



INVESTOR PRESENTATION

NASDAQ: PFSW

CAUTIONS REGARDING FORWARD LOOKING STATEMENTS

The matters discussed in this presentation, particularly information regarding future revenue, earnings, business plans and goals, consist of forward-looking information within the meaning of [Section 27A of the Securities Act of 1933](#) and [Section 21E of the Securities Exchange Act of 1934](#) and are subject to the safe harbor created by these sections and involve risks and uncertainties, which could cause actual results to differ materially from the forward-looking information. Such statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. These statements are based on assumptions and estimates that management believes are reasonable based on currently available information; however, management's assumptions and the Company's future performance are both subject to a wide range of business risks and uncertainties, and there is no assurance that these goals and projections can or will be met. Any number of factors could cause actual results to differ materially. The Company undertakes no obligation to publicly update or revise any forward-looking statements. All forward-looking information contained herein is subject to the risk factors and uncertainties described in the Company's filings with the Securities and Exchange Commission, which risk factors and uncertainties are incorporated by reference as though fully set forth herein.

This presentation contains certain non-GAAP measures including [Service Fee Equivalent Revenue](#), [Non-GAAP Net Income \(Loss\)](#), [EBITDA](#), [Adjusted EBITDA](#) and [Free Cash Flow](#). Service Fee Equivalent Revenue represents service fee revenue plus the gross profit earned on product revenue. Non-GAAP Net Income (Loss) represents net income (loss) calculated in accordance with U.S. GAAP as adjusted for income (loss) from discontinued operations, the impact of non-cash stock-based compensation expense, executive disability benefits, move related expenses, lease termination costs, acquisition related costs and restructuring and other charges. EBITDA represents net income (loss) before income (loss) from discontinued operations, interest, taxes, depreciation and amortization. Adjusted EBITDA further eliminates the effect of stock-based compensation expense, executive disability benefits, move related expenses, lease termination costs, acquisition related costs and restructuring and other charges. Free Cash Flow is defined as net cash provided by (used in) continuing operating activities less capital expenditures. Service Fee Equivalent Revenue, Non-GAAP Net Income (Loss), EBITDA, Adjusted EBITDA and Free Cash Flow 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 income (loss) from discontinued operations, the effect of stock-based compensation, executive disability benefits, move related expenses, lease termination costs and restructuring and other charges and EBITDA and Adjusted EBITDA further eliminates the effect of financing, income taxes and the accounting effects of capital spending and Free Cash Flow which accounts for operating cash flow less cash paid for fixed assets, including capitalized software development, which items may vary from different companies for reasons unrelated to overall operating performance. 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 non-GAAP measures are not intended to be considered in isolation of, as a substitute for or superior to our GAAP financial information. We have included reconciliations later in this presentation of the non-GAAP measures to the nearest GAAP measure.

KEY STATS: PFSW (NASDAQ)

Trading Data (@ 2/27/15)

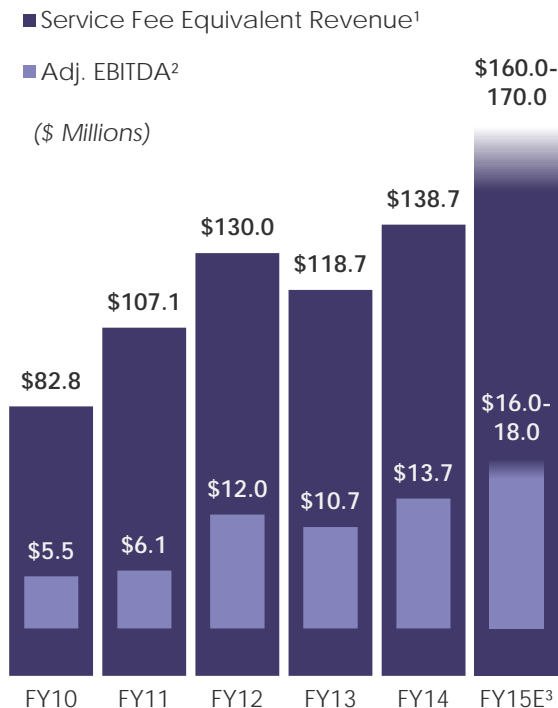
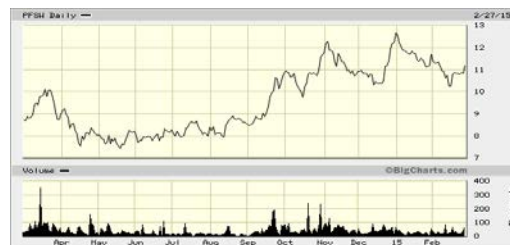
Stock Price	\$11.19
52 Week Low/High	\$7.09/\$12.72
Avg. Daily Vol. (3 Mo.)	35,960
Shares Outstanding	17.2M
Public Float, est.	44%
Institutional/Strategic Owner Holdings	81%

Valuation Measures (@ 2/27/15)

Market Cap	\$192.0M
Enterprise Value	\$183.8M
EV/Revenue	0.7x
EV/Adj. EBITDA ²	13.4x

Financial Highlights (@ 12/31/14)

Total Revenue (ttm)	\$247.0M
SFE Revenue¹ (ttm)	\$138.7M
Adj. EBITDA ² (ttm)	13.7M
Diluted EPS (ttm)	\$(0.28)
Cash & Equivalents (ttm)	\$18.1M
Total Assets (mrq)	\$140.7M
Total Debt (mrq)	\$10.9M
Total Liabilities (mrq)	\$100.6M
Total Equity (mrq)	\$40.1M



Source: Capital IQ

1) Service fee equivalent (SFE) revenue is a non-GAAP financial measure. See Appendix for a reconciliation to the most comparable GAAP financial measure.

2) Adjusted EBITDA is a non-GAAP financial measure. See Appendix for a reconciliation to the most comparable GAAP financial measure.

3) Guidance updated and only effective as of March 5, 2015.



WHO WE ARE

We envision, create and support world-class omni-channel commerce solutions that enable the world's leading brands to nurture customer relationships on a global scale.

Servicing approximately 115 ongoing client engagements, we make the complex simple by providing a complete global commerce solution where our clients determine their level of engagement.

Comprised of technology, critical infrastructure and professional services, we can provide our clients with a complete end-to-end solution with best-of-breed capabilities.

We work with clients on stand-alone projects or long term end-to-end engagements providing the ultimate flexible commerce offering.



