

ENDURANCE

International Group



Q3 Fiscal 2016 Earnings Presentation
November 1, 2016

FORWARD LOOKING STATEMENTS AND OTHER IMPORTANT CAUTIONS

This presentation contains certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements concerning: our financial guidance for fiscal year 2016; our intention to capture additional opportunity in the hosting space by investing behind a more concentrated set of brands, and the long-term results of such an approach; our expectations regarding future increases or decreases to total subscribers; the future prospects or success of our website builder product, and our intention to continue investing in that product; our ability to drive operational improvements in our flagship business; our intention to increase our marketing spend across key brands through our existing affiliate network; our plans to invest in media purchases to build brand awareness across our key business; our expectation regarding marketing spend levels for 2017 and the results of our brand awareness efforts; our ability to support our branding through differentiated pricing; our plans to expand and reallocate our channel mix and enter into more traditional media categories; our ability to build a halo effect around our brands by expanding our marketing channels; our expectations about the success of our new initiatives; our plans to use adjusted EBITDA and free cash flow to pay down debt and de-lever our balance sheet or for additional investment in the business; our belief that our 2016 free cash flow excluding the impact of transaction, integration and restructuring expenses will provide us a healthy free cash flow run rate for 2017; and our expected financial and operational performance in general. These forward-looking statements include, but are not limited to, plans, objectives, expectations and intentions and other statements contained in this presentation that are not historical facts, and statements identified by words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “future,” “strive,” “see,” “estimates,” “will,” “should,” “may,” “continue,” “confident,” “committed,” and variations of such words or words of similar meaning and the use of future dates. These forward-looking statements reflect our current views about our plans, intentions, expectations, strategies and prospects, which are based on the information currently available to us and on assumptions we have made. Although we believe that our plans, intentions, expectations, strategies and prospects as reflected in or suggested by those forward-looking statements are reasonable, we can give no assurance that these plans, intentions, expectations or strategies will be attained or achieved. Furthermore, actual results may differ materially from those described in the forward-looking statements and will be affected by a variety of risks and factors that are beyond our control including, without limitation, the possibility that our fiscal 2016 guidance may differ from expectations; an adverse impact on our business from our substantial indebtedness and the cost of servicing our debt; an adverse impact on our business from litigation or regulatory proceedings; actual or contingent liabilities; the rate of growth of the Small and Medium Business (“SMB”) market for our solutions; our inability to maintain a high level of subscriber satisfaction; our inability to continue to add new subscribers, increase sales to our existing subscribers, or retain our existing subscribers; system or Internet failures; our inability to maintain or improve our competitive position or market share; the loss of strategic relationships or alliances with third parties; the business risks of international operations; the loss or unavailability of any of our data centers; our recognition of revenue for subscription based services over the term of the applicable agreement; the occurrence of security or privacy breaches; and other risks and uncertainties discussed in our filings with the SEC, including the “Risk Factors” section of our most recent Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 and other reports we file with the SEC. You can obtain copies of our filings with the SEC for free at the SEC’s website (www.sec.gov). We do not assume any obligation to update any forward-looking statements contained in this document as a result of new information, future events or otherwise.

This presentation includes data based on our internal estimates. While we believe that our internal estimates are reasonable, no independent source has verified such estimates.

The information on, or that can be accessed through, any of our websites is not deemed to be incorporated in this presentation or to be part of this presentation.

Non-GAAP Financial Measures: *this presentation contains non-GAAP financial measures as defined by the SEC in Regulation G, including adjusted EBITDA, combined pro forma adjusted EBITDA, free cash flow, and bank adjusted EBITDA. Definitions of these non-GAAP financial measures and reconciliations to their comparable GAAP measures are included in the Non-GAAP and Other Supplementary Information slides at the end of this presentation.*

AGENDA

CALL PARTICIPANTS

Hari Ravichandran
Founder &
Chief Executive Officer

Marc Montagner
Chief Financial Officer

Lynn Harrison
Director, Investor
Relations

- Third Quarter Financial Metrics
- Business Review
- Fiscal 2016 Guidance
- Supplemental Information

Q3 FISCAL 2016

Q3 FY2016	GAAP Revenue			
	\$291.2 MILLION			
	Net Loss	Cash Flow from Operations		
	\$(29.8) MILLION	\$36.2 MILLION		
	Adj. EBITDA	Free Cash Flow⁽¹⁾	Subscribers	Average Revenue per Subscriber (ARPS)
	\$85.2 MILLION	\$26.4 MILLION	5.4 MILLION	\$17.78

(1) Free cash flow is defined as cash flow from operations, less capital expenditures and capitalized leases.

