
Section 1: 10-K (10-K)

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)

[INDEX TO CONSOLIDATED FINANCIAL STATEMENTS](#)

[Item 15. Exhibits, Financial Statement Schedules](#)

[Table of Contents](#)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2012

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 001-35155

BOINGO WIRELESS, INC.

(Exact name of registrant as specified in its charter)

DELAWARE **95-4856877**
(State of other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification Number)

10960 Wilshire Blvd., Suite 800
Los Angeles, California 90024
(Address of principal executive offices, Zip Code)

(310) 586-5180
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, \$0.0001 par value
(Title of each class)

The NASDAQ Stock Market LLC
(Name of each exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of

registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer, or a smaller reporting company. See the definition of "large accelerated filer," "accelerated filer" and "smaller reporting Company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a
smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the Registrant's voting and non-voting common equity held by non-affiliates of the Registrant as of the last day of the Registrant's most recently completed second fiscal quarter was \$323,907,000 based on the last reported sale price of \$11.62 per share on the NASDAQ Global Market on June 30, 2012.

As of March 11, 2013, 35,625,314 shares of Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's Annual Report for the year ended December 31, 2012 are incorporated by reference into Part II of this Form 10-K.

Portions of the Company's definitive Proxy Statement for the Annual Meeting of Stockholders to be filed within 120 days of the Company's year ended December 31, 2012 are incorporated by reference into Part III of this Form 10-K where indicated.

**BOINGO WIRELESS, INC.
ANNUAL REPORT ON FORM 10-K FOR
THE YEAR ENDED DECEMBER 31, 2012**

TABLE OF CONTENTS

	<u>Page</u>
<u>PART I</u>	
Item 1. Business	2
Item 1A. Risk Factors	11
Item 1B. Unresolved Staff Comments	24
Item 2. Properties	24
Item 3. Legal Proceedings	24
Item 4. Mine Safety Disclosure	24
<u>PART II</u>	
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	25
Item 6. Selected Financial Data	27
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	29
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	45
Item 8. Financial Statements and Supplementary Data	46
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	46
Item 9A. Controls and Procedures	46
Item 9B. Other Information	47
<u>PART III</u>	
Item 10. Directors, Executive Officers and Corporate Governance	48
Item 11. Executive Compensation	48
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	48
Item 13. Certain Relationships and Related Transactions, and Director Independence	48
Item 14. Principal Accounting Fees and Services	48
<u>PART IV</u>	
Item 15. Exhibits	49
Signatures	50
Consolidated Financial Statements	F-1

Forward-Looking Statements

We have made forward-looking statements in this Annual Report on Form 10-K that are subject to risks and uncertainties. Forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, are subject to the "safe harbor" created by those sections. The forward-looking statements in this report are based on our management's beliefs and assumptions and on information currently available to our management. In some cases, you can identify forward-looking statements by terms such as "anticipates," "aspires," "believes," "can," "continue," "could," "estimates," "expects," "intends," "may," "plans," "projects," "seeks," "should," "will" or "would" or the negative of these terms and similar expressions intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance, time frames or achievements to be materially different from any future results, performance, time frames or achievements expressed or implied by the forward-looking statements. We discuss many of these risks, uncertainties and other factors in this document in greater detail under the heading "Risk Factors." We believe it is important to communicate our expectations to our investors. However, there may be events in the future that we are not able to predict accurately or over which we have no control. The risks described in "Risk Factors" included in this report, as well as any other cautionary language in this report, provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. Before you invest in our common stock, you should be aware that the occurrence of the events described in "Risk Factors" and elsewhere in this report could harm our business.

Given these risks, uncertainties and other factors, you should not place undue reliance on these forward-looking statements. Also, these forward-looking statements represent our estimates and assumptions only as of the date of this filing. You should read this document completely and with the understanding that our actual future results may be materially different from what we expect. We hereby qualify our forward-looking statements by these cautionary statements. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

Unless the context otherwise requires, we use the terms "Boingo," "company," "we," "us" and "our" in this Annual Report on Form 10-K to refer to Boingo Wireless, Inc. and, where appropriate, its subsidiaries.

PART I

Item 1. Business

Company Overview

Boingo makes it simple to connect to the mobile Internet.

We make it easy, convenient and cost effective for individuals to find and gain access to the mobile Internet through high-speed, high-bandwidth Wi-Fi networks globally. We also manage and operate a distributed antenna system infrastructure, or DAS, which is a cellular extension network. Our solution includes easy-to-use software for Wi-Fi enabled devices such as smartphones, laptops and tablet computers, and our sophisticated back-end system infrastructure that detects and enables one-click access to our extensive global Wi-Fi network. Individuals use our solutions to access what we believe is the world's largest commercial Wi-Fi network, consisting of over 600,000 Wi-Fi locations, or hotspots, in over 100 countries at venues such as airports, hotels, coffee shops, shopping malls, arenas, stadiums and quick service restaurants.

We have direct customer relationships with users who have purchased our mobile Internet services, and we provide solutions to our partners, which include telecom operators, cable companies, technology companies, enterprise software and services companies, and communications companies to allow their

[Table of Contents](#)

millions of users to connect to the mobile Internet through hotspots in our network. As of December 31, 2012, we have grown our subscriber base to 284,000, an increase of 10.5% over the prior year.

Individuals who are accustomed to the benefits of broadband performance at home and work are seeking the same applications, performance and availability on-the-go, through smartphones, laptops, tablet computers and other devices. We believe that this consumer demand has created a significant market opportunity that we are uniquely positioned to capture.

We generate revenue from individual users, partners and advertisers. Individual users provide approximately 45% of our revenue by purchasing month-to-month subscription plans that automatically renew, or hotspot specific single-use access to our network. In addition, our partners pay us usage-based network access and software licensing fees to allow their customers access to our network. We also generate revenue from telecom operators that pay us one-time build-out fees and recurring access fees so that their cellular customers may use our DAS at locations where we also manage and operate the Wi-Fi network. We also generate revenue from advertisers that seek to reach our users with sponsored access, promotional programs and display advertising at locations where we manage and operate the Wi-Fi network and locations where we solely provide authorized access to a partner's Wi-Fi network through sponsored access and promotional programs.

We install, manage and operate wireless network infrastructure to provide Wi-Fi services at our managed and operated hotspots, where we generally have exclusive multi-year agreements.

We were incorporated in the State of Delaware in April 2001 under the name Project Mammoth, Inc. and changed our name to Boingo Wireless, Inc. in October 2001. Our principal executive offices are located in Los Angeles, California. Our website address is www.boingo.com.

Industry Overview

Popular business and consumer applications such as streaming media, online games, social networking, cloud storage, software-as-a-service and video calling require high-speed, high-bandwidth Internet access. These data-intensive applications are driving an escalation in Internet data traffic. With the proliferation of smartphones, laptops, tablet computers and other Wi-Fi enabled devices, users expect to be able to access the same content and information while on-the-go. Mobile data consumption is expected to increase by 13 times from 2012 to 2017 as projected by Cisco's Visual Networking Index.

The adoption, growth and advancement of smartphones are key catalysts for the acceleration of high-speed and high-bandwidth mobile Internet usage. The improved computing power, rich graphical user interfaces and Internet capabilities of these devices enable mobile users to make video calls or stream full-length movies, contributing to the vast expansion of the wireless consumption of data. For example, the average smartphone user generated 11 times the amount of data traffic generated by the average non-smartphone user in 2012, according to Cisco's Visual Networking Index. Widely-used mobile applications allow individuals to access the same content and services on their smartphones and other mobile devices that they use at their homes or offices. According to Infonetics, the number of phone-based mobile broadband subscribers is expected to reach 1.6 billion in 2016, representing a compound annual growth rate, or CAGR, of 22% from 2011. In addition, 33% of total mobile data traffic was offloaded through Wi-Fi or femtocells in 2012 and without offload, mobile data traffic would have grown 96% rather than 70% in 2012, according to Cisco's Visual Networking Index.

To cope with the significant increase in expected global mobile Internet data traffic, network operators are rapidly expanding their capacity and investing in technologies such as 3G and 4G cellular networks. According to International Data Corporation or IDC, nearly 300 of these operators have deployed 3G and 4G networks in more than 120 countries. These investments, while necessary, are only

[Table of Contents](#)

a short-term solution not capable of meeting the long-term demand for data usage. To ease the strain of cellular networks by off-loading data, network operators have also been investing in Wi-Fi and emerging technologies such as Worldwide Interoperability for Microwave Access, or WiMAX and Super Wi-Fi, a new technology that has not yet been implemented.

Wi-Fi provides higher speed and higher bandwidth per user in high density locations, and is simpler and less expensive to deploy than additional cellular network capacity. The benefits of and consumer demand for Wi-Fi have led hardware manufacturers to include Wi-Fi as a standard feature on laptops and tablet computers, and increasingly, smartphones, digital cameras and handheld media devices. Shipments of semiconductor chips that enable Wi-Fi connectivity are expected to grow to 929 million in 2013, according to IDC. Wi-Fi has become the standard protocol for residential and office wireless networks and is increasingly prevalent in public venues, such as airports, hotels, coffee shops, shopping malls, arenas, stadiums, campuses and quick service restaurants.

Challenges Facing Our Industry

The mobile Internet is a complex and constantly evolving ecosystem, comprised of over a billion mobile Internet-enabled devices from dozens of manufacturers, which are powered by many different operating systems. Devices use different network technologies and must be configured with the appropriate software to detect and optimize a connection to the mobile Internet. This complexity is amplified as new device models and operating systems are released, new categories of devices become Internet-enabled, and new network technologies emerge.

The increasing number of mobile Internet-enabled devices in this ecosystem is causing an even more rapid increase in data consumption. Despite spending billions of dollars every year to expand their networks, network and telecom operators still face capacity-strained networks. Innovations in broadband technologies such as 3G and 4G will not be sufficient to relieve the strain on networks.

Our Strategy

We believe we are the leading global provider of commercial mobile Wi-Fi Internet solutions. Key elements of our strategy to extend that lead are to:

- *Grow the installed base of our software.* We intend to acquire new software users through the growing number of our managed and operated hotspots worldwide and by partnering with leading manufacturers of smartphones, laptops, tablet computers and eReaders to make our software client available in online application marketplaces, or app stores, and preloaded on their devices.
- *Leverage our neutral-host business model.* Our neutral-host model enables us to partner with venue operators because we allow their customers to access the venue's network regardless of the customers' Wi-Fi provider. We also partner with telecom operators that are attracted to us because we do not compete for cellular subscribers. We intend to increase the value of our network by partnering with additional venues, network operators, telecom operators and technology companies.
- *Invest in our platform to enhance the customer experience.* We continue to extend our platform by adding new features such as the ability to locate and connect to free and open networks, access to additional networks through sponsorships and promotional programs, integration with leading social networking sites and support for additional foreign languages. We also plan to improve the monetization capabilities of our business model through location based services, data analytics, in-client advertising and e-commerce.
- *Expand our network.* We intend to continue to grow our global network by increasing our managed and operated presence at airports and other venues such as shopping malls, arenas,

stadiums, campuses and quick service restaurants. We also plan to enter into new roaming agreements with other network and hotspot operators.

- *Grow our business internationally.* We believe that the market for Wi-Fi mobile Internet services will grow rapidly in Europe, Asia, Central and South America as the penetration of smartphones and other Wi-Fi enabled devices increases. We plan to continue our growth beyond the recent additions of the Lisbon Portela Airport, Berlin Tegel Airport, Stuttgart Airport, Tokyo International Airport and Narita International Airport.
- *Increase our brand awareness.* We will continue to seek new ways to promote our brand through our managed and operated hotspots. We intend to enhance our brand through low-cost co-marketing arrangements with our partners and through periodic promotional and sponsorship activities and by continuing to leverage the reach of social media to interact with our customers.

Services

Our solution makes it easy, convenient and cost effective for individuals to find and gain access to the mobile Internet through high-speed, high-bandwidth Wi-Fi networks globally.

Retail. We enable individuals to purchase mobile Internet access at our managed and operated hotspots and select partner locations around the world. We offer a selection of month-to-month subscription and single-use access plans. Our most common plans are the \$9.95 month-to-month subscription, the \$7.95 month-to-month smartphone only subscription and the single-use Boingo AsYouGo at \$7.95 per day. Our single-use access plans provide unlimited access to a specific hotspot for a defined period of time, tolled from the time the user first logs on to the network. We will continue to launch other flexible plans to meet the evolving needs of our customers.

Retail Plan	Device	Purchase Method
<i>Subscription:</i>		
Boingo Unlimited	Laptop, Tablet, and Smartphone	Charge Card and PayPal
Boingo Mobile	Smartphone and Tablet	Charge Card and PayPal
Boingo Global	Laptop, Tablet and Smartphone	Charge Card and PayPal
Boingo UK and Ireland	Laptop, Tablet and Smartphone	Charge Card and PayPal
Boingo Europe Plus	Laptop, Tablet and Smartphone	Charge Card and PayPal
Boingo Asia Pacific	Laptop, Tablet and Smartphone	Charge Card and PayPal
<i>Single-use:</i>		
Boingo AsYouGo	Laptop, Tablet, and Smartphone	Charge Card and PayPal
Boingo Wi-Fi Credits	Apple iOS devices	Apple iTunes

Wholesale. Our integrated hardware and software platform allows us to provide a range of value-added services to network operators, technology companies, enterprise software and services companies, telecom operators and venue operators.

- *Roaming services.* We offer roaming services across our entire network of over 600,000 hotspot locations to our partners who can then provide mobile Internet services to their customers at these locations.
- *Platform services.* We license our proprietary software and provide software integration and development services to our platform services partners. This enables them to integrate our mobile Internet solution with their product and service offerings. Our solution includes our proprietary, patented techniques for wireless signal detection, presentation and network aggregation.

[Table of Contents](#)

- *DAS infrastructure.* We offer our telecom operator partners access to our DAS infrastructure at certain of our managed and operated hotspot locations. We deploy our DAS infrastructure within airports and other locations that require additional signal strength to improve the quality of cellular services.
- *Turn-key solutions.* We offer our venue partners the ability to implement a turn-key Wi-Fi solution, with no initial investment, through a Wi-Fi network infrastructure that we install, manage and operate.

Advertising. Our platform provides a valuable opportunity for advertisers to reach a targeted base of visitors to our landing pages with sponsored access, promotional programs and display advertising. We provide advertisers the opportunity to sponsor wireless Internet access to individuals at locations where we manage and operate the Wi-Fi network and locations where we solely provide authorized access to a partner's Wi-Fi network through sponsored access and promotional programs. We also offer display advertising based on impressions delivered by our platform.

Our Network

In 2006, we acquired Concourse Communications Group, LLC and its network of 12 managed and operated airports, which became our first managed and operated hotspots. In 2007, we acquired Sprint Spectrum's network of seven managed and operated airports and one non-exclusive airport, and in 2008, we acquired Opti-Fi Networks, LLC which included Wi-Fi networks at 25 airports and the Washington State Ferries.

Through our managed and operated hotspots and our strategic partnership arrangements, users have access to over 600,000 hotspots worldwide in venues such as airports, hotels, coffee shops, shopping malls, arenas, stadiums and quick service restaurants. We design, build, monitor and maintain the Wi-Fi network at our managed and operated hotspot locations primarily located in the United States and Europe. Our strategic partnership arrangements with over 140 network operators allow us to extend our global network to over 100 countries worldwide.

Boingo hotspot locations by region as of December 31, 2012:

Region	Airport	Café / Retail	Convention Center	Hotel	Other(1)	Total
North America	115	2,259	48	3,932	3,896	10,250
South America	79	1,677	4	67	413	2,240
Europe, Middle East and Africa	265	15,842	283	12,828	211,813	241,031
Asia	182	81,148	422	25,884	308,402	416,038
Total	641	100,926	757	42,711	524,524	669,559

(1) Includes schools and universities, offices, hospitals and public spaces.

Marketing and Business Development

Our marketing and business development efforts are designed to cost effectively attract and retain new customers, expand our footprint of Wi-Fi hotspot, DAS and advertising locations and identify business partners that could leverage our network to provide mobile Internet services to their customers. We focus on efficient customer acquisition and brand building through our on-line presence, in-venue signage, public relations, market research and other promotional activities.

We seek to maximize customer lifetime value by managing subscriber acquisition cost, extending customer life and determining appropriate pricing. We use information about subscriber behavior to help us retain customers and determine premium offerings. Our segmentation is focused at the product

[Table of Contents](#)

level, so that we provide the right product, plan and price for each customer in each region of the world where we operate. Our consumer plans are available for essentially all Wi-Fi enabled devices and are priced on a month-to-month or per-use basis.

We issue regular press releases announcing important partnerships and product developments and continually update our website with information about our network and services.

Development

Our development efforts are focused primarily on increasing the ease of use and functionality of our software client, integrating our software client with our wholesale partners and continuing to adapt our technology to new operating systems and platforms. Our development model is based on a structured development process that incorporates Agile development practices so any deviations can be promptly corrected to improve reliability in our network and enhance customer satisfaction. We typically deliver product releases and feature enhancements on a semi-annual basis. For the years ended December 31, 2012, 2011 and 2010, development and technology expenses were \$10.8 million, \$9.4 million and \$8.5 million, respectively.

Technology

Over the past 12 years, we have developed proprietary systems that include the Boingo software client; authentication, authorization and tracking systems; mediation and billing systems; and a real-time operational support and software configuration and messaging infrastructure.

Boingo Software Client

The Boingo software client is installed on Wi-Fi enabled devices such as smartphones, laptops and tablet computers. The key features of the Boingo software client include:

- *Simple user interface.* The Boingo software client provides individuals with an uncomplicated, user-friendly interface designed to streamline the Wi-Fi network connection process. The software finds hotspots and monitors the availability of Wi-Fi hotspots in the Boingo network, presents a notification message of the hotspot identified and allows one-click user connections. In some devices, connection to a Boingo Wi-Fi hotspot occurs in the background, providing the user with a seamless, notification-free connectivity experience.
- *Support for all major operating system platforms.* The Boingo software client supports a wide range of laptop and mobile device operating systems, including Android, BlackBerry OS, iOS, Linux, Mac OS, Symbian, Unix and Windows.
- *Automatic updates.* The Boingo software client automatically receives identification information for new hotspot locations as they are added to the Boingo network, including any information needed to automatically identify and login to the network. Location information, allowing a user to find Boingo hotspots from the client, is also automatically updated. On all but embedded platforms, software updates are also automatically offered to a user when available.
- *Custom branding and flexible integration alternatives.* We offer wholesale customers the ability to integrate the Boingo software client into their products and services. Additionally, we offer wholesale customers the option to utilize a custom, rebranded reference design of the software client used in our retail customer offering.

Authentication, Authorization and Tracking System

Our proprietary authentication, authorization and tracking system enables the reliable, scalable and secure initiation and termination of user Wi-Fi sessions on our network. This system authenticates our

[Table of Contents](#)

network users across a wide variety of hotspots and network operators, through a normalized authentication protocol. Through the authorization process, custom business rules ensure user access based on specific service parameters such as location, type of device, service plan and account information. Our system also captures duration, data traffic, location, and type of device. We normalize and process this data from disparate providers for our use and for our wholesale partners.

Mediation and Billing System

Our mediation and billing system records and analyzes individual usage sessions required to bill for Wi-Fi usage. Users are charged based on variables such as pricing plan, device type, location, time and amount of use. Our system consolidates usage session information, determines the user identity and applies the appropriate aggregation and flagging to ensure proper usage processing. Our system handles exceptions automatically. Exceptions that cannot be solved automatically are brought to the attention of the operations staff, who rectifies any discrepancies. The billing system provides billing based on roaming relationship, user type, device type and account type. Our retail customer mediation and billing is handled by the same infrastructure used for wholesale customer and billing, resulting in efficiencies of scale and operation.

Software Configuration and Messaging System

Our software configuration system provides real-time network configuration updates for approximately 1,450 networks and 101 detection and login methodologies used by the Boingo software client to access our network. Our software configuration system automatically registers new network definitions and login methodologies to allow individuals to connect to our hotspot locations. All supported platforms use a single configuration, providing a high level of operational and test efficiency. Our messaging system enables real-time customer notification and system interaction at login, based on location, network, user, account type, device and usage. This approach enables us and our partners to deliver custom marketing or service messages.

Operations

We provide significant operational support for our managed and operated Wi-Fi hotspots and other hotspots in our network. For our managed and operated Wi-Fi hotspots, we design, build, monitor and maintain the network. For roaming partners, we monitor hotspot uptime and report outages so that they can be quickly remedied. We have service level agreements with our roaming partners specifying minimum network uptime requirements.

Our Wi-Fi deployments are based on the IEEE 802.11a, b, g and n standards and operate in the 2.4 GHz and 5 GHz unlicensed spectrum bands. Our deployments may also include DAS within venues requiring enhanced cellular coverage.

Customers

We generate revenue primarily from our retail customers and wholesale partners. Our retail customers purchase month-to-month subscription plans that automatically renew, or single-use access to our network. We acquire our retail customers primarily from mobile Internet users passing through our managed and operated locations, where we generally have exclusive multi-year agreements. Some of our wholesale partners license our software and pay usage-based network access fees to allow their customers access to our global Wi-Fi network. Other wholesale partners that are telecom operators pay us one-time build-out fees and recurring access fees for our DAS network, enabling their cellular customers to access these networks. Some of our wholesale partners pay us to provide Wi-Fi services in their venue locations under a service provider arrangement. Our wholesale partner relationships are generally governed by multi-year contracts. We acquire our wholesale partners through our business

[Table of Contents](#)

development efforts. We also generate revenue from advertisers that seek to reach visitors to the landing pages at our managed and operated network locations with online advertising, promotional and sponsored programs. For the year ended December 31, 2012, two groups of entities affiliated with Verizon Communications, Inc. and AT&T Inc. each collectively accounted for over 10% of total revenue. For the year ended December 31, 2011, one group of entities affiliated with Verizon Communications, Inc. accounted for over 10% of total revenue. The loss of these groups and the customers could have a material adverse impact on our consolidated statements of operations.

Key Business Metrics

In addition to monitoring traditional financial measures, we also monitor our operating performance using the following key performance indicators:

	Year Ended December 31,		
	2012	2011	2010
	(in thousands, except churn data)		
Subscribers	284	257	200
Monthly churn	9.7%	9.2%	9.5%
Connects	24,490	12,314	9,309

Subscribers. This metric represents the number of paying retail customers who are on a month-to-month subscription plan at a given period end.

Monthly churn. This metric shows the number of subscribers who canceled their subscriptions in a given month, expressed as a percentage of the average subscribers in that month. The churn in a given period is the average monthly churn in that period. This measure is one indicator of the longevity of our subscribers. Some of our customers who cancel subscriptions maintain accounts for single-use access.

Connects. This metric shows how often individuals connect to our global Wi-Fi network in a given period. The connects include retail and wholesale customers in both customer pay locations and customer free locations where we are a paid service provider or receive sponsorship or promotional fees. We count each connect as a single connect regardless of how many times that individual accesses the network at a given venue during their 24 hour period. This measure is an indicator of paid activity throughout our network.

Retail Customer Support Services

We provide support services to our retail customers 24 hours per day, 7 days per week, 365 days per year, by phone, chat or email. Our website also contains a comprehensive list of responses to frequently asked questions, and we monitor and respond to social media communications regarding our services. We provide support services through our internal customer care department and we rely on a third-party provider for most of our standard customer support.

Competition

The market for mobile Internet services and solutions is fragmented and competitive. We believe the principal competitive factors in our industry include the following:

- price;
- ease of access and use;
- quality of service;
- geographic reach;

[Table of Contents](#)

- bundled service offerings;
- brand name recognition; and
- flexible pricing plans.

We believe we face no material direct competitors to our service offerings. Indirect competitors include telecom operators, WiMAX operators, cable companies, self-managed venue networks and smaller wireless Internet service providers. Some of these competitors have substantially greater resources, larger customer bases, longer operating histories and greater name recognition than we have. Others offer bundled data services with primary service offerings that we do not offer such as landline and cellular telephone service, cable or satellite television, media and fixed-line Internet. Many of our indirect competitors are also partners from whom we receive revenue when their customers access our network. We believe that we compete favorably based on geographic coverage, network reliability, quality of service, ease of use and cost.

Intellectual Property

Our ongoing success will depend in part upon our ability to protect our core technology and intellectual property. To accomplish this, we rely on a combination of intellectual property rights, including trade secrets, patents, copyrights and trademarks, as well as contractual restrictions.

We have two issued U.S. patents which expire in 2022 and six patent applications pending in the United States, one of which is also pending in Japan, two of which are also pending in the European Patent Office, Canada, Japan, South Korea, and China, and one of which is pending with the Patent Cooperation Treaty. We have one issued Japanese patent, which has a maximum term that expires in 2027. We intend to pursue corresponding patent coverage in additional countries to the extent we believe such coverage is appropriate and cost effective.

Our registered trademarks in the United States and the European Union include "Boingo", "Boingo Wi-Finder", and "Don't just go. Boingo.", and in the United States, "Cloud 9 Media". We own additional registrations and have filed other trademark applications in the United States and other countries.

In addition to the foregoing protections, we control access to, and use of, our proprietary software and other confidential information through the use of internal and external controls, including contractual protections with employees, contractors, customers and partners. Our software is protected by United States and international copyright laws.

