



**SPOK 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>6/30/2017</u></b>	<b><u>6/30/2016</u></b>	<b><u>6/30/2017</u></b>	<b><u>6/30/2016</u></b>
<b>Revenue:</b>				
Wireless	\$ 25,639	\$ 27,859	\$ 51,499	\$ 56,031
Software	16,686	16,776	32,270	33,992
<b>Total revenue</b>	<b>42,325</b>	<b>44,635</b>	<b>83,769</b>	<b>90,023</b>
<b>Operating expenses:</b>				
Cost of revenue	7,190	7,513	14,226	15,528
Research and development	4,662	3,211	8,767	6,120
Service, rental and maintenance	7,944	8,188	16,010	16,492
Selling and marketing	5,329	6,429	11,251	12,957
General and administrative	11,939	10,439	23,649	20,946
Depreciation, amortization and accretion	2,851	3,235	6,074	6,558
<b>Total operating expenses</b>	<b>39,915</b>	<b>39,015</b>	<b>79,977</b>	<b>78,601</b>
% of total revenue	94.3 %	87.4 %	95.5 %	87.3 %
<b>Operating income</b>	<b>2,410</b>	<b>5,620</b>	<b>3,792</b>	<b>11,422</b>
% of total revenue	5.7 %	12.6 %	4.5 %	12.7 %
Interest income	154	61	276	109
Other income	89	104	58	357
<b>Income before income tax expense</b>	<b>2,653</b>	<b>5,785</b>	<b>4,126</b>	<b>11,888</b>
Income tax expense	(1,155)	(2,334)	(1,774)	(4,993)
<b>Net income</b>	<b>\$ 1,498</b>	<b>\$ 3,451</b>	<b>\$ 2,352</b>	<b>\$ 6,895</b>
Basic net income per common share	\$ 0.07	\$ 0.17	\$ 0.12	\$ 0.33
Diluted net income per common share	\$ 0.07	\$ 0.17	0.11	0.33
Basic weighted average common shares outstanding	20,353,801	20,568,058	20,441,781	20,637,070
Diluted weighted average common shares outstanding	20,366,102	20,568,058	20,508,473	20,637,070
<b>Key statistics:</b>				
Units in service	1,086	1,144	1,086	1,144
Average revenue per unit (ARPU)	\$ 7.52	\$ 7.71	\$ 7.58	\$ 7.72
Bookings	\$ 20,405	\$ 20,063	\$ 40,193	\$ 35,170
Backlog	\$ 43,455	\$ 39,475	\$ 43,455	\$ 39,475

