



**SPÖK HOLDINGS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME (a)**

(Unaudited and in thousands except share, per share amounts and ARPU)

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b><u>6/30/2016</u></b>	<b><u>6/30/2015</u></b>	<b><u>6/30/2016</u></b>	<b><u>6/30/2015</u></b>
<b>Revenue:</b>				
Wireless	\$ 27,859	\$ 30,222	\$ 56,031	\$ 60,912
Software	16,776	17,747	33,992	35,195
<b>Total revenue</b>	<b><u>44,635</u></b>	<b><u>47,969</u></b>	<b><u>90,023</u></b>	<b><u>96,107</u></b>
<b>Operating expenses:</b>				
Cost of revenue	7,513	9,131	15,528	17,944
Service, rental and maintenance	11,399	11,003	22,612	22,260
Selling and marketing	6,429	6,790	12,957	13,838
General and administrative	10,439	10,472	20,949	21,473
Severance	—	1,504	(3)	1,504
Depreciation, amortization and accretion	3,235	3,448	6,558	7,195
<b>Total operating expenses</b>	<b><u>39,015</u></b>	<b><u>42,348</u></b>	<b><u>78,601</u></b>	<b><u>84,214</u></b>
% of total revenue	87.4 %	88.3 %	87.3 %	87.6 %
<b>Operating income</b>	<b><u>5,620</u></b>	<b><u>5,621</u></b>	<b><u>11,422</u></b>	<b><u>11,893</u></b>
% of total revenue	12.6 %	11.7 %	12.7 %	12.4 %
Interest income (expense), net	61	3	109	2
Other income (expense), net	104	264	357	325
<b>Income before income tax expense</b>	<b><u>5,785</u></b>	<b><u>5,888</u></b>	<b><u>11,888</u></b>	<b><u>12,220</u></b>
Income tax benefit (expense)	(2,334)	(2,512)	(4,993)	(4,927)
<b>Net income</b>	<b><u>\$ 3,451</u></b>	<b><u>\$ 3,376</u></b>	<b><u>\$ 6,895</u></b>	<b><u>\$ 7,293</u></b>
Basic net income per common share	<u>\$ 0.17</u>	<u>\$ 0.16</u>	<u>\$ 0.33</u>	<u>\$ 0.33</u>
Diluted net income per common share	<u>\$ 0.17</u>	<u>\$ 0.16</u>	<u>\$ 0.33</u>	<u>\$ 0.33</u>
Basic weighted average common shares outstanding	<u>20,544,327</u>	<u>21,677,299</u>	<u>20,614,023</u>	<u>21,787,434</u>
Diluted weighted average common shares outstanding	<u>20,705,206</u>	<u>21,735,829</u>	<u>20,831,740</u>	<u>21,843,591</u>
<b>Reconciliation of operating income to EBITDA (b):</b>				
Operating income	\$ 5,620	\$ 5,621	\$ 11,422	\$ 11,893
Add back: depreciation, amortization and accretion	3,235	3,448	6,558	7,195
<b>EBITDA</b>	<b><u>\$ 8,855</u></b>	<b><u>\$ 9,069</u></b>	<b><u>\$ 17,980</u></b>	<b><u>\$ 19,088</u></b>
% of total revenue	19.8 %	18.9 %	20.0 %	19.9 %
<b>Key statistics:</b>				
Units in service	1,144	1,211	1,144	1,211
Average revenue per unit (ARPU)	\$ 7.71	\$ 7.86	\$ 7.72	\$ 7.87
Bookings	\$ 20,063	\$ 21,027	\$ 35,170	\$ 38,767
Backlog	\$ 39,475	\$ 43,524	\$ 39,475	\$ 43,524

(a) Slight variations in totals are due to rounding.

