

**GENERAC®**

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# Forward Looking Statements

The logo for Generac, featuring the word "GENERAC" in a bold, black, sans-serif font. Below the text is a horizontal orange bar that tapers at both ends, resembling a stylized power cord or a lightning bolt.

Certain statements contained in this presentation, as well as other information provided from time to time by Generac Holdings Inc. or its employees, may contain forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements.

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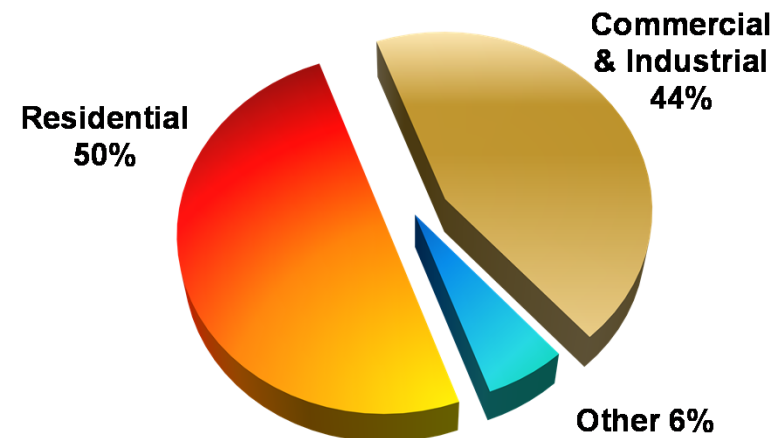
Any such forward-looking statements are not guarantees of performance or results, and involve risks, uncertainties (some of which are beyond the Company's control) and assumptions. Although Generac believes any forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect Generac's actual financial results and cause them to differ materially from those anticipated in any forward-looking statements, including: demand for Generac products; frequency and duration of power outages; availability, cost and quality of raw materials and key components used in producing Generac products; the impact on our results of possible fluctuations in interest rates and foreign currency exchange rates; the possibility that the expected synergies, efficiencies and cost savings of our acquisitions will not be realized, or will not be realized within the expected time period; the risk that our acquisitions will not be integrated successfully; difficulties Generac may encounter as its business expands globally; competitive factors in the industry in which Generac operates; Generac's dependence on its distribution network; Generac's ability to invest in, develop or adapt to changing technologies and manufacturing techniques; loss of key management and employees; increase in product and other liability claims or recalls; and changes in environmental, health and safety laws and regulations.

Should one or more of these risks or uncertainties materialize, Generac's actual results may vary in material respects from those projected in any forward-looking statements. A detailed discussion of these and other factors that may affect future results is contained in Generac's filings with the Securities and Exchange Commission ("SEC"), particularly in the Risk Factors section of our 2014 Annual Report on Form 10K and in its periodic reports on Form 10Q. Stockholders, potential investors and other readers should consider these factors carefully in evaluating the forward-looking statements. Any forward-looking statement made by Generac in this presentation speaks only as of the date on which it is made. Generac undertakes no obligation to update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

## About Generac

- Founded in 1959
- A leading designer and manufacturer of a wide range of **power generation equipment** and **other engine powered products** serving residential, light commercial, industrial, oil & gas, and construction markets.
- Products are **available globally through a broad network** of independent dealers, distributors, retailers, wholesalers and equipment rental companies, as well as sold direct to certain end users.
- Products marketed and distributed primarily under the **Generac, Magnum, Ottomotores, Tower Light, Powermate and MAC** brands.
- Approximately 3,600 employees as of 12/31/2014
- Over **3.5 million ft<sup>2</sup>** of manufacturing, distribution and fulfillment capacity located in the **U.S., Mexico, Italy, UK and Brazil.**

**3/31/15 LTM Sales:  
\$1.431 billion**



# Major Long-Term Growth Themes



## Residential Backup Power

- Key drivers: aging and underinvested grid, favorable demographics, heightened power outages
- Low penetration (~3.5%) within emerging product category of home standby (HSB) generators
- ~ 75% share of domestic HSB market with significant barriers to entry
- Leading position in portable generators further enhances brand awareness

## Commercial & Industrial Generators

- Natural gas generators gaining share vs. diesel in the U.S. and Canada
- Low penetration within emerging “Optional” standby market
- Growing importance of backup power for critical telecommunications infrastructure
- Recently expanded product offering significantly increases addressable market

## Mobile Products

- Mobile products platform benefitting from secular shift toward renting of mobile equipment
- Acquisitions in recent years provide new access to long-term opportunity in oil & gas market
- Regulatory environment increasing demand for gaseous fueled generators that run on well gas

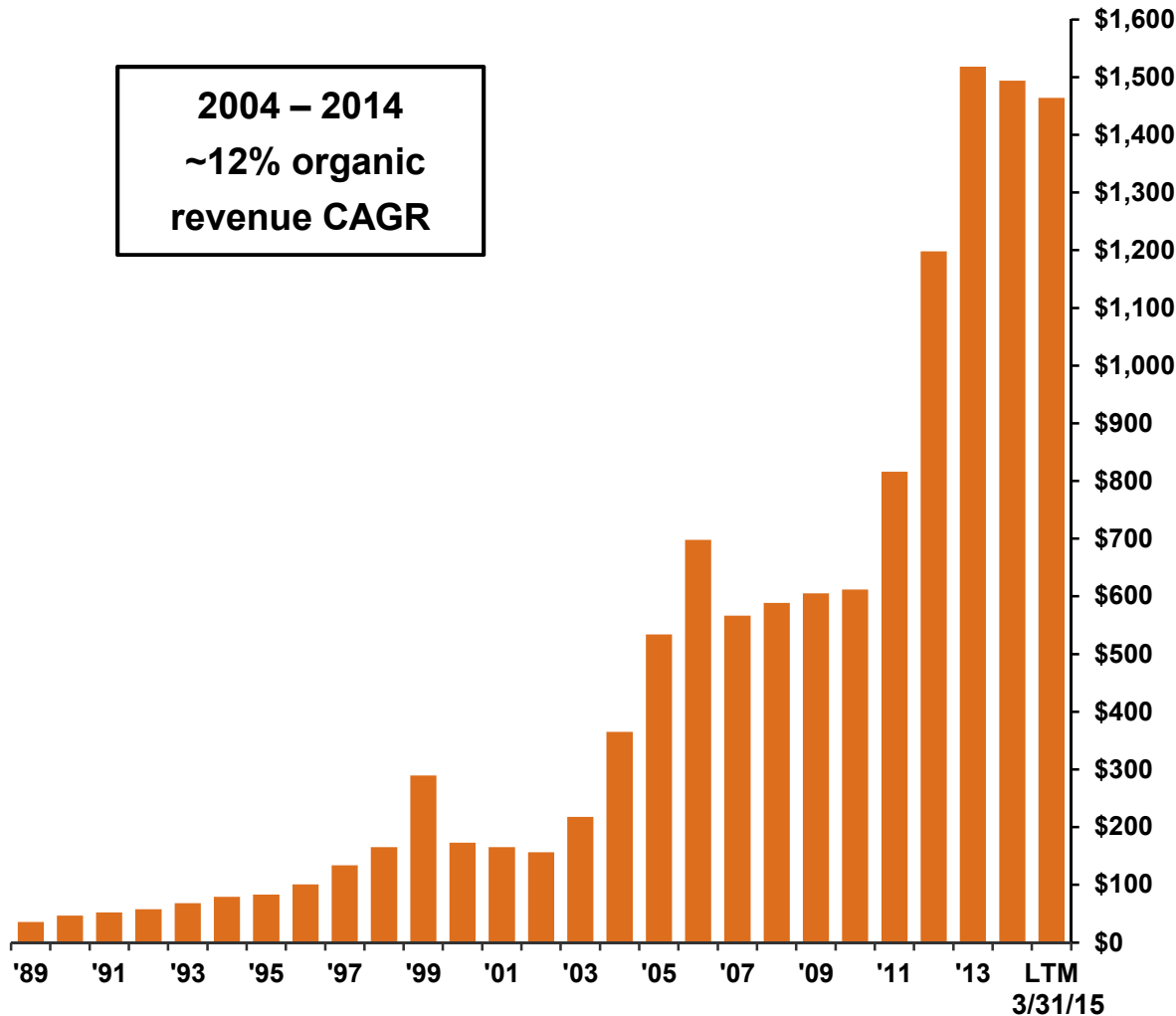
## International Expansion and Diversification