Employees

As of December 31, 2012, we had 160 employees, including 55 in development and technology, 60 in operations, 29 in business development and marketing and 16 in general and administrative. All of our employees are full-time employees. None of our employees are represented by a labor union or are covered by a collective bargaining agreement. We have never experienced any employment related work stoppages and consider relations with our employees to be good. As of December 31, 2012, we also had arrangements with a third party call center provider in New York that provided us with approximately 40 full-time equivalent contractors for retail customer support service and similar functions.

Facilities

We currently lease approximately 27,000 square feet of space for our corporate headquarters in Los Angeles, California under a lease agreement that expires in February 2018. We also lease an additional 13,000 square feet in aggregate office space in San Francisco, California; Chicago, Illinois;

[Table of Contents](#)

Lake Success, New York; McKinney, Texas; Detroit, Michigan; and London, United Kingdom. We believe our current office facilities will be adequate for the foreseeable future.

Legal

We are not presently a party to any material legal proceedings. From time to time, we may become involved in legal proceedings in the ordinary course of our business.

Financial Information about Segments and Geographic Areas

Reference to our segments and the geographic areas where we operate is contained in Note 2 to our accompanying Consolidated Financial Statements included in Part II, Item 8 of this report.

Available Information

Our filings with the United States Securities and Exchange Commission or SEC, including this annual report on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K are available free of charge through the Investor Relations section of our company's website at <http://www.boingo.com> and are accessible as soon as reasonably practicable after being electronically filed with or furnished to the SEC.

Copies of this report are also available free of charge from Boingo Corporate Investor Communications, 10960 Wilshire Blvd, Suite 800, Los Angeles, CA 90024. In addition, our Corporate Governance Guidelines, Code of Business Conduct and Ethics and written charters of the committees of the Board of Directors are accessible through the Corporate Governance tab in the Investor Relations section of our website and are available in print to any stockholder who requests a copy.

You may read and copy materials that we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington DC 20549. Information on the operation of the Public Reference Room is available by calling the SEC at 1-800-SEC-0330. The SEC maintains a website that contains reports and other information we file, and proxy statements to be filed with the SEC. The address of the SEC's website is <http://www.sec.gov>.

Item 1A. Risk Factors

Investing in our common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information in this report on Form 10-K, including our accompanying consolidated financial statements and the related notes, before deciding whether to purchase shares of our common stock. If any of the following risks actually occur, our business, financial condition, results of operations and prospects could be materially and adversely affected. The price of our common stock could decline and you could lose part or all of your investment.

Risks Related to Our Business

A significant portion of our revenue is dependent on our relationships with our venue and network partners, and if these relationships are impaired or terminated, or if our partners do not perform as expected, our business and results of operations could be materially and adversely affected.

We depend on our relationships with venue partners, particularly key airport venue partners, in order to manage and operate Wi-Fi hotspots. These relationships generate a significant portion of our revenue and allow us to generate new retail customers. Our agreements with our venue partners are for defined periods and of varying durations. If our venue partners terminate or fail to renew these agreements, our ability to generate and retain retail customers would be diminished and our network of Wi-Fi hotspots would be reduced, which might result in a significant disruption of our business and adversely affect our operating results.

[Table of Contents](#)

We depend on our relationships with network partners to allow users to roam across Wi-Fi networks that we do not manage or operate. A significant portion of our revenue depends on maintaining these relationships with network partners. Some network partners may compete with us for retail customers and may decide to terminate our partnerships and instead develop competing retail products and services. Our network partner agreements are for defined periods and of varying durations. If our network partners terminate these agreements, or fail to renew these agreements, our ability to retain retail customers could be diminished and our network of Wi-Fi hotspots could be reduced, which could result in a significant disruption of our business and adversely affect our operating results.

Worldwide economic conditions, and their impact on travel and consumer spending, may adversely affect our business, operating results and financial condition.

Global economic conditions have been weak for a prolonged period of time, and levels of travel and consumer spending have been particularly depressed. Our business is impacted by travel and consumer spending, because users seek to access the mobile Internet while they are on-the-go, and because spending on Internet access is often a consumer discretionary spending decision. Factors that tend to negatively impact levels of travel include high unemployment, high energy prices, low business and consumer confidence, the fear of terrorist attacks, war and other macroeconomic factors. Economic conditions that tend to negatively impact levels of discretionary consumer spending include high unemployment, high consumer debt, reductions in net worth, depressed real estate markets, increased taxation, high energy prices, high interest rates, low consumer confidence and other macroeconomic factors. If the global economic recovery is slower than expected, or if it weakens, our retail customer base, new retail customer acquisition and usage-based revenue could be materially harmed, and our results of operations would be adversely affected.

Our business depends upon demand for mobile Internet services on Wi-Fi networks, market adoption of new technologies and our ability to adapt to such changes.

Our future success depends upon growing demand for mobile Internet services, which is inherently uncertain. The demand for mobile Internet services may decrease or may grow more slowly than expected. Any such decrease in the demand or slowing rate of growth could have a material adverse effect on our business. The continued demand for mobile Internet services depends on the continued proliferation of smartphones, tablet computers and other Wi-Fi enabled devices and the rate of evolution of data-intensive applications on the mobile Internet. Historically, we have derived substantially all our retail revenue from laptop users who purchased month-to-month subscriptions or single-use access. We may face challenges as we seek to increase the revenue generated from the usage on smartphones, tablet computers and other mobile devices.

Our business depends on the continued integration of Wi-Fi as a standard feature in mobile devices. If Wi-Fi ceases to be a standard feature in mobile devices, or if the rate of integration of Wi-Fi on mobile devices decreases or is slower than expected, the market for our services may be substantially diminished.

Competing technologies pose a risk to the continued use of Wi-Fi as a mobile Internet technology. The introduction and market acceptance of emerging wireless technologies such as 4G, WiMAX and Super Wi-Fi, could cause significant disruption to our business, which may result in a loss of customers, users and revenue. If users find emerging wireless technologies to be sufficiently fast, convenient or cost effective, we may not be able to compete effectively, and our ability to attract or retain users will be impaired. Additionally, one or more of our partners may deploy emerging wireless technologies that could reduce the partner's need to work with us, and may result in significant loss of revenue and reduction of the hotspots in our network.

[Table of Contents](#)

We deliver value to our users by providing simple access to Wi-Fi hotspots, regardless of whether we manage and operate the hotspot, or the hotspot is operated by a partner. As a result, our business depends on our ability to anticipate and quickly adapt to changing technological standards and advances. If technological standards change and we fail to adapt accordingly, our business and revenue may be adversely affected. Furthermore, the proliferation of new mobile devices and operating platforms poses challenges for our research and development efforts. If we are unable to create simple solutions for a particular device or operating platform, we will be unable to effectively attract users of these devices or operating platforms and our business will be adversely affected.

The growth of free Wi-Fi networks may compete with our paid mobile Wi-Fi Internet solutions.

Many venues, including airports coffee shops and hotels, offer free mobile Wi-Fi as an incentive or value-added benefit to their customers. Free Wi-Fi may reduce retail customer demand for our services, and put downward pressure on the prices we charge our retail customers. In addition, telecom operators may offer free mobile Wi-Fi as part of a home broadband or other service contract, which also may force down the prices we charge our retail customers. If we are unable to effectively offset this downward pressure on our prices by being a Wi-Fi service provider, or if we are unable to acquire and retain retail customers, we will have lower profit margins and our operating results and financial condition may be adversely impacted.

Negotiations with prospective wholesale partners can be lengthy and unpredictable, which may cause our operating results to vary.

Our negotiations with prospective partners to acquire Wi-Fi hotspots to operate, to acquire roaming rights on partners' networks, or for new partners to implement our solutions, can be lengthy, and in some cases can last over 12 months. Because of the lengthy negotiation cycle, the time required to reach a final agreement with a partner is unpredictable and may lead to variances in our operating results from quarter to quarter. Negotiations with prospective partners also require substantial time, effort and resources. We may ultimately fail in our negotiations, resulting in costs to our business without any associated benefits.

We may be unsuccessful in expanding into new venue types, which could harm the growth of our business, operating results and financial condition.

We are negotiating with existing and prospective partners to expand our managed and operated Wi-Fi network footprint in venue types where we historically have had only a limited presence. Expansion into these venue types, and in particular shopping malls, stadiums and quick service restaurants, may require significantly higher initial capital expenditures than we have historically incurred. In contrast to Wi-Fi network build-outs at venues such as airports, where telecom operators typically pay the substantial expense of laying cable or fiber, we may be required to incur the initial capital expense of access points and related hardware and cabling at tens of thousands of quick serve restaurant locations and hundreds of shopping malls and stadium locations. We may not be able to execute on our strategy or there may not be returns on these investments in the near future or at all. As a result, our business, financial condition and results of operations could be materially and adversely affected.

We have a limited operating history and a relatively new business in an emerging market, so an investment in our company involves more risk than an investment in a more mature company in an established industry.

We have a limited operating history with the mobile Wi-Fi Internet solutions that we provide, which were developed in 2001. We currently attract the majority of our retail customers at our managed and operated hotspots that we acquired in 2006. As a result, we have a limited operating

[Table of Contents](#)

history for you to evaluate in assessing our future prospects and it is difficult to forecast our prospects. Also, we derive nearly all of our revenue from mobile Internet services, which are new and highly dynamic businesses, which face significant challenges. You should consider our business and prospects in light of the risks, uncertainties and difficulties we will encounter as an emerging company in a new and rapidly evolving market. We may not be able to address these risks, uncertainties and difficulties successfully, which could materially harm our business and operating results.

Our operating results may fluctuate unexpectedly, which makes them difficult to predict and may cause us to fail to meet the expectations of investors, adversely affecting our stock price.

We operate in a highly dynamic industry and our future quarterly operating results may fluctuate significantly. Our revenue and operating results may vary from quarter to quarter due to many factors, many of which are not within our control. As a result, comparing our operating results on a period-to-period basis may not be meaningful. Further, it is difficult to accurately forecast our revenue, margin and operating results, and if we fail to match our expected results or the results expected by financial analysts, the trading price of our common stock may be adversely affected.

Factors that contribute to fluctuations in our operating results from quarter-to-quarter include:

- the rate at which individuals adopt our solutions;
- the timing and success of new technology introductions by us or our competitors;
- our gain or loss of a key venue partner, roaming partner or platform services partner;
- the growing prevalence of free Wi-Fi models and our ability to adapt and compete with free Wi-Fi;
- the number of air travel passengers, particularly business travelers;
- intellectual property disputes; and
- general economic conditions in our domestic and foreign markets.

Due to these and other factors, quarter-to-quarter comparisons of our historical operating results should not be relied upon as accurate indicators of our future performance.

We may not maintain recent rates of revenue growth.

Although our revenue has increased substantially over the last few years, we may not be able to maintain historical rates of revenue growth. We believe that our continued growth will depend, among other factors, on successfully implementing our business strategies, including our ability to:

- attract new users, convert users of our single-use services into subscribers and keep existing subscribers actively using our services;
- develop new sources of revenue from our users and partners;
- react to changes in the way individuals access and use the mobile Internet;
- expand into new markets;
- increase the awareness of our brand;
- retain our existing partners and attract new partners; and
- provide our users with a superior experience, including customer support and payment experiences.

However, we cannot guarantee that we will successfully implement any of these business strategies.

System failures could harm our business.

Although we seek to reduce the possibility of disruptions or other outages, our business may be disrupted by problems with our technology and systems, such as an access point failure at one of our managed and operated hotspots, or a backhaul disruption. We have experienced system failures from time to time, and any interruption in the ability of users to access our solution could harm our business and reputation.

Our systems may be vulnerable to damage or interruption from telecommunications failures, computer denial-of-service attacks, power loss, computer viruses, earthquakes, floods, fires, terrorist attacks and similar events. Some of our systems are not fully redundant, and our disaster recovery planning is not sufficient for all eventualities. Our systems may also be damaged by break-ins, sabotage, and acts of vandalism. Despite any precautions we may take, the occurrence of a natural disaster or other unanticipated problems could result in lengthy interruptions in the availability of the Boingo solution. We do not carry business interruption insurance to compensate us for all losses that may result from service interruptions caused by system failures. If we are unable to resolve service interruptions quickly, our ability to acquire and retain customers will be impaired and our operating results and business could be adversely affected.

We may be unsuccessful in expanding our international operations, which could harm the growth of our business, operating results and financial condition.

Our ability to expand internationally involves various risks, including the need to invest significant resources in unfamiliar markets, and the possibility that there may not be returns on these investments in the near future or at all. In addition, we have incurred and expect to continue to incur expenses before we generate any material revenue in these new markets. Our expansion plans will require significant management attention and resources. We have limited experience in selling our solutions in international markets or in conforming to local cultures, standards or policies. We may not be able to compete successfully in these international markets. Our ability to expand will also be limited by the demand for mobile Internet in international markets. Different privacy, censorship and liability standards and regulations and different intellectual property laws in foreign countries may cause our business and operating results to suffer.

Any future international operations may fail to succeed due to risks inherent in foreign operations, including:

- different technological solutions for mobile Internet than those used in North America;
- varied, unfamiliar and unclear legal and regulatory restrictions;
- unexpected changes in international regulatory requirements and tariffs;
- legal, political or systemic restrictions on the ability of U.S. companies to do business in foreign countries;
- Foreign Corrupt Practices Act compliance and related risks;
- difficulties in staffing and managing foreign operations;
- currency fluctuations; and
- potential adverse tax consequences.

As a result of these obstacles, we may find it difficult or prohibitively expensive to expand internationally or we may be unsuccessful in our attempt to do so, which could harm our business, operating results and financial condition.

Our industry is competitive and if we do not compete successfully, we could lose market share, experience reduced revenue or suffer losses.

The market for commercial mobile Wi-Fi solutions is competitive and impacted by technological change, and we expect competition with our current and potential competitors to intensify in the future. In particular, some of our competitors have taken steps or may decide to more aggressively compete against us, particularly in the market for venue build-outs of Wi-Fi and DAS solutions.

Our competitors, many of whom are also our partners, include a variety of telecom operators and network operators, including AT&T, T-Mobile, Cablevision, Comcast and local operators. These and other competitors have developed or may develop technologies that compete directly with our solutions. Many of our competitors are substantially larger than we are and have substantially longer operating histories. We may not be able to fund or invest in certain areas of our business to the same degree as our competitors. Many have substantially greater product development and marketing budgets and other financial and personnel resources than we do. Some also have greater name and brand recognition and a larger base of subscribers or users than we have. In addition, our competitors may provide services that we do not, such as cellular, local exchange and long distance services, voicemail, digital subscriber line and subscription television services. Users that desire these services may choose to also obtain mobile Wi-Fi Internet services from a competitor that provides these additional services rather than from us.

Furthermore, we rely on several of our competitors as partners in roaming agreements. The roaming agreements provide that our retail customers and our wholesale partners' customers may use the Wi-Fi networks of our partners. One or more of our partners may deploy competing technologies that could reduce the partner's need to work with us under a roaming agreement. If our partners decide to terminate our roaming agreements, our network of Wi-Fi hotspots may be reduced, which may result in a significant disruption to our business.

Competition could increase our selling and marketing expenses and related customer acquisition costs. We may not have the financial resources, technical expertise or marketing and support capabilities to continue to compete successfully. A failure to respond to established and new competitors may adversely impact our business and operating results.

The regulation of Internet communications, products and services is currently uncertain, which poses risks for our business from changes in laws, regulations, and interpretation or enforcement of existing laws or regulations.

The current regulatory environment for Internet communications, products and services is uncertain. Many laws and regulations were adopted prior to the advent of the Internet and related technologies and often do not contemplate or address the specific issues associated with the Internet and related technologies. The scope of laws and regulations applicable to the Internet remains uncertain and is subject to statutory or interpretive change. We cannot be certain that we, our partners or our users are currently in compliance with regulatory or other legal requirements in the numerous countries in which our service is used. Our failure or the failure of our partners, users and others with whom we transact business, or to whom we license the Boingo solution, to comply with existing or future regulatory or other legal requirements could materially adversely affect our business, financial condition and results of operations. Regulators may disagree with our interpretations of existing laws or regulations or the applicability of existing laws or regulations to our business, and existing laws, regulations and interpretations may change in unexpected ways.

We believe that the Boingo solution is on the forefront of mobile Internet technology, and therefore it may face greater regulatory scrutiny than other communications products and services. We cannot be certain what positions regulators may take regarding our compliance with, or lack of compliance with, current and future legal and regulatory requirements or what positions regulators may

[Table of Contents](#)

take regarding any past or future actions we have taken or may take in any jurisdiction. Regulators may determine that we are not in compliance with legal and regulatory requirements, and impose penalties, or we may need to make changes to the Boingo solution, which could be costly and difficult. Any of these events would adversely affect our operating results and business.

If we lose key personnel or are unable to attract and retain personnel on a cost effective basis, our business could be harmed.

Our performance is substantially dependent on the continued services and performance of our senior management and our highly qualified team of engineers, many of whom have numerous years of experience and specialized expertise in our business. If we are not successful in hiring and retaining highly qualified engineers, we may not be able to extend or maintain our engineering and technological expertise and our future product and service development efforts could be adversely affected. If we lose members of our senior management, this may significantly delay or prevent the achievement of our strategic objectives and adversely affect our operating results.

Our future success also depends on our ability to identify, attract, hire, train, retain and motivate highly skilled managerial, operations, business development and marketing personnel. We have in the past maintained a rigorous, highly selective and time-consuming hiring process. We believe that our approach to hiring has significantly contributed to our success to date. However, our highly selective hiring process has made it more difficult for us to hire a sufficient number of qualified employees, and, as we grow, our hiring process may prevent us from hiring the personnel we need in a timely manner. Moreover, the cost of living in the Los Angeles area, where our corporate headquarters is located, has been an impediment to attracting new employees in the past, and we expect that this will continue to impair our ability to attract and retain employees in the future. If we fail to attract, integrate and retain the necessary personnel, we may not be able to grow effectively and our business could suffer significantly.

Our failure to properly maintain our customers' confidential information and protect our network against security breaches could harm our business and operating results.

Advances in computer capabilities, new discoveries in the field of cryptography or other developments may result in a compromise or breach of the technology we use to protect user transaction data. Any compromises of our security could damage our reputation and brand and expose us to possible liability such as litigation claims, which would substantially harm our business and operating results. We may need to expend significant resources to protect against security breaches or to address problems caused by breaches.

Many countries, such as European Union member states as a result of the 2006 E.U. Data Retention Directive, are introducing, or have already introduced into local law some form of traffic and user data retention requirements, which are generally applicable to providers of electronic communications services. Retention periods and data types vary from country to country, and the various local data protection and other authorities may implement traffic and user retention requirements regarding certain data in different and potentially overlapping ways. Although the constitutionality of the 2006 E.U. Data Retention Directive has been questioned, we may be required to comply with data retention requirements in one or more jurisdictions, or we may be required to comply with these requirements in the future as a result of changes or modifications to the Boingo solution or changes or modifications to the technological infrastructure on which the Boingo solution is based. Failure to comply with these retention requirements may result in the imposition of costly penalties. Compliance with these retention requirements can be difficult and costly from a legal, operational and technical perspective and could harm our business and operational results.

We rely on a third-party customer support service provider for the majority of our customer support calls. If this service provider experiences operational difficulties or disruptions, our business could be adversely affected.

We depend on a third-party customer support service provider to handle most of our routine retail customer support cases. While we maintain limited customer support operations in our Los Angeles headquarters, if our relationship with our customer support service provider terminates unexpectedly, or if our customer service provider experiences operational difficulties, we may not be able to respond to customer support calls in a timely manner and the quality of our customer service would be adversely affected. This could harm our reputation and brand image and make it difficult for us to attract and retain users. In addition, the loss of the customer support service provider would require us to identify and contract with alternative sources, which could prove time-consuming and expensive.

Material defects or errors in our software could harm our reputation, result in significant costs to us and impair our ability to sell the Boingo solution.

The software underlying the Boingo solution is inherently complex and may contain material defects or errors, particularly when the software is first introduced or when new versions or enhancements are released. We have from time to time found defects or errors in our software, and defects or errors in our existing software may be detected in the future. Any defects or errors that cause interruptions to the availability of our services could result in:

- a reduction in sales or delay in market acceptance of the Boingo solution;
- sales credits or refunds to our users and wholesale partners;
- loss of existing users and difficulty in attracting new users;
- diversion of development resources;
- harm to our reputation and brand image; and
- increased insurance costs.

The costs incurred in correcting any material defects or errors in our software may be substantial and could harm our operating results.

If we are not successful in developing our mobile application for new devices and platforms, or if those solutions are not widely adopted, our results of operations and business could be adversely affected.

As new mobile devices and platforms are developed, we may encounter problems in developing products for such new mobile devices and platforms, and we may need to devote significant resources to the creation, support, and maintenance of such products. In addition, if we experience difficulties integrating our mobile applications into mobile devices, or if we face increased costs to distribute our mobile applications, our future growth and our results of operations could suffer.

If we fail to maintain relationships with providers of mobile operating systems or mobile application download stores, our business could be adversely affected.

We rely on the integration of our software into mobile operating systems to allow mobile devices to connect to our network of Wi-Fi hotspots. If problems arise with our relationships with providers of mobile operating systems or mobile application download stores, such as the Apple App Store and Google Play, or if our mobile application receives unfavorable treatment compared to the promotion and placement of competing applications, such as the order of our products in the mobile application download stores, we may fail to attract or retain customers or partners, and our business could be adversely affected.

If we fail to cost effectively develop our brand, our financial condition and operating results could be harmed.

We market our solution under the Boingo brand. We believe that developing and maintaining awareness of our brand is important to achieving widespread acceptance of the Boingo solution, and is an important element in attracting and retaining customers and partners. Additionally, we believe that developing this brand in a cost effective manner is important in meeting our expected margins. Brand promotion activities may not result in increased revenue, and any increased revenue resulting from these promotion activities may not offset the expenses we incurred in building our brand. If we fail to cost effectively build and maintain our brand, we may fail to attract or retain customers or partners, and our financial condition and results of operations could be harmed.

Risks Related to Our Intellectual Property

Claims by others that we infringe their proprietary technology could harm our business.

In recent years there has been significant litigation involving intellectual property rights in many technology-based industries, including the wireless communications industry. While we have not been specifically targeted, companies similar to us have been subject to patent lawsuits. As we face increasing competition and gain an increasingly high profile, the possibility of intellectual property rights claims against us grows. We may be subject to third-party claims in the future. The costs of supporting these litigations and disputes are considerable, and there can be no assurance that a favorable outcome will be obtained. We may be required to settle these litigations and disputes on terms that are unfavorable to us, given the complex technical issues and inherent uncertainties in intellectual property litigation. Claims that the Boingo solution infringes third-party intellectual property rights, regardless of their merit or resolution, could also divert the efforts and attention of our management and technical personnel. The terms of any settlements or judgments may require us to:

- cease distribution and back-end operation of the Boingo solution;
- pay substantial damages for infringement;
- expend significant resources to develop non-infringing solutions;
- license technology from the third-party claiming infringement, which may not be available on commercially reasonable terms, or at all;
- cross-license our technology to a competitor to resolve an infringement claim, which could weaken our ability to compete with that competitor; or
- pay substantial damages to our partners to discontinue their use of or to replace infringing solutions sold to them with non-infringing solutions.

Any of these unfavorable outcomes could have a material adverse effect on our business, financial condition and results of operations.

If we are unable to protect our intellectual property rights, our competitive position could be harmed, or we could be required to incur significant expenses to enforce our rights.

Our business depends on our ability to protect our proprietary technology. We rely on trade secret, patent, copyright and trademark laws and confidentiality agreements with employees and third parties, all of which offer only limited protection. We own two patents and have applications for six additional patents pending. Despite our efforts, the steps we have taken to protect our proprietary rights may not be adequate to prevent the use or misappropriation of our proprietary information or infringement of our intellectual property rights. Our ability to police the use, misappropriation or infringement of our intellectual property is uncertain, particularly in countries other than the United States. Further, we do

[Table of Contents](#)

not know whether any of our pending patent applications will result in the issuance of patents or whether the examination process will require us to narrow our claims. Even if patents are issued, they may be contested, circumvented, or invalidated in the future. Moreover, the rights granted under any issued patents may not provide us with complete proprietary protection or any competitive advantages, and, as with any technology, competitors may be able to develop similar or superior technologies on their own now or in the future. Protecting against the unauthorized use of our solutions, trademarks, and other proprietary rights is expensive, difficult and, in some cases, impossible. Litigation may be necessary in the future to enforce or defend our intellectual property rights, to protect our trade secrets, or to determine the validity and scope of the proprietary rights of others. Litigation could result in substantial costs and diversion of management resources, either of which could harm our business. Furthermore, many of our current and potential competitors have the ability to dedicate substantially greater resources to enforce their intellectual property rights than we do. Accordingly, despite our efforts, if the protection of our proprietary rights is inadequate to prevent use or misappropriation by third parties, the value of our brand and other intangible assets may be diminished and competitors may be able to more effectively mimic our service and methods of operations. Any of these events would have a material adverse effect on our business, financial condition and results of operations.

Our use of open source software could limit our ability to commercialize the Boingo solution.

We have incorporated open source software into the Boingo solution. Although we closely monitor our use of open source software, we are subject to the terms of open source licenses that have not been interpreted by U.S. or foreign courts, and there is a risk that in the future these licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to commercialize the Boingo solution. In that event, we could be required to seek licenses from third parties or to re-engineer our software in order to continue offering the Boingo solution, or to discontinue operations, any of which could materially adversely affect our business.

