ENDURANCE International Group

Q1 2017 Earnings Presentation

May 2, 2017

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 2017; our anticipated focus areas for 2017; our ability to remain focused on our goals during our chief executive officer transition and our commitment to carry out a seamless transition; our intention to drive profitable growth and strong cash flow; our plans to focus on our key brands; our plan to launch email marketing in Latin America in late 2017 and our plans for international growth generally; our expectations regarding timing of our website builder product relaunch and our belief that our website builder product will help fortify our market position in the web presence space over the long term; our expectations regarding trends in our subscriber count, ARPS and subscriber churn during 2017, including the anticipated impact of certain domain-led offers on these trends; our expected results of our consolidation of customer support operations to our Tempe, AZ and Houston, TX locations; our plans for price increases across a number of brands that we do not actively market to improve cash flow; our expectations regarding the impact of restructuring and integration expenses on free cash flow in 2017; our plans for key uses of cash for the full year 2017; our plans to pay down debt and de-lever our balance sheet and to maintain a balanced investment approach; our belief that we are positioned to serve the SMB market for future years to come; 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," "looking to," "scheduled," "long-term," 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 2017 guidance may differ from expectations; our inability to successfully enhance the customer product and service experience and improve customer satisfaction and retention through operational and infrastructure improvements; difficulties or delays in our efforts to build brand awareness of our key brands; our inability to drive revenue growth by increasing ARPS through cross-selling and other product-related initiatives; the possibility that we will continue to experience decreases in our subscriber base; an adverse impact on our business from litigation or regulatory proceedings; an adverse impact on our business from our substantial indebtedness and the cost of servicing our debt; an adverse impact on our business from recently announced executive transitions (including the transition of our chief executive officer); the rate of growth of the Small and Medium Business ("SMB") market for our solutions; our inability to grow our subscriber base, 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; 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 Annual Report on Form 10-K for the year ended December 31, 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, free cash flow, and bank adjusted EBITDA. Definitions of these non-GAAP financial measures and reconciliations to their comparable GAAP measures are included in our 2017 first quarter earnings release and presentation, each dated May 2, 2017, and available in the investor relations section of our website at www.endurance.com.*

AGENDA

Hari Ravichandran
Founder &
Chief Executive Officer

Marc Montagner
Chief Financial Officer

Angela White
Investor Relations

- Business Review
- Q1 2017 Financial and Operating Metrics
- Fiscal 2017 Guidance
- Supplemental Information

BUSINESS REVIEW

RECENT ANNOUNCEMENTS

CEO Transition*

- Founded the company 20 years ago
- Reached over $1 billion in GAAP revenue last fiscal year
- Continued evolution of the company and its operations
- Committed to a seamless transition to successor CEO, aligned with vision
- Business as usual: will continue in role until successor is found

** Previously announced on April 17, 2017*

Q1 FISCAL 2017 FINANCIAL HIGHLIGHTS

GAAP Revenue	Net Loss	Cash Flow from Operations
$295.1 MILLION	**$(31.6)** MILLION	**$33.7** MILLION

Adj. EBITDA	Free Cash Flow[(1)]	Subscribers	Average Revenue per Subscriber (ARPS)
$80.1 MILLION	**$22.4** MILLION	**~5.304** MILLION	**$18.43** PER MONTH

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

OPERATIONS HIGHLIGHTS

Key Hosting Brands

- Net subscriber increases in key hosting brands for Q1 2017
- Started consolidation of support centers
- Increased marketing spend in Q1 2017

E-Mail Marketing

- Predictable revenue growth
- Launched Constant Contact email marketing in India (March 2017)
- Latin America launch planned for late 2017

Site Builder

- Product improvements
- Relaunch scheduled for H2 2017

International

- Growth opportunities
- Lead with domain service offering with goal of cross-selling hosting and email marketing solutions

