

PFSweb Reports Profitable Second Quarter 2008 Results

PLANO, Texas, Aug 14, 2008 (BUSINESS WIRE) --

PFSweb, Inc. (Nasdaq: PFSW), an international business process outsourcing provider of end-to-end web commerce solutions and an online discount retailer, today announced its financial results for the second quarter and six months ended June 30, 2008.

Summary of consolidated results for the second quarter ended June 30, 2008:

-- Total reported revenue was \$110.7 million, compared to \$108.4 million for the second quarter of 2007;

-- Adjusted EBITDA (as defined) was \$2.5 million versus \$3.4 million for the same period last year;

-- Net income was \$62,000, or \$0.01 per basic and diluted share, compared to a net income of \$154,000, or \$0.02 per basic and diluted share, for the second quarter of 2007;

-- Non-GAAP net income (as defined) was \$0.4 million, or \$0.04 per basic and diluted share, compared to non-GAAP net income of \$0.5 million, or \$0.06 per basic and \$0.05 per diluted share, for the second quarter of 2007;

-- Merchandise sales (as defined) totaled approximately \$631 million for the second quarter of 2008 versus \$649 million for the same period last year;

-- Total cash, cash equivalents and restricted cash equaled \$17.8 million as of June 30, 2008 compared to \$16.3 million as of December 31, 2007.

Summary of consolidated results for the six months ended June 30, 2008:

-- Total reported revenue was \$229.2 million, compared to \$212.8 million for the six months ended June 30, 2007;

-- Adjusted EBITDA (as defined) was \$5.2 million versus \$4.1 million for the same period last year;

-- Net income was \$476,000, or \$0.05 per basic and diluted share, compared to a net loss of \$2.2 million, or \$0.22 per basic and diluted share, for the six months ended June 30, 2007;

-- Non-GAAP net income (as defined) was \$1.2 million, or \$0.12 per basic and diluted share, compared to a non-GAAP net loss of \$1.4 million, or \$0.14 per basic and diluted share, for the same period last year;

-- Merchandise sales (as defined) totaled nearly \$1.4 billion versus \$1.3 billion for the same period last year.

Mark Layton, Chairman and Chief Executive Officer of PFSweb, stated, "During the second quarter we continued to perform within our expectations for this year, delivering our fifth consecutive profitable quarter and Adjusted EBITDA of \$2.5 million. Notwithstanding the macroeconomics affecting the U.S. retail industry, our diversified roster of new and existing clients and customers in multiple industries have allowed us to increase revenue, generate positive cash flow and maintain a sound balance sheet during this year."

All share data and per share data in this press release reflect the impact of the Company's 1 for 4.7 reverse stock split effected June 2, 2008.

Summary of results by business:

Service Fee Business:

For the second quarter of 2008, Service Fee revenue increased 20.4% to \$21.3 million, compared with \$17.6 million for the

same period in 2007. The Service Fee business reported Adjusted EBITDA of \$1.0 million for the second quarter of 2008, compared to \$1.9 million for the same period last year.

For the six months ended June 30, 2008, Service Fee revenue increased 21.5% to \$42.1 million, from \$34.6 million for the same period in 2007. The Service Fee business reported Adjusted EBITDA of \$2.7 million for the six months ended June 30, 2008, compared to \$2.2 million for the same period last year.

Mike Willoughby, President of PFSweb's services division, commented, "Second quarter revenue for our Service Fee business, which increased approximately 20% from the prior year period, was driven by new contracts, temporary increased activity for one of our largest Service Fee clients and incremental project activity. Over the past several months, we participated in the launch of a new web commerce site for Ashley Stewart providing order management, customer care and fulfillment services for the initiative. We also completed the development of a new platform for Roots.com. This new platform utilizes our enhanced end-to-end offering, which features the Demandware eCommerce platform and integration with select interactive marketing partners, including Sitebrand and Coremetrics. The Roots.com Canadian and U.S. online storefronts, which also feature a new user experience design by Fluid, were officially launched last week.

"I am also pleased to report continued progress in winning new business, including both signed contracts as well as contracts still being finalized, which we partially attribute to our new end-to-end offering. PFSweb will formally announce each agreement in a press release or quarterly conference call if such disclosure is approved by the client. Many of these new arrangements are with brand name companies that are either moving from one of our competitors' services to take advantage of our new end-to-end offering or are looking to take advantage of the eCommerce space for the first time. We believe these new client wins demonstrates significant demand for our Service Fee business, particularly with our new end-to-end offering. Our current pipeline for potential new business is in excess of \$35 million, including contracts still being finalized, which is in line with our expectations for this time of year and is targeted to increase during the fall season."

Supplies Distributors Business:

For the second quarter of 2008, Supplies Distributors revenue was \$60.0 million, compared to \$57.6 million for the same period last year. Adjusted EBITDA was \$2.1 million for the second quarter of 2008, consistent with \$2.1 million for the same period last year.

For the six months ended June 30, 2008, Supplies Distributors revenue was \$122.3 million, compared to \$116.4 million for the same period last year. Adjusted EBITDA was \$3.7 million for the six months ended June 30, 2008, a slight increase compared to \$3.4 million for the same period last year.

Mr. Willoughby continued, "For the quarter and first half of 2008, the Supplies Distributors business has continued to perform well. Revenue increased approximately four percent in the second quarter and gross margins were approximately 8%, which is slightly above their normal range due to the impact of certain incremental inventory cost reductions."

eCOST.com Business:

For the second quarter of 2008, eCOST.com revenue was \$23.0 million, compared to \$27.1 million for the same period in 2007. Adjusted EBITDA for eCOST.com in the quarter was a loss of \$0.6 million, consistent with the Adjusted EBITDA loss of \$0.6 million for the same period last year.

For the six months ended June 30, 2008, eCOST.com revenues were \$51.0 million, compared to \$48.7 million for the same period in 2007. Adjusted EBITDA for eCOST.com in the six months ended June 30, 2008 was a loss of \$1.2 million, compared to a loss of \$1.5 million for the same period last year.

Mr. Layton continued, "Considering the macroeconomic forces pressuring the entire U.S. retail industry, we believe the overall health of eCOST.com continues to improve due to the enhancements we have made to the site and underlying business. During the quarter, eCOST.com experienced a softening in its business to business segment, and its business to consumer segment was relatively flat compared to last year. We improved our gross profit margin through implementation of new and more sophisticated automated pricing tools and from a growing mix of higher margin product sales, including our new 'For the Home' and 'Sports and Leisure' stores, especially in our business to consumer segment, and we continue to focus increased efforts here.

"Throughout the quarter we continued to make progress towards the overall site redevelopment and launching our new 'For the Home' and 'Sports and Leisure' products. We remain confident our continued emphasis on making site enhancements, introducing new products and focus on achieving higher gross margins will help us in our goal to achieve cash flow breakeven at eCOST.com," Mr. Layton concluded.

PFSweb continues to target total consolidated revenues, excluding pass-through revenues, of approximately \$445 million to \$475 million and consolidated Adjusted EBITDA of \$10 - \$12 million for calendar year 2008. Non-GAAP net income, which excludes the impact of stock-based compensation and amortization of identifiable intangible assets, is targeted to be approximately \$1 - \$3 million for 2008. However, further weakening in the U.S. economy may cause us to fall toward the lower end of these targets.

Conference Call Information

Management will host a conference call at 9 a.m. Central Time (10 a.m. Eastern Time) on August 14, 2008 to discuss the latest corporate developments and results. To listen to the call, please dial (888) 562-3356 and enter the pin number (59375549) at least five minutes before the scheduled start time. Investors can also access the call in a "listen only" mode via the Internet at the Company's website, www.pfsweb.com. Please allow extra time prior to the call to visit the site and download any necessary audio software.

A digital replay of the conference call will be available through September 14, 2008 at (800) 642-1687, pin number (59375549). The replay also will be available at the Company's website for a limited time.

Non-GAAP Financial Measures

This news release contains the non-GAAP measures non-GAAP net income (loss), Earnings Before Interest, Income Taxes, Depreciation and Amortization ("EBITDA"), and Adjusted EBITDA.

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 and amortization of identifiable intangible assets.

EBITDA represents earnings (or losses) before interest, income taxes, depreciation, and amortization. Adjusted EBITDA further eliminates the effect of stock-based compensation and merger integration related expenses.

Non-GAAP net income (loss), EBITDA and Adjusted EBITDA are used by management, analysts, investors and other interested parties in evaluating our operating performance compared to that of other companies in our industry, as the calculation of non-GAAP net income (loss) eliminates the effect of stock-based compensation and amortization of intangible assets and EBITDA and Adjusted EBITDA further eliminates the effect of financing, income taxes, the accounting effects of capital spending and certain other merger related expenses, which items may vary from different companies for reasons unrelated to overall operating performance.

PFSweb believes these non-GAAP measures provide useful information to both management and investors by excluding certain expenses that may not be indicative of its core operating 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. These non-GAAP measures included in this press release have been reconciled to the GAAP results in the attached tables.

Merchandise Sales

Merchandise sales represent the estimated value of all fulfillment activity that flows through PFSweb including whether or not PFSweb is the seller of the merchandise or records the full amount of such sales on its financial statements, excluding service fee revenues that PFSweb might recognize for the underlying sales transactions. PFSweb uses merchandise sales as an operating metric to allow investors to gain a more thorough understanding of its business and business volume, in addition to GAAP net revenue.

About PFSweb, Inc.

PFSweb develops and deploys integrated business infrastructure solutions and fulfillment services for Fortune 1000, Global 2000 and brand name companies, including third party logistics, call center support and e-commerce services. The company serves a multitude of industries and company types, including such clients as LEGO, Discovery Commerce, Riverbed, MARS Drinks North America, Hewlett-Packard, International Business Machines, Hawker Beechcraft Corp., Rene Furterer USA, Roots Canada Ltd. and Xerox.

Through its wholly owned eCOST.com subsidiary, PFSweb also serves as a leading multi-category online discount retailer of high-quality new, "close-out" and manufacturer recertified brand-name merchandise for consumers and small to medium size business buyers. The eCOST.com brand markets approximately 170,000 different products from leading manufacturers such as Sony, JVC, Canon, Hewlett-Packard, Garmin, Panasonic, Toshiba, Microsoft, Kitchen Aid, Panasonic, Black & Decker, Cuisinart, Coleman, Wilson and Nike primarily over the Internet and through direct marketing.

To find out more about PFSweb, Inc. (NASDAQ: PFSW), visit the company's websites at http://www.pfsweb.com and http://www.ecost.com.

