

PRESS RELEASE

For Immediate Release

Contact: Susan Campagnolo 310.575.5185

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RE: Rating Changes

Jefferies & Company, Inc., analyst:

Katherine Egbert (415.229.1438) upgrades rating on VASCO Data Security Int'l (VDSI) to BUY from Hold.

Technology
Infrastructure Software

VASCO Data Security Int'l (NASDAQ: VDSI)

Sell-Off Offers Opportunity. Upgrade to Buy.

Company Update Rating Change

Rating: BUY
Previous: HOLD
Price: \$19.64
Price Target: \$25.00
Bloomberg: NASDAQ: VDSI

Market Data

52-Week Range: \$44.25-\$10.63
Total Entprs. Value (MM): \$693.9
Market Cap. (MM): \$730.6
Insider Ownership: 37.6%
Institutional Ownership: 47.1%
Shares Out. (MM): 37.2
Float (MM): 27.6
Avg. Daily Vol.: 1,420,730

Financial Summary

Net Debt (MM): (\$36.7)
Net Debt/Capital: NM
Net Cash/Share: \$0.96
Deferred Rev. (MM): \$4.3
Long Term Growth Rate: 35.0%
Gross Margin: 66.6%
Operating Margin: 28.4%
PE/G: 0.66

USD	2005A	2006A	2007E	2008E
Rev. (MM)	54.6	76.1	124.0	161.6
EV/Rev.	12.7x	9.1x	5.6x	4.3x

EPS

Mar	0.04	0.03	0.13A	0.17
Jun	0.04	0.08	0.18A	0.20
Sep	0.05	0.09	0.15A	0.21
Dec	0.08	0.13	0.20	0.27
FY Dec	0.21	0.33	0.66	0.85
FY P/E	93.5x	59.5x	29.8x	23.1x
Consensus	—	—	0.66	0.88

Katherine Egbert

(415) 229-1438, kegbert@Jefferies.com

Jordan Roberts, CFA

(415) 229-1578, jroberts@Jefferies.com

Event

We are upgrading our rating on VASCO to a Buy from a Hold. Our price target is unchanged at \$25.

Key Points

- **Recent sell-off provides an attractive entry point.** VASCO's stock price has fallen 56% in the past month due to the company's Q3 miss, a high multiple, heavy short interest and investor concern regarding financial institution spending. Before reporting Q3, the stock was trading at 47x our current '08 EPS estimate of 85c and not properly accounting for some of these risks. However, we believe the sell-off was an over-reaction and offers an attractive entry point.
- **European focus reduces risk.** Conversations with VASCO partners and other industry participants seem to indicate that the company has not yet been materially impacted by the financial industry's mortgage-related troubles. Although still at risk, we believe that the small revenue contribution from North American banks lessens VASCO's exposure to the sub-prime meltdown. Europe, the company's most important geographic region, seems to be less exposed to the problems, with industry bellwethers such as Cisco and IBM recently reporting healthy European results. Additionally, if the dollar continues to weaken, VASCO should realize an FX benefit both to its top line and operating margin.
- **Growth story remains intact.** Vasco is a well-run company with a dominant position in retail banking authentication. The company's core European market continues to grow well, and the company can still look forward to significant opportunities in the Asian and North American markets that, to date, are largely unrealized. Moreover, the company's corporate business has also performed well, and may receive a boost from a recent deal with distributor Azlan (Tech Data).
- **Upgrade to Buy.** The company is currently trading at 23x our '08 EPS estimate, compared to our expectation for '08 revenue growth of 30% and EPS growth of 29%. At this valuation, we believe the risks are priced into the stock and there exists an attractive opportunity for upside if management can keep the company on course. Our \$25 price target is 29x our '08 EPS estimate.

Valuation/Risks

Our \$25 PT is 30x our '08 EPS estimate of 85c. Vasco mgmt has forecast at least 30% forward revenue growth. Investment risks include: difficult competition from larger EMC/RSA (EMC, \$24.25, Buy), significant financial exposure, and potential pricing pressure.

