

## Section 1: 10-Q (10-Q)

[Table of Contents](#)

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# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

## FORM 10-Q

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

For the quarterly period ended June 30, 2015

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-35155

### **BOINGO WIRELESS, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**95-4856877**

(I.R.S. Employer  
Identification No.)

**10960 Wilshire Blvd., 23rd Floor  
Los Angeles, California**

(Address of principal executive offices)

**90024**

(Zip Code)

**(310) 586-5180**

(Registrant's telephone number, including area code)

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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions 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

As of July 31, 2015, there were 36,993,845 shares of the registrant's common stock outstanding.

TABLE OF CONTENTS

	<u>Page</u>
<b><u>PART I — FINANCIAL INFORMATION</u></b>	
<u>Item 1. Financial Statements (unaudited)</u>	3
<u>Condensed Consolidated Balance Sheets</u>	3
<u>Condensed Consolidated Statements of Operations</u>	4
<u>Condensed Consolidated Statements of Comprehensive Income (Loss)</u>	5
<u>Condensed Consolidated Statement of Stockholders' Equity</u>	6
<u>Condensed Consolidated Statements of Cash Flows</u>	7
<u>Notes to the Condensed Consolidated Financial Statements</u>	8
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	18
<u>Item 3. Quantitative and Qualitative Disclosure about Market Risk</u>	29
<u>Item 4. Controls and Procedures</u>	29
<b><u>PART II — OTHER INFORMATION</u></b>	
<u>Item 1. Legal Proceedings</u>	30
<u>Item 1A. Risk Factors</u>	30
<u>Item 5. Other Information</u>	30
<u>Item 6. Exhibits</u>	30
<b><u>SIGNATURES</u></b>	31

**PART I — FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**Boingo Wireless, Inc.**  
**Condensed Consolidated Balance Sheets**  
**(Unaudited)**  
**(In thousands, except per share amounts)**

	<u>June 30,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 20,518	\$ 8,849
Marketable securities	—	1,614
Accounts receivable, net	40,465	27,917
Prepaid expenses and other current assets	3,749	3,916
Deferred tax assets	787	787
Total current assets	65,519	43,083
Property and equipment, net	152,006	111,772
Goodwill	42,403	42,403
Intangible assets, net	17,872	19,676
Other assets	3,811	2,468

Total assets	\$ 281,611	\$ 219,402
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 15,467	\$ 4,004
Accrued expenses and other liabilities	36,836	26,109
Deferred revenue	35,365	25,488
Current portion of long-term debt	10,875	875
Current portion of capital leases	1,312	309
Total current liabilities	99,855	56,785
Deferred revenue, net of current portion	52,785	27,267
Long-term debt	2,188	2,625
Long-term portion of capital leases	2,325	381
Deferred tax liabilities	3,639	3,432
Other liabilities	3,806	1,482
Total liabilities	164,598	91,972
Commitments and contingencies (Note 9)		
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; 36,949 and 36,267 shares issued and outstanding at June 30, 2015 and December 31, 2014, respectively	4	4
Additional paid-in capital	193,758	189,725
Accumulated deficit	(76,703)	(62,884)
Accumulated other comprehensive loss	(783)	(443)
Total common stockholders' equity	116,276	126,402
Non-controlling interests	737	1,028
Total stockholders' equity	117,013	127,430
Total liabilities and stockholders' equity	\$ 281,611	\$ 219,402

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

[Table of Contents](#)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Revenue	\$ 34,277	\$ 28,396	\$ 63,669	\$ 54,848
Costs and operating expenses:				
Network access	16,011	13,247	29,634	26,172
Network operations	7,902	5,793	15,941	11,617
Development and technology	4,786	3,169	8,977	6,840
Selling and marketing	4,781	3,966	9,197	7,851
General and administrative	5,689	4,645	11,522	9,040
Amortization of intangible assets	873	928	1,766	1,853
Total costs and operating expenses	40,042	31,748	77,037	63,373
Loss from operations	(5,765)	(3,352)	(13,368)	(8,525)
Interest and other income (expense), net	19	(18)	(1)	1
Loss before income taxes	(5,746)	(3,370)	(13,369)	(8,524)
Income tax expense	82	155	286	303
Net loss	(5,828)	(3,525)	(13,655)	(8,827)
Net income attributable to non-controlling interests	109	209	164	355
Net loss attributable to common stockholders	\$ (5,937)	\$ (3,734)	\$ (13,819)	\$ (9,182)
Net loss per share attributable to common stockholders:				
Basic	\$ (0.16)	\$ (0.10)	\$ (0.38)	\$ (0.26)
Diluted	\$ (0.16)	\$ (0.10)	\$ (0.38)	\$ (0.26)

Weighted average shares used in computing net loss per share attributable to common stockholders:

Basic	36,724	35,621	36,558	35,486
Diluted	36,724	35,621	36,558	35,486

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

4

[Table of Contents](#)

**Boingo Wireless, Inc.**  
**Condensed Consolidated Statements of Comprehensive Income (Loss)**  
(Unaudited)  
(In thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net loss	\$ (5,828)	\$ (3,525)	\$ (13,655)	\$ (8,827)
Other comprehensive loss, net of tax				
Foreign currency translation adjustments	52	—	(295)	—
Comprehensive loss	(5,776)	(3,525)	(13,950)	(8,827)
Comprehensive income attributable to non-controlling interest	102	209	209	355
Comprehensive loss attributable to common stockholders	<u>\$ (5,878)</u>	<u>\$ (3,734)</u>	<u>\$ (14,159)</u>	<u>\$ (9,182)</u>

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

5

[Table of Contents](#)

**Boingo Wireless, Inc.**  
**Condensed Consolidated Statement of Stockholders' Equity**  
(Unaudited)  
(In thousands)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Non- controlling Interests	Total Stockholders' Equity
Balance at December 31, 2014	36,267	\$ 4	\$ 189,725	\$ (62,884)	\$ (443)	\$ 1,028	\$ 127,430
Issuance of common stock under stock incentive plans	682	—	1,028	—	—	—	1,028
Shares withheld for taxes	—	—	(1,354)	—	—	—	(1,354)
Stock-based compensation expense	—	—	4,359	—	—	—	4,359
Non-controlling interest distributions	—	—	—	—	—	(500)	(500)
Net (loss) income	—	—	—	(13,819)	—	164	(13,655)
Other comprehensive (loss) income	—	—	—	—	(340)	45	(295)
Balance at June 30, 2015	<u>36,949</u>	<u>\$ 4</u>	<u>\$ 193,758</u>	<u>\$ (76,703)</u>	<u>\$ (783)</u>	<u>\$ 737</u>	<u>\$ 117,013</u>

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

6

[Table of Contents](#)

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

	Six Months Ended June 30,	
	2015	2014
<b>Cash flows from operating activities</b>		
Net loss	\$ (13,655)	\$ (8,827)
Adjustments to reconcile net loss including non-controlling interests to net cash provided by operating activities:		

Depreciation and amortization of property and equipment	17,866	12,315
Amortization of intangible assets	1,766	1,853
Impairment loss	160	—
Loss on disposal of fixed assets	5	—
Stock-based compensation	3,934	3,368
Change in fair value of contingent consideration	(114)	(358)
Change in deferred income taxes	207	230
Changes in operating assets and liabilities:		
Accounts receivable	(12,600)	(10,271)
Prepaid expenses and other assets	(1,275)	(718)
Accounts payable	2,237	5,531
Accrued expenses and other liabilities	911	(845)
Deferred revenue	35,395	13,230
Net cash provided by operating activities	<u>34,837</u>	<u>15,508</u>
<b>Cash flows from investing activities</b>		
Purchases of marketable securities	—	(27,137)
Proceeds from sales of marketable securities	1,614	30,190
Purchases of property and equipment	(33,306)	(35,886)
Proceeds from sale of property and equipment	8	—
Net cash used in investing activities	<u>(31,684)</u>	<u>(32,833)</u>
<b>Cash flows from financing activities</b>		
Proceeds from credit facility	15,000	—
Principal payments on debt	(5,438)	—
Proceeds from exercise of stock options	1,028	179
Payments of capital leases and notes payable	(188)	(348)
Payment of other acquisition related consideration	(17)	(275)
Payments of withholding tax on net issuance of restricted stock units	(1,354)	(992)
Payments to non-controlling interests	(500)	(623)
Net cash provided by (used in) financing activities	<u>8,531</u>	<u>(2,059)</u>
Effect of exchange rates on cash	<u>(15)</u>	<u>—</u>
Net increase (decrease) in cash and cash equivalents	11,669	(19,384)
Cash and cash equivalents at beginning of period	8,849	27,338
Cash and cash equivalents at end of period	<u>\$ 20,518</u>	<u>\$ 7,954</u>
<b>Supplemental disclosure of non-cash investing and financing activities</b>		
Property and equipment costs in accounts payable, accrued expenses and other liabilities	33,202	12,075
Acquisition of equipment under capital lease	3,099	—

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

[Table of Contents](#)

**Boingo Wireless, Inc.**  
**Notes to the Condensed Consolidated Financial Statements**  
(Unaudited)  
(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 Internet solutions for smartphones, tablet computers, laptops, and other wireless-enabled consumer devices. The Company has more than a million small cell networks for cellular distributed antenna system (“DAS”) and Wi-Fi access that reach more than one billion consumers annually. Boingo Wireless, Inc. was incorporated on April 16, 2001 in the State of Delaware. We have a diverse monetization model that enables us to generate revenues from wholesale partnerships, retail sales, and advertising across these small cell networks. Wholesale offerings include Wi-Fi roaming, private label Wi-Fi, location based services, and DAS, which are cellular extension networks. Retail products include Wi-Fi subscriptions and day passes that provide access to more than one million commercial hotspots worldwide, and Internet Protocol television (“IPTV”) services and broadband for military barracks. Advertising revenue is driven by Wi-Fi sponsorships at airports, hotels, cafes and restaurants, and public spaces. Our customers include some of the world’s largest telecom operators, telecommunications service providers and global consumer brands, as well as Internet savvy consumers on the go and troops stationed at U.S. military bases.

**2. Summary of significant accounting policies**

**Basis of presentation**

The accompanying interim unaudited condensed consolidated financial statements and related notes for the three and six months ended June 30, 2015 and 2014 are unaudited. The unaudited interim condensed consolidated financial information has been prepared in accordance with the rules and regulations of the SEC for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles (“GAAP”) in the United States of America (“U.S.”) for complete financial statements. These financial

statements should be read in conjunction with the audited consolidated financial statements and the accompanying notes for the year ended December 31, 2014 contained in our annual report on Form 10-K filed with the SEC on March 16, 2015. The unaudited interim condensed consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements and in the opinion of management, reflect all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of our results of operations and cash flows for the three and six months ended June 30, 2015 and 2014, and our financial position as of June 30, 2015. The year-end balance sheet data was derived from audited consolidated financial statements, but does not include all disclosures required by GAAP. Interim results are not necessarily indicative of the results to be expected for an entire year or any other future year or interim period.

### Principles of consolidation

The unaudited condensed consolidated financial statements include our accounts and the accounts of our majority owned subsidiaries. We consolidate our 70% ownership of Concourse Communications Detroit, LLC, our 70% ownership of Chicago Concourse Development Group, LLC and our 75% ownership of Boingo Holding Participacoes Ltda. 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. All intercompany balances and transactions have been eliminated in consolidation.

On August 4, 2015, we purchased the remaining 30% ownership interest in Concourse Communications Detroit, LLC from the noncontrolling interest owners for \$1,150.

### Segment and geographical information

We operate as one reportable segment; a service provider of mobile Internet solutions across our managed and operated network and aggregated network for mobile devices such as laptops, smartphones, tablet computers and other wireless-enabled consumer devices. 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.

### [Table of Contents](#)

All significant long-lived tangible assets are held in the U.S. We do not disclose sales by geographic area because to do so would be impracticable. In our annual report on Form 10-K filed with the SEC on March 16, 2015, we updated our presentation of retail and wholesale revenue sources to provide increased visibility into the revenue streams that are the focus of our current and future operational and development efforts. Our retail revenue sources were previously differentiated based on our retail plan types—subscription or single-use. We believe that it would be more relevant to differentiate our individual users based on the nature of the users—retail users who purchase Internet access at our managed and operated hotspots and select partner locations or military users who purchase Internet access and/or IPTV services for individual use on U.S. military bases. We also previously combined our wholesale DAS and Wi-Fi revenues and we believe that it would be better to disaggregate these wholesale product revenues going forward by DAS and Wi-Fi given the current development of these products. As a result, we have also reclassified our revenues by primary revenue source for the three and six months ended June 30, 2014 for comparability purposes.

The following is a summary of our revenue by primary revenue source:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Revenue:				
Retail	\$ 8,145	\$ 10,367	\$ 16,854	\$ 20,721
DAS	12,125	9,409	21,721	17,227
Wholesale—Wi-Fi	5,472	3,463	9,642	6,768
Military	4,232	624	7,746	1,100
Advertising and other	4,303	4,533	7,706	9,032
Total revenue	\$ 34,277	\$ 28,396	\$ 63,669	\$ 54,848

### 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 June 30, 2015 and December 31, 2014, we had \$0 and \$1,614, respectively, in 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 periods 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 three and six months ended June 30, 2015 and 2014, we had no significant realized or unrealized gains or losses from investments in marketable securities classified as available-for-sale. As of June 30, 2015 and December 31, 2014, we had no unrealized gains or losses in accumulated other comprehensive loss.

### **Revenue recognition**

We generate revenue from several sources including: (i) retail and military customers under subscription plans for month-to-month network access that automatically renew, and retail and military single-use access from sales of hourly, daily or other single-use access plans, (ii) DAS customers that are telecom operators under long-term contracts for access to our DAS at our managed and operated locations, (iii) arrangements with wholesale Wi-Fi customers that provide software licensing, network access, and/or professional services fees, 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 and military customers are paid monthly in advance. Subscription fee revenue is recognized ratably over the subscription period and revenue is deferred for the portions of monthly recurring subscription fees collected in advance. Revenue generated from retail and military single-use access is recognized when access is provided. We provide refunds for our retail and military services on a case-by-case basis. These amounts are not significant and are recorded as contra-revenue in the period the refunds are made.

### [Table of Contents](#)

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. Periodically, we install and sell Wi-Fi and DAS networks to customers where we do not have service contracts or remaining obligations beyond the installation of those networks and we recognize build-out fees for such projects as revenue when the installation work is completed and the network has been accepted by the customer. 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 non-cancellable term of the telecom operator agreement. The initial term of our contracts with telecom operators generally range from five to ten years and the agreements generally contain renewal clauses.

Services provided to wholesale Wi-Fi partners generally contain several elements including: (i) a term license to use our software to access our Wi-Fi network, (ii) access fees for Wi-Fi network usage, and/or (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 service arrangement. The initial term of the license agreements is generally between one to five years and the agreements generally contain renewal clauses. Revenue for Wi-Fi network access fees in excess of the monthly minimum amounts is recognized when earned. All elements within existing service arrangements are generally delivered and earned concurrently throughout the term of the respective service arrangement.

In instances where the minimum monthly Wi-Fi and DAS 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 Accounting Standards Update (“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 Wi-Fi 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 if 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 Wi-Fi platform service arrangements and the term of the estimated customer relationship period for DAS arrangements.

Advertising revenue is generated from advertisements on our managed and operated or partner networks. In determining whether an arrangement exists, we ensure that a binding arrangement is in place, such as a standard insertion order or a fully executed customer-specific agreement. Obligations pursuant to our advertising revenue arrangements typically include a minimum number of units or the satisfaction of certain performance criteria. Advertising and other revenue is recognized when the services are performed.

### **Foreign currency translation**

Our Brazilian subsidiary uses the Brazilian Real as its functional currency. Assets and liabilities of our Brazilian subsidiary are translated to U.S. dollars at period-end rates of exchange, and revenues and expenses are translated at average exchange rates prevailing for each month. The resulting translation adjustments are made directly to a separate component of other comprehensive loss, which is reflected in stockholders’ equity in our condensed consolidated balance sheets. As of June 30, 2015 and December 31, 2014, the Company had \$783 and \$443, respectively, of

cumulative foreign currency translation adjustments, net of tax, which was \$0 as of June 30, 2015 and December 31, 2014 due to the full valuation allowance established against our deferred tax assets, in accumulated other comprehensive loss.

Some of our subsidiaries also enter into transactions and have monetary assets and liabilities that are denominated in a currency other than the entities' respective functional currencies. Gains and losses from the remeasurement of these foreign currency transactions and monetary assets and liabilities using the exchange rate as of the end of the reporting period are included in interest and other income (expense), net in the condensed consolidated statements of operations.

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[Table of Contents](#)

**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.

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 condensed consolidated balance sheets for cash and cash equivalents, 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.

**Recent accounting pronouncements**

In April 2015, the FASB issued ASU 2015-05, *Customer's Accounting for Fees Paid in a Cloud Computing Arrangement*, which provides guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the customer should account for the arrangement for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. The standard is effective for annual periods beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption is permitted for all entities. An entity may choose to adopt the new standard either retrospectively or prospectively. We are currently evaluating the expected impact of this new standard on our cloud computing arrangements in our consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, which requires entities to present debt issuance costs related to a note as a direct deduction from the face amount of that note, similar to the presentation of debt discounts. The costs will continue to be amortized to interest expense. In a June 2015 EITF meeting, the SEC observer clarified that ASU 2015-03 does not address debt issuance costs related to revolving debt arrangements and stated the SEC staff would not object to the use of current authoritative guidance to defer and present such costs as an asset and amortize the asset ratably over the term of the revolving debt arrangement. The standard will be effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption is permitted. An entity must adopt the new standard retrospectively for all prior periods presented in the financial statements. We have not elected to early adopt this standard and we are currently evaluating the expected impact of this new standard. As of June 30, 2015 and December 31, 2014, we have classified debt issuance costs related to our revolving line of credit of \$178 and \$178, respectively, within prepaid expenses and other current assets, and \$425 and \$514, respectively, within other assets in the condensed consolidated balance sheets.

In February 2015, the FASB issued ASU 2015-02, *Consolidation — Amendments to the Consolidation Analysis*, which amends the current consolidation guidance and ends the deferral granted to investment companies from applying the variable interest entity (VIE) guidance. The standard will be effective for fiscal years beginning after December 15, 2015. Early adoption is permitted. We do not expect that this standard will have a material impact on our consolidated financial statements.

