

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2012 This Form is Open to Public Inspection
---	---	---

Part I	Annual Report Identification Information
For calendar plan year 2012 or fiscal plan year beginning <u>01/01/2012</u> and ending <u>12/31/2012</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information				
1a Name of plan <u>MASERGY COMMUNICATIONS, INC. 401(K) PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>001</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>01/01/2001</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>001</u>	1c Effective date of plan <u>01/01/2001</u>	
1b Three-digit plan number (PN) ▶	<u>001</u>				
1c Effective date of plan <u>01/01/2001</u>					
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) <u>MASERGY COMMUNICATIONS, INC.</u> <u>2740 NORTH DALLAS PARKWAY</u> <u>SUITE 260</u> <u>PLANO, TX 75093</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>75-2899198</u></td> </tr> <tr> <td>2c Sponsor's telephone number <u>214-442-5673</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>517000</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>75-2899198</u>	2c Sponsor's telephone number <u>214-442-5673</u>	2d Business code (see instructions) <u>517000</u>	
2b Employer Identification Number (EIN) <u>75-2899198</u>					
2c Sponsor's telephone number <u>214-442-5673</u>					
2d Business code (see instructions) <u>517000</u>					

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature. Signature of plan administrator	10/15/2013 Date	GARRY GAY Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature. Signature of employer/plan sponsor	10/15/2013 Date	GARRY GAY Enter name of individual signing as employer or plan sponsor
SIGN HERE	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)			Preparer's telephone number (optional)

3a Plan administrator's name and address ☐ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address MASERGY COMMUNICATIONS, INC. 2740 NORTH DALLAS PARKWAY SUITE 260 PLANO, TX 75093		3b Administrator's EIN 75-2899198 3c Administrator's telephone number 214-442-5673
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name		4b EIN 4c PN
5 Total number of participants at the beginning of the plan year		5 189
6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	174
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits.....	6c	30
d Subtotal. Add lines 6a , 6b , and 6c	6d	204
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	204
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	191
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	8
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)		7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2F 2G 2J 2K 3D 2T 2S		
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:		
9a Plan funding arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)		
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☒ <u>1</u> A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☐ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

SCHEDULE A (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Insurance Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500. ► Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).	OMB No. 1210-0110 2012 This Form is Open to Public Inspection
--	---	---

For calendar plan year 2012 or fiscal plan year beginning **01/01/2012** and ending **12/31/2012**

A Name of plan MASERGY COMMUNICATIONS, INC. 401(K) PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 MASERGY COMMUNICATIONS, INC.	D Employer Identification Number (EIN) 75-2899198	

Part I	Information Concerning Insurance Contract Coverage, Fees, and Commissions Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.
---------------	---

1 Coverage Information:

(a) Name of insurance carrier

PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
06-1050034	93629	40393	204	01/01/2012	12/31/2012

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	(b) Total amount of fees paid
0	1662

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

LOCKTON FINANCIAL ADVISORS, LLC
444 WEST 47TH ST. SUITE 900
KANSAS CITY, MO 64112

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	
	1662	SERVICES TO INSURER OR PLAN	4

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4 Current value of plan's interest under this contract in the general account at year end **4** 1066698**5** Current value of plan's interest under this contract in separate accounts at year end **5****6** Contracts With Allocated Funds:**a** State the basis of premium rates ▶**b** Premiums paid to carrier **6b****c** Premiums due but unpaid at the end of the year **6c****d** If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. **6d**

Specify nature of costs ▶

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity(3) ☐ other (specify) ▶**f** If contract purchased, in whole or in part, to distribute benefits from a terminating plan check here ▶ ☐**7** Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)**a** Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee
(3) ☐ guaranteed investment (4) ☒ other ▶ GUARANTEED GENERAL ACCOUNT CONTRACT**b** Balance at the end of the previous year **7b** 860441**c** Additions: (1) Contributions deposited during the year **7c(1)** 231047(2) Dividends and credits **7c(2)**(3) Interest credited during the year **7c(3)** 21639(4) Transferred from separate account **7c(4)**(5) Other (specify below) **7c(5)** 116385

▶ LOAN REPAYMENTS, TRANSFERS IN MISCELLANEOUS IN FORFEITURE CREDITS

(6) Total additions **7c(6)** 369071**d** Total of balance and additions (add lines **7b** and **7c(6)**). **7d** 1229512**e** Deductions:(1) Disbursed from fund to pay benefits or purchase annuities during year **7e(1)** 103621(2) Administration charge made by carrier **7e(2)** 189(3) Transferred to separate account **7e(3)**(4) Other (specify below) **7e(4)** 59004

▶ LOAN INITIATIONS, TRANSFERS OUT MISCELLANEOUS OUT FORFEITURE DEBITS

(5) Total deductions **7e(5)** 162814**f** Balance at the end of the current year (subtract line **7e(5)** from line **7d**). **7f** 1066698

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
 b ☐ Dental
 c ☐ Vision
 d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
 f ☐ Long-term disability
 g ☐ Supplemental unemployment
 h ☐ Prescription drug
i ☐ Stop loss (large deductible)
 j ☐ HMO contract
 k ☐ PPO contract
 l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received.....	9a(1)		
(2) Increase (decrease) in amount due but unpaid.....	9a(2)		
(3) Increase (decrease) in unearned premium reserve.....	9a(3)		
(4) Earned ((1) + (2) - (3)).....		9a(4)	
b Benefit charges (1) Claims paid.....	9b(1)		
(2) Increase (decrease) in claim reserves.....	9b(2)		
(3) Incurred claims (add (1) and (2)).....		9b(3)	
(4) Claims charged.....		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions.....	9c(1)(A)		
(B) Administrative service or other fees.....	9c(1)(B)		
(C) Other specific acquisition costs.....	9c(1)(C)		
(D) Other expenses.....	9c(1)(D)		
(E) Taxes.....	9c(1)(E)		
(F) Charges for risks or other contingencies.....	9c(1)(F)		
(G) Other retention charges.....	9c(1)(G)		
(H) Total retention.....		9c(1)(H)	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.).....		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement.....		9d(1)	
(2) Claim reserves.....		9d(2)	
(3) Other reserves.....		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in line 9c(2).).....		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier.....	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount.....	10b	

Specify nature of costs ▶

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2012
		This Form is Open to Public Inspection.

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan MASERGY COMMUNICATIONS, INC. 401(K) PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 MASERGY COMMUNICATIONS, INC.	D Employer Identification Number (EIN) 75-2899198	

Part I	Service Provider Information (see instructions)
---------------	--

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No
- b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
PRUDENTIAL RETIREMENT INSURANCE AND

06-1050034

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

LOCKTON FINANCIAL ADVISORS LLC

20-3247391

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
33 71	NONE	0	Yes ☒ No ☐	Yes ☐ No ☒	14420	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

PRUDENTIAL RETIREMENT INSURANCE AND

06-1050034

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
13 15 37 50 64	NONE	2820	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

THE PRUDENTIAL INSURANCE COMPANY OF

22-1211670

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
72	NONE	0	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
PRUDENTIAL RETIREMENT INSURANCE AND	15 64	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
PRUDENTIAL RETIREMENT INSURANCE AND 06-1050034	50.000 BPS AND \$0.00 PER PARTICIPANT INVESTED IN THE FUND FROM 1/1/2012 TO 12/31/2012 GUARANTEED INCOME FUND	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
THE PRUDENTIAL INSURANCE COMPANY OF	61 72	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
PRUDENTIAL INVESTMENTS, LLC 22-3468527	27.000 BPS AND \$0.00 PER PARTICIPANT INVESTED IN THE FUND FROM 1/1/2012 TO 12/31/2012 PRU JENN MD CP GRW A	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
THE PRUDENTIAL INSURANCE COMPANY OF	61 72	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
PRUDENTIAL INVESTMENTS, LLC 22-3468527	27.000 BPS AND \$0.00 PER PARTICIPANT INVESTED IN THE FUND FROM 1/1/2012 TO 12/31/2012 PRU JENN MID-CAP GRW Z	