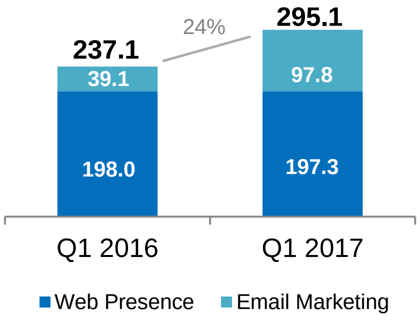
Other Brands

- Price increases and streamlining operations to improve cash flow
- Customer churn on-going with gateway products

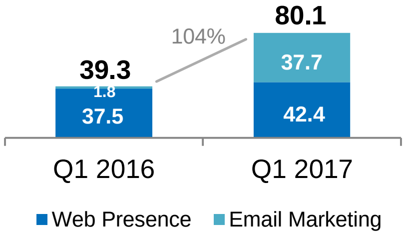
FINANCIAL AND OPERATING METRICS

Q1 2017 KEY FINANCIAL METRICS - AS REPORTED

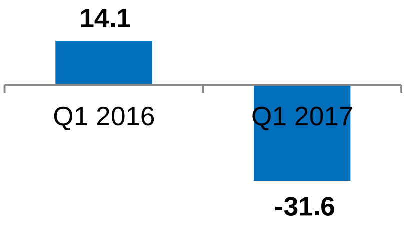
GAAP Revenue ($M)



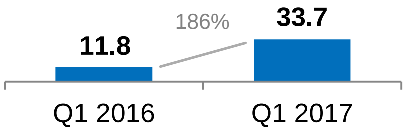
Adjusted EBITDA ($M)



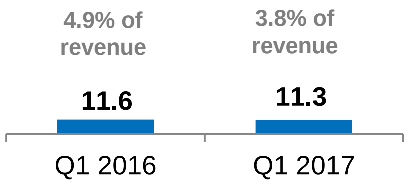
Net Income (Loss) (1) ($M)



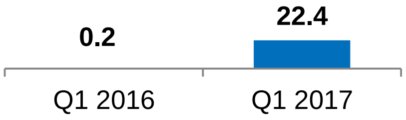
Cash Flow from Operations (2)(3) ($M)



Capital Expenditures (incl. Capitalized Leases) ($M)



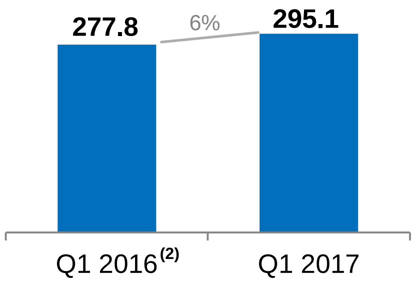
Free Cash Flow (4) ($M)



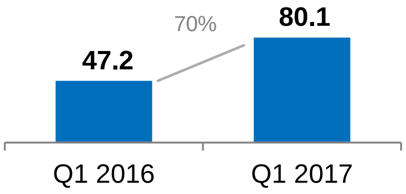
(1) Q1 fiscal 2016 net income included a tax benefit of approximately $100 million.
(2) Q1 fiscal 2016 cash flow from operations was impacted by approximately $35 million in transaction and restructuring expenses.
(3) Q1 fiscal 2017 cash from operations was impacted by approximately $3 million cash restructuring charges, and a $19 million semi-annual cash interest payment on the company's high yield debt. Additionally, Q1 2017 interest payment on the company's incremental term loan was approximately $11 million versus approximately $1.4 million in Q1 of fiscal 2016.
(4) Free cash flow defined as cash flow from operations, less capital expenditures and capitalized leases.

Q1 2017 KEY FINANCIAL METRICS
Pro Forma[1] Comparison

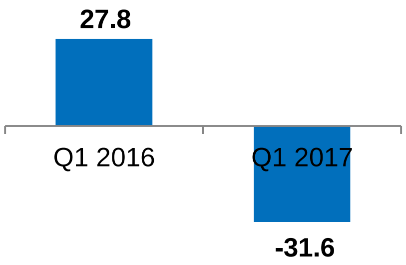
GAAP Pro Forma Revenue ($M)



Pro Forma Adjusted EBITDA ($M)



Pro Forma Net Income [3] (Loss) ($M)



