

## Financial Results

Metric (\$ in millions)	First Quarter 2014	First Quarter 2013
Core Network Services Revenue	\$1,457	\$1,372
Wholesale Voice Services and Other Revenue	\$152	\$205
Total Revenue	\$1,609	\$1,577
Adjusted EBITDA <sup>(1)(2)</sup>	\$458	\$371
Capital Expenditures	\$163	\$169
Unlevered Cash Flow <sup>(1)</sup>	\$106	\$28
Free Cash Flow <sup>(1)</sup>	(\$22)	(\$162)
Gross Margin <sup>(1)</sup>	61.8%	60.1%
Adjusted EBITDA Margin <sup>(1)(2)</sup>	28.5%	23.5%
Net Income (Loss)	\$112	(\$78)
Basic Earnings Per Share	\$0.48	(\$0.36)
Diluted Earnings Per Share	\$0.47	(\$0.36)

(1) See schedule of non-GAAP metrics for definition and reconciliation to GAAP measures.

(2) In 2013, the company accrued 60 percent of its annual employee bonus compensation expense in the form of equity and 40 percent in cash, compared to 100 percent cash in 2014. The amount of the bonus accrued as equity based compensation in the first quarter of 2013 was \$15 million. Adjusted EBITDA and the resulting Adjusted EBITDA margin in the first quarter of 2013 have been adjusted on a pro forma basis to include the \$15 million to present the results on a consistent basis with the accrual of bonus compensation expense in 2014 as 100 percent cash.

## Revenue

Core Network Services (CNS) Revenue (\$ in millions)	First Quarter 2014	First Quarter 2013	Percent Change, Constant Currency
<b>North America</b>	<b>\$1,043</b>	<b>\$967</b>	<b>8%</b>
Wholesale	\$368	\$372	(1%)
Enterprise	\$675	\$595	14%
<b>EMEA</b>	<b>\$225</b>	<b>\$223</b>	<b>(3%)</b>
Wholesale	\$87	\$89	(6%)
Enterprise	\$138	\$134	(1%)

<b>Latin America</b>	<b>\$189</b>	<b>\$182</b>	<b>12%</b>
Wholesale	\$40	\$40	8%
Enterprise	\$149	\$142	13%
<b>Total CNS Revenue</b>	<b>\$1,457</b>	<b>\$1,372</b>	<b>7%</b>
Wholesale	\$495	\$501	(1%)
Enterprise	\$962	\$871	11%