

**Vonage Holdings Corp.**

Unaudited

	Q114	Q214	Q314	Q414	Q115	Q215	Q315	Q415	Q116	Q216	Q316	Q416
<b>SUMMARY CONSOLIDATED FINANCIAL DATA</b>												
(In thousands, except per share amounts)												
<b>Statement of Income Data:</b>												
<b>Operating Revenues:</b>												
Total revenues	\$ 220,733	\$ 218,878	\$ 214,710	\$ 214,533	\$ 219,730	\$ 221,858	\$ 223,360	\$ 230,124	\$ 226,824	\$ 233,675	\$ 248,359	\$ 246,763
<b>Operating Expenses:</b>												
Cost of service	59,420	58,942	56,475	56,546	61,853	64,209	67,193	68,513	69,150	76,078	87,377	88,768
Cost of goods sold	9,739	9,450	9,205	8,106	9,190	8,217	8,206	8,597	9,066	8,352	8,591	7,768
Sales and marketing	95,486	98,067	93,000	87,184	85,564	84,385	88,028	89,919	79,601	83,344	83,731	84,293
Engineering and development	5,405	4,086	4,992	6,386	6,605	6,864	6,830	6,921	6,834	7,243	8,075	7,607
General and administrative	26,756	22,370	24,160	25,494	23,234	27,162	28,860	29,897	26,670	35,053	27,538	34,043
Depreciation and amortization	12,326	12,445	12,275	12,468	13,945	14,463	15,446	17,979	16,979	18,218	18,018	19,070
	209,132	205,360	200,107	196,184	200,391	205,300	214,563	221,826	208,300	228,288	233,330	241,549
<b>Income from operations</b>	11,601	13,518	14,603	18,349	19,339	16,558	8,797	8,298	18,524	5,387	15,029	5,214
<b>Other Income (Expense):</b>												
Interest income	91	31	37	48	20	21	24	24	21	25	19	14
Interest expense	(2,077)	(1,434)	(1,680)	(1,632)	(1,935)	(2,088)	(2,222)	(2,541)	(2,446)	(3,057)	(3,974)	(3,565)
Other income (expense), net	(13)	36	(2)	(10)	(577)	32	(50)	(247)	154	104	(495)	(109)
	(1,999)	(1,367)	(1,645)	(1,594)	(2,492)	(2,035)	(2,248)	(2,764)	(2,271)	(2,928)	(4,450)	(3,660)
<b>Income from continuing operations before income tax expense</b>	9,602	12,151	12,958	16,755	16,847	14,523	6,549	5,534	16,253	2,459	10,579	1,554
Income tax expense	(4,118)	(5,261)	(5,631)	(6,749)	(6,998)	(6,176)	(3,116)	(2,128)	(8,322)	(1,562)	(1,501)	(1,553)
<b>Income from continuing operations</b>	5,484	6,890	7,327	10,006	9,849	8,347	3,433	3,406	7,931	897	9,078	1
<b>Discontinued operations:</b>												
Loss from discontinued operations	(1,279)	(1,507)	(2,962)	(4,512)	(1,615)	-	-	-	-	-	-	-
Loss on disposal, net of taxes	-	-	-	-	(824)	-	-	-	-	-	-	-
	(1,279)	(1,507)	(2,962)	(4,512)	(2,439)	-	-	-	-	-	-	-
<b>Net income</b>	4,205	5,383	4,365	5,494	7,410	8,347	3,433	3,406	7,931	897	9,078	1
Plus: Net loss from discontinued operations attributable to noncontrolling interest	383	135	191	110	59	-	-	-	-	-	-	-
<b>Net income attributable to Vonage</b>	\$ 4,588	\$ 5,518	\$ 4,556	\$ 5,604	\$ 7,469	\$ 8,347	\$ 3,433	\$ 3,406	\$ 7,931	\$ 897	\$ 9,078	\$ 1
<b>Net income attributable to Vonage per common share:</b>												
Net income attributable to Vonage common shareholders	\$ 4,588	\$ 5,518	\$ 4,556	\$ 5,604	\$ 7,469	\$ 8,347	\$ 3,433	\$ 3,406	\$ 7,931	\$ 897	\$ 9,078	\$ 1
<b>Net income per common share - continuing operations:</b>												
Basic	\$ 0.03	\$ 0.03	\$ 0.04	\$ 0.05	\$ 0.05	\$ 0.04	\$ 0.02	\$ 0.02	\$ 0.04	\$ 0.00	\$ 0.04	\$ 0.00
Diluted	\$ 0.02	\$ 0.03	\$ 0.03	\$ 0.05	\$ 0.04	\$ 0.04	\$ 0.02	\$ 0.01	\$ 0.04	\$ 0.00	\$ 0.04	\$ 0.00
<b>Net loss per common share - discontinued operations:</b>												
Basic	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.01)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Diluted	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.01)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net income per common share - discontinued operations attributable to Vonage:</b>												
Basic	\$ 0.02	\$ 0.03	\$ 0.02	\$ 0.03	\$ 0.04	\$ 0.04	\$ 0.02	\$ 0.02	\$ 0.04	\$ 0.00	\$ 0.04	\$ 0.00
Diluted	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.03	\$ 0.03	\$ 0.04	\$ 0.02	\$ 0.01	\$ 0.04	\$ 0.00	\$ 0.04	\$ 0.00
<b>Weighted-average common shares outstanding:</b>												
Basic	212,195	211,390	208,580	207,176	211,844	213,582	213,291	213,864	214,039	213,558	217,000	218,375
Diluted	225,187	221,002	217,176	214,349	220,589	222,188	225,182	227,751	224,225	222,700	234,868	237,670
<b>Statement of Cash Flow Data:</b>												
<b>(Dollars in thousands)</b>												
Net cash provided by operating activities	\$ 9,387	\$ 24,082	\$ 27,764	\$ 31,309	\$ 10,724	\$ 35,237	\$ 37,665	\$ 46,105	\$ 14,572	\$ 23,989	\$ 26,694	\$ 21,757
Net cash used in investing activities	(3,729)	(5,403)	(11,705)	(97,691)	(7,994)	(29,141)	(101,148)	(14,413)	(10,153)	(17,993)	(5,751)	(2,836)
Net cash provided by (used in) financing activities	(34,690)	(18,272)	(10,217)	48,940	8,860	(9,959)	74,926	(33,622)	(26,099)	136,388	(12,666)	(23,125)
Capital expenditures, intangible assets, and development of software assets	(3,728)	(6,402)	(7,075)	(7,050)	(4,314)	(6,188)	(9,508)	(13,996)	(11,207)	(10,396)	(7,364)	(8,767)
<b>Balance Sheet Data (at period end):</b>												
<b>(Dollars in thousands)</b>												
Cash and cash equivalents	\$ 54,272	\$ 54,962	\$ 59,368	\$ 40,797	\$ 52,224	\$ 48,486	\$ 59,777	\$ 57,726	\$ 35,889	\$ 24,331	\$ 33,236	\$ 29,078
Marketable securities	-	-	4,622	7,162	8,332	9,535	9,537	9,908	9,600	8,074	6,559	601

