

Global Crossing (UK) Telecommunications Limited and Subsidiaries
Consolidated Balance Sheets
Results below are in pounds sterling in thousands.

Table 1

	December 31, 2008	December 31, 2007
	(unaudited)	
Non-current assets		
Intangible assets, net	£ 11,955	£ 13,351
Property, plant and equipment, net	179,544	185,719
Investment in associate	178	200
Retirement benefit asset	1,020	961
Trade and other receivables	37,006	28,511
	<u>229,703</u>	<u>228,742</u>
Current assets		
Trade and other receivables	56,276	66,237
Derivative financial instrument	2,787	-
Cash and cash equivalents	36,100	23,954
	<u>95,163</u>	<u>90,191</u>
Total assets	<u>£ 324,866</u>	<u>£ 318,933</u>
Current liabilities		
Trade and other payables	£ (81,909)	£ (65,619)
Senior secured notes	(7,382)	(1,158)
Deferred revenue	(38,751)	(47,126)
Provisions	(1,590)	(2,137)
Obligations under finance leases	(10,182)	(11,945)
Other debt obligations	(740)	(463)
Derivative financial instrument	-	(1,048)
	<u>(140,554)</u>	<u>(129,496)</u>
Non-current liabilities		
Trade and other payables	(335)	(650)
Senior secured notes	(279,546)	(247,788)
Deferred revenue	(100,694)	(106,961)
Retirement benefit obligation	(2,880)	(3,110)
Provisions	(3,786)	(4,160)
Obligations under finance leases	(14,043)	(20,242)
Other debt obligations	(240)	(430)
Derivative financial instrument	-	(1,048)
	<u>(401,524)</u>	<u>(384,389)</u>
Total liabilities	<u>(542,078)</u>	<u>(513,885)</u>
Net liabilities	<u>£ (217,212)</u>	<u>£ (194,952)</u>
Capital and reserves		
Equity share capital	£ 101	£ 101
Capital reserve	30,504	27,648
Hedging reserve	2,694	(2,035)
Accumulated deficit	(250,511)	(220,666)
Total equity	<u>£ (217,212)</u>	<u>£ (194,952)</u>

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Global Crossing (UK) Telecommunications Limited and Subsidiaries
Consolidated Statements of Operations

Table 2

Results below are in pounds sterling in thousands.

IFRS in IFRS Reporting Format	Three months ended		Year ended	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	£ 81,647	£ 76,063	£ 322,832	£ 296,620
Cost of sales	(51,435)	(45,157)	(200,487)	(177,665)
Gross profit	30,212	30,906	122,345	118,955
Distribution costs	(4,723)	(4,232)	(18,361)	(15,710)
Administrative expenses	(22,694)	(14,969)	(75,037)	(69,468)
Operating profit	2,795	11,705	28,947	33,777
Finance revenue	8,233	1,608	14,056	4,527
Finance charges	(36,140)	(10,303)	(72,416)	(33,548)
(Loss)/profit before tax	(25,112)	3,010	(29,413)	4,756
Tax charge	(142)	(4,646)	(432)	(6,297)
Loss for the period	£ (25,254)	£ (1,636)	£ (29,845)	£ (1,541)

IFRS in U.S. Reporting Format	Three months ended		Year ended	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
REVENUES	£ 81,647	£ 76,063	£ 322,832	£ 296,620
Cost of revenue (excluding depreciation and amortization shown separately below)				
Cost of access	(26,058)	(22,727)	(101,092)	(87,973)
Real estate, network and operations	(11,568)	(10,322)	(49,409)	(48,196)
Third party maintenance	(3,681)	(4,121)	(16,577)	(17,923)
Cost of equipment sales	(9,954)	(7,900)	(36,866)	(30,416)
Total cost of revenue	(51,261)	(45,070)	(203,944)	(184,508)
Selling, general and administrative	(14,143)	(8,424)	(42,937)	(35,983)
Depreciation and amortization	(11,393)	(10,877)	(44,699)	(42,161)
Total operating expenses	(76,797)	(64,371)	(291,580)	(262,652)
OPERATING INCOME	4,850	11,692	31,252	33,968
OTHER INCOME (EXPENSE)				
Interest expense, net	(7,201)	(7,439)	(29,986)	(30,192)
Other income (expense), net	(22,761)	(1,243)	(30,679)	980
LOSS INCOME BEFORE PROVISION FOR INCOME TAXES	(25,112)	3,010	(29,413)	4,756
Provision for income taxes	(142)	(4,646)	(432)	(6,297)
NET LOSS	£ (25,254)	£ (1,636)	£ (29,845)	£ (1,541)

Note: The classification differences between reporting under IFRS and U.S. GAAP are as follows:

Cost of sales:

Under IFRS reporting format, the company includes cost of access, third party maintenance, customer-specific costs and depreciation on network assets within cost of sales.

Cost of revenue:

Under U.S. GAAP reporting format, the company includes cost of access, real estate, network and operations, third party maintenance and cost of equipment sales within cost of revenue.

Foreign currency gains and losses:

Under IFRS reporting format, the company includes foreign currency gains and losses within operating profit, except for those related to the senior secured notes, which are included in finance charges, and those related to loans to related parties, which are included in finance revenue. Under U.S. GAAP reporting format, all foreign exchange gains and losses are included in other income (expense), net.

Global Crossing (UK) Telecommunications Limited and Subsidiaries
Consolidated Cash Flow Statements
Results below are in pounds sterling in thousands.

