

ATLANTIC TELE NETWORK INC /DE
Form 10-K
February 29, 2016
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10 K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the fiscal year ended December 31, 2015

Or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the transition period from _____ to _____

Commission File No. 001 12593

Atlantic Tele Network, Inc.

(Exact name of registrant as specified in its charter)

Delaware	47 0728886
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
600 Cummings Center	
Beverly, Massachusetts	01915
(Address of principal executive offices)	(Zip Code)

(978) 619 1300

(Registrant's telephone

number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

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Title of Each Class	Name of each exchange on which registered
Common Stock, par value \$.01 per share	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

(Title of each class)

Indicate by check mark if the registrant is a well known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10 K or any amendment to this Form 10 K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b 2 of the Exchange Act (Check one):

Large accelerated filer	Accelerated filer	Non accelerated filer	Smaller reporting company
		(Do not check if a smaller reporting company)	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b 2 of the Act). Yes No

The aggregate market value of Common Stock held by non affiliates of the registrant as of June 30, 2015, was approximately \$748 million based on the closing price of the registrant's Common Stock as reported on the NASDAQ Global Select Market.

As of February 29, 2016, the registrant had 16,076,094 outstanding shares of Common Stock, \$.01 par value.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Definitive Proxy Statement for the 2016 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10 K.

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SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

This Annual Report on Form 10 K (this “Report”) contains statements about future events and expectations, or forward looking statements, all of which are inherently uncertain. We have based those forward looking statements on our current expectations and projections about future results. When we use words such as “anticipates,” “intends,” “plans,” “believes,” “estimates,” “expects,” or similar expressions, we do so to identify forward looking statements. Examples of forward looking statements include statements we make regarding our business operations and plans, future economic and political conditions in the markets in which we operate, the competitive environment in the markets in which we operate, legal and regulatory actions and technological changes, the pace of our network expansion and improvement, our future prospects for growth, our continued access to the credit and capital markets, our ability to maintain or increase our market share, demands for our services and industry trends, our future operating results and our future capital expenditure levels. These statements are based on our management’s beliefs and assumptions, which in turn are based on currently available information. These assumptions could be proven inaccurate. These forward looking statements may be found under the captions “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Risk Factors” and “Business,” as well as in this Report generally.

You should keep in mind that any forward looking statement made by us in this Report or elsewhere speaks only as of the date on which we make it. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us. In any event, these and other important factors may cause actual results to differ materially from those indicated by our forward looking statements, including those set forth in Item 1A of this Report under the caption “Risk Factors.” We have no duty to, and do not intend to, update or revise the forward looking statements made by us in this Report after the date of this Report, except as may be required by law.

In this Report the words “ATN,” “the Company,” “we,” “our,” “ours” and “us” refer to Atlantic Tele Network, Inc. and its subsidiaries. This Report contains trademarks, service marks and trade names that are the property of Atlantic Tele Network, Inc., and its subsidiaries or licensed from others.

References to dollars (\$) refer to U.S. dollars unless otherwise specifically indicated.

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PART I

ITEM 1. BUSINESS

Overview

We are a holding company that, through our operating subsidiaries, (i) provides wireless and wireline telecommunications services in North America, Bermuda and the Caribbean, (ii) owns and operates commercial distributed generation solar power systems in the United States, and (iii) owns and operates terrestrial and submarine fiber optic transport systems in the United States and the Caribbean, respectively. We were incorporated in Delaware in 1987 and began trading publicly in 1991. Since that time, we have engaged in strategic acquisitions and investments to grow our operations. We continue to actively evaluate additional domestic and international acquisition and investment opportunities and other strategic transactions in the telecommunications, energy related and other industries that meet our return on investment and other acquisition criteria. For a discussion of our investment strategy and risks involved, see “Risk Factors—We are actively evaluating investment, acquisition and other strategic opportunities, which may affect our long term growth prospects.”

We offer the following principal services:

- **Wireless.** In the United States, we offer wholesale wireless voice and data roaming services to national, regional, local and selected international wireless carriers in rural markets located principally in the Southwest and Midwest United States. We also offer wireless voice and data services to retail customers in Bermuda, Guyana, and in other smaller markets in the Caribbean and the United States.
- **Wireline.** Our local telephone and data services include our operations in Guyana and the mainland United States. We are the exclusive licensed provider of domestic wireline local and long distance telephone services in Guyana and international voice and data communications into and out of Guyana. We also offer facilities based integrated voice and data communications services and wholesale transport services to enterprise and residential customers in New England, primarily Vermont, and in New York State. In addition, we offer wholesale long distance voice services to telecommunications carriers.
- **Renewable Energy.** In the United States, we provide distributed generation solar power to corporate, utility and municipal customers in Massachusetts, California and New Jersey.

We provide management, technical, financial, regulatory, and marketing services to our subsidiaries and typically receive a management fee equal to a percentage of their revenues, which is eliminated in consolidation. For information about our financial segments and geographical information about our operating revenues and assets, see Notes 1 and 17 to the Consolidated Financial Statements included in this Report.

Our principal corporate offices are located at 600 Cummings Center, Beverly, Massachusetts, 01915. The telephone number at our principal corporate offices is (978) 619 1300.

Strategy

The key elements of our strategy consist of the following:

- **Target Under served Markets or Industries Where We Can Compete Successfully.** We operate our telecommunications businesses primarily in smaller, rural or under served markets where we believe we are or will be one of the leading providers of telecommunications services. Our pending transactions in the US Virgin Islands and Bermuda provide us with the opportunity and scale to build out our services in key geographies where we see the opportunity to create long term value. Our businesses typically have strong local brand identities and market positions. By leveraging these attributes, along with our lower cost of capital and our senior management expertise at

the holding company level, we seek to improve and expand

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available products and services in our targeted markets to better meet the needs of our customers and expand our customer base and revenues. We are particularly interested in investing in businesses that have the potential to provide a platform for future organic and strategic growth. Our solar company investments have afforded us entry into an emerging industry in which we believe there are attractive investment return opportunities and the potential to expand our business.

- Collaborate with Local Management. We believe that strong local management enhances our close relationship with customers and reduces risk. Wherever feasible, we seek to partner with local investors, owners or management teams who have demonstrated a successful track record or have extensive knowledge of the industry. We seek to enhance our strong market position by maintaining these relationships and by leveraging our comprehensive management experience and technical and financial expertise to assist them in further improving operations.
- Maintain a Disciplined Earnings Oriented Approach. We carefully assess the potential for earnings stability and growth when we evaluate the performance of our subsidiaries, new investment opportunities and prospective acquisitions or dispositions. In managing our more mature businesses, we seek to solidify our brands, improve customer satisfaction, add new services, control costs and preserve cash flow. In managing newer, early stage businesses, we seek to invest capital to improve our competitive position, increase market share and generate strong revenue and cash flow potential. We consider new investments, acquisitions and dispositions on a disciplined, return on investment basis.

Acquisitions

Caribbean Asset Holdings LLC

On September 30, 2015, we entered into an agreement to acquire all of the membership interests of Caribbean Asset Holdings LLC, the holding company for the Innovative group of companies operating cable TV, Internet and landline services primarily in the U.S. Virgin Islands (“Innovative”), from the National Rural Utilities Cooperative Finance Corporation (“CFC”). We will purchase the Innovative operations for a purchase price of approximately \$145.0 million, subject to certain purchase price adjustments (the “Innovative Transaction”). In connection with the purchase, we have the option to finance up to \$60 million of the purchase price with a loan from an affiliate of CFC, the Rural Telephone Finance Cooperative (“RTFC”) on the terms and conditions set forth in a commitment letter and rate lock option letter executed by RTFC filed herewith as Exhibits 99.1 and 99.2, respectively. We expect to fund the remaining \$85.0 million of the purchase price, plus any amounts not financed, in cash. With the purchase, our current operations in the U.S. Virgin Islands under the “Choice” name, will be combined with Innovative to deliver residential and business subscribers a full range of telecommunications and media services.

The Innovative Transaction is subject to customary closing terms and conditions and the receipt of approvals from the Federal Communications Commission and regulatory authorities in the U.S. and British Virgin Islands and St. Maarten. We currently expect to complete the proposed transaction in mid-2016.

KeyTech Limited

On October 5, 2015, we entered into an agreement with KeyTech Limited (“KeyTech”), a publicly held Bermuda company listed on the Bermuda Stock Exchange (“BSX”) that provides broadband and cable television services and

other telecommunications services to residential and enterprise customers under the “Logic” name in Bermuda and the Cayman Islands, in which we will acquire a controlling interest in KeyTech as part of a proposed business combination of KeyTech with our subsidiary providing wireless services under the “CellOne” name in Bermuda (the “KeyTech Transaction”). KeyTech currently owns a 43.0% interest in CellOne, and as part of the KeyTech Transaction, we will contribute our current ownership interest of approximately 43% in CellOne and approximately \$42.0 million in cash in exchange for a 51% ownership interest in KeyTech. We currently own on a combined basis with KeyTech approximately 85% of CellOne. As part of the KeyTech Transaction, CellOne will be merged with and into a company within the KeyTech group and the approximate 15% interest in CellOne held, in the aggregate, by CellOne’s minority shareholders will be converted into the right to receive common shares in KeyTech.

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Following the transaction, CellOne will be indirectly wholly owned by KeyTech and KeyTech will continue to be listed on the BSX. A portion of the cash proceeds that KeyTech will receive upon closing will be used to fund a one-time special dividend to KeyTech's existing shareholders and to retire KeyTech's subordinated debt. We currently consolidate the operations of CellOne and, upon closing of the KeyTech Transaction, will consolidate the results of KeyTech, in our financial statements.

The KeyTech Transaction is subject to customary closing terms and conditions, including, among others, the receipt of approval from the Bermuda Regulatory Authority, the Federal Communications Commission, and the Information and Communications Technology Authority of the Cayman Islands and the consent of the Bermuda Stock Exchange to certain transaction matters. KeyTech shareholders approved the proposed transaction by affirmative vote on October 20, 2015. We are working towards completing the proposed transaction by the end of the first quarter of 2016.

Our Services

Wireless Services

We provide mobile wireless voice and data communications services in the United States, Bermuda and the Caribbean. Our revenues from wireless services were approximately 67% of our consolidated revenues for fiscal year 2015. Currently, the U.S. portion of our business constitutes a significant portion of our consolidated revenue. Our revenues from U.S. wireless services were approximately 37%, 46%, and 44% of our consolidated revenues for the years ended December 31, 2013, 2014, and 2015, respectively. Our U.S. wireless service revenues have historically had high operating margins and therefore have contributed a large percentage of operating income.

U.S. Wireless Segment

In the United States, we provide wholesale wireless voice and data roaming services in rural markets to national, regional, local and selected international wireless carriers. Our largest wholesale networks are located principally in the western United States. We also offer wireless voice and data services to retail customers in certain rural markets already covered by our wholesale networks.

Services. The revenue and profits of our U.S. wholesale wireless business are primarily driven by the number of sites and base stations in operation, the amount of voice and data traffic that each of these sites generates, and the rates we receive from our carrier customers on that traffic. Many of our sites are located in popular tourist and seasonal visitor areas, which has resulted in higher wholesale revenues in those areas during the summer months.