(b) EBITDA or earnings before interest, taxes, depreciation, amortization and accretion is a non-GAAP measure and is presented for analytical purposes only



**SPOK HOLDINGS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME (a)**  
(Unaudited and in thousands except share, per share amounts and ARPU)

	For the three months ended							
	<u>6/30/2016</u>	<u>3/31/2016</u>	<u>12/31/2015</u>	<u>9/30/2015</u>	<u>6/30/2015</u>	<u>3/31/2015</u>	<u>12/31/2014</u>	<u>9/30/2014</u>
<b>Revenue:</b>								
Wireless	\$ 27,859	\$ 28,172	\$ 28,727	\$ 29,375	\$ 30,222	\$ 30,690	\$ 31,678	\$ 32,855
Software	16,776	17,216	18,612	16,806	17,747	17,448	19,591	16,936
<b>Total revenue</b>	<b>44,635</b>	<b>45,388</b>	<b>47,339</b>	<b>46,181</b>	<b>47,969</b>	<b>48,138</b>	<b>51,269</b>	<b>49,791</b>
<b>Operating expenses:</b>								
Cost of revenue	7,513	8,017	8,035	7,871	9,131	8,813	10,571	8,000
Service, rental and maintenance	11,399	11,213	11,024	11,117	11,003	11,256	11,285	10,988
Selling and marketing	6,429	6,529	7,036	6,572	6,790	7,048	7,915	7,072
General and administrative	10,439	10,510	10,276	10,410	10,472	11,001	11,905	10,866
Severance	—	(4)	1,056	141	1,504	—	926	545
Depreciation, amortization and accretion	3,235	3,323	3,362	3,413	3,448	3,747	4,049	4,247
<b>Total operating expenses</b>	<b>39,015</b>	<b>39,588</b>	<b>40,789</b>	<b>39,524</b>	<b>42,348</b>	<b>41,865</b>	<b>46,651</b>	<b>41,718</b>
% of total revenue	87.4 %	87.2 %	86.2 %	85.6 %	88.3 %	87.0 %	91.0 %	83.8 %
<b>Operating income</b>	<b>5,620</b>	<b>5,800</b>	<b>6,550</b>	<b>6,657</b>	<b>5,621</b>	<b>6,273</b>	<b>4,618</b>	<b>8,073</b>
% of total revenue	12.6 %	12.8 %	13.8 %	14.4 %	11.7 %	13.0 %	9.0 %	16.2 %
Interest income (expense), net	61	49	13	1	3	(1)	(262)	(63)
Other income (expense), net	104	254	71	784	264	60	(188)	(2)
<b>Income before income tax expense</b>	<b>5,785</b>	<b>6,103</b>	<b>6,634</b>	<b>7,442</b>	<b>5,888</b>	<b>6,332</b>	<b>4,168</b>	<b>8,008</b>
Income tax benefit (expense)	(2,334)	(2,659)	66,087	(3,222)	(2,512)	(2,415)	2,744	(3,356)
<b>Net income</b>	<b>\$ 3,451</b>	<b>\$ 3,444</b>	<b>\$ 72,721</b>	<b>\$ 4,220</b>	<b>\$ 3,376</b>	<b>\$ 3,917</b>	<b>\$ 6,912</b>	<b>\$ 4,652</b>
Basic net income per common share	\$ 0.17	\$ 0.17	\$ 3.54	\$ 0.20	\$ 0.16	\$ 0.18	\$ 0.32	\$ 0.21
Diluted net income per common share	\$ 0.17	\$ 0.17	\$ 3.53	\$ 0.20	\$ 0.16	\$ 0.18	\$ 0.31	\$ 0.21
Basic weighted average common shares outstanding	20,544,327	20,683,719	20,528,326	21,301,311	21,677,299	21,898,792	21,554,746	21,651,347
Diluted weighted average common shares outstanding	20,705,206	20,845,661	20,628,053	21,352,838	21,735,829	22,053,015	22,101,600	22,135,554
<b>Reconciliation of operating income to EBITDA (b):</b>								
Operating income	\$ 5,620	\$ 5,800	\$ 6,550	\$ 6,657	\$ 5,621	\$ 6,273	\$ 4,618	\$ 8,073
Add back: depreciation, amortization and accretion	3,235	3,323	3,362	3,413	3,448	3,747	4,049	4,247
<b>EBITDA</b>	<b>\$ 8,855</b>	<b>\$ 9,123</b>	<b>\$ 9,912</b>	<b>\$ 10,070</b>	<b>\$ 9,069</b>	<b>\$ 10,020</b>	<b>\$ 8,667</b>	<b>\$ 12,320</b>
% of total revenue	19.8 %	20.1 %	20.9 %	21.8 %	18.9 %	20.8 %	16.9 %	24.7 %
Key statistics:								
Units in service	1,144	1,153	1,173	1,192	1,211	1,230	1,256	1,274
Average revenue per unit (ARPU)	\$ 7.71	\$ 7.77	\$ 7.79	\$ 7.82	\$ 7.86	\$ 7.91	\$ 7.92	\$ 7.97
Bookings	\$ 20,063	\$ 15,106	\$ 18,511	\$ 16,746	\$ 21,027	\$ 17,740	\$ 22,272	\$ 20,362
Backlog	\$ 39,475	\$ 36,766	\$ 38,650	\$ 41,639	\$ 43,524	\$ 40,551	\$ 42,391	\$ 42,117

