation, Silicon Valley Technology (SVT), Boston Consulting Group (BCG), and Proctor & Gamble Company. Mr. Alberga holds an MBA from Stanford University and a BS in General Engineering from the United States Military Academy at West Point.

Matthew Landa - President

Mr. Landa has been the president of Active Network since 2002 and a member of the board of directors since 2005. He oversees all of the operations including strategy, sales, professional services, technology and financial execution. Mr. Landa also served as CEO and president of CMC Industries from 1995 to 1999. He holds an MBA from Stanford University and a BS from Dartmouth College.

Scott Mendel - Chief Financial Officer

Mr. Mendel has been CFO at Active Network since March 2010. He has over 20 years of senior management experience in General Electric (GE) including CFO of GE's Healthcare IT division for two years. Mr. Mendel holds an MBA from Northwestern University's Kellogg School of Management, and a BS in Finance from Indiana University.

Matt Ehrlichman - Chief Strategy Officer

Mr. Ehrlichman has been the chief strategy officer of Active Network since February 2011, having previously served as Executive Vice President and Vice President, Strategy. He was also the co-founder and CEO of Thriva, LLC, which was acquired by Active Network in 2007. Mr. Ehrlichman holds a BS in Entrepreneurial Engineering and MS in Management Science and Engineering from Stanford University.

Jon Belmonte - Chief Media Officer

Mr. Belmonte has been the chief media officer of Active Network since February 2011 and prior to that time served as the chief operating officer. Mr. Belmonte was also the co-founder and vice president of strategy and business development of LeagueLink, which merged with Active Network in 2000. He also worked as a strategy consultant for Boston Consulting Group. Mr. Belmonte holds a BSE from the University of Pennsylvania's Wharton School of Business and an MBA from Northwestern University's Kellogg School of Management.

Alex Barnetson - Executive Vice President of Sales & Senior General Manager

Mr. Barnetson has been the executive vice president of sales since 2009 and prior to that, served as the senior vice president of community services. Prior to his career at Active Network, Mr. Barnetson served as president and chief operating officer of Class Software Solutions before it was acquired by Active Network. He holds a BS from Simon Fraser University in Kinesiology.

Valuation

We value ACTV using a blended approach on our 2012 estimates using 15x EV/EBITDA, a 3% FCF yield and 3.5x revenue. We take an average of these three metrics to arrive at our \$22 price target. These multiples are in range of the rest of our coverage universe, and we believe they are justified given the high revenue visibility and rapid EBITDA growth.

Price Target Impediment

- 1) Margin expansion does not play out as expected.
- 2) Large contracts material to financial statements are lost during periodic re-bidding process.
- 3) Complications from M&A integration.

Company Description

Active Network provides event registration software and services to community, sport, business and outdoor organizations. In addition to registration processing, Active Network's technology platform provides organizations with various marketing, operating and analytics tools which help their clients' event management end-to-end by increasing event participation and reducing overall event costs.



Active Network -- Quarterly Earnings Analysis
(\$ in millions, except per share amounts)

