

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

	Q113	Q213	Q313	Q413
Data center services	\$ 44,392	\$ 45,580	\$ 45,488	\$ 49,686
Internet protocol (IP) services	25,307	24,403	24,084	24,401
Total	69,699	69,983	69,572	74,087

	Q114	Q214	Q314	Q414
Data center services	\$ 58,283	\$ 61,395	\$ 61,640	\$ 61,305
Internet protocol (IP) services	23,678	22,673	23,027	22,958
Total	81,961	84,068	84,667	84,263

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

	Q113	Q213	Q313	Q413
Data center services	22,647	22,643	23,171	24,103
IP services	10,223	10,010	9,624	9,590
Total	32,870	32,653	32,795	33,693

	Q114	Q214	Q314	Q414
Data center services	25,891	26,563	27,716	25,989
IP services	9,869	9,999	9,432	9,486
Total	35,760	36,562	37,148	35,475

Segment profit (1):

	Q113	Q213	Q313	Q413
Data center services	21,745	22,937	22,317	25,583
IP services	15,084	14,393	14,460	14,811
Total	\$ 36,829	\$ 37,330	\$ 36,777	\$ 40,394

	Q114	Q214	Q314	Q414
Data center services	32,392	34,832	33,924	35,316
IP services	13,809	12,674	13,595	13,472
Total	\$ 46,201	\$ 47,506	\$ 47,519	\$ 48,788

Segment margin (2):

	Q113	Q213	Q313	Q413
Data center services	49.0%	50.3%	49.1%	51.5%
IP services	59.6%	59.0%	60.0%	60.7%
Total	52.8%	53.3%	52.9%	54.5%

	Q114	Q214	Q314	Q414
Data center services	55.6%	56.7%	55.0%	57.6%
IP services	58.3%	55.9%	59.0%	58.7%
Total	56.4%	56.5%	56.1%	57.9%

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

	Q113	Q213	Q313	Q413
Total operating costs and expenses as % of revenue	98.8%	101.6%	101.9%	107.9%
Direct costs of network and sales, exclusive of depreciation and amortization	(32,870)	(32,653)	(32,795)	(33,693)
Stock-based compensation	(1,637)	(1,741)	(1,709)	(1,653)
Depreciation and amortization	(11,437)	(12,744)	(13,537)	(15,429)
(Loss) gain on disposal of property and equipment, net	(3)	2	(4)	(5)
Exit activities, restructuring and impairments	(248)	(683)	(274)	(209)
Acquisition costs	-	-	-	(4,210)
Adjusted operating expense (3) (non-GAAP)	\$ 22,684	\$ 23,263	\$ 22,607	\$ 24,743
Adjusted operating expense (non-GAAP) as % of revenue	32.5%	33.2%	32.5%	33.4%

	Q114	Q214	Q314	Q414
Total operating costs and expenses as % of revenue	105.5%	105.4%	103.6%	102.7%
Direct costs of network and sales, exclusive of depreciation and amortization	(35,760)	(36,562)	(37,148)	(35,475)
Stock-based compensation	(1,941)	(1,956)	(1,778)	(1,507)
Depreciation and amortization	(18,926)	(19,468)	(20,915)	(21,861)
(Loss) gain on disposal of property and equipment, net	-	(32)	-	(80)
Exit activities, restructuring and impairments	(1,384)	(1,561)	(56)	(1,518)
Acquisition costs	(85)	-	-	-
Adjusted operating expense (3) (non-GAAP)	\$ 28,402	\$ 29,003	\$ 27,805	\$ 26,076
Adjusted operating expense (non-GAAP) as % of revenue	34.7%	34.5%	32.8%	30.9%

STOCK-BASED COMPENSATION EXPENSE SUMMARY

	Q113	Q213	Q313	Q413
Direct costs of customer support	\$ 222	\$ 329	\$ 331	\$ 226
Sales and marketing	259	342	359	150
General and administrative	1,156	1,070	1,019	1,277
Total	\$ 1,637	\$ 1,741	\$ 1,709	\$ 1,653

	Q114	Q214	Q314	Q414
Direct costs of customer support	\$ 284	\$ 333	\$ 353	\$ 478
Sales and marketing	252	289	248	358
General and administrative	1,405	1,334	1,177	671
Total	\$ 1,941	\$ 1,956	\$ 1,778	\$ 1,507

ADJUSTED EBITDA (4)