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



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>6/30/2017</u>	<u>3/31/2017</u>	<u>12/31/2016</u>	<u>9/30/2016</u>	<u>6/30/2016</u>	<u>3/31/2016</u>	<u>12/31/2015</u>	<u>9/30/2015</u>
<b>Revenue:</b>								
Wireless	\$ 25,639	25,860	\$ 26,535	\$ 27,024	\$ 27,859	\$ 28,172	\$ 28,727	\$ 29,375
Software	16,686	15,584	17,649	18,331	16,776	17,216	18,612	16,806
<b>Total revenue</b>	<b>42,325</b>	<b>41,444</b>	<b>44,184</b>	<b>45,355</b>	<b>44,635</b>	<b>45,388</b>	<b>47,339</b>	<b>46,181</b>
<b>Operating expenses:</b>								
Cost of revenue	7,190	7,036	7,482	7,639	7,513	8,017	8,035	7,871
Research and development	4,662	4,105	3,702	3,645	3,211	2,908	2,608	2,525
Service, rental and maintenance	7,944	8,066	7,989	8,253	8,188	8,305	8,416	8,590
Selling and marketing	5,329	5,922	5,855	5,955	6,429	6,529	7,036	6,572
General and administrative	11,939	11,710	9,839	10,593	10,439	10,510	10,276	10,410
Severance	—	—	1,438	12	—	(4)	1,056	141
Depreciation, amortization and accretion	2,851	3,223	3,176	3,229	3,235	3,323	3,362	3,413
<b>Total operating expenses</b>	<b>39,915</b>	<b>40,062</b>	<b>39,481</b>	<b>39,326</b>	<b>39,015</b>	<b>39,588</b>	<b>40,789</b>	<b>39,522</b>
% of total revenue	94.3 %	96.7 %	89.4 %	86.7 %	87.4 %	87.2 %	86.2 %	85.6 %
<b>Operating income</b>	<b>2,410</b>	<b>1,382</b>	<b>4,703</b>	<b>6,029</b>	<b>5,620</b>	<b>5,800</b>	<b>6,550</b>	<b>6,659</b>
% of total revenue	5.7 %	3.3 %	10.6 %	13.3 %	12.6 %	12.8 %	13.8 %	14.4 %
Interest income, net	154	122	99	67	61	49	13	1
Other income (expense), net	89	(30)	100	85	104	254	71	784
<b>Income before income tax expense</b>	<b>2,653</b>	<b>1,474</b>	<b>4,902</b>	<b>6,181</b>	<b>5,785</b>	<b>6,103</b>	<b>6,634</b>	<b>7,444</b>
Income tax benefit (expense)	(1,155)	(620)	(1,876)	(2,123)	(2,334)	(2,659)	62,098	(3,222)
<b>Net income</b>	<b>\$ 1,498</b>	<b>\$ 854</b>	<b>\$ 3,026</b>	<b>\$ 4,058</b>	<b>\$ 3,451</b>	<b>\$ 3,444</b>	<b>\$ 68,732</b>	<b>\$ 4,222</b>
Basic and diluted net income per common share	\$ 0.07	\$ 0.04	\$ 0.15	\$ 0.20	\$ 0.17	\$ 0.17	\$ 3.28	\$ 0.2
Basic weighted average common shares outstanding	20,353,801	20,530,739	20,529,958	20,541,275	20,568,058	20,706,082	20,949,484	21,324,068
Diluted weighted average common shares outstanding	20,366,102	20,585,542	20,529,958	20,541,275	20,568,058	20,706,082	20,949,484	21,324,068
<b>Key statistics:</b>								
Units in service	1,086	1,091	1,111	1,124	1,144	1,153	1,173	1,192
Average revenue per unit (ARPU)	\$ 7.52	\$ 7.56	\$ 7.59	\$ 7.63	\$ 7.71	\$ 7.77	\$ 7.79	\$ 7.82
Bookings	\$ 20,405	\$ 19,788	\$ 20,025	\$ 18,659	\$ 20,063	\$ 15,106	\$ 18,511	\$ 16,746
Backlog	\$ 43,455	\$ 40,555	\$ 38,295	\$ 38,812	\$ 39,475	\$ 36,766	\$ 38,650	\$ 41,639

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



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

(In thousands)

	<u>6/30/2017</u>	<u>12/31/2016</u>
	(Unaudited)	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 107,151	\$ 125,816
Accounts receivable, net	24,452	23,666
Prepaid expenses and other	7,669	4,384
Inventory	1,642	1,996
<b>Total current assets</b>	<b>140,914</b>	<b>155,862</b>
Non-current assets:		
Property and equipment, net	13,889	12,818
Goodwill	133,031	133,031
Intangible assets, net	9,166	10,803
Deferred income tax assets	72,018	73,068
Other non-current assets	2,204	2,505
<b>Total non-current assets</b>	<b>230,308</b>	<b>232,225</b>
<b>Total assets</b>	<b>\$ 371,222</b>	<b>\$ 388,087</b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 1,554	\$ 1,909
Accrued compensation and benefits	11,310	13,268
Accrued dividends payable	342	5,140
Accrued taxes	2,658	4,132
Deferred revenue	31,807	29,145
Other current liabilities	2,820	2,733
<b>Total current liabilities</b>	<b>50,491</b>	<b>56,327</b>
Non-current liabilities:		
Deferred revenue	651	752
Other long-term liabilities	8,570	8,921
<b>Total non-current liabilities</b>	<b>9,221</b>	<b>9,673</b>
<b>Total liabilities</b>	<b>59,712</b>	<b>66,000</b>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock	—	—
Common stock	2	2
Additional paid-in capital	96,943	104,810
Retained earnings	214,565	217,275
<b>Total stockholders' equity</b>	<b>311,510</b>	<b>322,087</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 371,222</b>	<b>\$ 388,087</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><u>6/30/2017</u></b>	<b><u>6/30/2016</u></b>
<b>Cash flows provided by operating activities:</b>		
Net income	\$ 2,352	\$ 6,895
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	6,074	6,558
Deferred income tax expense	1,069	4,346
Stock based compensation	1,953	1,368
Provision for doubtful accounts, service credits and other	458	321
Adjustment of non-cash transaction taxes	(700)	(169)
Changes in assets and liabilities:		
Accounts receivable	(1,242)	(1,421)
Prepaid expenses, inventory, intangibles and other assets	(2,684)	1,197
Accounts payable, accrued liabilities and other	(3,175)	(342)
Deferred revenue	2,561	1,126
<b>Net cash provided by operating activities</b>	<b>6,666</b>	<b>19,879</b>
<b>Cash flows used in investing activities:</b>		
Purchase of property and equipment, net of proceeds from disposals of property and equipment	(5,198)	(2,981)
<b>Net cash used in investing activities</b>	<b>(5,198)</b>	<b>(2,981)</b>
<b>Cash flows used in financing activities:</b>		
Cash distributions to stockholders	(10,239)	(5,150)
Purchase of common stock (including commissions), net of proceeds from issuance of common stock	(9,894)	(5,985)
<b>Net cash used in financing activities</b>	<b>(20,133)</b>	<b>(11,135)</b>
Net (decrease) increase in cash and cash equivalents	(18,665)	5,763
Cash and cash equivalents, beginning of period	125,816	111,332
Cash and cash equivalents, end of period	<b>\$ 107,151</b>	<b>\$ 117,095</b>
<b>Supplemental disclosure:</b>		
Income taxes paid	\$ 1,964	\$ 598

