

SEGMENT PROFIT (1) AND SEGMENT MARGIN (2)

Revenues:

	Q110	Q210	Q310	Q410
Data center services	\$ 33,722	\$ 31,197	\$ 31,550	\$ 31,732
Internet protocol (IP) services	29,643	29,328	28,765	28,227
Total	63,365	60,525	60,315	59,959

	Q111	Q211	Q311	Q411
Data center services	\$ 31,542	\$ 32,481	\$ 34,114	\$ 35,316
Internet protocol (IP) services	27,862	27,929	27,900	27,484
Total	59,404	60,410	62,014	62,800

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

	Q110	Q210	Q310	Q410
Data center services	23,043	19,784	20,405	19,529
IP services	11,042	11,479	11,162	10,979
Total	34,085	31,263	31,567	30,508

	Q111	Q211	Q311	Q411
Data center services	18,530	19,733	20,480	20,164
IP services	10,500	10,836	10,307	9,760
Total	29,030	30,569	30,787	29,924

Segment profit (1):

	Q110	Q210	Q310	Q410
Data center services	10,679	11,413	11,145	12,203
IP services	18,601	17,849	17,603	17,248
Total	\$ 29,280	\$ 29,262	\$ 28,748	\$ 29,451

	Q111	Q211	Q311	Q411
Data center services	13,012	12,748	13,634	15,152
IP services	17,362	17,093	17,593	17,724
Total	\$ 30,374	\$ 29,841	\$ 31,227	\$ 32,876

Segment margin (2):

	Q110	Q210	Q310	Q410
Data center services	31.7%	36.6%	35.3%	38.5%
IP services	62.8%	60.9%	61.2%	61.1%
Total	46.2%	48.3%	47.7%	49.1%

	Q111	Q211	Q311	Q411
Data center services	41.3%	39.2%	40.0%	42.9%
IP services	62.3%	61.2%	63.1%	64.5%
Total	51.1%	49.4%	50.4%	52.4%

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

Total operating costs and expenses as % of revenue

	Q110	Q210	Q310	Q410
Direct costs of network and sales, exclusive of depreciation and amortization	(34,085)	(31,263)	(31,567)	(30,508)
Stock-based compensation	(991)	(1,444)	(1,114)	(1,080)
Depreciation and amortization	(8,753)	(7,992)	(8,580)	(8,644)
(Loss) gain on disposal of property and equipment, net	(1)	(18)	13	(109)
Restructuring and impairments	(18)	(1,183)	-	(210)
Adjusted operating expense (3) (non-GAAP)	\$ 19,403	\$ 19,338	\$ 19,603	\$ 19,169

	Q111	Q211	Q311	Q411
Direct costs of network and sales, exclusive of depreciation and amortization	(29,030)	(30,569)	(30,787)	(29,924)
Stock-based compensation	(911)	(989)	(1,090)	(994)
Depreciation and amortization	(8,928)	(9,643)	(10,522)	(11,333)
(Loss) gain on disposal of property and equipment, net	(73)	(11)	47	-
Restructuring and impairments	(189)	(1,304)	(123)	(1,217)
Adjusted operating expense (3) (non-GAAP)	\$ 21,161	\$ 19,565	\$ 19,964	\$ 20,271

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

	Q110	Q210	Q310	Q410
Adjusted operating expense (non-GAAP) as % of revenue	30.6%	32.0%	32.5%	32.0%

	Q111	Q211	Q311	Q411
Adjusted operating expense (non-GAAP) as % of revenue	35.6%	32.4%	32.2%	32.3%

STOCK-BASED COMPENSATION EXPENSE SUMMARY

	Q110	Q210	Q310	Q410
Direct costs of customer support	\$ 175	\$ 195	\$ 179	\$ 204
Sales and marketing	256	270	263	155
General and administrative	560	981	672	721
Total	\$ 991	\$ 1,446	\$ 1,114	\$ 1,080

	Q111	Q211	Q311	Q411
Direct costs of customer support	\$ 179	\$ 179	\$ 178	\$ 124
Sales and marketing	228	262	228	117
General and administrative	504	548	684	753
Total	\$ 911	\$ 989	\$ 1,090	\$ 994