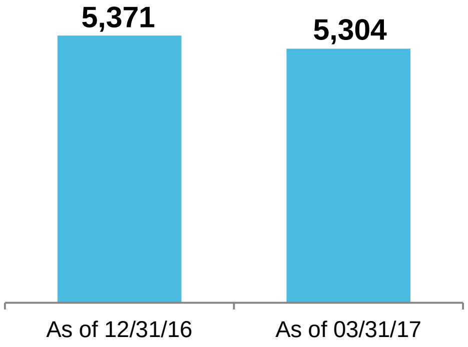
(1) *Represents Q1 2016 as if we had owned Constant Contact for all of 2016. Represents "pro forma" amounts determined in accordance with the SEC's rules and regulations, including Article 11 of Regulation S-X. Note that Q1 fiscal 2016 pro forma results reflect the negative impact of a purchase accounting adjustment of approximately $13.7 million on revenue and adjusted EBITDA related to the Constant Contact acquisition.*

(2) *Q1 fiscal 2016 pro forma GAAP revenue based on combination of Endurance reported revenue of $198.0 million, Constant Contact reported revenue of $80.2 million, and elimination of inter-company transactions of approx. $0.4 million. Note that Q1 fiscal 2016 pro forma results reflect the negative impact on revenue of a purchase accounting adjustment of approximately $13.7 million related to the Constant Contact acquisition.*

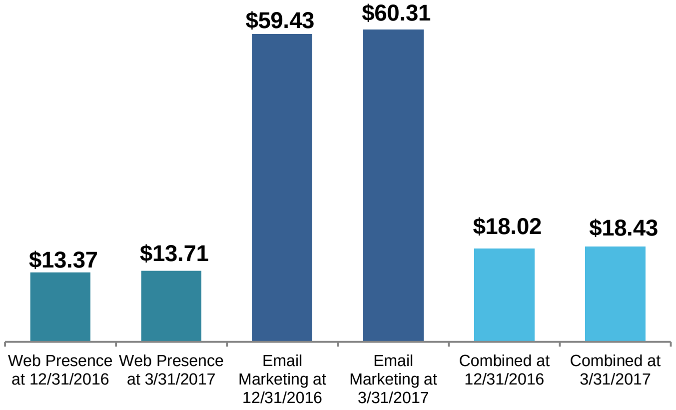
(3) *Q1 fiscal 2016 net loss included a tax benefit of approximately $100 million.*

Q1 2017 KEY OPERATING METRICS

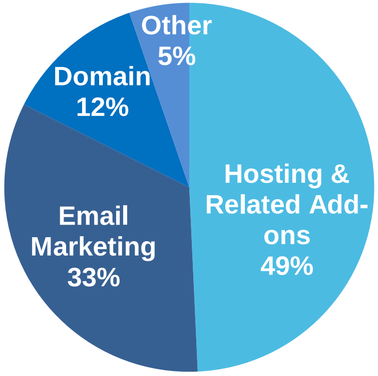
Quarterly Total Subscribers ('000s)



Quarterly ARPS ($)



Q1 2017 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 100% due to rounding.*

FISCAL 2017 GUIDANCE

GUIDANCE AS OF MAY 2, 2017

	FY2016 Actuals	FY2017 Guidance
GAAP REVENUE	$ 1.111 billion	4% to 5% increase
ADJUSTED EBITDA	$ 288 million	12% to 14% increase
FREE CASH FLOW(1)(2)	$ 112 million	~35% increase

(1) Free Cash Flow defined as cash flow from operations, less capex and capitalized leases.
(2) Expected use of Free Cash Flow: At least $100 million to repay principal on the term loan and approximately $30 million toward extinguishing deferred consideration and related payments.

