INTELIQUENT

2015 ANNUAL REPORT

Dear Fellow Shareholders:

When I became CEO back in June, our company was in the midst of signing a breakthrough agreement with T-Mobile. Not only did that agreement increase our network's volume of traffic significantly, but it also served as our first major bundled services offering, where a carrier used our infrastructure to solve one of its largest problems: removing expensive legacy TDM circuits from its interconnection network. It was an exciting time to join Inteliquent, with the new offering allowing us to serve, for the first time, the enormous amount of traffic that is originated and terminated to legacy landline (ILEC) networks from wireless and other competitive carriers.

The momentum from T-Mobile carried into the latter half of the year, and we finished 2015 strong. During the fourth quarter of 2015, we transited 46.3 billion minutes of traffic on our network, more than at any other time in our history, and we expect to continue this growth trend in 2016. The record-breaking increase in minutes drove our revenue, as we generated $248.6 million in 2015, an increase of 12.7 percent from the prior year.

Most importantly, our success with T-Mobile underscored the profound trust our customers have in our network and team to deliver the highest quality, most reliable call experience every time. It's this trust, coupled with our culture of innovation, that sets us apart from other service providers. It's also quickly transforming Inteliquent from a traditional telecommunications voice-only company into a premier, next-generation communications services company that is built on the world's most reliable network. New customers demand a full spectrum of voice, text and messaging services and we are committed to delivering them. During the past year, our team worked diligently to build new capabilities to diversify and grow the types of traffic we carry and increase our market share. We will be increasing these efforts during 2016, as we look to enhance these capabilities and add new functionality. We are proud to serve both the traditional telecommunications customers with high quality and reliable telecom services, as well as enable the next generation providers with the variety of communications capabilities they demand.

However, no major transition can be successful without a strategic plan to maintain focus and ensure resources are managed effectively. To ensure long-term growth, I implemented our Growth Forward Plan, which is designed to help us prioritize the right suite of initiatives and help us profitably sell more products and services to more customers. The Growth Forward Plan is anchored by three key three strategic imperatives: (1) Grow and Protect the Core; (2) Diversify Our Revenue Stream; and (3) Drive Margin Optimization.

Grow and Protect the Core

We are focused on optimizing our legacy voice business and positioning ourselves as the de facto voice interconnection partner for all communication providers. To achieve this, we will continue to build trust with our customers to outsource a significant amount of their voice interconnection needs to us. We are also very focused on improving our pricing discipline through better analytics and data, which enables us to compete more effectively and take market share from our competitors.

Diversify Our Revenue Stream

While we must grow and protect our core business, we recognized the need to innovate and broaden the mix of services we sell. To that end, we recently launched the first phase of our new offering to serve Over-the-Top (OTT) and next generation providers. These providers need phone numbers, as well as voice and messaging capabilities, to serve their customers. As part of our launch, we recently made the phase one portion of our new web portal available. This portal automates much of the ordering and provisioning process, which will allow us to serve customers that need large volumes of phone numbers. We will continue to enhance our capabilities in this area throughout 2016, which will deepen our existing customer relationships as well as help us establish new ones.

I am very excited by the opportunities in this area. We believe that the platform we are developing, which will give customers a unique, one-stop-shop bundle of voice, text and messaging products, will create a new market for Inteliquent's services where no others can compete as effectively.

Drive Margin Optimization

We have a strong history of being a cost-disciplined culture, which has allowed us to provide competitive pricing for our customers and EBITDA growth for you, our shareholders. This will continue to be a major focus of our efforts as we work to drive margin optimization. We will launch our Lean Six Sigma efforts in 2016 to help us reduce redundancies and waste through process improvement and project prioritization. Additionally, we will continue to improve our pricing prowess in the marketplace and respond on a timely basis to the dynamic changes in pricing.

With a clear strategy in place, 2016 will be the year of charting new horizons with our Growth Forward Plan. We enter the year with positive momentum of a strong competitive position and confidence in the long-term growth prospects of our business. I strongly believe that our strategy, which is built on a solid foundation of talent and a history of innovation, will expand our leadership position, drive strong financial performance, and ultimately generate long-term value for our shareholders.

I want to thank our customers, shareholders and employees for their support and contributions to the company.

Sincerely,

Matt Carter

Matthew Carter, Jr.
President and Chief Executive Officer

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

☒ **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 number 001-33778

INTELIQUENT, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware **(State or Other Jurisdiction of Incorporation or Organization)**	**31-1786871** **(I.R.S. Employer Identification No.)**
550 West Adams Street Suite 900 **Chicago, Illinois** **(Address of Principal Executive Offices)**	**60661** **(Zip Code)**

Registrant's telephone number, including area code (312) 384-8000

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

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $0.001 Par Value Per Share	**The NASDAQ Stock Market LLC**

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

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

Indicate 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 (§ 232.405 of this chapter) 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 (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the 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 the 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	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

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

The aggregate market value of the registrant's common stock, $0.001 par value per share, held by non-affiliates on June 30, 2015, the last business day of the registrant's most recently completed second fiscal quarter, was $581,683,763 (based on the closing sales price of the registrant's common stock on that date). Shares of the registrant's common stock held by each officer, director and each other person known to the registrant who beneficially owns more than 5% or more of the registrant's outstanding common stock have been excluded in that such persons may under certain circumstances be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of January 31, 2016, the registrant had 33,913,161 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Inteliquent, Inc. definitive Proxy Statement for its 2016 Annual Meeting of Stockholders to be filed with the Commission pursuant to Regulation 14A not later than 120 days after December 31, 2015 are incorporated by reference in Part III of this Form 10-K.

INTELIQUENT, INC.

FORM 10-K

TABLE OF CONTENTS

PART I

ITEM 1. BUSINESS

Our Company

We provide voice telecommunications services primarily on a wholesale basis. We offer these services using an all-IP network, which enables us to deliver global connectivity for a variety of media, including voice and, historically, data and video. Our solutions enable carriers and other providers to deliver voice telecommunications traffic or other services where they do not have their own network or elect not to use their own network. These solutions are sometimes called “off-net” services. We also provide our solutions to customers, such as over-the-top (“OTT”) providers, who also typically do not have their own network. We were incorporated in Delaware on April 19, 2001 and commenced operations in 2004.

For the year ended December 31, 2015, we generated revenue of $248.6 million. an increase of 12.7% compared to $220.5 million for the year ended December 31, 2014. Our income from operations for the year ended December 31, 2015 was $59.4 million compared to $63.3 million for the year ended December 31, 2014. Net income for the year ended December 31, 2015 was $38.1 million compared to $38.5 million for the year ended December 31, 2014.

On April 30, 2013, we sold our global data business. As a result, we recorded activity with respect to our global data business for only four months within the results of operations for the year ended December 31, 2013. The Americas reporting unit of the global data business did not qualify for discontinued operations treatment and, as a result, the results from continuing operations for the year ended December 31, 2013 include data activity associated with the Americas reporting unit for the first four months of 2013. Data revenue, data network and facilities, and data sales and marketing expenses generated by our Americas reporting unit for the first four months of 2013 was $10.4 million, $4.5 million and $1.5 million, respectively. Refer to Note 3 “Business Disposition” in the Notes to Consolidated Financial Statements of this Annual Report on Form 10-K for a description of the sale of our global data business.

Our Services

We provide the following voice services:

- *Local Transit Service*. Prior to the commencement of our operations in 2004, competitive carriers generally had two alternatives to send local voice traffic to other competitive carriers’ networks: sending the traffic indirectly through the tandems of an Incumbent Local Exchange Carrier (“ILEC”) or directly through connected switch pairs, commonly referred to as “direct connects.” We established our company to offer an alternative to these options and better facilitate the exchange of local traffic between competitive carriers by using our tandem switches instead of the ILECs’ tandems or direct connects. Since initially marketing our local transit service in several major markets, we have expanded our coverage and now provide local transit service in almost all markets in the contiguous United States, Hawaii and Puerto Rico.
- *Long Distance Service*. In 2006, we installed a national IP backbone network connecting our major local markets and began offering long distance services. Our long distance service allows us to carry long distance traffic that originates from our local or non-carrier customers in one market and terminates in another market. When we provide this service, we are operating as an interexchange carrier.
- *Switched Access Service*. In 2008, we began offering terminating switched access and originating switched access services. Switched access services are provided in connection with long distance calls. Our terminating switched access service allows interexchange carriers to send calls to us, and we then terminate those calls to the appropriate terminating carrier in the local market in which we operate. Our originating switched access service allows the originating carrier in the local market in which we operate to send calls to us that we then deliver to the appropriate interexchange carrier that has been selected to carry that call. In both instances, the interexchange carrier is our customer and is financially responsible for the call.
- *International Voice Service*. As we began interconnecting with certain non-U.S. carriers in 2010, we began terminating voice traffic that originated outside of the U.S. and terminated on the networks of carriers located in the U.S. When we provide this service, we are operating as an interexchange carrier. Our customer is the non-U.S. carrier that originates the call.
- *Direct Inward Dialing Service*. In 2012, we began to market Direct Inward Dialing (“DID”) service primarily to various non-carriers, including OTT providers, conference calling providers, calling card companies and interconnected Voice over Internet Protocol (“VoIP”) providers. As part of our DID offering, we assign telephone numbers to these non-carriers and then terminate voice traffic, such as conference calling or calling card traffic, that is destined to the telephone numbers that we have assigned to those non-carriers. In addition to receiving payment from our non-carrier customers for the provision of the DID service, an interexchange carrier will pay us switched access charges for terminating long

distance traffic on our network, while a local exchange carrier may owe us reciprocal compensation charges for terminating local traffic on our network.

- *8XX (Toll-Free) Service*. In 2014, we began offering 8XX service. We market this service to customers that seek to provide a caller with the ability to call them on a toll-free basis. Although many enterprises purchase toll-free services, we are initially marketing these services primarily to call centers or other non-enterprise users. When we provide this service, we are operating as an interexchange carrier.

Regulatory Treatment of Certain Intercarrier Compensation

We receive intercarrier compensation from interexchange carriers when we receive terminating access traffic from those long distance carriers. The intercarrier compensation we receive is based either on agreements we have with the respective carriers or rates set forth in our tariffs.

On November 18, 2011, the Federal Communications Commission (the “FCC”) issued an order establishing, among other things, an intercarrier compensation framework for terminating switched access traffic. Under the framework, when an end user subscribes to a local carrier’s services, most intercarrier compensation that the local carrier receives from interexchange carriers for terminating switched access traffic will be reduced to zero over a transition period which began on July 1, 2012 and concludes on July 1, 2018.

Where a carrier only provides the terminating tandem access service, or intermediate interconnection between the interexchange carrier and the terminating local carrier, the tandem provider’s rates are not reduced to zero under the FCC’s November 18, 2011 order. However, under the FCC’s order, the intercarrier compensation that the tandem carrier receives for terminating this switched access traffic was capped at the interstate rate in effect as of July 1, 2013.

In connection with our switched access services and our DID service, we provide terminating access service in both of the manners described above. We earn the majority of our terminating access service revenue from providing intermediate terminating tandem access service, where the rates will not be reduced to zero, as opposed to providing terminating service for traffic bound for end users that we serve, where the rates will be reduced to zero. Several states, industry groups and other telecommunications carriers filed petitions in federal court seeking to overturn the FCC’s framework, in whole or in part. The federal appellate court affirmed the FCC’s framework in all respects. For a further discussion see “Risk Factors—Risk Factors Related to Our Business—Regulatory developments could negatively impact our business” in Item 1A.

The Need for Our Services

Prior to the introduction of our local transit service offering, competitive carriers generally had two alternatives for exchanging traffic with other competitive carriers’ networks: sending the traffic indirectly through the tandems of an ILEC or directly through connected switch pairs, commonly referred to as “direct connects.” Given the cost and complexity of establishing direct connects, competitive carriers often elected to utilize the ILEC tandem as the method of exchanging traffic. The ILECs typically required competitive carriers to interconnect to multiple ILEC tandems with each tandem serving a restricted geographic area. In addition, as the competitive telecommunications market grew, the process of establishing interconnections at multiple ILEC tandems became increasingly difficult to manage and maintain, causing delays and inhibiting the growth of competitive carriers while the purchase of ILEC tandem services became an increasingly significant component of a competitive carrier’s costs.

The tandem switching services offered by ILECs consist of local transit service, which are provided in connection with local calls, and switched access services, which are provided in connection with long distance calls. Under certain interpretations of the Telecommunications Act of 1996 and implementing regulations, ILECs are required to provide local transit service to competitive carriers. ILECs generally set per minute rates and other charges for local transit service according to rate schedules approved by state public utility commissions, although the methodology used to review these rate schedules varies from state to state. ILECs are also required to offer switched access services to competing telecommunications carriers under the Telecommunications Act of 1996 and implementing regulations. ILECs generally set per minute rates and other charges for switched access services according to mandated rate schedules set by the FCC for interstate calls and by state public utility commissions for intrastate calls. In November 2011, the FCC released an order setting forth a multi-year transition plan that will reduce, and ultimately lead to the elimination of terminating switched access charges. For a further discussion see “Regulatory Treatment of Certain Intercarrier Compensation” above and “Risk Factors—Risk Factors Related to Our Business—Regulatory developments could negatively impact our business” in Item 1A. Our solution enables competitive carriers to exchange traffic between their networks without using an ILEC tandem for both local and long distance calls.