- Future acquisitions may provide opportunity to accelerate expansion into other regions of the world
- Entry into other “engine-powered” adjacent product categories

# Track Record of Innovation & Growth



**2004 – 2014**  
**~12% organic**  
**revenue CAGR**



## History of Innovation Driving Organic Growth

- Commercialized affordable home standby generators and light-commercial generators
- Differentiated distribution model
- Over 250 engineers on staff as of 12/31/14, over 170 U.S. and international patents and patent applications
- Natural gas and Bi-Fuel™ expertise
- Modular Power System (MPS) approach for industrial applications
- A.M.P.™ targeted marketing process and PowerPlay™ in-home selling solution for home standby generators
- Continued focus on new product introductions

Note: \$ amounts in millions. Represents gross sales excluding freight revenue. Excludes "Portable Product" sales prior to the division's divestiture in 1998. Figures include results from acquisitions completed during 2011 – 2014; see slide titled "Summary of Acquisitions" for further details.

# Broad Product Offering

## Residential Products

## Industrial Products



Product	End Markets Served
<b>Power Washers</b>	Light to medium duty use - mainly by consumers
<b>Inverter Generators</b>	Recreation and other light duty power uses
<b>Portable Generators &amp; Manual Transfer Switches</b>	Emergency home backup, construction uses
<b>Air-cooled Home Standby Generators</b>	Emergency backup – small to medium homes
<b>Liquid-cooled Home Standby Generators</b>	Emergency backup – larger homes & small businesses

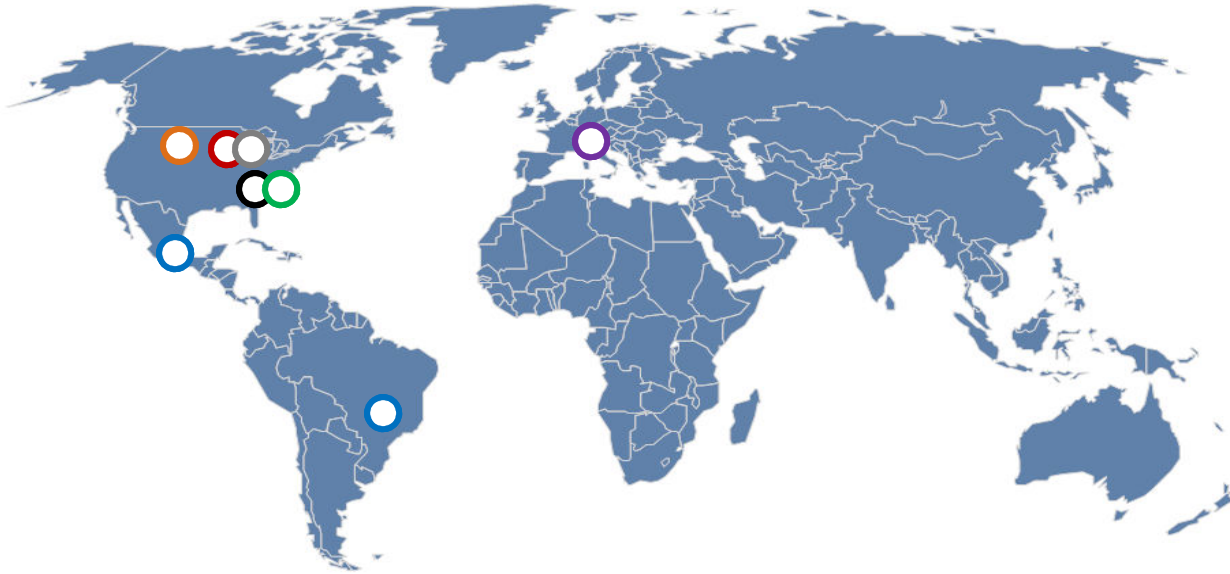


Product	End Markets Served
<b>Light Towers, Mobile Generators &amp; Heaters</b>	Temporary lighting, power and heating for construction, energy and other – rental equipment co's a key channel
<b>Larger kW &amp; Container Gensets</b>	Prime & emergency backup – regulated markets
<b>Larger kW &amp; Container Gensets</b>	Prime & emergency backup – non-regulated markets
<b>Commercial Stationary Generators</b>	Emergency backup – small to mid-sized retail, telecom, municipal
<b>Industrial Stationary Generators</b>	Emergency backup – large healthcare, telecom, municipal, manufacturing



# Summary of Acquisitions

**GENERAC**



## Revenue synergies

- ✓ New products, customers, end markets
- ✓ Numerous cross-selling opportunities
- ✓ Geographic and international expansion

## Cost synergies

- ✓ Strategic global sourcing initiatives
- ✓ Innovation and cost-reduction engineering
- ✓ Adopt Generac's lean cost culture
- ✓ Operational excellence focus



Oct 2011

**MAGNUM  
POWER  
PRODUCTS**  
*Mobile products including light towers, mobile generators and pumps*  
**Berlin, WI**



Feb 2012

**GEN-TRAN**  
*Manual transfer switches for portable generators*  
**Alpharetta, GA**



Dec 2012

**OTTOMOTORES**  
*Larger kW and container gensets for Latin America market*  
**Mexico City, Mexico & Curitiba, Brazil**



Aug 2013

**TOWER LIGHT**  
*Mobile light towers for EMEA and other international markets*  
**Milan, Italy**



Nov 2013

**BALDOR  
GENERATORS**  
*Expands domestic offering of standby and prime-duty gensets up to 2.5 MW*  
**Oshkosh, WI**



Sep 2014

**PRAMAC  
AMERICA**  
*Expands portable generator offerings for consumer value and premium contractor categories*  
**Marietta, GA**