PFSweb COMMERCE MODEL

AGENCY SERVICES

Strategy and design projects with extended marketing services retainers – growth engine leads to client “stickiness”



TECHNOLOGY SERVICES

Development projects with extended support engagements – innovation engine keeps solutions leading-edge



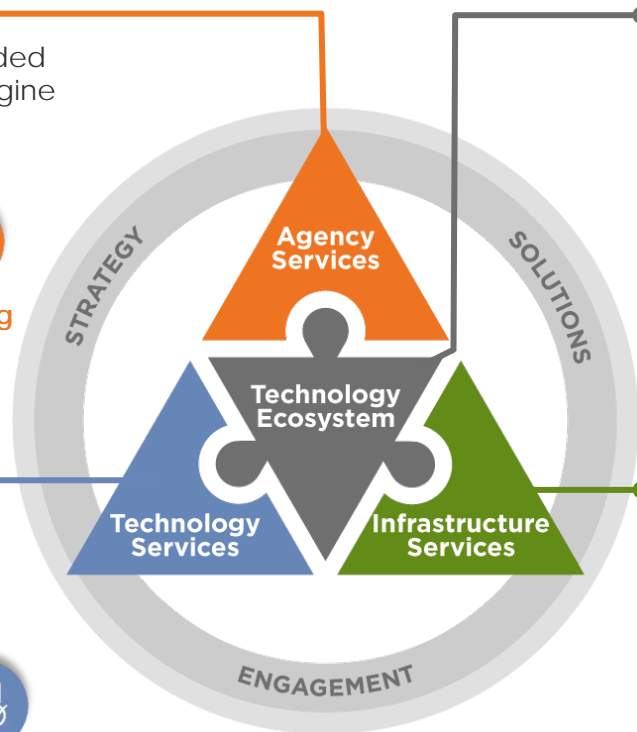
TECHNOLOGY ECOSYSTEM

Rev-share or click charge fees with some initial license fees – making the complex simple and still best-of-breed



INFRASTRUCTURE SERVICES

Long-term customer service and fulfillment engagements – strongest lever for client satisfaction



END-TO-END TARGET VERTICAL MARKETS

Health & Beauty

L'ORÉAL



Fashion & Apparel

BCBGMAXAZRIA



Collectibles & Toys


































Consumer
Packaged Goods

P&G



SELECTED CLIENT PORTFOLIO

 UNITED STATES MINT	BCBGMAXAZRIA	 HERVE LEGER	BCBGGENERATION	 ARIAT®	 POLAROID	 Roots	TJ-maxx
 sunglass hut		P&G		DIAGEO	 Kraft	GEVALIA	 TASSIMO
 Summit sports	 asics	SUUNTO	 salomon	 GORE RUNNING WEAR®	 GORE BIKE WEAR®	 Columbia Sportswear Company	 SOREL
 Hallmark	 Lumens® LIGHT • LIVING	namber	 Fender	 Black Diamond	 chicco	astro	 BROOKS
L'ORÉAL	GIORGIO ARMANI	 Kiehl's SINCE 1851	 YVES SAINT LAURENT collection	LANCÔME PARIS	 em michelle phan	clarisonic	 URBAN DECAY beauty with an edge™
CLARINS	 Thierry Mugler	 SEPHORA	 Elizabeth Arden NEW YORK	dermalogica	 LUSH FRESH HANDMADE COSMETICS	DELSEY PARIS	PANDORA

RECENT ILLUSTRATIVE CLIENT WINS

Omni-Channel Commerce solution:



UNITED STATES MINT

- Digital marketing services
- eCommerce web development
- Order management, payment processing & fraud management
- High-touch customer care
- Omni-channel marketing database
- Branded order fulfillment services
- Retail web-integrated point of sale

Officially launched October 1, 2014 and on October 28th during the first 12 hours of the Kennedy Half-Dollar Silver Coin release...

- Max of 272,000 page views per hour
- Over 31,000 orders
- Over 85,000 units
- Up to 24.9 orders per second

End-to-End solution:



- Canadian solution
- Web development through stand-alone technology services contract
- eMail marketing services
- Order management
- Payment processing & fraud management
- High-touch customer care
- Branded order fulfillment services with high-end packaging

Launched in Q3 2014, with plans to add additional geographies

BUILD OR BUY?

Build Option

Brand functions as the master contractor to build a custom solution

Typical build investment of \$2M to \$5M

Typical build timeline of 12 to 18 months

Brand is responsible for PCI and safe harbor compliance

Brand must manage the vendor community during and after launch

Agency Services



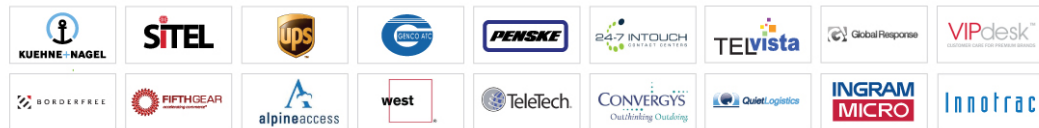
Technology Services



Technology Platform Components



Infrastructure Providers



BUILD OR BUY?

Build Option with PFSweb

Brand contracts with PFSweb to build and jointly operate custom solution

Typical build investment of \$1.5M to \$3M

Typical build timeline of 6 to 12 months

Brand and PFSweb share responsibility for PCI and safe harbor compliance

Brand and PFSweb jointly manage the program

Agency Services



Technology Services



Technology Platform Components



Infrastructure Services



BUILD OR BUY?

Buy Option

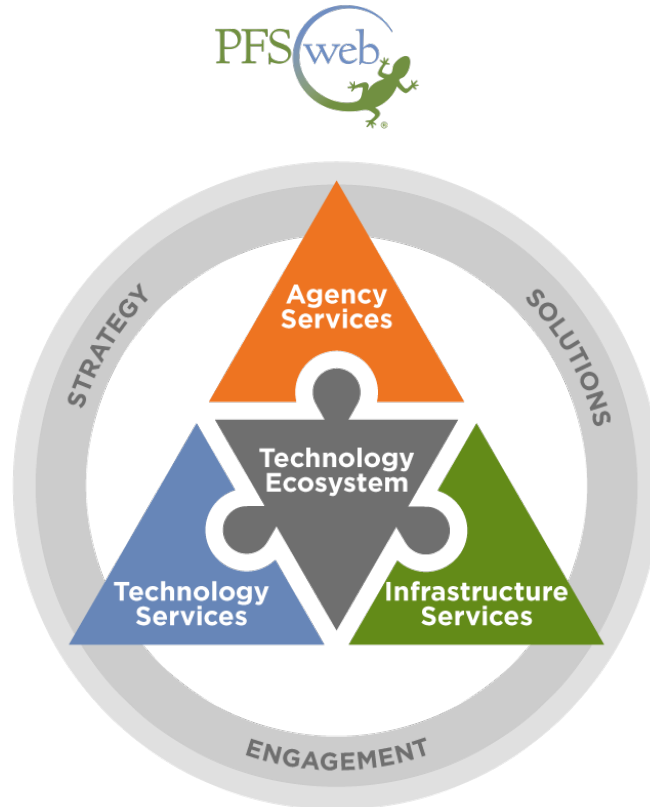
Brand collaborates with PFSweb to build the custom solution

