

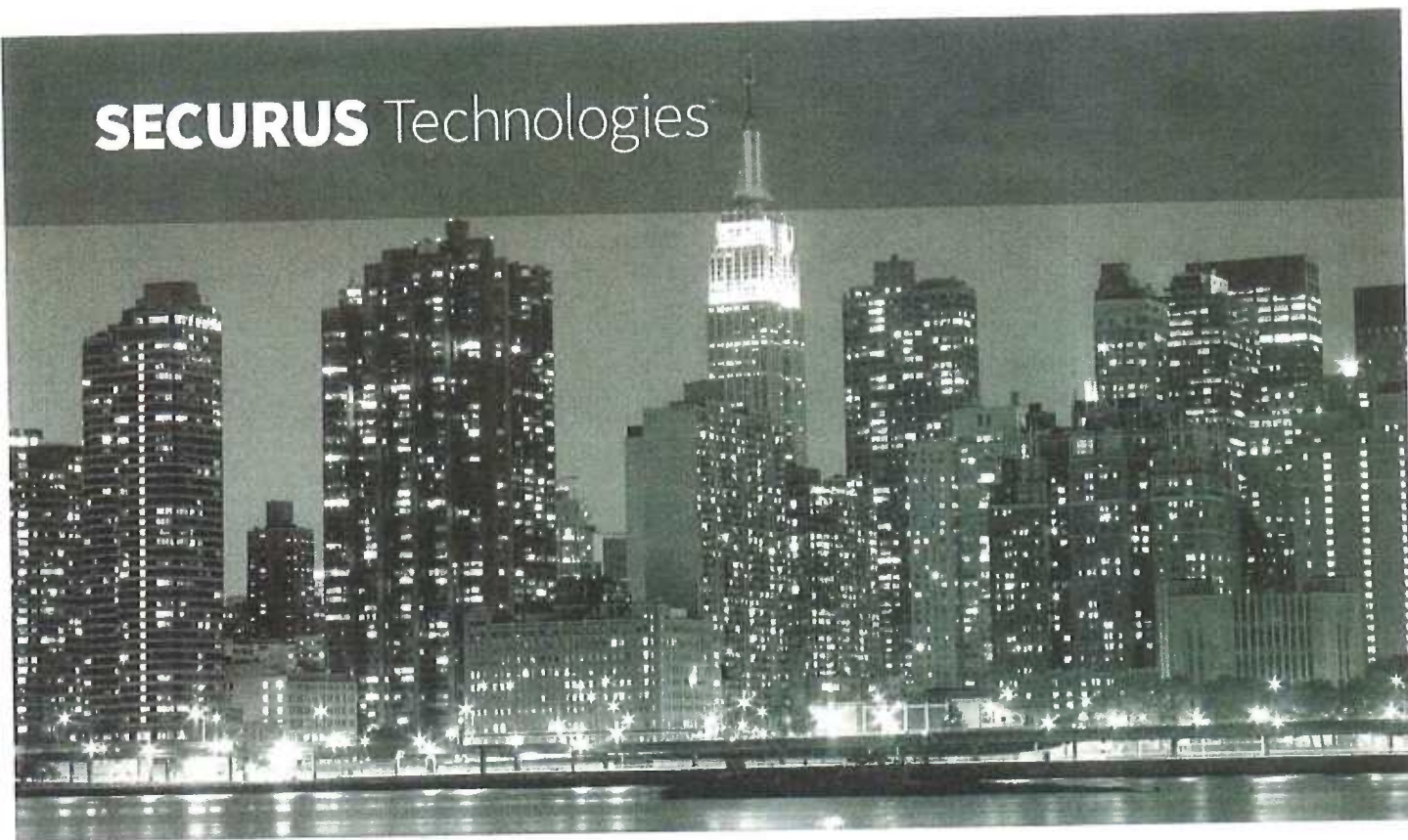
# EXHIBIT 3

You've Got Mail:  
The promise of cyber communication in prisons and need for regulation

*Securus Technologies, Public Lender Presentation (Apr. 15, 2015)*


**PRISON**  
POLICY INITIATIVE

**SECURUS** Technologies



## Public Lender Presentation

April 15, 2015



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## Presenters

### Securus Technologies Inc.

- **Richard A. Smith**
  - *Chief Executive Officer*
- **Geoff Boyd**
  - *Chief Financial Officer*

### Deutsche Bank

# Agenda

Transaction Overview

Securus

JPay

Public Q&A



## Transaction Overview

- On April 2, 2015, Securus signed a definitive agreement to acquire JPay, Inc. for \$250mm in cash (excluding potential earn-outs), representing an 11.9x TEV / EBITDA purchase multiple on ~\$21mm of preliminary LTM 3/31/2015 PF Adj. EBITDA
- JPay is a leading provider of technology products used to provide inmate banking, communication services, and digital media consumption, servicing more than one million inmates in 29 states
- The combination of JPay and Securus will provide for material cross-sell / up-sell opportunities (alongside combination cost-savings), will further accelerate Securus growth and broaden its revenue base
- The transaction is expected to be funded through a mix of debt and equity, and result in pro forma Net 1<sup>st</sup> Lien and Net Total Leverage of ~4.3x<sup>(1)</sup> / ~5.4x<sup>(1)</sup>, respectively:
  - \$205mm Incremental Term Loan B-2
  - \$50mm additional common equity contribution from ABRY Partners

(1) LTM 3/31/2015 PF Adj. EBITDA is preliminary Securus LTM 3/31/2015 EBITDA of \$121mm, plus preliminary JPay LTM 3/31/2015 PF Adj. EBITDA of \$21mm



# Sources & Uses and Pro Forma Capitalization

(\$ in millions)

Sources		Uses	
Add-on first lien term loan	\$205	Purchase equity	\$250
Sponsor equity proceeds <sup>(a)</sup>	50	Estimated fees, expenses and OID	7
Cash from balance sheet	2		
<b>Total sources</b>	<b>\$257</b>	<b>Total uses</b>	<b>\$257</b>

Pro forma capitalization							
	At LBO						
	3/31/13	xEBITDA	Current	xEBITDA	Adjustments	Pro Forma	xEBITDA
Cash	\$4		\$18		(\$2)	\$16	
Revolver (\$50.0 million)	5		--			--	
Existing Term Loan B-1	350		419			419	
Incremental Term Loan B-2	--		--		205	205	
Total first lien debt	\$355	4.2x	\$419	3.5x		\$624	4.4x
Net first lien debt	\$351	4.1x	\$401	3.3x		\$608	4.3x
2nd lien term loan	140		165			165	
Total debt	\$495	5.8x	\$584	4.8x		\$789	5.6x
Net debt	\$491	5.8x	\$566	4.7x		\$773	5.4x
Sponsor and management cash equity	170		197		50 <sup>(b)</sup>	247	
Total capitalization	\$665	7.8x	\$781			\$1,036	
LTM Adj. EBITDA	\$85		\$121		21	\$142 <sup>(b)</sup>	
PF Interest expense	30		35		12	47	
Adj. EBITDA / interest expense	2.9x		3.5x			3.0x	

(a) Sponsor equity can be reduced to \$40mm in lieu of company cash at closing

(b) LTM 3/31/2015 PF Adj. EBITDA is preliminary Securus LTM 3/31/2015 EBITDA of \$121mm, plus preliminary JPay LTM 3/31/2015 PF Adj. EBITDA of \$21mm

## Summary of Incremental Term Loan B-2

Facility:	Incremental Term Loan B-2
Amount:	\$205 million
Coupon:	TBD
LIBOR floor:	1.00%
OID:	TBD
Maturity:	April 2020 (Same as Existing Term Loan B-1)
Amortization:	1% per year
Optional redemption:	101 soft-call for 6 months
Mandatory prepayments:	Same as Existing Term Loan B-1
Financial covenants:	None
Other covenants:	Same as Existing Term Loan B-1



