



## THE FACTS:

NAMED BY FAST COMPANY AS A WORLD'S  
TOP 50 **MOST INNOVATIVE COMPANY**

USED BY **66%** OF FAST COMPANY'S  
WORLD'S MOST INNOVATIVE COMPANIES

GREW REVENUES **79%** YEAR OVER YEAR

ADDED MORE THAN **1,200** CUSTOMERS  
IN 2007

“Omniture delivered another outstanding year highlighted by strong revenue growth, record customer additions, improved profitability and the successful completion of several key acquisitions. Having exceeded our profitability targets for the year, we were able to invest more aggressively in sales and engineering. We believe these investments will enable us to more quickly capture a greater portion of this multi-billion dollar market.”

JOSH JAMES, PRESIDENT AND CHIEF EXECUTIVE OFFICER

## Omniture Highlights

# 07

- » More than **4,400** customers worldwide\*
- » **14** Offices in **11** countries\*
- » Nearly **1,000** employees\*
- » **2.2 Trillion** transactions in 2007

\* Subsequent to the closing of the Visual Sciences acquisition

## Industry Recognition

Omniture named to Fast Company Magazine's Fast 50 List of The World's Most Innovative Companies.

(FEBRUARY 2008)

Omniture's momentum helped it gain the top spot for overall revenue and market share in the Web analytics market.

(IDC, DECEMBER 2007)

Omniture won the 2007 ClickZ Interactive Marketing Excellence Award for Web Metrics as judged by ClickZ readers, contributing writers and experts from leading digital marketing agencies.

(OCTOBER, 2007)

Omniture recognized as one of the top 10 growth companies in the \$30–\$100 million revenue category by Software Magazine.

(OCTOBER 2007)

Omniture Ranks #82 on the Deloitte Technology Fast 500—the fifth consecutive year in a row the Company has been included on this list of fast growing companies.

(OCTOBER 2007)

Forrester Research recognizes Omniture as a market leader for the Company's service and support, company financials and industry presence.

(SEPTEMBER 2007)

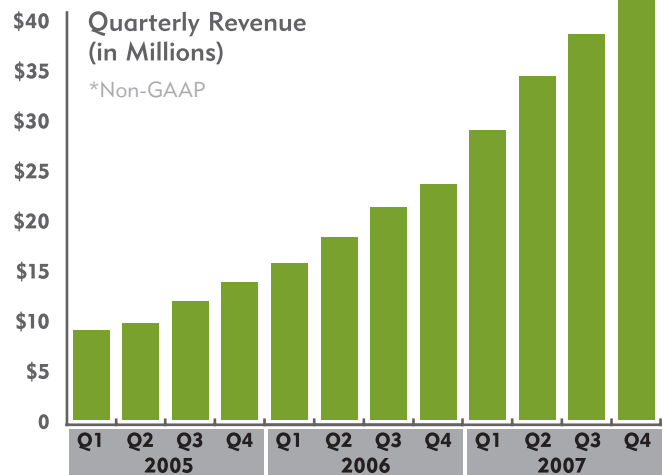
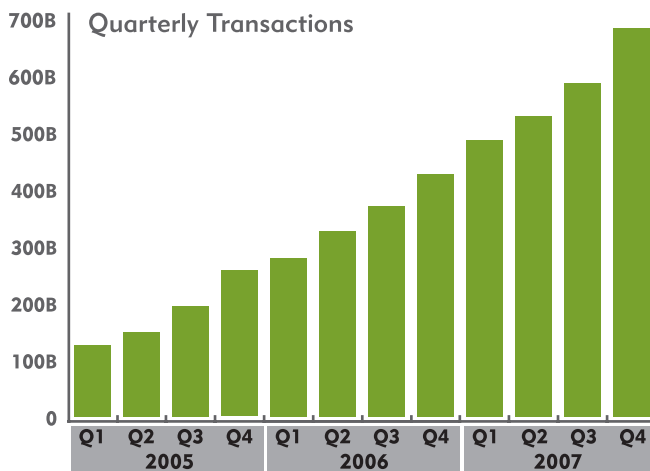
## To Our Stockholders:

2007 was an incredible year for Omniture, and I am excited about the opportunity in front of us. We exited the fiscal year with record results for revenue and operating margins. Our results and future opportunity can be summarized by highlighting three specific areas: the multi-billion dollar opportunity facing us, the accelerating growth we are experiencing as we expand our portfolio and international presence, and the leadership we are demonstrating through our financial performance, market position and unmatched solution set.

### Huge Opportunity: Multi-Billion Dollar Market

2007 represents the fifth consecutive year in which Omniture revenues grew in excess of 79%. While some of this revenue growth came as a result of acquisitions, our organic growth continues to be strong—representing 76% revenue growth on a year-over-year basis for Q4. This demonstrates that our core business remains very healthy.

Our goal is to reach \$1 billion in revenue. Considering our position in and the size of the market, and assuming reasonable growth and retention rates, we believe it is easy to understand our excitement and the achievability of this goal. If you look at the amount of revenue we expect to derive from online marketers in 2008, we believe Omniture has an opportunity to become one of the most significant online marketing companies ever.

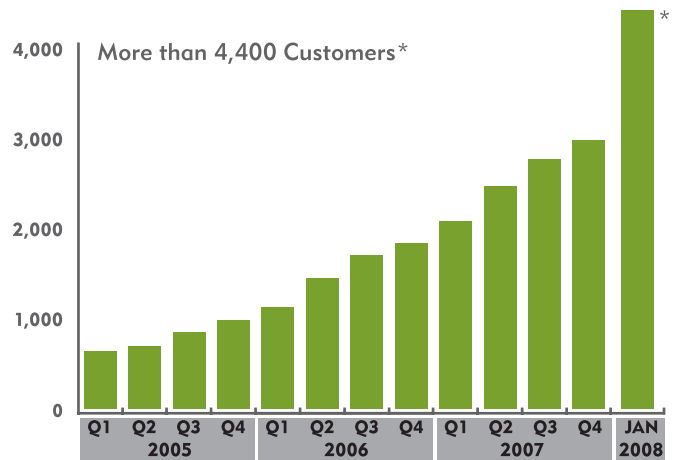


\* All non-GAAP numbers have been adjusted to exclude certain items. A reconciliation of specific adjustments to GAAP for this time period is included in the GAAP to non-GAAP table included at the end of this report.

## Customer Growth

Customer growth continues to be the primary driver behind our increased revenues. In 2007, Omniture continued to lead the industry in this category, ending the year with over 3,000 customers. That translates to a 70% increase over 2006, and an addition of more than 350 new customers in the fourth quarter alone. Adding in the customer base from the Visual Sciences acquisition, completed in January 2008, we now have more than 4,400 customers. We believe this leading market position will enable us once again to receive a disproportionate share of the market's expected significant growth in 2008.

New customers announced in 2007 include: Rakuten, Delta, H&R Block, The Weather Channel, Barclay's Bank, Spiegel Brands, NHL and many others. We also had a number of key take-away accounts from competitors including: Alaska Air, Borders, Honda, Hickory Farms and dozens of others. These key customer trends validate our belief that we truly have the most compelling, comprehensive set of online business optimization solutions in the market today.



\* Subsequent to the closing of the Visual Sciences acquisition

Some of the new customers announced during 2007 include:

*Alaska Air Group*

**BORDERS**

**Delta**

**HONDA**

**H&R BLOCK**



*Spiegel*

**THE WEATHER CHANNEL**

# Investing in the Future—Accelerating Growth

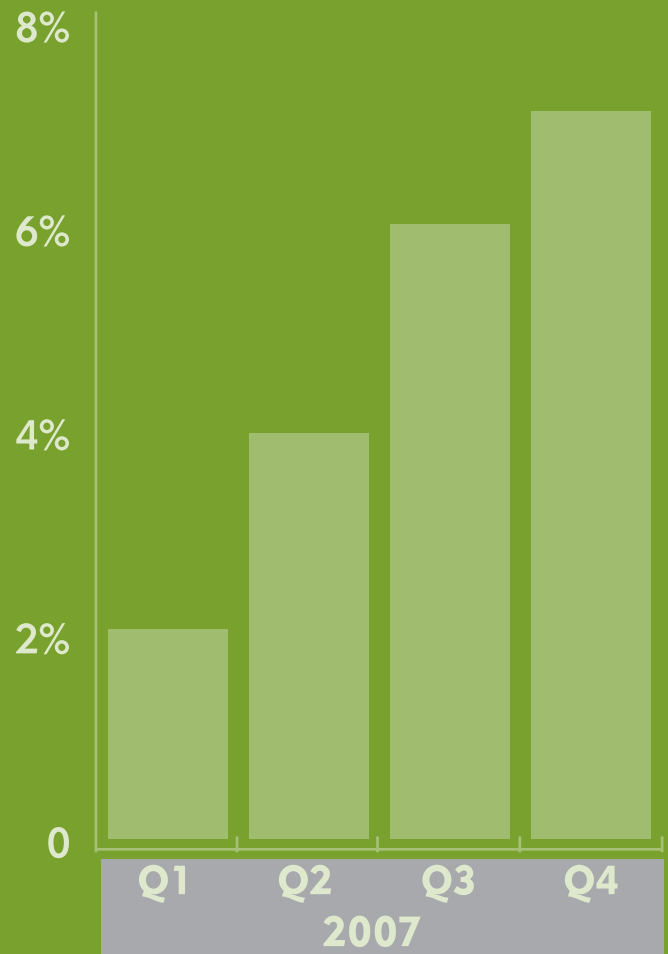
We continue to responsibly reinvest our profits back into our business to fuel long-term growth. We believe this is the best approach to creating stockholder value. We exited the fiscal year with Q4 non-GAAP operating margins at 7%, completing the impressive four-quarter operating margin progression from 1% in Q4 2006 to 2%, 4%, 6% and 7% in Q4 2007. Clearly, our larger scale is generating increased leverage in our financial model.

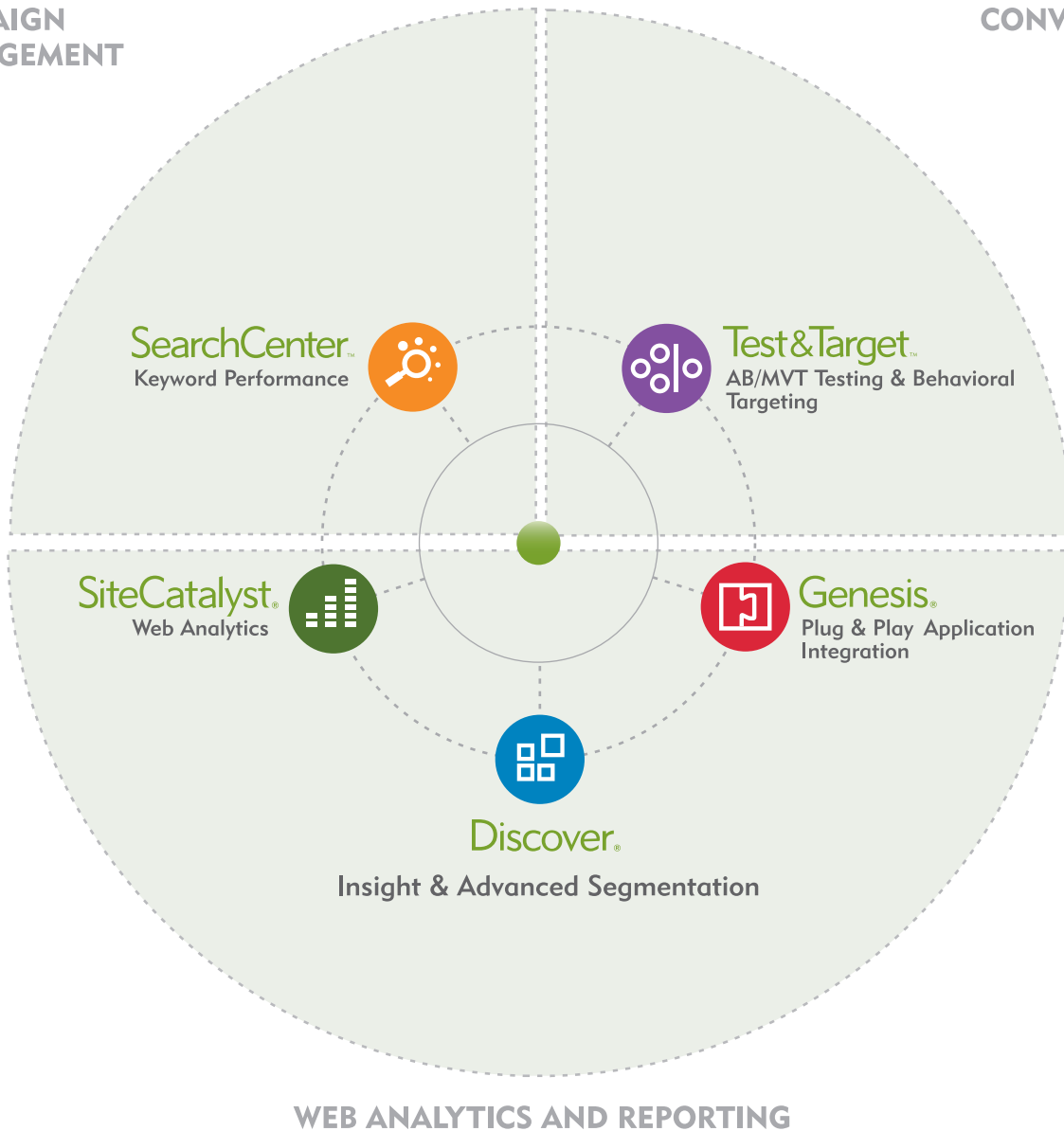
In the second half of 2007, we saw strong cross sales into our customer base, particularly into our domestic enterprise customers. The products we were successful in cross selling were Discover, SearchCenter and our optimization products. In fact, over one-third of the contract value of our new contracts in Q4 were for products other than SiteCatalyst.

To highlight where our business is going, you have to look no further than our early adopters. Of our top 50 customers, the average product penetration is now over two products per customer. This correlates well with the early days of SiteCatalyst in 2001 and 2002. Back then, our demand for features came first from our biggest, top-tier customers and we are seeing that same behavior now with regards to the new products we have available.

## Non-GAAP Operating Margins

\* All non-GAAP numbers have been adjusted to exclude certain items. A reconciliation of specific adjustments to GAAP for this time period is included in the GAAP to non-GAAP table included at the end of this report.





## The Omniture Online Business Optimization Suite

Increasing our footprint and strengthening our core business enables us to capture a much broader market. Analytics customers continually ask us for additional products that leverage the data we are capturing and managing for them. To that end, we've built products like SearchCenter, Discover and Genesis, and we've acquired products like Test&Target.

In just a short period of time, we believe our acquisition strategy is paying off. Moreover, we believe the level of traction and interest in our installed customer base is significant and, as we add more customers and products, the opportunity for growth becomes even greater.

We are not taking our eye off of our core business; however, it is very interesting to see how these additional products are acting as accelerants to our growth.

Additionally, we completed three acquisitions in 2007—Instadia, Touch Clarity and Offermatica, and just completed our fourth—Visual Sciences. These acquisitions broaden our offerings, create scale to enable early investments into critical technology areas and provide a much larger base of customers to sell to.

## Geographic Expansion

We believe Omniture continues to lead the market in terms of the depth and breadth of its offering, including the extension of this offering to a worldwide audience. The impact of our international investments has been quite apparent in our 2007 financial results as revenues from our international operations have steadily increased throughout the year.

In Q4, international revenues accounted for 26% of total revenues. This is up significantly from 18% in Q4 2006. We now have close to 1,000 customers and over 120 employees in EMEA. Our EMEA and Asia Pacific geographies continue to offer tremendous opportunities for growth and, therefore, remain a key investment area for us. We are very pleased with our progress to date and look forward to continuing to grow international revenues and hope to see them become a much greater percentage of overall revenue at the same time that domestic revenues continue to grow.

With the completion of our acquisitions of Offermatica and Visual Sciences, we believe that we have the broadest, fastest growing and most comprehensive suite of online business optimization solutions in the industry. We have delivered a cohesive group of products that will be integrated into one single technology platform and data set.

All of our products are backed by an infrastructure that continues to prove its ability to scale with our customers. Whether it's a new customer initiating its service, or an existing customer expanding its relationship with Omniture, they both require additional network resources. With customer growth running at over 70% year-over-year, we have had to continually build out our network infrastructure to support the data needs of our customers. Today, our network is made up of approximately 12,000 servers and 15,000 network devices in fifteen different data centers around the globe, providing enterprise class uptime and security in one of the world's largest on-demand service installations.

This infrastructure provides scalability to meet the demands of many of the largest online businesses on the Web, measuring and optimizing over 600 billion transactions during the fourth quarter alone. For the full year 2007, Omniture captured nearly 2.2 trillion transactions.



# Highlighted Announcements

|                |   |   |  |
|----------------|---|---|--|
| January 2007   | Vehix.com Increases Online Performance Using Omniture   | <b>Omniture Announces Acquisition of Instadia</b>   | SEEK.com.au—Australia's Largest Job Site—Selects Omniture to Optimize Their Business   |
| February 2007  | Omniture Selected as One of the World's Top 50 ASPs   | Omniture Acquires Behavioral Targeting Company Touch Clarity  | <b>Omniture Introduces a Breakthrough in Customer Analytics with Launch of Discover 2</b>  |
| March 2007     | <b>Omniture Completes Acquisition of Behavioral Targeting Company Touch Clarity</b>                     | Omniture Introduces Industry's First Professional Web Analytics and Online Business Optimization Certification                        | 25 Percent of World's Online Marketing Spend Represented at Omniture Summit 2007   |
| April 2007     | Leading Independent Blogging Company Six Apart Chooses Omniture to Enhance Social Networking Platforms  | Omniture Launches Three Online Business Optimization Technologies in Europe   | <b>Spiegel Brands Chooses Omniture's Integrated Platform to Optimize Search Marketing, Merchandising Promotions and Behavioral Targeting</b> |
| May 2007       | <b>Omniture Adds 10 New Genesis Partners to its Expanding Online Business Optimization Ecosystem</b>    | New Release of Omniture SiteCatalyst Measures and Optimizes Lifetime Value of Campaigns Across Multi-Channel Customer Interactions    | Omniture is the Number One Web Analytics Provider to the World's Leading Retail Brands   |
| June 2007      | <b>Omniture Attracts Hundreds of Leading Online Brands To European Omniture Summit 2007 Conferences</b> | Omniture Announces Pricing of Public Offering of Common Stock   | KeyBank Selects Omniture to Optimize Online Marketing Campaigns  |
| July 2007      | Hickory Farms Chooses Omniture to Measure Online Marketing Campaign Performance                         | <b>Delta Air Lines Selects Omniture to Enhance the Online Experience for their Customers</b>  | ProFlowers Selects Omniture to Optimize Merchandising Operations   |
| August 2007    | <b>Omniture to Personalize the Online Experience for Samsung USA's Consumers</b>                        | Omniture Expands International Versions of SiteCatalyst to Include Spanish and Korean   | Pittsburgh Post-Gazette Uses Omniture to Measure Visitor Response to Online Content in Real-Time   |
| September 2007 | <b>Omniture Acquires Offermatica</b>  | The Walt Disney Internet Group Selects Omniture SiteCatalyst® to Optimize the Customer Experience Across All of Its Online Properties | Omniture Announces Genesis 2.0 Platform Edition  |
| October 2007   | Software Magazine Ranks Omniture As One of the World's Top 10 Growth Companies                          | <b>Omniture Wins ClickZ Interactive Marketing Excellence Award</b>  | Omniture to Acquire Visual Sciences  |
| November 2007  | Top Interactive Agencies Adopt Omniture Technology  | <b>The Indianapolis Colts Enhance New Social Networking Portal with Omniture Web Analytics</b>  | Spark Networks® Selects Omniture to Increase Registrations across 30 Social Networking Web Sites   |
| December 2007  | Omniture Completes Acquisition of Offermatica   | Omniture Emerged as the Worldwide Market Leader for Web Analytics in 2006   | <b>More Than 5,000 Trained Through Omniture University As Demand for Online Marketing Skills Increases</b>                                   |
| January 2008   | The Weather Channel Interactive Selects Omniture to Increase Customer Engagement                        | Omniture Selected by Alaska Air Group to Increase Online Bookings, Provide Insight for Marketing Optimization                         | <b>Omniture Completes Acquisition of Visual Sciences</b>   |
| February 2008  | Serenata Flowers Adopts Omniture For Testing and Targeting  | The World's Largest Professional Sports Franchises Use Omniture for Social Media  | <b>Omniture Named To Fast Company Magazine's Fast 50 List of The World's Most Innovative Companies</b>                                       |
| March 2008     | Omniture and Baidu.com Announce Strategic Alliance  | Omniture Announces SiteCatalyst 14 with Advanced Support for Rich Media   | <b>2,000 Marketing Professionals Representing 30% of the World's Online Marketing Spend Gather at Omniture Summit 2008</b>                   |




## Looking Ahead

As I stated in the beginning, there are three areas that highlight our success and results in 2007 and our future opportunity. First, there is a large opportunity ahead of us and we are poised to take advantage of it. Second, there are additional products and geographies that are going to serve as accelerants to that initial opportunity, and finally, our company has the leadership and disciplined financial performance to capture that opportunity.

We look forward to 2008 and beyond.

Sincerely,

A handwritten signature in black ink that reads "Joshua G. James". The signature is written in a cursive style with a large initial 'J' and 'G'.

Joshua G. James

## Omniture, Inc.

### Reconciliation of Non-GAAP Measures (unaudited)

Reconciliation of Total Revenues on a GAAP Basis to Total Revenues on a Non-GAAP Basis (in millions):

|  | QUARTER ENDED |        |         |         |         |         |         |         |         |         |         |         |
|--|---------------|--------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|  | Q1'05         | Q2'05  | Q3'05   | Q4'05   | Q1'06   | Q2'06   | Q3'06   | Q4'06   | Q1'07   | Q2'07   | Q3'07   | Q4'07   |
| Total revenues on a GAAP basis                     | \$ 8.0        | \$ 9.5 | \$ 11.5 | \$ 13.7 | \$ 16.4 | \$ 18.8 | \$ 21.0 | \$ 23.5 | \$ 29.2 | \$ 33.5 | \$ 37.4 | \$ 43.1 |
| Acquisition-related adjustment to deferred revenue | —             | —      | —       | —       | —       | —       | —       | —       | 0.3     | 0.6     | 0.4     | 0.6     |
| Total revenues on a Non-GAAP basis                 | \$ 8.0        | \$ 9.5 | \$ 11.5 | \$ 13.7 | \$ 16.4 | \$ 18.8 | \$ 21.0 | \$ 23.5 | \$ 29.5 | \$ 34.1 | \$ 37.8 | \$ 43.7 |

Reconciliation of Operating Margin on a GAAP Basis to Operating Margin on a Non-GAAP Basis:

|   | QUARTER ENDED |       |       |       |       |
|---|---------------|-------|-------|-------|-------|
|   | Q4'06         | Q1'07 | Q2'07 | Q3'07 | Q4'07 |
| Operating margin on a GAAP basis                                      | (5)%          | (8)%  | (13)% | (9)%  | (8)%  |
| Acquisition-related adjustment to deferred revenue                    | —             | 1     | 2     | 1     | 1     |
| Amortization of patent licenses                                       | 1             | 1     | 1     | 1     | 1     |
| Stock-based compensation  | 5             | 6     | 11    | 10    | 10    |
| Amortization of intangible assets acquired from business acquisitions | —             | 2     | 3     | 3     | 3     |
| Operating margin on a Non-GAAP basis                                  | 1%            | 2%    | 4%    | 6%    | 7%    |

### ABOUT NON-GAAP FINANCIAL MEASURES

Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position or cash flows that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with generally accepted accounting principles in the United States of America, or GAAP. A reconciliation between non-GAAP and GAAP measures can be found in the accompanying tables and on the Investor Relations section of our corporate Web site at [www.omtr.com](http://www.omtr.com). Non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. These non-GAAP financial measures do not reflect a comprehensive system of accounting, differ from GAAP measures with the same captions and may differ from non-GAAP financial measures with the same or similar captions that are used by other companies. We believe that, while these non-GAAP measures are not a substitute for GAAP results, they provide a basis for evaluating our operating results because they are helpful in understanding our past financial performance and our future results and facilitate comparisons of results between periods. We believe the calculation of revenues, calculated without acquisition-related accounting adjustments to deferred revenue, provides a meaningful comparison to our revenue figures on a GAAP basis. We also believe that non-GAAP operating margin is an indicator of our financial operating results and is useful to investors in evaluating operating performance. Non-GAAP operating margin is calculated without acquisition-related accounting adjustments to deferred revenue, stock-based compensation expense and the amortization of certain intangible assets. Our management regularly uses these non-GAAP financial measures internally to understand, manage and evaluate our business and make operating decisions. These non-GAAP measures have been reconciled to the nearest GAAP measure as required under the rules and regulations promulgated by the U.S. Securities and Exchange Commission.

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**Form 10-K**

(Mark One)

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

**For the fiscal year ended December 31, 2007**

**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 number: 000-52076**

**OMNITURE, INC.**

*(Exact name of registrant as specified in its charter)*

**Delaware**

*(State or other jurisdiction of  
incorporation or organization)*

**87-0619936**

*(I.R.S. Employer  
Identification Number)*

**550 East Timpanogos Circle**

**Orem, Utah 84097**

*(Address of principal executive offices, including zip code)*

**801.722.7000**

*(Registrant's Telephone Number, including area code)*

**Securities registered pursuant to Section 12(b) of the Act:**

**Title of Each Class**

**Name of Each Exchange on Which Registered**

Common Stock, \$0.001 par value

The Nasdaq Stock Market LLC  
(The Nasdaq Global Market)

**Securities registered pursuant to Section 12(b) of the Act:**

**None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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 requirements for the past 90 days. Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of the Form 10-K or any amendment to this Form 10-K.

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting Company

(Do not check if a 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 aggregate market value of the voting and non-voting stock held by non-affiliates of the Registrant, based on the closing sale price of the Registrant's common stock on June 30, 2007, as reported on the Nasdaq Global Market, was approximately \$864.6 million. Shares of common stock held by each executive officer and director and by each person who owns 5% or more of the outstanding common stock, based on filings with the Securities and Exchange Commission, have been excluded from this computation since such persons may be deemed affiliates of the Registrant. The determination of affiliate status for this purpose is not necessarily a conclusive determination for other purposes. At June 30, 2007, the Registrant had 57,643,794 shares of its common stock, \$0.001 par value, issued and outstanding. There were 71,629,640 shares of the Registrant's common stock, \$0.001 par value, outstanding on February 22, 2008.

**DOCUMENTS INCORPORATED BY REFERENCE**

The Registrant has incorporated by reference the information required by Part III of this Annual Report on Form 10-K from its proxy statement relating to the 2008 Annual Meeting of Stockholders of the Registrant, to be filed within 120 days after the end of its fiscal year ended December 31, 2007.

**OMNITURE, INC.**  
**ANNUAL REPORT ON FORM 10-K**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007**

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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

*This Annual Report on Form 10-K, including the “Management’s Discussion and Analysis of Financial Condition and Results of Operation” section in Item 7 of this report, and other materials accompanying this Annual Report on Form 10-K contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933. These statements relate to our, and in some cases our customers’ or partners’, future plans, objectives, expectations, intentions and financial performance and the assumptions that underlie these statements. These forward-looking statements include, but are not limited to, statements concerning the following: our ability to achieve or maintain profitability; the impact of quarterly fluctuations of revenue and operating results; the acceptance of our pricing model; our business plan and growth management; operating expenses including research and development expenses, general and administrative expenses; business expansion; expansion of our sales and marketing capabilities; growth of the number of Internet users, Internet commerce and the market for on-demand services and online business optimization; changing technological developments; expansion of product and service offerings, including the development of new and improved services; scalability, reliability, efficiency and performance of our platforms; our ability to provide adequate service to customers; network and systems integrity; retention of key employees; the release of future versions of current services; levels and sources of revenue; our ability to effectively integrate our recent acquisitions; future acquisitions of or investments in complementary companies, products, services or technologies; acquisition of new customers; customer renewal rates; our expectations concerning relationships with third parties, including technology integration, channel partners, resellers and key customers; our ability to compete effectively in the market and the competitive factors that impact the market; levels of capital expenditures; issuance of common stock for acquisitions; changes in stock-based compensation; future cash requirements and sufficiency of our existing cash; fluctuations in interest rates and foreign currency exchange rates; our ability to attain certain economies of scale; expansion of our network infrastructure; our ability to utilize our network hardware more efficiently; legal proceedings; our future license payments under our patent license agreement with NetRatings; adequacy of our intellectual property; changes in U.S. and international laws regarding privacy, private information, the Internet and other areas; changes in accounting standards; maintenance of adequate internal controls; utilization of net operating loss and tax credit carryforwards to reduce our tax payments in future periods; the trends of our costs and expenses; staffing, direct sales force and expense levels; expansion of our European and other international operations; adequacy of our capital resources to fund operations and growth; customer costs of ownership; expenditures related to equipment operating leases; and ability to liquidate auction rate securities without loss.*

*You can identify these and other forward-looking statements by the use of the words such as “may,” “will,” “could,” “would,” “should,” “expects,” “plans,” “anticipates,” “estimates,” “intends,” “potential,” “projected,” “continue,” or the negative of such terms, or other comparable terminology. Forward-looking statements also include the assumptions underlying or relating to any of the foregoing statements.*

*These statements are based on current expectations and assumptions regarding future events and business performance and involve known and unknown risks, uncertainties and other factors that may cause industry trends or our actual results, level of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these statements. These factors include those set forth in the following discussion and within Part I, Item 1A “Risk Factors” of this Annual Report on Form 10-K and elsewhere within this report.*

*Although we believe that expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We will not update any of the forward-looking statements after the date of this annual report on Form 10-K to conform these statements to actual results or changes in our expectations, except as required by law. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this annual report on Form 10-K. You should carefully review the risk factors described in other documents that we file from time to time with the U.S. Securities and Exchange Commission, or the SEC.*

*Omniture SiteCatalyst, Omniture DataWarehouse, Omniture Discover OnDemand, Omniture Discover OnPremise, Omniture Genesis, Omniture SearchCenter, Omniture Test&Target, Omniture TouchClarity, Omniture Offermatica, Omniture SiteSearch, Omniture Publish and Omniture SiteCatalyst HBX are among the trademarks or registered trademarks owned by or licensed to Omniture, Inc. All other brand and product names are or may be trademarks of, and are used to identify products or services of, their respective owners.*

## PART I

### ITEM 1. *Business*

#### Overview

We are a leading provider of online business optimization services, which our customers use to manage and enhance online, offline and multi-channel business initiatives. Our Omniture online business optimization platform, which we host and deliver to our customers on-demand, consists of Omniture SiteCatalyst, our flagship service, and our Omniture DataWarehouse, Omniture Discover OnDemand, Omniture Genesis, Omniture SearchCenter, Omniture Test&Target, Omniture SiteSearch and Omniture Publish services and our Omniture Discover OnPremise software. These services, built on a scalable and flexible computing architecture, enable our customers to capture, store and analyze information generated by their Web sites and other sources and to gain critical business insights into the performance and efficiency of marketing and sales initiatives and other business processes. This information is also utilized to automate the delivery of content and marketing offers on a Web site and test site design and navigational elements to optimize the user experience and revenue opportunities for our customers. Our services provide customers with real-time access to online business information, the ability to generate flexible reports using real-time and historical information and the ability to measure, automate and optimize critical online processes. Our services, accessed by a standard Web browser, reduce the need for our customers to make upfront investments in technology, implementation services or additional IT personnel, thereby increasing our customers' flexibility in allocating their IT capital investments.

We market our on-demand services to sales, marketing and business professionals responsible for online business across a broad range of industries, including automotive, financial services, media, retail, technology and travel. We currently have over 4,400 customers in 86 countries. Our customers include America Online, Apple, British Telecom, Comcast, Disney, eBay, Expedia, Ford Motor Company, Gannett, General Electric, Hewlett-Packard, Major League Baseball, Microsoft, Nextel, Rakuten, Sony and Telstra. In 2007, our on-demand services captured data from nearly 2.2 trillion transactions for our customers.

We were founded in 1996, began offering our on-demand online business optimization services in 1997 and began selling these services to enterprises in 2001. We were incorporated in 1998 as SuperStats.com, Inc., a Utah corporation. In 1999, we changed our name to MyComputer.com, Inc. and reincorporated in the State of Delaware. In 2002, we changed our name to Omniture, Inc.

#### Recent Acquisitions

##### *Acquisition of Instadia A/S*

In January 2007, we acquired all of the outstanding voting stock of Instadia A/S, or Instadia, a provider of enterprise, on-demand Web analytics services based in Copenhagen, Denmark. We purchased Instadia to acquire its existing customer base, key personnel and technology. The preliminary aggregate purchase price was approximately \$14.3 million, which consisted of (1) total cash consideration of approximately \$11.4 million, (2) restructuring charges of approximately \$2.4 million, (3) acquisition-related costs and (4) a license payment to NetRatings Inc., or NetRatings, related to the Instadia acquisition of approximately \$0.3 million, which we elected to make in February 2007 in accordance with the terms of the settlement and patent license agreement entered into with NetRatings in February 2006.

##### *Acquisition of Touch Clarity Limited*

In March 2007, we acquired all of the outstanding voting stock of Touch Clarity Limited, or Touch Clarity, a provider of enterprise, on-demand, automated onsite behavioral targeting and optimization solutions, based in London, England. The preliminary aggregate purchase price was approximately \$61.3 million, which consisted of (1) total cash consideration of approximately \$29.5 million, (2) the issuance of approximately 0.8 million shares of our common stock valued at approximately \$22.1 million, net of issuance costs, (3) the fair value of substituted options, (4) acquisition-related costs and (5) a license payment to NetRatings related to the Touch Clarity

acquisition of approximately \$0.5 million, which we elected to make in April 2007 in accordance with the terms of the settlement and patent license agreement entered into with NetRatings in February 2006.

### ***Acquisition of Offermatica Corporation***

On December 13, 2007, we acquired all of the outstanding voting stock of Offermatica Corporation, or Offermatica, an on-demand provider of A/B and multivariate testing solutions that enable companies to define and test the structure and other elements of their Web sites. The preliminary aggregate purchase price was approximately \$60.4 million, which consisted of (1) cash consideration of approximately \$33.6 million, (2) the issuance of approximately 1.0 million shares of our common stock valued at approximately \$24.8 million, (3) acquisition-related costs and (4) a license payment to NetRatings of approximately \$0.9 million related to the Offermatica acquisition, which we elected to make in January 2008 in accordance with the terms of the settlement and patent license agreement entered into with NetRatings in February 2006.

### ***Acquisition of Visual Sciences, Inc.***

On January 17, 2008, we acquired all of the outstanding voting stock of Visual Sciences, a provider of on-demand Web analytics applications. Under the terms of the acquisition, each outstanding share of Visual Sciences capital stock was converted into 0.49 of a share of our common stock and \$2.39 in cash. In connection with the acquisition, options to purchase Visual Sciences common stock outstanding at the time of closing were assumed by us and converted into options to purchase shares of our common stock, based on an option exchange ratio pursuant to the terms of the definitive agreement.

The preliminary aggregate purchase price was approximately \$437.5 million, which consisted of (1) the issuance of approximately 10.3 million shares of our common stock upon closing of the acquisition, valued at approximately \$354.6 million, net of issuance costs, (2) cash consideration of approximately \$50.1 million, (3) the fair value of assumed Visual Sciences stock options, (4) acquisition-related costs, (5) restructuring costs and (6) a license payment of approximately \$2.3 million to NetRatings in accordance with the settlement and patent cross-license agreement entered into by Visual Sciences with NetRatings in August 2007. For accounting purposes, we have not yet made a final determination of certain components of the Visual Sciences purchase price. Accordingly, the aggregate purchase price is still preliminary and subject to further adjustment as additional information becomes available to us. There can be no assurance that the final determination will not result in material changes from these preliminary amounts.

We also issued approximately 0.1 million shares of our common stock in exchange for unvested Visual Sciences restricted stock awards that remain subject to forfeiture based on the original vesting schedule applicable to such awards. We will be required to pay up to an additional approximately \$0.5 million in cash consideration as these restricted stock awards become vested.

## **Industry Background**

### ***Broad Commercial Utilization of the Internet***

The Internet has fundamentally altered the way businesses and consumers purchase goods and services. The Internet has redefined many business processes and has created opportunities for new online businesses, as well as for existing offline businesses seeking to capitalize on online initiatives. Businesses are investing in innovative online initiatives to increase sales, improve customer service, enhance brand awareness, decrease time-to-market for their offerings, reduce fulfillment costs and increase operational efficiency. In addition to generating online sales, these online initiatives are increasingly designed to have, and have had, a direct impact on offline business as well.

We expect that the scope and scale of commercial Internet usage will continue to increase. The roll-out of broadband networks and mobile networks, particularly in emerging geographic markets, will contribute to the growth of Internet usage. Internet commerce should also continue to grow.

### *Need to Measure and Automate Online Business*

In order to make informed decisions about priorities and investments in online marketing and other commercial initiatives, businesses require timely and accurate measurement of customer behavior. The proliferation of Internet usage and the fact that nearly every user interaction on a Web site can be captured by the owner of the Web site have resulted in the creation of an unprecedented amount of data about how a business's customers interact and transact business with it. Businesses are increasingly realizing the benefit of using information gained from online customer interactions to improve functional areas, such as sales, product development, marketing, pricing, manufacturing and inventory management. The interactive and measurable nature of Internet activity also enables businesses to determine how customers arrived at their Web sites and to what extent the costs they incur to increase site traffic are generating sales.

The increasing scale and dynamic nature of both online business and offline business influenced by online interaction necessitate that businesses automate the processes by which they capture, analyze and act upon information generated by their Web sites. The sheer volume of Web activity and the variability or spikes in traffic create a significant, and at times unpredictable, amount of information. For a popular online business, the amount of information generated can exceed a terabyte per month and can vary substantially based on seasonality, promotions and special events. For any unique visitor and transaction, over 100 different variables can be captured, such as page name, language, currency, operating system, search engine and ad channel, all of which need to be stored over time and readily accessible for analysis. Businesses also need solutions that can integrate with other internal and external enterprise business systems to automate and drive critical business processes. For instance, many businesses still attempt to understand the effectiveness of, and to implement their bidding strategies for, tens of thousands of paid search keywords using stand-alone spreadsheets and manual processing. An automated solution that could measure keyword bidding based upon a variety of specific business objectives and also integrate with third-party search sites and internal financial systems to bid automatically in real time on the most effective keywords would improve the effectiveness of online marketing initiatives. In addition, the ability to leverage behavioral data, or data collected from an online visitor interaction with a company's Web site, to deliver the most relevant content or marketing offer automatically in real time would improve online user experiences and translate into increased customer loyalty and revenue.

### *Opportunity to Optimize Online Business*

Measuring online behavior and automating the capture and analysis of data are just the beginning of making more informed business decisions. Businesses also need to optimize the results of their online business activities. For instance, businesses have historically measured the success of their online marketing programs by simple click-through rates or conversion rates, the latter being the percentage of click-through users who make a purchase or otherwise engage in the desired customer action during the online session. However, the effectiveness of online marketing can be optimized by analyzing and acting upon deeper information such as repeat visits, transactions generated, registrations, traffic pathways (various paths of online visitor traffic flow), eventual conversion (desired customer action taken in subsequent visit) or success over time (lifetime value of customer) as well as comparing the relative effectiveness of different marketing channels. Online businesses utilize a large and growing number of complex and diverse communication channels to market to customers, including display advertising, paid search advertising, e-mail, affiliate marketing, blogs, podcasts, video, rich internet applications and comparison shopping engines, as well as traditional offline initiatives. The emergence of multi-channel marketing initiatives, which combine traditional offline marketing initiatives such as television, print, magazine, newspapers, radio and catalog with online marketing initiatives, makes the measurement and analysis of online behavior more challenging, but presents additional opportunities to optimize results. For example, businesses want to measure and understand the impact of their advertising initiatives across all these channels, not only to determine how much credit should be given to a particular channel and to understand cross-promotional effectiveness, but more importantly to make adjustments in the way channels are utilized and the amount of resources that are allocated to them.

Businesses have generally relied on a combination of manual processes, point tools and proprietary approaches to manage their online business initiatives. These approaches have a number of critical limitations, including the following:

*Disaggregated View of Customer Information.* To measure and automate its Web site activity, a typical online enterprise can use numerous different systems and tools such as advertising servers, Web content management, Web analytics tools, customer relationship management software, order management systems, price optimization tools, keyword bid management tools, internal search optimization tools and site conversion optimization tools, as well as custom and proprietary technologies. Because each of these tools or systems is designed to address a specific channel and customer behavior at a certain time and many of them use their own underlying processing and storage capabilities, they collectively have limited ability to measure customer behavior across multiple channels and throughout the lifecycle of the customer.

*Limited Scalability.* Existing approaches for data capture and analysis have difficulty scaling to address the traffic volumes, amounts of data and unpredictability of online businesses. Some Web sites such as sports sites and ticket sites can experience periodic traffic spikes in excess of 100 times normal volumes. Few point solutions and manual processes are designed to perform under these circumstances. To the extent that a company integrates multiple disparate point tools, any one tool can limit overall scalability. In order to process in real time the significant volumes of data generated, businesses must make significant investments in IT infrastructure, including a flexible computing architecture that allows for the easy addition of excess computing resources to handle spikes in traffic.

*Limited Integration with Enterprise Systems.* Existing approaches generally have limited ability to integrate with internal or external systems. In order to realize the full value of online customer information in an automated and efficient manner, information needs to be disseminated across the business and integrated with internal enterprise systems such as sales force automation, or SFA, marketing, product development, customer service and financial systems, as well as external systems such as ad serving or e-mail services. Few point solutions available today integrate automatically with broader enterprise systems, with the result that business processes are limited and business insight cannot be easily leveraged across the enterprise for improved decision making.

*Slow Implementation and Adoption.* Using custom or proprietary approaches or integrating point tools to manage online businesses has generally required lengthy and complicated deployments and significant investments to manage the multiple tools and technologies. These approaches generally require custom programming, changes to existing business processes, changes to a business' Web site, installation of third-party technologies and systems, re-configurations of Internet browsers, and ongoing investment in computing resources. These approaches generally have complex interfaces and are designed for technology-savvy IT professionals or require significant training for others to use them effectively. As a result, user adoption is limited, reducing the effectiveness of these systems and limiting a business' ability to meet its objectives.

We believe that businesses seeking to enhance their online presence need an online business optimization platform with the functionality, scalability and flexibility to manage and improve the important aspects of their business activities.

## **Our Online Business Optimization Platform**

We are a leading provider of online business optimization services, which we host and deliver to our customers on-demand to manage and enhance online, offline and multi-channel business initiatives. Our Omniture online business optimization platform consists of Omniture SiteCatalyst, our flagship service, and our Omniture Data-Warehouse, Omniture Discover OnDemand and Discover OnPremise, Omniture Genesis, Omniture SearchCenter, Omniture Test&Target, Omniture SiteSearch and Omniture Publish services. These services enable our customers to capture, store and analyze information generated by their Web sites and other sources and to gain critical business insights into the performance and efficiency of marketing and sales initiatives and other business processes. This information can then be utilized to automatically deliver content and marketing offers on a Web site to optimize the user experience and revenue opportunities for our customers. Our platform integrates with proprietary tools and numerous third party online marketing services applications in key categories such as ad serving, e-mail marketing, site optimization and site search, to enable our customers to attain a more unified and consistent view of user

activity. Our services provide customers with real-time access to online business information, the ability to generate flexible reports using real-time and historical information and the ability to measure, automate and optimize critical online processes. Because our services are accessed by a standard Web browser, their deployment reduces the need for our customers to make upfront investments in technology, implementation services or additional IT personnel, thereby increasing our customers' flexibility in allocating their IT capital investments.

Key benefits of our platform include:

- *Increased Sales and Profitability.* We believe our services provide businesses of all sizes the ability to increase sales and profits through more informed decision-making and delivery of automated content and marketing offers. Our services enable customers to capture and measure user activity on their Web sites and automate business processes, such as online marketing, to increase conversion of Web site visitors to customers and to enhance the efficiency of multi-channel marketing and e-commerce initiatives. By utilizing our services, our customers are able to identify trends in customer behavior in real time and to direct business expenditures towards initiatives that they believe will increase sales, maximize profitability and enhance customer service and thereby gain a competitive advantage.
- *Flexible Platform to Manage Online Business.* Our services are based on a technology platform that manages online business data from a centralized information store. Our multi-tenant technology platform is based upon a massively scalable computing architecture that allows us to share common computing resources simultaneously across our customer base while maintaining the integrity and security of each customer's data. Our technology is built on a standards-based platform, which allows for interoperability with other third-party and proprietary systems. Additionally, customers can request data in flexible formats, such as scheduled data and report pushes, real-time data querying and retrieval, e-mailed reports and alerts, and custom data feeds. Our customers can configure the interface to our services to segment access privileges across their user base to deliver the most relevant data for each user while, at the same time, using permission-based policies to restrict the data available to any given user.
- *Enterprise Class Scalability, Performance, Security and Support.* Our platform is designed to scale to meet the needs of the largest and most sophisticated online operations in the world. Our customers rely on us to capture and manage significant volumes of data securely and accurately while providing immediate application availability and flexible real-time reporting. In 2007, we captured data from almost 2.2 trillion transactions, and we currently manage over 2.25 petabytes of data for our customers. Our massively scalable architecture enables us to dynamically shift computing resources in our data centers to maintain application availability during periods of intense activity and spikes in traffic at any particular customer's Web site. We provide our customers with comprehensive implementation, support services, best practices consulting and training through Omniture University, which offers our customers a range of traditional and online training. To support the operations of multi-national customers, Omniture SiteCatalyst, Omniture DataWarehouse, Omniture SearchCenter, Omniture Discover OnDemand and Omniture Genesis services are available in Chinese, French, German, Japanese, Korean and Spanish, support all global currencies and provide automated conversion among these currencies based on current exchange rates.
- *Platform Integration Partnerships.* We have designed our platform and our Omniture SiteCatalyst service to integrate with leading online marketing applications. Through Omniture Genesis, we have over 100 application partner relationships across important marketing services categories such as ad serving/display advertising, e-mail marketing, content management, client relationship management/sales force automation, or CRM/SFA, multivariate testing, community rankings and review, user experience and site search/content guidance. By enabling our customers to integrate third-party online marketing services applications with the Omniture platform, we allow them to link previously disparate technologies and data sources.
- *Independent, Unaffiliated Service Provider.* Our platform consolidates information across multiple online channels, enabling our customers to achieve a more unified view of user behavior and measure their multi-channel marketing initiatives more effectively. However, we are unaffiliated with any particular marketing channel or service provider and therefore can provide reliable and secure information that is independent. As such, we provide our customers with objective insight into the effectiveness of their multi-channel marketing expenditures across multiple channels, Internet vendors and partners.