Recent sell-off provides attractive entry point. Over the past month, the stock has fallen 56% from a high of \$44.25 to Friday's closing price of \$19.64. The sell-off was triggered by the company's Q3 miss, and was intensified by a high multiple, heavy short interest and investor concern regarding financial institution spending (VASCO has ~80% exposure to banks) and 2008 tech spending in general. Before reporting Q3, the stock was trading at 47x our current '08 EPS estimate of 85c and not properly accounting for some of these risks. However, we believe the sell-off was an over-reaction. The stock currently trades at 23x our '08 EPS estimate, which compares to our expectation for revenue growth of >30% in '08. At this valuation, we believe the risks are priced into the stock and there exists an attractive opportunity for upside if management can keep the company on course.

September revenue and EPS were weak, but Q3 backlog and deferred revenue were OK. On October 25, VASCO reported Q3 revenue/EPS of \$30mm/15c, compared to the Street consensus expectations for \$31mm/17c. Although the revenue/EPS were disappointing for a company that was trading at 47x our current forward EPS estimate, the other metrics came in OK. Backlog of \$33mm represented the highest sequential jump in backlog dollars in company history, and sets up the company to easily meet the \$122mm midpoint of 2007 revenue guidance (60% y/y growth). Additionally, deferred revenue grew a strong 38.7% q/q to \$4.3mm.

European focus reduces risk. Conversations with VASCO partners and other industry participants indicate that the company has not yet been materially impacted by the financial industry's mortgage-related troubles. We believe the more significant test will come in 2008, as 2007 spending was largely based on budgets set against a more upbeat economic background. Although still at risk, we believe that the small revenue contribution from North American banks lessens VASCO's exposure to the sub-prime meltdown. Europe, the company's most important geographic region by far, seems less exposed to the mortgage problems. Indeed, industry bellwethers Cisco and IBM recently reporting healthy European results. Vasco received approximately 66% of Q3 revenue from EMEA, 16% from Asia, 8% from the United States and 10% from the rest of the world. Additionally, if the dollar continues to weaken, VASCO should realize a currency benefit to its top line and operating margin.

Growth story remains intact. Vasco is a well-run company, with leadership in the authentication industry, and a dominant position in retail banking. The company's core European market continues to exhibit healthy demand, and while opportunities in North America may be farther out, Asia is still largely untapped. Notably, Vasco has relationships with 7 of 8 foreign banks that have been granted licenses to operate in China. Moreover, the company's corporate business has also performed well, and may receive a boost from a recent deal with distributor Azlan (Tech Data).

Upgrade to Buy. VDSI shares are currently trading at 23x our '08 EPS estimate, compared to our expectation for '08 revenue growth of 30% and EPS growth of 29%. Our \$25 price target is 29x our '08 EPS estimate.

Company Description

VASCO Data Security provides strong authentication security products to financial institutions, governments, and enterprises worldwide. The company's two-factor solutions provide a more secure network log-in environment by ensuring that only properly authenticated users may securely access network resources. The company's Digipass and VACMAN products deliver a one-time password (OTP) to a token and/or to software embedded on a computing device that is used as the basis for logging onto a network. VASCO's executive headquarters are in suburban Chicago, while its operational offices are in Brussels, Belgium.

VASCO Data Security International

Key Stats:

	<u>Q1/05</u>	<u>Q2/05</u>	<u>Q3/05</u>	<u>Q4/05</u>	<u>2005</u>	<u>Q1/06</u>	<u>Q2/06</u>	<u>Q3/06</u>	<u>Q4/06</u>	<u>2006</u>	<u>Q1/07</u>	<u>Q2/07</u>	<u>Q3/07</u>
<u>Vertical Breakout</u>													
Banking / Finance	9,736	10,637	11,148	15,242	46,763	11,226	16,105	15,714	21,632	64,677	22,444	28,416	23,982
%	85.1%	86.2%	84.0%	87.0%	85.7%	82.0%	87.0%	84.0%	86.0%	85.0%	85.0%	87.6%	80.0%
q/q growth	27.7%	9.3%	4.8%	36.7%		-26.3%	43.5%	-2.4%	37.7%		3.8%	26.6%	-15.6%
y/y growth	115.1%	84.9%	81.5%	99.9%	95.0%	15.3%	51.4%	41.0%	41.9%	38.3%	99.9%	76.4%	52.6%
Enterprise (CNA)	1,708	1,708	2,124	2,277	7,817	2,464	2,407	2,993	3,521	11,385	3,961	4,026	5,995
%	14.9%	13.8%	16.0%	13.0%	14.3%	18.0%	13.0%	16.0%	14.0%	15.0%	15.0%	12.4%	20.0%
q/q growth	2.1%	0.0%	24.3%	7.2%		8.2%	-2.3%	24.4%	17.7%		12.5%	1.6%	48.9%
y/y growth	14.3%	20.3%	68.8%	36.1%	32.1%	44.3%	40.9%	41.0%	54.6%	45.6%	60.7%	67.3%	100.3%
<u>Geographic Breakout</u>													
Europe	10,001	9,806	7,963	11,387	39,158	9,583	11,477	10,850	15,846	47,757	16,107	21,087	19,785
%	87.4%	79.4%	60.0%	65.0%	71.7%	70.0%	62.0%	58.0%	63.0%	62.8%	61.0%	65.0%	66.0%
q/q	20.9%	-59.6%	-20.4%	16.1%		-15.8%	19.8%	-5.5%	46.0%		1.6%	30.9%	-6.2%
y/y	103.1%	70.9%	49.5%	37.6%	61.5%	-4.2%	17.0%	36.3%	39.2%	22.0%	68.1%	83.7%	82.3%
USA	740	766	1,327	876	3,709	821	2,592	1,122	2,767	7,302	2,376	2,595	2,398
%	6.5%	6.2%	10.0%	5.0%	6.8%	6.0%	14.0%	6.0%	11.0%	9.6%	9.0%	8.0%	8.0%
q/q	13.7%	3.5%	73.3%	-34.0%		-6.2%	215.5%	-56.7%	146.5%		-14.1%	9.2%	-7.6%
y/y	18.6%	18.6%	12.1%	34.6%	19.5%	11.0%	238.3%	-15.4%	215.9%	96.9%	189.3%	0.1%	113.7%
ROW (Australia, APAC, Lat Am)	703	1,773	3,982	5,256	11,713	3,286	4,443	6,735	6,540	21,003	7,922	8,759	7,794
%	6.1%	14.4%	30.0%	30.0%	21.5%	24.0%	24.0%	36.0%	26.0%	27.6%	30.0%	27.0%	26.0%
q/q	89.0%	152.2%	124.6%	32.0%		-37.5%	35.2%	51.6%	-2.9%		21.1%	10.6%	-11.0%
y/y	48.6%	124.7%	348.4%	1313.1%	360.6%	367.4%	150.6%	69.1%	24.4%	79.3%	141.1%	97.2%	15.7%

VASCO Data Security International
Income Statement
(dollars in thousands, except EPS)

