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**cogent**  
Smart People Buy Dumb Pipes

NASDAQ  
**CCOI**

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# Cautionary Note Regarding Forward-Looking Statements

This presentation includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which relate to future, not past, events and are subject to risks and uncertainties. The forward-looking statements, which address the Company's expected business and financial performance, among other matters, contain words such as: "will", "expect", "believe", "continue", "optimistic", "should", "ongoing" and other words and terms of similar meaning.

Forward-looking statements by their nature address matters that are, to different degrees, uncertain, such as revenue, subscriber and traffic growth, margins, capital expenditures, sales force headcount and productivity, pricing, financings and return of capital shareholders. Although the Company believes the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that the expectations will be attained or that any deviation will not be material. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made.

Factors that could cause actual results to differ materially from these forward-looking statements, include, but are not limited to, the following: future economic instability in the global economy, which could affect spending on Internet services; the impact of changing foreign exchange rates (in particular the Euro to US dollar and Canadian dollar to US dollar exchange rates) on the translation of the Company's non-US dollar denominated revenues, expenses, assets and liabilities; legal and operational difficulties in new markets; the imposition of a requirement that the Company contribute to the US Universal Service Fund on the basis of the Company's Internet revenue; changes in government policy and/or regulation, including rules regarding data protection, cyber security and net neutrality; increasing competition leading to lower prices for the Company's services; the Company's ability to attract new customers and to increase and maintain the volume of traffic on its network; the ability to maintain the Company's Internet peering arrangements on favorable terms; the Company's reliance on an equipment vendor, Cisco Systems Inc., and the potential for hardware or software problems associated with such equipment; the dependence of the Company's network on the quality and dependability of third-party fiber providers; the Company's ability to retain certain customers that comprise a significant portion of its revenue base; the management of network failures and/or disruptions; and outcomes in litigation.

A further description of these uncertainties and other risks can be found in the Company's Annual Report on Form 10-K for the year ending December 31, 2019, Quarterly Reports on Form 10-Q for the quarters ending September 30, 2019, June 30, 2019 and March 31, 2019 and the Company's other reports filed with the Securities and Exchange Commission. Copies of these filings may be obtained by contacting the Company or by visiting EDGAR on the SEC's website. These or other uncertainties may cause the Company's actual future results to be materially different than those expressed in any forward-looking statements. The Company undertakes no obligation to update or revise any forward-looking statements.

## Non-GAAP Measures

This presentation includes and discusses EBITDA and EBITDA as adjusted, Gross Margin, and EBITDA Margin and EBITDA, as Adjusted Margin which are non-GAAP measures. Management uses these non-GAAP measures to evaluate its business because they believes these measures assist investors and analysts in comparing the Company's performance across reporting periods on a consistent basis by excluding items that management believes are not indicative of the Company's core operating performance. Management believes these metrics are used in the financial community, and these metrics are presented here to enhance understanding of the Company's operating performance. You should not consider these non-GAAP measures as alternatives to Net income, determined in accordance with GAAP, as an indicator of operating performance. Furthermore, these non-GAAP measures are not measurements of financial performance under GAAP, and thus may not be comparable to similarly titled measures of other companies.

EBITDA represents Net income before Income taxes, net interest expense, depreciation and amortization, and equity based compensation expenses. EBITDA, as adjusted, represents EBITDA plus net gains (losses) on asset related transactions. EBITDA margin represents Net income before Income taxes, net interest expense, depreciation and amortization, and equity based compensation expenses, divided by total service revenue. EBITDA, as adjusted, margin represents EBITDA plus net gains (losses) on asset related transactions divided by total service revenue. See the Appendix to this presentation for a reconciliation of these non-GAAP measures to the most directly comparable financial measures calculated and presented in accordance with GAAP.

# company overview

Cogent is a  
leading global  
provider of  
***Dedicated  
Internet  
Access.***

- Cogent's network carries ~20% of all Internet traffic and serves 205 markets in North America, Europe, Asia, Latin America and Australia
- Currently serves over 86,500 customer connections
- 69% of revenues from Corporate end users in multi-tenant office buildings
- 31% of revenues from Service Provider customers (NetCentric) served in carrier neutral data centers
- Very high operating leverage with substantial network capacity
- We sell Dedicated Internet Access, VPNs, and Colocation, all commodities, and win business based on Price and Value

# addressable market

Our broad  
network reach  
results in a  
*plentiful  
addressable  
market.*

- Cogent focuses on selling Dedicated Internet Access and IP Connectivity
- Network has global reach—Helsinki, Finland in the north to Sydney, Australia in the south, and circumnavigates the globe
- 57,600 route miles of intercity fiber and over 35,520 miles of intracity fiber in 205 metro markets
- Network connected to 1,034 data center buildings and 1,207 unique data centers within those buildings in North America and Europe
- Network connected to 1,767 Corporate multi-tenant office buildings in North America with over 957MM square feet of rentable office space On-Net
- 11,660 Off-Net customer connections in 6,870+ smaller buildings

# broad, deep, scalable network



- Interconnected with 6,950+ different networks
- 2,801 On-Net buildings
  - 63% multi-tenant office buildings (1,767)
  - 37% carrier neutral and Cogent data center buildings (1,034)
  - Agreements with 250+ building owners (REITs)
- 54 Cogent data centers with over 617,000 square feet
- 870+ metro networks; 35,520+ metro fiber miles
- Over 57,600 intercity fiber route miles
  - North America 120 – 2,520 Gbps
  - Europe 40 – 2,400 Gbps
  - Transatlantic (Leased) 2,200 Gbps (4 Providers, 7 Cables)
  - Transpacific (Leased) 340 Gbps (3 Providers, 4 Cables)
  - Transindian (Leased) 200 Gbps (2 Providers, 2 Cables)
  - Transcaribbean (Leased) 300 Gbps (2 Provider, 2 Cable)

# why customers choose cogent

## Corporate Market *Local distribution*

Cogent competes primarily with incumbents (ILECs) and resellers offering T1 or T3 connectivity

- AT&T
- CenturyLink
- Verizon
- Bell Canada



## Corporate Pricing Dynamics

Price per connection is *relatively equivalent*

- Quality of connection is substantially superior
- Fiber based, 65:1 to 2.5:1 throughput advantage
- True network independence from telco facilities
- All On-Net connections are ring protected, not single threaded

## NetCentric Market *Internet core backbone*

Cogent competes primarily with other backbone suppliers

### Larger Competitors

- CenturyLink
- NTT
- Telia

### Smaller Competitors

- AT&T
- Deutsche Telekom
- Orange
- Sprint
- Tata
- Telecom Italia
- Verizon



## NetCentric Pricing Dynamics

Price is *50% of market average*

- Quality of connection is equivalent
- Speed is equivalent

# market dynamics

## corporate

- Most common On-Net product installed this quarter is 1,000 Mbps for \$900/month with a multi-year contract
- Product sold on a per connection basis
- Typical On-Net corporate customers use approximately 12% of capacity purchased
- Generally replaces 1 or 2 T-1s sold by AT&T, Verizon, BCE, CenturyLink, or a reseller
- Pricing is very stable with revenue growth coming predominantly from unit growth
- Growth from increasing penetration in existing buildings and addition of Multi-Tenant Office Buildings meeting our demographic requirements

## netcentric

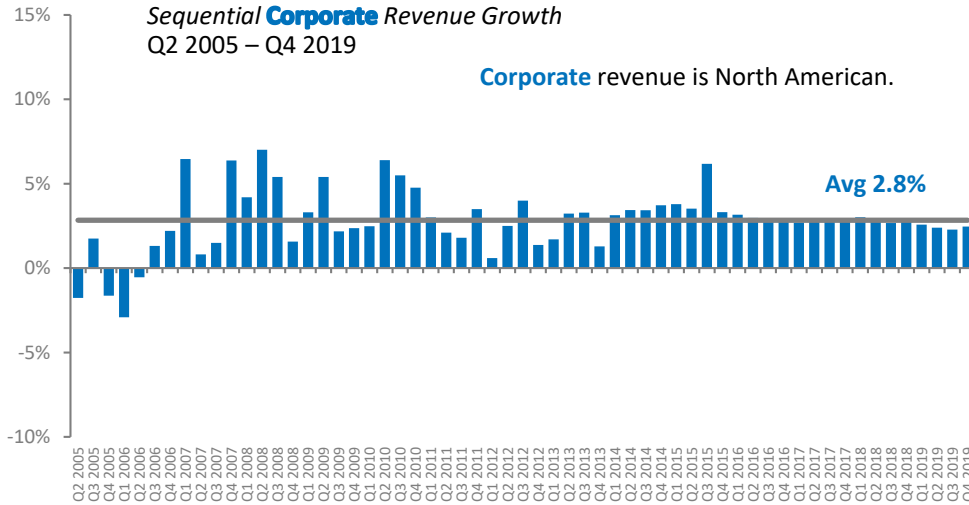
- Product sold on a per Mbps basis in increments from 10 Mbps to 100 Gbps
- Product is sold in Carrier Neutral and Cogent Data Centers
- Discounts for volume and contract term
- The average price per Mbps was \$0.61 Mbps/month in Q3 2019 and \$0.58 Mbps/month in Q4 2019. The average price per Mbps for new sales was \$0.33 Mbps/month in Q3 2019 and \$0.28 Mbps/month in Q4 2019.
- Generally we compete with CenturyLink, Telia, and NTT in this market
- This product is a commodity and we win business on PRICE

# revenue growth

Sequential **Corporate** Revenue Growth  
Q2 2005 – Q4 2019

Corporate revenue is North American.