- *Reduced Capital Investment through On-Demand Hosted Model.* We deliver our services through an on-demand, hosted model. Our on-demand model enables our customers to align their expenditures to their required level of service. As a result, our customers are able to limit their upfront investments in technology infrastructure, third-party software and systems, and more effectively leverage their own IT personnel. Our services can be deployed rapidly, as our solution is designed to integrate seamlessly and securely with a customer's internal systems. All upgrades are implemented by us on our servers, and therefore all of our customers can benefit immediately from them.

## Our Strategy

Our objective is to build upon our role as a leading provider of on-demand online business optimization services and to increase the value of our services for businesses worldwide. We intend to pursue this strategy through internal initiatives and selective acquisitions. Key elements of our strategy include:

- *Rapidly Expand Our Customer Base.* We believe the market for online business optimization is in its early stages, and we intend to expand our customer base rapidly by investing in our direct sales force, increasing our product marketing efforts and expanding our distribution channel partnerships. In particular, we believe there is an unmet need for our services in international markets, and we intend to expand our presence aggressively in Europe, as illustrated by our acquisitions of Instadia and Touch Clarity, and in the Asia-Pacific region.
- *Extend Our Technology Leadership Position.* We believe our highly scalable, enterprise-class technology platform, which we built expressly for the purpose of online business optimization, provides us with a significant technology lead. Our technology is being used by many of the largest and most complex online operations in the world. We intend to continue to invest in improving the scalability, reliability and performance of our platform and in extending the features and functionality of our platform. This has been illustrated by our acquisitions of Touch Clarity, Offermatica and Visual Sciences and broad extension of the Omniture Genesis network.
- *Broaden Our Online Business Optimization Platform Capabilities.* We believe our platform, built around our Omniture SiteCatalyst service, provides a foundation for offering additional business optimization services to our customers. For example, during 2006, we released our Omniture SearchCenter service, which enables customers to automatically enhance the effectiveness of their paid search keyword bids, and Omniture Genesis, which enables customers to integrate their third-party marketing applications into Omniture SiteCatalyst. In early 2007, we released version 2.0 of Omniture Discover, an advanced data segmentation tool, and acquired Omniture TouchClarity, now a part of Omniture Test&Target, which utilizes behavioral data collected from Omniture SiteCatalyst to automatically deliver relevant content and marketing offers. In December 2007, we acquired Omniture Offermatica, now a part of Omniture Test&Target, which utilizes behavioral data collected from Omniture SiteCatalyst to perform A/B and multivariate tests of site content, design and navigational elements, and to present marketing content based on customer segments. In January 2008 we acquired Visual Sciences, which in addition to extending the opportunity for our platform to their analytics customer base resulted in the addition of the following products to our offerings: Omniture Discover OnPremise, a sophisticated technology for performing deep analysis on offline, multi-channel data and to combine that data with online data captured in a customer's data warehouse; Omniture SiteSearch, an intra-site search technology that enables our customers to assist their site visitors in searching, finding and accessing content, products and information; and Omniture Publish, a Web content management solution. We expect to continue to make acquisitions of, or investments in, complementary services, technologies or businesses to address the need to develop new products and enhance existing products.
- *Develop and Expand Strategic Relationships To Extend Our Platform and Distribution Channels.* An important element of our growth strategy is to continue developing strategic relationships with third parties that can help us broaden our online business optimization platform and continue to develop new distribution channels for our services. We believe our services are attractive to our partners because they are able to leverage the information and capabilities of our platform to enhance their solutions. We intend to continue

establishing relationships with third parties in order to provide broader and more integrated functionality to our customers. In addition, we intend to build new relationships and leverage existing relationships with channel, consulting and reseller partners in order to complement our direct selling efforts and extend our market reach.

- *Remain Intensely Focused on Our Customers' Success.* We believe that our customers' success is critical to our success. We intend to remain intensely customer-centric as we develop our new services and improve our existing services. Our close relationships with our customers and our rapid responsiveness to their requests have been key elements in our development efforts to date and will remain central to our strategy in the future. For example, certain key features of all of our products, and of Omniture SearchCenter, Omniture Discover OnDemand, Omniture Discover OnPremise and Omniture Genesis in particular, were in direct response to feedback from our customers and the need for the advanced optimization technology acquired from Touch Clarity and Offermatica was the driving factor in our decision to pursue those acquisitions. In addition, through programs such as Omniture University and Omniture Consulting, as well as our certified consulting partners, we are committed to continuing to deliver superior education, training and consulting services to our customers to enable them to enhance the value of our services.

## **Omniture Online Business Optimization Services**

Our core service offering is Omniture SiteCatalyst, which provides a flexible, customizable interface to analyze and manage the information we collect regarding interactions on our customers' Web sites. Omniture SiteCatalyst was responsible for 95%, 89% and 78% of our total revenue during 2005, 2006 and 2007, respectively. Omniture DataWarehouse provides customers with real-time access to their data for analyses of historical and current information. Omniture Discover OnDemand supplements Omniture DataWarehouse by providing customers with a sophisticated service to perform deeper analysis and segmentation of the data captured in the customer's data warehouse. Omniture Discover OnPremise allows companies to perform deep analysis on offline, multi-channel data and combine that data with online data captured in the customer's data warehouse. Omniture Genesis, a wizard-based interface that guides users through pre-configured application integrations, automates the integration of more than 125 third-party marketing applications and platforms with Omniture SiteCatalyst. Omniture SearchCenter facilitates the placement and optimization of paid search campaigns, a critical area of online marketing and is integrated with our Omniture SiteCatalyst and Omniture DataWarehouse services, removing the need to transfer data to third-party providers or to in-house systems, enabling data integrity and providing the opportunity for real-time search optimization. Omniture Test&Target, which combines our former Omniture TouchClarity and Omniture Offermatica products, integrates with Omniture SiteCatalyst, Omniture DataWarehouse and Omniture Discover OnDemand to automate the delivery of relevant content and marketing offers based on user behavior and utilizes behavioral data collected from Omniture SiteCatalyst to perform A/B and multivariate tests of site content, design and navigational elements, and to present marketing content based on customer segments. Omniture SiteSearch enables customers to ensure that their Web site visitors can easily search, find and access content, products and information. Omniture Publish is an on-demand Web content management solution that enables our customers to easily create, manage and update Web content. We intend to continue to develop and acquire additional services leveraging our platform.

### ***Omniture SiteCatalyst***

The core features of our Omniture SiteCatalyst service include:

#### ***Optimum Path Engine***

Enables our customers to understand the traffic flows through their site. Using the data provided by this engine, our customers can choose from several different visual reports, including visual ClickMaps and reports showing most common actions (such as viewing a particular page online) occurring before or after a particular action, as well as actions that initiate and terminate a session. The Optimum Path Engine further identifies where customers abandon multi-step processes.

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| <i>Advanced Segment Insight</i>               | Allows our customers to visually construct segments using behavior-based and demographic segment criteria and then create reports reflecting just the activity of users meeting all the segment criteria. Using this technology, our customers can identify where their most valuable Web site visitors originate, enabling them to allocate more advertising dollars to that source. Our customers are also able to identify visitors who abandon the conversion process and to launch remarketing efforts to bring them back to the Web site.   |
| <i>VISTA</i>                                  | Allows insertion of custom data-processing rules into our application. These rules can be used to segment data in real time based on customer-specified criteria.   |
| <i>Excel Integration</i>                      | Allows customers to designate areas of Microsoft Excel worksheets that are linked to data from within the Omniture SiteCatalyst service. This data can be used as native Excel from within the application, such as formatting and formulas, and can be updated from information within the Omniture SiteCatalyst service.  |
| <i>Dashboards</i>                             | Allows customers to view the information most important to them in a single-page customizable view. Dashboards can be downloaded or scheduled for automated delivery in a variety of formats.   |
| <i>Alerts</i>                                 | Allows customers to define key performance metrics and thresholds for monitoring. An e-mail alert is sent whenever one of these key performance indicators has been triggered.  |
| <i>Online Business Administration Console</i> | A self-service configuration and management tool that allows our customers to create, configure and manage report suites pertaining to a specific source of traffic that has been identified by the customer; manage user access and permissions for individuals, groups and functions by roles and entitlements; deploy and manage multiple currencies and languages; generate data collection code by application type, including Web pages, wireless devices, and rich Internet applications; and provides open access to external provision systems through a Web services application protocol interface and software developer kit. |
| <i>Web 2.0 Business Optimizations</i>         | Tools that allow companies to correlate advertising, subscriptions, memberships and revenue with user generated content, such as blogs, videos, reviews, rating and forums, or social networking.   |
| <i>Visitor Interaction Profiling (VIP)</i>    | Helps companies enrich customer profiles in accordance with their privacy policies to identify and analyze important customer segments, enabling them to deliver more targeted messages, products and services.   |

Following our acquisition of Visual Sciences, Inc., HBX, Visual Sciences' Web analytics service, is now known as Omniture SiteCatalyst HBX. While we do not intend to undertake any additional development of Omniture SiteCatalyst HBX, we intend to continue to support existing Omniture SiteCatalyst HBX Web analytics customers while we integrate certain key features of the HBX service into Omniture SiteCatalyst.

### ***Omniture DataWarehouse***

Omniture DataWarehouse stores a comprehensive record of all online visitor events, transactions and interactions that have occurred on our customers' Web sites. Our customers can directly access Omniture

DataWarehouse to design reports and run queries according to their specific needs. Our customers can also receive direct data feeds from the DataWarehouse to incorporate into their offline systems.

### ***Omniture Discover OnDemand***

Omniture Discover OnDemand, which provides a view into Omniture DataWarehouse's data store and allows customers to quickly create a wide variety of visitor segments and to analyze those segments across various periods and at various levels of detail.

The core features of our Omniture Discover OnDemand service include:

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| <i>1-Click Segmentation</i>       | Allows our customers in real time to define marketing segmentation criteria easily and create segments of customers while viewing how those segments influence the analysis as criteria are added to the segments. |
| <i>N-Dimensional Analysis</i>     | Allows our customers to refine their analyses by enabling them to correlate the relationships between any and all data elements, which we sometimes refer to as data dimensions, with any other data elements.     |
| <i>Virtual Focus Group</i>        | Allows our customers to understand the Web site experience of individual customers and gives them the ability to create focus group segments based on desired attributes.  |
| <i>Advanced Fall-out Analysis</i> | Allows our customers to dynamically build and analyze online processes to improve conversion.  |
| <i>Dynamic Path Flow</i>          | Allows our customers to explore paths customers follow through the Web site to optimize campaign conversion, content placement and site navigation.  |

### ***Omniture Discover OnPremise***

Omniture Discover OnPremise (formerly known as Visual Sciences Platform 5 and associated products) became a product offering as result of the closing of the Visual Sciences acquisition. It is designed for creating specific applications to analyze offline channels, such as retail point-of-sale and call centers, helping organizations understand how customers engage across the entire business.

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| <i>Call Optimization</i>          | Enables companies to analyze the usage and performance of large and complex interactive voice response systems and services to build a comprehensive view of voice channel activity and better understand what is driving call volumes. |
| <i>Point-of-Sale Optimization</i> | Analyzes retail channel performance, enabling companies to better understand their customer segments, examine purchase patterns and determine what motivates customer buying behavior.  |

### ***Omniture SearchCenter***

Omniture SearchCenter provides a single, easy-to-use interface that consolidates and simplifies keyword marketing and automates the time-consuming process of managing multiple paid search keyword bids with leading search engines, such as Google, Yahoo!, Microsoft adCenter, MIVA, Ask and others. Using customizable business rules, Omniture SearchCenter helps our customers automate keyword strategies and processes, target keyword marketing by behavior and lifetime value, improve keyword performance with integrated analytics and improve cross-channel marketing results.

Features of our Omniture SearchCenter service include:

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| <i>Integrated Analytics</i>        | Provides an integrated view of keyword purchasing data with site activity, including the success resulting from individual keywords and ads, and key performance metrics, such as product sales.  |
| <i>Keyword Classifier</i>          | Allows keywords to be categorized into groups by characteristics. Customers can then view reports across the dimensions created by these classifications as well as interact with entire groups of keywords as if they were a unit (such as by applying a common business rule across all words that share a common classification).  |
| <i>Rule Builder Bid Strategies</i> | Allows automated modification of keyword spending based on keywords or groups of keywords. Customers can specify a set of rules, which can include a combination of performance analytics as well as keyword publishing information (for example, if conversion drops below a certain threshold, decrease spending accordingly), to apply against their active keywords. Whenever a rule criterion is met, the actions described by the rule are automatically executed. Omniture SearchCenter contains a library of automated best-practice strategies and also allows customers to create customized rules for their specific bidding strategies. |
| <i>Excel List Management</i>       | Allows customers to manage keywords entirely within Excel. This feature can automatically populate a worksheet showing keywords, spending and other information. Customers can modify this information in Excel and, by clicking on a button, transfer the changes into Omniture SearchCenter.  |
| <i>AdMatch</i>                     | Associates keywords with the precise text ad that was served. This allows our customers to gain greater insight into which keywords and text ads are performing.  |

### ***Omniture Test&Target***

Omniture Test&Target combines the technology acquired from our acquisitions of Touch Clarity and Offermatica, our former Omniture TouchClarity and Omniture Offermatica products, to create an integrated solution for A/B testing, multivariate testing, campaign optimization and behavioral targeting. This service integrates with Omniture SiteCatalyst, Omniture DataWarehouse and Omniture Discover OnDemand to automate the delivery of relevant content and marketing offers based on user behavior and utilizes behavioral data collected from Omniture SiteCatalyst to perform A/B and multivariate tests of site content, design and navigational elements, and to present marketing content based on customer segments.

Features of our Omniture Test&Target service include:

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| <i>Real-time Learning &amp; Targeting</i> | Omniture Test&Target learns and updates targeting models in real-time with each click or interaction, to present content appropriate for driving increased engagement. Each anonymous visitor is scored individually, so targeted content is served based on a visitor's unique interests and preferences. Visitor interests are learned organically through machine learning and predictive algorithms. |
| <i>Cross-session Targeting</i>            | Omniture Test&Target learns from the first visit through subsequent visits and interactions to improve the summary of site usage and the customer's ability to target content and marketing offers to its visitors. Conversion events that occur in future sessions are measured and attributed back to the original session for reporting and transparency.   |

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| <i>Multi-channel Profile Sharing</i>     | Omniture Test&Target offers an open targeting system designed to allow anonymous visitor attributes to be added to the visitor summary including offline data, such as product holdings, time on file and other non-personally identifiable information. This allows for better targeting and improved relevance.   |
| <i>Automation</i>                        | With no business rules or segments to define and manage, Omniture Test&Target's self-learning, automated targeting technology is designed to streamline the optimization process.   |
| <i>Session Optimization</i>              | Omniture Test&Target enables customers to develop the best landing page for their visitors, as well as optimize the entire user experience from click-to-close. Customers can test display ad creative, search and display ad landing pages, and other on-site elements together to understand and deliver an engaging and relevant experience for their users.   |
| <i>On-Site Behavioral Targeting</i>      | Allows customers to provide visitors with a more relevant experience. Omniture Test&Target's behavioral targeting enables customers to create custom visitor groups based on behavior and then deliver targeted content to those groups and to easily segment its visitors based on their actions like selecting a product category, viewing an article or clicking through an e-mail offer. Customers can then test different content to see what is most effective at driving relevance for its visitor groups.   |
| <i>Real-Time Reporting and Analytics</i> | Omniture Test&Target provides actionable information about customer campaigns in easy to use, real-time reports that the customer's entire marketing team can understand. Omniture Test&Target also integrates with Omniture SiteCatalyst and other analytics platforms so that the results of customers' tests and targeted campaigns can be viewed alongside their other site performance.  |
| <i>Supports Search Optimization</i>      | Omniture Test&Target was also designed to not damage a customer's natural search rankings. Omniture Test&Target's architecture is friendly to customers' existing search engine optimization, or SEO, efforts and allows customers to test offers without affecting their natural search rankings.  |
| <i>Easy Integration</i>                  | <p>Omniture Test&amp;Target's Web-based application sits outside of a customer's IT infrastructure. It is designed to make it easy to get up and running on any existing Web site — with little to no IT resources. Customers access Omniture Test&amp;Target over the Internet to setup content options and rules for test campaigns. Omniture Test&amp;Target delivers that content to pre-defined regions on the customer's site, referred to as mboxes, which are created by the insertion of a small amount of Javascript on a customer's HTML page.</p> <p>When a visitor requests an Omniture Test&amp;Target-enabled page, their browser communicates with the Omniture Test&amp;Target server to find out what content to display. If the visitor is determined to be a member of a targeted test group, they will get the content designated for that group for the duration of the test period.</p> <p>Omniture Test&amp;Target works seamlessly with:</p> <ul style="list-style-type: none"> <li>• Dynamic and static Web sites;</li> </ul> |

- Content management systems;
- Flash and other rich media; and
- Content delivery networks (such as Akamai).

### *Scalability*

Omniure Test&Target has been designed to handle large traffic volumes without impacting the performance or integrity of the visitor's experience.

### ***Omniure Genesis***

Omniure Genesis automates the integration of third-party marketing applications into Omniure SiteCatalyst. Using a wizard-based interface, customers can select from a list of more than 125 application and platform partners, including leading ad serving/display advertising, e-mail marketing, content management, CRM/SFA, multivariate testing, community rankings and review, user experience and site search/content guidance, to integrate these disparate applications into the Omniure online business optimization platform. This integration enables our customers to more effectively manage their online businesses by providing a single platform to run multiple marketing applications, which reduces the need for customers to independently access multiple data sets and reporting systems to gain insights into their online initiatives and to make decisions on how to optimize business performance. Omniure Genesis currently integrates with applications from more than 125 application and platform partners, including:

| <u>Category</u>                           | <u>Partner</u>   |
|---|--|
| <i>Ad Network</i>                         | Advertising.com, Blue Lithium and Dotomi   |
| <i>Ad Serving</i>                         | Atlas, DMT, DoubleClick Inc. and Sapient   |
| <i>Behavioral Targeting</i>               | Memetrics  |
| <i>Content Management</i>                 | Interwoven, Mediasurface and Vignette  |
| <i>CRM/SFA</i>                            | salesforce.com, Inc.   |
| <i>E-mail Marketing</i>                   | Axiom Digital, Alterian, BlueHornet, Bronto, CheetahMail Inc., ContactLab, eCircle, Emailingsolutions, EmailReaction, EmailVision, Epsilon Interactive, ExactTarget, Got, Harte-Hanks, Inboxmarketer, iPost, Knotice, Komunik, Loyalty Lab, Marketbright, Merkle/Quoris, Neolane, Optivo, Redeye, Responsys Inc., Rocketseed, Sapient, Silverpop Systems, Inc., SmartFocus, Strongmail, SubscriberMail, ThinData, Tripolis, WhatCounts, YesMail and Zustek |
| <i>Information Access/Internal Search</i> | Celebros, Endeca Technologies Inc., FAST Search and Transfer ASA, Fred Hopper, Mercado Software Inc. and SLI Systems   |
| <i>Landing Page Optimization</i>          | Kefta, Optimost and Widemile   |
| <i>Performance Management</i>             | Coradiant, Radware and TeaLeaf   |
| <i>Rich Media</i>                         | Allurent and Brightcove  |
| <i>Search Marketing Optimization</i>      | Ask.com, Efficient Frontier, Enhance Interactive Inc., Google, Inc., LookSmart Ltd., Mirago, MIVA Inc., MSN, SearchFeed, Yahoo! and YourAmigo  |
| <i>User Experience/Surveys</i>            | Bizrate, Foresee Results, Inc., iPerceptions, Leotrace, OpinionLab, Inc. and Usability Sciences  |
| <i>Community Rankings and Reviews</i>     | Bazaarvoice Inc. and Power Reviews   |
| <i>Other</i>                              | ABC Interactive, Aprimo, Claritas/Prism, ClearSpring, Digital Envoy, Espresso, Kwiry, Linkshare, InstantService, InsideSales, Maxamine Inc., Oracle, Orange Soda, SimpleFeed and vTrenz  |

Each Omniure Genesis accredited application partner must complete a validation process designed to verify the quality of a number of features of the partner's application. A key part of Omniure Genesis is our Open Transaction Framework Technology, which facilitates the collection and integration of data. It is managed through a single point, accesses business-specific customer attributes, and utilizes our existing image and URL management

algorithms and code, which enables our customers to implement third-party applications more quickly and cost-effectively.

### ***Omniture SiteSearch***

Omniture SiteSearch (formerly known as Visual Sciences Search) became a product offering as a result of the closing of the Visual Sciences acquisition. It enables organizations to maximize their Web site investments by ensuring that visitors can easily search, find and access content, products and information. Leveraging Web analytics, intuitive navigation, tailorable presentations and powerful and comprehensive indexing ensures that organizations can provide their visitors with a relevant, accurate and intuitive Web site experience.

Features of Omniture SiteSearch include:

|                                |  |
|--------------------------------|--|
| <i>Guided Search</i>           | Guides visitors to products, services or content by narrowing searches based on relevant criteria.   |
| <i>Related Content Display</i> | Present related products or services in the context of the search results, providing the visitor with additional opportunities to engage and convert.  |
| <i>Auto Complete</i>           | Guide visitors to a successful search by anticipating and suggesting keywords as they type. Avoiding common spelling mistakes while demonstrating the breadth of content on the site ensures that the visitor will find what they are looking for. |
| <i>Keyword Reporting</i>       | Weekly reports provide actionable intelligence on what visitors are looking for, including top keywords and failed searches.   |

### ***Omniture Publish***

Omniture Publish (formerly known as Visual Sciences Publish) became a product offering as result of the closing of the Visual Sciences acquisition. It is an on-demand Web content management solution that enables business users to easily create, manage and update Web content without requiring IT to sacrifice control. Omniture Publish improves Web sites by putting control of the content in the hands of the content owners.

Features of Omniture Publish include:

|                                       |  |
|---------------------------------------|--|
| <i>Content Editing and Deployment</i> | Allows customers to edit or preview content within a “What you see is what you get” environment with just one click. One more click to publish to production or in-house staging servers.        |
| <i>Workflow Rules</i>                 | Permit customers to set task-based workflow for tight control of content creation, approval, staging and deployment or set ad-hoc workflow for dynamic collaboration.                            |
| <i>Template Management</i>            | Enables customers to manage their templates with this powerful system including integrated PHP-based templating, Adobe Dreamweaver and GoLive, as well as browser-based interfaces.              |
| <i>Reporting and Analytics</i>        | Customers can tag content for immediate tracking in Omniture SiteCatalyst and receive comprehensive publishing status and user activity reports.   |
| <i>Library Services</i>               | Content can be managed with check in/out and asset locking features. Omniture Publish also makes available unlimited versioning and the ability to compare, revert and revive previous versions. |
| <i>Server and Browser Support</i>     | Support is provided for all Web servers and operating systems, all application servers and Web scripting technologies and more than 70 file types.   |

## **Professional Services, Customer Service and Support**

We offer a range of professional services that complement our online business optimization services, including implementation consulting, best practices consulting and user training provided through Omniture University.

### ***Implementation Services***

Omniture's Implementation Consulting Group employs experienced technical consultants, many of whom hold advanced degrees, who provide implementation and deployment services to our customers. Our Implementation Consulting Group leverages a proprietary implementation methodology that is designed to align our customers' deployments with their business objectives and requirements. The Implementation Consulting Group also offers consulting services for customers who have already deployed our services and are seeking to expand their implementation.

### ***Omniture Consulting***

Omniture Consulting is a premium service that provides business optimization consulting to customers. This consulting reflects the customer's strategic business objectives, and is often tailored to particular industry vertical markets such as automotive, retail, financial services, travel, media and technology. Projects can include overall marketing measurement strategies, customer acquisition effectiveness, campaign performance, search keyword profitability, content stickiness and Web site conversion success. By working with Omniture Consulting, customers obtain access to seasoned Web analytics experts that possess deep expertise with Omniture's services and industry best practices. Omniture Consulting engagements can range in time from one week to several months.

With our acquisition of Offermatica, we also began offering access to OTTO Digital consulting services, which is a professional services group within Omniture Consulting that works with enterprise-level customers to develop strategies designed to reap the benefits of increased online revenue and customer acquisition through fundamental testing efforts using Omniture Test&Target.

### ***Omniture University***

Omniture University provides training to enhance our customers' use of our online business optimization services. Omniture University offers a range of traditional and online training and certification options delivered by our team of training professionals. Omniture University complements our online business optimization services by offering customers over 39 hours of free content and recorded training, weekly WebEx conferences on specific topics, custom WebEx conferences and customized onsite training at customer premises. Beginning in 2007, Omniture began offering Omniture SiteCatalyst certification training. Individuals that successfully complete this training are designated as Omniture Certified Professionals. To date, more than 5,000 individuals have been trained through Omniture University. We also rely on third parties to provide certain of Omniture University's services in some geographic areas.

### ***Customer Service and Support***

We believe that superior customer support is critical to retaining and expanding our customer base. As our customer base has grown, we have added personnel to our customer support group. Our customer support program assists our customers in the use of our services and identifies, analyzes and solves problems or issues with our services. The support program includes e-mail support, an online repository of helpful information about our services and telephone support. Our customer support group is available to customers by telephone or e-mail or through our Web site 24 hours per day, 7 days per week.

### ***International Support***

Our Omniture SiteCatalyst, Omniture DataWarehouse, Omniture SearchCenter, Omniture Discover OnDemand and Omniture Genesis services are available in Chinese, French, German, Japanese, Spanish and Korean and additional languages can be added relatively easily. We also support over 100 global currencies and provide automated conversion between these currencies based on current exchange rates.

## Technology and Research and Development

### *Technology*

We believe that our on-demand platform enables us to deliver software-based services to our customers much more efficiently than traditional enterprise software vendors. Our hosted software environment eliminates the need to develop software compatible with a wide variety of hardware systems, operating systems and databases in our customers' various technical environments. As a result, we do not need to allocate technical resources to make our software compatible with these various environments nor do we need to test our software in each possible combination of hardware and software services that would exist in each customer environment. Rather, we can focus our resources on improving the functionality, usability and overall value of our services to our customers.

We believe our on-demand approach provides our customers with a significantly lower total cost of ownership than would be achieved if these customers deployed traditional enterprise software. As an on-demand software company, we provide hardware requisitioning and provisioning, application installation, application configuration, server maintenance, server co-location, data center maintenance, data backup and data security. By consolidating and performing these services for all our customers, we believe we can provide our services at a lower cost and a higher service level than individual customers would be able to achieve on their own. Our ability to offer a service that can be calibrated to varying levels of activity without additional customer hardware allows us not only to scale efficiently with our customers, but also to align the fees for our services with the current level of service required by our customers. By being able to continually realign to our customers' technical and business activities, we deliver total cost of ownership for our customers that is lower than traditional software installations.

We designed our services as multi-tenant, networked computing applications that are divided into various components, including load balancing, data collection servers and data analysis servers. Each component is designed to perform a specific task and serves a particular purpose in the overall application, and each runs on a cluster of servers. The overall capacity of any given component, and thus the capacity of the system as a whole, can be increased by adding and configuring servers in each cluster.

We wrote the majority of the software used in our services in industry-standard software programming languages, such as C and C++, to maximize performance. However, we have also used programming approaches, such as Java, PHP and AJAX, which are specifically designed for the development of Internet-based applications.

Our hardware consists primarily of Intel-based servers from various vendors, networked behind firewalls and layer four networking load balancers in 15 different third-party data centers, including the data centers previously utilized by the companies we have acquired.

We designed our applications to be flexible. In particular, our platform allows for the capture of online and offline data a customer might find value in analyzing, and the generation of real-time reports based on that data and the N-dimensional analysis of that data to the extent it is stored in our Omniture DataWarehouse. Additionally, customers can provide group and meta information about the data they are collecting through our classification system, augment the data set by uploading additional data through our data sources tool, or directly insert individual data records using our open- standards application protocol interfaces that enable data exchange and data insertion. Our customers are able to capture this information without the need to interact directly with our personnel. This flexibility not only allows customers to tailor the tool to meet their needs, but also allows us to make available additional products and components of our strategic partners.

Customers interact with our services primarily through a Web browser. We support recent versions of all the major Web browsers on all major operating systems. We have implemented a robust access control and permissioning system that allows our customers to control which individuals have access to which sets of information or perform which actions. While the primary client to our application is a Web browser, we have also built other clients to our application, including a Flash-based dashboard player, a plug-in for Microsoft Excel and a Java-based client for our Omniture Discover OnDemand service. Additionally, the Web client allows customers to automate delivery of reports on a scheduled basis in a number of document formats.

In addition, our platform enables the collection of data from a broad range of sources through industry-standard protocols across a variety of channels of user interaction. We collect and integrate data to enable detailed analysis across the following primary sources of data: Internet sources; mobile sources; and offline sources.

We offer data collection methods for current and emerging Internet and media formats, including Web beacon tags, Web servers, rich Internet applications, streaming media formats, blogs, search engines and RSS, an XML format for sharing content, such as news items, among Web sites. For example, our ActionSource feature enables data collection for rich Internet applications through its native support for ActionScript, the programming language for Flash. In addition, our Web beacon tags can capture information specific to our service implementation as well as issue Web beacons for partner application data collection through Omniture Genesis. We believe this capability streamlines data collection, limits duplicate tagging efforts, and improves the end user experience.

We provide data collection for mobile devices to provide insight into metrics that businesses can use, for example, to optimize mobile campaigns based on target markets, success of offers and overall return on investment. To provide our customers with a more complete view of customer interactions across channels, we intend to offer data collection for offline data sources, including interactive voice response and call center applications, gaming consoles, enterprise data warehouses and client software applications.

### ***Research and Development***

Research and development expenses were \$6.6 million in 2005, \$8.7 million in 2006 and \$17.3 million in 2007.

Our software engineering and product management teams are engaged in efforts to enhance our existing services. Our teams are also working to extend our Omniture SiteCatalyst data collection and reporting platform to import information from complementary products and services as well as to develop additional services for our platform. Following our acquisitions of Touch Clarity, Offermatica and Visual Sciences, we now have dedicated engineering teams for our Omniture Test&Target and Omniture Discover OnPremise product offerings.

Because we host the services for our customers, our personnel can fix bugs and provide software updates remotely during scheduled maintenance windows. Enhancements to our services benefit our entire customer base without any action required on their part to install an upgrade or update.

### **Operations**

We currently service our customers from 15 third-party data center facilities. Of these data centers, thirteen are located in the United States and two of the data centers are located in Europe, one in the United Kingdom and one in Denmark. All facilities are staffed by trained personnel, access controlled and provide backup power, including generators, in case of power failure.

We continually monitor the status of our services. For example, we conduct over five million performance checks per day on our servers. Although we designed our technology platform to be fault tolerant for many problems, we staff our network operations center in Orem, Utah, 24 hours per day, 7 days per week to respond to potential disruptions in the system.

### **Customers**

We currently have over 4,400 customers in 86 countries, including America Online, Apple, British Telecom, Comcast, Disney, eBay, Expedia, Ford Motor Company, Gannett, General Electric, Hewlett-Packard, Major League Baseball, Microsoft, Nextel, Rakuten, Sony and Telstra. America Online and certain of its affiliated entities, collectively, accounted for 11% of our total revenues in 2005 and 2006. No other customer accounted for more than 10% of our total revenues during these periods. Our agreement with America Online has a one-year term and is renewable annually until 2012. Our agreements with other entities affiliated with America Online have varying durations of approximately one to two years from the date that we entered into these agreements and are generally renewable annually. In 2007, our on-demand services captured data from almost 2.2 trillion transactions for our customers.

## **Strategic Relationships**

An important element of our strategy is to establish relationships with third parties whose products and services are complementary to our Omniture online business optimization platform. To help integrate our services with other third-party services and take advantage of current and emerging technologies, we seek to enter into alliances with leading technology companies. We believe this approach enables us to focus on our core competencies and provide additional value to our customers.

### ***Search Engine Providers***

We have relationships with the major search engine providers to provide automated access to their search engines through our Omniture SearchCenter service. These relationships allow customers to allocate their advertising expenditures based on the actual performance of visitors originating from the major search engines. These relationships allow our customers to create and automate bidding programs and strategies.

### ***Online Marketing Service Providers***

We also have integration relationships with other online marketing service providers to leverage our Omniture online business optimization platform for collecting, reporting and segmenting behavioral information from their marketing services. These include relationships with providers of ad serving/display advertising, e-mail marketing, content management, CRM/SFA, multivariate testing, community rankings and review, user experience and site search/content guidance.

## **Sales and Marketing**

We sell our services through a combination of direct and indirect sales channels, and we organize our sales and marketing programs by geographic regions, including North America, EMEA, Japan and the rest of the Asia-Pacific region. Our marketing strategy is to generate qualified sales leads, build our brand and raise awareness of Omniture as a leading provider of online business optimization services.

### ***Direct Sales***

We sell our services primarily through our direct sales force, which is comprised of inside sales and field sales personnel. Our account executives are responsible for initial sales to new prospects, while our account managers concentrate on expanding pre-existing relationships. We also have a group that is responsible for generating leads and assisting in sales to large enterprises. We have field sales representatives in more than 38 major cities worldwide.

### ***Channel Sales***

We have a network of third parties that are authorized resellers and distributors of our technology, as well as a network of third parties that refer customer prospects to us and assist us in selling to those prospects. These include more than 345 companies in the following categories: service partners such as agencies and consultants; platform partners such as e-commerce, hosting, mobile and application partners; and value-added resellers. We have created certification programs for implementation, support and sales. We also have allocated resources to support our channel sales in marketing, operations, client services and product management.

### ***International Sales***

Revenues from customers outside the United States have increased from 11% of our total revenues in 2005 to 17% in 2006 and to 26% in 2007. We have increased the size of our international direct sales force through our acquisitions of Instadia and Touch Clarity. We currently have sales representatives in most of the major world markets, including Australia, Belgium, Canada, Denmark, France, Germany, Hong Kong, Japan, Korea, Sweden and the United Kingdom. We currently focus our international efforts on continuing to strengthen our direct sales and marketing presence in Europe and the Asia-Pacific region.

## ***Marketing***

Our marketing programs include a variety of advertising, events, public relations activities and Web-based seminar campaigns targeted at key executives and decision makers within businesses.

Our principal marketing initiatives include:

- customer referral programs;
- direct e-mail and online Web advertising campaigns;
- participation in, and sponsorship of, user conferences, trade shows and industry events;
- cooperative marketing efforts with partners, including joint press announcements, joint trade show activities, channel marketing campaigns and joint seminars; and
- using our Web site to provide product and company information.

## ***Omniture Summit***

As part of our commitment to enhance the value that our customers derive from our services, we annually host Omniture Summit, a two-day conference for our customers that provides in-depth, hands-on training from our Omniture Consulting group and Omniture SiteCatalyst service architects, as well as keynote addresses and panel discussions. Omniture Summit has brought our executives together with technologists, industry experts and thousands of customer attendees for discussions on issues and strategies that are critical to the success of any online business optimization initiative. Each year, our customers are actively involved in leading sessions and participating in panel discussions about real-world techniques that have delivered tangible returns on investment for their enterprises. To support our growing international customer base, Omniture Summit 2008 will be held on a world-wide basis with conferences during 2008 held in Salt Lake City, Copenhagen, Munich, London, Paris, Sydney and Tokyo.

## **Competition**

The markets in which we operate are rapidly evolving and highly competitive. We compete primarily with vendors whose software is provided on-demand to customers, generally through an Internet browser. We also compete to a limited extent with vendors whose software is installed by customers directly on their servers. In addition, we compete at times with internally developed applications.

Our current principal competitors include:

- companies, such as Coremetrics, Inc., Google Inc., Microsoft Corporation, Nedstat Ltd. and WebTrends Inc. that offer on-demand services;
- software vendors, such as Epiphany, Inc. (acquired by SSA Global), NetRatings, Inc., Sane Solutions, LLC (acquired by Unica Corporation) and SAS Institute, Inc.;
- online marketing service providers, such as aQuantive, Inc. (acquired by Microsoft), DoubleClick Inc. and 24/7 Real Media, Inc. (acquired by WPP Group plc); and
- multivariate testing providers, such as Optimost LLC (acquired by Interwoven), Memetrics (acquired by Accenture), Kefta Inc. (acquired by Acxiom Digital) and [x + 1].

Some of our current competitors have longer operating histories, greater name recognition, access to larger client bases, and substantially greater resources, including sales and marketing, financial and other resources. In addition, large software, Internet and database management companies may enter the market or enhance their Web analytics capabilities and compete against us effectively as a result of their significant resources and pre-existing relationships with our current and potential customers. For example, Google Inc. offers a Web analytics service free of charge, and it has entered into an agreement to acquire DoubleClick, Inc., one of our strategic partners. Also, Microsoft offers a Web analytics service free of charge, and it acquired aQuantive, Inc. in August 2007, and in February 2008, announced a proposal to acquire Yahoo!.

We believe the principal competitive factors in our markets include the following:

- the proven performance, security, scalability, flexibility and reliability of services;
- strategic relationships and integration with third-party applications;
- the intuitiveness and visual appeal of services' user interfaces;
- low total cost of ownership and demonstrable cost-effective benefits to customers;
- the ability of services to provide N-dimensional segmentation of information;
- pricing;
- the flexibility and adaptability of services to match changing business demands;
- enterprise-level customer service and training;
- perceived market leadership;
- the usability of services, including services being easy to learn and remember, efficient and visually compelling;
- the real-time availability of data and reporting;
- perceived independence from portals and search engines;
- the ability to deploy the services globally and to provide multi-currency, multi-language and multi-character support and to have a local presence in international markets; and
- success in educating customers in how to utilize services effectively.

We believe that we compete favorably with our competitors on the basis of these factors. However, if we are not able to compete successfully against our current and future competitors, it will be difficult to acquire and retain customers, and we may experience revenue declines, reduced operating margins, loss of market share and diminished value in our services.

## **Intellectual Property**

We rely on a combination of trademark, copyright and trade secret laws and disclosure restrictions to protect our intellectual property rights. We have 23 issued patents in the United States and one patent in the United Kingdom, as well as 59 United States and 60 related international patent applications pending. The expiration dates of our issued patents range from 2017 to 2022. The claims under the issued patents are generally directed to: data modeling and classification; online messaging optimization; Web site traffic analytics and predictive modeling; online behavior prediction and analysis; real-time monitoring and aggregation of Web activity; Web content management and optimization; and compilation of data records relating to Web site visitation sessions. We have a number of registered and unregistered trademarks. We maintain a policy requiring our employees, consultants and other third parties to enter into confidentiality and proprietary rights agreements and to control access to software, documentation and other proprietary information.

The steps we have taken to protect our intellectual property rights may not be adequate. Third parties may infringe or misappropriate our proprietary rights. Competitors may also independently develop technologies that are substantially equivalent or superior to the technologies we employ in our services. The global nature of the Internet allows our Web sites to be viewed worldwide, but we do not have intellectual property protection in every jurisdiction. Furthermore, effective patent, trademark, service mark, copyright and trade secret protection may not be available in every country in which our services are available over the Internet. In addition, the legal standards relating to the validity, enforceability and scope of protection of intellectual property rights in Internet-related industries are uncertain and still evolving. Failure to protect our proprietary rights adequately could significantly harm our competitive position and results of operations.

The Internet, software and technology industries are characterized by the existence of a large number of patents, copyrights, trademarks and trade secrets and by frequent litigation based on allegations of infringement or

other violations of intellectual property rights. As we face increasing competition, the possibility of intellectual property rights claims against us grows. Our technologies may not be able to withstand any third-party claims or rights against their use. Additionally, although we have licensed from other parties proprietary technology covered by patents, we cannot be certain that these patents will not be challenged, invalidated or circumvented. Many of our service agreements require us to indemnify our customers for third-party intellectual property infringement claims, which would increase our costs as a result of defending those claims and might require that we pay damages if there were an adverse ruling in any such claims. We, and certain of our customers, have in the past received correspondence from third parties alleging that certain of our services, or customers' use of our services, violates these third parties' patent rights. For example, we are aware that seven of our customers have received letters from a third party alleging, among other things, that these customers' online activities, including the use of our services, infringe its patents. Two of these customers have requested that we indemnify it against these allegations. Other customers may receive similar allegations of infringement and make similar requests for indemnification under our service agreement with them or this third party may make claims directly against us. These types of correspondence and future claims could harm our relationships with our customers and might deter future customers from subscribing to our services. Any of these results could harm our brand and operating results.

With respect to any intellectual property rights claim against us or our customers, we may have to pay damages or stop using technology found to be in violation of a third party's rights. We may have to seek a license for the technology, which may not be available on reasonable terms, may significantly increase our operating expenses or require us to restrict our business activities in one or more respects. The technology also may not be available for license to us at all. As a result, we may also be required to develop alternative non-infringing technology, which could require significant effort and expense.

#### ***Patent License Agreement — NetRatings, Inc. and Omniture, Inc.***

In May 2005, we were sued in the United States District Court for the District of Delaware by NetRatings, Inc. In the suit, NetRatings alleged that our Omniture SiteCatalyst service infringed on four patents in which NetRatings claims an ownership interest. In February 2006, we entered into a settlement and patent cross-license agreement with NetRatings, pursuant to which each party licensed to the other party its entire patent portfolio as of the date of the agreement and the parties agreed to settle all pending legal claims.

The settlement and patent license agreement grants us certain nonexclusive, worldwide rights to all of NetRatings' issued patents and pending patent applications. The license contains customary requirements that we label our services, enables us to grant sublicenses under certain circumstances and contains exceptions for certain uses of NetRatings' patents. The agreement required us to make license payments of \$10.0 million, all of which has been paid. In addition, we were required to make a license payment of \$4.0 million following the closing of our initial public offering of common stock in July 2006. In the event that we acquire certain specified companies, we may be required to make additional license payments based on the Web analytics revenues of the acquired company. The agreement also provides that if we acquire other companies we may elect to make additional license payments based on the Web analytics revenues of the acquired company to ensure that the acquired company's products, services or technology are covered by the license. For example, in connection with our acquisitions since the date of the agreement, we have elected to make additional license payments totaling \$1.7 million, of which \$0.9 million was paid during the first quarter of 2008.

In the event of a change of control of Omniture, the settlement and patent license agreement may be assigned to the purchaser upon written notice to NetRatings, subject to certain limitations. The patent license from NetRatings would be limited to (1) our commercially released services as of date of the change of control, (2) the elements of our services that were under development as of the date of the change of control if those services are released as standard services within twelve months of the date of the change of control, (3) future versions of our services commercially released as of the date of the change of control or other services under development as of the date of the change of control that contain no more than patches to, bug fixes of, minor enhancements or modifications of, or minor updates or upgrades of the original versions (except for any new features or functionality added to original versions which infringe a NetRatings patent that did not already cover the original versions) and (4) future versions of our services commercially released as of the date of the change of control or other services under development as of the date of the change of control that completely replace any such services. The license will not cover the

combination, merger, bundling or incorporation of our services, or any portion of them, with any of the purchaser's Web analytics products, services or technology, unless (1) the purchaser's Web analytics products, services or technology represents less than 40% of the source code of the combined, merged or bundled Web analytics product and (2) the purchaser's Web analytics products, services or technology do not infringe on a patent of NetRatings (other than patents that covered our products, services and/or technology prior to the change of control).

Pursuant to the terms of the agreement, the suit was dismissed with prejudice. The parties mutually released each other from claims regarding patents as of the date of the agreement, and we agreed that we will not sue NetRatings for infringement of certain of our patents, subject to certain limitations.

***Patent License Agreement — NetRatings, Inc. and Visual Sciences, Inc.***

As a result of our acquisition of Visual Sciences, Inc. (formerly known as WebSideStory, Inc.), Visual Sciences, Inc. became a wholly owned subsidiary of Omniture. On August 17, 2007, Visual Sciences, Inc. entered into a settlement and patent-license agreement with NetRatings, pursuant to which NetRatings licensed seven of its patents to Visual Sciences, Inc. and Visual Sciences, Inc. licensed two of its patents to NetRatings, and the parties agreed to settle all pending legal claims. The settlement and patent license agreement granted Visual Sciences, Inc. certain nonexclusive, worldwide rights to such patents. The license contains customary requirements requiring labeling licensed services and enabling the granting of sublicenses under certain circumstances, and it contains exceptions for certain uses of NetRatings' patents. The agreement required Visual Sciences, Inc. to make license payments of \$11.3 million, \$2.0 million of which was paid by Visual Sciences on or about the date of the agreement, \$4.3 million of which was paid by us following the closing of our acquisition of Visual Sciences, Inc., and the remaining \$5.0 million of which must be paid by us in quarterly installments beginning on March 31, 2008. Pursuant to the terms of the agreement, the suit was dismissed with prejudice. The parties to the agreement mutually released each other from claims regarding patents as of the date of the agreement, and Visual Sciences, Inc. agreed that it will not sue NetRatings for infringement of the licensed patents, subject to certain limitations.

