BLACKHAWK NETWORK

Q4 2016 Earnings Report

February 15, 2017
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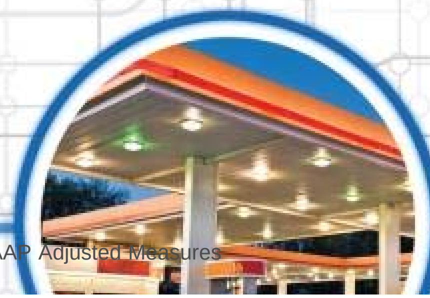


Forward Looking Statements

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are indicated by words or phrases such as “guidance,” “believes,” “expects,” “forecasts,” “projects,” “outlook,” “anticipates,” “estimates,” “plans,” “continuing,” “ongoing,” and similar words or phrases and the negative of such words and phrases. Forward-looking statements are based on our current plans and expectations and involve risks and uncertainties which are, in many instances, beyond our control, and which could cause actual results to differ materially from those included in or contemplated or implied by the forward-looking statements. Such risks and uncertainties include the following: our ability to generate adequate taxable income to enable us to fully utilize the tax benefits referred to in this release; changes in applicable tax law that preclude us from fully utilizing the tax benefits referred to in this release; our ability to grow adjusted operating revenues and adjusted net income as anticipated; our ability to grow at historic rates or at all; the consequences should we lose one or more of our top distribution partners or fail to attract new distribution partners to our network or if the financial performance of our distribution partners’ businesses decline; our reliance on our content providers; the demand for their products and our exclusivity arrangements with them; our reliance on relationships with card issuing banks; the consequences to our future growth if our distribution partners fail to actively and effectively promote our products and services; the timing and manner that our distribution partners restore the full offering of our products after they achieve EMV compliance; changes in consumer behavior away from our distribution partners or our products resulting from limits or controls implemented by our distribution partners during their transition to EMV compliance; the consequences if consumers do not return to purchase our products at distribution partner stores; the requirement that we comply with applicable laws and regulations, including increasingly stringent money-laundering rules and regulations; and other risks and uncertainties described in our reports and filings with the Securities and Exchange Commission (the “SEC”), including the risks and uncertainties set forth in Item 1A under the heading Risk Factors in our Annual Report Form 10-K for the year ended January 2, 2016 which was filed on March 2, 2016, in our Quarterly Report on Form 10-Q for the fiscal quarter ended September 10, 2016 which was filed on October 19, 2016 and in our Form 10-K for the year ended December 31, 2016 which is expected to be filed prior to or on March 1, 2017, and other subsequent periodic reports we file with the Securities and Exchange Commission. We undertake no obligation to update forward-looking statements to reflect developments or information obtained after the date hereof and disclaim any obligation to do so other than as may be required by law.

2016 Highlights

U.S. Retail –Estimated EMV impact higher than forecast for Q4; two distribution partners expected to be compliant in October were delayed; 5% cash back Visa gift product performed well

US Retail AOR -14% Q4'16 vs Q4'15 and -11% FY16 vs FY15

Incentives – Achieved financial targets for 2016 including margin expansion. Employee engagement solutions exceeded its Plan. Introduced new electronic rebate capabilities

Incentives AOR +25% Q4'16 vs Q4'15 and +39% FY16 vs FY15

International – International achieved financial targets for 2016 including margin expansion; Grass Roots acquisition in Q4 expected to boost 2017 revenues