## Indicative Transaction Timeline

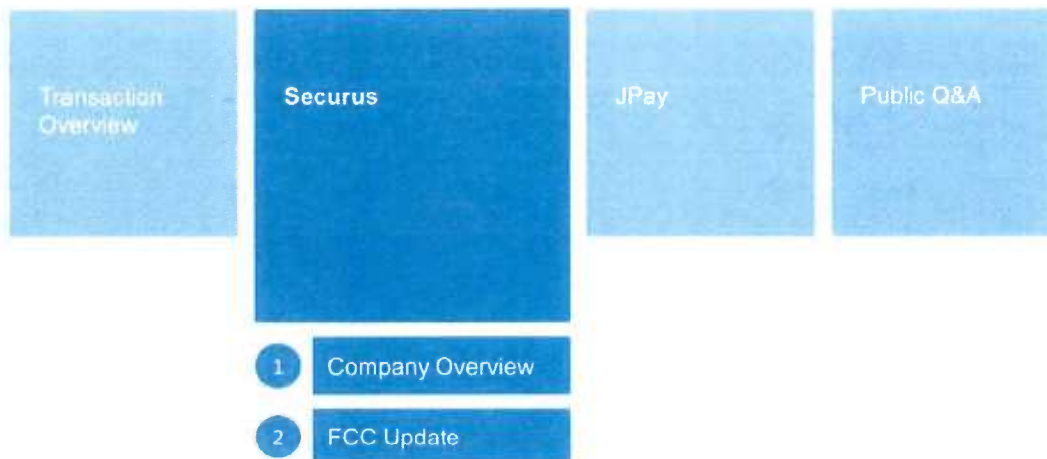
April 2015						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

 Denotes Holiday

 Denotes Key Date

Date	Activity
April 15 <sup>th</sup>	Host Lenders Call
April 24 <sup>th</sup>	Expected Pricing
Early / Late July	Close & Fund

# Agenda



## **Company Overview**

# Situation Update

## 2015 YTD March, 2015 Financial Results

	<u>Q1 2014 vs. Q1 2015</u>		<u>Q12015 vs. Equity Budget</u>		<u>Q12015 vs. Bank Model</u>	
	<u>Percent</u>	<u>Performance</u>	<u>Percent</u>	<u>Performance</u>	<u>Percent</u>	<u>Performance</u>
Revenue	+10.1%	Good	+7.2%	Good	+6.5%	Good
Adjusted EBITDA	+23.1%	Good	+20.8%	Good	+16.6%	Good
Free Cash Flow	+9.3%	Good	+26.2%	Good	+19.6%	Good

### Comments:

- Record High Q12015 Revenue, EBITDA, and Free Cash Flow
- Record High Prepaid Percent = 96.3%
- Q12015 EBITDA Annualized = \$133M > 2015 Equity Budget
- Project Initiatives +27.0% vs. Budget
- Same Store Call Volume Variance vs. 2014 = +15%
- Q12015 YTD Bad Debt = .6%
- Q12015 Annualized Net Wins = Record High

## JPay Transaction

- Known JPay Team for +5 years, Past Partnering on RFPs
- Have Attempted to Purchase Them for Last Four (4) Years
- Purchase for \$250M + Earn Out
- EBITDA Forecast (Smith) of \$40M in 4 Years Without Growth  $\approx$  6.3X EBITDA Multiple
- High DOC Penetration + Low County Penetration
- Fits Acquisition Filter
  - Government Services
  - High Tech/Software Focused
  - Revenue and EBITDA Growth +10%
  - Corrections Sector
  - Good Management
  - High Integrity
  - Positive NPV and Good IRR

### Performance code:

- Green = Good (> better than 3.0%)
- Yellow = OK (+/- 3.0%)
- Red = Poor (> worse than 3.0%)

## Securus at a Glance

### Company Highlights

- Leading provider of advanced inmate communications, investigative technologies and information management solutions to the corrections industry in the U.S. and Canada
- Stable and recurring revenue model supported by long-term, multi-year customer contracts
- Executive Team Average 14 Years Working Together
- 68 Sales Team Associates
  - +70K Contacts with Facility Customers Annually
- 143 United States Patents Approved, 87 Pending
  - Collected \$60M in License Agreements
  - 3X As Many Patents as the Entire Industry
- Private Equity Sponsored: ABRY Partners
- Key Financial Metrics (LTM March 2015)
  - \$415M Revenue
  - \$121M Adj. EBITDA
  - \$84M Free Cash Flow<sup>(1)</sup>

(1) Free Cash Flow defined as Adj. EBITDA less Capital Expenditures

### Business Snapshot

Founded:	1987	Facilities:	2,600
Headquarters:	Dallas, TX	Number of states:	47
Associates:	1,000+	IT Development Associates:	200

### Product Overview

- Provides High-Tech Products and Services to Law Enforcement and Corrections Sector
  - Audio Outbound Inmate Calling
  - Video Visitation
  - Parolee GPS Monitoring
  - Voice Biometrics
  - Inmate Tablets
  - Data Analytics
  - Jail Management Systems
  - Interactive Voice Response Systems
  - Managed Access Service (wireless contraband)
  - Location Based Services
  - Mobile Marketing Services

## Securus Management Team

Name	Position	Years with Securus	Years Working Together
Richard A. Smith	Chief Executive Officer	7	3 - 20
Robert E. Pickens	President	7	16
Geoffrey M. Boyd	Chief Financial Officer	2	9
Dennis Reinhold	General Counsel	10	7
Patrick Broisma	Vice President, Corporate Development	7	15
Joshua Conklin	Vice President, Sales	5	16
Daniel de Hoyos	Vice President, Service and Technical Operations	7	12
Larry Ehlers	Vice President, Application	6	11
Arlin Goldberg	Chief Information Officer	7	16
David Kunde	Vice President, Network Operations	4	20
Kathryn Lengyel	Vice President, Human Resources	8	7
Russell Roberts	Vice President, Marketing and Corporate Strategy	7	7
Jon Secrest	Vice President, New Growth Opportunities	< 1	9
Dan Wigger	Vice President and Managing Director, Managed Access Systems	< 1	3

- Executive Team averages 11 years working together.
- Has built the most advanced and comprehensive platform of technology solutions serving the corrections industry.



