

Bankrate, Inc.
Form 10-Q
November 14, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2012

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM TO

Commission File No. 1-35206

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

65-0423422
(I.R.S. Employer
Identification No.)

11760 U.S. Highway One, Suite 200

North Palm Beach, Florida
(Address of principal executive offices)

33408
(Zip Code)

Registrant's telephone number, including area code: (561) 630-2400

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of outstanding shares of the issuer's common stock as of October 31, 2012 was as follows: 100,047,525 shares of Common Stock, \$.01 par value.

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Bankrate, Inc. and Subsidiaries

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q contains forward-looking statements which involve risks and uncertainties. You can identify forward-looking statements because they contain words such as believes, expects, may, should, seeks, approximately, intends, plans, or anticipates or similar expressions that relate to our strategy, plans or intentions. All statements we make relating to our estimated and projected earnings, margins, revenues, costs, expenditures, cash flows, growth rates and financial results or to our expectations regarding future industry trends are forward-looking statements. In addition, we, through our senior management, from time to time make forward-looking public statements concerning our expected future operations and performance and other developments. These forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, our actual results may differ materially from those that we expected. We derive many of our forward-looking statements from our operating budgets and forecasts, which are based upon certain assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. All forward-looking statements are based upon information available to us on, and speak only as of, the date of this report.

Important factors that could cause actual results to differ materially from our expectations, which we refer to as cautionary statements, are discussed in detail in Part I, Item 1A. Risk Factors in our annual report on Form 10-K filed with the Securities and Exchange Commission on March 12, 2012. All forward-looking information in this quarterly report and subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements. Some of the factors that we believe could affect our results include without limitation:

the willingness of our advertisers to advertise on our websites;

increased competition and its effect on our website traffic, advertising rates, margins, and market share;

our dependence on internet search engines to attract a significant portion of the visitors to our websites;

interest rate volatility;

technological changes;

our ability to manage traffic on our websites and service interruptions;

our ability to maintain and develop our brands and content;

the fluctuations of our results of operations from period to period;

our indebtedness and the effect such indebtedness may have on our business;

our need and our ability to incur additional debt or equity financing;

our ability to integrate the business and operations of companies that we have acquired, and those we may acquire in the future;

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the effect of unexpected liabilities we assume from our acquisitions;

our ability to successfully execute on our strategy, including our quality initiative, and the effectiveness of our strategy;

our ability to attract and retain executive officers and personnel;

the impact of resolution of lawsuits to which we are a party;

our ability to protect our intellectual property;

the effects of facing liability for content on our websites;

our ability to establish and maintain distribution arrangements;

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our ability to maintain good working relationships with our customers and third-party providers and to continue to attract new customers;

the effect of our expansion of operations in China and possible expansion to other international markets, in which we may have limited experience;

the willingness of consumers to accept the Internet and our online network as a medium for obtaining financial product information;

the strength of the U.S. economy in general and the financial services industry in particular;

changes in monetary and fiscal policies of the U.S. Government;

changes in consumer spending and saving habits;

changes in the legal and regulatory environment;

changes in accounting principles, policies, practices or guidelines;

our ability to manage the risks involved in the foregoing.

We caution you that the foregoing list of important factors may not contain all of the material factors that are important to you. In addition, in light of these risks and uncertainties, the matters referred to in the forward-looking statements contained in this quarterly report may not in fact occur. Accordingly, investors should not place undue reliance on those statements. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Condensed Consolidated Financial Statements (Unaudited)
Bankrate, Inc. and Subsidiaries**

Condensed Consolidated Balance Sheets

(In thousands, except share and per share data)

	September 30, 2012	December 31, 2011
Assets		
Cash and cash equivalents	\$ 71,109	\$ 56,213
Accounts receivable, net of allowance for doubtful accounts of \$1,501 and \$1,534 at September 30, 2012 and December 31, 2011	60,445	60,543
Deferred income taxes	25,131	24,690
Prepaid expenses and other current assets	7,706	2,535
Total current assets	164,391	143,981
Furniture, fixtures and equipment, net of accumulated depreciation of \$11,302 and \$6,676 at September 30, 2012 and December 31, 2011	10,009	9,065
Intangible assets, net of accumulated amortization of \$115,510 and \$81,212 at September 30, 2012 and December 31, 2011	395,135	378,240
Goodwill	602,768	595,522
Other assets	12,092	10,604
Total assets	\$ 1,184,395	\$ 1,137,412
Liabilities and Stockholders Equity		
Liabilities		
Accounts payable	\$ 7,668	\$ 9,564
Accrued expenses	24,674	26,288
Deferred revenue and customer deposits	3,375	5,891
Accrued interest	4,898	10,588
Other current liabilities	13,632	3,969
Total current liabilities	54,247	56,300
Deferred income taxes	82,670	82,670
Senior secured notes, net of unamortized discount	193,857	193,613
Other liabilities	28,120	16,367
Total liabilities	358,894	348,950
Commitments and contingencies (Note 10)		
Stockholders equity		
Common stock, par value \$.01 per share - 300,000,000 shares authorized at September 30, 2012 and December 31, 2011; 100,097,969 and 99,992,000 shares issued at September 30, 2012 and December 31, 2011; 100,047,525 and 99,992,000 shares outstanding at September 30, 2012 and December 31, 2011	1,000	1,000
Additional paid-in capital	841,101	832,797

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Accumulated deficit	(15,608)	(44,595)
Less: Treasury stock, at cost 50,444 and 0 shares at September 30, 2012 and December 31, 2011	(591)	
Accumulated other comprehensive loss	(401)	(740)
Total stockholders equity	825,501	788,462
Total liabilities and stockholders equity	\$ 1,184,395	\$ 1,137,412

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**Bankrate, Inc. and Subsidiaries**

Condensed Consolidated Statements of Comprehensive Income

(Unaudited)

(In thousands, except share and per share data)

	Three months ended		Nine months ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Revenue	\$ 116,775	\$ 112,904	\$ 363,920	\$ 310,431
Cost of revenue (excludes depreciation and amortization)	37,682	38,071	115,569	111,346
Gross margin	79,093	74,833	248,351	199,085
Operating expenses:				
Sales	4,123	3,620	12,077	9,578
Marketing	34,986	24,007	97,787	59,709
Product development	4,082	3,696	12,652	10,818
General and administrative	8,302	9,990	27,469	24,978
Legal settlements	833		898	
Acquisition, offering and related expenses and related party fees	(512)	1,163	367	40,858
Restructuring charges				238
Depreciation and amortization	14,103	10,899	38,459	32,565
	65,917	53,375	189,709	178,744
Income from operations	13,176	21,458	58,642	20,341
Interest and other expenses, net	(8,107)	(6,519)	(21,417)	(25,439)
Loss on early extinguishment of senior secured notes				(16,629)
Income (loss) before income taxes	5,069	14,939	37,225	(21,727)
Income tax expense	2,509	7,807	8,238	5,740
Net income (loss)	\$ 2,560	\$ 7,132	\$ 28,987	\$ (27,467)
Basic and diluted net income (loss) per share:				
Basic	\$ 0.03	\$ 0.07	\$ 0.29	\$ (0.30)
Diluted	0.03	0.07	0.29	(0.30)
Weighted average common shares outstanding:				
Basic	99,918,198	99,879,865	99,948,113	92,233,345
Diluted	100,541,993	100,427,391	101,157,285	92,233,345
Comprehensive income (loss)	\$ 2,633	\$ 7,000	\$ 29,326	\$ (27,410)

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**Bankrate, Inc. and Subsidiaries**

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(In thousands)

	Nine months ended	
	September 30, 2012	September 30, 2011
Cash flows from operating activities		
Net income (loss)	\$ 28,987	\$ (27,467)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization	38,459	32,565
Provision for doubtful accounts receivable	464	1,738
Deferred income taxes	(441)	
Amortization of deferred financing charges and original issue discount	1,854	1,812
Stock-based compensation	6,842	2,927
Loss on redemption of senior secured notes		16,629
Loss on disposal of assets	47	189
Change in operating assets and liabilities, net of effect of business acquisitions		
Accounts receivable	(364)	(28,672)
Prepaid expenses and other assets	(5,133)	(5,145)
Accounts payable	(1,767)	(3,629)
Accrued expenses	(4,223)	3,959
Other liabilities	(8,442)	1,119
Deferred revenue	(2,855)	(3,773)
Net cash provided by (used in) operating activities	53,428	(7,748)
Cash flows from investing activities		
Purchases of furniture, fixtures and equipment and capitalized website development costs	(10,375)	(4,992)
Cash used in business acquisitions, net	(26,893)	(26,440)
Restricted cash	(309)	2
Net cash used in investing activities	(37,577)	(31,430)
Cash flows from financing activities		
Cash paid for acquisition earnouts and contingent liabilities	(2,000)	(576)
Debt issuance costs		(2,950)
Repurchase of senior secured notes		(117,337)
Purchase of Company common stock	(591)	
Proceeds from issuance of common stock, net of costs	1,462	170,319
Payments to dissenting stockholders		(61,253)
Net cash used in financing activities	(1,129)	(11,797)
Effect of exchange rate on cash and cash equivalents	174	(166)
Net increase (decrease) in cash	14,896	(51,141)
Cash - beginning of period	56,213	115,630
Cash - end of period	\$ 71,109	\$ 64,489

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Supplemental disclosure of other cash flow activities

Cash paid for interest	\$ 23,165	\$ 35,060
Cash paid (refunded) for taxes, net of refunds/payments	19,319	(317)

The accompanying notes are an integral part of these consolidated financial statements.

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BANKRATE, INC., AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012

(Unaudited)

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company

Bankrate, Inc. and its subsidiaries (Bankrate or the Company, we, us, our) own and operate an Internet-based consumer banking and personal finance network (Online Network). Our flagship website, Bankrate.com, is one of the Internet's leading aggregators of information on more than 300 financial products and fees, including mortgages, deposits, insurance, credit cards, and other personal finance categories. Additionally, we provide financial applications and information to a network of distribution partners and through national and state publications.

2011 Merger and Recapitalization

On June 21, 2011, Bankrate's parent company, BEN Holdings, Inc. (Holdings), a majority owned subsidiary of Ben Holdings S.à.r.l, merged with and into the Company with the Company surviving the merger (2011 Merger). In connection with the 2011 Merger, Holdings underwent an internal recapitalization in which all preferred and common shares of Holdings were exchanged for shares of a single series of common stock of Holdings (the Recapitalization). As a result of the Recapitalization and 2011 Merger, all preferred and common stock (other than restricted stock) of the Company were cancelled and all shares of common stock of Holdings were converted into common stock of the Company. Immediately following the Recapitalization and 2011 Merger, the Company had 87,500,000 shares of common stock issued and outstanding, including 120,135 shares of restricted stock. The surviving corporation in the 2011 Merger retained the name Bankrate, Inc. The 2011 Merger was accounted for as a common control merger and in a manner similar to a pooling of interests. Accordingly, Holdings and Bankrate were consolidated retroactively to the earliest period presented, using the historical cost basis of each entity. The common stock, per common share, and increase in authorized share amounts in these unaudited condensed consolidated financial statements and notes to condensed consolidated financial statements have been presented to retroactively reflect these transactions to the earliest period presented.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of Bankrate, Inc., and subsidiaries NetQuote Holdings, Inc., NetQuote Inc., CreditCards.com, Inc., LinkOffers, Inc., CreditCards.com Limited (United Kingdom), Freedom Marketing Limited (United Kingdom), and Rate Holding Company (100% owner of Bankrate Information Consulting (Beijing) Co., Ltd.) after elimination of all intercompany accounts and transactions.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for the fair statement of our results have been included. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent gains and losses at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Operating results for the three and nine months ended September 30, 2012 are not necessarily indicative of the results that may be expected for the year ending December 31, 2012, for any other interim period or for any other future year.