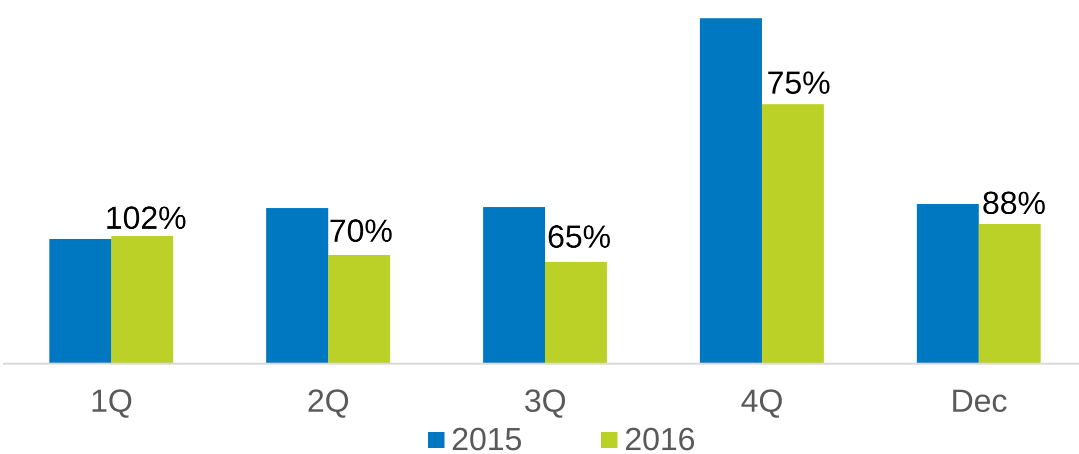
International AOR +65% Q4'16 vs Q4'15 and +40% FY16 vs FY15

Digital Channels – TDV across all digital, online and mobile distribution channels increased by 93% year-over-year. Digital channels and products represented 8% of total U.S. Retail TDV and 16% of Incentives TDV

U.S. Retail — EMV Impact

- Q4 2016 EMV impact on AOR and Adjusted EBITDA higher than forecast
  - *Q4'16 est. impact $19M AOR and $18M Adjusted EBITDA, $6M net of cost savings offsets*
  - *FY16 est. impact $52M AOR and $46M Adjusted EBITDA, $31M net of cost savings offsets*
- Compliance delays in one of our largest distribution partners
- November TDV softer than forecasted, however, open loop TDV growth accelerated in December with holiday traffic and marketing promotions
  - *TDV levels exiting 2016 achieved 88% of 2015 volumes*

Open Loop TDV 2016 as % of 2015



U.S. Retail – EMV Impact cont'd

- Modest EMV impact carry-over into 2017
  - *Estimated $14 million AOR impact*
  - *Estimated $12 million EBITDA impact*

	2016			OUTLOOK		
($ in millions)	**Through 3Q**	**4Q**	**Total 2016**	**1Q 2017**	**2Q 2017**	**Total 2017**
EMV AOR impact	$33	$19	$52	$6	$5	$14
Less: Direct costs	(5)	(1)	(6)	(1)	(1)	(2)
EMV EBITDA impact	28	18	46	5	4	12
Less: Temporary compensation reductions	(3)	(12)	(15)	-	-	-
EBITDA impact, net	$25	$6	$31	$5	$4	$12

Key Financial Metrics (non-GAAP)
Q4'16 Actual vs Guidance

($ in millions except per share data)	**Q4'16 Actual**	**Guidance***	**% Diff vs Midpoint**
Adjusted Operating Revenues (AOR)	$352	$359 to $389	-6%
Adjusted EBITDA	$107	$118 to $136	-16%
Adjusted Net Income	$57	$58 to $69	-10%
Adjusted Diluted EPS	$1.00	$1.02 to $1.21	-10%
Reduction in income taxes payable	$15	$18	-17%
Reduction in income taxes payable per share (diluted)	$0.25	$0.31	-19%

* Guidance provided on October 12, 2016

- Slower recovery from EMV & lower Cardpool revenues
- EBITDA also impacted by inventory reserves, technology asset write-downs and some severance costs
- Adjusted Net Income favorably impacted vs EBITDA by lower tax rate than forecast

Key Financial Metrics (non-GAAP)