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
THE PRUDENTIAL INSURANCE COMPANY OF	61 72	0

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
PRUDENTIAL INVESTMENTS, LLC 22-3468527	27.000 BPS AND \$0.00 PER PARTICIPANT INVESTED IN THE FUND FROM 1/1/2012 TO 12/31/2012 PRU JENN NAT RESOURCES A

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
THE PRUDENTIAL INSURANCE COMPANY OF	61 72	0

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
PRUDENTIAL INVESTMENTS, LLC 22-3468527	27.000 BPS AND \$0.00 PER PARTICIPANT INVESTED IN THE FUND FROM 1/1/2012 TO 12/31/2012 PRU JENN NAT RESOURCES R

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
THE PRUDENTIAL INSURANCE COMPANY OF	61 72	0

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
PRUDENTIAL INVESTMENTS, LLC 22-3468527	27.000 BPS AND \$0.00 PER PARTICIPANT INVESTED IN THE FUND FROM 1/1/2012 TO 12/31/2012 PRU JENN SMALL COMPANY A

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2012 This Form is Open to Public Inspection
For calendar plan year 2012 or fiscal plan year beginning <u>01/01/2012</u> and ending <u>12/31/2012</u>		
A Name of plan <u>MASERGY COMMUNICATIONS, INC. 401(K) PLAN</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>MASERGY COMMUNICATIONS, INC.</u>	D Employer Identification Number (EIN) <u>75-2899198</u>	

Part I	Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
1	Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
	Assets			
a	Total noninterest-bearing cash	1a		
b	Receivables (less allowance for doubtful accounts):			
	(1) Employer contributions	1b(1)		
	(2) Participant contributions	1b(2)		
	(3) Other.....	1b(3)		
c	General investments:			
	(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
	(2) U.S. Government securities.....	1c(2)		
	(3) Corporate debt instruments (other than employer securities):			
	(A) Preferred	1c(3)(A)		
	(B) All other.....	1c(3)(B)		
	(4) Corporate stocks (other than employer securities):			
	(A) Preferred	1c(4)(A)		
	(B) Common	1c(4)(B)		
	(5) Partnership/joint venture interests	1c(5)		
	(6) Real estate (other than employer real property)	1c(6)		
	(7) Loans (other than to participants)	1c(7)		
	(8) Participant loans	1c(8)	128338	194262
	(9) Value of interest in common/collective trusts.....	1c(9)		
	(10) Value of interest in pooled separate accounts.....	1c(10)		
	(11) Value of interest in master trust investment accounts	1c(11)		
	(12) Value of interest in 103-12 investment entities	1c(12)		
	(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	6624563	9155908
	(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)	860441	1066698
	(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	7613342	10416868

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	7613342	10416868
---	-----------	---------	----------

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	371249	
(B) Participants	2a(1)(B)	1315417	
(C) Others (including rollovers)	2a(1)(C)	389387	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		2076053

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	6715	
(F) Other	2b(1)(F)	21639	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		28354

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	139274	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		139274

(3) Rents	2b(3)		
-----------------	--------------	--	--

(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		958186
c Other income.....	2c		3
d Total income. Add all income amounts in column (b) and enter total.....	2d		3201870

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	395485	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		395485
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	2859	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		2859
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		398344

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		2803526
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: PERKINS, DEXTER, SINOPOLI & HAMM

(2) EIN: 75-1969466

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....

	Yes	No	Amount
4a		X	
4b		X	

	Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)		X	
e Was this plan covered by a fidelity bond?	X		500000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
 If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☐ Yes ☒ No Amount:

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

5b(2) EIN(s)	5b(3) PN(s)

Part V Trust Information (optional)

6a Name of trust

6b Trust's EIN

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation		Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.		OMB No. 1210-0110 2012 This Form is Open to Public Inspection.	
For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012					
A Name of plan MASERGY COMMUNICATIONS, INC. 401(K) PLAN				B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 MASERGY COMMUNICATIONS, INC.				D Employer Identification Number (EIN) 75-2899198	
Part I Distributions					
All references to distributions relate only to payments of benefits during the plan year.					
1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....				1	0
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 22-1211670					
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.					
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....				3	
Part II Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)					
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?..... ☐ Yes ☐ No ☐ N/A					
If the plan is a defined benefit plan, go to line 8.					
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____					
If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.					
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)				6a	
b Enter the amount contributed by the employer to the plan for this plan year				6b	
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....				6c	
If you completed line 6c, skip lines 8 and 9.					
7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ☐ Yes ☐ No ☐ N/A					
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?..... ☐ Yes ☐ No ☐ N/A					
Part III Amendments					
9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box..... ☐ Increase ☐ Decrease ☐ Both ☐ No					
Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.					
10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?..... ☐ Yes ☐ No					
11 a Does the ESOP hold any preferred stock? ☐ Yes ☐ No					
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)..... ☐ Yes ☐ No					
12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ☐ Yes ☐ No					
For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.				Schedule R (Form 5500) 2012 v. 120126	

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE
DECEMBER 31, 2012 AND 2011 AND YEAR ENDED DECEMBER 31, 2012
WITH INDEPENDENT AUDITORS' REPORT



Certified Public Accountants and Consultants

Independent Auditors' Report

To the Administrative Committee
Masergy Communications, Inc. 401(k) Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Masergy Communications, Inc. 401(k) Plan, which comprise the statements of net assets available for benefits - modified cash basis as of December 31, 2012 and 2011, and the related statement of changes in net assets available for benefits - modified cash basis for the year ended December 31, 2012, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Prudential Bank & Trust, FSB, the trustee and a custodian of the Plan and Prudential Retirement Insurance and Annuity Company, a custodian of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the Plan administrator that the trustee and custodians hold the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from the trustee and custodians as of December 31, 2012 and 2011 and for the year ended December 31, 2012, that the information provided to the Plan administrator by the trustee and custodians is complete and accurate.

Basis of Accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

We were engaged for the purpose of forming an opinion on the financial statements as a whole. The supplemental Schedule H, Line 4i, Schedule of Assets (Held At End of Year) – Modified Cash Basis, which is the responsibility of Plan management, is presented for the purpose of additional analysis and is not a required part of the financial statements but is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, it is inappropriate to and we do not express an opinion on the supplemental schedule referred to above.

Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee and custodians, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.



Perkins, Dexter, Sinopoli & Hamm, P.C.
Certified Public Accountant

Richardson, Texas
October 11, 2013

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS –
MODIFIED CASH BASIS
December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS:		
Investments, at fair value	\$ 10,222,606	\$ 7,485,004
Notes receivable from participants	<u>194,262</u>	<u>128,338</u>
Net assets available for benefits	<u>\$ 10,416,868</u>	<u>\$ 7,613,342</u>

See accompanying notes to financial statements.

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS –
MODIFIED CASH BASIS
Year Ended December 31, 2012

ADDITIONS:

Net investment income:	
Net appreciation in fair value of investments	\$ 958,186
Interest and dividends	<u>160,913</u>
	<u>1,119,099</u>

Interest income on notes receivable from participants	6,715
---	-------

Contributions:

Participants	1,315,417
Employer	371,250
Rollover	<u>389,387</u>
	<u>2,076,054</u>

Total additions	3,201,868
-----------------	-----------

DEDUCTIONS:

Benefit payments	395,485
Administration expenses	<u>2,857</u>

Total deductions	<u>398,342</u>
------------------	----------------

Net increase	2,803,526
--------------	-----------

Net assets available for benefits:

Beginning of year	<u>7,613,342</u>
End of year	<u><u>\$10,416,868</u></u>

See accompanying notes to financial statements.