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company's 2011 Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) on March 12, 2012.

There have been no significant changes in the Company's accounting policies from those disclosed in the Company's 2011 Annual Report on Form 10-K filed with the SEC on March 12, 2012.

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BANKRATE, INC., AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012

(Unaudited)

Reclassification

Certain reclassifications have been made to the Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2011 and to the Condensed Consolidated Statement of Cash Flows for the nine months ended September 30, 2011 to conform to the presentation for the three and nine months ended September 30, 2012.

New Accounting Pronouncements

Recently Adopted Pronouncements

In May 2011, the FASB issued ASU 2011-04, Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in US GAAP and IFRSs. ASU 2011-04 amends Topic 820, Fair Value Measurement to change the wording used to describe the requirements in GAAP for measuring fair value and for disclosing information about fair value measurements. The amendments include wording changes that clarify the FASB's intent about the application of existing fair value measurement and disclosure requirements and those that change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. The adoption of ASU 2011-04 as of January 1, 2012 did not have a material impact on the Company's consolidated financial statements.

In June 2011, the FASB issued ASU 2011-05, Comprehensive Income (Topic 220): Presentation of Comprehensive Income. ASU 2011-05 amends Topic 220, Comprehensive Income, to give an entity the option for presenting the total of comprehensive income, the components of net income and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The amendment in this update is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011 and should be applied retrospectively. In December 2011, the FASB issued ASU 2011-12, Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in ASU 2011-05. The amendments in this update defers only those changes in ASU 2011-05 that relate to the presentation of reclassification adjustments. The adoption of ASU 2011-05 and subsequent amendment in ASU 2011-12 as of January 1, 2012 did not have a material impact on the Company's consolidated financial statements and the deferred changes in ASU 2011-12 are not expected to have a material impact upon adoption.

In July 2012, the FASB issued ASU 2012-02, Intangibles—Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment to reduce the cost and complexity of performing an impairment test for indefinite-lived intangible assets by simplifying how an entity tests those assets for impairment and to improve consistency in impairment testing guidance among long-lived asset categories. The amendments permit an entity first to assess qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired as a basis for determining whether it is necessary to perform the quantitative impairment test in accordance with Subtopic 350-30, Intangibles—Goodwill and Other—General Intangibles Other than Goodwill. The more-likely-than-not threshold is defined as having a likelihood of more than 50 percent. The amendments are effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012 and early adoption is permitted. The adoption of ASU 2012-02 as of August 1, 2012 did not have a material impact on the Company's consolidated financial statements.

Recently Issued Pronouncements, Not Adopted as of September 30, 2012

In December 2011, the FASB issued ASU 2011-11, Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities. This amendment requires entities to disclose both gross information and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. The amendment is effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. An entity should provide the disclosures required by those amendments retrospectively for all comparative periods presented. The adoption of ASU 2011-11 is not expected to have a material impact on the Company's consolidated financial statements.

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(Unaudited)

NOTE 2 GOODWILL AND INTANGIBLE ASSETS

Goodwill activity for the nine months ended September 30, 2012 is shown below:

Balance, December 31, 2011	\$ 595,522
Acquisition of certain assets and liabilities of various entities	6,687
Adjustment during the measurement period relating to the acquisition of InsWeb Corporation	559
 Balance, September 30, 2012	 \$ 602,768

Intangible assets consist primarily of domain names and URLs, customer relationships, affiliate relationships and developed technologies. Intangible assets are being amortized over their estimated useful lives on both straight-line and accelerated bases. During the nine months ended September 30, 2012, the Company entered into a three year exclusive arrangement with one of its partners. In connection with the new contract, the Company recognized a \$5 million intangible asset, valued based on the relative fair value of estimated contract costs, related to certain exclusive rights and is amortizing such asset over a period of three years in proportion to the income derived from such asset. The Company recorded amortization expense related to this asset of \$373,000 and \$624,000 for the three and nine months ended September 30, 2012, respectively. During the nine months ended September 30, 2012, the Company recorded a measurement period adjustment related to the acquisition of InsWeb Corporation. This adjustment was immaterial to the December 31, 2011 balance and therefore was not retroactively adjusted. During the three months ended September 30, 2012, the Company shortened the useful lives of certain developed technology intangible assets and recorded an additional \$274,000 of amortization expense as a catch up adjustment.

Intangible assets subject to amortization were as follows as of September 30, 2012:

<i>(In thousands)</i>	Cost	Accumulated Amortization	Net
Trademarks and URLs	\$ 243,115	\$ (29,232)	\$ 213,883
Customer Relationships	228,999	(64,946)	164,053
Affiliate Network	20,840	(10,749)	10,091
Developed technology	17,691	(10,583)	7,108
	\$ 510,645	\$ (115,510)	\$ 395,135

Intangible assets subject to amortization were as follows as of December 31, 2011:

<i>(In thousands)</i>	Cost	Accumulated Amortization	Net
Trademarks and URLs	\$ 209,283	\$ (18,301)	\$ 190,982

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Customer Relationships	219,911	(45,114)	174,797
Affiliate Network	12,790	(10,576)	2,214
Developed technology	17,468	(7,221)	10,247
	\$ 459,452	\$ (81,212)	\$ 378,240

Amortization expense for the three months ended September 30, 2012 and 2011 was \$12.7 million and \$9.8 million, respectively. Amortization expense for the nine months ended September 30, 2012 and 2011 was \$34.3 million and \$29.6 million, respectively.

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(Unaudited)

Future amortization expense as of September 30, 2012 is expected to be:

<i>(In thousands)</i>	Amortization Expense
Remainder of 2012	\$ 12,891
2013	49,929
2014	47,069
2015	45,659
2016	44,051
Thereafter	195,536
Total expected amortization expense for intangible assets	\$ 395,135

NOTE 3 EARNINGS PER SHARE

We compute basic earnings per share by dividing net income(loss) for the period by the weighted average number of shares outstanding for the period. Diluted earnings per share includes the effects of dilutive common stock equivalents, consisting of outstanding stock-based awards, unrecognized compensation expense and tax benefits in accordance with ASC 718, Compensation Stock Compensation, to the extent the effect is not anti-dilutive, using the treasury stock method.

The following table presents the computation of basic and diluted earnings per share:

<i>(In thousands, except share and per share data)</i>	Three months ended		Nine months ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Net income (loss)	\$ 2,560	\$ 7,132	\$ 28,987	\$ (27,467)
Weighted average common shares outstanding for basic earnings per share	99,918,198	99,879,865	99,948,113	92,233,345
Additional dilutive shares related to share based awards	623,795	547,526	1,209,172	
Weighted average common shares outstanding for diluted earnings (loss) per share	100,541,993	100,427,391	101,157,285	92,233,345
Basic and diluted earnings (loss) per share:				
Basic	\$ 0.03	\$ 0.07	\$ 0.29	\$ (0.30)
Diluted	\$ 0.03	\$ 0.07	\$ 0.29	\$ (0.30)

For the three and nine months ended September 30, 2012, there were 395,000 and 195,000 stock options, respectively, which are not included in the calculation of diluted earnings per share because their impact would have been anti-dilutive. For the three and nine months ended

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September 30, 2011 there were 0 and 4,840,000 stock options and 0 and 114,735 restricted shares, respectively, which are not included in the calculation of diluted earnings per share because their impact would have been anti-dilutive.

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September 30, 2012

(Unaudited)

NOTE 4 STOCKHOLDERS EQUITY

The activity in stockholders' equity for the nine months ended September 30, 2012 is shown below:

	Common Stock		Additional paid-in capital	Accumulated Deficit	Treasury Stock	Accumulated Other Comprehensive Loss - Foreign Currency Translation	Total Stockholders Equity
	Shares	Amount					
Balance at December 31, 2011	99,992	\$ 1,000	\$ 832,797	\$ (44,595)	\$	\$ (740)	\$ 788,462
Other comprehensive income, net of taxes						339	339
Treasury stock purchased	(32)				(591)		(591)
Restricted stock forfeited	(10)						
Common stock issued	98		1,462				1,462
Stock-based compensation			6,842				6,842
Net income				28,987			28,987
Balance at September 30, 2012	100,048	\$ 1,000	\$ 841,101	\$ (15,608)	\$ (591)	\$ (401)	\$ 825,501

NOTE 5 GEOGRAPHIC DATA AND CONCENTRATIONS

No single country outside of the U.S. accounted for more than 10% of revenue during the three and nine months ended September 30, 2012 and 2011. There were two customers that accounted for 11% and 10% of net sales during the three months ended September 30, 2012 and 1 customer that accounted for 11% of net sales during the nine months ended September 30, 2012. There was one customer that accounted for 12% of net sales during the three months ended September 30, 2011 and 1 customer that accounted for 12% of net sales during the nine months ended September 30, 2011. One customer's accounts receivable balances constituted 14% while a second customer's balance constituted 12% of the accounts receivable balance as of September 30, 2012. Two customers' accounts receivable balances each constituted more than 10% of the accounts receivable balance at December 31, 2011.

Table of Contents**BANKRATE, INC., AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****September 30, 2012**

(Unaudited)

Revenue related to the U.S. and international operations and revenue by type for the three and nine months ended September 30, 2012 and 2011, and long-lived assets related to the U.S. and international operations as of September 30, 2012 and December 31, 2011 are as follows:

<i>(In thousands)</i>	Three months ended		Nine months ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Revenue:				
USA	\$ 111,333	\$ 110,774	\$ 362,220	\$ 304,132
International	5,442	2,130	1,700	6,299
	\$ 116,775	\$ 112,904	\$ 363,920	\$ 310,431
Revenue:				
Online	\$ 114,714	\$ 110,937	\$ 357,801	\$ 304,313
Print	2,061	1,967	6,119	6,118
	\$ 116,775	\$ 112,904	\$ 363,920	\$ 310,431

<i>(In thousands)</i>	September 30, 2012	December 31, 2011
Long lived assets:		
USA	\$ 1,003,210	\$ 978,010
International	4,702	4,817
Balance, end of period	\$ 1,007,912	\$ 982,827

NOTE 6 FAIR VALUE MEASUREMENT

The carrying amounts of cash, accounts receivable and accrued interest approximate estimated fair value. The U.S. Treasury securities, classified as cash equivalents, are measured using quoted market prices available on active markets. In measuring the fair value of the Senior Secured Notes, the Company used market information. These estimates require considerable judgment in interpreting market data, and changes in assumptions or estimation methods could significantly affect the fair value estimates.