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[Table of Contents](#)

In August 2014, the FASB issued ASU 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, which explicitly requires management to assess an entity's ability to continue as a going concern in connection with each annual and interim

period. Management will assess if there is substantial doubt about an entity's ability to continue as a going concern within one year of the date the financial statements are issued. Disclosures will be required if conditions give rise to substantial doubt. The standard will be effective for the first annual period ending after December 15, 2016. Early adoption is permitted. We are currently evaluating the expected impact of this new standard.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which is intended to improve and converge the financial reporting requirements for revenue from contracts with customers between U.S. GAAP and International Accounting Standards. In accordance with this new standard, an entity would recognize revenue to depict the transfer of promised goods or services. The standard establishes a five-step model and related application guidance, which will replace most existing revenue recognition guidance in U.S. GAAP. In May 2015, the FASB issued a proposal to clarify the guidance on identifying performance obligations and accounting for licenses of intellectual property. In June 2015, the FASB issued a proposal to clarify how the principal versus agent guidance should be applied for determining whether revenue should be presented gross (as a principal) or net (as an agent). In July 2015, the FASB decided to delay the effective date of the new revenue standard by one year. The standard will be effective for annual and interim periods in fiscal years beginning after December 15, 2017. The FASB also agreed to allow entities to choose to adopt the standard as of the original effective date. An entity may choose to adopt the new standard either retrospectively or through a cumulative effect adjustment as of the start of the first period for which it applies the new standard. We have not yet selected an effective date or a transition method and are currently evaluating the expected impact of this new standard, including proposed amendments, on our reporting of revenue contracts in our consolidated financial statements and related disclosures.

### 3. Cash and cash equivalents

Cash and cash equivalents consisted of the following:

	June 30, 2015	December 31, 2014
Cash and cash equivalents:		
Cash	\$ 18,288	\$ 3,247
Money market accounts	2,230	5,602
Total cash and cash equivalents	<u>\$ 20,518</u>	<u>\$ 8,849</u>
Short-term marketable securities:		
Marketable securities	\$ —	\$ 1,614
Total short-term marketable securities	<u>\$ —</u>	<u>\$ 1,614</u>

For the six months ended June 30, 2015 and 2014, interest income was \$4 and \$86, respectively, which is included in interest and other income (expense), net in the accompanying condensed consolidated statements of operations.

### 4. Property and equipment

The following is a summary of property and equipment, at cost less accumulated depreciation and amortization:

	June 30, 2015	December 31, 2014
Leasehold improvements	\$ 179,401	\$ 152,627
Construction in progress	42,814	20,104
Computer equipment	10,698	7,909
Software	20,840	17,827
Office equipment	1,739	297
Total property and equipment	255,492	198,764
Less: accumulated depreciation and amortization	(103,486)	(86,992)
Total property and equipment, net	<u>\$ 152,006</u>	<u>\$ 111,772</u>

Depreciation and amortization expense, which includes depreciation and amortization for property and equipment under capital leases, is allocated as follows in the accompanying condensed consolidated statements of operations:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Network access	\$ 6,155	\$ 4,511	\$ 10,987	\$ 8,373
Network operations	1,843	1,182	3,829	2,369
Development and technology	1,336	782	2,510	1,479
General and administrative	478	56	540	94
Total depreciation and amortization of property and equipment	<u>\$ 9,812</u>	<u>\$ 6,531</u>	<u>\$ 17,866</u>	<u>\$ 12,315</u>

### 5. Fair value measurement

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

At June 30, 2015	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Money market accounts	\$ 2,230	\$ —	\$ —	\$ 2,230
Total assets	\$ 2,230	\$ —	\$ —	\$ 2,230
<b>At December 31, 2014</b>				
<b>Assets:</b>				
Money market accounts	\$ 5,602	\$ —	\$ —	\$ 5,602
Marketable securities	—	1,614	—	1,614
Total assets	\$ 5,602	\$ 1,614	\$ —	\$ 7,216
<b>Liabilities:</b>				
Contingent consideration	\$ —	\$ —	\$ 131	\$ 131
Total liabilities	\$ —	\$ —	\$ 131	\$ 131

Our marketable securities 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 is derived through the use of a third party pricing source using recent reported trades for identical or similar securities, making adjustments through the reporting date based upon available market observable data.

The Company used the income approach to value the contingent consideration. The contingent consideration used a discounted cash flow method with probability weighted cash flows for Endeka Group, Inc., which we acquired in February 2013. The contingent consideration for Endeka was paid out during the period ended June 30, 2015. The following table presents a reconciliation of the beginning and ending amounts related to the fair value of contingent consideration categorized as Level 3:

Beginning balance, January 1, 2015	\$ 131
Change in fair value	(114)
Payment of contingent consideration	(17)
Balance, June 30, 2015	\$ —

## 6. Accrued expenses and other liabilities

Accrued expenses and other liabilities consisted of the following:

	June 30, 2015	December 31, 2014
Revenue share	\$ 3,599	\$ 5,683
Salaries and wages	2,846	2,389
Accrued for construction-in-progress	21,796	9,438
Accrued partner network	1,313	1,105
Settlement liabilities	675	1,850
Accrued professional fees	916	1,241
Accrued taxes	630	327
Deferred rent	19	18
Holdback liabilities	1,600	1,615
Contingent consideration	—	131
Other	3,442	2,312
Total accrued expenses and other liabilities	\$ 36,836	\$ 26,109

## 7. Income taxes

We calculate our interim income tax provision in accordance with ASC 270, *Interim Reporting*, and ASC 740, *Accounting for Income Taxes*. At the end of each interim period, we estimate the annual effective tax rate and apply that rate to our ordinary quarterly earnings. The tax expense or benefit related to significant, unusual, or extraordinary items is recognized in the interim period in which those items occur. In addition, the effect of changes in enacted tax laws, rates, or tax status is recognized in the interim period in which the change occurs.

The computation of the annual estimated effective tax rate at each interim period requires certain estimates and significant judgment, including the expected operating income (loss) for the year, projections of the proportion of income (loss) earned and taxed in various states, permanent and temporary differences as a result of differences between amounts measured and recognized in accordance with tax laws and financial accounting standards, and the likelihood of recovering deferred tax assets generated in the current year. The accounting estimates used to compute the provision for income taxes may change as new events occur, additional information is obtained, or as the tax environment changes.

Income tax expense of \$82 and \$155 reflects an effective tax rate of 1.4% and 4.6% for the three months ended June 30, 2015 and 2014, respectively. Income tax expense of \$286 and \$303 reflects an effective tax rate of 2.1% and 3.6% for the six months ended June 30, 2015 and 2014, respectively. Our effective tax rate differs from the statutory rate primarily due to our valuation allowance for the three and six months ended June 30, 2015 and 2014. At June 30, 2015, we have net deferred tax liabilities of \$2,852. As of June 30, 2015 and December 31, 2014, we had \$355 and \$459, respectively, of uncertain tax positions, \$84 and \$106, respectively, of which is a reduction to deferred tax assets, which is presented net of uncertain tax positions, in the accompanying condensed consolidated balance sheets. We accrue interest and penalties related to unrecognized tax benefits as a component of income taxes. As of June 30, 2015 and December 31, 2014, we have accrued \$42 and \$67, respectively, for related interest, net of federal income tax benefits, and penalties. The amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate as of June 30, 2015 was \$229.

A reconciliation of our unrecognized tax benefits, excluding interest and penalties, is as follows:

Beginning balance, January 1, 2015	\$ 392
Additions for current period tax positions	—
Effective settlement during the current period	(79)
Balance, June 30, 2015	<u>\$ 313</u>

We are subject to taxation in the United States and in various states. Our tax years 2012 and forward are subject to examination by the IRS and our tax years 2010 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.

## 8. Credit Facility

On November 21, 2014, we entered into a Credit Agreement (the “Credit Agreement”) and related agreements with Bank of America, N.A. acting as agent for lenders named therein, including Bank of America, N.A. and Silicon Valley Bank (the “Lenders”), for a secured credit facility in the form of a revolving line of credit in the initial amount of up to \$46,500, with an option to increase the available amount to \$86,500 upon the satisfaction of certain conditions (the “Revolving Line of Credit”) and a term loan of \$3,500 (the “Term Loan” and together with the Revolving Line of Credit, the “Credit Facility”). We may use borrowings under the Credit Facility for general working capital and corporate purposes. In general, amounts borrowed under the Credit Facility are secured by a lien against all of our assets, with certain exclusions.

## [Table of Contents](#)

As of June 30, 2015 and December 31, 2014, \$10,000 and \$0, respectively, was outstanding under the Revolving Line of Credit. Amounts outstanding under the Revolving Line of Credit are classified within short-term debt in our condensed consolidated balance sheet as of June 30, 2015 as we expect to repay the outstanding debt in the next twelve-month period. The Revolving Line of Credit requires quarterly payments of interest and matures on November 21, 2018, but may be prepaid in whole or part at any time. Amounts borrowed under the Revolving Line of Credit and Term Loan will bear, at our election, a variable interest at LIBOR plus 2.5% - 3.5% or Lender’s Prime Rate plus 1.5% - 2.5% per year and we will pay a fee of 0.375% - 0.5% per year on any unused portion of the Revolving Line of Credit. As of June 30, 2015 and December 31, 2014, \$3,063 and \$3,500, respectively, was outstanding under the Term Loan. The Term Loan requires quarterly payments of interest and principal, amortizing fully over the four-year-term such that it is repaid in full on the maturity date of November 21, 2018, but may be prepaid in whole or part at any time. Repayment of amounts borrowed under the Credit Facility may be accelerated in the event that we are in violation of the representations, warranties and covenants made in the Credit Agreement, including certain financial covenants set forth therein, and under other specified default events including, but not limited to, non-payment or inability to pay debt, breach of cross default provisions, insolvency provisions, and change of control.

Principal payments due under our Term Loan through 2018 are as follows:

Period	Principal Payments
July 1, 2015 — December 31, 2015	\$ 438
January 1, 2016 — December 31, 2016	875
January 1, 2017 — December 31, 2017	875
January 1, 2018 — December 31, 2018	875
	<u>\$ 3,063</u>

We incurred debt issuance costs of \$711. Debt issuance costs are amortized on a straight-line basis over the four year term of the Credit Facility. Amortization expense related to debt issuance costs are included in interest and other income (expense) in the accompanying condensed consolidated statements of operations for the three and six months ended June 30, 2015. Amortization and interest expense capitalized during the three and six months ended June 30, 2015 amounted to \$170 and \$246, respectively. Interest rates for our Credit Facility for the six months ended June 30, 2015 ranged from 2.73% to 3.28%.

Amortization expense for our debt issuance costs through 2018 is as follows:

Period	Amortization Expense
July 1, 2015 — December 31, 2015	\$ 89
January 1, 2016 — December 31, 2016	178

January 1, 2017 — December 31, 2017	178
January 1, 2018 — December 31, 2018	158
	<u>\$ 603</u>

We are subject to customary covenants, including a minimum quarterly consolidated leverage ratio, a maximum quarterly consolidated fixed charge coverage ratio, and monthly liquidity minimums. In August 2015, we amended our Credit Facility to primarily revise our financial covenants with an effective date of June 30, 2015 through the period ended September 30, 2015. We were in compliance with all such financial covenants as of June 30, 2015. We are also subject to certain non-financial covenants, and we were also in compliance with all such non-financial covenants as of June 30, 2015.

As of June 30, 2015 and December 31, 2014, the carrying amount reflected in the accompanying condensed consolidated balance sheets for the current portion of long-term debt and long-term debt approximates fair value (Level 2) based on the variable nature of the interest rates, lack of significant change to our credit risk, and the proximity to the issuance date.

## 9. Commitments and contingencies

### Letters of credit

We have entered into Letter of Credit Authorization agreements (collectively, “Letters of Credit”), which are issued under our Credit Agreement. The Letters of Credit are irrevocable and serve as performance guarantees that will allow our customers to draw upon the available funds if we are in default. As of June 30, 2015, we have Letters of Credit totaling \$3,891 that are scheduled to expire or renew over the next year. There have been no drafts drawn under these Letters of Credit as of June 30, 2015.

### Legal proceedings

From time to time, we may be subject to claims, suits, investigations and proceedings arising out of the normal course of business. We are not currently a party to any litigation that we believe could have a material adverse effect on our business, financial position, results of operations or cash flows.

## [Table of Contents](#)

### Other matters

We have received a claim from one of our venue partners with respect to contractual terms on our revenue share payments. We consider this claim to be without merit and plan to defend against such claim; however, we believe it is reasonably possible a loss ranging from \$0 to \$3,000 was incurred. We are not currently a party to any other claims that we believe could have a material adverse effect on our business, financial position, results of operations or cash flows.

## 10. Stock incentive plans

In March 2011, our board of directors approved the 2011 Equity Incentive Plan (“2011 Plan”). 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<sup>st</sup> 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 and (c) as determined by our board of directors. As of June 30, 2015, 10,324,899 shares of common stock are reserved for issuance.

At the 2015 Annual Meeting of Stockholders held on June 12, 2015, our stockholders approved the following amendments to our 2011 Equity Incentive Plan: (a) termination of the automatic “evergreen” share reserve increase feature after January 2018, so that no additional automatic annual share increases will occur thereafter; (b) remove the discretion to re-price any stock award; and (c) implement more conservative “share counting” provisions, so that the following shares will no longer be available for subsequent issuance: (i) shares applied to pay the exercise price of an option, (ii) shares not otherwise issued in connection with the stock settlement of stock appreciation rights, (iii) shares used to satisfy tax withholding obligations relating to any stock award, and (iv) shares reacquired by us using cash proceeds from the exercise of options.

No further awards will be made under our Amended and Restated 2001 Stock Incentive Plan (“2001 Plan”), and it will be terminated. Options outstanding under the 2001 Plan will continue to be governed by their existing terms.

Stock-based compensation expense is allocated as follows on the accompanying condensed consolidated statements of operations:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Network operations	\$ 412	\$ 351	\$ 759	\$ 639
Development and technology	129	119	227	260
Selling and marketing	642	402	1,169	736
General and administrative	916	979	1,779	1,733
Total stock-based compensation	<u>\$ 2,099</u>	<u>\$ 1,851</u>	<u>\$ 3,934</u>	<u>\$ 3,368</u>

During the three and six months ended June 30, 2015, we capitalized \$209 and \$425, respectively, of stock-based compensation expense. During the three and six months ended June 30, 2014, we capitalized \$126 and \$161, respectively, of stock-based compensation expense.

### Stock option awards

We grant stock option awards to both employees and non-employee directors. The grant date for these awards is the same as the measurement date. The stock option awards generally vest over a four year service period with 25% vesting when the individual completes 12 months of continuous service and the balance vesting monthly thereafter subject to continuous service on each vesting date. These awards are valued as of the measurement date and the stock-based compensation expense, net of estimated and actual forfeitures, is recognized on a straight-line basis over the requisite service period.

A summary of the stock option activity is as follows:

	Number of Options (000's)	Weighted Average Exercise Price	Weighted- Average Remaining Contract Life (years)	Aggregate Intrinsic Value
Outstanding at December 31, 2014	4,341	\$ 6.60	5.8	\$ 11,017
Exercised	(322)	\$ 3.19		
Canceled/forfeited	(69)	\$ 10.49		
Outstanding at June 30, 2015	3,950	\$ 6.81	5.4	\$ 11,173
Vested, exercisable and expected to vest at June 30, 2015	3,906	\$ 6.80	5.4	\$ 11,104
Exercisable at June 30, 2015	3,024	\$ 6.38	4.8	\$ 10,000

16

### [Table of Contents](#)

### Restricted stock unit awards

We grant time-based restricted stock units ("RSU") to executive and non-executive personnel and non-employee directors. The time-based RSUs granted to executive and non-executive personnel generally vest over a two to three year period subject to continuous service on each vesting date. The time-based RSUs for our non-employee directors generally vest over a one year period for existing members and 25% per year over a four-year period for new members subject to continuous service on each vesting date.

We grant performance-based RSUs to executive personnel. These awards vest subject to certain performance objectives based on the Company's annual revenue growth achieved during the specified performance period and certain long-term service conditions. The maximum number of RSUs that may vest is determined based on actual Company achievement with one-third of the performance-based RSUs vesting when the individual completes 12 months of continuous service and the balance vesting over a series of eight successive equal quarterly installments thereafter subject to continuous service on each vesting date. We recognize stock-based compensation expense for performance-based RSUs when we believe that it is probable that the performance objectives will be met.

A summary of the nonvested RSU activity under the 2011 Plan is as follows:

	Number of Shares (000's)	Weighted Average Grant-Date Fair Value
Nonvested at December 31, 2014	1,385	\$ 6.09
Granted	1,267	\$ 7.40
Vested	(531)	\$ 8.18
Canceled/forfeited	(34)	\$ 7.14
Nonvested at June 30, 2015	2,087	\$ 6.34

During the six months ended June 30, 2015, 531,488 shares of RSUs vested. The Company issued 360,465 shares and the remaining shares were withheld to pay minimum statutory federal, state, and local employment payroll taxes on those vested awards.

### 11. Net loss per share attributable to common stockholders

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(in thousands)			
Numerator:				
Net loss attributable to common stockholders, basic and diluted	\$ (5,937)	\$ (3,734)	\$ (13,819)	\$ (9,182)
Denominator:				
Weighted average common stock, basic and diluted	36,724	35,621	36,558	35,486

**Net loss per share attributable to common stockholders:**

Basic and diluted	\$	(0.16)	\$	(0.10)	\$	(0.38)	\$	(0.26)
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For the three and six months ended June 30, 2015 and 2014, we excluded all stock options and RSUs from the computation of diluted net loss per share due to the net loss for the period as the inclusion would be anti-dilutive.

On April 1, 2013, the Company approved a stock repurchase program to repurchase up to \$10,000 of the Company's common stock in the open market, exclusive of any commissions, markups or expenses. The stock repurchased will be retired and will resume the status of authorized but unissued shares of common stock. The Company did not repurchase any of our common stock during the six months ended June 30, 2015. As of June 30, 2015, the remaining approved amount for repurchases was approximately \$5,180.