BALANCE SHEET KEY METRICS

Total Debt (in $MM)	6/30/2016	9/30/2106	12/31/2016	3/31/2017
Existing Term Loan	$ 1,000	$ 995	$ 986	$ 981
Incremental Term Loan	728	724	720	717
Unsecured Notes	350	350	350	350
Revolving Credit Facility	-	33	-	-
Total Senior Debt	**$ 2,078**	**$ 2,102**	**$ 2,056**	**$ 2,047**
Deferred Purchase Obligations	$ 51	$ 20	$ 13	12
Capital Lease	10	9	7	5
Total Debt	**$ 2,139**	**$ 2,131**	**$ 2,076**	**$ 2,064**
Total Ending Cash	**$ 79**	**$ 67**	**$ 57**	$ 69
Net Debt	**$ 2,060**	**$ 2,064**	**$ 2,019**	**$ 1,995**

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

	LTM 3/31/2017	Max. allowed
LTM bank adjusted EBITDA as defined in credit agreement	**$362.8 million**	n/a
Total secured debt(1) to LTM bank adjusted EBITDA as defined in the credit agreement	**4.50x**	6.25x

Key uses of cash in Q1 FY17:

- Interest payments $47 million
- Principal term loan debt payment $9 million

(1) Total secured debt as defined in the credit agreement. Individual numbers may not add to totals shown due to rounding.

NON-GAAP AND OTHER SUPPLEMENTAL INFORMATION

SUPPLEMENTAL INFORMATION

CALCULATION OF COMBINED PRO FORMA REVENUE & ARPS

The following table presents the calculation of combined pro forma revenue (all data in thousands):

	Three Months Ended March 31,	
COMBINED PRO FORMA BASIS	**2016**	**2017**
Web presence	$ 198,048	$ 197,348
Email marketing	80,153	97,789
Eliminations	(395)	—
Combined pro forma revenue	**$ 277,806**	**$ 295,137**

The following table presents the calculation of ARPS, on a consolidated basis and by segment (all data in thousands, except ARPS data):

	Three Months Ended March 31,	
	2016	**2017**
Consolidated GAAP revenue	$ 237,113	$ 295,137
Consolidated total subscribers	5,446	5,304
Consolidated average subscribers for the period	5,128	5,338
Consolidated average revenue per subscriber (ARPS)	**$ 15.41**	**$ 18.43**
Web presence revenue	$ 198,048	$ 197,348
Web presence subscribers	4,883	4,768
Web presence average subscribers for the period	4,812	4,797
Web presence average revenue per subscriber (ARPS)	**$ 13.72**	**$ 13.71**
Email marketing revenue	$ 39,065	$ 97,789
Email marketing subscribers	563	537
Email marketing average subscribers for the period	316	541
Email marketing average revenue per subscriber (ARPS)	**$ 41.19**	**$ 60.31**

GAAP TO NON-GAAP RECONCILIATION

ADJUSTED EBITDA BY SEGMENT

The following table presents revenue, gross profit, and a reconciliation by segment of net income (loss) calculated in accordance with GAAP to adjusted EBITDA (all data in thousands):

	Three Months Ended March 31, 2016			Three Months Ended March 31, 2017		
	Web presence	Email marketing	Total	Web presence	Email marketing	Total
Revenue	**$ 198,048**	**$ 39,065**	**$ 237,113**	**$ 197,348**	**$ 97,789**	**$ 295,137**
Gross profit	$ 89,885	$ 10,752	$ 100,637	$ 86,616	$ 59,772	$ 146,388
Net income (loss)	**$ 40,134**	**$ (26,053)**	**$ 14,081**	**$ (23,626)**	**$ (7,952)**	**$ (31,578)**
Interest expense, net (1)	$ 17,016	$ 13,221	$ 30,237	$ 16,879	$ 22,519	$ 39,398
Income tax expense (benefit)	$ (84,258)	$ (15,644)	$ (99,902)	$ 10,551	$ (4,777)	$ 5,774
Depreciation	$ 8,977	$ 4,195	$ 13,172	$ 9,238	$ 3,873	$ 13,111
Amortization of other intangible assets	$ 19,755	$ 10,119	$ 29,874	$ 15,905	$ 18,362	$ 34,267
Stock-based compensation	$ 14,647	$ 3,741	$ 18,388	$ 11,100	$ 1,824	$ 12,924
Restructuring expenses	$ 171	$ 11,431	$ 11,602	$ 2,335	$ 3,292	$ 5,627
Transaction expenses and charges	$ 30,357	$ 763	$ 31,120	—	$ 580	$ 580
Gain of unconsolidated entities (2)	$ (10,727)	—	$ (10,727)	—	—	—
Impairment of other long-lived assets	$ 1,437	—	$ 1,437	—	—	—
Adjusted EBITDA	**$ 37,509**	**$ 1,773**	**$ 39,282**	**$ 42,382**	**$ 37,721**	**$ 80,103**

