



For the Quarter Ended June 30, 2012

In thousands, except per share data

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

Revenues:

Data center services  
Internet protocol (IP) services  
Total

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

Data center services  
IP services  
Total

**Segment profit (1):**

Data center services  
IP services  
Total

**Segment margin (2):**

Data center services  
IP services  
Total

**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

**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

**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

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

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

	Q111	Q211	Q311	Q411	Q112	Q212
Revenues:						
Data center services	\$ 31,542	\$ 32,481	\$ 34,114	\$ 35,316	\$ 39,938	\$ 41,493
Internet protocol (IP) services	27,862	27,929	27,900	27,484	27,090	27,194
Total	59,404	60,410	62,014	62,800	67,028	68,687
Direct costs of network, sales and services, exclusive of depreciation and amortization:						
Data center services	18,530	19,733	20,480	20,164	20,970	22,649
IP services	10,500	10,836	10,307	9,760	10,184	9,992
Total	29,030	30,569	30,787	29,924	31,154	32,641
<b>Segment profit (1):</b>						
Data center services	13,012	12,748	13,634	15,152	18,968	18,844
IP services	17,362	17,093	17,593	17,724	16,906	17,202
Total	\$ 30,374	\$ 29,841	\$ 31,227	\$ 32,876	\$ 35,874	\$ 36,046
<b>Segment margin (2):</b>						
Data center services	41.3%	39.2%	40.0%	42.9%	47.5%	45.4%
IP services	62.3%	61.2%	63.1%	64.5%	62.4%	63.3%
Total	51.1%	49.4%	50.4%	52.4%	53.5%	52.5%
<b>ADJUSTED OPERATING EXPENSE (3)</b>						
<b>Total operating costs and expenses (GAAP)</b>	\$ 60,292	\$ 62,081	\$ 62,439	\$ 63,739	\$ 65,320	\$ 68,596
Total operating costs and expenses as % of revenue	101.5%	102.8%	100.7%	101.5%	97.5%	99.9%
Direct costs of network and sales, exclusive of depreciation and amortization	(29,030)	(30,569)	(30,787)	(29,924)	(31,154)	(32,641)
Stock-based compensation	(911)	(989)	(1,090)	(994)	(1,404)	(1,615)
Depreciation and amortization	(8,928)	(9,643)	(10,522)	(11,333)	(9,094)	(9,843)
(Loss) gain on disposal of property and equipment, net	(73)	(11)	47	-	16	4
Restructuring and impairments	(189)	(1,304)	(123)	(1,217)	(43)	(645)
<b>Adjusted operating expense (3) (non-GAAP)</b>	\$ 21,161	\$ 19,565	\$ 19,964	\$ 20,271	\$ 23,641	\$ 23,856
Adjusted operating expense (non-GAAP) as % of revenue	35.6%	32.4%	32.2%	32.3%	35.3%	34.7%
<b>STOCK-BASED COMPENSATION EXPENSE SUMMARY</b>						
Direct costs of customer support	\$ 179	\$ 179	\$ 178	\$ 124	\$ 250	\$ 205
Sales and marketing	228	262	228	117	180	243
General and administrative	504	548	684	753	974	1,167
Total	\$ 911	\$ 989	\$ 1,090	\$ 994	\$ 1,404	\$ 1,615
<b>ADJUSTED EBITDA (4)</b>						
<b>Income (loss) from operations (GAAP)</b>	\$ (888)	\$ (1,671)	\$ (425)	\$ (939)	\$ 1,708	\$ 91
Stock-based compensation	911	989	1,090	994	1,404	1,615
Depreciation and amortization	8,928	9,643	10,522	11,333	9,094	9,843
Loss (gain) on disposal of property and equipment, net	73	11	(47)	-	(16)	(4)
Restructuring and impairments	189	1,304	123	1,217	43	645
<b>Adjusted EBITDA (4) (non-GAAP)</b>	\$ 9,213	\$ 10,276	\$ 11,263	\$ 12,605	\$ 12,233	\$ 12,190
<b>Adjusted EBITDA Margin (5)(non-GAAP)</b>	15.5%	17.0%	18.2%	20.1%	18.3%	17.7%

	Q111	Q211	Q311	Q411	Q112	Q212
<b>NORMALIZED NET INCOME (LOSS) (6) AND BASIC AND DILUTED NORMALIZED NET INCOME (LOSS) PER SHARE (7)</b>						
<b>Net income (loss) (GAAP)</b>	\$ (1,500)	\$ (2,612)	\$ (1,788)	\$ 4,198	\$ 107	\$ (1,997)
Restructuring and impairments	189	1,304	123	1,217	43	645
Stock-based compensation	911	989	1,090	994	1,404	1,615
Deferred income tax benefit related to Voxel	-	-	-	(6,140)	-	-
<b>Normalized net income (loss) (6)(non-GAAP)</b>	\$ (400)	\$ (319)	\$ (575)	\$ 269	\$ 1,554	\$ 263
Normalized net income allocable to participating securities (non-GAAP)	-	-	-	5	38	6
<b>Net loss available to common stockholders (GAAP) (8)</b>	\$ (1,500)	\$ (2,612)	\$ (1,788)	\$ 4,112	\$ 104	\$ (1,997)
<b>Normalized net income (loss) available to common stockholders (non-GAAP) (8)</b>	\$ (400)	\$ (319)	\$ (575)	\$ 264	\$ 1,516	\$ 257
Weighted average shares outstanding used in per share calculation:						
<b>Basic (GAAP)</b>	50,124	50,174	50,217	50,229	50,336	50,453
Participating securities (GAAP) (8)	1,087	1,086	1,074	1,046	1,255	1,128
<b>Diluted (GAAP)</b>	50,124	50,174	50,217	50,679	51,033	50,453
Add potentially dilutive securities	-	-	-	-	-	709
Less dilutive effect of stock-based compensation under the treasury stock method	-	-	-	(107)	(323)	(251)
<b>Normalized diluted shares (non-GAAP) (9)</b>	50,124	50,174	50,217	50,572	50,710	50,911
<b>Net income (loss) per share (GAAP):</b>						
Basic	\$ (0.03)	\$ (0.05)	\$ (0.04)	\$ 0.08	\$ 0.00	\$ (0.04)
<b>Net income (loss) per share (GAAP):</b>						
Diluted	\$ (0.03)	\$ (0.05)	\$ (0.04)	\$ 0.08	\$ 0.00	\$ (0.04)
<b>Normalized net income (loss) per share (non-GAAP) (7):</b>						
Basic	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ 0.01	\$ 0.03	\$ 0.01
<b>Normalized net income (loss) per share (non-GAAP) (7):</b>						
Diluted	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ 0.01	\$ 0.03	\$ 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.