(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>6/30/2017</u>	<u>3/31/2017</u>	<u>12/31/2016</u>	<u>9/30/2016</u>	<u>6/30/2016</u>	<u>3/31/2016</u>	<u>12/31/2015</u>	<u>9/30/2015</u>
<b>Revenue</b>								
Paging	\$ 24,572	\$ 24,972	\$ 25,441	\$ 25,944	\$ 26,564	\$ 27,101	\$ 27,637	\$ 28,196
Non-paging	1,067	888	1,094	1,080	1,295	1,071	1,090	1,179
<b>Total wireless revenue</b>	<b>25,639</b>	<b>25,860</b>	<b>26,535</b>	<b>27,024</b>	<b>27,859</b>	<b>28,172</b>	<b>28,727</b>	<b>29,375</b>
Subscription	623	543	551	560	503	498	471	392
License	1,641	1,171	1,594	1,842	1,691	1,593	2,733	1,457
Services	3,650	3,354	4,500	5,578	4,202	4,315	4,610	4,600
Equipment	1,127	973	1,402	1,091	1,250	1,729	1,764	1,434
<b>Operations revenue</b>	<b>7,041</b>	<b>6,041</b>	<b>8,047</b>	<b>9,071</b>	<b>7,646</b>	<b>8,135</b>	<b>9,578</b>	<b>7,883</b>
Maintenance revenue	9,645	9,543	9,602	9,260	9,130	9,081	9,034	8,923
<b>Total software revenue</b>	<b>16,686</b>	<b>15,584</b>	<b>17,649</b>	<b>18,331</b>	<b>16,776</b>	<b>17,216</b>	<b>18,612</b>	<b>16,806</b>
<b>Total revenue</b>	<b>\$ 42,325</b>	<b>\$ 41,444</b>	<b>\$ 44,184</b>	<b>\$ 45,355</b>	<b>\$ 44,635</b>	<b>\$ 45,388</b>	<b>\$ 47,339</b>	<b>\$ 46,181</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							
	<u>6/30/2017</u>	<u>3/31/2017</u>	<u>12/31/2016</u>	<u>9/30/2016</u>	<u>6/30/2016</u>	<u>3/31/2016</u>	<u>12/31/2015</u>	<u>9/30/2015</u>
<b>Cost of revenue</b>								
Payroll and related	\$ 4,607	\$ 4,489	\$ 4,612	\$ 4,468	\$ 4,406	\$ 4,634	\$ 4,414	\$ 4,277
Cost of sales	1,815	1,910	2,309	2,480	2,227	2,673	2,902	2,549
Stock based compensation	60	58	(108)	57	58	49	33	33
Other	708	579	669	634	822	661	686	1,012
<b>Total cost of revenue</b>	<b>7,190</b>	<b>7,036</b>	<b>7,482</b>	<b>7,639</b>	<b>7,513</b>	<b>8,017</b>	<b>8,035</b>	<b>7,871</b>
<b>Research and development</b>								
Payroll and related	3,809	3,396	3,198	2,940	2,478	2,325	2,025	1,889
Outside services	659	516	511	569	580	428	480	516
Stock based compensation	65	55	(82)	46	48	40	21	21
Other	129	138	75	90	105	115	82	99
<b>Total research and development</b>	<b>4,662</b>	<b>4,105</b>	<b>3,702</b>	<b>3,645</b>	<b>3,211</b>	<b>2,908</b>	<b>2,608</b>	<b>2,525</b>
<b>Service, rental and maintenance</b>								
Payroll and related	2,613	2,670	2,689	2,641	2,647	2,747	2,790	2,723
Site rent	3,604	3,620	3,618	3,626	3,668	3,660	3,664	3,763
Telecommunications	989	1,069	1,088	1,152	1,117	1,213	1,269	1,377
Stock based compensation	20	20	(29)	15	15	13	7	7
Other	718	687	623	819	741	672	686	720
<b>Total service, rental and maintenance</b>	<b>7,944</b>	<b>8,066</b>	<b>7,989</b>	<b>8,253</b>	<b>8,188</b>	<b>8,305</b>	<b>8,416</b>	<b>8,590</b>
<b>Selling and marketing</b>								
Payroll and related	3,074	3,103	3,575	3,502	3,510	3,666	3,780	3,664
Commissions	1,121	1,202	1,248	1,317	1,559	1,525	1,754	1,858
Stock based compensation	99	101	(131)	75	75	48	(7)	16
Other	1,035	1,516	1,163	1,061	1,285	1,290	1,509	1,034
<b>Total selling and marketing</b>	<b>5,329</b>	<b>5,922</b>	<b>5,855</b>	<b>5,955</b>	<b>6,429</b>	<b>6,529</b>	<b>7,036</b>	<b>6,572</b>
<b>General and administrative</b>								
Payroll and related	4,486	4,442	4,542	4,142	4,306	4,392	4,029	4,320
Stock based compensation	754	721	(863)	507	534	488	316	316
Facility rent	869	819	817	848	810	839	856	868
Outside services	2,224	2,287	2,277	1,946	1,921	1,726	1,783	1,864
Taxes, licenses and permits	1,034	989	976	1,164	1,060	1,055	1,132	1,068
Other	2,572	2,452	2,090	1,986	1,808	2,010	2,160	1,974
<b>Total general and administrative</b>	<b>11,939</b>	<b>11,710</b>	<b>9,839</b>	<b>10,593</b>	<b>10,439</b>	<b>10,510</b>	<b>10,276</b>	<b>10,410</b>
<b>Severance</b>	—	—	1,438	12	—	(4)	1,056	141
<b>Depreciation, amortization and accretion</b>	2,851	3,223	3,176	3,229	3,235	3,323	3,362	3,413
<b>Operating expenses</b>	<b>\$ 39,915</b>	<b>\$ 40,062</b>	<b>\$ 39,481</b>	<b>\$ 39,326</b>	<b>\$ 39,015</b>	<b>\$ 39,588</b>	<b>\$ 40,789</b>	<b>\$ 39,522</b>
<b>Capital expenditures</b>	2,353	2,851	1,878	1,396	1,537	1,445	2,024	1,318