Typical build investment of \$0.5M to \$2M

Typical build timeline of 4 to 6 months

PFSweb is responsible for PCI and safe harbor compliance

PFSweb is accountable to brand for the operational integrity of the entire solution



End-to-End Competition

ebay
enterprise

ONESTOP

speed ⇨ commerce

newgistics.
SHIPPING HAS A NEW HOME

BRAND
SHOP

SiZle
FACTOR



TRADEGLOBAL

YOOX

Digital River

arvato
BERTELSMANN

BUILD OR BUY?

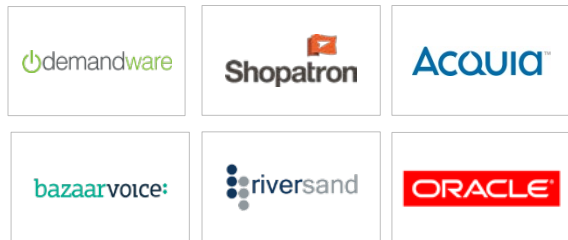
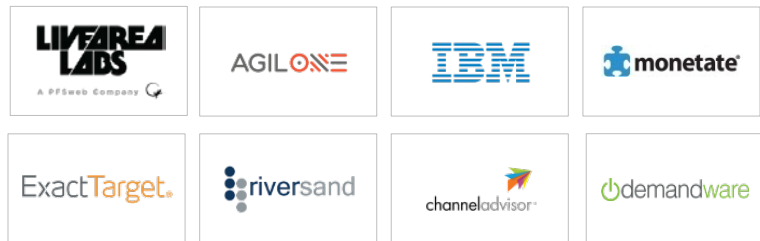
PFSweb – Best of Both Worlds

PFSweb services and integrated partner technologies deliver custom best-of-breed solutions with end-to-end simplicity

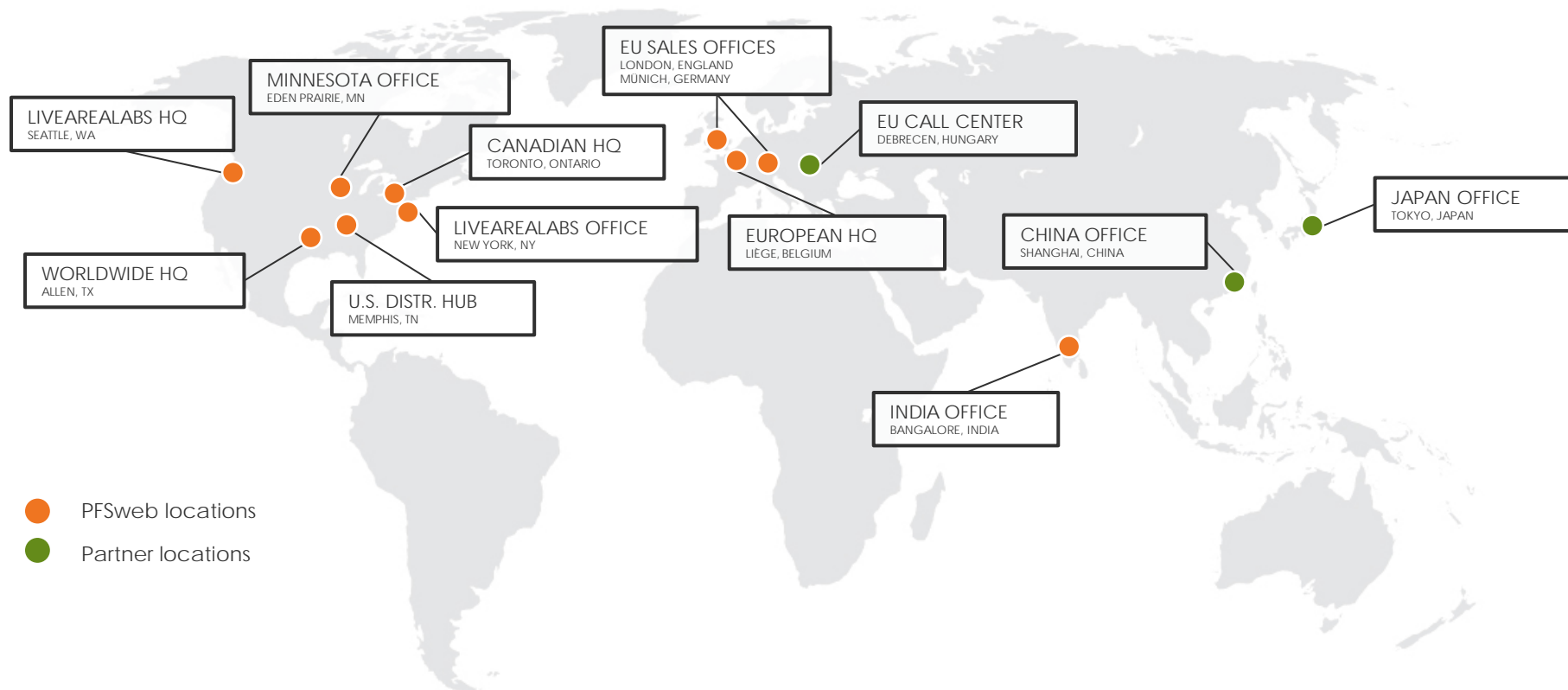
Cloud-based technologies relieve brand from license and hosting complexity

Reseller relationships simplify contracting for brand and creates profitable revenue stream for PFSweb

PFSweb technologies and integrations add value and create “out-of-the-box” fully certified and tested technology ecosystem