We utilize unlicensed spectrum in certain of our offerings which is subject to intense competition, low barriers of entry and slowdowns due to multiple users.

We presently utilize unlicensed spectrum to provide our Wi-Fi Internet solutions. Unlicensed or "free" spectrum is available to multiple users and may suffer bandwidth limitations, interference and slowdowns if the number of users exceeds traffic capacity. The availability of unlicensed spectrum is not unlimited and others do not need to obtain permits or licenses to utilize the same unlicensed spectrum that we currently, or may in the future, utilize. The inherent limitations of unlicensed spectrum could potentially threaten our ability to reliably deliver our services. Moreover, the prevalence of unlicensed spectrum creates low barriers to entry in our industry.

Risks Related to Ownership of Our Common Stock

The market price of our common stock may be volatile, which could result in substantial losses for investors.

Fluctuations in market price and volume are particularly common among securities of technology companies. As a result, you may be unable to sell your shares of common stock at or above the price you paid. The market price of our common stock may fluctuate significantly in response to the following factors, among others, many of which are beyond our control:

- general market conditions;
- domestic and international economic factors unrelated to our performance;
- actual or anticipated fluctuations in our quarterly operating results;

[Table of Contents](#)

- changes in or failure to meet publicly disclosed expectations as to our future financial performance;
- changes in securities analysts' estimates of our financial performance or lack of research and reports by industry analysts;
- changes in market valuations or earnings of similar companies;
- announcements by us or our competitors of significant products, contracts, acquisitions, or strategic partnerships;
- developments or disputes concerning patents or proprietary rights, including increases or decreases in litigation expenses associated with intellectual property lawsuits we may initiate, or in which we may be named as defendants;
- failure to complete significant sales;
- any future sales of our common stock or other securities; and
- additions or departures of key personnel.

If securities or industry analysts publish misleading or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock depends in part on the research and reports that securities or industry analysts publish about us or our business. If one or more of these analysts downgrades our stock or publishes misleading or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, demand for our stock could decrease, which could cause our stock price or trading volume to decline. Announcements by analysts that may have a significant impact on the market price of our common stock may relate to:

- our operating results or forecasts;
- new issuances of equity, debt or convertible debt by us;
- developments in our relationships with corporate customers;
- announcements by our customers or competitors;
- changes in regulatory policy or interpretation;
- governmental investigations;
- changes in the ratings of our stock by rating agencies or securities analysts;
- our acquisitions of complementary businesses; or
- our operational performance.

Insiders have substantial control over us and are able to influence corporate matters.

Our directors and executive officers and their affiliates are able to exercise significant influence over all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, such as a merger or other sale of our company or its assets. This concentration of ownership could limit your ability to influence corporate matters and may have the effect of delaying or preventing a third party from acquiring control over us.

[Table of Contents](#)

As a public company, we are subject to financial and other reporting and corporate governance requirements that may be difficult for us to satisfy, and may divert resources and management attention from operating our business.

We are required to file annual, quarterly and other reports with the SEC. We must prepare and timely file financial statements that comply with SEC reporting requirements. We are also subject to other reporting and corporate governance requirements, under the listing standards of the NASDAQ Stock Market, or NASDAQ, which imposes significant compliance obligations upon us. We are required, among other things, to:

- prepare and file periodic reports, and distribute other stockholder communications, in compliance with the federal securities laws and NASDAQ rules; and
- evaluate and maintain our system of internal control over financial reporting, and report on management's assessment thereof, in compliance with rules and regulations of the SEC and the Public Company Accounting Oversight Board.

If we need additional capital in the future, it may not be available on favorable terms, or at all.

We have historically relied on outside financing and cash flow from operations to fund our operations, capital expenditures and expansion. However, we may require additional capital from equity or debt financing in the future to fund our operations, or respond to competitive pressures or strategic opportunities. We may not be able to secure timely additional financing on favorable terms, or at all. The terms of additional financing may place limits on our financial and operating flexibility. If we raise additional funds through further issuances of equity, convertible debt securities or other securities convertible into equity, our existing stockholders could suffer significant dilution in their percentage ownership of our company, and any new securities we issue could have rights, preferences and privileges senior to those of holders of our common stock. If we are unable to obtain adequate financing or financing on terms satisfactory to us, if and when we require it, our ability to grow or support our business and to respond to business challenges could be significantly limited.

We could be the subject of securities class action litigation due to future stock price volatility, which could divert management's attention and adversely affect our results of operations.

The stock market in general and market prices for the securities of technology companies like ours in particular, have from time to time experienced volatility that often has been unrelated to the operating performance of the underlying companies. A certain degree of stock price volatility can be attributed to being a newly public company. These broad market and industry fluctuations may adversely affect the market price of our common stock, regardless of our operating performance. In several recent situations where the market price of a stock has been volatile, holders of that stock have instituted securities class action litigation against the company that issued the stock. If any of our stockholders were to bring a lawsuit against us, the defense and disposition of the lawsuit could be costly and divert the time and attention of our management and harm our operating results.

Anti-takeover provisions in our charter documents and Delaware law could discourage, delay, or prevent a change in control of our company and may affect the trading price of our common stock.

We are a Delaware corporation and the anti-takeover provisions of the Delaware General Corporation Law may discourage, delay, or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the person becomes an interested stockholder, even if a change of control would be beneficial to our existing stockholders. In addition, our amended and restated certificate of incorporation and amended and restated bylaws may discourage, delay, or prevent a change in our management or control over us that

stockholders may consider favorable. For example, our amended and restated certificate of incorporation and amended and restated bylaws:

- authorize the issuance of "blank check" preferred stock that could be issued by our board of directors to thwart a takeover attempt;
- establish a classified board of directors, as a result of which the successors to the directors whose terms have expired will be elected to serve from the time of election and qualification until the third annual meeting following their election;
- require that directors only be removed from office for cause and only upon a majority stockholder vote;
- provide that vacancies on the board of directors, including newly-created directorships, may be filled only by a majority vote of directors then in office;
- limit who may call special meetings of stockholders;
- prohibit stockholder action by written consent, thereby requiring all actions to be taken at a meeting of the stockholders; and
- require supermajority stockholder voting to effect certain amendments to our amended and restated certificate of incorporation and amended and restated bylaws.

We have incurred substantial losses in the past and may incur additional losses in the future.

As of December 31, 2012, our accumulated deficit was \$34.5 million. Although we have generated net income for each fiscal year since 2009, which was our first full year of net income since our inception, we are also currently investing in our future growth through expanding our network, investing in our software, and consideration of future business acquisitions. As a result, we will incur higher depreciation and other operating expenses, as well as potential acquisition costs, that may negatively impact our ability to sustain profitability in future periods unless and until these growth efforts generate enough revenue to exceed their operating costs and cover our additional overhead needed to scale our business for this anticipated growth. The current global financial condition may also impact our ability to sustain profitability if we cannot generate sufficient revenue to offset the increased costs. In addition, costs associated with the acquisition and integration of any acquired companies may also negatively impact our ability to sustain profitability. Finally, given the competitive and evolving nature of the industry in which we operate, we may not be able to sustain or increase profitability.

We do not intend to pay dividends on our common stock and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.

We do not intend to declare and pay dividends on our capital stock for the foreseeable future. We currently intend to invest our future earnings, if any, to fund our growth. Therefore, you are not likely to receive any dividends on your common stock for the foreseeable future and the success of an investment in shares of our common stock will depend upon any future appreciation in their value.

[Table of Contents](#)

Certain of our stockholders may have claims as a result of an unauthorized e-mail sent by an employee of one of the underwriters in our IPO that may have constituted a prospectus that does not meet the requirements of the Securities Act of 1933.

Prior to the effectiveness of the registration statement on Form S-1, an employee of Deutsche Bank Securities Inc., one of the underwriters in our initial public offering, or IPO, distributed an unauthorized e-mail message containing evaluation material and projections to approximately 200 potential institutional investors. The unauthorized e-mail message did not contain the required legends and a link to our prospectus in order to make the email a conforming underwriter free writing prospectus. Deutsche Bank Securities Inc. has informed us that all of the recipients of the e-mail have been notified that it was distributed in error and should be disregarded. Subsequently, Deutsche Bank Securities Inc. re-sent the information contained in the e-mail to the same distribution list with the required legends and links to our prospectus and our free writing prospectus in order to make the e-mail a conforming underwriter free writing prospectus.

Neither we nor any of the other underwriters in our IPO were involved in any way in the preparation or distribution of the information contained in the e-mail, and the information does not reflect our views, or the views of the other underwriters, as to matters addressed in the e-mails. No person who received the e-mails should rely upon them in any manner. We urge all potential investors to base their investment decisions solely on our prospectus. If the e-mails did constitute a violation of the Securities Act of 1933, the recipients who purchased our common stock in the IPO may have claims for damages resulting from their purchase. Any liability would depend upon the number of shares purchased by recipients of the e-mail. If any liability is asserted, we intend to contest the matter. In addition, Deutsche Bank Securities Inc. has agreed to indemnify us, the selling stockholders and the other underwriters in the IPO for losses that we or they may incur as a result of the e-mails, and therefore, we do not believe the distribution of the e-mails will have a material financial impact on us.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We currently lease approximately 27,000 square feet of space for our corporate headquarters in Los Angeles, California under a lease agreement that expires in February 2018. We also lease an additional 13,000 square feet in aggregate office space in San Francisco, California; Chicago, Illinois; Lake Success, New York; McKinney, Texas; Detroit, Michigan; and London, United Kingdom. We believe our current office facilities will be adequate for the foreseeable future.

Item 3. Legal Proceedings

We are not presently a party to any material legal proceedings. From time to time, we may become involved in legal proceedings in the ordinary course of our business.

Item 4. Mine Safety Disclosure

Not applicable.

PART II**Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.**

Market Information. Since May 4, 2011, our common stock has been publicly traded on the NASDAQ Global Market under the symbol "WIFI." The following table sets forth, for the periods indicated, the high and low prices of our common stock as reported by the NASDAQ Global Market.

	2012	
	High	Low
First quarter	\$ 13.15	\$ 7.99
Second quarter	\$ 12.19	\$ 9.43
Third quarter	\$ 11.68	\$ 6.77
Fourth quarter	\$ 8.23	\$ 6.77

	2011	
	High	Low
First quarter	(a)	(a)
Second quarter	\$ 13.15	\$ 6.98
Third quarter	\$ 9.88	\$ 6.71
Fourth quarter	\$ 9.44	\$ 6.01

(a)—There was no public market for our stock prior to May 4, 2011.

Registered Stockholders. As of March 11, 2013, there were approximately 31 stockholders of record of our common stock. Stockholders of record does not include a substantially greater number of "street name" holders or beneficial holders of our common stock whose shares are held of record by banks, brokers and other financial institutions.

Dividends. We have never declared or paid cash dividends on our common stock, and currently do not anticipate paying cash dividends in the foreseeable future. Any future determination to pay dividends on our common stock, if permissible, will be at the discretion of our board of directors and will depend upon, among other factors, our financial condition, operating results, current and anticipated cash needs, plans for expansion and other factors that our board of directors may deem relevant.

Securities Authorized for Issuance Under Equity Compensation Plans. The information required to be disclosed by Item 201(d) of Regulation S-K regarding our equity securities authorized for issuance under our equity incentive plans is incorporated herein by reference to the section entitled "Equity Compensation Plan Information" in our definitive Proxy Statement for our Annual Meeting of Stockholders to be filed with the Commission within 120 days after the end of fiscal year 2012 pursuant to Regulation 14A.

Recent Sales of Unregistered Securities; Use of Proceeds from Sale of Registered Securities.

We did not sell any equity securities not registered under the Securities Act during the year ended December 31, 2012.

On May 3, 2011, our registration statement on Form S-1 was declared effective by the SEC for our IPO, pursuant to which we sold 3,846,800 shares of our common stock at a public offering price of \$13.50 per share. We received net proceeds of approximately \$45.7 million from this transaction, after underwriting discounts, commissions and expenses. There has been no material change in the planned use of proceeds from our IPO as described in our final prospectus filed with the SEC pursuant to Rule 424(b).

Issuer Purchases of Equity Securities. None.

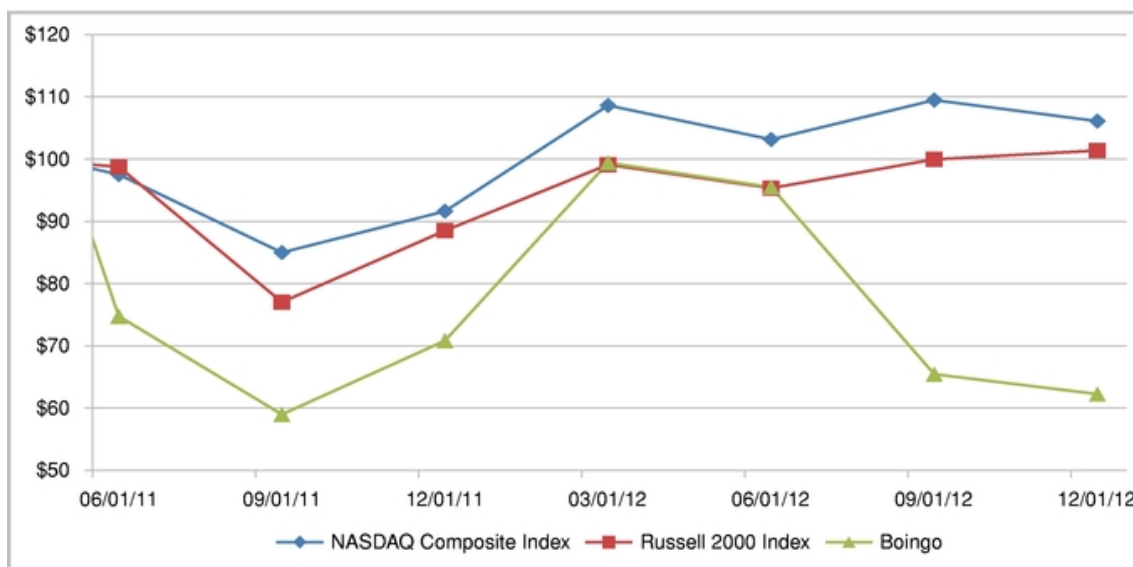
Performance Measurement Comparison.

The following performance graph shows the total stockholder return of an investment of \$100 in cash made on May 4, 2011 in each of (i) our common stock, (ii) a broad equity market index, the securities comprising the Nasdaq Composite Index, and (iii) issuers with similar market capitalizations, the securities comprising the Russell 2000 index.

The performance graph assumes that \$100 was invested on May 4, 2011 in our common stock at the closing price of \$12.10 and in each index, and that all dividends were reinvested. No dividends have been declared nor paid on our common stock. The comparisons in the graph below are required by the SEC and are not intended to forecast or be indicative of possible future performance of our common stock.

COMPARISON OF 20 MONTHS CUMULATIVE TOTAL RETURN*

Among Boingo Wireless, Inc., The NASDAQ Composite Index and The Russell 2000 Index**



	05/04/11	06/30/11	09/30/11	12/31/11	03/30/12	06/29/12	09/28/12	12/31/12
NASDAQ Composite Index	\$ 100.00	\$ 98.07	\$ 85.40	\$ 92.11	\$ 109.31	\$ 103.78	\$ 110.18	\$ 106.76
Russell 2000 Index	\$ 100.00	\$ 99.34	\$ 77.34	\$ 88.96	\$ 99.69	\$ 95.87	\$ 100.55	\$ 101.98
Boingo	\$ 100.00	\$ 75.04	\$ 59.09	\$ 71.07	\$ 100.00	\$ 96.03	\$ 65.62	\$ 62.40

* The material in this section is not "soliciting material" and is not deemed "filed" with the SEC. It is not to be incorporated by reference into any filing of Boingo Wireless, Inc. made under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing, except to the extent we specifically incorporate this section by reference.

** We chose the Russell 2000 index because it is comprised of issuers with similar market capitalizations. We do not believe that we can reasonably identify a peer group of issuers or an industry or line-of-business index.

ITEM 6. SELECTED FINANCIAL DATA.

The following selected consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 and our accompanying Consolidated Financial Statements in Part II, Item 8 of this report.

	Year Ended December 31,				
	2012	2011	2010	2009	2008
(in thousands, except per share amounts)					
Consolidated Statements of Operations Data:					
Revenue	\$ 102,506	\$ 94,558	\$ 80,420	\$ 65,715	\$ 56,711
Costs and operating expenses:					
Network access	42,289	37,082	31,961	26,430	22,979
Network operations	14,541	15,849	13,508	11,667	11,010
Development and technology	10,772	9,433	8,475	7,374	6,763
Selling and marketing	10,255	7,409	5,985	5,901	7,549
General and administrative	12,700	11,953	10,645	8,214	7,945
Amortization of intangible assets	1,103	1,655	2,491	3,848	5,972
Total costs and operating expenses	91,660	83,381	73,065	63,434	62,218
Income (loss) from operations	10,846	11,177	7,355	2,281	(5,507)
Interest and other income (expense), net	143	(176)	(137)	(154)	200
Income (loss) before income taxes	10,989	11,001	7,218	2,127	(5,307)
Income taxes	2,965	4,064	(8,903)	985	567
Net income (loss)	8,024	6,937	16,121	1,142	(5,874)
Net income attributable to non-controlling interests	729	642	547	394	332
Net income (loss) attributable to Boingo Wireless, Inc.	7,295	6,295	15,574	748	(6,206)
Accretion of convertible preferred stock	—	(1,633)	(5,020)	(5,259)	(5,256)
Net income (loss) attributable to common stockholders	\$ 7,295	\$ 4,662	\$ 10,554	\$ (4,511)	\$ (11,462)
Net income (loss) per share attributable to common stockholders:					
Basic	\$ 0.21	\$ 0.19	\$ 1.81	\$ (0.78)	\$ (2.01)
Diluted	\$ 0.20	\$ 0.17	\$ 0.49	\$ (0.78)	\$ (2.01)
Other Financial Data:					
Operating cash flows	\$ 24,596	\$ 29,529	\$ 24,160	\$ 14,522	\$ 10,922
Investing cash flows	(62,468)	(7,335)	(19,934)	(3,659)	(2,065)
Financing cash flows	2,077	46,018	(1,134)	(974)	(1,287)
Adjusted EBITDA(1)	30,642	28,556	18,224	13,527	6,942

	As of December 31,				
	2012	2011	2010 (in thousands)	2009	2008
Consolidated Balance Sheets Data:					
Cash and cash equivalents	\$ 58,138	\$ 93,933	\$ 25,721	\$ 22,629	\$ 12,740
Marketable securities	41,558	—	9,373	—	1,644
Working capital	80,641	74,137	17,032	4,517	1,442
Total assets	202,532	188,920	132,043	104,401	100,859
Deferred revenue	41,452	41,329	38,978	29,739	27,351
Total liabilities	58,033	59,841	60,059	48,860	46,838
Convertible preferred stock	—	—	122,969	117,949	112,690
Total stockholders' equity (deficit)	144,499	129,079	(50,985)	(62,408)	(58,669)

- (1) We define Adjusted EBITDA as net income (loss) attributable to common stockholders plus depreciation and amortization of property and equipment, accretion of convertible preferred stock, income taxes, amortization of intangible assets, stock-based compensation expense, non-controlling interests and interest and other income (expense), net.

We believe that Adjusted EBITDA is useful to investors and other users of our financial statements in evaluating our operating performance because it provides them with an additional tool to compare business performance across companies and across periods. We believe that:

- Adjusted EBITDA provides investors and other users of our financial information consistency and comparability with our past financial performance, facilitates period-to-period comparisons of operations and facilitates comparisons with other companies, many of which use similar non-generally accepted accounting principles in the United States ("GAAP") financial measures to supplement their GAAP results; and
- it is useful to exclude non-cash charges, such as accretion of preferred stock, depreciation and amortization of property and equipment, amortization of intangible assets and stock-based compensation, from Adjusted EBITDA because the amount of such expenses in any specific period may not directly correlate to the underlying performance of our business operations, and these expenses can vary significantly between periods as a result of full amortization of previously acquired tangible and intangible assets or the timing of new stock-based awards.

We use Adjusted EBITDA in conjunction with traditional GAAP measures as part of our overall assessment of our performance, for planning purposes, including the preparation of our annual operating budget and quarterly forecasts, to evaluate the effectiveness of our business strategies and to communicate with our board of directors concerning our financial performance.

We do not place undue reliance on Adjusted EBITDA as our only measure of operating performance. Adjusted EBITDA should not be considered as a substitute for other measures of financial performance reported in accordance with GAAP. There are limitations to using non-GAAP financial measures, including that other companies may calculate these measures differently than we do.

We compensate for the inherent limitations associated with using Adjusted EBITDA through disclosure of these limitations, presentation of our financial statements in accordance with GAAP and reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure, net income (loss) attributable to common stockholders.

[Table of Contents](#)

The following provides a reconciliation of net income (loss) attributable to common stockholders to Adjusted EBITDA:

	Year Ended December 31,				
	2012	2011	2010	2009	2008
			(in thousands)		
Net income (loss) attributable to common stockholders	\$ 7,295	\$ 4,662	\$ 10,554	\$ (4,511)	\$ (11,462)
Depreciation and amortization of property and equipment	15,958	12,301	7,511	6,658	5,811
Income taxes	2,965	4,064	(8,903)	985	567
Stock-based compensation expense	2,735	3,423	867	740	666
Amortization of intangible assets	1,103	1,655	2,491	3,848	5,972
Accretion of convertible preferred stock	—	1,633	5,020	5,259	5,256
Non-controlling interests	729	642	547	394	332
Interest and other (income) expense, net	(143)	176	137	154	(200)
Adjusted EBITDA	\$ 30,642	\$ 28,556	\$ 18,224	\$ 13,527	\$ 6,942

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION.

The following discussion and analysis of our financial condition and results of operations should be read together with "Selected Consolidated Financial Data" and our audited consolidated financial statements and accompanying notes included elsewhere in this filing. This discussion contains forward-looking statements, based on current expectations and related to our plans, estimates, beliefs and anticipated future financial performance. These statements involve risks and uncertainties and our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those set forth under "Risk Factors," "Forward-Looking Statements" and elsewhere in this filing.

Overview

We believe we are the leading global provider of commercial mobile Wi-Fi Internet solutions. Our software applications and solutions enable individuals to access our extensive global Wi-Fi network of over 600,000 hotspots with devices such as smartphones, laptops and tablet computers. Our offerings provide compelling cost and performance advantages to our customers and partners.

We grew revenue from \$94.6 million in 2011 to \$102.5 million in 2012, an increase of 8.4%. We grew revenue from \$80.4 million in 2010 to \$94.6 million in 2011, an increase of 17.6%. Our net income attributable to common stockholders increased from \$4.7 million in 2011 to \$7.3 million in 2012. We grew Adjusted EBITDA from \$28.6 million in 2011 to \$30.6 million in 2012, an increase of 7.3%. For a discussion of Adjusted EBITDA and a reconciliation of net income (loss) attributable to common stockholders to Adjusted EBITDA, see footnote 1 to "Selected Financial Data" in Part II, Item 6.

Many online consumer and business activities, such as streaming media, social networking, downloading large email attachments and video calling, require high-speed, high-bandwidth Internet access. In addition, the proliferation of smartphones, laptops, tablet computers and other Wi-Fi enabled devices has led users to expect access to the same content and information while on-the-go, with the same performance quality they are accustomed to in the home or office setting. These data intensive activities are driving a global surge in mobile Internet data traffic that is expected to increase 13 times between 2012 and 2017, according to Cisco's Visual Networking Index. We believe these trends present us with opportunities to generate significant growth in revenue and profitability.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with GAAP and rules and regulations of the United States Securities and Exchange Commission ("SEC") requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities, at the date of the financial statements. Such estimates and assumptions also affect the reported amounts of revenues and expenses during the reporting period. Although we believe these estimates are reasonable, actual results could differ from these estimates. On a regular basis, we evaluate our assumptions, judgments and estimates. We also discuss our critical accounting policies and estimates with the Audit Committee of the Board of Directors.

We believe that the assumptions and estimates associated with revenue recognition, business combinations, goodwill, measuring recoverability of long-lived assets, stock-based compensation and income taxes have the greatest potential impact on our consolidated financial statements. Therefore, we believe the accounting policies discussed below are paramount to understanding our historical and future performance, as these policies relate to the more significant areas involving our management's judgments, assumptions and estimates.

Revenue Recognition

We generate revenue from several sources including: (i) retail customers under subscription plans for month-to-month network access that automatically renew, and retail single-use access from sales of hourly, daily or other single-use access plans, (ii) platform service arrangements with wholesale customers that provide software licensing, network access, and professional services fees, (iii) wholesale customers that are telecom operators under long-term contracts for access to our DAS at our managed and operated locations, and (iv) display advertisements and sponsorships on our walled garden sign-in pages. Software licensed by our wholesale platform services customers can only be used during the term of the service arrangements and has no utility to them upon termination of the service arrangement.

Subscription fees from retail customers are paid monthly in advance and revenue is deferred for the portions of monthly recurring subscription fees collected in advance. We do not have a stated or published refund policy for our Wi-Fi service, although our customer service representatives will provide a refund on a case-by-case basis. These amounts are not significant and are recorded as contra-revenue in the period the refunds are made. Subscription fee revenue is recognized ratably over the subscription period. Revenue generated from retail single-use access is recognized when earned.