The following table presents estimated fair value, and related carrying amounts, as of September 30, 2012 and December 31, 2011:

<i>(In thousands)</i>	September 30, 2012		December 31, 2011	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial Assets:				

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Cash and cash equivalents	\$ 71,109	\$ 71,109	\$ 56,213	\$ 56,213
Accounts receivable	60,445	60,445	60,543	60,543
Financial Liabilities:				
Senior Secured Notes	\$ 193,857	\$ 218,400	\$ 193,613	\$ 220,961
Accrued interest	4,898	4,898	10,588	10,588

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(Unaudited)

NOTE 7 STOCK-BASED COMPENSATION

In June 2011, the Company established the 2011 Equity Compensation Plan (the 2011 Plan) to grant stock-based awards for up to 12,120,000 shares of our common stock. Under the 2011 Plan, the Board of Directors or its delegate has the sole authority to determine who receives such grants, the type, size and timing of such grants, and to specify the terms of any non-competition agreements relating to the grants. The purpose of the 2011 Plan is to advance our interests by providing eligible participants in the Plan with the opportunity to receive equity-based or cash incentive awards, thereby aligning their economic interests with those of our stockholders. As of September 30, 2012, 6,988,382 shares were available for future issuance under the 2011 plan.

During the nine months ended September 30, 2012, the Company updated its calculation of stock-based compensation expense to use a higher forfeiture rate based on actual forfeitures during the previous twelve months rather than the forfeiture rate estimated in June 2011 based on historical experience. The result of this change in estimate to increase the forfeiture rate was recognized as a cumulative catch up adjustment in June 2012 to reduce stock-based compensation expense by \$724,000.

The stock-based compensation expense for stock options and restricted stock awards recognized in our condensed consolidated statements of comprehensive income for the three and nine months ended September 30, 2012, is as follows:

<i>(In thousands)</i>	Three months ended		Nine months ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Cost of revenue	\$ 123	\$ 203	\$ 471	\$ 237
Operating expenses:				
Sales	342	415	1,034	484
Marketing	267	222	742	259
Product development	338	448	1,151	523
General and administrative	1,175	1,221	3,444	1,424
Total stock-based compensation	\$ 2,245	\$ 2,509	\$ 6,842	\$ 2,927

Restricted Stock

The following table summarizes restricted stock award activity for the nine months ended September 30, 2012:

	Number of Shares	Weighted Average Grant Date Fair Value
Balance, December 31, 2011	112,135	\$ 15.00
Granted		
Vested and released	(102,035)	\$ 15.00
Forfeited	(10,100)	\$ 15.00
Expired		

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Balance, September 30, 2012

\$ 15.00

Stock-based compensation expense for the three and nine months ended September 30, 2012 included approximately \$0 and \$737,000 related to restricted stock awards, respectively. As of September 30, 2012, there was no unrecognized compensation cost related to non-vested restricted stock awards.

Stock Options

During the nine months ended September 30, 2012 we granted stock options for 360,000 shares. The stock options granted have a weighted average exercise price of \$20.49 per option and a contractual term of seven years.

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(Unaudited)

Stock option activity was as follows for the nine months ended September 30, 2012:

	Number of Shares	Price Per Share	Weighted Average Exercise Price	Aggregate Intrinsic Value
Balance, December 31, 2011	5,000,000	\$ 14.32 - \$19.79	\$ 15.09	\$ 32,036,400
Granted	360,000	\$ 16.72 - \$24.25	\$ 20.49	
Exercised	(97,469)	\$ 15.00	\$ 15.00	
Forfeited	(330,417)	\$ 15.00	\$ 15.00	
Expired				
Balance, September 30, 2012	4,932,114	\$ 14.32 - \$24.25	\$ 15.48	\$ 2,651,975

The following table provides the weighted average grant date fair value of the stock options granted during the nine months ended September 30, 2012 using the Black-Scholes option pricing model together with a description of the weighted average assumptions used to calculate the fair value.

	Nine months ended September 30, 2012
Weighted average assumptions:	
Weighted average grant date fair value	\$ 10.19
Expected volatility	60.42%
Risk free rate	0.72%
Expected lives	4.75 Years
Expected dividend yield	0.00%

Pursuant to the income tax provisions of ASC 718, we follow the long-haul method of computing our hypothetical additional paid-in capital, or APIC, pool. Approximately 1.4 million stock options vested during the nine months ended September 30, 2012.

The aggregate intrinsic value of stock options outstanding in the table above is calculated as the difference between the closing price of Bankrate's common stock on the last trading day of the reporting period (\$15.58) and the exercise price of the stock options multiplied by the number of shares underlying options with an exercise prices less than the closing price on the last trading day of the reporting period.

As of September 30, 2012, approximately \$24.7 million of total unrecognized compensation costs, net of forfeitures, related to non-vested stock option awards is expected to be recognized over a weighted average period of 2.78 years.

NOTE 8 INCOME TAXES

We calculate our income tax provision for interim periods based on two components: 1) the estimate of the annual effective tax rate and 2) the addition of any required period (i.e., discreet) events. The difference between income tax expense computed at the statutory rate and the reported income tax expense is primarily due to the discreet benefit recognized as a result of the 2009 IRS exam settlement during the nine months ended

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September 30, 2012.

We have approximately \$9.6 million and \$14.3 million of unrecognized tax benefits as of September 30, 2012 and December 31, 2011, respectively. The decrease from the beginning of the year was the result of the positions ultimately settled in the 2009 IRS examination.

We are subject to income taxes in the U.S. federal jurisdiction, various states, and foreign jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. With few exceptions, we are no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for the years before 2008.

We reversed \$96,000 and accrued \$168,000 for the payment of interest and penalties for the respective nine month periods ended September 30, 2012 and 2011, which was recorded as an income tax expense during the respective nine month periods ended September 30, 2012 and 2011.

On April 5, 2012, the Company reached an agreement with the IRS to settle its examination of the 2009 tax year. The Company recorded a total tax benefit of \$0 and \$6.8 million during the three and nine months ended September 30, 2012 related to the IRS settlement.

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(Unaudited)

NOTE 9 RESTRUCTURING CHARGES

In connection with the acquisition of NetQuote Holdings, Inc. (NetQuote), CreditCards.com, Inc. (CreditCards) and certain assets of InsWeb Corporation (InsWeb), the Company adopted a restructuring plan to achieve cost synergies. Accrued severance and related costs were approximately \$0 and \$1.0 million at September 30, 2012 and December 31, 2011, respectively, and is included within accrued expenses on the accompanying condensed consolidated balance sheets.

The restructuring charges and their utilization are summarized as follows:

<i>(In thousands)</i>	
Balance at December 31, 2011	\$ 1,011
Restructuring charges	
Utilized	(1,006)
Balance at September 30, 2012	\$ 5
<i>(In thousands)</i>	
Balance at December 31, 2010	\$ 369
Restructuring charges	238
Utilized	(473)
Balance at September 30, 2011	\$ 134

NOTE 10 COMMITMENTS AND CONTINGENCIES***Legal Proceedings******Lower Fees, Inc. Litigation***

In November 2008, Lower Fees, Inc. (LF) filed a civil action in Florida circuit court (the First LF Lawsuit) against the Company and the Company's Chief Executive Officer and Chief Financial Officer, alleging fraud in the inducement by the defendants in respect of the Company having entered into an asset purchase agreement with LF in February 2008 (the Asset Purchase Agreement). In March 2009 the court dismissed the complaint. In April 2009, LF filed an amended complaint, omitting the claim against the Company's Chief Financial Officer, which was dismissed in October 2009. LF filed another amended complaint in November 2009, which sought relief in the form of rescission of the transaction and attorneys' fees and which was dismissed with prejudice in March 2010. LF appealed the dismissal and in October 2011 the Florida appellate court reversed the trial court's dismissal of the complaint and directed the trial court to proceed with the case. After the Company's motion for rehearing was denied, the case was remanded to the trial court for further proceedings.

In March 2011, LF filed a second civil action in Florida circuit court against the Company styled: Lower Fees, Inc., Plaintiff, vs. Bankrate, Inc., Defendant (the Second LF Lawsuit) and together with the First LF Lawsuit, the LF Lawsuits). In the Second LF Lawsuit, LF alleged that the Company breached a duty of good faith to operate a website transferred under the Asset Purchase Agreement to generate revenues that would have resulted in the Company having to pay LF certain earn-out payments under the Asset Purchase Agreement. LF sought relief in the form of

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unspecified damages suffered, pre-judgment interest, attorneys' fees, and costs.

In October 2012, the Company and LF settled the LF Lawsuits and related claims for a payment by the Company of \$660,000, net of insurance proceeds recorded as \$795,000 in legal settlements and \$135,000 as other income included in interest and other expenses, net.

BanxCorp Litigation

In July 2007, BanxCorp, an online publisher of rate information provided by financial institutions with respect to various financial products, filed suit against the Company in the United States District Court for the District of New Jersey alleging violations of Federal and New Jersey State antitrust laws, including the Sherman Act and the Clayton Act. In the complaint, BanxCorp sought

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(Unaudited)

injunctive relief, treble damages in an unspecified amount, and attorneys' fees and costs. BanxCorp alleged that it has been injured as a result of monopolistic and otherwise anticompetitive conduct on the part of the Company. Specifically, BanxCorp alleged that the Company engaged in illegal predatory pricing, vendor lock-in, exclusionary product and distribution bundling and tie-in arrangements, anticompetitive acquisitions and market division agreements. In response to motions by the Company to dismiss for failure to state a claim, the court permitted BanxCorp to file amended complaints, in which BanxCorp added new causes of action under the Sherman Act, including an allegation that the Company conspired with some 90 online media outlets to fix prices in connection with the publication of certain rate information tables.

The plaintiff filed a Fifth Amended Complaint in January 2012 alleging violations of Section 1 and 2 of the Sherman Act, Section 7 of the Clayton Act, and the New Jersey antitrust statutes. The Company moved to dismiss certain of the claims in the Fifth Amended Complaint and on July 30, 2012 the court dismissed BanxCorp's conspiracy claims under Section 1 of the Sherman Act without prejudice and dismissed the Section 1 predatory pricing conspiracy claim with prejudice. On August 6, 2012, the plaintiff filed a Sixth Amended Complaint in which it once again set forth conspiracy claims under Section 1 of the Sherman Act. On September 11, 2012, the Court dismissed the Section 1 claims because BanxCorp did not have standing to make those claims. On October 2, 2012, the plaintiff filed a Seventh Amended Complaint that abandoned its claims under Section 1 of the Sherman Act. The Company will continue to vigorously defend this lawsuit. The Company cannot presently estimate the amount of loss, if any, that would result from an adverse resolution of this matter.

NOTE 11 DEBT

Senior Secured Notes

On July 13, 2010, the Company issued \$300 million of 11 3/4% Senior Secured Notes due July 15, 2015 (the "Original Notes") in a private placement at an Offering Price of 99.077% with an original issue discount of \$2.8 million. The net proceeds of approximately \$286.9 million were used to fund the acquisitions of NetQuote and CreditCards, pay related fees and expenses and for general corporate purposes. In June 2011, the Company redeemed \$105 million aggregate principal amount of the outstanding Original Notes. In August 2011, the Company completed an exchange offer pursuant to which all of the Original Notes were exchanged for a new issue of substantially identical notes (the "Exchange Notes" and together with the Original Notes, the "Senior Secured Notes") registered under the Securities Act, as amended (the "Securities Act").

On or after July 15, 2013, the Company may redeem some or all of the Senior Secured Notes at a premium that will decrease over time as set forth in Bankrate, Inc.'s Indenture, dated as of July 13, 2010 (the "Indenture"). Additionally, if the Company experiences a change of control, the holders of the Senior Secured Notes have the right to require the Company to purchase the Senior Secured Notes at a price in cash equal to 101% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date of purchase. The Indenture contains other restrictions and limitations. The Senior Secured Notes are collateralized by all of the Company's assets subject to certain excluded properties and have no financial covenant measurement.