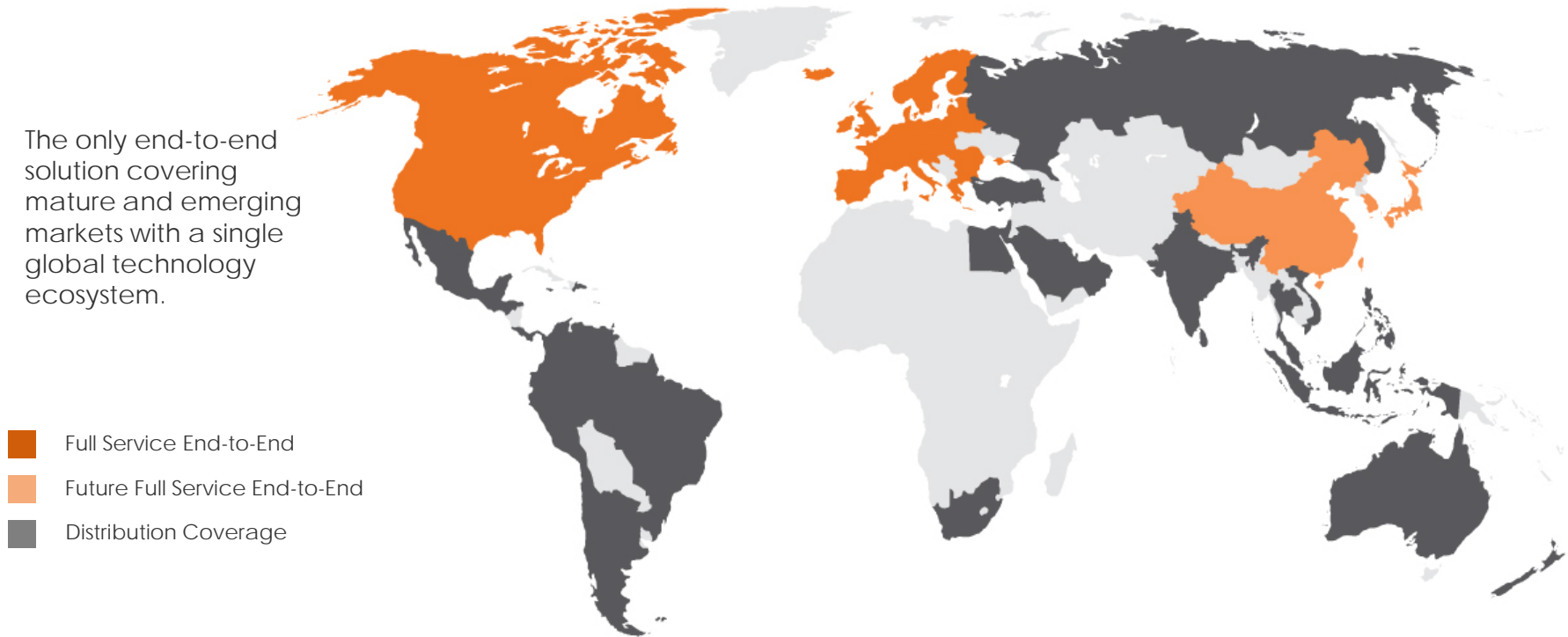


LOCATIONS



GLOBAL REACH

The only end-to-end solution covering mature and emerging markets with a single global technology ecosystem.



COMPETE IN A RAPIDLY EXPANDING GLOBAL MARKET

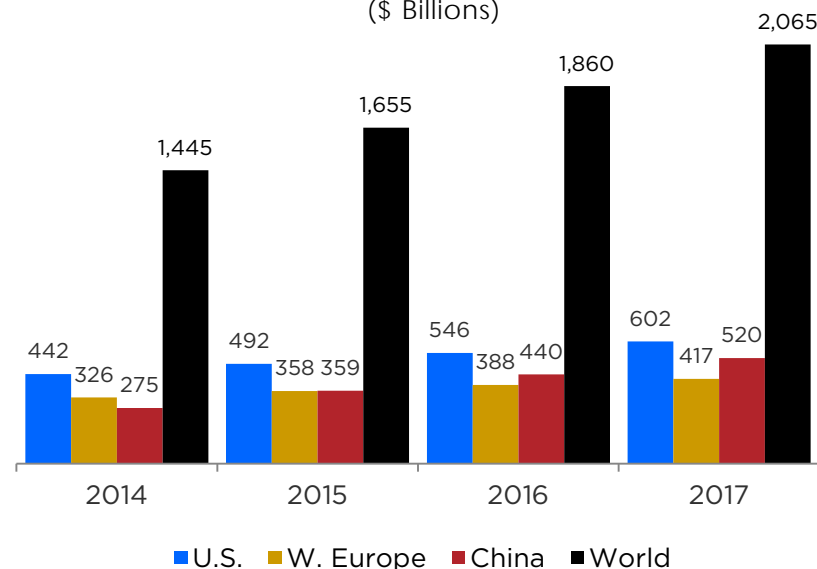
U.S. and Western Europe eCommerce markets mature but growing strongly

eCommerce sales in China expected to be second only to the U.S. beginning in 2015

Compound Annual Growth Rate Estimates through 2017:

- U.S. 11%
- Western Europe 9%
- China 24%
- Worldwide 13%

Global eCommerce Market Growth¹
(\$ Billions)



¹) eMarketer, Worldwide B2C eCommerce, June 2013 - Includes travel, digital downloads and event tickets purchased via any digital channel (including online, mobile and tablet); excludes gambling; numbers may not add up to total due to rounding; *includes sales from businesses that occur over C2C platforms; excludes Hong Kong; **digital travel sales represent roughly 80% of B2C ecommerce sales.

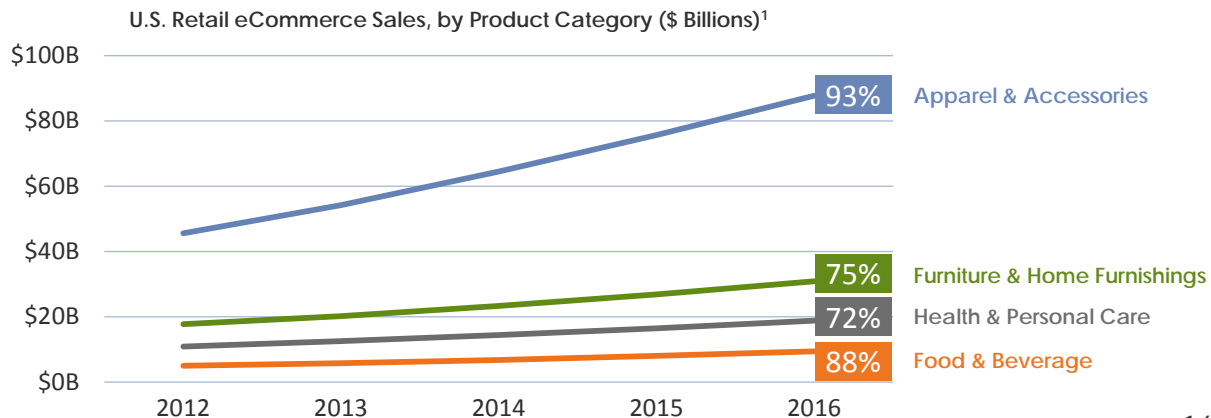
GROWTH OPPORTUNITIES

Capture & Grow Commerce Clients

Global Expansion

Strategic Acquisitions

- Market new omni-channel initiatives to further expand organic growth and drive new customer wins (i.e., U.S. Mint)
- Broaden range of services to drive higher margins & longer client life cycles
- Strong macro-industry growth in both domestic and international markets, particularly in our target verticals