Restricted cash	4,407	3,411	3,407	3,405	2,401	2,407	2,588	2,587	1,860	\$ 1,938	\$ 1,836	\$ 1,851
Accounts receivable, net of allowance	19,626	21,705	22,048	17,832	21,239	24,778	22,669	19,913	20,846	\$ 35,272	\$ 33,259	\$ 36,688
Inventory, net of allowance	5,965	7,266	7,651	10,081	10,963	7,887	7,828	5,542	5,587	\$ 4,288	\$ 4,440	\$ 4,116
Prepaid expenses and other current assets	19,271	23,523	16,350	12,665	15,024	16,403	18,363	15,659	18,600	\$ 21,557	\$ 21,192	\$ 29,188
Deferred customer acquisition costs	4,748	4,462	4,436	4,941	4,377	4,126	4,249	4,505	3,423	\$ 3,589	\$ 2,595	\$ 3,136
Property and equipment, net	47,921	44,830	43,771	49,630	46,350	44,759	48,063	49,483	51,881	\$ 52,563	\$ 49,791	\$ 48,415
Goodwill	83,627	83,627	83,627	142,544	142,439	167,199	250,702	222,106	222,128	\$ 362,269	\$ 366,509	\$ 360,363
Software, net	20,679	22,068	21,749	18,624	17,662	18,088	17,531	20,710	20,293	\$ 21,288	\$ 22,082	\$ 21,971
Debt related costs, net	563	423	1,318	1,183	1,052	928	2,196	2,053	1,909	\$ 2,674	\$ 2,504	\$ 2,333
Intangible assets, net	72,494	68,207	64,057	110,832	105,197	101,286	108,716	138,199	130,537	\$ 225,997	\$ 214,578	\$ 199,256
Total deferred tax assets, including current portion, net	260,959	256,365	251,210	247,016	241,473	235,820	234,142	226,572	219,133	\$ 193,567	\$ 193,928	\$ 188,966
Other assets	1,708	1,450	7,938	7,748	8,361	8,694	9,300	9,603	9,247	\$ 3,311	\$ 2,779	\$ 14,460
<b>Total assets</b>	<b>596,240</b>	<b>592,299</b>	<b>591,552</b>	<b>674,460</b>	<b>677,094</b>	<b>690,396</b>	<b>795,661</b>	<b>784,566</b>	<b>750,933</b>	<b>\$ 960,718</b>	<b>\$ 955,288</b>	<b>\$ 940,422</b>
Accounts payable and accrued expenses	111,518	117,090	117,419	126,886	107,457	110,747	124,508	138,925	119,370	\$ 128,835	\$ 131,335	\$ 139,946
Deferred revenue	36,651	36,463	36,229	36,425	35,232	35,385	35,121	33,456	32,576	\$ 33,662	\$ 32,393	\$ 32,892
Total notes payable, indebtedness under revolving credit facility, including current portion	95,372	89,654	93,915	156,032	171,139	166,241	244,031	210,392	196,749	\$ 358,027	\$ 343,452	\$ 318,874
Capital lease obligations	12,408	11,704	10,972	10,201	9,405	8,585	8,795	7,761	6,786	\$ 5,682	\$ 4,558	\$ 3,428
Other liabilities	1,644	1,660	1,676	1,419	1,998	2,240	4,809	5,291	2,940	\$ 19,436	\$ 2,816	\$ 3,985
<b>Total liabilities</b>	<b>257,593</b>	<b>256,571</b>	<b>260,211</b>	<b>330,963</b>	<b>325,231</b>	<b>323,198</b>	<b>417,264</b>	<b>395,825</b>	<b>358,421</b>	<b>\$ 545,642</b>	<b>\$ 514,554</b>	<b>\$ 499,125</b>
<b>Noncontrolling interest</b>	<b>(440)</b>	<b>(587)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total stockholders' equity</b>	<b>\$ 339,087</b>	<b>\$ 336,315</b>	<b>\$ 331,341</b>	<b>\$ 343,497</b>	<b>\$ 351,863</b>	<b>\$ 367,198</b>	<b>\$ 378,397</b>	<b>\$ 388,741</b>	<b>\$ 392,512</b>	<b>\$ 415,076</b>	<b>\$ 440,734</b>	<b>\$ 441,297</b>

