

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

 Data center services
 Internet protocol (IP) services
 Total

	Q112	Q212	Q312	Q412	Q113
	\$ 39,938	\$ 41,493	\$ 42,139	\$ 43,716	\$ 44,392
	27,090	27,194	25,990	26,032	25,307
	<u>67,028</u>	<u>68,687</u>	<u>68,129</u>	<u>69,748</u>	<u>69,699</u>

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

 Data center services
 IP services
 Total

	20,970	22,649	23,539	23,445	22,647
	10,184	9,992	10,034	10,140	10,223
	<u>31,154</u>	<u>32,641</u>	<u>33,573</u>	<u>33,585</u>	<u>32,870</u>

Segment profit (1):

 Data center services
 IP services
 Total

	18,968	18,844	18,600	20,271	21,745
	16,906	17,202	15,956	15,892	15,084
	<u>\$ 35,874</u>	<u>\$ 36,046</u>	<u>\$ 34,556</u>	<u>\$ 36,163</u>	<u>\$ 36,829</u>

Segment margin (2):

 Data center services
 IP services
 Total

	47.5%	45.4%	44.1%	46.4%	49.0%
	62.4%	63.3%	61.4%	61.0%	59.6%
	<u>53.5%</u>	<u>52.5%</u>	<u>50.7%</u>	<u>51.8%</u>	<u>52.8%</u>

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
 Gain (loss) on disposal of property and equipment, net
 Exit activities, restructuring and impairments

	\$ 65,320	\$ 68,596	\$ 68,213	\$ 67,698	\$ 68,879
	97.5%	99.9%	100.1%	97.1%	98.8%
	(31,154)	(32,641)	(33,573)	(33,585)	(32,870)
	(1,404)	(1,615)	(1,363)	(1,476)	(1,637)
	(9,094)	(9,843)	(11,064)	(10,864)	(11,437)
	16	4	-	35	(3)
	(43)	(645)	(124)	(610)	(248)

Adjusted operating expense (3) (non-GAAP)

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

	<u>\$ 23,641</u>	<u>\$ 23,856</u>	<u>\$ 22,089</u>	<u>\$ 21,198</u>	<u>\$ 22,684</u>
	35.3%	34.7%	32.4%	30.4%	32.5%

STOCK-BASED COMPENSATION EXPENSE SUMMARY

 Direct costs of customer support
 Sales and marketing
 General and administrative
 Total

	\$ 250	\$ 205	\$ 234	\$ 247	\$ 222
	180	243	241	265	259
	974	1,167	888	964	1,156
	<u>\$ 1,404</u>	<u>\$ 1,615</u>	<u>\$ 1,363</u>	<u>\$ 1,476</u>	<u>\$ 1,637</u>

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

 Depreciation and amortization
 Loss (gain) on disposal of property and equipment, net
 Exit activities, restructuring and impairments
 Stock-based compensation

	\$ 1,708	\$ 91	\$ (84)	\$ 2,049	\$ 820
	9,094	9,843	11,064	10,864	11,437
	(16)	(4)	-	(35)	3
	43	645	124	610	248
	1,404	1,615	1,363	1,476	1,637

Adjusted EBITDA (4) (non-GAAP)

Adjusted EBITDA Margin (5) (non-GAAP)

	<u>\$ 12,233</u>	<u>\$ 12,190</u>	<u>\$ 12,467</u>	<u>\$ 14,964</u>	<u>\$ 14,145</u>
	18.3%	17.7%	18.3%	21.5%	20.3%

	Q112	Q212	Q312	Q412	Q113
<u>NORMALIZED NET INCOME (LOSS) (6) AND BASIC AND DILUTED NORMALIZED NET INCOME (LOSS) PER SHARE (7)</u>					
Net income (loss) (GAAP)	\$ 107	\$ (1,997)	\$ (2,450)	\$ 21	\$ (1,643)
Exit activities, restructuring and impairments	43	645	124	610	248
Stock-based compensation	1,404	1,615	1,363	1,476	1,637
Normalized net income (loss) (6) (non-GAAP)	\$ 1,554	\$ 263	\$ (963)	\$ 2,107	\$ 242
Normalized net income allocable to participating securities (non-GAAP)	38	6	-	45	5
Net loss available to common stockholders (GAAP) (8)	\$ 104	\$ (1,997)	\$ (2,450)	\$ 21	\$ (1,643)
Normalized net income (loss) available to common stockholders (non-GAAP) (8)	\$ 1,516	\$ 257	\$ (963)	\$ 2,062	\$ 237
Weighted average shares outstanding used in per share calculation:					
Basic (GAAP)	50,336	50,453	50,572	50,606	50,771
Participating securities (GAAP) (8)	1,255	1,128	1,117	1,109	1,024
Diluted (GAAP)	51,033	50,453	50,572	51,227	50,771
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
Net income (loss) per share (GAAP):					
Basic and diluted	\$ 0.00	\$ (0.04)	\$ (0.05)	\$ 0.00	\$ (0.03)
Normalized net income (loss) per share (non-GAAP) (7):					
Basic and diluted	\$ 0.03	\$ 0.01	\$ (0.02)	\$ 0.04	\$ 0.00

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 first 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 first 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 first 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.