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 – DESCRIPTION OF PLAN

The following description of the Masergy Communications, Inc. 401(k) Plan (the “Plan”) is provided for general information purposes only. Participants should refer to the original Plan document for complete information regarding the Plan’s provisions.

General

The Plan is a defined contribution plan established under the provisions of Section 401(a) of the Internal Revenue Code (“IRC”), which includes a qualified cash or deferred arrangement as described in Section 401(k) of the IRC, for the benefit of eligible employees of Masergy Communications, Inc. (the “Company”). All employees, age 20 or older, of the Company are eligible to participate in the Plan on the first day of the month following 30 days of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”), as amended.

Plan Administration

The Administrative Committee, appointed by the board of directors of the Company, serves as administrator of the Plan. Prudential Bank & Trust, FSB, serves as trustee and a custodian of the Plan and Prudential Retirement Insurance and Annuity Company serves as a custodian of the Plan, collectively (“Prudential”).

Contributions

Each year, a participant may contribute up to 75% of pretax annual compensation, as defined by the Plan. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Eligible participants will automatically defer 3% of their compensation, unless they elect otherwise. Participants may also rollover amounts representing distributions from other qualified plans. Participants may direct their contributions and Company matching contributions and Company nonelective contributions into any of the investment fund options offered by the Plan. The Company matches 40% of participant contributions up to the first 6% of employee compensation deferred (as defined). Additional non-elective amounts may be contributed at the option of the Company. Contributions are subject to certain limitations under the IRC.

Participant Accounts

An individual account is maintained for each of the Plan’s participants to reflect the participant’s contributions as well as allocations of the Company’s contributions and an allocation of the Plan’s earnings and any related administrative expenses. Allocations are based on participant earnings, account balances, or specific participant transactions, as

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 – DESCRIPTION OF PLAN – continued

defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are fully vested in their deferral and rollover accounts at all times. Participants are vested in Company contributions on a graduated basis based on years of continuous service, becoming fully vested after three years of service.

Payment of Benefits

Upon termination of service due to death, full and permanent disability, termination of employment, or retirement, a participant or their beneficiary may elect to receive an amount equal to the value of the participant's vested interest in their account. Distributions may be made in a lump-sum payment.

Notes Receivable from Participants

A participant may borrow the lesser of \$50,000 or 50% of their vested account balance with a minimum loan amount of \$1,000. The loans are secured by the balance in the participant's account. The interest rate is based on the prime interest rate, as defined, at the time the loan is made plus 1% and is fixed over the life of the loan. Principal and interest is paid ratably through payroll deductions.

Forfeited Accounts

At December 31, 2012 and 2011, forfeited nonvested accounts totaled \$4,365 and \$4,445, respectively. These amounts will be used to reduce future employer contributions and to pay administrative expenses. In 2012, employer contributions were reduced by \$5,639 from forfeited nonvested accounts and \$1,123 in administrative expenses were paid from forfeited nonvested accounts.

Plan Termination

Although it has not expressed intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100 percent vested in their employer contributions.

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP). That basis differs from the accrual basis of accounting under U.S. GAAP in that contributions are recognized when received instead of when earned.

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Statement of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment, if needed, of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared using the contract value basis for fully benefit-responsive investment contracts.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balances plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2012. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be in default, the participant loan balance is reduced and a benefit payment is recorded.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan's Administrative Committee determines the Plan's valuation policies utilizing information provided by the investment advisers, trustee and custodian and insurance company. See note 4 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

appreciation includes the plan's gains and losses on investments bought and sold as well as held during the year

Payment of Benefits

Benefits are recorded when paid.

Expenses

Certain expenses of maintaining the Plan are paid directly by the Company and are excluded from these financial statements or are paid by the Plan. Fees related to the administration of notes receivable from participants are charged directly to the participant's account and are included in administrative expenses. Investment related expenses are included in net appreciation of fair value of investments.

Use of Estimates

The preparation of financial statements in conformity with the basis of accounting described above requires Plan management to make estimates that affect the amounts reported in the financial statements and accompanying notes and supplemental schedules. Actual results could differ from these estimates.

Recent Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRSs*. ASU 2011-04 amended Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, to converge the fair value measurement guidance in GAAP and International Financial Reporting Standards (IFRSs). Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle in ASC 820. In addition, ASU 2011-04 requires additional fair value disclosures, although certain of these new disclosures are not required for nonpublic entities, as defined in ASC 820. The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2011. The provisions of ASU 2011-04 did not have a material effect on the Plan's financial statements.

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 3 –INVESTMENTS

All investment information disclosed in the accompanying financial statements and supplemental schedules including investments held, notes receivable from participants at December 31, 2012 and 2011, and net appreciation (depreciation) in fair value of investments, interest, dividends and interest income on notes receivable from participants for the year ended December 31, 2012, was obtained or derived from information provided to the Plan administrator and certified as complete and accurate by Prudential as the trustee and custodian of the Plan.

	December 31	
	2,012	2,011
Investments, at fair value:		
Loomis Sayles Bond Fund Admin	\$931,605	\$663,370
Prudential Guaranteed Income Fund	1,066,698	860,441
BlackRock Equity Dividend	1,489,376	*
Franklin Growth Fund R	1,521,509	1,122,569
American Funds EuroPacific Growth R3	2,477,467	1,826,028
Eaton Vance Large Cap Value A	*	1,081,141
Other	2,735,951	3,012,596
	<u>\$ 10,222,606</u>	<u>\$ 7,485,004</u>
Notes receivable from participants	<u>\$ 194,262</u>	<u>\$ 128,338</u>
Net increase in fair value of investments on mutual funds	\$ 958,186	
Interest on group annuity contract	\$21,639	
Interest on notes receivable from participants	\$6,715	
Dividends on mutual funds	\$139,274	

* Represents less than 5% of net assets at the period presented.

NOTE 4 – FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 4 – FAIR VALUE MEASUREMENTS – continued

Level 1 Fair Value Measurements

Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Fair Value Measurement

Level 2 inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liability;
- Inputs that are detected principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Fair Value Measurement

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2012 and 2011.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Group Annuity Contract: The Plan invests in a fully benefit-responsive guaranteed investment contract. The guaranteed income fund is a Prudential general account backed evergreen (no maturity date) group annuity spread product that is valued at contract value which is equal to fair value. Upon discontinuance of the contract, the contract value would be paid no later than 90 days from the date the plan sponsor provides notice to

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 4 – FAIR VALUE MEASUREMENTS – continued

discontinue and as such, there is no fair value adjustment upon discontinuance. As there are not any specific securities in the general account that back the annuity contract liabilities and no known cashflows that could be discounted, it would be inappropriate to look to the market value of the securities within the insurer's general account to determine a fair value. Under this contract the Plan owns a promise to pay interest at crediting rates which are announced in advance and guaranteed for a specified period of time as outlined in the group annuity contract. The crediting rate is net of administrative fees.

There are no reserves against contract value for credit risk of the contract issuer or otherwise as the contract is backed by the full faith and creditworthiness of the issuer. Guarantees are based on the claims-paying ability of the issuer and not on the value of the securities within the insurer's general account. As a result, the fair value amount shown is equal to the contract value. Contract value represents deposits made to the contract, plus earnings at guaranteed net crediting rates, less withdrawals. Key factors that could influence future interest crediting rates are changes in interest rates, and default or credit failures of the securities in the insurers' general assets. Past interest rates are not indicative of future interest rates.