### SUMMARY CONSOLIDATED OPERATING DATA

(Dollars in thousands, except per line amounts)

#### Business:

Revenues												
Service	18,142	21,320	23,054	26,556	33,013	39,045	44,261	54,169	56,472	67,079	86,662	91,663
Product	313	525	583	746	6,570	7,107	9,222	12,646	12,912	13,265	13,618	12,655
Service and Product	18,455	21,845	23,637	27,302	39,583	46,152	53,483	66,815	69,384	80,344	100,280	104,318
USF	593	711	758	1,143	2,317	2,950	3,592	4,134	4,436	5,368	6,029	6,193
<b>Total Business Revenue</b>	<b>19,048</b>	<b>22,556</b>	<b>24,395</b>	<b>28,445</b>	<b>41,900</b>	<b>49,102</b>	<b>57,075</b>	<b>70,949</b>	<b>73,820</b>	<b>85,712</b>	<b>106,309</b>	<b>110,511</b>
Cost of Revenues												
Service	3,657	3,922	4,627	5,677	8,719	10,274	11,641	14,363	15,403	22,525	34,858	38,697
Product	1,349	1,878	1,888	1,746	5,430	6,079	8,102	11,573	12,462	12,902	13,101	12,664
Service and Product	5,006	5,800	6,515	7,423	14,149	16,353	19,743	25,936	27,865	35,427	47,959	51,361
USF Costs	650	711	758	1,128	2,317	2,950	3,602	4,152	4,446	5,369	6,029	6,193
<b>Cost of Revenues</b>	<b>5,656</b>	<b>6,511</b>	<b>7,273</b>	<b>8,551</b>	<b>16,466</b>	<b>19,303</b>	<b>23,345</b>	<b>30,088</b>	<b>32,311</b>	<b>40,796</b>	<b>53,988</b>	<b>57,554</b>
Service Margin %	79.8%	81.6%	79.9%	78.6%	73.6%	73.7%	73.7%	73.5%	72.7%	66.4%	59.8%	57.8%
Gross Margin % ex-USF (Service and product margin%)	72.9%	73.4%	72.4%	72.8%	64.3%	64.6%	63.1%	61.2%	59.8%	55.9%	52.2%	50.8%
Gross Margin %	70.3%	71.1%	70.2%	69.9%	60.7%	60.7%	59.1%	57.6%	56.2%	52.4%	49.2%	47.9%