Services provided to wholesale partners under platform service arrangements generally contain several elements including: (i) a term license to use our software to access our Wi-Fi network, (ii) access fees for network usage, and (iii) professional services for software integration and customization and to maintain the Wi-Fi service. The term license, monthly minimum network access fees and professional services are billed on a monthly basis based upon predetermined fixed rates. Once the term license for integration and customization are delivered, the fees from the arrangement are recognized ratably over the remaining term of the platform service arrangement. The initial term of platform service license agreements is generally between two to five years and the agreements generally contain renewal clauses. Revenue for network access fees in excess of the monthly minimum amounts is recognized when earned. All elements within existing platform service arrangements are generally delivered and earned concurrently throughout the term of the respective service arrangement.

Revenue generated from access to our DAS networks consists of build-out fees and recurring access fees under certain long-term contracts with telecom operators. Build-out fees paid upfront are generally deferred and recognized ratably over the term of the estimated customer relationship period, once the build-out is complete. Minimum monthly access fees for usage of the DAS networks are non-cancellable and generally escalate on an annual basis. These minimum monthly access fees are recognized ratably over the term of the estimated customer relationship period. The initial term of our

[Table of Contents](#)

contracts with telecom operations and wholesale partners generally range from three to fifteen years and the agreements generally contain renewal clauses. Revenue from network access fees in excess of the monthly minimums is recognized when earned.

In instances where the minimum monthly network access fees escalate over the term of the wholesale service arrangement, an unbilled receivable is recognized when performance is within our control and when we have reasonable assurance that the unbilled receivable balance will be collected.

For multiple-deliverable arrangements entered into prior to January 1, 2011 that are accounted for under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 605-25, *Revenue Recognition—Multiple-Deliverable Revenue Arrangements*, we defer recognition of revenue for the full arrangement and recognize all revenue ratably over the wholesale service period for platform service arrangements and the term of the estimated customer relationship period for DAS arrangements, as we did not have evidence of fair value for the undelivered elements in the arrangement. For multiple-deliverable arrangements entered into or materially modified after January 1, 2011 that are accounted for under ASC 605-25, we evaluate whether or not separate units of accounting exist and then allocate the arrangement consideration to all units of accounting based on the relative selling price method using estimated selling prices as vendor specific objective evidence and third-party evidence is not available. We recognize the revenue associated with the separate units of accounting upon completion of such services or ratably over the wholesale service period for platform service arrangements and the term of the estimated customer relationship period for DAS arrangements.

Advertising and other revenue is recognized when the services are performed.

Business Combinations

We allocate the total purchase price of a business combination to the assets acquired and the liabilities assumed based on their estimated fair values at the acquisition date, with the excess purchase price recorded as goodwill. An income, market or cost valuation method may be utilized to estimate the fair value of the assets acquired or liabilities assumed in a business combination. The income valuation method represents the present value of future cash flows over the life of the asset using (i) discrete financial forecasts, which rely on management's estimates of revenue and operating expenses, (ii) long-term growth rates and (iii) an appropriate discount rate. The market valuation method uses prices paid for a reasonably similar asset by other purchasers in the market, with adjustments relating to any differences between the assets. The cost valuation method is based on the replacement cost of a comparable asset at prices at the time of the acquisition reduced for depreciation of the asset.

Goodwill

Goodwill represents the excess of purchase price over fair value of net assets acquired. Goodwill is not amortized but instead is tested annually for impairment, or more frequently when events or changes in circumstances indicate that fair value of the reporting unit has been reduced to less than its carrying value. We perform our impairment test annually on December 31st. In September 2011, the FASB issued revised guidance to simplify how entities test goodwill for impairment. Under the revised guidance, entities have the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test described in ASC 350, *Intangibles—Goodwill and Other*. If, after assessing qualitative factors, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. If deemed necessary, a two-step test is used to identify the potential impairment and to measure the amount of goodwill impairment, if any. The first

[Table of Contents](#)

step is to compare the fair value of the reporting unit with its carrying amount, including goodwill. If the fair value of the reporting unit exceeds its carrying amount, goodwill is considered not impaired; otherwise, there is an indication that goodwill maybe impaired and the amount of the loss, if any, is measured by performing step two. Under step two, the impairment loss, if any, is measured by comparing the implied fair value of the reporting unit goodwill with the carrying amount of goodwill.

At December 31, 2012 and 2011, we tested our goodwill for impairment and no impairment was identified as the fair value of our sole reporting unit was substantially in excess of its carrying amount. To date, we have not recorded any goodwill impairment charges.

Measuring Recoverability of Long-Lived Assets

We perform an impairment review of long-lived assets held and used whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors we consider important that could trigger an impairment review include, but are not limited to, significant under-performance relative to projected future operating results, significant changes in the manner of our use of the acquired assets or our overall business and/or product strategies and significant industry or economic trends. When we determine that the carrying value of a long-lived asset may not be recoverable based upon the existence of one or more of these indicators, we determine the recoverability by comparing the carrying amount of the asset to net future undiscounted cash flows that the asset is expected to generate or other indices of fair value. We would then recognize an impairment charge equal to the amount by which the carrying amount exceeds the fair market value of the asset. To date, we have not recorded any long-lived asset impairment charges.

Stock-based Compensation

Stock-based compensation consists of stock options granted to employees and non-employees. It is recorded as compensation expense based on the grant date fair value of awards using the Black-Scholes option pricing model. We recognize stock-based compensation expense related to employee stock option and restricted stock grants, which requires us to recognize compensation expense equal to the grant date fair value on a straight-line basis, net of estimated and actual forfeitures, over the employee requisite service period.

Prior to our IPO, in 2011 and 2010, we granted options to purchase shares of our common stock. Because there was no public market for our common stock prior to our IPO, determining the fair value of our common stock required making complex and subjective judgments and there was inherent uncertainty in our estimate of fair value. Prior to our IPO, our general policy was to grant employee options at exercise prices equal to the fair value of the underlying common stock at the time of grant, as determined by us and our Board of Directors. To determine the fair value of our common stock, we considered many factors, including:

- our current and historical financial performance;
- our expected future financial performance;
- our financial condition at the grant date;
- the liquidation rights and other preferences of our preferred stock;
- input from management;
- the lack of marketability of our common stock;
- the anticipation or likelihood of a potential liquidity event such as a sale of the business or IPO;
- the condition of and outlook for our industry;

[Table of Contents](#)

- the business risks inherent in our business;
- the market performance of comparable publicly-traded companies; and
- the United States and global capital market conditions.

To determine the estimated fair value of our common stock at each grant date, we conducted a periodic in-depth valuation analysis of our common stock prepared with the assistance of an independent valuation firm and also considered the factors noted above. Our valuation analysis followed the guidance set forth by the American Institute of Certified Public Accountants, or AICPA, Technical Practice Aid, "Valuation of Privately-Held-Company Equity Securities Issued as Compensation," referred to herein as the AICPA Practice Aid. Based on the guidance of the AICPA Practice Aid, we utilized a combination of valuation methods including an income approach using an analysis of expected future discounted cash flows and a market approach for similar companies with publicly-traded ownership interests (market comparable method). We then weighted these two valuations to calculate an expected business enterprise value which was applied to our capital structure to determine a value per common share.

The expected future discounted cash flows analysis identifies a level of annual cash flows for a finite number of years and a residual value at the end of the projection period. A discount rate which reflects estimates of investor- required rates of return for similar investments is used to calculate the present value. The market comparable method uses valuation multiples of comparable companies which are applied to our operating statistics to arrive at a value. These two business enterprise values are then equally weighted to determine the total valuation.

To estimate the value of common shares, we used a dynamic option model to value the various components of our capital structure. These components included common shares, liquidation rights and preferences of our preferred stock, warrants and options on common shares. The total value of these securities was divided by the number of fully converted shares to provide an estimated value of common shares on a marketable, controlling interest. A discount for lack of control and lack of marketability was then applied to yield the value per common share.

Income Taxes

Income taxes are provided based on the liability method, which results in income tax assets and liabilities arising from temporary differences. Temporary differences are differences between the tax basis of assets and liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future years. The liability method requires the effect of tax rate changes on current and accumulated deferred income taxes to be reflected in the period in which the rate change was enacted. The liability method also requires that deferred tax assets be reduced by a valuation allowance unless it is more likely than not that the assets will be realized.

We may recognize the tax benefit from uncertain tax positions only if it is at least more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement with the taxing authorities. Upon our adoption of the related standard, there was no liability for uncertain tax positions due to the fact that there were no material identified tax benefits that were considered uncertain positions.

We establish valuation allowances when necessary to reduce deferred tax assets to the amounts expected to be realized. We evaluate the need for, and the adequacy of, valuation allowances based on the expected realization of our deferred tax assets. The factors used to assess the likelihood of realization include historical earnings, our latest forecast of taxable income and available tax planning strategies that could be implemented to realize the net deferred tax assets.

[Table of Contents](#)

Our effective tax rates are primarily affected by the amount of our taxable income or losses in the various taxing jurisdictions in which we operate, the amount of federal and state net operating losses and tax credits, the extent to which we can utilize these net operating loss carryforwards and tax credits and certain benefits related to stock option activity.

Recent Accounting Pronouncements

Information regarding recent accounting pronouncements is contained in Note 2 "Significant Accounting Policies" to the accompanying Consolidated Financial Statements included in Part II, Item 8, which is incorporated herein by this reference.

Key Business Metrics

In addition to monitoring traditional financial measures, we also monitor our operating performance using the following key performance indicators:

	Year Ended December 31,		
	2012	2011	2010
	(in thousands, except churn data)		
Subscribers	284	257	200
Monthly churn	9.7%	9.2%	9.5%
Connects	24,490	12,314	9,309

Subscribers. This metric represents the number of paying retail customers who are on a month-to-month subscription plan at a given period end.

Monthly churn. This metric shows the number of subscribers who canceled their subscriptions in a given month, expressed as a percentage of the average subscribers in that month. The churn in a given period is the average monthly churn in that period. This measure is one indicator of the longevity of our subscribers. Some of our customers who cancel subscriptions maintain accounts for single-use access.

Connects. This metric shows how often individuals connect to our global Wi-Fi network in a given period. The connects include retail and wholesale customers in both customer pay locations and customer free locations where we are a paid service provider or receive sponsorship or promotion fees. We count each connect as a single connect regardless of how many times that individual accesses the network at a given venue during their 24 hour period. This measure is an indicator of paid activity throughout our network.

Key Components of our Results of Operations

Revenue

Our revenue consists of retail revenue, wholesale revenue, and advertising and other revenue.

Retail subscription. We generate revenue from sales to individuals of month-to-month network access subscriptions that automatically renew, primarily through charge card transactions.

Retail single-use. We generate revenue from sales of hourly, daily or other single-use access to individuals primarily through charge card transactions.

Wholesale. We generate revenue from wholesale partners that license our software and pay usage-based monthly network access fees to allow their customers to access our global Wi-Fi network, and telecom operator partners that pay us build-out fees and access fees for our DAS networks. Usage-

[Table of Contents](#)

based network access fees may be measured in minutes, connects or megabytes, and in most cases are subject to monthly minimums. Other wholesale partners pay us monthly fees to provide a Wi-Fi infrastructure that we install, manage and operate at their venues for their customers under a service provider arrangement.

Advertising and other. We generate revenue from advertisers that seek to reach visitors to our landing pages at our managed and operated network locations with online advertising, promotional and sponsored programs and at locations where we solely provide authorized access to a partner's Wi-Fi network through sponsored access and promotional programs. In addition, we receive revenue from kiosk users and partners in certain venues where we manage and operate the Wi-Fi network.

Costs and Operating Expenses

We classify our costs and operating expenses as network access, network operations, development and technology, selling and marketing, general and administrative, and amortization of intangible assets. Network access costs consist primarily of payments to venues and network partners in our network. Other costs and operating expenses primarily consist of personnel costs, costs for contracted labor and development, marketing, legal, accounting and consulting services, and other professional service fees. Personnel costs include salaries, bonuses, stock-based compensation and employee benefits. Facilities costs and depreciation expenses are generally allocated based on headcount. Depreciation expenses associated with specifically identifiable assets are allocated to the appropriate expense categories.

Network access. Network access costs consist of revenue share payments to venue owners where our managed and operated hotspots are located, usage-based fees to our roaming network partners for access to their networks, depreciation of equipment related to network build-out projects in our managed and operated locations, and bandwidth and other Internet connectivity expenses in our managed and operated locations.

Network operations. Network operations expenses consist of costs for our customer service department and for our operations staff that designs, builds, monitors and maintains the network. Also included are expenses for our customer service provider that handles customer care inquiries and expenses for network operations contractors, equipment depreciation and software and hardware maintenance fees.

Development and technology. Development and technology expenses consist of costs for our product development and engineering departments, developers and our information systems services staff, equipment depreciation and software and hardware maintenance fees.

Selling and marketing. Selling and marketing expenses consist of costs for our business development and marketing employees and executives, travel and entertainment and marketing programs.

General and administrative. General and administrative expenses consist of costs for our executive, finance and accounting, legal and human resources personnel, as well as, legal, accounting, tax and other professional service fees. Also included are other corporate expenses such as charge card processing fees and bad debt expense.

Amortization of intangible assets. Amortization of intangible assets consists primarily of acquired network contracts.

Interest and Other Income (Expense), Net

Interest and other income (expense), net, primarily consist of interest income and expense.

Income Taxes

As a result of the utilization of our federal net operating loss carryforwards, our income taxes include only state income taxes and federal alternative minimum taxes. In 2011 and 2010, income taxes also include \$1.3 million and \$12.3 million of tax benefits associated with the release of a portion of our state and federal valuation allowances, respectively.

Non-controlling Interests

Non-controlling interests are comprised of minority holdings by third parties in our subsidiaries Concourse Communications Detroit, LLC, or CCG Detroit, and Chicago Concourse Development Group, LLC, or CCDG.

We attributed profits and losses to the non-controlling interest in CCG Detroit under the terms of the limited liability company agreement. CCG Detroit has generated losses over the last several years which has reduced the non-controlling owners capital account to zero in 2009 resulting in an allocation to the controlling interest holder of all operating losses and deficits created by fixed distributions of approximately \$121,000 to the non-controlling interest holder.

We are required to pay a portion of allocated net profits less capital expenditures of the preceding year to the non-controlling interest holders of CCDG. The limited liability company agreement for CCDG does not have a term. CCDG can be dissolved upon the unanimous agreement of the members, upon the sale of CCDG, upon declaration of bankruptcy, or upon the termination of the license agreement between CCDG and the City of Chicago.

Results of Operations

The following tables set forth our results of operations for the specified periods.

	<u>Year Ended December 31,</u>		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
	(in thousands)		
Consolidated Statements of Operations Data:			
Revenue	\$ 102,506	\$ 94,558	\$ 80,420
Costs and operating expenses:			
Network access	42,289	37,082	31,961
Network operations	14,541	15,849	13,508
Development and technology	10,772	9,433	8,475
Selling and marketing	10,255	7,409	5,985
General and administrative	12,700	11,953	10,645
Amortization of intangible assets	1,103	1,655	2,491
Total costs and operating expenses	<u>91,660</u>	<u>83,381</u>	<u>73,065</u>
Income from operations	10,846	11,177	7,355
Interest and other income (expense), net	143	(176)	(137)
Income before income taxes	10,989	11,001	7,218
Income taxes	2,965	4,064	(8,903)
Net income	8,024	6,937	16,121
Net income attributable to non-controlling interests	729	642	547
Net income attributable to Boingo Wireless, Inc.	7,295	6,295	15,574
Accretion of convertible preferred stock	—	(1,633)	(5,020)
Net income attributable to common stockholders	<u>\$ 7,295</u>	<u>\$ 4,662</u>	<u>\$ 10,554</u>
Depreciation and amortization expense included in the above line items:			
Network access	\$ 11,948	\$ 8,867	\$ 4,392
Network operations	2,844	2,444	1,747
Development and technology	1,049	873	1,024
General and administrative	117	117	348
Total	<u>\$ 15,958</u>	<u>\$ 12,301</u>	<u>\$ 7,511</u>
Stock-based compensation expense included in the above line items:			
Network operations	\$ 352	\$ 463	\$ 131
Development and technology	352	577	115
Selling and marketing	571	650	171
General and administrative	1,460	1,733	450
Total	<u>\$ 2,735</u>	<u>\$ 3,423</u>	<u>\$ 867</u>

Depreciation and amortization expense

Depreciation expense increased \$3.7 million, or 29.7%, in 2012, as compared to 2011, due to increases of \$1.8 million from DAS build-out projects, \$1.3 million from a one-time DAS build-out project and \$0.6 million of depreciation expense from operations.

Depreciation expense increased \$4.8 million, or 63.7%, in 2011, as compared to 2010, due to our significant investment in DAS build-out projects during 2011.

Stock-based compensation expense

Stock-based compensation expense decreased \$0.7 million, or 20.1%, in 2012, as compared to 2011, primarily due to reversal of \$1.1 million in stock-based compensation expense for unvested options held by employees who left the Company in 2012.

Stock-based compensation expense increased \$2.6 million, or 295%, in 2011, as compared to 2010, primarily due to options issued at \$13.50 per share.

The following table sets forth our results of operations for the specified periods as a percentage of our revenue for those periods.

	Year Ended December 31,		
	2012	2011	2010
	(as a percentage of revenue)		
Consolidated Statements of Operations Data:			
Revenue	100.0%	100.0%	100.0%
Costs and operating expenses:			
Network access	41.3	39.2	39.8
Network operations	14.2	16.8	16.8
Development and technology	10.4	10.0	10.5
Selling and marketing	10.0	7.8	7.5
General and administrative	12.4	12.6	13.2
Amortization of intangible assets	1.1	1.8	3.1
Total costs and operating expenses	89.4	88.2	90.9
Income from operations	10.6	11.8	9.1
Interest and other income (expense), net	0.1	(0.2)	(0.2)
Income before income taxes	10.7	11.6	8.9
Income taxes	2.9	4.3	(11.1)
Net income	7.8	7.3	20.0
Net income attributable to non-controlling interests	0.7	0.7	0.7
Net income attributable to Boingo Wireless, Inc.	7.1	6.6	19.3
Accretion of convertible preferred stock	—	(1.7)	(6.2)
Net income attributable to common stockholders	7.1%	4.9%	13.1%

Years ended December 31, 2012 and 2011

Revenue

	Year Ended December 31,			
	2012	2011	Change	% Change
(in thousands, except churn data and percentages)				
Revenue:				
Retail subscription	\$ 32,716	\$ 29,033	\$ 3,683	12.7
Retail single-use	13,429	16,054	(2,625)	(16.4)
Wholesale	49,495	43,707	5,788	13.2
Advertising and other	6,866	5,764	1,102	19.1
Total revenue	<u>\$ 102,506</u>	<u>\$ 94,558</u>	<u>\$ 7,948</u>	8.4
Key business metrics:				
Subscribers	284	257	27	10.5
Monthly churn	9.7%	9.2%	0.5%	5.4
Connects	24,490	12,314	12,176	98.9

Retail subscription. Retail subscription revenue increased \$3.7 million, or 12.7%, in 2012, as compared to 2011, due to a 19.8% average increase in subscribers. This increase in subscribers was partially offset by a decrease in our revenue per subscriber of 6.4% from promotional offers and the growing mix of lower-priced smartphone and tablet subscriptions compared to unlimited subscriptions.

Retail single-use. Retail single-use revenue decreased \$2.6 million, or 16.4%, in 2012, as compared to 2011, due to a 9.2% decrease in single-use connects and a 7.9% decrease in revenue per connect as more customers opted for our lower priced hourly single use access plan. The decrease in single-use connects was due primarily to the transition of certain paid managed and operated locations to a tiered or free pricing model, an increase in new customers that opted for subscriptions and increased promotional sponsorships.

Wholesale. Wholesale revenue increased \$5.8 million, or 13.2%, in 2012, as compared to 2011, due to a \$6.7 million increase from DAS build-out projects in our managed and operated locations offset by a decrease of \$0.5 million in partner usage-based fees and a decrease of \$0.4 million from DAS access and usage fees.

Advertising and other. Advertising and other revenue increased \$1.1 million, or 19.1%, in 2012, as compared to 2011, due primarily to revenues earned by Cloud 9 Wireless, Inc., which was acquired in August 2012.

Costs and Operating Expenses

	Year Ended December 31,			
	2012	2011	Change	% Change
(in thousands, except percentages)				
Costs and operating expenses:				
Network access	\$ 42,289	\$ 37,082	\$ 5,207	14.0
Network operations	14,541	15,849	(1,308)	(8.3)
Development and technology	10,772	9,433	1,339	14.2
Selling and marketing	10,255	7,409	2,846	38.4
General and administrative	12,700	11,953	747	6.2
Amortization of intangible assets	1,103	1,655	(552)	(33.4)
Total costs and operating expenses	<u>\$ 91,660</u>	<u>\$ 83,381</u>	<u>\$ 8,279</u>	9.9

Network access. Network access costs increased \$5.2 million, or 14.0%, in 2012, as compared to 2011, due primarily to increases of \$4.2 million in DAS build-out projects, \$1.3 million in a one-time DAS build-out project, \$1.3 million in revenue share paid to venues in our managed and operated locations and \$0.7 million increase in the direct costs related to the sale of equipment for venue build-outs. The increases were partially offset by a decrease of \$2.3 million from customer usage at partner venues.

Network operations. Network operations expenses decreased \$1.3 million, or 8.3%, in 2012, as compared to 2011, due to decreases of \$1.4 million in personnel related expenses \$0.3 million in consulting expenses, \$0.3 million in hardware and software maintenance expenses, and \$0.3 million in other expenses. The decreases were partially offset by increases of \$0.5 million in internet connectivity expenses, \$0.4 million in depreciation expense and \$0.1 million in break-fix expenses.

Development and technology. Development and technology expenses increased \$1.3 million, or 14.2%, in 2012, as compared to 2011, due to increases of \$0.7 million in hardware and software maintenance expenses, \$0.5 million in consulting expenses, \$0.3 million in recruiting expenses and \$0.2 million in depreciation expense. These increases were partially offset by decreases in personnel expenses of \$0.4 million inclusive of a decrease of \$0.2 million in stock-based compensation expenses.

Selling and marketing. Selling and marketing expenses increased \$2.9 million, or 38.4%, in 2012, as compared to 2011, due to increases of \$1.4 million in personnel related expenses, \$1.1 million in promotional expenses, \$0.2 million in consulting expenses and \$0.2 million in travel and entertainment expenses.

General and administrative. General and administrative expenses increased \$0.7 million, or 6.2% in 2012, as compared to 2011, due to increases of \$0.6 million in professional fees, \$0.4 million in franchise taxes, \$0.2 million in Board of Directors expenses and \$0.2 million in insurance expenses. These increases were partially offset by decreases of \$0.3 million in stock-based compensation expenses, \$0.2 million in rent and facilities and \$0.2 million in other expenses.

Amortization of intangible assets. Amortization of intangible assets expense decreased \$0.6 million, or 33.4%, in 2012, as compared to 2011, due to certain acquired assets being fully amortized during 2011. For future years, amortization expense is expected to be \$1.2 million for 2013 and 2014, \$1.1 million for 2015 and 2016, \$1.0 million for 2017 and \$5.0 million thereafter.

Interest and Other Income (Expense), Net

Interest and other income (expense), net, increased \$0.3 million, in 2012, as compared to 2011 due primarily to the increase in interest income.

Income Taxes

Income tax expense decreased \$1.1 million in 2012, as compared to 2011, primarily due to benefits from disqualifying dispositions of incentive stock options and from adjustments realized upon filing our 2011 federal income tax returns.

Our future effective tax rate depends on various factors, such as tax legislation and credits and the geographic compositions of our pre-tax income.

Non-controlling Interests

Non-controlling interests increased \$0.1 million in 2012, as compared to 2011.

Years ended December 31, 2011 and 2010**Revenue**

	Year Ended December 31,			
	2011	2010	Change	% Change
(in thousands, except churn data and percentages)				
Revenue:				
Retail subscription	\$ 29,033	\$ 23,561	\$ 5,472	23.2
Retail single-use	16,054	17,460	(1,406)	(8.1)
Wholesale	43,707	35,134	8,573	24.4
Advertising and other	5,764	4,265	1,499	35.2
Total revenue	\$ 94,558	\$ 80,420	\$ 14,138	17.6
Key business metrics:				
Subscribers	257	200	57	28.5
Monthly churn	9.2%	9.5%	(0.3)%	(3.2)
Connects	7,978	7,762	216	2.8

Retail subscription. Retail subscription revenue increased \$5.5 million, or 23.2%, in 2011, as compared to 2010, due to a 28.5% increase in subscribers. The impact of the increase in subscribers was partially offset by a decrease in our average monthly revenue per subscriber of 5.7% from the growing mix of lower-priced smartphone subscriptions compared to laptop subscriptions.

Retail single-use. Retail single-use revenue decreased \$1.4 million, or 8.1%, in 2011, as compared to 2010, due to an 11.4% decrease in single-use connects. The decrease in single-use connects was due primarily to the increase in new customers that opted for subscriptions, increased usage from wholesale partner customers that use our service on a wholesale basis rather than purchase single-use access, and from increased promotional sponsorships.

Wholesale. Wholesale revenue increased \$8.6 million, or 24.4%, in 2011, as compared to 2010, due to \$5.1 million from new DAS build-out projects in our managed and operated locations, \$1.9 million from increased usage-based fees, and \$1.6 million from DAS access and usage fees.