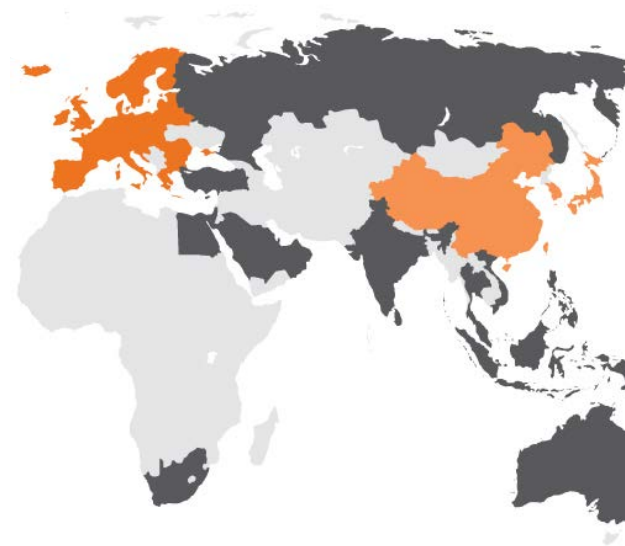
GROWTH OPPORTUNITIES

Capture & Grow Commerce Clients

Global Expansion

Strategic Acquisitions

- eCommerce sales in Western Europe expected to grow steadily through 2017
- Rapidly changing competitive landscape in Europe creates near-term opportunities for growth
- This year alone, B2C eCommerce sales are expected to reach over \$500B in the Asia-Pacific market, making it the largest eCommerce market in the world¹
- Our strategic relationship with transcosmos extends our reach to growing Asian markets
- Infrastructure Services and Technology Ecosystem available in China



GROWTH OPPORTUNITIES

Capture & Grow
Commerce Clients

Global Expansion

Strategic Acquisitions

PHASE 1

Enhance Technology Services with System Integrators supporting additional platforms & geographies. This provides us better cost efficiencies as we scale and the ability to target new vertical markets.



PHASE 2

Enhance Agency Services with strategy, design and search capabilities, and additional geographies.



PHASE 3

Enhance Technology Ecosystem with mobile commerce, POS, CRM, affiliate management, tag management, etc.

EXPANDED VALUE PROPOSITION

We have:

A world-class vertically-integrated eCommerce professional services team with featuring one of the largest Demandware Certified Developer teams in the world and the demonstrated ability to design, develop and deploy award-winning premium digital experiences for global iconic brands.

An expanded platform offering with Oracle Commerce (ATG) practice enhancing our end-to-end offering.

The ability to design specifically to the capabilities of the leading eCommerce and content management platforms including Demandware, Oracle Commerce, IBM WebSphere, hybris, Magento, NetSuite, and Drupal.

Best-of-breed tools and methodologies in our development centers and innovation labs with large-scale ability to deliver premium-quality low-cost work across global time zones.

A rapid integration based on an existing working relationship and shared clients = rapid go-to-market with new capabilities.



ACQUISITION OBJECTIVES COMPLETED

- ☒ Enhance Technology Services with System Integrators supporting additional platforms (Oracle Commerce)
- ☒ Strengthen our Demandware System Integrator go-to-market strategy
- ☒ Strengthen Technology Services cost competitiveness
- ☒ Enhance Agency Services with strategy and design capabilities
- ☐ Enhance Technology and Agency Services with System Integrators supporting additional geographies
- ☐ Further platform diversification (hybris, IBM, Magento, etc.)
- ☐ Accelerate Agency Services growth with additional tuck-in marketing services
- ☐ Enhance Technology Ecosystem

The background is a solid olive green. On the left side, there is a dark green silhouette of a lizard, possibly a gecko, facing right. Above the lizard, there is a thin, light green curved line that starts from the left edge and curves upwards and to the right.

FINANCIAL OVERVIEW

CORPORATE SEGMENT OVERVIEW

2014 At-a-Glance¹

Total Revenue: \$210M² | Service Fee Equivalent Revenue: \$139M³ | Adj. EBITDA: \$13.7M³

PFSweb Services

Client Merchandise Value: \$1,625M

GAAP Revenue: \$134M

Service Fee Equivalent Revenue: \$134M

Retail & Supplies Distributors

Client Merchandise Value: \$75M

GAAP Revenue: \$75M

Service Fee Equivalent Revenue: \$4M⁴

- PFSweb Services business represents company's primary business activity
 - Long term contracts with recurring revenue stream
 - No inventory ownership
- Retail & Supplies Distributors business incorporates inventory ownership model
 - One remaining client relationship
 - Gross profit reflects estimate of comparable service fees earned