	2008A	Mar A 1QA	Jun A 2QA	Sep A 3QA	Dec A 4QA	2009A	Mar A 1QA	Jun A 2QA	Sep A 3QA	Dec A 4QA	2010A	Mar A 1QA	Jun E 2QE	Sep E 3QE	Dec E 4QE	2011E	Mar E 1QE	Jun E 2QE	Sep E 3QE	Dec E 4QE	2012E
FY Dec																					
Technology revenue	145.8	44.4	64.2	58.1	43.7	210.5	54.9	71.2	62.4	49.2	237.7	63.1	83.5	74.4	57.3	278.3	71.1	95.7	87.3	65.6	319.7
Marketing revenue	27.4	6.4	7.7	7.6	10.7	32.4	8.3	10.5	10.7	12.4	41.9	9.6	11.1	11.1	12.0	43.7	11.2	12.9	12.9	14.0	51.2
Net revenue	173.2	50.8	71.9	65.8	54.4	242.9	63.2	81.7	73.1	61.6	279.6	72.7	94.6	85.5	69.3	322.0	82.3	108.7	100.3	79.6	370.9
Cost of Revenues																					
Technology	74.3	23.4	29.2	26.7	23.7	103.0	27.0	32.3	29.3	26.4	115.0	33.0	36.2	33.1	29.0	131.3	35.8	39.8	37.2	32.0	144.8
Marketing	5.4	0.8	1.0	1.1	1.1	4.1	1.0	1.7	1.8	1.6	6.2	1.2	1.4	1.4	1.4	5.4	1.3	1.6	1.6	1.6	6.2
Total Cost of Revenues	79.7	24.2	30.2	27.8	24.8	107.1	28.0	34.0	31.1	28.1	121.2	34.1	37.6	34.5	30.4	136.6	37.1	41.4	38.8	33.6	150.9
Gross Profit	93.5	26.6	41.7	37.9	29.6	135.8	35.2	47.6	42.0	33.5	158.4	38.6	57.0	51.0	38.9	185.4	45.1	67.3	61.5	46.0	219.9
Operating Expenses:																					
Sales & Marketing	48.4	13.2	12.7	11.9	12.0	49.8	14.5	15.0	14.9	14.1	58.5	16.8	17.9	17.8	16.8	69.2	18.3	19.7	20.0	18.6	76.6
Research & Development	31.7	14.1	14.6	14.1	15.4	58.2	14.9	16.2	15.0	14.8	60.9	16.1	18.0	18.3	16.9	69.2	17.2	19.3	20.2	18.5	75.2
General & Administrative	29.0	6.5	7.3	7.5	8.4	29.7	9.8	10.4	8.9	8.8	38.0	10.2	10.9	10.9	11.1	43.1	11.6	12.6	12.9	12.9	49.9
Amortization of Intangibles	13.8	4.3	4.7	4.7	4.8	18.5	4.0	4.1	4.0	4.0	16.1	3.7	3.8	3.7	3.7	14.9	1.9	1.3	1.6	2.1	6.8
Stock Based Compensation	14.5	1.4	3.4	5.0	1.4	11.2	1.8	1.4	1.3	0.8	5.3	0.7	0.8	0.8	0.8	3.1	0.8	0.8	0.9	0.8	3.4
Total Operating Expenses	137.5	39.5	42.8	43.1	42.0	167.4	45.1	47.1	44.2	42.5	178.9	47.4	51.3	51.5	49.3	199.6	49.7	53.7	55.6	52.9	211.9
Operating Income	(43.9)	(12.9)	(1.1)	(5.2)	(12.4)	(31.6)	(9.9)	0.6	(2.2)	(8.9)	(20.5)	(8.8)	5.6	(0.5)	(10.5)	(14.2)	(4.6)	13.6	5.9	(6.9)	8.0
Depreciation & Amortization	7.9	2.5	2.7	3.0	4.4	12.6	3.9	4.6	5.0	5.8	19.2	5.2	5.8	6.2	6.6	23.8	5.9	8.7	7.8	5.9	28.3
Stock Based Compensation	14.5	1.4	3.4	5.0	1.4	11.2	1.8	1.4	1.3	0.8	5.3	0.7	0.8	0.8	0.8	3.1	0.8	0.8	0.9	0.8	3.4