***Patent License Agreement — NetRatings, Inc. and Visual Sciences, LLC***

Visual Sciences, LLC is a wholly owned subsidiary of Visual Sciences, Inc., and as a result of our acquisition of Visual Sciences, Inc. (formerly known as WebSideStory, Inc.) became a subsidiary of Omniture, Inc. On October 25, 2005, Visual Sciences, LLC entered into a settlement and patent license agreement with NetRatings, pursuant to which NetRatings licensed to Visual Sciences, LLC its entire patent portfolio as of the date of the agreement and the parties agreed to settle all pending legal claims. The settlement and patent license agreement granted Visual Sciences, Inc. certain nonexclusive, worldwide rights to all of NetRatings' issued patents and pending patent applications. The license contains customary requirements requiring labeling licensed services and enabling the granting of sublicenses under certain circumstances, and it contains exceptions for certain uses of NetRatings' patents. The agreement required Visual Sciences, LLC to make license payments of \$2.0 million, \$1.3 million of which has been paid and the remaining \$0.7 million of which must be paid on a yearly basis calculated based on revenue of Visual Sciences, LLC products for each year. Pursuant to the terms of the agreement, the suit was dismissed with prejudice. The parties to the agreement mutually released each other from claims as of the date of the agreement.

**United States and Foreign Government Regulation**

The Internet, and in particular, the regulation of commercial enterprises on the Internet, has become a focus of state, federal and foreign governments in recent years. Discussions among policymakers and proposed regulation regarding the Internet have focused on the protection of consumer privacy.

Various state legislatures have enacted legislation designed to protect consumers' privacy by prohibiting the distribution of "spyware" over the Internet. Such anti-spyware laws typically focus on restricting the proliferation of certain kinds of downloadable software, or spyware, that, when installed on an end user's computer, are used to intentionally and deceptively take control of the end user's machine. We do not believe that the data collection methods employed by our technology constitute "spyware" or that our data collection methods are prohibited by such legislation. Similar legislation has been proposed federally. If the scope of this legislation were drafted broadly

and changed to include Web analytics, such legislation could be deemed to apply to the technology we use and could potentially restrict our information collection methods. Any restriction or change to our information collection methods would cause us to spend substantial amounts of money and time to make changes and could decrease the amount and utility of the information that we collect.

Both existing and proposed laws regulate and restrict the collection and use of information over the Internet that personally identifies the Web site visitor. These laws continue to change and vary among domestic and foreign jurisdictions, but certain information such as names, addresses, telephone numbers, credit card numbers and e-mail addresses are widely considered personally identifying. The scope of information collected over the Internet that is considered personally identifying may become more expansive, and it is possible that current and future legislation may apply to information that our customers currently collect without the explicit consent of Web site visitors. If information that our customers collect and use without explicit consent is considered to be personally identifying, their ability to collect and use this information will be restricted and they would have to change their methods, which could lead to decreased use of our services.

Domestic and foreign governments are also considering restricting the collection and use of Internet usage data generally. Some privacy advocates argue that even anonymous data, individually or when aggregated, may reveal too much information about Web site visitors. If governmental authorities were to follow privacy advocates' recommendations and enact laws that limit data collection practices, our customers would likely have to obtain the express consent of a user of our customers' Web sites before we could collect, share or use any of that user's information regardless of whether the collection is done on behalf of our customers. Any requirement that we obtain consent from the users of our customers' Web sites would reduce the amount and value of the information that we provide to customers, which might cause some existing customers to discontinue using our services. We would also need to expend considerable effort and resources to develop new information collection procedures to comply with an express consent requirement. Even if our customers succeeded in developing new procedures, they might be unable to convince Internet users to agree to the collection and use of the users' information. This would negatively impact our revenues, growth and potential for expanding our business and could cause our stock price to decline.

## Employees

At December 31, 2007, we had 713 full-time employees. None of our employees is represented by a labor union. We consider our relationship with our employees to be good.

## Executive Officers and Directors

The following table provides information regarding our executive officers and directors as of February 22, 2008:

| <u>Name</u>                              | <u>Age</u> | <u>Position</u>   |
|--|------------|---|
| <i>Executive Officers and Directors:</i> |            |   |
| Joshua G. James . . . . .                | 34         | President, Chief Executive Officer and Director                       |
| Michael S. Herring . . . . .             | 39         | Chief Financial Officer and Executive Vice President                  |
| Brett M. Error . . . . .                 | 36         | Chief Technology Officer and Executive Vice President, Products       |
| Christopher C. Harrington . . . . .      | 38         | President, Worldwide Sales and Client Services                        |
| John F. Mellor . . . . .                 | 41         | Executive Vice President, Business Development and Corporate Strategy |
| D. Fraser Bullock . . . . .              | 52         | Director, Chairman of the Board                                       |
| Gregory S. Butterfield . . . . .         | 48         | Director  |
| Dana L. Evan . . . . .                   | 48         | Director  |
| Mark P. Gorenberg . . . . .              | 53         | Director  |
| Rory T. O'Driscoll . . . . .             | 43         | Director  |
| John R. Pestana . . . . .                | 34         | Director  |

*Joshua G. James* is one of our founders and has served as a director since 1998 and as our President and Chief Executive Officer since 1996. From 1996 to 1998, Mr. James co-founded and co-managed several entities that were our predecessors. Mr. James also served on the Brigham Young University eBusiness Advisory Board and is a Platinum Founder of the BYU Center for Entrepreneurship. He has lectured for numerous university classes and served on several other industry, advisory and private company boards. Mr. James attended Brigham Young University.

*Michael S. Herring* has served as our Chief Financial Officer and Executive Vice President since November 2004. From November 2000 to August 2004, Mr. Herring served as Chief Financial Officer of MyFamily.com, Inc., an online network. Mr. Herring was also Vice President, Finance of Third Age Media, Inc., an Internet content company, and the Controller of Anergen, Inc., a biotechnology company. Mr. Herring is a Certified Public Accountant and holds a B.A. in Economics and Political Science from the University of California at Los Angeles.

*Brett M. Error* has served as our Chief Technology Officer and Executive Vice President, Products since 1999. Prior to joining us, Mr. Error worked for an Internet service provider and Web development agency. Mr. Error holds a B.S. in Biology from the University of Utah.

*Christopher C. Harrington* has served as our President, Worldwide Sales since January 2003. From November 2001 to December 2002, Mr. Harrington was Vice President, Worldwide Sales for Domain Systems, Inc., an enterprise software provider. From 2000 to 2001, Mr. Harrington was Vice President, Worldwide Sales of RichFX, Inc., an online visual merchandising and marketing service provider. From 1997 to 2000, Mr. Harrington was Vice President, Worldwide Sales of Viewpoint Corporation (a Computer Associates company), a provider of visual marketing technology and services. From 1994 to 1997, Mr. Harrington was National Sales Operations Manager for The DIRECTV Group, Inc., a direct broadcast satellite television provider. From 1988 to 1994, Mr. Harrington was Call Center Director for Convergys Corporation (a Cincinnati Bell company), a provider of third-party call center solutions. Mr. Harrington attended Southern Utah University.

*John F. Mellor* has served as our Executive Vice President, Business Development and Corporate Strategy since January 2008. From March 2006 until January 2008, Mr. Mellor served as our Senior Vice President, Business Development and served in other positions with the Company from 2003 until March 2006. From 2002 to 2003, Mr. Mellor was Senior Vice President of Marketing and Business Development for Frontline Educational Products, LLC, a direct marketing company. From 2000 to 2002, Mr. Mellor was Senior Vice President of Corporate Development for RichFX, Inc., an online visual merchandising and marketing service provider. Mr. Mellor co-founded and also served as Senior Vice President of Strategy and Business Development for Viewpoint Corporation (a Computer Associates company), a provider of visual marketing technology and services. Mr. Mellor holds a B.S. in Mechanical Engineering and an M.B.A. from Brigham Young University.

*D. Fraser Bullock* has served as a director since November 2003 and as Chairman of our Board of Directors since February 2008. Mr. Bullock is one of the co-founders of Sorenson Capital, a private equity firm, and has served as Managing Director of Sorenson Capital since 2003. Mr. Bullock joined the Salt Lake Organizing Committee for the Olympic Winter Games of 2002 in 1999 as its Chief Operating Officer and in 2002 was appointed President and Chief Executive Officer. From 1996 to 2002, Mr. Bullock served as Managing Director of Alpine Consolidated, LLC, which specialized in effecting business consolidations. Mr. Bullock has also served as President of Visa Interactive, was one of the original partners of Bain Capital and previously held various positions at Bain & Company. He serves as a director of a number of privately held companies. Mr. Bullock holds a B.A. in Economics and a M.B.A. from Brigham Young University.

*Gregory S. Butterfield* has served as a director since December 2005. Mr. Butterfield currently serves as group president of the Altiris business unit of Symantec Corporation, an enterprise software company. Mr. Butterfield served as the President and Chief Executive Officer and a director of Altiris, Inc. from February 2000 until Altiris was acquired by Symantec Corporation in 2007. Mr. Butterfield has also served as Vice President, Sales for Legato Systems, Inc., a backup software company, Executive Vice President of Worldwide Sales for Vinca, a fault tolerance and high availability company, Regional Director of the Rocky Mountain Region for Novell, Inc., a provider of infrastructure software and services, and Vice President of North American Sales for WordPerfect Corporation, a software company. Mr. Butterfield holds a B.S. in Business Finance from Brigham Young University.

*Dana L. Evan* has served as a director since May 2006. From January 2001 to July 2007, Ms. Evan served as Executive Vice President of Finance and Administration and Chief Financial Officer of VeriSign, Inc., a provider of intelligent infrastructure services for the Internet and telecommunications networks. From June 1996 until December 2000, she served as Vice President of Finance and Administration and Chief Financial Officer of VeriSign, Inc. From 1988 to June 1996, Ms. Evan worked as a financial consultant in the capacity of chief financial officer, vice president of finance or corporate controller for various public and private companies and partnerships, including VeriSign, Inc. from November 1995 to June 1996. Prior to 1988, she was employed by KPMG LLP, most recently as a senior manager. Ms. Evan is a Certified Public Accountant and holds a B.S. in Commerce with a concentration in Accounting and Finance from Santa Clara University.

*Mark P. Gorenberg* has served as a director since April 2004. Since 1990, Mr. Gorenberg has been a managing member of Hummer Winblad Equity Partners II, L.P., Hummer Winblad Equity Partners III, LLC, Hummer Winblad Equity Partners IV, LLC, Hummer Winblad Equity Partners V, LLC, and Hummer Winblad Equity Partners VI, L.L.C. Previously, Mr. Gorenberg was a Senior Software Manager in advanced product development at Sun Microsystems, Inc., a provider of network computing products and services. Mr. Gorenberg currently serves as a director of a number of privately held companies. He is also a member of the Corporation of the Massachusetts Institute of Technology. Mr. Gorenberg holds a B.S. in Electrical Engineering from Massachusetts Institute of Technology, an M.S. in Electrical Engineering from the University of Minnesota and an M.S. in Engineering Management from Stanford University.

*Rory T. O'Driscoll* has served as a director since June 2005. Mr. O'Driscoll is a Managing Member of Scale Venture Management, LLC and Scale Venture Management II, LLC. Mr. O'Driscoll joined BA Venture Partners, the predecessor to Scale Venture Management LLC, in 1994. Prior to joining BA Venture Partners, Mr. O'Driscoll worked in Corporate Development at Bank of America and was a founder and the Chief Executive Officer of Mercia Ltd., a manufacturing company based in the United Kingdom. Mr. O'Driscoll currently serves as a director of a number of privately held companies. Mr. O'Driscoll holds a B. Sc. in Economics with a specialization in accounting and finance from the London School of Economics.

*John R. Pestana* is one of our founders and served as Chairman of our Board of Directors from 1998 to February 2008. Mr. Pestana served as our Executive Vice President, Customer Success from 2004 to November 2007. From 1998 to 2004, Mr. Pestana served as our President, and from 1996 to 1998, Mr. Pestana co-founded and co-managed several entities that were our predecessors. Mr. Pestana is a Platinum Founder of the BYU Center for Entrepreneurship. Mr. Pestana attended Brigham Young University.

## **Available Information**

We make available free of charge through our investor relations Web site, [www.omtr.com](http://www.omtr.com), our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and all amendments to those reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after such material is electronically filed or furnished with the SEC. These reports may also be obtained without charge by contacting Investor Relations, Omniture, Inc., 550 East Timpanogos Circle, Orem, Utah 84097, phone: 1-801-722-7037, e-mail: [ir@omniture.com](mailto:ir@omniture.com). Our Internet Web site and the information contained therein or incorporated therein are not intended to be incorporated into this Annual Report on Form 10-K. In addition, the public may read and copy any materials we file or furnish with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 or may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Moreover, the SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding reports that we file or furnish electronically with them at <http://www.sec.gov>.

## **ITEM 1A. Risk Factors**

### **Factors That Could Affect Future Results**

Set forth below and elsewhere in this Annual Report on Form 10-K, and in other documents we file with the SEC are descriptions of risks and uncertainties that could cause actual results to differ materially from the results contemplated by the forward-looking statements contained in this report. Because of the following factors, as well

as other variables affecting our operating results, past financial performance should not be considered a reliable indicator of future performance and investors should not use historical trends to anticipate results or trends in future periods. The risks and uncertainties described below are not the only ones we face. Other events that we do not currently anticipate or that we currently deem immaterial also may affect our results of operations and financial condition. The description below includes any material changes to and supersedes the description of the risk factors affecting our business previously disclosed in “Part II, Item 1A. Risk Factors” of our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007.

## **Risks Related to Our Business**

***We have a history of significant net losses, may incur significant net losses in the future and may not achieve or maintain profitability.***

We have incurred significant losses in recent periods, including a net loss of \$17.4 million in 2005, a net loss of \$7.7 million in 2006 and a net loss of \$9.4 million in 2007, primarily as a result of significant investments that we have made in our network infrastructure and sales and marketing organization, as well as stock-based compensation expense associated with the issuance of stock awards and amortization of intangible assets acquired in our acquisitions. At December 31, 2007, we had an accumulated deficit of \$48.3 million. We may not be able to achieve or maintain profitability and we may continue to incur significant losses in the future. In addition, we expect to continue to increase operating expenses as we implement initiatives to continue to grow our business, which include, among other things, plans for international expansion, increasing our sales force, expansion of our infrastructure to manage our growth and increased complexity of our business, investments to acquire and integrate companies and technologies, the development of new services and general and administrative expenses associated with being a public company. If our revenues do not increase to offset these expected increases in costs and operating expenses, we will not be profitable. You should not consider our revenue growth in recent periods as indicative of our future performance. In fact, in future periods our revenues could decline or grow more slowly than we expect. Accordingly, we cannot assure you that we will be able to achieve or maintain profitability in the future.

***Our quarterly results of operations may fluctuate in the future. As a result, we may fail to meet or exceed the expectations of securities analysts or investors, which could cause our stock price to decline.***

Our quarterly results of operations may fluctuate as a result of a variety of factors, many of which are outside of our control. If our quarterly results of operations fall below the expectations of securities analysts or investors, the price of our common stock could decline substantially. Fluctuations in our quarterly results of operations may result from a number of factors, including, but not limited to, those listed below:

- our ability to increase sales to existing customers and attract new customers;
- the addition or loss of large customers;
- the timing of implementation of new or additional services by our customers;
- the amount and timing of operating costs and capital expenditures related to the maintenance and expansion of our business, operations and infrastructure;
- the timing and success of new product and service introductions by us or our competitors or any other change in the competitive dynamics of our industry, including consolidation among our competitors or our strategic partners;
- our ability to integrate acquired products and services into our online business optimization platform or migrate existing customers of companies we have acquired to our products and services;
- seasonal variations in the demand for our services and the implementation cycles for our new customers;
- levels of revenues from our larger customers, which have lower per transaction pricing due to higher transaction commitments;
- changes in our pricing policies or those of our competitors;

- service outages or security breaches;
- the extent to which any of our significant customers or the significant customers of the companies that we have acquired terminate their service agreements with us or reduce the number of transactions from which we capture data pursuant to their service agreements;
- the purchasing and budgeting cycles of our customers;
- limitations of the capacity of our network and systems;
- the timing of expenses associated with the addition of new employees to support the growth in our business;
- the timing of expenses related to the development or acquisition of technologies, services or businesses;
- potential goodwill and intangible asset impairment charges associated with acquired businesses;
- potential foreign currency exchange losses associated with transactions denominated in foreign currencies;
- expenses associated with the management or growth of our increasingly international operations;
- general economic, industry and market conditions and those conditions specific to Internet usage and online businesses; and
- geopolitical events such as war, threat of war or terrorist actions.

We believe that our quarterly revenues and results of operations may vary significantly in the future and that period-to-period comparisons of our operating results may not be meaningful. You should not rely on the results of one quarter as an indication of future performance.

***We have derived substantially all of our subscription revenues from sales of our Omniture SiteCatalyst service. If our Omniture SiteCatalyst service is not widely accepted by new customers, our operating results will be harmed.***

We derive substantially all of our revenues from subscriptions to our Omniture SiteCatalyst service, and we expect that we will continue to derive the substantial majority of our revenues from our Omniture SiteCatalyst service in the future. Omniture SiteCatalyst was responsible for 95%, 89% and 78% of our total revenue during 2005, 2006 and 2007 respectively. In 2007, 22% of our revenue was derived from products and services other than our Omniture SiteCatalyst service. As a result, we expect that we will continue to be highly dependent on the success of our Omniture SiteCatalyst services for the foreseeable future. If our Omniture SiteCatalyst service is unable to remain competitive and provide value to our customers, our ability to achieve widespread acceptance of our Omniture SiteCatalyst service may be hindered and our revenue growth and business will be harmed.

***If we are unable to develop or acquire new services, or if the new services that we develop or acquire do not achieve market acceptance, our revenue growth will be harmed.***

Our ability to attract new customers and increase revenues from existing customers will depend in large part on our ability to enhance and improve existing services and to introduce new or acquired services in the future. The success of any enhancement or new service depends on several factors, including the timely completion, introduction and market acceptance of the enhancement or service. Any new service we develop or acquire may not be introduced in a timely or cost-effective manner and may not achieve the broad market acceptance necessary to generate significant revenues. For example, we have introduced version 2.0 of Omniture Discover and introduced our new products, Omniture Genesis and Omniture TouchClarity, but we have not yet received significant revenues from these services. We have also recently acquired Offermatica and Visual Sciences, resulting in an expansion of our product and service offerings; however, we may experience difficulties in integrating those acquired products and services into our online business optimization platform, and we may not be successful in selling the acquired or integrated products and services into our customer base. Additionally, our existing and prospective customers may develop their own competing technologies or purchase competitive products or services or engage third-party providers. If we are unable to successfully develop or acquire new services or enhance our existing services to meet customer requirements, or if we are unsuccessful in increasing

revenue from sales of our new or acquired products and services, our revenue growth will decline and our business and operating results will be adversely affected.

***Our business depends substantially on customers renewing their subscriptions for our online business optimization services. Any decline in our customer renewals would harm our future operating results.***

We sell our online business optimization services pursuant to service agreements that are generally one to three years in length. Our customers have no obligation to renew their subscriptions for our services after the expiration of their initial subscription period and we cannot provide assurance that these subscriptions will be renewed at the same or higher level of service, if at all. In fact, some of our customers have elected not to renew their agreements with us. Moreover, under some circumstances, some of our customers have the right to cancel their service agreements prior to the expiration of the terms of their agreements. We cannot assure you that we will be able to accurately predict future customer renewal rates. Our customers' renewal rates may decline or fluctuate as a result of a number of factors, including their satisfaction or dissatisfaction with our services, the prices of our services, the prices of services offered by our competitors, mergers and acquisitions affecting our customer base or reductions in our customers' spending levels. If our customers do not renew their subscriptions for our services or if they renew on less favorable terms, our revenues may decline and our business will suffer.

***If we do not successfully integrate our recent acquisitions, or if we do not otherwise achieve the expected benefits of the acquisitions, our growth rate may decline and our operating results may be materially harmed.***

During 2007, we completed acquisitions of Instadia, Touch Clarity and Offermatica, and we completed the acquisition of Visual Sciences in the first quarter of 2008. If we fail to successfully integrate the business and operations of these acquired companies, the combined company may not realize the potential benefits of those acquisitions. The integration of these acquisitions, particularly the integration of the Visual Sciences and Offermatica acquisitions, will be a time consuming and expensive process, has resulted in the incurrence of significant ongoing expenses, including the addition of a number of personnel to manage and oversee our integration efforts, and may disrupt our operations if it is not completed in a timely and efficient manner. If our integration effort is not successful, our results of operations could be harmed, employee morale could decline, key employees could leave, and customers could cancel existing orders or choose not to place new ones. In addition, we may not achieve anticipated synergies or other benefits of the proposed mergers. We must operate as a combined organization utilizing common information and communication systems, operating procedures, financial controls, and human resources practices. We may encounter the difficulties, costs, and delays involved in integrating these operations, including the following:

- failure to successfully manage relationships with customers and other important relationships;
- failure of customers to accept new services or to continue using the products and services of the combined company;
- difficulties in successfully integrating the management teams and employees of the acquired companies, particularly those of Visual Sciences and Offermatica;
- challenges encountered in managing larger, more geographically dispersed operations;
- loss of key employees;
- diversion of the attention of management from other ongoing business concerns;
- potential incompatibility of technologies and systems;
- potential impairment charges incurred to write down the carrying amount of intangible assets generated as a result of the proposed mergers; and
- potential incompatibility of business cultures.

If we do not meet the expectations of our existing customers or those of the acquired companies, particularly those of Visual Sciences or Offermatica, then these customers may cease doing business with the combined company altogether, which would harm our results of operations and financial condition.

***If we are unable to attract new customers or to sell additional services to our existing customers, our revenue growth will be adversely affected.***

To increase our revenues, we must regularly add new customers, sell additional services to existing customers and encourage existing customers to increase their minimum commitment levels. If our existing and prospective customers do not perceive our services to be of sufficiently high value and quality, we may not be able to attract new customers or increase sales to existing customers and our operating results will be adversely affected. We have incurred significant expenses or made investments in connection with the internal development and acquisition of new products or services, such as Omniture TouchClarity, version 2.0 of Omniture Discover, the optimization tools acquired in connection with the Offermatica acquisition as well as the services of Visual Sciences that we are integrating with our online business optimization platform. Many of these products or services have only recently been commercially introduced by us and may not achieve broad commercial acceptance. In that event, our operating results may be adversely affected and we may be unable to grow our revenue or achieve or maintain profitability.

***The significant network equipment requirements of our business model make it more difficult to achieve positive cash flow and profitability if we continue to grow rapidly.***

Our business model involves our making significant upfront and ongoing expenditures for network operations equipment, such as servers and other network devices. Because the time frame for evaluating and implementing our services, particularly for larger implementations, can be lengthy, taking up to 90 days or longer, and because we begin to invoice our customers only after the service implementation is complete, generally we make these expenditures well before we receive any cash from the customer. Consequently, it takes a number of months or longer to achieve positive cash flow for a customer. As a result, rapid growth in customers would require substantial amounts of cash. In addition, because of the lengthy implementation periods for new customers, we experience a delay between the increase in our operating expenses and the generation of corresponding revenues. We depreciate our capital equipment over a period of approximately four years and incur lease expense associated with equipment acquired under operating leases over the lease term, which is generally three years, with depreciation and lease expense being included in our cost of subscription revenues beginning immediately upon our receipt of the equipment. We recognize revenue, at the earliest, only when we complete implementation of our services and invoice the customer. Thus, it can take us a number of months or longer to become profitable with respect to any given new customer.

***Our growth depends upon our ability to add new and retain existing large customers; however, to the extent we are successful in doing so, our gross margins and ability to achieve profitability and positive cash flow may be impaired.***

Our success depends on our ability to sell our online business optimization services to large customers and on those customers continuing to renew their subscriptions with us in successive years. We derive a significant percentage of our total revenues from a relatively small number of large customers, and the loss of any one or more of those customers could decrease our revenues and harm our current and future operating results. However, the addition of new large customers or increase in minimum commitment levels by large existing customers requires particularly large capital expenditures and long implementation periods, resulting in longer than usual time periods to profitability and positive cash flow with respect to these customers. In addition, we generally sell our services to our large customers at a price per transaction lower than we do for other customers due to their larger transaction commitments. Finally, some of our customers have in the past required us to allocate dedicated personnel to provide our services as a condition to entering into service agreements with us. As a result, new large customers or increased usage of our services by large customers may cause our gross margins to decline and negatively impact our profitability and cash flows in the near term.

***Because we recognize subscription revenue over the term of the applicable agreement, the lack of subscription renewals or new service agreements may not immediately be reflected in our operating results.***

The majority of our quarterly revenues represent revenues attributable to service agreements entered into during previous quarters. As a result, a decline in new or renewed service agreements in any one quarter will not be fully reflected in our revenues for the corresponding quarter but will negatively affect our revenues in future quarters. Additionally, the effect of significant downturns in sales and market acceptance of our services in a particular quarter may not be fully reflected in our results of operations until future periods. Our business model would also make it difficult for any rapid increase in new or renewed service agreements to increase our revenues in any one period because revenues from new customers must be recognized over the applicable service agreement term.

***We have limited experience with respect to our pricing model and if the prices we charge for our services are unacceptable to our customers, our revenues and operating results may experience volatility or be harmed.***

We have limited experience with respect to determining the appropriate prices for our services that our existing and potential customers will find acceptable. As the market for our services matures, or as new competitors introduce new products or services that compete with ours, we may be unable to renew our agreements with existing customers or attract new customers at the same price or based on the same pricing model as we have used historically. For example, we face competition from businesses that offer their services at substantially lower prices than our services, and Google Inc. currently offers its Web analytics service for free. In addition, we have only recently commercially introduced certain of our services and other services that we offer have only recently been acquired or integrated into our online optimization platform. The price at which our customers may be willing to purchase our recently introduced or acquired services may be lower or different than we expect, which may cause our revenue or operating results to be adversely affected. As a result, in the future it is possible that competitive dynamics in our market may require us to change our pricing model or reduce our prices, which could have a material adverse effect on our revenues, gross margin and operating results.

***The market for on-demand services, in general, and for online business optimization services, in particular, is at an early stage of development, and if it does not develop or develops more slowly than we expect, our business will be harmed.***

The market for on-demand services, in general, and for online business optimization services, in particular, is at an early stage of development, and it is uncertain whether these services will achieve and sustain high levels of demand and market acceptance. Our success will depend to a substantial extent on the willingness of companies to increase their use of on-demand services, in general, and for online business optimization services, in particular. Many companies have invested substantial personnel and financial resources to integrate traditional enterprise software into their businesses, and therefore may be reluctant or unwilling to migrate to on-demand services. Other factors that may affect market acceptance include:

- the security capabilities, reliability and availability of on-demand services;
- customer concerns with entrusting a third party to store and manage their data;
- public concern regarding privacy;
- the enactment of laws or regulations that restrict our ability to provide existing or new services to customers in the U.S. or internationally;
- the level of customization or configuration we offer;
- our ability to maintain high levels of customer satisfaction;
- our ability to provide reports in real time during periods of intense activity on customer Web sites;
- the price, performance and availability of competing products and services;

- the rate of continued growth in online commerce and online advertising; and
- the current and possible future imposition by federal, state and local agencies of taxes on goods and services that are provided over the Internet.

The market for these services may not develop further, or it may develop more slowly than we expect, either of which would harm our business.

***We operate in a highly competitive market, which could make it difficult for us to acquire and retain customers.***

We compete in a rapidly evolving and highly competitive market. A significant portion of our business competes with third-party, on-demand services, software vendors and online marketing service providers.

Our current principal competitors include:

- companies, such as Coremetrics, Inc., Google Inc., Microsoft Corporation, Nedstat Ltd. and WebTrends Inc. that offer on-demand services;
- software vendors, such as Epiphany, Inc. (acquired by SSA Global), NetRatings, Inc., Sane Solutions, LLC (acquired by Unica Corporation) and SAS Institute, Inc.;
- online marketing service providers, such as aQuantive, Inc. (acquired by Microsoft), DoubleClick Inc. and 24/7 Real Media, Inc. (acquired by WPP Group plc); and
- multivariate testing providers, such as Optimost LLC (acquired by Interwoven), Memetrics (acquired by Accenture), Kefta Inc. (acquired by Acxiom Digital) and [x + 1].

Many of the companies that offer Web analytics software offer other products or services and as a result could also bundle their products or services, which may result in these companies effectively selling their products or services at or below market prices.

Some of our current and potential competitors have longer operating histories, greater name recognition, access to larger customer bases and substantially greater resources, including sales and marketing, financial and other resources. As a result, these competitors may be able to:

- absorb costs associated with providing their products at a lower price;
- devote more resources to new customer acquisitions;
- respond to evolving market needs more quickly than we can; and
- finance more research and development activities to develop better services.

In addition, large software, Internet and database management companies may enter the market or enhance their web analytics capabilities, either by developing competing services or by acquiring existing competitors or strategic partners of ours, and compete against us effectively as a result of their significant resources and pre-existing relationships with our current and potential customers. For example, Google Inc. offers a Web analytics service free of charge, and it has entered into an agreement to acquire DoubleClick, Inc., one of our strategic partners. Also, Microsoft offers a Web analytics service free of charge, and it acquired aQuantive, Inc. in August 2007, and in February 2008, announced a proposal to acquire Yahoo!.

If our services achieve broader commercial acceptance and as we introduce additional services, we expect that we will experience competition from additional companies.

If we are not able to compete successfully against our current and future competitors, it will be difficult to acquire and retain customers, and we may experience limited revenue growth, reduced revenues and operating margins and loss of market share.

***We rely on a small number of third-party service providers to host and deliver our services, and any interruptions or delays in services from these third parties could impair the delivery of our services and harm our business.***

We host our services, and serve all of our customers from 15 third-party data center facilities located in the United States and Europe. We do not control the operation of any of these facilities, and depending on service level requirements, we may not operate or maintain redundant data center facilities for all of our services or for all of our customers' data, which increases our vulnerability. These facilities are vulnerable to damage or interruption from earthquakes, hurricanes, floods, fires, power loss, telecommunications failures and similar events. They are also subject to break-ins, computer viruses, sabotage, intentional acts of vandalism and other misconduct. The occurrence of a natural disaster or an act of terrorism, a decision to close the facilities without adequate notice or other unanticipated problems could result in lengthy interruptions in our services. Additionally, our data center facility agreements are of limited durations, and our data facilities have no obligation to renew their agreements with us on commercially reasonable terms, or at all. Some of our data center facility agreements require that we pay for a variable component of power costs and provides for discretionary increases, up to a maximum amount, to the price we pay for use of the facility, thereby potentially subjecting us to variations in the cost of power and hosting fees. In addition, data centers suitable for the hosting of our services have become limited in supply and availability and, in the future, it may be difficult to obtain additional data center capacity to accommodate our growth or we may be required to incur significant expenditures to acquire or develop capacity that meets our future needs. If we are unable to renew our agreements with the facilities on commercially reasonable terms, we may experience delays in the provisioning of our services until an agreement with another data center facility can be arranged or may be required to incur significant expenditures, either of which scenario would adversely impact our financial condition or operating results.

We depend on access to the Internet through third-party bandwidth providers to operate our business. If we lose the services of one or more of our bandwidth providers for any reason, we could experience disruption in our services or we could be required to retain the services of a replacement bandwidth provider.

Our operations rely heavily on the availability of electricity, which also comes from third-party providers. If we or the third-party data center facilities that we use to deliver our services were to experience a major power outage or if the cost of electricity increases significantly, our operations would be harmed. If we or our third-party data centers were to experience a major power outage, we would have to rely on back-up generators, which may not work properly, and their supply might be inadequate during a major power outage. Such a power outage could result in a disruption of our business.

Any errors, defects, interruptions, delays, disruptions or other performance problems with our services could harm our reputation and may damage our customers' businesses. Interruptions in our services might reduce our revenues, cause us to issue credits to customers, cause customers to terminate their subscriptions and adversely affect our renewal rates. Our business would be harmed if our customers and potential customers believe our services are unreliable.

***If we fail to respond to rapidly changing technological developments or evolving industry standards, our services may become obsolete or less competitive.***

The market for our services is characterized by rapid technological advances, changes in customer requirements, changes in protocols and evolving industry standards. If we are unable to develop enhancements to, and new features for, our existing services or acceptable new services that keep pace with rapid technological developments, our services may become obsolete, less marketable and less competitive and our business will be harmed.

***We have experienced rapid growth in recent periods organically and through acquisitions. If we fail to manage our growth effectively, we may be unable to execute our business plan, maintain high levels of service or address competitive challenges adequately.***

We have substantially expanded our overall business, customer base, headcount and operations in recent periods both domestically and internationally. Our total number of full-time employees increased from 305 at December 31, 2005 to 713 at December 31, 2007. With our acquisition of Visual Sciences, our total number of full-

time employees was 960 as of February 1, 2008. In addition, during this same period, we made substantial investments in our network infrastructure operations, research and development and sales and marketing as a result of our growth, and have significantly expanded our geographic presence with the acquisition of two European companies and two companies based in the United States, one of which in particular had significant international reach in its operations. We will need to continue to expand our business. We anticipate that this expansion will require substantial management effort and significant additional investment in our infrastructure. In addition, we will be required to continue to improve our operational, financial and management controls and our reporting procedures, particularly in view of the complexities associated with more geographically dispersed operations. As such, we may be unable to manage our expenses effectively in the future, which may negatively impact our gross margins or cause our operating expenses to increase in any particular quarter. Our historic expansion has resulted in increased responsibilities and has placed, and our expected future growth will continue to place, a significant strain on our managerial, administrative, operational, financial and other resources and will result in new and increased responsibilities for management personnel. There can be no assurance that our management, personnel, systems, procedures, and controls are, or will be, adequate to support our existing and future operations or that we will continue to grow. If we fail to recruit and retain sufficient and qualified managerial, operational, or financial personnel or to implement or maintain internal systems that enable us to effectively manage our growing business and operations worldwide, our financial results in any given period may be adversely affected and our business and financial condition could be materially harmed. If we are unable to otherwise manage our growth successfully, we may experience unanticipated business problems or interruptions, which may damage our reputation or adversely affect the operating results of our business.

***We intend to continue making acquisitions of, or investments in, other companies and technologies, which could divert our management's attention, result in additional dilution to our stockholders and otherwise disrupt our operations and harm our operating results.***

As part of our business strategy, we expect to continue to make acquisitions of, or investments in, complementary services, technologies or businesses to address the need to develop new products and enhance existing products. We also may enter into relationships with other businesses in order to expand our service offerings, which could involve preferred or exclusive licenses, additional channels of distribution or discount pricing or investments in other companies.

Negotiating these transactions can be time-consuming, difficult and expensive, and our ability to close these transactions may often be subject to approvals, such as government regulation, which are beyond our control. Consequently, we can make no assurances that these transactions, once undertaken and announced, will close.

Acquisitions may also disrupt our ongoing business, divert our resources and require significant management attention that would otherwise be available for ongoing development of our business, as well as cause difficulties in completing projects associated with in-process research and development. Acquisitions also involve risks associated with difficulties in entering markets in which we have no or limited direct prior experience and where competitors in such markets have stronger market positions. In addition, the revenue of an acquired business may be insufficient to offset increased expenses associated with the acquisition. Acquisitions can also lead to large and immediate non-cash charges that can have an adverse effect on our results of operations as a result of write-offs for items such as acquired in-process research and development, impairment of goodwill or the recording of stock-based compensation, as well as restructuring charges. In addition, we may lack experience operating in the geographic market of the businesses that we acquire. Further, international acquisitions, such as our two recent European acquisitions, increase our exposure to the risks associated with international operations. Moreover, we cannot assure you that the anticipated benefits of any future acquisition, investment or business relationship would be realized or that we would not be exposed to unknown liabilities. In connection with one or more of those transactions, we may:

- issue additional equity securities that would dilute our stockholders;
- use a substantial portion of our cash resources that we may need in the future to operate our business;
- incur debt on terms unfavorable to us or that we are unable to repay;

- assume or incur large charges or substantial liabilities, including payments to NetRatings under our agreements with it;
- encounter difficulties retaining key employees of the acquired company or integrating diverse business cultures;
- become subject to adverse accounting or tax consequences, substantial depreciation, amortization, impairment or deferred compensation charges;
- make severance payments and provide additional compensation to executives and other personnel;
- incur charges related to the elimination of duplicative facilities or resources;
- incur legal, accounting and financial advisory fees, regardless of whether the transaction is completed; and
- become subject to intellectual property or other litigation.

***Failure to effectively expand our sales and marketing capabilities could harm our ability to increase our customer base and achieve broader market acceptance of our services.***

Increasing our customer base and achieving broader market acceptance of our services will depend to a significant extent on our ability to expand our sales and marketing operations. We expect to be substantially dependent on our direct sales force to obtain new customers. We have recently significantly expanded the size of our direct sales force and plan to continue to expand our direct sales force both domestically and internationally. We believe that there is significant competition for direct sales personnel with the sales skills and technical knowledge that we require. Our ability to achieve significant growth in revenues in the future will depend, in large part, on our success in recruiting, training and retaining sufficient numbers of direct sales personnel. Moreover, new hires require significant training and, in most cases, take a significant period of time before they achieve full productivity. Our recent hires, sales personnel added through our recent business acquisitions and planned hires may not become as productive as we would like, and we may be unable to hire or retain sufficient numbers of qualified individuals in the future in the markets where we do business. Our business will be seriously harmed if these expansion efforts do not generate a corresponding significant increase in revenues.

***Our growth depends in part on the success of our strategic relationships with third parties, including technology integration, channel partners and resellers of our services.***

We may not be able to develop or maintain strategic relationships with third parties with respect to either technology integration or channel development for a number of reasons, including because of relationships with our competitors or prospective competitors. For example, we recently launched Omniture Genesis as part of our strategy to broaden our online business optimization platform. If we are unsuccessful in establishing or maintaining our strategic relationships with these and other third parties, our ability to compete in the marketplace or to grow our revenues would be impaired and our operating results would suffer. Further, if search engine or other online marketing providers restrict access to their networks or increase the currently nominal prices they charge for the use of their application programming interfaces, our ability to deliver services of sufficiently high value to our customers at a profitable price will be negatively affected. Even if we are successful in establishing and maintaining these relationships, we cannot assure you that these will result in increased customers or revenues.

***Because our long-term success depends, in part, on our ability to expand the sales of our services to customers located outside of the United States, our business will be susceptible to risks associated with international operations.***

We currently maintain offices outside of the United States and currently have operations, sales personnel or independent consultants in several countries. In the first quarter of 2007, we acquired Instadia, which has its principal operations in Copenhagen, Denmark, and Touch Clarity, which has its principal operations in London, England, and we also acquired Offermatica and Visual Sciences, which has significant international reach in its operations. These acquisitions significantly increased the scope and complexity of our international operations. We have limited experience operating in foreign jurisdictions at such scale. Our inexperience in operating our business

outside of the United States increases the risk that our current and any future international expansion efforts will not be successful. In addition, conducting international operations subjects us to new risks that we have not generally faced in the United States. These include:

- fluctuations in currency exchange rates;
- unexpected changes in foreign regulatory requirements;
- longer accounts receivable payment cycles and difficulties in collecting accounts receivable;
- difficulties in managing and staffing international operations;
- potentially adverse tax consequences, including the complexities of foreign value added tax systems and restrictions on the repatriation of earnings;
- localization of our services, including translation into foreign languages and associated expenses;
- dependence on certain third parties to increase customer subscriptions;
- the burdens of complying with a wide variety of foreign laws and different legal standards, including laws and regulations related to privacy;
- increased financial accounting and reporting burdens and complexities;
- political, social and economic instability abroad, terrorist attacks and security concerns in general; and
- reduced or varied protection for intellectual property rights in some countries.

The occurrence of any one of these risks could negatively affect our international business and, consequently, our results of operations generally.

Additionally, operating in international markets also requires significant management attention and financial resources. We cannot be certain that the investment and additional resources required in establishing, acquiring or integrating operations in other countries will produce desired levels of revenues or profitability.

As we expand our international operations, we will be required to recruit and retain experienced management, sales and technical personnel in our international offices, and we expect that the identification, recruitment, training and retention of such personnel will require significant management time and effort and resources. Competition for employees with the skills required, particularly management, engineering and other technical personnel, is intense, and there can be no assurance that we will be able to attract and retain highly skilled employees in sufficient numbers to sustain our current business or to support future growth. We may need to pay recruiting or agency fees and offer additional compensation or incentives to attract and retain these and other employees, resulting in an increase to our operating expenses.

Some of our international subscription fees are currently denominated in United States dollars and paid in local currency. As a result, fluctuations in the value of the United States dollar and foreign currencies may make our services more expensive for international customers or increase the cost of our international operations, which could harm our business.

***We may be liable to our customers and may lose customers if we provide poor service, if our services do not comply with our agreements or if we are unable to collect customer data or otherwise lose customer data.***

Because of the large amount of data that we collect and manage on behalf of our customers, it is possible that hardware failures or errors in our systems could result in data loss or corruption or cause the information that we collect to be incomplete or contain inaccuracies that our customers regard as significant. Furthermore, our ability to collect and report data may be interrupted by a number of factors, including our inability to access the Internet, the failure of our network or software systems, security breaches or variability in user traffic on customer Web sites. In addition, computer viruses may harm our systems causing us to lose data, and the transmission of computer viruses could expose us to litigation. We may also find, on occasion, that we cannot deliver data and reports to our customers in real time because of significant spikes in consumer activity on their Web sites. We may be liable to our

customers for damages they may incur resulting from these events, such as loss of business, loss of future revenues, breach of contract or for the loss of goodwill to their business. In addition to potential liability, if we supply inaccurate information or experience interruptions in our ability to capture, store and supply information in real time or at all, our reputation could be harmed and we could lose customers.

Our errors and omissions insurance may be inadequate or may not be available in the future on acceptable terms, or at all. In addition, our policy may not cover any claim against us for loss of data or other indirect or consequential damages and defending a suit, regardless of its merit, could be costly and divert management's attention.

***A rapid expansion of our network and systems could cause us to lose customer data or cause our network or systems to fail.***

In the future, we may need to expand our network and systems at a more rapid pace than we have in the past. For example, if we secure a large customer or a group of customers with extraordinary volumes of information to collect and process, we may suddenly require additional bandwidth and our existing systems may not be able to process the information. Our network or systems may not be capable of meeting the demand for increased capacity, or we may incur additional unanticipated expenses to accommodate these capacity demands. In addition, we may lose valuable data, be able to provide it only on a delayed basis or our network may temporarily shut down if we fail to expand our network to meet future requirements. Many of these risks are exacerbated as a result of our recent acquisitions, that have and will continue to require us to integrate network operations involving different operational procedures, security applications and hardware configurations. Any lapse in our ability to collect or transmit data will decrease the value of the data, prevent us from providing the complete data that may be requested by our customers and affect some of our customers' Web pages. Any disruption in our network processing or loss of data may damage our reputation and result in the loss of customers.

***If a third party asserts that we are infringing its intellectual property, whether successful or not, it could subject us to costly and time-consuming litigation or expensive licenses, and our business may be harmed.***

The Internet, software and technology industries are characterized by the existence of a large number of patents, copyrights, trademarks and trade secrets and by frequent litigation based on allegations of infringement or other violations of intellectual property rights. As we face increasing competition, the possibility of intellectual property rights claims against us grows. Our technologies may not be able to withstand any third-party claims or rights against their use. Additionally, although we have licensed from other parties proprietary technology covered by patents, we cannot be certain that any such patents will not be challenged, invalidated or circumvented. Furthermore, many of our service agreements require us to indemnify our customers for third-party intellectual property infringement claims, which would increase our costs as a result of defending such claims and may require that we pay damages if there were an adverse ruling in any such claims. We, and certain of our customers, have in the past received correspondence from third parties alleging that certain of our services, or customers' use of our services, violate such third parties' patent rights. For example, we are aware that seven of our customers have received letters from a third party alleging, among other things, that these customers' online activities, including the use of our services, infringe its patents. A few of these customers have requested that we indemnify them against these allegations. Other customers may receive similar allegations of infringement and make similar requests for indemnification under our service agreements with them or this third party may make claims directly against us. These types of claims could harm our relationships with our customers, may deter future customers from subscribing to our services or could expose us to litigation with respect to these claims. Even if we are not a party to any litigation between a customer and a third party, an adverse outcome in any such litigation could make it more difficult for us to defend our intellectual property in any subsequent litigation in which we are a named party. Any of these results could harm our brand and operating results.

Any intellectual property rights claim against us or our customers, with or without merit, could be time-consuming, expensive to litigate or settle and could divert management resources and attention. An adverse determination also could prevent us from offering our services to our customers and may require that we procure or develop substitute services that do not infringe.

With respect to any intellectual property rights claim against us or our customers, we may have to pay damages or stop using technology found to be in violation of a third party's rights. We may have to seek a license for the technology, which may not be available on reasonable terms, may significantly increase our operating expenses or require us to restrict our business activities in one or more respects. The technology also may not be available for license to us at all. As a result, we may also be required to develop alternative non-infringing technology, which could require significant effort and expense. For example, in February 2006, we entered into a settlement and patent cross-license agreement with NetRatings, to resolve a patent infringement lawsuit that NetRatings filed against us in May 2005 and to obtain a non-exclusive, world-wide license to NetRatings' entire patent portfolio. Under the terms of the agreement, we agreed to pay license fees to NetRatings. Additionally, Visual Sciences, Inc. (formerly known as WebSideStory, Inc.) and Visual Sciences, LLC also entered into settlement and license agreements with NetRatings, pursuant to which they agreed to pay license fees to NetRatings in exchange for non-exclusive, world-wide licenses to NetRatings' patents.