Before we commenced operations, a loss of ILEC market share to competitive carriers escalated competitive tensions and resulted in an increased demand for tandem switching. Growth in intercarrier traffic switched through ILEC tandems created switch capacity shortages known in the industry as ILEC “tandem exhaust,” where overloaded ILEC tandems became a bottleneck for competitive carriers. This increased call blocking and gave rise to service quality issues for competitive carriers.

We established our company to solve these interconnection problems and better facilitate the exchange of traffic among competitive carriers and non-carriers. With the introduction of our service, we believe we became the first carrier to provide alternative tandem services capable of alleviating the ILEC tandem exhaust problem. Our solution enables competitive carriers to exchange traffic between their networks without using an ILEC tandem for both local and long distance calls. By utilizing our managed tandem service, our customers benefit from a simplified interconnection network solution that reduces costs, increases network reliability, decreases competitive tension and adds network diversity and redundancy.

Following the introduction of our local transit services, we began to face competition from other non-ILEC carriers, including Level 3, Hypercube and Peerless Network. Over the past several years, intensified competition led to reduced minutes of use and caused us to charge materially lower rates in various markets, including with respect to our major customers in our largest markets. Moreover, as previously noted, the other alternative for exchanging traffic prior to the commencement of our operations was for competitive carriers to install direct connections between their switches. Despite the development of a competitive tandem market, this alternative still exists, and in fact, we believe that our customers are frequently establishing direct connections between their networks, even for what might be considered, by historical standards, to be lower traffic switch pair combinations, for various reasons, including to eliminate paying a transit fee to us or one of our competitors. For a further discussion of the direct and indirect competition we face, see “—Competition” in this Item 1 and “Risk Factors—Risk Factors Related to Our Business—We face competition from the traditional ILECs and competition from certain other providers such as AT&T (Long Distance), Verizon Business, Level 3 Communications, Peerless Network and Hypercube, and we expect to compete with new entrants to the voice services market” in Item 1A below.

We have entered into voice services agreements with major competitive carriers and non-carriers and we operated in 190 markets as of December 31, 2015. Generally, these agreements do not provide for minimum revenue requirements and do not require our customers to continue to use our services. During 2015, our network carried 156.1 billion minutes of traffic. Telephone numbers assigned to a carrier may not necessarily be assigned to, and in use by, an end user.

Our Service Management

As a core component of our voice service offering, we actively manage network capacity between our tandem switches and customers’ switches, which results in improved network quality and reduced call blocking. By monitoring traffic levels and projecting anticipated growth in traffic, we are generally able to provide, on a timely basis, additional circuits between customer switches and our network necessary to meet increased demand. This feature saves competitive carriers substantial time and effort in managing their interconnection network, improves their customers’ experience, reduces trouble tickets and allows them to focus on their core business. We also provide our customers with invoices, management reports and call detail records in paper and electronic formats.

Our managed service offering includes technologically advanced IP switching platforms manufactured by Sonus Networks, Inc. linked together by an IP backbone. Our network is capable of automatically switching IP-originated or conventional Time Division Multiplexing, or TDM, traffic to terminating carriers using either protocol. We support IP-to-IP, IP-to-TDM, TDM-to-IP and TDM-to-TDM traffic with appropriate protocol conversion and gateway functionality. We also support both conventional Signaling System #7 (“SS7”) and Session Initiation Protocol (“SIP”) call routing. SIP is an application-layer control (signaling) protocol for creating, modifying and terminating real-time IP communications sessions with one or more participants. These sessions include Internet telephone calls, multimedia distribution and multimedia conferences. SS7 is a set of telephony signaling protocols which is used to set up the majority of the world’s public switched telephone network calls.

In addition, a patented proprietary software tool helps us to manage the complicated routing scenarios required to terminate traffic to hundreds of millions of telephone numbers and support our network. The software allows us to quickly identify new routing opportunities between carriers and to help optimize our customers’ interconnection costs, which leads to improved customer service. We believe the adaptability and flexibility of our technology enables us to provide a robust service offering to interconnect a wide range of traffic types and to adapt our service offerings more efficiently than the ILECs, which predominantly employ legacy Class 4 TDM-only circuit switching technology for tandem switching.

Our Network

A telecommunications network is generally comprised of various types of equipment that route telecommunications traffic, such as routers and switches, and various transport equipment that carries the telecommunications traffic, such as dense wavelength division multiplexing, fiber optic terminals and cables or "circuits." We typically own the equipment in our network and locate it in points of presence ("POPs") specially designed for this purpose, such as telecom "hotels" or colocation facilities. We generally obtain the circuits we use for our network backbone from third parties under a contract where we pay a monthly recurring charge for the circuit. The monthly recurring charges to use circuits charged by third party providers have decreased significantly over the past several years. Accordingly, in order to take advantage of this price trend, we have generally entered into contracts that have short-term commitments.

We operate a Multiprotocol Label Switching ("MPLS")/IP-based network backbone. Our network is highly scalable and can carry multiple types of traffic. As of December 31, 2015, our network had the ability to connect approximately 5 million unique competitive carriers' switch-to-switch routes. In the quarter ended December 31, 2015, our network carried approximately 15.4 billion minutes of traffic per month.

Our Strategy

Our strategy is focused on expanding our business by increasing the amount of telecommunications traffic that our network carries in the United States. Expanding our share of telecommunications traffic increases the value of our network to our customers and enables us to capture a larger share of total telecommunications revenue. Key elements of our expansion strategy include:

- *Increasing the types of traffic we carry.* Our business originally connected only local voice traffic among carriers within a single metropolitan market. In 2006, we installed a national IP backbone network connecting our major local markets. We also obtained backbone circuits to certain international locations. As a result, our current service offerings include the capability of switching and carrying voice traffic between multiple domestic and international markets and among different types of customers.
- *Expanding our customer base.* As we expand our network and the types of services we offer, our market opportunities will include selling more services to new and existing customers. For example, we recently began allowing certain non-certificated providers to use the telephone numbers assigned to us. We then terminate traffic to these phone numbers. In the industry, this is called a DID service. We often market this service to parties that are not current customers, such as OTT providers.
- *Expanding our service offerings.* With our global MPLS/IP-based network backbone, our market opportunities will include developing and selling new services. For example, in 2014 began offering 8XX service. In the coming year, we may expand our offerings to include a service for calls that originate in the U.S. and terminate outside of the U.S. as well as text messaging services. We believe we will be able to develop other services over time that we will offer on a domestic and/or international basis.

Our Customers

In connection with our services, we principally serve carriers in the United States. These carriers accounted for approximately 97% of our revenues in 2015, with non-carriers accounting for the remaining 3%. As of December 31, 2015, we have 230 carriers originating traffic and 269 carriers connected to our network. Our contracts with our top four customers represented approximately 77% of our total revenue from continuing operations through December 31, 2015. Our three largest customers, AT&T, Verizon, and T-Mobile accounted for 31%, 26% and 14%, respectively, of our total revenues for the year ended December 31, 2015. Our contracts with customers for services generally do not contain volume commitments, are not exclusive, and could be terminated or modified in ways that are not favorable to us. We primarily generate revenue for our services by charging fees on a minute of use basis. For the year ended December 31, 2015, wireless and cable companies accounted for approximately 45% of our voice revenue.

On August 17, 2015 we announced that we had entered into a three-year Telecom Master Services Agreement and a related services attachment (collectively, the "T-Mobile Agreement") with T-Mobile US, Inc., under which we will provide a full suite of IP voice services to T-Mobile. The T-Mobile Agreement provides that T-Mobile will generally use our company as its sole provider of voice interconnection services for all calls exchanged between T-Mobile and nearly all other voice providers in the United States (excluding certain traffic, such as traffic that is exchanged with other providers over peering arrangements, etc.). We have experienced a significant increase in the volume of traffic carried on our network as a result of the T-Mobile Agreement. Consequently, this will significantly increase our revenue and operating expenses during 2016 and beyond.

On December 23, 2015, we entered into the First Amendment to the T-Mobile Agreement (the "First Amendment"). Under the First Amendment, we will provide certain long distance voice services to T-Mobile's corporate users and certain of T-Mobile's retail stores. In addition, the First Amendment allows T-Mobile to use an alternative service provider for the provision of certain of T-Mobile's traffic from October 28, 2015 until May 31, 2016, without such traffic being included in the calculation of compliance with the sole provider clause described above. A copy of the First Amendment has been attached herewith as Exhibit 10.36.

Sales and Marketing

In the United States, our sales organization primarily divides accounts by customer type, such as wireless, cable, wireline and non-carrier customers. Our sales team works closely with our customers to identify and address their needs. In addition to a base salary, the compensation package for the members of our sales team may include share-based compensation and incentive arrangements, including target incentives based on our performance and the individual's performance, and tiered payment structures. The members of our sales organization have significant sales experience and in-depth knowledge of the telecommunications industry.

Our product team works closely with the sales team to deliver comprehensive services, develop a clear and consistent corporate image and offer a full range of product offerings. Our marketing efforts are designed to drive awareness of our service offerings. Our marketing activities include direct sales programs, social media, targeted public relations and participation in industry trade shows. We are also engaged in an ongoing effort to maintain relationships with key communications industry analysts.

Our Customer Support

Our ordering and provisioning groups form the core of our customer support team. Each group works closely with the different vendor and customer organizations responsible for establishing service. We assign an implementation manager to each account that is responsible for the delivery of our services. These managers stay in close contact with their customer and help coordinate our local operations teams during implementation. This process helps to improve customer satisfaction, increase customer implementation and promote our revenue realization.

Our network operations center is located in Chicago, Illinois. It monitors and supports our network 24 hours a day, 365 days a year. The network operations center is responsible for troubleshooting and resolving any potential network problems.

Competition

Our primary competitors today are the traditional ILECs (primarily AT&T, Verizon and CenturyLink), other competitive carriers that provide tandem or similar services (primarily Level 3, Peerless Network, and Hypercube), and direct connections between carriers.

The tandem switching services offered by ILECs consist of local transit service, which is provided in connection with local calls, and switched access services, which are provided in connection with long distance calls. Under certain interpretations of the Telecommunications Act of 1996 and implementing regulations, ILECs are required to provide local transit service to competitive carriers. ILECs generally set per minute rates and other charges for tandem transit services according to rate schedules approved by state public utility commissions, although the methodology used to review these rate schedules varies from state to state. ILECs are also required to offer switched access services to competing telecommunications carriers under the Telecommunications Act of 1996 and implementing regulations. ILECs generally set per minute rates and other charges for switched access services according to mandated rate schedules set by the FCC for interstate calls and by state public utility commissions for intrastate calls. In November 2011, the FCC released an order setting forth a multi-year transition plan that will reduce, and ultimately lead to elimination of, terminating switched access charges.

Over the past several years, we have faced increasing direct competition from other competitive providers of voice services, including Level 3, Peerless Network and Hypercube. We also face indirect competition from carriers that directly connect their voice switches. When our customers implement direct connections, it reduces the amount of traffic we carry and the revenue we earn. When there is a significant amount of voice traffic between two switches, carriers have an economic incentive to establish direct connections to remove intermediate switching. We believe that our customers are frequently establishing direct connections between their networks for various reasons, including in order to avoid paying a transit fee to us or one of our competitors. As our customers grow, the amount of traffic exchanged between them grows, thus leading to the risk that they will increase the number of direct connections between their switches and remove traffic from our tandems. The risk of direct connections will increase as more carriers move to an IP-based interface, because direct connecting between two IP-based carriers is less complex, thus enabling more direct connections. Moreover, since these direct connections would connect all or a portion of entire networks, as opposed to switch pairs, the amount of traffic carried over such a direct connection could be significant. See "Risk Factors—Risk Factors Related to Our Business—The market for our services is competitive and increased adoption of IP switching technologies could increase the competition we face from direct connections or result in an existing customer replacing us with one or a limited number of vendors to provide all of that customer's voice interconnection services" in Item 1A. Also, market consolidation can significantly reduce our potential traffic since there are fewer total carriers needing to exchange traffic with each other.

Upon our entry into the T-Mobile Agreement, we began to carry a substantial volume of long distance traffic. The market for this service is very competitive. The larger carriers, such as AT&T and Verizon, both carry large amounts of long distance traffic. Many other carriers, among them Level 3 and Peerless Network, also carry large volumes of traffic. As a result, competition in this space is intense.

We are unable to provide accurate market share information, since no regulatory body or industry association requires carriers to identify amounts of voice traffic to other carrier types. Traffic in most instances is reported on aggregate levels.

Many of our competitors have significantly more employees and greater financial, technical, marketing and other resources than we have. Our ability to compete successfully with them depends on numerous factors, both inside and outside our control, including:

- our competitors' ability to offer lower rates;
- our competitors' ability to bundle service offerings that we cannot match;
- our responsiveness to customer needs;
- our ability to support existing and new industry standards and protocols;
- our ability to raise capital;
- our ability to retain and attract key employees;
- interpretations of or changes to regulatory law;
- our ability to continue development of technical innovations; and
- the quality, reliability, security and price-competitiveness of our services.

