

GSI COMMERCE, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(In thousands, except share data)  
(Unaudited)

	<b>December 29, 2007</b>	<b>March 29, 2008</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 231,511	\$ 42,750
Accounts receivable, net of allowance of \$1,833 and \$1,795	64,285	53,484
Inventory	47,293	46,054
Deferred tax assets	14,114	14,114
Prepaid expenses and other current assets	12,459	11,959
Total current assets	369,662	168,361
Property and equipment, net	156,774	167,012
Goodwill	82,757	221,425
Intangible assets, net of accumulated amortization of \$4,972 and \$6,857	16,476	14,456
Equity investments	6,202	6,508
Long-term deferred tax assets	45,234	54,879
Other assets, net of accumulated amortization of \$14,545 and \$15,302	16,535	15,017
Total assets	\$ 693,640	\$ 647,658
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 85,667	\$ 49,385
Accrued expenses	98,179	75,095
Deferred revenue	17,588	22,109
Current portion - long-term debt	2,406	2,823
Total current liabilities	203,840	149,412
Convertible notes	207,500	207,500
Long-term debt	27,245	41,966
Deferred revenue and other long-term liabilities	5,634	5,350
Total liabilities	444,219	404,228
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value, 5,000,000 shares authorized; 0 shares issued and outstanding as of December 29, 2007 and March 29, 2008	-	-
Common stock, \$0.01 par value, 90,000,000 shares authorized; 46,847,919 and 47,328,556 shares issued as of December 29, 2007 and March 29, 2008, respectively; 46,847,716 and 47,328,353 shares outstanding as of December 29, 2007 and March 29, 2008, respectively	468	473
Additional paid in capital	366,400	369,923
Accumulated other comprehensive loss	(156)	(110)
Accumulated deficit	(117,291)	(126,856)
Total stockholders' equity	249,421	243,430
Total liabilities and stockholders' equity	\$ 693,640	\$ 647,658

GSI COMMERCE, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(In thousands, except per share data)  
(Unaudited)

	<b>Three Months Ended</b>	
	<b>March 31, 2007</b>	<b>March 29, 2008</b>
	<u>                    </u>	<u>                    </u>
Revenues:		
Net revenues from product sales	\$ 108,750	\$ 123,120
Service fee revenues	37,533	72,423
	<u>                    </u>	<u>                    </u>
Net revenues	146,283	195,543
Costs and expenses:		
Cost of revenues from product sales	76,802	85,417
Sales and marketing, inclusive of \$557 and \$1,134 of stock-based compensation	44,174	75,986
Product development, inclusive of \$288 and \$426 of stock-based compensation	13,738	22,436
General and administrative, inclusive of \$752 and \$2,061 of stock-based compensation	9,411	15,724
Depreciation and amortization	6,924	13,809
	<u>                    </u>	<u>                    </u>
Total costs and expenses	151,049	213,372
Loss from operations	(4,766)	(17,829)
Other (income) expense:		
Interest expense	842	2,177
Interest income	(1,944)	(1,039)
Other expense, net	15	145
	<u>                    </u>	<u>                    </u>
Total other (income) expense	(1,087)	1,283
Net loss before income taxes	(3,679)	(19,112)
Benefit for income taxes	(1,334)	(9,547)
	<u>                    </u>	<u>                    </u>
Net loss	<u>\$ (2,345)</u>	<u>\$ (9,565)</u>
Basic and diluted loss per share	<u>\$ (0.05)</u>	<u>\$ (0.20)</u>
Weighted average shares outstanding - basic and diluted	<u>45,999</u>	<u>46,924</u>

GSI COMMERCE, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(In thousands)  
(Unaudited)

	<b>Three Months Ended</b>	
	<b>March 31, 2007</b>	<b>March 29, 2008</b>
<b>Cash Flows from Operating Activities:</b>		
Net loss	\$ (2,345)	\$ (9,565)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	6,522	11,910
Amortization	402	1,899
Stock-based compensation	1,597	3,621
Loss on disposal of equipment	46	-
Deferred income taxes	(1,402)	(9,547)
Changes in operating assets and liabilities:		
Accounts receivable, net	12,393	18,750
Inventory	4,855	1,239
Prepaid expenses and other current assets	815	1,121
Other assets, net	303	1,777
Accounts payable and accrued expenses and other	(68,826)	(65,295)
Deferred revenue	1,567	3,640
	(44,073)	(40,450)
<b>Cash Flows from Investing Activities:</b>		
Payments for acquisitions of businesses, net of cash acquired	-	(145,001)
Cash paid for property and equipment, including internal use software	(9,556)	(17,482)
Purchases of marketable securities	(56,279)	-
Sales of marketable securities	60,950	-
	(4,885)	(162,483)
<b>Cash Flows from Financing Activities:</b>		
Borrowings on revolving credit loan	-	15,000
Debt issuance costs paid	-	(454)
Repayments of capital lease obligations	(123)	(468)
Repayments of mortgage note	(47)	(68)
Proceeds from exercise of common stock options	3,402	158
	3,232	14,168
Effect of exchange rate changes on cash and cash equivalents	15	4
Net decrease in cash and cash equivalents	(45,711)	(188,761)
Cash and cash equivalents, beginning of period	71,382	231,511
Cash and cash equivalents, end of period	\$ 25,671	\$ 42,750

GSI COMMERCE, INC. AND SUBSIDIARIES  
NON-GAAP INCOME FROM OPERATIONS AND RECONCILIATION TO GAAP RESULTS  
(In thousands)  
(Unaudited)

	<b>Three Months Ended</b>	
	<b>March 31, 2007</b>	<b>March 29, 2008</b>
Reconciliation of GAAP loss from operations to non-GAAP income from operations:		
GAAP loss from operations	\$ (4,766)	\$ (17,829)
Acquisition related integration expenses	-	1,115
Stock-based compensation	1,597	3,621
Depreciation and amortization <sup>(1)</sup>	6,924	13,809
Non-GAAP income from operations	\$ 3,755	\$ 716

<sup>(1)</sup> Includes amortization expense of acquisition related intangibles of \$1,634 for the three-months ended March 29, 2008 and \$391 for the three-months ended March 31, 2007.

GSI COMMERCE, INC. AND SUBSIDIARIES  
 FREE CASH FLOW AND RECONCILIATION TO GAAP OPERATING CASH FLOW  
 (In thousands)  
 (Unaudited)

	<b>Twelve Months Ended</b>	
	<b>March 31,</b>	<b>March 29,</b>
	<b>2007</b>	<b>2008</b>
	<u>                    </u>	<u>                    </u>
Reconciliation of GAAP operating cash flow to free cash flow:		
GAAP cash flow from operating activities	\$ 42,552	\$ 61,757
Cash paid for fixed assets, including capitalized software development	<u>(48,456)</u>	<u>(62,122)</u>
Free cash flow	<u><u>\$ (5,904)</u></u>	<u><u>\$ (365)</u></u>