Our exposure to risks associated with the use of intellectual property may be increased as a result of acquisitions, as we have a lower level of visibility into the development process with respect to such technology or the care taken to safeguard against infringement risks. In addition, third parties may make infringement and similar or related claims after we have acquired technology that had not been asserted prior to our acquisition.

***The success of our business depends in large part on our ability to protect and enforce our intellectual property rights.***

We rely on a combination of patent, copyright, service mark, trademark and trade secret laws, as well as confidentiality procedures and contractual restrictions, to establish and protect our proprietary rights, all of which provide only limited protection. We have 23 issued patents in the United States, one issued patent in the United Kingdom, as well as 59 United States and 60 related international and foreign patent applications pending. We cannot assure you that any patents will issue with respect to our current patent applications, in a manner that gives us the protection that we seek, if at all, or that any future patents issued to us will not be challenged, invalidated or circumvented. Our currently issued patents and any patents that may issue in the future with respect to pending or future patent applications may not provide sufficiently broad protection or they may not prove to be enforceable in actions against alleged infringers. Also, we cannot assure you that any future service mark registrations will be issued with respect to pending or future applications or that any registered service marks will be enforceable or provide adequate protection of our proprietary rights.

We endeavor to enter into agreements with our employees and contractors and agreements with parties with whom we do business in order to limit access to and disclosure of our proprietary information. We cannot be certain that the steps we have taken will prevent unauthorized use of our technology or the reverse engineering of our technology. Moreover, others may independently develop technologies that are competitive to ours or infringe our intellectual property. The enforcement of our intellectual property rights also depends on our legal actions against these infringers being successful, but we cannot be sure these actions will be successful, even when our rights have been infringed.

Furthermore, effective patent, trademark, service mark, copyright and trade secret protection may not be available in every country in which our services are available over the Internet. In addition, the legal standards relating to the validity, enforceability and scope of protection of intellectual property rights in Internet-related industries are uncertain and still evolving.

***We rely on our management team and need additional personnel to grow our business, and the loss of one or more key employees or the inability to attract and retain qualified personnel could harm our business.***

Our success and future growth depends to a significant degree on the skills and continued services of our management team. Our future success also depends on our ability to attract and retain and motivate highly skilled technical, managerial, marketing and customer service personnel, including members of our management team. All of our employees work for us on an at-will basis, however, the laws of some of the international jurisdictions where we have employees may require us to make statutory severance payments in the event of termination of

employment. We plan to hire additional personnel in all areas of our business, particularly for our sales, marketing and technology development areas, both domestically and internationally. Competition for these types of personnel is intense, particularly in the Internet and software industries. As a result, we may be unable to successfully attract or retain qualified personnel. Our inability to retain and attract the necessary personnel could adversely affect our business.

***Material defects or errors in our software we use to deliver our services could harm our reputation, result in significant costs to us and impair our ability to sell our services.***

The software applications underlying our services are inherently complex and may contain material defects or errors. Any defects that cause interruptions to the availability of our services could result in:

- lost or delayed market acceptance and sales of our services;
- sales credits or refunds to our customers;
- loss of customers;
- diversion of development resources;
- injury to our reputation; and
- increased warranty and insurance costs.

The costs incurred in correcting any material defects or errors in our services may be substantial and could adversely affect our operating results. After the release of our services, defects or errors may also be identified from time to time by our internal team and by our customers. These defects or errors may occur in the future.

***Changes in financial accounting standards or practices may cause adverse, unexpected financial reporting fluctuations and affect our reported results of operations.***

A change in accounting standards or practices can have a significant effect on our reported results and may even affect our reporting of transactions completed before the change is effective. New accounting pronouncements and varying interpretations of accounting pronouncements have occurred and are likely to occur in the future. Changes to existing rules or the questioning of current practices may adversely affect our reported financial results or the way we conduct our business. For example, on December 16, 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards, or SFAS, No. 123 (revised 2004), *Share-Based Payment*, or SFAS No. 123R. SFAS No. 123R, which became effective for fiscal periods beginning after September 15, 2005, requires that employee stock-based compensation be measured based on its fair-value on the grant date and treated as an expense that is reflected in the financial statements over the related service period. As a result of SFAS No. 123R, our results of operations in 2006 and 2007 reflect expenses that are not reflected in prior periods, potentially making it more difficult for investors to evaluate our 2006 and 2007 results of operations relative to prior periods.

***We might require additional capital to support business growth, and this capital might not be available on acceptable terms, or at all.***

We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop new services or enhance our existing services, enhance our operating infrastructure and acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. Any debt financing secured by us in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. In addition, we may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate

financing or financing on terms satisfactory to us, when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly limited.

***If we fail to maintain proper and effective internal controls, our ability to produce accurate financial statements could be impaired, which could adversely affect our operating results, our ability to operate our business and investors' views of us.***

Under Section 404 of the Sarbanes-Oxley Act of 2002, or SOX 404, on an on-going basis both we and our external auditors are required to assess the effectiveness of our internal controls over financial reporting. The requirements of SOX 404 first became applicable to us on December 31, 2007. Our efforts to comply with SOX 404 have resulted in, and are likely to continue to result in, increased general and administrative expenses and the commitment of significant financial and personnel resources.

Although we believe that our efforts will enable us to remain compliant under SOX 404, we can give no assurance that in the future such efforts will be successful. Our business is complex and involves significant judgments and estimates as described in our "Critical Accounting Policies." Any failure to adequately maintain effective internal controls over our financial reporting, or consequently our inability to produce accurate financial statements on a timely basis, could increase our operating costs and could materially impair our ability to operate our business. In addition, investors' perceptions that our internal controls are inadequate or that we are unable to produce accurate financial statements may seriously affect our stock price.

***Our net operating loss carryforwards may expire unutilized, which could prevent us from offsetting future taxable income.***

At December 31, 2007, we had federal net operating loss carryforwards of approximately \$82.0 million that will begin to expire in 2020 and approximately \$1.4 million in federal tax credit carryforwards that will begin to expire in 2019. At December 31, 2007, we also had state net operating loss carryforwards of approximately \$82.8 million that will begin to expire in 2015 and state research and development credits of approximately \$0.6 million that will begin to expire in 2014. Changes in ownership have occurred that have resulted in limitations in our net operating loss carryforwards under Section 382 of the Internal Revenue Code. As a result of these Section 382 limitations, we can only utilize a portion of the net operating loss carryforwards that were generated prior to the ownership changes to offset future taxable income generated in U.S. federal and state jurisdictions. At December 31, 2007, we also had approximately \$16.4 million in net operating loss carryforwards in the United Kingdom, part or all of which may not be available to offset our future taxable income in the United Kingdom should there be a change in the nature or conduct of our business in the United Kingdom within the three years subsequent to the date of our acquisition of Touch Clarity.

In addition, the timing of when we achieve profitability, if ever, and the dollar amount of such profitability will impact our ability to utilize these net operating loss carryforwards. We may not be able to achieve sufficient profitability to utilize some or all of our net operating loss carryforwards prior to their expiration.

***If we cannot maintain our corporate culture as we grow, we could lose the innovation, teamwork and focus that we believe our culture fosters, and our business may be harmed.***

We believe that a critical contributor to our success has been our corporate culture, which we believe fosters innovation and teamwork. As we grow and change, we may find it difficult to maintain important aspects of our corporate culture, which could negatively affect our ability to retain and recruit personnel, and otherwise adversely affect our future success.

***Our investments in auction rate securities are subject to risks which may adversely affect our liquidity and cause losses.***

At February 22, 2008, we held approximately \$21.5 million of municipal notes investments with an auction reset feature, or auction rate securities, the underlying assets of which are generally student loans which are substantially backed by the federal government. Auction rate securities are generally long-term instruments that provide liquidity through a Dutch auction process that resets the applicable interest rate at pre-determined calendar

intervals, allowing holders of these instruments to rollover their holdings and continue to own their respective securities or liquidate their holdings by selling the auction rate securities at par. These auction rate securities are classified as current assets in our consolidated financial statements. The recent uncertainties in the credit markets have prevented us and other investors from liquidating our holdings of auction rate securities in recent auctions for these securities because the amount of securities submitted for sale has exceeded the amount of purchase orders. Through February 22, 2008, auctions failed for \$15.0 million of our auction rate securities, and there is no assurance that previously successful auctions on the other auction rate securities in our investment portfolio will enable us to liquidate our positions. As a result, our ability to liquidate and fully recover the carrying value of our investment in the near term may be limited or not exist. All of our auction rate securities, including those subject to the failure, are currently rated AAA, the highest rating, by a rating agency. Until the issuers of our auction rate securities are able to successfully close future auctions or if their credit ratings deteriorate, we may in the future be required to reclassify these securities as non-current or record an impairment charge on these investments, and our liquidity would be adversely affected to the extent that the cash we would otherwise receive upon liquidation of the investments would not be available for use in the growth of our business and other strategic opportunities.

### **Risks Related to Our Industry**

*Widespread blocking or erasing of cookies or other limitations on our ability to use cookies or other technologies that we employ may impede our ability to collect information and reduce the value of our services.*

Our services currently use “cookies,” which are small files of information placed on an Internet user’s computer in connection with that visitor’s browsing activity on a customer’s website(s), and “clear GIFs” (also known as pixel tags or web beacons), which are small images placed on a web page to facilitate the collection of visitor browsing data on such customer’s website(s). These technologies help us to aggregate and analyze the website usage patterns of visitors to our customers’ websites. The use of third-party cookies may be construed as obscure in the eyes of the public or governmental agencies, including non-U.S. regulators. We encourage our customers to send our cookies from their own websites and, when they are unwilling to do so, we mark all newly implemented third-party cookies with their dual origin to indicate that they are both from our customer’s website and from us. However, we cannot assure you that these measures will succeed in reducing any risks relating to the use of third-party cookies.

Most currently available web browsers allow site visitors to modify their settings to prevent or delete cookies. Additionally, widely available software allows site visitors to sweep all cookies from their computers at once. Similarly, several software programs, sometimes marketed as ad-ware or spyware detectors, may misclassify the cookies our customers are using as objectionable and prompt site visitors to delete or block them. Several of these same software programs may target the use of clear GIFs. If a large number of site visitors refuse, disable or delete their cookies or clear GIFs or if we are otherwise unable to use cookies or clear GIFs, and if alternative methods or technologies are not developed in a timely manner, the quality of the data we collect for our customers and the value of our services based on that data would decrease substantially.

*We interact with consumers through our customers, so we may be held accountable for our customers’ handling of the consumers’ personal information.*

On behalf of our customers, we collect and use anonymous and personal information and information derived from the activities of Web site visitors. This enables us to provide our customers with anonymous or personally identifiable information from and about the users of their Web sites. Federal, state and foreign government bodies and agencies have adopted or are considering adopting laws regarding the collection, use and disclosure of this information. Therefore our compliance with privacy laws and regulations and our reputation among the public body of Web site visitors depend on our customers’ adherence to privacy laws and regulations and their use of our services in ways consistent with consumers’ expectations.

We also rely on representations made to us by our customers that their own use of our services and the information we provide to them via our services do not violate any applicable privacy laws, rules and regulations or

their own privacy policies. Our customers also represent to us that they provide their Web site users the opportunity to “opt-out” of the information collection associated with our services. We do not audit our customers to confirm compliance with these representations. If these representations are false or if our customers do not otherwise comply with applicable privacy laws, we could face potentially adverse publicity and possible legal or other regulatory action.

***Domestic or foreign laws or regulations may limit our ability to collect and use Internet user information, resulting in a decrease in the value of our services and having an adverse impact on the sales of our services.***

State attorneys general, governmental and non-governmental entities and private persons may bring legal actions asserting that our methods of collecting, using and distributing Web site visitor information are illegal or improper, which could require us to spend significant time and resources defending these claims. The costs of compliance with, and the other burdens imposed by, laws or regulatory actions may prevent us from offering services or otherwise limit the growth of our services. In addition, some companies have been the subject of class-action lawsuits and governmental investigations based on their collection, use and distribution of Web site visitor information. Any such legal action, even if unsuccessful, may distract our management’s attention, divert our resources, negatively affect our public image and harm our business.

Various state legislatures have enacted legislation designed to protect consumers’ privacy by prohibiting the distribution of “spyware” over the Internet. Such anti-spyware laws typically focus on restricting the proliferation of certain kinds of downloadable software, or spyware, that, when installed on an end user’s computer, are used to intentionally and deceptively take control of the end user’s machine. We do not believe that the data collection methods employed by our technology constitute “spyware” or that such methods are prohibited by such legislation. Similar legislation has been proposed federally. This legislation, if drafted broadly enough, could be deemed to apply to the technology we use and could potentially restrict our information collection methods. Any restriction or change to our information collection methods would cause us to spend substantial amounts of money and time to make changes and could decrease the amount and utility of the information that we collect.

Both existing and proposed laws regulate and restrict the collection and use of information over the Internet that personally identifies the Web site visitor. These laws continue to change and vary among domestic and foreign jurisdictions, but certain information such as names, addresses, telephone numbers, credit card numbers and e-mail addresses are widely considered personally identifying. The scope of information collected over the Internet that is considered personally identifying may become more expansive, and it is possible that current and future legislation may apply to information that our customers currently collect without the explicit consent of Web site visitors. If information that our customers collect and use without explicit consent is considered to be personally identifying, their ability to collect and use this information will be restricted and they would have to change their methods, which could lead to decreased use of our services.

Domestic and foreign governments are also considering restricting the collection and use of Internet usage data generally. Some privacy advocates argue that even anonymous data, individually or when aggregated, may reveal too much information about Web site visitors. If governmental authorities were to follow privacy advocates’ recommendations and enact laws that limit data collection practices, our customers would likely have to obtain the express consent of a user of our customers’ Web sites before we could collect, share or use any of that user’s information regardless of whether the collection is done on behalf of our customers. Any requirement that we obtain consent from the users of our customers’ Web sites would reduce the amount and value of the information that we provide to customers, which might cause some existing customers to discontinue using our services. We would also need to expend considerable effort and resources to develop new information collection procedures to comply with an express consent requirement. Even if our customers succeeded in developing new procedures, they might be unable to convince Internet users to agree to the collection and use of the users’ information. This would negatively impact our revenues, growth and potential for expanding our business and could cause our stock price to decline.

***We may face liability for the unauthorized disclosure or theft of private information, which could expose us to liabilities and harm our stock price.***

Unauthorized disclosure of personally identifiable information regarding Web site visitors, whether through breach of our secure network by an unauthorized party, employee theft or misuse, or otherwise, could harm our business. If there were even an inadvertent disclosure of personally identifiable information, or if a third party were to gain unauthorized access to the personally identifiable information we possess, our operations could be seriously disrupted, our reputation could be harmed and we could be subject to claims (including claims for substantial liquidated damages) pursuant to our agreements with our customers or other liabilities. In addition, if a person penetrates our network security or otherwise misappropriates data, we could be subject to liability. Such perceived or actual unauthorized disclosure of the information we collect or breach of our security could harm our business.

***We may face public relations problems as a result of violations of privacy laws and perceived mistreatment of personal information, and these public relations problems may harm our reputation and thereby lead to a reduction in customers and lower revenues.***

Any perception of our practices as an invasion of privacy, whether or not illegal, may subject us to public criticism. Existing and potential future privacy laws and increasing sensitivity of consumers to unauthorized disclosures and use of personal information may create negative public reactions related to our business practices. Public concerns regarding data collection, privacy and security may cause some Web site visitors to be less likely to visit Web sites that subscribe to our services. If enough users choose not to visit our customers' Web sites, our ability to collect sufficient amounts of information and provide our services effectively would be adversely affected, and those Web sites could stop using our services. This, in turn, would reduce the value of our services and inhibit or reverse the growth of our business.

***Internet-related and other laws could adversely affect our business.***

Laws and regulations that apply to communications and commerce over the Internet are becoming more prevalent. In particular, the growth and development of the market for online commerce has prompted calls for more stringent tax, consumer protection and privacy laws, both in the United States and abroad, that may impose additional burdens on companies conducting business online. This could negatively affect the businesses of our customers and reduce their demand for our services. Internet-related laws, however, remain largely unsettled, even in areas where there has been some legislative action. The adoption or modification of laws or regulations relating to the Internet or our operations, or interpretations of existing law, could adversely affect our business.

### **Risks Related to the Securities Markets and Ownership of Our Common Stock**

***The trading price of our common stock may be subject to significant fluctuations and volatility, and our stockholders may be unable to resell their shares at a profit.***

The stock markets, in general, and the markets for high technology stocks in particular, have experienced high levels of volatility. The market for technology stocks has been extremely volatile and frequently reaches levels that bear no relationship to the past or present operating performance of those companies. These broad market fluctuations may adversely affect the trading price of our common stock. In addition, the trading price of our common stock has been subject to significant fluctuations and may continue to fluctuate or decline. Since our initial public offering, which was completed in July 2006, the price of our common stock has ranged from an intra-day low of \$5.60 to an intra-day high of \$38.57 through February 22, 2008. Factors that could cause fluctuations in the trading price of our common stock include the following:

- price and volume fluctuations in the overall stock market from time to time;
- significant volatility in the market price and trading volume of technology companies in general, and companies in our industry;
- actual or anticipated changes in our results of operations or fluctuations in our operating results;

- actual or anticipated changes in the expectations of investors or securities analysts, including changes in financial estimates or investment recommendations by securities analysts who follow our business;
- speculation in the press or investment community;
- technological advances or introduction of new products by us or our competitors;
- actual or anticipated developments in our competitors' businesses or the competitive landscape generally;
- litigation involving us, our industry or both;
- regulatory developments in the United States, foreign countries or both;
- major catastrophic events;
- our sale of common stock or other securities in the future;
- the trading volume of our common stock, as well as sales of large blocks of our stock; or
- departures of key personnel.

These factors, as well as general economic and political conditions and the announcement of proposed and completed acquisitions or other significant transactions, or any difficulties associated with such transactions, by us or our strategic partners, customers or our current competitors, may materially adversely affect the market price of our common stock in the future. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted against that company. Such litigation could result in substantial cost and a diversion of management's attention and resources. In addition, volatility, lack of positive performance in our stock price or changes to our overall compensation program, including our equity incentive program, may adversely affect our ability to retain key employees.

***If securities analysts stop publishing research or reports about our business, or if they downgrade our stock, the price of our stock could decline.***

The trading market for our common stock relies in part on the research and reports that industry or financial analysts publish about us. We do not control these analysts. If one or more of the analysts who do cover us downgrade our stock, our stock price would likely decline. Further, if one or more of these analysts cease coverage of our company, we could lose visibility in the market, which in turn could cause our stock price to decline.

***The concentration of our capital stock ownership with insiders will likely limit your ability to influence the outcome of key transactions, including a change of control.***

Our executive officers, directors, five percent or greater stockholders and affiliated entities together beneficially own a substantial amount of the outstanding shares of our common stock. As a result, these stockholders, if acting together, would be able to exert significant influence over most matters requiring approval by our stockholders, including the election of directors and the approval of significant corporate transactions, even if other stockholders oppose them. This concentration of ownership may have the effect of delaying, preventing or deterring a change of control of our company that other stockholders may view as beneficial, could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company and might ultimately affect the market price of our common stock.

***Provisions in our certificate of incorporation and bylaws under Delaware law might discourage, delay or prevent a change of control of our company or changes in our management and, therefore, depress the trading price of our common stock.***

Our certificate of incorporation and bylaws contain provisions that could depress the trading price of our common stock by acting to discourage, delay or prevent a change of control of our company or changes in our management that the stockholders of our company may deem advantageous. These provisions:

- establish a classified Board of Directors so that not all members of our Board of Directors are elected at one time;

- authorize the issuance of “blank check” preferred stock that our Board of Directors could issue to increase the number of outstanding shares to discourage a takeover attempt;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- prohibit stockholders from calling a special meeting of our stockholders;
- provide that our Board of Directors is expressly authorized to make, alter or repeal our bylaws; and
- establish advance notice requirements for nominations for elections to our Board of Directors or for proposing matters that can be acted upon by stockholders at stockholder meetings.

Additionally, we are subject to Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any “interested” stockholder for a period of three years following the date on which the stockholder became an “interested” stockholder and which may discourage, delay or prevent a change of control of our company.

### **ITEM 1B *Unresolved Staff Comments***

None.

### **ITEM 2. *Properties***

Our executive offices and principal office for domestic marketing, sales and development occupy approximately 103,000 square feet in Orem, Utah under leases that expire in 2011. In January 2008, we amended the lease for our Orem, Utah headquarters to add approximately 33,000 additional square feet of office space commencing in March 2008. As a result of our acquisition of Visual Sciences, we also lease approximately 61,000 square feet of office space located in San Diego, California under a lease that expires in January 2013, of which we currently occupy approximately 40,000 square feet for sales, development and professional services personnel. We sublease the unused space at such facility under a sublease which expires in February 2008. We intend to renew this sublease upon its expiration. In connection with our acquisitions of Offermatica and Visual Sciences we consolidated our combined Northern California operations in office space in San Francisco, California for sales, development and professional services personnel under a lease for 35,000 square feet that expires in 2013. We also lease office space in various other locations throughout the United States for sales and professional services personnel. Our foreign subsidiaries lease office space for their operations and sales and professional services personnel. We consider our facilities to be both suitable and adequate to provide for our current and near-term requirements. If we require additional space, we believe that we will be able to obtain this space on commercially reasonable terms.

### **ITEM 3. *Legal Proceedings***

Generally, we are involved in various legal proceedings arising from the normal course of business activities. In accordance with SFAS No. 5, *Accounting Contingencies*, we make a provision for liability when it is both probable that the liability has been incurred and the amount of the loss can be reasonably estimated. We conduct quarterly reviews of any legal proceedings in which we are involved to determine the impacts of negotiations, settlements, rulings, advice of legal counsel, and other information and events pertaining to a particular case to assess whether any provisions are required to reflect the impacts. We do not believe that ultimate disposition of these matters will have a material adverse impact on our consolidated results of operations, cash flows or financial position. However, litigation is inherently unpredictable, and depending on the amount and timing, an unfavorable resolution of a matter could materially affect our future results of operations, cash flows or financial position in a particular period. See risk factors “*If a third party asserts that we are infringing its intellectual property, whether successful or not, it could subject us to costly and time-consuming litigation or expensive licenses, and our business may be harmed*” and “*The success of our business depends in large part on our ability to protect and enforce our intellectual property rights*” in Item 1A of this Annual Report on Form 10-K.

#### **ITEM 4. *Submission of Matters to a Vote of Security Holders***

At our special meeting of stockholders held on January 17, 2008 in Orem, Utah, the following proposals were adopted by the margins indicated:

1. A proposal to approve the issuance of shares of Omniture common stock in connection with the merger contemplated by the Agreement and Plan of Reorganization, dated October 25, 2007, by and among Omniture, Voyager Acquisition Corp, a wholly-owned subsidiary of Omniture, and Visual Sciences Inc.

| <u>Votes For</u> | <u>Votes Against</u> | <u>Abstain</u> |
|------------------|----------------------|----------------|
| 48,240,628       | 52,438               | 5,191          |

2. A proposal to approve the adjournment or postponement of the special meeting to a later date or dates, if necessary, to solicit additional proxies if there are not sufficient votes to approve Proposal 1 above.

| <u>Votes For</u> | <u>Votes Against</u> | <u>Abstain</u> |
|------------------|----------------------|----------------|
| 45,974,097       | 1,423,806            | 900,354        |

## **PART II**

#### **ITEM 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***

##### **Market Information for Common Stock**

Our common stock has been quoted on the Nasdaq Global Market under the symbol "OMTR" since our initial public offering on June 28, 2006. Prior to that time, there was no public market for our common stock.

The following table sets forth for the indicated periods the high and low sales prices of our common stock as reported by the Nasdaq Global Market.

|  | <u>High</u> | <u>Low</u> |
|--|-------------|------------|
| Fiscal year ended December 31, 2007:               |             |            |
| First quarter . . . . .                            | \$18.75     | \$13.25    |
| Second quarter . . . . .                           | 24.26       | 15.50      |
| Third quarter . . . . .                            | 31.43       | 20.20      |
| Fourth quarter . . . . .                           | 38.57       | 25.54      |
| Fiscal year ended December 31, 2006:               |             |            |
| Second quarter (beginning June 28, 2006) . . . . . | 7.60        | 5.60       |
| Third quarter . . . . .                            | 8.59        | 6.23       |
| Fourth quarter . . . . .                           | 14.97       | 7.35       |

##### **Dividends**

We have never declared nor paid cash dividends on our common stock. We currently expect to retain future earnings, if any, to finance the operation and expansion of our business, and we do not anticipate paying any cash dividends in the foreseeable future. Any future determination related to our dividend policy will be made at the discretion of our Board of Directors.

##### **Stockholders**

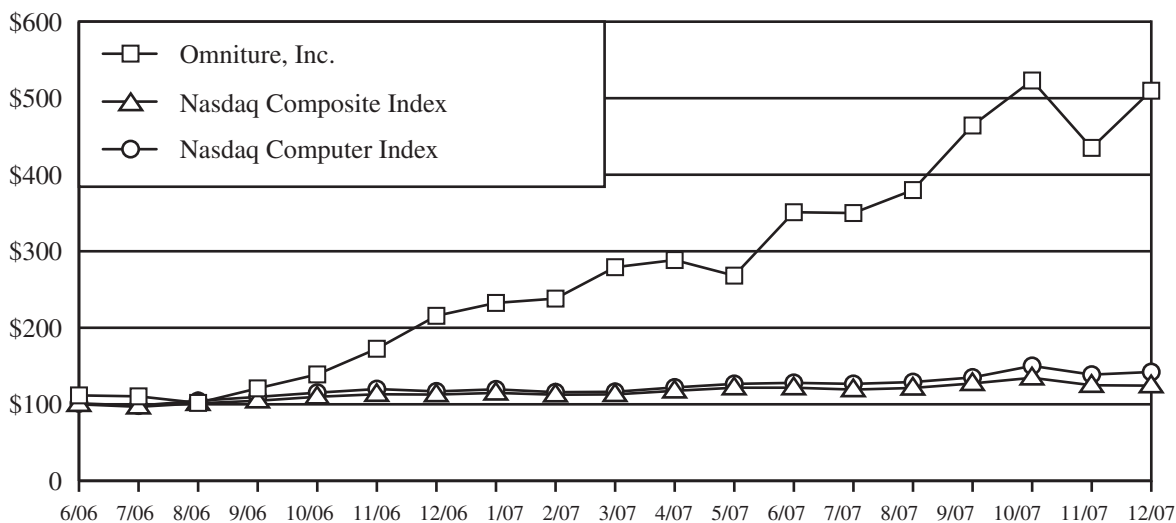
As of February 22, 2008, there were 71,629,640 shares of our common stock outstanding held by approximately 178 stockholders of record, including the Depository Trust Company, which holds shares of our common stock on behalf of an indeterminate number of beneficial owners.

## Stock Performance Graph and Cumulative Total Return

Notwithstanding any statement to the contrary in any of our previous or future filings with the SEC, the following information relating to the price performance of our common stock shall not be deemed to be “filed” with the SEC or to be “soliciting material” under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and it shall not be deemed to be incorporated by reference into any of our filings under the Securities Act or the Exchange Act, except to the extent we specifically incorporate it by reference into such filing.

The following graph shows a comparison from June 28, 2006 (the date our common stock commenced trading on The Nasdaq Global Market) through December 31, 2007 of the cumulative total return for our common stock, the Nasdaq Composite Index and the Nasdaq Computer Index. Data for the Nasdaq Composite Index and the Nasdaq Computer Index assume reinvestment of dividends. The comparisons in this graph below are based on historical data and are not intended to forecast or be indicative of future performance of our common stock.

**COMPARISON OF 18 MONTH CUMULATIVE TOTAL RETURN\***  
**Among Omniture, Inc, The Nasdaq Composite Index**  
**and The Nasdaq Computer Index**



\* \$100 invested on 6/28/06 in stock or 5/31/06 in index-including reinvestment of dividends. Fiscal year ending December 31.

*The stock price performance included in this graph is not necessarily indicative of future stock price performance.*

## Recent Sales of Unregistered Securities

In March 2007, we completed the acquisition of Touch Clarity Limited pursuant to the Share Purchase Agreement dated as of February 14, 2007 by and among Omniture, the former shareholders of Touch Clarity Limited, and certain representatives of the Touch Clarity shareholders. In connection with the closing of the Touch Clarity acquisition, the holders of both vested and unvested options to purchase shares of Touch Clarity common stock received replacement options to purchase approximately 0.7 million shares of Omniture common stock with a weighted average exercise price for the replacement stock options equal to approximately \$0.79 per share, or Touch Clarity Transaction Options. Additionally, the consideration in the acquisition of Touch Clarity consisted, in part, in the payment of approximately 0.8 million shares of Omniture common stock to the former shareholders of Touch Clarity, or Touch Clarity Transaction Shares, which shares were issued in August 2007. The Touch Clarity Transaction Options and the Touch Clarity Transaction Shares were not registered under the Securities Act of 1933, as amended, or the Securities Act. In issuing the Touch Clarity Transaction Options and the Touch Clarity Transaction Shares, Omniture relied on the exemptions from registration under the Securities Act provided by

Section 4(2) of the Securities Act, Regulation D promulgated by the Securities and Exchange Commission thereunder, and Regulation S promulgated by the Securities and Exchange Commission under the Securities Act, based in part on representations made by the intended recipients of such options and shares as to their status as accredited investors and non-U.S. persons and the determination that, in some cases, the transactions were exempt from registration as not involving an offer or sale within the meaning of the Securities Act.

In December 2007, we completed our acquisition of Offermatica Corporation pursuant to the Agreement and Plan of Reorganization, dated September 7, 2007, by and among Omniture, San Francisco Acquisition Sub, a wholly-owned subsidiary of Omniture and Offermatica. The consideration in the acquisition of Offermatica consisted, in part, in the payment of approximately 1.0 million shares of Omniture common stock to the former stockholders of Offermatica, or the Offermatica Merger Shares. The Offermatica Merger Shares were not registered under the Securities Act. Omniture obtained a permit from the California Commissioner of Corporations qualifying the issuance of the Offermatica Merger Shares under Sections 25121 and 25142 of the California Corporations Code. Accordingly, the Offermatica Merger Shares were exempt from the registration requirements of Section 5 of the Securities Act pursuant to Section 3(a)(10) of the Securities Act.

### **Use of Proceeds from the Initial Public Offering**

Our initial public offering of common stock, or IPO, was made pursuant to a registration statement on Form S-1 (File No. 333-132987), which the Securities and Exchange Commission declared effective on June 27, 2006. As a result of the offering, we raised approximately \$59.2 million, net of underwriting discounts, commissions and offering expenses. During the last three quarters of 2007 and January 2008, we used the remainder of the net IPO proceeds to acquire certain intellectual property rights and to complete the acquisitions of Offermatica and Visual Sciences.

### **Trading Plans**

Our Insider Trading Policy permits directors, officers and other employees covered under the policy to establish, subject to certain conditions and limitations set forth in the policy, written trading plans which are intended to comply with Rule 10b5-1 under the Securities Exchange Act, which permit automatic trading of common stock of Omniture, Inc. or trading of common stock by an independent person (such as stockbroker) who is not aware of material, nonpublic information at the time of the trade. We are aware that certain of our directors and officers have entered into written trading plans, and we believe our directors and officers may establish such plans in the future.

### **Stock Repurchases**

We did not repurchase any of our stock during 2007.

## ITEM 6. Selected Financial Data

We present below our selected consolidated financial data. The selected consolidated statement of operations data for the years ended December 31, 2005, 2006 and 2007 and the selected consolidated balance sheet data at December 31, 2006 and 2007 have been derived from our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K. The selected consolidated statement of operations data for the years ended December 31, 2003 and 2004 and the selected consolidated balance sheet data at December 31, 2003, 2004 and 2005 have been derived from our audited consolidated financial statements not included in this Annual Report on Form 10-K. You should read this information together with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes, each included elsewhere in this Annual Report on Form 10-K. Our historical results are not necessarily indicative of the results to be expected in any future period.

|   | Year Ended December 31,               |            |            |                             |                           |
|---|---------------------------------------|------------|------------|-----------------------------|---------------------------|
|   | 2003                                  | 2004       | 2005       | 2006                        | 2007                      |
|   | (In thousands, except per share data) |            |            |                             |                           |
| Total revenues . . . . .  | \$ 8,654                              | \$ 20,566  | \$ 42,804  | \$ 79,749                   | \$143,127                 |
| Net income (loss) . . . . .   | 143                                   | (1,318)    | (17,441)   | (7,725) <sup>(1)</sup>      | (9,429) <sup>(1)</sup>    |
| Net income (loss) per share, diluted . . . . .                                  | \$ 0.01                               | \$ (0.10)  | \$ (1.27)  | \$ (0.25) <sup>(1)</sup>    | \$ (0.18) <sup>(1)</sup>  |
| Weighted-average number of shares . . . . .                                     | 22,677                                | 13,094     | 13,694     | 30,332                      | 53,710                    |
| Cash, cash equivalents and short-term investments . . . . .                     | \$ 2,187                              | \$ 8,927   | \$ 22,196  | \$ 68,287 <sup>(2)</sup>    | \$134,689 <sup>(3)</sup>  |
| Working (deficit) capital . . . . .   | (2,638)                               | (1,422)    | 1,191      | 52,028 <sup>(2)</sup>       | 120,033 <sup>(3)</sup>    |
| Total assets . . . . .  | 6,926                                 | 32,768     | 73,051     | 135,210 <sup>(2)</sup>      | 370,723 <sup>(3)(4)</sup> |
| Total long-term obligations, including current portion <sup>(5)</sup> . . . . . | 2,054                                 | 9,028      | 5,992      | 10,191                      | 7,774                     |
| Convertible preferred stock . . . . .   | 10,108                                | 22,770     | 61,882     | — <sup>(6)</sup>            | —                         |
| Total stockholders’ (deficit) equity . . . . .                                  | \$(12,205)                            | \$(13,413) | \$(30,266) | \$ 86,425 <sup>(2)(6)</sup> | \$291,075 <sup>(3)</sup>  |

(1) As a result of adopting SFAS No. 123R on January 1, 2006, our net loss and diluted net loss per share for 2006 were \$1.8 million and \$0.06, respectively, greater than if we had continued to account for stock-based compensation under the previous accounting rules. Also, our net loss and diluted net loss per share for 2007 were \$11.1 million and \$0.21, respectively, greater than if we had continued to account for stock-based compensation under the previous accounting rules. Because we adopted SFAS No. 123R using the prospective transition method, we applied its provisions only to stock awards granted, modified, repurchased or cancelled on or after the effective date.

(2) Cash and cash equivalents, working capital, total assets and total stockholders’ (deficit) equity increased in 2006 primarily due to the net cash proceeds of \$59.2 million, after deducting underwriting discounts, commissions and offering expenses, from our initial public offering in July 2006.

(3) Cash, cash equivalents and short-term investments, working capital, total assets and stockholders’ equity increased in 2007 primarily due to the net cash proceeds of \$142.2 million, after deducting underwriting discounts, commissions and offering expenses, from our common stock offering in June 2007.

(4) Total assets increased in 2007 as a result of the acquisitions of Instadia, Touch Clarity and Offermatica.

(5) Total long-term obligations, including current portion consist of notes payable and capital lease obligations.

(6) In 2006, the entire balance of convertible preferred stock was reclassified to stockholders’ (deficit) equity due to the automatic conversion of the outstanding shares of convertible preferred stock to common stock upon the closing of our initial public offering in July 2006.

## ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following Management’s Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our Consolidated Financial Statements and related Notes included in Part II, Item 8 of this Annual Report on Form 10-K. This discussion contains forward-looking statements based on current expectations that involve risks and uncertainties, such as our plans, objectives, expectations and intentions, as set

*forth under “Cautionary Note Regarding Forward-Looking Statements.” Our actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in the following discussion and in Part I. Item 1A “Risk Factors” and elsewhere in this Annual Report on Form 10-K. Unless otherwise indicated, all references to a year reflect our fiscal year that ends on December 31, 2007.*

## **Overview**

We are a leading provider of online business optimization services, which our customers use to manage and enhance online, offline and multi-channel business initiatives. Our Omniture online business optimization platform, which we host and deliver to our customers on-demand, consists of Omniture SiteCatalyst, our flagship service, and our Omniture DataWarehouse, Omniture Discover OnDemand, Omniture Genesis, Omniture SearchCenter, Omniture Test&Target, Omniture SiteSearch and Omniture Publish services and our Omniture Discover OnPremise software. These services, built on a scalable and flexible computing architecture, enable our customers to capture, store and analyze information generated by their Web sites and other sources and to gain critical business insights into the performance and efficiency of marketing and sales initiatives and other business processes and to automate the optimization of key areas of their online businesses.

We were founded in 1996, began offering our on-demand online business optimization services in 1997 and began offering these services to enterprises in 2001. Our total revenues have grown from \$3.7 million in 2002 to \$143.1 million in 2007, representing an average annual growth rate of approximately 109%. Our total cost of revenues and total operating expenses have increased from \$60.2 million in 2005 to \$156.4 million in 2007. Our loss from operations was \$17.4 million in 2005 and declined to \$8.1 million in 2006. Our loss from operations increased to \$13.3 million in 2007. Our net loss was \$17.4 million in 2005 and declined to \$7.7 million in 2006. Our net loss increased to \$9.4 million in 2007. We sell our services through direct sales efforts and indirectly through resellers. Substantially all of our revenues from 2002 to 2007 have been derived from subscription fees for our services, which represented approximately 96% of total revenues in 2005, 94% of total revenues in 2006 and 92% of total revenues in 2007.

We provide our online business optimization services to businesses in 86 countries. During all of 2006, our services captured approximately 1.4 trillion transactions, and during 2007 the number of transactions our services captured increased to approximately 2.2 trillion for approximately 3,000 customers.

Our revenue growth will depend on our ability to attract new customers, to retain our customers over time and to sell additional service offerings to our installed Omniture SiteCatalyst customer base. In addition to these factors that will impact our revenue growth, our profitability will also be affected by our ability to realize economies of scale as our business grows, the amount of stock-based compensation expense we must record related to future stock awards and the amount of amortization expense associated with future intangible asset acquisitions. The delivery of our services requires us to make significant upfront capital expenditures to support the network infrastructure needs of our services. We typically depreciate these capital expenditures over a period of approximately four years, and we begin to include the depreciation amount in our cost of subscription revenues promptly after making the expenditures. During 2007, we began leasing a portion of our network infrastructure equipment requirements under operating leases, which require us to begin making lease payments and begin recording lease expense immediately upon receipt of the equipment. We generally recognize revenue from our customers ratably over the contractual service period but only after we begin to provide our services to them. Therefore, any delays we encounter in the implementation of our services to our customers will impact our ability to start recognizing revenue and to begin to offset the depreciation and lease costs resulting from the upfront capital expenditures and acquisitions under operating leases. These delays will also defer the collection of cash necessary to begin offsetting the expenditures.

Those few customers who contract for the measurement of the highest numbers of transactions generally require more significant upfront capital expenditures and more prolonged implementation cycles. In addition, we typically provide customers that commit to a higher number of transactions with lower per transaction pricing, which results in lower gross margins for revenues from those customers. These factors together further delay the profitability and positive cash-flow realization from these large customers.

Historically, most of our revenues have resulted from the sale of our services to companies located in the United States. During 2007, we acquired two European-based companies, in part due to our strategy to expand our international sales operations by growing our direct sales force abroad. We also intend to utilize resellers and other sales channel relationships with third parties to expand our international sales operations. As a result of these efforts, our revenues from customers outside of the United States increased from 11% of total revenues in 2005 to 17% of total revenues in 2006 and to 26% of total revenues in 2007.

We experience significant seasonality in our contracting activity. Historically, a significant percentage of our customers have entered into or renewed subscription services agreements in the fourth quarter. Also, a significant percentage of our customer agreements within a given quarter are entered into during the last month, weeks or days of the quarter.

## **Acquisitions**

### ***Acquisition of Instadia A/S***

In January 2007, we acquired all of the outstanding voting stock of Instadia, a provider of enterprise, on-demand Web analytics services based in Copenhagen, Denmark. We purchased Instadia to acquire its existing customer base, key personnel and technology. The preliminary aggregate purchase price was approximately \$14.3 million, which consisted of (1) total cash consideration of approximately \$11.4 million, (2) restructuring charges of approximately \$2.4 million, (3) acquisition-related costs and (4) a license payment to NetRatings, related to the Instadia acquisition of approximately \$0.3 million, which we elected to make in February 2007 in accordance with the terms of the settlement and patent license agreement entered into with NetRatings in February 2006. The results of operations of Instadia are included in our results of operations from the acquisition date.

### ***Acquisition of Touch Clarity Limited***

In March 2007, we acquired all of the outstanding voting stock of Touch Clarity, a provider of enterprise, on-demand, automated onsite behavioral targeting and optimization solutions, based in London, England. We purchased Touch Clarity to acquire its key personnel and technology. The preliminary aggregate purchase price was approximately \$61.3 million, which consisted of (1) total cash consideration of approximately \$29.5 million, (2) the issuance of approximately 0.8 million shares of our common stock valued at approximately \$22.1 million, net of issuance costs, (3) the fair value of substituted options, (4) acquisition-related costs and (5) a license payment to NetRatings related to the Touch Clarity acquisition of approximately \$0.5 million, which we elected to make in April 2007 in accordance with the terms of the settlement and patent license agreement entered into with NetRatings, in February 2006. The terms of the acquisition also provided for the payment of up to \$3.0 million in additional consideration during the first fiscal quarter of 2008, contingent upon the achievement of certain milestones during 2007. Any contingent consideration paid by us would increase the aggregate purchase price and goodwill.

### ***Acquisition of Offermatica Corporation***

On December 13, 2007, we acquired all of the outstanding voting stock of Offermatica, an on-demand provider of A/B and multivariate testing solutions that enable companies to define and test the structure and other elements of their Web sites. We purchased Offermatica to acquire its existing customer base, key personnel and technology. The results of operations of Offermatica are included in our results of operations from the acquisition date.

The preliminary aggregate purchase price was approximately \$60.4 million, which consisted of (1) initial cash consideration of approximately \$33.6 million, (2) the issuance of approximately 1.0 million shares of our common stock valued at approximately \$24.8 million, (3) acquisition-related costs and (4) a license payment to NetRatings of approximately \$0.9 million related to the Offermatica acquisition, which we elected to make in January 2008 in accordance with the terms of the settlement and patent license agreement entered into with NetRatings in February 2006.

### ***Acquisition of Visual Sciences, Inc.***

On January 17, 2008, we acquired all of the outstanding voting stock of Visual Sciences, a provider of on-demand Web analytics applications. The acquisition was accounted for under the purchase method of accounting. We purchased Visual Sciences to acquire its existing customer base, key personnel and technology. Because the acquisition was completed after December 31, 2007, no results of operations of Visual Sciences are included in our results of operations for 2007.

Under the terms of the acquisition, each outstanding share of Visual Sciences capital stock was converted into 0.49 of a share of our common stock and \$2.39 in cash. In connection with the acquisition, options to purchase Visual Sciences common stock outstanding at the time of closing were assumed by us and converted into options to purchase shares of our common stock, based on an option exchange ratio pursuant to the terms of the definitive agreement.

The preliminary aggregate purchase price was approximately \$437.5 million, which consisted of (1) the issuance of approximately 10.3 million shares of our common stock upon closing of the acquisition, valued at approximately \$354.6 million, net of issuance costs, (2) cash consideration of approximately \$50.1 million, (3) the fair value of assumed Visual Sciences stock options, (4) acquisition-related costs, (5) restructuring costs and (6) a license payment of approximately \$2.3 million to NetRatings in accordance with the settlement and patent cross-license agreement entered into by Visual Sciences with NetRatings in August 2007. For accounting purposes, we have not yet made a final determination of certain components of the Visual Sciences purchase price. Accordingly, the aggregate purchase price is still preliminary and subject to further adjustment as additional information becomes available to us. There can be no assurance that the final determination will not result in material changes from these preliminary amounts.

We also issued approximately 0.1 million shares of our common stock in exchange for unvested Visual Sciences restricted stock awards that remain subject to forfeiture based on the original vesting schedule applicable to such awards. We will be required to pay up to an additional approximately \$0.5 million in cash consideration as these restricted stock awards become vested.

### **How We Generate Revenues**

Our revenues are classified into two types: subscription revenues and professional services and other revenues. Subscription revenues accounted for 96% of total revenues in 2005, 94% of total revenues in 2006 and 92% of total revenues in 2007.

#### ***Subscription Revenues***

We derive subscription revenues from customers that use our online business optimization services. We generally bill for our Omniture SiteCatalyst and Omniture Discover OnDemand subscription fees based on a committed minimum number of transactions from which we capture data over a predetermined period. We generally consider a transaction to be any electronic interaction, which could be either online or offline, between our customer and their customer that generates data which is incorporated into our optimization platform. Most of our customer contracts provide for additional fees for over-usage based on the number of transactions in excess of this committed minimum number. In addition, we generally charge an annual fee for Omniture Discover OnDemand, based on the number of users of our Omniture Discover OnDemand subscription services. We bill a limited number of large customers based on actual transactions from which we capture data during the billing period.

We generally bill customers for our Omniture SearchCenter subscription services based on either a fixed percentage of our customer's monthly online advertising spending managed through our Omniture SearchCenter services, or based on a committed minimum number of bid reviews tracked on a monthly basis. We generally consider a bid review to be each instance where our Omniture SearchCenter services check or change a customer's bids on its keyword or product listing. Most of our customer contracts provide for additional fees for bid reviews in excess of a stated quantity during a month.