1) Represents 2014 actual results

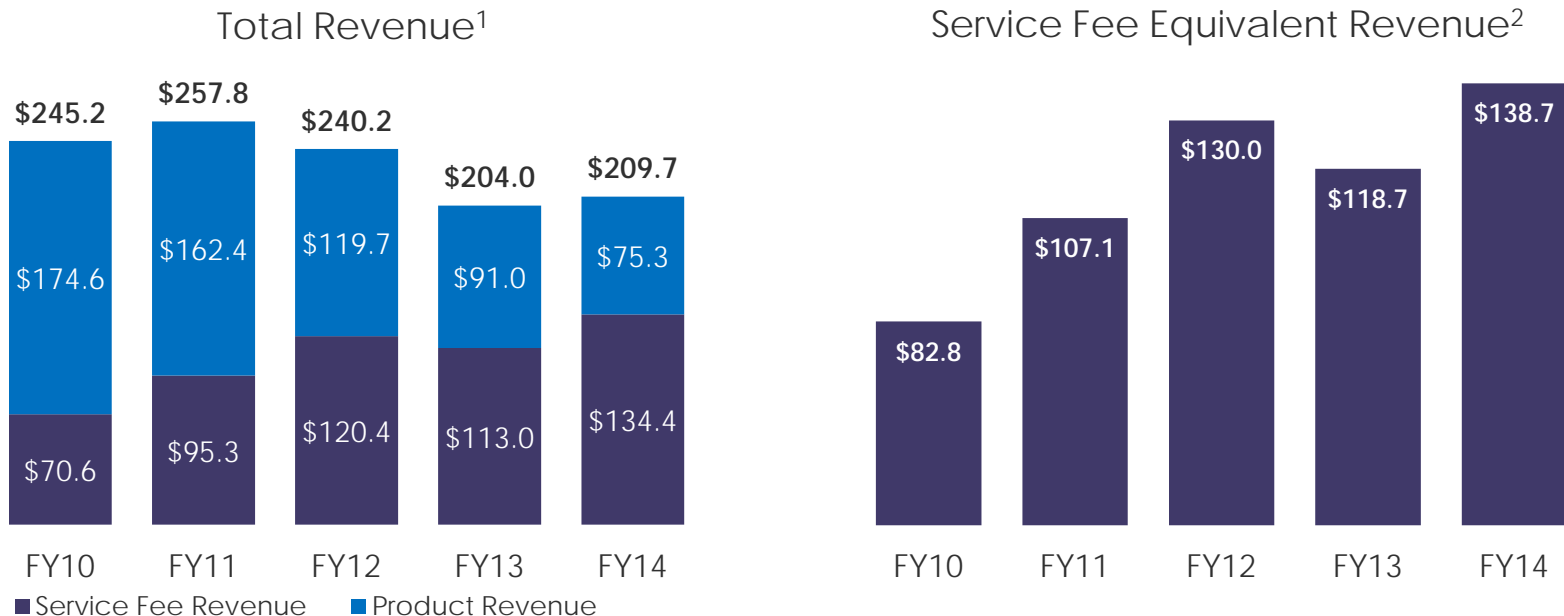
2) Excludes pass-through revenue

3) Service Fee Equivalent Revenue and Adjusted EBITDA are non-GAAP financial measures. See Appendix for a reconciliation to the most comparable GAAP financial measure.

4) Represents gross profit earned on product revenue

TOTAL REVENUE BREAKDOWN¹

(in \$ Millions)



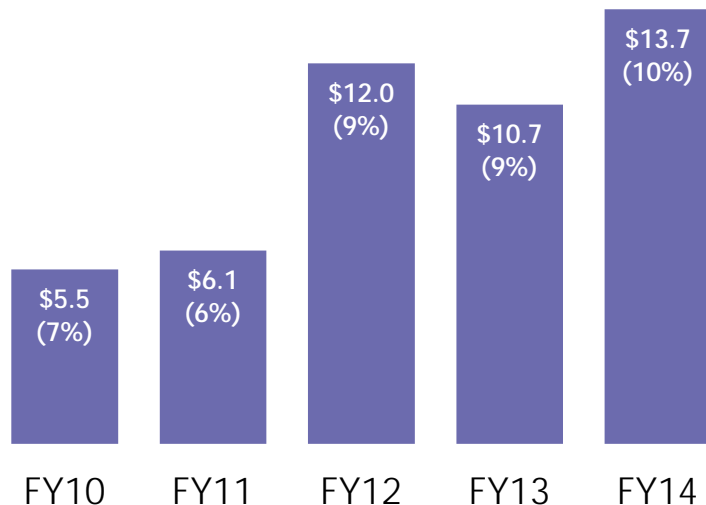
- Strong service fee revenue growth driven by new and expanded client relationships (Certain client transition activity impacted FY 2013 results)
- Product revenue declining due to restructuring activity by primary client in this segment

1) Excludes pass-through revenue
 2) Service Fee Equivalent Revenue is a non-GAAP financial measure. See Appendix for a reconciliation to the most comparable GAAP financial measure.

SERVICE FEE BUSINESS GROWTH DRIVES PROFITABILITY

(in \$ Millions)

Adjusted EBITDA¹
(AEBITDA Margin)²



Improved Adjusted EBITDA performance driven by:

- Expanded Service Fee Revenue, including high margin services (Agency and Technology Services)
- Leveraging infrastructure to support growth

FY 2013 impacted by certain client transitions

BALANCE SHEET

(in \$ Millions)

Select Balance Sheet Items	Dec 31, 2013	Dec 31, 2014
Cash & Restricted Cash	\$22.5	\$18.6
Accounts Receivable	55.3	59.1
Inventories	14.2	10.5
Property & Equipment, Net	27.2	26.6
Goodwill & Intangibles	-	10.5
Other	2.9	2.6
Total Assets	\$132.0	\$140.7
Accounts Payable	\$34.1	\$38.8
Accrued Expenses & Other	25.0	28.5
Debt	11.1	10.9
Total Liabilities	\$91.1	\$100.6
Total Shareholders' Equity	\$40.9	\$40.1

Highlights

\$18.6M cash and \$10.9M debt at 12/31/14

2015 GUIDANCE

2015 Guidance¹

Service Fee Equivalent Revenue²	\$160-170M
---	-------------------

YOY Growth	15%-23%
------------	---------

Gross Margins³	25%-30%
----------------------------------	----------------

Adjusted EBITDA⁴	\$16-18M
------------------------------------	-----------------

YOY Growth	17-32%
------------	--------

Capital Expenditures	\$9-11M
-----------------------------	----------------

Infrastructure Upgrades	\$5M
-------------------------	------

Internal IT Development	\$2M
-------------------------	------

Client Start Up Activity	\$3M
--------------------------	------

Revenue growth includes full year benefit of Rev Solutions and LiveAreaLabs acquisitions, as well as United States Mint contract implemented in 2014.

Also includes new and expanded client relationships, partially offset by FX impact of international operations.

Gross margin projected to be at high end of 25% to 30% target range, supported by growth in higher margin digital agency and technology services activity.

Incremental sales and marketing investments in 2015 to further drive growth opportunities.

- 1) Guidance updated & only effective as of March 5, 2015.
- 2) Service Fee Equivalent Revenue is a non-GAAP financial measure. See Appendix for a reconciliation to the most comparable GAAP financial measure.
- 3) Gross margins for Service Fee segment.
- 4) Adjusted EBITDA is a non-GAAP financial measure. See Appendix for a reconciliation to the most comparable GAAP financial measure.