BUSINESS REVIEW

KEY BUSINESS LINES

Endurance Flagship Brands

- Focus on major brands: Bluehost, HostGator, iPage
 - Investment in subscriber growth
- Other brands
 - Strong free cash flow
 - Subscriber losses

 bluehost

 iPage

 HostGator.com
Website Hosting

Constant Contact

- Focus on profitability
- Increase ARPS
- Reduce subscriber acquisition cost
- Cross sell of Endurance products to Constant Contact subscribers

 Constant Contact

Endurance Gateway Brands

- Continued focus on site builder product
- Reduced emphasis on other products
 - Turbo Hard Drive Optimizer
 - Back-up
 - VPN

 webzai

FOCUS ON 2017 MARKETING

Building brand awareness across categories...

Hosting & Domains

Email Marketing

Site Builder

...via a two-pronged approach

I. Refine our go-to-market strategy

- Build “lead” premium brands in each category
- Focus on fewer brands
 - Differentiation
 - Positioning to specific buyers through brands
 - Pricing and packaging more aligned with brands

II. Expand our channel mix

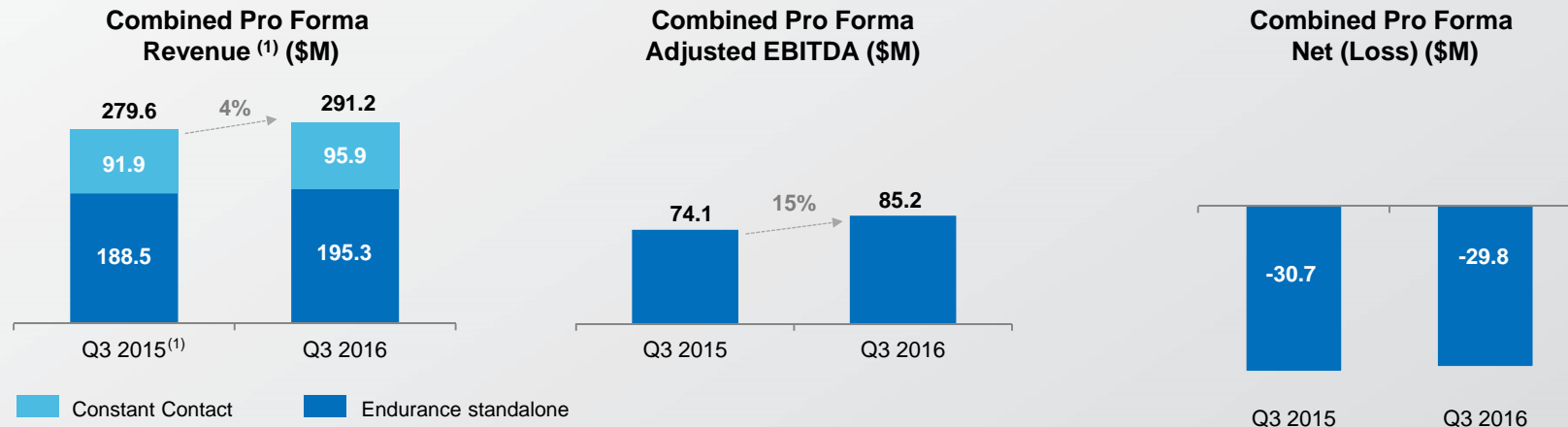
- Continue to leverage affiliate networks
- Expand media initiatives
- Testing into more traditional media
 - Radio, television, other