The matters discussed herein consist of forward-looking information under the Private Securities Litigation Reform Act of 1995 and is subject to and involves risks and uncertainties, which could cause actual results to differ materially from the forwardlooking information. PFSweb's Annual Report on Form 10-K for the year ended December 31, 2007 and Quarterly Report on From 10-Q for the quarter ended June 30, 2008 identifies certain factors that could cause actual results to differ materially from those projected in any forward looking statements made and investors are advised to review the Annual Report and the Risk Factors described therein. These factors include: our ability to retain and expand relationships with existing clients and attract and implement new clients; our reliance on the fees generated by the transaction volume or product sales of our clients; our reliance on our clients' projections or transaction volume or product sales; our dependence upon our agreements with IBM and Infoprint Solutions; our dependence upon our agreements with our major clients; our client mix, their business volumes and the seasonality of their business; our ability to finalize pending contracts; the impact of strategic alliances and acquisitions; trends in the e-commerce, outsourcing, government regulation both foreign and domestic and the market for our services; whether we can continue and manage growth; increased competition; our ability to generate more revenue and achieve sustainable profitability; effects of changes in profit margins; the customer and supplier concentration of our business; the unknown effects of possible system failures and rapid changes in technology; foreign currency risks and other risks of operating in foreign countries; potential litigation; the impact of our reverse stock split; our dependency on key personnel; the impact of new accounting standards and changes in existing accounting rules or the interpretations of those rules; our ability to renew or replace our credit facilities or find alternative financing; our ability to raise additional capital or obtain additional financing; our ability and the ability of our subsidiaries to borrow under current financing arrangements and maintain compliance with debt covenants; relationship with and our guarantees of certain of the liabilities and indebtedness of our subsidiaries: our ability to successfully achieve the anticipated benefits of the eCOST merger: eCOST's potential indemnification obligations to its former parent; eCOST's ability to maintain existing and build new relationships with manufacturers and vendors and the success of its advertising and marketing efforts; eCOST's ability to increase its sales revenue and sales margin and improve operating efficiencies and eCOST's ability to generate a profit and cash flows sufficient to cover the values of its intangible assets. PFSweb undertakes no obligation to update publicly any forward-looking statement for any reason, even if new information becomes available or other events occur in the future. There may be additional risks that we do not currently view as material or that are not presently known.

PFSweb, Inc. and Subsidiaries

Unaudited Condensed Consolid (In Thousands, E	xcept Per Three Mon	Share Data ths Ended 30,	a) Six Mon Jun	ths Ended e 30,
	2008	2007	2008	
REVENUES:				
Product revenue, net	\$ 83,048			
Service fee revenue		17,646		
Pass-thru revenue		6,076		13,064
Total revenues		108,400		212,807
COSTS OF REVENUES:				
Cost of product revenue		77,798		
Cost of service fee revenue	15,105			
Cost of pass-thru revenue		6,076		13,064
Total costs of revenues		96,509	203,044	190,932
Gross profit	12,829	11,891	26,109	
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES MERGER INTEGRATION EXPENSE AMORTIZATION OF IDENTIFIABLE		10,615		21,816
INTANGIBLES		204		
Total operating expenses				22,374
Income (loss) from operations INTEREST EXPENSE, NET	300	000	090	(499) 1,242
Income (loss) before income taxes INCOME TAX PROVISION	413	414 260	1,067 591	(1,741) 466
NET INCOME (LOSS)		\$ 154		\$ (2,207)
NET INCOME (LOSS) PER SHARE (B) Basic	\$ 0.01	\$ 0.02	\$ 0.05	\$ (0.22)

Diluted	\$	0.01	\$	0.02	\$	0.05	\$	(0.22)
	====		==		==		==	
WEIGHTED AVERAGE NUMBER OF								
SHARES OUTSTANDING (B):								
Basic		9,900		9,889		9,896		9,888
	===:		==		==:	=====	==	
Diluted	-	10,037		10,002		10,045		9,888
	===:		==		==:		==	======
NON-GAAP NET INCOME (LOSS)	\$	391	\$	546	\$	1,208	\$	(1,402)
	====		==		==:	=====	==	
EBITDA	\$	2,341	\$	3,166	\$	4,906	\$	3,589
	====		==		==:	=====	==	
ADJUSTED EBITDA	\$	2,469	\$	3,354	\$	5,235	\$	4,136
	====		==		==:	=====	==	

(A) The financial data above should be read in conjunction with the audited consolidated financial statements of PFSweb, Inc. included in its Form 10-K for the year ended December 31, 2007.

(B) Historical share and per share data has been restated to represent the effect of the 1-for-4.7 reverse stock split that occurred on June 2, 2008.

PFSweb, Inc. and Subsidiaries

Reconciliat	ion of	certain	Non-GAAP	Items	to	GAAP

(In Thousands, Except Per Share Data)

NET INCOME (LOSS) Income tax expense Interest expense Depreciation and amortization	\$ 62	2007	2008	
Income tax expense Interest expense	\$ 62			
	351 366 1,562	260 658	\$ 476 591 696	\$(2,207) 466 1,242
EBITDA Stock-based compensation Merger integration related expenses	\$ 2,341 128 -	188	329	397 150
ADJUSTED EBITDA	\$ 2,469			
	Three Mon June	ths Ended 30,	. Six Mon Jun	ths Ended e 30,
	2008	2007		
NET INCOME (LOSS) Stock-based compensation Amortization of identifiable	\$ 62		\$ 476	\$(2,207)
intangible assets	201	204		
NON-GAAP NET INCOME (LOSS)		\$ 546	\$ 1,208	\$(1,402)
NET INCOME (LOSS) PER SHARE: Basic	\$ 0.01	\$ 0.02	\$ 0.05	\$ (0.22)
Diluted	======= \$ 0.01			
NON-GAAP NET INCOME (LOSS) Per				
Share: Basic	\$ 0.04			
Diluted	\$ 0.04	\$ 0.05	\$ 0.12	\$ (0.14)
PFSweb, Inc. an		aries		
Unaudited Condensed Cons	solidated 1	Balance S		
(In Thousands, Ex	cept Shar	June 3 2008		ember 31, 2007
ASSETS				
CURRENT ASSETS: Cash and cash equivalents Restricted cash Accounts receivable, net of allow doubtful accounts of \$999 and \$1 June 30, 2008 and December 31, 2	vance for .,483 at	\$ 13,	972 \$ 836	14,272 2,021
respectively Inventories, net of reserves of \$ \$2,080 at June 30, 2008 and Dece	2,358 and	39,	669	48,493
2007, respectively			715	46,392
Other receivables Prepaid expenses and other curren	nt assets		995 795	10,372 2,608
Total current assets		129,		124,158