Interest on the Senior Secured Notes accrues daily on the outstanding principal amount at 11 3/4% and is payable semi-annually, in arrears, on July 15 and January 15, beginning on January 15, 2011, in cash.

For the three and nine months ended September 30, 2012 interest expense, excluding the amortization of deferred financing costs and the original issue discounts, related to the Senior Secured Notes was \$5.7 million and \$17.2 million, respectively, and for the three and nine months ended September 30, 2011, was \$6.1 million and \$25.4 million, respectively.

During the three and nine months ended September 30, 2012 the Company amortized original issue discount which is included within interest and other expenses on the accompanying consolidated statement of comprehensive income of \$84,000 and \$244,000, respectively, and \$74,000 and \$289,000 during the three and nine months ended September 30, 2011, respectively. At September 30, 2012 and December 31, 2011, the Company had approximately \$1.1 million and \$1.4 million, respectively, in original issue discounts remaining to be amortized.

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During the three and nine months ended September 30, 2012 the Company amortized deferred loan fees which are included within interest and other expenses on the accompanying consolidated statement of comprehensive income of \$351,000 and \$1.0 million, respectively, and \$308,000 and \$1.3 million during the three and nine months ended September 30, 2011, respectively. At September 30, 2012 and December 31, 2011, the Company had approximately \$4.8 million and \$5.8 million, respectively, in deferred loan fees remaining to be amortized.

The Company had a balance of approximately \$193.9 million and \$193.6 million in Senior Secured Notes, net of amortization, as of September 30, 2012 and December 31, 2011, respectively recorded on the accompanying consolidated balance sheet.

Table of Contents**BANKRATE, INC., AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****September 30, 2012**

(Unaudited)

Revolving Credit Facilities

On June 10, 2011, we entered into Revolving Credit Facilities in an aggregate amount of \$100.0 million, consisting of two tranches, tranche A for \$30.0 million which matures on July 15, 2015 and tranche B for \$70.0 million which matures on April 15, 2015 (Revolving Credit Facilities). Our obligations under the Revolving Credit Facilities are guaranteed by each direct and indirect, existing and future, domestic restricted subsidiary that guarantees our obligations under the Senior Secured Notes. The obligations under such credit facilities are equally and ratably secured by liens on the same collateral that secures our Senior Secured Notes (it being understood that upon any enforcement of remedies resulting in the realization of proceeds from such collateral, up to \$30.0 million of revolving tranche A loans under the tranche A facility would be paid in full first before applying any such amount to pay the Notes and the tranche B revolving loans under the tranche B credit facility on a pari passu basis). The agreements governing such credit facilities contain terms generally commensurate with issuers of the same debt rating, and our ability to draw down any such credit facilities is subject to certain limitations, including that at the time of and immediately after giving effect to such drawing and the application proceeds thereof the Consolidated Secured Debt Ratio (as defined in the revolving credit facilities) on a pro forma basis shall not exceed 3.50:1.00.

At the Company's election, the interest rate per annum applicable to the loans under the Revolving Credit Facilities is based on a fluctuating rate of interest determined by reference to either (i) a base rate determined by reference to the higher of (a) the prime rate quoted in the print edition of *The Wall Street Journal*, Money Rates Section as the prime rate and (b) the federal funds effective rate plus 0.50%, plus an applicable margin equal to 2.00%, or (ii) a Eurodollar rate determined by reference to LIBOR, adjusted for statutory reserve requirements, plus an applicable margin equal to 3.00%; provided, however, that at any time less than \$20,000,000 in aggregate principal amount of loans are drawn under the tranche A credit facility, the applicable margin with respect to loans under the tranche B credit facility at the base rate will be 2.25% and the applicable margin with respect to loans under the tranche B credit facility at the Eurodollar rate will be 3.25%.

Interest accrues daily and is payable in arrears for both base rate and Eurodollar loans. For base rate loans, interest is payable on the last business day of March, June, September and December. For Eurodollar loans interest is payable on electable periods of one, two, three or six months (or, if each affected lender so agrees, nine or twelve months). As of September 30, 2012 and December 31, 2011, the Company had \$100.0 million available for borrowing under the Revolving Credit Facilities and there were no amounts outstanding. During the three and nine months ended September 30, 2012, the Company amortized \$207,000 and \$591,000 of deferred loan fees, respectively, which is included in interest and other expenses on the accompanying consolidated statements of comprehensive income. At September 30, 2012 and December 31, 2011, the Company had approximately \$2.0 million and \$2.5 million, respectively, in deferred loan fees remaining to be amortized.

The Revolving Credit Agreement contains customary financial and other covenants, including maximum consolidated leverage ratio of 4.50:1.00 and in certain instances 4.25:1.00. In addition, the Company is subject to covenants limiting incurrence of debt, liens on properties, investments, loans and advances, mergers and consolidations, asset sales, dividends and transactions with affiliates. The Company was in compliance with all required covenants as of September 30, 2012.

NOTE 12 ACQUISITIONS***Fiscal Year 2012***

During the nine months ended September 30, 2012, the Company acquired certain assets and liabilities of certain entities for an aggregate purchase price of \$52.7 million, including \$20.8 million in potential earn out consideration. The Company paid \$25.7 million during the nine months ended September 30, 2012 and recorded acquisition related payables of \$26.7 million. These certain entities are individually and in the aggregate immaterial to the Company's net assets and operations. All acquisitions were accounted for as purchases and are included in the Company's consolidated results from their acquisition dates. Additionally, the Company paid \$1.2 million as a final purchase price adjustment in connection with a fiscal year 2011 acquisition. The Company recorded \$6.7 million in goodwill and \$46.0 million in intangible assets related to these acquisitions consisting of \$33.7 million of trademarks and URLs, \$8.0 million of affiliate network, \$4.0 million of customer relationships

and \$0.3 million of developed technology.

Fiscal Year 2011

During the year ended December 31, 2011, the Company acquired certain assets of InsWeb for \$64.3 million and certain other entities for an aggregate purchase price of \$25.5 million in cash. These certain other entities are individually and in the aggregate immaterial to the Company's net assets and operations. All acquisitions were accounted for as purchases and are included in the Company's consolidated results from their acquisition dates. Additionally, the Company paid \$576,000 in relation to contingent consideration for previously acquired entities.

The Company recorded \$35.6 million in goodwill and \$55.4 million in intangible assets related to these acquisitions consisting of agent relationships for \$2.3 million, customer relationships for \$19.0 million, developed technologies for \$1.4 million and internet domain names for \$32.7 million. We expect goodwill will be deductible for income tax purposes.

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September 30, 2012

(Unaudited)

NOTE 13 CONDENSED CONSOLIDATING FINANCIAL STATEMENT INFORMATION

On July 13, 2010, the Company completed its offering of the Original Notes. The Original Notes were sold to qualified institutional buyers in accordance with Rule 144A under the Securities Act or to Non-US buyers in accordance with regulation S under the Securities Act. In connection with the sale of the Original Notes, the Company entered into a Registration Rights Agreement with the initial purchasers of the Original Notes party thereto, pursuant to which the Company and its Subsidiary Guarantors (as defined below) agreed to file a registration statement with respect to an offer to exchange the Original Notes for the Exchange Notes. On June 30, 2011, the Company's Form S-4 registration statement for the Exchange Notes filed with the Securities and Exchange Commission became effective, and all of the original notes were exchanged for Exchange Notes on August 1, 2011. The Senior Secured Notes are fully and unconditionally guaranteed on a joint and several senior unsecured basis by the Company and certain of its wholly owned domestic subsidiaries (the Subsidiary Guarantors).

The following consolidating financial information, which has been prepared in accordance with the requirements for presentation of Rule 3-10(f) of Regulation S-X promulgated under the Securities Act, presents the consolidating financial information separately for:

- i. Bankrate, Inc., as the issuer of the Senior Secured Notes;
- ii. The Subsidiary Guarantors, on a combined basis, which are 100% owned by Bankrate, Inc., and which are guarantors of the Senior Secured Notes;
- iii. The Subsidiary Guarantors, on a combined basis, which are 100% owned by Bankrate, Inc., and which are guarantors of the Senior Secured Notes;
- iv. Consolidating entries and eliminations representing adjustments to:
 - a. Eliminate intercompany transactions between or among the Company, the Subsidiary Guarantors and those subsidiaries of the Company that are not Subsidiary Guarantors and
 - b. Eliminate the investments in the Company's subsidiaries;
- v. The Company and its subsidiaries on a consolidated basis.

As the Subsidiary Guarantors have guaranteed the Senior Secured Notes and have pledged their assets as collateral, the Company has pushed down the recording of the Senior Secured Notes and related interest expense to the Subsidiary Guarantors balance sheet and statement of comprehensive income as a non-cash transaction.

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(Unaudited)

Condensed Consolidating Balance Sheet

As of September 30, 2012

(In thousands)

	Bankrate	Guarantor Subsidiary	Non-Guarantor Subsidiary	Eliminations	Consolidated
Assets					
Cash and cash equivalents	\$ 56,259	\$ 13,441	\$ 1,409	\$	\$ 71,109
Accounts receivable, net of allowance for doubtful accounts	30,586	27,801	2,058		60,445
Deferred income taxes	18,692	6,422	17		25,131
Prepaid expenses and other current assets	6,801	817	88		7,706
Total current assets	112,338	48,481	3,572		164,391
Furniture, fixtures and equipment, net of accumulated depreciation	5,677	3,820	512		10,009
Intangible assets, net of accumulated amortization	271,652	119,293	4,190		395,135
Goodwill	388,183	214,585			602,768
Other assets	2,241	9,851			12,092
Intercompany	(174,797)	183,523	(8,726)		
Investments in subsidiary	355,412	(2,096)		(353,316)	
Total assets	\$ 960,706	\$ 577,457	\$ (452)	\$ (353,316)	\$ 1,184,395
Liabilities and Stockholders Equity					
Liabilities					
Accounts payable	\$ 3,192	\$ 4,283	\$ 193	\$	\$ 7,668
Accrued expenses	21,597	2,739	338		24,674
Deferred revenue and customer deposits	2,495	840	40		3,375
Accrued interest		4,898			4,898
Other current liabilities	13,608		24		13,632
Total current liabilities	40,892	12,760	595		54,247
Deferred income taxes, net	66,220	15,176	1,274		82,670
Senior secured notes, net of unamortized discount		193,857			193,857
Other liabilities	28,093	27			28,120
Total liabilities	135,205	221,820	1,869		358,894
Total stockholders equity	825,501	355,637	(2,321)	(353,316)	825,501

Total liabilities and stockholders equity	\$ 960,706	\$ 577,457	\$ (452)	\$ (353,316)	\$ 1,184,395
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(Unaudited)

Condensed Consolidating Balance Sheet

As of December 31, 2011

(In thousands)