Oct 2014

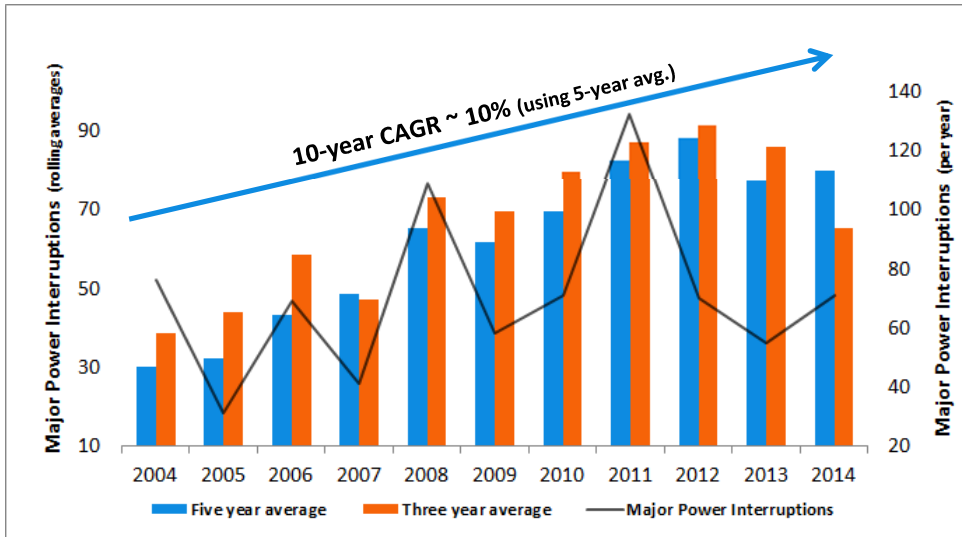
**MAC**  
*Expands mobile products platform with addition of commercial and industrial heaters*  
**Bismarck, ND**



# Powerful Macro Trends Drive Home Standby Penetration Opportunity

**GENERAC**

## Aging Grid Driving Power Interruptions<sup>(1)</sup>

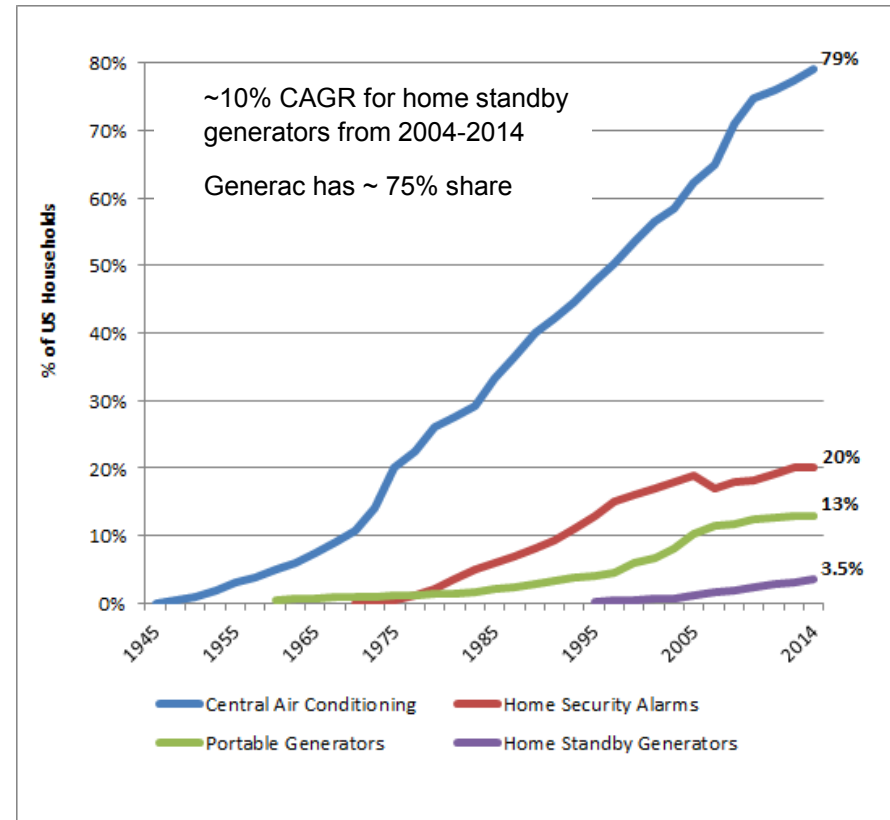


- 30–50% of T&D network in the U.S. is 40–50 years old
- Undergrounding the grid would cost up to \$4.0 trillion<sup>(2)</sup>

## Aging Population Fits Demographic<sup>(3)</sup>

- ~75% of buyers age 50 and older
- 45-50% of homes valued under \$300k
- 80-85% retro-fit application

## North American Penetration Opportunity<sup>(4)</sup>



**Every 1% of increased penetration equals ~ \$2 billion of market opportunity**

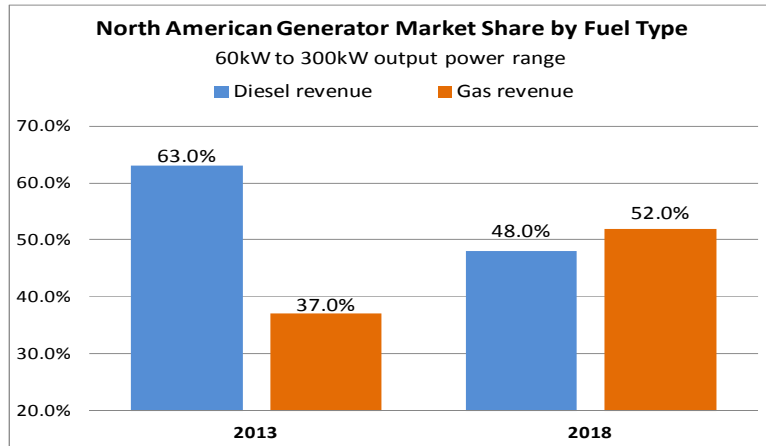
(1) Source: U.S. Energy Information Administration. Interruptions measured as affecting more than 50,000 customers and comparing to three and five-year rolling averages.  
 (2) At \$1mm/mile (3) Source: Company warranty registration data (4) Source: Company estimates

# Secular Penetration Opportunities

## Commercial and Industrial

**GENERAC**

### Natural Gas vs. Diesel Market Growth



Source: Frost & Sullivan, Generac estimates

- Nat gas gensets up to 35% less expensive
- Lower operating costs than diesel - leading to improved ROI

### Light Commercial/Retail Opportunity

“Optional” Standby Customers



- Over 14 million buildings in U.S. with very low penetration
- Increasing level of outages driving the need for backup power

### Wireless Communications Infrastructure



- Over 300,000 cell tower sites in U.S. with only 30-35% penetration
- Providers facing increasing competitive/regulatory pressures to harden networks

# Secular Penetration Opportunities

## Commercial and Industrial (cont'd)

**GENERAC**

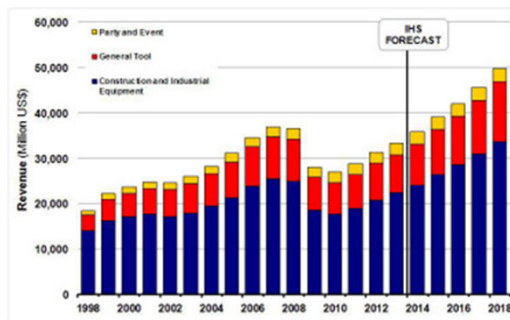
### Oil & Gas Infrastructure



- New access to the oil & gas market through acquisitions in recent years
- Potential long term up-cycle driven by increase in “shale” oil and gas production
- Regulatory environment regarding flaring of natural gas and attractive ROI driving demand for gaseous-fueled generators
- Secular opportunity for mobile power equipment including light towers, generators, heaters and other support equipment that are essential to drilling and production sites

