

Concur Technologies, Inc.
Income Statements
(In thousands, except per share data)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2010	2009	2010	2009
Revenues	\$ 74,978	\$ 62,226	\$ 215,447	\$ 182,781
Expenses (1):				
Cost of operations	21,640	19,130	63,332	55,942
Sales and marketing	24,853	17,998	68,337	53,330
Systems development and programming	6,808	5,822	20,825	18,201
General and administrative	9,340	6,839	25,690	20,820
Amortization of intangible assets	1,807	1,542	5,495	4,624
Total expenses	64,448	51,331	183,679	152,917
Operating income	10,530	10,895	31,768	29,864
Other income (expense):				
Interest income	621	372	1,226	1,840
Interest expense	(4,235)	(123)	(4,778)	(373)
Other, net	(432)	175	(924)	(392)
Total other income (expense), net	(4,046)	424	(4,476)	1,075
Income before income tax	6,484	11,319	27,292	30,939
Income tax expense	2,741	4,076	10,180	11,138
Net income	\$ 3,743	\$ 7,243	\$ 17,112	\$ 19,801
Net income per share available to common stockholders:				
Basic	\$ 0.07	\$ 0.15	\$ 0.35	\$ 0.41
Diluted	0.07	0.14	0.32	0.38
Weighted average shares used in computing net income per share:				
Basic	50,141	48,560	49,546	48,603
Diluted	52,924	51,608	52,735	51,528
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(1) Includes share-based compensation as follows:				
Cost of operations	\$ 692	\$ 551	\$ 1,773	\$ 1,261
Sales and marketing	2,916	1,762	6,409	3,609
Systems development and programming	637	481	1,713	1,287
General and administrative	1,365	824	3,080	2,105
Total share-based compensation	\$ 5,610	\$ 3,618	\$ 12,975	\$ 8,262

Concur Technologies, Inc.

Balance Sheets

(In thousands, except per share amounts)
(Unaudited)

	<u>June 30,</u> <u>2010</u>	<u>September 30,</u> <u>2009</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 247,975	\$ 119,185
Short-term investments	304,614	143,549
Restricted cash	2,940	3,599
Accounts receivable, net of allowance of \$2,787 and \$3,680	50,405	45,801
Deferred tax assets	26,820	24,570
Deferred costs and other assets	25,827	18,979
Total current assets	<u>658,581</u>	<u>355,683</u>
Non-current assets:		
Property and equipment, net	34,464	33,999
Investments	6,045	4,045
Deferred costs and other assets	23,466	19,964
Intangible assets, net	37,118	44,383
Deferred tax assets	11,623	23,904
Goodwill	188,083	188,907
Total assets	<u>\$ 959,380</u>	<u>\$ 670,885</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 3,800	\$ 3,638
Customer funding liabilities	58,922	56,424
Accrued compensation	15,114	17,508
Acquisition-related liabilities	-	902
Other accrued expenses and liabilities	15,400	10,539
Short-term lease liabilities and other	491	1,129
Deferred revenues	43,292	34,955
Total current liabilities	<u>137,019</u>	<u>125,095</u>
Non-current liabilities:		
Senior convertible notes, net	225,388	-
Long-term lease liabilities and other	-	199
Deferred rent	1,468	1,601
Deferred revenues	14,833	14,083
Tax liabilities	7,823	8,577
Total liabilities	<u>386,531</u>	<u>149,555</u>
Commitments and contingencies		
Stockholders' equity:		
Convertible preferred stock, par value \$0.001 per share	-	-
Authorized shares: 5,000; No shares issued or outstanding		
Common stock, \$0.001 par value per share	51	49
Authorized shares: 195,000		
Shares issued and outstanding: 50,546 and 48,988		
Additional paid-in capital	680,920	640,911
Accumulated deficit	(102,039)	(119,151)
Accumulated other comprehensive loss	(6,083)	(479)
Total stockholders' equity	<u>572,849</u>	<u>521,330</u>
Total liabilities and stockholders' equity	<u>\$ 959,380</u>	<u>\$ 670,885</u>