Advertising and other. Advertising and other revenue increased \$1.5 million, or 35.2%, in 2011, as compared to 2010, due to increases of \$0.8 million in promotional sponsorships and \$0.7 million in airport project revenue.

Costs and Operating Expenses

	Year Ended December 31,			
	2011	2010	Change	% Change
	(in thousands, except percentages)			
Costs and operating expenses:				
Network access	\$ 37,082	\$ 31,961	\$ 5,121	16.0
Network operations	15,849	13,508	2,341	17.3
Development and technology	9,433	8,475	958	11.3
Selling and marketing	7,409	5,985	1,424	23.8
General and administrative	11,953	10,645	1,308	12.3
Amortization of intangible assets	1,655	2,491	(836)	(33.6)
Total costs and operating expenses	<u>\$ 83,381</u>	<u>\$ 73,065</u>	<u>\$ 10,316</u>	14.1

Network access. Network access costs increased \$5.1 million, or 16.0%, in 2011, as compared to 2010. The change reflects increases of \$4.5 million from equipment depreciation expense from DAS build-out projects, \$3.0 million from revenue share paid to venues in our managed and operated locations, and \$0.7 million from bandwidth and other Internet connectivity expenses. The increase was partially offset by a decrease of \$3.1 million from customer usage at partner venues.

Network operations. Network operations expenses increased \$2.3 million, or 17.3%, in 2011, as compared to 2010, due to increases of \$1.3 million in personnel related expenses inclusive of \$0.3 million in stock-based compensation expenses, \$0.7 million in equipment depreciation expenses, \$0.3 million in Internet connectivity expenses, and \$0.1 million in travel and entertainment expenses. The increase was partially offset by a \$0.1 million decrease in software maintenance expenses.

Development and technology. Development and technology expenses increased \$1.0 million, or 11.3%, in 2011, as compared to 2010, due to increases of \$1.1 million in personnel related expenses inclusive of \$0.5 million in stock-based compensation expenses, and \$0.3 million in software maintenance expenses. The increase was partially offset by decreases of \$0.3 million in consulting expenses and \$0.1 million in equipment depreciation expense.

Selling and marketing. Selling and marketing expenses increased \$1.4 million, or 23.8%, in 2011, as compared to 2010, due to increases of \$1.3 million in personnel related expenses inclusive of \$0.5 million in stock-based compensation expenses, and \$0.1 million in brand marketing program expenses.

General and administrative. General and administrative expenses increased \$1.3 million, or 12.3%, in 2011, as compared to 2010, due to increases of \$1.6 million in personnel related expenses inclusive of \$1.3 million in stock-based compensation expenses, \$0.2 million in insurance expenses, \$0.1 million in credit card and bank fees and \$0.1 million in bad debt expenses. The increase was partially offset by decreases of \$0.4 million in professional fees, \$0.2 million in equipment depreciation expenses and \$0.1 million in consulting fees.

Amortization of other intangible assets. Amortization of other intangible assets expense decreased \$0.8 million, or 33.6%, in 2011, as compared to 2010, due to certain acquired assets being fully amortized during 2011.

Interest and Other Income (Expense), Net

Interest and other income (expense), net, remained essentially unchanged in 2011, as compared to 2010.

Income Taxes

Income taxes increased \$13.0 million in 2011, as compared to 2010. This increase is primarily due to the release of the valuation allowance on our federal deferred tax assets in December 2010. In December 2011 and 2010, based on current year income and our projections of future income, we concluded it was more likely than not that certain of our deferred tax assets would be realizable, resulting in \$1.3 million and \$12.3 million of tax benefits, respectively, from the release of the valuation allowance.

Non-controlling Interests

Non-controlling interests remained essentially unchanged in 2011, as compared to 2010.

Liquidity and Capital Resources

We have financed our operations primarily through cash provided by operating activities and, prior to our IPO, private placements of preferred equity securities and common stock. Our primary sources of liquidity as of December 31, 2012 consisted of \$58.1 million of cash and cash equivalents and \$41.6 million of marketable securities.

Our principal uses of liquidity have been to fund our operations, working capital requirements, capital expenditures and acquisitions. We expect that these requirements will be our principal needs for liquidity over the near term. Our capital expenditures in 2012 were \$18.0 million, of which \$14.4 million was reimbursed through revenue for DAS build-out projects from our telecom operator customers.

We believe that our existing cash and cash equivalents, working capital and our cash flow from operations will be sufficient to fund our operations, planned capital expenditures and potential acquisitions for at least the next 12 months. There can be no assurance, however, that future industry-specific or other developments, general economic trends, or other matters will not adversely affect our operations or our ability to meet our future cash requirements. Our future capital requirements will depend on many factors including our rate of revenue growth, the timing and size of our managed and operated location expansion efforts, the timing and extent of spending to support product development efforts, the timing of introductions of new solutions and enhancements to existing solutions and the continuing market acceptance of our solutions. We may enter into acquisitions of complementary businesses, applications or technologies which could require us to seek additional equity or debt financing. Additional funds may not be available on terms favorable to us, or at all.

The following table sets forth cash flow data for the periods indicated therein:

	Year Ended December 31,		
	2012	2011	2010
	(in thousands)		
Net cash provided by operating activities	\$ 24,596	\$ 29,529	\$ 24,160
Net cash used in investing activities	(62,468)	(7,335)	(19,934)
Net cash provided by (used in) financing activities	2,077	46,018	(1,134)
Net (decrease) increase in cash and cash equivalents	\$ (35,795)	\$ 68,212	\$ 3,092

Net Cash Provided by Operating Activities

In 2012, we generated \$24.6 million in cash from operating activities, a decrease of \$4.9 million from 2011, which was primarily due to a \$4.5 million increase in accounts receivable and other assets, a \$2.2 million decrease in deferred revenues, a \$1.5 million decrease in accounts payable and accrued expenses and a \$1.8 million decrease in deferred taxes. These changes were offset by \$1.8 million in

[Table of Contents](#)

excess tax benefits from stock-based compensation, a \$2.2 million increase in non-cash charges for depreciation, amortization and stock compensation and a \$1.1 million increase in net income.

In 2011, we generated \$29.5 million of net cash from operating activities, an increase of \$5.4 million from 2010, which was primarily due to a \$13.2 million increase in deferred taxes, a \$4.1 million decrease in accounts receivable and other assets and a \$6.6 million increase in non-cash charges for depreciation, amortization and stock compensation. These changes were offset by a \$9.2 million decrease in net income, a \$6.8 million decrease in deferred revenues and a \$2.5 million decrease in accounts payable and accrued expenses.

In 2010, we generated \$24.2 million of net cash from operating activities, an increase of \$9.6 million from 2009, which was primarily due to a \$15.0 million increase in net income, a \$6.9 million increase in deferred revenue and a \$2.8 million increase in accounts payable and accrued expenses. These changes were offset by a \$10.7 million decrease in deferred taxes, a \$4.0 million increase in accounts receivable and other assets and a \$0.4 million decrease in non-cash charges for depreciation, amortization and compensation.

Net Cash Used in Investing Activities

In 2012, we used \$62.5 million in investing activities. Our investing activities in 2012 included net purchases of \$41.6 million of marketable securities, \$18.0 million of purchases of property and equipment primarily related to DAS build-out projects in our managed and operated locations, net payment of \$3.2 million for acquired assets and \$0.1 million of payments for patents, trademarks and domain. These uses of cash were partially offset by a \$0.4 million decrease in restricted cash.

In 2011, we used \$7.3 million in investing activities. Investing activities consisted of purchases of \$16.9 million of property and equipment primarily related to DAS build-out projects in our managed and operated locations, \$0.2 million of payments related to acquisitions and \$0.1 million of payments for patents, trademarks and domain. These uses of cash were partially offset by \$9.4 million in sales of marketable securities, and a \$0.5 million decrease in restricted cash.

In 2010, we used \$19.9 million in investing activities. Investing activities consisted of purchases of \$11.3 million of property and equipment primarily related to DAS build-outs in our managed and operated locations, \$9.4 million in purchases of marketable securities and \$0.2 million of payments related to acquisitions. These uses of cash were partially offset by the decrease in restricted cash of \$1.0 million.

Net Cash Provided by (Used in) Financing Activities

In 2012, we generated \$2.0 million in financing activities. This was primarily due to \$2.6 million in proceeds from the exercise of stock options and \$0.4 million of excess tax benefits from stock-based compensation, partially offset by payments to non-controlling interests of \$0.7 million and payments of capital leases of \$0.2 million.

In 2011, we generated \$46.0 million in financing activities, an increase of \$47.2 million from the net use of cash in the 2010. Cash provided by financing activities was primarily due to the proceeds from our IPO.

In 2010, we used \$1.1 million in financing activities. Cash used in financing activities was primarily due to payments for capital leases of \$0.7 million and payments to non-controlling interests of \$0.4 million.

Transactions with Related Parties

Under our Audit Committee charter, our Audit Committee is responsible for reviewing and approving all related party transactions on a quarterly basis. In addition, our Board of Directors determines annually whether any related party relationships exist among the directors which would interfere with the judgment of individual directors in carrying out his responsibilities as director.

Contractual Obligations and Commitments

The following table sets forth our contractual obligations and commitments as of December 31, 2012:

	Payments Due By Period				
	Total	Less than 1 Year	2 - 3 Years (in thousands)	4 - 5 Years	More than 5 Years
Venue revenue share minimums(1)	\$ 43,965	\$ 6,316	\$ 8,874	\$ 7,366	\$ 21,409
Operating leases for office space(2)	5,686	1,093	2,179	2,221	193
Capital leases for equipment and software(3)	178	42	84	52	—
Total	\$ 49,829	\$ 7,451	\$ 11,137	\$ 9,639	\$ 21,602

- (1) Payments under exclusive long-term, non-cancellable contracts to provide wireless communications network access to venues such as airports. Expense is recorded on a straight-line basis over the term of the lease.
- (2) Office space under non-cancellable operating leases.
- (3) Leased equipment, primarily for data communication and database software, under non-cancellable capital leases.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet financing arrangements and we do not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market risk represents the potential loss arising from adverse changes in the value of financial instruments. The risk of loss is assessed based on the likelihood of adverse changes in fair values, cash flows or future earnings.

We have established guidelines relative to the diversification and maturities of investments to maintain safety and liquidity. These guidelines are reviewed periodically and may be modified depending on market conditions. Although investments may be subject to credit risk, our investment policy specifies credit quality standards for our investments and limits the amount of credit exposure from any single issue, issuer or type of investment. At December 31, 2012, our market risk sensitive instruments consisted of marketable securities available-for-sale, which are comprised of highly rated short-term corporate bonds.

Marketable securities available-for-sale are carried at fair value and are intended for use in meeting our ongoing liquidity needs. Unrealized gains and losses on available-for-sale securities, which are deemed to be temporary, are reported as a separate component of stockholders' equity, net of tax. The cost of debt securities is adjusted for amortization of premiums and accretion of discounts to

[Table of Contents](#)

maturity. The amortization, along with realized gains and losses is included in interest and other income (expense), net.

Item 8. Financial Statements and Supplementary Data

The information required by this Item is included in Part IV, Items 15(a)1 and (2) of this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures.

The Company maintains a system of disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934, as amended, or the Exchange Act, is processed, recorded, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. These disclosure controls and procedures include, among other processes, controls and procedures designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer, respectively), as appropriate, to allow for timely decisions regarding required disclosure.

The Company carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2012 pursuant to Exchange Act Rule 13a-15. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures, as defined in Exchange Act Rule 13a-15(e) and 15d-15(e), were effective as of the end of the period covered by this Annual Report.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting at the Company. Our internal control over financial reporting is a process designed under the supervision of our Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external reporting purposes in accordance with GAAP. A company's internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and the directors of the company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

[Table of Contents](#)

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of management, including the certifying officers, the Company conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of December 31, 2012 based on the framework in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Management's assessment included an evaluation of the design of the Company's internal control over financial reporting and testing of the operational effectiveness of its internal control over financial reporting.

Based on this assessment, management determined that, as of December 31, 2012, the Company maintained effective internal control over financial reporting. The registered public accounting firm that audited the consolidated financial statements included in this Annual Report has also issued an audit report on the Company's internal control over financial reporting. The Report of Independent Registered Public Accounting Firm is filed with this Annual Report on Form 10-K in a separate section following Part IV, as shown on the index under Item 15 of this Annual Report.

Remediation of Previously Disclosed Material Weakness

Management previously reported a material weakness in our internal control over financial reporting with respect to controls that provide reasonable assurance that the accounting for income taxes and related disclosures were prepared in accordance with GAAP.

The Company made the following changes to its internal control over financial reporting to remediate the previously reported material weakness:

- The Company re-evaluated the design of income tax accounting processes and controls and implemented new and improved processes and controls, accordingly;
- The Company retained an experienced professional accounting firm to assist with the income tax provision and to provide a detailed review of the tax implications of complex transactions; and
- The Company hired additional personnel with tax knowledge and experience to provide a detailed assessment of the calculation and supporting details of the accounts, to strengthen the internal review process and to assist in the implementation and management of improved processes and controls.

The Company has completed the documentation and testing of the corrective actions described above and, as of December 31, 2012, has concluded that the remediation activities discussed are sufficient to allow us to conclude that the previously disclosed material weakness related to the accounting for income taxes and related disclosures no longer exists as of December 31, 2012.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting (as defined by Exchange Act Rule 13a-15(f) and 15d-15(f)) that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting during the quarter ended December 31, 2012.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by Item 10 will be included in the Company's definitive Proxy Statement under the captions "Board of Directors and Corporate Governance," "Executive Officers" and "Section 16(a) Beneficial Ownership Reporting Compliance," to be filed with the Commission within 120 days after the end of fiscal year 2012 pursuant to Regulation 14A, which information is incorporated herein by this reference.

Item 11. Executive Compensation

The Company maintains employee benefit plans and programs in which its executive officers are participants. Copies of certain of these plans and programs are set forth or incorporated by reference as Exhibits to this report. Information required by Item 11 will be included in the Company's definitive Proxy Statement under the captions "Compensation of Executive Officers and Directors," "Compensation Discussion and Analysis," "Report of the Compensation and Management Succession Committee" and "Board of Directors and Corporate Governance," to be filed with the Commission within 120 days after the end of fiscal year 2012 pursuant to Regulation 14A, which information is incorporated herein by this reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by Item 12 will be included in the Company's definitive Proxy Statement under the caption "Beneficial Ownership of the Company's Securities," to be filed with the Commission within 120 days after the end of fiscal year 2012 pursuant to Regulation 14A, which information is incorporated herein by this reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by Item 13 of Form 10-K regarding transactions with related persons, promoters and certain control persons, if any, will be included in the Company's definitive Proxy Statement under the caption "Certain Relationships and Related Transactions" to be filed with the Commission within 120 days after the end of fiscal year 2012 pursuant to Regulation 14A, which information is incorporated herein by this reference. The information required by Item 13 of Form 10-K regarding director independence will be included in the Company's definitive Proxy Statement under the caption "Information Regarding the Board of Directors and its Committees—Independence of the Board of Directors," to be filed with the Commission within 120 days after the end of fiscal year 2012 pursuant to Regulation 14A, which information is incorporated herein by this reference.

Item 14. Principal Accounting Fees and Services.

The information required by Item 14 will be included in the Company's definitive Proxy Statement under the caption "Independent Registered Public Accounting Firm Fees" and "Pre-Approval Policies and Procedures" to be filed with the Commission within 120 days after the end of fiscal year 2012 pursuant to Regulation 14A, which information is incorporated herein by this reference.

PART IV

Item 15. Exhibits

(a) The following documents are filed as part of, or incorporated by reference into, this Annual Report on Form 10-K:

(1)(2) *Financial Statements*. The following consolidated financial statements of Boingo Wireless, Inc., and Report of Independent Registered Public Accounting Firm are included in a separate section of this Annual Report on Form 10-K beginning on page F-1. The Exhibits begin on page F-37.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	<u>Page</u>
Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets	F-3
Consolidated Statements of Operations	F-4
Consolidated Statements of Convertible Preferred Stock and Stockholders' Equity (Deficit)	F-5
Consolidated Statements of Cash Flows	F-6
Notes to the Consolidated Financial Statements	F-7

All schedules are omitted because they are not applicable or the required information is shown in the Company's consolidated financial statements or the related notes thereto.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Boingo Wireless, Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of convertible preferred stock and stockholders' equity (deficit) and of cash flows present fairly, in all material respects, the financial position of Boingo Wireless, Inc. and its subsidiaries at December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2012 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our audits (which was an integrated audit in 2012). We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
Los Angeles, California
March 18, 2013

Boingo Wireless, Inc.
Consolidated Balance Sheets

(In thousands, except per share amounts)

	December 31, 2012	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 58,138	\$ 93,933
Restricted cash	30	465
Marketable securities	41,558	—
Accounts receivable, net of allowances of \$179 and \$177 in 2012 and 2011, respectively	10,977	7,382
Prepaid expenses and other current assets	2,072	1,103
Deferred tax assets	1,204	2,366
Total current assets	113,979	105,249
Property and equipment, net	42,411	39,717
Goodwill	26,744	25,512
Intangible assets, net	10,594	9,846
Deferred tax assets	4,256	4,083
Other assets	4,548	4,513
Total assets	\$ 202,532	\$ 188,920
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 4,990	\$ 4,573
Accrued expenses and other liabilities	10,977	12,759
Deferred revenue	17,329	13,575
Current portion of capital leases	42	205
Total current liabilities	33,338	31,112
Deferred revenue, net of current portion	24,123	27,754
Long-term portion of capital leases	136	197
Other liabilities	436	778
Total liabilities	58,033	59,841
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Preferred stock, \$0.0001 par value, 5,000 shares authorized, no shares issued and outstanding	—	—
Common stock, \$0.0001 par value; 100,000 shares authorized, 35,483 and 33,584 shares issued and outstanding for 2012 and 2011, respectively	4	3
Additional paid-in capital	178,219	170,721
Accumulated deficit	(34,547)	(41,842)
Total common stockholders' equity	143,676	128,882
Non-controlling interests	823	197
Total stockholders' equity	144,499	129,079
Total liabilities and stockholders' equity	\$ 202,532	\$ 188,920

The accompanying notes are an integral part of these consolidated financial statements.

Boingo Wireless, Inc.**Consolidated Statements of Operations****(In thousands, except per share amounts)**

	For the Years Ended December 31,		
	2012	2011	2010
Revenue	\$ 102,506	\$ 94,558	\$ 80,420
Costs and operating expenses:			
Network access	42,289	37,082	31,961
Network operations	14,541	15,849	13,508
Development and technology	10,772	9,433	8,475
Selling and marketing	10,255	7,409	5,985
General and administrative	12,700	11,953	10,645
Amortization of intangible assets	1,103	1,655	2,491
Total costs and operating expenses	91,660	83,381	73,065
Income from operations	10,846	11,177	7,355
Interest and other income (expense), net	143	(176)	(137)
Income before income taxes	10,989	11,001	7,218
Income taxes	2,965	4,064	(8,903)
Net income	8,024	6,937	16,121
Net income attributable to non-controlling interests	729	642	547
Net income attributable to Boingo Wireless, Inc.	7,295	6,295	15,574
Accretion of convertible preferred stock	—	(1,633)	(5,020)
Net income attributable to common stockholders	\$ 7,295	\$ 4,662	\$ 10,554
Net income per share attributable to common stockholders:			
Basic	\$ 0.21	\$ 0.19	\$ 1.81
Diluted	\$ 0.20	\$ 0.17	\$ 0.49
Weighted average shares used in computing net income per share attributable to common stockholders:			
Basic	34,774	24,014	5,834
Diluted	37,317	27,481	31,899

The accompanying notes are an integral part of these consolidated financial statements.

Boingo Wireless, Inc.
Consolidated Statements of Convertible Preferred Stock and Stockholders' Equity (Deficit)
(In thousands)

	Convertible Preferred Stock								Total Convertible Preferred Stock	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Treasury Stock	Note Receivable from Stockholder	Accumulated Deficit	Non- controlling Interest	Total Stockholders' Equity (Deficit)
	Series A		Series A-2		Series B		Series C										
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount									
Balance at December 31 2009	5,053	\$ 21,505	1,105	\$ 6,631	3,433	\$ 13,433	10,983	\$ 76,380	\$ 117,949	5,833	\$ —	\$ —	(4,575)	(103)	(57,927)	\$ 197	\$ (62,408)
Issuance of common stock upon exercise of stock options	—	—	—	—	—	—	—	—	—	2	—	2	—	—	—	—	2
Stock-based compensatic expense	—	—	—	—	—	—	—	—	—	—	—	867	—	—	—	—	867
Accretion of convertible preferred stock	—	758	—	237	—	515	—	3,510	5,020	—	—	(869)	—	—	(4,151)	—	(5,020)
Non-controlling interest distribution:	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(547)	(547)
Net income	—	—	—	—	—	—	—	—	—	—	—	—	—	—	15,574	547	16,121
Balance at December 31 2010	5,053	22,263	1,105	6,868	3,433	13,948	10,983	79,890	122,969	5,835	—	—	(4,575)	(103)	(46,504)	197	(50,985)
Accretion of convertible preferred stock	—	258	—	82	—	176	—	1,117	1,633	—	—	—	—	—	(1,633)	—	(1,633)
Issuance of common stock upon conversion of preferred stock	(5,053)	(22,521)	(1,105)	(6,950)	(3,433)	(14,124)	(10,983)	(81,007)	(124,602)	22,846	2	124,600	—	—	—	—	124,602
Issuance of common stock upon initial public offering	—	—	—	—	—	—	—	—	—	3,847	1	48,296	—	—	—	—	48,297
Issuance of common stock upon exercise and conversion of preferred stock warrants	—	—	—	—	—	—	—	—	—	20	—	272	—	—	—	—	272
Issuance of common stock upon exercise of common stock warrants	—	—	—	—	—	—	—	—	—	21	—	—	—	—	—	—	—
Issuance of common stock upon exercise of stock options	—	—	—	—	—	—	—	—	—	1,015	—	1,028	—	—	—	—	1,028
Offering costs	—	—	—	—	—	—	—	—	—	—	—	(2,596)	—	—	—	—	(2,596)
Stock-based compensatic expense	—	—	—	—	—	—	—	—	—	—	—	3,450	—	—	—	—	3,450
Retirement of treasury stock	—	—	—	—	—	—	—	—	—	—	—	(4,575)	4,575	—	—	—	—
Forgiveness of note receivable from stockholder	—	—	—	—	—	—	—	—	—	—	—	—	—	103	—	—	103
Excess tax benefits from stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	246	—	—	—	—	246
Non-controlling interest distribution:	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(642)	(642)
Net income	—	—	—	—	—	—	—	—	—	—	—	—	—	—	6,295	642	6,937

Balance at December 31 2011	—	—	—	—	—	—	—	—	—	33,584	3	\$ 170,721	—	—	(41,842)	197	129,079						
Issuance of common stock upon exercise of stock options	—	—	—	—	—	—	—	—	—	1,899	1	2,573	—	—	—	—	2,574						
Stock-based compensatic expense	—	—	—	—	—	—	—	—	—	—	—	2,735	—	—	—	—	2,735						
Excess tax benefits from stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	2,190	—	—	—	—	2,190						
Non-controlling interest distribution:	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(103)	(103)						
Net income	—	—	—	—	—	—	—	—	—	—	—	—	—	—	7,295	729	8,024						
Balance at December 31 2012	<u>—</u>	<u>\$</u>	<u>—</u>	<u>\$</u>	<u>—</u>	<u>\$</u>	<u>—</u>	<u>\$</u>	<u>—</u>	<u>—</u>	<u>\$</u>	<u>35,483</u>	<u>\$</u>	<u>4</u>	<u>\$ 178,219</u>	<u>\$</u>	<u>—</u>	<u>\$</u>	<u>(34,547)</u>	<u>\$</u>	<u>823</u>	<u>\$</u>	<u>144,499</u>

The accompanying notes are an integral part of these consolidated financial statements.