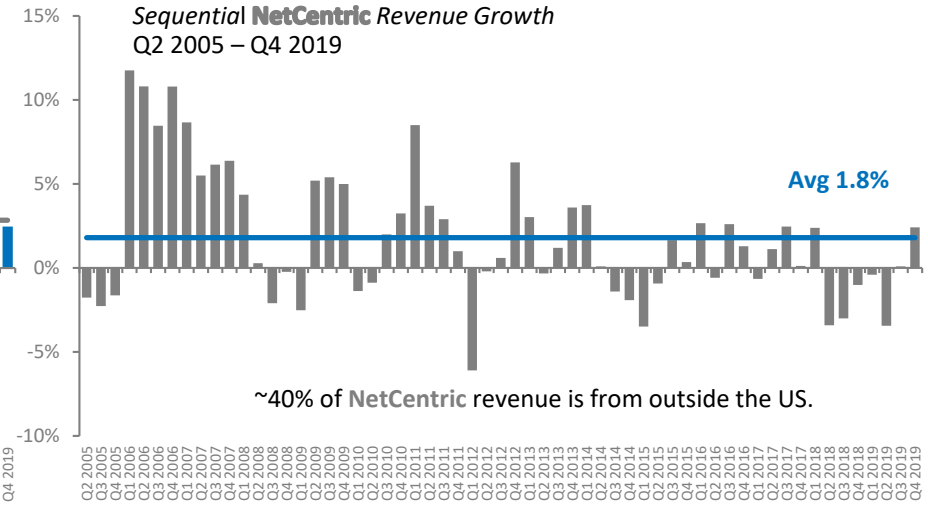
Avg 2.8%



Sequential **NetCentric** Revenue Growth  
Q2 2005 – Q4 2019

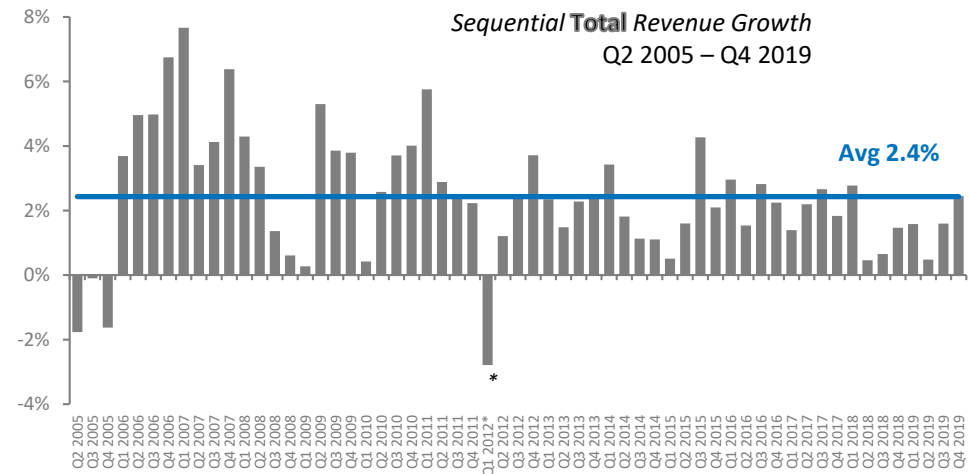
~40% of NetCentric revenue is from outside the US.

Avg 1.8%



Sequential **Total** Revenue Growth  
Q2 2005 – Q4 2019

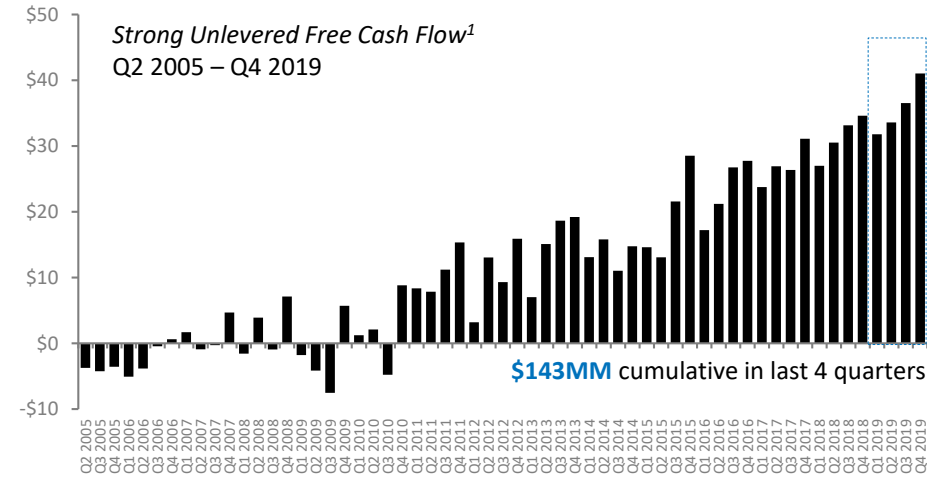
Avg 2.4%



\*Loss of Megaupload

Strong **Unlevered Free Cash Flow**<sup>1</sup>  
Q2 2005 – Q4 2019

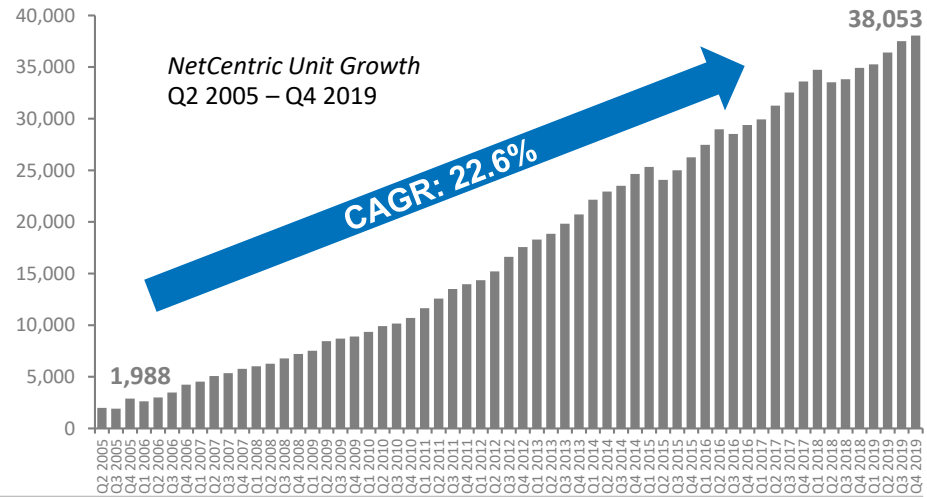
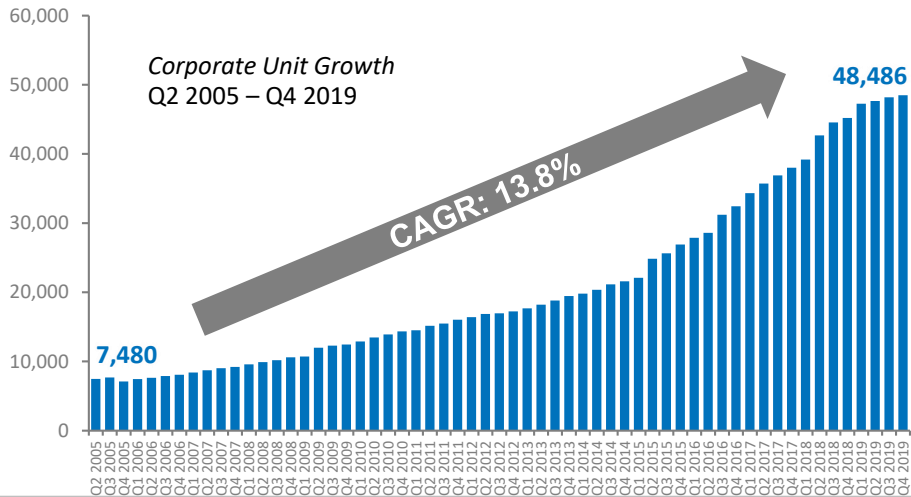
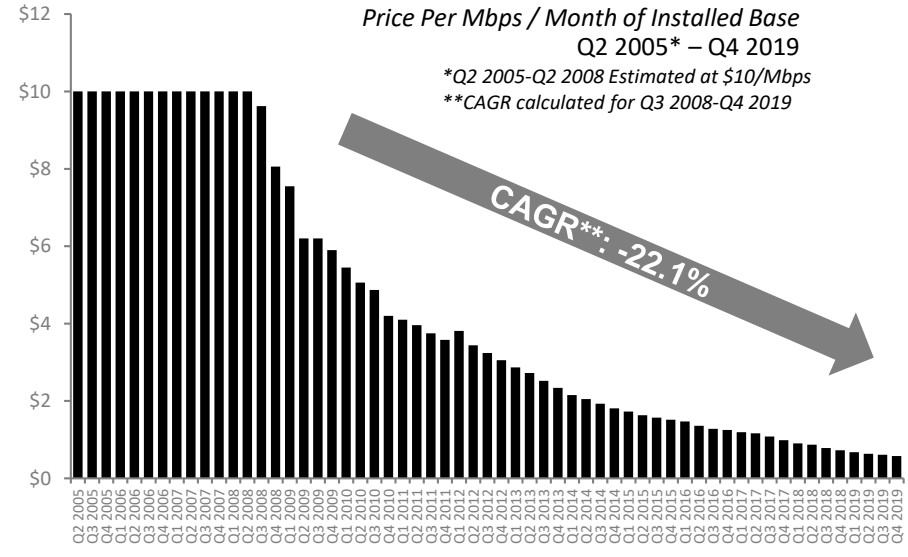
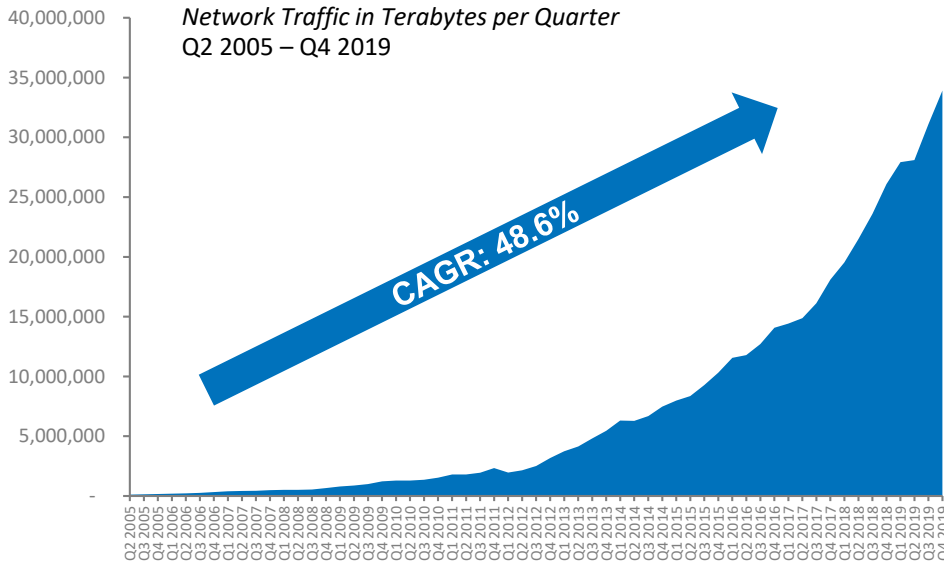
\$143MM cumulative in last 4 quarters.