(1) *Interest expense includes impact of amortization of deferred financing costs, original issuance discounts and interest income.*

(2) *The gain of unconsolidated entities is reported on a net basis for the three months ended March 31, 2016. The three months ended March 31, 2016 includes a gain of $11.4 million on our investment in WZ UK Ltd. This gain was generated on January 6, 2016, when we increased our ownership stake in WZ UK Ltd. 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 our proportionate shares of net losses from unconsolidated entities of $0.7 million.*

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):

	Three months ended March 31,	
COMBINED PRO FORMA BASIS	2016	2017
Net income (loss)	$ 14,081	$ (31,578)
Constant Contact net income pre-acquisition	(8,038)	—
Pro forma adjustments	21,797	—
Pro forma combined net income (loss)	**$ 27,840**	**$ (31,578)**
Interest expense, net (1)	41,592	39,398
Income tax expense (benefit)	(97,863)	5,774
Depreciation	15,213	13,111
Amortization of other intangible assets	37,877	34,267
Stock-based compensation	20,197	12,924
Restructuring expenses	11,602	5,627
Transaction expenses and charges	—	580
Gain loss of unconsolidated entities (2)	(10,727)	—
Impairment of other long-lived assets	1,437	—
Pro forma adjusted EBITDA	**$ 47,169**	**$ 80,103**

(1) Interest expense includes impact of amortization of deferred financing costs, original issuance discounts and interest income.

(2) The gain of unconsolidated entities is reported on a net basis for the three months ended March 31, 2016. The three months ended March 31, 2016 includes a gain of $11.4 million on our investment in WZ UK ltd. This gain was generated on January 6, 2016, when we increased our ownership stake in WZ UK Ltd. 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 our proportionate shares of net losses from unconsolidated entities of $0.7 million.

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

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 March 31,	
	2016	2017
Cash flow from operations	$ 11,772	$ 33,675
Less:		
Capital expenditures and capital lease obligations	$ (11,579)	$ (11,295)
Free cash flow	**$ 193**	**$ 22,380**

(1) Capital expenditures during the three months ended March 31, 2016 and 2017 includes $1.4 million and $2.0 million of principal payments under a three year capital lease for software. The remaining balance on the capital lease is $5.2 million as of March 31, 2017.

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):

	Q2 2016	Q3 2016	Q4 2016	Q1 2017	TTM
Net income (loss)	**$ (33,430)**	**$ (29,798)**	**$ (32,082)**	**$ (31,578)**	**$ (126,888)**
Interest expense	40,994	41,208	40,315	$ 39,516	$ 162,033
Income tax expense (benefit)	(13,931)	(7,387)	11,362	$ 5,774	$ (4,182)
Depreciation	16,760	17,010	13,418	$ 13,111	$ 60,299
Amortization of other intangible assets	37,823	37,982	37,883	$ 34,267	$ 147,955
Stock-based compensation	15,024	14,806	10,049	$ 12,924	$ 52,803
Integration and restructuring costs	9,627	7,652	(1,750)	$ 5,627	$ 21,156
Transaction expenses and charges	978	159	27	$ 580	$ 1,744
(Gain) loss of unconsolidated entities	341	5,018	4,803		$ 10,162
Impairment of long-lived assets	6,847	-	754		$ 7,601
(Gain) loss on assets, not ordinary course	-	56	(85)		$ (29)
Legal advisory expenses	1,458	985	1,062	$ 2,111	$ 5,616
Billed revenue to GAAP revenue adjustment	12,317	3,724	(4,451)	$ 15,130	$ 26,720
Domain registration cost cash to GAAP adjustment	441	69	(1,005)	$ (2,177)	$ (2,672)
Currency translation	206	209	243	$ 16	$ 674
Adjustment for acquisitions on a pro forma basis	(162)	(42)	-	-	(204)
Bank adjusted EBITDA	**$ 95,293**	**$ 91,651**	**$ 80,543**	**$ 95,301**	**$ 362,788**
Current portion of notes payable					$ 35,700
Current portion of capital lease obligations					5,165
Notes payable - long term					1,944,532
Capital lease obligations - long term					-
Certain deferred consideration amounts					-
Original issue discounts and deferred financing costs					67,018
Less:					
Unsecured notes					(350,000)
Cash					(68,970)
Certain permitted restricted cash					(773)
Net Senior Secured Indebtedness					$ 1,632,672
Debt coverage compliance ratio					4.50
Required maximum coverage ratio					6.25