FINANCIAL & OPERATING METRICS

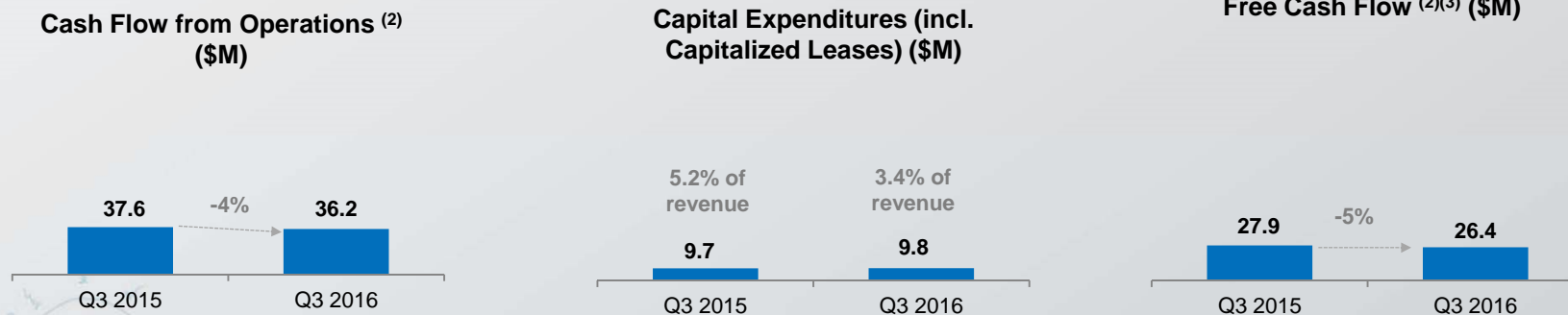
Q3 2016 KEY FINANCIAL METRICS

COMBINED PRO FORMA

Represents Q3 results as if the acquisition of Constant Contact had occurred on Jan. 1, 2015.*



AS REPORTED



* Combined pro forma results for Q3 2015 are pro forma only for Constant Contact and do not reflect the Q3 2015 pro forma results for other businesses acquired or consolidated after Q3 2015.

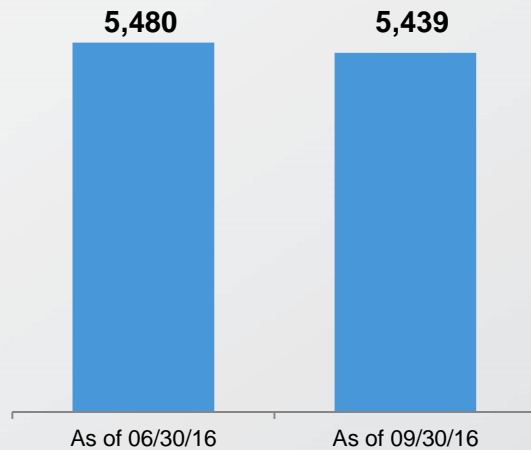
(1) Q3'15 Revenue includes Endurance reported revenue of \$188.5 million, Constant Contact reported revenue of \$91.9 million, and \$(0.8) million of intercompany eliminations.

(2) Q3'16 Cash Flow from Operations and FCF reflect an \$18.2 million interest payment to unsecured bond holders, and a \$11.2 million payment on the company's incremental term loan.

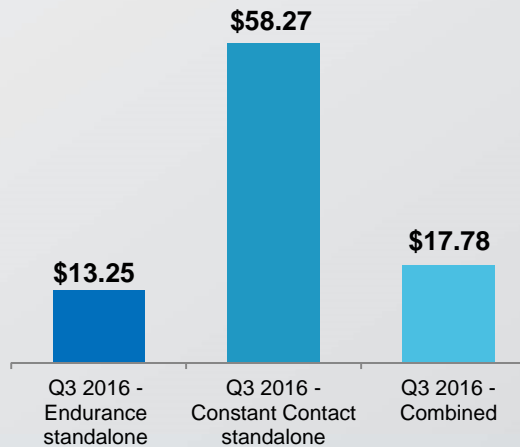
(3) Free cash flow defined as cash flow from operations, less capital expenditures and capitalized leases.

OPERATING METRICS

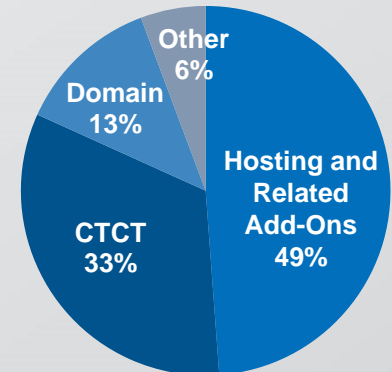
**Q3 2016
Total Subscribers ('000s)**



Q3 2016 ARPS (\$)



Q3 2016 Revenue Mix



Note: Please refer to Non-GAAP and Other Supplementary Information slides for definitions and other important information about total subscribers and ARPS.

Individual numbers may not add to totals shown due to rounding.

FY2016 GUIDANCE

Reaffirming guidance as of November 1, 2016

Closing Date Basis ⁽¹⁾	Current Guidance
Revenue	~\$1.090 billion
Adjusted EBITDA	~\$270 million
Capex (incl. capitalized leases)	~\$58 million
Free Cash Flow ⁽²⁾	~\$100 million

Pro Forma Basis ⁽³⁾	Current Guidance
Revenue	~\$1.130 billion
Adjusted EBITDA	~\$275 million

(1) Represents guidance for 2016 on a closing date basis, with Constant Contact results included beginning on February 10, 2016, the day after closing.

(2) Free cash flow defined as cash flow from operations, less capex and capitalized leases. Fiscal 2016 guidance for free cash flow reflects the impact of approximately \$65 million in expected transaction, integration, legal advisory, and restructuring expenses associated primarily with the Constant Contact transaction.