	Bankrate	Guarantor Subsidiary	Non-Guarantor Subsidiary	Eliminations	Consolidated
Assets					
Cash and cash equivalents	\$ 44,476	\$ 10,066	\$ 1,671	\$	\$ 56,213
Accounts receivable, net of allowance for doubtful accounts	32,705	26,809	1,578	(549)	60,543
Deferred income taxes	18,251	6,422	17		24,690
Prepaid expenses and other current assets	1,718	750	67		2,535
Total current assets	97,150	44,047	3,333	(549)	143,981
Furniture, fixtures and equipment, net of accumulated depreciation	5,320	3,307	438		9,065
Intangible assets, net of accumulated amortization	242,336	131,525	4,379		378,240
Goodwill	380,937	214,585			595,522
Other assets	2,045	8,559			10,604
Intercompany	(168,537)	176,718	(8,181)		
Investments in subsidiary	349,401	(1,524)		(347,877)	
Total assets	\$ 908,652	\$ 577,217	\$ (31)	\$ (348,426)	\$ 1,137,412
Liabilities and Stockholders Equity					
Liabilities					
Accounts payable	\$ 6,916	\$ 3,144	\$ 53	\$ (549)	\$ 9,564
Accrued expenses	22,169	3,872	247		26,288
Deferred revenue and customer deposits	4,601	1,133	157		5,891
Accrued interest		10,588			10,588
Other current liabilities	3,946		23		3,969
Total current liabilities	37,632	18,737	480	(549)	56,300
Deferred income taxes, net	66,230	15,176	1,264		82,670
Senior secured notes, net of unamortized discount		193,613			193,613
Other liabilities	16,328	39			16,367
Total liabilities	120,190	227,565	1,744	(549)	348,950
Total stockholders equity	788,462	349,652	(1,775)	(347,877)	788,462

Total liabilities and stockholders equity	\$ 908,652	\$ 577,217	\$ (31)	\$ (348,426)	\$ 1,137,412
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(Unaudited)

Condensed Consolidating Statement of Comprehensive Income

For the nine months ended September 30, 2012

(In thousands)

	Bankrate	Guarantor Subsidiary	Non-Guarantor Subsidiary	Eliminations	Consolidated
Revenue	\$ 265,853	\$ 177,789	\$ 5,442	\$ (85,164)	\$ 363,920
Cost of revenue (excludes depreciation and amortization)	112,872	87,847	14	(85,164)	115,569
Gross margin	152,981	89,942	5,428		248,351
Operating expenses:					
Sales	6,758	5,316	3		12,077
Marketing	63,563	29,473	4,751		97,787
Product development	6,817	5,827	8		12,652
General and administrative	19,372	7,082	1,015		27,469
Legal settlements	898				898
Acquisition, offering and related expenses and related party fees	367				367
Depreciation and amortization	23,878	14,029	552		38,459
	121,653	61,727	6,329		189,709
Income (loss) from operations	31,328	28,215	(901)		58,642
Interest and other expenses, net	(2,985)	(17,928)	(504)		(21,417)
Earnings (loss) on equity investments, net of tax	5,043	(765)		(4,278)	
Income (loss) before income taxes	33,386	9,522	(1,405)	(4,278)	37,225
Income tax expense	4,399	3,730	109		8,238
Net income (loss)	\$ 28,987	\$ 5,792	\$ (1,514)	\$ (4,278)	\$ 28,987
Comprehensive income (loss)	\$ 29,326	\$ 5,985	\$ (1,258)	\$ (4,727)	\$ 29,326

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(Unaudited)

Condensed Consolidating Statement of Comprehensive Income

For the nine months ended September 30, 2011

(In thousands)

	Bankrate	Guarantor Subsidiary	Non-Guarantor Subsidiary	Eliminations	Consolidated
Revenue	\$ 194,727	\$ 148,458	\$ 6,299	\$ (39,053)	\$ 310,431
Cost of revenue (excludes depreciation and amortization)	91,891	58,457	51	(39,053)	111,346
Gross margin	102,836	90,001	6,248		199,085
Operating expenses:					
Sales	5,132	4,442	4		9,578
Marketing	27,883	26,485	5,341		59,709
Product development	4,879	6,036	(97)		10,818
General and administrative	14,555	9,431	992		24,978
Acquisition, offering and related expenses and related party fees	40,858				40,858
Restructuring charges		238			238
Depreciation and amortization	18,182	14,203	180		32,565
	111,489	60,835	6,420		178,744
Income (loss) from operations	(8,653)	29,166	(172)		20,341
Interest and other expenses, net	(193)	(24,737)	(509)		(25,439)
Loss on early extinguishment of senior secured notes		(16,629)			(16,629)
(Loss) earnings on equity investments, net of tax	(8,074)	(33)		8,107	
(Loss) income before income taxes	(16,920)	(12,233)	(681)	8,107	(21,727)
Income tax expense (benefit)	10,547	(4,807)			5,740
Net (loss) income	\$ (27,467)	\$ (7,426)	\$ (681)	\$ 8,107	\$ (27,467)
Comprehensive (loss) income	\$ (27,410)	\$ (7,484)	\$ (738)	\$ 8,222	\$ (27,410)

Table of Contents**BANKRATE, INC., AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****September 30, 2012**

(Unaudited)

Condensed Consolidating Statement of Comprehensive Income

For the three months ended September 30, 2012

(In thousands)

	Bankrate	Guarantor Subsidiary	Non-Guarantor Subsidiary	Eliminations	Consolidated
Revenue	\$ 87,420	\$ 65,943	\$ 1,700	\$ (38,288)	\$ 116,775
Cost of revenue (excludes depreciation and amortization)	39,256	36,711	3	(38,288)	37,682
Gross margin	48,164	29,232	1,697		79,093
Operating expenses:					
Sales	2,384	1,743	(4)		4,123
Marketing	24,153	9,349	1,484		34,986
Product development	2,243	1,837	2		4,082
General and administrative	6,152	1,803	347		8,302
Legal settlements	833				833
Acquisition, offering and related expenses and related party fees	(512)				(512)
Depreciation and amortization	9,208	4,715	180		14,103
	44,461	19,447	2,009		65,917
Income (loss) from operations	3,703	9,785	(312)		13,176
Interest and other expenses, net	(2,319)	(5,617)	(171)		(8,107)
Earnings (loss) on equity investments, net of tax	3,298	(211)		(3,087)	
Income (loss) before income taxes	4,682	3,957	(483)	(3,087)	5,069
Income tax benefit	2,122	387			2,509
Net income (loss)	\$ 2,560	\$ 3,570	\$ (483)	\$ (3,087)	\$ 2,560
Comprehensive income (loss)	\$ 2,633	\$ 3,729	\$ (410)	\$ (3,319)	\$ 2,633

Table of Contents**BANKRATE, INC., AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****September 30, 2012**

(Unaudited)

Condensed Consolidating Statement of Comprehensive Income

For the three months ended September 30, 2011

(In thousands)

	Bankrate	Guarantor Subsidiary	Non-Guarantor Subsidiary	Eliminations	Consolidated
Revenue	\$ 73,577	\$ 54,564	\$ 2,130	\$ (17,367)	\$ 112,904
Cost of revenue (excludes depreciation and amortization)	34,318	21,109	11	(17,367)	38,071
Gross margin	39,259	33,455	2,119		74,833
Operating expenses:					
Sales	2,012	1,606	2		3,620
Marketing	11,952	10,279	1,776		24,007
Product development	1,709	1,984	3		3,696
General and administrative	6,295	3,388	307		9,990
Acquisition, offering and related expenses and related party fees	1,163				1,163
Restructuring charges					
Depreciation and amortization	6,100	4,617	182		10,899
	29,231	21,874	2,270		53,375
Income (loss) from operations	10,028	11,581	(151)		21,458
Interest and other expenses, net	(189)	(6,158)	(172)		(6,519)
Earnings (loss) on equity investments, net of tax	3,059	(118)		(2,941)	
Income (loss) before income taxes	12,898	5,305	(323)	(2,941)	14,939
Income tax expense	5,766	2,041			7,807
Net income (loss)	\$ 7,132	\$ 3,264	\$ (323)	\$ (2,941)	\$ 7,132
Comprehensive income (loss)	\$ 7,000	\$ 3,133	\$ (455)	\$ (2,678)	\$ 7,000

Table of Contents**BANKRATE, INC., AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****September 30, 2012**

(Unaudited)

Condensed Consolidating Statement of Cash Flows

For the nine months ended September 30, 2012

(In thousands)

	Bankrate	Guarantor Subsidiary	Non-Guarantor Subsidiary	Consolidated
Cash flows from operating activities				
Net cash provided by (used in) operating activities	\$ 47,644	\$ 5,986	\$ (202)	\$ 53,428
Cash flows from investing activities				
Purchases of furniture, fixtures and equipment and capitalized website development costs	(7,530)	(2,611)	(234)	(10,375)
Cash used in business acquisitions, net	(26,893)			(26,893)
Restricted cash	(309)			(309)
Net cash used in investing activities	(34,732)	(2,611)	(234)	(37,577)
Cash flows from financing activities				
Cash paid for acquisition earnouts and contingent liabilities	(2,000)			(2,000)
Purchase of Company common stock	(591)			(591)
Proceeds from issuance of common stock, net of costs	1,462			1,462
Net cash used in financing activities	(1,129)			(1,129)
Effect of exchange rate on cash and cash equivalents			174	174
Net increase (decrease) in cash	11,783	3,375	(262)	14,896
Cash - beginning of period	44,476	10,066	1,671	56,213
Cash - end of period	\$ 56,259	\$ 13,441	\$ 1,409	\$ 71,109

Table of Contents**BANKRATE, INC., AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****September 30, 2012**

(Unaudited)

Condensed Consolidating Statement of Cash Flows

For the nine months ended September 30, 2011

(In thousands)

	Bankrate	Guarantor Subsidiary	Non-Guarantor Subsidiary	Consolidated
Cash flows from operating activities				
Net cash (used in) provided by operating activities	\$ (10,819)	\$ 2,251	\$ 820	\$ (7,748)
Cash flows from investing activities				
Purchases of furniture, fixtures and equipment and capitalized website development costs	(2,743)	(2,058)	(191)	(4,992)
Cash used in business acquisitions, net	(26,440)			(26,440)
Restricted cash	2			2
Net cash used in investing activities	(29,181)	(2,058)	(191)	(31,430)
Cash flows from financing activities				
Cash paid for acquisition earnouts and contingent liabilities	(576)			(576)
Debt issuance costs	(2,950)			(2,950)
Repurchase of senior secured notes	(117,337)			(117,337)
Proceeds from issuance of common stock, net of costs	170,319			170,319
Payments to dissenting stockholders	(61,253)			(61,253)
Net cash used in financing activities	(11,797)			(11,797)
Effect of exchange rate on cash and cash equivalents			(166)	(166)
Net (decrease) increase in cash	(51,797)	193	463	(51,141)
Cash - beginning of period	109,323	5,014	1,293	115,630
Cash - end of period	\$ 57,526	\$ 5,207	\$ 1,756	\$ 64,489

NOTE 14 SUBSEQUENT EVENTS

In October 2012, the Company and LF settled the LF Lawsuits and related claims for a payment by the Company of \$660,000, net of insurance proceeds. The settlement and related insurance reimbursement are reflected in the Q3 results of operations. Refer to Note 10 for further details.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion of our results of operations and financial condition with the financial statements and related notes included elsewhere in this quarterly report. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs, and that involve numerous risks and uncertainties, including, but not limited to, those described in the Cautionary Statement Concerning Forward-Looking Statements section of this quarterly report and in the materials referenced therein. Actual results may differ materially from those contained in any forward-looking statements. See Cautionary Statement Concerning Forward-Looking Statements.

Introduction

Our Company

We are a leading publisher, aggregator and distributor of personal finance content on the Internet. We provide consumers with proprietary, fully researched, comprehensive, independent and objective personal finance editorial content across multiple vertical categories including mortgages, deposits, insurance, credit cards, and other personal finance categories.