# Inmate Telecommunications Overview

## Key Functions

Enable Calls

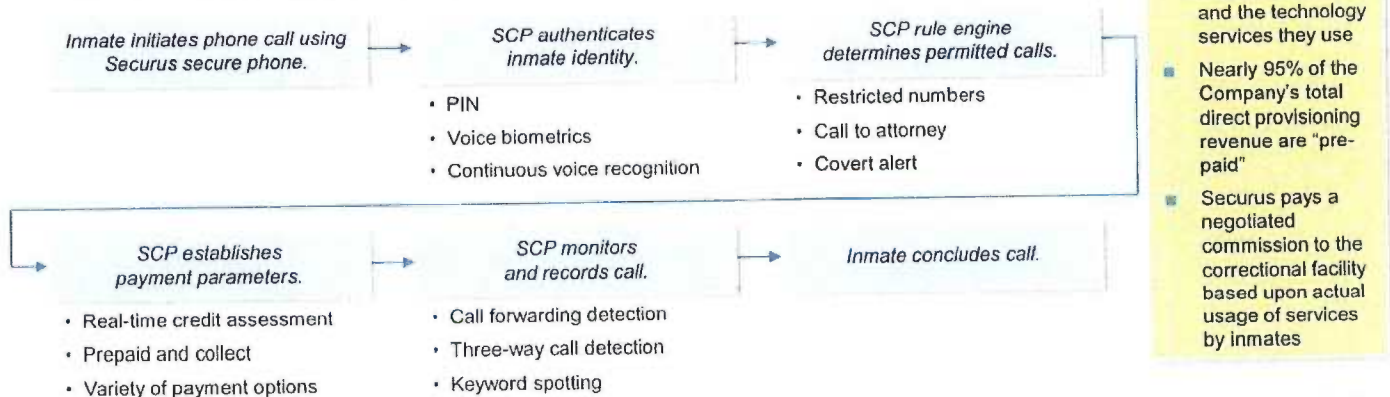
Ensure Security of Calls

Monitor Credit Risk

Billing & Customer Care

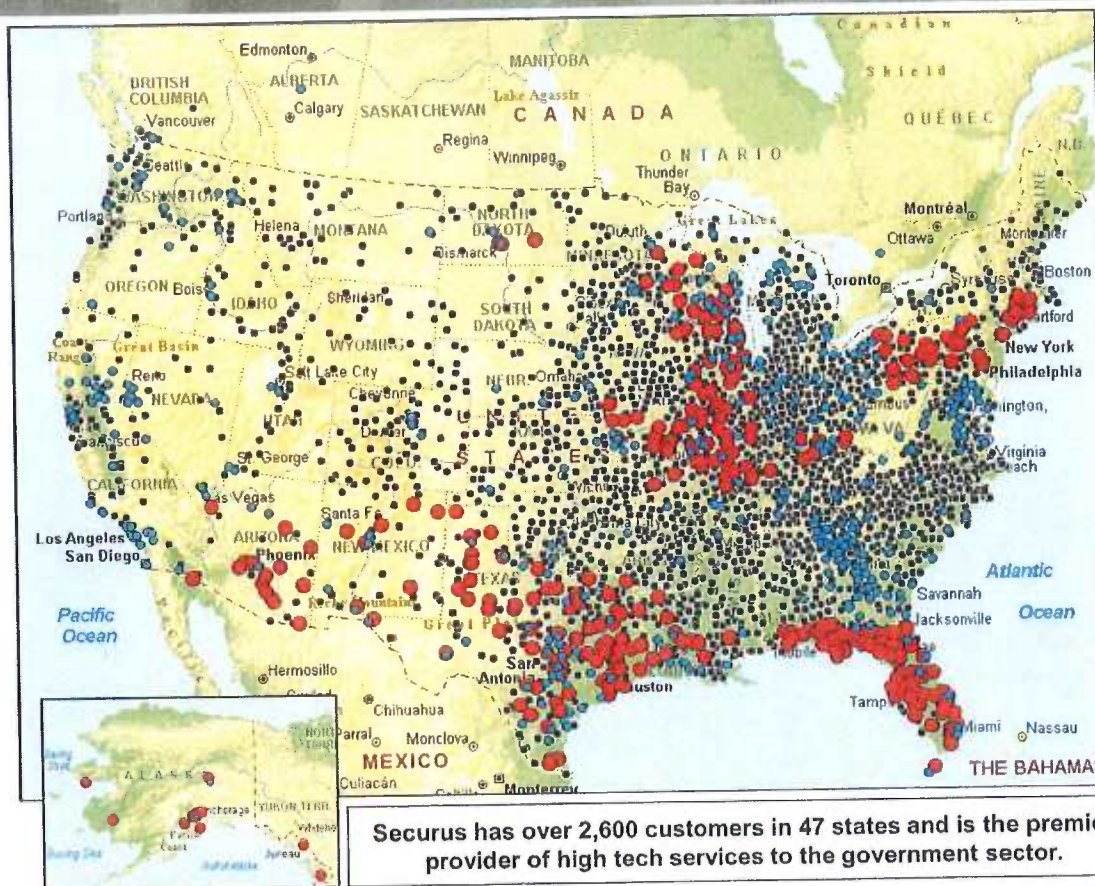


## Summary of Outbound Inmate Call

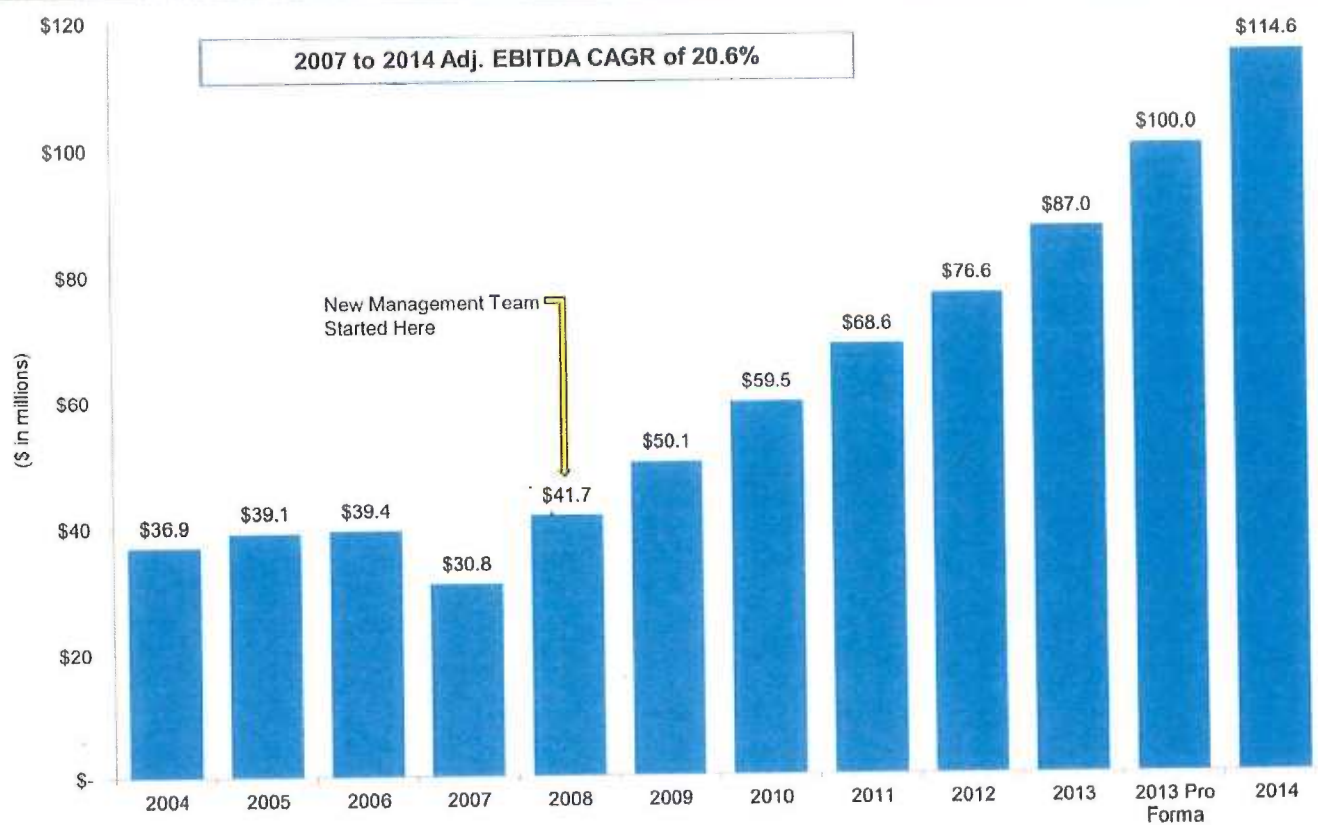


**Specialized Systems And Technology Create High Barriers To Entry**

## Securus Sites



## Historical Adj. EBITDA



## Eschelon EBITDA, 1996 to 2007 (Competitive Local Exchange Carrier)



The Executive Team at Securus has a long history of good operating and financial performance including at Eschelon, for nine (9) years.



# Key Credit Highlights

## Securus Represents an Attractive Credit Investment

### *Recurring Revenue Model With Long Term Contracts*

- Average revenue retention of 94% over the last 5 years
- 3 to 5 year contracts with majority on automatic renewals without RFP

### *Diverse Customer Base With Minimal Customer Concentration*

- 2,600 facilities across 47 states, D.C and Canada
- Top 10 customers account for ~32% of revenue, long standing relationships with average tenure of ~10 years

### *Industry Leading Technology Platform*

- Patented, proprietary technology platform
- Efficient centralized technology model is CapEx and OpEx efficient
- ~\$75B corrections industry represents a large, recession-resistant and stable market

### *Large, Stable And Growing Corrections Industry*

- Inmate population and corrections expenditures have grown steadily for 3 decades
- The acquisition of JPay results in a comprehensive communication and tech-enabled solution provider

### *Diversified Service Offering in Highly Attractive Segments*

- Well positioned for organic growth through numerous initiatives currently underway

### *Exceptional Financial Performance Since 2008*

- Quality of revenue significantly improved: Higher prepaid revenue, lower bad debt expense, low wholesale revenue
- Increased Adj. EBITDA by 272% from 2007 to 2014
- Number of recent wins against GTL proves Securus' superior operating model

### *Experienced Management Team*

- Experienced, cohesive team with 16 year track record of value creation
- Implemented numerous initiatives to double EBITDA from 2007 to 2014
- Continuous operational improvement and margin expansion

## Summary Q1-15 and FY2014 Financial Results vs. Budget and Prior Year

(\$ in thousands)

	Q1 2015 vs. Budget				FY2014 vs. Budget			
	Actual	Budget	Variance	%	Actual	Budget	Variance	%
<b>Revenue</b>	<b>\$ 110,955</b>	<b>\$ 104,177</b>	<b>\$ 6,778</b>	<b>6.5%</b>	<b>\$ 404,617</b>	<b>\$ 399,045</b>	<b>\$ 5,572</b>	<b>1.4%</b>
Cost of Service	51,568	50,608	959	1.9%	197,885	207,538	(9,653)	-4.7%
Selling, General & Admin. \1	26,022	24,952	1,071	4.3%	92,147	88,736	3,411	3.8%
<b>Adjusted EBITDA</b>	<b>\$ 33,365</b>	<b>\$ 28,617</b>	<b>\$ 4,748</b>	<b>16.6%</b>	<b>\$ 114,585</b>	<b>\$ 102,771</b>	<b>\$ 11,813</b>	<b>11.5%</b>
Capital Expenditures \2	10,633	9,616	1,017	10.6%	32,598	31,490	1,108	3.5%
<b>Adjusted Free Cash Flow</b>	<b>\$ 22,732</b>	<b>\$ 19,001</b>	<b>\$ 3,731</b>	<b>19.6%</b>	<b>\$ 81,987</b>	<b>\$ 71,281</b>	<b>\$ 10,705</b>	<b>15.0%</b>
Calls	39,479	37,721	1,758	4.7%	130,573	127,021	3,552	2.8%
ARPC	\$ 2.36	\$ 2.28	0.08	3.3%	\$ 2.58	\$ 2.65	(0.07)	-2.6%

