

customer life as the option to renew without paying an upfront fee provides the customer with a material right. During the years ended December 31, 2019 and 2018, the Company deferred and recognized revenues of \$397.5 million and \$354.2 million, respectively.

A receivable is recognized in the period the Company provides goods or services when the Company's right to consideration is unconditional. Payment terms on invoiced amounts are generally 30 to 60 days.

Performance Obligations

ASC 606, *Revenue from Contracts with Customers* ("ASC 606"), requires that the Company disclose the aggregate amount of the transaction price that is allocated to remaining performance obligations that are unsatisfied as of December 31, 2019. The guidance provides certain practical expedients that limit this requirement. The service revenue contracts of the Company meet the following practical expedients provided by ASC 606:

1. The performance obligation is part of a contract that has an original expected duration of one year or less.
2. Revenue is recognized from the satisfaction of the performance obligations in the amount billable to the customer in accordance with ASC 606-10-55-18.

The Company has elected these practical expedients. Performance obligations related to our service revenue contracts are generally satisfied over time. For services transferred over time, revenue is recognized based on amounts invoiced to the customer as the Company has concluded that the invoice amount directly corresponds with the value of services provided to the customer. Management considers this a faithful depiction of the transfer of control as services are substantially the same and have the same pattern of transfer over the life of the contract. As such, revenue related to unsatisfied performance obligations that will be billed in future periods has not been disclosed.

3. EARNINGS PER SHARE

Basic and diluted earnings (loss) per common share ("EPS") are computed using the two-class method, which is an earnings allocation method that determines EPS for each class of common stock and participating securities considering dividends declared and participation rights in undistributed earnings. Certain of the Company's restricted stock awards are considered participating securities because holders are entitled to receive non-forfeitable dividends, if declared, during the vesting term.

The potentially dilutive impact of the Company's restricted stock awards is determined using the treasury stock method. Under the treasury stock method, if the average market price during the period exceeds the exercise price, these instruments are treated as if they had been exercised with the proceeds of exercise used to repurchase common stock at the average market price during the period. Any incremental difference between the assumed number of shares issued and repurchased is included in the diluted share computation.

Diluted EPS includes securities that could potentially dilute basic EPS during a reporting period. Dilutive securities are not included in the computation of loss per share when a company reports a net loss from continuing operations as the impact would be anti-dilutive.

The computation of basic and diluted EPS attributable to common shareholders computed using the two-class method is as follows:

<i>(In thousands, except per share amounts)</i>	2019	2018	2017
Net income (loss)	\$ (19,931)	\$ (50,571)	\$ 65,299
Less: net income attributable to noncontrolling interest	452	263	354
Income (loss) attributable to common shareholders before allocation of earnings to participating securities	(20,383)	(50,834)	64,945
Less: earnings allocated to participating securities	462	810	362
Net income (loss) attributable to common shareholders, after earnings allocated to participating securities	<u>\$ (20,845)</u>	<u>\$ (51,644)</u>	<u>\$ 64,583</u>
Weighted-average number of common shares outstanding	<u>70,837</u>	<u>70,613</u>	<u>60,373</u>
Net income (loss) per common share attributable to common shareholders - basic and diluted	<u>\$ (0.29)</u>	<u>\$ (0.73)</u>	<u>\$ 1.07</u>

Diluted EPS attributable to common shareholders for the years ended December 31, 2019, 2018 and 2017 excludes 1.1 million, 0.5 million and 0.3 million potential common shares, respectively, that could be issued under our share-based compensation plan, because the inclusion of the potential common shares would have an antidilutive effect.

4. ACQUISITIONS AND DIVESTITURES

Acquisitions

FairPoint Communications, Inc.

On July 3, 2017, we completed the Merger with FairPoint and acquired all the issued and outstanding shares of FairPoint in exchange for shares of our common stock. As a result, FairPoint became a wholly-owned subsidiary of the Company.

FairPoint is an advanced communications provider to business, wholesale and residential customers within its service territory. FairPoint owns and operates a robust fiber-based network with more than 22,000 route miles of fiber, including 17,000 route miles of fiber in northern New England. The acquisition reflects our strategy to diversify revenue and cash flows amongst multiple products and to expand our network to new markets.

The results of operations of FairPoint have been reported in our consolidated financial statements as of the effective date of the acquisition. For the year ended December 31, 2017, FairPoint contributed operating revenues of \$389.5 million and net income of \$22.7 million, which included \$12.3 million in acquisition related costs.

Unaudited Pro Forma Results

The following unaudited pro forma information presents our results of operations as if the acquisition of FairPoint occurred on January 1, 2016. The adjustments to arrive at the pro forma information below included adjustments for depreciation and amortization on the acquired tangible and intangible assets acquired, interest expense on the debt incurred to finance the acquisition and to repay certain existing indebtedness of FairPoint, and the exclusion of certain acquisition related costs.

Shares used to calculate the basic and diluted earnings per share were adjusted to reflect the additional shares of common stock issued to fund the acquisition.

<i>(Unaudited; in thousands, except per share amounts)</i>	Year Ended December 31, 2017
Operating revenues	\$ 1,460,620
Income from operations	\$ 60,926
Net income	\$ 91,131
Less: net income attributable to noncontrolling interest	354
Net income attributable to common stockholders	<u>\$ 90,777</u>
Net income per common share-basic and diluted	<u>\$ 1.29</u>