Our sources of revenue include display advertising, performance-based advertising, lead generation, distribution arrangements and traditional media avenues, such as syndication of editorial content and subscriptions.

We generate revenue through the sale of leads in the mortgage, credit card and insurance vertical categories. Through our Bankrate Select brand we sell leads to mortgage lenders. Through our Nationwide Card Services, *CreditCardGuide.com*, and *CreditCards.com* brands, we sell leads to credit card issuers. Through our InsWeb, *InsureMe.com* and NetQuote brands, we sell leads to insurance agents and insurance carriers. We generate revenue on a per-lead basis based on the actual number of qualified insurance leads generated, and on a per-action basis for credit card applications (i.e., upon approval or completion of an application). Leads are generated not only organically within the Bankrate network of websites, but also through our various affiliate networks, via co-brands, and through display advertisements. We sell to advertisers targeting a specific audience in a city or state and also to national advertisers targeting the entire country.

Advertisers that are listed in our mortgage and deposit rate tables have the opportunity to hyperlink their listings. Additionally, advertisers can buy hyperlinked placement within our qualified insurance listings. By clicking on the hyperlink, users are taken to the advertiser's website. We typically sell our hyperlinks on a per-click pricing model. Under this arrangement, advertisers pay Bankrate a specific, pre-determined cost each time a consumer clicks on that advertiser's hyperlink or phone icon (usually found under the advertiser's name in the rate or insurance table listings). All clicks are screened for fraudulent characteristics by an independent third party vendor and then charged to the advertiser's account.

We provide a variety of digital display formats. Our most common digital display advertisement sizes are leader boards and banners, which are prominently displayed at the top or bottom of a page, as well as skyscrapers, islands, and posters. We charge for these advertisements based on the number of times the advertisement is displayed or based on a fixed amount for a campaign. Advertising rates may vary depending upon the product areas targeted, geo-targeting, the quantity of advertisements purchased by an advertiser, and the length of time an advertiser runs an advertisement on our online network. We sell to advertisers targeting a specific audience in a city or state and also to national advertisers targeting the entire country.

Lead generation, display advertisements and hyperlink listings, which we refer to as online revenue, represented approximately 98% of our revenue for the three and nine months ended September 30, 2012 and 2011. We also derive revenue through the sale of print advertisements and the distribution (or syndication) of our editorial content, which we refer to as print publishing and licensing revenue.

Significant Developments

Acquisitions Fiscal Year 2012

During the nine months ended September 30, 2012, the Company acquired certain assets and liabilities of certain entities for an aggregate purchase price of \$52.7 million, including \$20.8 million in potential earn out consideration. These certain entities are individually and in the aggregate immaterial to the Company's net assets and operations. All acquisitions were accounted for as purchases and are included in the Company's consolidated results from their acquisition dates. The Company recorded \$6.7 million in goodwill and \$46.0 million in intangible assets related to these acquisitions consisting of \$33.7 million of trademarks and URLs, \$8.0 million of affiliate network, \$4.0 million of customer relationships and \$0.3 million of developed technology.

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Acquisitions Fiscal Year 2011

During the year ended December 31, 2011, the Company acquired certain assets of InsWeb for \$64.3 million and certain other entities for an aggregate purchase price of \$25.5 million in cash. These certain other entities are individually and in the aggregate immaterial to the Company's net assets and operations. All acquisitions were accounted for as purchases and are included in the Company's consolidated results from their acquisition dates. Additionally, the Company paid \$576,000 in relation to contingent consideration for previously acquired entities.

The Company recorded \$35.6 million in goodwill and \$55.4 million in intangible assets related to these acquisitions consisting of agent relationships for \$2.3 million, customer relationships for \$19.0 million, developed technologies for \$1.4 million and internet domain names for \$32.7 million. We expect goodwill will be deductible for income tax purposes.

2011 Merger and Recapitalization

On June 21, 2011, Holdings merged with and into the Company with the Company surviving the merger (2011 Merger). In connection with the 2011 Merger, Holdings underwent an internal recapitalization in which all preferred and common shares of Holdings were exchanged for shares of a single series of common stock of Holdings (the Recapitalization). As a result of the Recapitalization and 2011 Merger, all preferred and common stock (other than restricted stock) of the Company were cancelled and all shares of common stock of Holdings were converted into common stock of the Company. Immediately following the Recapitalization and 2011 Merger, the Company had 87,500,000 shares of common stock issued and outstanding, including 120,135 shares of restricted stock. The surviving corporation in the 2011 Merger retained the name Bankrate, Inc. The 2011 Merger was accounted for as a common control merger and in a manner similar to a pooling of interests. Accordingly, Holdings and Bankrate were consolidated retroactively to the earliest period presented, using the historical cost basis of each entity. The common stock, per common share, and increase in authorized share amounts in these consolidated financial statements and notes to consolidated financial statements have been presented to retroactively reflect these transactions to the earliest period presented.

Certain Trends Influencing Our Business

Our business benefits from the secular shift toward consumer use of the Internet to research and shop for personal finance products coupled with increased consumer interest in comparison shopping for such products, and the related shift by advertiser demand from offline to online and targeting of in-market consumers. Our ability to benefit from these trends depends on the strength of our position in the personal finance services markets driven by our brands, proprietary and aggregated content, breadth and depth of personal finance products, distribution, position in algorithmic search results and monetization capabilities. The key drivers of our business include the number of ready-to-transact consumers visiting our online network, including the number of page views they generate, the availability of financial products and the demand of our online network advertisers, each of which are correlated to general macroeconomic conditions in the United States. We believe that increases in housing activity, consumer credit availability, general consumer financial activity, and fluctuations in interest rates positively impact these drivers while decreases in these areas, or a deterioration in macroeconomic conditions, could have a negative impact on these drivers.

Key Initiatives

We are focused on several key initiatives to drive our business:

increasing the visitor traffic to our online network of websites;

optimizing the revenue of our cost-per-thousand-impressions and cost-per-click models on our online network including the integration of the new acquisitions;

revenue optimization associated with the new look, design and functionality of our mortgage and deposit cost-per-click as well as cost-per-call initiatives;

enhancing search engine marketing and keyword buying to drive targeted impressions into our online network;

expanding our co-brand and affiliate footprint;

broadening the breadth and depth of the personal finance content and products that we offer on our online network;

transition to a higher conversion lead model with a greater percentage of owned and operated traffic from a high volume third party lead model,

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containing our costs and expenses; and

continuing to integrate our recent acquisitions to maximize synergies and efficiencies.

Revenue

The amount of advertising we sell is a function of (1) the number of visitors to our online network and our affiliates' websites, (2) the number of ad pages we serve to those visitors, (3) the click through rate of visitors on hyperlinks, (4) the number of advertisements per page, (5) the rate at which consumers apply for financial product offerings, and (6) advertiser demand.

Display Advertising Revenue

We sell display advertisements on our online network consisting primarily of leaderboards, banners, badges, islands, posters, and skyscraper advertisements. We typically charge for these advertisements based on the number of times the advertisement is displayed.

Hyperlink Revenue

We also sell hyperlinks (e.g., in our interest rate or insurance table listings) on our online network on a cost-per-click basis. Advertisers pay us each time a visitor to our online network clicks on a hyperlink in a rate or insurance table listing, net of invalid clicks. We also sell text links on our rate pages to advertisers on a cost-per-click basis. Advertisers enter an auction bidding process on a third-party website for placement of their text link based on the amount they are willing to pay for each click through to their website.

Lead Generation Revenue

We also generate revenue by delivering measurable online marketing results to our clients in the credit card, personal insurance and mortgage vertical categories. These results are typically in the form of qualified leads or clicks, the outcomes of customers submitting an application for a credit card or mortgage, or customers being contacted regarding a quote for a personal insurance product. These qualified leads are generated from our marketing activities on our websites or on third party websites with whom we have relationships.

Print Publishing and Licensing Revenue

Print publishing and licensing revenue represent advertising revenue from the sale of advertising in our *Mortgage Guide* (formerly called the *Consumer Mortgage Guide*) and *CD & Deposit Guide*, rate tables, newsletter subscriptions, and licensing of research information.

We also earn fees from distributing editorial rate tables that are published in newspapers and magazines across the United States, from paid subscriptions to three newsletters, and from providing rate surveys to institutions and government agencies. In addition, we license research data under agreements that permit the use of rate information we develop to advertise the licensee's products in print, radio, television, and website promotions.

Cost of Revenue (excludes depreciation and amortization)

Cost of revenue represents expenses directly associated with the creation of revenue. These costs include contractual revenue sharing obligations resulting from our distribution arrangements (distribution payments), salaries, editorial costs, market analysis and research costs, stock-based compensation expense, and allocated overhead. Distribution payments are made to website operators for visitors directed to our online network as well as to affiliates for leads directed to our online network and lead generation websites. These costs increase proportionately with gains related to revenue from our online network and lead generation websites. Editorial costs relate to writers and editors who create original content for our online publications and associates who build web pages. These costs have increased as we have added online publications and co-branded versions of *Bankrate.com* under distribution arrangements. These websites must be maintained on a daily basis. Research costs include expenses related to gathering data on banking and credit products and consist primarily of compensation and benefits along with allocated overhead.

We are also involved in revenue sharing arrangements with our online partners where the consumer uses co-branded websites to which we provide web services. Revenue is effectively allocated to each partner based on the revenue earned from each website. The allocated revenue is shared according to distribution agreements.

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Operating Expenses

Sales

Sales costs represent direct selling expenses, principally for online advertising, and include compensation and benefits, sales commissions, allocated overhead, and stock-based compensation expense.

Marketing

Marketing expenses represent expenses associated with expanding brand awareness of our products and services to consumers and include search engine marketing (SEM) expense, print and Internet advertising, marketing and promotion costs including email marketing, and stock-based compensation expense.

Product Development

Product development costs represent compensation and benefits related to site development, network systems and telecommunications infrastructure support, programming, new product design and development, other technology costs, and stock-based compensation expense.

General and Administrative

General and administrative expenses represent compensation and benefits for executive, finance and administrative personnel, professional fees, stock-based compensation expense, allocated overhead and other general corporate expenses.

Acquisition, Offering and Related Expenses and Related Party Fees

Acquisition, offering and related expenses and related party fees represent direct expenses incurred as a result of the acquisition of Bankrate by an affiliate of Apax Partners L.P., expenses related to our acquisitions, fees associated with our various offerings (the June 2011 Initial Public Offering, the Senior Secured Notes Exchange Offer, the December 2011 Secondary Offering, etc.) and advisory fees to our shareholders. Related party fees are described in Note 13 of the Notes to Consolidated Financial Statements.

Depreciation and Amortization

Depreciation and amortization expense includes the cost of capital asset acquisitions spread over their expected useful lives. These expenses are spread over 1 to 25 years and are calculated mostly on a straight-line basis. Depreciation and amortization also includes the amortization of intangible assets, consisting primarily of trademarks and URLs, software licenses, customer relationships, agent/vendor relationships, developed technologies and non-compete agreements, all of which were either acquired separately or as part of business combinations recorded under the acquisition method of accounting. The amortization periods for intangible assets are as follows:

	Estimated Useful Life
Trademarks and URLs	2-25 years
Customer relationships	3-15 years
Affiliate network relationships	1-15 years
Developed technologies	1-6 years

Interest and Other Expenses, Net

Interest and other expenses, net primarily consists of expenses associated with our long-term debt, amortization of the debt issuance costs, interest on acquisition-related payments, interest income earned on cash and cash equivalents and other income.