	-		
PROPERTY AND EQUIPMENT, net		II,IZZ E 401	11,918 5,824
IDENTIFIABLE INTANGIBLES GOODWILL		5,421 15,362	5,824 15,362
OTHER ASSETS		933	911
OTHER ASSEIS	_		
Total assets			158,173
Iotal append	=		
LIABILITIES AND SHAREHOLDERS EQUI			
CURRENT LIABILITIES:			
Current portion of long-term debt an	d		
capital lease obligations	\$	17,601 \$	22,238
Trade accounts payable		69,117	56,975
Accrued expenses		22,357	22,438
	-		
Total current liabilities			101,651
LONG-TERM DEBT AND CAPITAL LEASE OBLIG	ATIONS,		
less current portion		2,561	6,378
OTHER LIABILITIES			1,302
m	-		100 221
Total liabilities		112,46/	109,331
COMMITMENTS AND CONTINGENCIES	-		
SHAREHOLDERS' EQUITY: Preferred stock, \$1.00 par value; 1,	000 000		
shares authorized; none issued and	000,000		
outstanding		_	_
Common stock, \$.001 par value; 75,00	0.000		
shares authorized; 9,911,762 and 9,			
shares issued at June 30, 2008 and	505,101		
December 31, 2007, respectively; an	d		
9,930,123 and 9,891,040 outstanding			
June 30, 2008 and December 31, 2007			
respectively		10	10
Additional paid-in capital		92,496	92,121
Accumulated deficit		(45,262)	
Accumulated other comprehensive inco	me	3,194	2,534
Treasury stock at cost, 18,361 share	s	(85)	(85)
	-		
Total shareholders' equity			48,842
Total liabilities and shareholders			
equity			
		162,820	
	=		
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PFSweb, Inc. and S Unaudited Consolidating Sta For the Three Months En (In Thousa) REVENUES: Product revenue, net Service fee revenue Service fee revenue - affiliate Pass-thru revenue Total revenues COSTS OF REVENUES: Cost of product revenue Cost of service fee revenue Cost of pass-thru revenue Cost of pass-thru revenue Total costs of revenues Gross profit SELLING, GENERAL AND ADMINISTRATIVE	= ubsidiari ded June nds) PFSweb \$ - 21,254 2,069 6,389 29,712 15,771 6,389 22,160 7,552 	es f Operations 30, 2008 Supplies Distributor \$ 60,02 60,02 55,24 	eCOST 25 \$23,023
PFSweb, Inc. and S Unaudited Consolidating Sta For the Three Months En (In Thousa) REVENUES: Product revenue, net Service fee revenue Service fee revenue Service fee revenue Total revenues COSTS OF REVENUES: Cost of product revenue Cost of product revenue Cost of pass-thru revenue Cost of pass-thru revenue Cost of pass-thru revenue Cost of pass-thru revenue Cost of poss profit SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	= ubsidiari ded June nds) PFSweb \$ - 21,254 2,069 6,389 29,712 15,771 6,389 22,160 7,552 	es f Operations 30, 2008 Supplies Distributor \$ 60,02 60,02 55,24 55,24 4,77	eCOST 5 \$23,023 25 \$23,023 25 23,023 27 21,121 27 21,121
PFSweb, Inc. and S Unaudited Consolidating Sta For the Three Months En (In Thousa) REVENUES: Product revenue, net Service fee revenue Service fee revenue Total revenues COSTS OF REVENUES: Cost of product revenue Cost of pervice fee revenue Cost of pass-thru revenue Cost of pass-thru revenue Total costs of revenues Gross profit SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AMORTIZATION OF IDENTIFIABLE	= ubsidiari ded June nds) PFSweb \$ - 21,254 2,069 6,389 29,712 15,771 6,389 22,160 7,552 	es f Operations 30, 2008 Supplies Distributon \$ 60,02 	ecost ecost s s ecost eco
PFSweb, Inc. and S Unaudited Consolidating Sta For the Three Months En (In Thousa) REVENUES: Product revenue, net Service fee revenue Service fee revenue Service fee revenue - affiliate Pass-thru revenue Total revenues COSTS OF REVENUES: Cost of product revenue Cost of service fee revenue Cost of pass-thru revenue Cost of pass-thru revenue Total costs of revenues Gross profit SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	= ubsidiari 	es f Operations 30, 2008 Supplies Distributon \$ 60,02 	eCOST 5 5 5 5 5 5 5 5 5 5 5 23,023 - - - - - - - - - - - - -
PFSweb, Inc. and S Unaudited Consolidating Sta For the Three Months En (In Thousa) REVENUES: Product revenue, net Service fee revenue Service fee revenue Total revenues COSTS OF REVENUES: Cost of product revenue Cost of pass-thru revenue Selling, GENERAL AND ADMINISTRATIVE EXPENSES AMORTIZATION OF IDENTIFIABLE	= ubsidiari ded June nds) PFSweb \$ - 21,254 2,069 6,389 29,712 15,771 6,389 22,160 7,946 7,946	es f Operations 30, 2008 Supplies Distributor \$ 60,02 60,02 55,24 55,24 4,77 2,72 2,72	ecost ecost es ecost es \$23,023 es 23,023 es 23,023 es 23,023 es 23,023 es 23,023 es 23,023 es 23,023 es 23,023 es 23,023 es 23,023
PFSweb, Inc. and S Unaudited Consolidating Sta For the Three Months En (In Thousa) REVENUES: Product revenue, net Service fee revenue Service fee revenue - affiliate Pass-thru revenue Total revenues COSTS OF REVENUES: Cost of product revenue Cost of service fee revenue Cost of pass-thru revenue Cost of pass-thru revenue Total costs of revenues Gross profit SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AMORTIZATION OF IDENTIFIABLE INTANGIBLES	= ubsidiari ded June nds) PFSweb \$ - 21,254 2,069 6,389 29,712 15,771 6,389 22,160 7,946 7,946	es f Operations 30, 2008 Supplies Distributor \$ 60,02 60,02 55,24 55,24 4,77 2,72	ecost ecost es ecost es \$23,023 es 23,023 es 23,023 es 23,023 es 23,023 es 23,023 es 23,023 es 23,023 es 23,023 es 23,023 es 23,023
PFSweb, Inc. and S Unaudited Consolidating Sta For the Three Months En (In Thousa) REVENUES: Product revenue, net Service fee revenue Service fee revenue - affiliate Pass-thru revenue Total revenues COSTS OF REVENUES: Cost of product revenue Cost of service fee revenue Cost of pass-thru revenue Cost of pass-thru revenue Total costs of revenues Gross profit SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AMORTIZATION OF IDENTIFIABLE INTANGIBLES	= ubsidiari ded June nds) PFSweb \$ - 21,254 2,069 6,389 29,712 15,771 6,389 22,160 7,946 7,946	es f Operations 30, 2008 Supplies Distributor \$ 60,02 60,02 55,24 	ecost ecost es ecost es \$23,023 es 23,023 es 23,023 es 23,023 es 23,023 es 23,023 es 23,023 es 23,023 es 23,023 es 23,023 es 23,023
PFSweb, Inc. and S Unaudited Consolidating Sta For the Three Months En (In Thousa REVENUES: Product revenue, net Service fee revenue Service fee revenue Service fee revenue Total revenues COSTS OF REVENUES: Cost of product revenue Cost of product revenue Cost of pass-thru revenue Cost of pass-thru revenue Cost of pass-thru revenue Total costs of revenues Gross profit SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AMORTIZATION OF IDENTIFIABLE INTANGIBLES Total operating expenses	= ubsidiari 	es f Operations 30, 2008 Supplies Distributor \$ 60,02 	ecost s ecost s 25 \$23,023 25 23,023 25 23,023 25 23,023 27 21,121 27 21,121 28 1,902 21 2,585 - 201 - 2,786 21 2,786 2 2,786 -
PFSweb, Inc. and S Unaudited Consolidating Sta For the Three Months En (In Thousa) REVENUES: Product revenue, net Service fee revenue Service fee revenue Total revenues COSTS OF REVENUES: Cost of product revenue Cost of pass-thru revenue Cost of pass-thru revenue Cost of pass-thru revenue Total costs of revenues Gross profit SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AMORTIZATION OF IDENTIFIABLE INTANGIBLES Total operating expenses Income (loss) from operations	= ubsidiari 	es f Operations 30, 2008 Supplies Distributor \$ 60,02 	ecost s ecost s 25 \$23,023 25 23,023 25 23,023 25 23,023 27 21,121 27 21,121 28 1,902 21 2,585 - 201 - 2,786 21 2,786 2 2,786 -
PFSweb, Inc. and S Unaudited Consolidating Sta For the Three Months En (In Thousa) REVENUES: Product revenue, net Service fee revenue Service fee revenue Total revenues COSTS OF REVENUES: Cost of product revenue Cost of pass-thru revenue Cost of pass-thru revenue Cost of pass-thru revenue Total costs of revenues Gross profit SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AMORTIZATION OF IDENTIFIABLE INTANGIBLES Total operating expenses Income (loss) from operations	= ubsidiari 	es f Operations 30, 2008 Supplies Distributor \$ 60,02 60,02 55,24 55,24 4,77 2,72 2,72 2,72 36	ecost s ecost s 25 \$23,023 25 23,023 25 23,023 25 23,023 27 21,121 27 21,121 28 1,902 21 2,585 - 201 - 2,786 21 2,786 2 2,786 -
PFSweb, Inc. and S Unaudited Consolidating Sta For the Three Months En (In Thousa REVENUES: Product revenue, net Service fee revenue Service fee revenue Total revenues COSTS OF REVENUES: Cost of product revenue Cost of service fee revenue Cost of service fee revenue Cost of pass-thru revenue Total costs of revenues Gross profit SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AMORTIZATION OF IDENTIFIABLE INTANGIBLES Total operating expenses Income (loss) from operations INTEREST EXPENSE (INCOME), NET	= ubsidiari 	es f Operations 30, 2008 Supplies Distributor \$ 60,02 	ecost ecost ess ecost ess ecost ess ecost ess ecost ess ecost ess ecost ess ecost ess ecost ess ecost ess ecost ess ecost ess ecost ess ecost ess ecost ec
PFSweb, Inc. and S Unaudited Consolidating Sta For the Three Months En (In Thousa) REVENUES: Product revenue, net Service fee revenue Service fee revenue Service fee revenue Total revenues COSTS OF REVENUES: Cost of product revenue Cost of product revenue Cost of pass-thru revenue Cost of pass-thru revenue Cost of pass-thru revenue Total costs of revenues Gross profit SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AMORTIZATION OF IDENTIFIABLE INTANGIBLES Total operating expenses Income (loss) from operations INTEREST EXPENSE (INCOME), NET Income (loss) before income taxes INCOME TAX PROVISION (BENEFIT)	= ubsidiari 	es f Operations 30, 2008 Supplies Distributor \$ 60,02 	ecost ecost ess ecost ess ecost ess ecost ess ecost ess ecost ess ecost ess ecost ess ecost ess ecost ess ecost ess ecost ess ecost
PFSweb, Inc. and S Unaudited Consolidating Sta For the Three Months En (In Thousa REVENUES: Product revenue, net Service fee revenue Service fee revenue - affiliate Pass-thru revenue Total revenues COSTS OF REVENUES: Cost of product revenue Cost of service fee revenue Cost of product revenue Cost of pass-thru revenue Cost of pass-thru revenue Total costs of revenues Gross profit SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AMORTIZATION OF IDENTIFIABLE INTANGIBLES Total operating expenses Income (loss) from operations INTEREST EXPENSE (INCOME), NET Income (loss) before income taxes	= ubsidiari 	es f Operations 30, 2008 Supplies Distributor \$ 60,02 	rs eCOST 25 \$23,023 - - 25 23,023 - - 25 23,023 - - 25 23,023 - - 27 21,121 - - 27 21,121 28 1,902 21 2,585 201 2,786 - - 27 (884) 51 6 6 (890) 00 - 96 (890)
PFSweb, Inc. and S Unaudited Consolidating Sta For the Three Months En (In Thousa REVENUES: Product revenue, net Service fee revenue Service fee revenue Total revenues COSTS OF REVENUES: Cost of product revenue Cost of service fee revenue Cost of service fee revenue Cost of pass-thru revenue Total costs of revenues Gross profit SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AMORTIZATION OF IDENTIFIABLE INTANGIBLES Total operating expenses Income (loss) from operations INTEREST EXPENSE (INCOME), NET Income (loss) before income taxes INCOME TAX PROVISION (BENEFIT) NET INCOME (LOSS)	= ubsidiari 	es f Operations 30, 2008 Supplies Distributor \$ 60,02 60,02 55,24 55,24 	ecost s ecost s 25 \$23,023 25 23,023 25 23,023 25 23,023 25 23,023 27 21,121 28 1,902 21 2,585 - 201 21 2,585 - 201 21 2,786 26 (884) 51 6 26 (890) 26 \$ (890) 26 \$ (890) 26 \$ (890) 27 - 28 (890) 29 - 20 - 2
PFSweb, Inc. and S Unaudited Consolidating Sta For the Three Months En (In Thousa) REVENUES: Product revenue, net Service fee revenue Service fee revenue Service fee revenue Total revenues COSTS OF REVENUES: Cost of product revenue Cost of product revenue Cost of pass-thru revenue Cost of pass-thru revenue Cost of pass-thru revenue Total costs of revenues Gross profit SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AMORTIZATION OF IDENTIFIABLE INTANGIBLES Total operating expenses Income (loss) from operations INTEREST EXPENSE (INCOME), NET Income (loss) before income taxes INCOME TAX PROVISION (BENEFIT)	= ubsidiari ded June nds) PFSweb \$ - 21,254 2,069 6,389 29,712 15,771 6,389 7,552 7,946 7,946 (394) (1) \$ (144) \$ (16)	es f Operations 30, 2008 Supplies Distributor \$ 60,02 60,02 55,24 	cs eCOST 25 \$23,023 - - 25 23,023 - - 25 23,023 - - 27 21,121 - - 27 21,121 - - 28 2,585 - 201 21 2,585 - 201 21 2,786 - - 20 - 21 2,786 - - 26 (890) 27 (884) 28 (890) 29 (890) 20 - 21 (890) 22 (890) 23 (890) 24 (890) 25 (890)
PFSweb, Inc. and S Unaudited Consolidating Sta For the Three Months En (In Thousa REVENUES: Product revenue, net Service fee revenue Service fee revenue Total revenues COSTS OF REVENUES: Cost of product revenue Cost of service fee revenue Cost of product revenue Cost of pass-thru revenue Cost of pass-thru revenue Total costs of revenues Gross profit SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AMORTIZATION OF IDENTIFIABLE INTANGIBLES Total operating expenses Income (loss) from operations INTEREST EXPENSE (INCOME), NET Income (loss) before income taxes INCOME TAX PROVISION (BENEFIT) NET INCOME (LOSS)	= ubsidiari ded June nds) PFSweb \$ - 21,254 2,069 6,389 29,712 15,771 6,389 7,552 7,946 7,946 (394) (1) \$ (144) \$ (16)	es f Operations 30, 2008 Supplies Distributor \$ 60,02 60,02 55,24 55,24 	cs eCOST 25 \$23,023 - - 25 23,023 - - 25 23,023 - - 27 21,121 - - 27 21,121 - - 28 2,585 - 201 21 2,585 - 201 21 2,786 - - 20 - 21 2,786 - - 26 (890) 27 (884) 28 (890) 29 (890) 20 - 21 (890) 22 (890) 23 (890) 24 (890) 25 (890)