Interest is credited on contract balances using a single "portfolio rate" approach and is applied to all contributions regardless of the timing of those contributions. Interest crediting rates are reviewed on a semi-annual basis for resetting. Crediting rates are set based on current economic and market conditions, the general interest rate environment and both the expected and actual experience of a reference portfolio within Prudential's general account. The minimum crediting rate under the contract is 1.50%. The average yield earned by the Plan and the average yield credited to participants was 2.30% for the year ended December 31, 2012.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2012 and 2011:

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 4 – FAIR VALUE MEASUREMENTS – continued

Fair Value Measurements Using:				
	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
<u>December 31, 2012</u>				
Mutual Funds	\$ 9,155,908	\$ 9,155,908	\$ -	\$ -
Group Annuity Contract	<u>1,066,698</u>	<u>-</u>	<u>-</u>	<u>1,066,698</u>
	<u>\$ 10,222,606</u>	<u>\$ 9,155,908</u>	<u>\$ -</u>	<u>\$ 1,066,698</u>
<u>December 31, 2011</u>				
Mutual Funds	\$ 6,624,563	\$ 6,624,563	\$ -	\$ -
Group Annuity Contract	<u>860,441</u>	<u>-</u>	<u>-</u>	<u>860,441</u>
	<u>\$ 7,485,004</u>	<u>\$ 6,624,563</u>	<u>\$ -</u>	<u>\$ 860,441</u>

Summary of changes in the fair value of the Plan's Level 3 investments for the year ended December 31, 2012:

	<u>Guaranteed Income Fund</u>
Beginning balance	\$ 860,441
Total gains or losses (realized and unrealized) included in changes in net assets available for benefits.	-
Purchases	332,019
Sales	<u>(125,762)</u>
Ending balance	<u>\$ 1,066,698</u>

NOTE 5 – RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 as of December 31, 2012 and 2011:

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 5 – RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500 - continued

	<u>2,012</u>	<u>2,011</u>
Net assets available for benefits per financial statements	<u>\$ 10,416,868</u>	<u>\$ 7,613,342</u>
Net assets available for benefits per 5500.	<u>\$ 10,416,868</u>	<u>\$ 7,613,342</u>

The following is a reconciliation of change in net assets per the financial statements to net income per the Form 5500 for the year ended December 31:

	<u>2012</u>
Increase in net assets per financial statements	<u>\$ 2,803,526</u>
Net income per 5500.	<u>\$ 2,803,526</u>

NOTE 6 - TAX STATUS

The underlying non-standardized prototype plan has received an opinion letter from the Internal Revenue Service (IRS) dated March 31, 2008 stating that the form of the plan is qualified under Section 401(a) of the IRC and therefore, the related trust is tax-exempt. In accordance with Revenue Procedures 2012-6 and 2011-49, the Plan administrator has determined that it is eligible to and has chosen to rely on the current IRS prototype Plan opinion letter. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its qualified status. The Plan administrator believes the Plan is being operated in compliance with the applicable requirements of the IRC and therefore believes the Plan is qualified and the related trust is tax-exempt.

Accounting principles generally accepted in the United States require Plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2012, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdiction; however, there are currently no audits for any tax periods in progress. The Plan administrator believes the Plan is no longer subject to income tax examinations for years prior to 2009.

NOTE 7 – RELATED PARTY TRANSACTIONS

The Plan holds units of the Prudential Guaranteed Income Fund and shares of Prudential Jennison Mid Cap Growth A, Prudential Jennison National Resources R and Prudential Jennison Small Company A managed by Prudential, the trustee and custodian of the Plan.

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 7 – RELATED PARTY TRANSACTIONS - continued

These transactions qualify as party-in-interest transactions; however, they are exempt from the prohibited transaction rules under ERISA.

NOTE 8 – RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participant's account balances and the amounts reported in the statements of net assets available for benefits.

NOTE 9 - SUBSEQUENT EVENTS

The Plan Administrator has evaluated events or transactions for potential recognition or disclosure through the date on which the financial statements were issued.

SUPPLEMENTAL SCHEDULE

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
SCHEDULE H, LINE 4i, SCHEDULE OF ASSETS (HELD AT END OF YEAR) –
MODIFIED CASH BASIS
PLAN #001 EIN 75-2899198
December 31, 2012

(a)	(b)	(c)	(d)	(e)
Identity of issuer, borrower, lessor, or similar party	Description of investment	Cost	Current	Value
Allianz Global Investment Fund Management LLC	Allianz NFJ Small Cap Value A	**		\$472,732
Capital Research and Management Company	American Funds EuroPacifc Growth R3	**		2,477,467
BlackRock Advisors LLC	BlackRock Equity Dividend	**		1,489,376
Columbia Wanger Asset Management, LLC	Columbia Acorn International A	**		97,005
Columbia Wanger Asset Management, LLC	Columbia Mid Cap Value A	**		30,302
Franklin Advisers, Inc.	Franklin Growth Fund R	**		1,521,509
ING Investments, LLC	ING Global Real Estate A	**		27,892
Loomis Sayles & Company L.P.	Loomis Sayles Bond Fund Admin	**		931,605
Lord Abbett & Co LLC	Lord Abbett Fundamental Equity A	**		11,196
Harris Associates L.P.	Oakmark Equity & Income Fund II	**		39,596
OppenheimerFunds, Inc.	Oppenheimer Developing Markets A	**		283,317
Pacific Investment Management Company LLC	Pimco Real Return Fund Institutional	**		35,870
Pacific Investment Management Company LLC	Pimco Total Return A	**		244,673
* Prudential Retirement Insurance and Annuity Company	Prudential Guaranteed Income Fund	**		1,066,698
* Prudential Investments LLC	Prudential Jennison Mid Cap Growth	**		476,268
* Prudential Investments LLC	Prudential Jennison National	**		7,567
* Prudential Investments LLC	Prudential Jennison Small Company	**		500,319
Vanguard Group, Inc.	Vanguard Mid Cap Index Signal	**		41,896
Vanguard Group, Inc.	Vanguard Total Stock Market Index	**		2,672
Victory Capital Management Inc.	Victory Diversified Stock A	**		420,884
Wells Fargo Funds Management LLC	Wells Fargo Advantage Small Cap	**		43,762
* Participants	Notes Receivable with varying maturity dates at interest rates ranging from 4.25%-6.00%			
				194,262
* - Indicates party-in-interest				<u>\$ 10,416,868</u>
** - Participant-directed.				

See accompanying independent auditor's report.

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE
DECEMBER 31, 2012 AND 2011 AND YEAR ENDED DECEMBER 31, 2012
WITH INDEPENDENT AUDITORS' REPORT



Certified Public Accountants and Consultants

Independent Auditors' Report

To the Administrative Committee
Masergy Communications, Inc. 401(k) Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Masergy Communications, Inc. 401(k) Plan, which comprise the statements of net assets available for benefits - modified cash basis as of December 31, 2012 and 2011, and the related statement of changes in net assets available for benefits - modified cash basis for the year ended December 31, 2012, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Prudential Bank & Trust, FSB, the trustee and a custodian of the Plan and Prudential Retirement Insurance and Annuity Company, a custodian of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the Plan administrator that the trustee and custodians hold the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from the trustee and custodians as of December 31, 2012 and 2011 and for the year ended December 31, 2012, that the information provided to the Plan administrator by the trustee and custodians is complete and accurate.

Basis of Accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

We were engaged for the purpose of forming an opinion on the financial statements as a whole. The supplemental Schedule H, Line 4i, Schedule of Assets (Held At End of Year) – Modified Cash Basis, which is the responsibility of Plan management, is presented for the purpose of additional analysis and is not a required part of the financial statements but is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, it is inappropriate to and we do not express an opinion on the supplemental schedule referred to above.

Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee and custodians, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.



Perkins, Dexter, Sinopoli & Hamm, P.C.
Certified Public Accountant

Richardson, Texas
October 11, 2013

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS –
MODIFIED CASH BASIS
December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS:		
Investments, at fair value	\$ 10,222,606	\$ 7,485,004
Notes receivable from participants	<u>194,262</u>	<u>128,338</u>
Net assets available for benefits	<u>\$ 10,416,868</u>	<u>\$ 7,613,342</u>

See accompanying notes to financial statements.