#### Consumer:

Revenues												
Service	183,120	178,400	173,999	169,705	161,435	156,546	150,495	144,346	137,772	133,464	128,167	123,114
Product	522	236	289	155	197	132	104	213	147	159	207	188
Service and Product	183,642	178,636	174,288	169,860	161,632	156,678	150,599	144,559	137,919	133,623	128,374	123,302
USF	18,043	17,686	16,027	16,228	16,198	16,078	15,686	14,616	15,085	14,340	13,676	12,950
<b>Total Consumer Revenue</b>	<b>201,685</b>	<b>196,322</b>	<b>190,315</b>	<b>186,088</b>	<b>177,830</b>	<b>172,756</b>	<b>166,285</b>	<b>159,175</b>	<b>153,004</b>	<b>147,963</b>	<b>142,050</b>	<b>136,252</b>
Cost of Revenues												
Service	37,045	36,600	35,040	33,501	31,855	32,102	31,613	28,012	26,519	25,730	24,972	22,834
Product	8,415	7,595	7,340	6,372	6,524	4,943	4,755	4,394	4,301	3,564	3,331	3,198
Service and Product	45,460	44,195	42,380	39,873	38,379	37,045	36,368	32,406	30,820	29,294	28,303	26,032
USF Costs	18,043	17,686	16,027	16,228	16,198	16,078	15,686	14,616	15,085	14,340	13,676	12,950
<b>Cost of Revenues</b>	<b>63,503</b>	<b>61,881</b>	<b>58,407</b>	<b>56,101</b>	<b>54,577</b>	<b>53,123</b>	<b>52,054</b>	<b>47,022</b>	<b>45,905</b>	<b>43,634</b>	<b>41,979</b>	<b>38,982</b>
Service Margin %	79.8%	79.5%	79.9%	80.3%	80.3%	79.5%	79.0%	80.6%	80.8%	80.7%	80.5%	81.5%
Gross Margin % ex-USF (Service and product margin%)	75.2%	75.3%	75.7%	76.5%	76.3%	76.4%	75.9%	77.6%	77.7%	78.1%	78.0%	78.9%
Gross Margin %	68.5%	68.5%	69.3%	69.9%	69.3%	69.2%	68.7%	70.5%	70.0%	70.5%	70.4%	71.4%

#### Business:

Revenues (1)	\$ 19,048	\$ 22,556	\$ 24,395	\$ 28,445	\$ 41,900	\$ 49,102	\$ 57,075	\$ 70,949	\$ 73,820	\$ 85,712	\$ 106,309	\$ 110,511
Average monthly revenues per seat (2)	\$ 34.30	\$ 36.36	\$ 35.39	\$ 34.28	\$ 43.05	\$ 42.28	\$ 41.56	\$ 44.79	\$ 44.25	\$ 44.76	\$ 45.50	\$ 44.65
Seats (at period end) (2)	196,093	217,475	242,048	311,193	337,649	401,256	514,184	541,884	570,358	591,707	615,728	638,096
Revenue churn (2)	0.9%	1.2%	1.3%	1.5%	1.4%	1.3%	1.3%	1.1%	1.3%	1.4%	1.4%	1.4%
Registered developers (3)										155,287	175,759	206,734

(1) Includes revenue of \$7,698, \$23,909, and \$26,541 from Nexmo, which was acquired on June 3, 2016, for the three months ended June 30, 2016, September 30, 2016, and December 31, 2016, respectively.