We currently have roaming agreements with approximately 50 United States based wireless service providers and, as of December 31, 2015, had roaming arrangements with each of the four U.S. national wireless network operators: AT&T, Sprint, T Mobile and Verizon Wireless. Other than the agreements with the national carriers, our standard roaming agreements are usually terminable within 90 days. Occasionally, we may agree or strategically decide to lower rates or build a new mobile network at a specified location as part of a long term roaming agreement to offer our roaming partner pricing certainty in exchange for priority designation with respect to their customers' wireless traffic. Once we complete building a rural network, we then benefit from the use of that network under existing roaming

agreements with other international, national, regional, and local carriers to supplement our initial revenues. In 2015, the four national wireless service providers together accounted for a substantial portion of our wholesale wireless revenues, with AT&T and Verizon accounting for 17% and 19%, respectively, of our total consolidated revenue for the year.

Network and Operations. Our roaming network uses GSM/UMTS technology that often will be deployed at a single cell site location along with CDMA/EVDO coverage in order to maximize revenue opportunities. The majority of our GSM/GPRS sites have been upgraded to UMTS/HSPA. In 2016, we plan to complete the efforts we began in the 2013 fiscal year to other advanced mobile technologies in many areas. Our networks comprise base stations and radio transceivers located on owned or leased towers and buildings, telecommunications switches and leased transport facilities.

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As of December 31, 2015, we owned and operated a total of approximately 800 domestic base stations on nearly 520 owned and leased sites, a Network Operations Center (or “NOC”) and a switching center. Our switching center routes calls, supervises call originations and terminations at cell sites and manages call handoffs. This location also houses platforms that enable our customers to use a variety of services, including text messaging, picture messaging, voice mail and data services. Our NOC provides dedicated, 24 hour, year round monitoring of our network to ensure quality and reliable service to our customers. In 2015, we continued to expand and improve our network, adding nearly 100 new base stations and approximately 45 new sites and upgrading 40 sites to more advanced mobile data technologies.

Competition. We compete with wireless service providers that operate networks in our markets and offer wholesale roaming services. However, the most significant competitive challenge we face in our U.S. wholesale wireless business is the extent to which our carrier customers choose not to roam on our networks or elect to build or acquire their own infrastructure in a market in which we operate, reducing or eliminating their need for our services in those markets. We address this competitive threat mainly by providing a service that would be more costly for the carrier to provide itself, or, at least, a less attractive expenditure than alternative investments in its network or business elsewhere.

Occasionally, we have entered into buildout projects with existing carrier customers to help the customer accelerate the buildout of a given area. Pursuant to these arrangements, we agree to incur the cost of building and operating a network in a newly designated area meeting specified conditions. In exchange, the carrier agrees to license us spectrum in that area and enter into a contract with specific pricing and term. These arrangements typically include a purchase right in favor of the carrier to purchase that portion of the network and receive back the spectrum for a predetermined price, depending on when the option to purchase is exercised. For example, as previously disclosed in December 2012, we sold a portion of our network to a carrier customer pursuant to an option contained in a roaming and buildout agreement with that carrier. We currently have one buildout arrangement of approximately 100 built cell sites that provides the carrier with an option to purchase such sites exercisable beginning in 2018. This portion of network accounted for approximately \$13.4 million in wholesale revenue during the twelve months ended December 31, 2015. At this time, we cannot predict when or whether the purchase option will be exercised.

Our ability to maintain appropriate capacity and relevant technology to respond to our roaming partners’ needs also shapes our competitive profile in the markets in which we operate.

Island Wireless Segment

We provide wireless voice and data service to retail and business customers in Bermuda under the “CellOne” name, and in the U.S. Virgin Islands and in Aruba under different brand names. We also provide roaming services for many of the largest U.S. providers’ customers visiting these islands. Following the consummation of our Innovative and KeyTech Transactions, we intend to expand our operations in Bermuda and the U.S. Virgin Islands to include television, internet and phone services in addition to our existing wireless services.

Products and Services. In Bermuda, a majority of our customers subscribe to one of our postpaid plans, which allow customers to select a plan with a given amount of voice minutes, text messaging, data and other features that recur on a monthly basis. A substantial majority of our customers in other markets in our Island Wireless segment subscribe to our prepaid plans, which require customers to purchase an amount of voice minutes, text messages or data prior to use. In the U.S. Virgin Islands and other island markets, we also provide Internet access services via a variety of wireless broadband technologies. At December 31, 2015, we had approximately 53,000 retail subscribers in our Island Wireless segment.

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Network. We currently operate multiple advanced wireless voice and data technologies in our island markets in the 850 and 1900 MHz frequency bands, including GSM/EDGE, UMTS/HSPA+ and CDMA/EVDO and plan to add LTE technology in certain of our markets in 2016. We have extensive backbone facilities linking our sites, switching facilities and international interconnection points. Off island connectivity is provided by leased, fiber based interconnections.

Sales and Marketing. We maintain retail stores in our markets and allow customers to pay their bills and “top up”, or add additional minutes to their prepaid plans, through payment terminals at local stores or our website. We advertise frequently through print and electronic media, radio station spots and sponsor various events and initiatives.

Handsets and Accessories. We offer a diverse line up of wireless devices and accessories designed to meet both the personal and professional needs of our customers. Our device assortment includes a wide range of smartphones including those featuring the Android and IOS operating systems in addition to a full line of feature phones, wireless hot spots and various wireless solutions for small businesses. To complement our phone offerings, we sell a complete range of original equipment manufacturer and after market accessories that allow our customers to personalize their wireless experience, including phone protection, battery charging solutions and Bluetooth hands free kits.

Competition. We believe we compete for wireless retail customers in our island properties based on features, price, technology deployed, network coverage (including through roaming arrangements), quality of service and customer care. We compete against Digicel, which is a large mobile telecommunications company in the Caribbean region, and in some markets, against one or more U.S. national operators or the wireless division of the incumbent telephone companies.

International Integrated Telephony Segment

A portion of our International Integrated Telephony segment includes wireless telephone service we offer in Guyana. We offer these services in the vast majority of populated areas, including Georgetown (Guyana’s capital and largest city) and the surrounding area and substantially all of the country’s coastal plain where the majority of its population is concentrated. As of December 31, 2015, we had approximately 230,000 wireless subscribers. As of December 31, 2015, more than 96% of our wireless subscribers in Guyana were on prepaid plans.

Network. Our GSM network operates in the 900 MHz band and in the 1800 MHz band. We estimate that substantially all of the country’s population resides in areas covered by our wireless network.

Sales and Marketing. We offer our wireless postpaid subscribers various calling plans and charge monthly fees plus airtime based on the selected plan. In September 2015, we re-branded our services and revealed an updated logo and branding, and refurbished sales locations to our customers. In addition to our retail stores, our customers may set up accounts at one of our six business centers. Our handsets, prepaid cards and prepaid accounts are sold primarily through independent dealers that we pay on a commission basis. Payments by our prepaid customers can be made by the purchase of disposable prepaid calling cards, which come in fixed Guyana dollar amounts, or by recharging an account at an authorized vendor location.

Competition. We provide wireless services in Guyana pursuant to a non exclusive license. Digicel, our competitor, entered the market in late 2006 and has used an aggressive marketing approach to acquire, and now retain, market share. However, our continued investments in our network and customer offerings have enabled us to retain substantially all of our market share of customers. We believe we compete for customers primarily based on price, promotions, coverage and quality of service.

Wireline Services

Our wireline services include operations in Guyana and the mainland United States. Our revenues from wireline services were approximately 29%, 25% and 24% of our consolidated revenues for fiscal years 2013, 2014 and 2015, respectively.

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International Integrated Telephony Segment

A portion of our International Integrated Telephony segment consists of wireline services we provide in Guyana, where we are the exclusive licensed provider of domestic wireline local and long distance telephone services into and out of the country. As of December 31, 2015, we had approximately 154,000 access lines in service, which represent both residential and commercial subscribers. Of all fixed lines in service, the majority are in the largest urban areas, including Georgetown, Linden, New Amsterdam, Diamond and Beterverwagting. As a result of our continued network expansion into smaller communities, and more recently, newly developed housing areas and residential parks, residential customers now account for approximately two thirds of the wireline local telephone service revenue while commercial customers account for approximately one third. We also provide broadband service in Guyana, which accounted for 16% of our revenues in our International Integrated Telephony segment in 2015. As of December 31, 2015, we had approximately 43,000 Internet customers.

With respect to our international long distance business, we collect payments from foreign carriers for handling international long distance calls originating from the foreign carriers' country and terminating in Guyana. We also make payments to foreign carriers for international calls from Guyana terminating in the foreign carrier's country and are entitled to collect from our subscribers (and from competing wireless carriers) a rate that is regulated by the Public Utilities Commission ("PUC") of Guyana.

Network. All of our fixed access lines are digitally switched from our switching center in Georgetown, Guyana. Our switching center provides dedicated monitoring of our network to ensure quality and reliable service to our customers.

Our international long distance network is linked with the rest of the world principally through our fiber optic submarine cable into Guyana, through our ownership of a portion of the Americas II undersea fiber optic cable and by leasing capacity on several other cables. The Suriname Guyana Submarine Cable System, which we co own with Telesur, the government owned telecommunications provider in Suriname, provides us with more robust redundancy, the capacity to meet growing data demands in Guyana, and the opportunity to provide new and enhanced IP centric services such as Internet service. We also lease capacity on Intelsat satellites and have two Standard B earth stations, which provide both international and local backhaul services.

Sales and Marketing. Our revenues for fixed access domestic service are derived from installation charges for new lines, monthly line rental charges, monthly measured service charges based on the number and duration of calls and other charges for maintenance and other customer services. For each category of revenues, rates differ for residential and commercial customers and are set by regulatory authorities. We employ a minimal sales force for our basic wireline offering, as wireline sales are primarily driven by network expansion and availability of service. Customers can pay their bills at any one of our six business centers, any Western Union branch, commercial banks and post offices.

Competition. We have the exclusive right to provide domestic fixed and international voice and data services in Guyana. As the initial term of our license was scheduled to expire in December 2010, we notified the Government of Guyana of our election to renew our exclusive license for an additional 20 year term expiring in 2030 and received return correspondence from the Government that our exclusive license had been renewed until such time that new legislation is in place with regard to the Government's intention to introduce competition into the sector. We believe, however, our exclusive license continues to be valid unless and until such time as we enter into an alternative agreement with the Government. See "—Guyana Regulation—Regulatory Developments" and "Risk Factors—Our exclusive license to provide local exchange and international voice and data services in Guyana is subject to significant political and regulatory risk."

U.S. Wireline Segment

We are a leading provider of competitive integrated voice and broadband data communications and wholesale transport services in Vermont, New York and New Hampshire.

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Network. We provide voice and data services using a network comprising telecommunications switching and related equipment that we own and telecommunications lines that we typically lease from the incumbent telephone company. We operate high capacity fiber optic ring networks in Vermont and New York State that we use to connect our enterprise markets and to provide wholesale data transport services to other carriers. As of December 31, 2015, we had approximately 260,000 business and 6,000 residential access line equivalents (“ALEs”), in billing. ALEs are calculated by determining the number of individual voice or data lines, in 64 kbps segments, that generate a monthly recurring charge within an end user circuit or circuits. As of December 31, 2015, we also provided broadband services to approximately 3,700 accounts in Vermont and western New Hampshire.