### Mobile Equipment - Rental vs. Buy

Total U.S. Equipment Rental Revenue



**United Rentals**

**SUNBELT RENTALS** **Hertz Equipment Rental**

**BlueLine Rental** **Speedy**

- Share of U.S. construction equipment owned by rental companies reached 54% in 2014 as compared to 40% a decade ago<sup>(1)</sup>
- Overall industry projected to grow at ~ 9% CAGR from 2014-18
- Construction and industrial projected to grow at a similar level

Copyright © 2014 American Rental Association and IHS GlobalVantage

Source: ARA Rental Market Monitor, IHS Economics - December 2014 forecast  
 (1) The American Rental Association



# Differentiated Distribution Model

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**Residential & Light Commercial Distribution:**

● = ~ 5,200 Res/Comm Dealers

**Commercial & Industrial Distribution (legacy Generac):**

● = ~ 135 Industrial Dealer and GAIN Dealer Locations



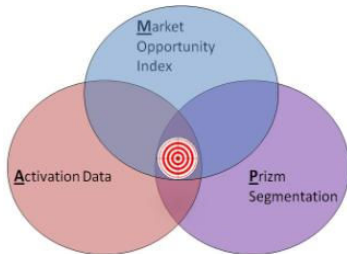
**Established and diverse distribution model = growth driver & competitive advantage**

# Innovative Sales and Marketing Tools

**GENERAC**

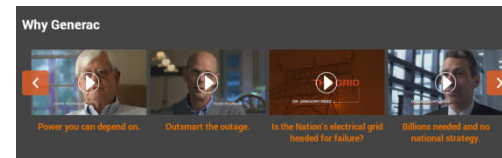
## Finding the most “likely” prospect

- A.M.P.™ targeted marketing process”
- Advanced data analytics



## Driving optimized media selection

- “Power You Control” and “Just A Drop” national TV ad campaigns
- Direct mail, telemarketing, etc.



## Improving close rates

- PowerPlay™ in-home selling solution
- IHC University sales training



Consultative Back-Up Power Plan



NEC Approved Technical Generator Sizing



Customized Good-Better-Best Proposal



Customized Financing Proposal

## Scheduling in-home consultations (IHC)

- Generac Lead Team qualifies sales prospects





## **Grow Residential Standby Generator Market**

- Increase awareness, availability and affordability
- Further optimize innovative sales and marketing techniques
- Grow residential dealer base
- Continued focus on product expansion and innovation



## **Gain Industrial Market Share**

- Leverage expanded diesel product offering
- Specialized expertise in natural gas engines and generators
- Upgrade and expand distribution
- Build relationships with specifying engineers
- Increase awareness in “optional” standby power market



## **Diversify End Markets with new products and services**

- Leverage brand, distribution and supply chain
- Organic expansion through innovation
- Evaluate other adjacent engine powered products through acquisitions



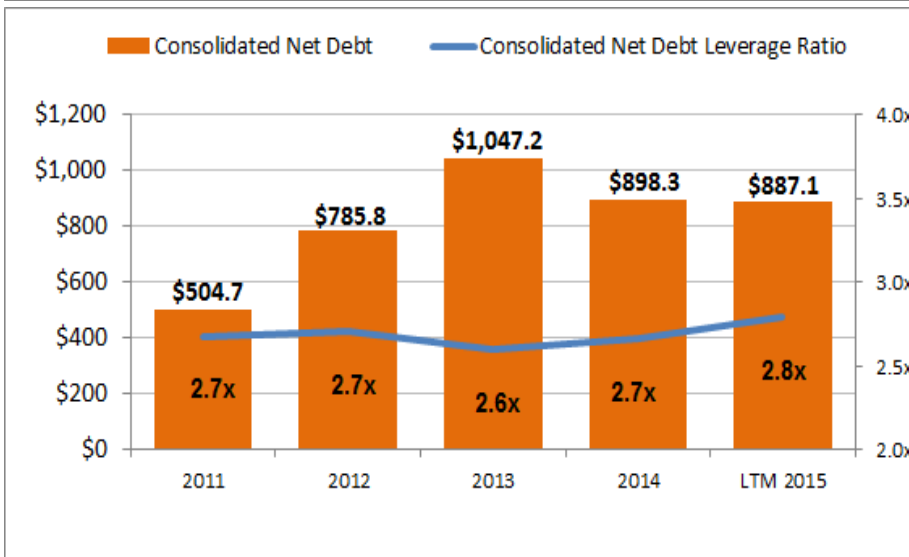
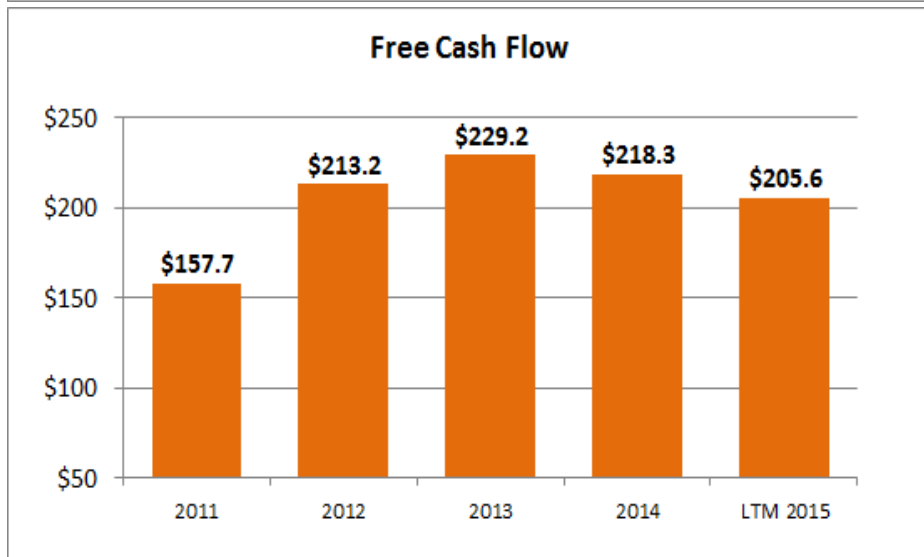
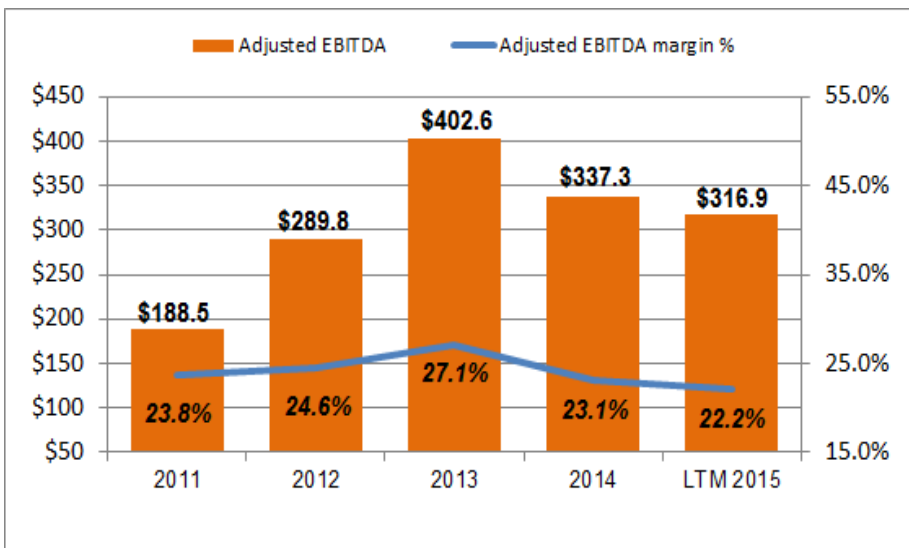
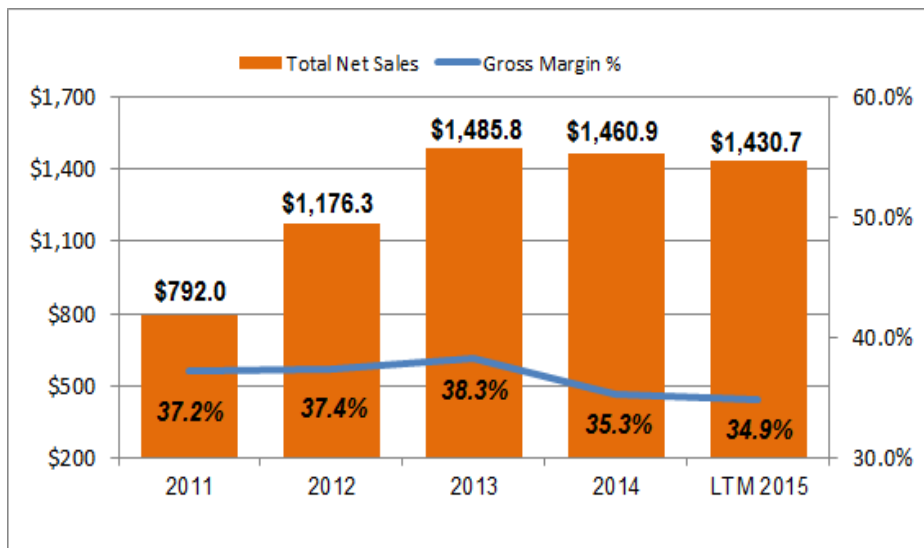
## **Enter New Geographies**