Adjusted EBITDA	(1.0)	(3.5)	11.1	8.7	(0.6)	15.7	1.1	11.8	9.3	2.9	25.1	2.6	17.2	11.5	1.8	33.1	5.0	25.9	17.4	2.7	51.0
Interest income	1.7	0.1	0.1	0.0	(0.0)	0.2	0.0	0.0	0.0	0.0	0.2	0.0	0.1	0.1	0.1	0.3	0.2	0.2	0.2	0.2	0.8
Interest expense	(5.0)	(1.4)	(1.3)	(1.2)	(1.3)	(5.2)	(1.3)	(1.5)	(1.3)	(1.3)	(5.4)	(1.3)	(1.1)	0.0	0.0	(2.3)	0.0	0.0	0.0	0.0	0.0
Other (expense) income, net	(0.3)	0.7	0.4	(0.3)	0.4	1.2	(0.4)	(0.2)	0.8	0.3	0.5	(0.1)	0.0	0.0	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0
Pretax Income	(47.5)	(13.5)	(1.9)	(6.6)	(13.4)	(35.4)	(11.6)	(1.1)	(2.8)	(9.9)	(25.3)	(10.2)	4.6	(0.4)	(10.4)	(16.3)	(4.4)	13.8	6.1	(6.6)	8.8
Income Tax Expense (benefit)	1.5	0.6	0.8	0.3	0.7	2.4	0.9	0.9	1.1	(0.8)	1.9	0.8	0.7	0.7	0.7	2.9	1.7	1.7	(67.6)	1.7	(62.5)
Reported Net Income	(49.0)	(14.2)	(2.7)	(6.9)	(14.1)	(37.9)	(12.4)	(1.9)	(3.8)	(9.1)	(27.3)	(10.9)	3.9	(1.1)	(11.1)	(19.2)	(6.1)	12.1	73.7	(8.3)	71.3
Diluted Earnings per Share																					
Pro forma Earnings per Share																					
Adjusted Earnings per Share																					
Pro forma Shares Outstanding																					
Margin Analysis																					
Gross Profit Margin	54.0%	52.4%	58.0%	57.7%	54.4%	55.9%	55.7%	58.3%	57.5%	54.4%	56.6%	53.1%	60.2%	59.7%	56.1%	57.6%	54.9%	61.9%	61.3%	57.8%	59.3%
Sales & Marketing as % of Net Revenue	27.9%	26.1%	17.6%	18.1%	22.0%	20.5%	23.0%	18.3%	20.4%	22.9%	20.9%	23.0%	18.9%	20.8%	24.2%	21.5%	22.2%	18.1%	20.0%	23.4%	20.7%
Research & Development as % of Net Revenue	18.3%	27.7%	20.3%	21.4%	28.3%	23.9%	23.6%	19.8%	20.6%	23.9%	21.8%	22.1%	19.0%	21.4%	24.4%	21.5%	20.9%	17.8%	20.2%	23.2%	20.3%
General & Administrative as % of Net Revenue	16.8%	12.7%	10.2%	11.4%	15.5%	12.2%	15.5%	12.8%	12.2%	14.3%	13.6%	14.0%	11.5%	12.8%	16.1%	13.4%	14.0%	11.6%	12.8%	16.2%	13.4%
Amortization as % of Net Revenue	8.0%	8.5%	6.6%	7.1%	8.8%	7.6%	6.4%	5.0%	5.5%	6.5%	5.8%	5.1%	4.0%	4.4%	5.4%	4.6%	2.3%	1.2%	1.6%	2.6%	1.8%
Total Operating Expenses as % of Net Revenue	79.4%	77.7%	59.5%	65.6%	77.2%	68.9%	71.3%	57.6%	60.5%	69.0%	64.0%	65.2%	54.3%	60.2%	71.3%	62.0%	60.4%	49.5%	55.4%	66.4%	57.1%
Operating Margin	-25.4%	-25.3%	-1.5%	-7.9%	-22.9%	-13.0%	-15.6%	0.7%	-3.1%	-14.5%	-7.3%	-12.2%	5.9%	-0.6%	-15.1%	-4.4%	-5.5%	12.5%	5.9%	-8.6%	2.2%
Adjusted EBITDA Margin	-0.6%	-7.0%	15.5%	13.3%	-1.1%	6.5%	1.7%	14.5%	12.8%	4.6%	9.0%	3.5%	18.1%	13.4%	2.7%	10.3%	6.0%	23.8%	17.4%	3.4%	13.8%