(2) UCaaS only.

(3) CPaaS only.

<b>Consumer:</b>																
Revenues	\$ 201,685	\$ 196,322	\$ 190,315	\$ 186,088	\$ 177,830	\$ 172,756	\$ 166,285	\$ 159,175	\$ 153,004	\$ 147,963	\$ 142,050	\$ 136,252				
Average monthly revenues per line	\$ 28.54	\$ 28.02	\$ 27.60	\$ 28.06	\$ 27.97	\$ 27.79	\$ 27.38	\$ 26.93	\$ 26.68	\$ 26.61	\$ 26.36	\$ 26.11				
Subscriber lines (at period end)	2,350,352	2,320,900	2,276,442	2,144,681	2,094,365	2,048,424	1,998,982	1,940,825	1,881,826	1,824,668	1,767,212	1,711,366				
Customer churn	2.6%	2.6%	2.6%	2.4%	2.4%	2.2%	2.3%	2.2%	2.2%	2.1%	2.2%	2.2%				

**RECONCILIATION OF GAAP INCOME FROM OPERATIONS TO ADJUSTED OIBDA AND TO ADJUSTED OIBDA MINUS CAPEX**

<b>(Dollars in thousands)</b>																
Income from operations	\$ 11,601	\$ 13,518	\$ 14,603	\$ 18,349	\$ 19,339	\$ 16,558	\$ 8,797	\$ 8,298	\$ 18,524	\$ 5,387	\$ 15,029	\$ 5,214				
Depreciation and amortization	12,326	12,445	12,275	12,468	13,945	14,463	15,446	17,979	16,979	18,218	18,018	19,070				
Share-based expense	6,294	4,820	5,785	4,171	5,488	6,704	7,889	7,460	6,303	7,962	6,526	9,462				
Acquisition related transaction and integration costs	114	4	2	2,446	455	230	1,854	71	93	5,057	(68)	(219)				
Change in contingent consideration	-	-	-	-	-	-	-	-	-	-	(7,362)	(4,110)				
Organizational transformation	-	-	-	-	-	-	-	-	-	-	2,435	-				
Acquisition related consideration accounted for as compensation	-	-	-	-	-	-	-	-	-	3,312	6,655	6,813				
Loss on sublease	-	-	-	-	-	-	-	-	-	-	-	744				
Loss from discontinued operations	(1,279)	(1,502)	(2,966)	(4,512)	(1,615)	-	-	-	-	-	-	-				
Depreciation from discontinued operation	9	12	68	1,789	132	-	-	-	-	-	-	-				
Net loss attributable to noncontrolling interest	383	135	191	110	59	-	-	-	-	-	-	-				
<b>Adjusted OIBDA</b>	<b>29,448</b>	<b>29,432</b>	<b>29,958</b>	<b>34,821</b>	<b>37,803</b>	<b>37,955</b>	<b>33,986</b>	<b>33,808</b>	<b>41,899</b>	<b>39,936</b>	<b>41,233</b>	<b>36,974</b>				
Less:																
Capital expenditures	(942)	(2,157)	(4,137)	(5,200)	(2,056)	(2,904)	(4,618)	(7,745)	(8,895)	(7,053)	(4,032)	(6,166)				
Intangible assets	-	-	-	-	-	-	(2,500)	-	-	-	-	(50)				
Acquisition and development of software assets	(2,786)	(4,245)	(2,938)	(1,850)	(2,258)	(3,284)	(2,390)	(6,251)	(2,312)	(3,343)	(3,332)	(2,551)				
<b>Adjusted OIBDA Minus Capex</b>	<b>25,720</b>	<b>23,030</b>	<b>22,883</b>	<b>27,771</b>	<b>33,489</b>	<b>31,767</b>	<b>24,478</b>	<b>19,812</b>	<b>30,692</b>	<b>29,540</b>	<b>33,869</b>	<b>28,207</b>				