Boingo Wireless, Inc.
Consolidated Statements of Cash Flows
(In thousands)

	For the Years Ended		
	December 31,		
	2012	2011	2010
Cash flows from operating activities			
Net income	\$ 8,024	\$ 6,937	\$ 16,121
Adjustments to reconcile net income including non-controlling interests to net cash provided by operating activities:			
Depreciation and amortization of property and equipment	15,958	12,301	7,511
Amortization of intangible assets	1,103	1,655	2,491
Stock-based compensation expense	2,735	3,450	867
Forgiveness on note receivable from stockholder	—	103	—
Excess tax benefits from stock-based compensation	1,818	—	—
Change in fair value of preferred stock warrants	—	132	68
Change in deferred taxes	989	2,828	(10,401)
Changes in operating assets and liabilities, net of effect of acquisition:			
Accounts receivable	(3,011)	564	(2,006)
Prepaid expenses and other assets	(347)	527	(1,034)
Accounts payable	(290)	(1,236)	1,686
Accrued expenses and other liabilities	(2,506)	(83)	(382)
Deferred revenue	123	2,351	9,239
Net cash provided by operating activities	<u>24,596</u>	<u>29,529</u>	<u>24,160</u>
Cash flows from investing activities			
Decrease in restricted cash	435	536	966
Purchases of marketable securities	(70,185)	—	(9,373)
Proceeds from sales of marketable securities	28,627	9,373	—
Purchases of property and equipment	(18,000)	(16,917)	(11,256)
Payments for patents, trademarks and domain	(146)	(156)	—
Payments for business acquisition, net of cash acquired	(3,185)	—	—
Contractual payments related to business acquisition	(14)	(171)	(271)
Net cash used in investing activities	<u>(62,468)</u>	<u>(7,335)</u>	<u>(19,934)</u>
Cash flows from financing activities			
Proceeds from issuance of common stock upon initial public offering	—	48,297	—
Offering costs	—	(2,586)	—
Proceeds from exercise of stock options	2,573	1,028	2
Excess tax benefits from stock-based compensation	372	246	—
Payments of capital leases	(190)	(420)	(738)
Payments to non-controlling interests	(678)	(547)	(398)
Net cash provided by (used in) financing activities	<u>2,077</u>	<u>46,018</u>	<u>(1,134)</u>
Net (decrease) increase in cash and cash equivalents	<u>(35,795)</u>	<u>68,212</u>	<u>3,092</u>
Cash and cash equivalents at beginning of year	93,933	25,721	22,629
Cash and cash equivalents at end of year	<u>\$ 58,138</u>	<u>\$ 93,933</u>	<u>\$ 25,721</u>
Supplemental disclosure of cash flow information			
Cash paid for interest	\$ 11	\$ 11	\$ 30
Cash paid for taxes	737	1,357	1,030
Supplemental disclosure of non-cash investing and financing activities			
Conversion of convertible preferred stock into common stock	—	124,602	—
Retirement of treasury stock	—	4,575	—
Property and equipment and software maintenance costs in accounts payable, accrued expenses and other liabilities	2,607	1,995	3,319
Accretion of convertible preferred stock	—	1,633	5,020
Exercise and conversion of preferred stock warrants into common stock	—	272	—
Acquisition of software, equipment and software maintenance services under capital leases	—	402	73
Offering costs related to stock options issued to non-employee consultant	—	27	—
Contractual payments related to business acquisition in accrued expenses and other liabilities	—	14	47
Offering costs in accounts payable, accrued expenses and other liabilities	—	10	—

The accompanying notes are an integral part of these consolidated financial statements.

Boingo Wireless, Inc.

Notes to the Consolidated Financial Statements

(In thousands, except shares and per share amounts)

1. The business

Boingo Wireless, Inc. and its subsidiaries (collectively "we," "us," "our" or "the Company") is a leading global provider of mobile Wi-Fi Internet solutions. Our solutions enable individuals to access our extensive global Wi-Fi network with devices such as smartphones, laptops and tablet computers. Boingo Wireless, Inc. was incorporated in April 16, 2001 in the State of Delaware. We have direct customer sponsorships with users who have purchased our mobile Internet services, and we provide solutions to our partners which include telecom operators, cable companies, technology companies, enterprise software and services companies, and communications companies to allow their millions of users to connect to the mobile Internet through hotspots in our network.

Initial public offering

On May 3, 2011, our registration statement registering 3,846,800 shares of common stock offered by us and 1,923,200 shares offered by certain selling stockholders was declared effective by the United States Securities and Exchange Commission, and the shares began trading on the NASDAQ Global Market on May 4, 2011 under the symbol "WIFI." The proceeds from the sale of these shares are used primarily for working capital and other general corporate purposes. As a result of the initial public offering ("IPO"), we raised a total of approximately \$45,701 in net proceeds after deducting underwriting discounts and commissions of approximately \$3,635 and offering expenses of approximately \$2,596. In connection with the IPO, all of the shares of our convertible preferred stock were converted into 22,845,764 shares of common stock and all of the warrants to purchase preferred stock were exercised and converted into 20,172 shares of common stock through net-share settlement.

Reverse stock split

On April 7, 2011, our board of directors approved a 5 for 1 reverse stock split of our outstanding common stock which was effected on May 3, 2011. Fractional shares were settled in cash totaling approximately \$1 for common and preferred stockholders. No fractional shares were settled for option holders, and they were rounded down as a result of the reverse stock split. Shares of common stock underlying outstanding stock options and warrants and shares of our preferred stock and warrants were proportionately reduced and the respective exercise prices were proportionately increased in accordance with the terms of the agreements governing such securities. Shares of common stock reserved for issuance upon the conversion of our convertible preferred stock were proportionately reduced and the respective conversion prices were proportionately increased. All references to shares in the accompanying consolidated financial statements and the notes thereto, including but not limited to the number of shares and per share amounts, unless otherwise noted, have been adjusted to reflect the reverse stock split retroactively. Previously awarded options and warrants to purchase shares of our common and preferred stock have also been retroactively adjusted to reflect the reverse stock split.

2. Summary of significant accounting policies

Basis of presentation and consolidation

Our consolidated financial statements for the years ended December 31, 2012, 2011 and 2010 have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Boingo Wireless, Inc.

Notes to the Consolidated Financial Statements (Continued)

(In thousands, except shares and per share amounts)

2. Summary of significant accounting policies (Continued)

The accompanying consolidated financial statements include our accounts and our majority owned subsidiaries. We consolidate our 70% ownership of Concourse Communications Detroit, LLC and our 70% ownership of Chicago Concourse Development Group, LLC in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 810, *Consolidation*. Other parties' interests in consolidated entities are reported as non-controlling interests. The results of operations for the acquisition of companies accounted for under the purchase method have been included in the accompanying consolidated statements of operations beginning on the closing date of the acquisition. All intercompany balances and transactions have been eliminated in consolidation.

Use of estimates

The preparation of accompanying consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the accompanying consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Assets and liabilities which are subject to significant judgment and the use of estimates include the allowance for doubtful accounts, recoverability of goodwill and long-lived assets, valuation allowances with respect to deferred tax assets, useful lives associated with property and equipment, valuation and useful lives of and intangible assets, and the valuation and assumptions underlying stock-based compensation and other equity instruments. On an ongoing basis, we evaluate our estimates compared to historical experience and trends, which form the basis for making judgments about the carrying value of assets and liabilities. In addition, prior to our IPO, we regularly engaged the assistance of valuation specialists in determining fair value measurements in connection with stock-based compensation and other equity instruments.

Reclassifications

We reclassified \$335 from other assets to intangible assets in the consolidated balance sheet as of December 31, 2011 to conform to the current year presentation. The reclassification had no impact on net income or stockholders' equity.

Concentrations of credit risk

Financial instruments that potentially subject us to significant concentrations of credit risk consist primarily of cash and cash equivalents, restricted cash, marketable securities and accounts receivable. We maintain our cash and cash equivalents, restricted cash and marketable securities with institutions with high credit ratings. We extend credit based upon the evaluation of the customer's financial condition and generally collateral is not required. We maintain an allowance for doubtful accounts based upon expected collectability of accounts receivable. We primarily estimate our allowance for doubtful accounts based on a specific review of significant outstanding accounts receivable. For the year ended December 31, 2012, two groups of affiliated entities accounted for 31% of total revenue. For the year ended December 31, 2011, one group of affiliated entities accounted for 18% of total revenue. At December 31, 2012, three groups of affiliated entities accounted for 26%, 16% and 10% of the total accounts receivable, respectively. At December 31, 2011, one group of affiliated entities and two customers accounted for 23%, 17% and 12% of the total accounts receivable, respectively.

Boingo Wireless, Inc.

Notes to the Consolidated Financial Statements (Continued)

(In thousands, except shares and per share amounts)

2. Summary of significant accounting policies (Continued)

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments that are readily convertible into known amounts of cash with original maturities of three months or less when acquired. At December 31, 2012, cash equivalents consisted of money market funds and marketable securities with original maturities of three months or less. At December 31, 2011, cash equivalents consisted of money market funds.

Marketable securities

Our marketable securities consist of available-for-sale securities with original maturities exceeding three months. In accordance with FASB ASC 320, *Investments—Debt and Equity Securities*, we have classified securities, which have readily determinable fair values and are highly liquid, as short-term because such securities are expected to be realized within a one-year period. At December 31, 2012 and 2011, we had \$41,558 and \$0, respectively, in short-term marketable securities and no long-term marketable securities.

Marketable securities are reported at fair value with the related unrealized gains and losses reported as other comprehensive income (loss) until realized or until a determination is made that an other-than-temporary decline in market value has occurred. No significant unrealized gains and losses have been reported during the years presented. Factors considered by us in assessing whether an other-than-temporary impairment has occurred include the nature of the investment, whether the decline in fair value is attributable to specific adverse conditions affecting the investment, the financial condition of the investee, the severity and the duration of the impairment and whether we have the ability to hold the investment to maturity. When it is determined that an other-than-temporary impairment has occurred, the investment is written down to its market value at the end of the period in which it is determined that an other-than-temporary decline has occurred. The cost of marketable securities sold is based upon the specific identification method. Any realized gains or losses on the sale of investments are reflected as a component of interest and other income (expense), net.

For the years ended December 31, 2012, 2011 and 2010, we had no significant realized or unrealized gains or losses from investments in marketable securities classified as available-for-sale.

Restricted cash

Restricted cash consists of letters of credit with our landlords or municipalities for which we have operating agreements. Letters of credit are supported by cash deposits made by us and invested into bank certificates of deposit. At December 31, 2012 and 2011, we had \$30 and \$465 classified as short-term restricted cash, respectively. At December 31, 2012 and 2011, we had no restricted cash classified as long-term.

Fair value of financial instruments

Fair value is defined as the price that would be received from selling an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, we consider the principal or most advantageous market in which it would transact, and we consider assumptions that market participants would use when pricing the asset or liability.

Boingo Wireless, Inc.

Notes to the Consolidated Financial Statements (Continued)

(In thousands, except shares and per share amounts)

2. Summary of significant accounting policies (Continued)

The accounting guidance for fair value measurement also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The fair value hierarchy is as follows:

- Level 1—Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2—Quoted prices for identical assets and liabilities in markets that are not active, quoted prices for similar assets and liabilities in active markets or financial instruments for which significant inputs are observable, either directly or indirectly.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The carrying amount reflected in the accompanying consolidated balance sheets for cash and cash equivalents, restricted cash, marketable securities, accounts receivable, prepaid expenses and other current assets, accounts payable, accrued expenses and other liabilities approximates fair value due to the short-term nature of these financial instruments.

Business combinations

The results of businesses acquired in a business combination are included in the Company's consolidated financial statements from the date of the acquisition. Purchase accounting results in assets and liabilities of an acquired business being recorded at their estimated fair values on the acquisition date. Any excess consideration over the fair value of assets acquired and liabilities assumed is recognized as goodwill.

The Company performs valuations of assets acquired and liabilities assumed for an acquisition and allocates the purchase price to its respective net tangible and intangible assets. Determining the fair value of assets acquired and liabilities assumed requires management to use significant judgment and estimates including the selection of valuation methodologies, estimates of future revenues and cash flows, discount rates and selection of comparable companies. The Company engages the assistance of valuation specialists in concluding on fair value measurements in connection with fair values of assets and liabilities assumed in a business combination.

Transaction costs associated with business combinations are expensed as incurred, and are included in general and administrative expenses in the consolidated statements of operations. Transaction costs were \$50 for the year ended December 31, 2012. There were no transaction costs for the year ended December 31, 2011.

Property and equipment

Property and equipment are stated at historical cost, less accumulated depreciation and amortization. Additions and improvements are capitalized while routine repairs and maintenance are

Boingo Wireless, Inc.**Notes to the Consolidated Financial Statements (Continued)****(In thousands, except shares and per share amounts)****2. Summary of significant accounting policies (Continued)**

charged to expense when incurred. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets as follows:

Computer equipment	2 to 5 years
Software	2 to 5 years
Office equipment	3 to 5 years
Leasehold improvements	The shorter of the estimated useful life or the remaining term of the agreements, generally ranging from 3 to 15 years

Leasehold improvements are principally comprised of network equipment located at various managed and operated locations, primarily airports, under exclusive, long-term, non-cancellable contracts to provide wireless communication network access.

Equipment and software under capital lease

We lease certain data communications equipment, other equipment and software under capital lease agreements. The assets and liabilities under capital lease are recorded at the lesser of the present value of aggregate future minimum lease payments, including estimated bargain purchase options, or the fair value of the asset under lease. Assets under capital lease are depreciated using the straight-line method over the estimated useful lives of the assets.

Software development costs

We capitalize costs associated with software developed or obtained for internal use when the preliminary project stage is completed and it is determined that the software will provide significantly enhanced capabilities and modifications. These capitalized costs are included in property and equipment and include external direct cost of services procured in developing or obtaining internal-use software and personnel and related expenses for employees who are directly associated with, and who devote time to internal-use software projects. Capitalization of these costs ceases once the project is substantially complete and the software is ready for its intended purpose, and once the software is ready for its intended use, the costs are amortized over the useful life of the software. Post-configuration training and maintenance costs are expensed as incurred.

Long-lived assets

Intangible assets consist of acquired venue contracts, technology, advertiser relationships and trade names. We record intangible assets at fair value and amortize these finite-lived assets over the shorter of the contractual life or the estimated useful life on a straight-line basis. We estimate the useful lives of acquired intangible assets based on factors that include the planned use of each acquired intangible asset, the expected pattern of future cash flows to be derived from each acquired intangible asset and contractual periods specified in the related agreements. As such, we account for each of the venue contracts individually. We include amortization of acquired intangibles in amortization of intangible assets in the accompanying consolidated statements of operations.

Boingo Wireless, Inc.

Notes to the Consolidated Financial Statements (Continued)

(In thousands, except shares and per share amounts)

2. Summary of significant accounting policies (Continued)

We perform an impairment review of long-lived assets held and used whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors we consider important that could trigger an impairment review include, but are not limited to: significant under-performance relative to projected future operating results, significant changes in the manner of our use of the acquired assets or our overall business and product strategies and significant industry or economic trends. When we determine that the carrying value of a long-lived asset may not be recoverable based upon the existence of one or more of these indicators, we determine the recoverability by comparing the carrying amount of the asset to net future undiscounted cash flows that the asset is expected to generate or other indices of fair value. We would then recognize an impairment charge equal to the amount by which the carrying amount exceeds the fair market value of the asset.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in connection with the acquisition of Concourse Communication Group, LLC in June 2006 and the acquisition of Cloud 9 Wireless, Inc. ("Cloud 9") in August 2012.

We test goodwill for impairment in accordance with guidance provided by FASB ASC 350, *Intangibles—Goodwill and Other* ("ASC 350"). Goodwill is tested for impairment at least annually at the reporting unit level or whenever events or changes in circumstances indicate that goodwill might be impaired. Events or changes in circumstances which could trigger an impairment review include a significant adverse change in legal factors or in the business climate, an adverse action or assessment by a regulator, unanticipated competition, a loss of key personnel, significant changes in the manner of our use of the acquired assets or the strategy for our overall business, significant negative industry or economic trends, or significant underperformance relative to expected historical or projected future results of operations. We perform our impairment test annually on December 31st.

In September 2011, the FASB issued revised guidance to simplify how entities test goodwill for impairment. Under the revised guidance, entities have the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test described in FASB ASC 350. If, after assessing qualitative factors, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. If deemed necessary, a two-step test is used to identify the potential impairment and to measure the amount of goodwill impairment, if any. The first step is to compare the fair value of the reporting unit with its carrying amount, including goodwill. If the fair value of the reporting unit exceeds its carrying amount, goodwill is considered not impaired; otherwise, there is an indication that goodwill may be impaired and the amount of the loss, if any, is measured by performing step two. Under step two, the impairment loss, if any, is measured by comparing the implied fair value of the reporting unit goodwill with the carrying amount of goodwill.

Currently, we have one reporting unit, one operating segment and one reportable segment. At December 31, 2012 and 2011, all of the goodwill was attributed to our reporting unit. We tested our goodwill for impairment and no impairment was identified as the fair value of our reporting unit was substantially in excess of its carrying amount. To date, we have not recorded any goodwill impairment charges.

Boingo Wireless, Inc.

Notes to the Consolidated Financial Statements (Continued)

(In thousands, except shares and per share amounts)

2. Summary of significant accounting policies (Continued)

Revenue recognition

We generate revenue from several sources including: (i) retail customers under subscription plans for month-to-month network access that automatically renew, and retail single-use access from sales of hourly, daily or other single-use access plans, (ii) platform service arrangements with wholesale customers that provide software licensing, network access, and professional services fees, (iii) wholesale customers that are telecom operators under long-term contracts for access to our distributed antenna system ("DAS") at our managed and operated locations, and (iv) display advertisements and sponsorships on our walled garden sign-in pages. Software licensed by our wholesale platform services customers can only be used during the term of the service arrangements and has no utility to them upon termination of the service arrangement.

We recognize revenue when an arrangement exists, services have been rendered, fees are fixed or determinable, no significant obligations remain related to the earned fees and collection of the related receivable is reasonably assured.

Subscription fees from retail customers are paid monthly in advance and revenue is deferred for the portions of monthly recurring subscription fees collected in advance. We do not have a stated or published refund policy for our Wi-Fi service, although our customer service representatives will provide a refund on a case-by-case basis. These amounts are not significant and are recorded as contra-revenue in the period the refunds are made. Subscription fee revenue is recognized ratably over the subscription period. Revenue generated from retail single-use access is recognized when earned.

Services provided to wholesale partners under platform service arrangements generally contain several elements including: (i) a term license to use our software to access our Wi-Fi network, (ii) access fees for network usage, and (iii) professional services for software integration and customization and to maintain the Wi-Fi service. The term license, monthly minimum network access fees and professional services are billed on a monthly basis based upon predetermined fixed rates. Once the term license for integration and customization are delivered, the fees from the arrangement are recognized ratably over the remaining term of the platform service arrangement. The initial term of platform service license agreements is generally between two to five years and the agreements generally contain renewal clauses. Revenue for network access fees in excess of the monthly minimum amounts is recognized when earned. All elements within existing platform service arrangements are generally delivered and earned concurrently throughout the term of the respective service arrangement.

Revenue generated from access to our DAS networks consists of build-out fees and recurring access fees under certain long-term contracts with telecom operators. Build-out fees paid upfront are generally deferred and recognized ratably over the term of the estimated customer relationship period, once the build-out is complete. Minimum monthly access fees for usage of the DAS networks are non-cancellable and generally escalate on an annual basis. These minimum monthly access fees are recognized ratably over the term of the estimated customer relationship period. The initial term of our contracts with telecom operations and wholesale partners generally range from three to fifteen years and the agreements generally contain renewal clauses. Revenue from network access fees in excess of the monthly minimums is recognized when earned.

Boingo Wireless, Inc.

Notes to the Consolidated Financial Statements (Continued)

(In thousands, except shares and per share amounts)

2. Summary of significant accounting policies (Continued)

In instances where the minimum monthly network access fees escalate over the term of the wholesale service arrangement, an unbilled receivable is recognized when performance is within our control and when we have reasonable assurance that the unbilled receivable balance will be collected.

We adopted the provisions of ASU 2009-13, *Revenue Recognition (Topic 605)—Multiple-Deliverable Revenue Arrangements* ("ASU 2009-13"), on a prospective basis on January 1, 2011. For multiple-deliverable arrangements entered into prior to January 1, 2011 that are accounted for under ASC 605-25, *Revenue Recognition—Multiple-Deliverable Revenue Arrangements*, we defer recognition of revenue for the full arrangement and recognize all revenue ratably over the wholesale service period for platform service arrangements and the term of the estimated customer relationship period for DAS arrangements, as we do not have evidence of fair value for the undelivered elements in the arrangement. For multiple-deliverable arrangements entered into or materially modified after January 1, 2011 that are accounted for under ASC 605-25, we evaluate whether or not separate units of accounting exist and then allocate the arrangement consideration to all units of accounting based on the relative selling price method using estimated selling prices as vendor specific objective evidence and third party evidence is not available. We recognize the revenue associated with the separate units of accounting upon completion of such services or ratably over the wholesale service period for platform service arrangements and the term of the estimated customer relationship period for DAS arrangements.

Advertising and other revenue is recognized when the services are performed.

Network access

Network access costs consist primarily of revenue share payments to venue owners where our managed and operated hotspots are located, usage-based fees to our roaming network partners for access to their networks, depreciation of equipment related to network build-out projects in our managed and operated locations, and bandwidth and other Internet connectivity expenses in our managed and operated locations.

Advertising, marketing and promotion costs

Advertising production costs are expensed the first time the advertisement is run. No advertising production costs were capitalized for the years ended December 31, 2012, 2011 and 2010. All other costs of advertising, marketing and promotion are expensed as incurred. Advertising expenses charged to operations totaled \$2,374, \$1,393 and \$579 for the years ended December 31, 2012, 2011 and 2010, respectively.

Stock-based compensation

To date, our stock-based compensation has consisted of stock options granted to employees and non-employees.

We recognize stock-based compensation expense in accordance with guidance provided by FASB ASC 718, *Compensation—Stock Compensation* ("ASC 718"). We measure employee stock-based compensation cost at grant date, based on the estimated fair value of the award and recognize the cost on a straight-line basis, net of estimated forfeitures, over the employee requisite service period. We

Boingo Wireless, Inc.**Notes to the Consolidated Financial Statements (Continued)****(In thousands, except shares and per share amounts)****2. Summary of significant accounting policies (Continued)**

estimate the fair value of stock options using a Black-Scholes option pricing model. The model requires input of assumptions regarding expected term, expected volatility, dividend yield, and a risk-free rate. The weighted average assumptions that were used to calculate the grant date fair value of our employee stock option grants for the following periods are as follows:

	December 31,		
	2012	2011	2010
Expected term (years)	5.9	6.4	6.1
Expected volatility	48.9%	49.8%	67.6%
Risk-free rate	0.9%	2.4%	2.5%
Dividend yield	0%	0%	0%

The expected term of employee stock options represents the weighted-average period that the stock options are expected to remain outstanding. In estimating the expected term for options granted to employees, we applied the simplified method from the Security Exchange Commission ("SEC") Staff Accounting Bulletin ("SAB") Topic 14, *Share-Based Payment* ("SAB Topic 14"), where options are granted at-the-money. Where options were not granted at-the-money, the expected term of employee stock options represents the weighted-average period that the stock options are expected to remain outstanding and is calculated based upon actual historical exercise and post-vesting cancellations, adjusted for expected future exercise behavior.

We determine the fair value of common stock underlying the stock option awards by reference to third party sales of our common stock. Prior to our initial public offering, the fair value of common stock underlying the stock option awards was determined with the assistance of a third-party valuation specialist.

We determined the expected volatility assumption using the frequency of daily historical prices of comparable public companies' common stock for a period equal to the expected term of the options in accordance with guidance in ASC 718 and SAB Topic 14. We will continue to monitor peer companies and other relevant factors, including our volatility after there is enough history, used to measure expected volatility for future stock option grants.

The risk-free interest rate assumption is based upon observed interest rates on the United States government securities appropriate for the expected term of our employee stock options.

The dividend yield assumption is based on our history and expectation of dividend payouts for which no cash dividends have been declared or paid on our common stock, and for which none are anticipated in the foreseeable future.

As stock-based compensation expense recognized in our accompanying consolidated statements of operations is based on awards ultimately expected to vest, the amount has been reduced for estimated forfeitures. ASC 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Forfeitures were estimated based on our historical experience and future expectations.

Compensation expense for non-employee stock-based awards is recognized in accordance with ASC 718 and FASB ASC 505, *Equity*. Stock option awards issued to non-employees are accounted for

Boingo Wireless, Inc.

Notes to the Consolidated Financial Statements (Continued)

(In thousands, except shares and per share amounts)

2. Summary of significant accounting policies (Continued)

at fair value using the Black-Scholes option pricing model. Management believes that the fair value of the stock options is more reliably measured than the fair value of the services received. We record compensation expense based on the then-current fair value of the stock options at each financial reporting date. Compensation recorded during the service period is adjusted in subsequent periods for changes in the stock options' fair value until the earlier of the date at which the non-employee's performance is complete or a performance commitment is reached, which is generally when the stock award vests. There was \$372 and \$515 of stock-based compensation expense recognized for non-employee stock-based awards for the years ended December 31, 2012 and 2011, respectively, and none for the year ended December 31, 2010.

Income taxes

We account for income taxes in accordance with FASB ASC 740, *Accounting for Income Taxes* ("ASC 740"), which requires the recognition of deferred tax assets and liabilities for the future consequences of events that have been recognized in our accompanying consolidated financial statements or tax returns. The measurement of the deferred items is based on enacted tax laws. In the event the future consequences of differences between financial reporting bases and the tax bases of our assets and liabilities result in a deferred tax asset, ASC 740 requires an evaluation of the probability of being able to realize the future benefits indicated by such asset. A valuation allowance related to a deferred tax asset is recorded when it is more likely than not that some portion or the entire deferred tax asset will not be realized. As part of the process of preparing our accompanying consolidated financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate. We also assess temporary differences resulting from differing treatment of items, such as deferred revenue, for tax and accounting differences. We record a valuation allowance to reduce the deferred tax assets to the amount of future tax benefit that is more likely than not to be realized.

ASC 740 prescribes a recognition threshold and measurement methodology to recognize and measure an income tax position taken, or expected to be taken, in a tax return. The evaluation of a tax position is based on a two-step approach. The first step requires an entity to evaluate whether the tax position would "more likely than not" be sustained upon examination by the appropriate taxing authority. The second step requires the tax position be measured at the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement. In addition, previously recognized benefits from tax positions that no longer meet the new criteria would no longer be recognized. Changes in recognition or measurement are reflected in the period in which the change occurs.