	Q113	Q213	Q313	Q413
Income (loss) from operations (GAAP)	\$ 820	\$ (1,099)	\$ (1,354)	\$ (5,855)
Depreciation and amortization	11,437	12,744	13,537	15,429
Loss (gain) on disposal of property and equipment, net	3	(2)	4	5
Exit activities, restructuring and impairments	248	683	274	209
Stock-based compensation	1,637	1,741	1,709	1,653
Acquisition costs	-	-	-	4,210
Adjusted EBITDA (4) (non-GAAP)	\$ 14,145	\$ 14,067	\$ 14,170	\$ 15,651
Adjusted EBITDA Margin (5) (non-GAAP)	20.3%	20.1%	20.4%	21.1%

	Q114	Q214	Q314	Q414
Income (loss) from operations (GAAP)	\$ (4,537)	\$ (4,514)	\$ (3,035)	\$ (2,254)
Depreciation and amortization	18,926	19,468	20,915	21,861
Loss (gain) on disposal of property and equipment, net	-	32	-	80
Exit activities, restructuring and impairments	1,384	1,561	56	1,518
Stock-based compensation	1,941	1,956	1,778	1,507
Acquisition costs	85	-	-	-
Adjusted EBITDA (4) (non-GAAP)	\$ 17,799	\$ 18,503	\$ 19,714	\$ 22,712
Adjusted EBITDA Margin (5) (non-GAAP)	21.7%	22.0%	23.3%	27.0%

**NORMALIZED NET INCOME (LOSS) (6) AND BASIC AND
DILUTED NORMALIZED NET INCOME (LOSS) PER SHARE (7)**

	Q113	Q213	Q313	Q413	Q114	Q214	Q314	Q414
Net loss (GAAP)	\$ (1,643)	\$ (3,702)	\$ (4,035)	\$ (10,450)	\$ (10,675)	\$ (11,185)	\$ (9,377)	\$ (8,257)
Exit activities, restructuring and impairments	248	683	274	209	1,384	1,561	56	1,518
Stock-based compensation	1,637	1,741	1,709	1,653	1,941	1,956	1,778	1,507
Acquisition costs	-	-	-	4,210	85	-	-	-
Normalized net income (loss) (6) (non-GAAP)	\$ 242	\$ (1,278)	\$ (2,052)	\$ (4,378)	\$ (7,265)	\$ (7,668)	\$ (7,543)	\$ (5,232)
Normalized net income allocable to participating securities (non-GAAP)	5	-	-	-	-	-	-	-
Net loss available to common stockholders (GAAP) (8)	\$ (1,643)	\$ (3,702)	\$ (4,035)	\$ (10,450)	\$ (10,675)	\$ (11,185)	\$ (9,377)	\$ (8,257)
Normalized net income (loss) available to common stockholders (non-GAAP) (8)	\$ 237	\$ (1,278)	\$ (2,052)	\$ (4,378)	\$ (7,265)	\$ (7,668)	\$ (7,543)	\$ (5,232)
Weighted average shares outstanding used in per share calculation:								
Basic (GAAP)	50,771	50,856	50,882	50,898	51,027	51,045	51,063	51,159
Participating securities (GAAP) (8)	1,024	997	1,008	1,049	1,105	1,119	1,083	1,066
Diluted (GAAP)	50,771	50,856	50,882	50,898	51,027	51,045	51,063	51,159
Add potentially dilutive securities	873	-	-	-	-	-	-	-
Less dilutive effect of stock-based compensation under the treasury stock method	(128)	-	-	-	-	-	-	-
Normalized diluted shares (non-GAAP) (9)	51,516	50,856	50,882	50,898	51,027	51,045	51,063	51,159
Net loss per share (GAAP):								
Basic and diluted	\$ (0.03)	\$ (0.07)	\$ (0.08)	\$ (0.21)	\$ (0.21)	\$ (0.22)	\$ (0.18)	\$ (0.16)
Normalized net income (loss) per share (non-GAAP) (7):								
Basic and diluted	\$ 0.00	\$ (0.03)	\$ (0.04)	\$ (0.09)	\$ (0.14)	\$ (0.15)	\$ (0.15)	\$ (0.10)

Notes:

- (1) Segment profit is a non-GAAP measure and is segment revenues less direct cost of network, sales and services, exclusive of depreciation and amortization. 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. 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.
- (2) 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.
- (3) Adjusted operating expense is a non-GAAP measure and is operating expense defined by GAAP, less direct cost of network and sales, depreciation and amortization, impairments and restructuring and stock-based compensation expense.
- (4) Adjusted EBITDA is a non-GAAP measure and is income (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.
- (5) Adjusted EBITDA margin is a non-GAAP measure and is adjusted EBITDA as a percentage of revenues.
- (6) Normalized net income (loss) is a non-GAAP measure and is 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 a non-GAAP measure and is normalized net income (loss) divided by basic and normalized diluted shares.
- (8) Net income (loss) and normalized net income (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.
- (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.