EBITDA	\$ 919	\$2,	063 \$ (641)		
ADJUSTED EBITDA			=== ======= 063 \$ (641)		
A reconciliation of NET INCOME (LOSS)					
follows: NET INCOME (LOSS) Income tax expense (benefit)	(249)		096 \$ (890) 600 -		
Interest expense (income) Depreciation and amortization	(1) (1) 1,313		361 6 6 243		
EBITDA Stock-based compensation	\$ 919 128	\$2,	063 \$ (641)		
ADJUSTED EBITDA	\$ 1,047	\$2,	063 \$ (641)		
A reconciliation of NET INCOME(LOSS) follows:					
NET INCOME (LOSS) Stock-based compensation	\$ (144) 128		096 \$ (890) - 201		
Amortization of intangible assets			- 201 096 \$ (689)		
NON-GAAP NET INCOME (LOSS)			Consolidated		
REVENUES: Product revenue, net	\$	-	\$ 83,048		
Service fee revenue Service fee revenue - affiliate		(2,069)	21,254 - 6,382		
Pass-thru revenue					
Total revenues			110,684		
COSTS OF REVENUES: Cost of product revenue			76,368		
Cost of service fee revenue Cost of pass-thru revenue		(666) (7)	15,105 6,382		
Total costs of revenues		(673)			
Gross profit					
SELLING, GENERAL AND ADMINISTRATIVE					
EXPENSES AMORTIZATION OF IDENTIFIABLE INTANGIB		-			
Total operating expenses		(1,403)	12,050		
Income (loss) from operations INTEREST EXPENSE (INCOME), NET			 779 366		
Income (loss) before income taxes INCOME TAX PROVISION (BENEFIT)			413 351		
NET INCOME (LOSS)	 \$		\$ 62		
NON-GAAP NET INCOME (LOSS)	== \$		\$ 391		
EBITDA	==\$		\$ 2,341		
ADJUSTED EBITDA	== \$		============ \$ 2,469		
A reconciliation of NET INCOME (LOSS)	==				
follows: NET INCOME (LOSS)	Ś	_	\$ 62		
Income tax expense (benefit)	Ŷ	-	351 366		
Interest expense (income) Depreciation and amortization		-	1,562		
EBITDA Stock-based compensation	\$	-	\$ 2,341 128		
ADJUSTED EBITDA	\$	-	ų 2,105		
A reconciliation of NET INCOME(LOSS) follows:			ME (LOSS)		
NET INCOME (LOSS) Stock-based compensation	\$	-	\$ 62 128		
Amortization of intangible assets		-	201		
NON-GAAP NET INCOME (LOSS)	\$	-			
PFSweb, Inc. and S	Subsidiari	es			
Unaudited Consolidating Statements of Operations					

naudited Consolidating Statements of Operations For the Six Months Ended June 30, 2008