Income Tax Expense

Income tax expense consists of federal and state income taxes in the United States and taxes in certain foreign jurisdictions.

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Critical Accounting Policies

Critical Accounting Estimates

The preparation of financial statements in conformity with GAAP, requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent gains and losses at the date of the financial statements and the reported amounts of revenue and expenses during the period. We base our judgments, estimates and assumptions on historical experience and various other factors that we believe to be reasonable under the circumstances. Actual results could differ materially from these estimates under different assumptions or conditions. There have been no significant changes in our critical accounting policies or estimates during the nine months ended September 30, 2012 as compared to the critical accounting policies and estimates disclosed in management's discussion and analysis of financial condition and results of operations included our Annual Report dated March 12, 2012 and filed with the SEC on Form 10-K.

Recent Accounting Pronouncements

See Note 1 in Notes to Condensed Consolidated Financial Statements.

Results of Operations

The following is our analysis of the results of operations for the periods covered by our interim consolidated financial statements, including a discussion of the accounting policies and practices that we believe are critical to an understanding of our consolidated results of operations and to making the estimates and judgments underlying our financial statements. This analysis should be read in conjunction with our annual financial statements, including the related notes to the annual financial statements included within our Annual Report dated March 12, 2012 and filed with the SEC on Form 10-K.

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The following table displays our results for the respective periods expressed as a percentage of total revenue.

	Three months ended		Nine months ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Statement of Operations Data:				
Revenue	100%	100%	100%	100%
Cost of revenue (excludes depreciation and amortization)	32%	34%	32%	36%
Gross margin	68%	66%	68%	64%
Operating expenses:				
Sales	4%	3%	3%	3%
Marketing	30%	21%	27%	19%
Product development	3%	3%	3%	4%
General and administrative	7%	9%	8%	8%
Legal settlements	1%	0%	0%	0%
Acquisition, offering and related expenses and related party fees	0%	1%	0%	13%
Restructuring charges	0%	0%	0%	0%
Depreciation and amortization	12%	10%	11%	11%
	57%	47%	52%	58%
Income from operations	11%	19%	16%	6%
Interest and other expenses, net	-7%	-6%	-6%	-8%
Loss on early extinguishment of senior secured notes	0%	0%	0%	-5%
Income (loss) before income taxes	4%	13%	10%	-7%
Income tax expense	2%	7%	2%	2%
Net income (loss)	2%	6%	8%	-9%

Table of Contents**Revenue**

<i>(In thousands)</i>	Three months ended		Nine months ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Online (1)	\$ 114,714	\$ 110,937	\$ 357,801	\$ 304,313
Print publishing	2,061	1,967	6,119	6,118
Total revenue	\$ 116,775	\$ 112,904	\$ 363,920	\$ 310,431

(1) Consists of display advertising, hyperlink and lead generation.

Cost of Revenue (excludes depreciation and amortization) and Gross Margin

<i>(In thousands)</i>	Three months ended		Nine months ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Revenue	\$ 116,775	\$ 112,904	\$ 363,920	\$ 310,431
Cost of revenue	37,682	38,071	115,569	111,346
Gross margin	\$ 79,093	\$ 74,833	\$ 248,351	\$ 199,085

Gross margin as a percentage of revenue 68% 66% 68% 64%

Three Months Ended September 30, 2012 Compared to Three Months Ended September 30, 2011**Revenue**

Total revenue was \$116.8 million and \$112.9 million for the three months ended September 30, 2012 and 2011, respectively, representing an increase of 3.4%, due to the reasons set forth below.

Display advertising revenue increased by \$2.1 million for the three months ended September 30, 2012 compared to the same period in 2011, which was driven by the increase in page views (\$1.8 million impact), and an increase in cost per impressions yield per page (\$300,000 impact).

Hyperlink revenue increased by \$11.3 million for the three months ended September 30, 2012 compared to the same period in 2011, due to an increase in the number of clicks (\$7.7 million impact) and an increase in the overall rate (\$3.6 million impact). The growth in click volume was across all products: insurance, mortgage, deposit, investment and auto. The increase in the overall rate is driven by increased rates in mortgage and deposit products.

Per approved lead and per application lead generation revenue combined decreased by \$9.6 million for the three months ended September 30, 2012 compared to the same period in 2011. The overall decrease consisted of a blend of credit card product revenue decreasing as a result of a decline in marketing activities and spend on the part of the credit card issuers, and insurance lead revenue increasing as a result of increased direct marketing spend and resulting higher consumer traffic and lead volume partially offset by reductions to certain affiliate traffic in connection with our lead quality initiative.

Cost of Revenue (excludes depreciation and amortization) and Gross Margin

Cost of revenue for the three months ended September 30, 2012 of \$37.7 million was \$389,000 lower than the same period in 2011. The Company incurred \$537,000 less in distribution payments to our online partners and affiliates as a result of lower online revenue on affiliate sites and \$214,000 in higher compensation. The Company also incurred \$123,000 for stock-based compensation expense for the three months ended September 30, 2012 and \$203,000 for the same period in 2011. Our gross margin for the three months ended September 30, 2012 was

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68%, compared to 66% for the same period in 2011, increasing primarily due to higher share of direct traffic to insurance lead business and growth in margin in cost per click and display business.

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Operating Expenses

Sales

Sales expenses for the three months ended September 30, 2012 of \$4.1 million were approximately \$503,000 higher than the same period in 2011, primarily due to \$246,000 in higher compensation and \$180,000 in higher contract labor costs, offset by \$73,000 in lower stock-based compensation expense.

Marketing

Marketing expenses for the three months ended September 30, 2012 of \$35.0 million were \$11.0 million higher than the same period in 2011. The increase is due to the Company incurring an additional \$10.3 million in SEM expense to drive higher online revenue, \$233,000 in higher compensation and \$45,000 in higher stock-based compensation expense.

Product Development

Product development costs for the three months ended September 30, 2012 of \$4.1 million were approximately \$386,000 higher than the comparable period in 2011, primarily due to \$642,000 in higher compensation offset by \$110,000 of lower stock-based compensation expense and lower outside labor costs of \$99,000.

General and Administrative

General and administrative expenses for the three months ended September 30, 2012 of \$8.3 million were \$1.7 million lower than the same period in 2011, due primarily to decreases of \$3.4 million in compensation and \$352,000 in bad debt expense offset by increases of \$1.4 million in professional fees and \$248,000 in bank fees and insurance premiums.

Acquisition, Offering and Related Expenses and Related Party Fees

Acquisition, offering and related expenses and related party fees for the three months ended September 30, 2012 was \$(512,000) as compared to \$1.2 million for the same period in 2011. Acquisition, offering and related expenses and related party fees for the three months ended September 30, 2012 were primarily related to the change in estimated accrued amounts recorded in 2011 for costs associated with our Initial Public Offering, Secondary Offering and transition services for the InsWeb acquisition. The acquisition, offering and related expenses and related party fees for the same period in 2011 were primarily related to costs associated with our Initial Public Offering.

Depreciation and Amortization

Depreciation and amortization expense for the three months ended September 30, 2012 of \$14.1 million was \$3.2 million higher than the same period in 2011 due to \$2.9 million increase in amortization expense.

Interest and Other Expenses, net

Interest and other expenses, net for the three months ended September 30, 2012 primarily consists of expenses associated with the Senior Secured Notes, partially offset by other income and de minimis interest earned on cash and cash equivalents. Interest and other expenses, net for the three months ended September 30, 2012 was \$8.1 million, which primarily consisted of \$5.7 million for the Senior Secured Notes and \$768,000 for amortization of deferred financing costs and original issue discount, and \$1.7 million for accretion on acquisition earnouts.

Interest and other expenses, net for the three months ended September 30, 2011 was \$6.5 million, which primarily consisted of \$5.7 million for the Senior Secured Notes, and \$698,000 of amortization of deferred financing costs and original issue discount partially offset by de minimis interest earned on cash and cash equivalents.

Income Tax Expense

Our income tax expense for the three months ended September 30, 2012 of \$2.5 million was \$5.3 million lower than our income tax expense of \$7.8 million for the three months ended September 30, 2011. Our effective tax rate changed from approximately 52% during the three months ended September 30, 2011 to approximately 49% in the same period in 2012 due to non-deductible costs incurred during the three months ended

September 30, 2011.

Nine Months Ended September 30, 2012 Compared to Nine Months Ended September 30, 2011

Revenue

Total revenue was \$363.9 million and \$310.4million for the nine months ended September 30, 2012 and 2011, respectively, representing an increase of 17.2%, due to the reasons set forth below.

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Display advertising revenue increased by \$5.6 million for the nine months ended September 30, 2012 compared to the same period in 2011, which was driven by the increase in page views (\$5.3 million impact) and an increase in cost per impressions yield per page (\$300,000 impact).

Hyperlink revenue increased by \$40.0 million for the nine months ended September 30, 2012 compared to the same period in 2011, due to an increase in the number of clicks (\$23.1 million impact) and an increase in the overall rate (\$16.9 million impact). Our rates for mortgage and deposit products increased and our volume of insurance clicks have been steadily rising since we launched our new products in early 2011.

Per approved lead and per application lead generation revenue combined increased by \$7.9 million for the nine months ended September 30, 2012 compared to the same period in 2011. The overall increase consisted of a blend of credit card product revenue decreasing as a result of a decline in marketing activities and spend on the part of the credit card issuers, and insurance lead revenue increasing as a result of increased direct marketing spend and resulting higher consumer traffic and lead volume partially offset by reductions to certain affiliate traffic in connection with our lead quality initiative.

Cost of Revenue (excludes depreciation and amortization) and Gross Margin

Cost of revenue for the nine months ended September 30, 2012 of \$115.6 million was \$4.2 million higher than the same period in 2011. The Company incurred an additional \$3.3 million in distribution payments to our online partners and affiliates as a result of higher online revenue. The Company also incurred \$634,000 in higher compensation and \$234,000 in higher stock-based compensation expense. Our gross margin for the nine months ended September 30, 2012 was 68%, compared to 64% for the same period in 2011, increasing primarily due to higher share of direct traffic to insurance lead business and growth in margin in cost per click and display business.

Operating Expenses

Sales

Sales expenses for the nine months ended September 30, 2012 of \$12.1 million were \$2.5 million higher than the same period in 2011, primarily due to \$1.1 million in higher compensation and \$419,000 in higher contract labor costs. The Company also incurred \$550,000 in higher stock-based compensation expense.

Marketing

Marketing expenses for the nine months ended September 30, 2012 of \$97.8 million were \$38.1 million higher than the same period in 2011. The increase is due to the Company incurring an additional \$36.2 million in SEM expense to drive higher online revenue, \$612,000 in higher compensation and \$483,000 in higher stock-based compensation expense.

Product Development

Product development costs for the nine months ended September 30, 2012 of \$12.7 million were \$1.8 million higher than the comparable period in 2011, primarily due to \$1.7 million in higher compensation, and \$628,000 in higher stock-based compensation expense offset by a decrease of \$337,000 in outside labor.

General and Administrative

General and administrative expenses for the nine months ended September 30, 2012 of \$27.5 million were \$2.5 million higher than the same period in 2011, due primarily to increases of \$2.0 million of stock-based compensation expense and \$2.0 million increase in professional fees, \$404,000 in bank fees and \$327,000 in insurance premiums, partially offset by a \$1.9 million decrease in compensation and \$1.2 million decrease in bad debt expense.

