Metrics

		2010				2011				2012		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Total GAAP Revenues [1]	(in Thousands)	$60,280	$61,311	$62,778	$71,025	$73,384	$85,676	$86,026	$85,072	$86,652	$89,465	$93,245
Adjustment	(in Thousands)	$0	$0	$0	$0	$10,326	$0	$0	$0	$0	$0	$0
Total Non GAAP Revenues	(in Thousands)	$60,280	$61,311	$62,778	$71,025	$83,710	$85,676	$86,026	$85,072	$86,652	$89,465	$93,245
Fixed Subscriber Revenues	(in Thousands)	$48,869	$49,467	$50,268	$56,871	$67,801	$69,222	$70,364	$69,513	$70,227	$72,187	$72,284
Variable Subscriber Revenues	(in Thousands)	10,678	11,093	11,798	13,448	15,393	16,076	15,257	14,652	14,598	15,884	17,182
Subscriber Revenues	(in Thousands)	$59,547	$60,559	$62,066	$70,319	$83,194	$85,298	$85,622	$84,165	$84,825	$88,071	$89,466
Other Licenses Revenues	(in Thousands)	733	751	712	706	516	378	405	907	1,827	1,394	3,779
Total Revenues	(in Thousands)	$60,280	$61,311	$62,778	$71,025	$83,710	$85,676	$86,026	$85,072	$86,652	$89,465	$93,245
DID - Based Revenues	(in Thousands)	$57,435	$58,201	$59,585	$66,804	$77,432	$79,544	$79,856	$78,398	$78,561	$81,620	$83,102
Non-DID Revenues	(in Thousands)	2,845	3,110	3,193	4,221	6,278	6,132	6,171	6,674	8,091	7,845	10,143
Total Revenues	(in Thousands)	$60,280	$61,311	$62,778	$71,025	$83,710	$85,676	$86,026	$85,072	$86,652	$89,465	$93,245
Subscriber Revenues/Total Revenues		98.8%	98.8%	98.9%	99.0%	99.4%	99.6%	99.5%	98.9%	97.9%	98.4%	95.9%
DID - Based/Total Revenues		95.3%	94.9%	94.9%	94.1%	92.5%	92.8%	92.8%	92.2%	90.7%	91.2%	89.1%
% Fixed Subscriber Revenues		82.1%	81.7%	81.0%	80.9%	81.5%	81.2%	82.2%	82.6%	82.8%	82.0%	80.8%
% Variable Subscriber Revenues		17.9%	18.3%	19.0%	19.1%	18.5%	18.8%	17.8%	17.4%	17.2%	18.0%	19.2%
Paid DIDs [2]		1,314,857	1,334,555	1,410,973	1,905,137	1,929,540	1,960,698	1,993,556	2,002,892	2,025,199	2,057,994	2,077,057
Average Monthly Revenue/DID [3]		$14.40	$14.37	$14.21	$13.22	$13.30	$13.49	$13.27	$12.91	$12.85	$13.19	$13.27
Cancel Rate [4]		2.8%	2.6%	2.6%	2.7%	2.6%	2.4%	2.5%	2.6%	2.4%	2.3%	2.3%
Cash & Investment	(millions)	$264.4	$264.9	$272.3	$87.0	$126.7	$171.7	$193.8	$220.9	$193.3	$206.8	$469.8
Free Cash Flow [5]	(millions)	$34.2	$26.4	$26.7	$21.6	$38.2	$42.0	$37.2	$40.1	$38.1	$45.6	$37.1

[1] In Q12011, the Company made a change in the estimate regarding its remaining service obligations to its annual eFax® subscribers. As a result of system upgrades, the Company is now basing the estimate on the actual service obligations to these customers. As a result of this change, the Company recorded a one-time, non-cash, increase to deferred revenues of $10.3M with an equal offset to revenues.

[2] Paid DIDs reflect reserves for: anticipated product migration and/or price increase and a non-recurring adjustment for data clean up.

[3] Quarterly ARPU is calculated using our standard convention of applying the average of the quarter's beginning and ending base to the total revenue of the quarter.

[4] Cancel Rate is defined as cancels related to individual customer DIDs with greater than 4 months of continuous service (continuous service includes customer DIDs which are administratively cancelled and reactivated within the same calendar month), and DIDs related to enterprise customers beginning with their first day of service. Calculated monthly and expressed here as an average over the three months of the quarter.

[5] Free cash flow is net cash provided by operating activities, less purchases of property, plant and equipment, plus excess tax benefits (deficiency) from share based compensation. In addition, the amount shown for Q2 2010 excludes the impact of a $14.2 million settlement payment to the IRS during the quarter which settled all transfer pricing issues for tax years 2004 through 2008 and was fully accrued for in prior periods. See slide 17 for computation of free cash flow.

