

PFSW FINANCIAL TERMS GLOSSARY

WE OFTEN MAKE REFERENCE TO CERTAIN NON-GAAP MEASURES, INCLUDING SERVICE FEE EQUIVALENT REVENUE, EARNINGS BEFORE INTEREST, INCOME TAXES, DEPRECIATION AND AMORTIZATION (EBITDA), ADJUSTED EBITDA AND NON-GAAP NET INCOME (LOSS).

Service Fee Equivalent Revenue: Service fee equivalent revenue represents service fee revenue plus the gross profit earned on product revenue and does not alter existing revenue recognition.

EBITDA: EBITDA represents earnings (or losses) before interest, income taxes, depreciation, and amortization.

Adjusted EBITDA: Adjusted EBITDA represents EBITDA with further eliminations for the effects of stock based compensation, acquisition-related, restructuring, and other (income) costs.

Non-GAAP Net Income: Non-GAAP net income (loss) represents net income (loss) calculated in accordance with U.S. GAAP as adjusted for the impact of non-cash stock-based compensation expense, acquisition-related, restructuring and other (income) costs, amortization of acquisition-related intangible assets and deferred tax expense for goodwill amortization.

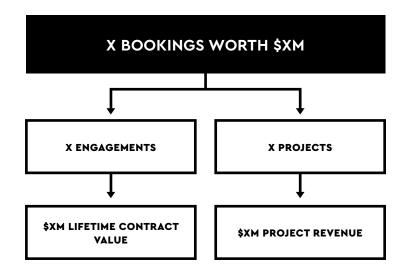
Service fee equivalent revenue, EBITDA, adjusted EBITDA and non-GAAP net income (loss) are used by management, analysts, investors and other interested parties in evaluating our operating performance compared to that of other companies in our industry. Service fee equivalent revenue allows client contracts with similar operational support models but different financial models to be combined as if all contracts were being operated on a service fee revenue basis. The calculation of non-GAAP net income (loss) eliminates the effect of stock-based compensation, acquisition-related, restructuring and other (income) costs, amortization of acquisition-related intangible assets and deferred tax expense for goodwill amortization and EBITDA and adjusted EBITDA further eliminate the effect of financing, remaining income taxes and the accounting effects of capital spending, which items may vary from different companies for reasons unrelated to overall operating performance.

PFS believes these non-GAAP measures provide useful information to both management and investors by focusing on certain operational metrics and excluding certain expenses to present its core operating performance and results. These measures should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for, or superior to, GAAP results. The non-GAAP measures included in this press release have been reconciled to the GAAP results in the attached tables.

Bookings: A contractual commitment to begin work for a client within any or all of our business segments. The commitment may be formalized by any one of a number of contractual mechanisms, but in order to be considered a booking it must require us to deliver service to a client and the client to compensate us for those services. The engagement should also be for incremental services and not normal course of business service work. These are disclosed on a full quarter basis (January-March, etc.).

Projects: A booking for a single project that is typically a fixed bid with client given requirements. There are no contractual commitments beyond the single project work. Projects will generally be less than a year in duration and typically include services from one business segment. (Example: a 6 month project to build an eCommerce website)

Project Revenue*: Reflects the estimated service fee revenue that we would expect to generate from a client over the course of a single Project. These contracts will generally be less than a year in duration.



Engagements: A recurring revenue Booking for ongoing

services work for a client within any or all of our business segments. These contracts range from 1 to over 5 years in length and are typically much larger in value and complexity as they combine can include services from any of our business segments. (Example: a 3-year contract to provide ongoing order fulfillment services)

Lifetime Contract Value (LCV)*: Reflects the estimated cumulative gross service fee revenue we expect to earn over the expected life of the contract based on the client's projected business volumes. These recurring revenue contracts range from 1 to over 5 years in length.

Global Portfolio: Measured in number of active Engagements, these can be defined as a single eCommerce operation for a single brand with a recurring revenue stream from any one of our agency, technology and/or operations business segments.

*Note: As we disclose this information, please understand that the *Project Revenues* and estimated *Lifetime Contract Values* are based on client projections which often change and in any case may not be achieved. We provide this information so that you can have a better understanding of our business, but we don't assume any obligation to update any information and there may be circumstances in which we are unable to disclose *Bookings* or *Lifetime Contract Value*.