(I	n Tho	ousand	ls)
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PFSweb Distributors eCOST REVENUES:	(In Thousa	ands)		
REVENUES: Froduct revenue, net Service fee revenue - affiliate Pass-thru revenue 5 - \$ 122,347 \$50,992 COSTS OF REVENUES: - - - - Total revenue - 113,499 46,848 Cost of product revenue 0,922 1122,347 \$0,992 Cost of product revenue 0,922 113,499 46,848 Cost of product revenue 13,706 - - Total costs of revenues 44,026 113,499 46,848 Gross profit 15,964 8,848 4,144 SELING, GENERAL AND ADMINISTRATIVE 16,259 5,139 5,392 ANORTIZATION OF IDENTIFIABLE 16,259 5,139 5,795 Income (loss) bform operations (295) 3,709 (1,651) INTEREST EXEMPTS 10,000E 1,924 (1,652) INCOME (LOSS) 5 210 1,924 (1,658) INTENDE ELTDA 2,2,652 3,719 (1,166) INTENDE CHOCME (LOSS) 5 210 1,924		DEGuab	Supplies	-COCT
Product revenue, net 5 12,347 (\$50,992 Service fee revenue 42,066 - Pass-thru revenue 13,706 - Total revenues 59,992 122,347 (\$0,992 COSTS OF RVENUES: - - Cost of product revenue - 113,499 46,848 Cost of pass-thru revenue 13,706 - - Total costs of revenues - 113,499 46,848 Gross profit 15,964 8,848 4,144 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES - - 403 Total operating expenses 16,259 5,139 5,795 - Income (loss) from operations (295) - - 403 INTENEEST EXPRNE (INCOME), NET (244) 1,055 - INCOME (LOSS) \$ 210 \$ 1,924 \$(1,651) INTENDESTED ESITDA \$ 2,652 \$ 3,719 \$(1,166) ADUSTED ENTENA follows: \$ 2,193 \$ 3,719 \$(1,166) ADUSTED ENTENA \$(1008) \$				
Service fee revenue 42,066 - - Service fee revenue 13,706 - - Total revenues 59,992 122,347 50,992 COSTS OF FEVENUES: - - - Cost of perduct revenue 13,706 - - Total costs of revenues 13,706 - - Total costs of revenue 13,706 - - MORTIZATION OF IDENTIFIABLE 15,964 8,848 4,144 INTEREST EXERSKS (INCOME, NET (61) 750 7 Income (loss) before income taxes (234) 2,959 (1,651) INTEREST EXERSK (INCOME (LOSS) \$ 210<\$	REVENUES:			
Service fee revenue - affiliate Pass-thru revenue 4,220 - - Total revenue 13,706 - - COSTS OF FEVENUES: - 113,499 46,848 Cost of product revenue 30,322 - - Total costs of revenue 13,706 - - SELLING, GENERAL AND ADMINISTRATIVE EXPENSES 16,259 5,139 5,992 Income (loss) from operations (295) 3,700 (1,651) INTERST EXPENSES (16000) 2,058 1,524 \$(1,656) INCOME (LOSS) \$ 539 5 1,924 \$(1,656) INCOME (LOSS) \$ 5210 \$ 1,924 \$(1,166) Areonoriitation of NET INCOME (LOSS) \$ 22,662 \$ 3,719 \$(1,166) </td <td></td> <td></td> <td>\$ 122,347</td> <td>\$50,992</td>			\$ 122,347	\$50,992
Pass-thru revenue 13,706 - - Total revenues 59,992 122,347 50,992 COSTS OF REVENUES: 113,499 46,848 Cost of service fee revenue 31,706 - Total costs of revenues 44,028 113,499 46,848 Gross profit 15,964 8,848 4.144 SELLING, GENERAL AND ADMINISTRATIVE 16,259 5,139 5,392 MORTIZATION OF IDENTIFIABLE 16,259 5,139 5,795 Income (loss) before income taxes (234) 2,959 (1,651) INTEREST EXPROVISION (BENEFIT) (444) 1,035 - INCOME (LOSS) \$ 2,10 \$ 1,924 \$(1,258) NON-GARP NET INCOME (LOSS) \$ 2,10 \$ 1,924 \$(1,258) NOT GARP NET INCOME (LOSS) \$ 2,233 \$ 3,719 \$(1,166) Areconciliation of NET INCOME (LOSS) \$ 2,262 \$ 3,719 \$(1,166) AbJUSTED EBITDA \$ 2,263 \$ 3,719 \$(1,166) Areconciliation of NET INCOME (LOSS) \$ 1,924 \$(1,658)			-	-
Total revenues 59,992 122,347 50,992 COSTS OF REVENUES: - 113,499 46,848 Cost of product revenue 30,322 - - Total costs of revenues 44,028 113,499 46,848 Gross profit 15,964 8,848 4,144 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES Intransfilles - - Total operating expenses 16,259 5,139 5,795 Income (loss) before income taxes (234) 2,959 (1,658) INTEREST EXPENSES 1000ME (LOSS) \$ 210 1,924 8(1,658) INCOME (LOSS) \$ 539 1,924 8(1,658) - INCOME TAX PROVISION (BENEFIT) (444) 1,035 - - EDITDA \$ 2,105 1,924 8(1,658) INCOME TAX PROVISION (ELOSS) \$ 210 1,924 8(1,658) INCOME TAX PROVISION (ELOSS) \$ 210 1,924 8(1,658) INCOME (LOSS) \$ 210 </td <td></td> <td></td> <td></td> <td>-</td>				-
COSTS OF REVENUES: - 113,499 46,848 Cost of product revenue 30,322 - - Cost of pass-thru revenue 13,706 - - Total costs of revenues 44,028 113,499 46,848 Gross profit 15,964 8,848 4,144 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES 5,392 INTANGIELES - - 403 Total operating expenses 16,259 5,139 5,795 Income (loss) before income taxes (234) 2,959 (1,651) INTEREST EXPENSE (INCOME), NET (61) 750 7 Income (loss) before income taxes (234) 2,959 (1,658) INCOME TAX PROVISION (BENEFIT) (444) 1,035 - INCOME TAX PROVISION (ELOSS) \$ 210 1,924 \$(1,656) INCOME TAX PROVISION (ELOSS) \$ 210 1,924 \$(1,656) Intorest expense (income) (61) 750 7 Difference \$ 2,662 3,719 \$(1,166)				
COSTS OF PERVENUES: 113,499 46,848 Cost of product revenue 30,322 - - Total costs of revenue 30,322 - - Total costs of revenue 44,028 113,499 46,848 Gross profit 15,964 8,848 4,114 SELING, CEREAL AND ADMINISTRATIVE - - - EXTENSIS 16,259 5,139 5,392 AMONTIZATION OF IDENTIFIABLE - - 403 Total operating expenses 16,259 5,139 5,795 Income (loss) from operations (225) 3,709 (1,651) INTEREST EXPENSE (INCOME), NET - - - INCOME (LOSS) \$ 210 \$ 1,924 \$(1,658) INCOME (LOSS) \$ 339 \$ 1,724 \$(1,1651) NON-GAAP NET INCOME (LOSS) \$ 210 \$ 1,924 \$(1,1651) NON-GAAP NET INCOME (LOSS) \$ 210 \$ 1,924 \$(1,1651) NON-G	Total revenues	59,992	122,347	50,992
Cost of product revenue - 113,499 46,848 Cost of pass-thru revenue 30,322 - - Total costs of revenues 44,028 113,499 46,848 Gross profit 15,964 8,848 4,144 SELLING, GEMERAL AND ADMINISTRATIVE 15,964 8,848 4,144 EXTENSES 16,259 5,139 5,792 AMONTIZATION OF IDENTIFIABLE - - 403 Total operating expenses 16,259 5,139 5,795 Income (loss) before income taxes (234) 2,955 (1,651) INTENEST ELENESS (INCOME), NET (444) 1,035 - Income (LOSS) \$ 210 \$ 1,924 \$(1,255) INTENDER LENES (INCOME (LOSS) \$ 2,682 \$ 3,719 \$(1,166) ADJUSTED EBITDA \$ 2,253 \$ 3,719 \$(1,166) Income Lax expense (benefit) (444) 1,035 - ADUSTED EBITDA \$ 2,642 \$ 3,719 \$(1,166) Income LOSS) \$ 100 \$ 2,253 \$ 3,7				
Cost of service fee revenue 30,322 - - Cost of pass-thru revenue 13,706 - - Total costs of revenues 44,028 113,499 46,848 Gross profit 15,964 8,848 4,144 SELLING, CERERAL AND ADMINISTRATIVE 15,964 8,848 4,144 SMORTIZATION OF IDENTIFIABLE 16,259 5,139 5,795 Income (loss) from operations (295) 3,709 (1,651) INTEREST EXPENSE (INCOME), NET (210 \$ 1,924 \$(1,658) INCOME TAX PROVISION (BENEFIT) (444) 1,035 - INCOME TAX PROVISION (ELOSS) \$ 519 \$ 1,924 \$(1,658) NON-GAAP NET INCOME (LOSS) \$ 210 \$ 1,924 \$(1,658) INT INCOME (LOSS) \$ 210 \$ 1,924 \$(1,658) Intore tax expense (nocme) (61) 750 7 Interest expense (income) (61) 750 7 Depreciation of NET INCOME (LOSS) \$ 210 \$ 1,924 \$(1,658) Intore tax expense (income) (61) 750 7			112 400	46 040
Cost of pass-thru revenue 13,706 - - Total costs of revenues 44,028 113,499 46,848 Gross profit 15,964 8,848 4,144 SELLINO, GENERAL AND ADMINISTRATIVE EXPENSES 16,259 5,139 5,392 AMORTIZATION OF IDENTIFIABLE 16,259 5,139 5,795 INCOME (loss) from operations (295) 3,709 (1,651) INTEREST EXPENSE (INCOME), NET (61) 750 7 Income (loss) before income taxes (234) 2,959 (1,658) NN-GAAP NET INCOME (LOSS) \$ 210 \$ 1,924 \$(1,665) NDISTED EBITDA \$ 2,053 \$ 3,719 \$(1,166) ADJUSTED EBITDA \$ 2,062 \$ 3,719 \$(1,166) Stock-based compensation 2,648 10 485 485 ADJUSTED EBITDA \$ 2,062 \$ 3,719 \$(1,166) Stock-based compensation 2,064 \$ 1,924 \$(1,658) I		-		
Total costs of revenues 44,028 113,499 46,648 Gross profit 15,964 8,848 4,144 SELLING, GENERAL AND ADMINISTRATIVE EXERNSES 16,259 5,139 5,392 AMONTIZATION OF IDENTIFIABLE INTRAGELES - - 403 Total operating expenses 16,259 5,139 5,795 Income (loss) from operations (295) 3,709 (1,651) INTEREST EXPENSE (INCOME), NET (441) 1,035 - INCOME (LOSS) \$ 210 \$ 1,924 \$(1,255) ENTIN (4441) 1,035 - - - - NON-GAAP NET INCOME (LOSS) \$ 210 \$ 1,924 \$(1,255) ENTDA \$ 2,662 3,719 \$(1,166) Interest expense (henefit) (4441) 1,035 - Interest expense (henefit) (4441) 1,035 - Interest expense (henefit) (4441) 1,035 - Interest expense (henefit) (4441) 1,035 <				_
Gross profit 15,964 8,848 4,144 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES 16,259 5,139 5,392 MORTIZATION OF IDENTIFIABLE INTARGIBLES - - 403 Total operating expenses 16,259 5,139 5,795 Income (loss) from operations INCOME TAX PROVISION (BENEFIT) (295) 3,709 (1,651) INCOME TAX PROVISION (BENEFIT) (444) 1,035 - - NON-GAAP NET INCOME (LOSS) \$ 210 \$ 1,924 \$(1,255) A reconciliation of NET INCOME (LOSS) \$ 210 \$ 1,924 \$(1,668) Income tax expense (henefit) \$ 210 \$ 1,924 \$(1,166) A reconciliation of NET INCOME (LOSS) \$ 210 \$ 1,924 \$(1,166) Stock-based compensation 3,719 \$(1,166) - - - NDUSTED EBITDA \$ 2,682 3,719 \$(1,166) - - Income tax expense (henefit) \$ 100 \$ -				
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EBITDA \$ 2,353 \$ 3,719 \$(1,166) Stock-based compensation 329 ADJUSTED EBITDA \$ 2,682 \$ 3,719 \$(1,166) TINCOME (LOSS) follows: NET INCOME (LOSS) to NON-GAAP NET INCOME (LOSS) \$ 210 \$ 1,924 \$(1,658) Stock-based compensation 329 Amortization of intangible assets - 403 NON-GAAP NET INCOME (LOSS) \$ 539 \$ 1,924 \$(1,255) Eliminations Consolidated TOTAL revenue, net \$ - \$ 173,339 Service fee revenue - affiliate (4,220) - Pass-thru revenue 42 13,748 Cost of product revenue (4,178) 229,153 Cost of product revenue (1,373) 28,949 Cost of pass-thru revenue 42 13,748 Total costs of revenues (1,331) 203,044 Cost of pass-thru revenue 42 13,748 REVENUES: Cost of pass-thru revenue (1,331) 203,044 Cost of pass-thru revenue (2,847) 26,109 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (2,847) 24,346 MORTIZATION OF IDENTIFIABLE INTANGIBLES - 403 Total operating expenses (2,847) 24,346				
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ADJUSTED EBITDA \$ 2,682 \$ 3,719 \$(1,166) TINCOME (LOSS) follows: NET INCOME (LOSS) follows: NET INCOME (LOSS) \$ 210 \$ 1,924 \$(1,658) Stock-based compensation 329 Amortization of intangible assets - 403 NON-GAAP NET INCOME (LOSS) \$ 539 \$ 1,924 \$(1,255) TELIMINATION OF IDENTIFIABLE INTANGIBLES - 403 COSTS OF REVENUES: Cost of product revenue - affiliate (4,220) - Total costs of revenue 42 13,748 Cost of product revenue (1,373) 28,949 Cost of pass-thru revenue 42 13,748 Total costs of revenue (1,331) 203,044 Cost of pass-thru revenue 42 13,748 Total costs of revenue 42 13,744 Total costs of rev	EBITDA	\$ 2,353	\$ 3,719	\$(1,166)
ADJUSTED EBITDA \$ 2,682 \$ 3,719 \$(1,166) 	Stock-based compensation			-
A reconciliation of NET INCOME(LOSS) to NON-GAAP NET INCOME (LOSS) follows: NET INCOME (LOSS) \$ 210 \$ 1,924 \$(1,658) Stock-based compensation 329 Amortization of intangible assets - 403 				
A reconciliation of NET INCOME(LOSS) to NON-GAAP NET INCOME (LOSS) follows: NET INCOME (LOSS) \$ 210 \$ 1,924 \$(1,658) Stock-based compensation 329 Amortization of intangible assets - 403 	ADJUSTED EBITDA			
INCOME (LOSS) follows: NET INCOME (LOSS) \$ 210 \$ 1,924 \$(1,658) Stock-based compensation 329 Amortization of intangible assets - 403 	A reconciliation of NET INCOME (LOSS) :			
NET INCOME (LOSS) \$ 210 \$ 1,924 \$(1,658) Stock-based compensation 329 Amortization of intangible assets - 403 NON-GAAP NET INCOME (LOSS) \$ 539 \$ 1,924 \$(1,255) NON-GAAP NET INCOME (LOSS) \$ 539 \$ 1,924 \$(1,255) Eliminations Consolidated 		LO NON-GAA	P NEI	
Stock-based compensation329Amortization of intangible assets403NON-GAAP NET INCOME (LOSS)\$ 539 \$ 1,924 \$(1,255)REVENUES:-539 \$ 1,924 \$(1,255)Product revenue, net\$ -\$ 173,339Service fee revenue-42,066Service fee revenue4213,748Total revenues(4,178)229,153COSTS OF REVENUES:Cost of product revenue-160,347Cost of product revenue-160,347Cost of pass-thru revenue4213,748Total costs of revenues(1,373)28,949Cost of pass-thru revenue4213,748Total costs of revenues(1,331)203,044Gross profitSELLING, GENERAL AND ADMINISTRATIVEEXPENSES(2,847)23,943AMORTIZATION OF IDENTIFIABLE INTANGIBLES-403Total operating expenses(2,847)24,346		\$ 210	\$ 1,924	\$(1,658)
NON-GAAP NET INCOME (LOSS) \$ 539 \$ 1,924 \$(1,255) Eliminations Consolidated Eliminations Consolidated revenues: Product revenue, net Service fee revenue - affiliate Pass-thru revenue Total revenues COSTS OF REVENUES: Cost of product revenue Cost of product revenue Cost of product revenue Cost of pass-thru revenue Cost of pass-thr				
NON-GAAP NET INCOME (LOSS)\$ 539 \$ 1,924 \$(1,255)Eliminations ConsolidatedREVENUES:Product revenue, net\$ - \$ 173,339Service fee revenue- 42,066Service fee revenue - affiliate(4,220)Pass-thru revenue42Total revenues(4,178)COSTS OF REVENUES:- 160,347Cost of product revenue- 160,347Cost of pass-thru revenue42Total costs of revenues(1,373)Cost of pass-thru revenue(1,331)Cost of profit	Amortization of intangible assets	-	-	403
Eliminations Consolidated 				
REVENUES: Product revenue, net Service fee revenue Pass-thru revenue Total revenues COSTS OF REVENUES: Cost of product revenue Cost of product revenue Cost of pass-thru revenue Cost of pass-thru revenue Total costs of revenues Gross profit SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AMORTIZATION OF IDENTIFIABLE INTANGIBLES Total operating expenses (2,847) (2,84	NON-GAAP NET INCOME (LOSS)			
REVENUES: Product revenue, net Service fee revenue Pass-thru revenue Total revenues COSTS OF REVENUES: Cost of product revenue Cost of product revenue Cost of pass-thru revenue Total costs of revenues Gross profit SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AMORTIZATION OF IDENTIFIABLE INTANGIBLES Total operating expenses (2,847) (2,84				
REVENUES: Product revenue, net \$ - \$ 173,339 Service fee revenue - affiliate (4,220) - Pass-thru revenue 42 13,748 Total revenues (4,178) 229,153 COSTS OF REVENUES: Cost of product revenue (1,373) 28,949 Cost of pass-thru revenue 42 13,748 Cost of pass-thru revenue 42 13,748 Total costs of revenues (1,331) 203,044 				
Product revenue, net\$-\$173,339Service fee revenue-42,066Service fee revenue - affiliate(4,220)-Pass-thru revenue4213,748Total revenues(4,178)229,153COSTS OF REVENUES:-160,347Cost of product revenue-160,347Cost of pass-thru revenue4213,748Cost of pass-thru revenue-160,347Cost of pass-thru revenue4213,748Total costs of revenues(1,373)28,949Cost of pass-thru revenue4213,748Total costs of revenues(1,331)203,044Gross profit-(2,847)26,109SELLING, GENERAL AND ADMINISTRATIVEEXPENSES(2,847)23,943AMORTIZATION OF IDENTIFIABLE INTANGIBLES-403Total operating expenses(2,847)24,346	REVENUES:			
Service fee revenue-42,066Service fee revenue - affiliate(4,220)-Pass-thru revenue4213,748Total revenues(4,178)229,153COSTS OF REVENUES:-160,347Cost of product revenue-160,347Cost of pass-thru revenue4213,748Total costs of revenues(1,373)28,949Cost of pass-thru revenue4213,748Total costs of revenues(1,331)203,044Gross profit(2,847)26,109SELLING, GENERAL AND ADMINISTRATIVEEXPENSES(2,847)23,943AMORTIZATION OF IDENTIFIABLE INTANGIBLESTotal operating expenses(2,847)24,346		\$	– \$	173,339
Pass-thru revenue4213,748Total revenues(4,178)229,153COSTS OF REVENUES:Cost of product revenue-160,347Cost of pass-thru revenue4213,748Total costs of revenues4213,748Gross profit(1,331)203,044SELLING, GENERAL AND ADMINISTRATIVE(2,847)26,109EXPENSES(2,847)23,943AMORTIZATION OF IDENTIFIABLE INTANGIBLESTotal operating expenses(2,847)24,346Cost operating expenses(2,847)24,346				
Total revenues(4,178)229,153COSTS OF REVENUES: Cost of product revenue Cost of service fee revenue Cost of pass-thru revenue-160,347Cost of pass-thru revenue 4213,748Total costs of revenues Gross profit(1,331)203,044SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AMORTIZATION OF IDENTIFIABLE INTANGIBLES-26,109Total operating expenses(2,847)23,943				
Total revenues(4,178)229,153COSTS OF REVENUES:160,347Cost of product revenue(1,373)28,949Cost of pass-thru revenue4213,748Cost of pass-thru revenue4213,748Total costs of revenues(1,331)203,044Gross profitSELLING, GENERAL AND ADMINISTRATIVEEXPENSES(2,847)26,109AMORTIZATION OF IDENTIFIABLE INTANGIBLES-403Total operating expenses(2,847)24,346	Pass-thru revenue			
COSTS OF REVENUES: Cost of product revenue Cost of pass-thru revenue Cost of pass-thru revenue Total costs of revenues Gross profit SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AMORTIZATION OF IDENTIFIABLE INTANGIBLES Total operating expenses (2,847) (2	Total more a			
COSTS OF REVENUES: Cost of product revenue - 160,347 Cost of service fee revenue (1,373) 28,949 Cost of pass-thru revenue 42 13,748 Total costs of revenues (1,331) 203,044 Gross profit (2,847) 26,109 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (2,847) 23,943 AMORTIZATION OF IDENTIFIABLE INTANGIBLES - 403 Total operating expenses (2,847) 24,346	lotal revenues	_		
Cost of product revenue-160,347Cost of service fee revenue(1,373)28,949Cost of pass-thru revenue4213,748Total costs of revenues(1,331)203,044Gross profit(2,847)26,109SELLING, GENERAL AND ADMINISTRATIVE(2,847)23,943AMORTIZATION OF IDENTIFIABLE INTANGIBLES-403Total operating expenses(2,847)24,346	COSTS OF REVENUES:			
Cost of service fee revenue(1,373)28,949Cost of pass-thru revenue4213,748Total costs of revenues(1,331)203,044Gross profit(2,847)26,109SELLING, GENERAL AND ADMINISTRATIVE(2,847)23,943AMORTIZATION OF IDENTIFIABLE INTANGIBLES-403Total operating expenses(2,847)24,346			-	160,347
Cost of pass-thru revenue4213,748Total costs of revenues(1,331)203,044Gross profit(2,847)26,109SELLING, GENERAL AND ADMINISTRATIVE EXPENSES(2,847)23,943AMORTIZATION OF IDENTIFIABLE INTANGIBLES-403Total operating expenses(2,847)24,346	-		(1,373)	
Total costs of revenues(1,331)203,044Gross profit(2,847)26,109SELLING, GENERAL AND ADMINISTRATIVE EXPENSES(2,847)23,943AMORTIZATION OF IDENTIFIABLE INTANGIBLES-403Total operating expenses(2,847)24,346	Cost of pass-thru revenue		42	13,748
Gross profit (2,847) 26,109 SELLING, GENERAL AND ADMINISTRATIVE (2,847) 23,943 AMORTIZATION OF IDENTIFIABLE INTANGIBLES - 403 Total operating expenses (2,847) 24,346				
Gross profit (2,847) 26,109 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (2,847) 23,943 AMORTIZATION OF IDENTIFIABLE INTANGIBLES - 403 Total operating expenses (2,847) 24,346	Total costs of revenues			
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (2,847) 23,943 AMORTIZATION OF IDENTIFIABLE INTANGIBLES - 403 Total operating expenses (2,847) 24,346	Gross profit			
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (2,847) 23,943 AMORTIZATION OF IDENTIFIABLE INTANGIBLES - 403 Total operating expenses (2,847) 24,346 	GLOSS PLUITC			
EXPENSES (2,847) 23,943 AMORTIZATION OF IDENTIFIABLE INTANGIBLES - 403 Total operating expenses (2,847) 24,346	SELLING, GENERAL AND ADMINISTRATIVE			
AMORTIZATION OF IDENTIFIABLE INTANGIBLES - 403 Total operating expenses (2,847) 24,346				23,943
Total operating expenses (2,847) 24,346	AMORTIZATION OF IDENTIFIABLE INTANGIB		-	403
	Total operating expenses			
income (loss) from operations - 1,763				
	income (ioss/ irom operations		-	1,/03