Q4’16 vs Q4’15

($ in millions except per share data)	**Q4’16**	**Q4’15**	**% Change**
Adjusted Operating Revenues (AOR)	$352	$335	5%
Adjusted EBITDA	$107	$108	-
Adjusted Net Income	$57	$59	-3%
Adjusted Diluted EPS	$1.00	$1.03	-3%
Reduction in income taxes payable	$15	$17	-13%
Reduction in income taxes payable per share (diluted)	$0.25	$0.29	-14%

- Adjusted Net Income: higher interest and depreciation expense, offset by lower tax rate
- Diluted shares outstanding: 57.0M for Q4’16 compared to 56.9M for Q4’15

Segment Financial Metrics (non-GAAP)

Q4'16 vs. Q4'15

($ in millions)	**US Retail**	**International**	**Incentives**	**Corporate & Unallocated**	**Total**
TDV 2016	$4,662	$1,592	$693		$6,947
TDV 2015	$4,936	$1,370	$658		$6,964
% Increase	-6%	16%	5%		-0.2%
AOR 2016	$187	$71	$94		$352
AOR 2015	$217	$43	$75		$335
% Increase	-14%	65%	25%		5%
Adjusted EBITDA 2016	$103	$28	$24	$(48)	$107
Adjusted EBITDA 2015	$128	$17	$ 10	$(47)	$108
% Increase	-20%	60%	150%	1%	-
% Margin 2016	55.1%	38.1%	25.3%		30.5%
% Margin 2015	59.1%	39.2%	12.7%		32.1%

- US Retail: EMV impact (including higher marketing expenses), and lower program management fees from higher spend-down rates on open gift products
- International growth boosted by Grass Roots and gain on sale of PayPower business in Canada (+$2M)
- Incentives growth driven by Achievers and growth with giftcards.com acquisition in Q1 2016

Q4’15 to Q4’16 Walk – U.S. Retail and Total Company

($ in millions)	U.S. Retail Segment AOR	U.S. Retail Segment Adj EBITDA	Total Company AOR	Total Company Adj EBITDA
Q4’15	$217	$128	$335	$108
Est. EMV impact, net of expense offsets	-19	-16	-19	-6
Reduced program management fee rates	-5	-5	-5	-5
Closed gift, Cardpool & other	-6	-4	-6	-4
Incentives Segment	-	-	19	14
International Segment	-	-	28	11
Corporate Unallocated*	-	-	-	-11
Q4’16	$187	$103	$352	$107

- Year-over-year declines in U.S. Retail drove total company results
  - Primarily EMV impact on Open Loop, but Closed Gift soft in Q4 also due to EMV spill-over impact
  - Cardpool lower due to late kiosk vendor issue, now resolved
  - Other includes declining telecom sales year-over-year (as expected) including reduction in handset sales and margin

* Corporate Unallocated YOY change excludes $10M in cost reductions that are included in the Total Company EMV net impact above

Key Financial Metrics (non-GAAP)

FY'16 vs FY'15

($ in millions except EPS)	**FY'16**	**FY'15**	**% Change**
Adjusted Operating Revenues (AOR)	$889	$829	+7%
Adjusted EBITDA	$189	$194	-2%
Adjusted Net Income	$82	$90	-9%
Adjusted Diluted EPS	$1.43	$1.59	-10%
Reduction in income taxes payable	$58	$55	+6%
Reduction in income taxes payable per share (diluted)	$1.02	$0.98	+4%

- Adjusted Net Income: higher interest and depreciation expense, partially offset by lower tax rate
- Diluted shares outstanding: 57.3M for FY'16 compared to 56.3M for FY'15, +1.7%

Segment Financial Metrics (non-GAAP)