As a result of competitive pressures over the last several years, the average rates charged for voice services in certain markets in the United States have decreased significantly. We believe that this trend is likely to continue. For a further discussion see "Risk Factors—Risk Factors Related to Our Business—Our failure to achieve or sustain market acceptance at desired pricing levels could impact our ability to maintain profitability or positive cash flow" in Item 1A.

Regulation

Overview

In the United States, our voice services business are subject to varying degrees of federal and state regulation. We operate as a common carrier with respect to our voice services and therefore are subject to the jurisdiction of both federal and state regulatory agencies, which have the authority to review our prices, terms and conditions of service. We operate as a facilities-based carrier in most states and have received all necessary state and FCC authorizations to do so. The regulatory agencies exercise control over our prices and services to varying degrees, and also impose various obligations such as reporting, payment of fees and compliance with consumer protection and public safety requirements.

By operating as a common carrier, we benefit from certain legal rights established by federal and state legislation, especially the federal Telecommunications Act of 1996, which gives us and other competitive entrants the right to interconnect to the networks of incumbent telephone companies and access to their networks. We have used these rights to gain interconnection with the incumbent telephone companies and to purchase selected services at wholesale prices that complement our ability to terminate traffic. We have also used these rights to request interconnection with competitive carriers for the termination of transit traffic to carriers when such carriers decide for whatever reason not to utilize our transit service. While our experience has been that competitive carriers usually accommodate such requests, and indeed frequently become users of certain of our transit services, we have participated in federal and state regulatory proceedings involving our right to establish or maintain existing direct connections with other carriers. We resolved these proceedings amicably.

The FCC and state regulators are considering a variety of issues that have resulted in certain changes in the regulatory environment in which we operate our business, and that may result in other changes. Most importantly, many state and federal proceedings have considered issues related to the pricing of access and transit services. To the extent that the regulatory commissions maintain or impose pricing restrictions on transit or access rates, then our pricing, and the pricing of carriers with which we compete, is likely to be lower than it would be in an unregulated market. In addition, the FCC recently conducted a proceeding to consider reform of its intercarrier compensation rules. This proceeding led to the issuance of an order in 2011 affecting the pricing and regulation of access services, and it could lead to issuance of orders impacting the pricing and regulation of our local transit business in the future. The FCC is also considering further changes to the pricing of tandem services. To the extent that any state or the FCC mandates reductions in the rates for tandem services, including transit or access rates, it could have a material and adverse effect on our business, financial condition, operating results or growth opportunities. See "Risk Factors—Risk Factors Related to Our Business—Regulatory developments could negatively impact our business" in Item 1A.

We are currently providing international voice services between foreign countries. These services are provided between countries, as opposed to the entire call remaining within the same country. Calls between countries are generally less regulated than calls that are carried within a country. However, even where voice services are provided between countries, the service will still be subject to varying degrees of regulation. For example, some countries may merely require that a carrier provide notice of its operation in order to provide service, while other countries may require that the carrier comply with specific requirements that may be difficult for us to meet in order obtain a license, including a requirement that a minimum percentage of the carrier be owned by a local resident(s).

The following sections describe in more detail the regulatory developments described above and other regulatory matters that may affect our business.

Regulatory Framework

The Telecommunications Act of 1996

The Telecommunications Act of 1996, which substantially revised the Communications Act of 1934, established the regulatory framework for the introduction of competition for local telephone services throughout the United States by new competitive entrants such as us. Before the passage of the Telecommunications Act, states typically granted an exclusive franchise in each local service area to a single dominant carrier, often a former subsidiary of AT&T known as a Regional Bell Operating Company, or RBOC, which owned the entire local exchange network and operated as a virtual monopoly in the provision of most local exchange services in most locations in the United States. The RBOCs now consist of Verizon, CenturyLink and AT&T. These three carriers are also referred to as ILECs, along with many other smaller incumbent local exchange carriers that were not former subsidiaries of AT&T.

Among other things, the Telecommunications Act preempts state and local governments from prohibiting any entity from providing local telephone service, which has the effect of eliminating prohibitions on entry that existed in almost half of the states at the time the Telecommunications Act was enacted. Nonetheless, the Telecommunications Act preserved state and local jurisdiction over many aspects of local telephone service and, as a result, we are subject to varying degrees of federal, state and local regulation.

We believe that the Telecommunications Act provided the opportunity to accelerate the development of local telephone competition at the local level by, among other things, requiring the incumbent carriers to cooperate with competitors' entry into the local exchange market. To that end, incumbent local exchange carriers are required to allow interconnection of their network with competitive networks. Incumbent local exchange carriers are further required by the Telecommunications Act to provide access to certain elements of their network to competitive local exchange carriers. These rules have helped the development of competitive telecommunications carriers, many of which have become our customers.

We have developed our U.S. voice business, including our decision to operate in most instances as a common carrier, and designed and constructed our networks to take advantage of the features of the Telecommunications Act. There have been numerous attempts to revise or eliminate the basic framework for competition in the local exchange services market through a combination of federal legislation, adoption of new rules by the FCC, and challenges to existing and proposed regulations by the incumbent carriers. We anticipate that Congress will consider a range of proposals to modify the Telecommunications Act over the next few years, including some proposals that could restrict or eliminate our access to elements of the incumbent local exchange carriers' network. Although we consider it unlikely, based on statements of both telecommunications analysts and Congressional leaders, that Congress would reverse the fundamental policy of encouraging competition in communications markets, we cannot predict whether future legislation may adversely affect our business in any way.

Federal Regulation

The FCC regulates interstate and international communications services of common carriers, including access to local communications networks for the origination and termination of these services. We typically provide our U.S. voice services on a common carrier basis and the FCC has jurisdiction over our access services to the extent they are used as part of the origination or termination of interstate or international calls. Under certain interpretations of the Telecommunications Act, the FCC may also have the authority to regulate our provision of local transit service and intrastate access services, including setting the pricing methodology. The FCC has not yet decided whether to accept this interpretation of the Telecommunications Act with respect to local transit service, though some states already have proceeded as if local transit service is subject to that law. For a further discussion of the states' rights to determine the pricing of our services under the Telecommunications Act, see "Regulatory Framework—State Regulation."

The FCC imposes extensive economic regulations on incumbent local exchange carriers due to their ability to exercise market power. The FCC imposes somewhat less regulation on common carriers without market power including, to date, competitive local exchange carriers. However, in November 2011, the FCC adopted an intercarrier compensation order that set forth a multi-year plan to reduce rates for access services, including access services we provide, ultimately to zero. The FCC is considering further intercarrier compensation reforms and could issue further orders reducing the rates for our services. We are also required to file periodic reports, to pay regulatory fees based on our interstate revenues, and to comply with FCC regulations concerning the content and format of our bills, the process for changing a customer's subscribed carrier, and other consumer protection matters. Because we do not directly serve mass market consumers, many of these regulations have no practical effect on our business. The FCC has authority to impose monetary forfeitures and to condition or revoke a carrier's operating authority for violations of its requirements. Our operating costs are increased by the need to assure compliance with regulatory obligations.

Our business plan relies in significant part on purchasing wholesale services from other carriers, including AT&T, Verizon, CenturyLink and other incumbent carriers. Over the past several years, the FCC has reduced or eliminated a number of regulations governing the incumbent carriers' offerings, including the grant of broad pricing flexibility to incumbents for their special access services in many areas. In many cases, the incumbent carriers have used this pricing flexibility to increase their prices for wholesale services. Changes in the incumbent carriers' pricing of their services can indirectly affect the market pricing of wholesale services we purchase from other competitive carriers. If the FCC continues to reduce or eliminate regulations governing incumbent carriers, our business could be adversely affected and our cost of providing service could increase. In November 2013, AT&T filed a petition with the FCC requesting that the FCC open a proceeding "to facilitate … the transition" from technology platforms such as copper loops to IP-based platforms, which proceeding could have the effect of further reducing the local competition-related obligations of the incumbent carriers. In January 2014, the FCC adopted an order inviting carriers to submit proposed experiments to facilitate real-world trials of IP-based platforms and services. The FCC has approved AT&T's request to conduct an IP-based platform experiment, and the experiment is ongoing. If the FCC, Congress, state legislatures or state regulatory agencies were to adopt measures further reducing regulation of the incumbent carriers or allowing those carriers to increase their prices for wholesale services, we could experience additional increases in operating costs that would negatively affect our operating results and cash flows.

Intercarrier Compensation

In 2001, the FCC initiated a proceeding to address rules that require one carrier to make payment to another carrier for access to the other's network, or intercarrier compensation. In its notice of proposed rulemaking, or NPRM, the FCC sought comment on some possible advantages of moving from the current rules to a bill and keep structure for all traffic types in which carriers would recover costs primarily from their own customers, not from other carriers. In November 2011, the FCC adopted an order reforming the Universal Service Fund high-cost program as the program transitions to cover broadband service, as well as changes to intercarrier compensation rules. In the order, the FCC set forth a multi-year plan to reduce and, in many instances, eliminate access charges. The FCC's order did not make any changes to the pricing for our local transit service, but the FCC is currently considering whether to make further changes to the intercarrier compensation system, including changes to pricing for local transit service. If the FCC does make any changes to intercarrier compensation, such changes could affect our business. For example, the FCC could change the pricing of local transit traffic, including lowering the rates, freezing the rates or establishing uniform rates, any of which could have a material adverse effect on our business, financial condition and operating results; or it could clarify that local transit rates are intended to be unregulated, which could improve our opportunities in some markets where the current pricing is regulated at a very low level, which discourages competition. Numerous parties appealed the FCC's November 2011 order to a federal appeals court, which upheld the FCC's order in all respects. See "Risk Factors—Risk Factors Related to Our Business—Regulatory developments could negatively impact our business" in Item 1A.

We also provide access service, which is part of the origination and termination of long distance calls. The FCC, as part of the intercarrier compensation order discussed above, has adopted a multi-year plan to reduce and in many instances, eliminate both intrastate and interstate terminating access charges. The FCC is currently considering whether to make further changes to the intercarrier compensation system, including further changes to access charges. If the FCC or any state does lower or eliminate any access charges, whether independent of or as part of the intercarrier compensation docket described above, such a change could have a material and adverse effect on our business, financial condition, operating results or growth opportunities. Numerous parties appealed the FCC's November 2011 order to a federal appeals court, which upheld the FCC's order in all respects. See "Risk Factors—Risk Factors Related to Our Business—Regulatory developments could negatively impact our business" in Item 1A.

We generally have minimal revenue exposure associated with reciprocal compensation for local traffic because our local customers are primarily carrier customers, who are responsible for any compensation. However, certain FCC proposals discussed above, if adopted, would make us and other tandem service providers liable for the intercarrier compensation charges imposed by the terminating carrier in certain instances, which we would then have an opportunity to recover from the carrier who delivered the traffic to us. Even if we do have a legal right to recover these charges, we would bear risk if this occurs, including but not limited to disputes over the amount due and credit risk. See “Risk Factors—Risk Factors Related to Our Business—Regulatory developments could negatively impact our business” in Item 1A below.

Regulatory Treatment of VoIP

In February 2004, the FCC initiated a proceeding to address the appropriate regulatory framework for Voice over Internet Protocol, or VoIP, providers. In a series of orders since that time, the FCC has imposed on VoIP providers most of the same requirements that would apply if they were regulated as common carriers. These include duties to provide access to 911 emergency services, to permit duly authorized law enforcement officials to monitor communications, to contribute to the cost of the FCC’s universal service program, to pay certain regulatory fees, and to comply with the same customer privacy rules as telecommunications carriers. These obligations are likely to increase the cost of providing VoIP service and could slow the growth of VoIP providers. Because VoIP providers are users of our services, this trend may negatively affect demand for our services.

In its November 2011 order, the FCC adopted rules to govern the payment of access charges for VoIP-PSTN traffic on a prospective basis. The FCC determined that VoIP-PSTN traffic that would be considered “toll” traffic for compensation purposes if the traffic were PSTN-PSTN traffic would be subject to payment of access charges at interstate rates, irrespective of whether the traffic would be considered interstate or intrastate if it were PSTN-PSTN traffic. The FCC also determined that VoIP-PSTN traffic that would be considered “local” traffic for compensation purposes if the traffic were PSTN-PSTN traffic would be subject to reciprocal compensation payments.

However, certain aspects of the FCC order have led to new disputes over related issues, such as the type and cost that may be charged for various elements of a long distance VoIP call. See “Risk Factors—Risk Factors Related to Our Business—If the FCC or any state lowers any access charges that we may charge our customers or we are unable to collect such charges, it could have a material adverse effect on our business, financial condition, operating results or growth opportunities” in Item 1A. For example, certain long-distance providers have disputed whether end office access charges can be applied when a carrier provides access service in partnership with an OTT, VoIP partner. In response to these disputes, the FCC issued an order in February 2015 clarifying that, under certain circumstances, carriers are allowed to receive end office access charges when they provide access services in partnership with an OTT VoIP partner.

We believe that this FCC order confirms our right to receive end office access charges when Inteliquent provides access service in partnership with OTT VoIP partners. However, some long distance carriers continue to dispute our end office charges for this type of traffic.