- Leverage Ottomotores and Tower Light acquisitions
- Drive growth in int'l markets with additional investment and focus
- Evaluate additional regions for future expansion through organic growth and acquisitions



# Financial Summary

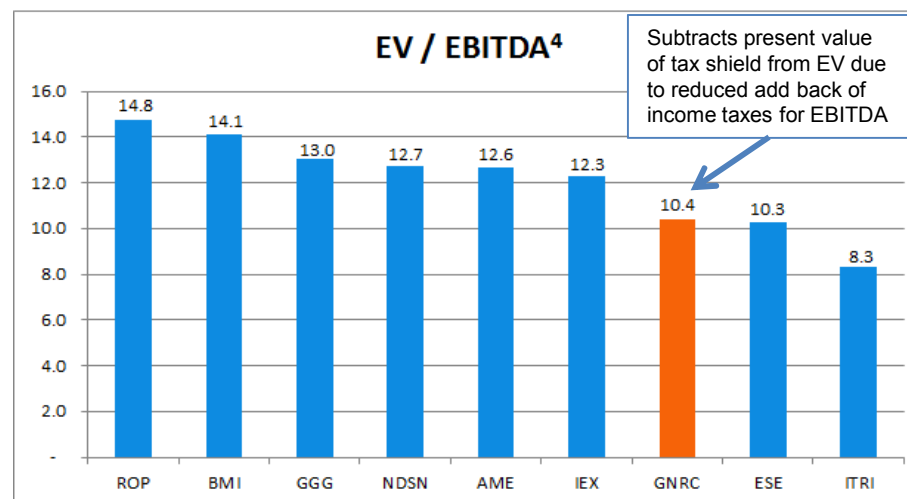
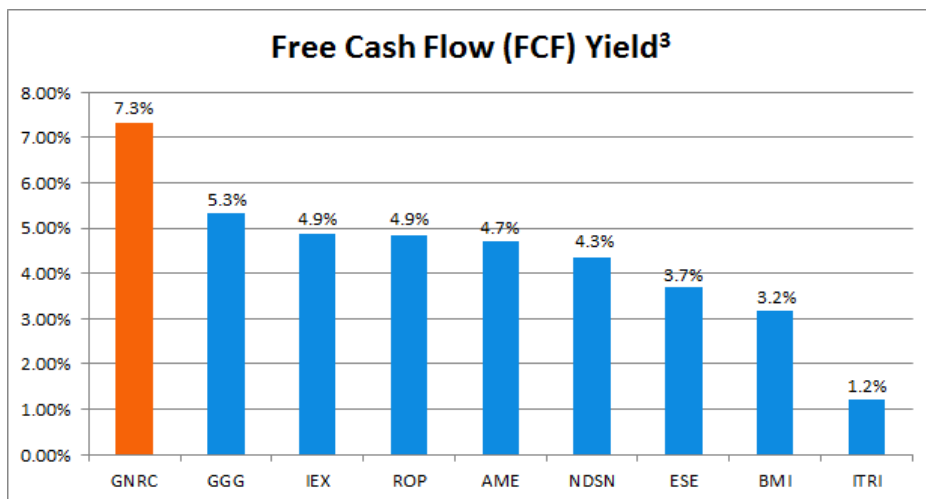
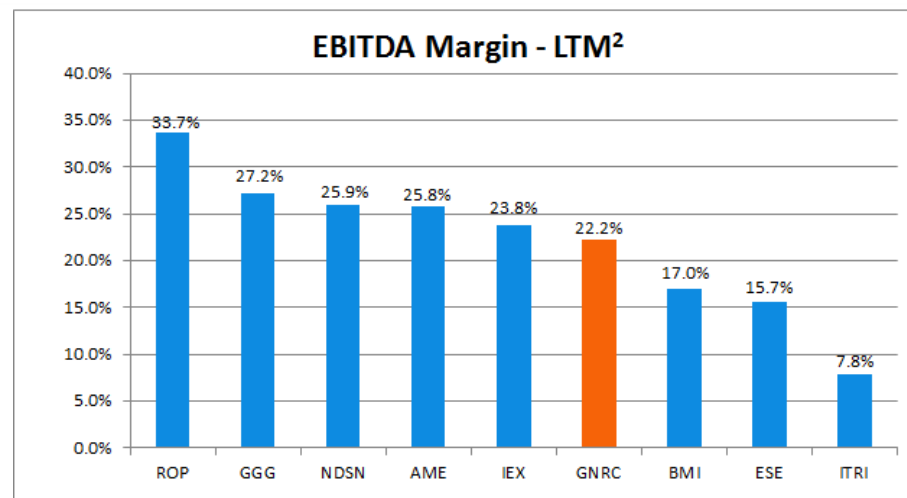
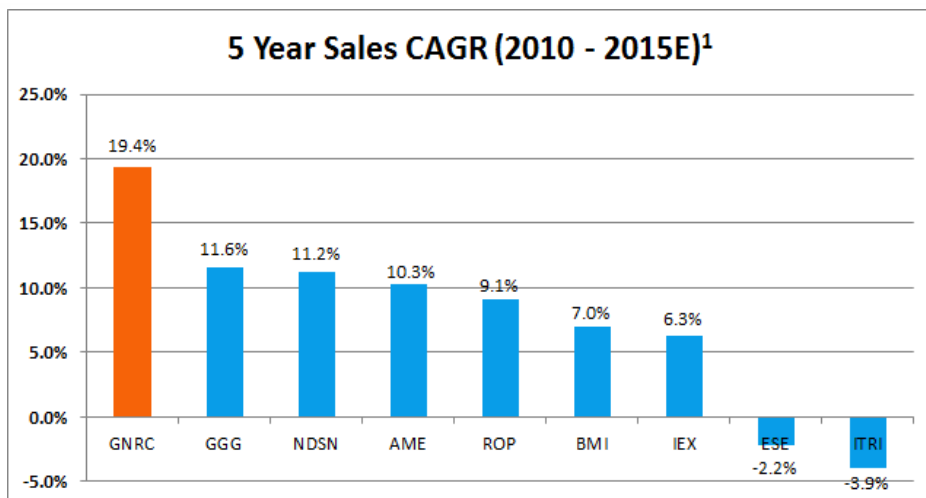
**GENERAC**



