

Cogent Contacts:

For Public Relations:

Travis Wachter

+ 1 (202) 295-4217

twachter@cogentco.com

For Investor Relations:

John Chang

+ 1 (202) 295-4212

investor.relations@cogentco.com

**Cogent Communications Reports First Quarter 2012 Results
and Approves Quarterly Dividend on Common Stock**

Financial and Business Highlights

- Cogent approves a quarterly dividend of \$0.10 per common share per quarter
- Service revenue for Q1 2012 of \$76.9 million – a decrease of 2.8% from \$79.1 million for Q4 2011 and an increase of 4.7% from \$73.5 million for Q1 2011
 - Foreign exchange negatively impacts revenue growth from Q4 2011 to Q1 2012 by \$0.3 million and negatively impacts revenue growth from Q1 2011 to Q1 2012 by \$0.7 million
 - The loss of a Cogent customer in January 2012 who represented approximately 5.5% of service revenue for Q4-11 and 2011 negatively impacts revenue growth
- Traffic declined 16% from Q4 2011 to Q1 2012 and traffic grew by 9% from Q1 2011 to Q1 2012
- EBITDA, as adjusted, of \$22.6 million for Q1 2012 – a decrease of 19.0% from \$27.8 million for Q4 2011 and a decrease of 7.0% from \$24.2 million for Q1 2011
- EBITDA, as adjusted margin was 29.3% for Q1 2012, 35.2% for Q4 2011 and 33.0% for Q1 2011
- 30,757 customer connections on the Cogent network at the end of Q1 2012 - an increase of 2.5% from 29,998 customer connections at the end of Q4 2011 and an increase of 17.6% from 26,145 customer connections at the end of Q1 2011
- 1,769 on-net buildings on the Cogent network at the end of Q1 2012 - an increase of 25 on-net buildings from 1,744 on-net buildings at the end of Q4 2011 and an increase of 160 on-net buildings from 1,609 on-net buildings at the end of Q1 2011

[WASHINGTON, D.C. May 3, 2012] Cogent Communications Group, Inc. (NASDAQ: CCOI) today announced service revenue of \$76.9 million for the three months ended March 31, 2012, a decrease of 2.8% from \$79.1 million for the three months ended December 31, 2011 and an increase of 4.7% over \$73.5 million for the three months ended March 31, 2011.

On-net revenue was \$56.8 million for the three months ended March 31, 2012, a decrease of 4.7% from \$59.5 million for the three months ended December 31, 2011. On-net revenue was \$56.8 million for the three months ended March 31, 2011. On-net service is provided to

customers located in buildings that are physically connected to Cogent's network by Cogent facilities.

Off-net revenue was \$19.5 million for the three months ended March 31, 2012, an increase of 3.0% over \$18.9 million for the three months ended December 31, 2011 and an increase of 22.3% over \$16.0 million for the three months ended March 31, 2011. Off-net customers are located in buildings directly connected to Cogent's network using other carriers' facilities and services to provide the last mile portion of the link from the customers' premises to Cogent's network.

Non-core revenue was \$0.6 million for the three months ended March 31, 2012, \$0.6 million for the three months ended December 31, 2011 and \$0.7 million for the three months ended March 31, 2011. Non-core services are legacy services, which Cogent acquired and continues to support but does not actively sell.

Gross profit, excluding equity-based compensation expense, decreased 6.7% to \$42.6 million for the three months ended March 31, 2012 from \$45.7 million for the three months ended December 31, 2011 and increased 1.9% from \$41.8 million for the three months ended March 31, 2011. Gross profit margin, excluding equity-based compensation expense, was 55.4% for the three months ended March 31, 2012, 57.8% for the three months ended December 31, 2011, and 56.9% for the three months ended March 31, 2011.

Earnings before interest, taxes, depreciation and amortization (EBITDA), as adjusted, decreased 19.0% to \$22.6 million for the three months ended March 31, 2012 from \$27.8 million for the three months ended December 31, 2011 and decreased 7.0% from \$24.2 million for the three months ended March 31, 2011. EBITDA, as adjusted, margin was 29.3% for the three months ended March 31, 2012, 35.2% for the three months ended December 31, 2011, and 33.0% for the three months ended March 31, 2011.

Basic and diluted net (loss) income per share was \$(0.05) for the three months ended March 31, 2012, \$0.12 for the three months ended December 31, 2011 and \$(0.01) for the three months ended March 31, 2011.