**RECONCILIATION OF GAAP NET INCOME ATTRIBUTABLE TO VONAGE TO ADJUSTED NET INCOME ATTRIBUTABLE TO VONAGE**

<b>(In thousands, except per share amounts)</b>																
Net income attributable to Vonage	\$ 4,588	\$ 5,518	\$ 4,556	\$ 5,604	\$ 7,469	\$ 8,347	\$ 3,433	\$ 3,406	\$ 7,931	\$ 897	\$ 9,078	\$ 1				
Amortization of acquisition - related intangibles	3,763	3,762	3,764	3,748	5,307	5,382	6,023	7,880	6,962	8,274	8,074	8,706				
Acquisition related transaction and integration costs	114	4	2	2,446	455	230	1,854	71	93	5,057	(68)	(219)				
Change in contingent consideration	-	-	-	-	-	-	-	-	-	-	(7,362)	(4,110)				
Organizational transformation	-	-	-	-	-	-	-	-	-	-	2,435	-				
Acquisition related consideration accounted for as compensation	-	-	-	-	-	-	-	-	-	3,312	6,655	6,813				
Loss on sublease	-	-	-	-	-	-	-	-	-	-	-	744				
Tax effect on adjusting items	(1,602)	(1,556)	(1,556)	(2,559)	(2,381)	(2,319)	(3,255)	(3,286)	(2,915)	(6,876)	(4,022)	(4,932)				
<b>Adjusted net income attributable to Vonage</b>	<b>\$ 6,863</b>	<b>\$ 7,728</b>	<b>\$ 6,766</b>	<b>\$ 9,239</b>	<b>\$ 10,850</b>	<b>\$ 11,640</b>	<b>\$ 8,055</b>	<b>\$ 8,071</b>	<b>\$ 12,071</b>	<b>\$ 10,664</b>	<b>\$ 14,790</b>	<b>\$ 7,003</b>				

**Net income attributable to Vonage per common share:**

Basic	\$ 0.02	\$ 0.03	\$ 0.02	\$ 0.03	\$ 0.04	\$ 0.04	\$ 0.02	\$ 0.02	\$ 0.04	\$ 0.00	\$ 0.04	\$ 0.00				
Diluted	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.03	\$ 0.03	\$ 0.04	\$ 0.02	\$ 0.01	\$ 0.04	\$ 0.00	\$ 0.04	\$ 0.00				

**Weighted-average common shares outstanding:**

Basic	212,195	211,390	208,580	207,176	211,844	213,582	213,291	213,864	214,039	213,558	217,000	218,375				
Diluted	225,187	221,002	217,176	214,349	220,589	222,188	225,182	227,751	224,225	222,700	234,868	237,670				

**Adjusted net income attributable to Vonage per common share:**

Basic	\$ 0.03	\$ 0.04	\$ 0.03	\$ 0.04	\$ 0.05	\$ 0.05	\$ 0.04	\$ 0.04	\$ 0.06	\$ 0.05	\$ 0.07	\$ 0.03				
Diluted	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.04	\$ 0.05	\$ 0.05	\$ 0.04	\$ 0.04	\$ 0.05	\$ 0.05	\$ 0.06	\$ 0.03				

**Weighted-average common shares outstanding:**

Basic	212,195	211,390	208,580	207,176	211,844	213,582	213,291	213,864	214,039	213,558	217,000	218,375				
Diluted	225,187	221,002	217,176	214,349	220,589	222,188	225,182	227,751	224,225	222,700	234,868	237,670				

**FREE CASH FLOW**

<b>(Dollars in thousands, except per line amounts)</b>																
Net cash provided by operating activities	\$ 9,387	\$ 24,082	\$ 27,764	\$ 31,309	\$ 10,724	\$ 35,237	\$ 37,665	\$ 46,105	\$ 14,572	\$ 23,989	\$ 26,694	\$ 21,757				
Less:																
Capital expenditures	(942)	(2,157)	(4,137)	(5,200)	(2,056)	(2,904)	(4,618)	(7,745)	(8,895)	(7,053)	(4,032)	(6,166)				
Intangible assets	-	-	-	-	-	-	(2,500)	-	-	-	-	(50)				
Acquisition and development of software assets	(2,786)	(4,245)	(2,938)	(1,850)	(2,258)	(3,284)	(2,390)	(6,251)	(2,312)	(3,343)	(3,332)	(2,551)				
<b>Free cash flow</b>	<b>\$ 5,659</b>	<b>\$ 17,680</b>	<b>\$ 20,689</b>	<b>\$ 24,259</b>	<b>\$ 6,410</b>	<b>\$ 29,049</b>	<b>\$ 28,157</b>	<b>\$ 32,109</b>	<b>\$ 3,365</b>	<b>\$ 13,593</b>	<b>\$ 19,330</b>	<b>\$ 12,990</b>				