TARGETED FINANCIAL MODEL

(in \$ Thousands)

	FY 2014 ¹	Potential Financial Model	
Service Fee Revenue ²	\$134,385	\$247,500	\$300,000
Product Revenue	<u>75,284</u>	<u>50,000</u>	<u>-0-</u>
Total Revenue (GAAP) ²	<u>\$209,669</u>	<u>\$297,500</u>	<u>\$300,000</u>
Service Fee Revenue	\$134,385	\$247,500	\$300,000
Gross Profit on Product Revenue	<u>4,265³</u>	<u>2,500</u>	<u>-0-</u>
Service Fee Equivalent Revenue ⁴	<u>\$138,650</u>	<u>\$250,000</u>	<u>\$300,000</u>
Adjusted EBITDA ⁴	\$13,651	\$30,000	\$38,000
Adjusted EBITDA Margin % of Service Fee Equivalent Revenue	10%	12%	13%

Long Term Targets

Service Fee Equivalent Revenue growth of 20%

Further expansion of higher margin services

Potential transition of product revenue relationship to service fee engagement

Continuous cost control initiatives and operating efficiencies

Improving Adjusted EBITDA as percent of Service Fee Equivalent Revenue from 10% in FY2014 to 12-13%

1) Based on CY 2014 financial results.

2) Excludes pass-through revenue.

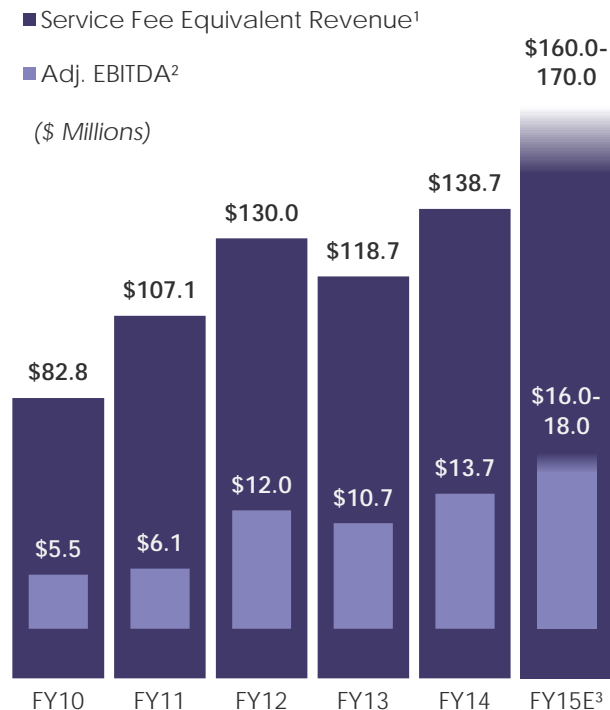
3) Product revenue of \$75,284 less cost of product revenues of \$71,019 results in gross profit of \$4,265, or 5.7% of product revenue.

4) Service Fee Equivalent Revenue and Adjusted EBITDA are non-GAAP financial measures. See Appendix for a reconciliation to the most comparable GAAP financial measure.

KEY TAKEAWAYS

- **Strong commerce growth** across market segments
- A **“one-stop-shop”** for world-class brands to grow their omni-channel sales strategies
- Our **scalable, global platform** operates across North American, European, and Asia-Pacific markets
- **~120 iconic brand client engagements** that validate the value of our services offering
- **Long term relationships** with recurring revenue stream
- **Significant operating leverage** expected to lead to expanding margins & Adjusted EBITDA growth
- **We’ve begun executing our acquisition strategy** to diversify our platform portfolio and strengthen our technology and agency service offerings

We Are a Growth Company



1) Service Fee Equivalent Revenue is a non-GAAP financial measure. See Appendix for a reconciliation to the most comparable GAAP financial measure.

2) Adjusted EBITDA is a non-GAAP financial measure. See Appendix for a reconciliation to the most comparable GAAP financial measure.

3) Guidance updated & only effective as of March 5, 2015.



CONTACTS

505 Millennium Drive | Allen, TX 75013 | 800.920.4959 | www.PFSweb.com

Company Contact

Tom Madden, CFO

tmadden@pfsweb.com

Investor Relations Contact

Liolios Group Inc.

Scott Liolios or Sean Mansouri

Tel 949-574-3860

PFSW@liolios.com



APPENDIX

EXPERIENCED LEADERSHIP TEAM

Mike Willoughby Chief Executive Officer	<ul style="list-style-type: none"> • Promoted to CEO in March 2013 • 20+ years of business development and digital marketing experience
Tom Madden Chief Financial Officer	<ul style="list-style-type: none"> • Appointed CFO in 1997 • 30+ years of finance and accounting experience
Cindy Almond EVP of Client Services	<ul style="list-style-type: none"> • Leads client solutions, contracting, implementation and program management • 20+ years with PFSweb
Travis Hess EVP of Sales	<ul style="list-style-type: none"> • Hired in 2015 to lead global sales across all business segments • 20+ years leading sales organizations in multi-channel commerce, digital agency, and enterprise BPO organizations

RECONCILIATION TABLES

(in \$ Millions)

Reconciliation of Net Income (Loss) to EBITDA, Adjusted EBITDA & Non-GAAP Net Income (Loss)