INTEREST EXPENSE (INCOME), NET		_	696
Income (loss) before income taxes			1,067
INCOME TAX PROVISION (BENEFIT)		-	591
NET INCOME (LOSS)	\$	- \$	476
NON-GAAP NET INCOME (LOSS)	\$		1,208
EBITDA	==: \$	== - \$	4,906
ADJUSTED EBITDA	==: \$		
A reconciliation of NET INCOME (LOSS)		and ADJUSTED	
follows: NET INCOME (LOSS)	Ś	- \$	
Income tax expense (benefit)	Ŷ	-	591
Interest expense (income)		-	696
Depreciation and amortization		-	3,143
EBITDA	\$		
Stock-based compensation			
ADJUSTED EBITDA	\$	- \$ ===========	
A reconciliation of NET INCOME(LOSS) follows:	to NON-GAA	P NET INCOME	(LOSS)
NET INCOME (LOSS)	\$	- \$	476
Stock-based compensation		-	329
Amortization of intangible assets			403
NON-GAAP NET INCOME (LOSS)	\$	- \$	-
PFSweb, Inc. and	Subsidiari	es	
Unaudited Condensed Consol			
as of June 3	-	funce bricerb	
(In Thous	ands)	0	
	PFSweb	Supplies Distributors	eCOST
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents Restricted cash	\$ 12,217 1,575		\$
Accounts receivable, net	14,294		
Inventories, net	-	45,731	6,984
Other receivables Prepaid expenses and other current	-	15,995	-
assets		1,421	
Total current assets	30,361	90,738	9,470
PROPERTY AND EQUIPMENT, net	10,664	92	
NOTES RECEIVABLE FROM AFFILIATES	19,595	-	-
INVESTMENT IN AFFILIATES IDENTIFIABLE INTANGIBLES	39,242	-	- 5,421
GOODWILL	-	-	15,362
OTHER ASSETS	788	-	145
Total assets	100,650	90,830	30,764
LIABILITIES AND SHAREHOLDERS EQUITY			
CURRENT LIABILITIES: Current portion of long-term debt			
and capital lease obligations	\$ 5,126	\$ 12,475	\$ -
Trade accounts payable	9,156	53,590	6,958
Accrued expenses	11,748	8,043	
Total current liabilities	26,030	74,108	9,524
LONG-TERM DEBT AND CAPITAL LEASE	0 561		
OBLIGATIONS, less current portion NOTES PAYABLE TO AFFILIATES	2,561		_ 14,090
OTHER LIABILITIES	597	-	234
Total liabilities	29,188	79,613	23,848
COMMITMENTS AND CONTINGENCIES			
SHAREHOLDERS' EQUITY:	10		1.0
Common stock Capital contributions	10	1,000	19
Additional paid-in capital	92,496	1,000	28,059
Retained earnings (accumulated	J2,4J0		,
deficit)			
deficit) Accumulated other comprehensive		6,761	

income Treasury stock	3,191 (85	3,4	456	-
Total shareholders' equity				
		11,:		
Total liabilities and shareholders' equity	\$100,650	\$ 90,8	330	\$ 30,764
		= ====================================		
ASSETS	-			
CURRENT ASSETS: Cash and cash equivalents	\$	-	\$	13,972
Restricted cash Accounts receivable, net		- (587)		3,836 39,669
Inventories, net Other receivables		-		52,715 15,995
Prepaid expenses and other current		-		3,795
Total current assets		(587)		129,982
PROPERTY AND EQUIPMENT, net		-		11,122
NOTES RECEIVABLE FROM AFFILIATES INVESTMENT IN AFFILIATES		(19,595) (39,242)		-
IDENTIFIABLE INTANGIBLES GOODWILL		-		5,421 15,362
OTHER ASSETS		-		933
Total assets	-	(59,424)		
LIABILITIES AND SHAREHOLDERS EQUI			===	
CURRENT LIABILITIES:				
Current portion of long-term debt a				
capital lease obligations Trade accounts payable	\$	- (587)	\$	17,601 69,117
Accrued expenses		-		22,357
Total current liabilities	-			109,075
LONG-TERM DEBT AND CAPITAL LEASE	-			
OBLIGATIONS, less current portion NOTES PAYABLE TO AFFILIATES		- (19,595)		2,561
OTHER LIABILITIES				831
Total liabilities	-	(20,182)		112,467
COMMITMENTS AND CONTINGENCIES	-			
SHAREHOLDERS' EQUITY: Common stock		(19)		10
Capital contributions		(1,000)		-
Additional paid-in capital Retained earnings (accumulated defi	cit)	(28,059) (6,711)		92,496 (45,262)
Accumulated other comprehensive inc Treasury stock		(3,453)		3,194
-	-			
Total shareholders' equity	-	(39,242)		50,353
Total liabilities and shareholder equity		(59,424)	Ś	162.820
	=			
PFSweb, Inc. and				
Unaudited Consolidating St For the Three Months E (In Thous	nded June		15	
		Supplies Distribute		ecost
REVENUES: Product revenue, net	\$ -	\$ 57,	595	\$27,083
Service fee revenue Service fee revenue - affiliate	17,646		-	-
Pass-thru revenue	2,040 6,145		_	-
Total revenues	25,831	57,	595	27,083
COSTS OF REVENUES:				
Cost of product revenue	-		912	24,886
Cost of service fee revenue Cost of pass-thru revenue	13,297 6,145		_	-
Total costs of revenues	19,442	52,9		24,886
Gross profit				
Gross prorite				