(a) Slight variations in totals are due to rounding.

(b) EBITDA or earnings before interest, taxes, depreciation, amortization and accretion is a non-GAAP measure and is presented for analytical purposes only



**SPOK HOLDINGS, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS (a)**

(In thousands)

	<u>6/30/2016</u>	<u>12/31/2015</u>
	(Unaudited)	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 117,095	\$ 111,332
Accounts receivable, net	23,737	22,638
Prepaid expenses and other	4,116	5,352
Inventory	2,129	2,291
<b>Total current assets</b>	<b>147,077</b>	<b>141,613</b>
Property and equipment, net	14,297	15,386
Goodwill	133,031	133,031
Other intangible assets, net	12,817	14,964
Deferred income tax assets, net	79,644	83,983
Other assets	1,541	1,445
<b>Total assets</b>	<b>\$ 388,407</b>	<b>\$ 390,422</b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 8,370	\$ 9,247
Accrued compensation and benefits	11,618	10,864
Deferred revenue	28,239	27,045
<b>Total current liabilities</b>	<b>48,227</b>	<b>47,156</b>
Deferred revenue	674	741
Other long-term liabilities	8,960	8,972
<b>Total liabilities</b>	<b>57,861</b>	<b>56,869</b>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock	—	—
Common stock	2	2
Additional paid-in capital	105,867	110,435
Retained earnings	224,677	223,116
<b>Total stockholders' equity</b>	<b>330,546</b>	<b>333,553</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 388,407</b>	<b>\$ 390,422</b>

(a) Slight variations in totals are due to rounding.



**SPOK HOLDINGS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (a)**  
(Unaudited and in thousands)

	<b>For the six months ended</b>	
	<b>6/30/2016</b>	<b>6/30/2015</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 6,895	\$ 7,293
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	6,558	7,195
Amortization of deferred financing costs	-	-
Deferred income (benefit) tax expense	4,346	4,086
Stock based compensation	1,368	1,104
Provisions for doubtful accounts, service credits and other	322	716
Adjustments of non-cash transaction taxes	(169)	(97)
Loss/(Gain) on disposals of property and equipment	(1)	(166)
Changes in assets and liabilities:		
Accounts receivable	(1,421)	2,239
Prepaid expenses, intangible assets and other assets	1,197	741
Accounts payable, accrued liabilities and other	(358)	(685)
Customer deposits and deferred revenue	1,142	3,070
<b>Net cash provided by operating activities</b>	<b>19,879</b>	<b>25,496</b>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(2,982)	(3,033)
Proceeds from disposals of property and equipment	1	180
<b>Net cash used in investing activities</b>	<b>(2,981)</b>	<b>(2,853)</b>
<b>Cash flows from financing activities:</b>		
Cash distributions to stockholders	(5,150)	(6,069)
Purchase of common stock (including commissions)	(5,985)	(3,475)
Employee stock based compensation tax withholding	-	(3,825)
<b>Net cash used in financing activities</b>	<b>(11,135)</b>	<b>(13,369)</b>
Net increase in cash and cash equivalents	5,763	9,274
Cash and cash equivalents, beginning of period	111,332	107,869
Cash and cash equivalents, end of period	<b>\$ 117,095</b>	<b>\$ 117,143</b>
<b>Supplemental disclosure:</b>		
Income taxes paid	\$ 598	\$ 337

(a) Slight variations in totals are due to rounding.