(3) Represents guidance for 2016 as if the acquisition of Constant Contact had occurred on January 1, 2016.

BALANCE SHEET

KEY METRICS

Total Debt (in \$MM)	03/31/16	06/30/16	09/30/16
Existing Term Loan	\$1,021	\$1,000	\$995
Incremental Term Loan	731	728	724
Unsecured Notes	350	350	350
Revolving Credit Facility	-	-	33
Total Senior Debt	\$ 2,102	\$ 2,078	\$ 2,102
Deferred Purchase Obligations	\$ 52	\$ 51	\$ 20
Capital Lease	12	10	9
Total Debt	\$ 2,166	\$ 2,139	\$ 2,131
Total Cash at 9/30/2016	\$ 83	\$ 79	\$ 67
Net Debt	\$ 2,083	\$ 2,060	\$ 2,064

Maturity	Coupon
November 2019	L+548
February 2023	L+500
February 2024	10.875%
February 2021	at market

Key uses of cash in Q3'16:

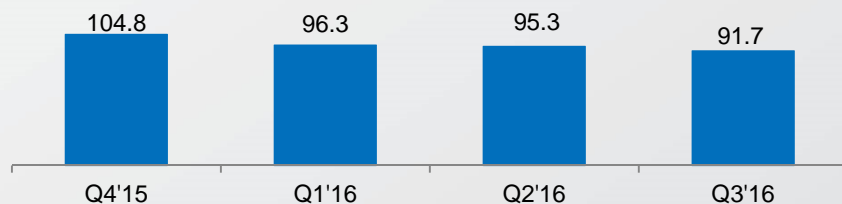
- Semi-annual interest payment on high yield debt \$18 million
- Interest payment on original term loan \$17 million
- Interest payment on incremental term loan \$11 million
- Debt amortization \$9 million
- Deferred consideration and related payments \$67 million

Individual numbers may not add to totals shown due to rounding.

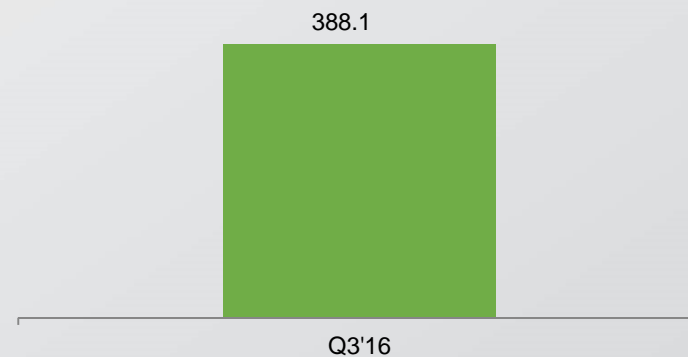
DEBT RELATED METRICS

QUARTERLY & LTM ⁽¹⁾

Quarterly Bank Adj. EBITDA (\$M)



LTM Bank Adj. EBITDA (\$M)



	Quarter ended 09/30/16	Maximum allowed
LTM bank adjusted EBITDA as defined in credit agreement	\$388.1 million	n/a
Total secured debt ⁽²⁾ to LTM bank adjusted EBITDA as defined in the credit agreement	4.4x	6.5x

(1) Last twelve months

(2) Total secured debt as defined in the credit agreement.

Please see Non-GAAP and Other Supplementary Information slides for the definition of bank adjusted EBITDA and a reconciliation to the most comparable GAAP measure.

Individual numbers may not add to totals shown due to rounding.

CONTINUED FOCUS

Leading provider of a comprehensive suite of web products for SMBs



NON-GAAP AND OTHER SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION

COMBINED PRO FORMA REVENUE AND CALCULATION OF ARPS

The following table reflects the reconciliation of revenue calculated in accordance with GAAP to combined pro forma revenue (all data in thousands):

COMBINED PRO FORMA BASIS	Three Months Ended Sept. 30,	
	2015	2016
Endurance revenue	\$ 188,523	\$ 195,275
Constant Contact revenue	91,859	95,918
Eliminations	(781)	—
Combined pro forma revenue	279,601	291,193

