

## GTEL HOLDINGS, INC. AND SUBSIDIARIES

### CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2014 AND 2013

<b>ASSETS</b>	<b>2014</b>	<b>2013</b>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 11,063,132	\$ 33,371,899
Accounts receivable—less allowance for doubtful accounts of \$7,572,309 and \$4,340,265 for 2014 and 2013, respectively	33,137,821	31,135,454
Prepaid expenses and other current assets	14,316,047	12,244,911
Prepaid license fees	1,132,642	1,140,975
Income tax receivable	4,723,959	-
Deferred tax asset	<u>12,374,917</u>	<u>7,688,946</u>
Total current assets	76,748,518	85,582,185
PROPERTY AND EQUIPMENT—Net	50,629,593	42,229,496
PREPAID LICENSE FEES	3,982,352	3,670,417
OTHER INTANGIBLE ASSETS—Net	579,342,401	609,457,262
GOODWILL	427,266,629	449,868,446
OTHER ASSETS	<u>10,193,207</u>	<u>13,692,854</u>
<b>TOTAL</b>	<u>\$1,148,162,700</u>	<u>\$1,204,500,660</u>

(Continued)

## GTEL HOLDINGS, INC. AND SUBSIDIARIES

### CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2014 AND 2013

	2014	2013
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Current portion of long-term debt	\$ 6,150,000	\$ 6,150,000
Accounts payable	15,295,193	11,758,684
Accrued liabilities	27,361,336	15,828,357
Commissions payable	30,086,582	30,628,738
Income tax payable		75,695
Deferred revenue	<u>16,276,141</u>	<u>14,107,649</u>
Total current liabilities	95,169,252	78,549,123
DEFERRED TAX LIABILITY	196,197,000	205,450,909
OTHER LONG TERM LIABILITY	5,125,208	-
LONG-TERM DEBT	<u>777,334,774</u>	<u>826,653,115</u>
Total liabilities	<u>1,073,826,234</u>	<u>1,110,653,147</u>
<b>COMMITMENTS AND CONTINGENCIES (Note 11)</b>		
<b>STOCKHOLDER'S EQUITY:</b>		
Common stock, \$0.01 par value—1,000 shares authorized, issued, and outstanding	100	100
Additional paid-in capital	94,873,862	93,773,849
(Accumulated deficit) retained earnings	<u>(20,537,496)</u>	<u>73,564</u>
Total stockholder's equity	<u>74,336,466</u>	<u>93,847,513</u>
<b>TOTAL</b>	<u>\$1,148,162,700</u>	<u>\$1,204,500,660</u>

See notes to consolidated financial statements.

(Concluded)

## GTEL HOLDINGS, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF OPERATIONS  
 FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
NET REVENUE	<u>\$ 570,778,464</u>	<u>\$ 564,662,032</u>
OPERATING EXPENSES:		
Cost of revenues—exclusive of depreciation and amortization expenses	317,976,418	331,303,057
General and administrative—exclusive of bad debt and billing arrangement and depreciation and amortization expenses	92,079,498	82,692,512
Bad debt and billing arrangement expenses	2,397,611	6,148,803
Depreciation and amortization expense	115,809,753	65,235,421
Loss on disposal of property and equipment	<u>1,308,463</u>	<u>880,302</u>
Total operating expenses	<u>529,571,743</u>	<u>486,260,095</u>
INCOME FROM OPERATIONS	<u>41,206,721</u>	<u>78,401,937</u>
INTEREST EXPENSE	<u>54,464,815</u>	<u>50,495,824</u>
OTHER INCOME (EXPENSES):		
Interest income	32,598	27,281
Transaction-related expenses	(2,403,273)	(418,243)
Loss on early extinguishment of debt		(18,162,472)
Sponsor fees	(2,076,319)	(2,083,256)
Other expense	<u>(297,962)</u>	<u>(37,900)</u>
Total other expenses	<u>(4,744,956)</u>	<u>(20,674,590)</u>
(LOSS) INCOME BEFORE TAXES	(18,003,050)	7,231,523
INCOME TAX EXPENSE	<u>2,608,010</u>	<u>6,227,006</u>
NET (LOSS) INCOME	<u>\$ (20,611,060)</u>	<u>\$ 1,004,517</u>

See notes to consolidated financial statements.

## GTEL HOLDINGS, INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Common Stock	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Total
BALANCE—December 31, 2012	\$ 100	\$ 382,873,849	\$ (930,953)	\$ 381,942,996
Stock-based compensation	-	900,000	-	900,000
Dividends paid	-	(290,000,000)	-	(290,000,000)
Net income	-	-	1,004,517	1,004,517
BALANCE—December 31, 2013	100	93,773,849	73,564	93,847,513
Stock-based compensation	-	1,100,013	-	1,100,013
Net loss	-	-	(20,611,060)	(20,611,060)
BALANCE—December 31, 2014	<u>\$ 100</u>	<u>\$ 94,873,862</u>	<u>\$ (20,537,496)</u>	<u>\$ 74,336,466</u>

See notes to consolidated financial statements.

## GTEL HOLDINGS, INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income	\$ (20,611,060)	\$ 1,004,517
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	115,809,753	65,235,421
Amortization of deferred financing costs	1,791,740	2,456,530
Amortization of discount on long term debt	1,419,159	1,486,564
Loss on debt extinguishment		18,162,472
Loss on disposal of property and equipment	1,308,463	880,302
Stock based compensation	1,100,013	900,000
Deferred income taxes	(13,492,211)	5,148,556
Changes in assets and liabilities, which provided cash:		
Accounts receivable	(93,812)	2,248,711
Prepaid expenses and other current assets	(1,887,433)	(196,116)
Prepaid license fees	(2,000,000)	(3,627,036)
Income tax receivable (payable)	(4,799,654)	622,708
Other assets	1,771,298	(663,182)
Accounts payable	2,637,114	(1,989,721)
Accrued liabilities	7,254,973	(1,998,762)
Commissions payable	(695,678)	1,262,557
Deferred revenue	1,306,734	1,826,853
Net cash provided by operating activities	<u>90,819,399</u>	<u>92,760,374</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(23,601,819)	(29,500,758)
Internal software development costs	(3,072,626)	(3,731,874)
Cash paid for acquisitions - net of cash acquired	(32,408,478)	-
Purchases of other intangible assets	(3,307,743)	(111,571)
Net cash used in investing activities	<u>(62,390,666)</u>	<u>(33,344,203)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Deferred financing costs	-	(19,070,993)
Proceeds from issuance of long-term debt	-	845,000,000
Repayment of long-term debt	(50,737,500)	(573,075,000)
Payment of dividends	-	(290,000,000)
Net cash used in financing activities	<u>(50,737,500)</u>	<u>(37,145,993)</u>

(Continued)

## GTEL HOLDINGS, INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
NET (DECREASE) INCREASE IN CASH	\$ (22,308,767)	\$ 22,270,178
CASH:		
Beginning of year	<u>33,371,899</u>	<u>11,101,721</u>
End of year	<u>\$ 11,063,132</u>	<u>\$ 33,371,899</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 51,328,213</u>	<u>\$ 45,011,188</u>
Cash paid for taxes	<u>\$ 27,209,106</u>	<u>\$ 56,958</u>

See notes to consolidated financial statements.

(Concluded)