The FCC’s VoIP clarification order has been appealed to a federal appellate court. That appeal is fully briefed, and oral argument is expected to occur during 2016.

State Regulation

State agencies exercise jurisdiction over intrastate telecommunications services, including local telephone service and in-state toll calls. To date, we are authorized or have the right to provide intrastate local telephone and long-distance telephone services in forty-six states, Puerto Rico and the District of Columbia. As a condition to providing intrastate telecommunications services as a common carrier, we are required, among other things, to:

- file and maintain intrastate tariffs or price lists in most states describing the rates, terms and conditions of our services;
- comply with state regulatory reporting, tax and fee obligations, including contributions to intrastate universal service funds; and
- comply with, and to submit to, state regulatory jurisdiction over consumer protection policies (including regulations governing customer privacy, changing of service providers and content of customer bills), complaints, quality of service, transfers of control and certain financing transactions.

Generally, state regulatory authorities can condition, modify, cancel, terminate or revoke certificates of authority to operate in a state for failure to comply with state laws or the rules, regulations and policies of the state regulatory authority. Fines and other penalties may also be imposed for such violations.

In addition, states have authority under the Telecommunications Act to approve or (in limited circumstances) reject agreements for the interconnection of telecommunications carriers' facilities with those of the incumbent local exchange carrier, to arbitrate disputes arising in negotiations for interconnection and to interpret and enforce interconnection agreements. In exercising this authority, the states determine the rates, terms and conditions under which we can obtain collocation in ILEC central offices and interconnection trunks for termination of local traffic to ILEC customers, under the FCC rules. The states may re-examine these rates, terms and conditions from time to time.

Some state regulatory authorities assert jurisdiction over the provision of transit services in connection with local calls, particularly the ILECs' provision of the service. Several state regulatory authorities have initiated proceedings to examine the regulatory status of transit services. Some states have taken the position that transit service is an element of the "transport and termination of traffic" services that incumbent ILECs are required to provide at rates based on incremental cost analysis under the Telecommunications Act, while other states have ruled that the Telecommunications Act does not apply to these services. For example, a declaratory action was commenced in 2008 with the Connecticut Department of Public Utility Control, or the DPUC, pursuant to which a competitive carrier requested that the DPUC order the ILEC to reduce its transit rate to a cost-based rate similar to a rate offered by that ILEC in a different state or to a rate justified in a separate cost proceeding. In 2010, the DPUC ordered the ILEC to lower its rate to a cost-based rate that was significantly lower than the existing rate. We have in some cases lowered the rate we charge our customers as a result of the DPUC's ruling. Additionally, in December 2008, the United States District Court for the District of Nebraska held that the ILEC must provide local transit service under the Telecommunications Act and that the Nebraska Public Service Commission did not err in using TELRIC, an incremental cost-based methodology, to determine the applicable rate. Similarly, the Public Service Commission of Georgia and the Public Utilities Commission of Ohio have conducted rulemaking proceedings addressing, among other items, applying incremental cost-based pricing for local transit service. While we cannot predict whether or how such pricing rules may finally be adopted or implemented, the rulemaking in Ohio allows for waivers of pricing rules based on the existence of competition. We would pursue this waiver if necessary. If, as a result of any state proceeding, an ILEC is required to reduce or limit the rate it charges for transit service, we would likely be forced to reduce our rate, which could have a material and adverse effect on our business, financial condition and operating results. See "Risk Factors—Risk Factors Related to Our Business—Regulatory developments could negatively impact our business" in Item 1A.

To date, the FCC has not resolved this dispute over interpretation of the Telecommunications Act, resulting in disparate pricing of these services among the states. Some states also have asserted that they have jurisdiction over interconnections between competitive carriers. Our success in securing interconnections with competitive carriers may be affected by the degree of jurisdiction states exert over such interconnections. If a state takes the position that it does not have jurisdiction over such interconnection or over the regulation of competitive local transit service generally, we may be unable to assert successfully a legal right to terminate transit traffic to a carrier that refuses to accept terminating traffic from us on reasonable or any terms. Such an inability may have a material adverse effect on our business, financial condition and operating results. See "Risk Factors—Risk Factors Related to Our Business—Carriers may refuse to directly interconnect with us and consequently, we would be unable to terminate our customers' traffic to them" in Item 1A.

Additionally, we now provide access services, which are part of the origination and termination of long distance calls, using our tandem switches. Under the Telecommunications Act, state governments exercise jurisdiction over intrastate access services, though the FCC's November 2011 order asserted federal jurisdiction over the pricing of intrastate access services. In some but not all states, intrastate access charges are considerably higher than interstate access charges. Under the FCC's November 2011 order, however, intrastate access rates were reduced to parity with interstate access rates in July 2013, and intrastate terminating access rates are subject to the same reductions discussed above regarding interstate terminating access rates. Some states already have imposed limits on the access charges that competitive carriers may impose, and other are considering whether to mandate a decrease in existing intrastate access charges. If intrastate access charges are further eliminated or lowered for any reason, such change could have a material and adverse effect on our business, financial condition, operating results or growth opportunities. See "Risk Factors—Risk Factors Related to Our Business—Regulatory developments could negatively impact our business" in Item 1A.

Intellectual Property

Our success is dependent in part upon our proprietary technology. We rely principally upon trade secret and copyright law to protect our technology, including our software, network design, and subject matter expertise. We enter into confidentiality or license agreements with our employees, distributors, customers and potential customers and limit access to and distribution of our software, documentation and other proprietary information. We believe, however, that because of the rapid pace of technological change in the communications industry, the legal protections for our services are less significant factors in our success than the knowledge, ability and experience of our employees and the timeliness and quality of our services.

We currently have two granted patents and have two additional patent applications pending with the U.S. Patent and Trademark Office. With respect to this second granted patent, we also have several continuation claims pending at the U.S. Patent and Trademark Office.

The first granted patent addresses a series of traffic routing designs developed by us to assist our customers in reducing their internal network operating costs.

The second granted patent covers a set of proprietary operating systems and software developed by us to manage our network. The first pending patent application relates to a system designed to facilitate the treatment of traffic primarily between different networks, such as text messages and video. The second pending patent application relates to a system integrating the provision of intercarrier voice and text messaging services within an Application Programing Interface, or API.

OTHER MATTERS

Employees

At December 31, 2015, we had 177 full-time employees, including 137 in Operations, 8 in Sales and Marketing and 32 in General and Administrative functions. The number of employees increased by 11% or 17, up from 160 on December 31, 2014. Of our employees, 147 were located at our corporate office in Chicago, Illinois. The remaining 30 employees are located throughout the United States at our POPs. No labor union represents our employees located in the United States. We have not experienced any work stoppages and consider our relations with our employees to be good.

Information Available on the Internet

Our Internet address is www.inteliquent.com. The information contained on or connected to our web site is not incorporated by reference into this Annual Report on Form 10-K and should not be considered part of this or any other report filed with the Securities and Exchange Commission (the "SEC"). Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as any amendments to those reports, are available free of charge through our web site as soon as reasonably practicable after we file them with, or furnish them to, the SEC. These reports may also be obtained at the SEC's public reference room at 100 F Street, N.E., Washington, DC 20549. The SEC also maintains a web site at www.sec.gov that contains reports, proxy statements and other information regarding SEC registrants, including Inteliquent, Inc.

Corporate Information

The principal executive offices for Inteliquent, Inc. are located at 550 West Adams Street, Suite 900, Chicago, Illinois, 60661.

EXECUTIVE OFFICERS AND DIRECTORS

The names, ages and positions of our executive officers and directors are set forth below:

Name	Age	Position(s)
Matthew Carter, Jr.	55	President and Chief Executive Officer
Kurt J. Abkemeier	45	Chief Financial Officer and Executive Vice President
John T. Bullock	54	Chief Technology Officer and Executive Vice President
John R. Harrington	46	Senior Vice President, Regulatory, Litigation and Human Resources
Richard L. Monto	51	General Counsel, Secretary and Senior Vice President, External Affairs
Michelle R. Owczarzak	48	Senior Vice President, Sales
John M. Schoder	45	Chief Marketing Officer and Executive Vice President
Brett A. Scorza	47	Chief Information Officer and Executive Vice President
James P. Hynes	68	Director, Chairman
Joseph A. Beatty	52	Director
Edward M. Greenberg	64	Director
Lawrence M. Ingeneri	57	Director
Timothy A. Samples	58	Director
Rian J. Wren	59	Director
Lauren F. Wright	62	Director

Matthew Carter, Jr. Mr. Carter joined us in 2015 and has served as our President and Chief Executive Officer since that time. Prior to joining Inteliquent, Mr. Carter served in various roles at Sprint. From 2010 until November 2014, Mr. Carter served as

President of Sprint Corporation's Enterprise, Emerging and Wholesale Solutions business unit, which provides platform solutions serving a broad range of industries and customers in over 165 countries. Prior to that, Mr. Carter served as President of Boost Mobile, part of Sprint's prepaid group, from 2008 until 2010. Prior to that, Mr. Carter served as Senior Vice President of Base Management at Sprint from 2006 until 2008. Prior to joining Sprint, Mr. Carter served in senior marketing roles at PNC Financial Services Group, Inc., Leap Wireless International, Inc., Royal Bank of Canada and BellSouth Corporation. Mr. Carter serves on the board of directors of USG Corporation and Apollo Education Group Inc. Mr. Carter also serves on USG's Compensation and Organization Committee and Governance Committee as well as the Audit Committee and the Finance Committee of Apollo Education Group, Inc. Mr. Carter holds a B.S. from Northwestern University in Radio, T.V. & Film and an MBA from Harvard Business School.

Kurt J. Abkemeier. Mr. Abkemeier joined us in 2014 and has served as our Chief Financial Officer and Executive Vice President since that time. In 2013, Mr. Abkemeier served in the finance unit of CiG Wireless, Inc. From 2005 to 2012, Mr. Abkemeier served as the Vice President of Finance and Treasurer of Cbeyond, Inc. Prior to Cbeyond, Inc., Mr. Abkemeier was the Director of Finance and Strategic Planning at AirGate PCS, Inc., a regional wireless telecommunications service provider. Mr. Abkemeier also held various senior management positions within telecommunications-related companies and was a senior sell-side research analyst at J.P. Morgan & Co. analyzing telecommunications companies. Mr. Abkemeier holds a B.S. in Applied Economics from Cornell University.

John T. Bullock. Mr. Bullock joined us in 2004 and has served as our Chief Technology Officer and Executive Vice President of Network Operations since November 2015. Prior to this time, Mr. Bullock held a variety of technical leadership roles, including serving as our Chief Technology Officer since 2015 and as our Senior Vice President of Network Operations and Engineering since 2008. Mr. Bullock has over 30 years of telecommunications experience. Since joining us, Mr. Bullock was instrumental in building our tandem switching network from serving just two markets to now serving nearly the entire U.S. Prior to joining us, Mr. Bullock held various technical leadership roles with MCI, WorldCom, MFS and Sprint/CenTel. Today, Mr. Bullock serves on the board of the Alliance for Telecommunications Industry Solutions (ATIS), a not for profit that helps develop standards and solutions for information and communications technology. Mr. Bullock holds a B.A. in Telecommunications Management from DePaul University.

John R. Harrington. Mr. Harrington joined us in 2011, and has served as a Senior Vice President since that time. Mr. Harrington is responsible for all of our litigation and regulatory advocacy, as well as our human resources function. From 1997 to 2011, Mr. Harrington practiced at the law firm of Jenner & Block LLP. From 2003 to 2011, Mr. Harrington served as a partner in Jenner & Block LLP's litigation department. Mr. Harrington also served as a co-chair of the Jenner & Block LLP's communications practice and served as our primary outside litigation and regulatory counsel. Mr. Harrington holds a B.A. from Northwestern University and a J.D., magna cum laude, from Indiana University's Maurer School of Law.

Richard L. Monto. Mr. Monto joined us in 2007, and has served as our General Counsel and Corporate Secretary since February 2008. Mr. Monto has 20 years of diversified telecommunications experience. From 2001 to 2005, Mr. Monto held senior positions, including Chief Legal Officer, with Universal Access Global Holdings Inc. From 1995 and 2000, Mr. Monto held various legal positions with MCI Telecommunications. Prior to MCI, Mr. Monto practiced for several years at private law firms, including the law firm of Sonnenschein, Nath and Rosenthal (now known as Dentons). Mr. Monto holds a B.A. in Russian and Eastern European Studies from the University of Michigan and a J.D. from the Boston University School of Law.

Michelle R. Owczarzak. Ms. Owczarzak, age 48, joined Inteliquent in January 2016 and serves as our Senior Vice President, Sales. Prior to joining Inteliquent, Ms. Owczarzak served in a variety of senior sales positions over an eight-year period at FairPoint Communications. From 2012 until 2015, Ms. Owczarzak served as Vice President, Wholesale Sales, where she served as a member of Fairpoint's Senior Leadership Team and was responsible for the totality of strategy and execution for Fairpoint's wholesale sales channel. Prior to that, Ms. Owczarzak served as Assistant Vice President, Wholesale Sales from June 2007 until December 2012. Ms. Owczarzak has more than 20 years of telecommunications experience and expertise in various sales roles including strategic planning and sales leadership. Prior to her time at Fairpoint, Ms. Owczarzak held positions at Level 3 Communications, TelCove. Inc., and AT&T. Ms. Owczarzak holds a B.A. in Policy and Management Studies from Dickinson College and a Master's degree in Public and International Affairs from the University of Pittsburgh.