Katherine Egbert
Jefferies & Company
(415) 672-0152
October 25, 2007

	Fiscal 2006				Fiscal 2007				Fiscal 2008				Fiscal Year Ends December			
	Mar-06	Jun-06	Sep-06	Dec-06	Mar-07	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08	Sep-08	Dec-08	2005	2006	2007E	2008E
	Q1/06	Q2/06	Q3/06	Q4/06	Q1/07	Q2/07	Q3/07	Q4/07E	Q1/08E	Q2/08E	Q3/08E	Q4/08E				
Total revenue	\$13,690	\$18,512	\$18,707	\$25,153	\$26,405	\$32,442	\$29,977	\$35,157	\$34,089	\$37,248	\$40,323	\$49,987	\$54,580	\$76,062	\$123,981	\$161,647
Total cost of revenue	4,239	6,650	5,922	7,548	8,875	11,755	10,009	11,953	11,931	13,037	14,113	17,495	20,141	24,359	42,592	56,576
Gross profit	9,451	11,862	12,785	17,605	17,530	20,687	19,968	23,204	22,158	24,211	26,210	32,492	34,439	51,703	81,389	105,071
Sales & marketing	3,977	4,466	4,570	6,469	6,090	6,659	6,246	7,559	7,363	8,008	8,669	10,247	14,765	19,482	26,554	34,288
Research & development	942	1,236	1,446	1,905	1,923	2,076	2,553	2,461	2,659	2,831	3,145	3,649	3,663	5,529	9,013	12,284
General & administrative	1,534	2,006	1,624	1,993	2,387	2,249	2,666	2,531	3,068	2,756	2,984	3,499	4,543	7,157	9,833	12,307
Restructuring costs	-	-	-	-	-	-	-	-	-	-	-	-	(83)	-	-	-
Amort of purchased intangibles	98	72	169	254	258	253	250	100	100	100	100	100	560	593	861	400
Non-cash compensation	-	-	-	-	-	-	-	-	-	-	-	-	36	-	-	-
Income from operations	2,900	4,082	4,976	6,984	6,872	9,450	8,253	10,553	8,968	10,516	11,311	14,996	10,955	18,942	35,128	45,791
Interest income / (exp)	60	14	(58)	105	58	80	192	176	197	220	258	327	68	121	506	1,001
Impairment of investment	(789)	189	-	-	-	-	-	-	-	-	-	-	-	(600)	-	-
Other income / (exp)	(27)	135	27	43	(37)	(8)	(289)	-	-	-	-	-	506	178	(334)	-
Income before taxes	2,144	4,420	4,945	7,132	6,893	9,522	8,156	10,729	9,164	10,736	11,569	15,323	11,529	18,641	35,300	46,792
Income tax exp / (benefit)	974	1,386	1,658	2,036	1,930	2,666	2,284	3,004	2,566	3,006	3,239	4,290	3,828	6,054	9,884	13,102
Net income	1,170	3,034	3,287	5,096	4,963	6,856	5,872	7,725	6,598	7,730	8,330	11,032	7,687	12,587	25,416	33,690
EPS	\$ 0.03	\$ 0.08	\$ 0.09	\$ 0.13	\$ 0.13	\$ 0.18	\$ 0.15	\$ 0.20	\$ 0.17	\$ 0.20	\$ 0.21	\$ 0.27	\$ 0.21	\$ 0.33	\$ 0.66	\$ 0.85
FD WASO	37,712	37,690	37,712	37,970	38,094	38,228	38,387	38,771	39,159	39,550	39,946	40,345	37,278	37,771	38,370	39,750
Percent of Revenue													Percent of Revenue			