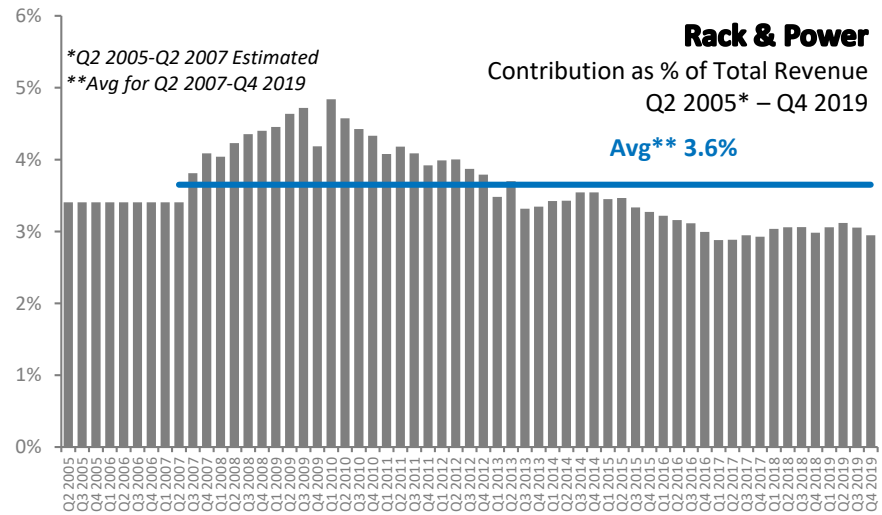
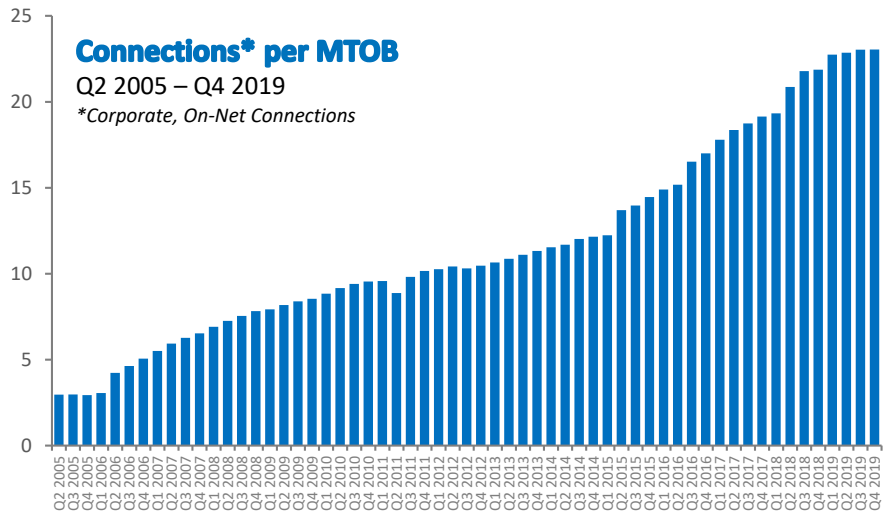
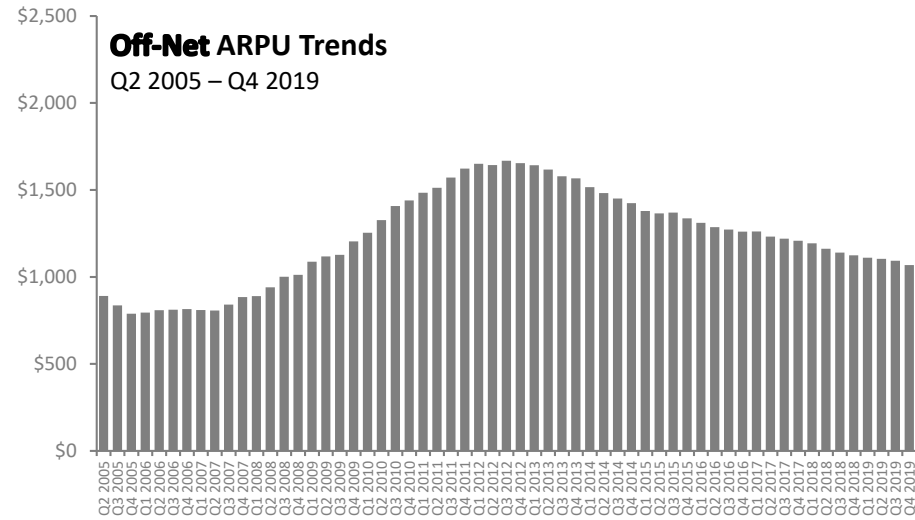
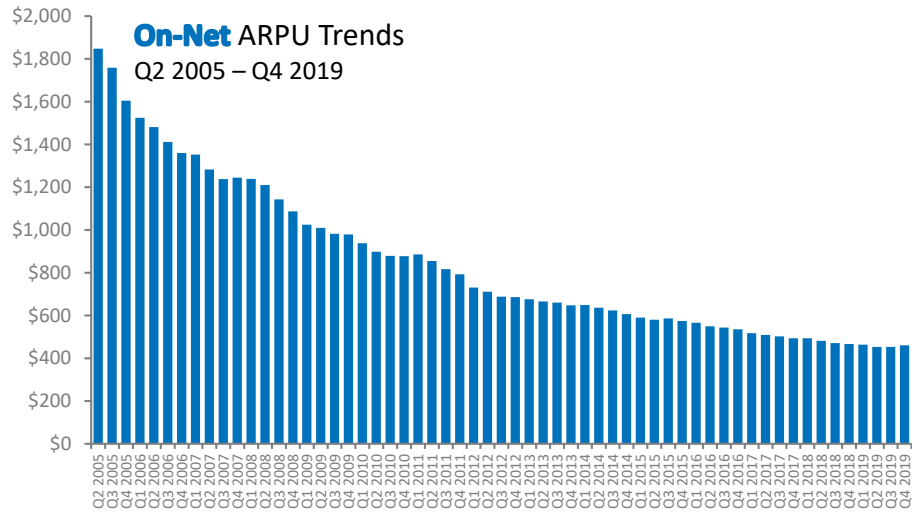
<sup>1</sup>Calculated as EBITDA (as adjusted) less CAPEX, which includes principal payments on IRU capital (finance) leases.



# traffic and pricing trends



# connection trends



# customer segmentation

## 48,486 Corporate connections

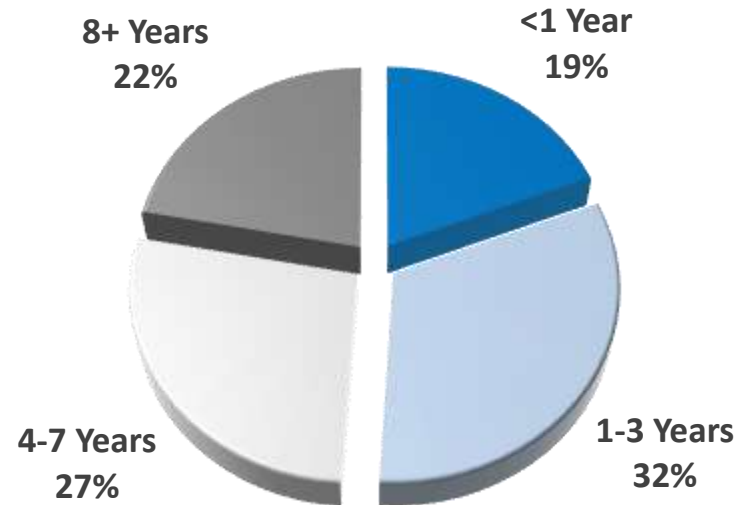
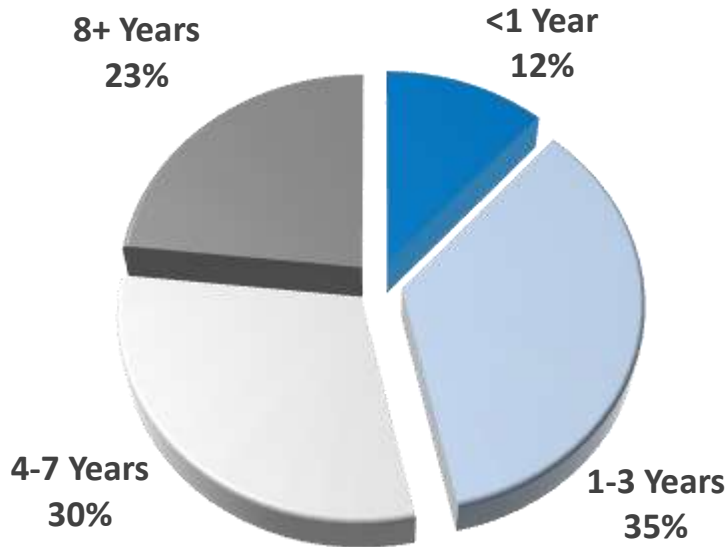
Leading provider to professional services firms

- Law firms
- Education
- Financial services
- Consulting services
- Other Corporations