In 2010, we received two grants from the National Telecommunications and Information Administration of the U.S. Department of Commerce to expand our existing network by constructing ten new segments of a 1,300 mile fiber optic, middle mile broadband infrastructure in upstate New York and to construct and operate a 773 mile fiber optic middle mile network in Vermont. Our New York project was completed in 2013 and our Vermont project was completed in 2014.

Sales and Marketing. We sell our services primarily through a direct sales force that assists customers in choosing tailored solutions for their specific communication needs. Our direct sales staff focuses on selling integrated voice and data to small and medium sized businesses and other organizations, while residential services are largely sold through advertising and word of mouth. We advertise on television and radio through cooperative arrangements and engage in other promotional activities from time to time.

Our wholesale transport and capacity customers are predominately telecommunications carriers such as local exchange carriers, wireless carriers and interstate integrated providers, which are served by our direct sales force. We expect to expand our customer base in New York State to include more large scale end users such as large enterprises, governmental agencies and educational institutions, and with the completion of our Vermont stimulus project build in 2014, to add wholesale transport and capacity customers in Vermont.

Competition. We compete for retail customers by offering customized voice and data solutions designed to meet the specific needs of our two targeted subsets of customers by providing superior customer service and competitive pricing. Our primary retail competitor is Fairpoint Communications, which acquired the incumbent local exchange business of Verizon Communications in northern New England. We also compete with cable companies, such as Comcast, and other competitive service providers who target small and medium sized businesses. Our wholesale competitors include Level 3 and Verizon Communications, other regional wholesale providers and cable television companies that operate fiber optic networks.

Renewable Energy Services

On December 24, 2014, we acquired a provider of distributed generation solar power services in the United States, specifically, in Massachusetts, California and New Jersey (the “Ahana Acquisition”). As of December 31, 2015, we owned and operated 28 commercial solar projects at 59 sites (each, a “Facility”) with an aggregate 45.8 megawatts DC (“MWs”) of electricity generating capacity. We own the Facilities through various indirect subsidiaries that were formed for the purpose of financing the development of, and owning and operating, the Facilities (the “Special Purpose Entities”).

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Services. Generally, our solar projects are in the “commercial and industrial” (C&I) sector of the solar market, which is distinguished from utilities and residential customers. Our customers or “offtakers” include high credit quality corporates, utilities, schools, and municipalities, which purchase electricity from us under the terms of long term power purchase agreements (“PPAs”). Each Facility is built on the customer’s owned or leased site and reduces the customer’s dependence on traditional energy suppliers, thereby mitigating the price volatility often associated with traditional energy suppliers and transmissions systems. Our PPA terms range from ten to twenty five years in duration and are typically priced at or below local retail electricity rates, allowing the customer to secure electricity at predictable and stable prices over the duration of their long term contract. As such, the PPAs provide us with high quality contracted cash flows, which will continue over their average remaining life, weighted by MWs, of 13.4 years as of December 31, 2015. Certain of our PPAs provide for early termination for a variety of reasons, including in the event that (a) an offtaker is unable to appropriate funds from state and local governments, (b) there is a change of law that substantially reduces the value of utility credits, (c) termination for convenience, or (d) the Facility causes damage to the premises or roof and our customer fails to repair or causes the customer to be in violation of law, or the customer ceases to hold tenancy or fee interest in the premises. All of our Facilities have been in commercial operation for at least two years and are located as follows:

State	Number of Facilities	Total Capacity (MW DC)
California	33	17.271
Massachusetts	16	26.999
New Jersey	10	1.524
Total	59	45.794

In developing each solar project, we facilitate the project’s design, development and construction and obtain project level financing, and we take a controlling interest in the Special Purpose Entity that owns the project Facility in exchange for a PPA. Our solar projects may be financed using a combination of tax equity, bank financing that we secure and our cash on hand. A substantial majority of our acquired Facilities received tax equity financing, pursuant to which third party investors hold equity in the Special Purpose Entities that were formed to finance the development of, and own and operate, such Facilities. In return, the tax equity investors receive a preferred return on their investment up to a contractually agreed amount and the benefits of various tax credits those Facilities generate. In addition, the Facilities located in California receive revenue from performance based incentive payments (“PBIs”) and those located in Massachusetts and New Jersey receive revenue from the sale of solar renewable energy credit (“SREC”) contracts, which revenue we retain as the Facilities’ operator. In the future, we intend to focus on growing our project portfolio through additional investments with favorable credit quality offtakers in markets that offer favorable government policies to encourage renewable energy projects and where our projects can generate electricity at a cost that is less than or equal to the price of purchasing power from traditional energy sources.

We contract with utilities through an interconnection agreement to export excess energy generated by our Facilities to another offtaker and/or the utility electrical grid.

Infrastructure.

Our existing Facilities are comprised of rooftop, ground mounted and elevated solar support structure photovoltaic (“PV”) installations. Our Facilities are located on our customers’ buildings, parking structures, landfill sites and other locations pursuant to leases or easements granted to us by our customers. These Facilities use crystalline silicon PV modules mounted in ballasted, tracking or roof penetrating fixed tilt configurations. All of our existing Facilities were designed, engineered and constructed by Borrego Solar Systems, Inc. (“Borrego”), a former sister company of our acquired solar operations, pursuant to engineering, procurement and construction, or “EPC”, agreements. Borrego now also maintains our Facilities at a committed fee through long term Operations and Maintenance Agreements (“O&M

Agreements”). Each O&M Agreement commits Borrego to provide maintenance of a Facility for ten years after such Facility is placed in service, including systems monitoring and troubleshooting, inspection, preventative maintenance and any other services on an as needed basis at our request at an additional cost.

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We are dependent on a limited number of key suppliers for the PV modules that we purchase for installation at our Facilities, with the majority of Facilities constructed with PV modules supplied by Yingli Green Energy Holding Company Limited, a Chinese company that sources cells from Taiwanese manufactures and assembles them in China. Typically, the PV modules carry materials and workmanship warranties from 5 10 years in duration, with power warranties for a 25 year useful life.

Competition.

We compete with the traditional electric power industry, as well as with other solar energy companies that may have greater financial resources or brand name recognition than we do, disadvantaging our ability to attract new customers. The solar energy industry is highly competitive and continually evolving and as such, we expect to compete for future project opportunities with new entrants in the distribution solar energy generation industry as well. We believe that we compete with the traditional utilities primarily based on price and the predictability of that price, while we compete with other solar energy providers based on our ability to structure the development and financing of a project for our potential customers or developers on favorable terms.

Employees

As of December 31, 2015, we had approximately 1,200 employees, of whom approximately 400 were employed in the United States (including in the U.S. Virgin Islands). At the holding company level, we employ our executive management team and staff. More than half of our Guyana full time work force is represented by the Guyana Postal and Telecommunications Workers Union. We do not have any other union employees at this time, however, will employ additional union employees after we complete our pending transactions. We believe we have good relations with our employees.

Regulation

Our telecommunications operations are subject to extensive governmental regulation in each of the jurisdictions in which we provide services. The following summary of regulatory developments and legislation does not purport to describe all present and proposed federal, state, local, and foreign regulation and legislation that may affect our businesses. Legislative or regulatory requirements currently applicable to our businesses may change in the future and legislative or regulatory requirements may be adopted by those jurisdictions that currently have none. Any such changes could impose new obligations on us that would adversely affect our operating results.

U.S. Federal Regulation

Our wireless and wireline operations in the United States and the U.S. Virgin Islands are governed by the Communications Act of 1934, as amended (or “Communications Act”), the implementing regulations adopted thereunder by the Federal Communications Commission (“FCC”), judicial and regulatory decisions interpreting and implementing the Communications Act, and other federal statutes. Our solar operations are regulated by the Federal Energy Regulatory Commission (“FERC”) and the mandatory reliability requirements imposed by the North American Electric Reliability Corporation.

Wireless Services

The FCC regulates, among other things; the licensed and unlicensed use of radio spectrum; the ownership, lease, transfer of control and assignment of wireless licenses; the ongoing technical, operational and service requirements applicable to such licenses; the timing, nature and scope of network construction; the provision of certain services, such as E 911; and the interconnection of communications networks in the United States.

Licenses. We provide our wireless services under various commercial mobile radio services (or “CMRS”) licenses, such as cellular, broadband Personal Communications Services (or “PCS”) or 700 MHz licenses, and broadband radio service (or “BRS”) licenses granted by the FCC and pursuant to leases of spectrum from FCC licensed operators. Some of these licenses are site based while others cover specified geographic market areas, typically Cellular

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Market Areas (or “CMAs”) and Basic Trading Areas (or “BTAs”), as defined by the FCC. The technical and service rules, the specific radio frequencies and the authorized spectrum amounts vary depending on the licensed service. The FCC generally allocates CMRS and BRS licenses through periodic auctions, after determining how many licenses to make available in particular frequency ranges, the applicable service rules, and the terms on which the license auction will be conducted. Such licenses are also available via secondary market mechanisms, using procedures and regulations set forth by the FCC. There is no certainty as to whether or not such additional spectrum will be made available for wireless broadband services, the amount of spectrum that might ultimately be made available, the timing of the auction of any such spectrum, the likely configuration of any such additional spectrum and conditions that might apply to it, or the usability of any of this spectrum for wireless services competitive with our services or by us.

Construction Obligations. The FCC conditions licenses on the satisfaction of certain obligations to construct networks covering a specified geographic area or population by specific dates. The obligations vary depending on the licensed service. Failure to satisfy an applicable construction requirement can result in the assessment of fines and forfeitures by the FCC, a reduced license term, or automatic license cancellation. We are in compliance with the applicable construction requirements that have arisen for the licenses we currently hold and expect to meet our future construction requirements as well. If we do not meet initial construction requirements in December of 2016 for our 700 MHz licenses, or obtain a waiver of the construction requirements, the license term for such licenses will be shortened to June of 2017, and, we may be subject to fines and forfeitures and/or a reduction of our licensed service area. If we fail to meet the build out requirements by the end of the license term for our 700 MHz licenses, we will lose our authority to serve any unserved area within our 700 MHz licensed area and also could be subject to fines and forfeitures, including a revocation of our 700 MHz licenses. We currently expect to meet the build out or waiver requirements with respect to our 700 MHz licenses.

With respect to some of our licenses, if we were to discontinue operation of a wireless system for a period of time, (at least 90 consecutive days for cellular licenses), our license for that area would be automatically forfeited.

License Renewals. Our FCC licenses generally expire between 2015 and 2019 and are renewable upon application to the FCC. License renewal applications may be denied if the FCC determines, after appropriate notice and hearing, that renewal would not serve the public interest, convenience, or necessity. At the time of renewal, if we can demonstrate that we have provided “substantial” service during the past license term and have complied with the Communications Act and applicable FCC rules and policies, then the FCC will award a renewal expectancy to us and will generally renew our existing licenses without considering any competing applications. The FCC defines “substantial” service as service that is sound, favorable and substantially above a level of mediocre service that might only minimally warrant renewal. If we do not receive a renewal expectancy, then the FCC will accept competing applications for the license and conduct a comparative hearing. In that situation, the FCC may award the license to another applicant. While our licenses have been renewed regularly by the FCC in the past, there can be no assurance that all of our licenses will be renewed in the future.