Gross margin	69.0%	64.1%	68.3%	70.0%	66.4%	63.8%	66.6%	66.0%	65.0%	65.0%	65.0%	65.0%	63.1%	68.0%	65.6%	65.0%
Sales & marketing	29.1%	24.1%	24.4%	25.7%	23.1%	20.5%	20.8%	21.5%	21.6%	21.5%	21.5%	20.5%	27.1%	25.6%	21.4%	21.2%
Research & development	6.9%	6.7%	7.7%	7.6%	7.3%	6.4%	8.5%	7.0%	7.8%	7.6%	7.8%	7.3%	6.7%	7.3%	7.3%	7.6%
General & administrative	11.2%	10.8%	8.7%	7.9%	9.0%	6.9%	8.9%	7.2%	9.0%	7.4%	7.4%	7.0%	8.3%	9.4%	7.9%	7.6%
Pro-forma operating margin	21.9%	22.4%	27.5%	28.8%	27.0%	29.9%	28.4%	30.3%	26.6%	28.5%	28.3%	30.2%	20.0%	24.9%	28.3%	28.3%
GAAP Operating margin	21.2%	22.1%	26.6%	27.8%	26.0%	29.1%	27.5%	30.0%	26.3%	28.2%	28.1%	30.0%	20.1%	24.9%	28.3%	28.3%
Income taxes	45.4%	31.4%	33.5%	28.5%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	33.2%	32.5%	28.0%	28.0%
Year-year change													Year-year change			
Total revenue	19.6%	50.0%	41.0%	43.6%	92.9%	75.2%	60.2%	39.8%	29.1%	14.8%	34.5%	42.2%	82.6%	39.4%	63.0%	30.4%
Sales & marketing	19.9%	26.3%	34.9%	43.0%	53.1%	49.1%	36.7%	16.8%	20.9%	20.3%	38.8%	35.6%	61.2%	31.9%	36.3%	29.1%
Research & development	5.5%	36.7%	60.3%	97.6%	104.1%	68.0%	76.6%	29.2%	38.3%	36.4%	23.2%	48.3%	33.1%	50.9%	63.0%	36.3%
General & administrative	59.6%	81.9%	44.0%	47.5%	55.6%	12.1%	64.2%	27.0%	28.5%	22.6%	11.9%	38.2%	42.2%	57.5%	37.4%	25.2%
Income from operations	50.7%	78.6%	96.1%	66.0%	137.0%	131.5%	65.9%	51.1%	30.5%	11.3%	37.1%	42.1%	97.3%	72.9%	85.4%	30.4%
Net Income	-16.0%	91.9%	87.7%	72.0%	324.2%	126.0%	78.6%	51.6%	33.0%	12.7%	41.9%	42.8%	154.4%	63.7%	101.9%	32.6%
Quarter-quarter change																
Total revenue	-21.9%	35.2%	1.1%	34.5%	5.0%	22.9%	-7.6%	17.3%	-3.0%	9.3%	8.3%	24.0%				
Sales & marketing	-12.1%	12.3%	2.3%	41.6%	-5.9%	9.3%	-6.2%	21.0%	-2.6%	8.8%	8.3%	18.2%				
Research & development	-2.3%	31.2%	17.0%	31.7%	0.9%	8.0%	23.0%	-3.6%	8.0%	6.5%	11.1%	16.0%				
General & administrative	13.5%	30.8%	-19.0%	22.7%	19.8%	-5.8%	18.5%	-5.1%	21.2%	-10.2%	8.3%	17.3%				
Income from operations	-31.1%	40.8%	21.9%	40.4%	-1.6%	37.5%	-12.7%	27.9%	-15.0%	17.3%	7.6%	32.6%				
Key statistics:			69.3%													
Token units shipped (000)	1,800	2,700	2,900	3,800	NA	NA	NA									
ASP	\$7.61	\$6.86	\$6.45	\$6.62	NA	NA	NA									
DSO	76	80	64	70	79	66	54									
Order backlog	\$16,000	\$16,100	\$21,500	\$23,600	\$28,000	\$27,100	\$33,400									
Sequential change in backlog	25.0%	0.6%	33.5%	9.8%	18.6%	-3.2%	23.2%									