FY'16 vs. FY'15

($ in millions)	**US Retail**	**International**	**Incentives**	**Corporate & Unallocated**	**Total**
TDV 2016	$10,566	$3,918	$2,234		$16,718
TDV 2015	$11,247	$3,337	$2,041		$16,625
% Increase	-6%	17%	9%		1%
AOR 2016	$478	$133	$278		$889
AOR 2015	$536	$93	$200		$829
% Increase	-11%	40%	39%		7%
Adjusted EBITDA 2016	$228	$42	$65	$(146)	$189
Adjusted EBITDA 2015	$269	$26	$33	$(134)	$194
% Increase	-15%	63%	96%	9%	-2%
% Margin 2016	47.6%	31.7%	23.3%		21.3%
% Margin 2015	50.2%	27.3%	16.5%		23.4%

- EMV impact estimate at $52M AOR and $46M EBITDA before expense offsets of $15M
- Achieved AOR growth and margin expansion targets in International and Incentives
- EBITDA margin excluding estimated net impact of EMV flat with 2015

Adjusted Free Cash Flow FY16 vs FY15

($ in millions)	**2016**	**2015**	**% Change**
Adjusted EBITDA	$189	$194	(2%)
Less: CapEx	(52)	(53)	(1%)
Less: Interest Expense	(13)	(12)	9%
Add (Subtract): Cash Taxes Refunded (Paid)	3	(14)	n/m
Less: Noncash PPA Adjustment	(16)	(7)	121%
Add (Subtract): Changes in W/C	(19)	(36)	48%
Add: Settlement Timing Benefit	17	41	(59%)
Adjusted Free Cash Flow	$109	$113	(4)%

- Taxes refunded in 2016 related to refunds from prior year amended returns as well as a reduction in income taxes payable due to spin-off from Safeway and NOLs
- Noncash PPA adjustment is included in Adjusted EBITDA and therefore removed from cash flow
- Lower settlement timing benefit in Q4'16 period due to lower TDV growth

Debt and Capital Update

- **Total debt to EBITDA ratio at Dec. 31, 2016: 3.2X**
  - Year-end debt outstanding $655M excluding L/Cs
  - EBITDA leverage covenant on secured bank facility is 4.0x
  - Additional $150M term debt available for drawdown until April 28, 2017 subject to leverage cap
- **No share repurchases during Q4'16**
- **Continuing pipeline of acquisition opportunities**

Revenue Ratios – Q4’16 vs Q4’15

	Q4’16	Q4’15	Change
Prepaid and Processing Revenues (PPR) % of TDV	10.0%	9.3%	0.7%
Partner Distribution Expense (PDE) % of PPR	56.4%	58.7%	-2.3%
Adjusted Operating Revenues (AOR) % of TDV	5.1%	4.8%	0.3%

- PPR % of TDV higher due to higher proportion of incentives overall
- Lower Partner Distribution Expense % of PPR primarily due to International
- AOR ratio to TDV higher due to higher proportion of Achievers and Grass Roots

Notes:
- PPR is total revenues excluding marketing revenues and product sales
- AOR is total revenues excluding marketing revenues and less partner distribution expenses
- See reconciliation of GAAP revenues to AOR in Appendix

Expense Ratios – Q4’16 vs Q4’15

	Q4’16	Q4’15	Change
Processing & Services % of AOR	36.1%	30.4%	5.7%
Sales & Marketing, Net % of AOR	18.2%	16.5%	1.7%
General & Administrative % of AOR	7.8%	8.0%	-0.2%
Total as % of AOR	62.2%	54.8%	7.4%

- Expense ratios higher than 2015 due primarily to slower revenue growth in US retail (EMV impact) and increase in incentives business which has higher processing and services and sales and marketing ratios
- G&A lower based on expense reductions, including temporary measures

Note: Expenses exclude stock compensation expenses

Product Sales and Margin – Q4'16 vs Q4'15

($ in millions)	**Q4'16**	**Q4'15**	**% Change**
Product Sales	$45	$63	-30%
Costs of Products Sold	$40	$57	-30%
Product Gross Profit	$5	$6	-29%
Product Gross Margin	10.3%	10.2%	0.1%