**SPOK HOLDINGS, INC.**  
**CONSOLIDATED REVENUE**  
**SUPPLEMENTAL INFORMATION (a)**  
**(Unaudited and in thousands)**

For the three months ended

	<u>6/30/2016</u>	<u>3/31/2016</u>	<u>12/31/2015</u>	<u>9/30/2015</u>	<u>6/30/2015</u>	<u>3/31/2015</u>	<u>12/31/2014</u>	<u>9/30/2014</u>
<b>Revenue</b>								
Paging	\$ 26,564	\$ 27,101	\$ 27,637	\$ 28,196	\$ 28,782	\$ 29,491	\$ 30,071	\$ 30,776
Non-paging	1,295	1,071	1,090	1,179	1,440	1,199	1,607	2,079
<b>Total wireless revenue</b>	<b>\$ 27,859</b>	<b>\$ 28,172</b>	<b>\$ 28,727</b>	<b>\$ 29,375</b>	<b>\$ 30,222</b>	<b>\$ 30,690</b>	<b>\$ 31,678</b>	<b>\$ 32,855</b>
Subscription	503	498	471	392	419	398	365	458
License	1,691	1,593	2,733	1,457	3,011	2,595	3,474	2,374
Services	4,202	4,315	4,610	4,600	4,609	5,018	5,579	4,305
Equipment	1,250	1,729	1,764	1,434	1,301	1,374	2,145	1,930
<b>Operations revenue</b>	<b>\$ 7,646</b>	<b>\$ 8,135</b>	<b>\$ 9,578</b>	<b>\$ 7,883</b>	<b>\$ 9,340</b>	<b>\$ 9,385</b>	<b>\$ 11,563</b>	<b>\$ 9,067</b>
<b>Maintenance revenue</b>	<b>\$ 9,130</b>	<b>\$ 9,081</b>	<b>\$ 9,034</b>	<b>\$ 8,923</b>	<b>\$ 8,407</b>	<b>\$ 8,063</b>	<b>\$ 8,028</b>	<b>\$ 7,869</b>
<b>Total software revenue</b>	<b>\$ 16,776</b>	<b>\$ 17,216</b>	<b>\$ 18,612</b>	<b>\$ 16,806</b>	<b>\$ 17,747</b>	<b>\$ 17,448</b>	<b>\$ 19,591</b>	<b>\$ 16,936</b>
<b>Total revenue</b>	<b>\$ 44,635</b>	<b>\$ 45,388</b>	<b>\$ 47,339</b>	<b>\$ 46,181</b>	<b>\$ 47,969</b>	<b>\$ 48,138</b>	<b>\$ 51,269</b>	<b>\$ 49,791</b>

(a) Slight variations in totals are due to rounding.



**SPOK HOLDINGS, INC.**  
**CONSOLIDATED OPERATING EXPENSES**  
**SUPPLEMENTAL INFORMATION (a)**  
**(Unaudited and in thousands)**