Total customer connections increased 2.5% to 30,757 as of March 31, 2012 from 29,998 as of December 31, 2011 and increased 17.6% from 26,145 as of March 31, 2011. On-net customer connections increased 2.9% to 26,246 as of March 31, 2012 from 25,518 as of December 31, 2011 and increased 20.0% from 21,878 as of March 31, 2011. Off-net customer connections were 3,962 as of March 31, 2012, 3,915 as of December 31, 2011 and 3,642 as of March 31, 2011. Non-core customer connections were 549 as of March 31, 2012, 565 as of December 31, 2011 and 625 as of March 31, 2011.

The number of on-net buildings increased by 25 on-net buildings to 1,769 on-net buildings as of March 31, 2012 from 1,744 on-net buildings as of December 31, 2011, and increased by 160 on-net buildings from 1,609 on-net buildings as of March 31, 2011.

Quarterly Dividend Approved

Cogent's board approved on April 19, 2012 a payment of a dividend at a rate of \$0.10 per common share per quarter with the record date for the first such payment to be approximately on September 15, 2012. Action to set the record date and approve the expected dividend will be taken at a subsequent board meeting.

The payment of any future quarterly dividends will be at the discretion of the board and will be dependent upon Cogent's financial position, results of operations, available cash, cash flow, capital requirements and other factors deemed relevant by the board.

Conference Call and Website Information

Cogent will host a conference call with financial analysts at 8:30 a.m. (ET) on May 3, 2012 to discuss Cogent's operating results for the first quarter of 2012 and Cogent's expectations for full year 2012. Investors and other interested parties may access a live audio webcast of the earnings call in the "Events" section of Cogent's website at www.cogentco.com/events. A replay of the webcast, together with the press release, will be available on the website following the earnings call.

About Cogent Communications

Cogent Communications (NASDAQ: CCOI) is a multinational, Tier 1 facilities-based ISP. Cogent specializes in providing businesses with high speed Internet access and point-to-point

transport services. Cogent's facilities-based, all-optical IP network backbone provides IP services in over 175 markets globally.

Cogent Communications is headquartered at 1015 31st Street, NW, Washington, D.C. 20007. For more information, visit www.cogentco.com. Cogent Communications can be reached in the United States at (202) 295-4200 or via email at info@cogentco.com.

#

COGENT COMMUNICATIONS GROUP, INC., AND SUBSIDIARIES

Summary of Financial and Operational Results

	<u>Q1 2011</u>	<u>Q2 2011</u>	<u>Q3 2011</u>	<u>Q4 2011</u>	<u>Q1 2012</u>
<u>Metric (\$ in 000's, except share and per share data) – unaudited</u>					
On-Net revenue	\$56,772	\$58,016	\$58,697	\$59,528	\$56,750
% Change from previous Qtr.	5.9%	2.2%	1.2%	1.4%	-4.7%
Off-Net revenue	\$15,951	\$16,786	\$17,968	\$18,935	\$19,501
% Change from previous Qtr.	5.6%	5.2%	7.0%	5.4%	3.0%
Non-Core revenue (1)	\$737	\$778	\$702	\$630	\$637
% Change from previous Qtr.	-3.2%	5.6%	-9.8%	-10.3%	1.1%
Service revenue – total	\$73,460	\$75,580	\$77,367	\$79,093	\$76,888
% Change from previous Qtr.	5.8%	2.9%	2.4%	2.2%	-2.8%
Network operations expenses (2)	\$31,633	\$33,123	\$33,497	\$33,400	\$34,255
% Change from previous Qtr.	2.2%	4.7%	1.1%	-0.3%	2.6%
Gross profit (2)	\$41,827	\$42,457	\$43,870	\$45,693	\$42,633
% Change from previous Qtr.	8.6%	1.5%	3.3%	4.2%	-6.7%
Gross profit margin (2)	56.9%	56.2%	56.7%	57.8%	55.4%
Selling, general and administrative expenses (3)	\$17,582	\$17,045	\$17,202	\$17,884	\$20,188
% Change from previous Qtr.	10.1%	-3.1%	0.9%	4.0%	12.9%
Depreciation and amortization expense	\$14,791	\$14,734	\$15,188	\$15,222	\$15,239
% Change from previous Qtr.	-0.2%	-0.4%	3.1%	0.2%	0.1%
Equity-based compensation expense	\$2,096	\$2,007	\$1,904	\$1,688	\$1,238
% Change from previous Qtr.	11.7%	-4.2%	-5.1%	-11.3%	-26.7%
Operating income	\$7,358	\$8,671	\$9,576	\$10,899	\$5,968
% Change from previous Qtr.	25.5%	17.8%	10.4%	13.8%	-45.2%