## 38,053 NetCentric connections

Leading provider to bandwidth-intensive organizations

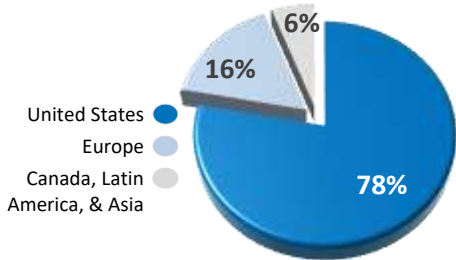
- ISPs
- CDNs
- Hosting Companies
- Online gamers
- ASPs



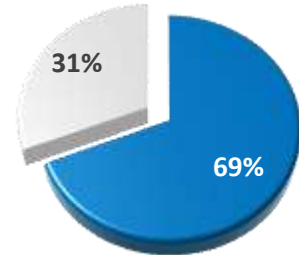
# business breakout

## GEOGRAPHY

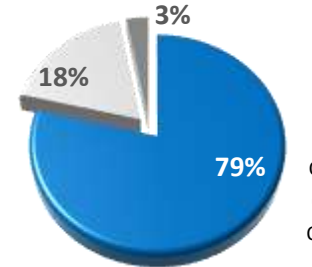
REVENUE  
Q4 2019



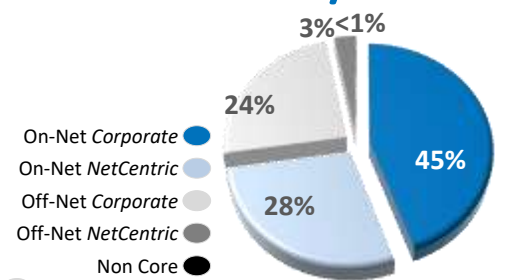
## MARKET SEGMENT



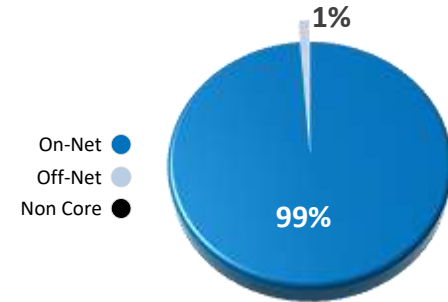
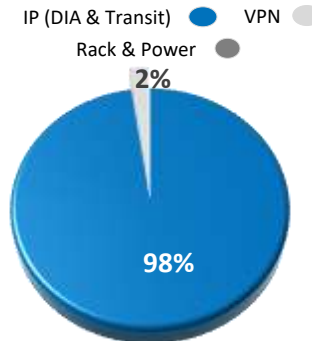
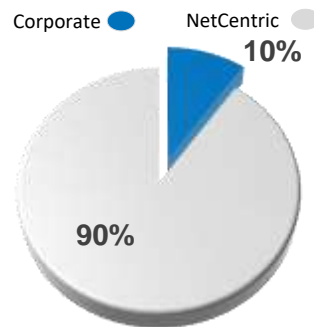
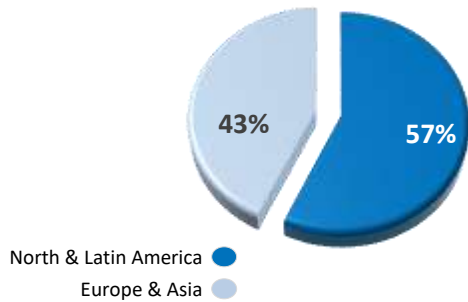
## PRODUCT TYPE



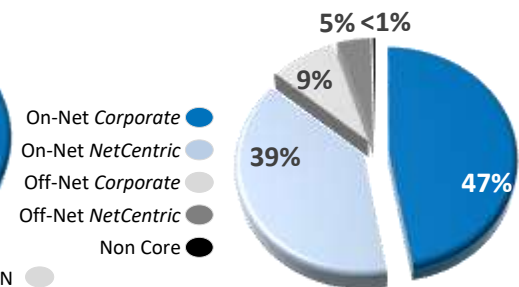
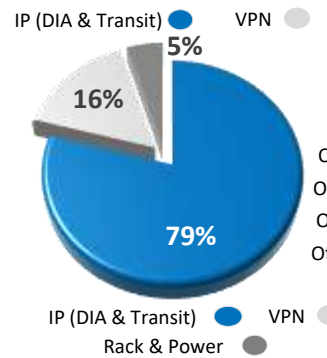
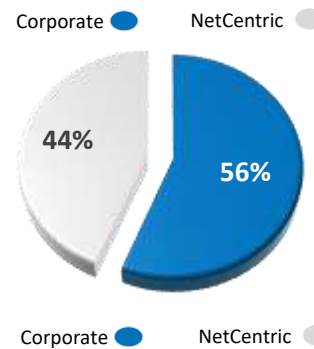
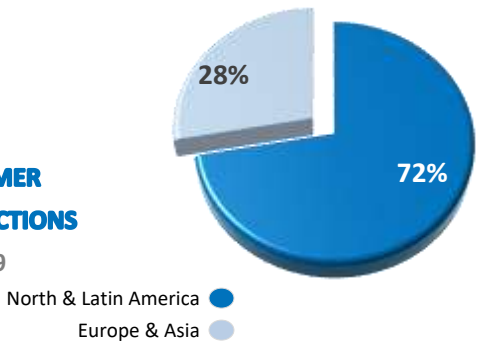
## ON-NET / OFF-NET



TRAFFIC  
Q4 2019

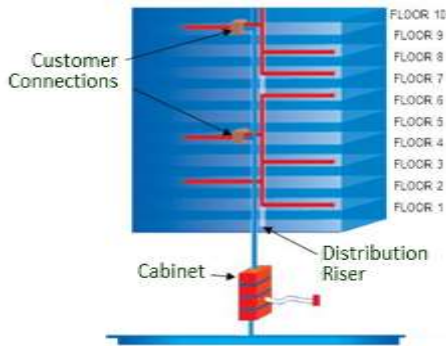


CUSTOMER  
CONNECTIONS  
Q4 2019



# network connectivity at the highest traffic locations

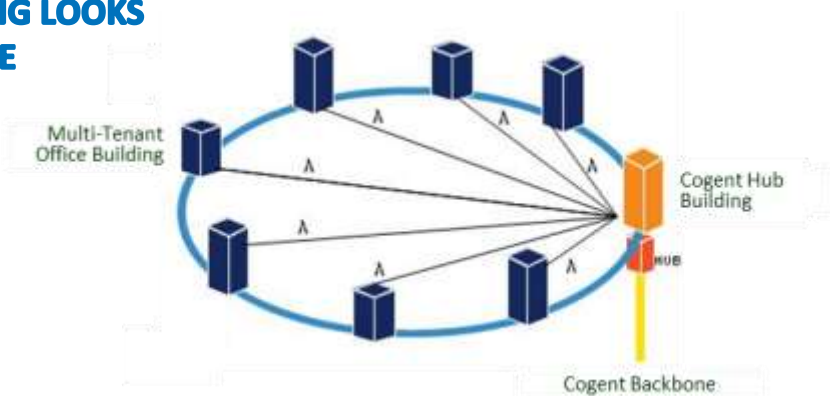
## ON-NET MULTI-TENANT BUILDING



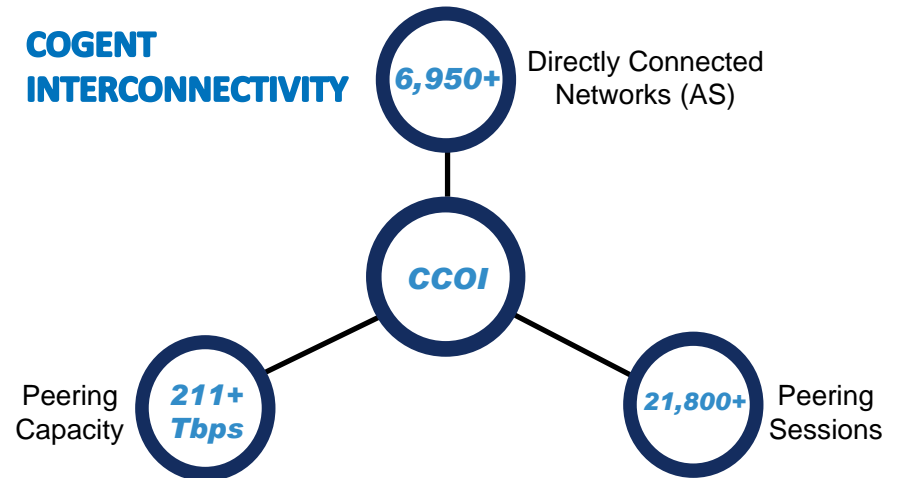
## COGENT DATA CENTER



## WHAT THE RING LOOKS LIKE



## COGENT INTERCONNECTIVITY



# network architecture

Our network is *facilities based*— IRUs on fiber & ownership of all optronics and routing equipment.