(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							
	6/30/2017	3/31/2017	12/31/2016	9/30/2016	6/30/2016	3/31/2016	12/31/2015	9/30/2015
<b>Paging units in service</b>								
<b>Beginning units in service (000's)</b>	<b>1,091</b>	<b>1,111</b>	<b>1,124</b>	<b>1,144</b>	<b>1,153</b>	<b>1,173</b>	<b>1,192</b>	<b>1,211</b>
Gross placements	42	28	36	34	39	28	31	36
Gross disconnects	(47)	(48)	(49)	(54)	(48)	(48)	(50)	(55)
Net change	(5)	(20)	(13)	(20)	(9)	(20)	(19)	(19)
<b>Ending units in service</b>	<b>1,086</b>	<b>1,091</b>	<b>1,111</b>	<b>1,124</b>	<b>1,144</b>	<b>1,153</b>	<b>1,173</b>	<b>1,192</b>
<b>End of period units in service % of total (b)</b>								
Healthcare	80.4 %	79.7 %	79.3 %	78.6 %	78.2 %	77.5 %	77.0 %	76.3 %
Government	6.3 %	6.4 %	6.5 %	6.7 %	6.8 %	6.9 %	7.2 %	7.2 %
Large enterprise	6.1 %	6.1 %	6.2 %	6.5 %	6.6 %	6.9 %	6.9 %	7.1 %
Other(b)	7.3 %	7.7 %	8.0 %	8.2 %	8.3 %	8.7 %	9.0 %	9.3 %
<b>Total</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
<b>Account size ending units in service (000's)</b>								
1 to 100 units	98	102	106	110	114	118	123	128
101 to 1,000 units	204	214	217	222	228	238	243	250
>1,000 units	784	775	788	792	802	797	807	814
<b>Total</b>	<b>1,086</b>	<b>1,091</b>	<b>1,111</b>	<b>1,124</b>	<b>1,144</b>	<b>1,153</b>	<b>1,173</b>	<b>1,192</b>
<b>Account size net loss rate(c)</b>								
1 to 100 units	(3.7)%	(3.4)%	(3.9)%	(3.5)%	(4.0)%	(4.3)%	(3.9)%	(4.4)%
101 to 1,000 units	(4.5)%	(1.3)%	(2.3)%	(2.6)%	(4.0)%	(2.0)%	(2.9)%	(2.4)%
>1,000 units	1.1 %	(1.7)%	(0.5)%	(1.2)%	0.6 %	(1.2)%	(0.9)%	(0.8)%
<b>Total</b>	<b>(0.4)%</b>	<b>(1.8)%</b>	<b>(1.2)%</b>	<b>(1.7)%</b>	<b>(0.8)%</b>	<b>(1.7)%</b>	<b>(1.6)%</b>	<b>(1.5)%</b>
<b>Account size ARPU</b>								
1 to 100 units	\$ 12.16	\$ 12.22	\$ 12.25	\$ 12.34	\$ 12.48	\$ 12.57	\$ 12.52	\$ 12.49
101 to 1,000 units	8.61	8.66	8.63	8.64	8.65	8.70	8.65	8.69
>1,000 units	6.64	6.64	6.67	6.68	6.75	6.77	6.79	6.80
<b>Total</b>	<b>\$ 7.52</b>	<b>\$ 7.56</b>	<b>\$ 7.59</b>	<b>\$ 7.63</b>	<b>\$ 7.71</b>	<b>\$ 7.77</b>	<b>\$ 7.79</b>	<b>\$ 7.82</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.