For our Omniture TouchClarity behavioral targeting subscription services, we generally bill these fees based on the number of campaign containers we manage for our customers. We consider a campaign container to be any

unique location on a customer's Web page for which the customer is tracking data about a specific marketing campaign activity. Most of our customer behavioral targeting contracts provide for additional fees for transactions tracked in excess of a specified quantity of transactions.

We generally bill for our Omniture Offermatica subscription services based on a committed minimum number of daily visits to the customer's Web page that are tracked through our services. Most of our testing contracts allow us to charge additional fees for daily visits tracked through our services in excess of the committed minimum.

We also derive subscription revenues from implementation fees associated with the initial deployment of our services. Implementation fees are generally billed as fixed fees per service installation.

The volume of subscription revenues is driven primarily by the number of customers and the number of transactions from which we capture data. The terms of our service agreements are typically from one to three years. We recognize subscription revenues ratably over the term of the agreement, beginning on the commencement of the service. Customers typically have the right to terminate their contracts for cause if we fail to substantially perform. Some of our customers also have the right to cancel their service agreements by providing prior written notice to us of their intent to cancel the remaining term of their agreement. In the event that a customer cancels its contract, it is not entitled to a refund for prior services provided to it by us.

We invoice most customers monthly, quarterly or annually in advance for subscription fees and implementation fees, while we invoice over-usage fees and actual usage fees monthly in arrears. Amounts that have been invoiced are recorded in accounts receivable and in deferred revenues, or in revenues if all the revenue recognition criteria have been met.

In the future we may realize a portion of our revenues from the sale of software licenses related to software products acquired in the Visual Sciences acquisition. These software licenses would be accounted for in accordance with Statement of Position, or SOP, 97-2, *Software Revenue Recognition*, as amended by SOP 98-9, *Modification of SOP 97-2, Software Revenue Recognition*. None of our 2007 revenues were derived from the sale of software licenses.

### ***Professional Services and Other Revenues***

Professional services and other revenues are primarily derived from consulting and training services provided to our customers.

Depending on the nature of the engagement, consulting services are billed either on a time-and-materials basis or as a single fee per engagement. We also offer a number of training courses on implementing, using and administering our services, which are generally billed at a standard rate per attendee, per course. We recognize revenues from professional services that are sold with subscription services over the term of the related subscription contract. We recognize revenues from professional services sold separately from subscription services as those services are performed.

### ***Indirect Sales***

We sell our online business optimization services primarily through direct sales efforts and to a limited extent through third parties that resell our services to end users. We typically bill the reseller directly for services we provide to end users, based on the contracted pricing. This pricing is generally a fixed percentage of the fee charged by the reseller to the end user. We recognize revenues on these arrangements, equal to the amount we bill to the reseller, when all revenue recognition criteria are met.

## **Cost of Revenues and Operating Expenses**

### ***Cost of Revenues***

Cost of subscription revenues consists primarily of expenses related to operating our network infrastructure, including depreciation expenses and operating lease payments associated with computer equipment, data center costs, salaries and related expenses of network operations, implementation, account management and technical support personnel and amortization of intangible assets. Cost of subscription revenues will, absent any impairment

and before any affect of the Visual Sciences acquisition, include approximately \$7.4 million in annual amortization of existing acquired intangible assets through 2010 and decreasing amounts thereafter through March 31, 2014. We enter into contracts with third parties for the use of their data center facilities, and our data center costs largely consist of the amounts we pay to these third parties for rack space, power and similar items.

Cost of professional services and other revenues consists primarily of employee-related costs associated with these services. We recognize costs related to professional services as they are incurred. The cost of professional services and other revenues is significantly higher as a percentage of professional services and other revenues than the cost of subscription revenues is as a percentage of subscription revenues, due to the labor costs associated with providing these services.

### ***Operating Expenses***

Our operating expenses consist of sales and marketing expenses, research and development expenses and general and administrative expenses.

Sales and marketing expenses have historically been our largest operating expense category. Sales and marketing expenses consist primarily of salaries, benefits and related expenses for our sales and marketing personnel, commissions, the costs of marketing programs (including advertising, events, corporate communications and other brand building and product marketing) and allocated overhead. Sales and marketing expenses will, absent any impairment and before any affect of the Visual Sciences acquisition, also include approximately \$2.0 million in annual amortization of acquired customer-related intangible assets through 2012 and decreasing amounts thereafter through March 31, 2015.

Research and development expenses consist primarily of salaries, benefits and related expenses for our software engineering and quality assurance personnel and allocated overhead.

General and administrative expenses consist primarily of salaries, benefits and related expenses for our executive, finance and accounting, legal, human resources and information systems personnel, professional fees, other corporate expenses and allocated overhead.

We allocate overhead such as rent and other occupancy costs, telecommunications charges and non-network related depreciation to all departments based on headcount. As a result, general overhead expenses are reflected in each cost of revenues and operating expense item. Our cost of revenues and operating expenses also include stock-based compensation expenses related to the following: (1) the fair value of stock options issued to employees on or after January 1, 2006; (2) stock options issued to employees prior to 2006 in situations in which the exercise price was less than the deemed fair value of our common stock on the date of grant; and (3) stock options issued to non-employees.

### **Trends in Our Business and Results of Operations**

Our business has grown rapidly. This growth has been driven primarily by an expansion of our customer base, coupled with increased subscription revenues from existing customers. To date, we have derived a substantial majority of our revenues from subscription fees for Omniture SiteCatalyst and related subscription services provided to customers in the United States. As demonstrated, in part, by our recent acquisitions of Touch Clarity, Offermatica and Visual Sciences, we expect that revenues associated with our current and future services other than Omniture SiteCatalyst will continue to increase over time and continue to reduce the percentage of total revenues generated by Omniture SiteCatalyst.

In addition, as we continue expanding our international sales operations and international distribution channels, we expect that revenues from customers located outside the United States will continue to increase as a percentage of total revenues. Revenues from customers located outside the United States have increased from 11% of total revenues for 2005 to 17% of total revenues for 2006 and 26% of total revenues for 2007. Additionally, we expect the percentage of total revenues derived from our largest customers to further decrease over time, as a result of continued expansion of our customer base.

If our customer base continues to grow, it will be necessary for us to continue to make significant upfront investments in the network infrastructure equipment and implementation personnel necessary to support this growth. The rate at which we add new customers, along with the scale of new customer implementations, will affect the level of these upfront investments. Our gross margins have increased from 52% for 2005 to 60% for 2006 and to 63% for 2007, primarily due to more efficient utilization of our network hardware. We are seeking to achieve further economies of scale as we continue expanding our network infrastructure, resulting in a reduction over time of network operations costs as a percentage of total revenues, although improvements in future gross margins are not expected to occur at the same rate experienced from 2005 through 2007.

During 2007, we began leasing a portion of our network infrastructure equipment requirements under operating leases provided by third-party financing sources. During 2007, we leased equipment under operating leases with total future minimum lease payments of approximately \$10.9 million. We expect equipment acquired under operating leases to continue to increase in 2008 in absolute dollars. Although we do not expect the use of operating leases to have a significant impact on total cost of revenues, when compared to the effect of purchasing this equipment, our capital expenditures are reduced to the extent we utilize operating leases.

The timing of additional expenditures and equipment operating leases could materially affect our cost of revenues, both in absolute dollars and as a percentage of revenues, in any particular period. In addition, because we incur immediate depreciation and lease expense from our significant upfront network computer equipment requirements as new customers are added, these customers are not immediately profitable. As a result, our profitability can be significantly affected by the timing of the addition of new customers, particularly customers with large volume requirements. At least through March 31, 2014, our cost of revenues and our gross margin will also be negatively affected by the amortization of the following intangible assets: (1) the estimated fair value of the patents licensed from NetRatings; and (2) the intangible assets directly related to our subscription service that were acquired as part of our acquisitions of other businesses.

We have also experienced, and expect to continue to experience rapid growth in our operating expenses as we make investments to support the anticipated growth of our customer base. Our full-time employee headcount increased from 305 at December 31, 2005 to 713 at December 31, 2007. We expect operating expenses to continue to increase in absolute dollars, but to decline over time as a percentage of total revenues due to anticipated economies of scale in our business support functions. We also expect our future operating expenses to increase in absolute dollars due to the incremental salaries, benefits and expenses related to the addition of personnel from our acquisitions completed in 2007 and during the first quarter of 2008, along with any future acquisitions.

We plan to continue investing heavily in sales and marketing by increasing the number of direct sales personnel and the number of indirect distribution channels, expanding our domestic and international selling and marketing activities and building brand awareness through advertising and sponsoring additional marketing events. We expect that sales and marketing expenses will continue to increase in absolute dollars and remain our largest operating expense category. Generally sales personnel are not immediately productive and sales and marketing expenses do not immediately result in revenues. This reduces short-term operating margins until the salesperson becomes more fully utilized and revenues can be recognized. At least through March 31, 2015, we expect sales and marketing expenses to be negatively affected due to customer-related intangible assets acquired as part of our acquisitions of other businesses.

We expect research and development expenses to continue to increase in absolute dollars as we continue to enhance our existing services and to expand our available service offerings. We also expect our future research and development expenses to increase in absolute dollars due to the incremental salaries, benefits and expenses related to the Touch Clarity, Offermatica and Visual Sciences acquisitions.

We expect that general and administrative expenses will continue to increase in absolute dollars as we add personnel and incur additional expenses to support the growth of our business and operate as a public company.

We expect stock-based compensation expenses to continue to increase in absolute dollars primarily due to the stock awards granted during 2007 and stock awards we expect to grant during 2008. Since the first quarter of 2006, we have recorded stock-based compensation expense under the provisions of SFAS No. 123R based on the fair value of stock awards at the date of grant. The actual amount of stock-based compensation expense we record in any

fiscal period will depend on a number of factors including: the number of shares subject to the stock options issued, the fair value of our common stock at the time of issuance and the volatility of our stock price over time. At December 31, 2007, there was \$52.5 million of total unrecognized compensation cost related to unvested stock option awards granted subsequent to the adoption of SFAS No. 123R and \$5.1 million of total unrecognized compensation cost related to unvested restricted stock units. These amounts of unrecognized compensation cost are equal to the fair value of stock option awards and restricted stock units expected to vest and will be recognized over a weighted-average period of 3.2 years and 1.8 years, respectively.

During 2007, we completed the acquisitions of Instadia, Touch Clarity and Offermatica and in the first quarter of 2008 we completed the acquisition of Visual Sciences. In the future, as part of our overall growth strategy, we expect to acquire other businesses, products, services or technologies to complement our Omniture online business optimization platform and accelerate access to strategic markets.

At December 31, 2007, we had approximately \$82.0 million in net operating loss carryforwards for federal income tax purposes, which will begin to expire in 2020, and approximately \$1.4 million in federal tax credit carryforwards, which will begin to expire in 2019. We intend to utilize any carryforwards available to us to reduce our future tax payments. These carryforwards will be subject to annual limitations that result in their expiration before some portion of them has been fully utilized. Despite the potential availability of these net operating loss carryforwards, we expect our income tax expense to increase in absolute dollars, primarily due to income taxes in the foreign jurisdictions in which we operate and because we will likely be subject to alternative minimum tax for federal income tax purposes.

## Results of Operations

The following table sets forth selected consolidated statements of operations data as a percentage of total revenues for each of the periods indicated.

|  | Year Ended<br>December 31, |              |             |
|--|----------------------------|--------------|-------------|
|  | <u>2005</u>                | <u>2006</u>  | <u>2007</u> |
| Revenues:  |                            |              |             |
| Subscription . . . . .                           | 96%                        | 94%          | 92%         |
| Professional services and other . . . . .        | <u>4</u>                   | <u>6</u>     | <u>8</u>    |
| Total revenues . . . . .                         | 100                        | 100          | 100         |
| Cost of revenues:                                |                            |              |             |
| Subscription . . . . .                           | 43                         | 36           | 32          |
| Professional services and other . . . . .        | <u>5</u>                   | <u>4</u>     | <u>5</u>    |
| Total cost of revenues . . . . .                 | <u>48</u>                  | <u>40</u>    | <u>37</u>   |
| Gross profit . . . . .                           | 52                         | 60           | 63          |
| Operating expenses:                              |                            |              |             |
| Sales and marketing . . . . .                    | 57                         | 44           | 43          |
| Research and development . . . . .               | 15                         | 11           | 12          |
| General and administrative . . . . .             | 15                         | 15           | 17          |
| Litigation settlement . . . . .                  | <u>6</u>                   | <u>—</u>     | <u>—</u>    |
| Total operating expenses . . . . .               | <u>93</u>                  | <u>70</u>    | <u>72</u>   |
| Loss from operations . . . . .                   | (41)                       | (10)         | (9)         |
| Interest income . . . . .                        | 1                          | 2            | 4           |
| Interest expense . . . . .                       | (1)                        | (2)          | (1)         |
| Other expense, net . . . . .                     | <u>—</u>                   | <u>—</u>     | <u>—</u>    |
| Loss before provision for income taxes . . . . . | (41)                       | (10)         | (6)         |
| Provision for income taxes . . . . .             | <u>—</u>                   | <u>—</u>     | <u>—</u>    |
| Net loss . . . . .                               | <u>(41)%</u>               | <u>(10)%</u> | <u>(7)%</u> |

## Years Ended December 31, 2005, 2006 and 2007

### Revenues

|   | Year Ended December 31, |                 |                  | % Change             |                      |
|---|-------------------------|-----------------|------------------|----------------------|----------------------|
|   | <u>2005</u>             | <u>2006</u>     | <u>2007</u>      | <u>2005 vs. 2006</u> | <u>2006 vs. 2007</u> |
|   | (In thousands)          |                 |                  |                      |                      |
| Subscription . . . . .                    | \$41,066                | \$74,580        | \$132,010        | 82%                  | 77%                  |
| Professional services and other . . . . . | <u>1,738</u>            | <u>5,169</u>    | <u>11,117</u>    | 197                  | 115                  |
| Total revenues . . . . .                  | <u>\$42,804</u>         | <u>\$79,749</u> | <u>\$143,127</u> | 86                   | 79                   |

Subscription revenues increased \$57.4 million from 2006 to 2007 and \$33.5 million from 2005 to 2006, primarily due to the growth in the number of customers for our subscription services and greater revenues from existing customers as they increased the number of transactions from which we captured data. Professional services and other revenues increased \$5.9 million from 2006 to 2007 and \$3.4 million from 2005 to 2006, primarily due to the growth in our consulting and training services, resulting from an increase in the number of customers for our subscription services and additional staffing in these areas to support increased customer demand.

The following table sets forth revenues from customers within and outside the United States (in thousands):

|   | <u>Year Ended December 31,</u> |                 |                  |
|---|--------------------------------|-----------------|------------------|
|   | <u>2005</u>                    | <u>2006</u>     | <u>2007</u>      |
| Revenues from customers within the United States . . . . .                                    | \$38,108                       | \$66,468        | \$106,258        |
| Revenues from customers outside the United States . . . . .                                   | <u>4,696</u>                   | <u>13,281</u>   | <u>36,869</u>    |
| Total revenues . . . . .  | <u>\$42,804</u>                | <u>\$79,749</u> | <u>\$143,127</u> |
| Revenues from customers outside the United States as a percentage of total revenues . . . . . | 11%                            | 17%             | 26%              |

Revenues from customers outside of the United States grew from 11% of total revenues in 2005 to 17% of total revenues in 2006 and to 26% of total revenues in 2007, as a result of our ongoing efforts to expand the size of our sales force and the number of locations outside of the United States where we conduct business and our international selling and marketing activities. No single foreign country accounted for more than 10% of total revenues in 2005, 2006 and 2007.

America Online and certain of its affiliated entities, collectively, accounted for 11% of total revenues during 2005 and 2006. No other customer accounted for more than 10% of total revenues during 2005 and 2006 and no customer accounted for more than 10% of total revenues during 2007. Our agreement with America Online has a one-year term and is renewable annually until 2012. Our agreements with the entities affiliated with America Online have varying durations of approximately one to two years from the date that we entered into these agreements and are generally renewable annually.

**Cost of Revenues**

|   | <u>Year Ended December 31,</u> |                 |                 | <u>% Change</u>      |                      |
|---|--------------------------------|-----------------|-----------------|----------------------|----------------------|
|   | <u>2005</u>                    | <u>2006</u>     | <u>2007</u>     | <u>2005 vs. 2006</u> | <u>2006 vs. 2007</u> |
|   | (In thousands)                 |                 |                 |                      |                      |
| Subscription . . . . .                    | \$18,496                       | \$28,827        | \$46,411        | 56%                  | 61%                  |
| Professional services and other . . . . . | <u>1,963</u>                   | <u>2,999</u>    | <u>6,953</u>    | 53                   | 132                  |
| Total cost of revenues . . . . .          | <u>\$20,459</u>                | <u>\$31,826</u> | <u>\$53,364</u> | 56                   | 68                   |

The following table sets forth our cost of revenues as a percent of related revenues:

|   | <u>Year Ended December 31,</u> |             |             |
|---|--------------------------------|-------------|-------------|
|   | <u>2005</u>                    | <u>2006</u> | <u>2007</u> |
| Subscription . . . . .                    | 45%                            | 39%         | 35%         |
| Professional services and other . . . . . | 113                            | 58          | 63          |

Cost of subscription revenues increased \$17.6 million from 2006 to 2007, primarily due to a \$5.6 million increase in employee salaries and benefits and related costs, a \$4.6 million increase in co-location costs associated with housing and operating network hardware and a \$2.1 million increase in depreciation related to additional investment in our network infrastructure hardware, all necessary to support a larger customer base and increases in the number of transactions from which we capture data. The increase was also partially due to \$2.5 million in amortization of the intangible assets acquired in the Instadia, Touch Clarity and Offermatica acquisitions and a \$1.3 million increase in stock-based compensation. Cost of subscription revenues increased \$10.3 million from 2005 to 2006, primarily due to a \$4.6 million increase in depreciation related to purchases of network infrastructure equipment, a \$4.2 million increase in data center costs and a \$1.7 million increase in employee salaries and benefits and related costs, all necessary to support a larger customer base and increases in the number of transactions from which we capture data. These increases were partially offset by a \$0.7 million decrease in 2006 expenses related to the patent license with NetRatings.

Gross margin associated with subscription revenues was 55% in 2005, 61% in 2006 and 65% in 2007. The increases in gross margin for subscription revenues during these periods were primarily the result of more efficient utilization of our network infrastructure.

Cost of professional services and other revenues increased \$4.0 million from 2006 to 2007 and \$1.0 million from 2005 to 2006, primarily due to increased headcount and related costs to meet customer demand for consulting and training services.

Gross margin associated with professional services decreased from 42% in 2006 to 37% in 2007, primarily due to the hiring of professional services personnel to support the continued growth in our customer base who were not immediately fully utilized and the timing of revenue recognition on professional services engagements. Gross margin associated with professional services increased from (13%) in 2005 to 42% in 2006, primarily due to increased productivity of professional services personnel in 2006, particularly those professional services personnel hired during 2005.

### *Operating Expenses*

|                                      | Year Ended December 31, |                 |                  | % Change      |               |
|--------------------------------------|-------------------------|-----------------|------------------|---------------|---------------|
|                                      | 2005                    | 2006            | 2007             | 2005 vs. 2006 | 2006 vs. 2007 |
|                                      | (In thousands)          |                 |                  |               |               |
| Sales and marketing . . . . .        | \$24,259                | \$35,227        | \$ 61,610        | 45%           | 75%           |
| Research and development . . . . .   | 6,647                   | 8,732           | 17,257           | 31            | 98            |
| General and administrative . . . . . | 6,220                   | 12,107          | 24,218           | 95            | 100           |
| Litigation settlement . . . . .      | 2,604                   | —               | —                | (100)         | —             |
| Total operating expenses . . . . .   | <u>\$39,730</u>         | <u>\$56,066</u> | <u>\$103,085</u> | 41            | 84            |

### *Sales and Marketing*

Sales and marketing expenses increased \$26.4 million from 2006 to 2007, primarily due to an \$11.3 million increase in employee salaries and benefits and related costs, a \$4.0 million increase in commission costs due to increased staffing and revenues, a \$4.0 million increase in stock-based compensation expense, a \$2.8 million increase in marketing expenses primarily associated with new product introductions, our online marketing and annual customer summits and a \$2.2 million increase in travel-related costs, principally resulting from increased staffing.

Sales and marketing expenses increased \$11.0 million from 2005 to 2006, primarily due to a \$6.2 million increase in employee salaries and benefits and related costs, principally resulting from increased staffing. The increase was also due to a \$4.1 million increase in commission costs primarily due to increased revenues and a \$0.8 million increase in stock-based compensation expense.

Our sales and marketing employee headcount increased in 2005, 2006 and 2007 primarily because of the hiring of additional sales personnel to focus on adding new customers and expanding into new geographic regions. We also expanded our sales and marketing employee headcount in 2007 due to our acquisitions completed during 2007.

### *Research and Development*

Research and development expenses increased \$8.5 million from 2006 to 2007 primarily due to increases in salaries and benefits and related costs of \$5.5 million resulting from an increase in staffing, including the Instadia and Touch Clarity acquisitions and a \$2.1 million increase in stock-based compensation.

Research and development expenses increased \$2.1 million from 2005 to 2006, primarily due to a \$1.6 million increase in salaries and benefits and related costs and a \$0.3 million increase for stock-based compensation.

### *General and Administrative*

General and administrative expenses increased \$12.1 million from 2006 to 2007, primarily due to a \$4.8 million increase in employee salaries and benefits and related costs and a \$0.7 million increase in recruiting expenses, principally resulting from increased staffing. The increase was also due to a \$2.6 million increase in stock-based compensation expense and a \$1.9 million increase in outside professional services costs to support the continued growth of our business, including our international expansion.

General and administrative expenses increased \$5.9 million from 2005 to 2006, primarily due to a \$2.2 million increase in employee salaries and benefits and related costs, a \$1.3 million increase in stock-based compensation and a \$1.2 million increase in outside professional services costs, primarily related to auditing and compliance activities required to operate as a public company and legal costs associated with patent filings and general corporate matters.

We increased our general and administrative employee headcount in 2005, 2006 and 2007 to support the continued growth of our business and the requirements of operating as a public company.

### *Litigation Settlement*

In 2007 and 2006, there were no litigation settlement expenses. We recognized \$2.6 million of litigation settlement expenses in 2005 resulting from the settlement and patent license agreement with NetRatings, which represents the net present value of the amount to be paid to NetRatings that is in excess of the estimated fair value of the patents licensed from NetRatings.

### *Stock-Based Compensation*

Stock-based compensation expense has been classified as follows in the accompanying consolidated statements of operations:

|  | <u>Year Ended December 31,</u> |                |                 |
|--|--------------------------------|----------------|-----------------|
|  | <u>2005</u>                    | <u>2006</u>    | <u>2007</u>     |
|  | (In thousands)                 |                |                 |
| Cost of subscription revenues . . . . .                    | \$ 41                          | \$ 203         | \$ 1,502        |
| Cost of professional services and other revenues . . . . . | 6                              | 54             | 430             |
| Sales and marketing . . . . .                              | 156                            | 993            | 4,982           |
| Research and development . . . . .                         | 243                            | 563            | 2,615           |
| General and administrative . . . . .                       | <u>64</u>                      | <u>1,345</u>   | <u>3,935</u>    |
| Total stock-based compensation . . . . .                   | <u>\$510</u>                   | <u>\$3,158</u> | <u>\$13,464</u> |

Stock-based compensation expense increased \$10.3 million from 2006 to 2007, primarily due to the additional stock-based compensation expense under SFAS No. 123R related to additional stock option grants.

Stock-based compensation expense increased \$2.6 million from 2005 to 2006, due to \$1.9 million of expense in 2006 resulting from the adoption of SFAS No. 123R, \$0.5 million related to the full-year amortization in 2006 of deferred-stock-based compensation related to 2005 stock option grants and \$0.2 million related to the modification and acceleration of the vesting of an employee's stock options upon termination of employment.

### *Interest Income, Interest Expense and Other Expense, Net*

|                              | <u>Year Ended December 31,</u> |             |             |
|------------------------------|--------------------------------|-------------|-------------|
|                              | <u>2005</u>                    | <u>2006</u> | <u>2007</u> |
|                              | (In thousands)                 |             |             |
| Interest income . . . . .    | \$ 599                         | \$ 2,117    | \$5,816     |
| Interest expense . . . . .   | (574)                          | (1,285)     | (835)       |
| Other expense, net . . . . . | (66)                           | (219)       | (554)       |

Interest income increased \$3.7 million from 2006 to 2007 and \$1.5 million from 2005 to 2006, in both cases primarily as a result of an increase in cash, cash equivalent and short-term investment balances.

Interest expense decreased \$0.5 million from 2006 to 2007, primarily due to the reduction of imputed interest expense associated with the liability relating to the NetRatings settlement. Interest expense increased \$0.7 million from 2005 to 2006, primarily due to \$0.5 million of imputed interest expense associated with the liability relating to the NetRatings settlement and \$0.4 million of increased interest on notes payable resulting from additional borrowings during 2006 under the equipment line of credit, partially offset by a \$0.2 million decrease in interest expense related to capital leases.

Other expense, net increased \$0.3 million from 2006 to 2007, primarily due to a \$0.2 million realized loss on the foreign currency forward contract entered into in connection with the Instadia acquisition. Other expense increased \$0.2 million from 2005 to 2006, primarily due to a \$0.1 million unrealized loss on this same foreign currency forward contract.

### *Provision for Income Taxes*

|                                      | <u>Year Ended December 31,</u> |             |             |
|--------------------------------------|--------------------------------|-------------|-------------|
|                                      | <u>2005</u>                    | <u>2006</u> | <u>2007</u> |
|                                      | (In thousands)                 |             |             |
| Provision for income taxes . . . . . | \$15                           | \$195       | \$534       |

The provision for income taxes increased by \$0.3 million from 2006 to 2007, primarily due to U.S. federal alternative minimum tax incurred in 2007. The provision for income taxes increased by \$0.2 million from 2005 to 2006, primarily due to increased state income taxes.

At December 31, 2007, we had net operating loss carryforwards for federal income tax purposes of approximately \$82.0 million and federal research and development tax credits of approximately \$1.4 million. In the future, we intend to utilize any carryforwards available to us to reduce our tax payments. These carryforwards will be subject to annual limitations that result in their expiration before some portion of them has been fully utilized. At December 31, 2007, we also had approximately \$16.4 million in net operating loss carryforwards in the United Kingdom, part or all of which may not be available to reduce our future taxable income in the United Kingdom should there be a change in the nature or conduct of our business in the United Kingdom within the three years subsequent to the date of our acquisition of Touch Clarity.

### **Liquidity and Capital Resources**

At December 31, 2007, our principal sources of liquidity consisted of cash and cash equivalents of \$77.8 million, short-term investments of \$56.9 million, accounts receivable, net of \$52.0 million, amounts available under our credit facilities of \$17.5 million and our two master lease agreements.

During June 2007, we completed a common stock offering of 8.4 million shares of our common stock and received approximately \$143.4 million in net proceeds after deducting underwriting discounts and commissions of \$8.6 million and before deducting offering expenses of \$1.2 million.

Historically, our primary sources of cash have been customer payments for our subscription and professional services, proceeds from the issuance of common and convertible preferred stock and proceeds from the issuance of notes payable. Our principal uses of cash historically have consisted of payroll and other operating expenses, payments relating to purchases of property and equipment primarily to support the network infrastructure needed to provide our services to our customer base, repayments of borrowings and acquisitions of businesses and intellectual property.

### *Operating Activities*

Our cash flows from operating activities are significantly influenced by the amount of cash we invest in personnel and infrastructure to support the anticipated future growth in our business, increases in the number of customers using our subscription and professional services and the amount and timing of payments by these customers.

We generated \$18.0 million of net cash from operating activities during 2007. This cash was primarily generated from a net loss of \$9.4 million, adjusted for \$33.9 million in non-cash depreciation, amortization and stock-based compensation expenses, a \$16.2 million increase in payments received from customers in advance of when we recognized revenues, a \$2.1 million increase in accounts payable and a \$0.6 million increase in accrued and other liabilities. This increase in operating cash was partially offset by a \$23.1 million increase in accounts receivable, net of allowances, primarily resulting from the increase in our customer base and increased sales to our existing customers, along with the timing of payments from these customers and a \$1.6 million increase in prepaid expenses and other assets. Allowances for accounts receivable increased by \$2.7 million during 2007.

### ***Investing Activities***

Historically, our primary investing activities consisted of purchases of computer network equipment to accommodate the continued growth in customer transactions from which we capture data, furniture and equipment to support our operations and payments related to the acquisition of businesses and intellectual property.

In 2007, we completed the acquisitions of Instadia, Touch Clarity and Offermatica and in the first quarter of 2008 we completed the acquisition of Visual Sciences, with at least a portion of the consideration for each acquisition paid in the form of cash. We expect to acquire other businesses, products, services or technologies to complement our Omniture online business optimization platform and accelerate access to strategic markets.

We expect to continue investing in network infrastructure equipment as our customer base grows. However, beginning in 2007, we began leasing a portion of our network equipment requirements under operating leases, which will reduce our capital expenditures to the extent operating leases are utilized. Payments made under these operating lease arrangements reduce our income from operations and cash flows from operating activities. The extent to which we invest in network infrastructure equipment can be affected by the pace at which we add new customers, along with the timing and scale of new customer implementations. Because we make expenditures for new equipment before we receive cash from customers, it may take a number of months or longer for us to achieve positive cash flow from a customer.

To increase the interest income earned on our excess cash, in 2007, we began investing a portion of our cash in high-quality securities with original maturities of greater than 90 days.

We used \$151.6 million of net cash in investing activities during 2007. This use of cash primarily resulted from \$144.0 million in purchases of short-term investments, \$78.9 million paid for the acquisitions of Instadia, Touch Clarity and Offermatica, net of cash acquired, \$12.0 million to purchase property and equipment and \$4.5 million to purchase intangible assets. This cash used in investing activities was partially offset by sales of short-term investments of \$48.2 million and maturities of short-term investments of \$40.0 million.

### ***Financing Activities***

We generated \$143.0 million of net cash from financing activities during 2007, primarily from the \$142.2 million in net proceeds from our June 2007 common stock offering, \$3.6 million in proceeds from the exercise of stock options and \$2.8 million in proceeds from issuance of notes payable, partially offset by \$6.1 million of principal payments on notes payable and capital lease obligations.

### ***Other Factors Affecting Liquidity and Capital Resources***

We amended our existing equipment line of credit in 2005, which provided for a revolving line of credit of up to \$10.0 million. Interest on the revolving line of credit is payable monthly. At December 31, 2007, the outstanding principal balance under the revolving line was \$0.5 million.

In January 2006, we entered into a second amendment to the equipment line of credit agreement. This second amendment provided for a second equipment facility of up to \$10.0 million and reduced the total amount available for borrowing under the existing revolving line to \$5.0 million. Each draw under the second equipment facility has a 36-month repayment period and accrues interest at a rate based on the United States Treasury Bill Rate, plus a factor determined by our adjusted quick ratio at the time of that draw.

In August 2007, we entered into a third amendment to the equipment line of credit agreement. This third amendment increased the total equipment facility to \$20.0 million, of which \$9.6 million was previously advanced, and increased the revolving line of credit to \$10.0 million. The first \$3.0 million of borrowings under the revolving line is available on a non-formula basis. The increased equipment facility can be drawn on through August 17, 2008. Borrowings under the revolving line of credit may be made through August 15, 2008, at which time all amounts borrowed under this line must be repaid. All amounts drawn under the revolving line of credit accrue interest at a rate equal to, at our option, either: (1) the variable rate equal to the lender's prime interest rate or (2) the variable rate at which dollar deposits are offered in the London interbank market plus 2.75%. All amounts drawn under the equipment facility accrue interest at a rate equal to, at our option, either: (1) the variable rate equal to the lender's prime interest rate, (2) the variable rate at which dollar deposits are offered in the London interbank market plus 2.75%, or (3) a fixed rate per annum equal to the lender's prime interest rate on the date of the draw. Each draw under the 2007 amendment has a 48-month repayment period. This amendment modified or eliminated certain covenants in the prior loan amendments. We were in compliance with all financial covenants contained in the third amendment to the equipment line of credit agreement at December 31, 2007. At December 31, 2007, we had \$6.5 million of net borrowings under the second equipment facility that mature at various dates in 2009 and 2011, with a weighted-average interest rate of 7.86%. At December 31, 2007, the \$0.5 million outstanding under the revolving line of credit and the \$2.4 million outstanding under the 2007 amendment of the equipment facility both accrued interest at a variable rate equal to the lender's prime interest rate of 7.25%.

In February 2006, we entered into a settlement and patent license agreement with NetRatings. The agreement required us to make license payments totaling \$14.0 million, all of which were paid as of December 31, 2007. In the event that we acquire certain specified companies, we may be required to make additional license payments based on the Web analytics revenues of the acquired company. The agreement also provides that, if we acquire other companies, we may elect to make additional license payments based on the Web analytics revenues of the acquired company to ensure that the acquired company's products, services or technology are covered by the license. In connection with our acquisitions completed in 2007, we elected to make additional license payments totaling \$1.7 million, of which \$0.9 million was paid during the first quarter of 2008.

In August 2007, Visual Sciences entered into a settlement and patent-license agreement with NetRatings. The agreement required Visual Sciences to make license payments of \$11.3 million, \$2.0 million of which was paid by Visual Sciences on or about the date of the agreement, \$4.3 million of which was paid by us following the closing of our acquisition of Visual Sciences, and the remaining \$5.0 million of which must be paid by us in quarterly installments beginning on March 31, 2008.

On October 25, 2005, Visual Sciences, LLC, which is a wholly owned subsidiary of Visual Sciences, Inc. entered into a settlement and patent license agreement with NetRatings. The agreement required Visual Sciences, LLC to make license payments of \$2.0 million, \$1.3 million of which has been paid and the remaining \$0.7 million of which must be paid on a yearly basis calculated based on revenue of Visual Sciences, LLC products for each year.

At February 22, 2008, we held approximately \$21.5 million of municipal notes investments with an auction reset feature, or auction rate securities, the underlying assets of which are generally student loans which are substantially backed by the federal government. Auction rate securities are generally long-term instruments that provide liquidity through a Dutch auction process that resets the applicable interest rate at pre-determined calendar intervals, allowing holders of these instruments to rollover their holdings and continue to own their respective securities or liquidate their holdings by selling the auction rate securities at par. These auction rate securities are classified as current assets in our consolidated financial statements. The recent uncertainties in the credit markets have prevented us and other investors from liquidating our holdings of auction rate securities in recent auctions for these securities because the amount of securities submitted for sale has exceeded the amount of purchase orders. Through February 22, 2008, auctions failed for \$15.0 million of our auction rate securities, and there is no assurance that previously successful auctions on the other auction rate securities in our investment portfolio will enable us to liquidate our positions. As a result, our ability to liquidate and fully recover the carrying value of our investment in the near term may be limited or not exist. All of our auction rate securities, including those subject to the failure, are currently rated AAA, the highest rating, by a rating agency. Until the issuers of our auction rate securities are able to successfully close future auctions or if their credit ratings deteriorate, we may in the future be required to reclassify these securities as non-current or record an impairment charge on these investments, and our liquidity would be

adversely affected to the extent that the cash we would otherwise receive upon liquidation of the investments would not be available for use in the growth of our business and other strategic opportunities.

#### *Acquisition of Instadia A/S*

In January 2007, we acquired all of the outstanding voting stock of Instadia, a provider of enterprise, on-demand Web analytics services, based in Copenhagen, Denmark, for a preliminary aggregate purchase price of approximately \$14.3 million, which consisted of (1) total cash consideration of approximately \$11.4 million, (2) restructuring charges of approximately \$2.4 million, (3) acquisition-related costs and (4) a license payment to NetRatings related to the Instadia acquisition of approximately \$0.3 million, which we elected to make in February 2007 in accordance with the terms of the settlement and patent license agreement entered into with NetRatings in February 2006. The restructuring charges we recorded in conjunction with the acquisition related to severance payments and severance-related benefits associated with employee terminations and the cost to terminate an existing Instadia contractual obligation. These restructuring charges were accounted for in accordance with Emerging Issues Task Force, or EITF, Issue No. 95-3, *Recognition of Liabilities in Connection with a Purchase Business Combination*. All restructuring charges were paid in 2007.

#### *Acquisition of Touch Clarity Limited*

In March 2007, we acquired all of the outstanding voting stock of Touch Clarity, a provider of enterprise on-demand automated onsite behavioral targeting and optimization solutions, based in London, England. The preliminary aggregate purchase price was approximately \$61.3 million, which consisted of (1) total cash consideration of approximately \$29.5 million, (2) the issuance of approximately 0.8 million shares of our common stock valued at approximately \$22.1 million, net of issuance costs, (3) the fair value of substituted options, (4) acquisition-related costs and (5) a license payment to NetRatings related to the Touch Clarity acquisition of approximately \$0.5 million, which we elected to make in April 2007 in accordance with the terms of the settlement and patent license agreement entered into with NetRatings, in February 2006. The terms of the acquisition also provided for the payment of up to \$3.0 million in additional consideration during the first fiscal quarter of 2008, contingent upon the achievement of certain milestones during 2007. Any contingent consideration paid by us would increase the aggregate purchase price and goodwill.

#### *Acquisition of Offermatica Corporation*

On December 13, 2007, we acquired all of the outstanding voting stock of Offermatica, an on-demand provider of A/B and multivariate testing solutions that enable companies to define and test the structure and other elements of their Web sites. The preliminary aggregate purchase price was approximately \$60.4 million, which consisted of (1) initial cash consideration of approximately \$33.6 million, (2) the issuance of approximately 1.0 million shares of our common stock valued at approximately \$24.8 million, (3) acquisition-related costs and (4) a license payment to NetRatings of approximately \$0.9 million related to the Offermatica acquisition, which we elected to make in January 2008 in accordance with the terms of the settlement and patent license agreement entered into with NetRatings in February 2006.

#### *Acquisition of Visual Sciences, Inc.*

On January 17, 2008, we acquired all of the outstanding voting stock of Visual Sciences, a provider of on-demand Web analytics applications. Under the terms of the acquisition, each outstanding share of Visual Sciences capital stock was converted into 0.49 of a share of our common stock and \$2.39 in cash. In connection with the acquisition, options to purchase Visual Sciences common stock outstanding at the time of closing were assumed by us and converted into options to purchase shares of our common stock, based on an option exchange ratio pursuant to the terms of the definitive agreement.

The preliminary aggregate purchase price was approximately \$437.5 million, which consisted of (1) the issuance of approximately 10.3 million shares of our common stock upon closing of the acquisition, valued at approximately \$354.6 million, net of issuance costs, (2) cash consideration of approximately \$50.1 million, (3) the fair value of assumed Visual Sciences stock options, (4) acquisition-related costs, (5) restructuring costs of

approximately \$4.3 million and (6) a license payment of approximately \$2.3 million to NetRatings in accordance with the settlement and patent cross-license agreement entered into by Visual Sciences with NetRatings in August 2007. We accounted for the restructuring charges in accordance with EITF, Issue No. 95-3. We expect to pay all restructuring charges related to the Visual Sciences acquisition by March 31, 2009.

We also issued approximately 0.1 million shares of our common stock in exchange for unvested Visual Sciences restricted stock awards that remain subject to forfeiture based on the original vesting schedule applicable to such awards. We will be required to pay up to an additional approximately \$0.5 million in cash consideration as these restricted stock awards become vested.

For accounting purposes, we have not yet made a final determination of certain components of the Visual Sciences purchase price. Accordingly, the aggregate purchase price is still preliminary and subject to further adjustment as additional information becomes available to us. There can be no assurance that the final determination will not result in material changes from these preliminary amounts.

### *Off-balance Sheet Arrangements*

We do not have any special purpose entities and we do not engage in off-balance sheet financing arrangements other than operating leases for office space and certain computer equipment, which are described below.

We have entered into an operating lease related to our principal offices in Orem, Utah, with a lease term through March 2011. We have also entered into operating leases for certain computer equipment and for office space elsewhere in the U.S. and in various international locations.

During 2007, we entered into two master lease agreements with third-party financing sources. Under one of these leases, we acquired equipment with future minimum lease payments totaling \$10.9 million. We accounted for the acquisition of this equipment as operating leases, in accordance with SFAS No. 13, *Accounting for Leases*. The rental payments and rental terms associated with individual acquisitions under the leases may vary depending on the nature of the equipment acquired. As a condition of one of these lease agreements, we must not allow our cash balance to fall below \$10.0 million as long as this agreement is in force. Failure to maintain a minimum of \$10.0 million in cash would constitute an event of default as defined in the lease agreement.

### *Contractual Obligations and Commitments*

Our future contractual obligations at December 31, 2007 are as follows (in thousands):

|   | <u>Payments Due by Period</u> |                         |                  |                  |                   |
|---|-------------------------------|-------------------------|------------------|------------------|-------------------|
|   | <u>Total</u>                  | <u>Less Than 1 Year</u> | <u>1-3 Years</u> | <u>3-5 Years</u> | <u>Thereafter</u> |
| Operating lease obligations . . . . .   | \$17,796                      | \$ 6,627                | \$10,726         | \$ 443           | \$—               |
| Capital lease obligations . . . . .     | 460                           | 279                     | 181              | —                | —                 |
| Notes payable . . . . .                 | 7,355                         | 4,407                   | 2,290            | 658              | —                 |
| Interest on notes payable . . . . .     | <u>674</u>                    | <u>430</u>              | <u>218</u>       | <u>26</u>        | <u>—</u>          |
| Total contractual obligations . . . . . | <u>\$26,285</u>               | <u>\$11,743</u>         | <u>\$13,415</u>  | <u>\$1,127</u>   | <u>\$—</u>        |

Our future cash requirements will depend on many factors, including the expansion of our sales, support and marketing activities, the timing and extent of spending to support development efforts and expansion into new territories, the extent to which we acquire new businesses and technologies and the costs of these acquisitions, the building of infrastructure to support our growth, the timing of introduction of new services and enhancements to existing services and the continued market acceptance of our services.

We believe our existing cash and cash equivalents, short-term investments, any cash provided from our operations and funds available from our existing credit facilities and equipment leasing arrangements will be sufficient to meet our currently anticipated cash requirements for at least the next 12 months. Thereafter, we may need to raise additional capital to meet the cash flow requirements of our business. An element of our growth strategy involves acquisitions. If we make additional acquisitions or license products or technologies complementary to our business, we may need to raise additional funds.

Additional financing may not be available on terms that are favorable to us or at all. If we raise additional capital through the issuance of equity or convertible debt securities, the percentage ownership of our stockholders would be reduced and these securities might have rights, preferences and privileges senior to those of our current stockholders.

If we raise additional funds through the issuance of debt securities, such debt financing could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which could make it more difficult for us to obtain additional capital and to pursue future business opportunities, including potential acquisitions.

### **Critical Accounting Policies**

Our consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, costs and expenses and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results could differ from these estimates.

We believe that the assumptions and estimates associated with revenue recognition, allowances for accounts receivable, business combinations and impairment of long-lived and intangible assets, including goodwill, stock-based compensation and income taxes have the greatest potential impact on our consolidated financial statements. Therefore, we consider these to be our critical accounting policies and estimates.

#### ***Revenue Recognition***

We provide our applications as services; accordingly, we follow the provisions of SEC Staff Accounting Bulletin, or SAB, No. 104, *Revenue Recognition*, and EITF Issue No. 00-21, *Revenue Arrangements with Multiple Deliverables*. We recognize revenue when all of the following conditions are met:

- there is persuasive evidence of an arrangement;
- the service has been provided to the customer;
- the collection of the fees is reasonably assured; and
- the amount of fees to be paid by the customer is fixed or determinable.

We recognize subscription revenues including implementation and set-up fees on a monthly basis beginning on the date the customer commences use of our services and continuing through the end of the contract term. Amounts that have been invoiced are recorded in accounts receivable and in deferred revenues or revenues, depending on whether the revenue recognition criteria have been met.

We generally recognize professional services revenues when sold with subscription offerings (generally considered to be at the time of, or within 45 days of, sale of the subscription offering) over the term of the related subscription contract as these services are considered to be inseparable from the subscription service, and we have not yet established objective and reliable evidence of fair value for the undelivered element. We recognize revenues resulting from professional services sold separately from subscription services as these services are performed.

Although our subscription contracts are generally noncancelable, a limited number of customers have the right to cancel their contracts by providing prior written notice to us of their intent to cancel the remainder of the contract term. In the event that a customer cancels its contract, it is not entitled to a refund for prior services provided to them by us.

#### ***Allowances for Accounts Receivable***

We record a sales allowance to provide for estimated future adjustments to receivables, generally resulting from credits issued to customers in conjunction with amendments or renewals of subscription service arrangements. We record provisions for sales allowances as a reduction to revenues. Specific provisions are made based on

amendments or renewals associated with specific subscription service arrangements, which are expected to result in the issuance of customer credits. Additionally, provisions are made based on actual credits issued as a percentage of our historical revenues. We evaluate the estimate of sales allowances on a regular basis and adjust the amount reserved accordingly.

We make judgments as to our ability to collect outstanding receivables and provide allowances when collection becomes doubtful. Specific provisions are made based on an account-by-account analysis of collectability. Additionally, we make provisions for non-customer-specific accounts based on our historical bad debt experience and current economic trends. We record provisions in operating expenses. We write off customer accounts receivable balances to the allowance for doubtful accounts when it becomes likely that we will not collect the receivable from the customer.