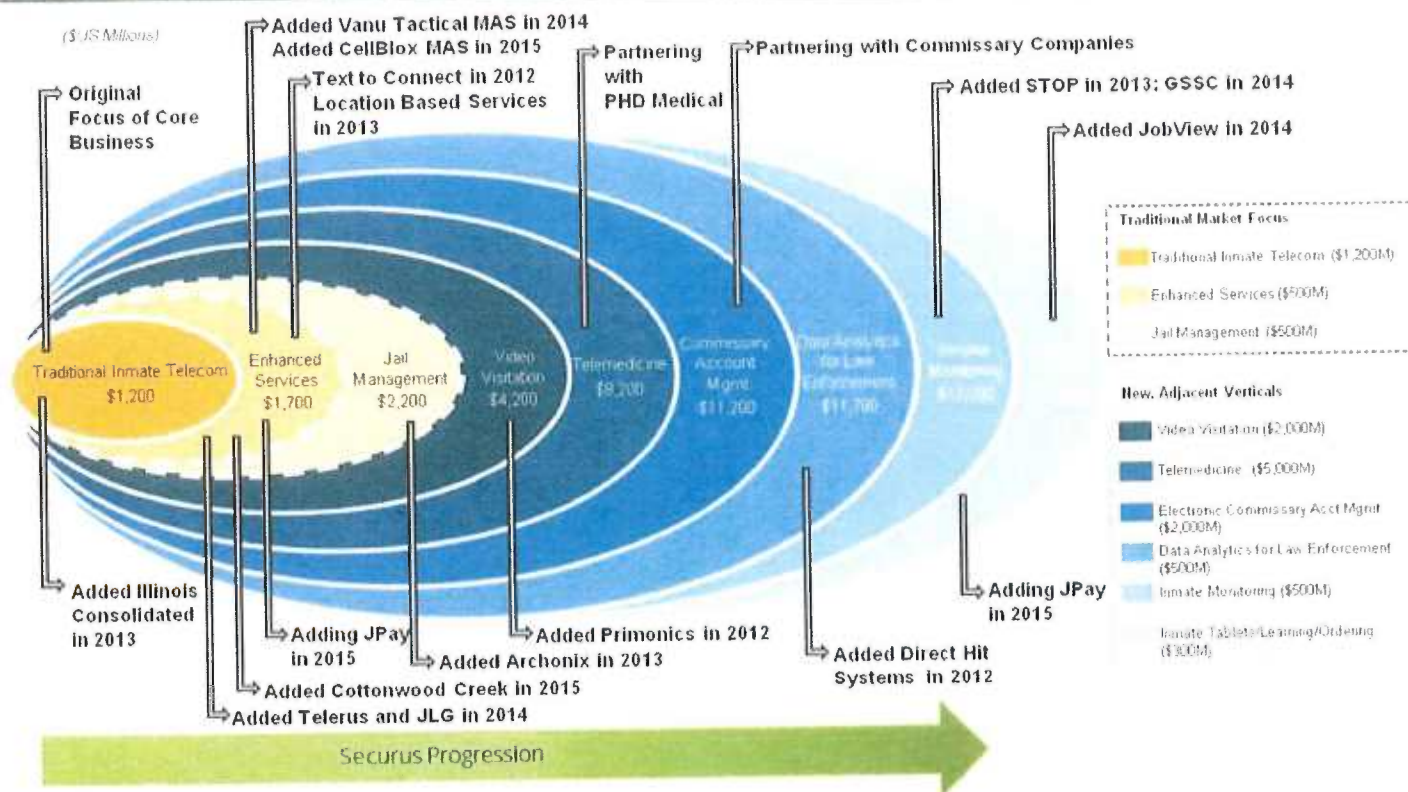
	Q1 2015 vs. Prior Year				FY2014 vs. Prior Year			
	Q1 15	Q1 14	Variance	%	FY2014	FY2013	Variance	%
<b>Revenue</b>	<b>\$ 110,955</b>	<b>\$ 100,746</b>	<b>\$ 10,209</b>	<b>10.1%</b>	<b>\$ 404,617</b>	<b>\$ 366,671</b>	<b>\$ 37,946</b>	<b>10.3%</b>
Cost of Service	51,568	52,051	(483)	-0.9%	197,885	207,427	(9,542)	-4.6%
Selling, General & Admin. \1	26,022	21,584	4,438	20.6%	92,147	72,200	19,947	27.6%
<b>Adjusted EBITDA</b>	<b>\$ 33,365</b>	<b>\$ 27,111</b>	<b>\$ 6,254</b>	<b>23.1%</b>	<b>\$ 114,585</b>	<b>\$ 87,044</b>	<b>\$ 27,541</b>	<b>31.6%</b>
Capital Expenditures \2	10,633	6,323	4,310	68.2%	32,598	23,280	9,318	40.0%
<b>Adjusted Free Cash Flow</b>	<b>\$ 22,732</b>	<b>\$ 20,788</b>	<b>\$ 1,944</b>	<b>9.3%</b>	<b>\$ 81,987</b>	<b>\$ 63,765</b>	<b>\$ 18,222</b>	<b>28.6%</b>
Calls	39,479	31,308	8,171	26.1%	130,573	117,002	13,571	11.6%
ARPC	\$ 2.36	\$ 2.74	(0.38)	-13.9%	\$ 2.58	\$ 2.89	(0.30)	-10.4%

\1 Adjusted for add-backs

\2 Adjusted for Vanu license acquisition



# Large and Growing Government Services Opportunity For Technology Enabled Solutions



Large and growing government services opportunity for bundled technology solutions with Securus market share of 4%.

## Proven Ability to Win Business



### Sales Team Initiatives

- Sales Team Leadership Change
- Largest Sales Team in the Sector
- Focus on New Sales
- New Product Development / Acquisitions
  - Archonix
  - STOP
  - DirectHit
  - Telerus
  - Text 2 Connect
  - Primonics
  - Location Based Services
  - Pay Now / Instant Pay
  - Inmate Tablet
  - Managed Access Systems (MAS)
- Improvements in SCP
- Insourced Call Center
- Sales Team Training
- Hiring for Sales Ability versus Relationships Only
- Commission Plan Incentives Proper Behavior

Securus has shown an increasing ability to win new business – generated \$200 million in new business from 2009 through 2015 Annualized

## Meaningful Advantages Over GTL Underscore Securus' Sustainable Competitive Position<sup>1</sup>

<b>SECURUS Technologies</b> <small>connecting what matters</small>	<b>Advantage</b>	<b>Criteria</b>	<b>GTL</b>	<b>Advantage</b>
Technology, customer service and sales	✓	<i>Investment and Strategic Focus</i>	Integrating series of acquisitions	
With core operations	✓	<i>Location of Executives</i>	Separate from core operations	
Use own employees	✓	<i>Technical Field Service</i>	Outsourced	
Use own employees	✓	<i>Call Center / Funding Options</i>	Outsourced	
Positive	✓	<i>Organic Revenue Growth</i>	Estimated Negative – 2011 to 2014	
100%	✓	<i>% of Facilities on Centralized Platform</i>	20%	
143 awarded / 87 pending	✓	<i>Patent Portfolio</i>	45 awarded / 11 pending	
68	✓	<i>Size of Sales force</i>	≈ 35	
200+	✓	<i># of Software Developers</i>	≈ 50	
≈ 700	✓	<i># of Centralized Platform Features</i>	≈ 350	
JPay / MAS / STOP / CellBlox / Vanu Tactical	✓	<i>Voice Biometrics, MAS, Mobile Marketing, Inmate Tracking, Media, Communications</i>	Primarily Partnering or No Comparable Product Available	
Purchased Direct Hit Systems	✓	<i>Data Analysis for Law Enforcement</i>	Unknown	
3	✓	<i>2103 to 2015 DOC New Wins</i>	0	
\$45M	✓	<i>New Wins in 2013 - 2015 from GTL or Securus</i>	≈ \$4M	
+\$400M	✓	<i>New Acquisitions – Product Enhancements</i>	≈ \$30M	

**Securus provides a best in class set of business attributes for facilities, inmates, friends/family members, and investors**

<sup>1</sup>Most of the GTL comparable metrics are estimated by interviewing past Associates of GTL, conversations with existing Associates of GTL, review of old financing documents, and review of GTL RFP responses. If the reader is concerned with accuracy, they should review directly with GTL to get comparable metrics.