**SPOK HOLDINGS, INC.**  
**RECONCILIATION FROM NET INCOME TO EBITDA (a)**  
**(Unaudited and in thousands)**

For the three months ended

	<u>6/30/2017</u>	<u>3/31/2017</u>	<u>12/31/2016</u>	<u>9/30/2016</u>	<u>6/30/2016</u>	<u>3/31/2016</u>	<u>12/31/2015</u>	<u>9/30/2015</u>
<b>Reconciliation of net income to EBITDA (b) (c):</b>								
<b>Net income</b>	\$ 1,498	\$ 854	\$ 3,026	\$ 4,058	\$ 3,451	\$ 3,444	\$ 68,732	\$ 4,222
Plus (less): Income tax expense (benefit)	1,155	620	1,876	2,123	2,334	2,659	(62,098)	3,222
Plus (less): Other expense (income)	(89)	30	(100)	(85)	(104)	(254)	(71)	(784)
Less: Interest income	(154)	(122)	(99)	(67)	(61)	(49)	(13)	(1)
Operating income	<u>2,410</u>	<u>1,382</u>	<u>4,703</u>	<u>6,029</u>	<u>5,620</u>	<u>5,800</u>	<u>6,550</u>	<u>6,659</u>
Plus: depreciation, amortization and accretion	2,851	3,223	3,176	3,229	3,235	3,323	3,362	3,413
<b>EBITDA (as defined by the Company)</b>	<u>5,261</u>	<u>4,605</u>	<u>7,879</u>	<u>9,258</u>	<u>8,855</u>	<u>9,123</u>	<u>9,912</u>	<u>10,072</u>
Less: Purchases of property and equipment	(2,353)	(2,851)	(1,878)	(1,396)	(1,537)	(1,445)	(2,024)	(1,318)
Plus: Severance	0	—	1,438	12	—	(4)	1,056	141
<b>Adjusted OCF (as defined by the Company)</b>	<u>\$ 2,908</u>	<u>\$ 1,754</u>	<u>\$ 7,439</u>	<u>\$ 7,874</u>	<u>\$ 7,318</u>	<u>\$ 7,674</u>	<u>\$ 8,944</u>	<u>\$ 8,895</u>

For the six months ended

	<u>6/30/2017</u>	<u>6/30/2016</u>
<b>Reconciliation of net income to EBITDA (b) (c):</b>		
<b>Net income</b>	\$ 2,352	\$ 6,895
Plus: Income tax expense	1,774	4,993
Less: Other income	(58)	(357)
Less: Interest income	(276)	(109)
Operating income	<u>3,792</u>	<u>11,422</u>
Plus: depreciation, amortization and accretion	6,074	6,558
<b>EBITDA (as defined by the Company)</b>	<u>9,866</u>	<u>17,980</u>
Less: Purchases of property and equipment	(5,204)	(2,982)
Plus: Severance	—	(4)
<b>Adjusted OCF (as defined by the Company)</b>	<u>\$ 4,662</u>	<u>\$ 14,994</u>

(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.

(c) EBITDA is the starting point for calculation of operating cash flow for purposes of the Company's short term and long term incentive plans. Management and the Board of Directors also rely on EBITDA for purposes of determining the Company's capital allocation policies.





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