

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

	Q112	Q212	Q312	Q412
Data center services	\$ 39,938	\$ 41,493	\$ 42,139	\$ 43,716
Internet protocol (IP) services	27,090	27,194	25,990	26,032
Total	67,028	68,687	68,129	69,748

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

	Q112	Q212	Q312	Q412
Data center services	20,970	22,649	23,539	23,445
IP services	10,184	9,992	10,034	10,140
Total	31,154	32,641	33,573	33,585

Segment profit (1):

	Q112	Q212	Q312	Q412
Data center services	18,968	18,844	18,600	20,271
IP services	16,906	17,202	15,956	15,892
Total	\$ 35,874	\$ 36,046	\$ 34,556	\$ 36,163

Segment margin (2):

	Q112	Q212	Q312	Q412
Data center services	47.5%	45.4%	44.1%	46.4%
IP services	62.4%	63.3%	61.4%	60.7%
Total	53.5%	52.5%	50.7%	51.8%

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

	Q112	Q212	Q312	Q412
Total operating costs and expenses as % of revenue	97.5%	99.9%	100.1%	97.1%
Direct costs of network and sales, exclusive of depreciation and amortization	(31,154)	(32,641)	(33,573)	(33,585)
Stock-based compensation	(1,404)	(1,615)	(1,363)	(1,476)
Depreciation and amortization	(9,094)	(9,843)	(11,064)	(10,864)
Gain (loss) on disposal of property and equipment, net	16	4	-	35
Exit activities, restructuring and impairments	(43)	(645)	(124)	(610)
Acquisition costs	-	-	-	-
Adjusted operating expense (3) (non-GAAP)	\$ 23,641	\$ 23,856	\$ 22,089	\$ 21,198
Adjusted operating expense (non-GAAP) as % of revenue	35.3%	34.7%	32.4%	30.4%

STOCK-BASED COMPENSATION EXPENSE SUMMARY

	Q112	Q212	Q312	Q412
Direct costs of customer support	\$ 250	\$ 205	\$ 234	\$ 247
Sales and marketing	180	243	241	265
General and administrative	974	1,167	888	964
Total	\$ 1,404	\$ 1,615	\$ 1,363	\$ 1,476

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

	Q112	Q212	Q312	Q412
Income (loss) from operations (GAAP)	\$ 1,708	\$ 91	\$ (84)	\$ 2,049
Depreciation and amortization	9,094	9,843	11,064	10,864
(Gain) loss on disposal of property and equipment, net	(16)	(4)	-	(35)
Exit activities, restructuring and impairments	43	645	124	610
Stock-based compensation	1,404	1,615	1,363	1,476
Acquisition costs	-	-	-	-
Adjusted EBITDA (4) (non-GAAP)	\$ 12,233	\$ 12,190	\$ 12,467	\$ 14,964
Adjusted EBITDA Margin (5) (non-GAAP)	18.3%	17.7%	18.3%	21.5%

	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
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
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
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%
Total operating costs and expenses (GAAP)	\$ 68,879	\$ 71,082	\$ 70,926	\$ 79,942
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)
Gain (loss) 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%
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
Income (loss) from operations (GAAP)	\$ 820	\$ (1,099)	\$ (1,354)	\$ (5,855)
Depreciation and amortization	11,437	12,744	13,537	15,429
(Gain) loss 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%

	Q112	Q212	Q312	Q412	Q113	Q213	Q313	Q413
NORMALIZED NET INCOME (LOSS) (6) AND BASIC AND DILUTED NORMALIZED NET INCOME (LOSS) PER SHARE (7)								
Net income (loss) (GAAP)	\$ 107	\$ (1,997)	\$ (2,450)	\$ 21	\$ (1,643)	\$ (3,702)	\$ (4,035)	\$ (10,450)
Exit activities, restructuring and impairments	43	645	124	610	248	683	274	209
Stock-based compensation	1,404	1,615	1,363	1,476	1,637	1,741	1,709	1,653
Acquisition costs	-	-	-	-	-	-	-	4,210
Normalized net income (loss) (6) (non-GAAP)	\$ 1,554	\$ 263	\$ (963)	\$ 2,107	\$ 242	\$ (1,278)	\$ (2,052)	\$ (4,378)
Normalized net income allocable to participating securities (non-GAAP)	38	6	-	45	5	-	-	-
Net income (loss) available to common stockholders (GAAP) (8)	\$ 104	\$ (1,997)	\$ (2,450)	\$ 21	\$ (1,643)	\$ (3,702)	\$ (4,035)	\$ (10,450)
Normalized net income (loss) available to common stockholders (non-GAAP) (8)	\$ 1,516	\$ 257	\$ (963)	\$ 2,062	\$ 237	\$ (1,278)	\$ (2,052)	\$ (4,378)
Weighted average shares outstanding used in per share calculation:								
Basic (GAAP)	50,336	50,453	50,572	50,606	50,771	50,856	50,882	50,898
Participating securities (GAAP) (8)	1,255	1,128	1,117	1,109	1,024	997	1,008	1,049
Diluted (GAAP)	51,033	50,453	50,572	51,227	50,771	50,856	50,882	50,898
Add potentially dilutive securities	-	709	-	-	873	-	-	-
Less dilutive effect of stock-based compensation under the treasury stock method	(323)	(251)	-	(152)	(128)	-	-	-
Normalized diluted shares (non-GAAP) (9)	50,710	50,911	50,572	51,075	51,516	50,856	50,882	50,898
Net income (loss) per share (GAAP):								
Basic and diluted	\$ 0.00	\$ (0.04)	\$ (0.05)	\$ 0.00	\$ (0.03)	\$ (0.07)	\$ (0.08)	\$ (0.21)
Normalized net income (loss) per share (non-GAAP) (7):								
Basic and diluted	\$ 0.03	\$ 0.01	\$ (0.02)	\$ 0.04	#DIV/0!	\$ (0.03)	\$ (0.04)	\$ (0.09)

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 third quarter 2013 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 fourth quarter 2013 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 fourth quarter 2013 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.