COMPANY STATEMENT ON DISCLOSURE OF NON-GAAP FINANCIAL MEASURES

The Company uses GAAP based financial measures as its primary disclosure, with supplemental non-GAAP financial measures used to improve an understanding of the financial results.

During the fourth quarter of fiscal 2012, the Company incurred professional fees to defend against a shareholder proxy solicitation to replace certain of the company's board members, which ultimately led to an agreement to replace four of the Company's seven board member. Given the unique nature and impact of these fees, the Company believes presentation of historical financial information excluding these charges to be beneficial to its investors.

During the fourth quarter of fiscal 2012, the Company incurred employee severance charges upon execution of a workforce reduction, whereby 35 positions were eliminated in the organization. Given the unique nature and substantial amount of these charges, the Company believes presentation of historical financial information excluding these charges to be beneficial to its investors.

During the fourth quarter of fiscal 2012, the Company incurred early termination fees with respect to two investment banker agreements. Given the unique nature and substantial amount of this charge, the Company believes presentation of historical financial information excluding these charges to be beneficial to its investors.

From time to time, the Company determines the carrying values of certain of its long-lived assets are not supported by their anticipated future cash flows and, as a result, must record non-cash charges to impair these assets. The timing and magnitude of these charges can be sporadic, thus significantly affecting the reported financial results of the fiscal period in which they are recorded. Given the unique nature and sporadic timing of these charges, the Company consistently presents these charges as a separate line item within its statements of operations and, similarly, believes the presentation of its historical financial information excluding these non-cash charges to be beneficial to its investors.

During the fourth quarter of fiscal 2012, the Company recorded a charge to accrue loss contingencies for several litigation matters. Given the unique nature and substantial amount of these charges, the Company believes presentation of historical financial information excluding these charges to be beneficial to its investors.

During the fourth quarter of fiscal 2012, the Company evaluated its net deferred income tax assets, which are primarily comprised of federal and state net operating loss carry forwards, and determined that it is more likely than not that such assets will not be realized. Accordingly, the Company recorded a non-cash provision for income taxes of $71.1 million to establish a valuation allowance against its net deferred income tax assets in the current year quarter. Given the unique nature and substantial amount of this charge, the Company believes presentation of historical financial information excluding this charge to be beneficial to its investors.