# **Federal Communications Commission Update**

## Summary of Federal Communications Commission (FCC) Potential Order on Inmate Rates

### Timing:

- Order Issued/Voted On – July/August, 2015
- Posted to Federal Register – September/October, 2015
- Implementation Date – November/December, 2015
- Excludes Litigation Delays

### FCC Objectives:

- Reduce calling rates
- Created business environment that promotes competition
- Fairness to all parties
- Eliminate/reduce facility commission payments
- Give all parties a chance to submit data
- Cap/better manage ancillary charges
- Transition plan that allows facilities to replace commissions with public funding
- Allow carriers a reasonable/appropriate rate of return

### Securus Contribution:

- First Cost Study submitted on time that met FCC requirements
- First/Only Elasticity Study
- 14 Meetings with FCC/Staff in last 13 months to educate and discuss Securus positions
- Discussions with National Sheriff's Association (NSA) at the request of FCC to craft a compromise
- Securus' Position on Commissions – IT IS THE FCC'S decision to allow or not facility commissions. Commission are used for good causes and the FCC should allow some level AS LONG AS they are added to Securus' costs that the FCC allows
- Filed complaints against two (2) carriers and one (1) agent with Enforcement Division of FCC at the request of FCC for violations of Interim Order in 2014



## Summary of Federal Communications Commission (FCC) Potential Order on Inmate Rates

### Interim FCC Order on Interstate Rates:

- Implemented on February 11, 2014
- Rate Caps implemented for interstate
- Did not change ancillary charges
- Rates reduced by 10% to 80%, 38% for Securus
- Accomplished FCC Objectives
- Securus implemented interstate rate caps and eliminated interstate commissions with neutral to a modestly positive EBITDA impact including some positive elasticity of demand with respect to price

### Final FCC Order Expectations:

- Price caps set  $\geq$  cost including return on debt and equity
- Transition period of  $\leq 2$  years
- Capping of ancillary charges
- Prison/jail distinction
- Commissions are reduced or eliminated
- No by facility rate of return approvals
- No significant incremental filing requirements
- Neutral to a modestly positive EBITDA impact on Securus including elasticity impact

It is the FCC's decision to allow or not allow commissions - as long as it is added to Securus' rate filed in the Cost Study.  
We expect the FCC's Final Order to be neutral to modestly positive on Securus' EBITDA.

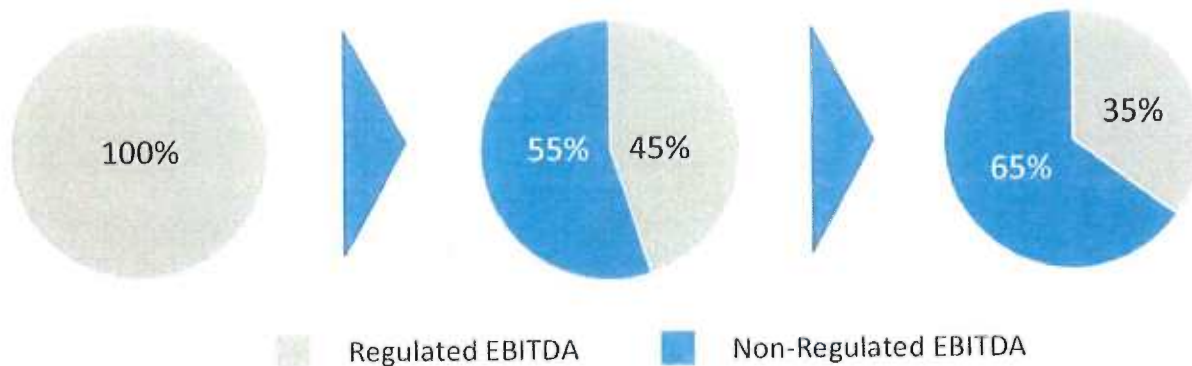


## Progression to Higher Percentage of Deregulated Business

2007 Base Year

2014 Pro Forma<sup>(1)</sup>


2015 Pro Forma<sup>(2)</sup>



**By investing in businesses that are not regulated by the FCC / PSC / PUCs,  
Securus has successfully decreased its exposure to potential rate of return regulation**

(1) Regulated EBITDA excludes EBITDA from DirectHit, Archonix, STOP, Telerus, JLG, Vanu Tactical, GSSC, Location Based Services, 3rd Party Mobile Marketing Services, Patent License Agreements, and Fees  
(2) Regulated EBITDA excludes EBITDA from DirectHit, Archonix, STOP, Telerus, JLG, Vanu Tactical, CellBlox, GSSC, Location Based Services, 3rd Party Mobile Marketing Services, Patent License Agreements, JPay, and Fees

Note: "FCC" = Federal Communications Commission, "PSC" = Public Service Commission, "PUC" = Public Utility Commission



## Interstate Inmate Rates – WC Docket No. 12-375

### Inmate Rates – What do the Various Parties Really Want?

**Inmates, Friends and Family** – Low rates, reasonable fees, a more consistent rate plan, and the ability to communicate more often.

**Correctional Facilities** – Security, safety, recovery of ICS-related costs, 2 year transition plan and best technology.

**ICS Providers** – Recovery of all costs to provide ICS, the ability to continue serving all facilities, the ability to continue providing facilities with safety, security, crime solving tools and new technology.

**FCC** – Low rates, low fees, competitive mode, more communication between inmates and their friends and family leading to reduced recidivism, safety, security and simplicity.

### How Can Everyone's Objectives be Met?

**Simplicity** – Same rate for every call (interstate and intrastate); \$ .20/minute prepaid, \$ .24/minute collect, and no per call surcharge. The simplified rate structure will make ICS charges more transparent for inmates and their friends and family, and will discourage gaming.

**Recovery of ICS Provider's Costs** – The Commission's Mandatory Data Collection indicated that ICS provider's costs range from approximately \$ .134 per minute to \$ .157

- The proposed rate caps allow sufficient flexibility to ensure ICS providers are able to serve all correctional facilities, maintain security features, regardless of size or location. FTI Consulting explains why sound ratemaking requires rates to be set above average cost.
- The Commission should permit an ICS provider to seek a waiver of the rate cap for a particular correctional facility if the ICS provider can demonstrate that the proposed rate cap does not allow the ICS provider to economically serve the correctional facility.

**Administrative Support Payments for Correctional Facilities** – NSA member survey data indicates that costs range from \$ .004 per minute to \$1.74 per minute.

- Correctional facilities should be reimbursed for the direct costs they incur in connection with ICS. The cost recovery mechanism should be an independent per minute rate component that the Commission derives from the cost figures it receives from correctional authorities.
- Any per minute rate must be additive to the ICS rate cap, because no commissions or admin. support payments were included in ICS provider's costs submitted to the Commission.

**Ancillary Fees** – Eliminate the majority of ancillary fees. Cap funding fees at \$7.50. Maximum validation fee of 5% per call, maximum \$2.50 administrative fee for third-party money transfer services, retain optional premium payment services so long as there is always a free alternative.

**Transition** – 24 months or 2 budget cycles

February 5, 2015



**SECURUS**



## Federal Communications Commission Comments on Facility Commissions Viability

### Chairman Wheeler

- October 17, 2014 (FNPRM)

No one could mistake ICS as a competitive market today when exorbitant rates are driven by site commissions demanded by correctional facilities..."

### Commissioner Clyburn

- September 26, 2013 (Inmate Rate Order)

"We also make clear that site commissions are not related to the cost of providing inmate calling services, and therefore cannot be included in the interstate rate."

- October 17, 2014 (FNPRM)

outrageous costs, and payments from the providers to those facilities – known as site commissions – have skyrocketed to as high as 96% of gross revenues.

- July 9, 2014 (Inmate Rate Workshop)

"In addition to rate caps, the Commission also made clear that regardless of the value or benefits that site commissions may provide to inmates, through inmate welfare programs or other services, such payments, should not be part of interstate inmate calling rates because they have no direct bearing on the cost of providing communications services."

### Commissioner Rosenworcel

- October 17, 2014 (FNPRM)

This new rulemaking seeks to address the exorbitant rates that prisoners and families of prisoners still face for in-state calls and slew of suspect fees for ancillary services and commission charges.

