

**Bottomline Technologies**  
**Reconciliation of Non-GAAP Measures**  
**Three Months Ended December 31, 2018**



	GAAP	Amortization of Acquisition-Related Intangible Assets	Stock-Based Compensation Plan Expense	Acquisition and Integration-Related Expenses	Restructuring Expenses (Benefit)	Minimum Pension Liability Adjustments	Amortization of Debt Issuance and Debt Discount Costs	Global ERP System Implementation and Other Costs	Tax Effects on Non-GAAP Income	Non-GAAP	
<b>Revenues:</b>											<i>% of Revenue</i>
Subscriptions and transactions	\$ 71,288	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,288	68%
Software licenses	5,665	-	-	-	-	-	-	-	-	5,665	5%
Service and maintenance	26,786	-	-	-	-	-	-	-	-	26,786	26%
Other	1,107	-	-	-	-	-	-	-	-	1,107	1%
<b>Total revenues</b>	<b>104,846</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>104,846</b>	<b>100%</b>
<b>Cost of revenues:</b>											<i>Margins</i>
Subscriptions and transactions	31,352	-	(776)	(245)	(1)	(15)	-	-	-	30,315	57%
Software licenses	210	-	-	-	-	-	-	-	-	210	96%
Service and maintenance	12,528	-	(603)	-	-	(62)	-	-	-	11,863	56%
Other	891	-	-	-	-	-	-	-	-	891	20%
<b>Total cost of revenues</b>	<b>44,981</b>	<b>-</b>	<b>(1,379)</b>	<b>(245)</b>	<b>(1)</b>	<b>(77)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43,279</b>	
<b>Gross profit</b>	<b>59,865</b>	<b>-</b>	<b>1,379</b>	<b>245</b>	<b>1</b>	<b>77</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61,567</b>	<b>59%</b>
<b>Operating expenses:</b>											<i>% of Revenue</i>
Sales and marketing	22,585	-	(4,006)	(11)	4	(47)	-	-	-	18,525	18%
Product development and engineering	16,815	-	(1,418)	(19)	1	(43)	-	-	-	15,336	15%
General and administrative	11,904	-	(2,746)	(435)	(58)	(7)	-	(972)	-	7,686	7%
Amortization of acquisition-related intangible assets	5,253	(5,253)	-	-	-	-	-	-	-	-	0%
<b>Total operating expenses</b>	<b>56,557</b>	<b>(5,253)</b>	<b>(8,170)</b>	<b>(465)</b>	<b>(53)</b>	<b>(97)</b>	<b>-</b>	<b>(972)</b>	<b>-</b>	<b>41,547</b>	<b>40%</b>
<b>Income from operations</b>	<b>3,308</b>	<b>5,253</b>	<b>9,549</b>	<b>710</b>	<b>54</b>	<b>174</b>	<b>-</b>	<b>972</b>	<b>-</b>	<b>20,020</b>	<b>19%</b>
<b>Other (expense) income, net</b>	<b>(858)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(254)</b>	<b>104</b>	<b>-</b>	<b>-</b>	<b>(1,008)</b>	<b>-1%</b>
<b>Income before income taxes</b>	<b>2,450</b>	<b>5,253</b>	<b>9,549</b>	<b>710</b>	<b>54</b>	<b>(80)</b>	<b>104</b>	<b>972</b>	<b>-</b>	<b>19,012</b>	<b>18%</b>
<b>Benefit from (provision for) income taxes</b>	<b>3,519</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,969)</b>	<b>(4,450)</b>	<b>-4%</b>
<b>Net Income <sup>(1)</sup></b>	<b>5,969</b>	<b>5,253</b>	<b>9,549</b>	<b>710</b>	<b>54</b>	<b>(80)</b>	<b>104</b>	<b>972</b>	<b>7,969</b>	<b>14,562</b>	<b>14%</b>
Basic net income per share	\$ 0.15	5.0%	9.1%	0.7%	0.1%	-0.1%	0.1%	0.9%	7.6%		
Diluted net income per share <sup>(1)</sup>	\$ 0.14									\$ 0.35	
Shares used in computing net income per share:											
Basic	40,635										
Diluted	41,739									41,739	

<sup>(1)</sup> Core net income and core earnings per share are non-GAAP measures and exclude certain items as indicated in the reconciliation above.