In 2011, the FCC, in a Notice of Proposed Rule Making (“NPRM”), proposed to establish more consistent requirements for the renewal of licenses, uniform policies governing discontinuances of service, and to clarify certain construction obligations across all of the wireless service bands. The proposed changes to the applicable renewal and discontinuance of service requirements may be applied to existing licenses that will be renewed in the future. We are unable to predict with any certainty the likely timing or outcome of this wireless renewal standards proceeding.

The FCC may deny license applications and, in extreme cases, revoke licenses if it finds that an entity lacks the requisite qualifications to be a licensee. In making that determination, the FCC considers whether an applicant or licensee has been the subject of adverse findings in a judicial or administrative proceeding involving felonies, the possession or sale of unlawful drugs, fraud, antitrust violations, or unfair competition, employment discrimination, misrepresentations to the FCC or other government agencies, or serious violations of the Communications Act or FCC

regulations. To our knowledge, there are no activities and no judicial or administrative proceedings involving either us or the licensees in which we hold a controlling interest that would warrant such a finding by the FCC.

License Acquisitions. Prior FCC approval typically is required for transfers or assignments of a controlling interest in any license or construction permit, or of any rights thereunder. The FCC may approve or prohibit such

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transactions altogether, or approve subject to certain conditions such as divestitures or other requirements. Non-controlling minority interests in an entity that holds an FCC license generally may be bought or sold without FCC approval, subject to any applicable FCC notification requirements. The FCC permits licensees to lease spectrum to third parties under certain conditions, subject to prior FCC approval, or in some instances, notification to the FCC. These mechanisms provide additional flexibility for wireless providers to structure transactions and create additional business and investment opportunities.

The FCC no longer caps the amount of CMRS spectrum in which an entity may hold an attributable interest and now engages in a case-by-case review of proposed wireless transactions, including spectrum acquired via auction, to ensure that the proposed transaction serves the public interest and would not result in a rule violation or an undue concentration of market power.

In reviewing proposed transactions that involve the transfer or assignment of mobile wireless spectrum, the FCC utilizes a spectrum aggregation screen to determine whether the transaction requires additional scrutiny. The FCC in June 2014 adopted an Order which updated the spectrum screen that the FCC uses in order to conduct its competitive review of proposed secondary market transactions. The FCC's Order continued the FCC's policy of conducting a case-by-case analysis of a combined entity's spectrum screen holdings for proposed transactions, revised its existing spectrum screen to reflect the current suitability and availability of spectrum for mobile wireless services, and adopted certain limitations with respect to the purchase and transfer of 600 MHz spectrum. A transaction will trigger additional FCC scrutiny if it will result in the geographic overlap of CMRS spectrum in a given area that is equal to or in excess of 141 MHz, 163.5 MHz, 171 MHz, or 194 MHz, depending on the availability of BRS and Advanced Wireless Services (or "AWS") spectrum in an overlap area. A transaction will also be reviewed by the FCC with heightened scrutiny if it will result in the resulting entity having over 45 MHz of spectrum under 1 GHz. The FCC's additional scrutiny would also be triggered if a proposed transaction results in a material change in the post-transaction market share in a particular market as measured by the Herfindahl-Hirschman Index. We are well below the spectrum aggregation screen in the geographic areas in which we hold or have access to licenses, and thus we may be able to acquire additional spectrum either from the FCC in an auction or from third parties in private transactions. Similarly, our competitors may be able to strengthen their operations by making additional acquisitions of spectrum in our markets or by further consolidating the industry.

Other Requirements. The Communications Act and the FCC's rules impose a number of additional requirements upon wireless service providers. A failure to meet or maintain compliance with the Communications Act and/or the FCC's rules may subject us to fines, forfeitures, penalties or other sanctions.

Wireless licensees must satisfy a variety of FCC requirements relating to technical and reporting matters. Licensees must often coordinate frequency usage with adjacent licensees and permittees to avoid interference between adjacent systems. In addition, the height and power of transmitting facilities and the type of signals emitted must fall within specified parameters. For certain licensed services, a variety of incumbent government and non-government operations may have to be relocated before a licensee may commence operations, which may trigger the payment of relocation costs by the incoming licensee.

The radio systems towers that we own and lease are subject to Federal Aviation Administration and FCC regulations that govern the location, marking, lighting, and construction of towers and are subject to the requirements of the National Environmental Policy Act, National Historic Preservation Act, and other environmental statutes enforced by the FCC. The FCC has also adopted guidelines and methods for evaluating human exposure to radio frequency emissions from radio equipment. We believe that all of our radio systems on towers that we own or lease comply in all material respects with these requirements, guidelines, and methods.

The FCC has adopted requirements for cellular, PCS and other CMRS providers to implement basic and enhanced 911, or E 911, services. These services provide state and local emergency service providers with the ability to better identify and locate 911 callers using wireless services, including callers using special devices for the hearing impaired. Because the implementation of these obligations requires that the local emergency services provider have certain facilities available, our specific obligations are set on a market by market basis as emergency service providers request the implementation of E 911 services within their locales. As part of its E 911 initiatives, the FCC recently

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adopted stronger rules regarding E 911 location accuracy. The extent to which we are required to deploy E 911 services will affect our capital spending obligations. Federal law limits our liability for uncompleted 911 calls to a degree commensurate with wireline carriers in our markets.

In 2013, the FCC adopted rules requiring wireless carriers, such as ourselves, and certain other text messaging service providers to send an automatic ‘bounce back’ text message to consumers who try to text 911 where text to 911 is not available, indicating the unavailability of such services. In August 2014, the FCC required all wireless carriers, such as ourselves, as well as other providers of interconnected text messaging applications, to be capable of supporting text to 911 service by December 31, 2014, and to provide such service to requesting PSAPs by June 30, 2015 or six months after a request from a PSAP, whichever is later. The FCC has also sought further comment regarding additional regulations pertaining to the provision of text to 911 service.

Under certain circumstances, federal law also requires telecommunications carriers to provide law enforcement agencies with capacity and technical capabilities to support lawful wiretaps pursuant to the Communications Assistance for Law Enforcement Act (or “CALEA”). Federal law also requires compliance with wiretap related record keeping and personnel related obligations. We are in compliance with all such requirements currently applicable to us. The FCC has adopted rules that apply CALEA obligations to high speed Internet access and voice over Internet protocol (or “VoIP”) services. Maintaining compliance with these law enforcement requirements may impose additional capital spending obligations on us to make necessary system upgrades.

The FCC has long required CMRS providers to permit customers of other carriers to roam “manually” on their networks, for example, by supplying a credit card number, provided that the roaming customer’s handset is technically capable of accessing the roamed on network. The FCC has also ruled that automatic voice roaming is a common carrier obligation for CMRS carriers. This ruling requires CMRS carriers to provide automatic voice roaming services to other CMRS carriers upon reasonable request and on a just, reasonable, and non discriminatory basis pursuant to Sections 201 and 202 of the Communications Act. This automatic voice roaming obligation extends to services such as ours that are real time, two way switched voice or data services that are interconnected with the public switched network and utilize an in network switching facility that enables the provider to reuse frequencies and accomplish seamless hand off of subscriber calls. The FCC has held that the automatic voice roaming obligations of broadband CMRS providers extend to both in market and out of market automatic voice roaming provided that the request is reasonable. In assessing whether a particular roaming request is reasonable, the FCC will consider the totality of the circumstances and may consider a number of factors, including the technical compatibility of the roamer, the extent of the requesting carrier’s build out where it holds spectrum, and whether alternative roaming partners are available. In 2011, the FCC found that the automatic roaming obligation should be extended to services that are classified as information services (such as high speed wireless Internet access services) or to services that are not CMRS. The FCC found that such automatic data roaming, while not a common carrier service, should be offered by the providers of such services on a commercially reasonable basis, when technologically compatible and technologically feasible. The FCC may use a number of factors to determine commercial reasonableness of a particular request for such automatic data roaming services, including the technical compatibility of the roamer, the extent of the requesting carrier’s build out where it holds spectrum, and whether alternative roaming partners are available.

We are obligated to pay certain annual regulatory fees and assessments to support FCC wireless industry regulation, as well as fees supporting federal universal service programs, number portability, regional database costs, centralized telephone numbering administration, telecommunications relay service for the hearing impaired and application filing fees. These fees are subject to change periodically by the FCC and the manner in which carriers may recoup these fees from customers is subject to various restrictions.

Wireless and Wireline Services

Universal Service. In general, all telecommunications providers are obligated to contribute to the federal Universal Service Fund (or “USF”), which is used to promote the availability of wireline and wireless telephone service to individuals and families qualifying for federal assistance, households located in rural and high cost areas, and to schools, libraries and rural health care providers. Contributions to the federal USF are based on end user interstate telecommunications revenue and some states have similar programs that also require contribution. The FCC is

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examining the way in which it collects carrier contributions to the USF, including a proposal to base collections on the number of telephone numbers or network connections in use by each carrier. We contribute to the USF as required by the rules throughout the U.S., and receive funds from the USF for providing service in rural areas of the United States and the U.S. Virgin Islands. The collection of USF fees and distribution of USF support is under continual review by state and federal legislative and regulatory bodies and we are subject to audit by the Universal Service Administration Corporation (or “USAC”). We believe we are substantially compliant with all FCC and state regulations related to the receipt and collection of universal service support.

In November 2011, the FCC released an order reforming the USF program to phase out the current level of high cost USF support for wireless carriers over a period of five years, beginning in 2012. The scheduled phase out, however, was suspended in 2013 as the FCC addresses a delay in implementing phase two of its Mobility Fund program. Although we cannot predict the impact of such changes on the amounts we pay or receive in USF funds, we believe the changes are likely to impact our USF funding negatively, and consequently, our efforts to build and maintain networks in certain rural markets and our ability to provide services currently offered to very low income consumers supported by USF funds. The FCC’s overhaul of the rules governing the distribution of USF currently are subject to various petitions before the United States Supreme Court and various petitions for reconsideration before the FCC. We cannot predict the likely timing or outcome of such petitions. As part of the USF reforms, the FCC created two new replacement funds, the Connect America Fund and the Mobility Fund, both of which allow for the use of USF funds for broadband services, in addition to voice services. The new funds are intended to provide targeted financial support to areas that are unserved or under served by voice and broadband service providers and will be initiated during the phase out of USF support.

During this five year phase out period, the FCC began distributing funds through new mechanisms associated with the Connect America Fund and the Mobility Fund. In July 2012, the FCC initiated the application process for the Mobility Fund I program, a reverse auction for a one time distribution of up to \$300 million intended to stimulate third and fourth generation wireless coverage in unserved and under served geographic areas. A number of our subsidiaries participated in the Mobility Fund I reverse auction on September 27, 2012 and bid successfully for approximately \$21.7 million in one time support to expand voice and broadband networks in certain geographic areas in order to offer either 3G or 4G coverage. As part of the receipt of these funds, we committed to comply with certain additional FCC construction and other requirements.

