

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

 Data center services
 Internet protocol (IP) services
 Total

	Q111	Q211	Q311	Q411	Q112
	\$ 31,542	\$ 32,481	\$ 34,114	\$ 35,316	\$ 39,938
	27,862	27,929	27,900	27,484	27,090
	<u>59,404</u>	<u>60,410</u>	<u>62,014</u>	<u>62,800</u>	<u>67,028</u>

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

 Data center services
 IP services
 Total

	18,530	19,733	20,480	20,164	20,970
	10,500	10,836	10,307	9,760	10,184
	<u>29,030</u>	<u>30,569</u>	<u>30,787</u>	<u>29,924</u>	<u>31,154</u>

Segment profit (1):

 Data center services
 IP services
 Total

	13,012	12,748	13,634	15,152	18,968
	17,362	17,093	17,593	17,724	16,906
	<u>\$ 30,374</u>	<u>\$ 29,841</u>	<u>\$ 31,227</u>	<u>\$ 32,876</u>	<u>\$ 35,874</u>

Segment margin (2):

 Data center services
 IP services
 Total

	41.3%	39.2%	40.0%	42.9%	47.5%
	62.3%	61.2%	63.1%	64.5%	62.4%
	<u>51.1%</u>	<u>49.4%</u>	<u>50.4%</u>	<u>52.4%</u>	<u>53.5%</u>

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

Total operating costs and expenses as % of revenue

 Direct costs of network and sales, exclusive of depreciation and amortization
 Stock-based compensation
 Depreciation and amortization
 (Loss) gain on disposal of property and equipment, net
 Restructuring and impairments

	\$ 60,292	\$ 62,081	\$ 62,439	\$ 63,739	\$ 65,320
	101.5%	102.8%	100.7%	101.5%	97.5%
	(29,030)	(30,569)	(30,787)	(29,924)	(31,154)
	(911)	(989)	(1,090)	(994)	(1,404)
	(8,928)	(9,643)	(10,522)	(11,333)	(9,094)
	(73)	(11)	47	-	-
	(189)	(1,304)	(123)	(1,217)	(43)
	<u>\$ 21,161</u>	<u>\$ 19,565</u>	<u>\$ 19,964</u>	<u>\$ 20,271</u>	<u>\$ 23,625</u>
	35.6%	32.4%	32.2%	32.3%	35.2%

Adjusted operating expense (3) (non-GAAP)

Adjusted operating expense (non-GAAP) as % of revenue

STOCK-BASED COMPENSATION EXPENSE SUMMARY

 Direct costs of customer support
 Sales and marketing
 General and administrative
 Total

	\$ 179	\$ 179	\$ 178	\$ 124	\$ 250
	228	262	228	117	180
	504	548	684	753	974
	<u>\$ 911</u>	<u>\$ 989</u>	<u>\$ 1,090</u>	<u>\$ 994</u>	<u>\$ 1,404</u>

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

 Stock-based compensation
 Depreciation and amortization
 Loss (gain) on disposal of property and equipment, net
 Restructuring and impairments

	\$ (888)	\$ (1,671)	\$ (425)	\$ (939)	\$ 1,708
	911	989	1,090	994	1,404
	8,928	9,643	10,522	11,333	9,094
	73	11	(47)	-	(16)
	189	1,304	123	1,217	43
	<u>\$ 9,213</u>	<u>\$ 10,276</u>	<u>\$ 11,263</u>	<u>\$ 12,605</u>	<u>\$ 12,233</u>
	15.5%	17.0%	18.2%	20.1%	18.3%

Adjusted EBITDA (4) (non-GAAP)

Adjusted EBITDA Margin (5)(non-GAAP)

	Q111	Q211	Q311	Q411	Q112
NORMALIZED NET INCOME (LOSS) (6) AND BASIC AND DILUTED NORMALIZED NET INCOME (LOSS) PER SHARE (7)					
Net income (loss) (GAAP)	\$ (1,500)	\$ (2,612)	\$ (1,788)	\$ 4,198	\$ 107
Restructuring and impairments	189	1,304	123	1,217	43
Stock-based compensation	911	989	1,090	994	1,404
Deferred income tax benefit related to Voxel	-	-	-	(6,140)	-
Normalized net income (loss) (6)(non-GAAP)	\$ (400)	\$ (319)	\$ (575)	\$ 269	\$ 1,554
Normalized net income allocable to participating securities (non-GAAP)	-	-	-	5	38
Net loss available to common stockholders (GAAP) (8)	\$ (1,500)	\$ (2,612)	\$ (1,788)	\$ 4,112	\$ 104
Normalized net income (loss) available to common stockholders (non-GAAP) (8)	\$ (400)	\$ (319)	\$ (575)	\$ 264	\$ 1,516
Weighted average shares outstanding used in per share calculation:					
Basic (GAAP)	50,124	50,174	50,217	50,229	50,336
Participating securities (GAAP) (8)	1,087	1,086	1,074	1,046	1,255
Diluted (GAAP)	50,124	50,174	50,217	50,679	51,033
Add potentially dilutive securities	-	-	-	-	-
Less dilutive effect of stock-based compensation under the treasury stock method	-	-	-	(107)	(323)
Normalized diluted shares (non-GAAP) (9)	50,124	50,174	50,217	50,572	50,710
Net income (loss) per share (GAAP):					
Basic	\$ (0.03)	\$ (0.05)	\$ (0.04)	\$ 0.08	\$ 0.00
Net income (loss) per share (GAAP):					
Diluted	\$ (0.03)	\$ (0.05)	\$ (0.04)	\$ 0.08	\$ 0.00
Normalized net income (loss) per share (non-GAAP) (7):					
Basic	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ 0.01	\$ 0.03
Normalized net income (loss) per share (non-GAAP) (7):					
Diluted	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ 0.01	\$ 0.03

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) excluding restructuring and impairments, stock-based compensation and certain items that management considers non-recurring.

(7) Normalized net income (loss) per share is defined as normalized net income (loss) divided by basic and normalized diluted shares.

(8) Net income (loss) 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.