### ***Business Combinations and Impairment of Long-lived and Intangible Assets, Including Goodwill***

When we acquire businesses, we allocate the purchase price to tangible assets and liabilities and identifiable intangible assets acquired. Any residual purchase price is recorded as goodwill. The allocation of the purchase price requires management to make significant estimates in determining the fair values of assets acquired and liabilities assumed, especially with respect to intangible assets. These estimates are based on the application of valuation models using historical experience and information obtained from the management of the acquired companies. These estimates can include, but are not limited to, the cash flows that an asset is expected to generate in the future, the appropriate weighted-average cost of capital and the cost savings expected to be derived from acquiring an asset. These estimates are inherently uncertain and unpredictable. In addition, unanticipated events and circumstances may occur which may affect the accuracy or validity of such estimates.

Periodically we assess potential impairment of our long-lived assets, which include property, equipment and acquired intangible assets, in accordance with the provisions of SFAS No. 144, *Accounting for the Impairment and Disposal of Long-Lived Assets*. We perform an impairment review whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors we consider important which could trigger an impairment review include, but are not limited to, significant under-performance relative to historical or projected future operating results, significant changes in the manner of our use of the acquired assets or our overall business strategy and significant industry or economic trends. When we determine that the carrying value of a long-lived asset may not be recoverable based upon the existence of one or more of the above indicators, we determine the recoverability by comparing the carrying amount of the asset to net future undiscounted cash flows that the asset is expected to generate. We recognize an impairment charge equal to the amount by which the carrying amount exceeds the fair market value of the asset.

We recorded goodwill in conjunction with the Instadia, Touch Clarity and Offermatica acquisitions. We test goodwill for impairment at least annually, in accordance with SFAS No. 142, *Goodwill and Other Intangible Assets* based on a single operating segment.

We amortize intangible assets on a straight-line basis over their estimated useful lives. We generally determine the estimated useful life of intangible assets based on the projected undiscounted cash flows associated with these intangible assets.

### ***Stock-based Compensation***

Prior to January 1, 2006, we accounted for employee stock options using the intrinsic-value method in accordance with the provisions of Accounting Principles Board, or APB, Opinion No. 25, *Accounting for Stock Issued to Employees*, Financial Accounting Standards Board or FASB Interpretation No. 44, *Accounting for Certain Transactions Involving Stock Compensation, an Interpretation of APB Opinion No. 25*, and related interpretations, and we complied with the disclosure provisions of SFAS No. 123, *Accounting for Stock-Based Compensation*, and SFAS No. 148, *Accounting for Stock-Based Compensation — Transition and Disclosure*. During 2005, we recorded deferred stock-based compensation of \$3.8 million, representing the amount by which the deemed fair value of our common stock exceeded the exercise price of employee stock options on the date of grant, for options granted during 2005. We are amortizing this deferred stock-based employee compensation over the period in which the

options vest, which is generally four years. We recorded stock-based compensation expense related to this amortization of \$0.5 million, \$1.0 million and \$1.0 million during 2005, 2006 and 2007, respectively.

We adopted SFAS No. 123R effective January 1, 2006, which requires us to measure the cost of employee services received in exchange for an award of equity instruments, based on the fair value of the award on the date of grant. That cost must be recognized over the period during which the employee is required to provide services in exchange for the award. We adopted SFAS No. 123R using the prospective method, which requires us to apply its provisions only to awards granted, modified, repurchased or cancelled after the effective date.

We use a Black-Scholes-Merton option-pricing model to estimate the fair value of our stock option awards. The calculation of the fair value of the awards using the Black-Scholes-Merton option-pricing model is affected by our stock price on the date of grant as well as assumptions regarding the following:

- Estimated volatility is a measure of the amount by which our stock price is expected to fluctuate each year during the expected life of the award. Our estimated volatility is an average of the historical volatility of peer entities whose stock prices were publicly available. Our calculation of estimated volatility is based on historical stock prices of these peer entities over a period equal to the expected life of the awards. We use the historical volatility of peer entities due to the lack of sufficient historical data of our stock price since our initial public offering in 2006. Our estimated volatility may increase or decrease depending on the changes in our peer entities' historical stock prices, changes in the composition of the peer entity group and changes to the expected term of our stock option awards. An increase in the estimated volatility would result in an increase to our stock-based compensation expense.
- The expected term represents the period of time that awards granted are expected to be outstanding and is currently calculated as the average of the contractual term and the vesting period. With the passage of time, actual behavioral patterns surrounding the expected term will replace the current methodology. An increase in the expected term would result in an increase to our stock-based compensation expense.
- The risk-free interest rate is based on the yield curve of a zero-coupon U.S. Treasury bond on the date the stock option award is granted with a maturity equal to the expected term of the stock option award. An increase in the risk-free interest rate would result in an increase to our stock-based compensation expense.

At December 31, 2007, there was \$52.5 million of total unrecognized compensation cost related to unvested stock option awards granted subsequent to the adoption of SFAS No. 123R and \$5.1 million of total unrecognized compensation cost related to unvested restricted stock units. These amounts of unrecognized compensation cost are equal to the fair value of stock option awards and restricted stock units expected to vest and will be recognized over a weighted-average period of 3.2 years and 1.8 years, respectively.

Since January 1, 2006, our stock-based compensation has been based on the balance of deferred stock-based compensation for unvested awards at January 1, 2006, using the intrinsic value as previously recorded under APB Opinion No. 25, and the fair value of the awards on the date of grant for awards granted on or after January 1, 2006. The adoption of SFAS No. 123R has resulted, and will continue to result, in higher amounts of stock-based compensation for awards granted on or after January 1, 2006 than would have been recorded if we had continued to apply the provisions of APB Opinion No. 25.

### ***Income Taxes***

In July, 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes — An Interpretation of FASB Statement No. 109*, or FIN 48. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements in accordance with SFAS No. 109, *Accounting for Income Taxes*, and prescribes a recognition threshold and measurement attributes for financial statement disclosure of tax positions taken or expected to be taken on a tax return. Under FIN 48, the impact of an uncertain income tax position on the income tax return must be recognized at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Additionally, FIN 48 provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

Our adoption of the provisions of FIN 48 on January 1, 2007 did not have a material impact on our financial statements. We adopted the accounting policy that interest recognized in accordance with Paragraph 15 of FIN 48 and penalties recognized in accordance with Paragraph 16 of FIN 48 are classified as a component of interest expense. We have not incurred a material amount of interest or penalties through December 31, 2007. We do not anticipate any significant change within 12 months of this reporting date of our uncertain tax positions. We also do not anticipate any events which could cause a change to these uncertainties. We are subject to taxation in the U.S. and various state and foreign jurisdictions. There are no ongoing examinations by taxing authorities at this time. Our various tax years starting with 2003 to 2007 remain open in various taxing jurisdictions.

Our effective tax rates are primarily affected by the amount of our taxable income or losses in the various taxing jurisdictions in which we operate, the amount of federal and state net operating losses and tax credits, the extent to which we can utilize these net operating loss carryforwards and tax credits and certain benefits related to stock option activity.

### ***Recent Accounting Pronouncements***

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*. SFAS No. 157 establishes a framework for measuring fair value and expands disclosures about fair value measurements. The changes to current practice resulting from the application of this statement relate to the definition of fair value, the methods used to measure fair value and the expanded disclosures about fair value measurements. SFAS No. 157 is effective for us beginning in the first fiscal quarter of fiscal year 2008. We do not expect the adoption of SFAS No. 157 to have a material impact on our consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*. SFAS No. 159 permits companies to choose to measure certain financial instruments and certain other items at fair value. The standard requires that unrealized gains and losses on items for which the fair value option has been elected be reported in earnings. SFAS No. 159 is effective for us beginning in the first quarter of fiscal year 2008. We do not expect the adoption of SFAS No. 159 to have a material impact on our consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141R, *Business Combinations*. SFAS No. 141R requires an acquirer to measure the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree at their fair values on the acquisition date, with goodwill being the excess value over the net identifiable assets acquired. SFAS No. 141R is effective for financial statements issued for fiscal years beginning after December 15, 2008. Early adoption is prohibited. We expect the adoption of SFAS No. 141R to have a material impact on our consolidated financial statements if and when we complete a business acquisition on or after adoption of this statement.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements*. SFAS No. 160 clarifies that a noncontrolling interest in a subsidiary should be reported as equity in the consolidated financial statements. The calculation of earnings per share will continue to be based on income amounts attributable to the parent. SFAS No. 160 is effective for financial statements issued for fiscal years beginning after December 15, 2008. Early adoption is prohibited. We do not expect the adoption of SFAS No. 160 to have a material impact on our consolidated financial statements.

## **ITEM 7A. *Quantitative and Qualitative Disclosure About Market Risk***

### **Foreign Currency Exchange Risk**

Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the Australian dollar, British pound, Canadian dollar, Danish krone, EU euro, Japanese yen and Swedish krona.

Because the cash consideration associated with the acquisition of Instadia was denominated in Danish krone, we entered into a foreign currency forward exchange contract with a financial institution to protect against currency exchange risk associated with this transaction. This forward contract was not designated as an accounting hedge under SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*. Upon the settlement of this

foreign currency forward exchange contract in January 2007, we recognized a realized loss of \$0.3 million in our consolidated statement of operations, of which \$0.1 million was recognized as a loss in the year ended December 31, 2006 and the remaining \$0.2 million was recognized in 2007.

As our international operations continue to grow, we may choose to increase our use of foreign currency forward contracts, and we may choose to use option contracts to manage currency exposures.

### **Interest Rate Sensitivity**

We had unrestricted cash and cash equivalents totaling \$77.8 million and short-term investments totaling \$56.9 million at December 31, 2007. The cash and cash equivalents were invested primarily in money market funds and high-quality commercial paper with original maturities of less than 90 days. Of these short-term investments, \$42.0 million were invested in auction rate securities with the balance primarily in high-quality commercial paper and government agency securities with original maturities greater than 90 days. The unrestricted cash and cash equivalents and short-term investments are held for general corporate purposes. We do not enter into investments for trading or speculative purposes. Due to the short-term nature of these investments, we believe that we do not have any material exposure to changes in the fair value of our investment portfolio as a result of changes in interest rates. Declines in interest rates, however, will reduce future investment income, if any.

### **ITEM 8. *Financial Statement and Supplementary Data***

The response to this item is submitted as a separate section of this Form 10-K beginning on page F-1.

### **ITEM 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

### **ITEM 9A. *Controls and Procedures***

#### ***(a) Evaluation of disclosure controls and procedures***

Our management evaluated, with the participation of our Chief Executive Officer and our Chief Financial Officer, the effectiveness of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) or 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended, as of the end of the period covered by this Annual Report on Form 10-K, or the Evaluation Date. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded as of the Evaluation Date that our disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by us in periodic SEC reports is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure, and that such information is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

#### ***(b) Management's Report on Internal Control over Financial Reporting***

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2007 based on the guidelines established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Our internal control over financial reporting includes policies and procedures that provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles. Based on that evaluation, management believes that our internal control over financial reporting was effective at December 31, 2007.

Our management's evaluation excluded Offermatica, which we acquired on December 13, 2007. At December 31, 2007, Offermatica had \$4.3 million and \$1.7 million of total assets and net assets, respectively. For the year ended December 31, 2007, our statement of operations included total revenues related to Offermatica of

\$0.5 million. In accordance with guidance issued by the SEC, companies are allowed to exclude acquisitions from their assessment of internal controls over financial reporting during the first year subsequent to the acquisition while integrating the acquired operations.

Ernst & Young LLP, an independent registered public accounting firm which audits our consolidated financial statements, has issued the following attestation report on the effectiveness of our internal control over financial reporting.

### **Report of Independent Registered Public Accounting Firm**

#### **The Board of Directors and Stockholders Omniture, Inc.**

We have audited Omniture, Inc.'s internal control over financial reporting as of December 31, 2007, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Omniture, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying Management's Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Offermatica Corporation, which is included in the 2007 consolidated financial statements of Omniture, Inc. and represented \$4.3 million and \$1.7 million of total assets and net assets, respectively, as of December 31, 2007 and \$0.5 million of revenues for the year then ended. Offermatica Corporation was acquired by Omniture, Inc. during 2007. Our audit of internal control over financial reporting of Omniture, Inc. also did not include an evaluation of the internal control over financial reporting of Offermatica Corporation.

In our opinion, Omniture, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Omniture, Inc. as of December 31, 2007 and 2006, and the related consolidated statements of operations, convertible preferred stock and stockholders' (deficit) equity, and cash flows for each of the three years in the period ended December 31, 2007, and our report dated February 25, 2008 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Salt Lake City, Utah  
February 25, 2008

***(c) Changes in internal control over financial reporting***

Since the beginning of 2006, we have invested significant resources to assess our system of internal controls. As part of this assessment we identified areas of our internal controls requiring improvement, and have designed and implemented enhanced processes and controls to address issues identified through this assessment. Areas for improvement included streamlining our billing and collection processes, further limiting internal access to certain data systems, enhancing the review and approval of company expenditures and continuing to improve coordination across the various business functions in our company.

***(d) Inherent Limitations on Effectiveness of Controls***

Our management, including our Chief Executive Officer and Chief Financial Officer, do not expect that our disclosure controls or our internal control over financial reporting 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. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

**ITEM 9B. Other Information**

On January 8, 2008, we entered into an office lease with Brannan Propco, LLC, which expires in 2013, pursuant to which we lease 35,000 square feet of office space in San Francisco, California for sales, development and professional services personnel. This description is only a summary, does not purport to be complete and is qualified in its entirety by reference to the full text of the lease, which is attached hereto as Exhibit 10.19 and is incorporated herein by reference

John R. Pestana stepped down as Chairman of our Board of Directors, effective as of February 27, 2008. Mr. Pestana will continue to serve as a member of the Board of Directors. Our Board of Directors appointed D. Fraser Bullock, a current member of our Board of Directors, as the new Chairman of the Board of Directors, effective as of February 27, 2008.

## PART III

### **ITEM 10. *Directors, Executive Officers and Corporate Governance***

The information required by Item 10 of Form 10-K is incorporated by reference to our Proxy Statement for the 2008 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2007. Certain information required by this item concerning our executive officers and directors is set forth in Part I of this Annual Report on Form 10-K in “Business — Executive Officers and Directors.”

### **ITEM 11. *Executive Compensation***

The information required by Item 11 of Form 10-K is incorporated by reference to our Proxy Statement for the 2008 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2007.

### **ITEM 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

The information required by Item 12 of Form 10-K is incorporated by reference to our Proxy Statement for the 2008 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2007.

### **ITEM 13. *Certain Relationships and Related Transactions, and Director Independence***

The information required by Item 13 of Form 10-K is incorporated by reference to our Proxy Statement for the 2008 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2007.

### **ITEM 14. *Principal Accounting Fees and Services***

The information required by Item 14 of Form 10-K is incorporated by reference to our Proxy Statement for the 2008 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2007.

## PART IV

### **ITEM 15. *Exhibits, Financial Statement Schedules***

#### **(a) The following documents are filed as part of this Annual Report on Form 10-K:**

##### *1. All Financial Statements:*

The following financial statements are filed as part of this Annual Report on Form 10-K beginning on page F-1:

Report of Independent Registered Public Accounting Firm;

Consolidated Balance Sheets as of December 31, 2006 and 2007;

Consolidated Statements of Operations for the years ended December 31, 2005, 2006 and 2007;

Consolidated Statements of Convertible Preferred Stock and Stockholder’s (Deficit) Equity for the years ended December 31, 2005, 2006 and 2007;

Consolidated Statements of Cash Flows for the years ended December 31, 2005, 2006 and 2007;

Notes to Consolidated Financial Statements

##### *2. Financial Statement Schedules:*

All other schedules are omitted as the required information is either inapplicable or it is presented in the consolidated financial statements and notes thereto.

3. *Exhibits:*

The exhibits required by Item 601 of Regulation S-K are listed in paragraph (b) below.

**(b) Exhibits:**

The following exhibits are filed herewith or are incorporated by reference to exhibits previously filed with the SEC:

| <u>Exhibit No.</u> | <u>Exhibit Description</u>   | <u>Incorporated by Reference</u> |                 |                    |                    | <u>Filed Herewith</u> | <u>Furnished Herewith</u> |
|--------------------|--|----------------------------------|-----------------|--------------------|--------------------|-----------------------|---------------------------|
|                    |  | <u>Form</u>                      | <u>File No.</u> | <u>Exhibit No.</u> | <u>Filing Date</u> |                       |                           |
| 2.1                | Share Purchase Agreement, by and among Registrant, the Shareholders of Touch Clarity Limited, Paul Phillips, Helen Protopapas and Tim Brown, as the Warrantors, and Alta Berkeley LLP and Yehoshua Ennis collectively as the Shareholder Representative, dated February 14, 2007 | 8-K                              | 000-52076       | 2.1                | February 20, 2007  |                       |                           |
| 2.2                | Agreement and Plan of Reorganization by and among Registrant, San Francisco Acquisition Corp., Offermatica Corporation, Henry Baker, as the Stockholder Representative and U.S. Bank National Association, as Escrow Agent, dated September 7, 2007                              | 8-K                              | 000-52076       | 2.1                | September 12, 2007 |                       |                           |
| 2.3                | Agreement and Plan of Reorganization by and among Registrant, Voyager Acquisition Corp and Visual Sciences, Inc., dated October 25, 2007   | 10-Q                             | 000-52076       | 2.3                | November 9, 2007   |                       |                           |
| 2.4                | Agreement and Plan of Merger dated as of February 1, 2006 by and among WebSideStory, Inc., VS Acquisition, LLC, Visual Sciences, LLC and Ned Scherer, as the Member Representative   |                                  |                 |                    |                    | X                     |                           |
| 3.1                | Amended and Restated Certificate of Incorporation of Registrant currently in effect  | 10-Q                             | 000-52076       | 3.1                | August 11, 2006    |                       |                           |
| 3.2                | Amended and Restated Bylaws of Registrant currently in effect  | 8-K                              | 000-52076       | 3.1                | November 13, 2007  |                       |                           |
| 4.1                | Specimen Common Stock Certificate of Registrant  | S-1                              | 333-132987      | 4.1                | June 22, 2006      |                       |                           |
| 4.2                | Amended and Restated Registration Rights Agreement between Registrant and certain Holders of Registrant's Common Stock Named therein, dated April 26, 2006   | S-1                              | 333-132987      | 4.2                | June 9, 2006       |                       |                           |
| 4.3A               | Silicon Valley Bank Second Amended and Restated Loan and Security Agreement, dated January 10, 2006  | S-1                              | 333-132987      | 4.3                | May 24, 2006       |                       |                           |
| 4.3B               | Silicon Valley Bank Second Amendment to Second Amended and Restated Loan and Security Agreement, dated May 14, 2007  | 10-Q                             | 000-52076       | 10.1               | May 15, 2007       |                       |                           |

| <u>Exhibit No.</u> | <u>Exhibit Description</u>   | <u>Incorporated by Reference</u> |                 |                    |                    | <u>Filed Herewith</u> | <u>Furnished Herewith</u> |
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|                    |  | <u>Form</u>                      | <u>File No.</u> | <u>Exhibit No.</u> | <u>Filing Date</u> |                       |                           |
| 4.3C               | Silicon Valley Bank Third Amended and Restated Loan and Security Agreement, dated August 17, 2007  | 8-K                              | 000-52076       | 10.1               | August 21, 2007    |                       |                           |
| 4.4                | Registration Rights Agreement by and among Registrant and certain Shareholders of Touch Clarity Ltd., dated February 14, 2007              | 8-K                              | 000-52076       | 4.1                | February 20, 2007  |                       |                           |
| 10.1*              | Form of Indemnification Agreement entered into by and between Registrant and its Directors and Officers                                    | S-1                              | 333-132987      | 10.1               | May 24, 2006       |                       |                           |
| 10.2A*             | 1999 Equity Incentive Plan of Registrant, as amended   | S-1                              | 333-132987      | 10.2A              | April 4, 2006      |                       |                           |
| 10.2B*             | Forms of Stock Option Agreement under the 1999 Equity Incentive Plan   | S-1                              | 333-132987      | 10.2B              | April 4, 2006      |                       |                           |
| 10.2C*             | Form of Stock Option Agreement under the 1999 Equity Incentive Plan used for Named Executive Officers and Non-Employee Directors           | S-1                              | 333-132987      | 10.2C              | June 9, 2006       |                       |                           |
| 10.3A*             | 2006 Equity Incentive Plan of Registrant   | 10-K                             | 000-52076       | 10.3A              | March 23, 2007     |                       |                           |
| 10.3B*             | Forms of Stock Option Award Agreement used under the 2006 Equity Incentive Plan  | 10-K                             | 000-52076       | 10.3B              | March 23, 2007     |                       |                           |
| 10.3C*             | Form of Stock Appreciation Right Agreement and related forms under the 2006 Equity Incentive Plan for Non-Employee Directors               | 10-Q                             | 000-52076       | 10.3               | May 15, 2007       |                       |                           |
| 10.3D*             | Form of Restricted Stock Unit Award Agreement used under the 2006 Equity Incentive Plan  | 10-Q                             | 000-52076       | 10.3D              | November 9, 2007   |                       |                           |
| 10.3E*             | Form of Restricted Stock Unit Award Agreement — Non-U.S. Participants used under the 2006 Equity Incentive Plan                            |                                  |                 |                    |                    | X                     |                           |
| 10.4A*             | Employee Stock Purchase Plan of the Registrant   | S-1                              | 333-132987      | 10.4A              | April 4, 2006      |                       |                           |
| 10.4B*             | Form of Subscription Agreement under Employee Stock Purchase Plan  | S-1                              | 333-132987      | 10.4B              | April 4, 2006      |                       |                           |
| 10.5               | WebSideStory, Inc. Amended and Restated 2000 Equity Incentive Plan   |                                  |                 |                    |                    |                       | X                         |
| 10.6               | WebSideStory, Inc. 2004 Equity Incentive Award Plan and Form of Option Grant Agreement   |                                  |                 |                    |                    |                       | X                         |
| 10.6A              | Form of Restricted Stock Award Grant Notice and Restricted Stock Award Agreement under WebSideStory, Inc. 2004 Equity Incentive Award Plan |                                  |                 |                    |                    |                       | X                         |
| 10.7               | Avivo Corporation 1999 Equity Incentive Plan and Form of Option Grant Agreement  |                                  |                 |                    |                    |                       | X                         |

| <u>Exhibit No.</u> | <u>Exhibit Description</u>   | <u>Incorporated by Reference</u> |                 |                    |                    | <u>Filed Herewith</u> | <u>Furnished Herewith</u> |
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|                    |  | <u>Form</u>                      | <u>File No.</u> | <u>Exhibit No.</u> | <u>Filing Date</u> |                       |                           |
| 10.8               | WebSideStory, Inc. 2006 Employment Commencement Equity Incentive Award Plan and Form of Option Grant Agreement   |                                  |                 |                    |                    | X                     |                           |
| 10.9A              | 2007 Equity Incentive Plan of Registrant   | S-8                              | 333-149022      | 99.9               | February 1, 2008   |                       |                           |
| 10.9B              | Form of Stock Option Award Agreement under 2007 Equity Incentive Plan of Registrant  | S-8                              | 333-149022      | 99.10              | February 1, 2008   |                       |                           |
| 10.9C              | Form of Restricted Stock Unit Award Agreement under 2007 Equity Incentive Plan of Registrant   | S-8                              | 333-149022      | 99.11              | February 1, 2008   |                       |                           |
| 10.10A             | 2008 Equity Incentive Plan of Registrant   | S-8                              | 333-149022      | 99.12              | February 1, 2008   |                       |                           |
| 10.10B             | Form of Stock Option Award Agreement under 2008 Equity Incentive Plan of Registrant  | S-8                              | 333-149022      | 99.13              | February 1, 2008   |                       |                           |
| 10.10C             | Form of Restricted Stock Unit Award Agreement under the 2008 Equity Incentive Plan of Registrant   | S-8                              | 333-149022      | 99.14              | February 1, 2008   |                       |                           |
| 10.11              | The Touch Clarity Limited Enterprise Management Incentives Share Option Plan 2002  | S-8                              | 333-141352      | 99.5               | March 16, 2007     |                       |                           |
| 10.12              | Forms of Agreements under The Touch Clarity Limited Enterprise Management Incentives Share Option Plan 2002  | S-8                              | 333-141352      | 99.6               | March 16, 2007     |                       |                           |
| 10.13              | Touch Clarity Limited 2006 U.S. Stock Plan   | S-8                              | 333-141352      | 99.7               | March 16, 2007     |                       |                           |
| 10.14              | Form of Stock Option Agreement under Touch Clarity Limited 2006 U.S. Stock Plan  | S-8                              | 333-141352      | 99.8               | March 16, 2007     |                       |                           |
| 10.15*             | Amended and Restated Employment Agreement between Registrant and Joshua G. James   | S-1                              | 333-132987      | 10.5               | June 22, 2006      |                       |                           |
| 10.16*             | Separation Agreement entered into between Registrant and John R. Pestana   | 10-Q                             | 000-52076       | 10.3               | May 15, 2007       |                       |                           |
| 10.17*             | Offer Letter with Michael S. Herring, dated October 20, 2004   | S-1                              | 333-132987      | 10.7               | April 4, 2006      |                       |                           |
| 10.18A             | Basic Lease Information and Canyon Park Technology Center Office Building Lease Agreement between the Registrant and TCU Properties I, LLC                                   | S-1                              | 333-132987      | 10.8A              | April 4, 2006      |                       |                           |
| 10.18B             | First Amendment to Basic Lease Information and Canyon Park Technology Center Office Building Lease Agreement between Registrant and TCU Properties I, LLC, dated May 6, 2004 | S-1                              | 333-132987      | 10.8B              | April 4, 2006      |                       |                           |

| <u>Exhibit No.</u> | <u>Exhibit Description</u>   | <u>Incorporated by Reference</u> |                 |                    |                    | <u>Filed Herewith</u> | <u>Furnished Herewith</u> |
|--------------------|--|----------------------------------|-----------------|--------------------|--------------------|-----------------------|---------------------------|
|                    |  | <u>Form</u>                      | <u>File No.</u> | <u>Exhibit No.</u> | <u>Filing Date</u> |                       |                           |
| 10.18C             | Second Amendment to Basic Lease Information and Canyon Park Technology Center Office Building Lease Agreement between Registrant and TCU Properties I, LLC, dated December 8, 2004   | S-1                              | 333-132987      | 10.8C              | April 4, 2006      |                       |                           |
| 10.18D             | Third Amendment to Basic Lease Information and Canyon Park Technology Center Office Building Lease Agreement between Registrant and TCU Properties I, LLC, dated April 30, 2005  | S-1                              | 333-132987      | 10.8D              | April 4, 2006      |                       |                           |
| 10.18E             | Fourth Amendment to Basic Lease Information and Canyon Park Technology Center Office Building Lease Agreement between Registrant and TCU Properties I, LLC, dated May 31, 2005   | S-1                              | 333-132987      | 10.8D              | April 4, 2006      |                       |                           |
| 10.18F             | Fifth Amendment to Basic Lease Information and Canyon Park Technology Center Office Building Lease Agreement between Registrant and TCU Properties I, LLC, dated January 25, 2006  | S-1                              | 333-132987      | 10.8F              | April 4, 2006      |                       |                           |
| 10.18G             | Sixth Amendment to Basic Lease Information and Canyon Park Technology Center Office Building Lease Agreement between Registrant and TCU-Canyon Park, LLC, successor in interest to TCU Properties I, LLC, dated January 11, 2008   |                                  |                 |                    |                    | X                     |                           |
| 10.18H             | Seventh Amendment to Basic Lease Information and Canyon Park Technology Center Office Building Lease Agreement between Registrant and TCU-Canyon Park, LLC, successor in interest to TCU Properties I, LLC, dated January 11, 2008 |                                  |                 |                    |                    | X                     |                           |
| 10.19              | Office Lease between Brannan Propco, LLC and Registrant, dated January 8, 2008   |                                  |                 |                    |                    | X                     |                           |
| 10.20**            | Settlement and Patent License Agreement by and between NetRatings, Inc. and Registrant, dated February 28, 2006  | S-1                              | 333-132987      | 10.9               | April 4, 2006      |                       |                           |
| 10.21              | NetObjects, Inc. Warrant to Purchase Stock, dated March 26, 2002   | S-1                              | 333-132987      | 10.10              | May 8, 2006        |                       |                           |
| 10.22*             | Change of Control Agreement between Registrant and Joshua G. James   | S-1                              | 333-132987      | 10.12              | June 22, 2006      |                       |                           |

| <u>Exhibit No.</u> | <u>Exhibit Description</u>  | <u>Incorporated by Reference</u> |                 |                    |                    | <u>Filed Herewith</u> | <u>Furnished Herewith</u> |
|--------------------|---|----------------------------------|-----------------|--------------------|--------------------|-----------------------|---------------------------|
|                    |   | <u>Form</u>                      | <u>File No.</u> | <u>Exhibit No.</u> | <u>Filing Date</u> |                       |                           |
| 10.23*             | Form of Change of Control Agreement entered into between Registrant and each of Brett M. Error and Christopher C. Harrington and John Mellor  | S-1                              | 333-132987      | 10.14              | June 22, 2006      |                       |                           |
| 10.24*             | Change of Control Agreement between Registrant and Michael S. Herring   | S-1                              | 333-132987      | 10.15              | June 22, 2006      |                       |                           |
| 10.25              | Master Finance Lease and Lease Covenant Agreement by and between the Registrant and Zions Credit Corporation, dated March 2, 2007   | 8-K                              | 000-52076       | 10.1               | March 7, 2007      |                       |                           |
| 10.26**            | Settlement and Patent Cross-License Agreement dated as of August 17, 2007 by and between Visual Sciences, Inc. (formerly known as WebSideStory, Inc.) and NetRatings, Inc.                          |                                  |                 |                    |                    |                       | X                         |
| 10.27**            | Patent Cross-License Agreement dated December 12, 2003 by and between WebSideStory, Inc. and NetIQ Corporation  |                                  |                 |                    |                    |                       | X                         |
| 10.28A             | Office Lease dated as of August 23, 1999 by and between WebSideStory, Inc. and LNR Seaview, Inc.  |                                  |                 |                    |                    |                       | X                         |
| 10.28B             | First Amendment to Office Lease dated as of July 3, 2001 by and between WebSideStory, Inc. and LNR Seaview, Inc.  |                                  |                 |                    |                    |                       | X                         |
| 10.28C             | Second Amendment to Office Lease dated as of December 7, 2005 by and between WebSideStory, Inc. and Seaview PFG, LLC (as assignee of LNR Seaview, Inc.)   |                                  |                 |                    |                    |                       | X                         |
| 10.29A             | Sublease dated as of July 3, 2001 by and between WebSideStory, Inc. and RF Magic, Inc.  |                                  |                 |                    |                    |                       | X                         |
| 10.29B             | Amendment of Sublease dated as of September 10, 2003 by and between WebSideStory, Inc. and RF Magic, Inc.   |                                  |                 |                    |                    |                       | X                         |
| 10.29C             | Second Amendment of Sublease dated as of June 14, 2006 by and between WebSideStory, Inc. and RF Magic, Inc.   |                                  |                 |                    |                    |                       | X                         |
| 10.29D             | Third Amendment and Assignment of Sublease dated as of October 8, 2007 by and among Visual Sciences, Inc., (formerly known as WebSideStory, Inc.), RF Magic, Inc. and Entropic Communications, Inc. |                                  |                 |                    |                    |                       | X                         |
| 21.1               | List of Subsidiaries of the Registrant  |                                  |                 |                    |                    |                       | X                         |
| 23.1               | Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm   |                                  |                 |                    |                    |                       | X                         |

| <u>Exhibit No.</u> | <u>Exhibit Description</u>   | <u>Incorporated by Reference</u> |                 |                    |                    | <u>Filed Herewith</u> | <u>Furnished Herewith</u> |
|--------------------|--|----------------------------------|-----------------|--------------------|--------------------|-----------------------|---------------------------|
|                    |  | <u>Form</u>                      | <u>File No.</u> | <u>Exhibit No.</u> | <u>Filing Date</u> |                       |                           |
| 24.1               | Power of Attorney (set forth on the signature page to this Annual Report on Form 10-K) |                                  |                 |                    |                    | X                     |                           |
| 31.1               | Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer                      |                                  |                 |                    |                    | X                     |                           |
| 31.2               | Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer                      |                                  |                 |                    |                    | X                     |                           |
| 32.1               | Section 1350 Certifications of Chief Executive Officer and Chief Financial Officer     |                                  |                 |                    |                    |                       | X                         |

\* Indicates a management contract or compensatory plan, contract or arrangement in which any director or named executive officer of the Registrant participates.

\*\* The Securities and Exchange Commission has granted confidential treatment with respect to portions of this exhibit. A complete copy of this exhibit has been filed separately with the Commission.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

OMNITURE, INC.  
(Registrant)

By: /s/ JOSHUA G. JAMES

Joshua G. James  
President and Chief Executive Officer

Date: February 28, 2008

*KNOW ALL PERSONS BY THESE PRESENTS*, that each person whose signature appears below hereby constitutes and appoints Joshua G. James, Michael S. Herring and Shawn J. Lindquist, and each of them, as his/her true and lawful attorney-in-fact and agent with full power of substitution, for him/her in any and all capacities, to sign any and all amendments to this annual report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto each said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he/she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacity and on the dates indicated.

| <u>Name and Signature</u>                                   | <u>Title</u>  | <u>Date</u>       |
|---|---|-------------------|
| <u>/s/ JOSHUA G. JAMES</u><br>Joshua G. James               | President and Chief Executive Officer<br>and Director (Principal Executive Officer)                     | February 28, 2008 |
| <u>/s/ MICHAEL S. HERRING</u><br>Michael S. Herring         | Chief Financial Officer and Executive<br>Vice President (Principal Financial and<br>Accounting Officer) | February 28, 2008 |
| <u>/s/ D. FRASER BULLOCK</u><br>D. Fraser Bullock           | Director  | February 28, 2008 |
| <u>/s/ GREGORY S. BUTTERFIELD</u><br>Gregory S. Butterfield | Director  | February 28, 2008 |
| <u>/s/ DANA L. EVAN</u><br>Dana L. Evan                     | Director  | February 28, 2008 |
| <u>/s/ MARK P. GORENBERG</u><br>Mark P. Gorenberg           | Director  | February 28, 2008 |
| <u>/s/ RORY T. O'DRISCOLL</u><br>Rory T. O'Driscoll         | Director  | February 28, 2008 |
| <u>/s/ JOHN R. PESTANA</u><br>John R. Pestana               | Director  | February 28, 2008 |

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## INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders  
Omniture, Inc.

We have audited the accompanying consolidated balance sheets of Omniture, Inc. as of December 31, 2006 and 2007, and the related consolidated statements of operations, convertible preferred stock and stockholders' (deficit) equity, and cash flows for each of the three years in the period ended December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Omniture, Inc. at December 31, 2006 and 2007, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2007, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 1 to the consolidated financial statements, in 2006, Omniture, Inc. changed its method of accounting for share-based payments in accordance with the guidance provided in Statement of Financial Accounting Standards, No. 123(R), "*Share-Based Payment*."

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Omniture, Inc.'s internal control over financial reporting as of December 31, 2007, based on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 25, 2008 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Salt Lake City, Utah  
February 25, 2008

**OMNITURE, INC.**  
**Consolidated Balance Sheets**  
(In thousands, except share and per share data)

|   | December 31, |           |
|---|--------------|-----------|
|   | 2006         | 2007      |
| <b>Assets:</b>  |              |           |
| Current assets:   |              |           |
| Cash and cash equivalents . . . . .   | \$ 68,287    | \$ 77,765 |
| Short-term investments . . . . .  | —            | 56,924    |
| Accounts receivable, net of allowances of \$2,039 and \$4,730 at December 31, 2006 and 2007, respectively . . . . .   | 24,126       | 51,971    |
| Prepaid expenses and other current assets . . . . .   | 1,571        | 3,663     |
| Total current assets . . . . .  | 93,984       | 190,323   |
| Property and equipment, net . . . . .   | 31,128       | 31,214    |
| Intangible assets, net . . . . .  | 9,796        | 50,769    |
| Goodwill . . . . .  | —            | 94,960    |
| Other assets . . . . .  | 302          | 3,457     |
| Total assets . . . . .  | \$135,210    | \$370,723 |
| <b>Liabilities and Stockholders' Equity:</b>  |              |           |
| Current liabilities:  |              |           |
| Accounts payable . . . . .  | \$ 2,586     | \$ 6,470  |
| Accrued liabilities . . . . .   | 11,435       | 17,126    |
| Current portion of deferred revenues . . . . .  | 21,885       | 42,041    |
| Current portion of notes payable . . . . .  | 5,997        | 4,407     |
| Current portion of capital lease obligations . . . . .  | 53           | 246       |
| Total current liabilities . . . . .   | 41,956       | 70,290    |
| Deferred revenues, less current portion . . . . .   | 2,170        | 1,815     |
| Notes payable, less current portion . . . . .   | 4,117        | 2,948     |
| Capital lease obligations, less current portion . . . . .   | 24           | 173       |
| Other liabilities . . . . .   | 518          | 4,422     |
| Commitments and contingencies   |              |           |
| Stockholders' equity:   |              |           |
| Preferred stock, \$0.001 par value; 10,000,000 shares authorized; no shares issued and outstanding . . . . .  | —            | —         |
| Common stock, \$0.001 par value; 250,000,000 shares authorized at December 31, 2006 and 2007; 47,385,901 and 60,636,685 shares issued and outstanding at December 31, 2006 and 2007, respectively . . . . . | 47           | 61        |
| Additional paid-in capital . . . . .  | 127,380      | 340,424   |
| Deferred stock-based compensation . . . . .   | (2,172)      | (1,182)   |
| Accumulated other comprehensive income . . . . .  | 9            | 40        |
| Accumulated deficit . . . . .   | (38,839)     | (48,268)  |
| Total stockholders' equity . . . . .  | 86,425       | 291,075   |
| Total liabilities and stockholders' equity . . . . .  | \$135,210    | \$370,723 |

*See accompanying notes to the consolidated financial statements.*

**OMNITURE, INC.**  
**Consolidated Statements of Operations**  
(In thousands, except per share data)

|  | <u>Year Ended December 31,</u> |                  |                  |
|--|--------------------------------|------------------|------------------|
|  | <u>2005</u>                    | <u>2006</u>      | <u>2007</u>      |
| Revenues:  |                                |                  |                  |
| Subscription . . . . .   | \$ 41,066                      | \$74,580         | \$132,010        |
| Professional services and other . . . . .                      | <u>1,738</u>                   | <u>5,169</u>     | <u>11,117</u>    |
| Total revenues . . . . .                                       | 42,804                         | 79,749           | 143,127          |
| Cost of revenues:  |                                |                  |                  |
| Subscription . . . . .   | 18,496                         | 28,827           | 46,411           |
| Professional services and other . . . . .                      | <u>1,963</u>                   | <u>2,999</u>     | <u>6,953</u>     |
| Total cost of revenues . . . . .                               | <u>20,459</u>                  | <u>31,826</u>    | <u>53,364</u>    |
| Gross profit . . . . .   | 22,345                         | 47,923           | 89,763           |
| Operating expenses:  |                                |                  |                  |
| Sales and marketing . . . . .                                  | 24,259                         | 35,227           | 61,610           |
| Research and development . . . . .                             | 6,647                          | 8,732            | 17,257           |
| General and administrative . . . . .                           | 6,220                          | 12,107           | 24,218           |
| Litigation settlement . . . . .                                | <u>2,604</u>                   | <u>—</u>         | <u>—</u>         |
| Total operating expenses . . . . .                             | <u>39,730</u>                  | <u>56,066</u>    | <u>103,085</u>   |
| Loss from operations . . . . .                                 | (17,385)                       | (8,143)          | (13,322)         |
| Interest income . . . . .                                      | 599                            | 2,117            | 5,816            |
| Interest expense . . . . .                                     | (574)                          | (1,285)          | (835)            |
| Other expense, net . . . . .                                   | <u>(66)</u>                    | <u>(219)</u>     | <u>(554)</u>     |
| Loss before provision for income taxes . . . . .               | (17,426)                       | (7,530)          | (8,895)          |
| Provision for income taxes . . . . .                           | <u>15</u>                      | <u>195</u>       | <u>534</u>       |
| Net loss . . . . .   | <u>\$(17,441)</u>              | <u>\$(7,725)</u> | <u>\$(9,429)</u> |
| Net loss per share, basic and diluted . . . . .                | \$ (1.27)                      | \$ (0.25)        | \$ (0.18)        |
| Weighted-average number of shares, basic and diluted . . . . . | 13,694                         | 30,332           | 53,710           |

*See accompanying notes to the consolidated financial statements.*

OMNITURE, INC.

Consolidated Statements of Convertible Preferred Stock and Stockholders' (Deficit) Equity  
(In thousands, except share data)

|   | Convertible Preferred Stock |           | Stockholders' (Deficit) Equity |          |                            |                                   |  |                     |                          |                                      |
|---|-----------------------------|-----------|--------------------------------|----------|----------------------------|-----------------------------------|--|---------------------|--------------------------|--------------------------------------|
|   | Shares                      | Amount    | Common Stock Shares            | Amount   | Additional Paid-In Capital | Deferred Stock-Based Compensation | Accumulated Other Comprehensive Income | Accumulated Deficit | Total Comprehensive Loss | Total Stockholders' (Deficit) Equity |
| Balance at January 1, 2005  | 13,932,762                  | \$ 22,770 | 13,312,021                     | \$ 13    | \$ 247                     | \$ —                              | \$ —                                   | \$(13,673)          | \$(13,673)               | \$ (13,413)                          |
| Deferred compensation related to issuance of stock options, net of forfeitures                        | —                           | —         | —                              | —        | 3,780                      | (3,780)                           | —                                      | —                   | —                        | 510                                  |
| Amortization of deferred stock-based compensation   | —                           | —         | —                              | —        | —                          | 510                               | —                                      | —                   | —                        | 56                                   |
| Exercise of stock options   | —                           | —         | 419,364                        | 1        | 55                         | —                                 | —                                      | —                   | —                        | 22                                   |
| Vesting of common shares subject to repurchase  | —                           | —         | 187,500                        | —        | 22                         | —                                 | —                                      | —                   | —                        | —                                    |
| Issuance of Series C-1 convertible preferred stock, net of issuance costs of \$248                    | —                           | —         | —                              | —        | —                          | —                                 | —                                      | —                   | —                        | —                                    |
| Revaluation and cancellation of convertible preferred stock warrants (166,708 shares)                 | —                           | (640)     | —                              | —        | —                          | —                                 | —                                      | (17,441)            | (17,441)                 | —                                    |
| Net loss  | —                           | —         | —                              | —        | —                          | —                                 | —                                      | (31,114)            | (31,114)                 | (30,266)                             |
| Balance at December 31, 2005  | 21,673,596                  | 61,882    | 13,918,885                     | 14       | 4,104                      | (3,270)                           | —                                      | —                   | —                        | 984                                  |
| Amortization of deferred stock-based compensation, net of forfeitures                                 | —                           | —         | —                              | —        | (114)                      | 1,098                             | —                                      | —                   | —                        | 133                                  |
| Exercise of stock options   | —                           | —         | 982,006                        | 1        | 132                        | —                                 | —                                      | —                   | —                        | 44                                   |
| Vesting of common shares subject to repurchase  | —                           | —         | 363,373                        | —        | 44                         | —                                 | —                                      | —                   | —                        | 1,948                                |
| Stock-based compensation  | —                           | —         | —                              | —        | 1,948                      | —                                 | —                                      | —                   | —                        | 224                                  |
| Accelerated vesting of employee stock options   | —                           | —         | —                              | —        | 224                        | —                                 | —                                      | —                   | —                        | 2                                    |
| Issuance of common stock in exchange for services   | —                           | —         | —                              | 250      | —                          | —                                 | —                                      | —                   | —                        | —                                    |
| Revaluation and cancellation of convertible preferred stock warrants (134,939 shares)                 | —                           | (44)      | —                              | —        | —                          | —                                 | —                                      | —                   | —                        | —                                    |
| Exercise of Series B-2 convertible preferred stock warrants   | —                           | —         | 142,791                        | —        | —                          | —                                 | —                                      | —                   | —                        | 59,234                               |
| Issuance of common stock, net of issuance costs   | —                           | —         | 10,305,000                     | 10       | 59,224                     | —                                 | —                                      | —                   | —                        | 61,838                               |
| Conversion of convertible preferred stock into common   | —                           | —         | (21,816,387)                   | (61,838) | 22                         | 61,816                            | —                                      | —                   | —                        | 9                                    |
| Foreign currency translation adjustment   | —                           | —         | —                              | —        | —                          | —                                 | —                                      | —                   | —                        | —                                    |
| Comprehensive loss  | —                           | —         | —                              | —        | —                          | —                                 | —                                      | (7,725)             | (7,725)                  | (7,725)                              |
| Net loss  | —                           | —         | —                              | —        | —                          | —                                 | —                                      | —                   | —                        | —                                    |
| Comprehensive loss  | —                           | —         | —                              | —        | —                          | —                                 | —                                      | —                   | —                        | —                                    |
| Balance at December 31, 2006  | —                           | —         | 47,385,901                     | 47       | 127,380                    | (2,172)                           | 9                                      | (38,839)            | (38,830)                 | 86,425                               |
| Amortization of deferred stock-based compensation, net of forfeitures                                 | —                           | —         | —                              | —        | (38)                       | 990                               | —                                      | —                   | —                        | 952                                  |
| Exercise of stock options   | —                           | —         | 2,261,130                      | 2        | 3,596                      | —                                 | —                                      | —                   | —                        | 3,598                                |
| Vesting of common shares subject to repurchase  | —                           | —         | 703,029                        | 1        | 85                         | —                                 | —                                      | —                   | —                        | 86                                   |
| Stock-based compensation  | —                           | —         | —                              | —        | 12,512                     | —                                 | —                                      | —                   | —                        | 12,512                               |
| Purchases under employee stock purchase plan  | —                           | —         | 11,014                         | —        | 194                        | —                                 | —                                      | —                   | —                        | 194                                  |
| Exercise of common stock warrants   | —                           | —         | 41,671                         | —        | —                          | —                                 | —                                      | —                   | —                        | —                                    |
| Issuance of common stock, net of issuance costs   | —                           | —         | 8,376,250                      | 9        | 142,224                    | —                                 | —                                      | —                   | —                        | 142,233                              |
| Issuance of common stock to former Touch Clarity shareholders, net of issuance costs                  | —                           | —         | 836,609                        | 1        | 22,085                     | —                                 | —                                      | —                   | —                        | 22,086                               |
| Issuance of common stock to former Offermatica shareholders   | —                           | —         | 1,021,081                      | 1        | 24,770                     | —                                 | —                                      | —                   | —                        | 24,771                               |
| Estimated fair value of stock options substituted in connection with the acquisition of Touch Clarity | —                           | —         | —                              | —        | 7,322                      | —                                 | —                                      | —                   | —                        | 7,322                                |
| Income tax benefit of stock option exercises  | —                           | —         | —                              | —        | 294                        | —                                 | —                                      | —                   | —                        | 294                                  |
| Foreign currency translation adjustment   | —                           | —         | —                              | —        | —                          | —                                 | —                                      | —                   | —                        | 40                                   |
| Unrealized loss on available for sale securities  | —                           | —         | —                              | —        | —                          | —                                 | —                                      | —                   | —                        | (9)                                  |
| Comprehensive loss  | —                           | —         | —                              | —        | —                          | —                                 | —                                      | (9,429)             | (9,429)                  | (9,429)                              |
| Net loss  | —                           | —         | —                              | —        | —                          | —                                 | —                                      | —                   | —                        | —                                    |
| Comprehensive loss  | —                           | —         | —                              | —        | —                          | —                                 | —                                      | —                   | —                        | —                                    |
| Balance at December 31, 2007  | —                           | \$ —      | 60,636,685                     | \$61     | \$340,424                  | \$(1,182)                         | \$40                                   | \$(48,268)          | \$(9,398)                | \$291,075                            |

See accompanying notes to the consolidated financial statements.