Intercarrier Compensation. Under federal and state law, telecommunications providers are generally required to compensate one another for originating and terminating traffic for other carriers. Consistent with these provisions, we currently receive compensation from other carriers and also pay compensation to other carriers. In October 2011, the FCC, significantly revised its intercarrier compensation regime. Under the revised intercarrier compensation regime, where there is no pre existing agreement between a CMRS carrier and a local exchange carrier (or “LEC”) for the exchange of local traffic, such traffic between CMRS providers and most LECs is to be compensated pursuant to a default bill and keep regime, in which each carrier agrees to terminate calls from the other at no charge. The FCC’s new intercarrier compensation regime also sets forth a transition schedule that will eventually result in the exchange of traffic between telecommunications carriers being exchanged on a bill and keep basis. The FCC’s new intercarrier compensation rules may affect the manner in which we are charged or compensated for the exchange of traffic. We cannot predict the impact of any changes to these requirements on the amounts that we pay or receive. The FCC’s overhaul of the rules governing intercarrier compensation currently are subject to various petitions before the United States Supreme Court and various petitions for reconsideration before the FCC. We cannot predict the likely timing or outcome of such petitions.

Local Competition. The Communications Act encourages competition in local telecommunications markets by removing barriers to market entry and imposing on non rural incumbent local exchange carriers (or “ILECs”), among other things, duties to do the following:

- negotiate interconnection agreements at any technically feasible point on just, reasonable, and non discriminatory rates, terms, and conditions;
- provide access to certain unbundled network elements (or “UNEs”), such as local loops and interoffice transport, or combinations of UNEs at nondiscriminatory, cost based rates in certain circumstances;

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- provide physical collocation, which allows competitive local exchange carriers (or “CLECs”) to install and maintain its network termination equipment in an ILEC’s central office or to obtain functionally equivalent forms of interconnection under certain circumstances;
- provide access to poles, ducts, conduits, and rights of way on a reasonable, non discriminatory basis;
- offer retail local telephone services to resellers at discounted wholesale rates;
- when a call originates on its network, compensate other telephone companies for terminating or transporting the call;
- provide dialing parity, which ensures that customers are able to route their calls to telecommunications service providers without having to dial additional digits;
- provide notice of changes in information needed for another carrier to transmit and route services using its facilities; and
- provide telephone number portability, so customers may keep the same telephone number if they switch service providers.

In addition, under Section 271 of the Communications Act, the Bell Operating Companies (or “BOCs”) have an obligation to provide certain network elements, including elements (for example, local switching) that have been removed from the mandatory list of network elements that must be unbundled under Section 251 of the Communications Act. The BOCs are required to provide Section 271 network elements under a “just and reasonable” pricing standard. Over time, the FCC has removed the BOCs’ obligation to provide certain network elements under Section 271. There can be no assurance that the FCC will not continue to exercise its authority to remove other Section 271 network element obligations in the future. Any such action by the FCC may have an adverse effect on the financial condition or operations of our U.S. Wireline segment. We operate in a region where the ILEC is required to comply with the above mentioned statutory provisions, and, accordingly, we have benefited from the reduced costs in acquiring required communication services, such as ILEC interconnection, and have benefited from the right to receive compensation for the termination of traffic. Provisions relating to interconnection, telephone number portability, equal access, and resale could, however, subject us to increased competition and additional economic and regulatory burdens. The FCC recently initiated a proceeding to gather information regarding a potential future transition from TDM to IP. The FCC has explicitly stated that it will consider the regulatory obligations that would apply to any transition of services from TDM to IP at a later time. We cannot predict with any certainty the FCC’s approach regarding the application of particular regulations in an IP based regime.

While the FCC to date has declined to classify interconnected VoIP service as a telecommunications service or information service, it has imposed a number of consumer protection and public safety obligations on interconnected VoIP providers, relying in large part on its general ancillary jurisdiction powers. To the extent that we provide interconnected VoIP service we will be subject to a number of these obligations.

The FCC, in March 2015, adopted net neutrality rules for broadband Internet providers, including mobile broadband Internet providers, in which such providers would not be able to engage in various forms of blocking, throttling or engaging in paid prioritization agreements with respect to Internet content, subject to reasonable network management. The FCC also adopted enhanced transparency rules and a general conduct rule regarding behavior of broadband Internet providers. In doing so, the FCC reclassified broadband Internet service as a Title II service under the Communications Act. The FCC, in reclassifying broadband Internet service as a Title II service did specifically forbear from applying many legacy common carrier regulations to broadband Internet service providers. These network neutrality rules have been appealed to the Court of Appeals for the District of Columbia, and such appeal remains pending. We cannot predict with any certainty the likely timing or outcome of any Court action.

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Obligations Due to Economic Stimulus Grants

Three of our subsidiaries have received awards from the Broadband Technology Opportunities Program (“BTOP”) of the U.S. Department of Commerce (“DOC”) pursuant to the American Recovery and Reinvestment Act of 2009 (“ARRA”). As a BTOP awardee, we are subject to the various terms and conditions included in the agency’s Notice of Funds Availability published in the Federal Register on July 9, 2009. Among these requirements are Interconnection and Non-Discrimination requirements by which any awardee must comply with the following requirements: (i) adhere to the principles contained in the FCC’s Internet Policy Statement (FCC 05-151, adopted August 5, 2005) or any subsequent ruling or statement; (ii) not favor any lawful Internet applications and content over others; (iii) display network management policies in a prominent location on its web page and provide notice to customers of changes to these policies; (iv) connect to the public Internet directly or indirectly, so that the project is not an entirely private closed network; and (v) offer interconnection, where technically feasible without exceeding current or reasonably anticipated capacity limitations, at reasonable rates and terms to be negotiated with requesting parties. While FCC rules regarding these issues may apply to all our operations, these particular requirements apply only to our BTOP-funded projects.

As a BTOP awardee, we are also required to comply with other terms and conditions of the individual DOC grants, including reporting, transparency and audit requirements pursuant to Section 1512 of the ARRA, and notification and reporting obligations set forth in the Office of Management and Budget Memorandum, Implementing Guidance for Reports on Use of Funds Pursuant to the American Recovery and Reinvestment Act of 2009 (OMB M-09-21, June 22, 2009). We believe we are currently in material compliance with all BTOP and DOC requirements applicable to our grants.

Renewable Energy Services

All of our currently owned projects in operation are solar “qualifying facilities” under the Public Utility Regulatory Policies Act of 1978, as amended (“PURPA”). As such, the projects and the respective project company that own the projects are exempt from ratemaking and certain other regulatory provisions of the Federal Power Act, as amended (“FPA”), and from state organizational and financial regulation of electric utilities.

Our projects are also subject to compliance with the applicable mandatory reliability standards developed by the North American Electric Reliability Corporation and approved by FERC under the FPA.

Additionally, certain of the project companies that own projects or the “offtakers” of the electricity from the projects have entered into interconnection agreements with the local utility that allows the project companies or the offtakers to deliver excess electricity to the utility distribution system. In almost all cases, interconnection agreements are standard form agreements that have been preapproved by the local public utility commission or other state regulatory agencies with jurisdiction over interconnection agreements.

U.S. State Regulation (Telecommunications)

Federal law preempts state and local regulation of the entry of, or the rates charged by, any CMRS provider. As a practical matter, we are free to establish rates and offer new products and service with a minimum of regulatory requirements. The states in which we operate maintain nominal oversight jurisdiction. For example, although states do not have the authority to regulate the entry or the rates charged by CMRS providers, states may regulate the “other terms and conditions” of a CMRS provider’s service. Most states still maintain some form of jurisdiction over complaints as to the nature or quality of services and as to billing issues. Since states may continue to regulate “other terms and conditions” of wireless service, and a number of state authorities have initiated actions or investigations of various wireless carrier practices, the outcome of these proceedings is uncertain and could require us to change certain

of our practices and ultimately increase state regulatory authority over the wireless industry. States and localities assess on wireless carriers taxes and fees that may equal or even exceed federal obligations.

The location and construction of our wireless transmitter towers and antennas are subject to state and local environmental regulation, as well as state or local zoning, land use and other regulation. Before we can put a system into

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commercial operation, we must obtain all necessary zoning and building permit approvals for the cell site and tower locations. The time needed to obtain zoning approvals and requisite state permits varies from market to market and state to state. Likewise, variations exist in local zoning processes. If zoning approval or requisite state permits cannot be obtained, or if environmental rules make construction impossible or infeasible on a particular site, our network design might be adversely affected, network design costs could increase and the service provided to our customers might be reduced.

The FCC has adopted a declaratory ruling establishing presumptive timeframes in which states and localities must resolve tower siting applications before the applicant may seek judicial review—90 days for collocations and 150 days for all other siting applications. This ruling will expedite our ability to seek legal redress, and thus mitigate tower construction delays, in the event a state or locality does not timely act on our zoning applications.

Guyana Regulation

Our subsidiary, Guyana Telephone & Telegraph Limited (“GT&T”), in which we hold an 80% interest, is subject to regulation in Guyana under the provisions of GT&T’s License from the Government of Guyana, the Guyana Public Utilities Commission Act of 1999 as amended (or “PUC Law”) and the Guyana Telecommunications Act 1990 (or “Telecommunications Law”). The Public Utilities Commission of Guyana (or “PUC”) is an independent statutory body with the principal responsibility for regulating telecommunications rates and services in Guyana. The Ministry of Telecommunications, an agency of the Government of Guyana, has formal authority over telecommunications licensing and related issues.

Licenses. GT&T provides domestic fixed (both wireline and wireless) and international voice and data services in Guyana pursuant to a License from the Government of Guyana granting GT&T the exclusive right to provide the following: public telephone, radio telephone, and pay telephone services; domestic fixed services (both wireline and wireless); international voice and data services; sale of advertising in any telephone directories; and switched or non switched private line service. The License, which was issued in December 1990, had an initial 20 year term. Pursuant to the License, GT&T also provides mobile wireless telephone service in Guyana on a non exclusive basis pursuant to an initial twenty year term. In November 2009, GT&T notified the Government of its election to renew both the exclusive and non exclusive license grants for an additional 20 year term expiring in 2030. In exercising this option, GT&T reiterated to the Government that GT&T and the Company would be willing to voluntarily relinquish the exclusivity aspect of GT&T’s licenses, but only as part of an alternative agreement with the Government. On December 15, 2010, the Government, through the Office of the President, sent a letter to GT&T indicating that GT&T’s License was renewed until such time as a new legislative and regulatory regime to reform the telecommunications sector in Guyana is brought into force; however, GT&T formally notified the Government that it is entitled to an unconditional renewal of both the exclusive and non exclusive license grants for an additional period of twenty years or until such time as GT&T and the Company enter into an alternative agreement with the Government.

PUC Law and Telecommunications Law. The PUC Law and the Telecommunications Law provide the general framework for the regulation of telecommunications services in Guyana. As a general matter, the PUC has authority to regulate GT&T’s domestic and international telecommunications services and rates and to require GT&T to supply certain technical, administrative and financial information as it may request. The PUC claims broad authority to review and amend any of GT&T’s programs for development and expansion of facilities or services, although GT&T has challenged the PUC’s view on the scope of its authority. For a description of recent actions of the PUC, see Note 15 to the Consolidated Financial Statements included in this Report.

Regulatory Developments. Since 2001, the Government of Guyana has stated its intention to introduce additional competition into Guyana’s telecommunications sector. Since that time, we have met on many occasions with officials

of the Government of Guyana to discuss potential modifications of our exclusivity and other rights under the existing agreement. In 2012, the Government of Guyana introduced a bill into Parliament containing draft legislation, regulations, and licenses that, if enacted, would have the effect of terminating our exclusive license by permitting other telecommunications carriers to receive licenses to provide domestic fixed services and international voice and data services in Guyana. This proposed legislation would also introduce material changes to many other features of Guyana's existing telecommunications regulatory regime. While no action has been taken on the proposed legislation since 2012,

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we cannot predict when or if the proposed legislation will be adopted by Parliament or, if adopted and then signed into law by the President, the manner in which it would be implemented by the Minister of Telecommunications and the PUC. Although we believe that we would be entitled to damages or other compensation for any involuntary termination of our contractual exclusivity rights, we cannot guarantee that we would prevail in a proceeding to enforce our rights or that such actions would effectively halt any unilateral action by the Government.