EBITDA, as adjusted (4)	\$24,247	\$25,412	\$26,668	\$27,849	\$22,557
% Change from previous Qtr.	7.4%	4.8%	4.9%	4.4%	-19.0%
EBITDA, as adjusted margin (4)	33.0%	33.6%	34.5%	35.2%	29.3%
Net (loss) income	\$(278)	\$2,115	\$281	\$5,424	\$(2,090)
% Change from previous Qtr.	-110.8%	860.8%	-86.7%	1,830.2%	-138.5%
Basic and diluted net (loss) income per common share	\$(0.01)	\$0.05	\$0.01	\$0.12	\$(0.05)
% Change from previous Qtr.	-116.7%	600.0%	-80.0%	1,100%	-141.7%
Weighted average common shares – basic	44,731,858	45,021,507	45,080,859	45,044,733	45,241,418
% Change from previous Qtr.	0.2%	0.6%	0.1%	-0.1%	0.4%
Weighted average common shares – diluted	44,731,858	45,548,725	45,559,972	45,582,580	45,241,418
% Change from previous Qtr.	-0.6%	1.8%	-%	-%	-0.7%
Cash provided by operating activities	\$13,468	\$19,154	\$15,898	\$27,293	\$12,686
% Change from previous Qtr.	-38.7%	42.2%	-17.0%	71.7%	-53.5%
Capital expenditures	\$12,842	\$13,153	\$9,437	\$10,424	\$12,289
% Change from previous Qtr.	9.6%	2.4%	-28.3%	10.5%	17.9%
<u>Customer Connections – end of period</u>					
On-Net	21,878	23,360	24,535	25,518	26,246
% Change from previous Qtr.	4.8%	6.8%	5.0%	4.0%	2.9%
Off-Net	3,642	3,759	3,864	3,915	3,962
% Change from previous Qtr.	3.3%	3.2%	2.8%	1.3%	1.2%
Non-Core (1)	625	605	584	565	549
% Change from previous Qtr.	-3.5%	-3.2%	-3.5%	-3.3%	-2.8%
Total	26,145	27,724	28,983	29,998	30,757
% Change from previous Qtr.	4.4%	6.0%	4.5%	3.5%	2.5%
<u>Other – end of period</u>					
Buildings On-Net	1,609	1,669	1,707	1,744	1,769
Employees	569	584	607	639	612

(1) Consists of legacy services of companies whose assets or businesses were acquired by Cogent, primarily including voice services (only provided in Toronto, Canada).

- (2) Excludes equity-based compensation expense of \$140, \$126, \$122, \$122 and \$83 in the three months ended March 31, 2011, June 30, 2011, September 30, 2011, December 31, 2011 and March 31, 2012, respectively.
- (3) Excludes equity-based compensation expense of \$1,956, \$1,881, \$1,782, \$1,566 and \$1,155 in the three months ended March 31, 2011, June 30, 2011, September 30, 2011, December 31, 2011 and March 31, 2012, respectively.
- (4) See schedule of non-GAAP metrics below for definition and reconciliation to GAAP measures. EBITDA, as adjusted, includes net gains from asset related transactions of \$2, \$40 and \$112 in the three months ended March 31, 2011, December 31, 2011 and March 31, 2012, respectively.

Schedule of Non-GAAP Measures

EBITDA and EBITDA, as adjusted

EBITDA represents net (loss) income before income taxes, net interest expense, equity-based compensation expense and depreciation and amortization. Management believes the most directly comparable measure to EBITDA calculated in accordance with generally accepted accounting principles in the United States, or GAAP, is cash flows provided by operating activities.

EBITDA, as adjusted, represents EBITDA plus gains on asset related transactions. The Company believes EBITDA, as adjusted, is a useful measure of its ability to service debt, fund capital expenditures and expand its business. EBITDA, as adjusted, is an integral part of the internal reporting and planning system used by management as a supplement to GAAP financial information. The Company also believes that EBITDA is a frequently used measure by securities analysts, investors, and other interested parties in their evaluation of issuers.