- Product Sales decreased primarily due to lower Cardpool sales

2017 Business Outlook

U.S. Retail – EMV rebound and focus on retail best practices; launch new distribution partners; grow 5% cash back volumes and other original content

FY17 US Retail AOR Forecast $515M to $571M **Growth 8% to 19% (13% Midpoint)**

Incentives – Grow across all solutions - employee, consumer and partner; continue integration and capturing synergies; explore acquisition opportunities

FY 17 Incentives AOR Forecast $312M to $347M **Growth 12% to 25% (18% Midpoint)**

International –Expand original content; launch and cross sell digital and incentives solutions in all regions; divest portion of Grass Roots business

FY 17 International AOR Forecast $201M to $223M **Growth 51% to 68% (60% Midpoint)**

Digital Channels – Continue to add distribution and content; cross sell into physical retail; expand Chase, CapOne and launch new loyalty programs

FY2017 GAAP Financial Guidance

($ in millions except EPS)	**2017 Guidance**	**2016**	**% Change**
Operating Revenues	$2,148 to $2,312	$1,900	13% to 22%
Net Income	$22 to $26	$5	337% to 416%
Diluted EPS	$0.35 to $0.44	$0.08	333% to 444%

- Year-over-year GAAP results reflect EMV rebound and growth in Incentives and International
- Net Income and EPS reflect acquisition related expenses, including amortization of intangibles and interest

FY2017 Non-GAAP Financial Guidance

($ in millions except EPS)	**2017 Guidance**	**2016**	**% Change**
Adjusted Operating Revenues	$1,028 to $1,141	$889	16% to 28%
Adjusted EBITDA	$225 to $250	$189	19% to 32%
Adjusted Net Income	$91 to $100	$82	11% to 22%
Adjusted Diluted EPS	$1.56 to $1.70	$1.43	9% to 19%
Adjusted Free Cash Flow	$115 to $135	$109	6% to 24%
Reduction in income taxes payable	$58	$58	-
Reduction in income taxes payable per share (diluted)	$0.98	$1.02	-3%

- EMV recovery expected to continue across Q1 & Q2

2017 Guidance Walk from 2016

($ in millions)	**AOR**	**Adjusted EBITDA**
FY2016	$889	$189
Organic growth	113	39
Open loop program management fee reductions	-11	-11
EMV recovery, net of temporary expense reductions	38	19
Acquisitions – Grass Roots, Extrameasures	75	18
2016 non-repeating corporate development items	-20	-16
FY2017 Guidance Mid-point	$1,084	$238

- AOR growing 22% and EBITDA growing 26% at the 2017 forecasted midpoint
- EBITDA growth
  - 15% organic growth net of program management fee rate reductions
  - 10% net EMV "rebound"
  - 1% net from corporate development activities: 9% new, less 8% due to 2016 gains from sale of PayPower ($6M) and issuing bank migrations ($10M)

2017 Guidance – Expense Trends

	2017*	2016	Change
Processing & Services % of AOR	37.2% to 38.0%	39.3%	-210 to -130bps
Sales & Marketing, Net % of AOR	19.5% to 20.0%	19.1%	+40 to +90bps
General & Administrative % of AOR	9.1% to 9.3%	9.4%	-30 to -10bps
Total as % of AOR	65.8% to 67.3%	67.8%	-200 to -50bps

- Sales and marketing increase driven by launch of new DPs and other program development costs and promotional costs for the new 5% cash back products

Note: Expenses exclude stock compensation expenses; sales and marketing is net of pass-through marketing revenues

** Current point estimate for 2017 midpoint of guidance*

2017 Guidance – Other Expenses

$ and Shares in millions	**2017**	**2016**	**% Incr**
Stock Compensation*	$40	$33	24%
Depreciation	$56	$48	16%
Interest expense, net	$35	$22	60%
Effective Tax Rate on Adjusted pre-tax income*	34.0%	30.8%	
Fully diluted share count	58.5	57.3	2.1%