VASCO Data Security International Balance Sheet & Cash Flow Statement (dollars in thousands, except EPS)																
	Fiscal 2006				Fiscal 2007				Fiscal 2008				Fiscal Year Ends December			
	Mar-06	Jun-06	Sep-06	Dec-06	Mar-07	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08	Sep-08	Dec-08	2005	2006	2007E	2008E
	Q1/06	Q2/06	Q3/06	Q4/06	Q1/07	Q2/07	Q3/07E	Q4/07E	Q1/08E	Q2/08E	Q3/08E	Q4/08E				
Revenue	13,690	18,512	18,707	25,153	26,405	32,442	29,977	35,157	34,089	37,248	40,323	49,987	54,580	76,062	123,981	161,647
Balance Sheet																
Cash & equivalents	15,253	16,058	23,486	14,768	19,959	29,294	40,042	43,983	48,969	56,780	71,109	79,548	17,143	14,768	43,983	79,548
Accounts receivable	11,533	16,458	13,391	19,617	23,194	23,818	18,015	27,344	30,302	31,040	26,882	34,435	12,083	19,617	27,344	34,435
Other current assets	4,396	4,079	3,708	6,935	8,686	9,802	12,048	11,602	11,250	12,292	13,306	16,496	2,953	6,935	11,602	16,496
Total current assets	31,182	36,595	40,585	41,320	51,839	62,914	70,105	82,930	90,520	100,112	111,297	130,479	32,179	41,320	82,930	130,479
PPE, net	1,064	1,257	1,252	3,802	1,621	1,773	1,880	2,144	2,399	2,679	2,981	3,356	982	3,802	2,144	3,356
Other assets	7,672	10,331	10,684	17,524	19,482	19,274	19,838	20,079	20,544	20,486	22,177	21,994	8,344	17,524	20,079	21,994
Total Assets	39,918	48,183	52,521	62,646	72,942	83,961	91,823	105,152	113,373	123,277	136,455	155,830	41,505	62,646	105,152	155,830
Bank borrowings	776	3,088	3,079	2,154	3,137	3,265	3,320	3,000	3,000	3,000	3,000	3,000	3,173	2,154	3,000	3,000
Accounts payable	3,805	4,339	4,004	7,579	7,348	8,323	5,333	9,766	9,848	9,105	9,409	12,219	4,753	7,579	9,766	12,219
Deferred revenue	1,089	1,773	1,635	2,557	2,836	2,777	3,920	5,410	5,512	5,855	6,138	6,876	1,765	2,557	5,410	6,876
Other current liabilities	6,816	7,332	7,821	6,972	9,531	10,725	10,898	10,452	10,100	11,142	12,156	15,346	6,163	6,972	10,452	15,346
Total current liabilities	12,486	16,532	16,539	19,262	22,852	25,090	23,471	28,628	28,460	29,102	30,704	37,441	15,854	19,262	28,628	37,441
Deferred warranty revenues	248	298	297	302	261	291	336	464	472	502	526	589	256	302	464	589
Other liabilities	248	298	454	1,178	1,258	1,428	1,763	1,258	1,258	1,258	1,258	1,258	256	1,178	1,258	1,258
Total stockholder's equity	27,973	31,353	35,528	42,206	48,832	57,443	66,589	75,267	83,655	92,917	104,494	117,131	25,395	42,206	75,267	117,131
Total SE + Total Liabilities	40,707	48,183	52,521	62,646	72,942	83,961	91,823	105,152	113,373	123,277	136,455	155,830	41,505	62,646	105,152	155,830
Metrics																
DSO	75.8	80.0	64.4	70.2	79.1	66.1	54.1	70.0	80.0	75.0	60.0	62.0	113.1	69.9	127.7	177.2
DPO	25.0	21.1	19.3	27.1	25.0	23.1	16.0	25.0	26.0	22.0	21.0	22.0	31.3	35.9	28.4	27.2
Deferred revenue	1,337	2,071	1,932	2,859	3,097	3,068	4,258	5,874	5,985	6,357	6,865	7,465	2,021	2,859	5,874	7,465
q/q change in defs	(684)	734	(139)	927	238	(29)	1,188	1,618	111	372	308	801	-	-	-	-
y/y change in defs	(351)	332	549	838	1,760	997	2,324	3,015	2,888	3,289	2,409	1,592	1,249	838	3,015	1,592
Bookings	13,006	19,246	18,568	26,080	26,643	32,413	31,165	36,775	34,200	37,621	40,630	50,788	55,829	76,900	126,996	163,239
Bookings q/q growth	-28.4%	47.98%	-3.52%	40.46%	2.2%	21.66%	-3.85%	18.00%	-7.00%	10.00%	8.00%	25.00%	-	-	-	-