John M. Schoder. Mr. Schoder joined us in 2013 and has served as our Executive Vice President of Sales, Product and Marketing since January 2015. From 2013 to 2015, Mr. Schoder served as our Senior Vice President of Product. Mr. Schoder has approximately 20 years of telecommunications experience. Prior to joining Inteliquent, Mr. Schoder held various positions at Level 3 Communications from 2003 to 2013, including serving as a Vice President of Wholesale Long Distance Services and as a Senior Director, Voice Product Management. Prior to Level 3, Mr. Schoder was a Director of International Product Management at Qwest Communications. Prior to Qwest, Mr. Schoder held various management positions with several telecommunications companies. Mr. Schoder holds a B.S. in History from Georgetown University's School of Foreign Service and a M.S. in International Economics from The Johns Hopkins University.*Brett A. Scorza.* Mr. Scorza joined us in 2004 and has served as our Chief Information Officer and Executive Vice President of IT and Product Development since November 2015. Prior to this time, Mr. Scorza held positions overseeing our domestic products and information systems, including serving as our as Chief Information Officer since 2011 and as our Senior Vice President of Information Systems since 2008. Mr. Scorza has over 20 years of information technology and telecommunications experience. Mr. Scorza has responsibility for our Information Technology and Billing organizations, and was instrumental in the implementation of our billing, reporting and back office functions. From 1997 to 2004, Mr. Scorza held senior positions, including Vice President of Information Technology, with Focal Communications, Inc. Prior to Focal, Mr. Scorza held various technical and management positions with MFS Communications and Andersen Consulting. Mr. Scorza holds a B.S. in Electrical Engineering from the University of Illinois.

James P. Hynes. Mr. Hynes co-founded Inteliquent in 2001, and served as Chief Executive Officer until February 2006, after which he became Executive Chairman. In December 2006, Mr. Hynes stepped down as Executive Chairman and assumed the title of Chairman of the Board, a position he holds today. Active in the industry for over 30 years, Mr. Hynes personally directed the establishment of COLT Telecommunications in Europe as their first CEO in 1992. As Chairman of the Board, he led COLT's initial public offering in 1996. Mr. Hynes founded MetroRED Telecom in South America and Mexico, as well as KVH Telecom in Tokyo. Concurrent with these operating roles, he was Group Managing Director at Fidelity Capital for ten years. His career has included senior positions with Chase Manhattan, Continental Corporation, Bache & Co. and New York Telephone. Mr. Hynes is Chairman of the Board of Trustees of Iona College. He is also a Trustee of Cardinal Hayes High School in the Bronx, New York. Mr. Hynes holds a B.A. from Iona College and an MBA from Adelphi University.

Joseph A. Beatty. Mr. Beatty has served as a Director since 2013. Mr. Beatty was the President and Chief Executive Officer and a board member of Telular Corporation (NASDAQ: WRLS) from 2008 until its sale in June 2013. Prior to serving as Telular's President and Chief Executive Officer, Mr. Beatty served as its Executive Vice President (beginning in April 2007) and Chief Financial Officer and Secretary (beginning in May 2007). From June 2003 until June 2006, Mr. Beatty was President and Chief Executive Officer of Concourse Communications Group, a privately held developer and operator of distributed antenna systems and airport wi-fi networks. In June 2006, Concourse was sold to Boingo Wireless. From March 2001 until June 2003, Mr. Beatty worked with private equity firm Cardinal Growth L.P. on various acquisition projects and also acted as part-time Interim Chief Financial Officer for Novaxess B.V., a privately held telecom services provider based in the Netherlands. From November 1996 until February 2001, Mr. Beatty was a co-founder and the Chief Financial Officer of Focal Communications Corporation, a publicly held telecom services provider. Earlier in his career, Mr. Beatty was a securities analyst and also held numerous technical management positions for a local telecom services provider. In 2014, Mr. Beatty was appointed to serve as a member of the board of directors of SITO Mobile LTD (OTC BB: SITO), a technology-based mobile media solutions provider. Mr. Beatty is also the chairperson of SITO Mobile's Audit Committee, and a member of its Compensation Committee and Nominating and Governance Committee. Mr. Beatty is a former Chairman and continues to serve on the board of trustees of Edward-Elmhurst Health Care, a not-for-profit healthcare provider located in suburban, Chicago, Illinois. He is also a director of EHSC Cayman Segregated Portfolio, its captive insurance subsidiary, domiciled in the Cayman Islands. Finally, Mr. Beatty also serves as a director of two privately held companies, FourKites and CityScan, Inc. Mr. Beatty earned a B.S. in Electrical Engineering from the University of Illinois and an MBA from the University of Chicago's Booth School of Business. He is also a Chartered Financial Analyst.

Edward M. Greenberg. Mr. Greenberg has served as a Director since 2011. Mr. Greenberg is currently a partner at RIME Communications Capital ("RIME Communications"), an investment partnership focusing on the telecommunications, media and Internet sectors, and chairman of Broadway Near You. Mr. Greenberg founded RIME Communications in 2008 and Broadway Near You in 2010. Prior to RIME Communications, Mr. Greenberg served in various roles at Morgan Stanley, which he joined in 1985. These roles included serving as a global telecommunications strategist and senior investment banker from 1998 to 2007, and as head of Morgan Stanley's global telecommunications and media research team from 1994 to 1998. Prior to Morgan Stanley, Mr. Greenberg worked at Sanford C. Bernstein in investment research. Mr. Greenberg began his career as a regulator, working at the FCC and the National Telecommunications and Information Agency. Mr. Greenberg served as a director of Teleglobe from 2002 to 2005, and graduated from the University of Wisconsin in 1972.

Lawrence M. Ingeneri. Mr. Ingeneri has served as a Director since 2006. Mr. Ingeneri formerly served as the Chief Financial Officer of mindSHIFT Technologies, Inc., an IT managed services provider. mindSHIFT was acquired in December 2011 by Best Buy, Inc. (NYSE: BBY). Best Buy then sold mindSHIFT to Ricoh Americas Holding Inc. in February 2014. Prior to joining mindSHIFT, Mr. Ingeneri was employed by COLT Telecom Group plc, or COLT, a European telecommunications services company from July 1996 to December 2002. Mr. Ingeneri was the Chief Financial Officer of COLT from July 1996 to June 2002 and a member of the Board of Directors of COLT from June 2001 to June 2002. Mr. Ingeneri previously served as a director of mindSHIFT Technologies, Inc. Mr. Ingeneri holds a B.S. in Electrical Engineering from the U.S. Naval Academy and an MBA from Harvard Business School.

Timothy A. Samples. Mr. Samples has served as a Director since 2011. Since 2003, he has been a Principal at Sapience LLC, where he performs consulting work. From 2001 to 2002, Mr. Samples served as Chief Executive Officer, President and Chairman of the Board of Management for Completel N.V., a Dutch registered competitive local exchange carrier. From 2000 to 2001, Mr. Samples served as Chief Executive Officer and President of Firstmark Communications, a Pan-European broadband company with operations in seven Western European countries. From 1997 to 2000, Mr. Samples was the Chief Executive Officer of One2One, a GSM service operator created through a joint venture between MediaOne Group and Cable & Wireless. From 1996 to 1997, Mr. Samples was responsible for the U.S. domestic wireless business for US West/MediaOne Group, including their investments in PCS Primeco. From 1995 to 1996, Mr. Samples served as Vice President and General Manager for US West Cellular/Airtouch in Phoenix, Arizona. Prior to 1995, Mr. Samples held various management, sales and marketing positions with US West/MediaOne Group. Mr. Samples has previously served on the boards of directors of Syniverse, Pac-West, Focal, Genesys and Kabira Technologies. Mr. Samples holds a B.A. in Psychology from the University of Toledo.

Rian J. Wren. Mr. Wren has served as a Director since he joined us in February 2006. Mr. Wren served as Chief Executive Officer from February 2006 until April 2011 and as our President from February 2006 until November 2010. Prior to joining us, Mr. Wren was Senior Vice President and General Manager of Telephony for Comcast Cable from November 1999 to August 2005. Mr. Wren joined Comcast in 1999 and was named CEO of Broadnet, Comcast's international wireless company located in Brussels, Belgium in 2000. After returning to the United States, he served as the Senior Vice President and General Manager of Telephony for Comcast Cable Division. Prior to joining Comcast, Mr. Wren held several senior management positions at AT&T from 1978 to 1999, including President of the Southwest Region, and worked in the Consumer, Business, Network Services, and Network Systems Manufacturing divisions for more than 20 years. Mr. Wren holds a B.S. in Electrical Engineering from the New Jersey Institute of Technology and an M.S. in Management from Stanford University, which he attended as a Sloan Fellow.

Lauren F. Wright. Ms. Wright has served as a Director since April 2014. Ms. Wright is the founder of Consulting That Works, a management consultancy in New York City, where she has been a principal since 2011. Since 2013, Ms. Wright has also served as an adjunct instructor at New York University School of Professional Studies' graduate programs. From 2007 to 2011, Ms. Wright served as Senior Vice President of Global Business Operations of Comverse Technology, Inc., which she joined after serving as Special Advisor to the company's board of directors. Prior to joining Comverse, Ms. Wright served as a consultant and held a variety of executive positions, including President and Chief Executive Officer of Pryor Resources, Inc., a venture-backed international seminar company which she managed through bankruptcy reorganization, and SVP/President of Sprint International, a division of Sprint, a global telecommunications provider, where she worked from 1988 to 2000. Ms. Wright previously served on the boards of directors of Verint Systems, Inc. (NASDAQ:VRNT) where she was Chair of the Nominating and Governance Committee, Call-Net, Inc. (TSE:CN), Global One (a joint venture among Sprint, Deutsche Telecom and France Telecom), Pryor Resources, Inc., and various nonprofit organizations. Ms. Wright graduated Phi Beta Kappa with a B.S. in psychology from the Johns Hopkins University and has an MBA from Harvard Business School.

ITEM 1A. RISK FACTORS

Risk Factors

Investing in our common stock involves a high degree of risk, and you should carefully consider the risks and uncertainties described below in addition to the other information included or incorporated by reference in this Annual Report on Form 10-K. If any of the following risks actually occurs, our business, financial condition or results of operations would likely suffer, possibly materially. In that case, the trading price of our common stock could decline.

Risk Factors Related to Our Business

We face competition from the traditional ILECs and competition from certain other providers such as AT&T (Long Distance), Verizon Business, Level 3 Communications, Peerless Network and Hypercube, and we expect to compete with new entrants to the voice services market.

We face competition from the traditional ILECs, other providers such as AT&T (Long Distance), Verizon Business, Level 3 Communications, Peerless Network and Hypercube, and potentially from future entrants to the voice services market. Competition has been intense over the past several years, especially with Peerless Network, causing us to lose some traffic as well as significantly reduce certain rates we charge our customers in various markets, including with respect to our major customers in our largest markets. We expect significant competition in the voice services market to continue, including as a result of the adoption of IP-based switching by telecommunications carriers, which is likely to increase competition from direct connections. See "—The market for our services is competitive and increased adoption of IP switching technologies could increase the competition we face from direct connections or result in an existing customer replacing us with one or a limited number of vendors to provide all of that customer's voice interconnection services."

The market for our services is competitive and increased adoption of IP switching technologies could increase the competition we face from direct connections or result in an existing customer replacing us with one or a limited number of vendors to provide all of that customer's voice interconnection services.

When there is a significant amount of traffic between two of our customers' switches, there is an economic incentive to directly connect and remove the intermediate switching that we provide using our tandem switches. When our customers implement direct connects, it reduces the amount of traffic we carry and the revenue we earn. As our customers grow, the amount of traffic exchanged between them grows, thus leading to the risk that they will increase the number of direct connect switch paths that exchange traffic and remove that traffic from our tandems. We believe that the frequency at which our customers are implementing these direct connections is increasing, even in the case of lower traffic volume switch pairs, and we expect this trend to continue in the future, which will cause us to experience a reduction in our revenue. Most importantly, the risk of direct connections is continually increasing as more carriers move to an IP-based interface, because directly connecting between two IP-based carriers at one or only several points is less complex than establishing multiple direct connections between carriers' switch pairs, thus enabling more direct connections. Many of our largest customers have converted or are rapidly moving to convert their networks to IP, increasing the likelihood of direct connections occurring. Moreover, since these direct connections would connect all or a portion of entire networks, as opposed to switch pairs, the amount of traffic carried over such a direct connection could be significant. In addition, consolidation among telecommunications carriers can stimulate the risk of direct connections by increasing both the incentive for and feasibility of establishing direct connections. For example, we have noticed that certain competitive carriers established direct connections following completion of a business combination. Increased competition from carriers establishing direct connections could result in fewer customer orders, reduced revenues, reduced gross margins and loss of market share, any of which could have a material adverse effect on our business, prospects, financial condition and operating results. In addition, since direct IP connections could be used to connect all or a portion of entire networks, it increases the likelihood that a customer could use IP connections to connect their entire voice interconnection network to only one or a limited number of vendors. These vendors could then provide all of that customer's voice interconnection services, as opposed to historically, where a customer may have selected multiple vendors to provide their interconnection services. If an existing customer replaced us with one or a limited number of vendors to provide all of that customer's interconnection services, it would result in lost revenues, reduced gross margins and loss of market share, any of which could have a material adverse effect on our business, prospects, financial condition and operating results.