Acquisition, Offering and Related Expenses and Related Party Fees

Acquisition, offering and related expenses and related party fees for the nine months ended September 30, 2012 was \$367,000 as compared to \$40.9 million for the same period in 2011. Acquisition, offering and related expenses and related party fees for the nine months ended September 30, 2012 were primarily related to costs associated with the transition services for the InsWeb acquisition and the IRS audit. The acquisition, offering and related expenses and related party fees for the same period in 2011 were primarily related to costs associated with our Initial Public Offering.

Depreciation and Amortization

Depreciation and amortization expense for the nine months ended September 30, 2012 of \$38.5 million was \$5.9 million higher than the same period in 2011 primarily due to \$4.8 million increase in amortization expense.

Table of Contents*Interest and Other Expenses, net*

Interest and other expenses, net for the nine months ended September 30, 2012 primarily consists of expenses associated with the Senior Secured Notes, partially offset by other income and de minimis interest earned on cash and cash equivalents. Interest and other expenses, net for the nine months ended September 30, 2012 was \$21.4 million, which primarily consisted of \$17.2 million for the Senior Secured Notes and \$2.2 million of amortization of deferred financing costs and original issue discount and \$2.1 million for accretion on acquisition earnouts .

Interest and other expense, net for the nine months ended September 30, 2011 was \$25.4 million, which primarily consisted of \$23.4 million for the Senior Secured Notes and \$2.0 million of amortization of deferred financing costs and original issue discount.

Income Tax Expense

Our income tax expense for the nine months ended September 30, 2012 of \$8.2 million was \$2.5 million higher than our income tax expense of \$5.7 million for the nine months ended September 30, 2011. Our effective tax rate changed from approximately -26% during the nine months ended September 30, 2011 to approximately 22% in the same period in 2012 due to non-deductible costs incurred during the nine months ended September 30, 2011 and the \$6.8 million tax benefit associated with the IRS examination settled during the nine months ended September 30, 2012.

Liquidity and Capital Resources

<i>(In thousands)</i>	September 30, 2012	December 31, 2011	Change
Cash and cash equivalents	\$ 71,109	\$ 56,213	\$ 14,896
Working capital	\$ 110,144	\$ 87,681	\$ 22,463
Stockholders' equity	\$ 825,501	\$ 788,462	\$ 37,039

Our principal ongoing source of operating liquidity is the cash generated by our business operations. We consider all highly liquid debt investments purchased with an original maturity of less than three months to be cash equivalents.

Our primary uses of cash have been to fund our working capital and capital expenditure needs, fund acquisitions, and service our debt obligations. We believe that we can generate sufficient cash flows from operations to fund our operating and capital expenditure requirements, as well as to service our debt obligations, for the next 12 months. In the event we experience a significant adverse change in our business operations, we would likely need to secure additional sources of financing.

As of September 30, 2012, we had working capital of \$110.1 million and our primary commitments were normal working capital requirements and \$4.9 million in accrued interest for the Senior Secured Notes. In addition, we have commitments for potential earn out obligations related to past acquisitions totaling \$25.7 million as of September 30, 2012.

As of December 31, 2011, we had working capital of \$87.7 million and our primary commitments were normal working capital requirements and \$10.6 million in accrued interest for the Senior Secured Notes.

We assess acquisition opportunities as they arise. Financing may be required if we decide to make additional acquisitions or if we are required to make any earn-out payments to which the former owners of our acquired businesses may be entitled. There can be no assurance, however, that any such opportunities may arise, or that any such acquisitions may be consummated. Additional financing may not be available on satisfactory terms or at all when required.

Debt Financing*Revolving Credit Facilities*

We have certain Revolving Credit Facilities in an aggregate amount of \$100.0 million, consisting of two tranches, tranche A for \$30.0 million which matures on July 15, 2015 and tranche B for \$70.0 million which matures on April 15, 2015 (*Revolving Credit Facilities*). Our obligations under the Revolving Credit Facilities are guaranteed by each direct and indirect, existing and future, domestic restricted subsidiary that guarantees our obligations under the Senior Secured Notes.

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As of September 30, 2012, we had no amount outstanding under the Revolving Credit facilities and we were in compliance with all required covenants.

Table of Contents*Senior Secured Notes*

As of September 30, 2012, we had approximately \$193.9 million in Senior Secured Notes outstanding for which interest is accrued daily on the outstanding principal amount at 11 ³/₄ % and is payable semi-annually, in arrears, on July 15th and January 15th in cash. The Senior Secured Notes are due July 15, 2015. Accrued interest on the Senior Secured Notes as of September 30, 2012 is approximately \$4.9 million. Refer to Note 11 in the Notes to Consolidated Financial Statements for a further description of the Senior Secured Notes.

Operating Activities

During the nine months ended September 30, 2012, operating activities provided cash of \$53.4 million. Our net income of \$29.0 million was adjusted for depreciation and amortization of \$38.5 million, bad debt expense of \$464,000, amortization of deferred financing costs and original issue discount of \$1.9 million, stock-based compensation expense of \$6.8 million and a net negative change in the components of operating assets and liabilities of \$22.8 million. This negative change in operating assets and liabilities resulted in part from a \$5.1 million increase in prepaid expenses and other assets, a \$2.9 million decrease in deferred revenue, \$8.4 million decrease in other liabilities, and a \$1.8 million decrease in accounts payable.

During the nine months ended September 30, 2011, we used \$7.7 million of cash in operating activities, including \$35.1 million in interest payments on the Senior Secured Notes, \$101.6 million in acquisition expenses and related party fees related to the 2010 acquisitions of NetQuote and CreditCards, and the Initial Public Offering and related merger and recapitalization of the Company. The remaining use of cash was primarily the result of funding working capital to drive the significant growth we experienced during the nine months ended September 30, 2011. Our net loss of \$27.5 million was adjusted for depreciation and amortization of \$32.6 million, bad debt expense of \$1.7 million, amortization of deferred financing costs and original issue discount of \$1.8 million, stock-based compensation expense of \$2.9 million, loss on redemption of Senior Secured Notes of \$16.6 million and a net negative change in the components of operating assets and liabilities of \$36.1 million. This negative change in operating assets and liabilities resulted from a \$5.1 million increase in prepaid expenses and other assets, a \$28.7 million increase in accounts receivable, a \$3.8 million decrease in deferred revenue, and a \$3.6 million decrease in accounts payable partially offset by a \$4.0 million increase in accrued expenses and a \$1.1 million increase in other liabilities primarily due to interest accrued less interest paid on the Senior Secured Notes.

Investing Activities

For the nine months ended September 30, 2012, cash flows used in investing activities was \$37.6 million and includes \$26.9 million of cash used for business acquisitions and \$10.4 million for purchases of furniture, fixtures, equipment and capitalized website development costs.

For the nine months ended September 30, 2011, cash flows used in investing activities was \$31.4 million and includes \$26.4 million of cash used for business acquisitions and \$5.0 million for purchases of furniture, fixtures, equipment and capitalized website development costs.

Financing Activities

For the nine months ended September 30, 2012, cash used in financing activities was \$1.1 million and includes \$2.0 million of cash used for acquisition earn outs and contingent liabilities offset by \$1.5 million in proceeds from the issuance of common stock.

For the nine months ended September 30, 2011, cash flows used in financing activities was \$11.8 million, which consisted primarily of \$117.3 million for the repurchase of a portion of the Senior Secured Notes, \$61.3 million in payments to dissenting stockholders of the acquisition by Holdings of Bankrate, \$576,000 for acquisition earnouts and contingent liabilities partially offset by \$170.3 million in proceeds from the issuance of common stock.

OFF-BALANCE SHEET ARRANGEMENTS

Off-balance sheet arrangements include the following four categories: obligations under certain guarantees or contracts; retained or contingent interests in assets transferred to an unconsolidated entity or similar arrangements; obligations under certain derivative arrangements; and obligations under material variable interests.

Besides the offering of the Senior Secured Notes, we have not entered into any material arrangements which would fall under any of these four categories and which would be reasonably likely to have a current or future material effect on our results of operations, liquidity or financial condition.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk **Interest Rate Risk**

The primary objective of our investment strategy is to preserve principal while maximizing the income we receive from investments without significantly increasing risk. To minimize this risk, to date we have maintained our portfolio of cash equivalents in short-term and overnight investments that are not subject to market risk, as the interest paid on such investments fluctuates with the prevailing interest rates. As of September 30, 2012, all of our cash equivalents mature in less than three months.

None of our outstanding debt as of September 30, 2012 was subject to variable interest rates as we did not have an outstanding balance for borrowed money under our Revolving Credit Facilities as of September 30, 2012. Interest under the Revolving Credit Facilities accrues at variable rates based, at our option, on the Alternate Base Rate (as defined in the Revolving Credit Facilities) plus a margin of between 2% and 2.25%, or at the LIBOR rate plus a margin of between 3.00% and 3.25%, depending on certain criteria. Our fixed interest rate debt includes \$193.9 million of the Senior Secured Notes in the aggregate principal amount.

Exchange Rate Sensitivity

Our exposure to exchange rate risk is primarily that of a net receiver of currencies other than the US dollar. Accordingly, changes in exchange rates, and in particular a strengthening of the U.S. dollar, will negatively affect the Company's net sales and gross margins as expressed in U.S. dollars. Additionally, we have not engaged in any derivative or hedging transactions to date.

Item 4. Controls and Procedures **Disclosure Controls and Procedures**

We have established disclosure controls and procedures to ensure that material information relating to the Company is made known to the officers who certify the Company's financial reports and to other members of senior management and the board of directors.

Based on their evaluation as of September 30, 2012, the principal executive officer and principal financial officer of the Company have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) are effective to ensure that the information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure.

Management, including our chief executive officer and chief financial officer, does not expect our disclosure controls and procedures will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

Changes in Internal Controls over Financial Reporting

There has not been any change in our internal control over financial reporting that occurred during the quarter ended September 30, 2012 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The information with respect to legal proceedings is incorporated by reference from Note 10 of our Consolidated Financial Statements included herein.

Item 1A. Risk Factors

In addition to the other information set forth in this Quarterly Report, you should carefully consider the factors discussed **Risk Factors** included within our Annual Report dated March 12, 2012 and filed with the SEC on Form 10-K. The risks described in our

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annual report are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results. There has been no material changes in our risk factors from those disclosed in our annual report referred to above.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds
Company Purchase of Equity Securities

The following table sets forth the Company's purchases of equity securities for the periods indicated:

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid Per Share ⁽¹⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs
July 1, 2012 through July 31, 2012	154	\$ 17.05		
August 1, 2012 through August 31, 2012				
September 1, 2012 through September 30, 2012				

- (1) Reflects the surrender to the Company of shares of common stock to pay withholding taxes in connection with the vesting of employee restricted stock.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit	
No.	Description
31.1*	Certification of Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema Document

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101.CAL** XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB** XBRL Taxonomy Extension Label Linkbase Document
101.PRE** XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith

** Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities Exchange Act of 1934 and otherwise are not subject to liability

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Bankrate, Inc.

Date: November 14, 2012

By: /s/ Edward J. DiMaria
Edward J. DiMaria
Senior Vice President and Chief Financial Officer

(Mr. DiMaria is the Principal Financial Officer and has
been duly authorized to sign on behalf of the Registrant)