EBITDA and EBITDA, as adjusted, are not recognized terms under GAAP and accordingly, should not be viewed in isolation or as a substitute for the analysis of results as reported under GAAP, but rather as a supplemental measure to GAAP. For example, EBITDA is not intended to reflect the Company's free cash flow, as it does not consider certain current or future cash requirements, such as capital expenditures, contractual commitments, and changes in working capital needs, interest expenses and debt service requirements. The Company's calculations of EBITDA and EBITDA, as adjusted, may also differ from the calculation of EBITDA and EBITDA, as adjusted, by its competitors and other companies and as such, its utility as a comparative measure is limited.

COGENT COMMUNICATIONS GROUP, INC., AND SUBSIDIARIES

EBITDA, as adjusted, is reconciled to cash flows provided by operating activities in the table below.

	<u>Q1</u> <u>2011</u>	<u>Q2</u> <u>2011</u>	<u>Q3</u> <u>2011</u>	<u>Q4</u> <u>2011</u>	<u>Q1</u> <u>2012</u>
(\$ in 000's) – unaudited					
Cash flows provided by operating activities	\$13,468	\$19,154	\$15,898	\$27,293	\$12,686
Changes in operating assets and liabilities	4,483	(1,708)	2,890	(3,558)	3,053
Cash interest expense and income tax expense	6,294	7,966	7,880	4,074	6,706
Gains on asset related transactions	2	-	-	40	112
EBITDA, as adjusted	<u>\$24,247</u>	<u>\$25,412</u>	<u>\$26,668</u>	<u>\$27,849</u>	<u>\$22,557</u>

Impact of foreign currencies on sequential quarterly service revenue

(\$ in 000's) – unaudited	Q1 2012
Service revenue as reported – Q1 2012	\$76,888
Impact of foreign currencies on service revenue	<u>332</u>
Service revenue - Q1 2012, as adjusted (1)	<u>\$77,220</u>
Service revenue as reported – Q4 2011	<u>\$79,093</u>
Decrease from Q4 2011 to Q1 2012 - (Service revenue as adjusted for Q1 2012 less service revenue as reported for Q4 2011)	<u>\$(1,873)</u>

Percent decrease (Decrease from Q4 2011 to Q1 2012 divided by service revenue as reported for Q4 2011)	<u>-2.4%</u>
--	--------------

- (1) Service revenue as adjusted is determined by translating the service revenue for the three months ended March 31, 2012 at the average foreign currency exchange rates for the three months ended December 31, 2011. The Company believes that disclosing quarterly revenue growth without the impact of foreign currencies on service revenue is a useful measure of revenue growth. Service revenue, as adjusted, is an integral part of the internal reporting and planning system used by management as a supplement to GAAP financial information.

Cogent's SEC filings are available online via the Investor Relations section of www.cogentco.com or on the Securities and Exchange Commission's website at www.sec.gov.

COGENT COMMUNICATIONS GROUP, INC., AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2012 AND DECEMBER 31, 2011
(IN THOUSANDS, EXCEPT SHARE DATA)

	<u>March 31,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u>
	<u>(Unaudited)</u>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 232,294	\$ 238,207
Accounts receivable, net of allowance for doubtful accounts of \$3,027 and \$3,345 respectively	24,915	25,029
Prepaid expenses and other current assets	<u>12,318</u>	<u>10,051</u>
Total current assets	269,527	273,287
Property and equipment, net	311,122	307,978
Deposits and other assets - \$461 and \$457 restricted, respectively	16,640	16,386
Total assets	<u>\$ 597,289</u>	<u>\$ 597,651</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 15,316	\$ 14,199
Accrued liabilities	20,480	21,944
Current maturities, capital lease obligations	<u>9,741</u>	<u>11,700</u>
Total current liabilities	45,537	47,843
Senior secured notes	175,000	175,000
Capital lease obligations, net of current maturities	123,357	122,996
Convertible senior notes, net of discount of \$13,946 and \$15,366 respectively	78,032	76,612
Other long term liabilities	10,376	11,199
Total liabilities	<u>432,302</u>	<u>433,650</u>
Commitments and contingencies:		
Stockholders' equity:		
Common stock, \$0.001 par value; 75,000,000 shares authorized; 45,993,384 and 45,893,347 shares issued and outstanding, respectively	46	46
Additional paid-in capital	490,474	489,021
Accumulated other comprehensive income – foreign currency translation	1,041	(582)
Accumulated deficit	<u>(326,574)</u>	<u>(324,484)</u>
Total stockholders' equity	164,987	164,001
Total liabilities and stockholders' equity	<u>\$ 597,289</u>	<u>\$ 597,651</u>