A failure to perform under the T-Mobile Agreement could negatively impact our business.

We recently announced that we had entered into the T-Mobile Agreement. We carry a substantial volume of traffic on our network as a result of the T-Mobile Agreement. If we fail to perform under the contractual terms of the T-Mobile Agreement or if other events occur and trigger T-Mobile's right to seek a remedy against us or terminate the T-Mobile Agreement, our business could be negatively impacted. For example, T-Mobile may terminate the T-Mobile Agreement upon (i) the occurrence of an uncured material breach by us; (ii) a material adverse change to us, including if we become insolvent or we take steps toward a bankruptcy filing; (iii) proposed changes in applicable laws that have or will have a material adverse effect on T-Mobile's use of the services provided by us; (iv) a transaction resulting in a change in our control either (a) with a direct competitor of T-Mobile or (b) that results in a material degradation of the services provided by us; or (v) a force majeure event that continues beyond a designated period. Moreover, if we fail to meet designated service levels for designated periods or on multiple occasions, T-Mobile may also have certain termination rights and the right to receive service credits. If T-Mobile terminates the T-Mobile Agreement or we breach the contractual terms of the agreement, in addition to contract remedies, T-Mobile is generally entitled to all remedies available to it at law or in equity, including, without limitation, monetary damages and equitable relief, under any applicable laws. If any of the foregoing occurs, it could have a material adverse effect on our business, prospects, financial condition and operating results.

Regulatory developments could negatively impact our business.

The communications services industry is extensively regulated by the federal and state governments. As described below, various state regulatory authorities have asserted regulatory authority over the pricing of ILECs' local transit service, and the FCC is considering whether to adopt price regulation for local transit services at present. Moreover, the FCC has adopted a multi-year plan to reduce and, in many instances, eliminate access charges. The FCC also is considering further changes to its regulations governing access charges. To the extent that transit or access rates are further reduced or capped, it could have an adverse impact on us.

Local Tandem Transit Service

Some state regulatory authorities assert jurisdiction over the provision of local tandem transit services, particularly the ILECs' provision of the service. Various states have initiated proceedings to examine the regulatory status of transit services. Some states have taken the position that transit service is an element of the "transport and termination of traffic" services that incumbent ILECs are required to provide at rates based on incremental costs under the Telecommunications Act, while other states have ruled that the Telecommunications Act of 1996 does not apply to these services. For example:

- A declaratory action was commenced in 2008 with the Connecticut Department of Public Utility Control, or the DPUC, pursuant to which a competitive carrier requested that the DPUC order the ILEC to reduce its transit rate to a cost-based rate similar to a rate offered by that ILEC in a different state or to a rate justified in a separate cost proceeding. In 2010, the DPUC ordered the ILEC to implement a new rate based on the ILEC's costs for transit. The ILEC has made this rate available to all of its customers. We lowered the rate we charge certain of our customers, in some cases substantially, as a result of the DPUC's ruling, which has had a significant impact on the profitability of our service in Connecticut.
- In 2005, the Michigan Public Service Commission revised the maximum allowable rate that AT&T could charge for transit service in Michigan based on AT&T's total element long run incremental cost, or TELRIC, which was significantly below the rate previously charged by AT&T (previously SBC Communications). This decision caused us to reduce the rate we charged for our transit service and had a significant impact on the profitability of our service in Michigan.
- In December 2008, the United States District Court for the District of Nebraska held that the Public Service Commission of Nebraska, or the PSC, was correct in determining that the ILEC must provide transit service under the Telecommunications Act of 1996 and that the PSC did not err in ordering the ILEC to provide the service at TELRIC-based rates.

If, as a result of any of these proceedings or a different proceeding, the applicable ILEC is required to reduce or limit the rate it charges for local transit service, we would likely be forced to reduce our rate, perhaps substantially, or risk losing customer traffic, any of which could have a material adverse effect on our business, financial condition and operating results.

The FCC currently does not regulate the local transit service we offer. However, in 2001, the FCC initiated a proceeding to address intercarrier compensation issues, such as rules that govern the amount that one carrier pays to another carrier for access to the other's network. In November 2011, the FCC released an intercarrier compensation reform order. That order did not adopt price regulation for local transit service. However, the FCC is currently considering whether to adopt price regulation for local transit service as part of ongoing proceedings. Any changes to the intercarrier compensation rules related to local transit service could have a material adverse effect on our business. For example, the FCC could change the pricing of local transit traffic, including lowering the rate, freezing the rate or establishing uniform rates, any of which could have a material adverse effect on our business, financial condition and operating results. In addition, from time to time, carriers with which we connect have requested that we pay them to terminate traffic, and any new rules could address those rights or obligations. If the FCC determines that a terminating carrier has the right to receive payments from us for terminating local transit traffic, it could have a material adverse effect on our business, financial condition and operating results.

Additionally, several proposals considered by the FCC in its intercarrier compensation proceeding have contained provisions that indirectly affect local transit traffic. For example, under current law, the originating carrier is typically responsible for paying the terminating carrier certain "terminating charges," such as reciprocal compensation charges, for access to the terminating carrier's network. As a result, we, as the intermediate transit provider, are not responsible for paying such terminating charges to a terminating carrier in connection with the transit services we offer. Previous proposals submitted to the FCC, however, would require that we, as the transit provider, could be responsible for paying the highest lawful terminating charge to a terminating carrier if the terminating carrier received insufficient information for the terminating carrier to bill the originating carrier for that traffic. These amounts could be significantly larger than the rate we charge for providing the transit service associated with that traffic. Although the previous proposals also would allow us to recover from the originating carrier the same amount that we paid to the terminating carrier, in such an instance we would be faced with credit risks associated with collecting such amounts from the originating carrier, as well as possible disputes with both originating and terminating carriers regarding the appropriate amount due. In this event, if we were unable to recover amounts we paid to a terminating carrier or became involved in distracting and costly disputes with the originating carrier and/or the terminating carrier over the amount due, we could experience a material adverse effect on our business. Moreover, any final order could result in changes to the demand for our services or otherwise adversely impact our business, financial condition, operating results and growth opportunities in a manner that we have not presently identified.

Access Services

We also provide access services using our tandem switches. Access services are provided as a part of the origination and termination of long distance calls. The FCC regulates interstate access services and the states historically regulate intrastate access services. However, in the November 2011 intercarrier compensation reform order discussed above, the FCC approved reducing and ultimately eliminating both interstate and intrastate terminating access charges.

In the order, the FCC capped most access rates as of December 29, 2011. The FCC then required carriers to reduce their intrastate terminating end office rates that exceed the corresponding interstate rates by half of the difference between the rates in July 2012, and reduce those intrastate rates to parity with the interstate rates by July 2013. Following these reductions, the FCC now requires carriers to reduce their termination (and for some carriers also transport) rates to bill-and-keep within six years for price cap carriers, and nine years for rate of return carriers. The FCC has issued a further notice of proposed rulemaking transition for the remaining originating and transport rate elements.

Various states are also separately conducting proceedings to determine whether to decrease existing intrastate access charges.

If the FCC or any state lowers any access charges that we may charge our customers or we are unable to collect such charges, it could have a material adverse effect on our business, financial condition, operating results or growth opportunities.

The telecommunications industry has seen numerous disputes among telephone carriers and other service providers over the extent of the obligation to pay access charges, particularly in cases where VoIP technology is used for all or some of the call transmission. The FCC order described above resolved certain elements of this issue on a prospective basis and holds that VoIP calls will be subject to interstate access charges and/or reciprocal compensation. Certain aspects of the FCC order, however, have led to new disputes, such as the type and cost that may be charged for various elements of a VoIP call. As described above, certain long distance carriers are disputing our right to collect end office access charges for certain types of VoIP traffic. If these new disputes are not timely resolved or are not resolved in our favor or if future rulings establish that we are not able to enforce all or a portion of our access tariffs with respect to VoIP or other types of calls, we could experience a material adverse effect on our revenues, financial condition, operating results or growth opportunities.

As communications technologies and the communications industry continue to evolve, the statutes governing the communications industry or the regulatory policies of the FCC, state legislatures or agencies, or local authorities may change. If this were to occur, including pursuant to any of the proceedings discussed above, the demand and pricing for our services could change in ways that we cannot easily predict and our revenues could materially decline. These risks include the ability of the federal government, including Congress or the FCC, or state legislatures or agencies, or local authorities to:

- increase regulatory oversight over the services we provide, including limiting the prices we can charge;
- adopt or modify statutes, regulations, policies, procedures or programs that are disadvantageous to the services we provide, or that are inconsistent with our current or future plans, or that require modification of the terms of our existing contracts, including reducing the rates for our services;
- adopt or modify statutes, regulations, policies, procedures or programs in a way that causes changes to our operations or costs or the operations of our customers, including the pricing of our services to our customers;

- adopt or modify statutes, regulations, policies, procedures or programs in a way that causes a decrease in the amount of traffic our customers exchange with us or causes a change to our customers' traffic mix, which results in our customers using, on average, lower priced services; or
- increase or impose new or additional taxes or surcharges that are disadvantageous to the services we provide or cause a decrease in the amount of traffic our customers deliver to us.

We cannot predict when, or upon what terms and conditions, further U.S. federal, state or local regulation or deregulation might occur or the effect future regulation or deregulation may have on our business. The intercarrier compensation reform order released by the FCC in November 2011 was appealed by several parties to a federal appellate court, which upheld the FCC's framework in all respects. Any of these government actions could have a material adverse effect on our business, prospects, financial condition and operating results.

Our failure to achieve or sustain market acceptance at desired pricing levels could impact our ability to maintain profitability or positive cash flow.

As a result of competition, the average rates charged for voice services in the United States have decreased significantly over the past several years. We believe that this trend is likely to continue for the foreseeable future.

In addition to the regulatory risks that could cause price decreases, the primary sources of pricing pressure include:

- competitors offering our customers services at reduced prices, at times substantially, or bundling and pricing services in a manner that makes it difficult for us to compete. For example, a competing provider of voice transit services might bundle transit with other services, such as inexpensive data or collocation services;
- customers with a significant volume of traffic have in the past and may in the future use their enhanced leverage in pricing negotiations with us. For example, from time to time, customers have requested that we reduce the prices we charge them or they will migrate their traffic to a competitor. Such requests have resulted and may continue to result in lowered pricing or lost traffic, either of which may adversely affect our business; and
- if our prices are too high, customers may find it economically advantageous to handle certain functions internally, such as exchanging voice traffic, using direct connections instead of using us.

If we are unable to offset the effects of any price reductions by carrying higher volumes of traffic, we could experience reduced revenues and gross margins, either of which could have a material adverse effect on our business, prospects, financial condition and operating results.

Our top five customers represent, in the aggregate, a substantial portion of our revenue.

Our top five customers, in the aggregate, represented approximately 80% of our total revenues from operations during the year ended December 31, 2015. Our two largest customers, AT&T and Verizon, accounted for 31% and 26% respectively, of our total revenues from operations during the year ended December 31, 2015. Certain of these customers have solicited or received proposals from other carriers to provide services that are the same as or similar to ours, and in some cases, have moved traffic to those competitors. In other cases, we have been required to substantially lower the rates we charge our customers to retain their traffic. As discussed in "—We face competition from the traditional ILECs and competition from certain other providers such as AT&T (Long Distance), Verizon Business, Level 3 Communications, Peerless Network and Hypercube, and we expect to compete with new entrants to the voice services market," competition has intensified over the past several years, and we expect this trend to continue. In addition, our contracts with these customers generally have no volume or exclusivity commitments and any customer is generally able to discontinue the use of all or a portion of our services at any time.

We may lose all or a portion of our business with any of these customers or have to reduce the rates we charge if we fail to meet our customers' expectations, including for performance and other reasons, or if another provider offers to provide the same or similar services at a lower cost. If this occurs, it could have a material adverse effect on our business, prospects, financial condition and operating results.

During the year ended December 31, 2015, we terminated 67% of our voice traffic in the United States to five carriers.

We generate a significant portion of our revenue from services provided in the United States. During the year ended December 31, 2015, we delivered 67% of our traffic in the United States to five carriers. If for any reason we are unable to terminate traffic to any one of these five carriers or a material amount of any terminating traffic to any other carrier(s), we would be unable to generate revenue from our customer originating the calls to such terminating carriers, which could have a material adverse effect on our business, prospects, financial condition and operating results. Moreover, if any carrier refuses to accept traffic or conditions receipt on terms that are not favorable to us, regardless of what we believe is their legal obligation to do so, it could have a material adverse effect on our business, prospects, financial condition and operating result. See "—Carriers may refuse to directly interconnect with us and consequently, we would be unable to terminate our customers' traffic to them." In 2012, we agreed to pay a carrier a significant amount to terminate certain long distance traffic to it. This agreement negatively affected our business.

