

West Corporation
Reconciliation of Non-GAAP Financial Measures

Adjusted Operating Income Reconciliation

Adjusted operating income is not a measure of financial performance under generally accepted accounting principles ("GAAP"). The Company believes adjusted operating income provides a relevant measure of operating profitability and a useful basis for evaluating the ongoing operations of the Company. Adjusted operating income is used by the Company to assess operating income before the impact of IPO-related expenses, expenses terminated in connection with the IPO, M&A and acquisition-related costs and certain non-cash items. Adjusted operating income should not be considered in isolation or as a substitute for operating income or other profitability data prepared in accordance with GAAP. Adjusted operating income, as presented, may not be comparable to similarly titled measures of other companies. Set forth below is a reconciliation of adjusted operating income to operating income.

Reconciliation of Adjusted Operating Income from Operating Income			
<i>Unaudited, in thousands</i>			
	Three Months Ended September 30,		
	2014	2013	% Change
Operating income	\$ 120,950	\$ 123,426	-2.0%
Amortization of acquired intangible assets	18,312	13,929	
Share-based compensation	3,975	3,104	
M&A and acquisition related costs	1,484	187	
Adjusted operating income	<u>\$ 144,721</u>	<u>\$ 140,646</u>	<u>2.9%</u>
	Nine Months Ended September 30,		
	2014	2013	% Change
Operating income	\$ 364,721	\$ 351,454	3.8%
Amortization of acquired intangible assets	44,487	41,835	
Share-based compensation	10,179	8,154	
Sponsor management/termination fee	-	25,000	
IPO bonus	-	2,975	
M&A and acquisition related costs	3,206	938	
Adjusted operating income	<u>\$ 422,593</u>	<u>\$ 430,356</u>	<u>-1.8%</u>

Adjusted Net Income and Adjusted Earnings per Share Reconciliation

Adjusted net income and adjusted earnings per share (EPS) are non-GAAP measures. The Company believes these measures provide a useful indication of profitability and basis for assessing the operations of the Company without the impact of IPO-related expenses, expenses terminated in connection with the IPO, bond redemption premiums, M&A and acquisition related costs and certain non-cash items.

Adjusted net income should not be considered in isolation or as a substitute for net income or other profitability metrics prepared in accordance with GAAP. Adjusted net income, as presented, may not be comparable to similarly titled measures of other companies.

Set forth below is a reconciliation of adjusted net income to net income.

Reconciliation of Adjusted Net Income from Net Income			
<i>Unaudited, in thousands except per share</i>			
	Three Months Ended September 30,		
	2014	2013	% Change
Net income	\$ 16,110	\$ 46,148	-65.1%
Amortization of acquired intangible assets	18,312	13,929	
Amortization of deferred financing costs	5,206	4,532	
Accelerated amortization of deferred financing costs	7,748	-	
Share-based compensation	3,975	3,104	
Debt call premiums	43,987	-	
M&A and acquisition related costs	1,484	187	
Pre-tax total	80,712	21,752	
Income tax expense on adjustments	26,304	8,156	
Adjusted net income	<u>\$ 70,518</u>	<u>\$ 59,744</u>	<u>18.0%</u>
Diluted shares outstanding	85,611	85,042	
Adjusted EPS - diluted	\$ 0.82	\$ 0.70	17.1%
	Nine Months Ended September 30,		
	2014	2013	% Change
Net income	\$ 110,147	\$ 92,871	18.6%
Amortization of acquired intangible assets	44,487	41,835	
Amortization of deferred financing costs	14,960	13,710	
Accelerated amortization of deferred financing costs	7,748	6,603	
Share-based compensation	10,179	8,154	
Sponsor management/termination fee	-	25,000	
IPO bonus	-	2,975	
Debt call premiums	43,987	16,502	
M&A and acquisition related costs	3,206	938	
Pre-tax total	124,567	115,717	
Income tax expense on adjustments	45,467	43,394	
Adjusted net income	<u>\$ 189,247</u>	<u>\$ 165,194</u>	<u>14.6%</u>
Diluted shares outstanding	85,400	78,720	
Adjusted EPS - diluted	\$ 2.22	\$ 2.10	5.7%

Free Cash Flow Reconciliation

The Company believes free cash flow provides a relevant measure of liquidity and a useful basis for assessing the Company's ability to fund its activities, including the financing of acquisitions, debt service, stock repurchases and distribution of earnings to shareholders. Free cash flow is calculated as cash flows from operations less cash capital expenditures. Free cash flow is not a measure of financial performance under GAAP. Free cash flow should not be considered in isolation or as a substitute for cash flows from operations or other liquidity measures prepared in accordance with GAAP. Free cash flow, as presented, may not be comparable to similarly titled measures of other companies. Set forth below is a reconciliation of free cash flow to cash flows from operations.