# Relative Performance

## Compared with Industrial Technology Peers

**GENERAC**



Source: Thomson One, Company Filings Note: Charts for Free Cash Flow Yield and Enterprise Value / NTM EBITDA use closing share prices as of June 8, 2015.

(1) Figures represent a five-year compound annual growth rate calculated by comparing the base year 2010 to the analyst consensus revenue forecast for 2015 for each company.

(2) Adjusted EBITDA figures were used for GNRC. For all other companies, EBITDA is calculated as Operating Income plus D&A.

(3) Determined by taking the ratio of FCF (Operating Cash Flow less Capex) on an LTM basis compared to Market Capitalization.

(4) Based on recent enterprise value to consensus NTM EBITDA estimates. Figure for GNRC determined by subtracting the value of the tax shield in determining enterprise value.

# 2015 Business Outlook

As reported on April 30, 2015

The logo for Generac, featuring the word "GENERAC" in a bold, black, sans-serif font with a registered trademark symbol. Below the text is a horizontal orange bar.

## **Consolidated net sales: *approximately flat* vs. 2014**

- Assumes below normal power outage environment in 1H 2015, with a return to more normalized baseline levels of outage activity in 2H 2015
  - Residential products: increase in low-to-mid single digit range
  - C&I products: decline in low-to-mid single digit range (given telecom and oil & gas headwinds)
- Consolidated net sales decline of 2-4% vs. 2014 **IF** normal power outages not experienced in 2H 2015

## **Adjusted EBITDA: *approximately flat* vs. 2014, with margins of *approximately 23.0%***

### **Cash income taxes:**

- **Cash tax rate for full-year 2015:** anticipated to be ***approximately 17%*** of pretax income
- **Cash taxes going forward:** ~ ***36% tax rate*** on pre-tax profits ***less ~ \$49 million*** annual tax shield

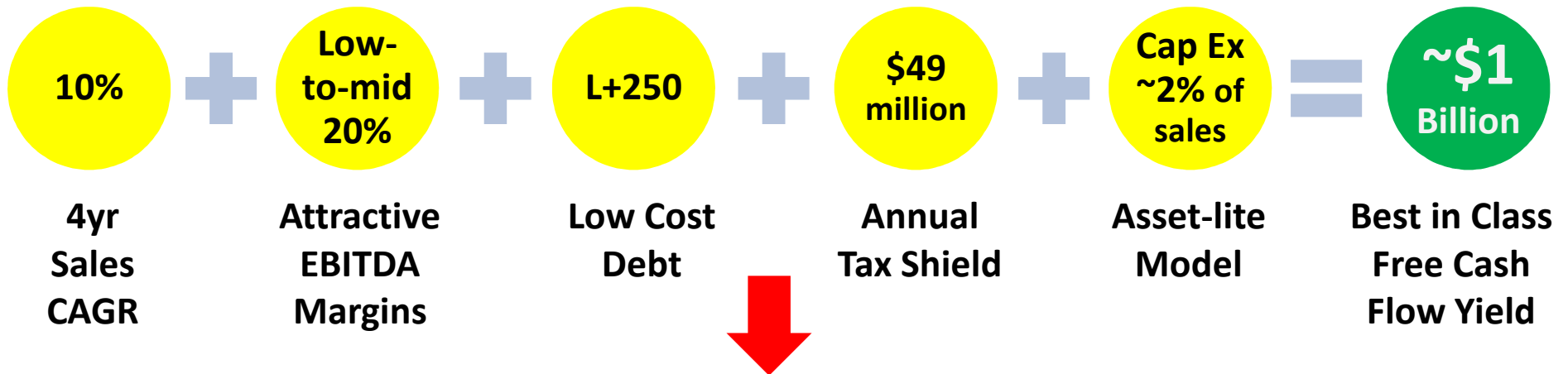
**Free cash flow:** expected to remain strong given attractive margin profile, low cost debt, favorable tax attributes and capital-efficient operating model



# Free Cash Flow Targets

**GENERAC**

## 2015-2018 Free Cash Flow Generation:



## Priority Uses of Capital:

Invest in organic growth

Pay down debt to ~2x leverage

Strategic acquisitions

Return of capital to shareholders

# Generac (GNRC)

## Investment Highlights

The logo for Generac, featuring the word "GENERAC" in a bold, black, sans-serif font with a horizontal orange bar underneath.

### Best in class organic revenue growth

- ~ **12% CAGR** in organic revenue over the last 10 years
- Low penetration in key markets, especially home standby market at only ~3.5% penetrated with **every 1% increase representing ~ \$2 billion market opportunity**
- **Key macro drivers:** aging and underinvested grid; favorable demographics; increasing number of power disruptions; increasing reliance on uninterrupted power and data; natural gas gensets gaining share vs. diesel

### Market leader with significant barriers to entry

- ~ **75% share** of domestic home standby market
- Unmatched multi-channel distribution led by ~ **5,200 residential & light commercial dealers**
- Exclusive **focus** on power generation and engine powered products
- Considerable **sourcing and manufacturing scale**

### Superior financial profile

- GMs consistently in the **mid-to-high-30% range**, EBITDA margins in **low-to-mid-20% range**
- Favorable tax structure worth an **estimated \$3.50 to \$4.25 per share** in present value tax savings
- Strong track record of free cash flow conversion and de-levering balance sheet

### Strong product, market and geographic expansion opportunities

- Proven track record in completing **strategic acquisitions and introducing new products**
- **Significant international market opportunity** – 9% of 2014 revenue outside of U.S. and Canada

**Leading “Industrial Technology” Company**



# Appendix





# Comparison - Tesla Powerwall

## Standalone Backup Power Comparison – Battery vs. HSB generator

	Tesla Powerwall battery	Generac Guardian HSB generator
Size	10 kWh	22 kW
Backup power duration	2 to 8 hrs. based on load	<b>Unlimited</b>
Power capacity - continuous	2.0 kW	22.0/19.5 kW LP/NG
Power capacity - peak	3.3 kW	22.0/19.5 kW LP/NG
House backup potential	Very limited appliances <sup>(1)</sup>	<b>Whole house</b>
Cost of unit	\$3,500 (to installer)	\$4,799 MSRP
Cost to install (approx.)	\$5,750	\$3,200
Total system cost (approx.)	\$9,600 (incl. unit markup)	\$8,000
<b>Total system cost - 48 hrs. backup protection (approx.)</b>	<b>\$30,000 (requires 6 units - see below)</b>	<b>\$8,000</b>