Carriers may refuse to directly interconnect with us and consequently, we would be unable to terminate our customers' traffic to them.

By operating as a voice common carrier, we benefit from certain legal rights established by federal and state statutes. We have used these rights to gain interconnection with the incumbent telephone companies. We have also used these rights to request interconnection with competitive carriers for the termination of traffic to carriers that decide for whatever reason not to utilize our service. While our experience has been that competitive carriers usually accommodate such requests, we have been involved in various state and federal regulatory proceedings against Level 3 and Verizon Wireless related to their refusal to continue to accept terminating local transit traffic. We entered into agreements resolving these disputes in 2008. If, however, any carrier in the future refuses to accept either access or local transit traffic over a direct connection or otherwise seeks to limit or condition our ability to terminate traffic on terms that are not favorable to us, it could have a material adverse effect on our business, prospects, financial condition and operating results. Moreover, even though we believe that we have the legal right to exchange traffic with carriers under reasonable terms and may seek to enforce that right in legal or regulatory proceedings, there can be no assurance that we would prevail. Our efforts in any such proceedings or responding to other actions could have an adverse impact on us, regardless of whether or not we prevail, due to legal costs, diversion of management resources and other factors.

Security breaches could adversely affect our business and our customers' confidential information or personal data, which could result in us being subject to legal liability and our reputation could be harmed.

Our network equipment and facilities may be vulnerable to cybercrime, such as physical break-ins, computer viruses, attacks by computer hackers or similar disruptive problems. If unauthorized users gain access to our switch sites, network equipment or facilities or our databases, it could result in an interruption of service or reduced quality of service, which could cause harm to our business and reputation and could result in a loss of customers. Such a breach of security could also relate to the disclosure or theft of our customers' confidential information or personal data, which could result in legal liability to us and a reduction in use of our services or cancellation of our services, either of which could materially harm our business. Our personnel often receive highly confidential information from our customers that is stored in our files and on our systems. Similarly, we receive sensitive information that has historically been maintained as a matter of confidence with our customers.

We currently have procedures in place to ensure the integrity of our networks, support systems, and the confidentiality of our customers' information. However, our procedures to protect against the risk of inadvertent disclosure or breaches of security might fail to protect adequately our systems or the information that we are obligated to keep confidential. Additionally, we may not successfully adopt more effective systems for maintaining confidential information, so our exposure to the risk of disclosure of the confidential information of our customers may grow as we expand our business and increase the amount of information that we possess. If we fail to maintain adequately our customers' confidential information, some of our customers could end their business relationships with us and we could be subject to legal liability.

If we are unable to obtain approval of any tariff, or any provision of a tariff is held to be invalid or suspended, we could be unable to enforce the relevant provisions of the tariff, including the right to collect money for delivered services.

We provide certain services, principally switched access services, pursuant to tariffs we have filed with the FCC and those states in which we operate. These tariffs essentially form the binding legal agreement under which we provide these services to certain customers, and include terms setting forth the pricing for the services, our right to collect amounts charged, and other customary terms related to the provision of the services, including provisions that limit our liability if we fail to properly provide a service. If we are unable to obtain approval of a tariff, or if a tariff is approved but it is later determined that a provision is invalid or unenforceable for any reason, such a determination could affect our ability to collect fees for any service we have provided or require us to refund payments previously received. Moreover, if a customer is able to show that we did not provide services in the manner described in our tariff, that could also affect our ability to collect fees for any service we have provided or require us to refund payments previously received. Any of the foregoing, or any other determination that a tariff provision is invalid or unenforceable, could materially and adversely affect our business, prospects, financial condition and operating results.

Failures or interruptions of our network and other network facilities or the loss of, or damage to, a network switch site or other network facilities could materially harm our revenues and impair our ability to conduct our operations.

Our network architecture is integral to our ability to process a high volume of traffic in a timely, reliable and effective manner. We could experience failures or interruptions of our network and services, or other problems in connection with our operations, as a result of:

- damage to, or failure of, our network software or hardware or our connections and outsourced service arrangements with third parties, similar to the failures in our signaling network we experienced in 2012 and 2014, which resulted in an outage of our network and services;
- errors in the processing of data by our systems;
- computer viruses or software defects or failures;
- physical or electronic break-ins (hacking or cybercrime), sabotage, intentional acts of vandalism, terrorism, natural disasters and similar events;
- increased capacity demands or changes in systems requirements of our customers;
- provisioning, installing and delivering these services; and
- errors by our employees or third-party service providers.

If we cannot adequately protect the ability of our network to perform consistently at a high level or otherwise fail to meet our customers' expectations:

- we may be unable to provide and collect revenue for services;
- we may be unable to bill properly and collect for services provided;
- we may experience damage to our reputation, which may adversely affect our ability to attract or retain customers for our existing services, and may also make it more difficult for us to market new services;
- we may be subject to significant damages claims, under our contracts or otherwise;
- our operating expenses or capital expenditures may increase as a result of corrective efforts that we must perform;
- our customers may postpone or cancel subsequently scheduled work or reduce their use of our services; or
- one or more of our significant contracts may be terminated early, or may not be renewed.

Any of these consequences would adversely affect our business, prospects, financial condition and operating results.

We may not have sufficient redundant systems or backup facilities to allow us to receive and process traffic in the event of a loss of, or damage to, a network switch site or other network facilities. We could lose, or suffer damage to, a site in the event of power loss, natural disasters such as fires, earthquakes, floods, hurricanes and tornadoes, telecommunications failures, such as transmission cable cuts, or other similar events that could adversely affect our customers' ability to access our services. Further, widespread business closings or failures or interruptions in telecommunications services of other carriers as a result of power loss, natural disasters, telecommunications failures and other similar events, may result in a reduction of in the volume of services we provide. Any such events could interrupt our operations, materially harm our revenues and growth and require significant cash expenditures to correct the issues caused by such loss or damage.

We may be unable to complete suitable acquisitions, or we may undertake acquisitions that could increase our costs or liabilities or be disruptive to our business.

In the future, we may selectively pursue acquisitions to grow our business. We do not currently have any commitments, contracts or understandings to acquire any specific businesses or other material operations. We may not be able to locate suitable acquisition candidates at prices that we consider appropriate or to finance acquisitions on terms that are satisfactory to us. See "—We may be unable to obtain additional equity or debt financing to execute our business plan and, if additional financing is not available, we may need to limit, scale-back or cease our operations." If we do identify an appropriate acquisition candidate, we may not be able to successfully negotiate the terms of an acquisition, finance the acquisition or, if the acquisition occurs, integrate the acquired business into our existing business. See "—Business acquisitions that we may explore in the future will be subject to a number of risks and uncertainties."

Business acquisitions that we may explore in the future will be subject to a number of risks and uncertainties.

The integration of any future businesses that we may acquire involves a number of risks, including, but not limited to:

- demands on management related to the increase in size of our operations after an acquisition;
- failure to fully achieve expected synergies and costs savings;
- loss of customers or the failure of customers to order incremental services that we expect them to order;
- higher integration costs than anticipated;
- difficulties in the assimilation and retention of highly qualified and experienced employees;
- the disruption of ongoing business and the diversion of management's attention from managing daily operations to managing integration activities, which may require coordinating organizations utilizing systems which may not be fully compatible, integrating and retaining personnel with disparate business backgrounds, and combining different corporate cultures;
- failure to anticipate the costs related to accounting and tax matters resulting from the acquisition of a business, including with respect to the costs of hiring employees and professional consultants to comply with accounting and tax matters, as well as the payment of taxes imposed by various taxing authorities and disputes and audits related thereto;
- unanticipated impediments in the integration of departments, systems, including accounting systems, technologies, books and records and procedures, as well as in maintaining uniform standards, controls (including internal control over financial reporting required by the Sarbanes-Oxley Act of 2002), procedures and policies; and
- failure to provision services that are ordered by customers during the integration period.

Successful integration of any future acquired businesses or operations will depend on our ability to manage these operations, realize opportunities for revenue growth presented by strengthened service offerings and expanded geographic market coverage, obtain better terms from our vendors due to increased buying power, and eliminate redundant and excess costs to fully realize the expected synergies. Because of difficulties in combining operations and systems which may not be fully compatible, we may not be able to achieve the financial benefits and growth we anticipate from the acquisitions.

In addition, acquisitions of businesses or other material operations may reduce our liquidity and capital resources and may require additional debt or equity financing, resulting in reduced financial resources, additional leverage or dilution of ownership. We may also need to record write-downs from future impairments of intangible assets, which could reduce our future reported earnings. At times, acquisition candidates may have liabilities, neutrality-related risks or adverse operating issues that we fail to discover through due diligence prior to the acquisition.

Our business requires the continued development of effective business support systems to implement customer orders, provide and bill for services, and pay for services we receive from our vendors.

Our business depends on our ability to continue to develop effective business support systems. This can be a complicated undertaking that requires significant resources and expertise and support from third-party vendors. Business support systems are needed for:

- ordering services from our vendors and verifying that we are being charged the correct amount;
- quoting, accepting and inputting customer orders for services;
- provisioning, installing and delivering these services;
- monitoring the types of traffic carried over our network to determine profitability; and
- billing for these services.

Because our business plans provide for continued growth in the number of customers that we serve and the volume of services offered as well as the potential integration of other acquired companies' business support systems, there is a need to continue to develop our business support systems on a timely basis. The failure to continue to develop effective business support systems could affect our ability to implement our business plans or to realize anticipated benefits from potential acquisitions and therefore could have a material adverse effect on our business, prospects, financial condition and operating results.

If we are unable to manage our growth strategy, our business, prospects, financial condition and operating results could be adversely affected.

As part of our growth strategy, we have selectively offered new services, such as 8XX toll free, international voice and DID services. For a further description of our services see “Business—Our Services.” Although the revenue currently associated with our DID and international services are not substantial, we view the development and provision of new service to be a critical component of our growth strategy.

We will face various risks associated with providing any new services, including risks relating to identifying, obtaining and integrating attractive network switch sites and suitable equipment or software, customer demand failing to materialize as projected, cost estimation errors or overruns, interconnection delays, material delays or shortages, our inability to obtain necessary permits on a timely basis, if at all, and other factors, including the impact of regulation, many of which are beyond our control and all of which could delay our expansion into new markets or ability to offer new services. We may not be able to enter new markets or offer new services on a timely or profitable basis, if at all. Furthermore, revenues from our growth initiatives may be lower than anticipated. In addition, entering new markets and offering new services will increase our operating expenses, including lease expenses, expenses associated with hiring, training, retaining and managing new employees, purchasing new equipment, developing and implementing new systems, complying with regulatory, tax and accounting requirements, and incurring additional depreciation expense. Furthermore, as our growth initiatives are implemented, we will be exposed to increased risks if we conduct any operations outside of the United States, including currency exchange rate fluctuations, trade protection measures, difficulty in staffing, training and managing foreign operations, political and economic instability and diminished protection of intellectual property in some countries outside of the United States.

If we are unable to successfully manage our growth strategy, our business, prospects, financial condition and operating results could be adversely affected.

Consolidation in the industry, such as AT&T-BellSouth-Cingular, Verizon-MCI, SBC-AT&T, and T-Mobile-MetroPCS reduces the need for intercarrier services and may limit our growth opportunities.

Consolidation in the industry reduces the need for intercarrier services by reducing the number of carriers. As carriers merge, (i) the risks to our business of direct connections increases, see “—The market for our services is competitive and increased adoption of IP switching technologies could increase the competition we face from direct connections or result in an existing customer replacing us with one or a limited number of vendors to provide all of that customer’s voice interconnection services,” (ii) traffic that was carrier-to-carrier becomes intra-carrier traffic not normally addressable by us and (iii) in the case of consolidations involving an ILEC, such as AT&T or Verizon, previous transit traffic between competitive carriers and the carrier acquired by the ILEC now potentially becomes ILEC reciprocal compensation traffic and not transit traffic, and thus potentially not addressable by us. For example, as a result of the SBC-AT&T combination, beginning in the second quarter of 2006, the combined SBC and AT&T entity began reducing the amount of minutes of use processed by us. During our 2006 fiscal year, we processed approximately 55% fewer minutes from AT&T and SBC, as a combined entity, compared to our 2005 fiscal year. We have experienced growth notwithstanding this consolidation, but our ability to grow in the future could be affected by greater consolidation. .

Further, in connection with the 2006 merger of BellSouth Corp., or BellSouth, and AT&T, AT&T agreed not to seek an increase in its current local transit rates for existing transit customers for 42 months in the AT&T and BellSouth ILEC service territories. While having no direct regulatory impact on us, such an agreement indirectly limited the rates we could charge for our transit service. Further consolidation in the industry could lead to similar agreements in the future which would limit our ability to grow revenues and may materially affect our operating results.

If we are not able to obtain and enforce patent protection for our methods and technologies, competitors may be more easily able to compete with us.

Our success depends, in part, on our ability to protect proprietary methods and technologies that we develop under the patent and other intellectual property laws of the United States, so that we can prevent others from using our inventions and proprietary information. However, we may not hold proprietary rights to some of our current or future methods and technologies. Because patent applications in the United States are typically not published until 18 months after filing, or in some cases not at all, and because publications of discoveries in industry-related literature lag behind actual discoveries, we cannot be certain that we were the first to make the inventions claimed in issued patents or pending patent applications, or that we were the first to file for protection of the inventions set forth in our patent applications. As a result, we may not be able to obtain adequate patent protection and competitors would be more easily able to compete with us.