* Excludes tax benefit under ASU 2016-09

- Depreciation growth reflecting slower growth in capital expenditures in 2015 and 2016
- GAAP interest expense estimate based on average rate of 4.1%
- Tax rate: 2016 included benefit of certain tax credits against a lower adjusted pre-tax income amount, lowering rate

2017 Estimated Cash Tax Benefits

$ in millions except per share data	**2017**	**2016**
Section 336 tax benefit (Safeway spin-off)	$29	$29
NOLs and other tax benefits from acquisitions	15	14
Stock compensation expense and other	14	15
Total cash tax benefits	$58	$58
Total cash tax benefits per diluted share*	$0.98	$1.02

- The spin-off Section 336(e) tax deduction created a deferred tax asset (DTA) with an amortizable tax basis of $429M over 15 years beginning in 2014
  - *Quarterly true-up of the DTA is a non-cash P&L charge or credit*
- The net present value of our tax benefits using a 7% weighted average cost of capital is $380M, or $6.50 per share*

*assumes 58.5 million shares for 2017; actual diluted shares of 57.3 million for 2016

2017 Cash Flow Estimate

- **2017 free cash flow: $115 million to $135 million**
  - *Capex $50 million (excluding 2017 acquisitions) or 4.5% of AOR*
- **Debt leverage cap at 4.0X proforma Adjusted EBIDTA**
  - *Trailing 12 months adjusted EBITDA impacted by EMV*
- **Acquisition opportunities in pipeline**
- **Stock repurchases**
  - *$38 million in 2016 in connection with convertible debt offering*
  - *Authority for up to $100 million granted in Q4 2016 - no purchases to-date*
  - *Will evaluate opportunities based on available capital and competing uses*
- **Capital allocation review during Analyst Day (Feb 16)**

Q1'17 GAAP Financial Guidance

($ in millions except EPS)	**Q1'17 Guidance**	**Q1'16**	**% Change**
Operating Revenues	$358 to $386	$366	-2% to 5%
Net Loss	($19) to ($21)	($3)	-449% to -507%
Diluted Loss Per Share	($0.32) to ($0.37)	($0.06)	-433% to -517%

Q1 reflects continued EMV impact and increase in acquisition related expenses, including amortization of intangibles and interest

Q1’17 Non-GAAP Financial Guidance

($ in millions except EPS)	**Q1’17 Guidance**	**Q1’16**	**% Change**
Adjusted Operating Revenues	$179 to $199	$185	-3% to 8%
Adjusted EBITDA	$16 to $19	$29	-45% to -34%
Adjusted Net Income (Loss)	($1) to ($4)	$10	n/m
Adjusted Diluted EPS	($0.02) to ($0.07)	$0.17	n/m
Reduction in income taxes payable	$16	$17	-6%
Reduction in income taxes payable per share (diluted)	$0.27	$0.29	-6%

- EMV impact carryover has disproportionate effect on EBITDA for Q1 due to lower seasonal profitability in U.S. Retail (restrictive measures at DPs were not fully in place until Q2, so lapping higher sales volume period)
- AOR growth forecast by Segment (midpoint):
  - US Retail -12%; Incentives +5%; International +72%
- Higher interest expense based on financing completed mid-2016
- Diluted shares forecast for Q1’17: 57.8M vs 57.4M for Q1’16

Appendix

Reconciliation of GAAP to Non-GAAP Measures

Management’s Use of Non-GAAP Financial Measures

The Company believes Adjusted operating revenues, EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted net income, Adjusted diluted earnings per share, Reduction in income taxes payable and Adjusted free cash flow are useful to evaluate the Company's operating and financial performance for the following reasons:

- Adjusting operating revenues for compensation to retail distribution partners and pass through marketing revenues is useful to understanding the Company's operating margin
- EBITDA and Adjusted EBITDA are widely used by investors and securities analysts to measure a company’s operating performance without regard to items that can vary substantially from company to company and from period to period depending upon their financing, accounting and tax methods, the book value of their assets, their capital structures and the method by which their assets were acquired
- in a business combination, a company records an adjustment to reduce the carrying values of deferred revenue and deferred expenses to their fair values and reduces the company’s revenues and expenses from what it would have recorded otherwise, and as such the Company does not believe is indicative of its core operating performance

Management's Use of Non-GAAP Financial Measures (cont'd)

- non-cash equity grants made to employees and distribution partners at a certain price and point in time do not necessarily reflect how the Company's business is performing at any particular time and the related expenses are not key measures of the Company's core operating performance
- Reduction in income taxes payable from the step up in tax basis of our assets resulting from the Section 336(e) election due to our Spin-Off and the Safeway Merger and reduction in income taxes payable from amortization of goodwill and other intangibles or utilization of net operating loss carryforwards from business acquisitions represent significant tax savings that are useful for understanding the Company's overall operating results
- Reduction in income taxes payable resulting from the tax deductibility of stock-based compensation is useful for understanding the Company's overall operating results. The Company generally realizes these tax deductions when restricted stock vest, an option is exercised, and, in the case of warrants, after the warrant is exercised but amortized over remaining service period, and such timing differs from the GAAP treatment of expense recognition
- Adjusted free cash flow - Free cash flow provides information regarding the cash that the Company generates without the fluctuations resulting from the timing of cash inflows and outflows from these settlement activities, which is useful to understanding the Company's business and its ability to fund capital expenditures and repay amounts borrowed under its term loan. The Company also may use Free cash flow for, among other things, making investment decisions and managing its capital structure

GAAP Revenues to AOR Reconciliation

($ in millions)	Q4'16	Q4'15	% Change
Total operating revenues	$781	$756	3%
Partner distribution expense	(392)	(380)	3%
Marketing revenue	(42)	(46)	-8%
Revenue adjustment from purchase accounting	5	5	13%
Adjusted operating revenues	$352	$335	5%

GAAP Net Income to Adjusted EBITDA Reconciliation

($ in millions)	Q4'16	Q4'15	% Change
Net Income	$25	$42	-41%
Interest and other (income) expense, net	4	-	n/a
Interest expense	8	5	74%
Tax expense (benefit)	15	22	-34%
Depreciation and amortization	38	24	60%
EBITDA	90	93	-3%
Employee stock-based compensation	7	10	-25%
Revenue adjustment from purchase accounting, net	5	5	1%
Asset impairment	5	-	n/a
Adjusted EBITDA	$107	$108	n/a

GAAP Pre-tax Income to Adjusted Net Income Reconciliation

($ in millions)	Q4'16	Q4'15	% Change
Income before income tax expense	$40	$64	-38%
Employee stock-based compensation	7	10	-25%
Revenue adjustment from purchase accounting, net	5	5	1%
Asset impairment	5	-	n/a
Other losses	2	-	n/a
Amortization of intangibles	24	11	115%
Adjusted income before income tax expense	83	90	-8%
Income tax expense (benefit)	15	22	-34%
Tax expense on adjustments	11	9	24%
Adjusted tax expense (benefit)	26	31	-18%
Adjusted net income	$ 57	$ 59	-3%

See Table 2 of Earnings Release dated October 11, 2016 for revised presentation of Adjusted Net Income

GAAP EPS to Adjusted Diluted EPS Reconciliation

	Q4'16	Q4'15	% Change
Diluted earnings per share	$0.43	$0.73	-41%
Employee stock-based compensation	0.13	0.12	8%
Revenue adjustment from purchase accounting, net	0.06	0.05	20%
Other losses	0.02	-	n/a
Asset impairment	0.06	-	n/a
Amortization of intangibles	0.30	0.13	131%
Adjusted diluted EPS	$1.00	$1.03	-3%

