
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported) April 17, 2014

Revolution Lighting Technologies, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

0-23590
(Commission
File Number)

59-3046866
(IRS Employer
Identification No.)

177 Broad Street, 12th Floor, Stamford, Connecticut
(Address of Principal Executive Offices)

06901
(Zip Code)

(203) 504-1111
(Registrant's Telephone Number, Including Area Code)

N/A
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement

On April 17, 2014, Revolution Lighting Technologies, Inc. ("Revolution") entered into a promissory note with RVL 1 LLC, an affiliate of Aston Capital, LLC and Robert V. LaPenta, Revolution's Chairman and CEO, in the amount of approximately \$10.76 million (the "First Note"). The First Note matures on the earlier of the date on which Revolution receives the proceeds of any debt, factoring, credit or similar facility or debt or equity security in the commercial banking, private placement or public securities markets or April 1, 2015. On April 4, 2014, Revolution entered into a Promissory Note with Aston Capital, LLC in the aggregate principal amount of \$1,000,000, which matures on April 1, 2015 (the "Second Note") and together with the First Note, the "Notes"). The Notes bear interest at a rate per annum equal to nine percent (9%), calculated on the basis of a 365 day year and the actual number of days elapsed. The foregoing description of the Notes is not complete and is qualified in its entirety by reference to the full and complete terms of the First Note and the Second Note, which are attached to this Form 8-K as Exhibit 10.1 and Exhibit 10.2, respectively.

Item 2.01 Completion of Acquisition or Disposition of Assets

On April 17, 2014, Revolution completed its previously announced acquisition (the "Merger") of Value Lighting, Inc. ("Value Lighting"), AL Enterprises, Inc. ("AL Enterprises"), Value Lighting of Houston, LLC ("Value Houston," and together with Value Lighting and AL Enterprises, the "Company Group"), pursuant to the terms of the Agreement and Plan of Merger, dated as of March 6, 2014 (the "Merger Agreement"), by and among Revolution, the Company Group and the Stockholders named therein (the "Stockholders"). The members of the Company Group are in the business of selling lighting products and solutions. Capitalized terms used in this Form 8-K but not otherwise defined herein shall have the meanings ascribed to those terms in the Merger Agreement.

In connection with the closing of the Merger, Revolution (i) paid approximately \$10.5 million in cash, funded by the First Note, and (ii) agreed to issue 8,468,192 shares of common stock of Revolution ("Revolution Stock") in installments as set forth in the Merger Agreement on the six (6), twelve (12), eighteen (18) and twenty-four (24) month anniversaries of April 17, 2014 (the "Subsequent Payment"). In addition, the Stockholders will have the opportunity to receive additional consideration of up to \$10 million based upon the achievement of 2014 sales revenue and EBITDA targets of \$53 million and \$6.36 million, respectively, and 2015 sales revenue and EBITDA targets of \$63.5 million and \$7.62 million, respectively (the "Earn-Out Payments"). In connection with the closing of the Merger, Revolution agreed, if either the sales revenue or EBITDA target is met but not both, the Stockholders will be eligible to receive reduced Earn-Out Payments of thirty percent (30%) and seventy percent (70%) of the target amounts set forth in the Merger Agreement. As part of the Merger, Revolution expects to receive an estimated \$9 million of working capital, as defined in the Merger Agreement.

Investors are encouraged to review the entire text of the Merger Agreement, a copy of which is filed as Exhibit 2.1 to the Company's Current Report on Form 8-K, as filed with the Securities and Exchange Commission on March 10, 2014 and incorporated herein by reference.

On April 17, 2014, Revolution issued a press release announcing the closing of the Merger Agreement. A copy of the press release is furnished herewith as Exhibit 99.1.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant

The disclosure under Item 1.01 relating to the Notes is incorporated by reference in its entirety in this Item 2.03.

Item 3.02 Unregistered Sales of Equity Securities

Reference is made to the disclosure set forth in Item 2.01 above as to the shares of Revolution Stock to be issued under the Merger Agreement. All shares to be issued pursuant to the Merger Agreement will be issued in a private placement and without registration under the Securities Act of 1933, as amended (the "Securities Act"), pursuant to Section 4(2) of the Securities Act and Regulation D promulgated pursuant thereto ("Regulation D"). The exemption from registration pursuant to Regulation D is based on, among other things, representations from each Stockholder to the effect that such person is an "accredited investor" within the meaning of Rule 506 of Regulation D.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired. The Company intends to file the financial statements required by this Item by an amendment to this Report no later than 71 days after the date this initial report on Form 8-K must be filed.

(b) Pro Forma Financial Information. The Company intends to file the financial statements required by this Item by an amendment to this Report no later than 71 days after the date this initial report on Form 8-K must be filed.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
2.1	Agreement and Plan of Merger, dated as of March 6, 2014, by and among Revolution Lighting Technologies, Inc., Value Merger Sub, LLC, Value Lighting, Inc., AL Enterprises, Inc., Value Lighting of Houston, LLC and the Stockholders (incorporated by reference to Exhibit 2.1 to Registrant's Current Report on Form 8-K, as filed with the Securities and Exchange Commission on March 10, 2014).
10.1	Promissory Note, dated as of April 17, 2014, between Revolution and RVL 1 LLC.
10.2	Promissory Note, dated as of April 4, 2014, between Revolution and Aston Capital, LLC.
99.1	Press Release, dated April 17, 2014, regarding the Merger.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

April 23, 2014

REVOLUTION LIGHTING TECHNOLOGIES, INC.

/s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President and Chief Financial Officer

EXHIBIT INDEX

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PROMISSORY NOTE

\$10,759,288.91

April 17, 2014

FOR VALUE RECEIVED, Revolution Lighting Technologies, Inc., a Delaware corporation ("**Maker**"), hereby promises to pay to the order of RVL 1 LLC ("**Lender**"), its successors and assigns, in lawful money of the United States of America, the sum of TEN MILLION SEVEN HUNDRED FIFTY NINE TWO HUNDRED EIGHTY-EIGHT DOLLARS AND NINETY-ONE CENTS (\$10,759,288.91), together with accrued and unpaid interest thereon, at the rate or rates set forth below on the Maturity Date. "**Maturity Date**" means the earlier of (a) the date on which the Maker receives the proceeds of any debt, factoring, credit or other similar facility or debt or equity security (including any renewals thereof) in the commercial banking, private placement or public securities markets or (b) April 1, 2015.

The unpaid principal amount of this Promissory Note shall bear interest at a rate per annum equal to [nine percent (9%)], calculated on the basis of a 365 day year and the actual number of days elapsed. All interest shall be paid in full on the Maturity Date. All payments on this Promissory Note shall be applied first in payment of accrued interest and any remainder in payment of principal. If any interest is determined to be in excess of the then legal maximum rate, then that portion of each interest payment representing an amount in excess of the then legal maximum rate shall be deemed a payment of principal and applied against the principal of the obligations evidenced by this Promissory Note.

The principal amount of this Promissory Note plus all accrued and unpaid interest thereon shall be payable in full on the Maturity Date.

This Promissory Note may be prepaid in whole or in part at any time, together with all accrued and unpaid interest thereon, without premium or penalty.

Maker shall use the proceeds of this Promissory Note to finance the closing of the transactions contemplated by that certain Agreement and Plan of Merger, dated as of March 6, 2014, by and among the Maker, Value Merger Sub, LLC, Value Lighting, Inc., AL Enterprises, Inc., Value Lighting of Houston, LLC, and the stockholders named therein.

In the event that Maker (a) shall fail to pay when due (whether at maturity, by reason of acceleration or otherwise) any principal of or interest on this Promissory Note, (b) assigns this Promissory Note or Maker's obligations hereunder without the prior written consent of Lender or (c) shall have breached any representation or warranty set forth herein, then Lender may declare all obligations (including without limitation, outstanding principal and accrued and unpaid interest thereon) under this Promissory Note to be immediately due and payable without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived. In the event that (i) Maker shall (A) generally not, or shall become unable to, or shall admit in writing its inability to, pay its debts as such debts become due; (B) make an assignment for the benefit of creditors; (C) apply for or consent to the appointment of a custodian, receiver, trustee, sequestrator, conservator or similar official for it or a substantial part of its assets; (D) voluntarily commence any proceeding or file any petition seeking relief under any federal, state or foreign bankruptcy, insolvency, receivership, reorganization, arrangement, readjustment of debt, dissolution, liquidation or similar law or statute, whether now or hereafter in effect; (E) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in clause (ii) below; (F) file an answer admitting the material allegations of a petition filed against it in any such proceeding; or (G) take any

action for the purpose of effecting any of the foregoing or (ii) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (x) relief in respect of Maker, or of a substantial part of the property or assets of Maker, under any federal, state or foreign bankruptcy, insolvency, receivership, reorganization, arrangement, readjustment of debt, dissolution, liquidation or similar law or statute, whether now or hereafter in effect, (y) the appointment of a custodian, receiver, trustee, sequestrator, conservator or similar official for Maker or a substantial part of any Maker's assets, or (z) the winding up or liquidation of Maker; and any such proceeding or petition contemplated under this clause (ii) shall continue undismissed for a period of sixty (60) days or an order or decree approving or ordering any of the foregoing shall be entered, then, upon the occurrence of any event contemplated in clause (i) or (ii) above, without any further action or notice on the part of Lender, all outstanding amounts under this Promissory Note shall become and be forthwith due and payable, without presentment, demand, protest, or further notice of any kind, all of which are hereby expressly waived by Maker.

To induce Lender to make extensions of credit pursuant to this Promissory Note, Maker represents and warrants to Lender as follows as of the date hereof: (a) Maker is duly organized, validly existing and in good standing under the laws of the State of Delaware, is authorized to conduct business in every state or jurisdiction in which the nature of Maker's business or the ownership of its assets requires such authorization and has all requisite power and authority to carry on its business as now conducted and as proposed to be conducted; (b) all action on the part of Maker that is necessary for the authorization, execution, delivery and performance of this Promissory Note has been taken; (c) this Promissory Note, when executed and delivered, will constitute the valid and legally binding obligation of Maker, enforceable against Maker in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally; and (d) no consent, approval, order or authorization of, or registration, declaration or filing with, or notice to, any governmental authority is required in connection with the execution, delivery and performance of Maker's obligations hereunder.

Maker hereby waives presentment, demand, notice of dishonor, protest, notice of protest and all other demands, protests and notices in connection with the execution, delivery, performance, collection and enforcement of this Promissory Note. Maker shall pay all costs of collection when incurred, including reasonable attorneys' fees, costs and expenses.

This Promissory Note shall be construed and interpreted in accordance with, and be governed by the internal laws of, the State of New York, without regard to principles of conflict of laws.

This Promissory Note may only be amended, modified or terminated by an agreement in writing signed by each of the parties hereto. This Promissory Note shall be binding upon the permitted successors and assigns of the Maker and inure to the benefit of the Lender and its successors, endorsees and assigns. This Promissory Note shall not be transferred without the express written consent of Lender, provided that if Lender consents to any such transfer or if notwithstanding the foregoing such a transfer occurs, then the provisions of this Promissory Note shall be binding upon any successor to Maker and shall inure to the benefit of and be extended to any holder thereof.

(signature page follows)

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officers of the parties hereto as of the date first written above.

REVOLUTION LIGHTING TECHNOLOGIES, INC.
("MAKER")

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President and CFO

Address: 177 Broad Street
12th Floor
Stamford, CT 06901

RVL 1 LLC ("LENDER")

By: /s/ James DePalma

Name: James DePalma

Title: Managing Partner

PROMISSORY NOTE

\$1,000,000.00

April 4, 2014

Revolution Lighting Technologies, Inc., a Delaware corporation ("**Maker**") hereby promises to pay to the order of Aston Capital, LLC ("**Lender**"), its successors and assigns, in lawful money of the United States of America, the sum of ONE MILLION DOLLARS (\$1,000,000.00), together with accrued and unpaid interest thereon, at the rate or rates set forth below on April 1, 2015 (the "**Maturity Date**").

The unpaid principal amount of this Promissory Note shall bear interest at a rate per annum equal to nine percent (9%), calculated on the basis of a 365 day year and the actual number of days elapsed. All payments on this Promissory Note shall be applied first in payment of accrued interest and any remainder in payment of principal. If any interest is determined to be in excess of the then legal maximum rate, then that portion of each interest payment representing an amount in excess of the then legal maximum rate shall be deemed a payment of principal and applied against the principal of the obligations evidenced by this Promissory Note.

The principal amount of this Promissory Note plus all accrued and unpaid interest thereon shall be payable in full on the Maturity Date.

This Promissory Note may be prepaid in whole or in part at any time, together with all accrued and unpaid interest thereon, without premium or penalty.

In the event that Maker (a) shall fail to pay when due (whether at maturity, by reason of acceleration or otherwise) any principal of or interest on this Promissory Note, (b) assigns this Promissory Note or Maker's obligations hereunder without the prior written consent of Lender or (c) shall have breached any representation or warranty set forth herein, then Lender may declare all obligations (including without limitation, outstanding principal and accrued and unpaid interest thereon) under this Promissory Note to be immediately due and payable without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived. In the event that (i) Maker shall (A) generally not, or shall become unable to, or shall admit in writing its inability to, pay its debts as such debts become due; (B) make an assignment for the benefit of creditors; (C) apply for or consent to the appointment of a custodian, receiver, trustee, sequestrator, conservator or similar official for it or a substantial part of its assets; (D) voluntarily commence any proceeding or file any petition seeking relief under any federal, state or foreign bankruptcy, insolvency, receivership, reorganization, arrangement, readjustment of debt, dissolution, liquidation or similar law or statute, whether now or hereafter in effect; (E) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in clause (ii) below; (F) file an answer admitting the material allegations of a petition filed against it in any such proceeding; or (G) take any action for the purpose of effecting any of the foregoing or (ii) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (x) relief in respect of Maker, or of a substantial part of the property or assets of Maker, under any federal, state or foreign bankruptcy, insolvency, receivership, reorganization, arrangement, readjustment of debt, dissolution, liquidation or similar law or statute, whether now or hereafter in effect, (y) the appointment of a custodian,

receiver, trustee, sequestrator, conservator or similar official for Maker or a substantial part of any Maker's assets, or (z) the winding up or liquidation of Maker; and any such proceeding or petition contemplated under this clause (ii) shall continue undismissed for a period of sixty (60) days or an order or decree approving or ordering any of the foregoing shall be entered, then, upon the occurrence of any event contemplated in clause (i) or (ii) above, without any further action or notice on the part of Lender, all outstanding amounts under this Promissory Note shall become and be forthwith due and payable, without presentment, demand, protest, or further notice of any kind, all of which are hereby expressly waived by Maker.

To induce Lender to make extensions of credit pursuant to this Promissory Note, Maker represents and warrants to Lender as follows as of the date hereof: (a) Maker is duly organized, validly existing and in good standing under the laws of the State of Delaware, is authorized to conduct business in every state or jurisdiction in which the nature of Maker's business or the ownership of its assets requires such authorization and has all requisite power and authority to carry on its business as now conducted and as proposed to be conducted; (b) all action on the part of Maker that is necessary for the authorization, execution, delivery and performance of this Promissory Note has been taken; (c) this Promissory Note, when executed and delivered, will constitute the valid and legally binding obligation of Maker, enforceable against Maker in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally; and (d) no consent, approval, order or authorization of, or registration, declaration or filing with, or notice to, any governmental authority is required in connection with the execution, delivery and performance of Maker's obligations hereunder.

Maker hereby waives presentment, demand, notice of dishonor, protest, notice of protest and all other demands, protests and notices in connection with the execution, delivery, performance, collection and enforcement of this Promissory Note. The Maker shall pay all costs of collection when incurred, including reasonable attorneys' fees, costs and expenses.

This Promissory Note shall be construed and interpreted in accordance with, and be governed by the internal laws of, the State of Delaware, without regard to principles of conflict of laws.

This Promissory Note may only be amended, modified or terminated by an agreement in writing signed by the party to be charged. This Promissory Note shall be binding upon the permitted successors and assigns of the Maker and inure to the benefit of the Lender and its successors, endorsees and assigns. This Promissory Note shall not be transferred without the express written consent of Lender, provided that if Lender consents to any such transfer or if notwithstanding the foregoing such a transfer occurs, then the provisions of this Promissory Note shall be binding upon any successor to Maker and shall inure to the benefit of and be extended to any holder thereof.

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REVOLUTION LIGHTING TECHNOLOGIES, INC.
("MAKER")

By: /s/ Charles J. Schafer

Name: Charles J. Schafer

Title: President and CFO

Address: 177 Broad Street
12th Floor
Stamford, CT 06901

ASTON CAPITAL, LLC ("LENDER")

By: /s/ James DePalma

Name: James DePalma

Title: Managing Member



Revolution Lighting Technologies Closes Acquisition of Value Lighting Inc.

Acquisition To Increase Distribution Footprint, Drive New Penetration Into Multifamily Housing Sector; RVL 2014 Pro Forma Revenue Expected to Approximate \$110 Million

Stamford, CT, April 17, 2014 – Revolution Lighting Technologies, Inc. (NASDAQ: RVL) (“Revolution Lighting”), a leader in advanced LED lighting solutions, today announced it has closed its acquisition of Value Lighting Inc. and certain affiliates (“Value Lighting”).

Value Lighting, headquartered in Marietta, GA with 75 employees is a leading supplier of lighting solutions to the multifamily residential housing sector and new construction marketplace across the U.S. Value Lighting’s 2013 revenues were approximately \$43 million and are expected to be approximately \$55 million in 2014, with EBITDA in excess of 12%. More than half of Value Lighting’s expected 2014 revenues are in current backlog.

Under the terms of the agreement, Revolution Lighting paid \$10.5 million in cash and \$28.1 million in stock for 100% of the outstanding equity of the Value Lighting business. The cash portion of the transaction is being financed by RVL LLC. The remaining \$28.1 million was paid in Revolution Lighting common stock at a price of \$3.3183 per share for a total of 8,468,192 shares. As part of the acquisition, Revolution Lighting expects to receive an estimated \$9 million of working capital.

The Value Lighting equity holders will have the opportunity for earn-out payments of up to \$10 million if 2014 and 2015 revenue and EBITDA targets are achieved. The earn-out payments will be made in shares of common stock or cash at Revolution Lighting’s option.

“We are excited to close this strategic and complementary acquisition, which will allow Revolution Lighting to penetrate new markets, including the fast growing multifamily residential housing sector, and further accelerate our overall growth as a company,” said Robert V. LaPenta, Chairman and Chief Executive Officer of Revolution Lighting Technologies. “With this new and significant distribution channel, we will increase greenfield and retrofit opportunities for our LED lighting solutions in the multifamily sector and drive growth as property owners seek to increase the energy efficiency of their buildings and reduce operational costs through LED installations.”

According to Reis, Inc., a leading provider of commercial real estate market information, multifamily construction is expected to increase relative to recent history, as well as longer historical trends. New completions in the top 82 U.S. markets for 2013 totaled roughly 124,000 units – on par with the long-term historical average of roughly 120,000 units per year. For 2014, new completions are expected to total about 164,000 units, well above the historical long-term average.

“We are very happy to officially join the Revolution Lighting team as we see significant opportunity for LED adoption in the markets we serve,” said Alan Carlquist, President, Value Lighting Inc. “Revolution Lighting’s extensive network of dealers and distributors will allow us to drive LED lighting installations across our existing and new customer base and accelerate our growth with LED lighting.”

About Revolution Lighting Technologies Inc.

Revolution Lighting Technologies, Inc. is a leader in the design, manufacture, marketing, and sale of light emitting diode (LED) lighting solutions focusing on the industrial, commercial and government markets in the United States, Canada, and internationally. Through advanced technology and aggressive new product development, Revolution Lighting has created an innovative, multi-brand, lighting company that offers a comprehensive advanced product platform. The company goes to market through its Seesmart brand, which designs, engineers and manufactures an extensive line of high-quality interior and exterior LED lamps and fixtures; Lighting Integration Technologies Inc., which sells and installs Seesmart

products; Lumificient, which supplies LED illumination for the signage industry; Relume Technologies, a leading manufacturer of outdoor LED products; and Sentinel, a revolutionary patented and licensed monitoring and smart grid control system for outdoor lighting applications. Revolution Lighting Technologies markets and distributes its product through a network of independent sales representatives and distributors, as well as through energy savings companies and national accounts. Revolution Lighting Technologies trades on the NASDAQ under the ticker RVLT. For additional information, please visit: www.rvlti.com.

About Value Lighting Inc.

Headquartered in Marietta, GA, Value Lighting was founded in 2005 and has provided lighting solutions for more than 200,000 family units over the last five years. Value Lighting brings significant design and engineering capabilities, serving the multifamily marketplace, as well as hotels, assisted living facilities, student housing, military barracks and commercial facilities. With a proven track record highlighted by a marquee customer base, Value Lighting's service-based approach allows for the ability to serve large scale purchases for customers, which include property owners, developers, general contractors, and electrical contractors.

Cautionary Statement for Forward-Looking Statements

Certain of the above statements contained in this press release are forward-looking statements that involve a number of risks and uncertainties, including the anticipated benefits of the Value Lighting Inc. acquisition and statements relating to the anticipated future growth and profitability of our business. Such forward-looking statements are within the meaning of that term in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Reference is made to Revolution Lighting's filings under the Securities Exchange Act for additional factors that could cause actual results to differ materially, including our history of losses, the potential for future dilution to our existing common stockholders, our status as a controlled company, the risk that demand for our LED products fails to emerge as anticipated, competition from larger companies, and risks relating to third party suppliers and manufacturers, as well as the other Risk Factors described in Item 1A of our Form 10-K for the fiscal year ended December 31, 2013. Revolution Lighting Technologies, Inc. undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those indicated in the forward-looking statements as a result of various factors. Readers are cautioned not to place undue reliance on these forward-looking statements.

Adjusted EBITDA

We use Adjusted EBITDA as a non-GAAP measure of financial performance. Adjusted EBITDA is calculated by adding back to net income or loss interest and financing related costs, acquisition related charges, severance and transition costs, interest, income taxes, depreciation and amortization, long lived asset impairments and stock based compensation charges. Adjusted EBITDA is provided to investors to supplement the results of operations reported in accordance with GAAP. Management believes that Adjusted EBITDA is useful to help investors analyze the operating trends in the business and to assess the relative underlying performance of businesses with different capital and tax structures. Management believes that Adjusted EBITDA provides an additional tool for investors to use in comparing our financial results with other companies that use Adjusted EBITDA in their communications with investors. By excluding non cash charges such as amortization and depreciation, stock based compensation, long lived asset impairments as well as charges for income taxes, interest and financing charges, acquisition related and severance and transition costs, investors can evaluate our operations and compare our results with the results of other companies on a more consistent basis. Management also uses Adjusted EBITDA to evaluate potential acquisitions, establish internal budgets and goals and evaluate the performance of business units and management.

We consider Adjusted EBITDA to be an important indicator of our operational strength and performance and a useful measure of historical and prospective trends. However there are significant limitations of the use of Adjusted EBITDA since it excludes interest income and expense, financing related and acquisition related charges, severance and transition costs, stock based compensation and income taxes, all of which impact profitability, as well as depreciation and amortization and impairments, related to the use of long lived assets that benefit future periods. We believe that these limitations are compensated by providing Adjusted EBITDA only with GAAP performance measures and clearly identifying the differences between the two measures. Consequently, Adjusted EBITDA should not be considered in isolation or as a substitute for net income or loss or operating income or loss presented in accordance with GAAP. Moreover, Adjusted EBITDA as defined by the Company may not be comparable to similarly titled measure provided by other entities.

Contact:

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Anton.Nicholas@icrinc.com / Cory.Ziskind@icrinc.com