GAAP Reconciliation Free Cash Flow & EBITDA

($ in millions)

Free Cash Flow [1]

	Q1'10	Q2'10	Q3'10	Q4'10	Q1'11	Q2'11	Q3'11	Q4'11	Q1'12	Q2'12	Q3'12
Net cash provided by operating activities	$34.688	$12.317	$27.147	$22.233	$38.153	$42.398	$28.682	$41.515	$38.942	$46.382	$38.193
Less: Purchases of property and equipment	($0.086)	($0.495)	($0.692)	($0.569)	($0.625)	($1.860)	($2.590)	($1.769)	($1.159)	($1.631)	($0.956)
Add: Excess tax (deficiency) benefit from share-based compensation	($0.406)	$0.374	$0.196	($0.102)	$0.679	$1.443	$11.124	$0.315	$0.286	$0.821	($0.091)
Add: IRS settlement	---	$14.223	---	---	---	---	---	---	---	---	---
Free cash flows	$34.196	$26.419	$26.651	$21.562	$38.207	$41.981	$37.216	$40.061	$38.069	$45.572	$37.146

EBITDA [1]

	Q1'10	Q2'10	Q3'10	Q4'10	Q1'11	Q2'11	Q3'11	Q4'11	Q1'12	Q2'12	Q3'12
GAAP Net Income (Loss)	$17.636	$18.711	$19.834	$26.867	$30.935	$28.515	$25.498	$29.819	$28.539	$31.188	$31.650
Fixed charges	$0.020	$0.019	$0.037	$0.028	$0.031	$0.035	$0.041	$0.041	$0.041	$0.048	$3.760
Provision for income taxes	$7.015	$8.249	$7.896	$4.429	($8.195)	$9.729	$11.236	$9.579	$8.352	$9.648	$7.880
Depreciation and amortization and other non-cash items	$6.910	$6.978	$5.851	$5.707	$7.312	$7.203	$7.064	$7.171	$7.199	$7.429	$7.755
Non-recurring (gains) losses	$0.438	($0.366)	$0.025	$4.228	$2.858	$0.460	$0.015	($0.556)	$1.178	($0.386)	($0.526)
EBITDA	**$32.019**	**$33.591**	**$33.643**	**$41.260**	**$32.940**	**$45.942**	**$43.855**	**$46.054**	**$45.309**	**$47.927**	**$50.519**

[1] EBITDA is defined as earnings before fixed charges, provision for income taxes, depreciation, amortization and all other non-cash items and non-recurring gains and losses.. Free cash flow is defined as net cash from operating activities; less purchases of property, plant and equipment; plus excess tax benefit (deficiency) from share-based compensation. These financial measures not in accordance with, or an alternative to, GAAP financial measures; may be different from non-GAAP measures used by others; are not based on any comprehensive set of accounting rules or principles; & have limitations as they do not reflect all amounts associated with the company's GAAP results. We disclose these non-GAAP financial measures as we believe they are useful metrics by which to compare the performance of our business from period-to-period. We understand that measures similar to free cash flow and EBITDA are broadly used by analysts, rating agencies and investors in assessing our performance. Accordingly, we believe that these measures provide useful information to investors.

GAAP Reconciliation Non-GAAP Earnings and EPS

	THREE MONTHS ENDED SEPTEMBER 30, 2012				THREE MONTHS ENDED SEPTEMBER 30, 2011					
	GAAP	(1) Share-based Compensation	(3) Additional Income Tax Benefit from Prior Years	Non-GAAP	GAAP	(1) Share-based Compensation	(2) Acquisition and Exit Costs	(4) Uncertain Tax Position	(5) Trade Name Sale	Non-GAAP
Cost of revenues	**16,303**	(199)	—	**16,104**	**15,002**	(246)	(27)	—	—	**14,729**
Operating expenses:										
Sales and marketing	**15,190**	(390)	—	**14,800**	**15,073**	(350)	—	—	—	**14,723**
Research, development and engineering	**4,692**	(111)	—	**4,581**	**4,105**	(110)	(68)	—	—	**3,927**
General and administrative	**14,784**	(1,717)	—	**13,067**	**15,403**	(1,650)	(17)	—	—	**13,736**
Interest and other income (expense)	**(2,747)**	—	—	**(2,747)**	**290**	—	—	—	—	**290**
Income tax provision [6]	**$ 7,880**	832	3,066	**$ 11,778**	**$ 11,236**	729	35	1,069	(3,892)	**9,177**
Net earnings	**$ 31,650**	1,585	(3,066)	**$ 30,169**	**$ 25,498**	1,627	77	(1,069)	3,892	**$ 30,025**
Net earnings per share*:										
Basic	**$ 0.69**	0.04	(0.07)	**$ 0.66**	**$ 0.55**	0.04	0.00	(0.02)	0.08	**$ 0.64**
Diluted	**$ 0.69**	0.04	(0.07)	**$ 0.65**	**$ 0.54**	0.03	0.00	(0.02)	0.08	**$ 0.64**

Non-GAAP net earnings are GAAP net earnings with the following modifications: (1) elimination of share-based compensation expense and the associated payroll taxes; (2) elimination of certain acquisition and related exist costs; (3) elimination of additional income tax benefit from prior years; (4) elimination of a change to our liability of uncertain tax position due to expiration of statues of limitations; and (5) elimination of taxes related to trade name sale and (6) elimination of income tax provision associated with share-based compensation and associated payroll taxes and certain acquisition and related exit costs. Non-GAAP earnings and non-GAAP earnings per share are not in accordance with, or an alternative to, earnings or earnings per share, and may be different from non-GAAP measures used by other companies. In addition, these non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles and have limitations as they do not reflect all amounts associated with the company's GAAP results of operations. We disclose non-GAAP earnings and non-GAAP earnings per share as supplemental non-GAAP financial measures to enhance the public's, analysts', investors' and our own understanding of, and highlight trends in, our earnings and earnings per share excluding the impact of share-based compensation and related taxes and items, if any, that we believe are not representative of our core operations.