The following table presents the calculation of ARPS (all data in thousands, except ARPS data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2016	2015	2016
GAAP Revenue	\$ 188,523	\$ 291,193	\$ 548,272	\$ 819,019
Total subscribers	4,482	5,439	4,482	5,439
Average subscribers for the period	4,438	5,460	4,275	5,296
Average revenue per subscriber (ARPS)	\$ 14.16	\$ 17.78	\$ 14.25	\$ 17.18
GAAP revenue attributable to Constant Contact	—	\$ 95,918	—	\$ 229,655
GAAP revenue excluding Constant Contact	\$ 188,523	\$ 195,275	\$ 548,272	\$ 589,364
Total subscribers excluding Constant Contact	4,482	4,893	4,482	4,893
Average subscribers excluding Constant Contact	4,438	4,911	4,275	4,821
ARPS excluding Constant Contact	\$ 14.16	\$ 13.25	\$ 14.25	\$ 13.58

SUPPLEMENTARY INFORMATION

GAAP LINE ITEM DETAIL

The following tables provide the details of depreciation, amortization, stock-based compensation, restructuring expenses, and transaction expenses and charges included in the Company's Consolidated Statements of Operations and Comprehensive Loss and the line items in which these amounts are reported.

In \$ thousands	Three Months Ended March 31,		Three Months Ended June 30,		Three Months Ended September 30,	
	2015	2016	2015	2016	2015	2016
Depreciation						
Cost of Revenue	\$7,310	\$11,069	\$7,482	\$13,308	\$7,801	\$12,513
Sales & Marketing	263	929	273	2,206	285	1,960
Engineering & Development	85	607	220	1,546	210	1,546
General & Administrative	208	568	253	(300)	258	991
Total Depreciation	\$7,866	\$13,172	\$8,228	\$16,760	\$8,554	\$17,010
Amortization						
Cost of Revenue	\$21,298	\$29,874	\$21,135	\$37,823	\$23,758	\$37,982
Sales & Marketing	--	--	--	--	--	--
Engineering & Development	--	--	--	--	--	--
General & Administrative	--	--	--	--	--	--
Total Amortization	\$21,298	\$29,874	\$21,135	\$37,823	\$23,758	\$37,982
Stock-Based Compensation						
Cost of Revenue	\$113	\$770	\$646	\$1,703	\$601	\$1,642
Sales & Marketing	390	1,722	845	2,677	1,107	1,850
Engineering & Development	217	764	487	1,442	627	4,164
General & Administrative	3,251	15,132	4,561	9,203	7,427	7,150
Total Stock-Based Compensation	\$3,971	\$18,388	\$6,539	\$15,024	\$9,762	\$14,806
Restructuring Expenses						
Cost of Revenue	--	\$3,465	--	\$2,137	\$380	\$3,127
Sales & Marketing	--	3,901	--	1,267	288	1,189
Engineering & Development	--	2,018	--	1,224	411	1,014
General & Administrative	--	2,218	--	1,035	115	1,047
Total Restructuring Expenses	--	\$11,602	--	\$5,663	\$1,194	\$6,377
Transaction Expenses and Charges						
Total Transaction Expenses and Charges	\$1,523	\$31,120	\$1,618	\$978	\$1,461	\$159

Individual numbers may not add to the totals shown due to rounding.

GAAP TO NON – GAAP RECONCILIATION

COMBINED PRO FORMA ADJUSTED EBITDA

The following table reflects the reconciliation of net income (loss) calculated in accordance with GAAP to combined pro forma adjusted EBITDA (all data in thousands):

COMBINED PRO FORMA BASIS	Three months ended March 31,		Three months ended June 30,		Three months ended September 30,	
	2015	2016	2015	2016	2015	2016
Net income (loss)	\$ 884	\$ 14,081	\$ (2,071)	\$ (33,430)	\$ (15,351)	\$ (29,798)
Constant contact net income pre-acquisition	3,550	(8,038)	3,826	--	6,397	--
Pro forma adjustments	(29,750)	21,797	(27,541)	--	(21,789)	--
Pro forma combined net (loss) income	\$ (25,316)	\$ 27,840	\$ (25,786)	\$ (33,430)	\$ (30,743)	\$ (29,798)
Interest expense, net	40,808	41,592	40,730	40,852	40,941	41,046
Income tax expense (benefit)	(11,392)	(97,863)	(10,507)	(13,931)	(12,326)	(7,387)
Depreciation	11,889	15,213	12,418	16,760	12,915	17,010
Amortization of other intangible assets	39,508	37,877	40,345	37,823	41,968	37,982
Stock-based compensation	8,275	20,197	11,161	15,024	14,135	14,806
Restructuring expenses	--	11,602	--	5,663	1,194	6,377
Transaction expenses and charges	1,523	--	1,618	978	1,461	159
(Gain) loss of unconsolidated entities	1,108	(10,727)	(1,982)	341	4,550	5,018
Impairment of other long-lived assets	--	1,437	--	6,848	--	--
Pro Forma Adjusted EBITDA	\$ 66,404	\$ 47,169	\$ 67,997	\$ 76,928	\$ 74,095	\$ 85,213

Individual numbers may not add to totals shown due to rounding.