March 4, 2015

# Agenda



## **Company Overview**



## Company Overview

- Servicing more than one million inmates and over 1.1 million probation & parole individuals in 29 states
- Product categories are broken down as follows:
  1. Payment Services: Includes money transfer and release debit cards
  2. Communications: Includes email, photo attachments, VideoGrams, video visitation and grievances
  3. Digital Media: Includes music, eBooks, games, videos, commissary ordering and an education platform
- Generates revenue via transaction fees (payments), product-usage fees (email, video visitation), download fees (media), and hardware sales (tablets)
- Founded in 2002, headquartered in Miramar, FL and currently has 265 employees
- Delaware Corp, privately-held by founders, family and other investors

### Rapid Financial Growth (\$mm)

- New state contracts, implementation of new services under existing contracts, and a continuous increase in user adoption has contributed to JPay's strong financial growth across all product lines



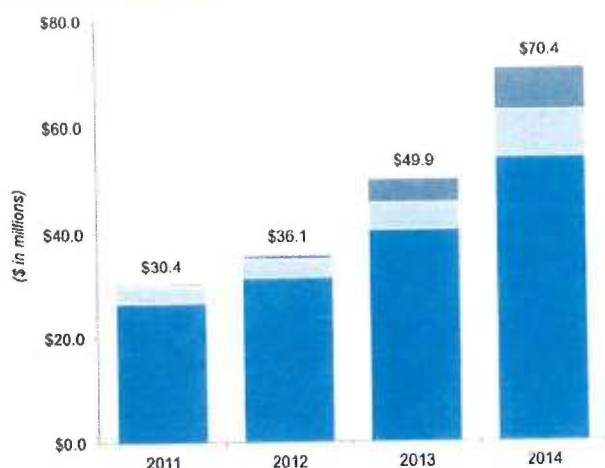


## Comprehensive and Proprietary Product Offering

	Payments	Commissary	Digital Media
Product Description	<ul style="list-style-type: none"> <li>Enables friends and family to send money to inmates and for offenders to make parole and probation (P&amp;P) payments</li> <li>Six unique payment channels available</li> <li>When inmates are released, a release debit card is given to inmates with their account balance and "gate money"</li> </ul>	<ul style="list-style-type: none"> <li>Email includes both inbound and outbound as well as photo attachments</li> <li>VideoGrams are 30 second video clips sent by family from JPay's android or iPhone app – inmates can also respond with a video clip</li> <li>Video visitation consists of 30 minute visitation sessions</li> <li>Grievances digitize the communication between staff and inmates from the kiosk</li> </ul>	<ul style="list-style-type: none"> <li>Provides inmates with the opportunity to download and enjoy digital media, including music, eBooks and education</li> <li>Offers digital media tablets enabled with native applications</li> <li>Commissary ordering system allows inmates to purchase goods based on rules, inventory and pricing set and provided by the agency or commissary vendor</li> </ul>
Key Characteristics	<ul style="list-style-type: none"> <li>Licensed money transmitter, fully compliant with all federal and state money transmitter statutes</li> <li>Funds are generally available the next day</li> <li>Eliminates the need for prisons to process paper and cash payments</li> <li>All transactional data is recorded, analyzed and reported online</li> </ul>	<ul style="list-style-type: none"> <li>All email, photos and VideoGrams are categorized according to designated words, senders or inmates</li> <li>Video visits are recorded and can also be monitored in real time</li> <li>Ease of access from any location</li> </ul>	<ul style="list-style-type: none"> <li>JP4 and JP5 tablets</li> <li>Extensive library of censored music, media and eBooks</li> <li>Interactive commissary catalog and shopping cart</li> <li>Wireless connectivity brings instant gratification to purchases and communications</li> </ul>
2014 Revenue	<ul style="list-style-type: none"> <li>\$53.9 million</li> </ul>	<ul style="list-style-type: none"> <li>\$8.5 million</li> </ul>	<ul style="list-style-type: none"> <li>\$8.0 million</li> </ul>
% of Total	<ul style="list-style-type: none"> <li>77%</li> </ul>	<ul style="list-style-type: none"> <li>12%</li> </ul>	<ul style="list-style-type: none"> <li>11%</li> </ul>

# Robust and Diversified Growth Profile

## Revenue by Product Type



(\$ in millions)	2011	2012	2013	2014
Payments	\$26.7	\$31.5	\$40.5	\$53.9
Communications	3.2	3.4	5.0	8.5
Media	0.5	1.1	4.4	8.0
<b>Total</b>	<b>\$30.4</b>	<b>\$36.1</b>	<b>\$49.9</b>	<b>\$70.4</b>

Media includes sale of tablets

## Commentary and Metrics

### Payments

- **Payments Revenue Model**
  - Transactions – flat rate for each transaction
  - Average transaction amount is \$73.00
  - Average (annual) fee price is \$5.95
- Consists of inmate, P&P, court and phone payments

### Communications

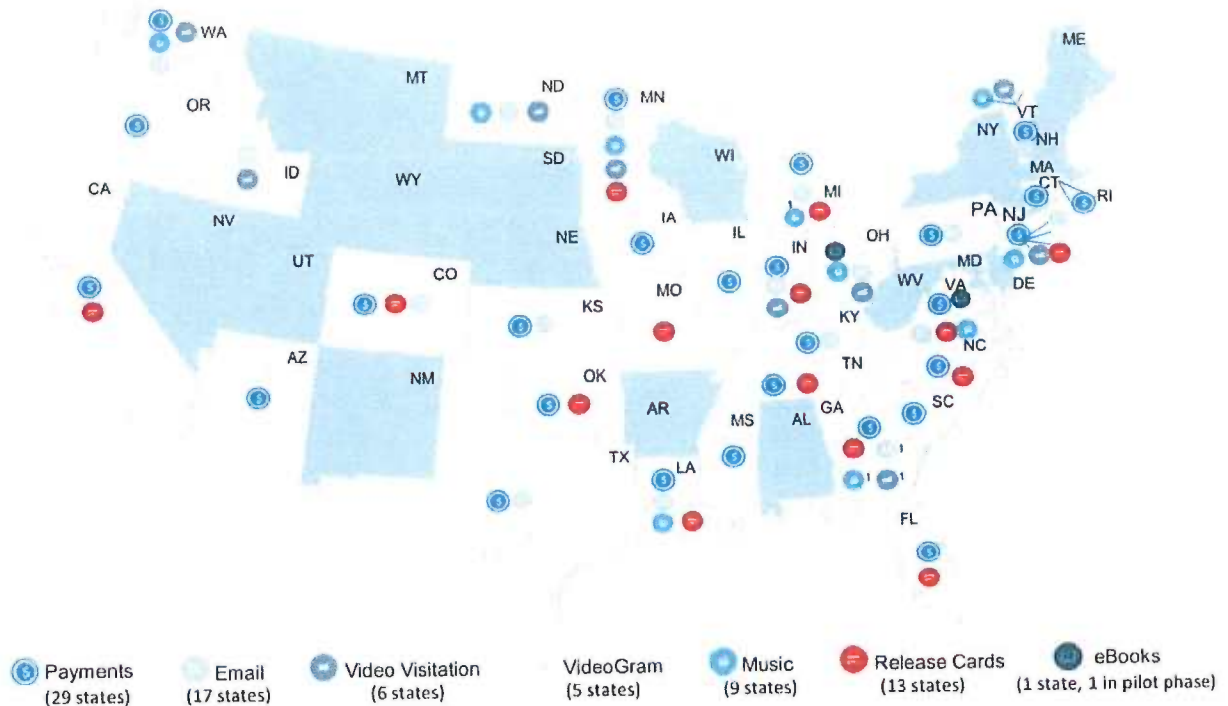
- **Email Revenue Model**
  - Pay per stamp, priced on average at \$0.30 each
  - Each letter requires 1 stamp
  - A photo attachment requires 1 stamp
  - A Video/voice requires 3 stamps
- **Video Visitation Revenue Model**
  - Pay per video session priced on average \$4.95 (10 min)
- **Grievances Revenue Model**
  - Free

### Digital Media

- **Music Revenue Model**
  - iPod tablets – \$49.99 / tablet
  - iPad tablets – \$119.99 / tablet
  - Transactions – price / downloaded song
  - Average selling price per track is \$1.24 – \$1.82
- **eBook Revenue Model**
  - Pay per eBook download
- **Education**
  - Free for most materials
  - Fees for premium content (tutors)
- **Games**
  - Free

## Extensive State Penetration and Strong Market Position

Currently serves agencies in 29 states, including 9 of the top 10 largest state prison systems  
18 county correctional systems including NYCDoc as well as 3 private federal prisons