16/20/22 kW

specifications

Generator Model	006459-0, 006461-0, 006462-0, 006721-0 (16 kW)	006729-0, 006730-0, (20 kW)	006551-0, 006552-0 (22 kW)
Rated Maximum Continuous Power Capacity (LP)	16,000 Watts*	20,000 Watts*	22,000 Watts*
Rated Maximum Continuous Power Capacity (NG)	16,000 Watts*	18,000 Watts*	19,500 Watts*
Rated Voltage	240	240	240
Rated Maximum Continuous Load Current – 240 Volts (LP/NG)	66.6/66.6	83.3/75	91.6/81.3
Total Harmonic Distortion	Less than 5%	Less than 5%	Less than 5%
Main Line Circuit Breaker	65 Amp	90 Amp	100 Amp
Phase	1	1	1
Number of Rotor Poles	2	2	2
Rated AC Frequency	60 Hz	60 Hz	60 Hz
Power Factor	1.0	1.0	1.0
Battery Requirement (not included)	Group 26R, 12 Volts and 325 CCA Minimum		
Unit Weight (lb/kg)	513/232.7 (Steel) 448/203.2 (Aluminum)	516/234.1	526/238.6
Dimensions (L x W x H) in/mm	66	48 x 25 x 29/1218 x 638 x 732	67
Sound output in dB(A) at 23 ft (7 m) with generator operating at normal load**	66	66	67
Sound output in dB(A) at 23 ft (7 m) with generator in Quiet-Test™ low-speed exercise mode**	60	60	58
Exercise duration	5 min	5 min	5 min

Inputs	Notes
Capacity of Powerwall battery (kWh)	10
Battery cost (to installer)	\$ 3,500
Markup on battery (approx.)	10% Battery cost to end user \$ 3,850
Inverter cost (approx.)	\$ 3,000 Converts DC/AC, also serves as a charger/monitor and the intelligence/controls to the system
Professional install cost/other equipment (approx.)	\$ 2,750 Labor, permits, software and electrical equipment to wire out the circuits to be backed up
Installation cost increase per each add'l unit	5% Insufficient information available, this is an approximate estimate
Avg kW use per hour	1.25 National average is ~ 1.25 kW per hour
Duration of backup power desired (hours)	48 Assumes no other alternative energy source (e.g. solar panels)
Outputs	
Number of battery units needed	6.0 Per Tesla, limit is 9 units maximum to be installed together
Retail cost of battery units	\$ 23,100
Cost of installation	\$ 7,188
<b>Total system cost - 48 hrs. backup protection</b>	<b>\$ 30,288</b>

### Specs



<b>Technology</b>	Wall mounted, rechargeable lithium ion battery with liquid thermal control.	<b>Compatibility</b>	Single phase and three phase utility grid compatible.
<b>Models</b>	10 kWh \$3,500 For backup applications 7 kWh \$3,000 For daily cycle applications	<b>Operating Temperature</b>	-4°F to 110°F / -20°C to 43°C
<b>Warranty</b>	10 years	<b>Enclosure</b>	Rated for indoor and outdoor installation.
<b>Efficiency</b>	92% round-trip DC efficiency	<b>Installation</b>	Requires installation by a trained electrician. DC-AC inverter not included.
<b>Power</b>	2.0 kW continuous, 3.3 kW peak	<b>Weight</b>	220 lbs / 100 kg
<b>Voltage</b>	360 – 450 volts	<b>Dimensions</b>	51.2" x 33.9" x 7.1" 1300 mm x 860 mm x 180 mm
<b>Current</b>	5.8 amp nominal, 8.6 amp peak output	<b>Certification</b>	NRTL listed to UL standards

**Tesla battery primarily serves different market than emergency backup power – More of a supplement to solar/peak-shaving applications**

## Tax attributes and 338(h)10 election overview

- \$1.9 billion combined asset basis step-up created through 2006 acquisition of Generac and other acquisitions
  - Each amortizes over 15 years
  - Reduces cash tax obligation by approx. \$49 million per year through 2020

(\$ mm)	Total	2015	2016	2017	2018	2019	2020	2021	2022+
<b>Annual tax amortization</b>	\$900	\$128	\$128	\$128	\$128	\$128	\$128	\$107	\$27
<b>Cash tax savings<sup>(1)</sup></b>	<b>\$346</b>	<b>\$49</b>	<b>\$49</b>	<b>\$49</b>	<b>\$49</b>	<b>\$49</b>	<b>\$49</b>	<b>\$41</b>	<b>\$10</b>

**Results in present value tax savings of ~ \$240-\$290 million<sup>(2)</sup> or \$3.50-\$4.25 per share**

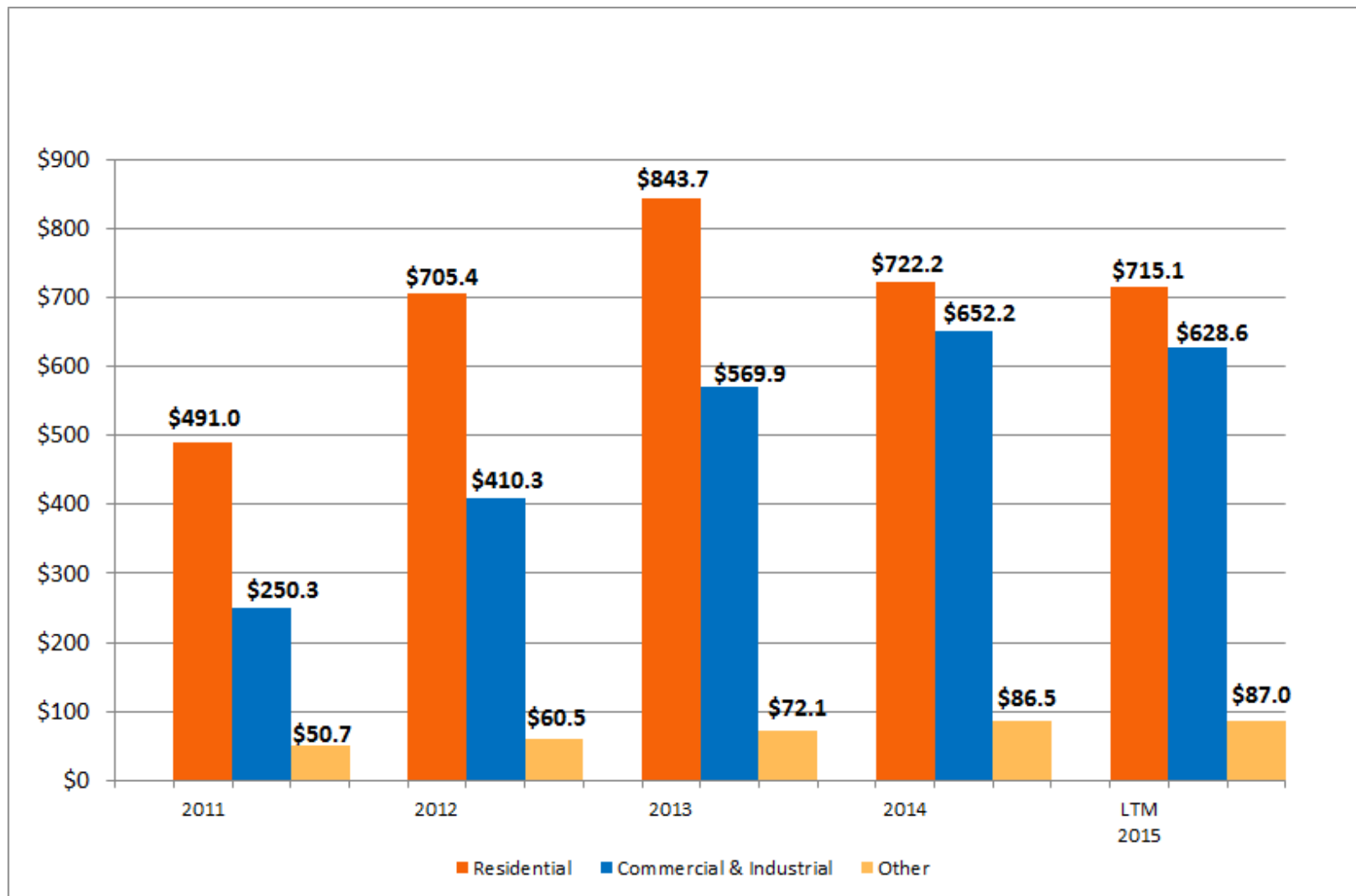
(1) Assuming continued profitability and no limitations at an assumed 38.5% federal and state tax rate.