FCC Rule Making and International Long Distance Rates. The actions of foreign telecommunications regulators, especially the FCC in the United States, can affect the settlement or termination rate payable by foreign carriers to GT&T for incoming international voice calls. While the FCC continues to monitor and evaluate termination rate levels and benchmarks, the Company cannot predict when and if the FCC will further reduce settlement rates or the effect lower rates will have on revenue in the Company's International Integrated Telephony segment.

Caribbean and Bermuda Regulation

In Bermuda, we were historically subject to Bermuda's Telecommunications Act of 1986 that authorized it to use spectrum to deliver services under its "Class B" license. Beginning in 2013, the Regulatory Authority continued its implementation of the Electronic Communications Act of 2011, which allows communications service providers to enter new lines of business and introduces competition in the sector. As the government of Bermuda reforms the local telecommunications market, it has imposed regulatory and other fees and adopted additional regulation that have increased the regulatory costs incurred by and could otherwise impact the Company's Bermuda operations. For instance, in December 2014, the Bermuda Regulatory Authority adopted a decision imposing a limitation on amounts of spectrum that may be held by a single carrier and requiring the Company to surrender a portion of existing spectrum held in Bermuda that the Company had reserved for the launch of next generation services in accordance with the Company's plans and demands of its customers. The Company initiated legal proceedings challenging the implementation of such decision, however, was not successful in staying the decision and in March 2015 surrendered the spectrum in question to the Bermuda Regulatory Authority. The Company has withdrawn its appeal of the decision without prejudice and cannot now accurately predict the impact to the competitive position of the Company's Bermuda business or limitations that such actions will have on the Company's ability to grow.

The term of the Company's telecommunications license to operate in Aruba expired on January 15, 2014. The government of Aruba informed the Company earlier in January 2014 that a renewed license would be issued only upon payment by the Company of a fee in the amount of Afl 7.2 million (or approximately US\$4 million). The Company is continuing to operate as it is actively contesting the assessment of such fee.

Available Information

Our website address is www.atni.com. The information on our website is not incorporated by reference in this Report and you should not consider information provided on our website to be part of this Report. Investors may access, free of charge, our annual reports on Form 10 K, quarterly reports on Form 10 Q and current reports on Form 8 K, plus amendments to such reports as filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, through the "Financial Information" portion of the "Investor Relations" section of our website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission. In addition, paper copies of these documents may be obtained free of charge upon request by writing to us at 600 Cummings Center, Beverly, Massachusetts 01915, Attention: Investor Relations, by calling us at (978) 619 1300 or by emailing us at ir@atni.com.

We have adopted a written Code of Ethics that applies to all of our employees and directors, including, but not limited to, our principal executive officer, principal financial officer, and principal accounting officer or controller, or persons performing similar functions. Our Code of Ethics, along with our Compensation Committee Charter, Audit Committee Charter and Nominating Committee Charter, are available at the Corporate Governance section of our website. We intend to make any disclosure required under the SEC rules regarding amendments to, or waivers from, our Code of Ethics on our website.

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ITEM 1A. RISK FACTORS

In addition to the other information contained in, or incorporated by reference into, this Report, you should carefully consider the risks described below that could materially affect our business, financial condition or future results. These risks are not the only risks facing us. Additional risks and uncertainties not presently known to us or that we currently believe are immaterial also may materially adversely affect our business, financial condition and/or results of operations.

We are actively evaluating investment, acquisition and other strategic opportunities, which may affect our long term growth prospects.

We are actively evaluating acquisition, investment and other strategic opportunities, both domestic and international, in telecommunications, energy related and other industries, including in areas that may not be seen by the broader market as timely today. We may focus on opportunities that we believe have potential for long term organic and strategic growth or that may otherwise satisfy our return and other investment criteria. Any acquisition or investment that we might make outside of the telecommunications industry would pose the risk inherent in us entering into a new, unrelated business, including the ability of our holding company management team to effectively oversee the management team of such operations. There can be no assurance as to whether, when or on what terms we will be able to invest in, acquire or divest any businesses or assets or that we will be able to successfully integrate the business or realize the perceived benefits of any acquisition. Any such transactions may be accomplished through the payment of cash, issuance of shares of our capital stock or incurrence of additional debt, or a combination thereof. As of December 31, 2015, we had approximately \$398.3 million in cash, cash equivalents and restricted cash primarily as a result of the proceeds from the 2013 sale of our U.S. retail wireless business operated under the Alltel name to AT&T Mobility LLC, and only approximately \$32.9 million of long term debt. How and when we deploy our balance sheet capacity will figure prominently in our longer term growth prospects and stockholder returns.

The pending acquisitions in our telecommunications businesses are subject to the consent of regulatory authorities and other third parties, and the failure to receive any such consents or the imposition by any such regulatory authority or third party of any conditions to such acquisitions may adversely affect our business.

On September 30, 2015, we entered into an agreement to acquire all of the membership interests of Caribbean Asset Holdings LLC, the holding company for the Innovative group of companies operating cable TV, Internet and landline services primarily in the U.S. Virgin Islands from the National Rural Utilities Cooperative Finance Corporation. The agreement is subject to customary closing terms and conditions and the receipt of approvals from the Federal Communications Commission (the "FCC") and regulatory authorities in the U.S. and British Virgin Islands and St. Maarten. Although we have received no indication that these regulatory authorities do not plan to grant the required approvals, there can be no guarantee that we will receive such approvals. In addition, the FCC may impose conditions on any approval, such as requiring the divestiture of certain markets and spectrum licenses. These conditions, if imposed and if sufficiently significant, may permit CFC not to consummate the transaction or may have other negative impacts on our business.

On October 5, 2015, we entered into an agreement with KeyTech Limited, a publicly held Bermuda company listed on the Bermuda Stock Exchange that provides broadband and cable television services and other telecommunications services to residential and enterprise customers under the "Logic" name in Bermuda and the Cayman Islands, in which we will acquire a controlling interest in KeyTech as part of a proposed business combination of KeyTech with our subsidiary providing wireless services under the "CellOne" name in Bermuda. The proposed transaction is subject to customary closing terms and conditions, including, among others, the receipt of approval from the Bermuda Regulatory Authority, the Federal Communications Commission, and the Information and Communications Technology Authority of the Cayman Islands and the consent of the Bermuda Stock Exchange to certain transaction

matters. KeyTech shareholders approved the proposed transaction by affirmative vote on October 20, 2015. Although we have received no indication that the regulatory authorities listed above do not plan to grant the required approvals, there can be no guarantee that we will receive such approval or consent, or that it will be on a timely basis. In addition, the Bermuda Regulatory Authority may impose conditions on any approval, such as a prohibition or

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strict approval of any bundling of services between the combined companies. If these conditions are imposed and are sufficiently significant, or if the regulatory authorities do not approve the transaction on a timely basis, KeyTech may be permitted to not to consummate the transaction or there may be other negative impacts on our business or the business of the combined companies following the consummation of the KeyTech Transaction.

Risks Related to our Wireless Businesses

A significant portion of our U.S. wholesale wireless revenue is derived from a small number of customers.

A substantial portion of our U.S. Wireless revenue is generated from four national wireless service providers. Our U.S. Wireless revenues accounted for approximately 44% of our consolidated revenues in 2015. Excluding our corporate overhead, our U.S. Wireless business accounted for approximately 72% of our consolidated operating income in 2015.

Our relationships with our roaming customers generally are much more financially significant for us than for our customers. Typically, our relationships with our roaming customers do not require them to “prefer” our networks or require them to send us a minimum amount of traffic. Instead, roaming customers may choose to utilize other networks, if available, for their subscribers’ roaming use. If our markets currently included in our roaming partners’ home calling areas are instead subject to the imposition of additional roaming charges or if we fail to keep any of our roaming customers satisfied with our service offerings or economic terms, we could lose their business, experience less roaming traffic or be unable to renew or enter into new agreements with these customers on beneficial terms (including pricing), resulting in a substantial loss of revenue, which would have a materially adverse effect on our results of operations and financial condition. In addition, if these customers build or acquire wireless networks in our service areas we may lose revenue. Should any of these customers take such actions over a significant portion of the areas we serve, it may have a materially adverse effect on our results of operations and financial condition.

We may have difficulty meeting the growing demand for data services.

Demand for smartphones and data services continues to grow across all of our wireless markets and our value to our customers in some markets depends in part on our network’s ability to provide high quality and high capacity network service to smartphone devices. Indeed, much of the revenue growth in our U.S. Wireless segment in 2015 was attributable to increased demand for data services. However, if data usage increases faster than we anticipate and exceeds the then available capacity of any of our networks, our costs to deliver roaming services may be higher than we anticipate or the quality of our service may be negatively affected. In addition, the dearth of available spectrum in our industry means that we cannot guarantee that we will be able to acquire additional spectrum at a reasonable cost or at all to ensure our ability to maintain or grow our business and traffic volumes. As demand for advanced mobile data services continues to grow, we may have difficulty satisfying our wholesale roaming partners’ demand for these services without substantial upgrades and additional capital expenditures, which could have an adverse effect on our results of operations and financial condition.

Risks Relating to Our Wireline Services in Guyana

Our exclusive license to provide local exchange and international voice and data services in Guyana is subject to significant political and regulatory risk.

Since 1991, our subsidiary Guyana Telephone and Telegraph, Ltd. (“GT&T”) has operated in Guyana pursuant to a license from the Government of Guyana to be the exclusive provider of domestic fixed and international voice and data services pursuant to a license with an initial term ending in December 2010, which was renewable at our sole option for an additional 20 year term. In November 2009, we notified the Government of Guyana of our election to

renew our exclusive license for an additional 20 year term expiring in 2030. On December 15, 2010, we received correspondence from the Government of Guyana indicating that our license had been renewed until such time that new legislation is in place with regard to the Government's intention to expand competition within the sector; however, we believe our exclusive license continues to be valid unless and until such time as we enter into an alternative agreement with the Government.

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Since 2001, the Government of Guyana has stated its intention to introduce additional competition into Guyana's telecommunications sector. Since that time, we have met on many occasions with officials of the Government of Guyana to discuss potential modifications of our exclusivity and other rights under the existing agreement. In 2012, the Government of Guyana introduced a bill into Parliament containing draft legislation, regulations, and licenses that, if enacted, would have the effect of terminating our exclusive license by permitting other telecommunications carriers to receive licenses to provide domestic fixed services and international voice and data services in Guyana. The proposed legislation would also introduce material changes to many other features of Guyana's existing telecommunications regulatory regime. We cannot predict when or if the proposed legislation will be adopted by Parliament or, if adopted and then signed into law by the President, the manner in which it would be implemented by the Minister of Telecommunications and the PUC. Although we believe that we would be entitled to damages or other compensation for any involuntary termination of our contractual exclusivity rights, we cannot guarantee that we would prevail in a proceeding to enforce our rights or that such actions would effectively halt any unilateral action by the Government.