	For the three months ended							
	6/30/2016	3/31/2016	12/31/2015	9/30/2015	6/30/2015	3/31/2015	12/31/2014	9/30/2014
<b>Cost of revenue</b>								
Payroll and related	\$ 4,406	\$ 4,634	\$ 4,414	\$ 4,277	\$ 4,274	\$ 4,157	\$ 4,222	\$ 3,743
Cost of sales	2,227	2,673	2,902	2,549	3,801	3,620	5,225	3,098
Stock based compensation	58	49	33	33	34	34	81	108
Other	822	661	686	1,012	1,022	1,002	1,043	1,051
<b>Total cost of revenue</b>	<b>7,513</b>	<b>8,017</b>	<b>8,035</b>	<b>7,871</b>	<b>9,131</b>	<b>8,813</b>	<b>10,571</b>	<b>8,000</b>
<b>Service, rental and maintenance</b>								
Payroll and related	5,125	5,072	4,815	4,613	4,555	4,652	4,533	4,106
Site rent	3,668	3,660	3,663	3,763	3,783	3,766	3,834	3,914
Telecommunications	1,127	1,222	1,218	1,392	1,288	1,343	1,487	1,548
Stock based compensation	63	52	29	29	29	29	30	56
Other	1,416	1,207	1,299	1,320	1,348	1,466	1,401	1,364
<b>Total service, rental and maintenance</b>	<b>11,399</b>	<b>11,213</b>	<b>11,024</b>	<b>11,117</b>	<b>11,003</b>	<b>11,256</b>	<b>11,285</b>	<b>10,988</b>
<b>Selling and marketing</b>								
Payroll and related	3,510	3,666	3,780	3,664	3,732	3,916	3,945	3,859
Commissions	1,559	1,525	1,754	1,858	1,792	1,836	2,481	1,949
Stock based compensation	75	48	(7)	16	51	51	131	151
Other	1,285	1,290	1,509	1,034	1,215	1,245	1,358	1,113
<b>Total selling and marketing</b>	<b>6,429</b>	<b>6,529</b>	<b>7,036</b>	<b>6,572</b>	<b>6,790</b>	<b>7,048</b>	<b>7,915</b>	<b>7,072</b>
<b>General and administrative</b>								
Payroll and related	4,306	4,392	4,029	4,320	4,611	4,879	4,737	4,217
Stock based compensation	534	488	316	316	548	329	780	791
Facility rent	810	839	856	868	841	941	830	863
Outside services	1,921	1,726	1,783	1,864	1,728	1,786	1,786	1,698
Taxes, licenses and permits	1,060	1,055	1,132	1,068	1,150	1,125	1,283	1,788
Other	1,808	2,010	2,160	1,974	1,594	1,941	2,489	1,509
<b>Total general and administrative</b>	<b>10,439</b>	<b>10,510</b>	<b>10,276</b>	<b>10,410</b>	<b>10,472</b>	<b>11,001</b>	<b>11,905</b>	<b>10,866</b>
<b>Severance</b>	—	(4)	1,056	141	1,504	—	926	545
<b>Depreciation, amortization and accretion</b>	<b>3,235</b>	<b>3,323</b>	<b>3,362</b>	<b>3,413</b>	<b>3,448</b>	<b>3,747</b>	<b>4,049</b>	<b>4,247</b>
<b>Operating expenses</b>	<b>\$ 39,015</b>	<b>\$ 39,588</b>	<b>\$ 40,789</b>	<b>\$ 39,524</b>	<b>\$ 42,348</b>	<b>\$ 41,865</b>	<b>\$ 46,651</b>	<b>\$ 41,718</b>
<b>Capital expenditures</b>	<b>\$ 1,537</b>	<b>\$ 1,445</b>	<b>\$ 2,024</b>	<b>\$ 1,318</b>	<b>\$ 1,992</b>	<b>\$ 1,040</b>	<b>\$ 1,352</b>	<b>\$ 1,291</b>

(a) Slight variations in totals are due to rounding.