17

[Table of Contents](#)**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and notes thereto included in "Item 1. Financial Statements" of this Quarterly Report on Form 10-Q and the audited consolidated financial statements and notes thereto and the section titled "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2014, filed with the Securities Exchange Commission on March 16, 2015.*

**Forward-Looking Statements**

*This Quarterly Report on Form 10-Q and the documents incorporated herein by reference contain forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, as amended, based on our current expectations, estimates and projections about our operations, industry, financial condition, performance, results of operations, and liquidity. Statements containing words such as "may," "believe," "anticipate," "expect," "intend," "plan," "project," "projections," "business outlook," "estimate," or similar expressions constitute forward-looking statements. These forward-looking statements include, but are not limited to, statements about future financial performance; revenues; metrics; operating expenses; market trends, including those in the markets in which we compete; operating and marketing efficiencies; liquidity; cash flows and uses of cash; dividends; capital expenditures; depreciation and amortization; tax payments; foreign currency exchange rates; hedging arrangements; our ability to repay indebtedness, pay dividends and invest in initiatives; our products and services; pricing; competition; strategies; and new business initiatives, products, services, and features. Potential factors that could affect the matters about which the forward-looking statements are made include, among others, the factors disclosed in the section entitled "Risk Factors" in this Quarterly Report on Form 10-Q and additional factors that accompany the related forward-looking statements in this Quarterly Report on Form 10-Q and our other filings with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as the date hereof. Any such forward-looking statements are not guarantees of future performance or results and involve risks and uncertainties that may cause actual performance and results to differ materially from those predicted. Reported results should not be considered an indication of future performance. Except as required by law, we undertake no obligation to publicly release the results of any revision to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.*

**Overview**

Boingo helps the world stay connected.

We have established a global footprint of small cell networks that provide high-speed, high-bandwidth wireless Internet service to smartphones, tablet computers, laptops, and other wireless-enabled devices. Small cells are low-powered radio access nodes that operate in licensed and unlicensed spectrum that have a range of 10 meters to 1 to 2 kilometers. These small cell networks cover more than a million distributed antenna system ("DAS") and Wi-Fi locations and reach more than one billion consumers annually. With the proliferation of mobile Internet-enabled wireless devices, and growth of high-bandwidth usage from streaming media and smartphone apps, we expect these small cells to play a significant role in helping meet the ever-increasing data demands of connected consumers who are accustomed to the benefits of broadband performance at home and work and are seeking the same applications, performance and availability on-the-go.

Our small cell networks include DAS and Wi-Fi networks that we manage and operate ourselves, which we refer to as our "managed and operated" locations, as well as Wi-Fi networks managed and operated by third-parties with whom we contract for access, which we refer to as our "roaming" networks. Our managed and operated locations are typically located in large venues with big audiences, such as airports, stadiums, arenas, U.S. military bases, universities, convention centers, and shopping malls where we install a wireless network infrastructure and generally have exclusive multi-year agreements. Our roaming networks comprise more than one million commercial Wi-Fi hotspots in 100 countries around the world. We also sell advertising and sponsorships on other Wi-Fi networks that are not part of our network on behalf of the network owner.

We generate revenue through wholesale offerings, retail and military sales, and advertising and sponsorships. We have direct customer relationships with users who have purchased our services, and we also provide mobile Internet access and solutions to our partners, which include telecom operators, cable companies, technology companies, enterprise software and services companies, and communications service providers to allow their millions of users to connect to the mobile Internet through hotspots in our network. Our software solution—which provides one-click access to our global footprint of hotspots—has been rebranded for wholesale partners, in addition to being marketed under the Boingo brand. In combination with our back-end system infrastructure, it creates a global roaming solution for operators, carriers and other service providers.

18

For the three months ended June 30, 2015, individual retail users provided approximately 24% of our revenue by purchasing month-to-month subscription plans that automatically renew or hotspot specific single-use access to our network. As of June 30, 2015, our retail subscriber base is approximately 225,000, a decrease of approximately 24% over the prior year period. For the three months ended June 30, 2015, individual military users provided approximately 12% of our revenue by purchasing broadband and Internet Protocol television (“IPTV”) services in military barracks. As of June 30, 2015, we have grown our military subscriber base to approximately 40,000 from approximately 4,000 in the prior year period.

We generate wholesale revenue from telecom operators that pay us build-out fees and recurring access fees so that their cellular customers may use our DAS networks at locations where we manage and operate the wireless network. For the three months ended June 30, 2015, DAS revenue accounted for approximately 35% of our revenue. In addition, our partners pay us usage-based Wi-Fi network access and software licensing fees to allow their customers’ access to our footprint worldwide. For the three months ended June 30, 2015, wholesale Wi-Fi revenue accounted for approximately 16% of our revenue.

We also generate revenue from advertisers that seek to reach consumers via sponsored Wi-Fi access, promotional programs and online display advertising. For the six months ended June 30, 2015, advertising and other revenue accounted for approximately 13% of our revenue. Our advertising business is seasonal, with the highest percentage of advertising sales occurring in the fourth quarter of each year. Our customer agreements for certain DAS networks include both a fixed and variable fee structure with the highest percentage of sales occurring in the fourth quarter of each year and the lowest percentage of sales occurring in the first quarter of each year. We expect these trends to continue. Our other products have not experienced any significant seasonal impact.

We believe we are the leading global provider of commercial mobile Wi-Fi Internet solutions and indoor DAS services for carriers. Key elements of our strategy are to:

- expand our footprint of managed and operated and aggregated networks;
- leverage our neutral-host business model to accelerate wholesale roaming and carrier offload partnerships;
- maximize advertising and sponsorship sell-through for our inventory of advertising-enabled networks; and
- increase our brand awareness.

#### **Reconciliation of Non-GAAP Financial Measures**

We define Adjusted EBITDA as net loss attributable to common stockholders plus depreciation and amortization of property and equipment, income tax expense, 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 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 loss attributable to common stockholders.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(unaudited) (in thousands)			
Net loss attributable to common stockholders	\$ (5,937)	\$ (3,734)	\$ (13,819)	\$ (9,182)
Depreciation and amortization of property and equipment	9,812	6,531	17,866	12,315
Income tax expense	82	155	286	303
Amortization of intangible assets	873	928	1,766	1,853
Stock-based compensation expense	2,099	1,851	3,934	3,368
Non-controlling interests	109	209	164	355
Interest and other (income) expense, net	(19)	18	1	(1)
Adjusted EBITDA	<u>\$ 7,019</u>	<u>\$ 5,958</u>	<u>\$ 10,198</u>	<u>\$ 9,011</u>

### Key Business Metrics

In addition to monitoring traditional financial measures, we also monitor our operating performance using key performance indicators. In our annual report on Form 10-K filed with the SEC on March 16, 2015, we updated our presentation of revenue sources to differentiate our individual users based on the nature of the users. Accordingly, we have disaggregated our subscribers between our retail and military users. We have also removed monthly churn, which was defined as the number of subscribers who canceled their subscriptions in a given month, expressed as a percentage of the average subscribers in that month, as a key performance indicator as we no longer view monthly churn as a key business metric.

There are four key metrics that we use to monitor results and activity in the business as follows:

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

*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.

*DAS nodes.* This metric represents the number of active DAS nodes as of the end of the period. A DAS node is a single communications endpoint, typically an antenna, which transmits or receives radio frequency signals wirelessly. This measure is an indicator of the reach of our DAS network.

### Revenue

Our revenue consists of retail revenue, military revenue, wholesale revenue, and advertising and other revenue. In our annual report on Form 10-K filed with the SEC on March 16, 2015, we updated our presentation of revenue sources to provide increased visibility into the revenue streams that are the focus of our current and future operational and development efforts. Our retail revenue sources were previously differentiated based on our retail plan types—subscription or single-use. We believe that it would be more relevant to differentiate our individual users based on the nature of the users—retail users who purchase Internet access at our managed and operated hotspots and select partner locations or military users who purchase Internet access and/or IPTV services for individual use on U.S. military bases. We also previously combined our wholesale DAS and Wi-Fi revenues and we believe that it would be better to disaggregate these wholesale product revenues going forward by DAS and Wi-Fi given the current development of these products. As a result, we have also reclassified our revenues by primary revenue source for the three and six months ended June 30, 2014 for comparability purposes.

### [Table of Contents](#)

*Retail and military.* We generate revenue from sales to retail and military individuals of month-to-month network access subscriptions that automatically renew, primarily through charge card transactions. We also generate revenue from sales of hourly, daily or other single-use access to retail and military individuals primarily through charge card transactions.

*DAS.* We generate revenue from telecom operator partners that pay us build-out fees and access fees for our DAS networks.

*Wholesale—Wi-Fi.* We generate revenue from wholesale Wi-Fi partners that license our software and pay usage-based or user-based monthly network access fees to allow their customers to access our global Wi-Fi network. Usage-based network access fees may be measured in minutes, connects, megabytes or gigabytes, and in most cases are subject to minimum volume commitments. Other wholesale Wi-Fi 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 partners in certain venues where we manage and operate the Wi-Fi network.

## Results of Operations

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
(unaudited) (in thousands)				
<b>Consolidated Statement of Operations Data:</b>				
Revenue	\$ 34,277	\$ 28,396	\$ 63,669	\$ 54,848
Costs and operating expenses:				
Network access	16,011	13,247	29,634	26,172
Network operations	7,902	5,793	15,941	11,617
Development and technology	4,786	3,169	8,977	6,840
Selling and marketing	4,781	3,966	9,197	7,851
General and administrative	5,689	4,645	11,522	9,040
Amortization of intangible assets	873	928	1,766	1,853
Total costs and operating expenses	40,042	31,748	77,037	63,373
Loss from operations	(5,765)	(3,352)	(13,368)	(8,525)
Interest and other income (expense), net	19	(18)	(1)	1
Loss before income taxes	(5,746)	(3,370)	(13,369)	(8,524)
Income tax expense	82	155	286	303
Net loss	(5,828)	(3,525)	(13,655)	(8,827)
Net income attributable to non-controlling interests	109	209	164	355
Net loss attributable to common stockholders	\$ (5,937)	\$ (3,734)	\$ (13,819)	\$ (9,182)

Depreciation and amortization expense included in costs and operating expenses:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
(unaudited) (in thousands)				
Network access	\$ 6,155	\$ 4,511	\$ 10,987	\$ 8,373
Network operations	1,843	1,182	3,829	2,369
Development and technology	1,336	782	2,510	1,479
General and administrative	478	56	540	94
Total (1)	\$ 9,812	\$ 6,531	\$ 17,866	\$ 12,315

- (1) The \$3.3 million and \$5.6 million increase in depreciation and amortization expense of property and equipment for the three and six months ended June 30, 2015, as compared to the three and six months ended June 30, 2014, respectively, is primarily a result of our increased fixed assets from our DAS build-out projects, Wi-Fi networks, and software development in 2014 and 2015.

## [Table of Contents](#)

Stock-based compensation expense included in costs and operating expenses:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
(unaudited) (in thousands)				
Network operations	\$ 412	\$ 351	\$ 759	\$ 639
Development and technology	129	119	227	260
Selling and marketing	642	402	1,169	736
General and administrative	916	979	1,779	1,733
Total (2)	\$ 2,099	\$ 1,851	\$ 3,934	\$ 3,368

- (2) The \$0.2 million and \$0.6 million increase in stock-based compensation expense for the three and six months ended June 30, 2015, as compared to the three and six months ended June 30, 2014, is due primarily to additional stock-based compensation expense related to the restricted stock units ("RSU") granted in 2014 and 2015. During the three and six months ended June 30, 2015, we capitalized \$0.2

million and \$0.4 million, respectively, of stock-based compensation expense. During the three and six months ended June 30, 2014, we capitalized \$0.1 million and \$0.2 million, respectively, of stock-based compensation expense.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
(unaudited) (as a percentage of revenue)				
<b>Consolidated Statement of Operations Data:</b>				
Revenue	100.0%	100.0%	100.0%	100.0%
Costs and operating expenses:				
Network access	46.7	46.7	46.5	47.7
Network operations	23.1	20.4	25.0	21.2
Development and technology	14.0	11.2	14.1	12.5
Selling and marketing	13.9	14.0	14.4	14.3
General and administrative	16.6	16.4	18.1	16.5
Amortization of intangible assets	2.5	3.3	2.8	3.4
Total costs and operating expenses	116.8	111.8	121.0	115.5
Loss from operations	(16.8)	(11.8)	(21.0)	(15.5)
Interest and other income (expense), net	(0.1)	(0.1)	(0.0)	0.0
Loss before income taxes	(16.8)	(11.9)	(21.0)	(15.5)
Income tax expense	0.2	0.5	0.4	0.6
Net loss	(17.0)	(12.4)	(21.4)	(16.1)
Net income attributable to non-controlling interests	0.3	0.7	0.3	0.6
Net loss attributable to common stockholders	(17.3)%	(13.1)%	(21.7)%	(16.7)%

[Table of Contents](#)

**Three Months ended June 30, 2015 and 2014**

**Revenue**

	Three Months Ended June 30,			
	2015	2014	Change	% Change
(unaudited) (in thousands, except percentages)				
<b>Revenue:</b>				
Retail	\$ 8,145	\$ 10,367	\$ (2,222)	(21.4)%
DAS	12,125	9,409	2,716	28.9%
Wholesale—Wi-Fi	5,472	3,463	2,009	58.0%
Military	4,232	624	3,608	578.2%
Advertising and other	4,303	4,533	(230)	(5.1)%
Total revenue	<u>\$ 34,277</u>	<u>\$ 28,396</u>	<u>\$ 5,881</u>	20.7%

**Key business metrics:**

Subscribers—retail	225	296	(71)	(24.0)%
Subscribers—military	40	4	36	*
Connects	25,806	20,286	5,520	27.2%
DAS nodes	9.5	7.6	1.9	25.0%

\* Calculation of percentage change is not meaningful.

**Retail.** Retail revenue decreased \$2.2 million, or 21.4%, for the three months ended June 30, 2015, as compared to the three months ended June 30, 2014, primarily due to a \$1.5 million decrease in retail subscriber revenue, which was driven primarily by the decrease in retail subscribers partially offset by a 3.9% increase in the average monthly revenue per retail subscriber in 2015 compared to 2014. The remaining decrease is due to a \$0.7 million decrease in retail single-use revenue.

**DAS.** DAS revenue increased \$2.7 million, or 28.9%, for the three months ended June 30, 2015, as compared to the three months ended June 30, 2014, due to a \$1.9 million increase from new build-out projects in our managed and operated locations and a \$0.8 million increase in access fees from our telecom operators resulting primarily from the new build-out projects that were completed.

**Wholesale—Wi-Fi.** Wholesale Wi-Fi revenue increased \$2.0 million, or 58.0% for the three months ended June 30, 2015, as compared to the three months ended June 30, 2014, primarily due to a \$2.1 million increase in partner usage based fees, which was partially offset by a \$0.1 million decrease in service provider revenues.

*Military.* Military retail revenue increased \$3.6 million, or 578.2%, for the three months ended June 30, 2015, as compared to the three months ended June 30, 2014, primarily due to the increase in retail subscribers resulting from our build-out of Wi-Fi networks at military bases across the U.S.

*Advertising and other.* Advertising and other revenue decreased \$0.2 million, or 5.1%, for the three months ended June 30, 2015, as compared to the three months ended June 30, 2014 primarily due to a \$0.5 million decrease in advertising sales at our managed and operated locations, which was partially offset by a \$0.2 million increase in revenues from other service agreements.

### **Costs and Operating Expenses**

	<b>Three Months Ended June 30,</b>			
	<b>2015</b>	<b>2014</b>	<b>Change</b>	<b>% Change</b>
(unaudited)				
(in thousands, except percentages)				
<b>Costs and operating expenses:</b>				
Network access	\$ 16,011	\$ 13,247	\$ 2,764	20.9%
Network operations	7,902	5,793	2,109	36.4%
Development and technology	4,786	3,169	1,617	51.0%
Selling and marketing	4,781	3,966	815	20.5%
General and administrative	5,689	4,645	1,044	22.5%
Amortization of intangible assets	873	928	(55)	(5.9)%
<b>Total costs and operating expenses</b>	<b>\$ 40,042</b>	<b>\$ 31,748</b>	<b>\$ 8,294</b>	<b>26.1%</b>

### [Table of Contents](#)

*Network access.* Network access costs increased \$2.8 million, or 20.9%, for the three months ended June 30, 2015, as compared to the three months ended June 30, 2014. The increase is primarily due to a \$1.6 million increase in depreciation expense and a \$1.0 million increase in bandwidth and other direct costs.

*Network operations.* Network operations expenses increased \$2.1 million, or 36.4%, for the three months ended June 30, 2015, as compared to the three months ended June 30, 2014, due primarily to a \$0.7 million increase in personnel related expenses primarily resulting from increased headcount, a \$0.7 million increase in depreciation expense, and a \$0.4 million increase in network maintenance and connectivity expenses.

*Development and technology.* Development and technology expenses increased \$1.6 million, or 51.0%, for the three months ended June 30, 2015, as compared to the three months ended June 30, 2014, due primarily to a \$0.7 million increase in personnel related expenses primarily resulting from increased headcount, and a \$0.6 million increase in depreciation expense.

*Selling and marketing.* Selling and marketing expenses increased \$0.8 million, or 20.5%, for the three months ended June 30, 2015, as compared to the three months ended June 30, 2014, due primarily to a \$0.4 million increase in personnel related expenses primarily resulting from increased headcount and a \$0.4 million increase in other marketing expenses.

*General and administrative.* General and administrative expenses increased \$1.0 million, or 22.5%, for the three months ended June 30, 2015, as compared to the three months ended June 30, 2014, due primarily to a \$0.3 million increase in depreciation expense and a \$0.3 million increase in personnel related expenses.

*Amortization of intangible assets.* Amortization of intangible assets expense remained essentially unchanged for the three months ended June 30, 2015, as compared to the three months ended June 30, 2014.

### **Interest and Other Income (Expense), Net**

Interest and other income (expense), net, remained essentially unchanged for the three months ended June 30, 2015, as compared to the three months ended June 30, 2014. During the three months ended June 30, 2015, we incurred and capitalized \$0.2 million of interest expense related to our Credit Facility.

### **Income Tax Expense**

We had income tax expense of \$0.1 million for the three months ended June 30, 2015 compared to \$0.2 million for the three months ended June 30, 2014. Our effective tax rate remained relatively consistent for the three months ended June 30, 2015, as compared to the three months ended June 30, 2014.

### **Non-controlling Interests**

Non-controlling interests remained essentially unchanged for the three months ended June 30, 2015, as compared to the three months ended June 30, 2014.

### **Net Loss Attributable to Common Stockholders**

Our net loss for the three months ended June 30, 2015 increased as compared to the three months ended June 30, 2014, primarily as a result of the \$8.3 million increase in costs and operating expenses, which was partially offset by the \$5.9 million increase in revenues. Our diluted net loss per share increased primarily as a result of the increase in our net loss.

### Adjusted EBITDA

Adjusted EBITDA was \$7.0 million for the three months ended June 30, 2015, up 17.8% from the \$6.0 million recorded in the three months ended June 30, 2014. As a percent of revenue, Adjusted EBITDA was 20.5% for the three months ended June 30, 2015, up from 21.0% of revenue for the three months ended June 30, 2014. The Adjusted EBITDA increase was due primarily to the \$3.2 million increase in depreciation and amortization expense and the \$0.2 million increase in stock-based compensation expenses, which were partially offset by the \$2.2 million increase in our net loss attributable to common stockholders for the three months ended June 30, 2015 compared to the three months ended June 30, 2014.

## [Table of Contents](#)

### Six Months ended June 30, 2015 and 2014

#### Revenue

	Six Months Ended June 30,			
	2015	2014	Change	% Change
(unaudited)				
(in thousands, except churn data)				
<b>Revenue:</b>				
Retail	\$ 16,854	\$ 20,721	\$ (3,867)	(18.7)%
DAS	21,721	17,227	4,494	26.1%
Wholesale—Wi-Fi	9,642	6,768	2,874	42.5%
Military	7,746	1,100	6,646	604.2%
Advertising and other	7,706	9,032	(1,326)	(14.7)%
Total revenue	<u>\$ 63,669</u>	<u>\$ 54,848</u>	<u>\$ 8,821</u>	<u>16.1%</u>
<b>Key business metrics:</b>				
Subscribers—retail	225	296	(71)	(24.0)%
Subscribers—military	40	4	36	*
Connects	48,624	37,793	10,831	28.7%
DAS nodes	9.5	7.6	1.9	25.0%

\* Calculation of percentage change is not meaningful.

*Retail.* Retail revenue decreased \$3.9 million, or 18.7%, for the six months ended June 30, 2015, as compared to the six months ended June 30, 2014, primarily due to a \$2.8 million decrease in retail subscriber revenue, which was driven primarily by the decrease in retail subscribers partially offset by a 3.8% increase in the average monthly revenue per retail subscriber in 2015 compared to 2014. The remaining decrease is due to a \$1.1 million decrease in retail single-use revenue.

*DAS.* DAS revenue increased \$4.5 million, or 26.1%, for the six months ended June 30, 2015, as compared to the six months ended June 30, 2014, due to a \$3.0 million increase from new build-out projects in our managed and operated locations and a \$1.5 million increase in access fees from our telecom operators resulting primarily from the new build-out projects that were completed.

*Wholesale—Wi-Fi.* Wholesale Wi-Fi revenue increased \$2.9 million, or 42.5%, for the six months ended June 30, 2015, as compared to the six months ended June 30, 2014, primarily due to a \$2.9 million increase in partner usage based fees.

*Military.* Military retail revenue increased \$6.6 million, or 604.2%, for the six months ended June 30, 2015, as compared to the six months ended June 30, 2014, primarily due to the increase in retail subscribers resulting from our build-out of Wi-Fi networks at military bases across the U.S.

*Advertising and other.* Advertising and other revenue decreased \$1.3 million, or 14.7%, for the six months ended June 30, 2015, as compared to the six months ended June 30, 2014 primarily due to a \$1.8 million decrease in advertising sales at our managed and operated locations, which was partially offset by a \$0.5 million increase in revenues from other service agreements.

#### Costs and Operating Expenses

	Six Months Ended June 30,			
	2015	2014	Change	% Change
(unaudited)				
(in thousands, except percentages)				
<b>Costs and operating expenses:</b>				
Network access	\$ 29,634	\$ 26,172	\$ 3,462	13.2%
Network operations	15,941	11,617	4,324	37.2%

Development and technology	8,977	6,840	2,137	31.2%
Selling and marketing	9,197	7,851	1,346	17.1%
General and administrative	11,522	9,040	2,482	27.5%
Amortization of intangible assets	1,766	1,853	(87)	(4.7)%
Total costs and operating expenses	<u>\$ 77,037</u>	<u>\$ 63,373</u>	<u>\$ 13,664</u>	21.6%

25

## [Table of Contents](#)

*Network access.* Network access costs increased \$3.5 million, or 13.2%, for the six months ended June 30, 2015, as compared to the six months ended June 30, 2014. The increase is primarily due to a \$2.6 million increase in depreciation expense and a \$1.8 million increase in bandwidth and other direct costs. The increases were partially offset by a \$0.5 million decrease in revenue share paid to venues in our managed and operated locations and a \$0.5 million decrease from customer usage at partner venues.

*Network operations.* Network operations expenses increased \$4.3 million, or 37.2%, for the six months ended June 30, 2015, as compared to the six months ended June 30, 2014, due to a \$1.3 million increase in personnel related expenses primarily resulting from increased headcount, a \$1.5 million increase in depreciation expense, a \$0.7 million increase in network maintenance and connectivity expenses, a \$0.2 million increase in hardware and software maintenance expenses, and a \$0.7 million increase in other operating expenses.

*Development and technology.* Development and technology expenses increased \$2.1 million, or 31.2%, for the six months ended June 30, 2015, as compared to the six months ended June 30, 2014, due primarily to a \$1.0 million increase in depreciation expense, a \$0.4 million increase in personnel related expenses primarily resulting from increased headcount, a \$0.3 million increase in technology service expenses, and a \$0.2 million increase in hardware and software maintenance expenses.

*Selling and marketing.* Selling and marketing expenses increased \$1.3 million, or 17.1%, for the six months ended June 30, 2015, as compared to the six months ended June 30, 2014, due to a \$0.7 million increase in personnel related expenses primarily resulting from increased headcount, a \$0.2 million increase in consulting expenses, and a \$0.4 million increase in other marketing related expenses.

*General and administrative.* General and administrative expenses increased \$2.5 million, or 27.5%, for the six months ended June 30, 2015, as compared to the six months ended June 30, 2014, due to a \$0.6 million increase in personnel related expenses, a \$0.5 million increase in depreciation expenses, a \$0.4 million increase in business licenses, taxes, and insurance, a \$0.3 million increase in consulting and professional fee expenses, and a \$0.7 million increase in rent and other general and administrative expenses.

*Amortization of intangible assets.* Amortization of intangible assets expense remained essentially unchanged for the six months ended June 30, 2015, as compared to the six months ended June 30, 2014.

### ***Interest and Other Income (Expense), Net***

Interest and other income (expense), net, remained essentially unchanged for the six months ended June 30, 2015, as compared to the six months ended June 30, 2014. During the six months ended June 30, 2015, we incurred and capitalized \$0.2 million of interest expense related to our Credit Facility.

### ***Income Tax Expense***

We had income tax expense of \$0.3 million for the six months ended June 30, 2015 and June 30, 2014. Our effective tax rate remained relatively consistent for the six months ended June 30, 2015, as compared to the six months ended June 30, 2014.

### ***Non-controlling Interests***

Non-controlling interests remained essentially unchanged for the six months ended June 30, 2015, as compared to the six months ended June 30, 2014.

### ***Net Loss Attributable to Common Stockholders***

Our net loss for the six months ended June 30, 2015 increased as compared to the six months ended June 30, 2014, primarily as a result of the \$13.7 million increase in costs and operating expenses, which was partially offset by the \$8.8 million increase in revenues. Our diluted net loss per share increased primarily as a result of the increase in our net loss.

### ***Adjusted EBITDA***

Adjusted EBITDA was \$10.2 million for the six months ended June 30, 2015, up 13.2% from the \$9.0 million recorded in the six months ended June 30, 2014. As a percent of revenue, Adjusted EBITDA was 16.0% for the six months ended June 30, 2015, up from 16.4% of revenue for the six months ended June 30, 2014. The Adjusted EBITDA increase was due primarily to \$5.5 million increase in depreciation and amortization expense and the \$0.6 million increase in stock-based compensation expenses, which were partially offset by the \$4.6 million increase in our net loss attributable to common stockholders for the six months ended June 30, 2015 compared to the six months ended June 30, 2014.

26

## Liquidity and Capital Resources

We have financed our operations primarily through cash provided by operating activities and borrowings under our credit facility. Our primary sources of liquidity as of June 30, 2015 consisted of \$20.5 million of cash and \$36.5 million available for borrowing under our credit facility.

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 the six months ended June 30, 2015 were \$33.3 million, of which \$9.3 million will be reimbursed through revenue for DAS build-out projects from our telecom operators.

On November 21, 2014, we entered into a Credit Agreement (the "Credit Agreement") and related agreements with Bank of America, N.A. acting as agent for lenders named therein, including Bank of America, N.A. and Silicon Valley Bank (the "Lenders"), for a secured credit facility in the form of a revolving line of credit in the initial amount of up to \$46.5 million, with an option to increase the available amount to \$86.5 million upon the satisfaction of certain conditions (the "Revolving Line of Credit") and a term loan of \$3.5 million (the "Term Loan" and together with the Revolving Line of Credit, the "Credit Facility"). Both the Term Loan and Revolving Line of Credit mature on November 21, 2018. Amounts borrowed under the Revolving Line of Credit and Term Loan will bear, at our election, a variable interest at LIBOR plus 2.5% - 3.5% or Lender's Prime Rate plus 1.5% - 2.5% per year and we will pay a fee of 0.375% - 0.5% per year on any unused portion of the Revolving Line of Credit. As of June 30, 2015, \$3.1 million was outstanding under the Term Loan and \$10.0 million was outstanding under the Revolving Line of Credit. The Term Loan requires quarterly payments of interest and principal, amortizing fully over the four-year-term such that it is repaid in full on the maturity date of November 21, 2018. Interest rates for our Credit Facility for the six months ended June 30, 2015 ranged from 2.73% to 3.28%. Repayment of amounts borrowed under the Credit Facility may be accelerated in the event that we are in violation of the representation, warranties and covenants made in the Credit Agreement, including certain financial covenants set forth therein, and under other specific default events including, but not limited to, non-payment or inability to pay debt, breach of cross default provisions, insolvency provisions, and change in control.

We are subject to customary covenants, including a minimum quarterly consolidated leverage ratio, a maximum quarterly consolidated fixed charge coverage ratio, and monthly liquidity minimums. In August 2015, we amended our Credit Facility to primarily revise our financial covenants with an effective date of June 30, 2015 through the period ended September 30, 2015. We were in compliance with all such financial covenants as of June 30, 2015 and through the date of this report. We are also subject to certain non-financial covenants, and we were also in compliance with all such non-financial covenants as of June 30, 2015 and through the date of this report. The Credit Facility provides us with significant additional flexibility and liquidity to pursue our strategic objectives for capital expenditures and acquisitions.

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 expect our capital expenditures for the remainder of 2015 will range from \$20 million to \$30 million, excluding capital expenditures for DAS build-out projects which are reimbursed through revenue from our telecom operator customers. The majority of our remaining 2015 capital expenditures will be used to build out residential broadband and IPTV networks for troops stationed on military bases pursuant to our contracts with the U.S. government and upgrading our Wi-Fi networks at our managed and operated venues. The investment of these resources will occur in advance of experiencing any direct benefit from them including generation of revenues. The U.S. government may modify, curtail or terminate its contracts with us, either at its convenience or for default based on performance. Any such modification, curtailment, or termination of one or more of our government contracts could have a material adverse effect on our earnings, cash flow and/or financial position. We may also 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 six months ended June 30:

	2015	2014
	(unaudited)	
	(in thousands)	
Net cash provided by operating activities	\$ 34,837	\$ 15,508
Net cash used in investing activities	(31,684)	(32,833)
Net cash provided by (used in) financing activities	8,531	(2,059)

### *Net Cash Provided by Operating Activities*

For the six months ended June 30, 2015, we generated \$34.8 million of net cash from operating activities, an increase of \$19.3 million from the prior year comparative period. The increase is primarily due to a \$17.7 million change in our operating assets and liabilities, a \$5.5 million increase in depreciation and amortization expenses, a \$0.6 million increase in stock-based compensation expenses, and a \$0.2 million change in fair value of our contingent consideration liabilities. The increases were partially offset by the \$4.8 million increase in our net loss.

### *Net Cash Used in Investing Activities*

For the six months ended June 30, 2015, we used \$31.7 million in investing activities, a decrease of \$1.1 million from the prior year comparative period. This decrease is primarily due to a \$2.6 million decrease in purchases of property and equipment, which was partially offset by a \$1.4 million decrease in cash provided by net proceeds from sales of marketable securities.

### ***Net Cash Provided by (Used in) Financing Activities***

For the six months ended June 30, 2015, we received \$8.5 million of cash from financing activities compared to \$2.1 million in cash used in financing activities during the prior year comparative period. This change is primarily due to the \$10.0 million net drawdown on our Revolving Line of Credit made during the six months ended June 30, 2015, a \$0.8 million increase in proceeds from exercise of stock options, a \$0.3 million decrease in acquisition related payments, a \$0.2 million decrease in cash used for capital leases and notes payable, and a \$0.1 million decrease in payments to our non-controlling interest owners. These changes were partially offset by \$0.4 million in repayments made on our Term Loan during the six months ended June 30, 2015 and a \$0.4 million increase in cash used to pay federal, state, and local employment payroll taxes related to our RSUs that vested during the period.

### **Contractual Obligations and Commitments**

The following table sets forth our contractual obligations and commitments as of June 30, 2015:

	<b>Payments Due By Period</b>				
	<b>Total</b>	<b>Less than 1 Year</b>	<b>2 - 3 Years</b>	<b>4 - 5 Years</b>	<b>More than 5 Years</b>
	<b>(in thousands)</b>				
Venue revenue share minimums(1)	\$ 46,497	\$ 7,195	\$ 15,708	\$ 9,432	\$ 14,162
Operating leases for office space(2)	32,952	1,055	6,168	6,097	19,632
Open purchase commitments(3)	20,526	20,526	—	—	—
Credit Facility(4)	13,063	10,875	1,750	438	—
Capital leases for equipment and software(5)	3,637	1,312	2,325	—	—
Unrecognized tax benefits(6)	196	196	—	—	—
Notes payable(7)	200	96	104	—	—
Total	<u>\$ 117,071</u>	<u>\$ 41,255</u>	<u>\$ 26,055</u>	<u>\$ 15,967</u>	<u>\$ 33,794</u>

- (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) Open purchase commitments are for the purchase of property and equipment, supplies and services. They are not recorded as liabilities on our condensed consolidated balance sheet as of June 30, 2015 as we have not received the related goods or services.
- (4) Long-term debt associated with our Credit Agreement with Bank of America N.A.
- (5) Leased equipment, primarily for data communication and database software, under non-cancellable capital leases.
- (6) The unrecognized tax benefits are related to uncertain tax positions taken in our income tax return that would impact the effective tax rate or additional paid-in capital, if recognized, (refer to Note 7 to the accompanying condensed consolidated financial statements included in Part I, Item 1).
- (7) Notes payable assumed in our acquisition of Endeka Group, Inc. in 2013.

## [Table of Contents](#)

### **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.

### **Critical Accounting Policies and Estimates**

There have been no material changes to our critical accounting policies and estimates from the information provided for the year ended December 31, 2014 in "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in our annual report on Form 10-K filed by us with the SEC on March 16, 2015.

### **Recently Issued Accounting Standards**

Information regarding recent accounting pronouncements is contained in Note 2 "Summary of Significant Accounting Policies" to the

accompanying condensed consolidated financial statements included in Part I, Item 1, which is incorporated herein by this reference.

### **Item 3. Quantitative and Qualitative Disclosure about Market Risk**

We are exposed to various market risks including: (i) investment portfolio risk, (ii) interest rate risk and (iii) foreign currency exchange rate risk. The risk of loss is assessed based on the likelihood of adverse changes in fair values, cash flows or future earnings.

*Investment portfolio risk.* 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 June 30, 2015, we had no market risk sensitive instruments.

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. Unrealized gains and losses on available-for-sale securities have not been significant. The cost of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity. The amortization, along with realized gains and losses is included in interest and other income (expense), net.

*Interest rate risk.* Our Revolving Line of Credit and Term Loan bears, at our election, interest at a variable interest rate of LIBOR plus 2.5% - 3.5% or Lender's Prime Rate plus 1.5% - 2.5% per year. The interest rate on the Term Loan resets at the end of each three month period. Our use of variable rate debt exposes us to interest rate risk. A 100 basis point increase in the LIBOR or Lender's Prime Rate as of June 30, 2015 would not have a material impact on net loss and cash flow.

*Foreign currency exchange rate risk.* We are exposed to foreign currency exchange rate risk inherent in conducting business globally in numerous currencies, of which the most significant to our operations for the six months ended June 30, 2015 was the Brazilian Real. We are primarily exposed to foreign currency fluctuations related to the operations of our subsidiary in Brazil whose financial statements are not denominated in the U.S. Dollar. Our foreign operations are not material to our operations as a whole. As such, we currently do not enter into currency forward exchange or option contracts to hedge foreign currency exposures.

### **Item 4. Controls and Procedures**

*Disclosure Controls and Procedures.* We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness, as of June 30, 2015, of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective.

*Changes in Internal Control over Financial Reporting.* During the three months ended June 30, 2015, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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## [Table of Contents](#)

## **PART II. OTHER INFORMATION**

### **Item 1. Legal Proceedings**

The information set forth in Note 9 "Commitments and Contingencies," to the unaudited condensed consolidated financial statements included in Part I, Item 1, of this Quarterly Report on Form 10-Q, is incorporated herein by this reference.

### **Item 1A. Risk Factors**

#### **Certain Factors Affecting Boingo Wireless, Inc.**

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2014, which we incorporate by reference into this Quarterly Report on Form 10-Q, which could materially affect our business, results of operations, cash flows, or financial condition. The risks described in our Annual Report on Form 10-K are not the only risks facing our company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, or future results. There have been no material changes in the risk factors contained in our Annual Report on Form 10-K.

### **Item 5. Other Information**

#### **2015 Annual Meeting of Stockholders Amendments to our 2011 Equity Incentive Plan**

At the 2015 Annual Meeting of Stockholders held on June 12, 2015, our stockholders approved the following amendments to our 2011 Equity Incentive Plan: (a) termination of the automatic “evergreen” share reserve increase feature after January 2018, so that no additional automatic annual share increases will occur thereafter; (b) remove the discretion to re-price any stock award; and (c) implement more conservative “share counting” provisions, so that the following shares will no longer be available for subsequent issuance: (i) shares applied to pay the exercise price of an option, (ii) shares not otherwise issued in connection with the stock settlement of stock appreciation rights, (iii) shares used to satisfy tax withholding obligations relating to any stock award, and (iv) shares reacquired by us using cash proceeds from the exercise of options.

The Amended and Restated 2011 Equity Incentive Plan is filed as Exhibit 10.1 to this Form 10-Q.

#### Amendment to Credit Agreement

On August 7, 2015, we entered into an Amendment (the “Amendment”) to our Credit Agreement (the “Credit Agreement”) dated as of November 21, 2014 with Bank of America, N.A. acting as agent for lenders named therein, including Bank of America, N.A. and Silicon Valley Bank.

The Amendment’s primary effect is to modify our financial covenants under the Credit Agreement with an effective date of June 30, 2015 through the period ended September 30, 2015.

Silicon Valley Bank and the other lender parties to the Credit Agreement, and certain of their respective affiliates, have provided, and in the future may provide, financial, banking and related services to us. These parties have received, and in the future may receive, compensation from us for these services.

The Amendment is filed as Exhibit 10.2 to this Form 10-Q.

#### Item 6. Exhibits

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

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	
10.1	Amended and Restated 2011 Equity Incentive Plan.				X
10.2	First Amendment to Credit Agreement dated August 7, 2015.				X
31.1	Certification of David Hagan, Chief Executive Officer, pursuant to Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Certification of Peter Hovenier, Chief Financial Officer, pursuant to Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1	Certification of David Hagan, Chief Executive Officer, and Peter Hovenier, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
101	The following financial information from the Quarterly Report on Form 10-Q of Boingo Wireless, Inc. for the quarter ended June 30, 2015, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets at June 30, 2015 and December 31, 2014 for Boingo Wireless, Inc.; (ii) Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2015 and 2014 for Boingo Wireless, Inc.; (iii) Condensed Consolidated Statements of Comprehensive Income (Loss) for the three and six months ended June 30, 2015 and 2014 for Boingo Wireless, Inc.; (iv) Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2015 and 2014 for Boingo Wireless, Inc.; (v) Condensed Consolidated Statements of Stockholders’ Equity for Boingo Wireless, Inc.; and (vi) the Notes to Condensed Consolidated Financial Statements, tagged as blocks of text.				



appropriate as to the timing and manner of any resales by a Participant of any Common Shares issued pursuant to an Award, including restrictions under an insider trading policy and restrictions as to the use of a specified brokerage firm for such resales, and (g) make all other decisions relating to the operation of the Plan and Awards granted under the Plan.

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**2.5 Effect of Administrator's Decisions.** The Committee's decisions, determinations and interpretations shall be final and binding on all Participants and any other holders of Awards.

**2.6 Governing Law.** The Plan shall be governed by, and construed in accordance with, the laws of the State of Delaware (except its choice-of-law provisions).

### **ARTICLE 3. SHARES AVAILABLE FOR GRANTS.**

**3.1 Basic Limitation.** Common Shares issued pursuant to the Plan may be authorized but unissued shares or treasury shares. The aggregate number of Common Shares issued under the Plan shall not exceed the sum of (a) 10,324,899 Common Shares,<sup>(1)</sup> plus (b) the additional Common Shares described in Sections 3.2 and 3.3. The number of Common Shares that are subject to Awards outstanding at any time under the Plan may not exceed the number of Common Shares that then remain available for issuance under the Plan. The numerical limitations in this Section 3.1 shall be subject to adjustment pursuant to Article 9.

**3.2 Annual Increase in Shares.** As of the first business day of each fiscal year of the Company, commencing on January 1, 2016 and ending on January 1, 2018, the aggregate number of Common Shares that may be issued under the Plan shall automatically increase by a number equal to the lowest of (a) 4.5% of the total number of Common Shares then outstanding, (b) subject to adjustment under Article 9, 3,000,000 Common Shares, or (c) a number of Common Shares determined by the Board.

**3.3 Shares Returned to Reserve.** To the extent that Options, SARs or Stock Units are forfeited or expire for any other reason before being exercised or settled in full, then the Common Shares subject to such Options, SARs or Stock Units shall again become available for issuance under the Plan. If SARs are exercised, then only the number of Common Shares (if any) actually issued to the Participant in settlement of such SARs shall reduce the number available under Section 3.1 and the balance shall again become available for issuance under the Plan. If Stock Units are settled, then only the number of Common Shares (if any) actually issued to the Participant in settlement of such Stock Units shall reduce the number available under Section 3.1 and the balance shall again become available for issuance under the Plan. If Restricted Shares or Common Shares issued upon the exercise of Options are reacquired by the Company pursuant to a forfeiture provision, repurchase right or for any other reason, then such Common Shares shall again become available for issuance under the Plan. To the extent that an Award is settled in cash rather than Shares, the cash settlement shall not reduce the number of Shares available for issuance under the Plan. Notwithstanding anything to the contrary contained herein, on or after June 12, 2015, the following Common Shares shall not be added back to the number of shares available for issuance under Section 3.1: (i) Common Shares applied to pay the Exercise Price of Options or to satisfy tax withholding obligations related to any Award, (ii) Common Shares subject to SARs that are not issued in connection with the stock settlement of

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(1) Such number of Common Shares consists of (a) the 4,000,000 shares initially reserved under the Plan; (b) the 1,511,288 shares added pursuant to Section 3.2 on January 1, 2012; (c) the 1,596,725 shares added pursuant to Section 3.2 on January 1, 2013; (d) the 1,585,149 shares added pursuant to Section 3.2 on January 1, 2014; and (e) the 1,631,737 shares added pursuant to Section 3.2 on January 1, 2015.

the SAR on exercise thereof and (iii) Common Shares reacquired by the Company on the open market or otherwise using cash proceeds from the exercise of an Option.

**3.4 Awards Not Reducing Share Reserve in Section 3.1.** Any dividend equivalents paid or credited under the Plan with respect to Stock Units shall not be applied against the number of Common Shares that may be issued under the Plan, whether or not such dividend equivalents are converted into Stock Units. In addition, Common Shares subject to Substitute Awards granted by the Company shall not reduce the number of Common Shares that may be issued under Section 3.1, nor shall shares subject to Substitute Awards again be available for Awards under the Plan in the event of any forfeiture, expiration or cash settlement of such Substitute Awards.

**3.5 Code Section 162(m) and 422 Limits.** Subject to adjustment in accordance with Article 9:

(a) The aggregate number of Common Shares subject to Options and SARs that may be granted under this Plan during any calendar year to any one Participant shall not exceed 2,000,000, except that the Company may grant to a new Employee in the calendar year in which his or her Service as an Employee first commences Options and/or SARs that cover (in the aggregate) up to an additional 1,000,000 Common Shares;

(b) The aggregate number of Common Shares subject to Restricted Share awards and Stock Units that may be granted under this Plan during any calendar year to any one Participant shall not exceed 1,000,000, except that the Company may grant to a new Employee in the calendar year in which his or her Service as an Employee first commences Restricted Share awards and Stock Units that cover (in the aggregate) up to an additional 500,000 Common Shares;

(c) No Participant shall be paid more than \$5,000,000 in cash in any calendar year pursuant to Performance Cash Awards granted under the Plan; and

(d) No more than 10,324,899 Common Shares plus the additional Common Shares described in Section 3.2 may be issued under the Plan upon the exercise of ISOs.

#### ARTICLE 4. ELIGIBILITY.

**4.1 Incentive Stock Options.** Only Employees who are common-law employees of the Company, a Parent or a Subsidiary shall be eligible for the grant of ISOs. In addition, an Employee who owns more than 10% of the total combined voting power of all classes of outstanding stock of the Company or any of its Parents or Subsidiaries shall not be eligible for the grant of an ISO unless the additional requirements set forth in Code Section 422(c)(5) are satisfied.

**4.2 Other Grants.** Awards other than ISOs may only be granted to Service Providers.(2)

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(2) Special considerations apply with respect to Options granted to Consultants of a Parent.

3

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#### ARTICLE 5. OPTIONS.

**5.1 Stock Option Agreement.** Each grant of an Option under the Plan shall be evidenced by a Stock Option Agreement between the Optionee and the Company. Such Option shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan. The Stock Option Agreement shall specify whether the Option is an ISO or an NSO. The provisions of the various Stock Option Agreements entered into under the Plan need not be identical.

**5.2 Number of Shares.** Each Stock Option Agreement shall specify the number of Common Shares subject to the Option, which number shall adjust in accordance with Article 9.

**5.3 Exercise Price.** Each Stock Option Agreement shall specify the Exercise Price, which shall not be less than 100% of the Fair Market Value of a Common Share on the date of grant. The preceding sentence shall not apply to Options granted pursuant to an assumption of, or substitution for, another option in a manner that would satisfy the requirements of Code Section 409A and, if applicable, Code Section 424(a).

**5.4 Exercisability and Term.** Each Stock Option Agreement shall specify the date or event when all or any installment of the Option is to become vested and/or exercisable. The Stock Option Agreement shall also specify the term of the Option; provided that the term of an Option shall in no event exceed 10 years from the date of grant. A Stock Option Agreement may provide for accelerated vesting and/or exercisability upon certain specified events and may provide for expiration prior to the end of its term in the event of the termination of the Optionee's Service.

**5.5 Death of Optionee.** After an Optionee's death, any vested and exercisable Options held by such Optionee may be exercised by his or her beneficiary or beneficiaries. Each Optionee may designate one or more beneficiaries for this purpose by filing the prescribed form with the Company. A beneficiary designation may be changed by filing the prescribed form with the Company at any time before the Optionee's death. If no beneficiary was designated or if no designated beneficiary survives the Optionee, then any vested and exercisable Options held by the Optionee may be exercised by his or her estate.

**5.6 Modification or Assumption of Options.** Within the limitations of the Plan, the Committee may modify, extend or assume outstanding options. The foregoing notwithstanding, no modification of an Option shall, without the consent of the Optionee, impair his or her rights or obligations under such Option. Notwithstanding anything in this Plan to the contrary, and except for the adjustments provided in Article 9, neither the Committee nor any other person may (a) decrease the exercise price for any outstanding Option after the date of grant, (b) cancel or allow an Optionee to surrender an outstanding Option to the Company in exchange for cash or as consideration for the grant of a new Option with a lower exercise price or the grant of another type of Award the effect of which is to reduce the exercise price of any outstanding Option, or (c) take any other action with respect to an Option that would be treated as a repricing under the rules and regulations of the Nasdaq Stock Market (or such other principal U.S. national securities exchange on which the Common Shares are traded).

4

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**5.7 Buyout Provisions.** Except to the extent prohibited by Section 5.6, the Committee may at any time (a) offer to buy out for a payment in cash or cash equivalents an Option previously granted or (b) authorize an Optionee to elect to cash out an Option previously granted, in either case at such time and based upon such terms and conditions as the Committee shall establish

**5.8 Payment for Option Shares.** The entire Exercise Price of Common Shares issued upon exercise of Options shall be payable in cash or cash equivalents at the time when such Common Shares are purchased. In addition, the Committee may, in its sole discretion and to the extent permitted by applicable law, accept payment of all or a portion of the Exercise Price through any one or a combination of the following forms or methods:

(a) Subject to any conditions or limitations established by the Committee, by surrendering, or attesting to the ownership of, Common Shares that are already owned by the Optionee with a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Common Shares as to which such Option will be exercised;

(b) By delivering (on a form prescribed by the Company) an irrevocable direction to a securities broker approved by the

Company to sell all or part of the Common Shares being purchased under the Plan and to deliver all or part of the sales proceeds to the Company;

- (c) Subject to such conditions and requirements as the Committee may impose from time to time, through a net exercise procedure;
- (d) By delivering a full-recourse promissory note, on such terms approved by the Committee; or
- (e) Through any other form or method consistent with applicable laws, regulations and rules.

#### **ARTICLE 6. STOCK APPRECIATION RIGHTS.**

**6.1 SAR Agreement.** Each grant of a SAR under the Plan shall be evidenced by a SAR Agreement between the Optionee and the Company. Such SAR shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan. The provisions of the various SAR Agreements entered into under the Plan need not be identical.

**6.2 Number of Shares.** Each SAR Agreement shall specify the number of Common Shares to which the SAR pertains, which number shall adjust in accordance with Article 9.

**6.3 Exercise Price.** Each SAR Agreement shall specify the Exercise Price, which shall in no event be less than 100% of the Fair Market Value of a Common Share on the date of grant. The preceding sentence shall not apply to SARs granted pursuant to an assumption of, or substitution for, another SAR in a manner that would satisfy the requirements of Code Section 409A.

5

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**6.4 Exercisability and Term.** Each SAR Agreement shall specify the date when all or any installment of the SAR is to become vested and exercisable. The SAR Agreement shall also specify the term of the SAR, which shall not be longer than 10 years from the date of grant. The SAR Agreement may provide for accelerated vesting and exercisability upon certain specified events and may provide for expiration prior to the end of its term in the event of the termination of the Optionee's Service.

**6.5 Exercise of SARs.** Upon exercise of a SAR, the Optionee (or any person having the right to exercise the SAR after his or her death) shall receive from the Company (a) Common Shares, (b) cash or (c) a combination of Common Shares and cash, as the Committee shall determine. The amount of cash and/or the Fair Market Value of Common Shares received upon exercise of SARs shall, in the aggregate, not exceed the amount by which the Fair Market Value (on the date of surrender) of the Common Shares subject to the SARs exceeds the Exercise Price. If, on the date when a SAR expires, the Exercise Price is less than the Fair Market Value on such date but any portion of such SAR has not been exercised or surrendered, then such SAR shall automatically be deemed to be exercised as of such date with respect to such portion. The SAR Agreement may also provide for an automatic exercise of the SAR on an earlier date.

**6.6 Death of Optionee.** After an Optionee's death, any vested and exercisable SARs held by such Optionee may be exercised by his or her beneficiary or beneficiaries. Each Optionee may designate one or more beneficiaries for this purpose by filing the prescribed form with the Company. A beneficiary designation may be changed by filing the prescribed form with the Company at any time before the Optionee's death. If no beneficiary was designated or if no designated beneficiary survives the Optionee, then any exercisable SARs held by the Optionee may be exercised by his or her estate.

**6.7 Modification or Assumption of SARs.** Within the limitations of the Plan, the Committee may modify, extend or assume outstanding SARs. The foregoing notwithstanding, no modification of a SAR shall, without the consent of the Optionee, impair his or her rights or obligations under such SAR. Notwithstanding anything in this Plan to the contrary, and except for the adjustments provided in Article 9, neither the Committee nor any other person may (a) decrease the exercise price for any outstanding SAR after the date of grant, (b) cancel or allow an Optionee to surrender an outstanding SAR to the Company in exchange for cash or as consideration for the grant of a new SAR with a lower exercise price or the grant of another type of Award the effect of which is to reduce the exercise price of any outstanding SAR, or (c) take any other action with respect to a SAR that would be treated as a repricing under the rules and regulations of the Nasdaq Stock Market (or such other principal U.S. national securities exchange on which the Common Shares are traded).

#### **ARTICLE 7. RESTRICTED SHARES.**

**7.1 Restricted Stock Agreement.** Each grant of Restricted Shares under the Plan shall be evidenced by a Restricted Stock Agreement between the recipient and the Company. Such Restricted Shares shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan. The provisions of the various Restricted Stock Agreements entered into under the Plan need not be identical.

6

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**7.2 Payment for Awards.** Restricted Shares may be sold or awarded under the Plan for such consideration as the Committee may determine, including (without limitation) cash, cash equivalents, property, cancellation of other equity awards, full-recourse promissory notes, past services and future services, and such other methods of payment as are permitted by applicable law.

**7.3 Vesting Conditions.** Each Award of Restricted Shares may or may not be subject to vesting and/or other conditions as the Committee may determine. Vesting shall occur, in full or in installments, upon satisfaction of the conditions specified in the Restricted Stock

Agreement. Such conditions, at the Committee's discretion, may include one or more Performance Goals. A Restricted Stock Agreement may provide for accelerated vesting upon certain specified events.

**7.4 Voting and Dividend Rights.** The holders of Restricted Shares awarded under the Plan shall have the same voting, dividend and other rights as the Company's other stockholders, unless the Committee otherwise provides. A Restricted Stock Agreement, however, may require that any cash dividends paid on Restricted Shares (a) be accumulated and paid when such Restricted Shares vest, or (b) be invested in additional Restricted Shares. Such additional Restricted Shares shall be subject to the same conditions and restrictions as the Award with respect to which the dividends were paid. In addition, unless the Committee provides otherwise, if any dividends or other distributions are paid in Common Shares, such Common Shares shall be subject to the same restrictions on transferability and forfeitability as the Restricted Shares with respect to which they were paid.

## **ARTICLE 8. STOCK UNITS.**

**8.1 Stock Unit Agreement.** Each grant of Stock Units under the Plan shall be evidenced by a Stock Unit Agreement between the recipient and the Company. Such Stock Units shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan. The provisions of the various Stock Unit Agreements entered into under the Plan need not be identical.

**8.2 Payment for Awards.** To the extent that an Award is granted in the form of Stock Units, no cash consideration shall be required of the Award recipients.

**8.3 Vesting Conditions.** Each Award of Stock Units may or may not be subject to vesting, as determined by the Committee. Vesting shall occur, in full or in installments, upon satisfaction of the conditions specified in the Stock Unit Agreement. Such conditions, at the Committee's discretion, may include one or more Performance Goals. A Stock Unit Agreement may provide for accelerated vesting upon certain specified events.

**8.4 Voting and Dividend Rights.** The holders of Stock Units shall have no voting rights. Prior to settlement or forfeiture, any Stock Unit awarded under the Plan may, at the Committee's discretion, carry with it a right to dividend equivalents. Such right entitles the holder to be credited with an amount equal to all cash dividends paid on one Common Share while the Stock Unit is outstanding. Dividend equivalents may be converted into additional Stock Units. Settlement of dividend equivalents may be made in the form of cash, in the form of

7

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Common Shares, or in a combination of both. Prior to distribution, any dividend equivalents that are not paid shall be subject to the same conditions and restrictions as the Stock Units to which they attach.

**8.5 Form and Time of Settlement of Stock Units.** Settlement of vested Stock Units may be made in the form of (a) cash, (b) Common Shares or (c) any combination of both, as determined by the Committee. The actual number of Stock Units eligible for settlement may be larger or smaller than the number included in the original Award, based on predetermined performance factors, including Performance Goals. Methods of converting Stock Units into cash may include (without limitation) a method based on the average Fair Market Value of Common Shares over a series of trading days. Vested Stock Units shall be settled in such manner and at such time(s) as specified in the Stock Unit Agreement. Until an Award of Stock Units is settled, the number of such Stock Units shall be subject to adjustment pursuant to Article 9.

**8.6 Death of Recipient.** Any Stock Units that becomes payable after the recipient's death shall be distributed to the recipient's beneficiary or beneficiaries. Each recipient of Stock Units under the Plan shall designate one or more beneficiaries for this purpose by filing the prescribed form with the Company. A beneficiary designation may be changed by filing the prescribed form with the Company at any time before the Award recipient's death. If no beneficiary was designated or if no designated beneficiary survives the Award recipient, then any Stock Units that becomes payable after the recipient's death shall be distributed to the recipient's estate.

**8.7 Modification or Assumption of Stock Units.** Within the limitations of the Plan, the Committee may modify or assume outstanding stock units or may accept the cancellation of outstanding stock units (whether granted by the Company or by another issuer) in return for the grant of new stock units for the same or a different number of shares or in return for the grant of a different type of Award. The foregoing notwithstanding, no modification of a Stock Unit shall, without the consent of the Participant, impair his or her rights or obligations under such Stock Unit

**8.8 Creditors' Rights.** A holder of Stock Units shall have no rights other than those of a general creditor of the Company. Stock Units represent an unfunded and unsecured obligation of the Company, subject to the terms and conditions of the applicable Stock Unit Agreement.

## **ARTICLE 9. ADJUSTMENTS; DISSOLUTIONS AND LIQUIDATIONS; CORPORATE TRANSACTIONS.**

**9.1 Adjustments.** In the event of a subdivision of the outstanding Common Shares, a declaration of a dividend payable in Common Shares or a combination or consolidation of the outstanding Common Shares (by reclassification or otherwise) into a lesser number of Common Shares, corresponding proportionate adjustments shall automatically be made in each of the following:

(a) The number and kind of shares available for issuance under Article 3, including the numerical share limits in Sections 3.1, 3.2 and 3.5;

8

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- (b) The number and kind of shares covered by each outstanding Option, SAR and Stock Unit; and
- (c) The Exercise Price applicable to each outstanding Option and SAR, and the repurchase price, if any, applicable to

Restricted Shares.

In the event of a declaration of an extraordinary dividend payable in a form other than Common Shares in an amount that has a material effect on the price of Common Shares, a recapitalization, a spin-off or a similar occurrence, the Committee shall make such adjustments as it, in its sole discretion, deems appropriate in one or more of the foregoing. Any adjustment in the number of and kind of shares subject to an Award under this Section 9.1 shall be rounded down to the nearest whole share, although the Committee in its sole discretion may make a cash payment in lieu of a fractional share. Except as provided in this Article 9, a Participant shall have no rights by reason of any issuance by the Company of stock of any class or securities convertible into stock of any class, any subdivision or consolidation of shares of stock of any class, the payment of any stock dividend or any other increase or decrease in the number of shares of stock of any class.

**9.2 Dissolution or Liquidation.** To the extent not previously exercised or settled, Options, SARs and Stock Units shall terminate immediately prior to the dissolution or liquidation of the Company.

**9.3 Corporate Transactions.** In the event that the Company is a party to a merger, consolidation, or any Change in Control other than one described in Section 14.4(d), all Shares acquired under the Plan and all Awards outstanding on the effective date of the transaction shall be treated in the manner described in the definitive transaction agreement (or, in the event the transaction does not entail a definitive agreement to which the Company is party, in the manner determined by the Board of Directors in its capacity as administrator of the Plan, with such determination having final and binding effect on all parties), which agreement or determination need not treat all Awards (or all portions of an Award) in an identical manner. The treatment specified in the transaction agreement may include (without limitation) one or more of the following with respect to each outstanding Award:

- (a) The continuation of outstanding Awards by the Company (if the Company is the surviving entity);
- (b) The assumption of outstanding Awards by the surviving entity or its parent, provided that the assumption of Options or SARs shall comply with applicable tax requirements;
- (c) The substitution by the surviving entity or its parent of new awards for outstanding Awards, provided that the substitution of Options or SARs shall comply with applicable tax requirements;
- (d) The cancellation of outstanding Options and SARs without payment of any consideration. The Optionees shall be able to exercise such Options and SARs during a period of not less than five full business days preceding the closing date of the transaction, unless (i) a shorter period is required to permit a timely closing of the transaction and (ii) such shorter

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period still offers the Optionees a reasonable opportunity to exercise such Options and SARs. Any exercise of such Options and SARs during such period may be contingent on the closing of the transaction;

(e) The cancellation of the Options and SARs and a payment to the Optionee with respect to each Share subject to the portion of the Award that is vested as of the transaction date equal to the excess of (A) the value, as determined by the Board of Directors in its absolute discretion, of the property (including cash) received by the holder of a Common Share as a result of the transaction, over (B) the per-Share Exercise Price of the Option or SAR (such excess, the “**Spread**”). Such payment shall be made in the form of cash, cash equivalents, or securities of the surviving entity or its parent having a value equal to the Spread. In addition, any escrow, holdback, earn-out or similar provisions in the transaction agreement may apply to such payment to the same extent and in the same manner as such provisions apply to the holders of Common Shares. If the Spread applicable to an Option or SAR is zero or a negative number, then the Option may be cancelled without making a payment to the Optionee; or

(f) The cancellation of outstanding Stock Units and payment to the Participants with respect to each Common Share subject to the Stock Unit (whether or not such Stock Unit is then vested) equal to the value, as determined by the Committee in its absolute discretion, of the property (including cash) received by the holder of a Common Share as a result of the transaction (the “**Transaction Value**”). Such payment shall be made in the form of cash, cash equivalents, or securities of the surviving entity or its parent having a value equal to the Transaction Value. In addition, such payment may be subject to vesting based on the Participant’s continuing Service, provided that the vesting schedule shall not be less favorable to the Participant than the schedule under which such Stock Units would have vested, and if required under applicable tax rules, such payment may be deferred until the settlement date specified in the Stock Unit Agreement. In addition, any escrow, holdback, earn-out or similar provisions in the transaction agreement may apply to such payment to the same extent and in the same manner as such provisions apply to the holders of Common Shares.

(g) The assignment of any reacquisition or repurchase rights held by the Company in respect of an Award of Restricted Shares to the surviving entity or its parent, with corresponding proportionate adjustments made to the price per share to be paid upon exercise of any such reacquisition or repurchase rights.

For avoidance of doubt, the Committee shall have the discretion, exercisable either at the time an Award is granted or at any time while the Award remains outstanding, to provide for the acceleration of vesting upon the occurrence of a Change in Control, whether or not the Award is to be assumed or replaced in the transaction, or in connection with a termination of the Participant’s Service following a transaction.

## ARTICLE 10. OTHER AWARDS.

**10.1 Performance Cash Awards.** A Performance Cash Award is a cash award that may be granted subject to the attainment of specified Performance Goals during a Performance Period. A Performance Cash Award may also require the completion of a specified period of continuous Service. The length of the Performance Period, the Performance Goals to be attained during the Performance Period, and the degree to which the Performance Goals have been attained shall be determined conclusively by the Committee. Each Performance Cash Award shall be set forth in a written agreement or in a resolution duly adopted by the Committee which shall contain provisions determined by the Committee and not inconsistent with the Plan. The terms of various Performance Cash Awards need not be identical.

**10.2 Awards Under Other Plans.** The Company may grant awards under other plans or programs. Such awards may be settled in the form of Common Shares issued under this Plan. Such Common Shares shall be treated for all purposes under the Plan like Common Shares issued in settlement of Stock Units and shall, when issued, reduce the number of Common Shares available under Article 3.

## ARTICLE 11. LIMITATION ON RIGHTS.

**11.1 Retention Rights.** Neither the Plan nor any Award granted under the Plan shall be deemed to give any individual a right to remain a Service Provider. The Company and its Parents, Subsidiaries and Affiliates reserve the right to terminate the Service of any Service Provider at any time, with or without cause, subject to applicable laws, the Company's certificate of incorporation and by-laws and a written employment agreement (if any).

**11.2 Stockholders' Rights.** Except as set forth in Section 7.4 or 8.4 above, a Participant shall have no dividend rights, voting rights or other rights as a stockholder with respect to any Common Shares covered by his or her Award prior to the time when a stock certificate for such Common Shares is issued or, if applicable, the time when he or she becomes entitled to receive such Common Shares by filing any required notice of exercise and paying any required Exercise Price. No adjustment shall be made for cash dividends or other rights for which the record date is prior to such time, except as expressly provided in the Plan.

**11.3 Regulatory Requirements.** Any other provision of the Plan notwithstanding, the obligation of the Company to issue Common Shares under the Plan shall be subject to all applicable laws, rules and regulations and such approval by any regulatory body as may be required. The Company reserves the right to restrict, in whole or in part, the delivery of Common Shares pursuant to any Award prior to the satisfaction of all legal requirements relating to the issuance of such Common Shares, to their registration, qualification or listing or to an exemption from registration, qualification or listing. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed necessary by the Company's counsel to be necessary to the lawful issuance and sale of any Common Shares hereunder, will relieve the Company of any liability in respect of the failure to issue or sell such Common Shares as to which such requisite authority will not have been obtained.

**11.4 Transferability of Awards.** The Committee may, in its sole discretion, permit transfer of an Award in a manner consistent with applicable law. Unless otherwise determined by the Committee, Awards shall be transferable by a Participant only by (a) beneficiary designation, (b) a will or (c) the laws of descent and distribution. An ISO may only be transferred by will or by the laws of descent and distribution and may be exercised during the lifetime of the Optionee only by the Optionee or by the Optionee's guardian or legal representative.

**11.5 Other Conditions or Restrictions on Shares.** Shares issued under the Plan shall be subject to such forfeiture conditions, rights of repurchase, rights of first refusal, other transfer restrictions and such other terms and conditions as the Board of Directors may determine. Such conditions and restrictions shall be set forth in the applicable Award Agreement and shall apply in addition to any restrictions that may apply to holders of Shares generally. In addition, Shares issued under the Plan shall be subject to such conditions and restrictions imposed either by applicable law or by Company policy, as adopted from time to time, designed to ensure compliance with applicable law or laws with which the Company determines in its sole discretion to comply including in order to maintain any statutory, regulatory or tax advantage.

## ARTICLE 12. TAXES.

**12.1 General.** As a condition to the grant and acceptance of an Award under the Plan, a Participant or his or her successor shall make arrangements satisfactory to the Company for the satisfaction of any federal, state, local or foreign withholding tax obligations that arise in connection with any Award granted under the Plan. The Company shall not be required to issue any Common Shares or make any cash payment under the Plan until such obligations are satisfied.

**12.2 Share Withholding.** To the extent that applicable law subjects a Participant to tax withholding obligations, the Committee may permit such Participant to satisfy all or part of such obligations by having the Company withhold all or a portion of any Common Shares that otherwise would be issued to him or her or by surrendering all or a portion of any Common Shares that he or she previously acquired. Such Common Shares shall be valued based upon the value of the actual trade or, if there is none, at their Fair Market Value as of the previous day. Any payment of taxes by assigning Shares to the Company may be subject to restrictions including any restrictions required by SEC, accounting or others rules.

**12.3 Section 162(m) Matters** The Committee, in its sole discretion, may determine whether an Award is intended to qualify as “performance-based compensation” within the meaning of Code Section 162(m). The Committee may grant Awards that are based on Performance Goals but that are not intended to qualify as performance-based compensation. With respect to any Award that is intended to qualify as performance-based compensation, the Committee shall designate the Performance Goal(s) applicable to, and the formula for calculating the amount payable under, an Award within 90 days following commencement of the applicable Performance Period (or such earlier time as may be required under Code Section 162(m)), and in any event at a time when achievement of the applicable Performance Goal(s) remains substantially uncertain. Prior to the payment of any Award that is intended to constitute performance-based compensation, the Committee shall certify in writing whether and the extent

to which the Performance Goal(s) were achieved for such Performance Period. The Committee shall have the right to reduce or eliminate (but not to increase) the amount payable under an Award that is intended to constitute performance-based compensation.

**12.4 Section 409A Matters.** Except as otherwise expressly set forth in an Award Agreement, it is intended that Awards granted under the Plan either be exempt from, or comply with, the requirements of Code Section 409A. To the extent an Award is subject to Code Section 409A (a “409A Award”), the terms of the Plan, the Award and any written agreement governing the Award shall be interpreted to comply with the requirements of Code Section 409A so that the Award is not subject to additional tax or interest under Code Section 409A, unless the Committee expressly provides otherwise. A 409A Award shall be subject to such additional rules and requirements as specified by the Committee from time to time in order for it to comply with the requirements of Code Section 409A. In this regard, if any amount under a 409A Award is payable upon a “separation from service” to an individual who is considered a “specified employee” (as each term is defined under Code Section 409A), then no such payment shall be made prior to the date that is the earlier of (i) six months and one day after the Participant’s separation from service or (ii) the Participant’s death, but only to the extent such delay is necessary to prevent such payment from being subject to Code Section 409A(a)(1).

**12.5 Limitation on Liability.** Neither the Company nor any person serving as Committee shall have any liability to a Participant in the event an Award held by the Participant fails to achieve its intended characterization under applicable tax law.

#### ARTICLE 13. FUTURE OF THE PLAN.

**13.1 Term of the Plan.** The Plan, as set forth herein, shall become effective on the IPO Date. The Plan shall remain in effect until the earlier of (a) the date when the Plan is terminated under Section 13.2 or (b) March 21, 2021.

**13.2 Amendment or Termination.** The Board may, at any time and for any reason, amend or terminate the Plan. No Awards shall be granted under the Plan after the termination thereof. The termination of the Plan, or any amendment thereof, shall not affect any Award previously granted under the Plan.

**13.3 Stockholder Approval.** An amendment of the Plan shall be subject to the approval of the Company’s stockholders only to the extent required by applicable laws, regulations or rules; provided, however, that an amendment to Article 3, Section 9.3 or the last sentence of either Section 5.6 or 6.7 is subject to approval of the Company’s stockholders.

#### ARTICLE 14. DEFINITIONS.

14.1 “**Affiliate**” means any entity other than a Subsidiary, if the Company and/or one or more Subsidiaries own not less than 50% of such entity.

14.2 “**Award**” means any award granted under the Plan, including as Options, SARs, Restricted Shares or Stock Units.

14.3 “**Board**” means the Company’s Board of Directors, as constituted from time to time.

14.4 “**Change in Control**” means:

(a) Any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the “beneficial owner” (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the total voting power represented by the Company’s then-outstanding voting securities;

(b) The consummation of the sale or disposition by the Company of all or substantially all of the Company’s assets;

(c) The consummation of a merger or consolidation of the Company with or into any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) more than fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation; or

(d) Individuals who are members of the Board (the “**Incumbent Board**”) cease for any reason to constitute at least a majority of the members of the Board over a period of 12 months; provided, however, that if the appointment or election (or nomination for election) of any

new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member shall, for purposes of this Plan, be considered as a member of the Incumbent Board.

A transaction shall not constitute a Change in Control if its sole purpose is to change the state of the Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction. In addition, if a Change in Control constitutes a payment event with respect to any Award which provides for a deferral of compensation and is subject to Code Section 409A, then notwithstanding anything to the contrary in the Plan the transaction with respect to such Award must also constitute a "change in control event" as defined in Treasury Regulation Section 1.409A-3(i)(5) to the extent required by Code Section 409A.

14.5 "Code" means the Internal Revenue Code of 1986, as amended.

14.6 "Committee" means a committee of one or more members of the Board, or of other individuals satisfying applicable laws, appointed by the Board to administer the Plan.

14.7 "Common Share" means one share of the common stock of the Company.

14.8 "Company" means Boingo Wireless, Inc., a Delaware corporation.

14

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14.9 "Consultant" means a consultant or adviser who provides *bona fide* services to the Company, a Parent, a Subsidiary or an Affiliate as an independent contractor and who qualifies as a consultant or advisor under Instruction A.1.(a)(1) of Form S-8 under the Securities Act.(3)

14.10 "Employee" means a common-law employee of the Company, a Parent, a Subsidiary or an Affiliate.(4)

14.11 "Exchange Act" means the Securities Exchange Act of 1934, as amended.

14.12 "Exercise Price," in the case of an Option, means the amount for which one Common Share may be purchased upon exercise of such Option, as specified in the applicable Stock Option Agreement. "Exercise Price," in the case of a SAR, means an amount, as specified in the applicable SAR Agreement, which is subtracted from the Fair Market Value of one Common Share in determining the amount payable upon exercise of such SAR.

14.13 "Fair Market Value" means the closing price of a Common Share on any established stock exchange or a national market system on the applicable date or, if the applicable date is not a trading day, on the last trading day prior to the applicable date, as reported in a source that the Committee deems reliable. If Common Shares are no longer traded on an established stock exchange or a national market system, the Fair Market Value shall be determined by the Committee in good faith on such basis as it deems appropriate. The Committee's determination shall be conclusive and binding on all persons.

14.14 "IPO Date" means the effective date of the registration statement filed by the Company with the Securities and Exchange Commission for its initial offering of Common Shares to the public.

14.15 "ISO" means an incentive stock option described in Code Section 422(b).

14.16 "NSO" means a stock option not described in Code Sections 422 or 423.

14.17 "Option" means an ISO or NSO granted under the Plan and entitling the holder to purchase Common Shares.

14.18 "Optionee" means an individual or estate holding an Option or SAR.

14.19 "Outside Director" means a member of the Board who is not an Employee.

14.20 "Parent" means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company, if each of the corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a

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(3) Special considerations apply with respect to Options granted to Consultants of a Parent.

(4) Special considerations apply with respect to Options granted to Employees of a Parent.

15

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Parent on a date after the adoption of the Plan shall be considered a Parent commencing as of such date.

14.21 "Participant" means an individual or estate holding an Award.

14.22 “**Performance Cash Award**” means an award of cash granted under Section 10.1 of the Plan.

14.23 “**Performance Goal**” means a goal established by the Committee for the applicable Performance Period based on one or more of the performance criteria set forth in **Appendix A**. Depending on the performance criteria used, a Performance Goal may be established and measured either on a Company-wide basis or with respect to one or more business units, divisions, Subsidiaries, Affiliates, business segments or an individual, and either in absolute terms or relative to the performance of one or more comparable companies or one or more relevant indices. To the extent consistent with Code Section 162(m), the Committee may adjust the results under any performance criterion to exclude any of the following events that occurs during a Performance Period: (a) asset write-downs, (b) litigation, claims, judgments or settlements, (c) the effect of changes in tax laws, accounting principles or other laws or provisions affecting reported results, (d) accruals for reorganization and restructuring programs, (e) extraordinary, unusual or non-recurring items, (f) exchange rate effects for non-U.S. dollar denominated net sales and operating earnings, or (g) statutory adjustments to corporate tax rates.

14.24 “**Performance Period**” means a period of time selected by the Committee over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant’s right to a Performance Cash Award or an Award of Restricted Shares or Stock Units that vests based upon achievement of Performance Goals. Performance Periods may be of varying and overlapping duration, at the sole discretion of the Committee.

14.25 “**Plan**” means this Boingo Wireless, Inc. 2011 Equity Incentive Plan, as amended from time to time.

14.26 “**Restricted Share**” means a Common Share awarded under the Plan.

14.27 “**Restricted Stock Agreement**” means the agreement between the Company and the recipient of a Restricted Share that contains the terms, conditions and restrictions pertaining to such Restricted Share.

14.28 “**SAR**” means a stock appreciation right granted under the Plan.

14.29 “**SAR Agreement**” means the agreement between the Company and an Optionee that contains the terms, conditions and restrictions pertaining to his or her SAR.

14.30 “**Service**” means service as an Employee, Outside Director or Consultant.

14.31 “**Service Provider**” means any Employee, Outside Director or Consultant.

16

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14.32 “**Stock Option Agreement**” means the agreement between the Company and an Optionee that contains the terms, conditions and restrictions pertaining to his or her Option.

14.33 “**Stock Unit**” means a bookkeeping entry representing the equivalent of one Common Share, as awarded under the Plan.

14.34 “**Stock Unit Agreement**” means the agreement between the Company and the recipient of a Stock Unit that contains the terms, conditions and restrictions pertaining to such Stock Unit.

14.35 “**Subsidiary**” means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Subsidiary on a date after the adoption of the Plan shall be considered a Subsidiary commencing as of such date

14.36 “**Substitute Awards**” means Awards or Common Shares issued by the Company in assumption of, or substitution or exchange for, Awards previously granted, or the right or obligation to make future awards, in each case by a corporation acquired by the Company or any Affiliate or with which the Company or any Affiliate combines to the extent permitted by Nasdaq Marketplace Rule 5635 or any successor thereto.

17

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## APPENDIX A

### PERFORMANCE CRITERIA

The Committee may establish Performance Goals derived from one or more of the following criteria when it makes Awards of Restricted Shares or Stock Units that vest entirely or in part on the basis of performance:

- Earnings (before or after taxes)
- Sales or revenue (using a measure thereof that complies with Section 162(m))
- Earnings per share
- Expense or cost reduction

- Earnings before interest, taxes and depreciation
- Earnings before interest, taxes, depreciation and amortization
- Total stockholder return
- Return on equity or average stockholders' equity
- Return on assets, investment or capital employed
- Operating income
- Gross margin
- Operating margin
- Net operating income
- Net operating income after tax
- Return on operating revenue
- Objective corporate or individual strategic goals
- To the extent that an Award is not intended to comply with Code Section 162(m), other measures of performance selected by the Committee
- Working capital
- Economic value added (or an equivalent metric)
- Market share
- Cash measures including cash flow and cash balance
- Operating cash flow
- Cash flow per share
- Share price
- Debt reduction
- Customer satisfaction
- Stockholders' equity
- Contract awards or backlog
- Objective individual performance goals

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

## Section 3: EX-10.2 (EX-10.2)

Exhibit 10.2

### FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT (this "Agreement") is entered into as of August 7, 2015 (the "First Amendment Effective Date") among BOINGO WIRELESS, INC., a Delaware corporation (the "Company"), New York Telecom Partners, LLC, a Delaware limited liability company ("NY Telecom") and together with the Company, each a "Borrower" and collectively, the "Borrowers"), the Guarantors, the Lenders party hereto and BANK OF AMERICA, N.A., as Administrative Agent. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement (as defined below).

#### RECITALS

WHEREAS, the parties have entered into that certain Credit Agreement dated as of November 21, 2014 among the Borrowers, the Guarantors from time to time party thereto, the Lenders from time to time party thereto and Bank of America, N.A., as Administrative Agent, Swing Line Lender and an L/C Issuer (as amended or modified from time to time, the "Credit Agreement"); and

WHEREAS, the Borrowers have requested that the Lenders amend the Credit Agreement as set forth below.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Amendments.

(a) The first sentence in the definition of "Base Rate" in Section 1.01 of the Credit Agreement is hereby amended to read as follows:

"Base Rate" means for any day a fluctuating rate per annum equal to the highest of (a) the Federal Funds Rate plus 0.50%, (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its "prime rate" and (c) the Eurodollar Rate plus 1.00%; and if Base Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.

(b) Clause (b) of the definition of "Change of Control" in Section 1.01 of the Credit Agreement is hereby amended to read as follows:

(b) during any period of 12 consecutive months, a majority of the members of the board of directors or other

equivalent governing body of the Company cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body; or

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(c) Effective solely from the First Amendment Effective Date to and including September 30, 2015, the definition of “Letter of Credit Sublimit” in Section 1.01 of the Credit Agreement is hereby amended to read as follows:

“Letter of Credit Sublimit” means an amount equal to the lesser of (a) the Revolving Borrowing Limit and (b) \$15,000,000. The Letter of Credit Sublimit is part of, and not in addition to, the Aggregate Revolving Commitments.

(d) Effective solely from the First Amendment Effective Date to and including September 30, 2015, the definition of “Liquidity” in Section 1.01 of the Credit Agreement is hereby amended to read as follows:

“Liquidity” means, as of any date of determination, an amount equal to (a) unrestricted cash and Cash Equivalents of the Loan Parties at such date that would be set forth on a consolidating balance sheet of the Company and its Subsidiaries for such date plus (b) availability under the Revolving Borrowing Limit as of such date, solely to the extent that if such availability was to be drawn by the Company at such time, the Loan Parties, upon giving effect to the incurrence of such Indebtedness on a Pro Forma Basis, would be in compliance with the financial covenant set forth in Section 8.11(a) as of the most recent fiscal quarter for which the Borrower was required to deliver financial statements pursuant to Section 7.01(a) or (b), as certified to the Administrative Agent by the Company in a certificate in form and substance reasonably satisfactory to the Administrative Agent.

(e) Effective solely from the First Amendment Effective Date to and including September 30, 2015, the definition of “Swing Line Sublimit” in Section 1.01 of the Credit Agreement is hereby amended to read as follows:

“Swing Line Sublimit” means an amount equal to the lesser of (a) the Revolving Borrowing Limit and (b) \$5,000,000. The Swing Line Sublimit is part of, and not in addition to, the Aggregate Revolving Commitments.

(f) Effective solely from the First Amendment Effective Date to and including September 30, 2015, the following definitions are hereby added to Section 1.01 of the Credit Agreement in appropriate alphabetical order to read as follows:

“Account Debtor” means any Person who is or who may become obligated to the Company or any of its Subsidiaries under or on account of an Account.

“Accounts” means all “accounts” (as defined in the UCC) of the Company or any of its Subsidiaries, including without limitation all present or future accounts receivable, all rights to payment for goods sold or leased or to be sold or leased or for services rendered or to be rendered, whether or not earned by performance, all rights in any merchandise or goods which any of the same may represent, all notes receivable, book debts, notes, bills, drafts, acceptances, choses in action, contract rights, instruments and documents and all sums of money due or to become due thereon and all proceeds thereof and all rights, title, security interests and guarantees with respect to each of the foregoing.

“AT&T” means AT&T Inc.

“Borrowing Base” means, as of any date of determination, an amount equal to the total of (a) the sum of: (i) 80% of the amount of Eligible Major Carrier Current Accounts Receivable, plus (ii) 60% of Eligible Major Carrier Non-Current Accounts Receivable plus (iii) 80% of Eligible Non-Major Carrier Accounts Receivable minus (b) the Outstanding Amount of the Term Loan as of such date.

“Borrowing Base Certificate” means a certificate, substantially in the form of Exhibit M, properly completed and signed by a Responsible Officer of the Company.

“Eligible Accounts Receivable” means trade Accounts created in the ordinary course of the Company’s business, upon which the Company’s or the applicable Subsidiary’s right to receive payment is absolute and not contingent upon the fulfillment of any condition whatsoever, and in which the Administrative Agent has a perfected security interest of first priority, and shall not include: (i) any Account that has been outstanding more than (x) with respect to any Account where the Account Debtor is a Major Carrier, one hundred eighty (180) days from the date of the invoice and (y) with respect to any Account where the Account Debtor is not a Major Carrier, one hundred twenty (120) days from the date of the invoice; (ii) that portion of any Account for which there exists any contra-receivable, right of setoff, defense or discount (except regular discounts allowed in the ordinary course of business to promote prompt payment) or for which any defense or counterclaim has been asserted; (iii) any Account which represents an obligation of any state or municipal government or of the United States government or any political subdivision thereof (except Accounts which represent obligations of the United States government and for which the assignment provisions of the Federal Assignment of Claims Act, as amended or recodified from time to time, have been complied with to the

Administrative Agent's satisfaction); (iv) any Account which represents an obligation of an Account Debtor located in a foreign country; (v) any Account which represents an obligation of any Account Debtor when twenty percent (20%) or more of the Company and its Subsidiaries' Accounts from such Account Debtor are not eligible pursuant to clause (i) above; (vi) that portion of any Account from an Account Debtor (other than a Major Carrier) which represents the amount by which the Company and its Subsidiaries' total Accounts from such Account Debtor exceeds twenty percent (20%) of the Company and its Subsidiaries' total Accounts; (vii) that portion of any Account to which T-Mobile is the Account Debtor which represents the amount by which the Company and its Subsidiaries' total Accounts as to which T-Mobile is the Account Debtor exceeds thirty percent (30%) of the Company and its Subsidiaries' total Accounts; and (viii) that portion of any Account to which Sprint is the Account Debtor which represents the amount by which the Company and its Subsidiaries' total Accounts to which Sprint is the Account Debtor exceeds thirty percent (30%) of the Company and its Subsidiaries' total Accounts.

"Eligible Major Carrier Current Accounts Receivable" means, at any date of determination thereof, subject to modification by the Administrative Agent pursuant to Section 1.08, the face value of each Eligible Accounts Receivable which (a) has been outstanding one hundred twenty (120) days or fewer from the date of the invoice and (b) where the Account Debtor is a Major Carrier.

"Eligible Major Carrier Non-Current Accounts Receivable" means, at any date of determination thereof, subject to modification by the Administrative Agent pursuant to Section 1.08, the face value of each Account which would be an Eligible Major Carrier Current Accounts Receivable, but for the fact such Account has been outstanding more than

3

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one hundred twenty (120) days from the date of the invoice so long as such Account has been outstanding one hundred eighty (180) days or fewer from the date of the invoice.

"Eligible Non-Major Carrier Accounts Receivable" means, at any date of determination thereof, subject to modification by the Administrative Agent pursuant to Section 1.08, the face value of each Eligible Accounts Receivable where the Account Debtor is not a Major Carrier.

"Major Carriers" means AT&T, Verizon, T-Mobile and Sprint.

"Revolving Borrowing Limit" means, as of any date of determination, the lesser of (a) the Aggregate Revolving Commitments and (b) the Borrowing Base.

"Sprint" means Sprint Corporation and its wholly-owned subsidiary, Nextel Communications, Inc.

"T-Mobile" means T-Mobile US, Inc.

"Verizon" means Verizon Communications Inc.

(g) Effective solely from the First Amendment Effective Date to and including September 30, 2015, a new Section 1.08 is hereby added to the Credit Agreement to read as follows:

1.08 Borrowing Base.

The Borrowing Base shall be determined and computed to avoid duplication or multiple inclusion of any item of Collateral. The Administrative Agent may make such adjustments or corrections to any Borrowing Base Certificate as the Administrative Agent may determine in good faith is necessary or appropriate to determine and compute the Borrowing Base in accordance with the intent of this Agreement, and any such determination will be binding on the Loan Parties. Furthermore, the Administrative Agent may exclude from the Borrowing Base, or require the Company or the applicable Subsidiary to establish reserves with respect to, Accounts that the Administrative Agent has determined, in good faith in its reasonable discretion in accordance with its internal credit policies that (a) collection of the Account is insecure or (b) the Account is not likely to be paid by reason of the Account Debtor's financial inability to pay. The Administrative Agent shall give the applicable Borrower ten (10) Business Days prior written notice of any such adjustment or correction (a) in the eligibility criteria used to determine the Borrowing Base (including, without limitation, the establishment of any reserves) and (b) to the methodology for calculating the Borrowing Base. Notwithstanding anything to the contrary set forth in Section 11.01, it is understood and agreed that (x) if T-Mobile or Sprint Corporation shall fail to maintain either of the respective ratings from Moody's or S&P that such Persons maintain as of June 30, 2015, the concentration limits for T-Mobile and Sprint set forth in clauses (vii) and (viii) in the definition of "Eligible Accounts Receivable", as applicable, shall be amended by the Administrative Agent (without the consent of the Required Lenders) and the Company (and any failure by the Company to execute any such amendment shall constitute an Event of Default hereunder) to lower the applicable concentration limit(s) to twenty percent (20%) and (y) if AT&T or Verizon shall fail to maintain either of the respective ratings from Moody's or S&P that such Persons maintain as of June 30, 2015, the

4

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definition of "Eligible Accounts Receivable" shall be amended by the Administrative Agent (without the consent of the Required Lenders) in its good faith discretion and the Company to add concentration limits for such Persons, as applicable, to such

definition (and any failure by the Company to execute any such amendment shall constitute an Event of Default hereunder).

(h) Effective solely from the First Amendment Effective Date to and including September 30, 2015, the proviso in the first sentence of Section 2.01(a) of the Credit Agreement is hereby amended to read as follows:

provided, however, that after giving effect to any Borrowing of Revolving Loans, (i) the Total Revolving Outstandings shall not exceed the Revolving Borrowing Limit, and (ii) the Revolving Credit Exposure of any Lender shall not exceed such Lender's Revolving Commitment.

(i) Effective solely from the First Amendment Effective Date to and including September 30, 2015, the proviso in the first sentence of Section 2.03(a)(i) of the Credit Agreement is hereby amended to read as follows:

provided that after giving effect to any L/C Credit Extension with respect to any Letter of Credit, (x) the Total Revolving Outstandings shall not exceed the Revolving Borrowing Limit, (y) the Revolving Credit Exposure of any Lender shall not exceed such Lender's Revolving Commitment and (z) the Outstanding Amount of the L/C Obligations shall not exceed the Letter of Credit Sublimit.

(j) Effective solely from the First Amendment Effective Date to and including September 30, 2015, the proviso in the seventh sentence of Section 2.03(c)(i) of the Credit Agreement is hereby amended to read as follows:

provided that, after giving effect to such Borrowing, the Total Revolving Outstandings shall not exceed the Revolving Borrowing Limit.

(k) Effective solely from the First Amendment Effective Date to and including September 30, 2015, the proviso in the first sentence of Section 2.04(a) of the Credit Agreement is hereby amended to read as follows:

provided, however, that (x) after giving effect to any Swing Line Loan, (i) the Total Revolving Outstandings shall not exceed the Revolving Borrowing Limit, and (ii) the Revolving Credit Exposure of any Lender shall not exceed such Lender's Revolving Commitment, (y) the Company shall not use the proceeds of any Swing Line Loan to refinance any outstanding Swing Line Loan, and (z) the Swing Line Lender shall not be under any obligation to make any Swing Line Loan if it shall determine (which determination shall be conclusive and binding absent manifest error) that it has, or by such Credit Extension may have, Fronting Exposure.

(l) Effective solely from the First Amendment Effective Date to and including September 30, 2015, the second sentence of Section 2.04(c)(i) of the Credit Agreement is hereby amended to read as follows:

Such request shall be made in writing (which written request shall be deemed to be a Loan Notice for purposes hereof) and in accordance with the requirements of Section

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2.02, without regard to the minimum and multiples specified therein for the principal amount of Base Rate Loans, but subject to the conditions set forth in Section 5.02 (other than the delivery of a Loan Notice) and provided that, after giving effect to such Borrowing, the Total Revolving Outstandings shall not exceed the Revolving Borrowing Limit.

(m) Effective solely from the First Amendment Effective Date to and including September 30, 2015, Section 2.05(b)(i) of the Credit Agreement is hereby amended to read as follows:

(i) Revolving Commitments. If for any reason the Total Revolving Outstandings at any time exceed the Revolving Borrowing Limit then in effect, the Company shall immediately prepay Revolving Loans and/or the Swing Line Loans and/or Cash Collateralize the L/C Obligations in an aggregate amount equal to such excess; provided, however, that the Company shall not be required to Cash Collateralize the L/C Obligations pursuant to this Section 2.05(b)(i) unless after the prepayment in full of the Revolving Loans and the Swing Line Loans the Total Revolving Outstandings exceed the Revolving Borrowing Limit then in effect.

(n) Effective solely from the First Amendment Effective Date to and including September 30, 2015, the proviso in Section 2.06(a) of the Credit Agreement is hereby amended to read as follows:

provided that (i) any such notice shall be received by the Administrative Agent not later than 12:00 noon five (5) Business Days prior to the date of termination or reduction, (ii) any such partial reduction shall be in an aggregate amount of \$2,000,000 or any whole multiple of \$1,000,000 in excess thereof and (iii) the Company shall not terminate or reduce (A) the Aggregate Revolving Commitments if, after giving effect thereto and to any concurrent prepayments hereunder, the Total Revolving Outstandings would exceed the Revolving Borrowing Limit, (B) the Letter of Credit Sublimit if, after giving effect thereto, the Outstanding Amount of L/C Obligations not fully Cash Collateralized hereunder would exceed the Letter of Credit Sublimit, or (C) the Swing Line Sublimit if, after giving effect thereto and to any concurrent prepayments hereunder, the Outstanding Amount of Swing Line Loans would exceed the Swing Line Sublimit.

(o) Effective solely from the First Amendment Effective Date to and including September 30, 2015, Section 2.06(b) of the Credit Agreement is hereby amended to read as follows:

(b) Mandatory Reductions. If after giving effect to any reduction or termination of Revolving Commitments under this Section 2.06, the Letter of Credit Sublimit or the Swing Line Sublimit exceeds the Revolving Borrowing Limit at such time, the Letter of Credit Sublimit or the Swing Line Sublimit, as the case may be, shall be automatically reduced by the amount of such excess.

(p) Effective solely from the First Amendment Effective Date to and including September 30, 2015, Section 5.02 of the Credit Agreement is hereby amended by inserting the following clause (d) in appropriate alphabetical order to read as follows:

(d) With respect to any Borrowing of Revolving Loans or Swing Line Loans or any L/C Credit Extension, the Administrative Agent shall have received a duly

6

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completed Borrowing Base Certificate signed by a Responsible Officer of the Company demonstrating that, upon giving effect to such Borrowing of Revolving Loans or Swing Line Loans or such L/C Credit Extension, as applicable, the Total Revolving Outstandings do not exceed the Revolving Borrowing Limit.

(q) Effective solely from the First Amendment Effective Date to and including September 30, 2015, a new Section 6.25 is hereby added to the Credit Agreement to read as follows:

6.25 Eligible Receivables.

All of the Eligible Major Carrier Current Accounts Receivable, Eligible Major Carrier Non-Current Accounts Receivable and Eligible Non-Major Carrier Accounts Receivable included in the calculation of the Borrowing Base as set forth in each Borrowing Base Certificate furnished to the Administrative Agent meets, or as of the date stated thereon, all eligibility requirements specified in the definitions of those terms as set forth in Article I of this Agreement.

(r) Effective solely from the First Amendment Effective Date to and including September 30, 2015, Section 7.02 of the Credit Agreement is hereby amended by deleting the text “and” at the end of clause (i) thereof, replacing the period at the end of clause (j) thereof with the text “;” and inserting the following clauses (k) and (l) in appropriate alphabetical order to read as follows:

(k) as soon as available, but in any event within twenty (20) days after the end of each calendar month (and, upon the occurrence and during the continuation of a Default, on a more frequent basis if requested by the Administrative Agent), a duly completed Borrowing Base Certificate signed by a Responsible Officer of the Company as of the last Business Day of such month together with sufficient supporting detail to support the calculations set forth therein (including for the avoidance of doubt, supporting detail regarding the determinations of Eligible Major Carrier Current Accounts Receivable, Eligible Major Carrier Non-Current Accounts Receivable and Eligible Non-Major Carrier Accounts Receivable); and

(l) as soon as available, but in any event within twenty (20) days after the end of each calendar month (and, upon the occurrence and during the continuation of a Default, on a more frequent basis if requested by the Administrative Agent), an accounts receivable and accounts payable aging report for the Company and its Subsidiaries, certified by a Responsible Officer of the Company and in form and substance reasonably satisfactory to the Administrative Agent.

(s) Section 8.03(e) of the Credit Agreement is hereby amended to read as follows:

(e) purchase money Indebtedness (including obligations in respect of Capital Leases or Synthetic Leases) hereafter incurred by the Company or any of its Subsidiaries to finance the purchase of fixed assets, and renewals, refinancings and extensions thereof, provided that (i) the total of all such Indebtedness for all such Persons taken together shall not exceed an aggregate principal amount of \$17,500,000 at any one time outstanding; (ii) such Indebtedness when incurred shall not exceed the purchase price of the asset(s) financed; and (iii) no such Indebtedness shall be refinanced for a principal

7

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amount in excess of the principal balance outstanding thereon at the time of such refinancing;

(t) Effective as of June 30, 2015, Section 8.11(a) of the Credit Agreement is hereby amended to read as follows:

(a) Consolidated Leverage Ratio. Permit the Consolidated Leverage Ratio as of the end of any fiscal quarter of the Company to be greater than (i) for any fiscal quarter ending during the period from the Closing Date to and including March 31, 2015, 2.50 to 1.0, (ii) for any fiscal quarter ending during the period from April 1, 2015 to and including September 30, 2015, 2.75 to 1.00, (iii) for any fiscal quarter ending during the period from the October 1, 2015 to and including December 31, 2015, 2.50 to 1.0, (iv) for any fiscal quarter ending during the period from January 1, 2016 to and including December 31, 2016, 2.25 to 1.0 and (v) for any fiscal quarter ending thereafter, 2.00 to 1.0.

(u) Effective as of June 30, 2015, Section 8.11(c) of the Credit Agreement is hereby amended to read as follows:

(c) Liquidity. Permit Liquidity of the Loan Parties, as of the last day of any calendar month (i) ending during the period from the Closing Date to and including June 29, 2015, to be less than \$15,000,000, (ii) ending during the period from and including June 30, 2015 to and including September 30, 2015, to be less than \$5,000,000 and (iii) ending thereafter, to be less than \$15,000,000.

(v) Effective solely from the First Amendment Effective Date to and including September 30, 2015, a new Exhibit M to the Credit Agreement is hereby added in the form of Exhibit M attached hereto.

2. Conditions Precedent. This Agreement shall be effective upon receipt by the Administrative Agent of:

(a) counterparts of this Agreement duly executed by (i) a Responsible Officer of each Loan Party, (ii) the Required Lenders and (iii) the Administrative Agent;

(b) payment to the Administrative Agent, for the account of each Lender executing this Agreement, of an amendment fee equal to, with respect to each such Lender, 10 basis points times the sum of (i) such Lender's Revolving Commitment as of the date hereof plus (ii) the Outstanding Amount of the Term Loan of such Lender as of the date hereof;

(c) a duly completed borrowing base certificate (substantially in the form of Exhibit M hereto) signed by a Responsible Officer of the Company, in form and substance satisfactory to the Administrative Agent; and

8

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(d) all reasonable out-of-pocket costs and expenses of the Administrative Agent (including reasonable fees and expenses of its legal counsel) in connection with this Agreement to the extent invoiced as of the date hereof (paid directly to such counsel if requested by the Administrative Agent), without prejudice to a final settling of accounts between the Administrative Agent and the Loan Parties.

3. Miscellaneous.

(a) The Credit Agreement (as amended hereby) and the obligations of the Loan Parties thereunder and under the other Loan Documents are hereby ratified and confirmed and shall remain in full force and effect according to their terms. This Agreement shall not be deemed or construed to be a satisfaction, reinstatement, novation or release of any Loan Document or a waiver by the Administrative Agent or any Lender of any rights and remedies under the Loan Documents, at law or in equity.

(b) Each Guarantor (i) acknowledges and consents to all of the terms and conditions of this Agreement, (ii) affirms all of its obligations under the Loan Documents and (iii) agrees that this Agreement and all documents executed in connection herewith do not operate to reduce or discharge its obligations under the Credit Agreement or the other Loan Documents.

(c) The Borrowers' and the Guarantors hereby represent and warrant to the Administrative Agent and the Lenders as follows:

(i) Each of the Borrowers and the Guarantors has taken all necessary corporate or other organizational action to authorize the execution, delivery and performance of this Agreement. This Agreement and the execution, delivery and performance hereof by the Borrowers and the Guarantors do not contravene the terms of any such Person's Organization Documents or conflict with or result in any breach or contravention of any law, agreement or obligation by which the Borrowers or any Guarantor is bound.

(ii) This Agreement has been duly executed and delivered by each of the Borrowers and the Guarantors and constitutes a legal, valid and binding obligation of each of the Borrowers and the Guarantors, enforceable against each such Person in accordance with its terms, subject to the effect of any applicable bankruptcy, insolvency or other similar laws affecting creditors' rights generally or by principles of equity pertaining to the availability of equitable remedies.

(iii) No approval, consent, exemption, authorization or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by any Loan Party of

9

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this Agreement, other than those that have already been obtained and are in full force and effect.

(d) The Borrowers and the Guarantors represent and warrant to the Administrative Agent and the Lenders that (i) after giving effect to this Agreement, the representations and warranties of the Borrowers and each other Loan Party contained in Article VI of the Credit Agreement or any other Loan Document, or which are contained in any document furnished at any time under or in connection therewith, are true and correct in all respects on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all respects as of such earlier date, and except that for purposes of this Section 3(d)(i), the representations and warranties contained in Section 6.05(a) of the Credit Agreement shall be deemed to refer to the most recent statements furnished pursuant to Section 7.01(a) of the Credit Agreement, and (ii) after giving effect to this Agreement, no Default has occurred and is continuing.

(e) This Agreement shall constitute a Loan Document for all purposes. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic imaging means (e.g. "pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this Agreement. This Agreement constitutes the entire contract among the parties relating to the subject matter hereof and supersedes any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. This Agreement will inure to the benefit of and bind the respective successors and permitted assigns of the parties hereto.

(f) **THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. THE TERMS OF SECTIONS 11.14 AND 11.15 OF THE CREDIT AGREEMENT ARE INCORPORATED HEREIN BY REFERENCE, MUTATIS MUTANDIS.**

(g) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

(h) If any provision of this Agreement is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

[SIGNATURE PAGES FOLLOW]

10

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

BORROWERS:

BOINGO WIRELESS, INC.,  
a Delaware corporation

By: /s/ Peter Hovenier  
Name: Peter Hovenier  
Title: CFO

NEW YORK TELECOM PARTNERS, LLC,  
a Delaware limited liability company

By: /s/ Peter Hovenier  
Name: Peter Hovenier  
Title: CFO

GUARANTORS:

ADVANCED WIRELESS GROUP, LLC,  
a Florida limited liability company

By: /s/ Peter Hovenier  
Name: Peter Hovenier  
Title: Manager

BOINGO BROADBAND LLC,  
a Delaware limited liability company

By: /s/ Peter Hovenier  
Name: Peter Hovenier  
Title: CFO

CHICAGO CONCOURSE DEVELOPMENT GROUP, LLC,  
a Delaware limited liability company

By: /s/ Peter Hovenier  
Name: Peter Hovenier  
Title: CFO

CONCOURSE COMMUNICATIONS BALTIMORE, LLC,  
a Delaware limited liability company

By: /s/ Peter Hovenier  
Name: Peter Hovenier  
Title: CFO

CONCOURSE COMMUNICATIONS CANADA, INC.,  
a Delaware corporation

By: /s/ Peter Hovenier  
Name: Peter Hovenier  
Title: Treasurer & Secretary

CONCOURSE COMMUNICATIONS GROUP, LLC,  
a Delaware limited liability company

By: /s/ Peter Hovenier  
Name: Peter Hovenier  
Title: Manager

CONCOURSE COMMUNICATIONS ILLINOIS, LLC,  
an Illinois limited liability company

By: /s/ Peter Hovenier  
Name: Peter Hovenier  
Title: CFO

CONCOURSE COMMUNICATIONS MINNESOTA, LLC,  
a Delaware limited liability company

By: /s/ Peter Hovenier  
Name: Peter Hovenier  
Title: CFO

CONCOURSE COMMUNICATIONS NASHVILLE, LLC,  
an Illinois limited liability company

By: /s/ Peter Hovenier  
Name: Peter Hovenier  
Title: CFO

CONCOURSE COMMUNICATIONS OTTAWA, LLC,  
an Illinois limited liability company

By: /s/ Peter Hovenier  
Name: Peter Hovenier  
Title: CFO

CONCOURSE COMMUNICATIONS SSP, LLC,  
a Delaware limited liability company

By: /s/ Peter Hovenier

Name: Peter Hovenier

Title: CFO

CONCOURSE COMMUNICATIONS ST. LOUIS, LLC,  
a Delaware limited liability company

By: /s/ Peter Hovenier

Name: Peter Hovenier

Title: CFO

CONCOURSE HOLDING CO., LLC,  
a Delaware limited liability company

By: /s/ Peter Hovenier

Name: Peter Hovenier

Title: Manager

ELECTRONIC MEDIA SYSTEMS, INC.,  
a Florida corporation

By: /s/ Peter Hovenier

Name: Peter Hovenier

Title: Treasurer & Secretary

ENDEKA GROUP, INC.,  
a California corporation

By: /s/ Peter Hovenier

Name: Peter Hovenier

Title: CFO

BOINGO WIRELESS, INC.  
FIRST AMENDMENT TO CREDIT AGREEMENT

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INGATE HOLDING, LLC,  
an Illinois limited liability company

By: /s/ Peter Hovenier

Name: Peter Hovenier

Title: CFO

INGATE TECHNOLOGIES, LLC,  
a Delaware limited liability company

By: /s/ Peter Hovenier

Name: Peter Hovenier

Title: CFO

OPTI-FI NETWORKS, LLC,  
a Delaware limited liability company

By: /s/ Peter Hovenier

Name: Peter Hovenier

Title: CFO

TEGO COMMUNICATIONS, INC.,  
a Delaware corporation

By: /s/ Peter Hovenier  
Name: Peter Hovenier  
Title: Secretary & Treasurer

BOINGO WIRELESS, INC.  
FIRST AMENDMENT TO CREDIT AGREEMENT

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ADMINISTRATIVE  
AGENT:

BANK OF AMERICA, N.A.,  
as Administrative Agent

By: /s/ Darleen R. DiGrazia  
Name: Darleen R. DiGrazia  
Title: Vice President

BOINGO WIRELESS, INC.  
FIRST AMENDMENT TO CREDIT AGREEMENT

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LENDERS:

BANK OF AMERICA, N.A.,  
as a Lender, Swing Line Lender and an L/C Issuer

By: /s/ Julie Yamauchi  
Name: Julie Yamauchi  
Title: Senior Vice President

BOINGO WIRELESS, INC.  
FIRST AMENDMENT TO CREDIT AGREEMENT

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SILICON VALLEY BANK,  
as a Lender and an L/C Issuer

By: /s/ Ted Bell  
Name: Ted Bell  
Title: Vice President

BOINGO WIRELESS, INC.  
FIRST AMENDMENT TO CREDIT AGREEMENT

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**EXHIBIT M**

**FORM OF BORROWING BASE CERTIFICATE**

, 20

Bank of America, N.A., as Administrative Agent

Re: Credit Agreement, dated as of November 21, 2014, by and among Boingo Wireless, Inc., a Delaware corporation (the "Company"), as a Borrower, NY Telecom Partners, LLC, a Delaware limited liability company, as a Borrower, the Guarantors, the Lenders and Bank of America, N.A., as Administrative Agent, L/C Issuer and Swing Line Lender (as amended, modified, extended, restated, replaced, or supplemented from time to time, the "Credit Agreement")

Capitalized terms used herein and not defined herein shall have the meaning assigned in the Credit Agreement.

I, [insert name], [insert title] of the Company, hereby certify to the Administrative Agent that (i) I am authorized to execute and deliver this Borrowing Base Certificate to the Administrative Agent on behalf of the Company, (ii) attached hereto as Schedule 1 are detailed calculations of the

Borrowing Base as of the date hereof and such calculations are true and correct in all material respects and (iii) all of the Eligible Major Carrier Current Accounts Receivable, Eligible Major Carrier Non-Current Accounts Receivable and Eligible Non-Major Carrier Accounts Receivable included in the calculation of the Borrowing Base as set forth in this Borrowing Base Certificate meet all eligibility requirements specified in the definitions of those terms as set forth in Article I of the Credit Agreement.

BOINGO WIRELESS, INC.,  
a Delaware corporation

By: \_\_\_\_\_  
Name:  
Title:

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### Schedule 1

**Total of:**

(a) Sum of:

- (i) 80% of Eligible Major Carrier Current Accounts Receivable; plus
- (ii) 60% of Eligible Major Carrier Non-Current Accounts Receivable; plus
- (iii) 80% of Eligible Non-Major Carrier Accounts Receivable

minus

(b) Outstanding Amount of the Term Loan

Borrowing Base ((a) - (b)): \$

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

## **Section 4: EX-31.1 (EX-31.1)**

**Exhibit 31.1**

### **CERTIFICATIONS**

I, David Hagan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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.

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.

By: /s/ David Hagan  
David Hagan  
Chairman of the Board and Chief Executive Officer  
(Principal Executive Officer)

Date: August 10, 2015

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

## Section 5: EX-31.2 (EX-31.2)

Exhibit 31.2

### CERTIFICATIONS

I, Peter Hovenier, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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.
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.

By: /s/ Peter Hovenier  
Peter Hovenier  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

Date: August 10, 2015

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

## Section 6: EX-32.1 (EX-32.1)

**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:

1. the accompanying Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended June 30, 2015 (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
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David Hagan  
David Hagan  
Chairman of the Board and Chief Executive Officer  
(Principal Executive Officer)  
Date: August 10, 2015

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.

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### 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. (the "Company") hereby certifies, to such officer's knowledge, that:

1. the accompanying Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended June 30, 2015 (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
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Peter Hovenier  
Peter Hovenier  
Chief Financial Officer  
(Principal Financial and Accounting Officer)  
Date: August 10, 2015

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.

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