- Longhaul metro backbone is built from over 245 IRU suppliers
- IRUs from 10 to 40 years; most are pre-paid
- O+M expense substantially less than the cost of maintaining a network solely constructed and used by Cogent
- Cogent's network is ring protected at Layer 3 (IP convergence)
- All transport is IP directly over DWDM and CWDM
- Cogent generally owns lateral connections from the metro rings to the building
- Cogent owns riser facilities in multi-tenant buildings
- Cogent owns 54 data centers and 189 hubs that house core network equipment
- Cogent is directly connected to over 6,950 other networks

# proven integration execution

Cogent purchased  
**\$14 BILLION** of  
 original  
 investment for  
**\$60 MILLION.**

	Date	Original Investment	PP&E	Network	Peering	Customers	Building Access
NetRail	Sep 2001	\$180	\$35	✓	✓	✓	
Allied Riser	Feb 2002	\$590	\$335	✓		✓	✓
PSINet*	Apr 2002	\$5,180	\$2,175	✓	✓	✓	
(Fiber Network Solutions, Inc) FNSI	Feb. 2003	\$30	\$5			✓	
Firstmark	Jan 2004	\$1,100	\$560	✓		✓	✓
Carrier 1*	Mar 2004	\$1,035	\$535	✓			
UFO Group	Aug 2004	\$25	\$5			✓	
Global Access	Sep 2004	\$10	\$5			✓	
Aleron Broadband	Oct. 2004	\$200	\$5			✓	
Verio*	Dec 2004	\$5,700	\$390			✓	
<b>TOTAL (\$ in millions)</b>		<b>\$14,050</b>	<b>\$4,050</b>				

*\*Purchased the majority of assets of these companies.*

*This list does not include Applied Theory, FiberCity Networks, OnSite Access, Last Mile Connections, PacWest, and ANet.*

# cogent's competitive advantage

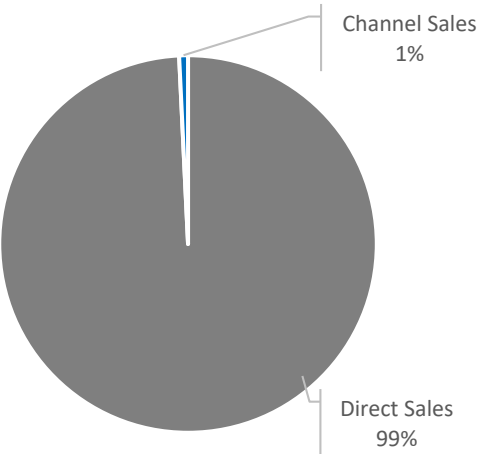
Cogent is the  
***lowest cost  
provider.***

- Low cost, efficient network is approximately 29% utilized
  - \$14 billion of invested capital (\$4 billion of PP&E) purchased for \$60 million
  - More reliable and less costly than IP networks overlaid on traditional telephone networks
- IP only product set
  - Simple product set with low cost of operations and provisioning
- High sales productivity
  - Lower selling cost due to aggressive pricing model
  - Gaining market share as an efficient operator



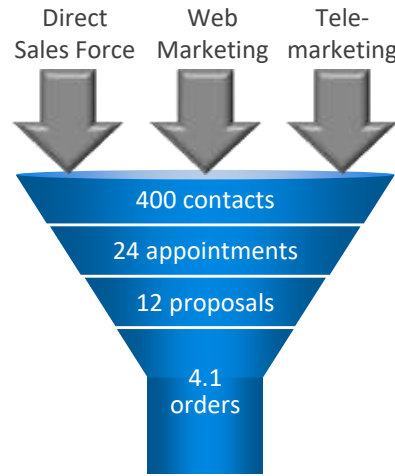
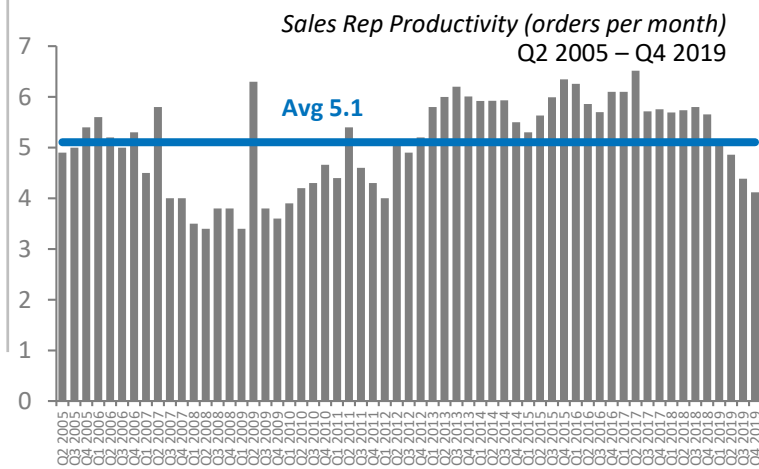
# focused sales force

**Sales** is the key to business success.  
**Quality activity** is the key to sales success.



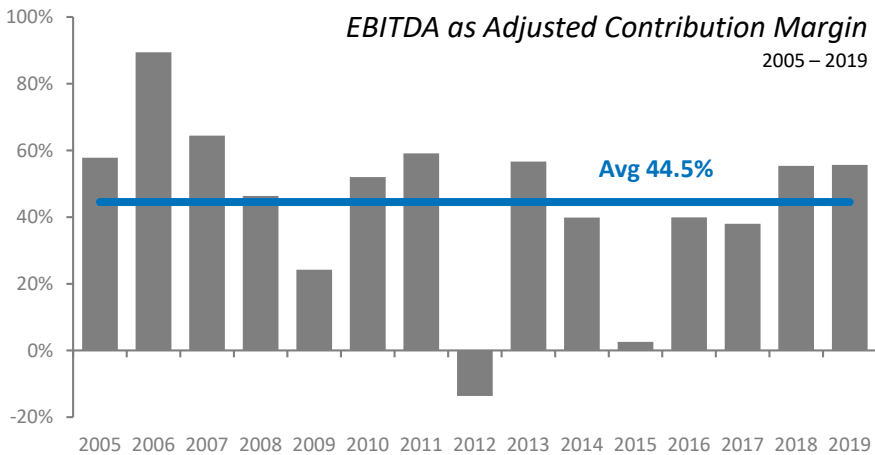
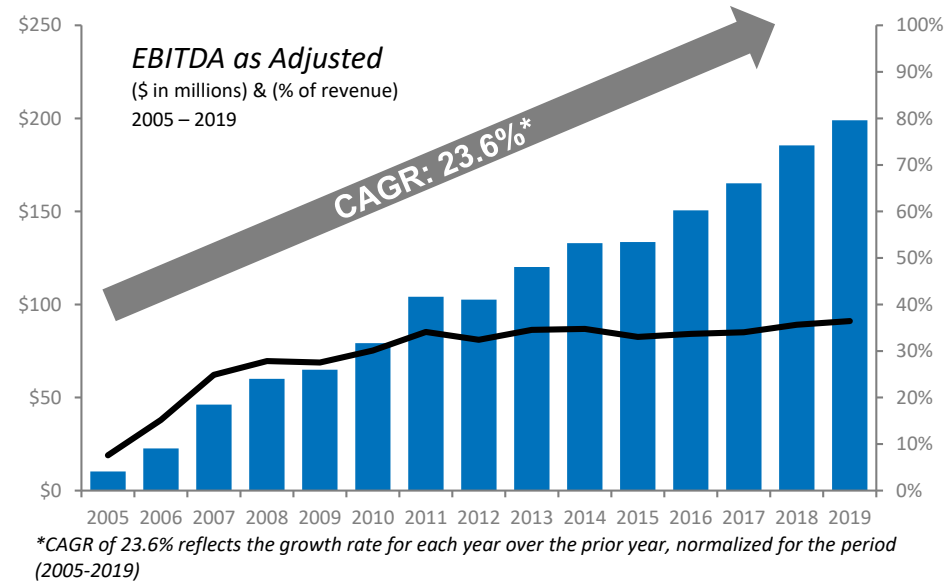
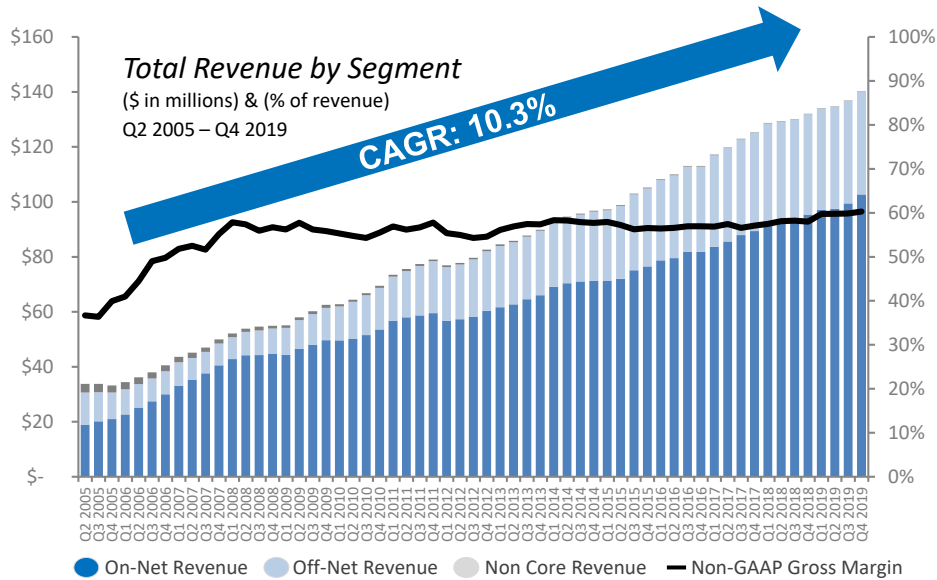
## 548 quota based sales employees

Headcount data as of December 31, 2019



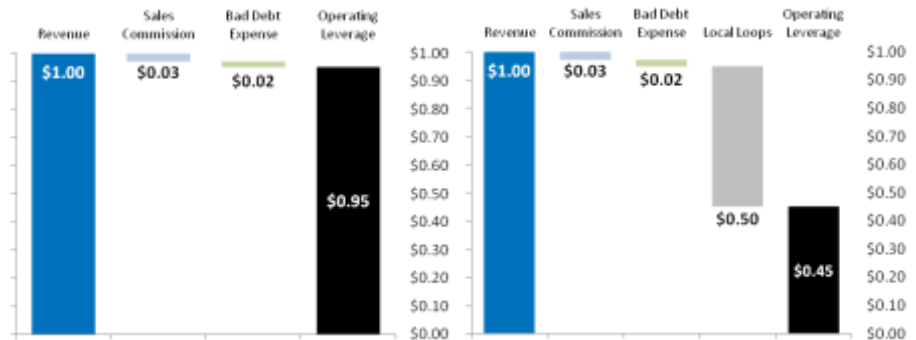
\$1,700,000 Gross Incremental Monthly Recurring Revenue

