



DEAR STOCKHOLDERS

A few months ago I wrote a blog named *The Good, the Bad and the Ugly*. I believe this was an honest assessment of the opportunities I inherited when joining iPass a year ago, but also the difficulties of the gauntlet we had to run in shaping a new business that could take advantages of our assets. Our investors were rightfully disappointed in the company's long history of revenue decline, cash burn and unprofitability. Shareholder activists were on the warpath. Many of our customers, questioning our value, were terminating their contracts. Our channel partners were questioning our commitment to mutual success. And frankly, many of executives, and our employees, were tired, disillusioned and discouraged.

A year ago, we promised change. And if our stock traded on change, we'd all be very rich today. Fact is, today, there simply are not many elements of the company that are the same as the iPass of a year ago. For example, I recently met with one of our largest customers – a global giant whose name you'd all recognize. We gave the team an inside view of our roadmap – of our new *iPass SmartConnect*[™] platform and all the cool features and benefits the platform offers to our customers. And the customer loved it – and we learned something. “For all the time we've been an iPass customer,” the executive said, “this is the first time we've ever had a technology briefing – the first time we've seen your roadmap.” To me, this was shocking, but then again, this lack of communication with our customers was clearly one of the reasons why our customer churn was so high. But this customer – and hundreds like them – now realize today's iPass is a new company. What's more we're a simpler company to understand. It's not hard: we're a *software company* with a simple promise to deliver secure Internet connectivity that is *Unlimited, Everywhere and Invisible*. I'm amazed at how

many people have said to me, “You know, in the past, I never really understood what iPass did. But now I get it.”

So as we’re running through the gauntlet, we’ve launched a completely new go-to-market plan, greatly expanding our addressable market. And we have over 50 customers who have adopted *iPass Unlimited* to prove it – as well as record bookings in our first quarter of 2016. We’ve promised revenue growth in 2016 – the first in nearly a decade and Adjusted EBITDA profit for the year – which would be the first time ever.

While we always had the largest commercial Wi-Fi network in the world, today our network is nearly three-times the size of a year ago – with over 50M Wi-Fi hot spots in over 120 countries across the globe. And much like Uber, the world’s largest taxi company that does not own a single car, iPass is the world’s largest Wi-Fi network and does not own a single hot spot. Nor do we own the capital budget and overhead that goes with owning and maintaining those network access points. And as we’ve been growing this footprint, we’ve strengthened our relationships with industry giants Microsoft, HP, Deutsche Telekom, AT&T British Telecom and others, while bringing Tata, emergents like YepINGO and more into the fold.

It is clear that many of these partners are attracted by the prowess of our software – this is technology re-awakened by the re-discovery and implementation of our formidable patent portfolio. These changes in our product are becoming evident, and *iPass SmartConnect*[™] is the poster child for the renewed spirit that we’ve embraced over the last twelve months. Our new technology reflects a new attitude and new levels of excitement. Our engineering team is pumped. They all know that we are on the cusp of something that could be really big. And that’s because everyday *iPass SmartConnect*[™] is showing new capabilities and opportunities.

New features and volumes of new data that in some not-too-distant day could offer benefits to a whole new class of customer. And we've developed a software development kit – an SDK – to enable others to take advantages of our intellectual property and the benefits we offer. It's like being in a Silicon Valley start-up again.

Wait - in fact – iPass is a start-up again. We're 100 employees leaner than we were a year ago, and of the 155 on the roster today, more than one-in-three has been on board for less than a year. We enjoy the freshness of new ideas with the stability and perseverance of our iPass veterans – stars like Blaz Vavpetic, Basim Jaber and Raghu Konka - whose knowledge and experience in understanding the product and the market is irreplaceable. In 2014, iPass was spending over \$14 million in quarterly operating expenses. This quarter, we'll spend about \$9 million. That's a lot of change – and closing the gap to profitability is one of the “goods” that we've realized over the past twelve months by operating with smaller management team and streamlined processes.

In closing, I'll reiterate our vision of being embedded in one billion devices in the not too distant future. This reflects a BIG change from worrying about a couple million international business travelers and the threat of decreasing roaming costs. As more Microsofts and HPs realize the power of our product and the value it delivers, we are confident that goal is attainable. Last year was the time for setting the table. This year it's time for execution – and feasting.

So many thanks to you all for your patience, tolerance and support. I remain in your debt.

Gary Griffiths

President and CEO