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AMORTIZATION OF IDENTIFIABLE	6,551	2,623	
INTANGIBLES			
Total operating expenses	6,551	2,623	3,023
Income (loss) from operations INTEREST EXPENSE (INCOME), NET		2,060 661	
Income (loss) before income taxes INCOME TAX PROVISION (BENEFIT)	(186)	1,399 446	-
NET INCOME (LOSS)	\$ 13		\$ (812)
NON-GAAP NET INCOME (LOSS)	\$ 201	\$ 953	\$ (608)
EBITDA	\$ 1,676	\$ 2,065	\$ (575)
ADJUSTED EBITDA	\$ 1,864	\$ 2,065	\$ (575)
A reconciliation of NET INCOME (LOSS)		and ADJUSTED	
follows: NET INCOME (LOSS)	\$ 13		\$ (812)
Income tax expense (benefit) Interest expense (income)	(186) 11	446 661	
Depreciation and amortization	1,838		251
EBITDA Stock-based compensation	\$ 1,676 188	\$ 2,065	\$ (575) -
ADJUSTED EBITDA		\$ 2,065	
A reconciliation of NET INCOME (LOSS)		AP NET INCOME	
follows: NET INCOME (LOSS)	\$ 13	\$ 953	\$ (812)
Stock-based compensation Amortization of intangible assets	188	-	204
NON-GAAP NET INCOME (LOSS)		\$ 953	
NON-GAAF NEI INCOME (1033)			========
		iminations Co 	
REVENUES: Product revenue, net	\$	- Ś	84 678
Service fee revenue	*	-	17,646
Service fee revenue Service fee revenue – affiliate Pass-thru revenue		(2,040)	84,678 17,646 - 6,076
Service fee revenue - affiliate Pass-thru revenue		(2,040) (69)	- 6,076
Service fee revenue - affiliate Pass-thru revenue Total revenues		(2,040) (69)	6,076 108,400
Service fee revenue - affiliate Pass-thru revenue Total revenues COSTS OF REVENUES: Cost of product revenue		(2,040) (69) (2,109) 	- 6,076 108,400 77,798
Service fee revenue - affiliate Pass-thru revenue Total revenues COSTS OF REVENUES:		(2,040) (69) (2,109) 	6,076 108,400
Service fee revenue - affiliate Pass-thru revenue Total revenues COSTS OF REVENUES: Cost of product revenue Cost of service fee revenue		(2,040) (69) (2,109) (2,109) (662) (662) (69)	- 6,076 108,400 77,798 12,635
Service fee revenue - affiliate Pass-thru revenue Total revenues COSTS OF REVENUES: Cost of product revenue Cost of service fee revenue Cost of pass-thru revenue Total costs of revenues		(2,040) (69) (2,109) (2,109) (662) (69) (731)	- 6,076
Service fee revenue - affiliate Pass-thru revenue Total revenues COSTS OF REVENUES: Cost of product revenue Cost of service fee revenue Cost of pass-thru revenue Total costs of revenues Gross profit		(2,040) (69) (2,109) (2,109) (662) (69) (731)	- 6,076 108,400 77,798 12,635 6,076 96,509 11,891
Service fee revenue - affiliate Pass-thru revenue Total revenues COSTS OF REVENUES: Cost of product revenue Cost of service fee revenue Cost of pass-thru revenue Total costs of revenues	 	(2,040) (69) (2,109) (2,109) (662) (69) (731) (1,378) (1,378)	- 6,076
Service fee revenue - affiliate Pass-thru revenue Total revenues COSTS OF REVENUES: Cost of product revenue Cost of service fee revenue Cost of pass-thru revenue Total costs of revenues Gross profit SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	 	(2,040) (69) (2,109) (2,109) (662) (69) (731) (1,378) (1,378)	6,076 108,400 77,798 12,635 6,076 96,509 11,891 10,615 204
Service fee revenue - affiliate Pass-thru revenue Total revenues COSTS OF REVENUES: Cost of product revenue Cost of service fee revenue Cost of pass-thru revenue Total costs of revenues Gross profit SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AMORTIZATION OF IDENTIFIABLE INTANGIBU Total operating expenses Income (loss) from operations	 LES	(2,040) (69) (2,109) (662) (69) (731) (1,378) (1,378) 	6,076 108,400 77,798 12,635 6,076 96,509 11,891 10,615 204 10,819 1,072
Service fee revenue - affiliate Pass-thru revenue Total revenues COSTS OF REVENUES: Cost of product revenue Cost of service fee revenue Cost of pass-thru revenue Total costs of revenues Gross profit SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AMORTIZATION OF IDENTIFIABLE INTANGIBI	 LES	(2,040) (69) (2,109) (2,109) (662) (69) (731) (1,378) (1,378) - (1,378) - (1,378) - -	6,076
Service fee revenue - affiliate Pass-thru revenue Total revenues COSTS OF REVENUES: Cost of product revenue Cost of service fee revenue Cost of pass-thru revenue Total costs of revenues Gross profit SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AMORTIZATION OF IDENTIFIABLE INTANGIBN Total operating expenses Income (loss) from operations INTEREST EXPENSE (INCOME), NET Income (loss) before income taxes INCOME TAX PROVISION (BENEFIT)	 LES 	(2,040) (69) (2,109) (2,109) (662) (69) (731) (1,378) (1,378) (1,378) (1,378) (1,378) 	6,076
Service fee revenue - affiliate Pass-thru revenue Total revenues COSTS OF REVENUES: Cost of product revenue Cost of service fee revenue Cost of pass-thru revenue Total costs of revenues Gross profit SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AMORTIZATION OF IDENTIFIABLE INTANGIBN Total operating expenses Income (loss) from operations INTEREST EXPENSE (INCOME), NET Income (loss) before income taxes	 LES 5	(2,040) (69) (2,109) (2,109) (662) (69) (731) (1,378) (1,378) (1,378) (1,378) (1,378) 	6,076
Service fee revenue - affiliate Pass-thru revenue Total revenues COSTS OF REVENUES: Cost of product revenue Cost of service fee revenue Cost of pass-thru revenue Total costs of revenues Gross profit SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AMORTIZATION OF IDENTIFIABLE INTANGIBN Total operating expenses Income (loss) from operations INTEREST EXPENSE (INCOME), NET Income (loss) before income taxes INCOME TAX PROVISION (BENEFIT)	 LES 	(2,040) (69) (2,109) (2,109) (662) (69) (731) (1,378) (1,378) (1,378) 	6,076 108,400 77,798 12,635 6,076 96,509 96,509 11,891 10,615 204 10,819 1,072 658 414 260 154
Service fee revenue - affiliate Pass-thru revenue Total revenues COSTS OF REVENUES: Cost of product revenue Cost of service fee revenue Cost of pass-thru revenue Total costs of revenues Gross profit SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AMORTIZATION OF IDENTIFIABLE INTANGIBN Total operating expenses Income (loss) from operations INTEREST EXPENSE (INCOME), NET Income (loss) before income taxes INCOME TAX PROVISION (BENEFIT) NET INCOME (LOSS)	 LES \$ == \$ == \$	(2,040) (69) (2,109) (2,109) (662) (69) (731) (1,378) (1,378) (1,378) (1,378) 	6,076
Service fee revenue - affiliate Pass-thru revenue Total revenues COSTS OF REVENUES: Cost of product revenue Cost of service fee revenue Cost of pass-thru revenue Total costs of revenues Gross profit SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AMORTIZATION OF IDENTIFIABLE INTANGIBN Total operating expenses Income (loss) from operations INTEREST EXPENSE (INCOME), NET Income (loss) before income taxes INCOME TAX PROVISION (BENEFIT) NET INCOME (LOSS)	 LES \$ == \$ == \$	(2,040) (69) (2,109) (2,109) (662) (69) (731) (1,378) (1,378) (1,378) (1,378) (1,378) 	6,076 108,400 77,798 12,635 6,076 96,509 11,891 10,615 204 10,819 1,072 658 414 260 154 546 3,166
Service fee revenue - affiliate Pass-thru revenue Total revenues COSTS OF REVENUES: Cost of product revenue Cost of service fee revenue Cost of pass-thru revenue Total costs of revenues Gross profit SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AMORTIZATION OF IDENTIFIABLE INTANGIBN Total operating expenses Income (loss) from operations INTEREST EXPENSE (INCOME), NET Income (loss) before income taxes INCOME TAX PROVISION (BENEFIT) NET INCOME (LOSS) NON-GAAP NET INCOME (LOSS) EBITDA A reconciliation of NET INCOME (LOSS)	 	(2,040) (69) (2,109) (2,109) (662) (69) (731) (1,378) - (1,378) - (1,378) - (1,378) - - (1,378) - - - - - - - - - - - - - - - - - - -	6,076 108,400 77,798 12,635 6,076 96,509 11,891 10,615 204 10,819 1,072 658 414 260 154 546 3,166
Service fee revenue - affiliate Pass-thru revenue Total revenues COSTS OF REVENUES: Cost of product revenue Cost of service fee revenue Cost of pass-thru revenue Total costs of revenues Gross profit SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AMORTIZATION OF IDENTIFIABLE INTANGIEN Total operating expenses Income (loss) from operations INTEREST EXPENSE (INCOME), NET Income (loss) before income taxes INCOME TAX PROVISION (BENEFIT) NET INCOME (LOSS) NON-GAAP NET INCOME (LOSS) EBITDA ADJUSTED EBITDA A reconciliation of NET INCOME (LOSS) follows: NET INCOME (LOSS)	 	(2,040) (69) (2,109) (2,109) (662) (69) (731) (1,378) - (1,378) - (1,378) - (1,378) - - (1,378) - - - - - - - - - - - - - - - - - - -	6,076 108,400 77,798 12,635 6,076 96,509 11,891 10,615 204 10,819 1,072 658 414 260 154 546 3,166 3,354 EBITDA
Service fee revenue - affiliate Pass-thru revenue Total revenues COSTS OF REVENUES: Cost of product revenue Cost of service fee revenue Cost of pass-thru revenue Total costs of revenues Gross profit SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AMORTIZATION OF IDENTIFIABLE INTANGIEN Total operating expenses Income (loss) from operations INTEREST EXPENSE (INCOME), NET Income (loss) before income taxes INCOME TAX PROVISION (BENEFIT) NET INCOME (LOSS) NON-GAAP NET INCOME (LOSS) EBITDA ADJUSTED EBITDA A reconciliation of NET INCOME (LOSS) follows: NET INCOME (LOSS) Income tax expense (benefit) Interest expense (income)	 \$ == \$ == \$ ==	(2,040) (69) (2,109) (2,109) (662) (69) (731) (1,378) (1,378) (1,378) (1,378) - - (1,378) - - - - - - - - - - - - - - - - - - -	6,076 108,400 77,798 12,635 6,076 96,509 96,509 11,891 10,615 204 10,819 1,072 658 414 260 154 546 3,354 EBITDA 154 260 658
Service fee revenue - affiliate Pass-thru revenue Total revenues COSTS OF REVENUES: Cost of product revenue Cost of service fee revenue Cost of pass-thru revenue Total costs of revenues Gross profit SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AMORTIZATION OF IDENTIFIABLE INTANGIEN Total operating expenses Income (loss) from operations INTEREST EXPENSE (INCOME), NET Income (loss) before income taxes INCOME TAX PROVISION (BENEFIT) NET INCOME (LOSS) NON-GAAP NET INCOME (LOSS) EBITDA ADJUSTED EBITDA A reconciliation of NET INCOME (LOSS) follows: NET INCOME (LOSS) Income tax expense (benefit)	 \$ \$ == \$ == \$	(2,040) (69) (2,109) (2,109) (662) (69) (731) (1,378) (1,378) (1,378) (1,378) (1,378) 	6,076 108,400 77,798 12,635 6,076 96,509 11,891 10,615 204 10,819 10,819 10,819 1,072 658 414 260 154 3,166 3,354 EBITDA