# historical & continuing margin expansion



**On-Net ARPU = \$460**  
Q4 2019

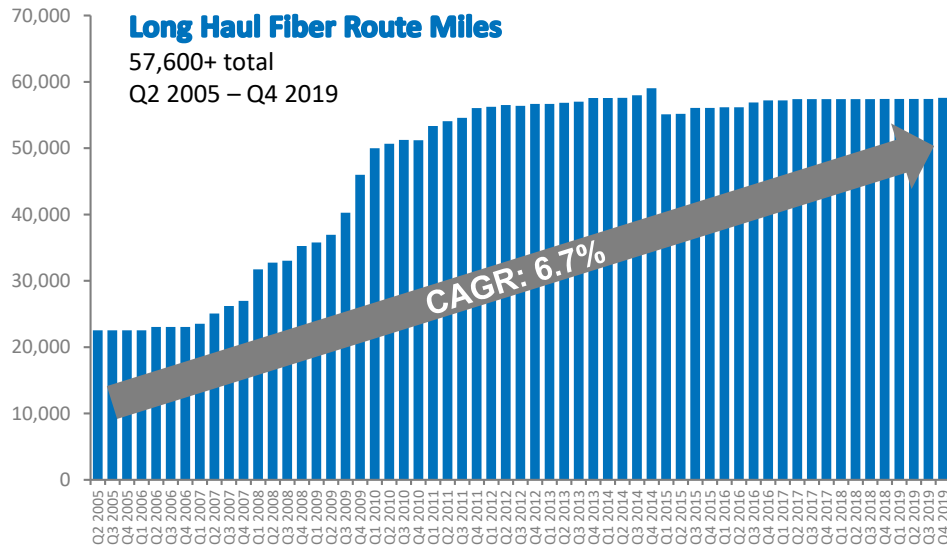
**Off-Net ARPU = \$1,068**  
Q4 2019



# network expansion

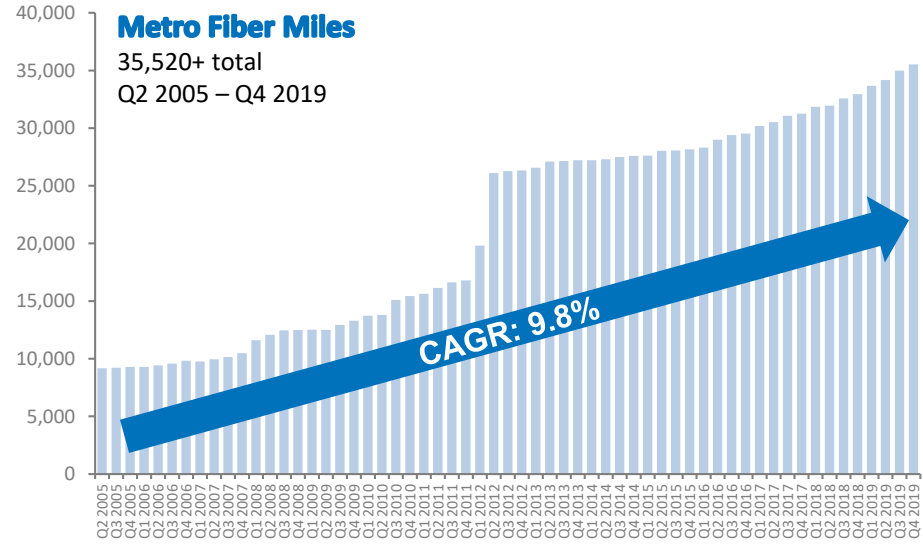
## Long Haul Fiber Route Miles

57,600+ total  
Q2 2005 – Q4 2019



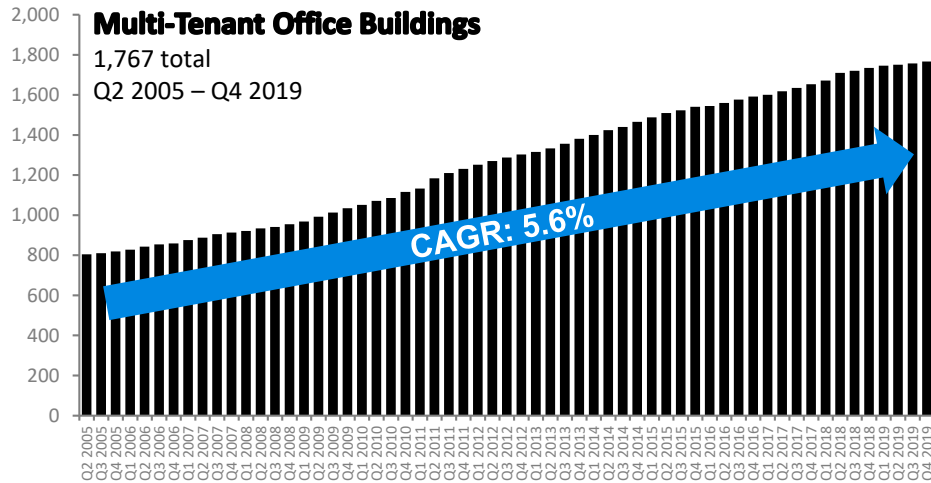
## Metro Fiber Miles

35,520+ total  
Q2 2005 – Q4 2019



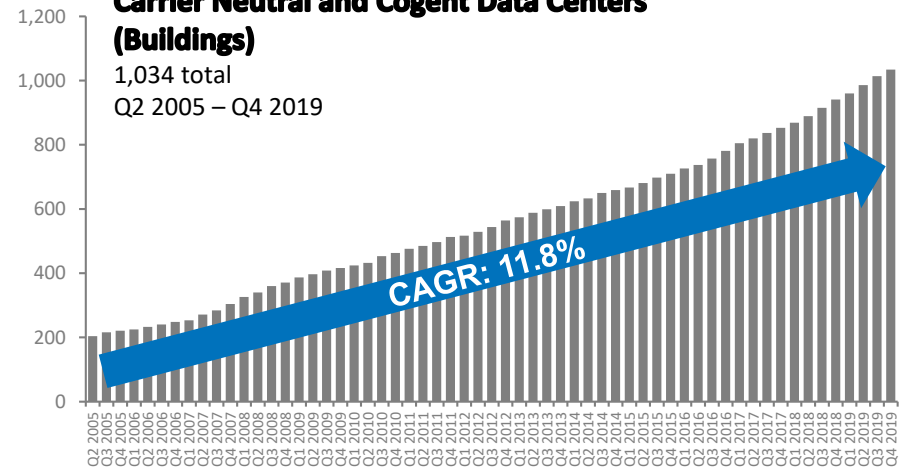
## Multi-Tenant Office Buildings

1,767 total  
Q2 2005 – Q4 2019



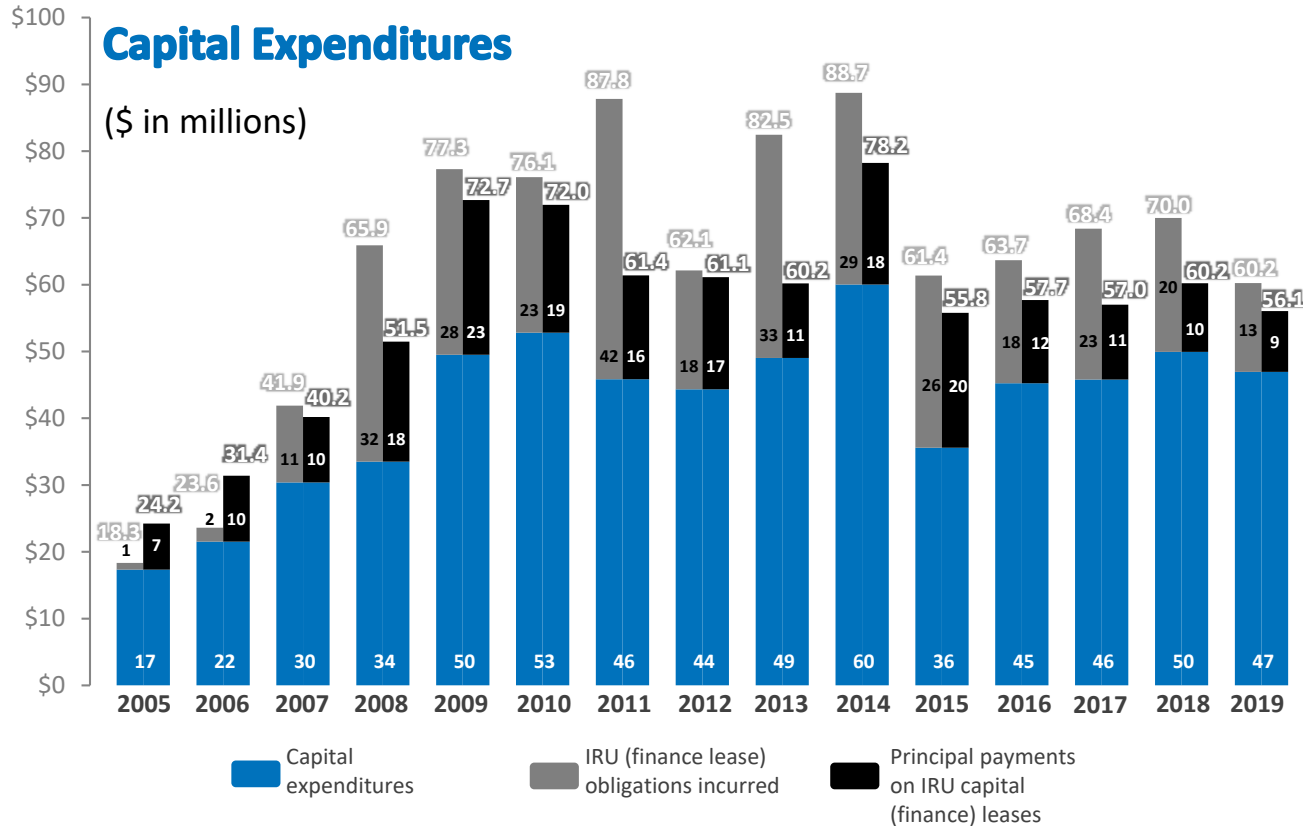
## Carrier Neutral and Cogent Data Centers (Buildings)

1,034 total  
Q2 2005 – Q4 2019



# investing

to further improve & extend the network from internally generated free cash flow



CAPEX is used to:

1. Add new markets to the network
  - Added 133 markets since 2006
  - Added approximately 130 new buildings to the network footprint per year
2. Add capacity to the network
  - Capacity increased by 36% from 2018 to 2019 based on number of Global Tbps Miles
3. Maintain the existing network
  - Over 90% of 2019's growth came from existing footprint as of January 1, 2015

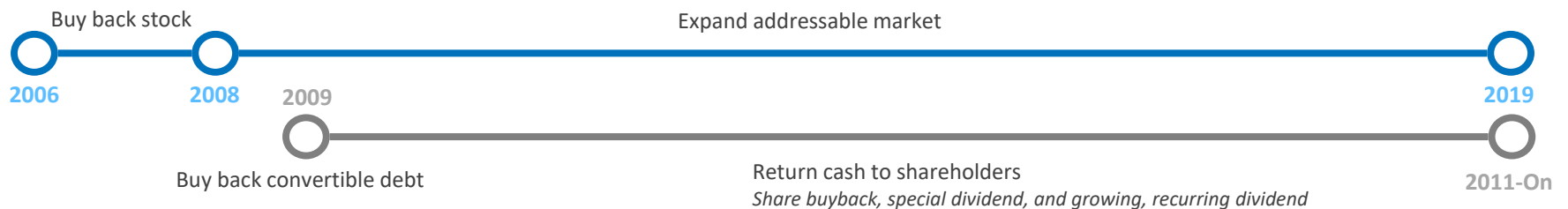
# highlights

## Q4 2019 RESULTS (\$ in millions)

	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q/Q % Change	Y/Y % Change
On-Net Revenue	\$93.0	\$93.8	\$95.4	\$97.2	\$97.5	\$99.4	\$102.7	3.3%	7.7%
Off-Net Revenue	\$36.1	\$36.2	\$36.6	\$36.8	\$37.2	\$37.4	\$37.5	0.2%	2.5%
Non-Core Revenue	\$ 0.2	\$ 0.1	\$ 0.1	\$ 0.1	\$0.1	\$0.1	\$0.1	20.4%	(11.6)%
<b>Total Revenue</b>	<b>\$129.3</b>	<b>\$130.1</b>	<b>\$132.0</b>	<b>\$134.1</b>	<b>\$134.8</b>	<b>\$136.9</b>	<b>\$140.3</b>	<b>2.4%</b>	<b>6.2%</b>
Gross Profit (Non-GAAP)	\$75.1	\$75.8	\$76.6	\$80.2	\$80.6	\$82.0	\$84.6	3.2%	10.4%
<i>Gross Margin (Non-GAAP)</i>	<i>58.1%</i>	<i>58.2%</i>	<i>58.0%</i>	<i>59.8%</i>	<i>59.8%</i>	<i>59.9%</i>	<i>60.3%</i>	0.5%	2.3%
<b>EBITDA</b>	<b>\$45.9</b>	<b>\$46.9</b>	<b>\$47.6</b>	<b>\$47.6</b>	<b>\$47.1</b>	<b>\$50.5</b>	<b>\$52.7</b>	<b>4.4%</b>	<b>10.8%</b>
<i>EBITDA Margin</i>	<i>35.5%</i>	<i>36.1%</i>	<i>36.0%</i>	<i>35.5%</i>	<i>34.9%</i>	<i>36.9%</i>	<i>37.6%</i>	0.7%	1.6%
<b>EBITDA, as adjusted</b>	<b>\$46.3</b>	<b>\$47.4</b>	<b>\$47.7</b>	<b>\$48.1</b>	<b>\$47.3</b>	<b>\$50.6</b>	<b>\$53.0</b>	<b>4.7%</b>	<b>11.1%</b>
<i>EBITDA, as adjusted Margin</i>	<i>35.8%</i>	<i>36.4%</i>	<i>36.1%</i>	<i>35.9%</i>	<i>35.1%</i>	<i>37.0%</i>	<i>37.8%</i>	0.8%	1.7%

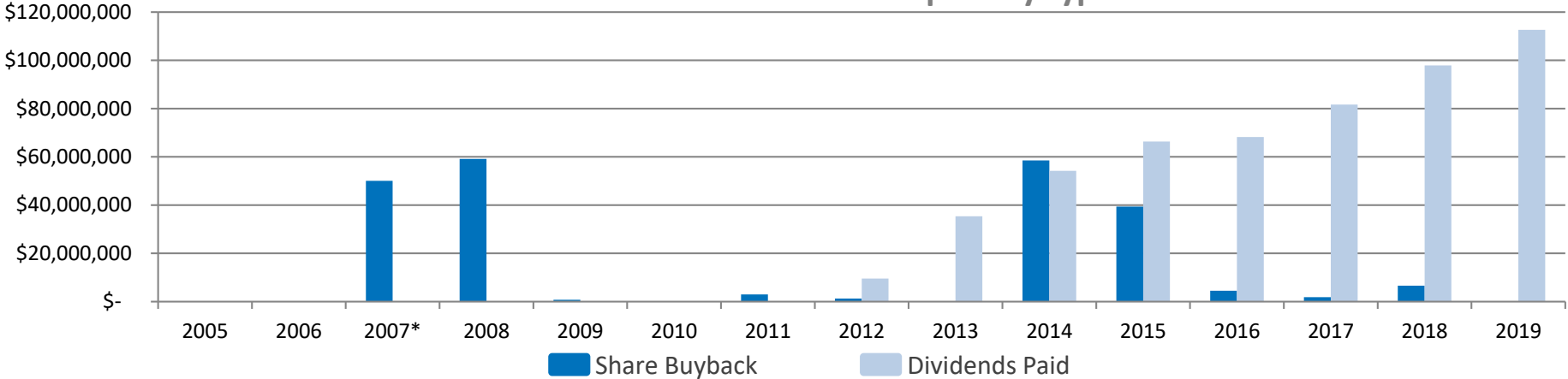
# capitalization use of free cash flow

(\$ in millions)	As of 12/31/05	As of 12/31/06	As of 12/31/07	As of 12/31/08	As of 12/31/09	As of 12/31/10	As of 12/31/11	As of 12/31/12	As of 12/31/13	As of 12/31/14	As of 12/31/15	As of 12/31/16	As of 12/31/17	As of 12/31/18	As of 12/31/19
Cash & cash equivalents	\$30	\$43	\$177	\$71	\$56	\$56	\$238	\$247	\$305	\$288	\$204	\$274	\$247	\$276	\$399
Debt & capital (finance) leases															
Senior secured notes	\$-	\$-	\$-	\$-	\$-	\$-	\$175	\$175	\$245	\$244	\$-	\$-	\$-	\$-	\$-
Senior secured notes	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$250	\$375	\$375	\$445	\$445
Senior unsecured notes	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$200	\$200	\$189	\$189	\$189	\$189
Senior unsecured notes - Euro	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$151
Note payable	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$21	\$6	\$11	\$11	\$12
Convertible notes	\$7	\$9	\$125	\$62	\$66	\$71	\$77	\$82	\$89	\$-	\$-	\$-	\$-	\$-	\$-
Capital (finance) lease obligations	\$92	\$88	\$93	\$104	\$110	\$112	\$135	\$138	\$162	\$167	\$136	\$142	\$158	\$164	\$170
Total debt and capital (finance) leases	\$99	\$97	\$218	\$166	\$176	\$183	\$387	\$395	\$496	\$611	\$607	\$712	\$732	\$809	\$968
Net debt	\$69	\$54	\$41	\$95	\$120	\$127	\$149	\$148	\$191	\$323	\$403	\$437	\$485	\$533	\$568
Shareholder equity	\$221	\$216	\$209	\$151	\$144	\$152	\$64	\$160	\$193	\$84	(\$12)	(\$53)	(\$103)	(\$149)	(\$204)
Total capitalization	\$320	\$321	\$427	\$317	\$320	\$335	\$551	\$555	\$689	\$695	\$594	\$658	\$630	\$660	\$764