FY17 Guidance Range –
Reconciliation of GAAP Revenues to Non-GAAP AOR

($ in millions)	Low	High
Operating revenues	$ 2,148	$ 2,312
Partner distribution expense	(1,052)	(1,095)
Marketing revenues	(72)	(80)
Revenue adjustment from purchase accounting	4	4
Adjusted operating revenues	$ 1,028	$ 1,141

FY17 Guidance Range – Reconciliation of GAAP Net Income to Non-GAAP Adjusted EBITDA

($ in millions)	Low	High
Net income	$ 22	$ 26
Interest (income) expense and other (income) expense, net	32	41
Income tax expense	13	17
Depreciation and amortization	116	121
EBITDA	183	205
Employee stock-based compensation	38	41
Other adjustments	4	4
Adjusted EBITDA	$ 225	$ 250

FY17 Guidance Range –
Reconciliation of GAAP Net Income to Non-GAAP ANI

($ in millions)	Low	High
Income before income tax expense	$ 33	$ 43
Employee stock-based compensation	38	41
Amortization of intangibles	62	64
Other	4	4
Adjusted income before income tax expense	137	152
Income tax expense	13	17
Tax expense on adjustments	33	35
Adjusted tax expense (benefit)	46	52
Adjusted net income	$ 91	$ 100

FY17 Guidance Range – Reconciliation of GAAP EPS to Non-GAAP Adjusted EPS

	Low	High
Diluted earnings per share	$ 0.35	$ 0.44
Employee stock-based compensation	0.46	0.50
Amortization of intangibles	0.71	0.72
Other	0.04	0.04
Adjusted diluted earnings per share	$ 1.56	$ 1.70

FY17 Guidance Range –
Reconciliation of Adjusted Free Cash Flow

($ in millions)	Low	High
Adjusted EBITDA	$ 225	$ 250
Less: CapEx	(48)	(53)
Less: Interest expense	(31)	(39)
Add (subtract) cash taxes refunded (paid)	(10)	(12)
Other	(21)	(11)
Adjusted free cash flow	$ 115	$ 135

Q1'17 Guidance Range – Reconciliation of GAAP Revenues to Non-GAAP AOR

($ in millions)	Low	High
Operating revenues	$ 358	$ 386
Partner distribution expense	(170)	(177)
Marketing revenues	(11)	(12)
Revenue adjustment from purchase accounting	2	2
Adjusted operating revenues	$ 179	$ 199

Q1'17 Guidance Range –
Reconciliation of GAAP Net Loss to Non-GAAP Adjusted EBITDA

($ in millions)	Low	High
Net loss	$ (19)	$ (21)
Interest (income) expense and other (income) expense, net	7	10
Income tax expense (benefit)	(11)	(13)
Depreciation and amortization	30	32
EBITDA	7	8
Employee stock-based compensation	8	9
Other adjustments	1	2
Adjusted EBITDA	$ 16	$ 19

Q1'17 Guidance Range – Reconciliation of GAAP Net Loss to Non-GAAP Adjusted Net Loss

($ in millions)	Low	High
Loss before income tax expense	($29)	($35)
Employee stock-based compensation	8	9
Amortization of intangibles	18	18
Other	1	2
Adjusted loss before income tax expense	(2)	(6)
Income tax expense (benefit)	(11)	(13)
Tax expense on adjustments	10	11
Adjusted tax expense (benefit)	(1)	(2)
Adjusted net loss	($1)	($4)

Q1'17 Guidance Range – Reconciliation of GAAP Loss Per Share to Non-GAAP Adjusted Loss Per Share

	Low	High
Diluted loss per share	($0.32)	($0.37)
Employee stock-based compensation	0.10	0.10
Amortization of intangibles	0.19	0.19
Other	0.01	0.01
Adjusted diluted loss per share	($0.02)	($0.07)

BLACKHAWK NETWORK

Q & A