Bottomline Technologies

Reconciliation of Non-GAAP Measures

Three Months Ended December 31, 2017



	GAAP	Amortization of Acquisition-Related Intangible Assets	Stock-Based Compensation Plan Expense	Acquisition and Integration-Related Expenses	Minimum Pension Liability Adjustments	Amortization of Debt Issuance and Debt Discount Costs	Global ERP System Implementation and Other Costs	Non-recurring Tax-Benefit <sup>(2)</sup>	Tax Effects on Non-GAAP Income	Non-GAAP	
Revenues:											
Subscriptions and transactions	\$ 63,187	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,187	66%
Software licenses	2,620	-	-	-	-	-	-	-	-	2,620	3%
Service and maintenance	28,433	-	-	-	-	-	-	-	-	28,433	30%
Other	955	-	-	-	-	-	-	-	-	955	1%
Total revenues	95,195	-	-	-	-	-	-	-	-	95,195	100%
Cost of revenues:											
Subscriptions and transactions	27,211	-	(673)	(24)	(10)	-	-	-	-	26,504	58%
Software licenses	229	-	-	-	-	-	-	-	-	229	91%
Service and maintenance	13,034	-	(565)	-	(69)	-	-	-	-	12,400	56%
Other	701	-	-	-	-	-	-	-	-	701	27%
Total cost of revenues	41,175	-	(1,238)	(24)	(79)	-	-	-	-	39,834	
Gross profit	54,020	-	1,238	24	79	-	-	-	-	55,361	58%
Operating expenses:											
Sales and marketing	21,441	-	(3,319)	(3)	(45)	-	-	-	-	18,074	19%
Product development and engineering	13,938	-	(1,345)	(14)	(46)	-	-	-	-	12,533	13%
General and administrative	10,989	-	(2,178)	(339)	(8)	-	(1,339)	-	-	7,125	7%
Amortization of acquisition-related intangible assets	5,702	(5,702)	-	-	-	-	-	-	-	-	0%
Total operating expenses	52,070	(5,702)	(6,842)	(356)	(99)	-	(1,339)	-	-	37,732	40%
Income from operations	1,950	5,702	8,080	380	178	-	1,339	-	-	17,629	19%
Other (expense) income, net	(3,357)	-	-	-	(175)	2,576	-	-	-	(956)	-1%
Income (loss) before income taxes	(1,407)	5,702	8,080	380	3	2,576	1,339	-	-	16,673	18%
Benefit from (provision for) income taxes	4,495	-	-	-	-	-	-	(4,402)	(4,577)	(4,484)	5%
<b>Net Income <sup>(1)</sup></b>	<b>3,088</b>	<b>5,702</b>	<b>8,080</b>	<b>380</b>	<b>3</b>	<b>2,576</b>	<b>1,339</b>	<b>(4,402)</b>	<b>(4,577)</b>	<b>12,189</b>	<b>13%</b>
		6.0%	8.5%	0.4%	0.0%	2.7%	1.4%	-4.6%	-4.8%		
Basic net income per share	\$ 0.08										
Diluted net income per share <sup>(1)</sup>	\$ 0.08									\$ 0.31	
Shares used in computing net income per share:											
Basic	38,087										
Diluted	39,344										38,908

<sup>(1)</sup> Core net income and core earnings per share are non-GAAP measures and exclude certain items as indicated in the reconciliation above. In computing diluted core earnings per share, we exclude the weighted average dilutive effect of shares issuable under our convertible senior notes to the extent that any such dilution would be offset by our note hedges; the note hedges would be considered an anti-dilutive security under GAAP.

<sup>(2)</sup> The non-recurring tax benefit in three and six months ended December 31, 2017 represents a benefit arising from the revaluation of certain deferred tax liabilities as a result of the U.S. Tax Cuts and Jobs Act.