Incremental EBITDA Margin																					
Effective Tax Rate	-3.2%	-4.6%	-43.4%	-4.2%	-5.3%	-6.9%	-7.4%	-78.5%	-38.4%	8.5%	-7.6%	-7.8%	15.1%	-183.5%	-6.7%	-17.7%	-38.9%	12.4%	-1112.8%	-25.6%	-707.9%
Reported Net Income	-28.3%	-27.9%	-3.8%	-10.5%	-25.9%	-15.6%	-19.6%	-2.4%	-5.2%	-14.8%	-9.8%	-15.0%	4.1%	-1.3%	-16.0%	-6.0%	-7.4%	11.1%	73.5%	-10.5%	19.2%
Year Over Year Growth																					
Technology	NA	NA	NA	NA	NA	44.4%	23.6%	10.9%	7.3%	12.6%	12.9%	14.9%	17.4%	19.2%	16.4%	17.1%	12.6%	14.6%	17.4%	14.5%	14.9%
Marketing	NA	NA	NA	NA	NA	18.2%	29.5%	36.3%	40.2%	16.5%	29.4%	15.9%	5.5%	3.5%	-3.5%	4.4%	17.0%	17.0%	17.0%	17.0%	17.0%
Net Revenue	NA	NA	NA	NA	NA	40.2%	24.3%	13.6%	11.1%	13.3%	15.1%	15.0%	15.8%	16.9%	12.4%	15.2%	13.2%	14.9%	17.3%	15.0%	15.2%
Cost of Revenues	NA	NA	NA	NA	NA	34.4%	15.8%	12.7%	11.7%	13.2%	13.2%	21.8%	10.5%	10.9%	8.3%	12.7%	8.8%	9.9%	12.6%	10.5%	10.4%
Gross Profit	NA	NA	NA	NA	NA	45.2%	32.1%	14.2%	10.7%	13.5%	16.6%	9.6%	19.6%	21.4%	15.8%	17.1%	17.0%	18.2%	20.5%	18.4%	18.6%
Operating Income	NA	NA	NA	NA	NA	-28.1%	-23.2%	-153.0%	-56.8%	-28.0%	-35.0%	-10.5%	895.2%	-78.2%	17.3%	-30.8%	-48.5%	141.4%	-1300.0%	-34.4%	-156.6%
Adjusted EBITDA	NA	NA	NA	NA	NA	-1711.7%	-130.6%	6.5%	6.7%	-600.7%	59.5%	137.1%	44.9%	23.1%	-35.7%	31.6%	92.8%	51.0%	51.7%	49.1%	54.4%
Reported Net Income	NA	NA	NA	NA	NA	-22.7%	-12.5%	-28.3%	-44.4%	-35.4%	-28.0%	-11.8%	-30.2%	-71.8%	-22.0%	-29.6%	-44.5%	207.3%	-6911.9%	-24.9%	-471.6%
Pro Forma Diluted Earnings per Share	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
Adjusted Earnings per Share	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
Other Metrics																					
Peer Defined Free Cash Flow	(6.3)	8.0	5.6	(3.7)	3.5	29.7	(3.3)	(4.9)	(9.9)	11.7	31.6	(5.3)	2.2	(15.4)	13.1	3.2	22.7	11.4	(14.3)	23.0	
Free Cash Flow per Share	(3.6)	13.1	12.3	(0.5)	21.3	33.8	0.0	(2.5)	(9.5)	21.8	34.8	(3.8)	2.0	(14.1)	18.9	5.0	24.5	13.3	(12.6)	30.3	
Company Defined Free Cash Flow						\$0.81	\$0.00	(\$0.06)	(\$0.23)	\$0.53	\$0.81	(\$0.08)	\$0.04	(\$0.26)	\$0.50	\$0.09	\$0.46	\$0.25	(\$0.23)	\$0.56	

Source: Company reports and RBC Capital Markets estimates



Required Disclosures

Conflicts Disclosures

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