GAAP TO NON – GAAP RECONCILIATION

ADJUSTED EBITDA

The following table presents a reconciliation of net loss calculated in accordance with GAAP to adjusted EBITDA (all data in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2016	2015	2016
Net loss attributable to Endurance International Group Holdings, Inc.	\$ (15,351)	\$ (31,737)	\$ (16,538)	\$(37,966)
Net income (loss) attributable to non-controlling interest	—	1,939	—	(11,181)
Total net loss	\$ (15,351)	\$ (29,798)	\$ (16,538)	\$ (49,147)
Interest expense, net (including impact of amortization of deferred financing costs and original issuance discounts)	14,517	41,046	42,640	112,135
Income tax expense (benefit)	5,397	(7,387)	9,082	(121,220)
Depreciation	8,554	17,010	24,649	46,942
Amortization of other intangible assets	23,758	37,982	67,191	105,679
Stock-based compensation	9,762	14,806	20,272	48,218
Restructuring expenses	1,194	6,377	1,194	23,642
Transaction expenses and charges	1,461	159	4,602	32,257
(Gain) loss of unconsolidated entities ⁽¹⁾	4,550	5,018	3,676	(5,368)
Impairment of other long-lived assets	—	—	—	8,285
Adjusted EBITDA	\$ 53,842	\$ 85,213	\$ 156,768	\$ 201,423

(1) The (gain) loss of unconsolidated entities is reported on a net basis for the three and nine months ended September 30, 2016. The three months ended September 30, 2016 includes a loss of \$4.8 million on our investment in AppMachine. This loss was generated on July 27, 2016, when we increased our ownership stake in App Machine from 40% to 100%, which required a revaluation of our existing investment to its implied fair value. The three months ended September 30, 2016 also includes a net loss of \$0.2 million from our proportionate share of net losses from unconsolidated entities. The nine months ended September 30, 2016 includes an \$11.4 million gain on our investment in WZ UK. This gain was generated on January 6, 2016, when we increased our ownership stake in WZ UK from 49% to 57.5%, which required a revaluation of our existing investment to its implied fair value. This \$11.4 million gain was partially offset by the loss on AppMachine previously mentioned in this paragraph and by our proportionate share of net losses from unconsolidated entities of \$1.2 million.

GAAP TO NON – GAAP RECONCILIATION

FREE CASH FLOW

The following table reflects the reconciliation of cash flow from operations to free cash flow ("FCF") (all data in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2016	2015	2016
GAAP cash flow from operations	\$ 37,582	\$ 36,189	\$ 133,814	\$ 101,804
Less:				
Capital expenditures and capital lease obligations (1)	(9,710)	(9,832)	(26,094)	(33,689)
Free cash flow	<u>\$ 27,872</u>	<u>\$ 26,357</u>	<u>\$ 107,720</u>	<u>\$ 68,115</u>

(1) Capital expenditures during the three and nine months ended September 30, 2015 includes \$1.0 million and \$2.8 million principal payments under a three year capital lease for software. Capital expenditures during the three and nine months ended September 30, 2016 includes \$1.5 million and \$4.4 million of principal payments under a two year capital lease for software. The remaining balance on the capital lease is \$9.2 million as of September 30, 2016.

GAAP TO NON – GAAP RECONCILIATION

BANK ADJUSTED EBITDA

The following table presents a reconciliation of net income (loss) calculated in accordance with GAAP to bank adjusted EBITDA (all data in thousands except compliance and coverage ratio):