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS –
MODIFIED CASH BASIS
Year Ended December 31, 2012

ADDITIONS:

Net investment income:	
Net appreciation in fair value of investments	\$ 958,186
Interest and dividends	<u>160,913</u>
	<u>1,119,099</u>

Interest income on notes receivable from participants	6,715
---	-------

Contributions:

Participants	1,315,417
Employer	371,250
Rollover	<u>389,387</u>
	<u>2,076,054</u>

Total additions	3,201,868
-----------------	-----------

DEDUCTIONS:

Benefit payments	395,485
Administration expenses	<u>2,857</u>

Total deductions	<u>398,342</u>
------------------	----------------

Net increase	2,803,526
--------------	-----------

Net assets available for benefits:

Beginning of year	<u>7,613,342</u>
End of year	<u><u>\$10,416,868</u></u>

See accompanying notes to financial statements.

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 – DESCRIPTION OF PLAN

The following description of the Masergy Communications, Inc. 401(k) Plan (the “Plan”) is provided for general information purposes only. Participants should refer to the original Plan document for complete information regarding the Plan’s provisions.

General

The Plan is a defined contribution plan established under the provisions of Section 401(a) of the Internal Revenue Code (“IRC”), which includes a qualified cash or deferred arrangement as described in Section 401(k) of the IRC, for the benefit of eligible employees of Masergy Communications, Inc. (the “Company”). All employees, age 20 or older, of the Company are eligible to participate in the Plan on the first day of the month following 30 days of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”), as amended.

Plan Administration

The Administrative Committee, appointed by the board of directors of the Company, serves as administrator of the Plan. Prudential Bank & Trust, FSB, serves as trustee and a custodian of the Plan and Prudential Retirement Insurance and Annuity Company serves as a custodian of the Plan, collectively (“Prudential”).

Contributions

Each year, a participant may contribute up to 75% of pretax annual compensation, as defined by the Plan. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Eligible participants will automatically defer 3% of their compensation, unless they elect otherwise. Participants may also rollover amounts representing distributions from other qualified plans. Participants may direct their contributions and Company matching contributions and Company nonelective contributions into any of the investment fund options offered by the Plan. The Company matches 40% of participant contributions up to the first 6% of employee compensation deferred (as defined). Additional non-elective amounts may be contributed at the option of the Company. Contributions are subject to certain limitations under the IRC.

Participant Accounts

An individual account is maintained for each of the Plan’s participants to reflect the participant’s contributions as well as allocations of the Company’s contributions and an allocation of the Plan’s earnings and any related administrative expenses. Allocations are based on participant earnings, account balances, or specific participant transactions, as

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 – DESCRIPTION OF PLAN – continued

defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are fully vested in their deferral and rollover accounts at all times. Participants are vested in Company contributions on a graduated basis based on years of continuous service, becoming fully vested after three years of service.

Payment of Benefits

Upon termination of service due to death, full and permanent disability, termination of employment, or retirement, a participant or their beneficiary may elect to receive an amount equal to the value of the participant's vested interest in their account. Distributions may be made in a lump-sum payment.

Notes Receivable from Participants

A participant may borrow the lesser of \$50,000 or 50% of their vested account balance with a minimum loan amount of \$1,000. The loans are secured by the balance in the participant's account. The interest rate is based on the prime interest rate, as defined, at the time the loan is made plus 1% and is fixed over the life of the loan. Principal and interest is paid ratably through payroll deductions.

Forfeited Accounts

At December 31, 2012 and 2011, forfeited nonvested accounts totaled \$4,365 and \$4,445, respectively. These amounts will be used to reduce future employer contributions and to pay administrative expenses. In 2012, employer contributions were reduced by \$5,639 from forfeited nonvested accounts and \$1,123 in administrative expenses were paid from forfeited nonvested accounts.

Plan Termination

Although it has not expressed intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100 percent vested in their employer contributions.

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP). That basis differs from the accrual basis of accounting under U.S. GAAP in that contributions are recognized when received instead of when earned.

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Statement of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment, if needed, of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared using the contract value basis for fully benefit-responsive investment contracts.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balances plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2012. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be in default, the participant loan balance is reduced and a benefit payment is recorded.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan's Administrative Committee determines the Plan's valuation policies utilizing information provided by the investment advisers, trustee and custodian and insurance company. See note 4 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

appreciation includes the plan's gains and losses on investments bought and sold as well as held during the year

Payment of Benefits

Benefits are recorded when paid.

Expenses

Certain expenses of maintaining the Plan are paid directly by the Company and are excluded from these financial statements or are paid by the Plan. Fees related to the administration of notes receivable from participants are charged directly to the participant's account and are included in administrative expenses. Investment related expenses are included in net appreciation of fair value of investments.

Use of Estimates

The preparation of financial statements in conformity with the basis of accounting described above requires Plan management to make estimates that affect the amounts reported in the financial statements and accompanying notes and supplemental schedules. Actual results could differ from these estimates.

Recent Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRSs*. ASU 2011-04 amended Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, to converge the fair value measurement guidance in GAAP and International Financial Reporting Standards (IFRSs). Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle in ASC 820. In addition, ASU 2011-04 requires additional fair value disclosures, although certain of these new disclosures are not required for nonpublic entities, as defined in ASC 820. The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2011. The provisions of ASU 2011-04 did not have a material effect on the Plan's financial statements.

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 3 –INVESTMENTS

All investment information disclosed in the accompanying financial statements and supplemental schedules including investments held, notes receivable from participants at December 31, 2012 and 2011, and net appreciation (depreciation) in fair value of investments, interest, dividends and interest income on notes receivable from participants for the year ended December 31, 2012, was obtained or derived from information provided to the Plan administrator and certified as complete and accurate by Prudential as the trustee and custodian of the Plan.

	December 31	
	2,012	2,011
Investments, at fair value:		
Loomis Sayles Bond Fund Admin	\$931,605	\$663,370
Prudential Guaranteed Income Fund	1,066,698	860,441
BlackRock Equity Dividend	1,489,376	*
Franklin Growth Fund R	1,521,509	1,122,569
American Funds EuroPacific Growth R3	2,477,467	1,826,028
Eaton Vance Large Cap Value A	*	1,081,141
Other	2,735,951	3,012,596
	<u>\$ 10,222,606</u>	<u>\$ 7,485,004</u>
Notes receivable from participants	<u>\$ 194,262</u>	<u>\$ 128,338</u>
Net increase in fair value of investments on mutual funds	\$ 958,186	
Interest on group annuity contract	\$21,639	
Interest on notes receivable from participants	\$6,715	
Dividends on mutual funds	\$139,274	

* Represents less than 5% of net assets at the period presented.

NOTE 4 – FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 4 – FAIR VALUE MEASUREMENTS – continued

Level 1 Fair Value Measurements

Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Fair Value Measurement

Level 2 inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liability;
- Inputs that are detected principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Fair Value Measurement

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2012 and 2011.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Group Annuity Contract: The Plan invests in a fully benefit-responsive guaranteed investment contract. The guaranteed income fund is a Prudential general account backed evergreen (no maturity date) group annuity spread product that is valued at contract value which is equal to fair value. Upon discontinuance of the contract, the contract value would be paid no later than 90 days from the date the plan sponsor provides notice to

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 4 – FAIR VALUE MEASUREMENTS – continued

discontinue and as such, there is no fair value adjustment upon discontinuance. As there are not any specific securities in the general account that back the annuity contract liabilities and no known cashflows that could be discounted, it would be inappropriate to look to the market value of the securities within the insurer's general account to determine a fair value. Under this contract the Plan owns a promise to pay interest at crediting rates which are announced in advance and guaranteed for a specified period of time as outlined in the group annuity contract. The crediting rate is net of administrative fees.

