

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

Data center services	\$ 45,580	\$ 45,488	\$ 49,686
Internet protocol (IP) services	24,403	24,084	24,401
Total	69,983	69,572	74,087

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

Data center services	22,643	23,171	24,103
IP services	10,010	9,624	9,590
Total	32,653	32,795	33,693

Segment profit (1):

Data center services	22,937	22,317	25,583
IP services	14,393	14,460	14,811
Total	\$ 37,330	\$ 36,777	\$ 40,394

Segment margin (2):

Data center services	50.3%	49.1%	51.5%
IP services	59.0%	60.0%	60.7%
Total	53.3%	52.9%	54.5%

CASH OPERATING EXPENSE (3)

Total operating costs and expenses (GAAP)	\$ 71,082	\$ 70,926	\$ 79,942
Total operating costs and expenses as % of revenue	101.6%	101.9%	107.9%
Direct costs of sales and services, exclusive of depreciation and amortization	(32,653)	(32,795)	(33,693)
Stock-based compensation	(1,741)	(1,709)	(1,653)
Depreciation and amortization	(12,744)	(13,537)	(15,429)
Gain (loss) on disposal of property and equipment, net	2	(4)	(5)
Exit activities, restructuring and impairments	(683)	(274)	(209)
Acquisition costs	-	-	(4,210)
Cash operating expense (3) (non-GAAP)	\$ 23,263	\$ 22,607	\$ 24,743
Cash operating expense (non-GAAP) as % of revenue	33.2%	32.5%	33.4%

STOCK-BASED COMPENSATION EXPENSE SUMMARY

Direct costs of customer support	\$ 329	\$ 331	\$ 226
Sales and marketing	342	359	150
General and administrative	1,070	1,019	1,277
Total	\$ 1,741	\$ 1,709	\$ 1,653

ADJUSTED EBITDA (4)

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

	Q114	Q214	Q314	Q414	Q115
Revenues:					
Data center services	\$ 58,283	\$ 61,395	\$ 61,640	\$ 61,305	\$ 59,098
Internet protocol (IP) services	23,678	22,673	23,027	22,958	21,688
Total	81,961	84,068	84,667	84,263	80,786
Direct costs of sales and services, exclusive of depreciation and amortization:					
Data center services	25,891	26,563	27,716	25,989	24,264
IP services	9,869	9,999	9,432	9,486	9,082
Total	35,760	36,562	37,148	35,475	33,346
Segment profit (1):					
Data center services	32,392	34,832	33,924	35,316	34,834
IP services	13,809	12,674	13,595	13,472	12,606
Total	\$ 46,201	\$ 47,506	\$ 47,519	\$ 48,788	\$ 47,440
Segment margin (2):					
Data center services	55.6%	56.7%	55.0%	57.6%	58.9%
IP services	58.3%	55.9%	59.0%	58.7%	58.1%
Total	56.4%	56.5%	56.1%	57.9%	58.7%
CASH OPERATING EXPENSE (3)					
Total operating costs and expenses (GAAP)	\$ 86,498	\$ 88,582	\$ 87,702	\$ 86,517	\$ 84,905
Total operating costs and expenses as % of revenue	105.5%	105.4%	103.6%	102.7%	105.1%
Direct costs of sales and services, exclusive of depreciation and amortization	(35,760)	(36,562)	(37,148)	(35,475)	(33,346)
Stock-based compensation	(1,941)	(1,956)	(1,778)	(1,507)	(1,579)
Depreciation and amortization	(18,926)	(19,468)	(20,915)	(21,861)	(20,208)
Gain (loss) on disposal of property and equipment, net	-	(32)	-	(80)	15
Exit activities, restructuring and impairments	(1,384)	(1,561)	(56)	(1,518)	(265)
Acquisition costs	(85)	-	-	-	-
Cash operating expense (3) (non-GAAP)	\$ 28,402	\$ 29,003	\$ 27,805	\$ 26,076	\$ 29,522
Cash operating expense (non-GAAP) as % of revenue	34.7%	34.5%	32.8%	30.9%	36.5%
STOCK-BASED COMPENSATION EXPENSE SUMMARY					
Direct costs of customer support	\$ 284	\$ 333	\$ 353	\$ 478	\$ 374
Sales and marketing	252	289	248	358	412
General and administrative	1,405	1,334	1,177	671	793
Total	\$ 1,941	\$ 1,956	\$ 1,778	\$ 1,507	\$ 1,579
ADJUSTED EBITDA (4)					
Loss from operations (GAAP)	\$ (4,537)	\$ (4,514)	\$ (3,035)	\$ (2,254)	\$ (4,119)
Depreciation and amortization	18,926	19,468	20,915	21,861	20,208
(Gain) loss on disposal of property and equipment, net	-	32	-	80	(15)
Exit activities, restructuring and impairments	1,384	1,561	56	1,518	265
Stock-based compensation	1,941	1,956	1,778	1,507	1,579
Acquisition costs	85	-	-	-	-
Adjusted EBITDA (4) (non-GAAP)	\$ 17,799	\$ 18,503	\$ 19,714	\$ 22,712	\$ 17,918
Adjusted EBITDA Margin (5) (non-GAAP)	21.7%	22.0%	23.3%	27.0%	22.2%