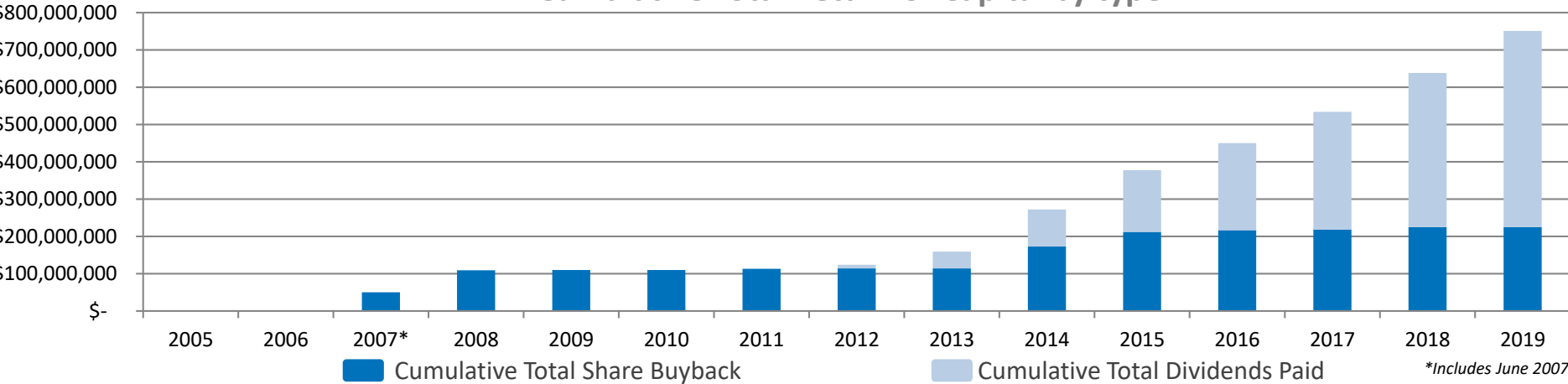


# total return of capital, 2005 – 2019

Annual Return of Capital by type



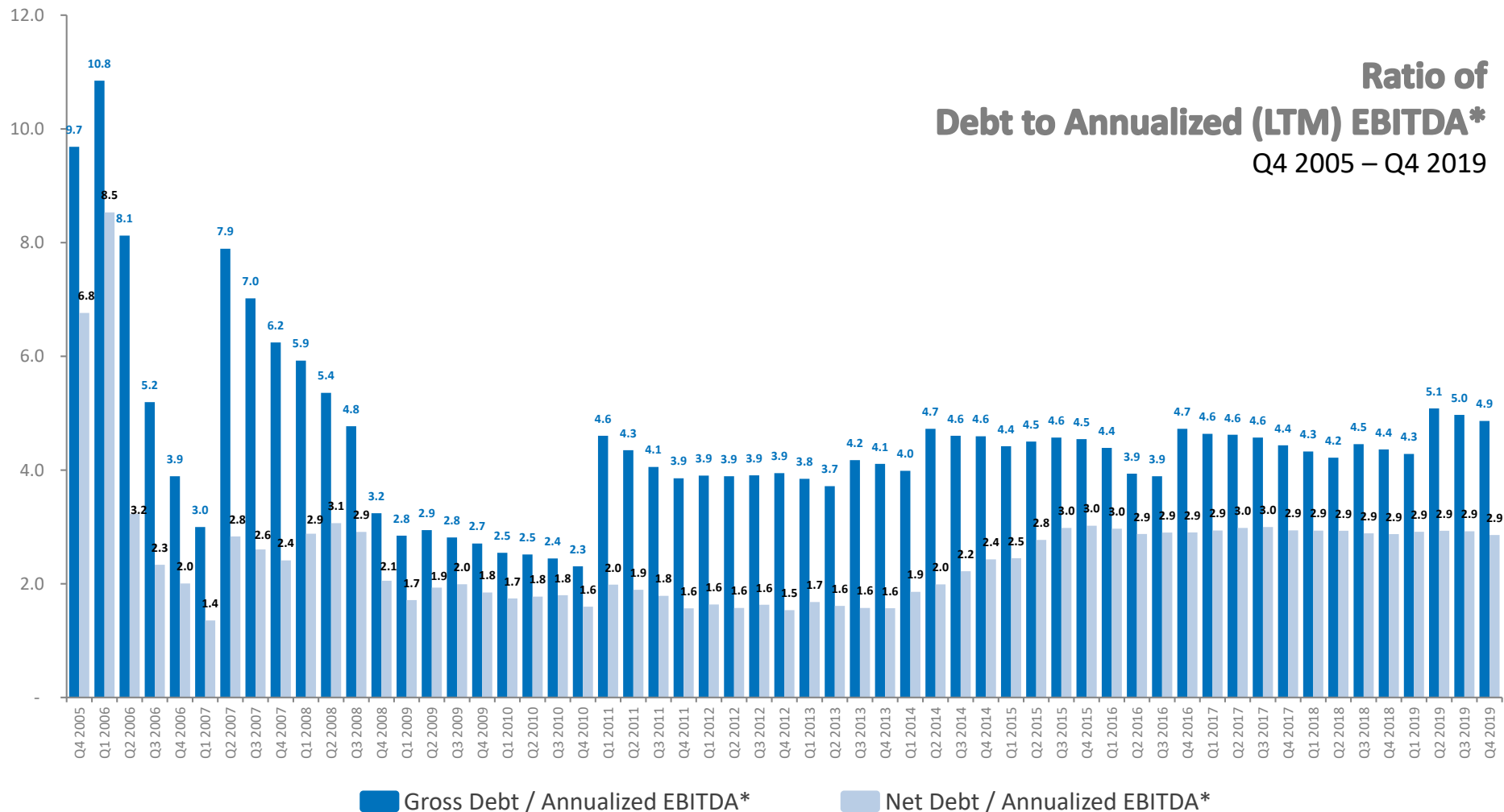
Cumulative Total Return of Capital by type



\*Includes June 2007 Note Transaction

# ratio of debt to annualized ebidta

**Ratio of Debt to Annualized (LTM) EBITDA\***  
Q4 2005 – Q4 2019



\*EBITDA adjusted by including asset related gains



# investment highlights

Cogent is a  
*leading global*  
Internet  
Service  
Provider.

- Fundamentals provide for continued, consistent growth and profitability
- Independent, low-cost international network
- Network footprint targeted at high traffic locations
- Very strong balance sheet
- True free cash flow positive
- Experienced management team
- Substantial network capacity; very high operating leverage
- Implemented a recurring and growing dividend to shareholders

cogent  
Smart People Buy Dumb Pipes

# Appendix

**Reconciliation of non-GAAP measures to the most directly comparable financial measures calculated and presented in accordance with GAAP**

## Non-GAAP EBITDA and non-GAAP EBITDA, as adjusted, reconciled to GAAP cash flows provided by operating activities

	<u>Q1 2018</u>	<u>Q2 2018</u>	<u>Q3 2018</u>	<u>Q4 2018</u>	<u>Year 2018</u>	<u>Q1 2019</u>	<u>Q2 2019</u>	<u>Q3 2019</u>	<u>Q4 2019</u>	<u>Year 2019</u>
<b>(\$ in 000's) – unaudited</b>										
Net cash flows provided by operating activities	\$30,179	\$31,271	\$31,745	\$40,726	\$133,921	\$28,637	\$40,632	\$33,443	\$46,097	\$148,809
Changes in operating assets and liabilities	2,919	2,408	4,254	(4,361)	5,355	6,727	(5,729)	3,785	(6,557)	(1,949)
Cash interest expense and income tax expense	10,994	12,229	10,937	11,214	45,241	12,197	12,202	13,287	13,184	51,045
<b>EBITDA</b>	<b>\$44,092</b>	<b>\$45,908</b>	<b>\$46,936</b>	<b>\$47,579</b>	<b>\$184,517</b>	<b>\$47,561</b>	<b>\$47,105</b>	<b>\$50,515</b>	<b>\$52,724</b>	<b>\$197,905</b>
PLUS: Gains on asset related transactions	117	357	416	92	982	536	185	87	251	1,059
<b>EBITDA, as adjusted</b>	<b>\$44,209</b>	<b>\$46,265</b>	<b>\$47,352</b>	<b>\$47,671</b>	<b>\$185,499</b>	<b>\$48,097</b>	<b>\$47,290</b>	<b>\$50,602</b>	<b>\$52,975</b>	<b>\$198,964</b>
<b>EBITDA margin</b>	<b>34.3%</b>	<b>35.5%</b>	<b>36.1%</b>	<b>36.0%</b>	<b>35.5%</b>	<b>35.5%</b>	<b>34.9%</b>	<b>36.9%</b>	<b>37.6%</b>	<b>36.2%</b>
<b>EBITDA, as adjusted, margin</b>	<b>34.3%</b>	<b>35.8%</b>	<b>36.4%</b>	<b>36.1%</b>	<b>35.7%</b>	<b>35.9%</b>	<b>35.1%</b>	<b>37.0%</b>	<b>37.8%</b>	<b>36.4%</b>

## Non-GAAP gross profit and non-GAAP gross margin reconciled to GAAP gross profit and GAAP gross margin

	<u>Q1 2018</u>	<u>Q2 2018</u>	<u>Q3 2018</u>	<u>Q4 2018</u>	<u>Year 2018</u>	<u>Q1 2019</u>	<u>Q2 2019</u>	<u>Q3 2019</u>	<u>Q4 2019</u>	<u>Year 2019</u>
<b>(\$ in 000's) – unaudited</b>										
Service revenue total	\$128,706	\$129,296	\$130,139	\$132,049	\$520,190	\$134,137	\$134,789	\$136,942	\$140,292	\$546,159
Minus - Network operations expense including equity-based compensation and including depreciation and amortization expense	74,663	74,595	74,891	76,612	300,761	74,413	74,386	75,259	75,992	300,050
<b>GAAP Gross Profit (1)</b>	<b>\$54,043</b>	<b>\$54,701</b>	<b>\$55,248</b>	<b>\$55,437</b>	<b>\$219,429</b>	<b>\$59,724</b>	<b>\$60,403</b>	<b>\$61,683</b>	<b>\$64,300</b>	<b>\$246,109</b>
Plus - Equity-based compensation – network operations expense	189	232	250	224	895	180	226	282	306	994
Plus – Depreciation and amortization expense	19,788	20,216	20,276	20,952	81,232	20,263	19,979	20,006	20,002	80,247
<b>Non-GAAP Gross Profit (2)</b>	<b>\$74,020</b>	<b>\$75,149</b>	<b>\$75,774</b>	<b>\$76,613</b>	<b>\$301,556</b>	<b>\$80,167</b>	<b>\$80,608</b>	<b>\$81,971</b>	<b>\$84,608</b>	<b>\$327,350</b>
<b>GAAP Gross Margin (1)</b>	<b>42.0%</b>	<b>42.3%</b>	<b>42.5%</b>	<b>42.0%</b>	<b>42.2%</b>	<b>44.5%</b>	<b>44.8%</b>	<b>45.0%</b>	<b>45.8%</b>	<b>45.1%</b>
<b>Non-GAAP Gross Margin (2)</b>	<b>57.5%</b>	<b>58.1%</b>	<b>58.2%</b>	<b>58.0%</b>	<b>58.0%</b>	<b>59.8%</b>	<b>59.8%</b>	<b>59.9%</b>	<b>60.3%</b>	<b>59.9%</b>

- (1) GAAP gross profit is defined as total service revenue less network operations expense, depreciation and amortization and equity based compensation included in network operations expense. GAAP gross margin is defined as GAAP gross profit divided by total service revenue.
- (2) Non-GAAP gross profit represents service revenue less network operations expense, excluding equity-based compensation and amounts shown separately (depreciation and amortization expense). Non-GAAP gross margin is defined as non-GAAP gross profit divided by total service revenue. Management believes that non-GAAP gross profit and non-GAAP gross margin are relevant metrics to provide to investors, as they are metrics that management uses to measure the margin and amount available to the Company after network service costs, in essence these are measures of the efficiency of the Company's network.