We have filed, or are in the process of filing, tax returns that are subject to audit by the respective tax authorities. Although the ultimate outcome would be unknown, we believe that any adjustments that may result from tax return audits are not likely to have a material, adverse effect on our consolidated results of operations, financial position or cash flows.

Non-controlling interests

Non-controlling interests are comprised of minority holdings in Concourse Communications Detroit, LLC ("CCG Detroit") and Chicago Concourse Development Group, LLC ("CCDG"). Under the terms of the LLC agreements, we are required to distribute annually to the CCDG non-controlling

Boingo Wireless, Inc.

Notes to the Consolidated Financial Statements (Continued)

(In thousands, except shares and per share amounts)

2. Summary of significant accounting policies (Continued)

interest holders 30% of allocated net profits less capital expenditures of the preceding year. For the years ended December 31, 2012 and 2011, we made distributions of \$678 and \$547 respectively to non-controlling interest holders.

Under the terms of the limited liability company agreement for CCG Detroit ("Detroit Operating Agreement") profits and losses are allocated to the controlling and non-controlling owners based on specified terms in the Detroit Operating Agreement which reflect the relative risk and reward of each owner. The profit and loss allocation in the Detroit Operating Agreement specifies that the non-controlling owners' allocated profits are limited to the fixed distribution amounts and losses are limited to the non-controlling owners capital account balance with losses in excess of their capital account being fully allocated to the controlling common unit holder. There is no specified term in the Detroit Operating Agreement, but the term of the annual fixed distribution obligation to the non-controlling owner is the same as the term of the venue agreement between CCG Detroit and Detroit Metropolitan Wayne County Airport—which has a seven year initial term with options to extend for an additional four years. The Detroit Operating Agreement includes a distribution of \$121 for 2012, and \$85 for 2011 and 2010, respectively. We allocate profits and losses in CCG Detroit based on the attribution in the Detroit Operating Agreement. CCG Detroit has generated losses which reduced the non-controlling owners capital account to zero in 2009 resulting in an allocation to the controlling interest holder all operating losses and deficits created by the annual fixed distributions to the non-controlling interest holder.

Convertible preferred stock

The convertible preferred stock contained puttable redemption features and deemed liquidation preferences upon a change-in-control, which were considered outside of the control the Company. Accretion of related issuance costs and dividends were recorded as a charge against retained earnings, or in the absence of retained earnings by charges against additional paid-in capital until fully depleted, then against the accumulated deficit. We accrete issuance costs and dividends to the earliest redemption date. For the year ended December 31, 2011, we accreted our convertible preferred stock through to their conversion date into common stock on May 3, 2011 in connection with our initial public offering. At December 31, 2012 and 2011, we had no preferred stock issued or outstanding.

Warrants exercisable into convertible preferred stock

We account for preferred stock warrants as liabilities when the underlying preferred stock contains either puttable or mandatorily redeemable features. We issued warrants which were exercisable into the Series B convertible preferred stock in connection with capital lease arrangements. We determined that the preferred stock warrants contained puttable features as a result of the redemption provisions and deemed liquidation preferences upon a change-in-control. Accordingly, the warrants were recorded as a non-current liability and were carried at their fair value at date of issuance with decreases or increases in fair value at each reporting date recorded as other income or expense through to the final measurement date upon the exercise of the warrants. The warrants were exercisable either through cash payment of the exercise price or through net-share settlement at the option of the holder. Our preferred stock warrants outstanding of 25,196 were exercised and converted under the net-share

Boingo Wireless, Inc.**Notes to the Consolidated Financial Statements (Continued)****(In thousands, except shares and per share amounts)****2. Summary of significant accounting policies (Continued)**

settlement provisions into 20,172 shares of our common stock on May 3, 2011, in connection with our initial public offering.

Net income per share attributable to common stockholders

Basic net income per share attributable to common stockholders is calculated by dividing income attributable to common stockholders by the weighted average number of shares of common stock outstanding during the period. Diluted net income per share attributable to common stockholders adjusts the basic weighted average number of shares of common stock outstanding for the potential dilution that could occur if stock options, common stock warrants, preferred stock warrants and the convertible preferred stock were exercised or converted into common stock. Our convertible preferred stockholders were entitled to receive dividends and were not contractually obligated to share in our net income with common stockholders. The common stockholders are not entitled to receive any dividends.

Segment and geographical information

We operate as one reportable segment; a service provider of mobile Wi-Fi solutions across our managed and operated network and aggregated network for mobile devices such as laptops, smartphones and tablets. This single segment is consistent with the internal organization structure and the manner in which operations are reviewed and managed by our Chief Executive Officer, the chief operating decision maker.

Revenue is predominantly generated and all significant long-lived tangible assets are held in the United States of America. We do not disclose sales by geographic area because to do so would be impracticable. The following is a summary of our revenue by primary revenue source:

	Year Ended December 31,		
	2012	2011	2010
Revenue:			
Retail subscription	\$ 32,716	\$ 29,033	\$ 23,561
Retail single-use	13,429	16,054	17,460
Wholesale	49,495	43,707	35,134
Advertising and other	6,866	5,764	4,265
Total revenue	<u>\$ 102,506</u>	<u>\$ 94,558</u>	<u>\$ 80,420</u>

Recent accounting pronouncements

In February 2013, the FASB issued Accounting Standards Update ("ASU") 2013-02, *Comprehensive Income—Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income* ("ASU 2013-02"). This ASU requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income ("AOCI") by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of AOCI by the respective line items of net income but only if the amount reclassified is required under GAAP to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required under GAAP to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures required under

Boingo Wireless, Inc.

Notes to the Consolidated Financial Statements (Continued)

(In thousands, except shares and per share amounts)

2. Summary of significant accounting policies (Continued)

GAAP that provide additional detail about those amounts. ASU 2013-02 will be effective prospectively for reporting periods beginning after December 15, 2012. Early adoption is permitted. The adoption of this standard is not expected to have any impact on our financial statements as we currently do not have any amounts in AOCI.

In September 2011, the FASB issued ASU 2011-08, *Intangibles—Goodwill and Other: Testing Goodwill for Impairment* ("ASU 2011-08"). This ASU is intended to simplify how entities test goodwill for impairment. It permits an entity to first assess qualitative factors to determine whether it is "more likely than not" that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test described in ASC 350. The more-likely-than-not threshold is defined as having a likelihood of more than 50%. ASU 2011-08 will be effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted, including for annual and interim goodwill impairment tests performed as of a date before September 15, 2011, if an entity's financial statements for the most recent annual or interim period have not yet been issued. We perform our impairment tests as of December 31st of each year. The adoption of this standard had no material impact on our financial position, results of operations or cash flows.

In June 2011, the FASB issued ASU 2011-05, *Comprehensive Income: Presentation of Comprehensive Income*, which amends current comprehensive income guidance. This ASU eliminates the option to present the components of other comprehensive income ("OCI") as part of the statement of stockholders' equity. Instead, it requires entities to report components of comprehensive income in either (1) a continuous statement of comprehensive income or (2) two separate but consecutive statements. Under the two-statement approach, the first statement would include components of net income, which is consistent with the income statement format used today, and the second statement would include components of OCI. The ASU does not change the items that must be reported in OCI. The Company adopted this standard effective January 1, 2012. The adoption of this standard had no material impact on our financial position, results of operations or cash flows as the Company's comprehensive income currently equals net income.

In May 2011, the FASB issued ASU 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS*, that amends the wording used to describe many of the requirements in GAAP for measuring fair value and disclosing information about fair value measurements. The amendments in this ASU achieve the objectives of developing common fair value measurement and disclosure requirements in U.S. GAAP and International Financial Reporting Standards ("IFRS") and improving their understandability. Some of the requirements clarify the FASB's intent about the application of existing fair value measurement requirements while other amendments change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. The amendments in this ASU are effective prospectively for interim and annual periods beginning after December 15, 2011, with no early adoption permitted. This standard was effective for us January 1, 2012. The adoption of this standard had no material impact on our financial position, results of operations or cash flows.

3. Acquisition

On August 6, 2012, we acquired the assets of Cloud 9 for \$3,500 plus the assumption of certain liabilities. Cloud 9 provides Wi-Fi sponsorship and location-based advertising at airports, hotels, bars

Boingo Wireless, Inc.**Notes to the Consolidated Financial Statements (Continued)****(In thousands, except shares and per share amounts)****3. Acquisition (Continued)**

and restaurants, and recreational areas in the U.S. and Canada. The acquisition has been accounted for under the acquisition method of accounting in accordance with the FASB ASC 805, *Business Combinations*. As such, the assets acquired and liabilities assumed are recorded at their acquisition-date fair values. Acquisition-related transaction costs are not included as a component of consideration transferred, but are accounted for as an expense in the period in which the costs are incurred. We incurred \$50 in transaction costs. The excess of the acquisition consideration over the fair value of assets acquired and liabilities assumed is allocated to goodwill, which is not deductible for tax purposes. Goodwill is attributable primarily to expected synergies and other benefits, including the acquired workforce, from combining Cloud 9 with us. Cloud 9 was consolidated into our results of operations starting August 6, 2012, the acquisition date. Cloud 9 has been integrated into the Company's product offering; therefore, its not practical to disclose actual and pro forma financial results for Cloud 9 since the acquisition.

The following table summarizes the allocation of the total purchase price as of August 6, 2012:

Current assets	\$	899
Property, plant and equipment		65
Intangible and other assets		1,758
Goodwill		1,232
Current liabilities		(454)
Net assets acquired	\$	<u>3,500</u>

The fair value of the acquired assets and liabilities at the time of the acquisition was estimated at \$3,185, net of cash acquired. As the acquired entity is a private company, the fair value was based on significant inputs that are not observable in the market and thus represents a Level 3 measurement as defined in FASB ASC 820, *Fair Value Measurements and Disclosures*. Fair values were determined using recognized business valuation techniques.

The intangible assets are all definite-lived intangibles and are recognized on a straight-line basis over their weighted average lives of approximately 5 years.

4. Cash and cash equivalents and marketable securities

Cash and cash equivalents, and marketable securities consisted of the following:

	December 31,	
	2012	2011
Cash and cash equivalents:		
Cash	\$ 16,677	\$ 12,851
Money market accounts	39,001	81,082
Marketable securities	2,460	—
Total cash and cash equivalents	<u>\$ 58,138</u>	<u>\$ 93,933</u>
Short-term marketable securities—available-for-sale:		
Marketable securities	\$ 41,558	\$ —
Total short-term marketable securities	<u>\$ 41,558</u>	<u>\$ —</u>

Boingo Wireless, Inc.**Notes to the Consolidated Financial Statements (Continued)****(In thousands, except shares and per share amounts)****4. Cash and cash equivalents and marketable securities (Continued)**

All contractual maturities of marketable securities were less than one year at December 31, 2012. These consist primarily of corporate securities which include commercial paper and corporate debt instruments including notes issued by foreign or domestic corporations which pay in U.S. dollars and carry a rating of A or better.

For the years ended December 31, 2012, 2011 and 2010, interest income was \$183, \$37 and \$31, respectively, which is included in interest and other income (expense), net in the accompanying consolidated statements of operations.

5. Accounts receivables, net and other receivables

Accounts receivable, net of allowances for doubtful accounts and other receivables consisted of the following:

	<u>December 31,</u>	
	<u>2012</u>	<u>2011</u>
Trade receivables, net of allowances	\$ 10,977	\$ 7,382
Unbilled platform service arrangements, current	\$ —	\$ 68
Unbilled access fees	\$ —	\$ 1,985
Unbilled platform service arrangements	396	166
Non-current other receivables	<u>\$ 396</u>	<u>\$ 2,151</u>

Unbilled access fees receivables are included in non-current other assets and unbilled platform service arrangements are included in current and non-current other assets in the accompanying consolidated balance sheets. Access fees are recorded under long-term contracts with our wholesale partners that are telecom operators under long-term contracts for access to our DAS at our managed and operated locations. These fees escalate on an annual basis from which we receive fixed contractual payments and recognize revenue ratably over the term of the contracts.

Boingo Wireless, Inc.**Notes to the Consolidated Financial Statements (Continued)****(In thousands, except shares and per share amounts)****5. Accounts receivables, net and other receivables (Continued)**

Included in accounts receivables, net for the periods indicated was the allowance for doubtful accounts which consisted of the following:

	Allowance for Doubtful Accounts
Balance, December 31, 2009	\$ 617
Additions charged to operations	44
Deductions from reserves, net	(554)
Balance, December 31, 2010	107
Additions charged to operations	115
Deductions from reserves, net	(45)
Balance, December 31, 2011	177
Additions charged to operations	45
Deductions from reserves, net	(43)
Balance, December 31, 2012	<u>\$ 179</u>

6. Accrued expenses and other liabilities

Accrued expenses and other liabilities consisted of the following:

	December 31,	
	2012	2011
Salaries and wages	\$ 3,312	\$ 3,934
Revenue share	3,676	3,915
Accrued partner network	1,134	1,274
Accrued for construction-in-progress	1,003	688
Deferred service usage credits	—	634
Deferred rent	791	223
Accrued taxes	—	683
Other	1,061	1,408
Total accrued expenses and other liabilities	<u>\$ 10,977</u>	<u>\$ 12,759</u>

Boingo Wireless, Inc.

Notes to the Consolidated Financial Statements (Continued)

(In thousands, except shares and per share amounts)

7. Property and equipment

Property and equipment consisted of the following:

	December 31,	
	2012	2011
Leasehold improvements	\$ 72,119	\$ 60,030
Construction in progress	6,295	7,059
Computer equipment	7,493	6,674
Software	7,519	5,818
Office equipment	411	400
Total property and equipment	93,837	79,981
Less: accumulated depreciation and amortization	(51,426)	(40,264)
Total property and equipment, net	<u>\$ 42,411</u>	<u>\$ 39,717</u>

Included in property and equipment at December 31, 2012 and 2011 was software and equipment acquired under capital leases totaling \$402, respectively, and related accumulated depreciation and amortization of \$224 and \$0, respectively.

Depreciation and amortization expense is allocated as follows on the accompanying consolidated statements of operations:

	For the Years Ended December 31,		
	2012	2011	2010
Network access	\$ 11,948	\$ 8,867	\$ 4,392
Network operations	2,844	2,444	1,747
Development and technology	1,049	873	1,024
General and administrative	117	117	348
Total depreciation and amortization of property and equipment	<u>\$ 15,958</u>	<u>\$ 12,301</u>	<u>\$ 7,511</u>

8. Goodwill and intangible assets

The changes in the carrying amount of goodwill and intangible assets for the year ended December 31, 2012 are as follows:

	Balance as of December 31, 2011	Additions	Amortization	Balance as of December 31, 2012
Goodwill	\$ 25,512	\$ 1,232	\$ —	\$ 26,744
Intangible assets subject to amortization	9,846	1,851	(1,103)	10,594
Total	<u>\$ 35,358</u>	<u>\$ 3,083</u>	<u>\$ (1,103)</u>	<u>\$ 37,338</u>

Boingo Wireless, Inc.

Notes to the Consolidated Financial Statements (Continued)

(In thousands, except shares and per share amounts)

8. Goodwill and intangible assets (Continued)

Intangible assets at December 31, 2012 consist of the following:

	Weighted Average Life	Historical Cost	Accumulated Amortization	Net
Venue contracts	11 years	\$ 26,886	\$ (17,783)	\$ 9,103
Technology	5 years	1,110	(93)	1,017
Advertiser relationships	5 years	70	(6)	64
Patents, trademarks and other	5 years	839	(429)	410
Total		\$ 28,905	\$ (18,311)	\$ 10,594

The changes in the carrying amount of goodwill and intangible assets for the year ended December 31, 2011 are as follows:

	Balance as of December 31, 2010	Additions	Amortization	Balance as of December 31, 2011
Goodwill	\$ 25,512	\$ —	\$ —	\$ 25,512
Intangible assets subject to amortization	11,251	250	(1,655)	9,846
Total	\$ 36,763	\$ 250	\$ (1,655)	\$ 35,358

Intangible assets at December 31, 2011 consist of the following:

	Weighted Average Life	Historical Cost	Accumulated Amortization	Net
Venue contracts	11 years	\$ 26,385	\$ (16,874)	\$ 9,511
Patents, trademarks and other	6 years	391	(56)	335
Total		\$ 26,776	\$ (16,930)	\$ 9,846

Amortization expense for fiscal years 2013 through 2017 and thereafter is as follows:

Year	Amortization Expense
2013	\$ 1,220
2014	1,175
2015	1,127
2016	1,092
2017	970
Thereafter	5,010
	\$ 10,594

Boingo Wireless, Inc.**Notes to the Consolidated Financial Statements (Continued)****(In thousands, except shares and per share amounts)****9. Fair value measurement**

The following table sets forth our financial assets that are measured at fair value on a recurring basis:

<u>At December 31, 2012</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Assets:			
Cash equivalents	\$ 39,001	\$ 2,460	\$ 41,461
Marketable securities	—	41,558	41,558
Restricted cash	30	—	30
Total assets	\$ 39,031	\$ 44,018	\$ 83,049

<u>At December 31, 2011</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Assets:			
Cash equivalents	\$ 81,082	\$ —	\$ 81,082
Restricted cash	465	—	465
Total assets	\$ 81,547	\$ —	\$ 81,547

Our marketable securities available-for-sale utilize Level 2 inputs and consist primarily of corporate securities which include commercial paper and corporate debt instruments including notes issued by foreign or domestic corporations which pay in U.S. dollars and carry a rating of A or better. We have evaluated the various types of securities in our investment portfolio to determine an appropriate fair value hierarchy level based upon trading activity and the observability of market inputs. Due to variations in trading volumes and the lack of quoted market prices in active markets, our fixed maturities are classified as Level 2 securities.

The fair value of our fixed maturity marketable securities available-for-sale is derived through the use of a third party pricing source or recent reported trades for identical or similar securities, making adjustments through the reporting date based upon available market observable data.

Prior to December 31, 2011, we had Level 3 financial liabilities, accounted for at fair value on a recurring basis, which consisted of warrants to purchase shares of our Series B convertible preferred stock. The fair value of the warrants was determined under the Black-Scholes model using various assumptions including the expected term of the warrants, volatility of our common stock, risk free interest rate, and the dividend rate. To determine the estimated fair value of our common stock included in this model, we used an in depth valuation analysis of our common stock prepared with the assistance of an independent valuation firm. The increase in the fair value of the warrants is included in interest and other (expense) income in the accompanying consolidated statement of operations for the years ended December 31, 2011 and 2010. The following table provides reconciliation between the beginning and ending balances of preferred stock warrants in the tables above that used significant unobservable inputs (Level 3) for the year ended December 31, 2011:

Balance at December 31, 2010	\$ 140
Increase in the fair value of the liability	132
Exercise and conversion of preferred stock warrants into common stock	(272)
Balance at December 31, 2011	<u>\$ —</u>

Boingo Wireless, Inc.

Notes to the Consolidated Financial Statements (Continued)

(In thousands, except shares and per share amounts)

10. Stockholders' equity

Convertible preferred stock

Prior to our IPO, we financed our operations, in part, through the issuance of convertible preferred stock. In July 2001, we issued 5,052,566 shares of Series A convertible preferred stock. In February 2002, we issued 1,104,969 shares of Series A-2 convertible preferred stock. In September and December 2003, we issued 3,433,326 shares of Series B convertible preferred stock. From June through September 2006, we issued 10,983,188 shares of Series C convertible preferred stock. The conversion options, payments of liquidation preference and redemption elections were considered contingent events that were not solely within our control.

The convertible preferred stock contained puttable redemption features and deemed liquidation preferences upon a change-in-control, which were considered outside of the control the Company. Accretion of related issuance costs and dividends were recorded as a charge against retained earnings, or in the absence of retained earnings by charges against additional paid-in capital until fully depleted, then against the accumulated deficit. We accrete issuance costs and dividends to the earliest redemption date. For the year ended December 31, 2011, we accreted our convertible preferred stock through to their conversion date into common stock on May 3, 2011 in connection with our initial public offering. At December 31, 2012 and 2011, we have no preferred stock issued or outstanding.

Conversion

Each share of Series A, Series A-2, Series B and Series C convertible preferred stock was immediately convertible, at the holder's option, into shares of common stock based on the formula of the issuance price divided by the conversion price. The conversion price was \$3.00 for Series A and B convertible preferred stock, \$4.026072935 for Series A-2 convertible preferred stock and \$4.95835 for Series C convertible preferred stock. Each share of Series A and Series B convertible preferred stock was convertible into one share of common stock. Series A-2 convertible preferred stock was convertible into shares of common stock as obtained by multiplying the number of shares of the convertible stock by \$4.30 and dividing the result by the conversion price of \$4.026072935 per share, which approximates a 1 for 1.07 shares of common stock conversion rate. Series C convertible preferred stock was convertible into shares of common stock as obtained by multiplying the number of shares of the convertible stock by \$5.95 and dividing the result by the conversion price of \$4.95835 per share, which approximates a 1 for 1.2 shares of common stock conversion rate. Conversion of each share of Series A, Series A-2, Series B and Series C convertible preferred stock was automatic upon the completion of our IPO.

Dividends

The holders of the Series A, Series A-2, Series B and Series C convertible preferred stock were entitled to receive cumulative dividends, whether or not earned or declared, out of funds legally available therefore, at the rate of \$0.15 per share per annum for the Series A and Series B convertible preferred stock, \$0.215 for the Series A-2 convertible preferred stock and \$0.2975 for the Series C convertible preferred stock (the "accruing dividends"). Accruing dividends accrued on each share of convertible preferred stock from the date of issuance until the earlier of (i) a liquidation, dissolution or winding up of the company, including an acquisition, consolidation or merger, or the sale of all or substantially all of the assets of the company (a "liquidation event") and (ii) the date of redemption. We accrued dividends in each of the years ended December 31, 2010 and 2011, which were accreted in

Boingo Wireless, Inc.

Notes to the Consolidated Financial Statements (Continued)

(In thousands, except shares and per share amounts)

10. Stockholders' equity (Continued)

the respective carrying values of the convertible preferred stock before they were converted into common stock.

Boingo Wireless, Inc.**Notes to the Consolidated Financial Statements (Continued)****(In thousands, except shares and per share amounts)****10. Stockholders' equity (Continued)****Reserve for unissued shares**

At December 31, 2012 and 2011, we are authorized to issue up to 100,000,000 shares of common stock. We are required to reserve and keep available out of our authorized but unissued shares of common stock such number of shares sufficient to effect the exercise of all outstanding common stock warrants, plus shares granted and available for grant under our Amended and Restated 2001 Stock Incentive Plan (the "2001 Plan") and 2011 Equity Incentive Plan (the "2011 Plan").

The amount of such shares of common stock reserved for these purposes is as follows:

	<u>December 31,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u>
	(in thousands)	
Outstanding stock options under the 2001 Plan	2,345	4,340
Outstanding stock options under the 2011 Plan	2,700	2,261
Shares available for grant under the 2011 Plan	2,811	1,739
Total	<u>7,856</u>	<u>8,340</u>

Note receivable from stockholder

During 2002, we granted 290,000 shares of restricted common stock to an officer at the deemed fair value of \$0.30 per share in exchange for cash proceeds of approximately \$9 and issuance of a partial recourse note (the "note") of approximately \$78 payable with an interest rate equal to the applicable federal rate. On January 11, 2011, we forgave the note and the principal and interest outstanding of \$103 was expensed as compensation. Interest accrued on the note, and was included in interest and other income (expense), net in the accompanying consolidated statements of operations.

Treasury stock

On July 29, 2011, we approved the retirement of all 1,256,608 outstanding shares of treasury stock. The treasury stock, at cost, of \$4,575 was transferred to additional paid-in capital in the accompanying consolidated statements of convertible preferred stock and stockholder's equity (deficit).

Common stock warrants

On June 28, 2011, our 26,322 common stock warrants outstanding were exercised into 21,525 shares of common stock on a net exercise basis.

Boingo Wireless, Inc.**Notes to the Consolidated Financial Statements (Continued)****(In thousands, except shares and per share amounts)****11. Income taxes**

The income taxes by jurisdiction consist of the following for the years ended December 31:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
U.S. federal:			
Current	\$ 1,651	\$ 1,971	\$ 214
Deferred	1,189	2,261	(10,360)
Total U.S. federal	<u>\$ 2,840</u>	<u>\$ 4,232</u>	<u>\$ (10,146)</u>
U.S. state and local:			
Current	\$ 327	\$ 1,092	\$ 1,193
Deferred	(202)	(1,260)	50
Total U.S. state and local	<u>\$ 125</u>	<u>\$ (168)</u>	<u>\$ 1,243</u>

Income taxes differ from the amounts computed by applying the U.S. federal income tax rate to pretax income before income taxes as a result of the following for the years ended December 31:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Federal statutory rate	34.0%	34.0%	34.0%
State and local	1.1	(0.7)	16.7
Stock options	(2.6)	1.9	4.0
Non-controlling interests	(2.2)	(2.0)	(2.6)
Valuation allowance	—	—	(172.9)
Other	(3.3)	3.8	(2.6)
Income taxes	<u>27.0%</u>	<u>37.0%</u>	<u>(123.4)%</u>

In 2010, we established a foreign subsidiary in the United Kingdom, which has generated losses resulting in a \$318 deferred tax asset with a corresponding valuation allowance as of December 31, 2012.

Boingo Wireless, Inc.**Notes to the Consolidated Financial Statements (Continued)****(In thousands, except shares and per share amounts)****11. Income taxes (Continued)**

Deferred income tax reflects the tax effects of temporary differences that gave rise to significant portions of our deferred tax assets and liabilities and consisted of the following at December 31:

	<u>2012</u>	<u>2011</u>
Deferred tax assets:		
Net operating loss carryforwards	\$ 1,917	\$ 3,735
Outside basis differences for U.S. partnerships	3,289	3,524
Stock options	2,086	1,397
Deferred revenue	873	1,014
Deferred compensation	340	407
State taxes	5	—
Other	347	455
Valuation allowance	(1,669)	(1,822)
Net deferred tax assets	<u>7,188</u>	<u>8,710</u>
Deferred tax liabilities:		
Intangible assets	(1,539)	(1,202)
State taxes	—	(926)
Property and equipment	(189)	(133)
Net deferred tax liabilities	<u>(1,728)</u>	<u>(2,261)</u>
Net deferred taxes	<u>\$ 5,460</u>	<u>\$ 6,449</u>

In assessing the realizability of deferred tax assets, we consider whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. As of December 31, 2012 and 2011, we had federal net operating loss carryforwards of approximately \$15,283 and \$7,979, respectively, state net operating loss carryforwards of approximately \$29,955 and \$27,900, respectively, and foreign net operating loss carryforwards of \$1,588 and \$1,334, respectively. The federal net operating loss carryforwards will begin to expire in 2025, and our foreign net operating loss carryforwards have an indefinite life. Our state net operating loss carryforwards are principally related to California net operating losses and will begin to expire in 2014. Our ability to utilize certain of our net operating loss carryforwards may be limited in the event that a change in ownership, as defined in the Internal Revenue Code, occurs in the future.

During the year ended December 31, 2010, we recorded a \$12,280 release to the valuation allowance on our U.S. federal net deferred tax assets due to changes in our expectations regarding our ability to realize these deferred tax assets. This resulted from a determination that it was more likely than not that the U.S. federal net deferred tax assets would be realized. During the year ended December 31, 2011, we recorded a \$1,287 release to the valuation allowance on our state net deferred tax assets, due to changes in our expectations regarding our ability to realize these deferred tax assets. This resulted from a determination that it was more likely than not that the certain state net deferred tax assets would be realized. The remaining valuation allowance primarily relates to the deferred tax assets for state net operating losses that the Company believes is not more likely than not to be realized before expiration. In reaching the determination of the valuation allowance, we have evaluated all significant available positive and negative evidence including, but not limited to, our three year

Boingo Wireless, Inc.**Notes to the Consolidated Financial Statements (Continued)****(In thousands, except shares and per share amounts)****11. Income taxes (Continued)**

cumulative results, trends in our business, expected future results and the character, amount and expiration periods of our net deferred tax assets. The underlying assumptions we used in forecasting future income required significant judgment and took into account our recent performance.

The following table sets forth the changes in the valuation allowance, for all periods presented:

	Valuation Allowance
Balance, December 31, 2009	\$ 14,989
Additions charged to operations	400
Decrease credited to operations	(12,280)
Balance, December 31, 2010	3,109
Decrease credited to operations	(1,287)
Balance, December 31, 2011	1,822
Additions charged to operations	51
Decrease credited to operations	(204)
Balance, December 31, 2012	<u>\$ 1,669</u>

During 2012 and 2011, we realized excess windfall tax benefits of approximately \$2,190 and \$246, respectively, from stock option exercises. These benefits decreased income taxes payable and were recorded as an increase to additional paid-in capital in the accompanying consolidated balance sheets as of December 31, 2012 and 2011. In accordance with the reporting requirements under ASC 718, we did not include approximately \$5,146 of excess windfall tax benefits resulting from stock option exercises as components of our gross deferred tax assets and corresponding valuation allowance disclosures, as tax attributes related to those windfall tax benefits should not be recognized until they result in a reduction of taxes payable. The tax effected amount of gross unrealized net operating loss carryforwards excluded under ASC 718 was approximately \$5,146 at December 31, 2012. When realized, those excess windfall tax benefits are credited to additional paid-in capital.

We recognized interest and penalties related to income tax matters in income taxes which were not material during the years ended December 31, 2012, 2011, and 2010.

We identify, evaluate and measure all uncertain tax positions taken or to be taken on tax returns and record liabilities for the amount of these positions that may not be sustained, or may only partially be sustained, upon examination by the relevant taxing authorities. Although we believe that our estimates and judgments were reasonable, actual results may differ from these estimates. Some or all of these judgments are subject to review by the taxing authorities. As of December 31, 2012 and 2011, we had \$392 in uncertain tax positions, \$106 of which is a reduction to deferred tax assets, which is

Boingo Wireless, Inc.**Notes to the Consolidated Financial Statements (Continued)****(In thousands, except shares and per share amounts)****11. Income taxes (Continued)**

presented net of uncertain tax positions, in the accompanying consolidated balance sheets. The following table sets for the changes in uncertain tax positions:

	Uncertain Tax Positions
Balance, December 31, 2010	\$ 106
Additions for current period tax positions	286
Balance, December 31, 2011 and 2012	<u>\$ 392</u>

Our annual income taxes and the determination of the resulting deferred tax assets and liabilities involve a significant amount of judgment. Our judgments, assumptions and estimates relative to current income taxes take into account current tax laws, their interpretation of current tax laws and possible outcomes of current and future audits conducted by foreign and domestic tax authorities. We operate within federal, state and international taxing jurisdictions and are subject to audit in these jurisdictions. These audits can involve complex issues which may require an extended period of time to resolve. We are subject to taxation in the United States and in various states. Our tax years 2009 and forward are subject to examination by the IRS and our tax years 2007 and forward are subject to examination by material state jurisdictions. However, due to prior year loss carryovers, the IRS and state tax authorities may examine any tax years for which the carryovers are used to offset future taxable income.

We accrue interest and penalties related to unrecognized tax benefits as a component of income taxes. As of December 31, 2012, 2011 and 2010, accrued interest or penalties was not significant.

12. Commitments and contingencies**Capital and operating leases**

We lease space in managed and operated locations, primarily airports, under exclusive long-term, non-cancellable contracts to provide Wi-Fi connectivity and cellular phone access to our DAS network. Minimum rent expense is recorded on a straight-line basis over the term of the lease. Rent expense from our leases for the years ended December 31, 2012, 2011 and 2010 was \$16,760, \$15,511 and \$12,499, respectively.

We lease equipment, primarily data communication equipment and database software under non-cancellable capital leases that expired in October 2011. The leases were collateralized by the equipment under the lease. Interest expense associated with the capital leases for the years ended December 31, 2012, 2011 and 2010 was \$11, \$8 and \$30, respectively. We also lease office space under non-cancellable operating leases. Rent expense for our leases of office facilities for the years ended December 31, 2012, 2011 and 2010 was \$1,209, \$1,323 and \$1,325, respectively. Included in rent expense for the years ended December 31, 2012 and 2011 was sublease income of \$52 and \$32, respectively.

Boingo Wireless, Inc.**Notes to the Consolidated Financial Statements (Continued)****(In thousands, except shares and per share amounts)****12. Commitments and contingencies (Continued)**

Future minimum lease obligations under non-cancellable operating and capital leases at December 31, 2012 are as follows:

<u>Years ended December 31,</u>	<u>Capital Leases</u>	<u>Operating Leases and Airport Guarantees</u>
2013	\$ 42	\$ 7,409
2014	42	6,068
2015	42	4,985
2016	52	4,860
2017	—	4,727
Thereafter	—	21,602
Minimum lease payments	<u>\$ 178</u>	<u>\$ 49,651</u>
Current portion	<u>\$ 42</u>	
Non-current portion	<u>\$ 136</u>	

Litigation

From time to time, we may be subject to claims arising out of the operations in the normal course of business. We are not a party to any such other litigation that we believe would have a material adverse effect on our business, financial position, results of operations or cash flows.

Indemnification

Indemnification provisions in our third-party service provider agreements provide that we will indemnify, hold harmless, and reimburse the indemnified parties on a case-by-case basis for losses suffered or incurred by the indemnified parties in connection with any claim by any third party as a result of our website, advertising, marketing, payment processing, collection or customer service activities. The maximum potential amount of future payments we could be required to make under these indemnification provisions is undeterminable. We have never paid a claim, nor have we been sued in connection with these indemnification provisions. At December 31, 2012 and 2011, we have not accrued a liability for these guarantees, because the likelihood of incurring a payment obligation in connection with these guarantees is not probable.

Employment contracts

We have entered into employment contracts with two of our officers. These contracts generally provide for severance benefits, including salary continuation, if employment is terminated by us for substantial cause or by the officer for convenience. In addition, in order to assure that they would continue to provide independent leadership consistent with our best interests in the event of an actual or threatened change in control, the contract also generally provides for certain protections in the event of such a change in control. These protections include the payment of certain severance benefits, including salary continuation, upon the termination of employment following a change in control.

Boingo Wireless, Inc.**Notes to the Consolidated Financial Statements (Continued)****(In thousands, except shares and per share amounts)****13. Stock incentive plans**

In March 2011, our board of directors approved the 2011 Plan under which 5,511,288 shares of common stock are reserved for issuance. The 2011 Plan provides for the grant of incentive and nonstatutory stock options, stock appreciation rights, restricted shares of our common stock, stock units, and performance cash awards. As of January 1 of each year, the number of shares of common stock reserved for issuance under the 2011 Plan shall automatically be increased by a number equal to the lesser of (a) 4.5% of the total number of shares of common stock then outstanding, (b) 3,000,000 shares of common stock or (c) as determined by our board of directors. As of December 31, 2012, options to purchase 3,670,481 shares of common stock have been granted under the 2011 Plan.

No further awards will be made under our 2001 Plan, which terminated pursuant to its terms. Options outstanding under the 2001 Plan will continue to be governed by their existing terms. As of December 31, 2012, options to purchase 2,344,742 shares of common stock were outstanding under the 2001 Plan.

We recognized stock-based compensation expense as follows:

	Years ended		
	December 31,		
	2012	2011	2010
Network operations	\$ 352	\$ 463	\$ 131
Development and technology	352	577	115
Selling and marketing	571	650	171
General and administrative	1,460	1,733	450
Total stock-based compensation expense	<u>\$ 2,735</u>	<u>\$ 3,423</u>	<u>\$ 867</u>

Boingo Wireless, Inc.

Notes to the Consolidated Financial Statements (Continued)

(In thousands, except shares and per share amounts)

13. Stock incentive plans (Continued)

A summary of the stock option activity under the 2001 and 2011 Plans are as follows:

	Number of Options (000's)	Weighted Average Exercise Price	Weighted- Average Remaining Contract Life (years)	Aggregate Intrinsic Value
Outstanding at December 31, 2009	5,281	\$ 1.25	7.3	\$ 8,471
Granted	53	\$ 2.85		
Exercised	(2)	\$ 0.90		
Cancelled/forfeited	(44)	\$ 1.45		
Outstanding at December 31, 2010	5,288	\$ 1.25	6.3	\$ 38,279
Granted	2,381	\$ 13.02		
Exercised	(1,015)	\$ 1.01		
Cancelled/forfeited	(53)	\$ 6.58		
Outstanding at December 31, 2011	6,601	\$ 5.50	7.0	\$ 30,996
Granted	1,391	\$ 8.29		
Exercised	(1,899)	\$ 1.36		
Cancelled/forfeited	(1,048)	\$ 11.85		
Outstanding at December 31, 2012	5,045	\$ 6.50	6.44	\$ 14,742
Vested, exercisable and expected to vest at December 31, 2012	4,855	\$ 6.37	6.34	\$ 14,690
Exercisable at December 31, 2012	2,776	\$ 3.46	4.52	\$ 13,964

The aggregate intrinsic value in the table above represents the difference between the estimated fair value of our common stock at December 31, 2012 and the option exercise price, multiplied by the number of in-the-money options at December 31, 2012. The intrinsic value changes are based on the estimated fair value of our common stock. The total intrinsic value of stock options exercised for the years ended December 31, 2012, 2011 and 2010 was \$14,901, \$9,754 and \$3, respectively. At December 31, 2012, the total remaining stock-based compensation expense for unvested awards is \$9,130, which is expected to be recognized over a weighted average period of 3.2 years.

Stock options to purchase 1,899,000, 1,015,000 and 2,000 shares of our common stock were exercised during the years ended December 31, 2012, 2011 and 2010 for cash proceeds of \$2,573, \$1,028 and \$2, respectively.

The weighted average grant date fair value of options granted for the years ended December 31, 2012, 2011 and 2010 was \$8.10, \$6.68 and \$1.80, respectively.

We realized \$372 and \$246 of tax benefits for the deductions from stock option exercises during 2012 and 2011, respectively. There was no tax benefit realized for the tax deductions from stock options exercised during 2010.

Boingo Wireless, Inc.

Notes to the Consolidated Financial Statements (Continued)

(In thousands, except shares and per share amounts)

14. Employee benefit plan

We have a defined contribution savings plan in accordance with Section 401(k) of the Internal Revenue Code. This plan covers substantially all employees who meet the IRS requirements and allows participants to defer a portion of their annual compensation on a pre-tax basis. Company contributions to the plan may be made at the discretion of the board of directors. Employer contributions of \$347, \$285 and \$244 were made to the plan by us in 2012, 2011 and 2010, respectively.

15. Net income per share attributable to common stockholders

The following table sets forth the computation of basic and diluted net income per share attributable to common stockholders:

	Years ended December 31,		
	2012	2011	2010
	(in thousands)		
Numerator:			
Net income attributable to common stockholders, basic	\$ 7,295	\$ 4,662	\$ 10,554
Accretion of convertible preferred stock	—	—	5,020
Net income attributable to Boingo Wireless, Inc., diluted	<u>\$ 7,295</u>	<u>\$ 4,662</u>	<u>\$ 15,574</u>
Denominator:			
Weighted average common stock, basic	34,774	24,014	5,834
Effect of dilutive convertible preferred stock	—	—	22,846
Effect of dilutive stock options	2,543	3,457	3,204
Effect of dilutive common stock warrants	—	10	15
Weighted average common stock, diluted	<u>37,317</u>	<u>27,481</u>	<u>31,899</u>
Net income per share attributable to common stockholders:			
Basic	\$ 0.21	\$ 0.19	\$ 1.81
Diluted	<u>\$ 0.20</u>	<u>\$ 0.17</u>	<u>\$ 0.49</u>

The following outstanding securities were not included in the computation of diluted net income per share as the inclusion would have been anti-dilutive:

	Years ended December 31,		
	2012	2011	2010
	(in thousands)		
Convertible preferred stock	—	7,699	—
Stock options	2,518	2,172	—
Preferred stock warrants	—	26	26
Total	<u>2,518</u>	<u>9,897</u>	<u>26</u>

Boingo Wireless, Inc.**Notes to the Consolidated Financial Statements (Continued)****(In thousands, except shares and per share amounts)****16. Quarterly financial data (unaudited)**

Summarized unaudited quarterly financial data are as follows:

	2012			
	March 31	June 30	September 30	December 31
Revenue	\$ 24,187	\$ 24,302	\$ 26,017	\$ 28,000
Income from operations	\$ 2,407	\$ 2,236	\$ 4,129	\$ 2,074
Net income attributable to common stockholders	\$ 1,657	\$ 1,461	\$ 2,777	\$ 1,400
Basic earnings per share	\$ 0.05	\$ 0.04	\$ 0.08	\$ 0.04
Diluted earnings per share	\$ 0.05	\$ 0.04	\$ 0.07	\$ 0.04

	2011			
	March 31	June 30	September 30	December 31
Revenue	\$ 21,028	\$ 22,943	\$ 24,688	\$ 25,899
Income from operations	\$ 1,729	\$ 2,427	\$ 2,981	\$ 4,040
Net (loss) income attributable to common stockholders	\$ (148)	\$ 1,293	\$ 1,662	\$ 1,855
Basic (loss) earnings per share	\$ (0.03)	\$ 0.06	\$ 0.05	\$ 0.06
Diluted (loss) earnings per share	\$ (0.03)	\$ 0.05	\$ 0.05	\$ 0.05

Earnings per share are computed separately for each quarter and the full year using the respective weighted average shares. Therefore, the sum of the quarterly (loss) earnings per share amounts may not equal the annual amounts reported.

During the quarter ended December 31, 2012, the Company recorded certain out-of-period adjustments that increased net income attributable to common stockholders by \$243. The impact of these out-of-period adjustments is not considered material, individually and in the aggregate, to any of the current or prior quarterly or annual periods.

17. Subsequent events

In March 2013, we granted 404,800 options for common stock with an exercise price of \$6.03 per share and issued 602,058 restricted stock units to executive and non-executive personnel.

On February 22, 2013, we acquired all outstanding stock of Endeka Group, Inc. ("Endeka"), for approximately \$5,300 plus contingent consideration and the assumption of certain debt and liabilities. Endeka is the sole provider of commercial wireless broadband, VoIP and IPTV services at certain military bases, as well as Wi-Fi services to certain federal law enforcement training facilities. Due to the timing of the closing, we have not completed the purchase accounting associated with the acquisition as of the date of this report.

[Table of Contents](#)

Item 15. Exhibits, Financial Statement Schedules

(a) The following documents are filed as part of, or incorporated by reference into, this Annual Report on Form 10-K:

(1)(2) **Financial Statements.** The following consolidated financial statements of Boingo Wireless, Inc., and Report of Independent Registered Public Accounting Firm are included in a separate section of this Annual Report on Form 10-K beginning on page F-2:

<u>Description</u>	<u>Page Number</u>
Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets as of December 31, 2012 and 2011	F-3
Consolidated Statements of Operations for the Years Ended December 31, 2012, 2011 and 2010	F-4
Consolidated Statements of Convertible Preferred Stock and Stockholder's Equity (Deficit) for the Years Ended December 31, 2012, 2011 and 2010	F-5
Consolidated Statements of Cash Flows for the Years Ended December 31, 2012, 2011 and 2010	F-6
Notes to Consolidated Financial Statements	F-7

All financial statement schedules have been omitted because the required information is not applicable or not present in amounts sufficient to require submission of the schedule, or because the information required is included in our consolidated financial statements or the notes thereto.

(3) **Exhibits.** The exhibits listed under Item 15(b) hereof are filed with, or incorporated by reference into, this Annual Report on Form 10-K. Each management contract or compensatory plan or arrangement is identified separately in item 15(b) hereof.

[Table of Contents](#)**(b) Exhibits.**

The following exhibits are filed as part of, or incorporated by reference into, this Annual Report on Form 10-K:

Exhibit No.	Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
3.2	Amended and Restated Certificate of Incorporation.	S-1	03/21/2011	3.2	
3.4	Amended and Restated Bylaws.	S-1	03/21/2011	3.4	
4.1	Amendment No. 1 to Amended and Restated Investor Rights Agreement, dated April 12, 2001.	S-1	04/13/2011	4.1	
4.2	Amended and Restated Investor Rights Agreement among the Registrant and certain stockholders, dated June 27, 2006.	S-1	01/14/2011	4.2	
10.1	Form of Indemnification Agreement to be entered into between the Registrant and each of its directors and officers.	S-1	03/21/2011	10.1	
10.2	Amended and Restated 2001 Stock Incentive Plan.	S-1	01/14/2011	10.2	
10.3	Form of Amended and Restated 2001 Stock Plan Stock Option Agreement.	S-1	01/14/2011	10.3	
10.4	2011 Equity Incentive Plan and forms of agreements thereunder.	S-1	03/21/2011	10.4	
10.5	Letter agreement between the Registrant and David Hagan, dated April 11, 2011.	S-1	04/13/2011	10.5	
10.6	Letter agreement between the Registrant and Edward Zinser, dated April 11, 2011.	S-1	04/13/2011	10.6	
10.7	2010 Management Incentive Compensation Plan.	S-1	01/14/2011	10.7	
10.8	Office Lease Agreement, dated April 2007, between CA-10960 Wilshire Limited Partnership and Registrant.	S-1	01/14/2011	10.8	
10.9	License Agreement for Wireless Communications Access System, dated November 17, 2005, between City of Chicago and Chicago Concourse Development Group, LLC.	S-1	04/29/2011	10.9	
10.9A	Consent to Change in Ownership and Amendment of Agreement, dated June 22, 2006, between City of Chicago and Chicago Concourse Development Group, LLC.	S-1	2/25/2011	10.9A	
10.10	Telecommunications Network Access Agreement, dated August 26, 1999, between The Port Authority of New York and New Jersey and New York Telecom Partners, LLC.	S-1	04/29/2011	10.10	
10.10A	Supplemental Agreement, dated March 28, 2001 between The Port Authority of New York and New Jersey and New York Telecom Partners, LLC.	S-1	04/29/2011	10.10A	

[Table of Contents](#)

Exhibit No.	Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
10.11	Management Incentive Compensation Plan.	S-1	03/21/2011	10.11	
10.12	Letter agreement between the Registrant and Niels Jonker, dated April 11, 2011.	S-1	04/13/2011	10.12	
10.13	Letter agreement between the Registrant and Colby Goff, dated April 11, 2011.	S-1	04/13/2011	10.13	
10.14	Letter agreement between the Registrant and Peter Hovenier, dated April 11, 2011.	S-1	04/13/2011	10.14	
10.15	Transition Agreement between the Registrant and Niels Jonker, dated June 29, 2012.	8-K	06/25/2012	10.15	
21.1	List of subsidiaries.				X
23.1	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm.*				X
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act.*				X
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act.*				X
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act.*				X
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act.*				X
101.INS	XBRL Instance Document†				X
101.SCH	XBRL Taxonomy Extension Schema Document†				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document†				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document†				X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document†				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document†				X

* Furnished herewith

† In accordance with Rule 406T of Regulation S-T, the information in this exhibits is furnished and not deemed filed or a part of a registration statement or prospectus for purposes of Section 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, except as set forth by specific reference in such filing

[\(Back To Top\)](#)

Section 2: EX-21.1 (EX-21.1)

[QuickLinks](#) -- Click here to rapidly navigate through this document

Exhibit 21.1

List of Subsidiaries as of December 31, 2012

<u>Name of Subsidiary</u>	<u>Jurisdiction</u>
Boingo Holding Participações, Ltda.	Brazil
Chicago Concourse Development Group, LLC	Delaware
Concourse Communications Baltimore, LLC	Delaware
Concourse Communications Canada, Inc.	Delaware
Concourse Communications Detroit, LLC	Delaware
Concourse Communications Group, LLC	Delaware
Concourse Communications Illinois, LLC	Illinois
Concourse Communications Minnesota, LLC	Delaware
Concourse Communications Nashville, LLC	Illinois
Concourse Communications Ottawa, LLC	Illinois
Concourse Communications Puerto Rico, LLC	Puerto Rico
Concourse Communications SSP, LLC	Delaware
Concourse Communications St. Louis, LLC	Delaware
Concourse Communications UK, Ltd.	England
Concourse Holding Co., LLC	Delaware
InGate Holding, LLC	Illinois
InGate Technologies, LLC	Delaware
New York Telecom Partners, LLC	Delaware
Opti-Fi Networks, LLC	Delaware
tego Communications, Inc.	Delaware

QuickLinks

[Exhibit 21.1](#)

[List of Subsidiaries as of December 31, 2012](#)

[\(Back To Top\)](#)

Section 3: EX-23.1 (EX-23.1)

[QuickLinks](#) -- Click here to rapidly navigate through this document

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-174157 and No. 333-181180) of Boingo Wireless, Inc. of our report dated March 18, 2013 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Los Angeles, California
March 18, 2013

Section 4: EX-31.1 (EX-31.1)

[QuickLinks](#) -- Click here to rapidly navigate through this document

Exhibit 31.1

Certification

I, David Hagan, certify that:

1. I have reviewed this annual report on Form 10-K of Boingo Wireless, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 18, 2013

/s/ DAVID HAGAN

David Hagan
Director and Chief Executive Officer
(Principal Executive Officer)

Section 5: EX-31.2 (EX-31.2)

[QuickLinks](#) -- Click here to rapidly navigate through this document

Exhibit 31.2

Certification

I, Peter Hovenier, certify that:

1. I have reviewed this annual report on Form 10-K of Boingo Wireless, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 18, 2013

/s/ PETER HOVENIER

Peter Hovenier
Chief Financial Officer (Principal
Financial and Accounting Officer)

QuickLinks

[Exhibit 31.2](#)

[Certification](#)

[\(Back To Top\)](#)

Section 6: EX-32.1 (EX-32.1)

[QuickLinks](#) -- Click here to rapidly navigate through this document

Exhibit 32.1

Certification of Chief Executive Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Boingo Wireless, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

- (i) the accompanying Annual Report on Form 10-K of the Company for the period ended December 31, 2012 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 18, 2013

/s/ DAVID HAGAN

David Hagan
Director and Chief Executive Officer
(Principal Executive Officer)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

QuickLinks

[Exhibit 32.1](#)

[Certification of Chief Executive Officer](#)

[\(Back To Top\)](#)

Section 7: EX-32.2 (EX-32.2)

[QuickLinks](#) -- Click here to rapidly navigate through this document

Exhibit 32.2

Certification of Chief Financial Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Boingo Wireless, Inc., Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

- (i) the accompanying Annual Report on Form 10-K of the Company for the period ended December 31, 2012 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 18, 2013

/s/ PETER HOVENIER

Peter Hovenier
*Chief Financial Officer (Principal
Financial and Accounting Officer)*

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

QuickLinks

[Exhibit 32.2](#)

[Certification of Chief Financial Officer](#)
([Back To Top](#))