There are no reserves against contract value for credit risk of the contract issuer or otherwise as the contract is backed by the full faith and creditworthiness of the issuer. Guarantees are based on the claims-paying ability of the issuer and not on the value of the securities within the insurer's general account. As a result, the fair value amount shown is equal to the contract value. Contract value represents deposits made to the contract, plus earnings at guaranteed net crediting rates, less withdrawals. Key factors that could influence future interest crediting rates are changes in interest rates, and default or credit failures of the securities in the insurers' general assets. Past interest rates are not indicative of future interest rates.

Interest is credited on contract balances using a single "portfolio rate" approach and is applied to all contributions regardless of the timing of those contributions. Interest crediting rates are reviewed on a semi-annual basis for resetting. Crediting rates are set based on current economic and market conditions, the general interest rate environment and both the expected and actual experience of a reference portfolio within Prudential's general account. The minimum crediting rate under the contract is 1.50%. The average yield earned by the Plan and the average yield credited to participants was 2.30% for the year ended December 31, 2012.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2012 and 2011:

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 4 – FAIR VALUE MEASUREMENTS – continued

Fair Value Measurements Using:				
	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
<u>December 31, 2012</u>				
Mutual Funds	\$ 9,155,908	\$ 9,155,908	\$ -	\$ -
Group Annuity Contract	<u>1,066,698</u>	<u>-</u>	<u>-</u>	<u>1,066,698</u>
	<u>\$ 10,222,606</u>	<u>\$ 9,155,908</u>	<u>\$ -</u>	<u>\$ 1,066,698</u>
<u>December 31, 2011</u>				
Mutual Funds	\$ 6,624,563	\$ 6,624,563	\$ -	\$ -
Group Annuity Contract	<u>860,441</u>	<u>-</u>	<u>-</u>	<u>860,441</u>
	<u>\$ 7,485,004</u>	<u>\$ 6,624,563</u>	<u>\$ -</u>	<u>\$ 860,441</u>

Summary of changes in the fair value of the Plan's Level 3 investments for the year ended December 31, 2012:

	<u>Guaranteed Income Fund</u>
Beginning balance	\$ 860,441
Total gains or losses (realized and unrealized) included in changes in net assets available for benefits.	-
Purchases	332,019
Sales	<u>(125,762)</u>
Ending balance	<u>\$ 1,066,698</u>

NOTE 5 – RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 as of December 31, 2012 and 2011:

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 5 – RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500 - continued

	<u>2,012</u>	<u>2,011</u>
Net assets available for benefits per financial statements	<u>\$ 10,416,868</u>	<u>\$ 7,613,342</u>
Net assets available for benefits per 5500.	<u>\$ 10,416,868</u>	<u>\$ 7,613,342</u>

The following is a reconciliation of change in net assets per the financial statements to net income per the Form 5500 for the year ended December 31:

	<u>2012</u>
Increase in net assets per financial statements	<u>\$ 2,803,526</u>
Net income per 5500.	<u>\$ 2,803,526</u>

NOTE 6 - TAX STATUS

The underlying non-standardized prototype plan has received an opinion letter from the Internal Revenue Service (IRS) dated March 31, 2008 stating that the form of the plan is qualified under Section 401(a) of the IRC and therefore, the related trust is tax-exempt. In accordance with Revenue Procedures 2012-6 and 2011-49, the Plan administrator has determined that it is eligible to and has chosen to rely on the current IRS prototype Plan opinion letter. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its qualified status. The Plan administrator believes the Plan is being operated in compliance with the applicable requirements of the IRC and therefore believes the Plan is qualified and the related trust is tax-exempt.

Accounting principles generally accepted in the United States require Plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2012, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdiction; however, there are currently no audits for any tax periods in progress. The Plan administrator believes the Plan is no longer subject to income tax examinations for years prior to 2009.

NOTE 7 – RELATED PARTY TRANSACTIONS

The Plan holds units of the Prudential Guaranteed Income Fund and shares of Prudential Jennison Mid Cap Growth A, Prudential Jennison National Resources R and Prudential Jennison Small Company A managed by Prudential, the trustee and custodian of the Plan.

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 7 – RELATED PARTY TRANSACTIONS - continued

These transactions qualify as party-in-interest transactions; however, they are exempt from the prohibited transaction rules under ERISA.

NOTE 8 – RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participant's account balances and the amounts reported in the statements of net assets available for benefits.

NOTE 9 - SUBSEQUENT EVENTS

The Plan Administrator has evaluated events or transactions for potential recognition or disclosure through the date on which the financial statements were issued.

SUPPLEMENTAL SCHEDULE

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
SCHEDULE H, LINE 4i, SCHEDULE OF ASSETS (HELD AT END OF YEAR) –
MODIFIED CASH BASIS
PLAN #001 EIN 75-2899198
December 31, 2012

(a)	(b)	(c)	(d)	(e)
Identity of issuer, borrower, lessor, or similar party	Description of investment	Cost	Current	Value
Allianz Global Investment Fund Management LLC	Allianz NFJ Small Cap Value A	**		\$472,732
Capital Research and Management Company	American Funds EuroPacific Growth R3	**		2,477,467
BlackRock Advisors LLC	BlackRock Equity Dividend	**		1,489,376
Columbia Wanger Asset Management, LLC	Columbia Acorn International A	**		97,005
Columbia Wanger Asset Management, LLC	Columbia Mid Cap Value A	**		30,302
Franklin Advisers, Inc.	Franklin Growth Fund R	**		1,521,509
ING Investments, LLC	ING Global Real Estate A	**		27,892
Loomis Sayles & Company L.P.	Loomis Sayles Bond Fund Admin	**		931,605
Lord Abbett & Co LLC	Lord Abbett Fundamental Equity A	**		11,196
Harris Associates L.P.	Oakmark Equity & Income Fund II	**		39,596
OppenheimerFunds, Inc.	Oppenheimer Developing Markets A	**		283,317
Pacific Investment Management Company LLC	Pimco Real Return Fund Institutional	**		35,870
Pacific Investment Management Company LLC	Pimco Total Return A	**		244,673
* Prudential Retirement Insurance and Annuity Company	Prudential Guaranteed Income Fund	**		1,066,698
* Prudential Investments LLC	Prudential Jennison Mid Cap Growth	**		476,268
* Prudential Investments LLC	Prudential Jennison National	**		7,567
* Prudential Investments LLC	Prudential Jennison Small Company	**		500,319
Vanguard Group, Inc.	Vanguard Mid Cap Index Signal	**		41,896
Vanguard Group, Inc.	Vanguard Total Stock Market Index	**		2,672
Victory Capital Management Inc.	Victory Diversified Stock A	**		420,884
Wells Fargo Funds Management LLC	Wells Fargo Advantage Small Cap	**		43,762
* Participants	Notes Receivable with varying maturity dates at interest rates ranging from 4.25%-6.00%			
				194,262
* - Indicates party-in-interest				<u>\$ 10,416,868</u>
** - Participant-directed.				

See accompanying independent auditor's report.

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE
DECEMBER 31, 2012 AND 2011 AND YEAR ENDED DECEMBER 31, 2012
WITH INDEPENDENT AUDITORS' REPORT



Certified Public Accountants and Consultants

Independent Auditors' Report

To the Administrative Committee
Masergy Communications, Inc. 401(k) Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Masergy Communications, Inc. 401(k) Plan, which comprise the statements of net assets available for benefits - modified cash basis as of December 31, 2012 and 2011, and the related statement of changes in net assets available for benefits - modified cash basis for the year ended December 31, 2012, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Prudential Bank & Trust, FSB, the trustee and a custodian of the Plan and Prudential Retirement Insurance and Annuity Company, a custodian of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the Plan administrator that the trustee and custodians hold the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from the trustee and custodians as of December 31, 2012 and 2011 and for the year ended December 31, 2012, that the information provided to the Plan administrator by the trustee and custodians is complete and accurate.