**OMNITURE, INC.**

**Consolidated Statements of Cash Flows**  
**(In thousands, except share data)**

|   | Year Ended December 31, |            |            |
|---|-------------------------|------------|------------|
|   | 2005                    | 2006       | 2007       |
| <b>Cash flows from operating activities:</b>  |                         |            |            |
| Net loss . . . . .  | \$(17,441)              | \$ (7,725) | \$ (9,429) |
| Adjustments to reconcile net loss to net cash (used in) provided by operating activities:   |                         |            |            |
| Depreciation and amortization . . . . .   | 6,377                   | 13,032     | 20,386     |
| Stock-based compensation . . . . .  | 510                     | 3,158      | 13,464     |
| Loss on foreign currency forward contract . . . . .   | —                       | —          | 243        |
| Loss on disposal of property and equipment . . . . .  | 5                       | —          | 16         |
| Amortization of premiums and discounts on short-term investments . . . . .  | —                       | —          | (962)      |
| Patent license and litigation settlement costs . . . . .  | 4,514                   | —          | —          |
| Net changes in operating assets and liabilities:  |                         |            |            |
| Accounts receivable, net . . . . .  | (6,444)                 | (11,801)   | (23,121)   |
| Prepaid expenses and other assets . . . . .   | 60                      | (1,010)    | (1,599)    |
| Accounts payable . . . . .  | (101)                   | (1,495)    | 2,145      |
| Accrued and other liabilities . . . . .   | 2,047                   | (1,228)    | 617        |
| Deferred revenues . . . . .   | 5,684                   | 10,804     | 16,245     |
| Net cash (used in) provided by operating activities . . . . .   | (4,789)                 | 3,735      | 18,005     |
| <b>Cash flows from investing activities:</b>  |                         |            |            |
| Purchases of short-term investments . . . . .   | —                       | —          | (144,019)  |
| Proceeds from sales of short-term investments . . . . .   | —                       | —          | 48,150     |
| Proceeds from maturities of short-term investments . . . . .  | —                       | —          | 40,000     |
| Purchases of property and equipment . . . . .   | (18,852)                | (14,934)   | (11,975)   |
| Purchases of intangible assets . . . . .  | —                       | (6,380)    | (4,545)    |
| Payment related to loss on foreign currency forward contract . . . . .  | —                       | —          | (337)      |
| Business acquisitions, net of cash acquired . . . . .   | —                       | —          | (78,882)   |
| Net cash used in investing activities . . . . .   | (18,852)                | (21,314)   | (151,608)  |
| <b>Cash flows from financing activities:</b>  |                         |            |            |
| Proceeds from exercise of stock options . . . . .   | 194                     | 237        | 3,606      |
| Proceeds from issuance of convertible preferred stock, net of issuance costs . . . . .  | 39,752                  | —          | —          |
| Proceeds from employee stock purchase plan . . . . .  | —                       | —          | 194        |
| Proceeds from issuance of common stock, net of issuance costs . . . . .   | —                       | 59,234     | 142,233    |
| Income tax benefit of stock option exercises . . . . .  | —                       | —          | 294        |
| Proceeds from issuance of notes payable . . . . .   | 500                     | 9,608      | 2,761      |
| Principal payments on notes payable and capital lease obligations . . . . .   | (3,536)                 | (5,409)    | (6,129)    |
| Net cash provided by financing activities . . . . .   | 36,910                  | 63,670     | 142,959    |
| Effect of exchange rate changes on cash and cash equivalents . . . . .  | —                       | —          | 122        |
| Net increase in cash and cash equivalents . . . . .   | 13,269                  | 46,091     | 9,478      |
| Cash and cash equivalents at beginning of period . . . . .  | 8,927                   | 22,196     | 68,287     |
| Cash and cash equivalents at end of period . . . . .  | \$ 22,196               | \$ 68,287  | \$ 77,765  |
| <b>Supplemental disclosure of noncash investing and financing activities:</b>   |                         |            |            |
| Issuance of common stock and stock options for business acquisitions . . . . .  | \$ —                    | \$ —       | \$ 54,337  |
| Conversion of convertible preferred stock into common . . . . .   | —                       | 61,838     | —          |
| Assets acquired under capital leases . . . . .  | —                       | —          | 152        |
| Revaluation and cancellation of convertible preferred stock warrants (166,708 and 134,939 shares in the years ended December 31, 2005 and 2006, respectively) . . . . . | 640                     | 44         | —          |
| Vesting of common shares subject to repurchase . . . . .  | 22                      | 44         | 86         |
| Acquisition of patent licenses . . . . .  | 8,800                   | —          | —          |
| Unpaid acquisition related expenses for Offermatica and Visual Sciences . . . . .   | —                       | —          | 1,798      |
| Unrealized gain on short-term investments . . . . .   | —                       | —          | (11)       |

*See accompanying notes to the consolidated financial statements.*

## Omniture, Inc.

### Notes to Consolidated Financial Statements

#### 1. Description of Business and Basis of Presentation

##### *Description of Business*

Omniture, Inc. (the “Company”) was incorporated in Delaware in August 1999, and has its principal offices located in Orem, Utah. The Company began providing its enterprise on-demand online business optimization services in February 2001. The Company is a leading provider of online business optimization services, which customers use to manage and enhance online, offline and multi-channel business initiatives. The Company’s online business optimization platform, which is hosted and delivered to customers on-demand, consists of Omniture SiteCatalyst, the Company’s flagship service, Omniture DataWarehouse, Omniture Discover OnDemand, Omniture Genesis, Omniture SearchCenter, Omniture Test&Target, Omniture SiteSearch and Omniture Publish services and Omniture Discover OnPremise software.

##### *Principles of Consolidation*

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in the consolidated financial statements.

##### *Acquisitions*

As discussed in Note 2, the Company acquired Instadia A/S (“Instadia”), Touch Clarity Limited (“Touch Clarity”) and Offermatica Corporation (“Offermatica”) during the year ended December 31, 2007. The consolidated financial statements include each of the acquired company’s results of operations since its respective date of acquisition.

##### *Segments*

The Company operates in one business segment.

##### *Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the Company’s consolidated financial statements and accompanying notes. Significant estimates made by management include the determination of the fair value of stock awards issued, allowances for accounts receivable and the assessment for impairment of long-lived assets. The Company also uses estimates in determining the remaining economic lives and fair values of purchased intangible assets and property and equipment related to business acquisitions.

##### *Common Stock Offerings*

In July 2006, the Company completed its initial public offering (“IPO”) of common stock in which the Company sold and issued 10,305,000 shares of its common stock, including 1,605,000 shares sold by the Company pursuant to the underwriters’ full exercise of their over-allotment option, at an issuance price of \$6.50 per share. As a result of the IPO, the Company raised a total of \$66,983,000 in gross proceeds from the IPO, or approximately \$59,234,000 in net proceeds after deducting underwriting discounts, commissions and offering expenses. Upon the initial closing of the IPO, all shares of convertible preferred stock outstanding automatically converted into 21,816,387 shares of common stock.

In June 2007, the Company completed a common stock offering (the “June 2007 Offering”) in which the Company sold and issued 8,376,250 shares of its common stock at an issuance price of \$18.15 per share. As a result of this stock offering, the Company raised approximately \$143,439,000, in net proceeds after deducting underwriting discounts and commissions of \$8,590,000 and before deducting offering expenses of \$1,206,000.

## Omniture, Inc.

### Notes to Consolidated Financial Statements — (Continued)

#### ***Revenue Recognition***

The Company derives its revenues from two primary sources: (1) subscription fees from customers implementing and utilizing the Company's on-demand online business optimization services; and (2) related professional and other services, consisting primarily of consulting and training. Because the Company provides its applications as services, it follows the provisions of Securities and Exchange Commission Staff Accounting Bulletin ("SAB") No. 104, *Revenue Recognition*, and Emerging Issues Task Force ("EITF") Issue No. 00-21, *Revenue Arrangements with Multiple Deliverables*. The Company recognizes revenue when all of the following conditions are met:

- there is persuasive evidence of an arrangement;
- the service has been provided to the customer;
- the collection of the fees is reasonably assured; and
- the amount of fees to be paid by the customer is fixed or determinable.

The Company recognizes subscription revenues, including implementation and set-up fees, on a monthly basis, beginning on the date the customer commences use of the Company's services and ending on the final day of the contract term. The Company records amounts that have been invoiced in accounts receivable and in deferred revenues or revenues, depending on whether the revenue recognition criteria have been met.

The Company recognizes revenue resulting from professional services sold with subscription offerings (generally considered to be at the time of, or within 45 days of, sale of the subscription offering) over the term of the related subscription contract as these services are considered to be inseparable from the subscription service, and the Company has not yet established objective and reliable evidence of fair value for the undelivered element. The Company recognizes revenues resulting from professional services sold separately from the subscription services as those professional services are performed.

Although the Company's subscription contracts are generally noncancelable, a limited number of customers have the right to cancel their contracts by providing prior written notice to the Company of their intent to cancel the remainder of the contract term. In the event a customer cancels its contract, it is not entitled to a refund for prior services provided to it by the Company.

#### ***Deferred Revenues***

Deferred revenues consist of billings or payments received in advance of revenue recognition for the Company's subscription and professional services described above and the Company recognizes them as revenue only when the revenue recognition criteria are met.

#### ***Cash and Cash Equivalents and Short-term Investments***

Cash and cash equivalents consist of cash on deposit with banks, money market funds and highly liquid debt securities with an original maturity of 90 days or less. Short-term investments include debt securities with an original maturity greater than 90 days and auction rate securities. The Company classifies its investments in debt securities as available-for-sale and realized gains and losses are included in income based on the specific identification method. Unrealized gains and losses on available-for-sale securities are recorded to other comprehensive income, a component of stockholders' (deficit) equity. Interest on securities classified as available-for-sale is included as a component of interest income.

#### ***Concentrations of Credit Risk and Significant Customers***

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, available-for-sale securities and trade accounts receivable. Although the Company deposits its cash and cash equivalents with multiple financial institutions, its deposits, at times, may exceed federally insured

**Omniture, Inc.**

**Notes to Consolidated Financial Statements — (Continued)**

limits. The Company's available-for-sale securities are investment grade and the Company's investment policy requires diversification of the portfolio in order to limit the potential credit risk exposure. The Company is exposed to credit risks in the event of default by the issuers of the available-for-sale securities. Collateral is not required for accounts receivable; however, the Company regularly evaluates customers' financial condition and creditworthiness.

No customer accounted for 5% or greater of accounts receivable at December 31, 2006 and 2007. America Online and certain of its affiliated entities, collectively, accounted for 11% of total revenues during the years ended December 31, 2005 and 2006. No other customer accounted for more than 10% of total revenues during the years ended December 31, 2005 and 2006 and no customer accounted for more than 10% of total revenues during the year ended December 31, 2007.

At December 31, 2006 and 2007, tangible assets located outside the United States were not material. No single foreign country accounted for more than 10% of total revenues during the years ended December 31, 2005, 2006 and 2007. Subscription revenues accounted for 96% of total revenues in 2005, 94% of total revenues in 2006 and 92% of total revenues in 2007.

The following table sets forth revenues from customers within and outside the United States (in thousands):

|  | <u>Year Ended December 31,</u> |                 |                  |
|--|--------------------------------|-----------------|------------------|
|  | <u>2005</u>                    | <u>2006</u>     | <u>2007</u>      |
| Revenues from customers within the United States . . . . .                                       | \$38,108                       | \$66,468        | \$106,258        |
| Revenues from customers outside the United States . . . . .                                      | <u>4,696</u>                   | <u>13,281</u>   | <u>36,869</u>    |
| Total revenues . . . . .   | <u>\$42,804</u>                | <u>\$79,749</u> | <u>\$143,127</u> |
| Revenues from customers outside the United States as a<br>percentage of total revenues . . . . . | 11%                            | 17%             | 26%              |

***Service Provider Concentration***

All of the Company's servers containing customer data are located in third-party data center facilities in California; Texas; Massachusetts; Copenhagen, Denmark and London, England. The Company does not control the operation of these facilities and is vulnerable to damage or interruption in the event any of these third-party, co-location facilities fail.

***Allowances for Accounts Receivable***

The Company records a sales allowance to provide for estimated future adjustments to accounts receivable, generally resulting from credits issued to customers in conjunction with amendments or renewals of subscription service arrangements. Provisions for sales allowances are recorded as a reduction to revenues. Specific provisions are made based on amendments or renewals associated with specific subscription service arrangements, which are expected to result in the issuance of customer credits. Additionally, provisions are made based on actual credits issued as a percentage of the Company's historical revenues. The Company evaluates the estimate of sales allowances on a regular basis and adjusts the amount reserved accordingly.

The Company makes judgments as to its ability to collect outstanding accounts receivable and provides allowances when collection becomes doubtful. Specific provisions are made based on an account-by-account analysis of collectability. Additionally, provisions are made for non-customer-specific accounts based on the Company's historical bad debt experience and current economic trends. Provisions are recorded in general and administrative expenses. The Company writes off customer accounts receivable balances to the allowance for doubtful accounts when it becomes likely that they will not be collected.

**Omniture, Inc.**

**Notes to Consolidated Financial Statements — (Continued)**

The changes in the Company's allowances for accounts receivable were as follows (in thousands):

|  | Year Ended December 31, |                 |                 |
|--|-------------------------|-----------------|-----------------|
|  | 2005                    | 2006            | 2007            |
| <b>Sales allowance:</b>                  |                         |                 |                 |
| Balance at beginning of period . . . . . | \$ 261                  | \$ 835          | \$ 1,305        |
| Provision . . . . .                      | 2,412                   | 3,671           | 5,881           |
| Write-offs . . . . .                     | <u>(1,838)</u>          | <u>(3,201)</u>  | <u>(4,015)</u>  |
| Balance at end of period . . . . .       | <u>\$ 835</u>           | <u>\$ 1,305</u> | <u>\$ 3,171</u> |

|  | Year Ended December 31, |              |                |
|--|-------------------------|--------------|----------------|
|  | 2005                    | 2006         | 2007           |
| <b>Bad debt allowance:</b>               |                         |              |                |
| Balance at beginning of period . . . . . | \$ 66                   | \$127        | \$ 734         |
| Provision . . . . .                      | 77                      | 650          | 1,102          |
| Write-offs . . . . .                     | <u>(16)</u>             | <u>(43)</u>  | <u>(277)</u>   |
| Balance at end of period . . . . .       | <u>\$127</u>            | <u>\$734</u> | <u>\$1,559</u> |

***Property and Equipment***

Property and equipment are stated at cost. Depreciation and amortization of property and equipment are calculated on a straight-line basis over the estimated useful lives of those assets as follows:

- Computers, equipment and software . . . . . 2 to 4 years
- Furniture and fixtures . . . . . 5 to 7 years
- Leasehold improvements . . . . . Shorter of the estimated useful life or the lease term

***Long-lived Assets, Including Goodwill***

Periodically the Company assesses potential impairment of its long-lived assets, which include property, equipment and acquired intangible assets, in accordance with the provisions of Statement of Financial Accounting Standards ("SFAS") No. 144, *Accounting for the Impairment and Disposal of Long-Lived Assets*. The Company performs an impairment review whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors the Company considers important that could trigger an impairment review include, but are not limited to, significant under-performance relative to historical or projected future operating results, significant changes in the manner of its use of acquired assets or the Company's overall business strategy and significant industry or economic trends. When the Company determines that the carrying value of a long-lived asset may not be recoverable based upon the existence of one or more of the above indicators, it determines the recoverability by comparing the carrying amount of the asset to net future undiscounted cash flows that the asset is expected to generate. The Company recognizes an impairment charge equal to the amount by which the carrying amount exceeds the fair market value of the asset.

The Company recorded goodwill in conjunction with its acquisitions of Instadia, Touch Clarity and Offermatica (see Note 2). It will review goodwill for impairment, at least annually, in accordance with SFAS No. 142, *Goodwill and Other Intangible Assets*, based on a single operating unit.

## Omniture, Inc.

### Notes to Consolidated Financial Statements — (Continued)

#### *Foreign Currency*

The Company's results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the Australian dollar, British pound, Canadian dollar, Danish krone, EU euro, Hong Kong dollar, Japanese yen and Swedish krona.

The functional currency of the Company's international subsidiaries is generally the local currency. The financial statements of these subsidiaries are translated into U.S. dollars using period-end or historical rates of exchange for assets and liabilities and average rates of exchange for the period for revenues and expenses. Translation gains (losses) are recorded in accumulated other comprehensive income as a component of stockholders' (deficit) equity. Net foreign currency losses are included in other expense, net in the accompanying consolidated statements of operations and were approximately \$60,000, \$219,000, and \$480,000 for the years ended December 31, 2005, 2006 and 2007, respectively.

At December 31, 2006, the Company held a foreign currency forward exchange contract with a financial institution to protect against currency exchange risk associated with the acquisition of Instadia (see Note 2). This forward contract was not designated as an accounting hedge under SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*. Upon the settlement of this foreign currency forward exchange contract, in January 2007, the Company recognized a realized loss of \$337,000 in its consolidated statement of operations, of which \$94,000 was recognized as an unrealized loss in the year ended December 31, 2006 and the remaining \$243,000 was recognized during the year ended December 31, 2007.

#### *Fair Value of Financial Instruments*

The fair values of cash equivalents invested in money market funds, available-for-sale securities and the foreign currency forward exchange contract related to the acquisition of Instadia were determined based on quoted market rates.

#### *Software Development Costs*

The Company follows the guidance of EITF Issue No. 00-2, *Accounting for Web Site Development Costs*, and EITF Issue No. 00-3, *Application of AICPA Statement of Position 97-2 to Arrangements That Include the Right to Use Software Stored on Another Entity's Hardware*. EITF Issue No. 00-2 sets forth the accounting for Web site development costs based on the Web site development activity. EITF Issue No. 00-3 sets forth the accounting for software in a hosting arrangement. The Company follows the guidance set forth in Statement of Position ("SOP") No. 98-1, *Accounting for the Cost of Computer Software Developed or Obtained for Internal Use*, in accounting for the development of its on-demand online business optimization software, and other software the Company develops for internal use. SOP No. 98-1 requires companies to capitalize qualifying computer software costs, which are incurred during the application development stage, and amortize them over the software's estimated useful life.

#### *Commissions*

The Company records sales commissions when the commissions are earned, which is generally when the corresponding revenue has been recognized or at the time of collection of the customer account receivable. Commissions paid to sales personnel are not recoverable in the event the customer terminates service. Commission expense was \$4,140,000, \$8,241,000 and \$12,195,000 for the years ended December 31, 2005, 2006 and 2007, respectively.

#### *Leases*

The Company leases its facilities and a portion of its network infrastructure equipment under operating leases, and accounts for those leases in accordance with SFAS No. 13, *Accounting for Leases*. For facility leases that contain rent escalation or rent concession provisions, the Company records the total rent payable during the lease

## Omniture, Inc.

### Notes to Consolidated Financial Statements — (Continued)

term on a straight-line basis over the term of the lease. The Company records the difference between the rent paid and the straight-line rent as a deferred rent liability in the accompanying consolidated balance sheets.

#### *Advertising*

The Company expenses advertising as incurred. Advertising expense was \$510,000, \$308,000 and \$1,969,000 for the years ended December 31, 2005, 2006 and 2007, respectively.

#### *Stock-based Compensation*

Prior to January 1, 2006, the Company accounted for stock-based employee compensation under the recognition and measurement provisions of Accounting Principles Board (“APB”) Opinion No. 25, *Accounting for Stock Issued to Employees*, as permitted by SFAS No. 123, *Accounting for Stock-Based Compensation*. Prior to January 1, 2006, the Company measured stock-based compensation expense as the difference, if any, between the estimated fair value of the Company’s common stock on the date of grant and the exercise price.

Effective January 1, 2006, the Company adopted the fair value recognition provisions of SFAS No. 123R, *Share-Based Payment*, using the prospective transition method, which requires the Company to apply its provisions only to awards granted, modified, repurchased or cancelled on or after the effective date. Under this transition method, stock-based compensation expense recognized beginning January 1, 2006 is based on the following: (1) the grant-date fair value of stock option awards granted or modified on or after January 1, 2006; and (2) the balance of deferred stock-based compensation related to stock option awards granted prior to January 1, 2006, which was calculated using the intrinsic-value method as previously permitted under APB Opinion No. 25. Results for prior periods have not been restated.

The Company accounts for stock option grants to non-employees in accordance with SFAS No. 123R and EITF Issue No. 96-18, *Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services*, which require that the fair value of these instruments be recognized as an expense over the period in which the related services are rendered.

#### *Income Taxes*

The Company uses the liability method of accounting for income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes*. Under this method, deferred tax assets and liabilities are determined based on temporary differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Company’s consolidated statements of operations in the period that includes the enactment date. Valuation allowances are established when necessary to reduce deferred tax assets when it is determined that it is more likely than not that some portion of the deferred tax asset will not be realized. Changes in ownership will limit the amount of net operating loss carryforwards that can be utilized annually in the future to offset taxable income (see Note 6).

In July 2006, the Financial Accounting Standards Board (“FASB”), issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes — An Interpretation of FASB Statement No. 109* (“FIN 48”). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an entity’s financial statements in accordance with SFAS No. 109, and prescribes a recognition threshold and measurement attributes for financial statement disclosure of tax positions taken or expected to be taken on a tax return. Under FIN 48, the impact of an uncertain income tax position on the income tax return must be recognized at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Additionally, FIN 48 provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

**Omniture, Inc.**

**Notes to Consolidated Financial Statements — (Continued)**

The Company's adoption of the provisions of FIN 48 on January 1, 2007 did not have a material impact on its financial statements. The Company adopted the accounting policy that interest recognized in accordance with Paragraph 15 of FIN 48 and penalties recognized in accordance with Paragraph 16 of FIN 48 are classified as a component of interest expense. The Company had not incurred any interest or penalties as of December 31, 2007 and does not anticipate any significant change within 12 months of this reporting date related to uncertain tax positions. The Company does not anticipate any events which could cause the change to these uncertainties. The Company is subject to taxation in the U.S. and various state and foreign jurisdictions.

Historically, the Company's tax provision for financial statement purposes and the actual tax returns have been prepared using consistent methodologies. At December 31, 2006 and 2007, there were no material unrecognized tax benefits. Any future adjustments to the unrecognized tax benefit will have no impact on the Company's effective tax rate due to the valuation allowance which fully offsets these tax benefits. For the years ended December 31, 2005, 2006 and 2007, the Company did not recognize any interest and penalties related to income taxes, and the Company does not currently accrue for interest and penalties.

***Net Loss Per Share***

The following table presents the numerator and a reconciliation of the denominator used in the calculation of net loss per share, basic and diluted (in thousands):

|  | <b>Year Ended December 31,</b> |             |             |
|--|--------------------------------|-------------|-------------|
|  | <b>2005</b>                    | <b>2006</b> | <b>2007</b> |
| <b>Numerator:</b>  |                                |             |             |
| Net loss . . . . .   | \$(17,441)                     | \$(7,725)   | \$(9,429)   |
| <b>Denominator:</b>  |                                |             |             |
| Weighted-average common shares outstanding . . . . .                       | 14,362                         | 31,134      | 54,375      |
| Weighted-average common shares outstanding subject to repurchase . . . . . | (668)                          | (802)       | (665)       |
| Denominator for net loss per share, basic and diluted . . . . .            | 13,694                         | 30,332      | 53,710      |

The following weighted-average common stock equivalents (in thousands) were excluded from the computation of diluted net loss per share because they had an anti-dilutive impact:

|   | <b>Year Ended December 31,</b> |             |             |
|---|--------------------------------|-------------|-------------|
|   | <b>2005</b>                    | <b>2006</b> | <b>2007</b> |
| Common shares outstanding subject to repurchase . . . . . | 668                            | 784         | 657         |
| Employee stock awards . . . . .                           | 5,178                          | 5,110       | 5,589       |
| Warrants . . . . .  | 418                            | 374         | 241         |
| Convertible preferred stock . . . . .                     | 18,152                         | 11,016      | —           |

***Recent Accounting Pronouncements***

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*. SFAS No. 157 establishes a framework for measuring fair value and expands disclosures about fair value measurements. The changes to current practice resulting from the application of this statement relate to the definition of fair value, the methods used to measure fair value and the expanded disclosures about fair value measurements. SFAS No. 157 is effective for the Company beginning in the first fiscal quarter of fiscal year 2008. The Company does not expect the adoption of SFAS No. 157 to have a material impact on its consolidated financial statements.

## Omniture, Inc.

### Notes to Consolidated Financial Statements — (Continued)

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*. SFAS No. 159 permits companies to choose to measure certain financial instruments and certain other items at fair value. The standard requires that unrealized gains and losses on items for which the fair value option has been elected be reported in earnings. SFAS No. 159 is effective for the Company beginning in the first quarter of fiscal year 2008. The Company does not expect the adoption of SFAS No. 159 to have a material impact on its consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141R, *Business Combinations*. SFAS No. 141R requires an acquirer to measure the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree at their fair values on the acquisition date, with goodwill being the excess value over the net identifiable assets acquired. SFAS No. 141R is effective for financial statements issued for fiscal years beginning after December 15, 2008. Early adoption is prohibited. The Company expects the adoption of SFAS No. 141R to have a material impact on the Company's consolidated financial statements if and when the Company completes a business acquisition on or after the adoption date of this statement.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements*. SFAS No. 160 clarifies that a noncontrolling interest in a subsidiary should be reported as equity in the consolidated financial statements. The calculation of earnings per share will continue to be based on income amounts attributable to the parent. SFAS No. 160 is effective for financial statements issued for fiscal years beginning after December 15, 2008. Early adoption is prohibited. The Company does not expect the adoption of SFAS No. 160 to have a material impact on its consolidated financial statements.

## 2. Acquisitions

### *Instadia A/S*

On January 18, 2007, the Company acquired all of the outstanding voting stock of Instadia, a provider of enterprise, on-demand Web analytics services based in Copenhagen, Denmark. The Company purchased Instadia to acquire its existing customer base, key personnel and technology. The preliminary aggregate purchase price was approximately \$14,349,000, which consisted of (1) total cash consideration of approximately \$11,436,000, (2) restructuring charges of approximately \$2,433,000, (3) acquisition-related costs and (4) a license payment to NetRatings Inc. ("NetRatings") related to the Instadia acquisition of approximately \$319,000, which the Company elected to make in February 2007 in accordance with the terms of the settlement and patent license agreement entered into with NetRatings in February 2006. The results of operations of Instadia are included in the Company's results of operations from the acquisition date.

The restructuring charges recorded in conjunction with the acquisition related to severance payments and severance-related benefits associated with the termination of nine former Instadia employees, primarily in the research and development and administrative functions, and the cost to terminate an existing Instadia contractual obligation. These restructuring charges were accounted for in accordance with EITF Issue No. 95-3, *Recognition of Liabilities in Connection with a Purchase Business Combination*, all of which were paid prior to December 31, 2007.

**Omniture, Inc.**

**Notes to Consolidated Financial Statements — (Continued)**

The following table summarizes the allocation of the preliminary aggregate purchase price for Instadia and the estimated useful lives for the acquired intangible assets (in thousands):

|   |                        |
|---|------------------------|
| Current assets . . . . .  | \$ 2,033               |
| Property and equipment . . . . .  | 193                    |
| Other assets . . . . .  | 73                     |
| Acquired intangibles:   |                        |
| Existing technology (four-year estimated useful life) . . . . .                           | 600                    |
| Customer contracts and related relationships (seven-year estimated useful life) . . . . . | 4,400                  |
| Non-compete agreements (two-year estimated useful life) . . . . .                         | 600                    |
| Patent license (five-year estimated useful life) . . . . .                                | 148                    |
| Goodwill . . . . .  | <u>10,814</u>          |
| Total assets acquired . . . . .   | 18,861                 |
| Current liabilities . . . . .   | 3,378                  |
| Long-term liabilities . . . . .   | <u>1,134</u>           |
| Total liabilities assumed . . . . .   | <u>4,512</u>           |
| Net assets acquired . . . . .   | <u><u>\$14,349</u></u> |

Except for deferred revenues, the Instadia tangible assets and liabilities assumed by the Company were valued at their respective carrying amounts at the acquisition date, as the Company believes these amounts approximated their current fair value. Deferred revenues were reduced to their estimated fair value, which represented an amount equivalent to the estimated costs of fulfilling the remaining contractual obligations associated with these deferred revenues. In total, the Instadia acquired intangible assets had a weighted-average estimated useful life of 6.1 years. The amount recorded as goodwill is not deductible for income tax purposes.

Because the cash consideration associated with the acquisition was denominated in Danish krone, in December 2006, the Company entered into a foreign currency forward exchange contract with a financial institution to protect against currency exchange rate risk associated with this transaction. Upon the settlement of this foreign currency forward exchange contract, in January 2007, the Company recognized a realized loss of \$337,000 in its consolidated statement of operations, of which \$94,000 was recognized as an unrealized loss in the year ended December 31, 2006 and the remaining \$243,000 was recognized during the year ended December 31, 2007.

The determination of the final purchase price is subject to potential adjustments related to income taxes, which could impact the purchase price allocation reflected above. The Company does not expect any changes to the purchase price allocation to materially increase or decrease depreciation and amortization expense, but they may have a material effect on the amount of recorded goodwill.

***Touch Clarity Limited***

On March 1, 2007, the Company acquired all of the outstanding voting stock of Touch Clarity, a provider of enterprise, on-demand, automated onsite behavioral targeting and optimization solutions based in London, England. The Company purchased Touch Clarity to acquire key personnel and technology. The results of operations of Touch Clarity are included in the Company's results of operations from the acquisition date.

The preliminary aggregate purchase price was approximately \$61,256,000, which consisted of (1) total cash consideration of approximately \$29,490,000, (2) the issuance of 836,609 shares of the Company's common stock valued at approximately \$22,086,000, net of issuance costs, (3) the fair value of substituted options, (4) acquisition-related costs and (5) a license payment to NetRatings related to the Touch Clarity acquisition of approximately

**Omniture, Inc.**

**Notes to Consolidated Financial Statements — (Continued)**

\$453,000, which the Company elected to make in April 2007 in accordance with the terms of the settlement and patent license agreement entered into with NetRatings in February 2006. The terms of the acquisition also provided for the payment by the Company of up to \$3,000,000 in additional consideration during the quarter ended March 31, 2008, contingent upon the achievement of certain milestones during the year ended December 31, 2007. Any contingent consideration paid by the Company would increase the aggregate purchase price and goodwill. The fair value of the 836,609 shares of common stock was determined based on the average closing price of the Company's common stock during the period two days before and two days after the terms of the acquisition were agreed to and announced.

In connection with the closing of the acquisition, the holders of both vested and unvested options to purchase shares of Touch Clarity common stock received replacement options to purchase shares of the Company's common stock (the "Replacement Options"), with effectively the same intrinsic value at the acquisition date as the Touch Clarity options which were replaced. The \$7,322,000 fair value of the Replacement Options included in the purchase price was estimated using the Black-Scholes-Merton option pricing model with market assumptions. Option pricing models require the use of highly subjective market assumptions, including expected stock price volatility, which if changed can materially affect fair value estimates. The more significant assumptions used in estimating the fair value of these stock options include expected volatility of 60%, expected option term of between 4.0 years and 5.7 years based on the age of the original award and a risk-free interest rate of 4.5%.

The following table summarizes the allocation of the preliminary aggregate purchase price for Touch Clarity and the estimated useful lives for the acquired intangible assets (in thousands):

|   |                        |
|---|------------------------|
| Current assets . . . . .  | \$ 2,356               |
| Property and equipment . . . . .  | 1,374                  |
| Other assets . . . . .  | 127                    |
| Acquired intangibles:   |                        |
| Existing technology (seven-year estimated useful life) . . . . .                          | 14,300                 |
| Customer contracts and related relationships (eight-year estimated useful life) . . . . . | 3,700                  |
| Core technology (six-year estimated useful life) . . . . .                                | 3,300                  |
| Patent license (five-year estimated useful life) . . . . .                                | 166                    |
| Goodwill . . . . .  | <u>42,424</u>          |
| Total assets acquired . . . . .   | 67,747                 |
| Current liabilities . . . . .   | 3,869                  |
| Long-term liabilities . . . . .   | <u>2,622</u>           |
| Total liabilities assumed . . . . .   | <u>6,491</u>           |
| Net assets acquired . . . . .   | <u><u>\$61,256</u></u> |

Except for deferred revenues, the Touch Clarity tangible assets and liabilities assumed by the Company were valued at their respective carrying amounts at the acquisition date, as the Company believes these amounts approximated their current fair value. Deferred revenues were reduced to their estimated fair value, which represented an amount equivalent to the estimated costs of fulfilling the remaining contractual obligations associated with these deferred revenues. In total, the Touch Clarity acquired intangible assets had a weighted-average estimated useful life of 7.0 years. The amount recorded as goodwill is not deductible for income tax purposes.

The determination of the final purchase price is subject to potential adjustments related to income taxes, which could impact the purchase price allocation reflected above. The Company does not expect any changes to the purchase price allocation to materially increase or decrease depreciation and amortization expense, but they may have a material effect on the amount of recorded goodwill.

**Omniture, Inc.**

**Notes to Consolidated Financial Statements — (Continued)**

***Offermatica Corporation***

On December 13, 2007, the Company acquired all of the outstanding voting stock of Offermatica, an on-demand provider of A/B and multivariate testing solutions that enable companies to define and test the structure and other elements of their Web sites. The Company purchased Offermatica to acquire its existing customer base, key personnel and technology. The results of operations of Offermatica are included in the Company's results of operations from the acquisition date.

The preliminary aggregate purchase price was approximately \$60,401,000, which consisted of (1) cash consideration of approximately \$33,600,000, (2) 1,021,081 shares of Omniture common stock valued at approximately \$24,771,000, (3) acquisition-related costs and (4) a license payment to NetRatings of approximately \$879,000 related to the Offermatica acquisition, which the Company elected to make in accordance with the terms of the settlement and patent license agreement entered into with NetRatings in February 2006. The fair value of the 1,021,081 shares of common stock was determined based on the average closing price of the Company's common stock during the period two days before and two days after the terms of the acquisition were agreed to and announced.

The following table summarizes the allocation of the preliminary aggregate purchase price for Offermatica and the estimated useful lives for the acquired intangible assets (in thousands):

|   |                        |
|---|------------------------|
| Current assets . . . . .  | \$ 3,200               |
| Property and equipment . . . . .  | 1,082                  |
| Other assets . . . . .  | 55                     |
| Acquired intangibles:   |                        |
| Existing technology (four-year estimated useful life) . . . . .                         | 10,700                 |
| Customer contracts and related relationships (six-year estimated useful life) . . . . . | 5,200                  |
| Core technology (four-year estimated useful life) . . . . .                             | 2,200                  |
| Patent license (five-year estimated useful life) . . . . .                              | 486                    |
| Trade name / trademarks (eight-month estimated useful life) . . . . .                   | 100                    |
| Goodwill . . . . .  | <u>41,722</u>          |
| Total assets acquired . . . . .   | 64,745                 |
| Current liabilities . . . . .   | <u>4,344</u>           |
| Total liabilities assumed . . . . .   | <u>4,344</u>           |
| Net assets acquired . . . . .   | <u><u>\$60,401</u></u> |

Except for deferred revenues, the Offermatica tangible assets and liabilities assumed by Omniture were valued at their respective carrying amounts at the acquisition date, as the Company believes these amounts approximated their current fair value. Deferred revenues were reduced to their estimated fair value, which represented an amount equivalent to the estimated costs of fulfilling the remaining contractual obligations associated with these deferred revenues. In total, the Offermatica acquired intangible assets had a weighted-average estimated useful life of 4.6 years. The amount recorded as goodwill is not deductible for income tax purposes.

The determination of the final purchase price is subject to potential adjustments. The purchase price allocation could differ from that reflected above after final asset valuation reports are prepared and a final detailed review of all assets and liabilities, including income taxes, has been completed. The final purchase price allocation is expected to be completed in 2008. The Company does not expect any changes to the purchase price allocation to materially increase or decrease depreciation and amortization expense, but they may have a material effect on the amount of recorded goodwill.

**Omniture, Inc.**

**Notes to Consolidated Financial Statements — (Continued)**

***Unaudited pro forma financial information***

The following unaudited pro forma information presents the consolidated results of operations of the Company, Touch Clarity and Offermatica as if these acquisitions had occurred on January 1, 2006 (in thousands, except per share data):

|   | Year Ended<br>December 31, |           |
|---|----------------------------|-----------|
|   | 2006                       | 2007      |
| Revenues . . . . .                              | \$ 88,950                  | \$155,461 |
| Loss from operations . . . . .                  | (24,262)                   | (21,118)  |
| Net loss . . . . .                              | (25,433)                   | (18,641)  |
| Net loss per share, basic and diluted . . . . . | \$ (0.60)                  | \$ (0.28) |

**3. Property and Equipment**

Property and equipment consisted of the following (in thousands):

|   | December 31, |           |
|---|--------------|-----------|
|   | 2006         | 2007      |
| Computers, equipment and software . . . . .               | \$ 49,672    | \$ 63,791 |
| Furniture and fixtures . . . . .                          | 816          | 1,117     |
| Leasehold improvements . . . . .                          | 1,359        | 1,723     |
|   | 51,847       | 66,631    |
| Less: accumulated depreciation and amortization . . . . . | (20,719)     | (35,417)  |
|   | \$ 31,128    | \$ 31,214 |

Depreciation expense (including amortization of leasehold improvements) was \$5,961,000, \$11,323,000 and \$14,709,000 for the years ended December 31, 2005, 2006 and 2007, respectively.

**Omniture, Inc.**

**Notes to Consolidated Financial Statements — (Continued)**

**4. Balance Sheet Accounts**

*Cash, Cash Equivalents and Short-term Investments*

Cash, cash equivalents and short-term investments were as follows (in thousands):

|  | <u>December 31, 2007</u>  |                             |                              |                                 |
|--|---------------------------|-----------------------------|------------------------------|---------------------------------|
|  | <u>Amortized<br/>Cost</u> | <u>Unrealized<br/>Gains</u> | <u>Unrealized<br/>Losses</u> | <u>Estimated<br/>Fair Value</u> |
| Cash and cash equivalents:                           |                           |                             |                              |                                 |
| Cash . . . . .                                       | \$ 5,483                  | \$—                         | \$ —                         | \$ 5,483                        |
| Money market funds . . . . .                         | 17,434                    | —                           | —                            | 17,434                          |
| Government-sponsored enterprise securities . . . . . | 29,972                    | 5                           | —                            | 29,977                          |
| Corporate debt securities . . . . .                  | <u>24,896</u>             | <u>—</u>                    | <u>(25)</u>                  | <u>24,871</u>                   |
| Total cash and cash equivalents . . . . .            | <u>\$77,785</u>           | <u>\$ 5</u>                 | <u>\$(25)</u>                | <u>\$77,765</u>                 |
| Short-term investments:                              |                           |                             |                              |                                 |
| Auction rate preferred municipal bonds . . . . .     | \$42,000                  | \$—                         | \$ —                         | \$42,000                        |
| Government-sponsored enterprise securities . . . . . | 5,018                     | 18                          | —                            | 5,036                           |
| Corporate debt securities . . . . .                  | <u>9,895</u>              | <u>—</u>                    | <u>(7)</u>                   | <u>9,888</u>                    |
| Total short-term investments . . . . .               | <u>\$56,913</u>           | <u>\$18</u>                 | <u>\$( 7)</u>                | <u>\$56,924</u>                 |

At December 31, 2007, the unrealized losses in the above table relate to corporate debt securities for which the fair value is less than the carrying value. The Company expects to receive the full principal and interest on these securities. When evaluating investments for possible impairment, management reviews factors such as the length of time and extent to which fair value has been below cost basis, credit quality, the financial condition of the investee, and the Company's ability and intent to hold the investment for a period of time which may be sufficient for anticipated recovery in market value. The gross unrealized losses are primarily due to a decrease in the fair market value of corporate debt securities as a result of increases in market interest rates. The changes in the values in the above securities are considered to be temporary in nature and, accordingly, management does not believe that the values of these securities are impaired at December 31, 2007. Unrealized gains and losses on available-for-sale securities are reported as a component of stockholders' (deficit) equity in the consolidated balance sheets. At December 31, 2006, the Company did not have any short-term investments and did not have any unrealized gains or losses on its cash and cash equivalents. For the years ended December 31, 2005, 2006 and 2007 there were no realized gains and losses on available-for-sale securities.

At December 31, 2007, the estimated fair value of available-for-sale securities by contractual maturity was as follows (in thousands):

|  |                  |
|--|------------------|
| Due in less than one year . . . . .    | \$ 69,772        |
| Due in 1 to 5 years . . . . .          | —                |
| Due in 5 to 10 years . . . . .         | —                |
| Due in greater than 10 years . . . . . | <u>42,000</u>    |
|  | <u>\$111,772</u> |

Securities with contractual maturities in the above table due in greater than 10 years are auction rate municipal bonds. While the contractual maturities are long-term, management considers the securities to be liquid because they can generally be liquidated at the date the interest rate resets, which is typically every 28 days. Management has the intent to liquidate these investments to fund operations within the next twelve months and accordingly has

**Omniture, Inc.**

**Notes to Consolidated Financial Statements — (Continued)**

classified these auction rate municipal bonds as short-term investments in current assets in the consolidated balance sheet.

Available-for-sale securities with unrealized losses at December 31, 2007 were as follows (in thousands):

|                                     | <u>In a Loss Position for<br/>Less Than 12 Months</u> |  | <u>In a Loss Position for<br/>12 Months or More</u> |  | <u>Total</u>      |  |
|-------------------------------------|---|--|---|--|-------------------|--|
|                                     | <u>Fair Value</u>                                     | <u>Gross<br/>Unrealized<br/>Losses</u> | <u>Fair Value</u>                                   | <u>Gross<br/>Unrealized<br/>Losses</u> | <u>Fair Value</u> | <u>Gross<br/>Unrealized<br/>Losses</u> |
| Corporate debt securities . . . . . | \$34,759  | \$(32)                                 | \$—   | \$—                                    | \$34,759          | \$(32)                                 |

The gross unrealized losses related to these corporate debt securities are primarily due to changes in market interest rates. The Company views these unrealized losses as temporary in nature because it's probable that principal and interest related to these securities will be collected at maturity during the three months ended December 31, 2008 in accordance with contractual terms.

***Goodwill and Intangible Assets***

The changes in the carrying amount of goodwill for the year ended December 31, 2007, were as follows (in thousands):

|   |                        |
|---|------------------------|
| Balance as of December 31, 2006 . . . . . | \$ —                   |
| Goodwill acquired . . . . .               | <u>94,960</u>          |
| Balance as of December 31, 2007 . . . . . | <u><u>\$94,960</u></u> |

Intangible assets consisted of the following (in thousands):

|  | <u>December 31, 2006</u>         |                                     |                                |
|--|----------------------------------|-------------------------------------|--------------------------------|
|  | <u>Gross Carrying<br/>Amount</u> | <u>Accumulated<br/>Amortization</u> | <u>Net Carrying<br/>Amount</u> |
| Purchased technology . . . . .                         | \$ —                             | \$ —                                | \$ —                           |
| Customer contracts and related relationships . . . . . | —                                | —                                   | —                              |
| Patent licenses . . . . .                              | 10,199                           | 1,356                               | 8,843                          |
| Other . . . . .  | 1,777                            | 824                                 | 953                            |
| Non-compete agreements . . . . .                       | —                                | —                                   | —                              |
|  | <u>\$11,976</u>                  | <u>\$2,180</u>                      | <u>\$9,796</u>                 |
|  | <u>December 31, 2007</u>         |                                     |                                |
|  | <u>Gross Carrying<br/>Amount</u> | <u>Accumulated<br/>Amortization</u> | <u>Net Carrying<br/>Amount</u> |
| Purchased technology . . . . .                         | \$31,100                         | \$2,433                             | \$28,667                       |
| Customer contracts and related relationships . . . . . | 13,300                           | 998                                 | 12,302                         |
| Patent licenses . . . . .                              | 11,824                           | 2,969                               | 8,855                          |
| Other . . . . .  | 1,777                            | 1,157                               | 620                            |
| Non-compete agreements . . . . .                       | 600                              | 275                                 | 325                            |
|  | <u>\$58,601</u>                  | <u>\$7,832</u>                      | <u>\$50,769</u>                |

During the year ended December 31, 2007, the Company purchased certain technology patents for \$700,000, which is being amortized over a period of 7 years.

