

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

	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

	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:

	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

	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):

	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

	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):

	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%

	Q112	Q212	Q312	Q412
Data center services	47.5%	45.4%	44.1%	46.4%
IP services	62.4%	63.3%	61.4%	61.0%
Total	53.5%	52.5%	50.7%	51.8%

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

	Q111	Q211	Q311	Q411	Q112	Q212	Q312	Q412
Total operating costs and expenses (GAAP)	\$ 60,292	\$ 62,081	\$ 62,439	\$ 63,739	\$ 65,320	\$ 68,596	\$ 68,213	\$ 67,698
Total operating costs and expenses as % of revenue	101.5%	102.8%	100.7%	101.5%	97.5%	99.9%	100.1%	97.1%

Total operating costs and expenses as % of revenue

	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)

	Q112	Q212	Q312	Q412
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)
(Loss) gain on disposal of property and equipment, net	16	4	-	35
Restructuring and impairments	(43)	(645)	(124)	(610)

Adjusted operating expense (3) (non-GAAP)

	Q111	Q211	Q311	Q411	Q112	Q212	Q312	Q412
Adjusted operating expense (3) (non-GAAP)	\$ 21,161	\$ 19,565	\$ 19,964	\$ 20,271	\$ 23,641	\$ 23,856	\$ 22,089	\$ 21,198
Adjusted operating expense (non-GAAP) as % of revenue	35.6%	32.4%	32.2%	32.3%	35.3%	34.7%	32.4%	30.4%

Adjusted operating expense (non-GAAP) as % of revenue
STOCK-BASED COMPENSATION EXPENSE SUMMARY

	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

	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)

	Q111	Q211	Q311	Q411	Q112	Q212	Q312	Q412
Income (loss) from operations (GAAP)	\$ (888)	\$ (1,671)	\$ (425)	\$ (939)	\$ 1,708	\$ 91	\$ (84)	\$ 2,049
Depreciation and amortization	8,928	9,643	10,522	11,333	9,094	9,843	11,064	10,864
Loss (gain) on disposal of property and equipment, net	73	11	(47)	-	(16)	(4)	-	(35)
Restructuring and impairments	189	1,304	123	1,217	43	645	124	610
Stock-based compensation	911	989	1,090	994	1,404	1,615	1,363	1,476

Adjusted EBITDA (4) (non-GAAP)

	Q111	Q211	Q311	Q411	Q112	Q212	Q312	Q412
Adjusted EBITDA (4) (non-GAAP)	\$ 9,213	\$ 10,276	\$ 11,263	\$ 12,605	\$ 12,233	\$ 12,190	\$ 12,467	\$ 14,964
Adjusted EBITDA Margin (5) (non-GAAP)	15.5%	17.0%	18.2%	20.1%	18.3%	17.7%	18.3%	21.5%

Adjusted EBITDA Margin (5) (non-GAAP)

	Q111	Q211	Q311	Q411	Q112	Q212	Q312	Q412
NORMALIZED NET INCOME (LOSS) (6) AND BASIC AND DILUTED NORMALIZED NET INCOME (LOSS) PER SHARE (7)								
Net income (loss) (GAAP)	\$ (1,500)	\$ (2,612)	\$ (1,788)	\$ 4,198	\$ 107	\$ (1,997)	\$ (2,450)	\$ 21
Restructuring and impairments	189	1,304	123	1,217	43	645	124	610
Stock-based compensation	911	989	1,090	994	1,404	1,615	1,363	1,476
Deferred income tax benefit related to Voxel	-	-	-	(6,140)	-	-	-	-
Normalized net income (loss) (6) (non-GAAP)	\$ (400)	\$ (319)	\$ (575)	\$ 269	\$ 1,554	\$ 263	\$ (963)	\$ 2,107
Normalized net income allocable to participating securities (non-GAAP)	-	-	-	5	38	6	-	45
Net loss available to common stockholders (GAAP) (8)	\$ (1,500)	\$ (2,612)	\$ (1,788)	\$ 4,112	\$ 104	\$ (1,997)	\$ (2,450)	\$ 21
Normalized net income (loss) available to common stockholders (non-GAAP) (8)	\$ (400)	\$ (319)	\$ (575)	\$ 264	\$ 1,516	\$ 257	\$ (963)	\$ 2,062
Weighted average shares outstanding used in per share calculation:								
Basic (GAAP)	50,124	50,174	50,217	50,229	50,336	50,453	50,572	50,606
Participating securities (GAAP) (8)	1,087	1,086	1,074	1,046	1,255	1,128	1,117	1,109
Diluted (GAAP)	50,124	50,174	50,217	50,679	51,033	50,453	50,572	51,227
Add potentially dilutive securities	-	-	-	-	-	709	-	-
Less dilutive effect of stock-based compensation under the treasury stock method	-	-	-	(107)	(323)	(251)	-	(152)
Normalized diluted shares (non-GAAP) (9)	50,124	50,174	50,217	50,572	50,710	50,911	50,572	51,075
Net income (loss) per share (GAAP):								
Basic	\$ (0.03)	\$ (0.05)	\$ (0.04)	\$ 0.08	\$ 0.00	\$ (0.04)	\$ (0.05)	\$ 0.00
Net income (loss) per share (GAAP):								
Diluted	\$ (0.03)	\$ (0.05)	\$ (0.04)	\$ 0.08	\$ 0.00	\$ (0.04)	\$ (0.05)	\$ 0.00
Normalized net income (loss) per share (non-GAAP) (7):								
Basic	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ 0.01	\$ 0.03	\$ 0.01	\$ (0.02)	\$ 0.04
Normalized net income (loss) per share (non-GAAP) (7):								
Diluted	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ 0.01	\$ 0.03	\$ 0.01	\$ (0.02)	\$ 0.04

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 exit activities, 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.