**RECONCILIATION OF NOTES PAYABLE, INDEBTEDNESS UNDER REVOLVING CREDIT FACILITY, AND CAPITAL LEASES TO NET DEBT**

Current maturities of capital lease obligations	\$ 3,002	\$ 3,119	\$ 3,240	\$ 3,365	\$ 3,493	\$ 3,626	\$ 4,311	\$ 4,398	\$ 4,521	\$ 4,615	\$ 4,332	\$ 3,288				
Current portion of notes payable	23,333	23,333	20,000	20,000	20,000	20,000	15,000	15,000	15,000	18,750	18,750	18,750				
Notes payable and indebtedness under revolving credit facility, net of current maturities and debt related costs	72,039	66,321	73,915	136,032	151,139	146,241	229,031	195,392	181,749	339,277	324,702	300,124				

Unamortized debt related cost	461	346	1,085	968	861	759	1,219	1,108	1,001	1,286	1,173	1,064
Capital lease obligations, net of current maturities	9,406	8,585	7,732	6,836	5,912	4,959	4,484	3,363	2,265	1,067	226	140
Gross debt	108,241	101,704	105,972	167,201	181,405	175,585	254,045	219,261	204,536	364,995	349,183	323,366
Less:												
Unrestricted cash and marketable securities	54,272	54,962	63,990	47,959	60,556	58,021	69,314	67,634	45,489	32,405	39,795	29,679
<b>Net debt</b>	<b>\$ 53,969</b>	<b>\$ 46,742</b>	<b>\$ 41,982</b>	<b>\$ 119,242</b>	<b>\$ 120,849</b>	<b>\$ 117,564</b>	<b>\$ 184,731</b>	<b>\$ 151,627</b>	<b>\$ 159,047</b>	<b>332,590</b>	<b>309,388</b>	<b>293,687</b>
Last 12 months Adjusted EBITDA	\$ 104,534	\$ 107,324	\$ 114,015	\$ 123,659	\$ 132,014	\$ 140,537	\$ 144,565	\$ 143,552	\$ 147,648	148,854	150,810	150,510
Gross debt to Adjusted EBITDA	1.04	0.95	0.93	1.35	1.37	1.25	1.76	1.53	1.39	2.45	2.32	2.15
Net debt to Adjusted EBITDA	0.52	0.44	0.37	0.96	0.92	0.84	1.28	1.06	1.08	2.23	2.05	1.95
<b>COMMON STOCK REPURCHASE:</b>												
Shares repurchased in quarter	2,447	3,523	3,839	3,665	1,779	1,169	372	-	1,653	5,747	-	-
\$ amount of shares repurchased	\$ 10,043	\$ 13,244	\$ 13,252	\$ 12,589	\$ 7,769	\$ 5,605	\$ 1,821	\$ -	\$ 8,008	\$ 24,753	\$ -	\$ -
Average cost	\$ 4.10	\$ 3.76	\$ 3.45	\$ 3.43	\$ 4.37	\$ 4.79	\$ 4.90	\$ -	\$ 4.84	\$ 4.31	\$ -	\$ -
Cumulative shares repurchased	33,837	37,360	41,199	44,864	46,643	47,812	48,184	48,184	49,837	55,584	55,584	55,584
Cumulative \$ amount of shares repurchased	\$ 94,014	\$ 107,258	\$ 120,510	\$ 133,099	\$ 140,868	\$ 146,473	\$ 148,294	\$ 148,294	\$ 156,302	\$ 181,056	\$ 181,056	\$ 181,056
Average cost	\$ 2.78	\$ 2.87	\$ 2.93	\$ 2.97	\$ 3.02	\$ 3.06	\$ 3.08	\$ 3.08	\$ 3.14	\$ 3.26	\$ 3.26	\$ 3.26