(1) Integration and restructuring costs incurred for the three months ended December 31, 2016 include the reversal of $2.4 million of integration costs incurred related to the eCommerce integration due to a revised plan that will reduce the expected savings from this integration.
(2) Consists of pro forma adjusted EBITDA for acquired entities on a TTM basis, as adjusted for projected cost savings arising from decisions undertaken by us on or before the acquisition date of the relevant acquisition. This adjustment is revised each fiscal quarter for new acquisitions.

GAAP TO NON-GAAP RECONCILIATION

FISCAL 2017 GUIDANCE (as of May 2, 2017)

The following tables reflect the reconciliation of fiscal year 2017 estimated net income (loss) calculated in accordance with GAAP to updated fiscal year 2017 guidance for adjusted EBITDA at the midpoint of the guidance range (e.g., assuming a 13% increase over 2016 adjusted EBITDA as reported). All figures shown are approximate.

$ in millions	**Twelve Months Ending December 31, 2017**
Estimated net loss	**$ (91)**
Estimated interest expense, net	148
Estimated income tax expense (benefit)	10
Estimated depreciation	56
Estimated amortization of other intangible assets	137
Estimated stock-based compensation	57
Estimated restructuring expenses	8
Estimated transaction expenses and charges	—
Estimated (gain) loss of unconsolidated entities	—
Estimated impairment of other long-lived assets	—
Adjusted EBITDA guidance	**$ 325**

The following table reflects the reconciliation of fiscal year 2017 estimated cash flow from operations calculated in accordance with GAAP to fiscal year 2017 guidance for free cash flow. All figures shown are approximate.

$ in millions	**Twelve Months Ending December 31, 2017**
Estimated cash flow from operations	**$ 205**
Estimated capital expenditures and capital lease obligations	(55)
Free cash flow guidance	**$ 150**

SUPPLEMENTAL 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 Income (Loss) and the line items in which these amounts are reported.

$ in thousands	**Three months ended March 31,**	
	2016	**2017**
Depreciation		
Cost of Revenue	$11,069	$10,947
Sales & Marketing	929	952
Engineering & Development	607	730
General & Administrative	568	482
Total Depreciation	**$13,172**	**$13,111**
Amortization		
Cost of Revenue	$29,874	$34,267
Sales & Marketing	—	—
Engineering & Development	—	—
General & Administrative	—	—
Total Amortization	**$29,874**	**$34,267**
Stock-Based Compensation		
Cost of Revenue	$770	$1,506
Sales & Marketing	1,722	1,854
Engineering & Development	764	1,170
General & Administrative	15,132	8,394
Total Stock-Based Compensation	**$18,388**	**$12,924**
Restructuring Expenses		
Cost of Revenue	$3,465	$2,743
Sales & Marketing	3,901	1,374
Engineering & Development	2,018	652
General & Administrative	2,218	858
Total Restructuring Expenses	**$11,602**	**$5,627**
Transaction Expenses and Charges	**$31,120**	**$580**

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

SUPPLEMENTAL INFORMATION

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).

SUPPLEMENTAL INFORMATION
NON-GAAP & KEY OPERATING MEASURES

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 first quarter of 2017, these adjustments had a net positive impact of approximately 3,788 subscribers on our total subscriber count.

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, divided by the number of months in 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. 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.