**Omniture, Inc.**

**Notes to Consolidated Financial Statements — (Continued)**

In November 2004, the Company entered into a co-marketing and reseller agreement with a third party to co-market the Company's SiteCatalyst application. In consideration for the agreement, the Company paid cash of \$500,000 and issued warrants to purchase 504,054 shares of the Company's Series B-2 convertible preferred stock to the third party. The \$500,000 cash consideration and the value of the outstanding warrants, as determined by the Company's management, are being amortized over the expected life of the agreement with the third party. The value of the outstanding warrants was subject to adjustment, based upon changes in the underlying value of the convertible preferred stock as the warrants vest in accordance with the terms of the co-marketing and reseller agreement. In the fourth quarter of 2005, warrants to purchase 166,708 shares were cancelled due to the reseller's failure to meet the required vesting terms pursuant to the co-marketing and reseller agreement. Upon this cancellation, the Company reversed the previously recorded amortization expense of \$96,000 relating to the cancelled warrants and decreased the carrying value of the warrants by \$577,000. In March 2006, the Company amended the warrant agreement which reduced to 202,407 the total number of shares of Series B-2 convertible preferred stock the holder was entitled to purchase under the warrant, with immediate vesting of all shares subject to the warrant. The reduction in warrants, combined with the adjustment to the value of the remaining warrants, resulted in a net decrease in the intangible asset of approximately \$44,000. In June 2006, the third party exercised all of its warrants under cashless exercise provisions of the underlying warrant agreement resulting in the Company issuing 142,791 shares of Series B-2 convertible preferred stock.

The Company is amortizing its intangible assets on a straight-line basis over a period of two to eight years. The weighted-average remaining amortization period of all intangible assets was 5.7 years and 5.3 years at December 31, 2006 and 2007, respectively. Amortization expense related to intangible assets was \$416,000, \$1,709,000 and \$5,677,000 during the years ended December 31, 2005, 2006 and 2007, respectively. The Company expects to recognize amortization expense on intangible assets at December 31, 2007 as follows (in thousands):

| <u>Year Ending December 31,</u> |                 |
|---------------------------------|-----------------|
| 2008                            | \$10,374        |
| 2009                            | 9,978           |
| 2010                            | 9,654           |
| 2011                            | 9,362           |
| 2012                            | 6,195           |
| Thereafter                      | <u>5,206</u>    |
|                                 | <u>\$50,769</u> |

***Accrued and Other Liabilities***

Accrued liabilities consisted of the following (in thousands):

|                                     | <u>December 31,</u> |                 |
|-------------------------------------|---------------------|-----------------|
|                                     | <u>2006</u>         | <u>2007</u>     |
| Accrued bonuses and commissions     | \$ 3,311            | \$ 5,244        |
| Patent license and settlement costs | 3,831               | —               |
| Other accrued liabilities           | <u>4,293</u>        | <u>11,882</u>   |
|                                     | <u>\$11,435</u>     | <u>\$17,126</u> |

**Omniture, Inc.**

**Notes to Consolidated Financial Statements — (Continued)**

Other liabilities consisted of the following (in thousands):

|                                    | <b>December 31,</b> |                |
|------------------------------------|---------------------|----------------|
|                                    | <b>2006</b>         | <b>2007</b>    |
| Deferred tax liabilities . . . . . | \$ —                | \$4,047        |
| Other liabilities . . . . .        | 518                 | 375            |
|                                    | <b>\$518</b>        | <b>\$4,422</b> |

**5. Notes Payable**

Notes payable consisted of the following (in thousands):

|  | <b>Interest<br/>Rate</b> | <b>Final Maturity<br/>Date</b> | <b>December 31,</b> |                 |
|--|--------------------------|--------------------------------|---------------------|-----------------|
|  |                          |                                | <b>2006</b>         | <b>2007</b>     |
| Draw on equipment line of credit . . . . .         | 5.00%                    | Aug. 2007                      | \$ 940              | \$ —            |
| Draw on equipment line of credit . . . . .         | 5.06                     | Oct. 2007                      | 752                 | —               |
| Draw on equipment line of credit . . . . .         | 4.81                     | Oct. 2007                      | 603                 | —               |
| Draw on revolving line of credit . . . . .         | variable rate            | Aug. 2008                      | 500                 | 500             |
| Draw on second equipment facility . . . . .        | 7.55                     | Jan. 2009                      | 1,389               | 722             |
| Draw on second equipment facility . . . . .        | 7.77                     | Feb. 2009                      | 794                 | 428             |
| Draw on second equipment facility . . . . .        | 8.03                     | Mar. 2009                      | 1,500               | 833             |
| Draw on second equipment facility . . . . .        | 8.38                     | Apr. 2009                      | 1,684               | 962             |
| Draw on second equipment facility . . . . .        | 8.79                     | Jun. 2009                      | 1,952               | 1,172           |
| Draw on second equipment facility . . . . .        | variable rate            | Dec. 2011                      | —                   | 2,364           |
| Bank note payable . . . . .                        | 9.07                     | Apr. 2010                      | —                   | 310             |
| Other notes payable . . . . .                      | variable rate            | May 2009                       | —                   | 64              |
|  |                          |                                | 10,114              | 7,355           |
| Less: current portion . . . . .                    |                          |                                | (5,997)             | (4,407)         |
| Notes payable, excluding current portion . . . . . |                          |                                | <b>\$ 4,117</b>     | <b>\$ 2,948</b> |

The Company paid interest of approximately \$372,000, \$1,245,000 and \$859,000 during the years ended December 31, 2005, 2006 and 2007, respectively.

In 2004, the Company entered into an equipment line of credit agreement (the “Equipment Line of Credit”), which is collateralized by substantially all of the assets of the Company. The Equipment Line of Credit provided for a 36-month repayment period for each draw. In 2005, the Company amended the Equipment Line of Credit (the “2005 Amendment”). The 2005 Amendment also provided for a revolving line of credit of up to \$10,000,000 (the “Revolving Line”), under which the Company borrowed \$500,000. Interest on the revolving line of credit is payable monthly.

In January 2006, the Company entered into a second amendment and restatement (the “2006 Amendment”) of the Equipment Line of Credit, which provided for a second equipment facility of up to \$10,000,000, and reduced the total amount available for draw under the Revolving Line to \$5,000,000. Each draw under the 2006 Amendment has a 36-month repayment period and accrues interest at a rate based on the U.S. Treasury Bill Rate, plus a factor determined by the Company’s Adjusted Quick Ratio, as defined in the 2006 Amendment, at the time of the draw. The 2006 Amendment modified or eliminated certain covenants in the 2005 Amendment. In April 2006 and again in May 2007, the Company amended the agreement to modify certain financial covenants.

**Omniture, Inc.**

**Notes to Consolidated Financial Statements — (Continued)**

In August 2007, the Company entered into a third amendment (the “2007 Amendment”) of the Equipment Line of Credit, which increased the total equipment facility to \$20,000,000, of which \$9,608,000 was advanced prior to the 2007 Amendment, and increased the Revolving Line to \$10,000,000. The first \$3,000,000 of borrowings under the Revolving Line is available on a non-formula basis. The increased equipment facility can be drawn on through August 17, 2008. Borrowings under the Revolving Line may be made through August 15, 2008, at which time all amounts borrowed under this line must be repaid. All amounts drawn under the Revolving Line accrue interest at a rate equal to, at the Company’s option, either: (1) the variable rate equal to the lender’s prime interest rate or (2) the variable rate at which dollar deposits are offered in the London interbank market plus 2.75%. All amounts drawn under the equipment facility accrue interest at a rate equal to, at the Company’s option, either: (1) the variable rate equal to the lender’s prime interest rate, (2) the variable rate at which dollar deposits are offered in the London interbank market plus 2.75%, or (3) a fixed rate per annum equal to the lender’s prime interest rate on the date of the draw. Each draw under the 2007 amendment has a 48-month repayment period. The 2007 Amendment modified or eliminated certain covenants in the prior loan amendments. The Company was in compliance with all financial covenants contained in the 2007 Amendment at December 31, 2007. At December 31, 2007, the \$500,000 outstanding under the Revolving Line and the \$2,364,000 outstanding under the 2007 Amendment of the equipment facility both accrue interest at a variable rate equal to the lender’s prime interest rate of 7.25%.

During the year ended December 31, 2007, the Company entered into an unsecured bank note in the amount of \$397,000, which is repayable in 36 monthly installments.

The aggregate maturities of notes payable at December 31, 2007 were as follows (in thousands):

**Year Ending December 31,**

|            |                       |
|------------|-----------------------|
| 2008 ..... | \$4,407               |
| 2009 ..... | 1,641                 |
| 2010 ..... | 649                   |
| 2011 ..... | <u>658</u>            |
|            | <u><u>\$7,355</u></u> |

**6. Income Taxes**

The domestic and foreign components of loss before provision for income taxes were as follows (in thousands):

|                | <u>Year Ended December 31,</u> |                         |                         |
|----------------|--------------------------------|-------------------------|-------------------------|
|                | <u>2005</u>                    | <u>2006</u>             | <u>2007</u>             |
| Domestic ..... | \$(17,505)                     | \$(7,740)               | \$(5,114)               |
| Foreign .....  | <u>79</u>                      | <u>210</u>              | <u>(3,781)</u>          |
|                | <u><u>\$(17,426)</u></u>       | <u><u>\$(7,530)</u></u> | <u><u>\$(8,895)</u></u> |

**Omniture, Inc.**

**Notes to Consolidated Financial Statements — (Continued)**

The provisions for income taxes were as follows (in thousands):

|                       | Year Ended December 31, |              |              |
|-----------------------|-------------------------|--------------|--------------|
|                       | 2005                    | 2006         | 2007         |
| <b>Current taxes:</b> |                         |              |              |
| Federal . . . . .     | \$—                     | \$ —         | \$254        |
| State . . . . .       | —                       | 118          | 60           |
| Foreign . . . . .     | <u>15</u>               | <u>77</u>    | <u>220</u>   |
|                       | <u>\$15</u>             | <u>\$195</u> | <u>\$534</u> |

A reconciliation of income taxes at the statutory federal income tax rate to the provision for income taxes included in the accompanying consolidated statements of operations is as follows (in thousands):

|  | Year Ended December 31, |               |               |
|--|-------------------------|---------------|---------------|
|  | 2005                    | 2006          | 2007          |
| Tax benefit at U.S. statutory rates . . . . .      | \$(5,925)               | \$(2,559)     | \$(3,024)     |
| State benefit, net of federal tax effect . . . . . | (583)                   | (248)         | (109)         |
| Alternative minimum taxes . . . . .                | —                       | —             | 254           |
| Foreign taxes . . . . .                            | —                       | —             | 684           |
| Stock-based compensation . . . . .                 | —                       | 1,134         | 1,980         |
| Meals and entertainment . . . . .                  | 61                      | 134           | 173           |
| Tax credits . . . . .                              | (413)                   | (533)         | (378)         |
| Change in valuation allowance . . . . .            | <u>6,875</u>            | <u>2,267</u>  | <u>954</u>    |
| Provision for income taxes . . . . .               | <u>\$ 15</u>            | <u>\$ 195</u> | <u>\$ 534</u> |

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities were as follows (in thousands):

|   | December 31,    |                   |
|---|-----------------|-------------------|
|   | 2006            | 2007              |
| <b>Deferred tax assets:</b>             |                 |                   |
| Accruals and allowances . . . . .       | \$ 1,653        | \$ 3,323          |
| Stock-based compensation . . . . .      | 350             | 1,800             |
| Deferred revenues . . . . .             | 810             | 677               |
| Tax credits . . . . .                   | 1,684           | 2,080             |
| Net operating losses                    | <u>11,716</u>   | <u>34,779</u>     |
| Total deferred tax assets . . . . .     | 16,213          | 42,659            |
| Valuation allowance . . . . .           | <u>(14,753)</u> | <u>(32,119)</u>   |
| Net deferred tax assets . . . . .       | <u>1,460</u>    | <u>10,540</u>     |
| <b>Deferred tax liabilities:</b>        |                 |                   |
| Acquired intangible assets . . . . .    | —               | (13,790)          |
| Depreciation and amortization . . . . . | <u>(1,460)</u>  | <u>(234)</u>      |
| Deferred tax liabilities, net . . . . . | <u>\$ —</u>     | <u>\$ (3,484)</u> |

## Omniture, Inc.

### Notes to Consolidated Financial Statements — (Continued)

Realization of the deferred tax assets is dependent on future earnings, if any, the timing and amount of which are uncertain. Due to these uncertainties, management does not believe it is more likely than not that the full amount of deferred tax assets will be realized. Accordingly, net deferred tax assets of \$14,753,000 and \$32,119,000 at December 31, 2006 and 2007, respectively, representing the portion of deferred tax assets the Company does not expect to fully realize have been offset by valuation allowances. The valuation allowance increased by \$6,875,000, \$2,267,000 and \$17,366,000 for the years ended December 31, 2005, 2006 and 2007, respectively. The increase in the valuation allowances during 2007 is primarily due to the tax benefit of stock option compensation and deferred tax assets obtained through acquisitions. Upon reversal of the valuation allowances, \$2,562,000 would be recorded as a reduction to goodwill, \$13,850,000 would be recorded as an increase to stockholders' (deficit) equity and \$15,707,000 would be recorded as a tax benefit from operations.

In July 2006, the FASB issued FIN 48, which clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements in accordance with SFAS No. 109 and prescribes a recognition threshold and measurement attributes for financial statement disclosure of tax positions taken or expected to be taken on a tax return. Under FIN 48, the impact of an uncertain income tax position on the income tax return must be recognized at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Additionally, FIN 48 provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

The Company's adoption of the provisions of FIN 48 on January 1, 2007 did not have a material impact on its financial statements. The Company had not incurred any interest or penalties as of December 31, 2007 and does not anticipate any significant change within 12 months of this reporting date related to uncertain tax positions. The Company does not anticipate any events which could cause the change to these uncertainties. The Company is subject to taxation in the U.S. and various state and foreign jurisdictions, and the Company files its tax returns as prescribed by the tax laws of the jurisdictions in which it operates. The Company's federal and state taxes for the years 2003 through 2007 are subject to examination.

At December 31, 2007, the Company had net operating loss carryforwards for federal income tax purposes of approximately \$81,983,000, which will begin to expire in 2020, and federal research and development credits of approximately \$1,404,000, which will begin to expire in 2019. The Company also has state net operating loss carryforwards of approximately \$82,800,000, which will begin to expire in 2015, and state research and development credits of approximately \$648,000, which will begin to expire in 2014.

Utilization of the Company's net operating loss and tax credit carryforwards are subject to annual limitations due to the ownership change limitations provided by the Internal Revenue Code and similar state provisions. These annual limitations will result in the expiration of a portion of the net operating loss and credit carryforwards before they are fully utilized. At December 31, 2007, the Company also had approximately \$16,400,000 in net operating loss carryforwards in the United Kingdom, part or all of which may not be available to reduce the Company's future taxable income in the United Kingdom should there be a change in the nature or conduct of the Company's business in the United Kingdom within the three years subsequent to the date of our acquisition of Touch Clarity.

The Company paid income taxes of \$0, \$144,000 and \$101,000 during the years ended December 31, 2005, 2006 and 2007, respectively.

#### **7. Preferred Stock**

The Company's Board of Directors has the authority, without further action by stockholders, to issue from time to time up to 10,000,000 shares of preferred stock in one or more series. The Company's Board of Directors may designate the rights, preferences, privileges and restrictions of the preferred stock, including dividend rights, conversion rights, voting rights, terms of redemption, liquidation preference, sinking fund terms and number of

## Omniture, Inc.

### Notes to Consolidated Financial Statements — (Continued)

shares constituting any series or the designation of any series. At December 31, 2007, no shares of preferred stock were outstanding.

#### 8. Convertible Preferred Stock and Stockholders' (Deficit) Equity

##### *Convertible Preferred Stock*

Prior to the IPO, the Company issued shares of convertible preferred stock. Each outstanding share of convertible preferred stock at the time of the Company's IPO in July 2006 was automatically converted into one share of common stock.

In 2005, the Company authorized and issued a total of 7,740,834 shares of Series C-1 convertible preferred stock at \$5.1674 per share for gross proceeds of \$40,000,000, of which a total of 1,614,405 shares were sold to Hummer Winblad Venture Partners V, L.P., a related party. One of the members of the Company's Board of Directors is a managing member of Hummer Winblad Equity Partners V, LLC, which is the general partner of Hummer Winblad Venture Partners V, L.P.

##### *Equity Incentive Plans*

In connection with the closing of the acquisition of Offermatica, the Company assumed Offermatica's 2005 Equity Incentive Plan (the "2005 Plan"). There were no outstanding stock options assumed under the 2005 Plan. At December 31, 2007, a total of 89,191 shares of common stock were available for grant under the 2005 Plan.

In connection with the closing of the acquisition of Touch Clarity, the Company assumed the Touch Clarity Limited Enterprise Management Incentives Share Option Plan 2002 (the "Touch Clarity UK Plan") and the Touch Clarity Limited 2006 U.S. Plan (the "Touch Clarity U.S. Plan"). Holders of outstanding stock options to purchase Touch Clarity common stock received Replacement Options to purchase a total of 746,234 shares of Omniture common stock. The Replacement Options will continue to be subject to the terms and conditions applicable to the Touch Clarity options in existence immediately prior to the closing of the acquisition, except that the number of shares subject to options and relative exercise prices were adjusted pursuant to the option exchange ratio provided for in the purchase agreement. These options typically vest in equal monthly installments over a one to four year period from the date of grant of the original option and expire ten years from the original grant date. The Company will not grant additional stock options under these substituted plans.

In August 1999, the Company adopted the 1999 Equity Incentive Plan (the "1999 Plan"), for which 9,315,868 shares of common stock had been reserved at December 31, 2005. On February 22, 2006, the Company's stockholders authorized an additional 2,000,000 shares of common stock available for future issuance under the 1999 Plan. The 1999 Plan allows grants of incentive and nonqualified options. Grants of incentive options must be at a price that is not less than the fair market value of the underlying common stock on the date of grant. The option prices are determined by the Company's Board of Directors. Generally, the options expire ten years from the date of grant and vest over a four-year period.

The 1999 Plan allows option holders to exercise unvested stock options at any time; however, upon termination of employment, the Company has the right to repurchase any unvested shares of common stock at the original exercise price. The Company's right of repurchase lapses as the shares vest. The consideration received from exercises of unvested stock options is recorded as a liability and is reclassified into equity as the awards vest. For purposes of determining the weighted-average common shares outstanding used in the calculation of basic and diluted net loss per share, shares issued upon the exercise of unvested stock options are not considered outstanding shares of common stock until these awards vest. During the years ended December 31, 2005, 2006 and 2007, 187,500, 363,373 and 703,029, respectively, shares of common stock subject to repurchase became vested. At December 31, 2006, this liability was approximately \$208,000 relating to 918,022 unvested shares of common stock subject to repurchase. At December 31, 2007, this liability was approximately \$131,000 relating to 265,240

## Omniture, Inc.

### Notes to Consolidated Financial Statements — (Continued)

unvested shares of common stock subject to repurchase. Shares subject to repurchase by the Company were exercised at prices ranging from \$0.11 to \$0.50 per share.

The Company's Board of Directors adopted the 2006 Equity Incentive Plan (the "2006 Plan") in March 2006 and the Company's stockholders approved the plan in June 2006. The 2006 Plan provides for the grant of incentive stock options to employees and subsidiary corporations' employees, and for the grant of nonqualified stock options, restricted stock, restricted stock units, stock appreciation rights and performance shares to the Company's employees, directors and consultants and subsidiary corporations' employees and consultants.

The 2006 Plan provides for annual increases in the number of shares available for issuance there under on the first day of each year equal to the lesser of:

- 5% of the outstanding shares of the Company's common stock on the last day of the preceding year; and
- 30,000,000 shares.

On January 1, 2007, the number of authorized shares of common stock available for issuance under the 2006 Plan was increased by 2,415,196 in accordance with the provisions of the 2006 Plan with respect to annual increases of the number of shares of common stock available for issuance under the 2006 Plan.

At December 31, 2007, a total of 222,823 shares of common stock were available for grant under the Company's equity incentive plans.

#### *Employee Stock Purchase Plan*

The Company's Board of Directors adopted the 2006 Employee Stock Purchase Plan (the "2006 ESPP") in March 2006 and the Company's stockholders approved the plan in June 2006. The 2006 ESPP is intended to qualify under Section 423 of the Internal Revenue Code of 1986, as amended, and provides for consecutive, non-overlapping six-month offering periods. At the end of each six-month offering period, qualified employees are entitled to purchase shares of the Company's common stock at 95% of the fair market value of the common stock at the exercise date, which is the first trading date on or after February 15 and August 15 of each year. During the year ended December 31, 2007, the Board of Directors of the Company approved an increase in the number of authorized shares of common stock available for issuance under the 2006 ESPP by 483,039 in accordance with the provisions of the 2006 ESPP. The Company issued 11,014 shares of common stock under the 2006 ESPP during the year ended December 31, 2007. At December 31, 2007, a total of 972,025 shares of common stock were reserved for future issuance under this plan.

The 2006 ESPP provides for annual increases in the number of shares available for issuance on the first day of each year equal to the lesser of:

- 1% of the outstanding shares of the Company's common stock on the first day of the year;
- 12,000,000 shares; and
- such other amount as may be determined by the Company's Board of Directors or a committee thereof.

#### *Stock Options*

In connection with the adoption of SFAS No. 123R, the Company estimates the fair value of stock option awards granted beginning January 1, 2006 using the Black-Scholes-Merton option-pricing formula and a single option award approach. The Company then amortizes the fair value of awards expected to vest on a straight-line basis over the requisite service periods of the awards, which is generally the period from the grant date to the end of the vesting period. The expected option term for options granted beginning January 1, 2006 was calculated using the simplified method described in SAB No. 107, *Share-Based Payment*. The simplified method defines the expected term as the average of the contractual term and the vesting period. Estimated volatility for the years ended

**Omniture, Inc.**

**Notes to Consolidated Financial Statements — (Continued)**

December 31, 2006 and 2007 also reflected the application of SAB No. 107 interpretive guidance and, accordingly, incorporated historical volatility of similar entities whose share prices were publicly available. The Company used the historical stock volatilities of similar entities due to the lack of sufficient historical data of the Company's stock price since its IPO in 2006. The risk-free interest rate was based on the yield curve of a zero-coupon U.S. Treasury bond on the date the stock option award was granted with a maturity equal to the expected term of the stock option award. The Company used historical data to estimate the number of future stock option forfeitures.

During the years ended December 31, 2006 and 2007, the Company recorded compensation expense related to these stock option awards totaling \$1,948,000 and \$12,512,000, respectively. At December 31, 2007, there was \$52,486,000 of total unrecognized compensation cost related to unvested stock option awards granted subsequent to the adoption of SFAS No. 123R. This unrecognized compensation cost is equal to the fair value of awards expected to vest and will be recognized over a weighted-average period of 3.2 years.

The fair value of stock option awards granted during the years ended December 31, 2006 and 2007 was estimated at the date of grant using the Black-Scholes-Merton valuation method with the following assumptions:

|                                    | Year Ended<br>December 31, |           |
|------------------------------------|----------------------------|-----------|
|                                    | 2006                       | 2007      |
| Expected volatility . . . . .      | 62%-64%                    | 43%-60%   |
| Expected term (in years) . . . . . | 5.8-7.0                    | 4.0-6.1   |
| Risk-free interest rate . . . . .  | 4.5%-5.1%                  | 3.5%-4.9% |
| Expected dividends . . . . .       | —                          | —         |

The following table summarizes stock option activity under the Company's equity incentive plans for the year ended December 31, 2007:

|   | Number of Shares<br>Subject to<br>Outstanding Options | Weighted-Average<br>Exercise Price per<br>Share | Weighted-Average<br>Remaining<br>Contractual Term<br>(in Years) | Aggregate Intrinsic<br>Value <sup>(3)</sup><br>(In thousands) |
|---|---|---|---|---|
| Outstanding at January 1,<br>2007 . . . . .                                     | 8,628,795   | \$ 4.82   |   |   |
| Granted <sup>(1)</sup> . . . . .  | 3,578,599   | 21.31   |   |   |
| Substituted in connection with<br>the acquisition of Touch<br>Clarity . . . . . | 746,234   | 0.79  |   |   |
| Exercised . . . . .   | (2,311,380)   | 1.56  |   |   |
| Canceled . . . . .  | (511,445)   | 16.48   |   |   |
| Outstanding at December 31,<br>2007 . . . . .                                   | <u>10,130,803</u>                                     | 10.51   | 8.0   | \$230,816   |
| Vested and expected to vest at<br>December 31, 2007 <sup>(2)</sup> . . . . .    | <u>6,207,397</u>                                      | 13.90   | 8.9   | 120,341   |
| Exercisable at December 31,<br>2007 . . . . .                                   | <u>2,309,294</u>                                      | 3.86  | 5.8   | 65,759  |

<sup>(1)</sup> Includes 50,000 shares subject to stock appreciation rights.

<sup>(2)</sup> Includes only options granted on or after January 1, 2006, which are subject to the provisions of SFAS No. 123R.

<sup>(3)</sup> The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying stock option awards and the closing market price of the Company's common stock at December 31, 2007.

**Omniture, Inc.**

**Notes to Consolidated Financial Statements — (Continued)**

Additional information related to stock option activity under the Company's equity incentive plans was as follows:

|  | <u>Year</u><br><u>Ended December 31,</u> |                         |
|--|--|-------------------------|
|  | <u>2006</u>                              | <u>2007</u>             |
| Weighted-average, grant-date fair value of stock options granted . . . . .                   | \$ 6.51                                  | \$ 12.08 <sup>(1)</sup> |
| Weighted-average exercise price of stock options granted . . . . .                           | 10.09                                    | 17.77 <sup>(1)</sup>    |
| Aggregate intrinsic value of stock options exercised (in thousands) <sup>(2)</sup> . . . . . | 10,428                                   | 48,887                  |
| Weighted-average, grant-date fair value of stock options forfeited <sup>(3)</sup> . . . . .  | \$ 5.49                                  | \$ 11.57                |
| Number of stock options forfeited <sup>(3)</sup> . . . . .                                   | 63,701                                   | 458,998                 |

<sup>(1)</sup> Includes the stock options substituted in connection with the acquisition of Touch Clarity that had a weighted-average fair value of \$12.02 and a weighted-average exercise price of \$0.79.

<sup>(2)</sup> The aggregate intrinsic value of stock options exercised is measured as the difference between the exercise price and the closing market price of the Company's common stock at the date of exercise.

<sup>(3)</sup> Includes only stock options granted on or after January 1, 2006, which are subject to the provisions of SFAS No. 123R.

During the year ended December 31, 2006, the Company also recorded stock-based compensation expense of \$224,000 due to the modification and acceleration of the vesting of an employee's stock options, initially granted prior to the adoption of SFAS No. 123R, upon termination of employment.

In February 2006, the Company issued 250 shares of common stock to a consultant for services rendered. In connection with this issuance, the Company recorded \$2,000 of stock-based compensation expense.

In 2002, the Company granted a non-employee consultant vested options to purchase a total of 133,333 shares of common stock that were not under the Plan. The exercise price of these options was \$0.04. At December 31, 2006 and 2007, the entire 133,333 options to purchase common stock were outstanding and exercisable.

***Restricted Stock Units***

During the year ended December 31, 2007, the Company began granting restricted stock units. These awards generally vest over a four-year period. The following table summarizes activity during the year ended December 31, 2007 related to restricted stock units:

|  | <u>Number of Shares</u> | <u>Weighted-Average</u><br><u>Grant-Date Fair</u><br><u>Value</u> |
|--|-------------------------|---|
| Unvested restricted stock units at December 31, 2006 . . . . . | —                       | \$ —  |
| Granted . . . . .  | 245,000                 | 32.89   |
| Vested . . . . .   | —                       | —   |
| Forfeited . . . . .  | <u>20,000</u>           | <u>28.41</u>  |
| Unvested restricted stock units at December 31, 2007 . . . . . | <u>225,000</u>          | <u>\$33.29</u>  |

At December 31, 2007, there was \$5,118,000 of total unrecognized compensation cost related to unvested restricted stock units. This unrecognized compensation cost is equal to the fair value of restricted stock units expected to vest and will be recognized over a weighted-average period of 1.8 years. The grant date fair value of restricted stock units is equal to the closing price of the Company's common stock on the date the award was granted. At December 31, 2007, there were a total of 95,000 restricted stock units subject to performance conditions tied to certain operating results of the Company that will result in forfeiture if the conditions are not realized.

**Omniture, Inc.**

**Notes to Consolidated Financial Statements — (Continued)**

***Deferred Stock-based Compensation***

Prior to January 1, 2006, the Company recorded deferred stock-based compensation in the amount by which the exercise price of a stock option was less than the deemed fair value of the Company's common stock at the date of grant. Because there was no public market for the Company's common stock, the Company's Board of Directors determined the fair value of the common stock based upon several factors, including, but not limited to, the Company's operating and financial performance, private sales of the Company's convertible preferred stock between third parties, and issuances of convertible preferred stock. In 2005, the Company recorded deferred stock-based compensation of \$3,801,000 relating to options to purchase 2,238,673 shares of common stock granted with an exercise price less than the deemed fair value of the common stock, which is being amortized on a straight-line basis over the vesting period of the employee stock options, which is generally four years. The Company recorded stock-based compensation expense related to these stock options of \$510,000, \$984,000 and \$952,000 for the years ended December 31, 2005, 2006 and 2007, respectively.

The Company reversed deferred stock-based compensation related to the cancellation of unvested options for terminated employees in the amount of \$21,000, \$114,000 and \$38,000 for the years ended December 31, 2005, 2006 and 2007, respectively. At December 31, 2007, \$1,182,000 of deferred stock-based compensation remained on the accompanying consolidated balance sheet.

Total stock-based compensation expense was classified as follows in the accompanying consolidated statements of operations (in thousands):

|  | <b>Year Ended December 31,</b> |                |                 |
|--|--------------------------------|----------------|-----------------|
|  | <b>2005</b>                    | <b>2006</b>    | <b>2007</b>     |
| Cost of subscription revenues . . . . .                    | \$ 41                          | \$ 203         | \$ 1,502        |
| Cost of professional services and other revenues . . . . . | 6                              | 54             | 430             |
| Sales and marketing . . . . .                              | 156                            | 993            | 4,982           |
| Research and development . . . . .                         | 243                            | 563            | 2,615           |
| General and administrative . . . . .                       | 64                             | 1,345          | 3,935           |
|  | <b>\$510</b>                   | <b>\$3,158</b> | <b>\$13,464</b> |

***Warrants***

In January 2007, a third party exercised in full a warrant to purchase 42,000 shares of common stock under cashless exercise provisions of the underlying warrant agreement resulting in the Company issuing 41,671 shares of common stock to such party.

During 2002, the Company entered into a settlement agreement related to outstanding notes payable that required the Company to issue warrants to purchase 245,495 shares of the Company's common stock. The warrants became exercisable on March 31, 2004. The fair value of the warrants of \$14,730 was calculated using the Black-Scholes-Merton valuation method with the following assumptions: risk-free interest rate of 5.02%; expected volatility of 0.7%; no dividend yield; and an expected life of the warrants of ten years. The warrants have an exercise price of \$0.40 per share and expire on February 26, 2012.

**9. Commitments and Contingencies**

***Litigation Settlement***

On February 28, 2006, the Company signed a settlement and patent license agreement under which it licensed all issued patents and pending patent applications owned or controlled by NetRatings, and NetRatings agreed to release all claims covered by a patent infringement lawsuit that it brought against the Company in May 2005. In return, the Company agreed to make periodic payments to NetRatings totaling \$10,000,000 over the period from

**Omniture, Inc.**

**Notes to Consolidated Financial Statements — (Continued)**

the signing date of the agreement through December 2007. In accordance with the agreement, the Company was also required to make an additional \$4,000,000 payment to NetRatings upon the completion of its IPO in July 2006.

In conjunction with the settlement and patent license agreement, the Company recorded \$8,800,000 in intangible assets, net, on the accompanying consolidated balance sheets, which represents the estimated future benefit the Company expects to obtain from the licenses granted under the agreement. The Company is amortizing this asset ratably to cost of subscription revenues through 2012, which represents the remaining lives of the primary patents.

In the event it acquires certain specified companies, the Company may be required to make additional license payments to NetRatings based on the Web analytics revenues of the acquired company. During 2007, the Company elected to make license payments to NetRatings totaling \$772,000, relating to the acquisitions of Instadia and Touch Clarity. In addition, the Company has elected to make a license payment relating to the acquisition of Offermatica of approximately \$879,000 (see Note 2).

***Leases***

The Company leases certain equipment under capital leases. These capital leases generally contain a discounted buyout option at the end of the initial lease terms, which range between 36 and 60 months and mature at various dates through 2010.

Amortization expense is computed using the straight-line method over the shorter of the estimated useful life or term of each lease and is allocated between cost of revenues, research and development, sales and marketing and general and administrative expense in the consolidated statements of operations. Accumulated amortization is included in property and equipment, net, on the consolidated balance sheets.

Property and equipment capitalized under capital lease obligations were as follows (in thousands):

|  | <u>December 31,</u><br><u>2006</u> | <u>December 31,</u><br><u>2007</u> |
|--|------------------------------------|------------------------------------|
| Gross . . . . .                          | \$ 293                             | \$ 925                             |
| Less: accumulated amortization . . . . . | <u>(219)</u>                       | <u>(389)</u>                       |
| Net carrying amount . . . . .            | <u>\$ 74</u>                       | <u>\$ 536</u>                      |

The future minimum lease payments under noncancellable capital and operating leases at December 31, 2007 were as follows (in thousands):

| <u>Year Ending December 31,</u>                           | <u>Capital</u><br><u>Leases</u> | <u>Operating</u><br><u>Leases</u> |
|---|---------------------------------|-----------------------------------|
| 2008 . . . . .  | \$ 279                          | \$ 6,627                          |
| 2009 . . . . .  | 153                             | 6,285                             |
| 2010 . . . . .  | 28                              | 4,441                             |
| 2011 . . . . .  | —                               | 443                               |
| Thereafter . . . . .                                      | <u>—</u>                        | <u>—</u>                          |
| Total minimum lease payments . . . . .                    | 460                             | <u>\$17,796</u>                   |
| Less: imputed interest . . . . .                          | <u>(41)</u>                     |                                   |
| Present value of minimum lease payments . . . . .         | 419                             |                                   |
| Less: current portion . . . . .                           | <u>(246)</u>                    |                                   |
| Capital lease obligations, less current portion . . . . . | <u>\$ 173</u>                   |                                   |

## Omniture, Inc.

### Notes to Consolidated Financial Statements — (Continued)

Rent expense for the years ended December 31, 2005, 2006 and 2007 was \$1,102,000, \$1,742,000 and \$2,760,000, respectively.

Operating lease payments primarily relate to operating leases for computer equipment and the Company's lease of its principal offices in Orem, Utah, which terminates in March 2011. The Company has also entered into leases for office space in various international locations.

During the year ended December 31, 2007, the Company leased equipment under operating leases with total future minimum lease payments of \$10,946,000. Each lease has a thirty-six month initial term. At the end of the initial lease term, the Company generally has the option to either: (1) return the equipment to the lessor, (2) purchase the equipment for its fair market value at that date or (3) renew the lease for a stated number of months. As a condition of one of these lease agreements, the Company must not allow its cash balance to fall below \$10,000,000 as long as this agreement is in force. Failure to maintain a minimum of \$10,000,000 in cash would constitute an event of default as defined in the lease agreement.

#### *Indemnification*

The Company has also agreed to indemnify its directors and executive officers for costs associated with any fees, expenses, judgments, fines and settlement amounts incurred by them in any action or proceeding to which any of them is, or is threatened to be, made a party by reason of his or her service as a director or officer, including any action by the Company, arising out of his or her services as the Company's director or officer or his or her services provided to any other company or enterprise at the Company's request. Historically, the Company has not been required to make payments under these obligations and the Company has recorded no liabilities for these obligations in its consolidated balance sheets.

#### *Warranties*

The Company typically warrants its on-demand online business optimization services to perform in a manner consistent with general industry standards that are reasonably applicable under normal use and circumstances. Historically, the Company has not been required to make payments under these obligations, and the Company has recorded no liabilities for these obligations in its consolidated balance sheets.

The Company's warranty arrangements generally include certain provisions for indemnifying customers against liabilities if its services infringe a third party's intellectual property rights.

The Company has entered into service level agreements with a small number of its customers warranting certain levels of uptime reliability and permitting those customers to receive credits or terminate their agreements in the event that the Company fails to meet those levels. To date, amounts credited to customers pursuant to these agreements have been immaterial and the Company has recorded no liabilities for these obligations in its consolidated balance sheets.

#### *Other Legal Matters*

The Company is and may become involved in various other legal proceedings arising from the normal course of its business activities. Management does not believe the ultimate disposition of these matters to have a material adverse impact on the Company's consolidated results of operations, cash flows or financial position. However, litigation is inherently unpredictable, and depending on the nature and timing of these proceedings, an unfavorable resolution could materially affect the Company's future consolidated results of operations, cash flows or financial position in a particular period.

## Omniture, Inc.

### Notes to Consolidated Financial Statements — (Continued)

#### 10. Retirement Plan

The Company offers a 401(k) plan to its employees. The Company matches 50% of each employee's contributions up to a maximum of 3% of the employee's base salary, bonuses and commissions. The Company made matching contributions of \$274,000, \$460,000 and \$1,173,000 during the years ended December 31, 2005, 2006 and 2007, respectively.

#### 11. Subsequent Events

##### *Acquisition of Visual Sciences, Inc.*

On October 25, 2007, the Company entered into a definitive agreement to acquire all of the outstanding voting stock of Visual Sciences, Inc. ("Visual Sciences"), a provider of on-demand Web analytics applications. The acquisition, which closed on January 17, 2008, was accounted for under the purchase method of accounting. The Company purchased Visual Sciences to acquire its existing customer base, key personnel and technology. No results of operations of Visual Sciences are included in the Company's results of operations for the year ended December 31, 2007.

The preliminary aggregate purchase price was approximately \$437,548,000, which consisted of (1) the issuance of 10,274,000 shares of the Company's common stock upon closing of the acquisition, valued at approximately \$354,635,000, net of issuance costs, (2) cash consideration of approximately \$50,110,000 paid upon closing of the acquisition, (3) the fair value of assumed Visual Sciences stock options, (4) acquisition-related costs, (5) restructuring charges and (6) a \$2,250,000 license payment to NetRatings in accordance with the Settlement and Patent Cross-License Agreement entered into by Visual Sciences with NetRatings in August 2007. The Company has not yet made a final determination of certain components of the Visual Sciences purchase price. Accordingly, the aggregate purchase price is still preliminary and subject to further adjustment as additional information becomes available to the Company. There can be no assurance that the final determination will not result in material changes from these preliminary amounts.

Under the terms of the acquisition, each outstanding share of Visual Sciences capital stock was converted into 0.49 of a share of the Company's common stock and \$2.39 in cash. In connection with the acquisition, options to purchase Visual Sciences common stock outstanding at the time of closing were assumed by the Company and converted into options to purchase shares of Omniture common stock, based on an option exchange ratio pursuant to the terms of the definitive agreement. On February 1, 2008, the Company filed a registration statement on Form S-8 to register the shares of common stock issued upon the exercise of the assumed Visual Sciences options that are eligible to be registered on Form S-8. The Company also issued approximately 99,000 shares of its common stock in exchange for unvested Visual Sciences restricted stock awards that remain subject to forfeiture based on the original vesting schedule applicable to such awards. The Company will be required to pay up to an additional approximately \$483,000 in cash consideration as these restricted stock awards become vested.

The fair value of Visual Sciences stock options assumed was estimated using the Black-Scholes-Merton option pricing model with market assumptions. Option pricing models require the use of highly subjective market assumptions, including expected stock price volatility, which if changed can materially affect fair value estimates. The more significant assumptions used in estimating the fair value of these stock options include expected volatility of 56%, expected option term of between 0.1 years and 4.7 years based on the age of the original award and a risk-free interest rate of between 2.4% and 3.0%.

**Omniture, Inc.**

**Notes to Consolidated Financial Statements — (Continued)**

**12. Quarterly Results of Operations (Unaudited)**

Selected summarized quarterly financial information for fiscal 2006 and 2007 is as follows:

|   | Quarter Ended                         |                  |                       |                  |                                 |                                 |                                  |                                    |
|---|---------------------------------------|------------------|-----------------------|------------------|---------------------------------|---------------------------------|----------------------------------|------------------------------------|
|   | Mar. 31,<br>2006                      | June 30,<br>2006 | Sept. 30,<br>2006     | Dec. 31,<br>2006 | Mar. 31,<br>2007 <sup>(1)</sup> | June 30,<br>2007 <sup>(1)</sup> | Sept. 30,<br>2007 <sup>(1)</sup> | Dec. 31,<br>2007 <sup>(1)(2)</sup> |
|   | (In thousands, except per share data) |                  |                       |                  |                                 |                                 |                                  |                                    |
| Total revenues . . . . .  | \$16,436                              | \$18,824         | \$21,028              | \$23,461         | \$29,153                        | \$33,479                        | \$37,382                         | \$43,113                           |
| Gross profit . . . . .  | 9,658                                 | 11,263           | 12,529                | 14,473           | 18,415                          | 20,730                          | 23,549                           | 27,069                             |
| Net loss . . . . .  | (3,406)                               | (2,283)          | (1,273)               | (763)            | (2,446)                         | (4,056)                         | (1,100)                          | (1,827)                            |
| Net loss per share, basic and diluted . .                         | \$ (0.24)                             | \$ (0.16)        | \$ (0.03)             | \$ (0.02)        | \$ (0.05)                       | \$ (0.08)                       | \$ (0.02)                        | \$ (0.03)                          |
| Weighted-average number of shares,<br>basic and diluted . . . . . | 13,968                                | 14,168           | 45,850 <sup>(4)</sup> | 47,340           | 47,753                          | 49,791                          | 57,874 <sup>(3)</sup>            | 59,421                             |

- (1) The quarterly financial information for these periods includes the results of operations of Instadia and Touch Clarity from the date of each acquisition.
- (2) The quarterly financial information for this period includes the results of operations of Offermatica from the date of acquisition.
- (3) The weighted-average number of shares increased in the third quarter of 2007, primarily due to the Company's completion of the June 2007 Offering in which the Company sold and issued 8,376,250 shares of its common stock at an issuance price of \$18.15 per share.
- (4) The weighted-average number of shares increased in the third quarter of 2006, primarily due to the Company's IPO in July 2006 in which the Company issued 10,305,000 shares of common stock. In addition, upon the initial closing of the IPO, all shares of convertible preferred stock outstanding automatically converted into 21,816,387 shares of common stock.



# Corporate Information

## Corporate Headquarters:

550 East Timpanogos Circle  
Orem, UT 84097  
801.722.7000 TEL  
801.722.7001 FAX  
www.omniture.com

## Annual Meeting of Stockholders:

The annual meeting will be held at 10:00 a.m.,  
Wednesday, May 14, 2008  
Sundance Resort  
North Fork, Provo Canyon  
Utah 84604

## Independent Registered Public Accounting Firm:

Ernst and Young LLP

## Legal Counsel:

Wilson Sonsini Goodrich and Rosati, Professional Corporation

## Transfer Agent:

American Stock Transfer & Trust Company

## Stock Listing:

Omniture's common stock is traded on The Nasdaq Global Market under the symbol "OMTR."

## Investor Relations:

For additional copies of this report or other information, contact:

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**NOTE ON FORWARD-LOOKING STATEMENTS** This Annual Report contains forward-looking statements within the meaning of the federal securities laws. These statements relate to our, and in some cases our customers' or partners', future plans, objectives, expectations, intentions and financial performance and the assumptions that underlie these statements. These forward-looking statements include, but are not limited to, statements related to the magnitude of our market opportunity, our expansion into new markets, the impact of recent acquisitions and partnerships on our business and our ability to effectively integrate our recent acquisitions, our ability to promote and manage innovation, development and productivity, growth of Internet commerce and the market for on-demand services and online business optimization, our potential growth and our ability to capture increased market share, our acquisition of new customers, customer renewal rates, our ability to sell additional products and services to our customers, our ability to achieve or maintain improved operating margins, our financial performance, our ability to develop or acquire new products and whether or not they will succeed, expansion of our international operations and revenues, scalability, reliability, efficiency and performance of our platforms and expansion of our network infrastructure. These forward-looking statements are based on current expectations and assumptions regarding future events and business performance and involve known and unknown risks, uncertainties and other factors that may cause industry trends or our actual results, level of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these statements. These factors include those described in Part I, Item 1A "Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2007. These forward-looking statements should not be relied upon as representing our views as of any subsequent date, and we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date they were made.

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