	Q4 2015	Q1 2016	Q2 2016	Q3 2016	TTM
Net income (loss)	\$ (9,232)	\$ 14,081	\$ (33,430)	\$ (29,798)	\$ (58,379)
Interest expense	15,872	30,371	40,994	41,208	128,445
Income tax expense (benefit)	2,260	(99,902)	(13,931)	(7,387)	(118,960)
Depreciation	9,361	13,172	16,760	17,010	56,303
Amortization of other intangible assets	23,866	29,874	37,823	37,982	129,545
Stock-based compensation	9,653	18,388	15,024	14,806	57,871
Integration and restructuring costs	4,749	15,037	9,627	7,652	37,065
Transaction expenses and charges	4,980	31,120	978	159	37,237
(Gain) loss of unconsolidated entities	5,524	(10,727)	341	5,018	156
Impairment of long-lived assets	-	1,437	6,847	-	8,284
(Gain) loss on assets, not ordinary course	-	-	-	56	56
Legal advisory expenses	161	1,540	1,458	985	4,144
Billed revenue to GAAP revenue adjustment	4,524	42,573	12,317	3,724	63,138
Domain registration cost cash to GAAP adjustment	(1,354)	(3,745)	441	69	(4,589)
Currency translation	(42)	156	206	209	529
Adjustment for acquisitions on a pro forma basis	34,517	12,902	(162)	(42)	47,215
	<u>\$ 104,839</u>	<u>\$ 96,277</u>	<u>\$ 95,293</u>	<u>\$ 91,651</u>	<u>\$ 388,060</u>
Current portion of notes payable					\$ 69,200
Current portion of capital lease obligations					7,108
Notes payable - long term					1,961,512
Capital lease obligations - long term					2,082
Certain deferred consideration amounts					2,800
Original issue discounts and deferred financing costs					71,388
Less:					
Unsecured notes					(350,000)
Cash					(63,148)
Certain permitted restricted cash					(611)
Net Senior Secured Indebtedness					<u>\$ 1,700,331</u>
Debt coverage compliance ratio					<u>4.38</u>
Required maximum coverage ratio					<u>6.50</u>

* This adjustment includes pro forma EBITDA for acquired entities on a LTM basis, as adjusted for projected cost savings arising from decisions undertaken by the Company on or before the acquisition date of the acquisitions in question. In addition, this adjustment is revised in each future fiscal quarter for new acquisitions, always on a LTM basis for each new acquisition.

GAAP TO NON-GAAP RECONCILIATION

FISCAL 2016 GUIDANCE (AS OF NOVEMBER 1, 2016)

The following tables reflect the reconciliation of fiscal year 2016 estimated net income (loss) calculated in accordance with GAAP to updated fiscal year 2016 guidance for adjusted EBITDA. All figures shown are approximate.

Closing date basis* (\$ in millions)	Twelve Months Ending December 31, 2016
Estimated net loss	\$ (80)
Estimated interest expense, net	153
Estimated income tax expense (benefit)	(129)
Estimated depreciation	63
Estimated amortization of other intangible assets	142
Estimated stock-based compensation	62
Estimated restructuring expenses	24
Estimated transaction expenses and charges	32
Estimated (gain) loss of unconsolidated entities	(5)
Estimated impairment of other long-lived assets	8
Adjusted EBITDA guidance— closing date basis	\$ 270

Pro forma basis** (\$ in millions):	Twelve Months Ending December 31, 2016
Estimated net loss	\$ (66)
Estimated interest expense, net	163
Estimated income tax expense (benefit)	(128)
Estimated depreciation	65
Estimated amortization of other intangible assets	149
Estimated stock-based compensation	64
Estimated restructuring expenses	24
Estimated transaction expenses and charges	1
Estimated (gain) loss of unconsolidated entities	(5)
Estimated impairment of other long-lived assets	8
Adjusted EBITDA guidance – pro forma basis	\$ 275

The following table reflects the reconciliation of fiscal year 2016 estimated cash flow from operations calculated in accordance with GAAP to fiscal year 2016 guidance for free cash flow. All figures shown are approximate.

Closing date basis* (\$ in millions)	Twelve Months Ending December 31, 2016
Estimated cash flow from operations	\$ 158
Estimated capital expenditures and capital lease obligations	(58)
Free cash flow guidance – closing date basis	\$ 100
Estimated transaction, integration, legal advisory, and restructuring expenses (cash basis)	\$65
Free cash flow after estimated transaction, integration, legal advisory, and restructuring expenses	\$165

*Reflects inclusion of Constant Contact results starting on February 10, 2016, the day after the closing of the acquisition.

**Represents guidance for 2016 as if the acquisition of Constant Contact had occurred on January 1, 2016.

NON-GAAP & KEY OPERATING MEASURES

In addition to our financial information presented in accordance with GAAP, we use adjusted EBITDA, combined pro forma adjusted EBITDA, free cash flow, net debt, and bank adjusted EBITDA, which are non-GAAP financial measures, to evaluate the operating and financial performance of our business, identify trends affecting our business, develop projections, make strategic business decisions, evaluate our capital structure, and monitor our liquidity and compliance with the financial covenant in our credit agreement. A non-GAAP financial measure is a numerical measure of a company's operating performance, financial position or cash flow that includes or excludes amounts that are included or excluded from the most directly comparable measure calculated and presented in accordance with GAAP.