In addition, since 2009, we have been engaged in lawsuits in Guyana challenging the legality of GT&T's exclusive license rights under Guyana's constitution. As recently as 2012, a trial court made findings calling into question the validity of our exclusive license, prompting Digicel, our main competitor in Guyana, to begin openly connecting its own international traffic out of Guyana without receiving an international license and at rates which had not been approved by the Guyana PUC. In response, the Guyana PUC ordered Digicel to cease providing service at such rates, and the government of Guyana notified us that they have undertaken to advise Digicel that its activities are in contravention of Guyana law. The Guyana courts also granted GT&T an interim injunction restraining Digicel from bypassing GT&T's network. GT&T has also appealed the case, not only with respect to the contract claim, but also as to the court's findings regarding the exclusivity of GT&T's license and its application to VoIP services.

We are dependent on GT&T for approximately 25% of our total consolidated revenues. A loss of exclusivity on international voice and data service would result in a reduction in the international call traffic and as a result, a loss in that portion of our wireline revenue. Any modification, early termination or other revocation of the exclusive domestic fixed and international voice and data license could adversely affect our revenues and profits and diminish the value of our investment in Guyana.

Other Risks Relating to Our Telecommunications Businesses

The loss of certain licenses could adversely affect our ability to provide wireless and broadband services.

In the United States, wireless, PCS and microwave licenses are valid for ten years from the effective date of the license. Licensees may renew their licenses for additional ten year periods by filing renewal applications with the FCC. Our wireless licenses in the U.S. expire between 2015 and 2019. While we intend to renew our licenses expiring this year, the renewal applications are subject to FCC review and are put out for public comment to ensure that the licensees meet their licensing requirements and comply with other applicable FCC mandates. Failure to file for renewal of these licenses or failure to meet any licensing requirements could lead to a denial of the renewal application and thus adversely affect our ability to continue to provide service in that license area. Furthermore, our compliance with regulatory requirements such as enhanced 911 and CALEA requirements may depend on the availability of necessary equipment or software.

In our international markets, telecommunications licenses are typically issued and regulated by the applicable telecommunications ministry. The application and renewal process for these licenses may be lengthy, require us to expend substantial renewal fees, and/or be subject to regulatory uncertainty, such as we are experiencing in Guyana, as described above. Failure to comply with these regulatory requirements may have an adverse effect on our licenses or operations and could result in sanctions, fines or other penalties.

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Rapid and significant technological changes in the telecommunications industry may adversely affect us.

Our industry faces rapid and significant changes in technology that directly impact our business, including the following:

- evolving industry standards;
- requirements resulting from changing regulatory regimes;
- the allocation of radio frequency spectrum in which to license and operate advanced wireless services;
- ongoing improvements in the capacity and quality of digital technology;
- changes in end user requirements and preferences;
- convergence between video and data services;
- development of data and broadband capabilities and rapidly expanding demand for those capabilities; and
- migration to new generation services such as LTE or “4G” network technology.

For us to keep up with these technological changes and remain competitive, at a minimum we will be required to continue to make significant capital expenditures to add to our networks’ capacity, coverage and technical capability. For example, we have spent considerable amounts adding higher speed, higher capacity mobile data services to many of our networks in recent years and we think it likely that more such expenditures, including adding LTE mobile data technologies, will be needed over the next few years.

We cannot predict the effect of technological changes on our business. Alternative or new technologies may be developed that provide communications services superior to those available from us, which may adversely affect our business. For example, to accommodate the demand by our wireless customers for next generation advanced wireless products such as high speed data and streaming video, we may be required to purchase additional spectrum, however, we have had difficulty finding spectrum for sale or on terms that are acceptable to us. In our Bermuda market, the action taken by the Regulatory Authority to recapture spectrum we formerly held will have an impact on our ability to deploy next generation mobile technologies. In addition, usage of wireless voice or broadband services in excess of our expectations could strain our capacity, causing service disruptions and result in higher operating costs and capital expenditures. In each of our markets, providing more and higher speed data services through our wireless or wireline networks may require us to make substantial investments in additional telecommunications transport capacity connecting our networks to the Internet, and in some cases such capacity may not be available to us on attractive terms or at all. Failure to provide these services or to upgrade to new technologies on a timely basis and at an acceptable cost could have a material adverse effect on our ability to compete with carriers in our markets.

Risks Related to Our Renewable Energy Business

Our Facilities have a limited operating history.

All of our Facilities have limited operating histories. Our expectations about the performance of these Facilities are based on assumptions and estimates made without the benefit of operating history. There can be no assurance that our Facilities will perform as anticipated or projected and the failure of these Facilities to perform as we expect could have a material adverse effect on the financial condition, results of operations and cash flows of our Renewable Energy segment.

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Our revenues are dependent on the performance and effectiveness of our PPAs.

The cash flow from the PPAs and PBIs is significantly affected by our ability to collect payments from offtakers under our PPAs. While we believe that all of our current customers are high quality credit entities, if for any reason these customers are unable or unwilling to fulfill their related contractual obligations or if they refuse to accept delivery of power or otherwise terminate such agreements, this non payment could have a material adverse effect on our revenues. In addition, our inability to perform our obligations under the PPAs could also have a material adverse effect on our revenues. For instance, our inability to meet certain operating thresholds or performance measures under certain of our PPAs within specified time periods exposes us to the risk of covering the cost of any shortfall or early termination by such customer.

Certain of our PPAs provide for early termination for a variety of reasons, including in the event that (a) an offtaker is unable to appropriate funds from state and local governments, (b) there is a change of law that substantially reduces the value of utility credits, (c) termination for convenience, or (d) the Facility causes damage to the premises or roof and our customer fails to repair or causes the customer to be in violation of law, or the customer ceases to hold tenancy or fee interest in the premises. While we would be entitled to a termination fee (typically set at the terminal value of the PPA) in most cases, the termination fee might not be a sufficient substitute for the payments otherwise due under the PPAs. There can be no assurances that such appropriations will be made or timely made in any given year or that tax or other incentives continued to be available for the purchase of solar energy. In the event a PPA for one or more of our projects is terminated or payments are not made (or not made in a timely manner) pursuant to such provisions, it could materially and adversely affect our results of operations and financial condition. We cannot provide any assurance that PPAs containing such provisions will not be terminated or, in the event of termination, we will be able to enter into a replacement PPA. Moreover, any replacement PPA may be on terms less favorable to us than the PPA that was terminated.

Our revenue may be exposed to SREC uncertainty inflation based price increases or other external factors.

We also generate solar renewable energy credits, or SRECs, which are government emissions allowances obtained through power generation and compliance with various regulations from the government as our projects produce electricity. Revenue is recognized as SRECs are sold through long-term purchase agreements with a third party at the contractual rate specified in the agreement. In 2015, approximately 64% of our renewable energy revenue was earned from SREC contracts and PBIs and 36% was earned from PPAs. SRECs may also be transferred directly to our lenders in lieu of payments due on loans. The revenue derived from our sale of SRECs is dependent on local governments in Massachusetts and California electing to maintain the programs that grant SRECs for power production in these states.

In addition, certain of our PPAs do not contain inflation based price increases, resulting in an average, weighted by MW, escalator on our PPAs of 1.11%. To the extent that we experience high rates of inflation we may experience increased operation costs and decreased revenues. In addition, a portion of the revenues under certain of the PPAs for our solar energy projects are subject to price adjustments triggered by a decrease in the market price of electricity over time. This would also have a negative impact on our ability to attract new customers and increase our portfolio, as we believe that an offtaker's decision to develop our solar projects is primarily driven by a desire to decrease their traditional energy costs. If we are unable to negotiate more favorable pricing, it could have a material adverse impact on the financial condition, results of operations and cash flows of our Renewable Energy segment. We also believe the solar industry will continue to experience periods of structural imbalance between supply and demand (i.e., where production capacity exceeds global demand), and that such periods will put pressure on pricing, which could adversely affect our results of operations.

We are reliant on a key vendor for operation, maintenance and interconnection of our Facilities.

Pursuant to our O&M Agreements, our O&M vendor is required to operate and maintain our Facilities. While this vendor is obligated to indemnify us to the extent it fails to perform under our O&M Agreements, any such failure could cause a delay or reduction in payments under our PPAs. Additionally, we contract with utilities through an interconnection agreement to export excess energy generated by our Facilities to an offtaker and/or the utility electrical

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grid. Our O&M vendor is required to perform our obligations under the interconnection agreement. If our O&M vendor fails to so perform and interconnection is lost, our offtakers will not receive any energy or net metering credits from such Facility nor a bill credit for energy that would otherwise have been exported to the utility and we may be required to cover these amounts under our PPAs.

The growth of our solar business is dependent on our ability to identify and acquire additional solar projects on favorable terms.

Our business strategy for our Renewable Energy segment is to grow via acquisition and development of additional energy generation assets, with a current focus on solar distributed generation. In order to do so, we are reliant on management to effectively identify and consummate acquisition or new project opportunities on a timely basis and on favorable terms. The number of acquisition and development opportunities is limited, and we compete with some organizations with greater size, scale and resources. In addition, the design, construction and operation of solar energy projects are highly regulated, require various governmental approvals and permits, including environmental approvals and permits, and may be subject to the imposition of related conditions that vary by jurisdiction. We cannot predict whether all permits required for a given project will be granted or granted on terms that are favorable to our business plans. If we are unable to grow our Renewable Energy segment, we may not be able to succeed with our overall business growth strategy.

Other Risks Related to Our Businesses

We rely on a limited number of key suppliers and vendors for timely supply of handsets, accessories, equipment and services relating to our network or Facility infrastructure. If these suppliers or vendors experience problems or favor our competitors, we could fail to obtain sufficient quantities of the products and services we require to operate our businesses successfully.

We depend on a limited number of suppliers and vendors for equipment and services relating to our handset lineup, network infrastructure, solar equipment and our back office IT systems infrastructure. If these suppliers experience interruptions or other problems delivering these network components on a timely basis, our subscriber or revenue growth and operating results could suffer significantly.

We source wireless devices for our retail wireless businesses from a small number of handset resellers and to a lesser extent, equipment manufacturers and depend on access to compelling devices at reasonable prices on primary and secondary markets for these devices, as well as timely delivery of devices to meet market demands. The inability to provide a competitive device lineup could materially impact our ability to attract new customers and retain existing customers. We are also reliant upon a limited number of network equipment manufacturers, including Ericsson, Motorola, Alcatel Lucent and Nokia and a limited number of solar equipment manufacturers, including Yingli and Inventec for photovoltaic modules and SMA and Satcon for inverters.

We are also dependent on the ability of our solar equipment manufacturers to fulfill the warranties on our solar equipment, which typically range from 5 to 25 years in length, in the event of equipment malfunction. If these suppliers cease operations or for some reason default on their warranties, we would have to bear the expense of repairing or replacing any faulty equipment. Our business, financial condition, results of operations and cash flows could be materially adversely affected if we cannot make claims under warranties covering our Facilities. If it becomes necessary to seek alternative suppliers and vendors, we may be unable to obtain satisfactory replacement suppliers or vendors on economically attractive terms on a timely basis.

Regulatory changes may impose restrictions that adversely affect us or cause us to incur significant unplanned costs in modifying our business plans or operations.

