

SEGMENT PROFIT (1) AND SEGMENT MARGIN (2)

	Q313	Q413	Q114	Q214	Q314	Q414	Q115	Q215
Revenues:								
Data center services	\$ 45,488	\$ 49,686	\$ 58,283	\$ 61,395	\$ 61,640	\$ 61,305	\$ 59,098	\$ 59,422
Internet protocol (IP) services	24,084	24,401	23,678	22,673	23,027	22,958	21,688	21,010
Total	<u>69,572</u>	<u>74,087</u>	<u>81,961</u>	<u>84,068</u>	<u>84,667</u>	<u>84,263</u>	<u>80,786</u>	<u>80,432</u>
Direct costs of sales and services, exclusive of depreciation and amortization:								
Data center services	23,171	24,103	25,891	26,563	27,716	25,989	24,264	24,335
IP services	9,624	9,590	9,869	9,999	9,432	9,486	9,082	8,643
Total	<u>32,795</u>	<u>33,693</u>	<u>35,760</u>	<u>36,562</u>	<u>37,148</u>	<u>35,475</u>	<u>33,346</u>	<u>32,978</u>
Segment profit (1):								
Data center services	22,317	25,583	32,392	34,832	33,924	35,316	34,834	35,087
IP services	14,460	14,811	13,809	12,674	13,595	13,472	12,606	12,367
Total	<u>\$ 36,777</u>	<u>\$ 40,394</u>	<u>\$ 46,201</u>	<u>\$ 47,506</u>	<u>\$ 47,519</u>	<u>\$ 48,788</u>	<u>\$ 47,440</u>	<u>\$ 47,454</u>
Segment margin (2):								
Data center services	49.1%	51.5%	55.6%	56.7%	55.0%	57.6%	58.9%	59.0%
IP services	60.0%	60.7%	58.3%	55.9%	59.0%	58.7%	58.1%	58.9%
Total	<u>52.9%</u>	<u>54.5%</u>	<u>56.4%</u>	<u>56.5%</u>	<u>56.1%</u>	<u>57.9%</u>	<u>58.7%</u>	<u>59.0%</u>
CASH OPERATING EXPENSE (3)								
Total operating costs and expenses (GAAP)	\$ 70,926	\$ 79,942	\$ 86,498	\$ 88,582	\$ 87,702	\$ 86,517	\$ 84,905	\$ 86,270
Total operating costs and expenses as % of revenue	101.9%	107.9%	105.5%	105.4%	103.6%	102.7%	105.1%	107.3%
Direct costs of sales and services, exclusive of depreciation and amortization	(32,795)	(33,693)	(35,760)	(36,562)	(37,148)	(35,475)	(33,346)	(32,978)
Depreciation and amortization	(13,537)	(15,429)	(18,926)	(19,468)	(20,915)	(21,861)	(20,208)	(22,566)
(Loss) gain on disposal of property and equipment, net	(4)	(5)	-	(32)	-	(80)	15	(137)
Exit activities, restructuring and impairments	(274)	(209)	(1,384)	(1,561)	(56)	(1,518)	(265)	(59)
Stock-based compensation	(1,709)	(1,653)	(1,941)	(1,956)	(1,778)	(1,507)	(1,579)	(2,185)
Acquisition costs	-	(4,210)	(85)	-	-	-	-	-
Cash operating expense (3) (non-GAAP)	\$ 22,607	\$ 24,743	\$ 28,402	\$ 29,003	\$ 27,805	\$ 26,076	\$ 29,522	\$ 28,345
Cash operating expense (non-GAAP) as % of revenue	32.5%	33.4%	34.7%	34.5%	32.8%	30.9%	36.5%	35.2%
STOCK-BASED COMPENSATION EXPENSE SUMMARY								
Direct costs of customer support	\$ 331	\$ 226	\$ 284	\$ 333	\$ 353	\$ 478	\$ 374	\$ 367
Sales and marketing	359	150	252	289	248	358	412	415
General and administrative	1,019	1,277	1,405	1,334	1,177	671	793	1,403
Total	<u>\$ 1,709</u>	<u>\$ 1,653</u>	<u>\$ 1,941</u>	<u>\$ 1,956</u>	<u>\$ 1,778</u>	<u>\$ 1,507</u>	<u>\$ 1,579</u>	<u>\$ 2,185</u>
ADJUSTED EBITDA (4)								
Loss from operations (GAAP)	\$ (1,354)	\$ (5,855)	\$ (4,537)	\$ (4,514)	\$ (3,035)	\$ (2,254)	\$ (4,119)	\$ (5,838)
Depreciation and amortization	13,537	15,429	18,926	19,468	20,915	21,861	20,208	22,566
Loss (gain) on disposal of property and equipment, net	4	5	-	32	-	80	(15)	137
Exit activities, restructuring and impairments	274	209	1,384	1,561	56	1,518	265	59
Stock-based compensation	1,709	1,653	1,941	1,956	1,778	1,507	1,579	2,185
Acquisition costs	-	4,210	85	-	-	-	-	-
Adjusted EBITDA (4) (non-GAAP)	\$ 14,170	\$ 15,651	\$ 17,799	\$ 18,503	\$ 19,714	\$ 22,712	\$ 17,918	\$ 19,109
Adjusted EBITDA Margin (5) (non-GAAP)	20.4%	21.1%	21.7%	22.0%	23.3%	27.0%	22.2%	23.8%

	Q313	Q413	Q114	Q214	Q314	Q414	Q115	Q215
NORMALIZED NET INCOME (LOSS) (6) AND BASIC AND DILUTED NORMALIZED NET INCOME (LOSS) PER SHARE (7)								
Net loss (GAAP)	\$ (4,035)	\$ (10,450)	\$ (10,675)	\$ (11,185)	\$ (9,377)	\$ (8,257)	\$ (10,442)	\$ (12,534)
Exit activities, restructuring and impairments	274	209	1,384	1,561	56	1,518	265	59
Stock-based compensation	1,709	1,653	1,941	1,956	1,778	1,507	1,579	2,185
Acquisition costs	-	4,210	85	-	-	-	-	-
Normalized net loss (6) (non-GAAP)	\$ (2,052)	\$ (4,378)	\$ (7,265)	\$ (7,668)	\$ (7,543)	\$ (5,232)	\$ (8,598)	\$ (10,290)
Normalized net income allocable to participating securities (non-GAAP)	-	-	-	-	-	-	-	-
Net loss available to common stockholders (GAAP) (8)	\$ (4,035)	\$ (10,450)	\$ (10,675)	\$ (11,185)	\$ (9,377)	\$ (8,257)	\$ (10,442)	\$ (12,534)
Normalized net loss available to common stockholders (non-GAAP) (8)	\$ (2,052)	\$ (4,378)	\$ (7,265)	\$ (7,668)	\$ (7,543)	\$ (5,232)	\$ (8,598)	\$ (10,290)
Weighted average shares outstanding used in per share calculation:								
Basic (GAAP)	50,882	50,898	51,027	51,045	51,063	51,159	51,336	51,579
Participating securities (GAAP) (8)	1,008	1,049	1,105	1,119	1,083	1,066	1,151	1,246
Diluted (GAAP)	50,882	50,898	51,027	51,045	51,063	51,159	51,336	51,579
Add potentially dilutive securities	-	-	-	-	-	-	-	-
Less dilutive effect of stock-based compensation under the treasury stock method	-	-	-	-	-	-	-	-
Normalized diluted shares (non-GAAP) (9)	50,882	50,898	51,027	51,045	51,063	51,159	51,336	51,579
Net loss per share (GAAP):								
Basic and diluted	\$ (0.08)	\$ (0.21)	\$ (0.21)	\$ (0.22)	\$ (0.18)	\$ (0.16)	\$ (0.20)	\$ (0.24)
Normalized net loss per share (non-GAAP) (7):								
Basic and diluted	\$ (0.04)	\$ (0.09)	\$ (0.14)	\$ (0.15)	\$ (0.15)	\$ (0.10)	\$ (0.17)	\$ (0.20)

Notes:

- Segment profit is a non-GAAP measure and is segment revenues less direct cost of sales and services, exclusive of depreciation and amortization. Segment profit does not include direct costs of customer support, direct costs of amortization of acquired and developed technologies or any other depreciation or amortization associated with direct costs. A presentation of segment profit can be found in the attachment to our earnings press release, which is available on our website and furnished to the Securities and Exchange Commission.
- Segment margin is a non-GAAP measure and is segment profit as a percentage of segment revenues. A presentation of segment profit can be found in the attachment to our earnings press release, which is available on our website and furnished to the Securities and Exchange Commission.
- Cash operating expense is a non-GAAP measure and is operating expense defined by GAAP, less direct costs of sales and services, depreciation and amortization, (loss) gain on disposal of property and equipment, exit activities, restructuring and impairments, stock-based compensation and acquisition costs.
- Adjusted EBITDA is a non-GAAP measure and is loss from operations plus depreciation and amortization, gain (loss) on disposals of property and equipment, exit activities, restructuring and impairments and stock-based compensation. A reconciliation of Adjusted EBITDA to GAAP loss from operations can be found in the attachment to our earnings press release, which is available on our website and furnished to the Securities and Exchange Commission.
- Adjusted EBITDA margin is a non-GAAP measure and is adjusted EBITDA as a percentage of revenues.
- Normalized net loss is a non-GAAP measure and is net loss excluding restructuring and impairments, stock-based compensation and certain items that management considers non-recurring.
- Normalized net loss per share is a non-GAAP measure and is normalized net loss divided by basic and normalized diluted shares.
- Net loss and normalized net loss available to common stockholders are non-GAAP measures and exclude amounts allocated to unvested restricted stock awards, which, by definition, are participating securities. However, participating securities do not share in any net loss or normalized net loss.
- Normalized diluted shares is defined as diluted common shares outstanding used in GAAP net loss per share calculation, excluding the effect of stock-based compensation under the treasury stock method.