Stock-based compensation		_	188
ADJUSTED EBITDA	 \$	 - \$	3,354
A reconciliation of NET INCOME (LOSS)	==:	======= ===	=========
follows: NET INCOME (LOSS)	S S S S S	AP NEI INCOME - \$	
Stock-based compensation Amortization of intangible assets	Ş	- Ş - -	188 204
_			
NON-GAAP NET INCOME (LOSS)	\$ ==:	- \$ ==========	
PFSweb, Inc. and S		es 	
Unaudited Consolidating Sta For the Six Months End (In Thousa	ded June 3		
(·	Supplies Distributors	eCOST
REVENUES:			
Product revenue, net	\$ - 34,608	\$ 116,405	\$48,730
Service fee revenue Service fee revenue - affiliate	4,066	-	-
Pass-thru revenue	13,241	-	-
Total revenues	51,915		48,730
COSTS OF REVENUES:	_	107 051	44,722
Cost of product revenue Cost of service fee revenue	- 26,599		44,/22
Cost of pass-thru revenue	13,241	-	-
Total costs of revenues	39,840	107,851	
Gross profit	12,075		4,008
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	13,848		
MERGER INTEGRATION EXPENSE	- 13,040		150
AMORTIZATION OF IDENTIFIABLE INTANGIBLES	_		408
Total operating expenses	13,848		6,162
Income (loss) from operations	(1,773)		(2,154)
INTEREST EXPENSE (INCOME), NET	47	1,226	(31)
Income (loss) before income taxes INCOME TAX PROVISION (BENEFIT)	(329)		
NET INCOME (LOSS)	\$(1,491)	\$ 1,407	\$(2,123)
NON-GAAP NET INCOME (LOSS)	\$(1,094)	\$ 1,407	\$(1,715)
EBITDA	\$ 1,809	\$ 3,438	\$(1,658)
ADJUSTED EBITDA		\$ 3,438	
A warned lighter of NEW INCOME (LOGG)			
A reconciliation of NET INCOME (LOSS) follows:			EBIIDA
NET INCOME (LOSS) Income tax expense (benefit)	\$(1,491) (329)		\$(2,123)
Interest expense (income) Depreciation and amortization	47 3,582	1,226	(31) 496
EBITDA			
Stock-based compensation	397 ³	-	-
Merger integration expense		-	
ADJUSTED EBITDA		\$ 3,438	
A reconciliation of NET INCOME (LOSS) follows:			
NET INCOME (LOSS)	\$(1,491) 397	\$ 1,407	
Stock-based compensation Amortization of intangible assets	-	-	408
NON-GAAP NET INCOME (LOSS)	\$(1,094)	\$ 1,407	\$(1,715)
		=================== iminations Com	
REVENUES: Product revenue, net	\$	- \$	165,135
Service fee revenue		-	34,608
Service fee revenue - affiliate Pass-thru revenue		(4,066) (177)	- 13,064

Total revenues		(4,243)	212,807
COSTS OF REVENUES:			
Cost of product revenue			152,569
Cost of service fee revenue		(1,300) (177)	25,299
Cost of pass-thru revenue		(177)	
Total costs of revenues		(1,481)	190,932
Gross profit		(2,762)	
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		(2,762)	
MERGER INTEGRATION EXPENSE AMORTIZATION OF IDENTIFIABLE INTANGIB	LES		150 408
Total operating expenses		(2,762)	
Income (loss) from operations			(499)
INTEREST EXPENSE (INCOME), NET		-	1,242
Income (loss) before income taxes INCOME TAX PROVISION (BENEFIT)			(1,741) 466
NET INCOME (LOSS)	\$		(2,207)
NON-GAAP NET INCOME (LOSS)	\$	\$ \$	(1,402)
EBITDA	\$	- \$ - \$	3,589
ADJUSTED EBITDA	\$		
A reconciliation of NET INCOME (LOSS) follows:			
NET INCOME (LOSS) Income tax expense (benefit)	\$	- \$ -	(2,207) 466
Interest expense (income)		-	1,242
Depreciation and amortization		-	4,088
EBITDA Stock-based compensation	\$	- \$ -	3,589 397
Merger integration expense		_	150
ADJUSTED EBITDA	 \$	 ¢	4,136
	==		=======
A reconciliation of NET INCOME (LOSS) follows:			
NET INCOME (LOSS) Stock-based compensation	\$	- \$ -	(2,207) 397
Amortization of intangible assets		-	408
- NON-GAAP NET INCOME (LOSS)	 \$	 - \$	(1,402)
PFSweb, Inc. and		===== == es	
Unaudited Condensed Consol			
as of December (In Thous	31, 2007		
		Supplies Distributors	0000
		Distributors	
ASSETS			
CURRENT ASSETS: Cash and cash equivalents	\$ 10 835	\$ 1,757	\$ 1 680
Restricted cash	\$ 10,835 50		\$ 1,680 507
Accounts receivable, net	21,366		
Inventories, net	-	39,596	
Other receivables Prepaid expenses and other current	211	10,161	-
assets	923	1,321	364
Total current assets	33,385	79,425	11,932
PROPERTY AND EQUIPMENT, net		21	
NOTES RECEIVABLE FROM AFFILIATES	18,645	-	
INVESTMENT IN AFFILIATES	38,609	-	-
IDENTIFIABLE INTANGIBLES	-	-	
GOODWILL OTHER ASSETS	- 762	-	,
VIDER ASSES		-	
Total assets	102,950		33,615
LIABILITIES AND SHAREHOLDERS EQUITY			

LIABILITIES AND SHAREHOLDERS EQUITY

CURRENT LIABILITIES:

Current portion of long-term debt

and capital lease obligations	\$ 10,063	\$ 12,2	
Trade accounts payable	5,615		265 8,679
Accrued expenses	11,604	7,4	416 3,418
Total current liabilities	27,282		856 12,097
LONG-TERM DEBT AND CAPITAL LEASE	6 270		
OBLIGATIONS, less current portion NOTES PAYABLE TO AFFILIATES	6,378	6 (005 12,640
OTHER LIABILITIES	998		- 304
Total liabilities	34,658		861 25,041
COMMITMENTS AND CONTINGENCIES			
SHAREHOLDERS' EQUITY:			
Common stock	10		- 19
Capital contributions	-		000 -
Additional paid-in capital Retained earnings (accumulated	92,121		- 28,059
deficit)	(26,288)	6,6	601 (19,504)
Accumulated other comprehensive			
income	2,534		984 -
Treasury stock	(85)		
Total shareholders' equity	68,292		585 8,574
Total liabilities and			
shareholders' equity			446 \$ 33,615 === =======
			Consolidated
ASSETS			
CURRENT ASSETS: Cash and cash equivalents	Ś	_	\$ 14,272
Restricted cash	Ŧ	-	
Accounts receivable, net		(584)	
Inventories, net		-	46,392
Other receivables Prepaid expenses and other current	assets	-	10,372 2,608
riepara enpended ana conci carreno			
Total current assets			124,158
DEODEDEN AND EQUIDMENTE			11 010
PROPERTY AND EQUIPMENT, net NOTES RECEIVABLE FROM AFFILIATES		- (18,645)	11,918
INVESTMENT IN AFFILIATES		(38,609)	
IDENTIFIABLE INTANGIBLES		-	5,824
GOODWILL OTHER ASSETS		-	15,362 911
UINER ASSEIS			911
Total assets		(57,838)	158,173
			===========
LIABILITIES AND SHAREHOLDERS EQU	T.I.X		
CURRENT LIABILITIES:			
Current portion of long-term debt	and		
capital lease obligations	\$		\$ 22,238
Trade accounts payable Accrued expenses		(584)	
Accided expenses			22,430
Total current liabilities			101,651
LONG MEDN DEDT AND GARAGES			
LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS, less current portion		-	6,378
NOTES PAYABLE TO AFFILIATES		(18,645)	
OTHER LIABILITIES		-	1,302
Total liabilities			109,331
COMMITMENTS AND CONTINGENCIES			
SHAREHOLDERS' EQUITY:			
Common stock		(19)	
Capital contributions Additional paid-in capital		(1,000) (28,059)	
Retained earnings (accumulated def	icit)	(6,547)	(45,738)
Accumulated other comprehensive in		(2,984)	2,534
Treasury stock		-	(= =)
Total shareholders' equity		(38,609)	48,842
Total shareholders equity			40,042
Total liabilities and shareholde			
equity			\$ 158,173
eCOST.com			
Selected Oper	ating Data		

Selected Operating Data

		2008	2007
Total Customers (1)	1	,805,076	1,698,797
Active Customers (2)		171,794	231,601
New Customers (3)		29,440	25,417
Number of Orders (4)		61,851	64,111
Average Order Value (5)	\$	364	\$ 422
Advertising Expense (6)	\$	171,252	\$ 303,921
Cost to Acquire a New Customer (7)	\$	5.69	\$ 9.76

 Total customers have been calculated as the cumulative number of customers for which orders have been taken from eCOST.com's inception to the end of the reported period.

- (2) Active customers consist of the approximate number of customers who placed orders during the 12 months prior to the end of the reported period.
- (3) New Customers represent the number of persons that established a new account and placed an order during the reported period.
- (4) Number of orders represents the total number of orders shipped during the reported period (not reflecting returns).
- (5) Average order value has been calculated as gross sales divided by the total number of orders during the period presented. The impact of returns is not reflected in average order value.
- (6) Advertising expense includes the total dollars spent on advertising during the reported period, including internet, direct mail, print and e-mail advertising, as well as customer list enhancement services.
- (7) Catalog expense of \$3,842 and \$55,858 was not included in the 2008 and 2007 calculation, respectively, as it is used for retention and not acquisition.

SOURCE: PFSweb, Inc.

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