	2010	2011	2012	March	June	2013	Dec	FY 2013	March	June	Sept	Dec	FY 2014
	Cons	Cons	Cons	Cons	Cons	Cons	Cons	Cons	Cons	Cons	Cons	Cons	Cons
Net Income (Loss)	\$ (7.4)	\$ (4.6)	\$ (1.5)	\$ (2.6)	\$ (1.0)	\$ (2.0)	\$ (0.3)	\$ (5.9)	\$ (1.8)	\$ (2.4)	\$ (2.5)	\$ 2.1	\$ (4.6)
(Income) loss from discontinued operations, net of tax	4.0	0.9	-	-	-	-	-	-	-	-	-	-	-
Income tax expense	0.5	0.4	0.6	0.3	-	0.1	0.1	0.5	0.2	0.0	(0.1)	(0.3)	(0.1)
Interest expense	0.9	1.1	1.0	0.2	0.2	0.2	0.1	0.7	0.1	0.2	0.2	0.3	0.8
Depreciation and amortization	6.1	6.3	9.2	2.4	2.7	2.4	2.7	10.2	2.9	2.9	2.9	3.0	11.7
EBITDA	\$ 4.1	\$ 4.1	\$ 9.3	\$ 0.3	\$ 1.9	\$ 0.8	\$ 2.5	\$ 5.5	\$ 1.5	\$ 0.7	\$ 0.5	\$ 5.2	\$ 7.8
Stock-based compensation	0.8	1.4	1.3	0.3	0.3	0.6	1.4	2.6	0.8	0.9	0.9	0.6	3.1
Executive disability benefits	0.7	-	-	-	-	-	-	-	-	-	-	-	-
Move related expenses	-	0.5	0.9	-	-	-	-	-	-	-	-	-	-
Lease termination costs	-	-	0.5	-	-	-	-	-	-	-	-	-	-
Acquisition related costs	-	-	-	-	-	-	-	-	-	0.2	1.4	0.2	1.7
Restructuring and other charges	-	-	-	2.3	0.3	-	-	2.5	-	-	0.2	0.9	1.0
Adjusted EBITDA	<u>\$ 5.6</u>	<u>\$ 6.1</u>	<u>\$ 12.0</u>	<u>\$ 2.9</u>	<u>\$ 2.5</u>	<u>\$ 1.4</u>	<u>\$ 3.9</u>	<u>\$ 10.7</u>	<u>\$ 2.2</u>	<u>\$ 1.7</u>	<u>\$ 2.9</u>	<u>\$ 6.8</u>	<u>\$ 13.7</u>
Net Income (Loss)	\$ (7.4)	\$ (4.6)	(1.5)	\$ (2.6)	\$ (1.0)	\$ (2.0)	\$ (0.3)	\$ (5.9)	\$ (1.8)	\$ (2.4)	\$ (2.5)	\$ 2.1	\$ (4.6)
(Income) loss from discontinued operations, net of tax	4.0	0.9	-	-	-	-	-	-	-	-	-	-	-
Stock-based compensation	0.8	1.4	1.3	0.3	0.3	0.6	1.4	2.6	0.8	0.9	0.9	0.6	3.1
Executive disability benefits	0.7	-	-	-	-	-	-	-	-	-	-	-	-
Move related expenses	-	0.5	0.9	-	-	-	-	-	-	-	-	-	-
Lease termination costs	-	-	0.5	-	-	-	-	-	-	-	-	-	-
Acquisition related costs	-	-	-	-	-	-	-	-	-	0.2	1.4	0.2	1.7
Restructuring and other charges	-	-	-	2.3	0.3	-	-	2.5	-	-	0.2	0.9	1.0
Non-GAAP Net Income (Loss)	<u>\$ (1.9)</u>	<u>\$ (1.8)</u>	<u>\$ 1.1</u>	<u>\$ -</u>	<u>\$ (0.4)</u>	<u>\$ (1.3)</u>	<u>\$ 1.0</u>	<u>\$ (0.8)</u>	<u>\$ (1.0)</u>	<u>\$ (1.4)</u>	<u>\$ (0.1)</u>	<u>\$ 3.7</u>	<u>\$ 1.2</u>

RECONCILIATION TABLES (CONT'D)

(in \$ Thousands)

Reconciliation of Total Revenue to Service Fee Equivalent Revenue

	2010	2011	2012	2013	2014
Total revenue	\$274,516	\$298,766	\$281,563	\$241,603	247,048
Pass-thru revenue	(29,267)	(40,974)	(41,390)	(37,644)	(37,379)
Cost of product revenue	(162,485)	(150,738)	(110,183)	(85,237)	(71,019)
Service Fee Equivalent Revenue	\$82,764	\$107,054	\$129,990	\$118,722	\$138,650

PFSweb COMMERCE MODEL



AGENCY SERVICES

Powered by LiveAreaLabs, we provide the strategy, creative design and a comprehensive set of digital marketing services to enable brands to reach their online potential



Creative



Strategy



Marketing
Services



Learning
Lab

PFSweb COMMERCE MODEL



TECHNOLOGY SERVICES

Powered by REV Solutions, we deliver a best-in-class online user experience built by a seasoned team of commerce professionals



eCommerce
Development



Platform
Support



Training



Quality
Assurance

PFSweb COMMERCE MODEL



INFRASTRUCTURE SERVICES

Facilitates the execution of commerce operations to run smoothly & effectively while delivering a highly branded customer experience



Financial
Services



Customer
Care



Order
Fulfillment

PFSweb COMMERCE MODEL



TECHNOLOGY ECOSYSTEM

Powers our entire commerce solution with highly available, scalable & flexible technology platforms & integrations



eCommerce
Technology



Omni-Channel
Order
Management



Product
Content
Management

REV SOLUTIONS ACQUISITION

REV Solutions is a system integrator employing approximately 135 professionals supporting operations in the U.S. and India providing clients with technical design, development, and support services on the Demandware and Oracle Commerce platforms. REV is expected to have approximately \$7 million of service fee revenue in 2014.

PFSweb has acquired both the U.S. entity (REV Solutions, Inc.) and the India entity (REVTech Solutions India Private Limited) and will operate both entities as wholly-owned subsidiaries.



PFSweb paid approximately \$2.6 million in cash at closing subject to a post-closing adjustment for a final balance sheet reconciliation. PFSweb has also agreed to pay additional “earn-out” amounts in 2015 of between \$0.7 million and \$1.5 million and in 2016 of between \$0.7 million and \$1.75 million. The total payments are expected to be in the range of \$4.2 million and \$6.2 million.

PFSweb expects the transaction to be accretive to Adjusted EBITDA. Certain incremental transaction and transition related expenses are projected to be incurred in 2014.

LiveAreaLabs ACQUISITION

LiveAreaLabs is a Seattle-based full-service digital marketing agency and eCommerce system integrator employing approximately 50 professionals providing a range of services including strategy, visual and user experience design, and award-winning guided selling applications. LiveAreaLabs is expected to have approximately \$8 million of service fee revenue in 2014. PFSweb will operate LiveAreaLabs as a wholly-owned subsidiary.



PFSweb paid approximately \$4 million in cash and \$0.5 million in unregistered stock at closing subject to a post-closing adjustment for a final balance sheet reconciliation. PFSweb has also agreed to pay additional "earn-out" amounts in 2015 of between \$0 and \$1 million and in 2016 of between \$0 and \$2 million. The total payments are expected to be in the range of \$4.5 million and \$7.5 million.

PFSweb expects the transaction to be accretive to Adjusted EBITDA. Certain incremental transaction and transition related expenses are projected to be incurred in 2014.