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

	Q110	Q210	Q310	Q410
Stock-based compensation	991	1,444	1,114	1,080
Depreciation and amortization	8,753	7,992	8,580	8,644
Loss (gain) on disposal of property and equipment, net	1	18	(13)	109
Restructuring and impairments	18	1,183	-	210
Adjusted EBITDA (4) (non-GAAP)	\$ 9,877	\$ 9,924	\$ 9,145	\$ 10,282

	Q111	Q211	Q311	Q411
Stock-based compensation	911	989	1,090	994
Depreciation and amortization	8,928	9,643	10,522	11,333
Loss (gain) on disposal of property and equipment, net	73	11	(47)	-
Restructuring and impairments	189	1,304	123	1,217
Adjusted EBITDA (4) (non-GAAP)	\$ 9,213	\$ 10,276	\$ 11,263	\$ 12,605

Adjusted EBITDA (4) (non-GAAP)
Adjusted EBITDA Margin (5)(non-GAAP)

	Q110	Q210	Q310	Q410
Adjusted EBITDA Margin (5)(non-GAAP)	15.6%	16.4%	15.2%	17.1%

	Q111	Q211	Q311	Q411
Adjusted EBITDA Margin (5)(non-GAAP)	15.5%	17.0%	18.2%	20.1%

	Q110	Q210	Q310	Q410	Q111	Q211	Q311	Q411
NORMALIZED NET INCOME (LOSS) (6) AND BASIC AND DILUTED NORMALIZED NET INCOME (LOSS) PER SHARE (7)								
Net income (loss) (GAAP)	\$ (260)	\$ (1,271)	\$ (1,662)	\$ (429)	\$ (1,500)	\$ (2,612)	\$ (1,788)	\$ 4,198
Restructuring and impairments	18	1,183	-	210	189	1,304	123	1,217
Stock-based compensation	991	1,444	1,114	1,080	911	989	1,090	994
Deferred income tax benefit related to Voxel	-	-	-	-	-	-	-	(6,140)
Normalized net income (loss) (6)(non-GAAP)	\$ 749	\$ 1,356	\$ (548)	\$ 861	\$ (400)	\$ (319)	\$ (575)	\$ 269
Normalized net income allocable to participating securities (non-GAAP)	17	30	-	19	-	-	-	5
Net loss available to common stockholders (GAAP) (8)	\$ (260)	\$ (1,271)	\$ (1,662)	\$ (429)	\$ (1,500)	\$ (2,612)	\$ (1,788)	\$ 4,112
Normalized net income (loss) available to common stockholders (non-GAAP) (8)	\$ 732	\$ 1,326	\$ (548)	\$ 842	\$ (400)	\$ (319)	\$ (575)	\$ 264
Weighted average shares outstanding used in per share calculation:								
Basic (GAAP)	49,944	50,013	50,026	50,061	50,124	50,174	50,217	50,229
Participating securities (GAAP) (8)	1,193	1,132	1,118	1,103	1,087	1,086	1,074	1,046
Diluted (GAAP)	49,944	50,013	50,026	50,061	50,124	50,174	50,217	50,679
Add potentially dilutive securities	519	450	-	436	-	-	-	-
Less dilutive effect of stock-based compensation under the treasury stock method	(359)	(347)	-	(267)	-	-	-	(107)
Normalized diluted shares (non-GAAP) (9)	50,104	50,116	50,026	50,230	50,124	50,174	50,217	50,572
Net income (loss) per share (GAAP):								
Basic	\$ (0.01)	\$ (0.03)	\$ (0.03)	\$ (0.01)	\$ (0.03)	\$ (0.05)	\$ (0.04)	\$ 0.08
Net income (loss) per share (GAAP):								
Diluted	\$ (0.01)	\$ (0.03)	\$ (0.03)	\$ (0.01)	\$ (0.03)	\$ (0.05)	\$ (0.04)	\$ 0.08
Normalized net income (loss) per share (non-GAAP) (7):								
Basic	\$ 0.01	\$ 0.03	\$ (0.01)	\$ 0.02	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ 0.01
Normalized net income (loss) per share (non-GAAP) (7):								
Diluted	\$ 0.01	\$ 0.03	\$ (0.01)	\$ 0.02	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ 0.01

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.