We are subject to U.S. federal, state and local regulations and foreign government regulations, all of which are subject to change. As new laws and regulations are issued, we may be required to modify our business plans or operations. We cannot be certain that we can do so in a cost effective manner. For example, a portion of our revenues in our Renewable Energy segment from PPAs is dependent on the ongoing availability of tax credits for clean energy. In

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addition, the failure to comply with applicable governmental regulations could result in the loss of our licenses or authorizations to operate, inability to perform under our PPAs, the assessment of penalties or fines or otherwise may have a material adverse effect on the results of our operations.

Our operations in the United States are subject to the Telecommunications Act of 1996 (or “1996 Act”). The interpretation and implementation of the provisions of the 1996 Act and the FCC rules implementing the 1996 Act continue to be heavily debated and may have a material adverse effect on our business. Also, although legislation has not yet been introduced, there have been indications that Congress may substantially revise the 1996 Act and other regulation in the next few years. While we believe we are in compliance with federal and state regulatory requirements, our interpretation of our obligations may differ from those of regulatory authorities. Both federal and state regulators require us to pay various fees and assessments, file periodic reports and comply with various rules regarding our consumer marketing practices and the contents of our bills, on an on going basis. If we fail to comply with these requirements, we may be subject to fines or potentially be asked to show cause as to why our licenses to provide service should not be revoked.

Increased competition may adversely affect growth, require increased capital expenditures, result in the loss of existing customers and decrease our revenues.

We face competition in the markets in which we operate. For example:

- In the United States, our greatest competitive risk to our wireless business is the possibility that our current roaming customers may elect to build or enhance their own networks within the rural market in which we currently provide service, which is commonly known as “over building.” If our roaming customers, who generally have greater financial resources and access to capital than we do, determine to over build our network, their need for our roaming services will be significantly reduced or eliminated.
- In Guyana, we have faced competition from Digicel, a wireless service provider operating across the region.
- In Bermuda and the Caribbean, we compete primarily against Digicel.
- In New England and New York State, in addition to other competitive voice and data communications service providers, we compete with much larger regional carriers and national cable providers, each of which has greater financial and other resources.
- In our solar power business, we face competition from traditional utilities and renewable energy companies. Many of our competitors are larger with greater resources and are less dependent on third parties for the sourcing of equipment or operation and maintenance of their solar facilities.

Over the last decade, an increase in competition in many areas of the telecommunications industry has contributed to a decline in prices for communication services, including mobile wireless services, local and long distance telephone service, and data services. Increased competition in the industry may decrease prices further. In addition, increased competition in the telecommunications and renewable energy industries could reduce our customer base, require us to invest in new facilities and capabilities and reduce revenues, margins and returns.

General economic factors, domestically and internationally, may adversely affect our business, financial condition and results of operations.

General economic factors could adversely affect demand for our products and services, require a change in the services we sell or have a significant impact in our operating costs. Energy costs are historically volatile and are subject to fluctuations arising from changes in domestic and international supply and demand, labor costs, competition, market speculation, government regulations, or weather conditions. Rapid and significant changes in these and other commodity

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prices may affect our sales and profit margins. General economic conditions can also be affected by the outbreak of war, acts of terrorism, or other significant national or international events.

- In addition, an economic downturn in our markets or the global market may lead to slower economic activity, increased unemployment, concerns about inflation, decreased consumer confidence and other adverse business conditions that could have an impact on our businesses. For example, among other things:
- A decrease in tourism could negatively affect revenues and growth opportunities from operations in the islands and in a number of areas covered by U.S. rural and wholesale wireless operations that serve tourist destinations.
- An increase in “bad debt”, or the amounts that we have to write off of our accounts receivable could result from our inability to collect subscription fees from our subscribers.
- We rely on the population of Guyanese living abroad who initiate calls to Guyana or are responsible for remittances to relatives living in Guyana. A prolonged economic downturn in the U.S. or Canadian economies could affect inbound calling and, therefore, our revenue in Guyana.
- The impact, if any, that these events might have on us and our business, is uncertain.

Failure of network or information technology systems, including as a result of security breaches, could have an adverse effect on our business.

We are highly dependent on our information technology (IT) systems for the operation of our network, or Facilities delivery of services to our customers and compilation of our financial results. Failure of these IT systems, through cyberattacks, breaches of security, or otherwise, may cause disruptions to our operations. Our inability to operate our network, Facilities and back office systems as a result of such events, even for a limited period of time, may result in significant expenses and/ impact the timely and accurate delivery of our services or other information. Other risks that may also cause interruptions in service or reduced capacity for our telecommunications customers include power loss, capacity limitations, software defects and breaches of security by computer viruses, break ins or otherwise. Disruptions in our networks and the unavailability of our services or our inability to efficiently and effectively complete necessary technology or systems upgrades or conversions could lead to a loss of customers, damage to our reputation and violation of the terms of our licenses and contracts with customers. These failures could also lead to significant negative publicity, regulatory problems and litigation.

Our foreign operations are subject to economic, political and other risks that could adversely affect our revenues or financial position.

Our international operations may face adverse financial consequences and operational problems due to foreign political or economic changes, such as changes in national or regional political or economic conditions, laws and regulations that restrict repatriation of earnings or other funds, or changes in foreign currency exchange rates. Any of these changes could adversely affect our revenues or financial position.

Our ability to recruit and retain experienced management and technical personnel could adversely affect our results of operations and ability to maintain internal controls.

The success of our business is largely dependent on our executive officers and the officers of our operating units, as well as on our ability to attract and retain other highly qualified technical and management personnel. We believe that there is, and will continue to be, strong competition for qualified personnel in the communications industry and in our markets, and we cannot be certain that we will be able to attract and retain the personnel necessary for the development of our business. We rely heavily on local management to run our operating units. Many of the markets we operate in are small and remote, making it difficult to attract and retain talented and qualified managers and staff in those markets. The loss of key personnel or the failure to attract or retain personnel with the sophistication to run complicated

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telecommunications equipment, networks and systems could have a material adverse effect on our business, financial condition and results of operations. We do not currently maintain “key person” life insurance on any of our key employees and none of the executives at our parent company are under employment agreements.

In addition, cultural differences abroad and local practices of conducting business in our foreign operations may not be in line with the business practices, recordkeeping and ethics standards in the United States. In order to continue to ensure compliance with foreign and U.S. laws, accounting standards and our own corporate policies, we have implemented financial and operational controls, created an internal audit team responsible for monitoring and ensuring compliance with our internal accounting controls, and routinely train our employees, vendors and consultants. However, having substantial foreign operations also increases the complexity and difficulty of developing, implementing and monitoring these internal controls and procedures. If we are unable to manage these risks effectively, it could have a material adverse effect on our business, financial condition and results of operations.

Changes in meteorological conditions may materially disrupt our operations.

Many of the areas in which we operate have experienced severe weather conditions over the years including hurricanes, tornadoes, blizzards, damaging storms and floods. Some areas in which we operate may also be at risk of earthquakes. Such events may materially disrupt and adversely affect our business operations. Major hurricanes passed directly over Bermuda in 2003 and 2014 causing major damage to our network and to the island’s infrastructure. In 2008, a hurricane caused extensive damage on a small portion of the U.S. Virgin Islands. Guyana has suffered from severe rains and flooding in the past as well. Our solar production at our facilities in Massachusetts was negatively impacted in early 2015 by repeated heavy snowfall and prolonged cold weather. While these events have not had a significant negative impact on the operating results or financial condition of the affected businesses or our overall business, we cannot be sure that these types of events will not have such an impact in the future or that the insurance coverage we maintain for asset damage will adequately compensate us for all damage and economic losses resulting from natural catastrophes.

The electricity produced and revenues generated by a solar electric generation facility is highly dependent on suitable solar and associated weather conditions and our solar panels and inverters could be damaged by severe weather, such as hailstorms, blizzards or tornadoes. In addition, replacement and spare parts for key components may be difficult or costly to acquire or may be unavailable. Unfavorable weather and atmospheric conditions could reduce the output of our Facilities and lead to a loss of revenue from our offtakers.

Risks Related to Our Capital Structure

Our debt instruments include restrictive and financial covenants that limit our operating flexibility.

Our credit facility requires us to maintain a ratio of indebtedness to EBITDA and contains certain covenants that, among other things, restrict our ability to take specific actions, even if we believe such actions are in our best interest. These include restrictions on our ability to do the following:

- incur additional debt;
- create liens or negative pledges with respect to our assets;
- pay dividends or distributions on, or redeem or repurchase, our capital stock;
- make investments, loans or advances or other forms of payments;
- issue, sell or allow distributions on capital stock of specified subsidiaries;
- enter into transactions with affiliates; or

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· merge, consolidate or sell our assets.

Any failure to comply with the restrictions of the credit facility or any subsequent financing agreements may result in an event of default. Such default may allow our creditors to accelerate the repayment of the related debt and may result in the acceleration of the repayment of any other debt to which a cross acceleration or cross default provision applies. In addition, these creditors may be able to terminate any commitments they had made to provide us with further funds.

Our Chairman is our largest stockholder and will continue to exert significant influence over us.

Cornelius B. Prior, Jr., our Chairman and the father of our Chief Executive Officer, beneficially owns, together with related entities, affiliates and family members (including our Chief Executive Officer), approximately 30% of our outstanding Common Stock. As a result, he is able to exert significant influence over all matters presented to our stockholders for approval, including election and removal of our directors and change of control transactions. In addition, as our Chairman, he has the ability to exert significant influence over other matters brought before our Board of Directors, such as proposed changes in our strategy or business plans and our major financing decisions. His interests may not always coincide with the interests of other holders of our Common Stock.

Low trading volume of our stock may limit our shareholders ability to sell shares and/or result in lower sale prices.

For the three months prior to February 1, 2016, the average daily trading volume of our Common Stock was approximately 73,000 shares. As a result, shareholders may have difficulty selling a large number of shares of our Common Stock in the manner or at a price that might be attainable if our Common Stock were more actively traded. In addition, the market price of our Common Stock may not be reflective of its underlying value.

We may not pay dividends in the future.

Our stockholders may receive dividends out of legally available funds if, and when, they are declared by our Board of Directors. We have consistently paid quarterly dividends in the past, but may cease to do so at any time. Our credit facility sets certain limitations on our ability to pay dividends on, or repurchase, our capital stock. We may incur additional indebtedness in the future that may further restrict our ability to declare and pay dividends. We may also be restricted from paying dividends in the future due to restrictions imposed by applicable state laws, our financial condition and results of operations, capital requirements, covenants contained in our financing agreements, management’s assessment of future capital needs and other factors considered by our Board of Directors.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We lease approximately 12,000 square feet of office space at 600 Cummings Center, Beverly, MA 01915 for our corporate headquarters. Worldwide, we utilize the following approximate square footage of space for our operations:

		International			
Type of space	U.S. Wireless	Integrated	Island	Renewable	U.S. Wireline
Office	26,110	Telephony	Wireless	Energy	22,250
Retail stores	4,147	344,829	10,465	1,000	—
		17,303	8,898	—	—

Technical operations	16,000	2,188,163	9,496	—	8,185
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All of the above locations are leased except for the office and technical space within our International Integrated Telephony segment, which we own. As of December 31, 2015, we operated four retail stores in our U.S.

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Wireless segment, ten retail stores in our International Integrated Telephony segment and seven retail stores in our Island Wireless segment.

Our offices and technical operations are in the following locations: