

**SEGMENT PROFIT (1) AND SEGMENT MARGIN (2)**
**Revenues:**

	Q110	Q210	Q310	Q410	Q111	Q211	Q311
Data center services	\$ 33,722	\$ 31,197	\$ 31,550	\$ 31,732	\$ 31,542	\$ 32,481	\$ 34,114
Internet protocol (IP) services	29,643	29,328	28,765	28,227	27,862	27,929	27,900
Total	63,365	60,525	60,315	59,959	59,404	60,410	62,014

**Direct costs of network, sales and services, exclusive of depreciation and amortization:**

Data center services	23,043	19,784	20,405	19,529	18,530	19,733	20,480
IP services	11,042	11,479	11,162	10,979	10,500	10,836	10,307
Total	34,085	31,263	31,567	30,508	29,030	30,569	30,787

**Segment profit (1):**

Data center services	10,679	11,413	11,145	12,203	13,012	12,748	13,634
IP services	18,601	17,849	17,603	17,248	17,362	17,093	17,593
Total	\$ 29,280	\$ 29,262	\$ 28,748	\$ 29,451	\$ 30,374	\$ 29,841	\$ 31,227

**Segment margin (2):**

Data center services	31.7%	36.6%	35.3%	38.5%	41.3%	39.2%	40.0%
IP services	62.8%	60.9%	61.2%	61.1%	62.3%	61.2%	63.1%
Total	46.2%	48.3%	47.7%	49.1%	51.1%	49.4%	50.4%

**ADJUSTED OPERATING EXPENSE (3)**
**Total operating costs and expenses (GAAP)**

Total operating costs and expenses as % of revenue	\$ 63,251	\$ 61,238	\$ 60,851	\$ 59,720	\$ 60,292	\$ 62,081	\$ 62,439
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Direct costs of network and sales, exclusive of depreciation and amortization	99.8%	101.2%	100.9%	99.6%	101.5%	102.8%	100.7%
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Stock-based compensation	(34,085)	(31,263)	(31,567)	(30,508)	(29,030)	(30,569)	(30,787)
Depreciation and amortization	(991)	(1,444)	(1,114)	(1,080)	(911)	(989)	(1,090)
(Loss) gain on disposal of property and equipment, net	(8,753)	(7,992)	(8,580)	(8,644)	(8,928)	(9,643)	(10,522)
Restructuring	(1)	(18)	13	(109)	(73)	(11)	47
Total	(18)	(1,183)	-	(210)	(189)	(1,304)	(123)

**Adjusted operating expense (3) (non-GAAP)**

Adjusted operating expense (non-GAAP) as % of revenue	\$ 19,403	\$ 19,338	\$ 19,603	\$ 19,169	\$ 21,161	\$ 19,565	\$ 19,964
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	30.6%	32.0%	32.5%	32.0%	35.6%	32.4%	32.2%
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**STOCK-BASED COMPENSATION EXPENSE SUMMARY**

Direct costs of customer support	\$ 175	\$ 195	\$ 179	\$ 204	\$ 179	\$ 179	\$ 178
Sales and marketing	256	270	263	155	228	262	228
General and administrative	560	981	672	721	504	548	684
Total	\$ 991	\$ 1,446	\$ 1,114	\$ 1,080	\$ 911	\$ 989	\$ 1,090

**ADJUSTED EBITDA (4)**
**Income (loss) from operations (GAAP)**

Income (loss) from operations (GAAP)	\$ 114	\$ (713)	\$ (536)	\$ 239	\$ (888)	\$ (1,671)	\$ (425)
Stock-based compensation	991	1,444	1,114	1,080	911	989	1,090
Depreciation and amortization	8,753	7,992	8,580	8,644	8,928	9,643	10,522
Loss (gain) on disposal of property and equipment, net	1	18	(13)	109	73	11	(47)
Restructuring	18	1,183	-	210	189	1,304	123

**Adjusted EBITDA (4) (non-GAAP)**

Adjusted EBITDA (4) (non-GAAP)	\$ 9,877	\$ 9,924	\$ 9,145	\$ 10,282	\$ 9,213	\$ 10,276	\$ 11,263
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**Adjusted EBITDA Margin (5)(non-GAAP)**

Adjusted EBITDA Margin (5)(non-GAAP)	15.6%	16.4%	15.2%	17.1%	15.5%	17.0%	18.2%
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	Q110	Q210	Q310	Q410	Q111	Q211	Q311
<b><u>NORMALIZED NET INCOME (LOSS) (6) AND BASIC AND DILUTED NORMALIZED NET INCOME (LOSS) PER SHARE (7)</u></b>							
<b>Net loss (GAAP)</b>	\$ (260)	\$ (1,271)	\$ (1,662)	\$ (429)	\$ (1,500)	\$ (2,612)	\$ (1,788)
Restructuring	18	1,183	-	210	189	1,304	123
Stock-based compensation	991	1,444	1,114	1,080	911	989	1,090
<b>Normalized net income (loss) (6)(non-GAAP)</b>	<b>\$ 749</b>	<b>\$ 1,356</b>	<b>\$ (548)</b>	<b>\$ 861</b>	<b>\$ (400)</b>	<b>\$ (319)</b>	<b>\$ (575)</b>
Normalized net income allocable to participating securities (non-GAAP)	17	30	-	19	-	-	-
<b>Net loss available to common stockholders (GAAP) (8)</b>	<b>\$ (260)</b>	<b>\$ (1,271)</b>	<b>\$ (1,662)</b>	<b>\$ (429)</b>	<b>\$ (1,500)</b>	<b>\$ (2,612)</b>	<b>\$ (1,788)</b>
<b>Normalized net income (loss) available to common stockholders (non-GAAP) (8)</b>	<b>\$ 732</b>	<b>\$ 1,326</b>	<b>\$ (548)</b>	<b>\$ 842</b>	<b>\$ (400)</b>	<b>\$ (319)</b>	<b>\$ (575)</b>
Weighted average shares outstanding used in per share calculation:							
<b>Basic (GAAP)</b>	<b>49,944</b>	<b>50,013</b>	<b>50,026</b>	<b>50,061</b>	<b>50,124</b>	<b>50,174</b>	<b>50,217</b>
Participating securities (GAAP) (8)	1,193	1,132	1,118	1,103	1,087	1,086	1,074
<b>Diluted (GAAP)</b>	<b>49,944</b>	<b>50,013</b>	<b>50,026</b>	<b>50,061</b>	<b>50,124</b>	<b>50,174</b>	<b>50,217</b>
Add potentially dilutive securities	519	450	-	436	-	-	-
Less dilutive effect of stock-based compensation under the treasury stock method	(359)	(347)	-	(267)	-	-	-
<b>Normalized diluted shares (non-GAAP) (9)</b>	<b>50,104</b>	<b>50,116</b>	<b>50,026</b>	<b>50,230</b>	<b>50,124</b>	<b>50,174</b>	<b>50,217</b>
<b>Net loss per share (GAAP):</b>							
<b>Basic and diluted</b>	<b>\$ (0.01)</b>	<b>\$ (0.03)</b>	<b>\$ (0.03)</b>	<b>\$ (0.01)</b>	<b>\$ (0.03)</b>	<b>\$ (0.05)</b>	<b>\$ (0.04)</b>
<b>Normalized net income (loss) per share (non-GAAP) (7):</b>							
<b>Basic and diluted</b>	<b>\$ 0.01</b>	<b>\$ 0.03</b>	<b>\$ (0.01)</b>	<b>\$ 0.02</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>

**Notes:**

- (1) Segment profit is defined as segment revenues less direct cost of network, sales and services, exclusive of depreciation and amortization for the segment, as presented in the notes to our financial statements filed with the United States Securities and Exchange Commission in Quarterly Reports on Form 10-Q and Annual Reports on Form 10-K. Segment profit does not include direct costs of customer support, direct costs of amortization of acquired technologies or any other depreciation or amortization associated with direct costs.
- (2) Segment margin is defined as segment profit as a percentage of segment revenues.
- (3) Adjusted operating expense is defined as operating expense defined by accounting principles generally accepted in the United States of America, or GAAP, less direct cost of network and sales, depreciation and amortization, impairments and restructuring and stock-based compensation expense.
- (4) Adjusted EBITDA is defined as income (loss) from operations plus stock-based compensation, depreciation and amortization, (loss) gain on disposal of property and equipment, and impairments and restructuring.
- (5) Adjusted EBITDA margin is defined as adjusted EBITDA as a percentage of revenues.
- (6) Normalized net income (loss) is defined as net income (loss) plus stock-based compensation and impairments and restructuring.
- (7) Normalized net income (loss) per share is defined as normalized net income (loss) divided by basic and normalized diluted shares.
- (8) Net (loss) income and normalized net income (loss) available to common stockholders excludes 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.
- (9) Normalized diluted shares is defined as diluted common shares outstanding used in GAAP net income (loss) per share calculation, excluding the effect of stock-based compensation under the treasury stock method.