**Bottomline Technologies**  
**Reconciliation of Non-GAAP Measures**  
**Six Months Ended December 31, 2018**



	GAAP	Amortization of Acquisition-Related Intangible Assets	Stock-Based Compensation Plan Expense	Acquisition and Integration-Related Expenses	Restructuring Expenses (Benefit)	Minimum Pension Liability Adjustments	Amortization of Debt Issuance and Debt Discount Costs	Other Non-Core Benefit	Global ERP System Implementation and Other Costs	Tax Effects on Non-GAAP Income	Non-GAAP	
<b>Revenues:</b>												<i>% of Revenue</i>
Subscriptions and transactions	\$ 141,056	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 141,056	68%
Software licenses	10,177	-	-	-	-	-	-	-	-	-	10,177	5%
Service and maintenance	54,191	-	-	-	-	-	-	-	-	-	54,191	26%
Other	1,859	-	-	-	-	-	-	-	-	-	1,859	1%
<b>Total revenues</b>	<b>207,283</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>207,283</b>	<b>100%</b>
<b>Cost of revenues:</b>												<i>Margins</i>
Subscriptions and transactions	63,021	-	(2,050)	(869)	(47)	(30)	-	-	-	-	60,025	57%
Software licenses	441	-	-	-	-	-	-	-	-	-	441	96%
Service and maintenance	25,234	-	(1,539)	-	9	(127)	-	-	-	-	23,577	56%
Other	1,415	-	-	-	-	-	-	-	-	-	1,415	24%
<b>Total cost of revenues</b>	<b>90,111</b>	<b>-</b>	<b>(3,589)</b>	<b>(869)</b>	<b>(38)</b>	<b>(157)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>85,458</b>	
<b>Gross profit</b>	<b>117,172</b>	<b>-</b>	<b>3,589</b>	<b>869</b>	<b>38</b>	<b>157</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>121,825</b>	<b>59%</b>
<b>Operating expenses:</b>												<i>% of Revenue</i>
Sales and marketing	45,607	-	(8,682)	(22)	31	(95)	-	-	-	-	36,839	18%
Product development and engineering	33,380	-	(3,418)	(59)	17	(91)	-	-	-	-	29,829	14%
General and administrative	25,769	-	(6,202)	(643)	(641)	(15)	-	237	(2,553)	-	15,952	8%
Amortization of acquisition-related intangible assets	10,579	(10,579)	-	-	-	-	-	-	-	-	-	0%
<b>Total operating expenses</b>	<b>115,335</b>	<b>(10,579)</b>	<b>(18,302)</b>	<b>(724)</b>	<b>(593)</b>	<b>(201)</b>	<b>-</b>	<b>237</b>	<b>(2,553)</b>	<b>-</b>	<b>82,620</b>	<b>40%</b>
<b>Income from operations</b>	<b>1,837</b>	<b>10,579</b>	<b>21,891</b>	<b>1,593</b>	<b>631</b>	<b>358</b>	<b>-</b>	<b>(237)</b>	<b>2,553</b>	<b>-</b>	<b>39,205</b>	<b>19%</b>
<b>Other (expense) income, net</b>	<b>(1,639)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(513)</b>	<b>208</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,944)</b>	<b>-1%</b>
<b>Income before income taxes</b>	<b>198</b>	<b>10,579</b>	<b>21,891</b>	<b>1,593</b>	<b>631</b>	<b>(155)</b>	<b>208</b>	<b>(237)</b>	<b>2,553</b>	<b>-</b>	<b>37,261</b>	<b>18%</b>
<b>Benefit from (provision for) income taxes</b>	<b>4,853</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,976)</b>	<b>(9,123)</b>	<b>-4%</b>
<b>Net Income <sup>(1)</sup></b>	<b>5,051</b>	<b>10,579</b>	<b>21,891</b>	<b>1,593</b>	<b>631</b>	<b>(155)</b>	<b>208</b>	<b>(237)</b>	<b>2,553</b>	<b>(13,976)</b>	<b>28,138</b>	<b>14%</b>
Basic net income per share	\$ 0.13	5.1%	10.6%	0.8%	0.3%	-0.1%	0.1%	-0.1%	1.2%	-6.7%		
Diluted net income per share <sup>(1)</sup>	\$ 0.12										\$ 0.68	
<b>Shares used in computing net income per share:</b>												
Basic	40,162											
Diluted	41,662										41,662	

<sup>(1)</sup> Core net income and core earnings per share are non-GAAP measures and exclude certain items as indicated in the reconciliation above.

**Bottomline Technologies**  
**Reconciliation of Non-GAAP Measures**  
**Six Months Ended December 31, 2017**



	GAAP	Amortization of Acquisition-Related Intangible Assets	Stock-Based Compensation Plan Expense	Acquisition and Integration-Related Expenses	Restructuring Expenses (Benefit)	Minimum Pension Liability Adjustments	Amortization of Debt Issuance and Debt Discount Costs	Global ERP System Implementation and Other Costs	Non-recurring Tax-Benefit <sup>(2)</sup>	Tax Effects on Non-GAAP Income	Non-GAAP
<b>Revenues:</b>											<i>% of Revenue</i>
Subscriptions and transactions	\$ 123,901	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 123,901 66%
Software licenses	4,985	-	-	-	-	-	-	-	-	-	4,985 3%
Service and maintenance	55,775	-	-	-	-	-	-	-	-	-	55,775 30%
Other	1,830	-	-	-	-	-	-	-	-	-	1,830 1%
<b>Total revenues</b>	<b>186,491</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>186,491</b> <b>100%</b>
<b>Cost of revenues:</b>											<i>Margins</i>
Subscriptions and transactions	54,633	-	(1,358)	(29)	2	(23)	-	-	-	-	53,225 57%
Software licenses	399	-	-	-	-	-	-	-	-	-	399 92%
Service and maintenance	25,334	-	(1,196)	-	-	(149)	-	-	-	-	23,989 57%
Other	1,368	-	-	-	-	-	-	-	-	-	1,368 25%
<b>Total cost of revenues</b>	<b>81,734</b>	<b>-</b>	<b>(2,554)</b>	<b>(29)</b>	<b>2</b>	<b>(172)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78,981</b>
<b>Gross profit</b>	<b>104,757</b>	<b>-</b>	<b>2,554</b>	<b>29</b>	<b>(2)</b>	<b>172</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>107,510</b> <b>58%</b>
<b>Operating expenses:</b>											<i>% of Revenue</i>
Sales and marketing	40,790	-	(6,772)	(50)	1	(98)	-	-	-	-	33,871 18%
Product development and engineering	27,802	-	(2,783)	(250)	5	(105)	-	-	-	-	24,669 13%
General and administrative	22,826	-	(4,431)	(1,043)	1	(18)	-	(3,415)	-	-	13,920 7%
Amortization of acquisition-related intangible assets	10,890	(10,890)	-	-	-	-	-	-	-	-	- 0%
<b>Total operating expenses</b>	<b>102,308</b>	<b>(10,890)</b>	<b>(13,986)</b>	<b>(1,343)</b>	<b>7</b>	<b>(221)</b>	<b>-</b>	<b>(3,415)</b>	<b>-</b>	<b>-</b>	<b>72,460</b> <b>39%</b>
<b>Income (loss) from operations</b>	<b>2,449</b>	<b>10,890</b>	<b>16,540</b>	<b>1,372</b>	<b>(9)</b>	<b>393</b>	<b>-</b>	<b>3,415</b>	<b>-</b>	<b>-</b>	<b>35,050</b> <b>19%</b>
<b>Other (expense) income, net</b>	<b>(7,640)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(355)</b>	<b>6,285</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,710)</b> <b>-1%</b>
<b>Income (loss) before income taxes</b>	<b>(5,191)</b>	<b>10,890</b>	<b>16,540</b>	<b>1,372</b>	<b>(9)</b>	<b>38</b>	<b>6,285</b>	<b>3,415</b>	<b>-</b>	<b>-</b>	<b>33,340</b> <b>18%</b>
<b>Benefit from (provision for) income taxes</b>	<b>4,038</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,402)</b>	<b>(9,119)</b>	<b>(9,483)</b> <b>5%</b>
<b>Net Income (loss) <sup>(1)</sup></b>	<b>(1,153)</b>	<b>10,890</b>	<b>16,540</b>	<b>1,372</b>	<b>(9)</b>	<b>38</b>	<b>6,285</b>	<b>3,415</b>	<b>(4,402)</b>	<b>(9,119)</b>	<b>23,857</b> <b>13%</b>
Basic net loss per share	\$ (0.03)	5.8%	8.9%	0.7%	0.0%	0.0%	3.4%	1.8%	-2.4%	-4.9%	
Diluted net (loss) income per share <sup>(1)</sup>	\$ (0.03)										\$ 0.62
<b>Shares used in computing net income (loss) per share:</b>											
Basic	<b>37,908</b>										
Diluted	<b>37,908</b>										<b>38,610</b>

<sup>(1)</sup> Core net income and core earnings per share are non-GAAP measures and exclude certain items as indicated in the reconciliation above. In computing diluted core earnings per share, we exclude the weighted average dilutive effect of shares issuable under our convertible senior notes to the extent that any such dilution would be offset by our note hedges; the note hedges would be considered an anti-dilutive security under GAAP.

<sup>(2)</sup> The non-recurring tax benefit in three and six months ended December 31, 2017 represents a benefit arising from the revaluation of certain deferred tax liabilities as a result of the U.S. Tax Cuts and Jobs Act.

**Bottomline Technologies**  
**Reconciliation of Adjusted EBITDA and Adjusted EBITDA margin**



	Reconciliation of Adjusted EBITDA		Reconciliation of Adjusted EBITDA Margin	
	Three Months Ended		Three Months Ended	
	12/31/18	12/31/17	12/31/18	12/31/17
GAAP Net income / GAAP Net income margin	\$ 5,969	\$ 3,088	6%	3%
Adjustments:				
Other expense, net <sup>(1)</sup>	1,111	3,532	1%	4%
Income tax benefit	(3,519)	(4,495)	(3%)	(5%)
Depreciation and amortization	5,551	4,875	5%	5%
Amortization of acquisition-related intangible assets	5,253	5,702	5%	6%
Stock-based compensation plan expense	9,549	8,080	9%	9%
Acquisition and integration-related expenses	710	380	0%	0%
Restructuring expense (benefit)	54	-	0%	0%
Minimum pension liability adjustments	(80)	3	0%	0%
Global ERP system implementation and other costs	972	1,339	1%	2%
Adjusted EBITDA / Adjusted EBITDA margin	\$ 25,570	\$ 22,504	24%	24%

<sup>(1)</sup> On July 1, 2018, we adopted an accounting standard update that changes the classification of certain pension related items. Accordingly, pension related benefits of approximately \$0.2 million were reclassified from income from operations to other expense, net for the three months ended December 31, 2017 in our consolidated statement of operations. For purposes of the reconciliation of adjusted EBITDA, we have presented pension related adjustments discretely, not as a component of other expense, net.

## Bottomline Technologies



### Reconciliation of Adjusted EBITDA and Adjusted EBITDA margin

	Reconciliation of Adjusted EBITDA		Reconciliation of Adjusted EBITDA Margin	
	Six Months Ended		Six Months Ended	
	12/31/18	12/31/17	12/31/18	12/31/17
GAAP Net income (loss) / GAAP Net income (loss) margin	\$ 5,051	\$ (1,153)	2%	(1%)
Adjustments:				
Other expense, net <sup>(1)</sup>	2,151	7,995	1%	4%
Income tax benefit	(4,853)	(4,038)	(2%)	(2%)
Depreciation and amortization	11,191	9,543	5%	5%
Amortization of acquisition-related intangible assets	10,579	10,890	5%	6%
Stock-based compensation plan expense	21,891	16,540	11%	9%
Acquisition and integration-related expenses	1,593	1,372	1%	1%
Restructuring benefit	631	(9)	0%	0%
Minimum pension liability adjustments	(155)	38	0%	0%
Global ERP system implementation and other costs	2,553	3,415	1%	2%
Adjusted EBITDA / Adjusted EBITDA margin	\$ 50,632	\$ 44,593	24%	24%

<sup>(1)</sup> On July 1, 2018, we adopted an accounting standard update that changes the classification of certain pension related items. Accordingly, pension related benefits of approximately \$0.4 million were reclassified from income from operations to other expense, net for the six months ended December 31, 2017 in our consolidated statement of operations. For purposes of the reconciliation of adjusted EBITDA, we have presented pension related adjustments discretely, not as a component of other expense, net.

**Bottomline Technologies**  
Constant Currency Growth Rate



	Three Months Ended		GAAP Growth Rate	% Increase Impact from Currency	Constant Currency Growth Rates <sup>(1)</sup>
	<u>12/31/18</u>	<u>12/31/17</u>			
Subscriptions and transactions revenues	\$ 71,288	\$ 63,187	13%	1%	14%
Total revenues	\$ 104,846	\$ 95,195	10%	1%	11%

<sup>(1)</sup> Constant currency information is a non-GAAP measure and compares results between periods assuming exchange rates had remained constant period-over-period. We calculate constant currency information by translating prior-period results using current-year GAAP foreign exchange rates.

**Bottomline Technologies**  
**Reconciliation of Diluted Core Earnings Per Share**



	Three Months Ended		Six Months Ended	
	12/31/18	12/31/17	12/31/18	12/31/17
GAAP diluted net income (loss) per share	\$ 0.14	\$ 0.08	\$ 0.12	\$ (0.03)
Plus:				
Amortization of acquisition-related intangible assets	0.13	0.15	0.25	0.28
Stock-based compensation plan expense	0.23	0.21	0.53	0.43
Acquisition and integration-related expenses	0.02	0.01	0.04	0.04
Restructuring expense (benefit)	-	-	0.02	-
Global ERP system implementation and other costs	0.02	0.03	0.06	0.09
Amortization of debt issuance and debt discount costs	-	0.06	-	0.16
Non-recurring tax benefit	-	(0.11)	-	(0.11)
Tax effects on non-GAAP income	(0.19)	(0.12)	(0.34)	(0.24)
Diluted core earnings per share	<u>\$ 0.35</u>	<u>\$ 0.31</u>	<u>\$ 0.68</u>	<u>\$ 0.62</u>

	Three Months Ended		Six Months Ended	
	12/31/18	12/31/17	12/31/18	12/31/17
<b><u>Numerator:</u></b>				
Core net income	<u>\$ 14,562</u>	<u>\$ 12,189</u>	<u>\$ 28,138</u>	<u>\$ 23,857</u>
<b><u>Denominator:</u></b>				
Weighted average shares used in computing basic net income (loss) per share for GAAP	40,635	38,087	40,162	37,908
Impact of dilutive securities (shares related to conversion feature on convertible senior notes, stock options, warrants, restricted stock awards and employee stock purchase plan) <sup>(1)</sup>	<u>1,104</u>	<u>1,257</u>	<u>1,500</u>	<u>919</u>
GAAP diluted shares	41,739	39,344	41,662	38,827
Impact of note hedges <sup>(2)</sup>	<u>-</u>	<u>(436)</u>	<u>-</u>	<u>(217)</u>
Weighted average shares used in computing diluted core earnings per share	<u>41,739</u>	<u>38,908</u>	<u>41,662</u>	<u>38,610</u>

<sup>(1)</sup> These securities are dilutive on a GAAP basis in periods where we report GAAP net income. These securities are anti-dilutive on a GAAP basis in periods where we report GAAP net loss.

<sup>(2)</sup> In computing diluted core earnings per share, we exclude the weighted average dilutive effect of shares issuable under our convertible senior notes to the extent that any such dilution would be offset by our note hedges; the note hedges would be considered an anti-dilutive security under GAAP.