COGENT COMMUNICATIONS GROUP, INC., AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2012 AND MARCH 31, 2011
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	Three Months Ended March 31, 2012 (Unaudited)	Three Months Ended March 31, 2011 (Unaudited)
Service revenue	\$ 76,888	\$ 73,460
Operating expenses:		
Network operations (including \$83 and \$140 of equity-based compensation expense, respectively, exclusive of depreciation and amortization shown separately below)	34,338	31,773
Selling, general, and administrative (including \$1,155 and \$1,956 of equity-based compensation expense, respectively)	21,343	19,538
Depreciation and amortization	15,239	14,791
Total operating expenses	70,920	66,102
Operating income	5,968	7,358
Interest income and other, net	375	230
Interest expense	(8,993)	(7,585)
(Loss) income before income taxes	(2,650)	3
Income tax benefit (provision)	560	(281)
Net loss	\$ (2,090)	\$ (278)
Net loss per common share:		
Basic and diluted net loss per common share	\$ (0.05)	\$ (0.01)
Weighted-average common shares—basic and diluted	45,241,418	44,731,858
Comprehensive (loss) income	\$(467)	\$2,707

COGENT COMMUNICATIONS GROUP, INC., AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2012 AND MARCH 31, 2011
(IN THOUSANDS)

	Three months Ended March 31, 2012 (Unaudited)	Three months Ended March 31, 2011 (Unaudited)
Cash flows from operating activities:		
Net cash provided by operating activities	\$ 12,686	\$ 13,468
Cash flows from investing activities:		
Purchases of property and equipment	(12,289)	(12,842)
Proceeds from dispositions of assets	111	2
Net cash used in investing activities	(12,178)	(12,840)
Cash flows from financing activities:		
Proceeds from issuance of senior secured notes, net	—	170,513
Proceeds from exercises of stock options	94	67
Principal payments of capital lease obligations	(7,056)	(3,032)
Net cash (used in) provided by financing activities	(6,962)	167,548
Effect of exchange rates changes on cash	541	883
Net (decrease) increase in cash and cash equivalents	(5,913)	169,059
Cash and cash equivalents, beginning of period	238,207	56,283
Cash and cash equivalents, end of period	\$ 232,294	\$ 225,342

Except for historical information and discussion contained herein, statements contained in this release constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to statements identified by words such as “believes,” “expects,” “anticipates,” “estimates,” “intends,” “plans,” “targets,” “projects” and similar expressions. The statements in this release are based upon the current beliefs and expectations of Cogent’s management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. Numerous factors could cause or contribute to such differences, including future economic instability in the global economy or a contraction of the capital markets which could affect spending on Internet services and our ability to engage in financing activities; the impact of changing foreign exchange rates (in particular the Euro to USD and Canadian dollar to USD exchange rates) on the translation of our non-USD denominated revenues, expenses, assets and liabilities; legal and operational difficulties in new markets; the imposition of a requirement that we contribute to the U.S. Universal Service Fund and similar funds in other countries; changes in government policy and/or regulation, including net neutrality rules by the United States Federal Communications Commission and in the area of data protection; increasing competition leading to lower prices for our services; our ability to attract new customers and to increase and maintain the volume of traffic on our network; the ability to maintain our Internet peering arrangements on favorable terms; our reliance on an equipment vendor, Cisco Systems Inc., and the potential for hardware or software problems associated with such equipment; the dependence of our network on the quality and dependability of third-party fiber providers; our ability to retain certain customers that comprise a significant portion of our revenue base; the management of network failures and/or disruptions; and outcomes in litigation as well as other risks discussed from time to time in our filings with the Securities and Exchange Commission, including, without limitation, our annual report on Form 10-K for the fiscal year ended December 31, 2011 and our quarterly report on Form 10-Q for the quarter ended March 31, 2012 to be filed with the Securities and Exchange Commission. Cogent undertakes no duty to update any forward-looking statement or any information contained in this press release or in other public disclosures at any time.

###