<sup>1</sup> Selected Facilities

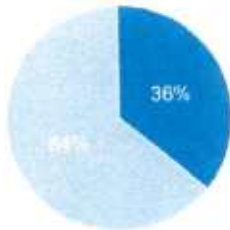
## Expansive Target Market

State Inmates = 1.4 million

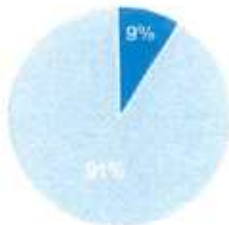
Payments



Communications

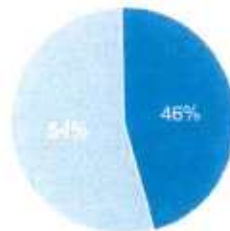


Digital Media

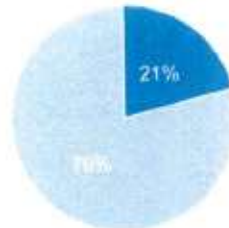


Federal, State, and County Inmates = 2.4 million

Payments



Communications



Digital Media



Market Served by JPay

Market Not Served by JPay<sup>1</sup>

<sup>1</sup> Some agencies are serviced by competitors but the majority of agencies have yet to adopt the services

## Strong Relationships with Top Clients

- Largest client represents approximately 13% of revenue with only one other client more than 10%
- The Company's top 10 clients have an average tenure of six years
- Significant opportunity to grow existing relationships with top clients through introduction of new products

Client	Client Since	Money Transfer	Money Transfer P&P	Products				2013 Revenue	% of Total	2014 Revenue	% of Total
				Email	Music	Video Visitation	VideoGrams				
State 1	Jan-08	•						\$3.4	6.8%	\$3.8	5.4%
State 2	Jul-05	•	•					7.0	14.0%	9.4	13.3%
State 3	Dec-08	•	•	•	•	•		3.8	7.6%	4.1	5.8%
State 4	Oct-07	•		•		•	•	1.9	3.8%	2.9	4.1%
State 5	Mar-08	•	•	•	•			2.2	4.4%	2.5	3.5%
State 6	Jan-09	•		•	•			3.2	6.4%	3.6	5.1%
State 7	Dec-08	•		•	•	•	•	1.7	3.4%	5.7	8.1%
State 8	Jul-03	•		•				3.5	7.0%	3.6	5.1%
State 9	Nov-03	•		•				6.5	13.0%	7.2	10.2%
State 10	Jul-12	•	•	•	•	•		1.7	3.4%	2.1	3.0%
<b>Top 10</b>								<b>\$34.9</b>	<b>69.9%</b>	<b>\$44.9</b>	<b>63.5%</b>
Other Clients								\$15.0	30.1%	\$25.5	36.5%
<b>Total Clients</b>								<b>\$49.9</b>	<b>100.0%</b>	<b>\$70.4</b>	<b>100.0%</b>



**Solutions & Services**

# Payments

## Industry-Leading Solution

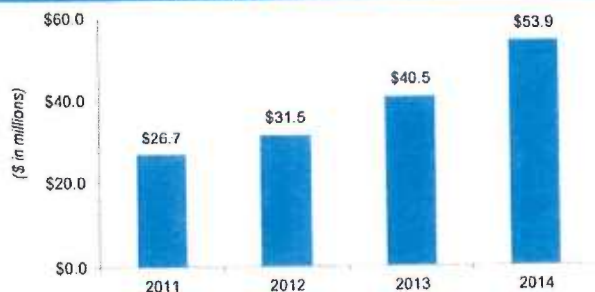
### Overview

- Enables friends and family to securely send money to inmates through multiple channels including:
  - JPay.com
  - Mobile application (Android & iPhone)
  - MoneyGram Payment Systems (cash)
  - 24/7 call center
  - In-facility lobby and booking kiosks
  - Money order lockbox
- JPay has an exclusive partnership with MoneyGram Payment Systems, which has over 30,000 agent locations nationwide, including walk-up facilities in all Wal-Mart's in the United States
- Payment channels also collect parole and probation payments, prison phone payments and court related payments

### 2014 Key Metrics

State Clients	29
County Clients	18
Offenders Served	2.3 million
Adoption Rate	~31%
Number of Transfers	~7.5M
Transfer Volume	~\$25M
Average \$ per Transfer	~\$70.00

### Payments Revenue Growth



### Transaction Process Detail



## Communication: Email Seamless Electronic Communication

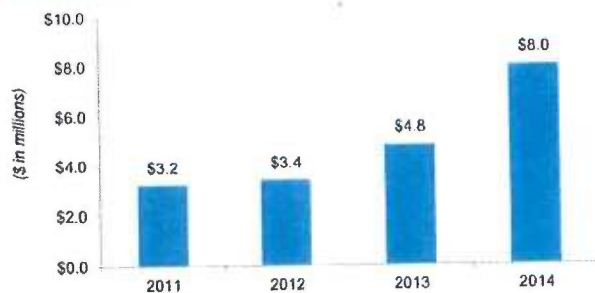
### Overview

- Inbound email allows friends and family to send emails, add photo attachments and send short VideoGrams to inmates
- Outbound email enables inmates to respond directly from a kiosk or tablet
- Email messages are received by inmates usually within hours
- Each 5,000 character email costs one JPay stamp
- Photo attachments and VideoGrams cost additional stamps
  - Inmates and customers can participate by purchasing a JPay stamp package using a credit/debit card

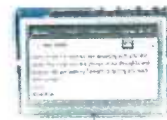
### 2014 Key Metrics

State Clients	17
Inmates Served	500,000
Revenue	\$8.5 million

### Email Revenue Growth



### Email



# Communication: VideoGram™

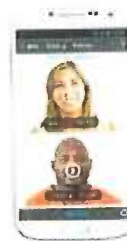
## Streamlined Inmate Communications

### Overview

- VideoGrams are 30 second video clips transferred between friends and family and inmates
- Friends and family create the video clip from JPay's smartphone app (iPhone and Android)
- Inmates view and respond from the kiosk and a video conversation ensues
- VideoGrams alleviate scheduling issues and has become very popular
- Recently deployed in the state prison systems of Indiana, Ohio, North Dakota, Kansas, Washington

### 2014 Key Metrics

State Clients	5 <sup>1</sup>
Total VideoGrams	60,000
\$ per VideoGram	\$0.90



Friends & Family



Inmates

<sup>1</sup> Several agencies in pilot phase

## Digital Media: Music

### Robust Media Library

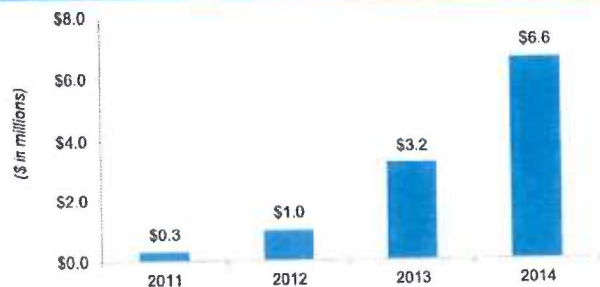
#### Overview

- Offers a digital media library through kiosks where inmates can browse, preview and download music
  - Access to over 11 million songs updated daily through JPay's proprietary music store
- Digital media is downloaded, stored and consumed by inmates from the JP4 mini tablet
  - The JP4 mini tablet comes with an alarm clock, FM radio, photo keeper, and free games
  - Lightweight, made of clear plastic casing, built to withstand abnormal wear and tear

#### 2014 Key Metrics

State Clients	9
JP4 Devices Sold	56,000
Songs Downloaded	4.3 million

#### Music Revenue Growth



#### Music Process Detail

Browse, Purchase and Download Music



JPay Inmate Kiosk



Tablet

Connect via  
USB cable



## Digital Media: eBooks

### Robust eBook library

#### Overview

- eBook Reader app enables inmates to preview, buy and store thousands of books
- eBooks are available in several languages including Spanish, French, Russian and German
- A text-to-speech capability built into the device can transform eBooks into audio books, ideal for inmates with literacy limitations
- Flexible size, brightness and other viewing features

#### 2014 Key Metrics

State Clients	11
Total eBooks Downloaded	9,500
\$ per eBook	\$1.00 – \$29.99

<sup>1</sup> State in pilot phase



## Digital Media: Education

### Changing the prison systems from the inside out

JPay's education product offers a host of non-degree, free coursework material as well as degree-seeking opportunities including high school and college level courses

- Leverages secure, tablet-based content delivery that increases the availability, scale and variety of existing educational programs
- Includes coursework from Ashland University, Khan Academy, GED Prep, non-profit and government funded material
- Coursework and materials are loaded remotely by educators and content providers
- The content is then available to any inmate from the kiosk in his living unit
- Inmates with tablets can download the material, learn in their cells and then upload coursework for professors to grade