**SPOK HOLDINGS, INC.**  
**UNITS IN SERVICE ACTIVITY, MARKET SEGMENT, CHURN**  
**AND AVERAGE REVENUE PER UNIT (ARPU) (a)**  
(Unaudited and in thousands)

	For the three months ended							
	<u>6/30/2016</u>	<u>3/31/2016</u>	<u>12/31/2015</u>	<u>9/30/2015</u>	<u>6/30/2015</u>	<u>3/31/2015</u>	<u>12/31/2014</u>	<u>9/30/2014</u>
<b>Paging units in service</b>								
<b>Beginning units in service (000's)</b>	<b>1,153</b>	<b>1,173</b>	<b>1,192</b>	<b>1,211</b>	<b>1,230</b>	<b>1,256</b>	<b>1,274</b>	<b>1,299</b>
Gross placements	39	28	31	36	40	29	35	45
Gross disconnects	(48)	(48)	(50)	(55)	(59)	(55)	(53)	(70)
Net change	<u>(9)</u>	<u>(20)</u>	<u>(19)</u>	<u>(19)</u>	<u>(19)</u>	<u>(26)</u>	<u>(18)</u>	<u>(25)</u>
<b>Ending units in service</b>	<b><u>1,144</u></b>	<b><u>1,153</u></b>	<b><u>1,173</u></b>	<b><u>1,192</u></b>	<b><u>1,211</u></b>	<b><u>1,230</u></b>	<b><u>1,256</u></b>	<b><u>1,274</u></b>
<b>End of period units in service % of total (b)</b>								
Healthcare	78.2%	77.5%	77.0%	76.3%	75.9%	74.6%	74.1%	73.6%
Government	6.8%	6.9%	7.2%	7.2%	7.3%	7.6%	7.8%	7.9%
Large enterprise	6.6%	6.9%	6.9%	7.1%	7.3%	7.6%	7.6%	7.8%
Other(b)	8.3%	8.7%	9.0%	9.3%	9.5%	10.2%	10.4%	10.7%
<b>Total</b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>
<b>Account size ending units in service (000's)</b>								
1 to 100 units	114	118	123	128	134	139	145	152
101 to 1,000 units	228	238	243	250	256	266	277	282
>1,000 units	802	797	807	814	821	825	834	840
<b>Total</b>	<b><u>1,144</u></b>	<b><u>1,153</u></b>	<b><u>1,173</u></b>	<b><u>1,192</u></b>	<b><u>1,211</u></b>	<b><u>1,230</u></b>	<b><u>1,256</u></b>	<b><u>1,274</u></b>
<b>Account size net loss rate(c)</b>								
1 to 100 units	(4.0)%	(4.3)%	(3.9)%	(4.4)%	(3.4)%	(4.3)%	(4.7)%	(5.0)%
101 to 1,000 units	(4.0)%	(2.0)%	(2.9)%	(2.4)%	(3.8)%	(3.8)%	(1.9)%	(2.4)%
>1,000 units	0.6%	(1.2)%	(0.9)%	(0.8)%	(0.6)%	(1.1)%	(0.7)%	(1.2)%
<b>Total</b>	<b><u>(0.8)%</u></b>	<b><u>(1.7)%</u></b>	<b><u>(1.6)%</u></b>	<b><u>(1.5)%</u></b>	<b><u>(1.6)%</u></b>	<b><u>(2.1)%</u></b>	<b><u>(1.4)%</u></b>	<b><u>(1.9)%</u></b>
<b>Account size ARPU</b>								
1 to 100 units	\$ 12.48	\$ 12.57	\$ 12.52	\$ 12.49	\$ 12.57	\$ 12.58	\$ 12.50	\$ 12.54
101 to 1,000 units	8.65	8.70	8.65	8.69	8.72	8.74	8.76	8.76
>1,000 units	6.75	6.77	6.79	6.80	6.81	6.84	6.83	6.86
<b>Total</b>	<b><u>\$ 7.71</u></b>	<b><u>\$ 7.77</u></b>	<b><u>\$ 7.79</u></b>	<b><u>\$ 7.82</u></b>	<b><u>\$ 7.86</u></b>	<b><u>\$ 7.91</u></b>	<b><u>\$ 7.92</u></b>	<b><u>\$ 7.97</u></b>

(a) Slight variations in totals are due to rounding.

(b) Other includes hospitality, resort and indirect units

(c) Net loss rate is net current period placements and disconnected units in service divided by prior period ending units in service.

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