Our non-GAAP financial measures may not provide information that is directly comparable to that provided by other companies in our industry, as other companies in our industry may calculate non-GAAP financial results differently. In addition, there are limitations in using non-GAAP financial measures because they are not prepared in accordance with GAAP and exclude expenses that may have a material impact on our reported financial results. For example, adjusted EBITDA excludes interest expense, which has been and will continue to be for the foreseeable future a significant recurring expense in our business. The presentation of non-GAAP financial information is not meant to be considered in isolation from, or as a substitute for, the most directly comparable financial measures prepared in accordance with GAAP. We urge you to review the reconciliations of our non-GAAP financial measures to their comparable GAAP financial measures, and not to rely on any single financial measure to evaluate our business.

Adjusted EBITDA is a non-GAAP financial measure that we calculate as net (loss) income, excluding the impact of interest expense (net), income tax expense (benefit), depreciation, amortization of other intangible assets, stock-based compensation, restructuring expenses, transaction expenses and charges, (gain) loss of unconsolidated entities, and impairment of other long-lived assets. We view adjusted EBITDA as a performance measure and believe it helps investors evaluate and compare our core operating performance from period to period.

Combined Pro Forma Adjusted EBITDA is a non-GAAP financial measure that we calculate as pro forma net (loss) income, excluding the impact of pro forma interest expense (net), pro forma income tax expense (benefit), pro forma depreciation, pro forma amortization of other intangible assets, pro forma stock-based compensation, pro forma restructuring expenses, pro forma transaction expenses and charges, pro forma (gain) loss of unconsolidated entities, and pro forma impairment of other long-lived assets. We believe that presenting combined pro forma adjusted EBITDA is useful to investors because it provides a view of adjusted EBITDA as if Constant Contact had been consolidated in our financial results during the applicable period.

Free Cash Flow, or FCF, is a non-GAAP financial measure that we calculate as cash flow from operations less capital expenditures and capital lease obligations. We believe that FCF provides investors with an indicator of our ability to generate positive cash flows after meeting our obligations with regard to capital expenditures (including capital lease obligations).

NON-GAAP & OTHER FINANCIAL MEASURES (CONT.)

Net Debt is a non-GAAP financial measure that we calculate as total debt (which is the sum of short and long term notes payable, deferred consideration and capital lease obligations) less cash and cash equivalents. We use net debt to evaluate our capital structure.

Bank Adjusted EBITDA is a non-GAAP financial measure defined in our credit agreement as net income (loss) adjusted to exclude interest expense, income tax expense (benefit), depreciation and amortization. Bank Adjusted EBITDA also adjusts net income (loss) by excluding certain non-cash foreign exchange gains (losses), certain gains (losses) from sale of assets, stock-based compensation, unusual and non-recurring expenses (including acquisition related costs, gains or losses on early extinguishment of debt, and loss on impairment of tangible or intangible assets). It also adjusts net income (loss) for revenue on a billed basis, changes in deferred domain costs, share of loss (profit) of unconsolidated entities, and certain integration related costs. Finally, it adjusts net income (loss) for pro forma adjusted EBITDA on a twelve-month lookback period for acquisitions made in any given quarter. We use bank adjusted EBITDA to monitor our liquidity and compliance with the financial covenant in our credit agreement.

Key Operating Metrics

Total Subscribers - We define total subscribers as the approximate number of subscribers that, as of the end of a period, are identified as subscribing directly to our products on a paid basis, excluding accounts that access our solutions via resellers or that purchase only domain names from us. Subscribers of more than one brand, and subscribers with more than one distinct billing relationship or subscription with us, are counted as separate subscribers. Total subscribers for a period reflects adjustments to add or subtract subscribers as we integrate acquisitions and/or are otherwise able to identify subscribers that meet, or do not meet, this definition of total subscribers. In the third quarter of 2016, these adjustments had a net negative impact on our total subscriber count of approximately 4,800 subscribers.

Average Revenue Per Subscriber (ARPS) - We calculate ARPS as the amount of revenue we recognize in a period, including marketing development funds and other revenue not received from subscribers, divided by the average of the number of total subscribers at the beginning of the period and at the end of the period, which we refer to as average subscribers for the period. See definition of "Total Subscribers" above. We believe ARPS is an indicator of our ability to optimize our mix of products and services and pricing and sell products and services to new and existing subscribers. As we on-board new subscribers, we typically on-board them at introductory prices, which negatively impacts ARPS. Furthermore, ARPS can be impacted by our acquisitions due to acquisition-related purchase accounting charges and because the acquired subscribers may have higher or lower than average ARPS, and by adjustments to our total subscribers figure as described above. ARPS does not represent an exact measure of the average amount a subscriber spends with us each month, since our calculation of ARPS is impacted by revenues generated by non-subscribers.