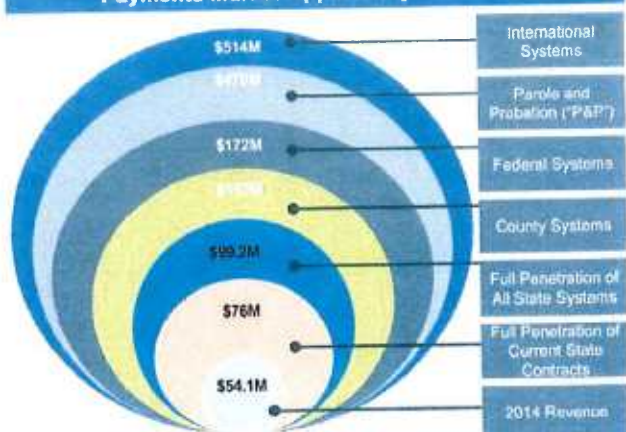


## Industry Overview

# Multiples Revenue Opportunities

Multiple Target Markets with Robust Growth Opportunities for All Product

## Payments Market Opportunity

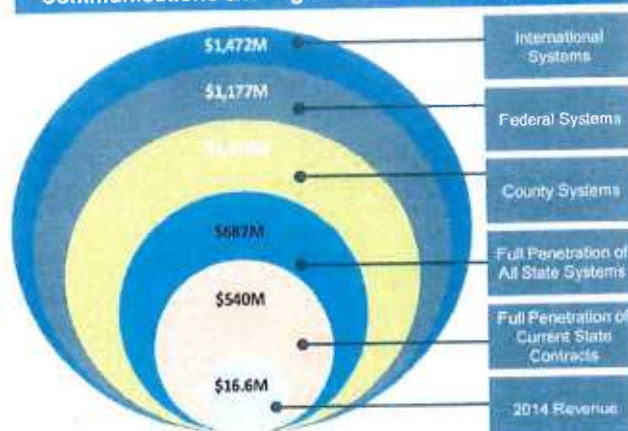


System	Inmates (m)	Transactions/Inmates	Revenue/Transaction	Total Revenue (m)
State	1.4	12	\$6.00	\$99
County	0.8	12	6.00	58
Federal	0.2	12	6.00	15
P&P	5.0	12	5.00	298
International <sup>1</sup>	0.6	12	6.00	44
<b>Total Market</b>	<b>7.9</b>	<b>12</b>	<b>\$6.00</b>	<b>\$514</b>

1 Communication Includes: email, video, vod, im

2 Media Includes: music, eBooks, other

## Communications and Digital Media Market Opportunity



System	Inmates (m)	Communication <sup>1</sup> Revenue (m)	Media <sup>2</sup> Revenue (m)	Total Revenue (m)
State	1.4	\$444	\$243	\$687
County	0.8	254	139	393
Federal	0.2	63	35	98
International	0.6	190	104	294
<b>Total Market</b>	<b>3.0</b>	<b>\$951</b>	<b>\$521</b>	<b>\$1,472</b>

# Competitive Differentiation

The acquisition of JPay results in a comprehensive communication and tech-enabled solution provider

				Competitors		
	Jpay	SECURUS	SECURUS + Jpay	Keefe Group	GTL	Telmate
Commentary	<ul style="list-style-type: none"> <li>Comprehensive payments, communications and digital media service provider to state, federal and county correctional facilities</li> </ul>	<ul style="list-style-type: none"> <li>Offers communication and information management solutions</li> <li>Prepaid phone cards</li> </ul>		<ul style="list-style-type: none"> <li>Primarily commissary distribution provider</li> <li>Partners with providers or delivers additional complementary corrections solutions</li> </ul>	<ul style="list-style-type: none"> <li>Offers communication solutions and inmate phone and offender management systems</li> </ul>	<ul style="list-style-type: none"> <li>Phone company, with increasing technology capabilities</li> <li>Offers phone and video mostly to county jails</li> </ul>
<b>JPay's Core Products:</b>						
Money Transfer Licensed	●	●	●	●	●	●
Communications	●	●	●	●	●	●
Digital Media	●	●	●	●	●	●
<b>Other Products Marketed to Corrections:</b>						
Commissary & Ordering	●	●	●	●	●	●
Phones	●	●	●	●	●	●

● Core Focus    ● Partial Capability    ● No Offering



## Complimentary Geographic Footprints

**Securus and JPay overlap in only 11% of the markets they serve<sup>(1)</sup>**

### Payments

1. Arizona
2. Connecticut
3. Florida
4. Illinois
5. Kentucky
6. Louisiana
7. North Dakota
8. Pennsylvania
9. Texas

### Communications

1. Kentucky
2. Louisiana
3. North Dakota
4. Pennsylvania
5. Texas

### Digital Media

1. Louisiana
2. North Dakota

**Low overlap in the geographies of both Securus and JPay provides a significant opportunity to expand the products of both companies into a larger and, as-of-yet, unpenetrated base**

<sup>1</sup> Calculation assumes a total market size of 150 (50 states x 3 key products). Areas of overlap is the sum of common states for each of the 3 key products (9 + 5 + 2).

## **Financial Results**

## Summary Income Statement - JPay

(\$ in 000s)	2011	2012	2013	2014
<b>Revenue</b>				
Payments	\$26,735	\$31,543	\$40,531	\$53,913
Communications	3,159	3,409	4,960	8,519
Media	514	1,146	4,375	7,971
New Products	—	—	—	—
<b>Total Revenue</b>	<b>\$30,408</b>	<b>\$36,096</b>	<b>\$49,866</b>	<b>\$70,403</b>
% Growth	29.3%	18.7%	38.1%	41.2%
<b>Cost of Sales</b>				
Merchant bank discount fees	\$7,206	\$6,399	\$7,390	\$9,584
Salaries, payroll taxes & benefits	2,404	6,167	6,977	8,281
Agency commissions	2,536	3,061	4,898	7,078
Media product and download costs	570	1,270	3,092	5,100
Other	7,402	6,038	6,331	8,630
<b>Total Cost of Sales</b>	<b>\$20,117</b>	<b>\$22,935</b>	<b>\$28,689</b>	<b>\$38,673</b>
<b>Gross Profit</b>	<b>\$10,291</b>	<b>\$13,161</b>	<b>\$21,177</b>	<b>\$31,729</b>
Gross Margin %	33.8%	36.5%	42.5%	45.1%
Selling, General & Administrative Expenses	\$11,063	\$12,089	\$15,774	\$17,861
% of Revenue	36.4%	33.5%	31.6%	25.4%
<b>Total Operating Expenses</b>	<b>\$31,180</b>	<b>\$35,024</b>	<b>\$44,463</b>	<b>\$56,534</b>
<b>Reported EBITDA</b>	<b>\$520</b>	<b>\$709</b>	<b>\$5,499</b>	<b>\$14,783</b>
Reported EBITDA Margin %	1.7%	2.0%	11.0%	21.0%

# Agenda

Transaction  
Overview

Securus

JPay

Public Q&A

## Appendix



## Summary Historical Financials - Securus

(\$ in millions)	2010	2011	2012	2013	2014
<b>Total Gross Revenue</b>	<b>\$330.1</b>	<b>\$320.5</b>	<b>\$340.2</b>	<b>\$366.7</b>	<b>\$404.6</b>
% Growth	(3.1%)	(2.9%)	6.1%	7.8%	10.3%
<b>Gross Profit</b>	<b>\$120.4</b>	<b>\$132.0</b>	<b>\$145.4</b>	<b>\$159.2</b>	<b>\$206.7</b>
Gross Margin % (of gross revenue)	36.5%	41.2%	42.7%	43.4%	51.1%
<b>Adj. EBITDA<sup>(1)</sup></b>	<b>\$59.7</b>	<b>\$68.6</b>	<b>\$78.5</b>	<b>\$87.0<sup>(2)</sup></b>	<b>\$114.6<sup>(2)</sup></b>
Adj. EBITDA Margin % (of gross revenue)	18.1%	21.4%	23.1%	23.7%	28.3%
<b>Capital Expenditures</b>	<b>\$19.4</b>	<b>\$22.6</b>	<b>\$24.6</b>	<b>\$23.3</b>	<b>\$32.6</b>
% of gross revenue	5.9%	7.1%	7.2%	6.3%	8.1%
<b>Adj. EBITDA less Capital Expenditures</b>	<b>\$40.2</b>	<b>\$46.0</b>	<b>\$54.0</b>	<b>\$63.8</b>	<b>\$82.0</b>
% of gross revenue	12.1%	14.4%	16.0%	17.0%	20.0%

<sup>1</sup> Adjusted for addbacks per credit agreement

<sup>2</sup> Adjusted for Vanu license and GSSC acquisition in 2014; adjusted for 3ci Software and consolidated acquisitions in 2013