Bookings y/y growth	5%	55%	44%	44%	105%	68%	68%	41%	28%	16%	30%	38%	48.20%	37.74%	65.14%	28.54%
Cash and investments	15,253	16,058	23,486	14,768	19,959	29,294	40,042	43,983	48,969	56,780	71,109	79,548	17,143	14,768	43,983	79,548
Debt	776	3,088	3,079	2,154	3,137	3,265	3,320	3,000	3,000	3,000	3,000	3,000	3,173	2,154	3,000	3,000
Cash per share	\$ 0.38	\$ 0.34	\$ 0.54	\$ 0.33	\$ 0.44	\$ 0.68	\$ 0.96	\$ 1.06	\$ 1.17	\$ 1.36	\$ 1.71	\$ 1.90	\$ 0.37	\$ 0.33	\$ 1.07	\$ 1.93
Cash Flow																
Net Income	1,170	3,034	3,287	5,096	4,963	6,856	5,872	7,725	6,598	7,730	8,330	11,032	7,701	12,587	25,416	33,690
+ D&A	197	185	316	544	719	765	779	703	682	745	806	1,000	1,076	1,242	2,966	3,233
+ Other	741	460	319	(293)	436	585	300	300	300	300	300	300	24	1,227	1,621	1,200
Net income + non-cash charges	2,108	3,679	3,922	5,347	6,118	8,206	6,951	8,728	7,580	8,775	9,436	12,332	8,801	15,056	30,003	38,123
+ Change in A/R	733	(4,361)	3,099	(4,819)	(3,396)	(423)	5,803	(9,329)	(2,957)	(738)	4,158	(7,554)	(7,114)	(5,348)	(7,345)	(7,091)
+ Change in deferred revenue	(689)	428	(148)	1,331	727	(69)	1,188	1,618	111	372	308	801	620	922	3,464	1,592
+ Change in A/P	(1,019)	(190)	(353)	2,900	(103)	677	(2,990)	4,433	82	(743)	304	2,810	2,342	1,338	2,017	2,453
+ Change in other assets & liabilities	(729)	242	665	(4,327)	395	26	(2,073)	-	-	-	-	-	2,893	(4,149)	(1,652)	-
CFFO	404	(202)	7,185	432	3,741	8,417	8,879	5,449	4,816	7,666	14,206	8,389	7,542	7,819	26,486	35,077
Capex	(165)	(77)	(140)	(18)	(309)	(253)	(225)	(264)	(256)	(279)	(302)	(375)	(500)	(400)	(1,051)	(1,212)
Other	4	(1,652)	86	(7,921)	(203)	(41)	-	-	-	-	-	-	(3,956)	(9,483)	(2,444)	-
CFFI	(161)	(1,729)	(54)	(7,939)	(512)	(294)	(225)	(264)	(256)	(279)	(302)	(375)	(4,456)	(9,883)	(1,295)	(1,212)
CFFF	(2,324)	2,429	248	(600)	1,984	849	425	425	425	425	425	425	6,614	(247)	3,683	1,700
Effect of exchange rates	187	300	241	(611)	(22)	363	-	-	-	-	-	-	(876)	117	341	-
Metrics																
D&A % of revenue	1.44%	1.00%	1.69%	2.16%	2.72%	2.36%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	1.97%	1.63%	2.39%	2.00%
Capex % of revenue	1.21%	0.42%	0.75%	0.07%	1.17%	0.78%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.92%	0.53%	0.85%	0.75%
Free Cash Flow Calculation																
Net income + non-cash charges	2,108	3,679	3,922	5,347	6,118	8,206	6,951	8,728	7,580	8,775	9,436	12,332	8,801	15,056	30,003	38,123
+ Change in assets/liabilities	(1,704)	(3,881)	3,263	(4,915)	(2,377)	211	1,928	(3,279)	(2,764)	(1,109)	4,770	(3,943)	(1,259)	(7,237)	(3,517)	(3,046)
CFFO	404	(202)	7,185	432	3,741	8,417	8,879	5,449	4,816	7,666	14,206	8,389	7,542	7,819	26,486	35,077
- Capex	(165)	(77)	(140)	(18)	(309)	(253)	(225)	(264)	(256)	(279)	(302)	(375)	(500)	(400)	(1,051)	(1,212)
FCF	239	(279)	7,045	414	3,432	8,164	8,654	5,185	4,560	7,387	13,903	8,015	7,042	7,419	25,435	33,865
FCF per share	\$ 0.01	\$ (0.01)	\$ 0.19	\$ 0.01	\$ 0.09	\$ 0.21	\$ 0.23	\$ 0.13	\$ 0.12	\$ 0.19	\$ 0.35	\$ 0.20	\$ 0.19	\$ 0.20	\$ 0.66	\$ 0.85
CFFO per share	\$ 0.01	\$ (0.01)	\$ 0.19	\$ 0.01	\$ 0.10	\$ 0.22	\$ 0.23	\$ 0.14	\$ 0.12	\$ 0.19	\$ 0.36	\$ 0.21	\$ 0.20	\$ 0.21	\$ 0.69	\$ 0.88
FD WASO	37,712	37,690	37,712	37,970	38,094	38,228	38,387	38,771	39,159	39,550	39,946	40,345	37,278	37,771	38,370	39,750