	Q213	Q313	Q413	Q114	Q214	Q314	Q414	Q115
NORMALIZED NET INCOME (LOSS) (6) AND BASIC AND DILUTED NORMALIZED NET INCOME (LOSS) PER SHARE (7)								
Net loss (GAAP)	\$ (3,702)	\$ (4,035)	\$ (10,450)	\$ (10,675)	\$ (11,185)	\$ (9,377)	\$ (8,257)	\$ (10,442)
Exit activities, restructuring and impairments	683	274	209	1,384	1,561	56	1,518	265
Stock-based compensation	1,741	1,709	1,653	1,941	1,956	1,778	1,507	1,579
Acquisition costs	-	-	4,210	85	-	-	-	-
Normalized net loss (6) (non-GAAP)	\$ (1,278)	\$ (2,052)	\$ (4,378)	\$ (7,265)	\$ (7,668)	\$ (7,543)	\$ (5,232)	\$ (8,598)
Normalized net income allocable to participating securities (non-GAAP)	-	-	-	-	-	-	-	-
Net loss available to common stockholders (GAAP) (8)	\$ (3,702)	\$ (4,035)	\$ (10,450)	\$ (10,675)	\$ (11,185)	\$ (9,377)	\$ (8,257)	\$ (10,442)
Normalized net loss available to common stockholders (non-GAAP) (8)	\$ (1,278)	\$ (2,052)	\$ (4,378)	\$ (7,265)	\$ (7,668)	\$ (7,543)	\$ (5,232)	\$ (8,598)
Weighted average shares outstanding used in per share calculation:								
Basic (GAAP)	50,856	50,882	50,898	51,027	51,045	51,063	51,159	51,336
Participating securities (GAAP) (8)	997	1,008	1,049	1,105	1,119	1,083	1,066	1,151
Diluted (GAAP)	50,856	50,882	50,898	51,027	51,045	51,063	51,159	51,336
Add potentially dilutive securities	-	-	-	-	-	-	-	-
Less dilutive effect of stock-based compensation under the treasury stock method	-	-	-	-	-	-	-	-
Normalized diluted shares (non-GAAP) (9)	50,856	50,882	50,898	51,027	51,045	51,063	51,159	51,336
Net loss per share (GAAP):								
Basic and diluted	\$ (0.07)	\$ (0.08)	\$ (0.21)	\$ (0.21)	\$ (0.22)	\$ (0.18)	\$ (0.16)	\$ (0.20)
Normalized net loss per share (non-GAAP) (7):								
Basic and diluted	\$ (0.03)	\$ (0.04)	\$ (0.09)	\$ (0.14)	\$ (0.15)	\$ (0.15)	\$ (0.10)	\$ (0.17)

Notes:

(1) 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 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) Cash operating expense is a non-GAAP measure and is operating expense defined by GAAP, less direct cost of sales and services, depreciation and amortization, restructuring and impairments, stock-based compensation and acquisition costs.

(4) 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.

(5) Adjusted EBITDA margin is a non-GAAP measure and is adjusted EBITDA as a percentage of revenues.

(6) 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.

(7) Normalized net loss per share is a non-GAAP measure and is normalized net loss divided by basic and normalized diluted shares.

(8) 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.

(9) 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.