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Concur Technologies, Inc.
Cash Flow Statements
(In thousands)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2010	2009	2010	2009
Operating activities:				
Net income	\$ 3,743	\$ 7,243	\$ 17,112	\$ 19,801
Adjustments to reconcile net income to net cash provided by operating activities:				
Amortization of intangible assets	1,807	1,542	5,495	4,624
Depreciation	4,228	4,143	12,524	12,283
Accretion of discount and issuance costs on notes	2,520	-	2,520	-
Net recovery of sales allowances	(79)	(513)	(893)	(1,376)
Share-based compensation	5,610	3,618	12,975	8,262
Deferred income taxes	1,891	3,500	8,934	9,529
Excess tax benefits from share-based compensation	(226)	-	(226)	-
Changes in operating assets and liabilities:				
Accounts receivable	(2,488)	(710)	(4,628)	1,661
Deferred costs and other assets	(3,964)	(1,202)	(6,493)	(4,228)
Accounts payable	367	(3,521)	348	(851)
Accrued liabilities	7,699	2,543	(297)	(7,848)
Deferred revenues	3,656	1,414	9,784	3,714
Net cash provided by operating activities	24,764	18,057	57,155	45,571
Investing activities:				
Purchases of investments	(275,435)	(127,582)	(368,636)	(127,582)
Maturities of investments	95,001	-	207,738	-
(Decrease) increase in customer funding liabilities, net of changes in restricted cash	(3,258)	19,656	3,131	20,855
Investment in unconsolidated affiliate	-	(25)	(2,000)	(4,045)
Purchases of property and equipment	(5,091)	(3,803)	(12,750)	(14,348)
Payments for acquisitions, net of cash acquired	(13)	(1,706)	(3,553)	(1,864)
Net cash used in investing activities	(188,796)	(113,460)	(176,070)	(126,984)
Financing activities:				
Proceeds from borrowings on senior convertible notes	245,119	-	245,119	-
Payments for issuance of common stock, net	-	-	-	(2,829)
Net proceeds from share-based award activity	3,874	1,262	2,385	2,189
Proceeds from employee stock purchase plan activity	341	539	1,061	889
Payments on repurchase of common stock	-	-	-	(54,773)
Excess tax benefits from share-based compensation	226	-	226	-
Repayments of debt and capital leases	(286)	(249)	(837)	(1,101)
Net cash provided by (used in) financing activities	249,274	1,552	247,954	(55,625)
Effect of foreign currency exchange rate changes on cash and cash equivalents	(264)	651	(249)	(1,732)
Net increase (decrease) in cash and cash equivalents	84,978	(93,200)	128,790	(138,770)
Cash and cash equivalents at beginning of period	162,997	222,155	119,185	267,725
Cash and cash equivalents at end of period	\$ 247,975	\$ 128,955	\$ 247,975	\$ 128,955

Reconciliation of GAAP to Non-GAAP Financial Measures

(In thousands, except per share and margin data)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2010	2009	2010	2009
Operating income:				
Operating income	\$ 10,530	\$ 10,895	\$ 31,768	\$ 29,864
Income from operations as a % of total revenue (Operating Margin)	14%	18%	15%	16%
Add back:				
Share-based compensation	5,610	3,618	12,975	8,262
Amortization of intangible assets	1,807	1,542	5,495	4,624
Non-GAAP operating income	<u>\$ 17,947</u>	<u>\$ 16,055</u>	<u>\$ 50,238</u>	<u>\$ 42,750</u>
Non-GAAP operating income as a % of total revenue (Non-GAAP Operating Margin)	24%	26%	23%	23%
Net income:				
Net income	\$ 3,743	\$ 7,243	\$ 17,112	\$ 19,801
Add back:				
Share-based compensation	5,610	3,618	12,975	8,262
Amortization of intangible assets	1,807	1,542	5,495	4,624
Accretion of discount on senior convertible notes	2,244	-	2,244	-
Income tax expense	2,741	4,076	10,180	11,138
Non-GAAP pre-tax income	<u>16,145</u>	<u>16,479</u>	<u>48,006</u>	<u>43,825</u>
Income tax expense (1)	6,022	5,932	17,906	15,777
Non-GAAP net income	<u>\$ 10,123</u>	<u>\$ 10,547</u>	<u>\$ 30,100</u>	<u>\$ 28,048</u>
Diluted net income per share:				
Diluted net income per share	\$ 0.07	\$ 0.14	\$ 0.32	\$ 0.38
Add back:				
Share-based compensation	0.11	0.07	0.25	0.16
Amortization of intangible assets	0.04	0.03	0.10	0.09
Accretion of discount on senior convertible notes	0.04	-	0.04	-
Income tax expense	0.05	0.08	0.20	0.22
Non-GAAP diluted pre-tax income per share	<u>0.31</u>	<u>0.32</u>	<u>0.91</u>	<u>0.85</u>
Income tax expense (1)	0.12	0.12	0.34	0.31
Non-GAAP diluted net income per share	<u>\$ 0.19</u>	<u>\$ 0.20</u>	<u>\$ 0.57</u>	<u>\$ 0.54</u>
Shares used in calculation of diluted non-GAAP income per share:	52,924	51,608	52,735	51,528
(1) The effective tax rate used for the period:	37.3%	36.0%	37.3%	36.0%