Please see important disclosure information on pages 6 - 9 of this report.

Katherine Egbert , kegbert@Jefferies.com, (415) 229-1438

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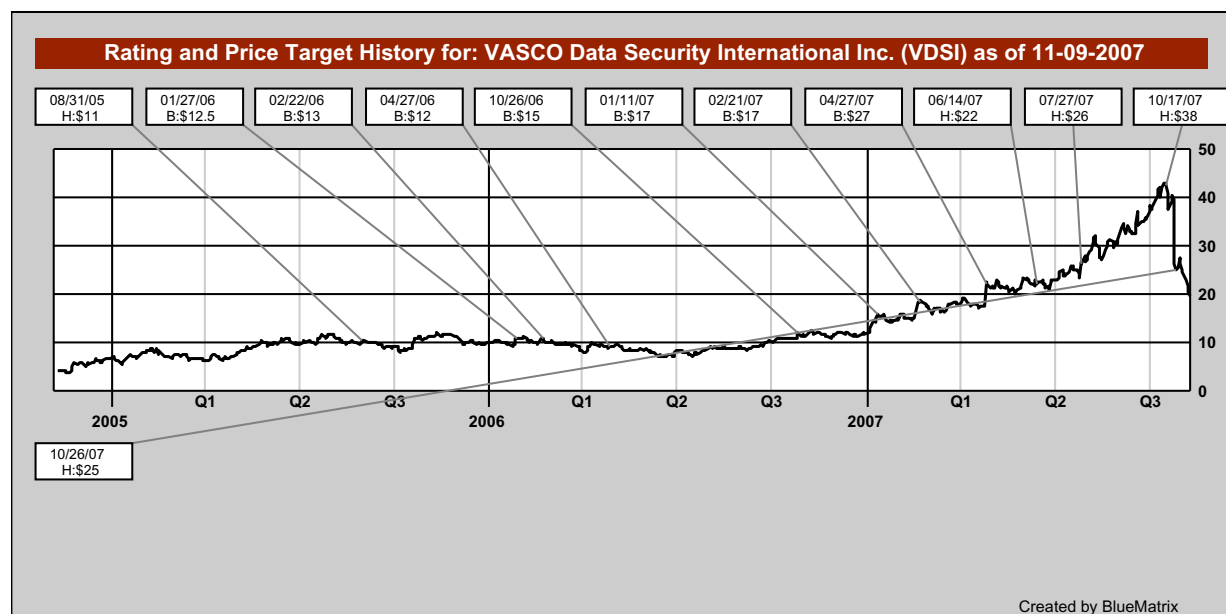
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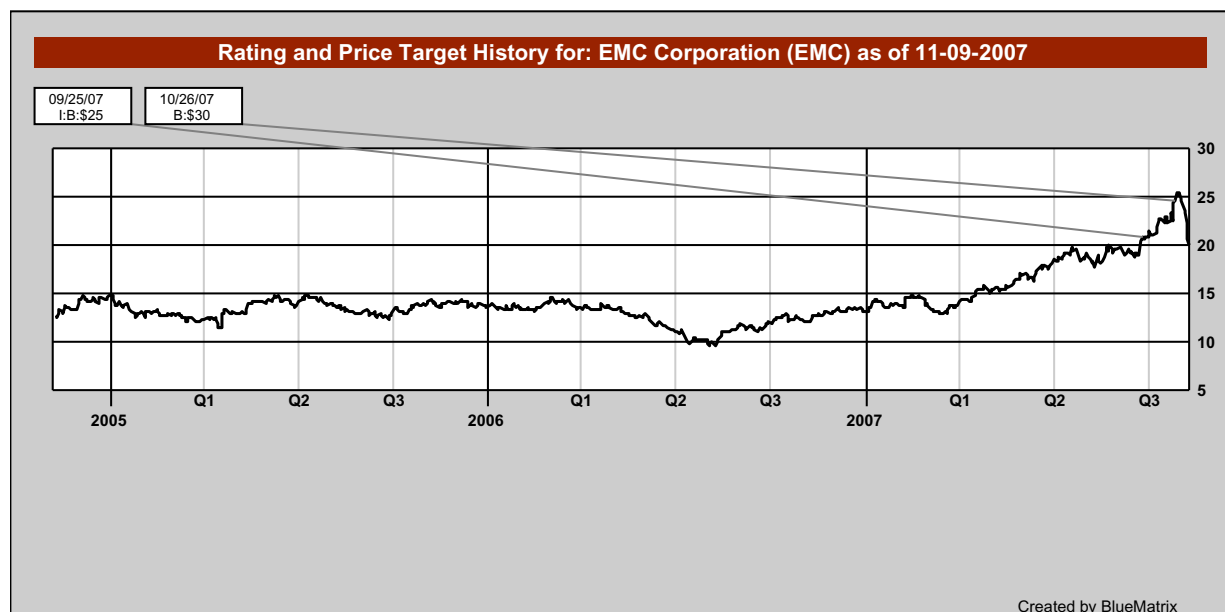
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Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
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