(2) Based on annual discount rate of between 5 and 10%

# Net Sales by Product Class



(\$ in millions)



Figures include results from acquisitions completed during 2011 – 2014; see slide titled “Summary of Acquisitions” for further details.



# Q1 2015 & LTM Financial Overview



(\$ in millions)

	Actual Q1 2015	Y/Y % Change	Actual LTM Q1 2015	Y/Y % Change
Residential	\$ 156.8	(4.4%)	\$ 715.1	(5.0%)
Industrial	133.8	(15.0%)	628.6	4.7%
Other	21.2	2.7%	87.0	15.2%
<b>Net Sales</b>	<b>\$ 311.8</b>	<b>(8.8%)</b>	<b>\$ 1,430.7</b>	<b>0.2%</b>
Gross Profit	\$ 102.6	(14.1%)	\$ 499.3	(6.8%)
% Margin	32.9%		34.9%	
<b>Adjusted EBITDA</b>	<b>\$ 57.1</b>	<b>(26.3%)</b>	<b>\$ 316.9</b>	<b>(14.6%)</b>
<b>% Margin</b>	<b>18.3%</b>		<b>22.2%</b>	
Net Income (1)	\$ 19.7	(43.3%)	\$ 159.6	0.7%
Adjusted Net Income	\$ 34.1	(32.7%)	\$ 217.6	(19.0%)
<b>Adjusted EPS</b>	<b>\$ 0.49</b>	<b>(32.8%)</b>	<b>\$ 3.10</b>	<b>(19.2%)</b>
Free Cash Flow	\$ 18.7	(40.4%)	\$ 205.6	(9.3%)
Consolidated Net Debt			\$ 887.1	(1.2%)
Consolidated Net Debt Leverage Ratio			2.8x	

(1) Q1 2015 and LTM 2015 periods include a loss on extinguishment of debt of \$1.4 and \$3.5 million, respectively; LTM 2015 also includes a \$16.0 million pre-tax gain on change in contractual interest rate and a \$4.9 million pre-tax gain on remeasurement of contingent consideration. LTM 2014 period includes a \$13.5 million loss on extinguishment of debt.

# Adjusted EBITDA Reconciliation



(\$ in millions)

	2011	2012	2013	2014	2015 LTM
<b>Reported net income</b>	<b>\$ 324.6</b>	<b>\$ 93.2</b>	<b>\$ 174.5</b>	<b>\$ 174.6</b>	<b>\$ 159.6</b>
Interest expense	23.7	49.1	54.4	47.2	46.8
Depreciation and amortization	56.1	54.2	36.8	34.7	35.2
Income taxes provision (benefit)	(237.7)	63.1	104.2	83.7	75.2
Non-cash write-down and other charges	10.4	0.2	0.1	(3.9)	(1.7)
Non-cash share-based compensation expense	8.6	10.8	12.4	12.6	11.8
Loss on extinguishment of debt	0.4	14.3	15.3	2.1	3.5
Gain on change in contractual interest rate	-	-	-	(16.0)	(16.0)
Transaction costs and credit facility fees	1.7	4.1	3.9	1.9	1.8
Other	0.5	0.7	1.0	0.3	0.7
<b>Adjusted EBITDA</b>	<b>\$ 188.5</b>	<b>\$ 289.8</b>	<b>\$ 402.6</b>	<b>\$ 337.3</b>	<b>\$ 316.9</b>

# Adjusted EBITDA Reconciliation



(\$ in thousands)

Net income to Adjusted EBITDA reconciliation	Three months ended		LTM March 31,	
	March 31,			
	2015	2014	2015	2014
	(unaudited)		(unaudited)	
Net income	\$ 19,685	\$ 34,701	\$ 159,597	\$ 158,566
Interest expense	\$ 11,268	\$ 11,689	46,794	50,449
Depreciation and amortization	\$ 9,034	\$ 8,575	35,189	36,599
Income taxes provision	\$ 11,018	\$ 19,523	75,244	94,950
Non-cash write-down and other charges	\$ 1,572	\$ (554)	(1,727)	(53)
Non-cash share-based compensation expense	\$ 2,508	\$ 3,322	11,798	12,759
Loss on extinguishment of debt	\$ 1,368	\$ -	3,452	13,497
Gain on change in contractual interest rate	\$ -	\$ -	(16,014)	-
Transaction costs and credit facility fees	\$ 201	\$ 203	1,849	3,752
Other	\$ 484	\$ 39	741	791
<b>Adjusted EBITDA</b>	<b>\$ 57,138</b>	<b>\$ 77,498</b>	<b>\$ 316,923</b>	<b>\$ 371,310</b>



# Adjusted Net Income and Free Cash Flow Reconciliations



(\$ in thousands)

## Net income to Adjusted net income reconciliation

	Three Months Ended March 31,		LTM March 31,	
	2015	2014	2015	2014
Net income	\$ 19,685	\$ 34,701	\$ 159,597	\$ 158,566
Income taxes provision	11,018	19,523	75,244	94,950
Income before provision for income taxes	30,703	54,224	234,841	253,516
Amortization of intangible assets	5,195	5,345	20,874	24,979
Amortization of deferred financing costs and OID	1,705	1,203	7,117	4,798
Loss on extinguishment of debt	1,368	-	3,452	13,497
Gain on change in contractual interest rate	-	-	(16,014)	-
Transaction costs and credit facility fees	263	(187)	(3,173)	2,908
Adjusted net income before provision for income taxes	39,234	60,585	247,097	299,698
Cash income tax expense	(5,115)	(9,870)	(29,528)	(31,171)
<b>Adjusted net income</b>	<b>\$ 34,119</b>	<b>\$ 50,715</b>	<b>\$ 217,569</b>	<b>\$ 268,527</b>

## Free Cash Flow Reconciliation

Net cash provided by operating activities	\$ 25,257	\$ 36,353	\$ 241,890	\$ 258,031
Expenditures for property and equipment	(6,528)	(4,925)	(36,292)	(31,373)
<b>Free cash flow</b>	<b>\$ 18,729</b>	<b>\$ 31,428</b>	<b>\$ 205,598</b>	<b>\$ 226,658</b>