Table 3

	For the year ended	
	December 31, 2008 (unaudited)	December 31, 2007
Operating activities		
Loss for the period	£ (29,845)	£ (1,541)
Adjustments for:		
Finance costs, net	58,360	29,021
Income tax	432	6,297
Depreciation of property, plant and equipment	35,466	34,491
Amortization of intangible assets	2,201	2,883
Share based payment expense	2,856	2,280
Loss on disposal of property, plant and equipment	(11)	306
Equity pick up in associate	22	(37)
Change in provisions	(1,181)	(2,468)
Change in operating working capital	10,193	(21,302)
Change in other assets and liabilities	(4,562)	(1,934)
Cash generated from operations	73,931	47,996
Interest paid	(33,062)	(33,543)
Net cash provided by operating activities	£ 40,869	£ 14,453
Investing activities		
Interest received	£ 4,438	£ 4,651
Proceeds from disposal of property, plant and equipment	12	-
Purchase of property, plant and equipment	(21,860)	(32,531)
Net cash used in investing activities	£ (17,410)	£ (27,880)
Financing activities		
Loans provided to group companies	£ -	£ (2,500)
Loans repaid by group companies	-	6,100
Repayment of Senior Secured notes	(1,158)	-
Proceeds from new finance leases	-	2,020
Repayments of capital elements under finance leases	(10,108)	(9,073)
Proceeds from debt obligations	474	774
Repayment of capital element of other debt obligations	(521)	(249)
Net cash used in financing activities	£ (11,313)	£ (2,928)
Net increase (decrease) in cash and cash equivalents	12,146	(16,355)
Cash and cash equivalents at beginning of period	23,954	40,309
Cash and cash equivalents at end of period	£ 36,100	£ 23,954
Non-cash investing activities:		
Capital lease and debt obligations incurred	£ 4,917	£ 10,994

Global Crossing (UK) Telecommunications Limited and Subsidiaries
Summary of Consolidated Revenues
 Results below are in pounds sterling in thousands.

Table 4

	Three months ended		Year ended	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
	(unaudited)	(unaudited)	(unaudited)	
Revenues:				
Enterprise and carrier data	£ 79,674	£ 74,797	£ 316,222	£ 291,072
Wholesale voice	1,848	1,141	6,110	5,048
	81,522	75,938	322,332	296,120
Global Crossing group companies	125	125	500	500
Consolidated revenues	£ 81,647	£ 76,063	£ 322,832	£ 296,620

Global Crossing (UK) Telecommunications Limited and Subsidiaries
Reconciliation of Adjusted IFRS EBITDA to Loss for the Period (unaudited)
Results below are in pounds sterling in thousands.

Table 5

	Three months ended		Year ended	
	December 31, 2008 (unaudited)	December 31, 2007 (unaudited)	December 31, 2008 (unaudited)	December 31, 2007 (unaudited)
Adjusted IFRS EBITDA	£ 13,253	£ 22,424	£ 76,502	£ 78,218
Non-cash stock compensation	935	158	(2,856)	(2,280)
Depreciation and amortization	(11,393)	(10,877)	(44,699)	(42,161)
Finance revenue	8,233	1,608	14,056	4,527
Finance costs	(36,140)	(10,303)	(72,416)	(33,548)
Taxation	(142)	(4,646)	(432)	(6,297)
Loss for period	<u>£ (25,254)</u>	<u>£ (1,636)</u>	<u>£ (29,845)</u>	<u>£ (1,541)</u>

Consistent with the SEC's Regulation G, the foregoing table provides a reconciliation of Adjusted IFRS EBITDA, which is considered a non-GAAP financial metric, to loss for the period, which is the most directly comparable IFRS measure. Management believes that Adjusted IFRS EBITDA is a relevant indicator of operating performance, especially in a capital-intensive industry such as telecommunications. Adjusted IFRS EBITDA is an important aspect of the company's internal reporting and is also used by the investment community in assessing financial performance. This non-GAAP measure should be used in addition to, but not as a substitute for, the analysis provided in the consolidated statement of operations.

Definition:

Adjusted IFRS EBITDA consists of loss for the period before non-cash stock compensation, depreciation and amortization expense recorded to cost of sales and administrative expenses, finance revenue, finance costs and taxation.

Global Crossing (UK) Telecommunications Limited and Subsidiaries
Reconciliation of Adjusted Gross Margin to Gross Profit (unaudited)
Results below are in pounds sterling in thousands.

Table 6

	Three months ended		Year ended	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Adjusted Gross Margin	£ 55,589	£ 53,336	£ 221,740	£ 208,647
Less:				
Customer-specific costs	(11,061)	(8,426)	(41,464)	(33,880)
Third-party maintenance	(3,681)	(4,121)	(16,577)	(17,923)
Depreciation & amortization (included within cost of sales)	(10,635)	(9,883)	(41,354)	(37,889)
Gross Profit (IFRS)	£ 30,212	£ 30,906	£ 122,345	£ 118,955

Consistent with the SEC's Regulation G, the foregoing table provides a reconciliation of Adjusted Gross Margin, which is considered a non-GAAP financial metric, to gross profit, which is the most directly comparable IFRS measure. Management believe that Adjusted Gross Margin is a relevant indicator of operating performance since it links revenue lines with the largest and most directly related costs incurred to generate such revenue. Adjusted Gross Margin should be used in addition to, but not as a substitute for, the analysis provided in the consolidated statement of operations and to provide comparability to the parent company's financial presentations, which include this metric.

Definitions:

Adjusted Gross Margin is revenue minus cost of access.

Gross profit is revenue minus cost of access, customer-specific costs, third-party maintenance and depreciation and amortization recorded to cost of sales.