Basis of Accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

We were engaged for the purpose of forming an opinion on the financial statements as a whole. The supplemental Schedule H, Line 4i, Schedule of Assets (Held At End of Year) – Modified Cash Basis, which is the responsibility of Plan management, is presented for the purpose of additional analysis and is not a required part of the financial statements but is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, it is inappropriate to and we do not express an opinion on the supplemental schedule referred to above.

Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee and custodians, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.



Perkins, Dexter, Sinopoli & Hamm, P.C.
Certified Public Accountant

Richardson, Texas
October 11, 2013

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS –
MODIFIED CASH BASIS
December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS:		
Investments, at fair value	\$ 10,222,606	\$ 7,485,004
Notes receivable from participants	<u>194,262</u>	<u>128,338</u>
Net assets available for benefits	<u>\$ 10,416,868</u>	<u>\$ 7,613,342</u>

See accompanying notes to financial statements.

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS –
MODIFIED CASH BASIS
Year Ended December 31, 2012

ADDITIONS:

Net investment income:

Net appreciation in fair value of investments	\$ 958,186
Interest and dividends	<u>160,913</u>
	<u>1,119,099</u>

Interest income on notes receivable from participants	6,715
---	-------

Contributions:

Participants	1,315,417
Employer	371,250
Rollover	<u>389,387</u>
	<u>2,076,054</u>

Total additions	3,201,868
-----------------	-----------

DEDUCTIONS:

Benefit payments	395,485
Administration expenses	<u>2,857</u>

Total deductions	<u>398,342</u>
------------------	----------------

Net increase	2,803,526
--------------	-----------

Net assets available for benefits:

Beginning of year	<u>7,613,342</u>
End of year	<u><u>\$10,416,868</u></u>

See accompanying notes to financial statements.

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 – DESCRIPTION OF PLAN

The following description of the Masergy Communications, Inc. 401(k) Plan (the “Plan”) is provided for general information purposes only. Participants should refer to the original Plan document for complete information regarding the Plan’s provisions.

General

The Plan is a defined contribution plan established under the provisions of Section 401(a) of the Internal Revenue Code (“IRC”), which includes a qualified cash or deferred arrangement as described in Section 401(k) of the IRC, for the benefit of eligible employees of Masergy Communications, Inc. (the “Company”). All employees, age 20 or older, of the Company are eligible to participate in the Plan on the first day of the month following 30 days of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”), as amended.

Plan Administration

The Administrative Committee, appointed by the board of directors of the Company, serves as administrator of the Plan. Prudential Bank & Trust, FSB, serves as trustee and a custodian of the Plan and Prudential Retirement Insurance and Annuity Company serves as a custodian of the Plan, collectively (“Prudential”).

Contributions

Each year, a participant may contribute up to 75% of pretax annual compensation, as defined by the Plan. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Eligible participants will automatically defer 3% of their compensation, unless they elect otherwise. Participants may also rollover amounts representing distributions from other qualified plans. Participants may direct their contributions and Company matching contributions and Company nonelective contributions into any of the investment fund options offered by the Plan. The Company matches 40% of participant contributions up to the first 6% of employee compensation deferred (as defined). Additional non-elective amounts may be contributed at the option of the Company. Contributions are subject to certain limitations under the IRC.

Participant Accounts

An individual account is maintained for each of the Plan’s participants to reflect the participant’s contributions as well as allocations of the Company’s contributions and an allocation of the Plan’s earnings and any related administrative expenses. Allocations are based on participant earnings, account balances, or specific participant transactions, as

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 – DESCRIPTION OF PLAN – continued

defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are fully vested in their deferral and rollover accounts at all times. Participants are vested in Company contributions on a graduated basis based on years of continuous service, becoming fully vested after three years of service.

Payment of Benefits

Upon termination of service due to death, full and permanent disability, termination of employment, or retirement, a participant or their beneficiary may elect to receive an amount equal to the value of the participant's vested interest in their account. Distributions may be made in a lump-sum payment.

Notes Receivable from Participants

A participant may borrow the lesser of \$50,000 or 50% of their vested account balance with a minimum loan amount of \$1,000. The loans are secured by the balance in the participant's account. The interest rate is based on the prime interest rate, as defined, at the time the loan is made plus 1% and is fixed over the life of the loan. Principal and interest is paid ratably through payroll deductions.

Forfeited Accounts

At December 31, 2012 and 2011, forfeited nonvested accounts totaled \$4,365 and \$4,445, respectively. These amounts will be used to reduce future employer contributions and to pay administrative expenses. In 2012, employer contributions were reduced by \$5,639 from forfeited nonvested accounts and \$1,123 in administrative expenses were paid from forfeited nonvested accounts.

Plan Termination

Although it has not expressed intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100 percent vested in their employer contributions.

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP). That basis differs from the accrual basis of accounting under U.S. GAAP in that contributions are recognized when received instead of when earned.

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Statement of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment, if needed, of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared using the contract value basis for fully benefit-responsive investment contracts.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balances plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2012. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be in default, the participant loan balance is reduced and a benefit payment is recorded.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan's Administrative Committee determines the Plan's valuation policies utilizing information provided by the investment advisers, trustee and custodian and insurance company. See note 4 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

appreciation includes the plan's gains and losses on investments bought and sold as well as held during the year

Payment of Benefits

Benefits are recorded when paid.

Expenses

Certain expenses of maintaining the Plan are paid directly by the Company and are excluded from these financial statements or are paid by the Plan. Fees related to the administration of notes receivable from participants are charged directly to the participant's account and are included in administrative expenses. Investment related expenses are included in net appreciation of fair value of investments.

Use of Estimates

The preparation of financial statements in conformity with the basis of accounting described above requires Plan management to make estimates that affect the amounts reported in the financial statements and accompanying notes and supplemental schedules. Actual results could differ from these estimates.

Recent Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRSs*. ASU 2011-04 amended Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, to converge the fair value measurement guidance in GAAP and International Financial Reporting Standards (IFRSs). Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle in ASC 820. In addition, ASU 2011-04 requires additional fair value disclosures, although certain of these new disclosures are not required for nonpublic entities, as defined in ASC 820. The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2011. The provisions of ASU 2011-04 did not have a material effect on the Plan's financial statements.

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 3 –INVESTMENTS

All investment information disclosed in the accompanying financial statements and supplemental schedules including investments held, notes receivable from participants at December 31, 2012 and 2011, and net appreciation (depreciation) in fair value of investments, interest, dividends and interest income on notes receivable from participants for the year ended December 31, 2012, was obtained or derived from information provided to the Plan administrator and certified as complete and accurate by Prudential as the trustee and custodian of the Plan.

	December 31	
	2,012	2,011
Investments, at fair value:		
Loomis Sayles Bond Fund Admin	\$931,605	\$663,370
Prudential Guaranteed Income Fund	1,066,698	860,441
BlackRock Equity Dividend	1,489,376	*
Franklin Growth Fund R	1,521,509	1,122,569
American Funds EuroPacific Growth R3	2,477,467	1,826,028
Eaton Vance Large Cap Value A	*	1,081,141
Other	2,735,951	3,012,596
	<u>\$ 10,222,606</u>	<u>\$ 7,485,004</u>
Notes receivable from participants	<u>\$ 194,262</u>	<u>\$ 128,338</u>
Net increase in fair value of investments on mutual funds	\$ 958,186	
Interest on group annuity contract	\$21,639	
Interest on notes receivable from participants	\$6,715	
Dividends on mutual funds	\$139,274	

* Represents less than 5% of net assets at the period presented.

NOTE 4 – FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 4 – FAIR VALUE MEASUREMENTS – continued

Level 1 Fair Value Measurements

Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Fair Value Measurement

Level 2 inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liability;
- Inputs that are detected principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Fair Value Measurement

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2012 and 2011.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Group Annuity Contract: The Plan invests in a fully benefit-responsive guaranteed investment contract. The guaranteed income fund is a Prudential general account backed evergreen (no maturity date) group annuity spread product that is valued at contract value which is equal to fair value. Upon discontinuance of the contract, the contract value would be paid no later than 90 days from the date the plan sponsor provides notice to

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 4 – FAIR VALUE MEASUREMENTS – continued

discontinue and as such, there is no fair value adjustment upon discontinuance. As there are not any specific securities in the general account that back the annuity contract liabilities and no known cashflows that could be discounted, it would be inappropriate to look to the market value of the securities within the insurer's general account to determine a fair value. Under this contract the Plan owns a promise to pay interest at crediting rates which are announced in advance and guaranteed for a specified period of time as outlined in the group annuity contract. The crediting rate is net of administrative fees.

There are no reserves against contract value for credit risk of the contract issuer or otherwise as the contract is backed by the full faith and creditworthiness of the issuer. Guarantees are based on the claims-paying ability of the issuer and not on the value of the securities within the insurer's general account. As a result, the fair value amount shown is equal to the contract value. Contract value represents deposits made to the contract, plus earnings at guaranteed net crediting rates, less withdrawals. Key factors that could influence future interest crediting rates are changes in interest rates, and default or credit failures of the securities in the insurers' general assets. Past interest rates are not indicative of future interest rates.

Interest is credited on contract balances using a single "portfolio rate" approach and is applied to all contributions regardless of the timing of those contributions. Interest crediting rates are reviewed on a semi-annual basis for resetting. Crediting rates are set based on current economic and market conditions, the general interest rate environment and both the expected and actual experience of a reference portfolio within Prudential's general account. The minimum crediting rate under the contract is 1.50%. The average yield earned by the Plan and the average yield credited to participants was 2.30% for the year ended December 31, 2012.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2012 and 2011:

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 4 – FAIR VALUE MEASUREMENTS – continued

Fair Value Measurements Using:				
	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
<u>December 31, 2012</u>				
Mutual Funds	\$ 9,155,908	\$ 9,155,908	\$ -	\$ -
Group Annuity Contract	<u>1,066,698</u>	<u>-</u>	<u>-</u>	<u>1,066,698</u>
	<u>\$ 10,222,606</u>	<u>\$ 9,155,908</u>	<u>\$ -</u>	<u>\$ 1,066,698</u>
<u>December 31, 2011</u>				
Mutual Funds	\$ 6,624,563	\$ 6,624,563	\$ -	\$ -
Group Annuity Contract	<u>860,441</u>	<u>-</u>	<u>-</u>	<u>860,441</u>
	<u>\$ 7,485,004</u>	<u>\$ 6,624,563</u>	<u>\$ -</u>	<u>\$ 860,441</u>

Summary of changes in the fair value of the Plan's Level 3 investments for the year ended December 31, 2012:

	<u>Guaranteed Income Fund</u>
Beginning balance	\$ 860,441
Total gains or losses (realized and unrealized) included in changes in net assets available for benefits.	-
Purchases	332,019
Sales	<u>(125,762)</u>
Ending balance	<u>\$ 1,066,698</u>

NOTE 5 – RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 as of December 31, 2012 and 2011:

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 5 – RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500 - continued

	<u>2,012</u>	<u>2,011</u>
Net assets available for benefits per financial statements	<u>\$ 10,416,868</u>	<u>\$ 7,613,342</u>
Net assets available for benefits per 5500.	<u>\$ 10,416,868</u>	<u>\$ 7,613,342</u>

The following is a reconciliation of change in net assets per the financial statements to net income per the Form 5500 for the year ended December 31:

	<u>2012</u>
Increase in net assets per financial statements	<u>\$ 2,803,526</u>
Net income per 5500.	<u>\$ 2,803,526</u>

NOTE 6 - TAX STATUS

The underlying non-standardized prototype plan has received an opinion letter from the Internal Revenue Service (IRS) dated March 31, 2008 stating that the form of the plan is qualified under Section 401(a) of the IRC and therefore, the related trust is tax-exempt. In accordance with Revenue Procedures 2012-6 and 2011-49, the Plan administrator has determined that it is eligible to and has chosen to rely on the current IRS prototype Plan opinion letter. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its qualified status. The Plan administrator believes the Plan is being operated in compliance with the applicable requirements of the IRC and therefore believes the Plan is qualified and the related trust is tax-exempt.

Accounting principles generally accepted in the United States require Plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2012, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdiction; however, there are currently no audits for any tax periods in progress. The Plan administrator believes the Plan is no longer subject to income tax examinations for years prior to 2009.

NOTE 7 – RELATED PARTY TRANSACTIONS

The Plan holds units of the Prudential Guaranteed Income Fund and shares of Prudential Jennison Mid Cap Growth A, Prudential Jennison National Resources R and Prudential Jennison Small Company A managed by Prudential, the trustee and custodian of the Plan.

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE 7 – RELATED PARTY TRANSACTIONS - continued

These transactions qualify as party-in-interest transactions; however, they are exempt from the prohibited transaction rules under ERISA.

NOTE 8 – RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participant's account balances and the amounts reported in the statements of net assets available for benefits.

NOTE 9 - SUBSEQUENT EVENTS

The Plan Administrator has evaluated events or transactions for potential recognition or disclosure through the date on which the financial statements were issued.

SUPPLEMENTAL SCHEDULE

MASERGY COMMUNICATIONS, INC. 401(k) PLAN
SCHEDULE H, LINE 4i, SCHEDULE OF ASSETS (HELD AT END OF YEAR) –
MODIFIED CASH BASIS
PLAN #001 EIN 75-2899198
December 31, 2012

(a)	(b)	(c)	(d)	(e)
Identity of issuer, borrower, lessor, or similar party	Description of investment	Cost	Current	Value
Allianz Global Investment Fund Management LLC	Allianz NFJ Small Cap Value A	**		\$472,732
Capital Research and Management Company	American Funds EuroPacific Growth R3	**		2,477,467
BlackRock Advisors LLC	BlackRock Equity Dividend	**		1,489,376
Columbia Wanger Asset Management, LLC	Columbia Acorn International A	**		97,005
Columbia Wanger Asset Management, LLC	Columbia Mid Cap Value A	**		30,302
Franklin Advisers, Inc.	Franklin Growth Fund R	**		1,521,509
ING Investments, LLC	ING Global Real Estate A	**		27,892
Loomis Sayles & Company L.P.	Loomis Sayles Bond Fund Admin	**		931,605
Lord Abbett & Co LLC	Lord Abbett Fundamental Equity A	**		11,196
Harris Associates L.P.	Oakmark Equity & Income Fund II	**		39,596
OppenheimerFunds, Inc.	Oppenheimer Developing Markets A	**		283,317
Pacific Investment Management Company LLC	Pimco Real Return Fund Institutional	**		35,870
Pacific Investment Management Company LLC	Pimco Total Return A	**		244,673
* Prudential Retirement Insurance and Annuity Company	Prudential Guaranteed Income Fund	**		1,066,698
* Prudential Investments LLC	Prudential Jennison Mid Cap Growth	**		476,268
* Prudential Investments LLC	Prudential Jennison National	**		7,567
* Prudential Investments LLC	Prudential Jennison Small Company	**		500,319
Vanguard Group, Inc.	Vanguard Mid Cap Index Signal	**		41,896
Vanguard Group, Inc.	Vanguard Total Stock Market Index	**		2,672
Victory Capital Management Inc.	Victory Diversified Stock A	**		420,884
Wells Fargo Funds Management LLC	Wells Fargo Advantage Small Cap	**		43,762
* Participants	Notes Receivable with varying maturity dates at interest rates ranging from 4.25%-6.00%			
				194,262
* - Indicates party-in-interest				<u>\$ 10,416,868</u>
** - Participant-directed.				

See accompanying independent auditor's report.