Reconciliation of Free Cash Flow from Operating Cash Flow			
<i>Unaudited, in thousands</i>			
	Three Months Ended September 30,		
	2014	2013	% Change
Cash flows from operations	\$ 128,422	\$ 83,065	54.6%
Cash capital expenditures	38,248	28,453	34.4%
Free cash flow	<u>\$ 90,174</u>	<u>\$ 54,612</u>	<u>65.1%</u>
	Nine Months Ended September 30,		
	2014	2013	% Change
Cash flows from operations	\$ 330,250	\$ 276,729	19.3%
Cash capital expenditures	113,682	87,980	29.2%
Free cash flow	<u>\$ 216,568</u>	<u>\$ 188,749</u>	<u>14.7%</u>

EBITDA and Adjusted EBITDA Reconciliation

The common definition of EBITDA is "earnings before interest expense, taxes, depreciation and amortization." In evaluating liquidity and performance, the Company uses earnings before interest expense, share based compensation, taxes, depreciation and amortization, M&A and acquisition-related costs and one-time IPO-related expenses, or "adjusted EBITDA." EBITDA and adjusted EBITDA are not measures of financial performance or liquidity under GAAP. EBITDA and adjusted EBITDA should not be considered in isolation or as a substitute for net income, cash flows from operations or other income or cash flows data prepared in accordance with GAAP. EBITDA and adjusted EBITDA, as presented, may not be comparable to similarly titled measures of other companies. EBITDA and adjusted EBITDA are used by certain investors as measures to assess the Company's ability to service debt. Adjusted EBITDA is also used in the Company's debt covenants, although the precise adjustments used to calculate adjusted EBITDA included in the Company's credit facility and indentures vary in certain respects among such agreements and from those presented below. Certain adjustments to adjusted EBITDA were excluded from the calculations below consistent with the adjustments made for adjusted operating income and adjusted net income. Set forth below is a reconciliation of EBITDA and adjusted EBITDA to cash flows from operations and net income.

Reconciliation of EBITDA and Adjusted EBITDA from Operating Cash Flow

<i>Unaudited, in thousands</i>	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2014	2013	2014	2013
	Cash flows from operating activities	\$ 128,422	\$ 83,065	\$ 330,250
Income tax expense	7,789	27,690	63,313	55,723
Deferred income tax benefit (expense)	15,078	5,339	24,627	(3,668)
Interest expense and other financing charges	99,644	51,850	197,579	205,792
Provision for share-based compensation	(3,975)	(3,104)	(10,179)	(8,154)
Amortization of deferred financing costs	(5,206)	(4,532)	(14,960)	(13,710)
Accelerated amortization of deferred financing costs	(7,748)	-	(7,748)	(6,603)
Other	(3)	(55)	(9)	(93)
Changes in operating assets and liabilities, net of business acquisitions	(57,594)	11,234	(67,860)	(17,052)
EBITDA	176,407	171,487	515,013	488,964
Provision for share-based compensation	3,975	3,104	10,179	8,154
Sponsor management/termination fee	-	-	-	25,000
IPO bonus	-	-	-	2,975
M&A and acquisition related costs	1,484	187	3,206	938
Adjusted EBITDA	\$ 181,866	\$ 174,778	\$ 528,398	\$ 526,031

Reconciliation of EBITDA and Adjusted EBITDA from Net Income

<i>Unaudited, in thousands</i>	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2014	2013	2014	2013
	Net income	\$ 16,110	\$ 46,148	\$ 110,147
Interest expense and other financing charges	99,644	51,850	197,579	205,792
Depreciation and amortization	52,864	45,799	143,974	134,578
Income tax expense	7,789	27,690	63,313	55,723
EBITDA	176,407	171,487	515,013	488,964
Provision for share-based compensation	3,975	3,104	10,179	8,154
Sponsor management/termination fee	-	-	-	25,000
IPO bonus	-	-	-	2,975
M&A and acquisition related costs	1,484	187	3,206	938
Adjusted EBITDA	\$ 181,866	\$ 174,778	\$ 528,398	\$ 526,031

<i>Unaudited, in thousands</i>	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2014	2013	2014	2013
	Cash flows from operating activities	\$ 128,422	\$ 83,065	\$ 330,250
Cash flows used in investing activities	\$ (82,903)	\$ (28,157)	\$ (501,132)	\$ (89,159)
Cash flows from (used in) financing activities	\$ (33,882)	\$ (60,469)	\$ 110,855	\$ (154,162)