The process of obtaining patent protection is expensive and time-consuming, and we may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. Despite our efforts to protect our proprietary rights, unauthorized parties may be able to obtain and use information that we regard as proprietary. The issuance of a patent does not guarantee that it is valid or enforceable, so even if we obtain patents, they may not be valid or enforceable against third parties. In addition, the issuance of a patent does not guarantee that we have the right to practice the patented invention. Third parties may have blocking patents that could be used to prevent us from marketing our own patented product and practicing our own patented technology.

Our pending patent applications may not result in issued patents. The patent position of technology-oriented companies, including ours, is generally uncertain and involves complex legal and factual considerations. The standards which the United States Patent and Trademark Office use to grant patents are not always applied predictably or uniformly and can change. Accordingly, we do not know the degree of future protection for our proprietary rights or the breadth of claims allowed in any patents issued to us or to others. The allowance of broader claims may increase the incidence and cost of patent interference proceedings and/or opposition proceedings and the risk of such claims being invalidated by infringement litigation. On the other hand, the allowance of narrower claims may limit the value of our proprietary rights. Our issued patents may not contain claims sufficiently broad to protect us against third parties with similar technologies or products, or provide us with any competitive advantage. Moreover, once any patents have been issued, our patents and any patent for which we have licensed or may license rights may be challenged, narrowed, invalidated or circumvented. If our patents are invalidated or otherwise limited, other companies will be better able to develop products that compete with ours, which could adversely affect our competitive business position, business prospects and financial condition.

We previously engaged in patent litigation in which we did not prevail. On June 12, 2008, we commenced a patent infringement action against Peerless Network, Inc. and John Barnicle in the United States District Court for the Northern District of Illinois to enforce our rights under a patent referred to as the '708 Patent (Neutral Tandem, Inc. v Peerless Network, Inc., Peerless Network of Illinois, LLC and John Barnicle, 08 CV 3402). On September 2, 2010, the court hearing the case granted Peerless Network's motion for summary judgment. The court found that the '708 Patent was invalid in light of a prior patent. On December 13, 2011, the federal appellate court affirmed the finding that our patent is invalid, and on January 30, 2012, the appellate court denied our petition for rehearing of the December 13, 2011 ruling. We elected not to appeal this ruling. As a result, the district court's ruling that the '708 Patent is invalid became final and non-appealable.

We also rely on trade secrets, know-how and technology, which are not protected by patents, to maintain our competitive position. If any trade secret, know-how or other technology not protected by a patent were to be disclosed to or independently developed by a competitor, our business and financial condition could be materially and adversely affected.

We provide communications services in a rapidly evolving market. If we are unable to overcome the difficulties frequently encountered by companies in rapidly evolving markets, our business could be materially harmed.

We began our operations in February 2004. We have experienced, and expect to continue to experience, risks and difficulties frequently encountered by companies in rapidly evolving markets. This includes developing new services, as we now provide our existing services in virtually all of the major and mid-size U.S. markets to most of the medium-sized and largest carriers. In order to overcome these risks and difficulties, we must, among other things:

- generate sufficient usage of our network by our customers;
- maintain and attract a sufficient number of customers to our network to achieve and sustain profitability;
- execute our business strategy successfully, including successful development and provision of new services and integration of acquired operations;
- manage our expanding operations; and
- upgrade our technology, systems and network infrastructure to accommodate increased traffic volume and to implement new features and functions.

Our failure to overcome these risks and difficulties and the risks and difficulties frequently encountered by new companies in rapidly evolving markets could adversely affect our operating results which could impair our ability to raise capital, expand our business or continue our operations.

Economic conditions could cause a material reduction in the amount of traffic we carry on our network.

We generate the majority of our revenue by charging carriers on a per minute of use basis for the traffic we carry on our network. If weakening economic conditions result in decreased spending on telecommunications services (or a decrease in the subscriber base at our customers), the amount of traffic we carry on our network on behalf of our customers could decrease.

Furthermore, financial pressure faced by our customers could result in mergers, acquisitions, liquidations or divestitures of all or a portion of our customers' businesses, which in turn could result in a reduction in the use of our services. See "—Consolidation in the industry, such as AT&T-BellSouth-Cingular, Verizon-MCI, SBC-AT&T, and T-Mobile-MetroPCS reduces the need for intercarrier services and may limit our growth opportunities." A reduction from these or other economic-related causes could have a material adverse effect on our business, financial condition and operating results.

We could experience material variances in our revenues due to events outside of our control.

We could experience material variances in our revenues due to events both under and outside of our control. For example, we could experience a material decline in the traffic that we process due to holidays or other seasonal variability, the timing of direct connects established between our customers, competitors offering services at reduced rates, installation delays, the implementation of routing changes and traffic outages. If one or more of these events occur, especially with respect to one or more of our larger customers, it could cause a material decrease in our revenues and have a material adverse effect on our business, prospects, financial condition and operating results.

Our ability to sell our services depends in part on the quality of our support and service offerings, and our failure to offer high-quality support and services would have a material adverse effect on our sales and operating results.

Once our services are deployed, our customers depend on our support organization to resolve any issues. A high level of support is critical for the successful marketing and sale of our services. If we do not effectively assist carriers in deploying our services, succeed in helping carriers quickly resolve post-deployment issues and provide effective ongoing support, it will adversely affect our ability to retain those customers or sell additional services. In addition, if we complete acquisitions, enter new geographic territories or expand our service offerings, it may become more difficult for us to provide these support services. As a result, our failure to maintain high-quality support and services would have a material adverse effect on our business, prospects, financial condition and operating results. See "—Our business requires the continued development of effective business support systems to implement customer orders, provide and bill for services, and pay for services we receive from our vendors."

The failure of the third-party software and equipment we use in providing our voice services could cause interruptions or failures of our systems.

We incorporate hardware, software and equipment and license technologies developed by third parties in providing our voice services. Our third-party vendors include, among others, Cisco and Oracle for our database systems and software, and numerous network services suppliers, such as AT&T, Verizon, CenturyLink, Level 3 and Transaction Network Services, for our transport and Signaling System 7 services. As a result, our ability to provide services depends in part on the continued performance and support of the third-party services and products on which we rely and the respective vendors' rights to license services and products to us, including without any third-party claims for intellectual property infringement. If any third-party services, equipment or products are not provided to us or experience failures or have defects, or the third parties that supply the services, equipment or products fail to provide adequate support due to financial problems they face or for any other reason, this could result in or exacerbate an interruption or failure of our systems or services. Any such failure or interruption could have a material adverse effect on our business, prospects, financial condition and operating results and expose us to claims by customers.

Our business could be harmed by prolonged electrical power outages or shortages, increased costs of energy or general availability of electrical resources.

Our network switch sites are susceptible to regional costs of power, electrical power shortages, planned or unplanned power outages caused by these shortages, such as those that occurred in the northeast region of the United States in 2003, in the southeast region of the United States in 2005, and in the New York area from Hurricane Sandy in 2012, and limitations of adequate power resources. Power outages, which last beyond our backup and alternative power arrangements, could reduce our revenue and otherwise harm our business and expose us to claims by customers. Moreover, we may not be able to pass on to our customers significant increases in the cost of power we obtain.

We generally do not have minimum revenue requirements in our contracts, which means that our customers could cease or reduce their usage of our services at any time and without notice.

We earn revenues for the majority of the services that we provide on a per minute of use basis. We generally do not have minimum revenue or exclusivity requirements in our contracts, which means that our customers could cease or reduce their usage of our services from their current levels at any time and without notice or penalty. If this were to occur, our revenues and results of operations will immediately suffer because there is no contractual requirement for the purchase of our services. For example, as discussed above, certain of our customers have migrated voice services to a competitor that has been offering our customers lower pricing in certain of our largest and other markets. See "—We face competition from the traditional ILECs and competition from certain other providers such as AT&T (Long Distance), Verizon Business, Level 3 Communications, Peerless Network and Hypercube, and we expect to compete with new entrants to the voice services market." If one or more of our larger customers cease or reduce the use of our services, we will experience a reduction in the volume of services we provide, which could have a material adverse effect on our business, prospects, financial condition and operating results.

Failure to comply with neutrality positioning could result in loss of significant business.

We have positioned ourselves as a neutral third-party provider of services (that is, we generally do not compete with our customers in any of their core businesses). Our failure to continue to adhere to this neutrality positioning may result in lost sales or non-renewal of contracts, any one of which could have a material adverse effect on our business, prospects, financial condition and operating results. For example, we provide national transit services and tandem access services in the United States, each of which are long distance voice services, and both of which can be viewed by some of our customers as being competitive with certain of the voice services they provide.

Our senior management is important to our customer relationships, and the loss of one or more of our senior managers could have a negative impact on our business.

We believe that our success depends in part on the continued contributions of our senior management. We rely on our executive officers and senior management to generate business and execute programs successfully. In addition, the relationships and reputation that members of our management team have established and maintain with our customers and our regulators contribute to our ability to maintain good customer relations and affect regulatory changes. The loss of one or more key members of senior management could impair our ability to identify and secure new contracts and otherwise to manage our business, any one of which could have a material adverse effect on our business, prospects, financial condition and operating results.

We must recruit and retain skilled employees to succeed in our business.

We believe that an integral part of our success is our ability to recruit and retain employees who have advanced skills related to the services that we provide or plan to provide and who work well with our customers in the regulated environment in which we operate. In particular, we must hire and retain employees with the technical expertise and industry knowledge necessary to maintain and continue to develop our operations and effectively manage our growing sales and marketing organization to ensure the development of new services and growth of our operations. Our future success depends on the ability of our sales and marketing organization to establish direct sales and to develop new services. The employees with the technical and other skills we require are in great demand and are likely to remain a limited resource in the foreseeable future. If we are unable to recruit and retain a sufficient number of these employees at all levels, our ability to maintain and grow our business could be negatively impacted.

We may be unable to obtain additional equity or debt financing to execute our business plan and, if additional financing is not available, we may need to limit, scale-back or cease our operations.

We expect to meet our cash requirements for the next 12 months through a combination of cash flow from operations, existing cash, cash equivalents and short-term investments. In addition, we currently maintain $15 million revolving credit facility with Bank of Montreal. As of the date of this Annual Report on Form 10-K, no amounts were drawn on this facility. If our cash requirements vary materially from those currently planned, or if we fail to generate sufficient cash flow from our business, we may require additional financing sooner than anticipated. Additional equity or debt financing may result in the incurrence of additional leverage or dilution to our stockholders.

In addition, we may seek additional funding in the future through public or private equity and debt financings including in connection with any future acquisitions. Additional funds may not be available to us on acceptable terms or at all. If we are unable to obtain funding on a timely basis, we may not be able to execute our business plan and could face the following or other risks:

- we may not be able to expand or acquire complementary businesses;
- we may not be able to continue to meet customer demand for service quality, availability and competitive pricing;
- we may be forced to reduce our operations;
- we may be forced to reduce our headcount;

- we may not be able to develop new services or otherwise respond to changing business conditions or competitive pressures; and
- we may not be able to adequately maintain or upgrade our systems and technology.

As a result, our business, operating results and financial condition could be adversely affected and we may be required to significantly curtail or cease our operations.

If we do not adapt to rapid technological change in the communications industry, we could lose customers or market share.

Our industry is characterized by rapid technological change and frequent new service offerings. Significant technological changes could make our technology and services obsolete, too costly or inefficient on a relative basis. We must adapt to our rapidly changing market by continually improving the features, functionality, reliability and responsiveness of our services to meet changing customer needs. We cannot ensure that we will be able to adapt to these challenges or respond successfully or in a cost-effective way. Our failure to do so could adversely affect our ability to compete and retain customers or market share. Many existing and emerging companies are providing, or propose to provide, competing services using new technologies. Furthermore, the increased adoption of IP switching technologies could increase the competition we face from direct connections. See "—The market for our services is competitive and increased adoption of IP switching technologies could increase the competition we face from direct connections or result in an existing customer replacing us with one or a limited number of vendors to provide all of that customer's voice interconnection services." Our future revenues and profits will depend on our ability to provide value added service(s) to competitive carriers. If we are unable to provide these service(s), whether as a result of technology changes or otherwise, we could experience a material adverse effect on our business, prospects, financial condition and operating results.

Confidentiality agreements with employees and others may not adequately prevent disclosure of trade secrets and other proprietary information.

In order to protect our proprietary technology, processes and methods, we rely in part on confidentiality agreements with our corporate partners, employees, consultants, advisors and others. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, others may independently discover trade secrets and proprietary information, and in such cases we could not assert any rights against such party. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive business position.

Others may allege that we are infringing upon their intellectual property, forcing us to expend substantial resources in resulting litigation, the outcome of which would be uncertain. Any unfavorable outcome of such litigation could have a material adverse effect on our business, financial position and operating results.

If any parties successfully claim that our creation, offer for sale, sale, import or use of technologies infringes upon their intellectual property rights, we might be forced to incur expenses to litigate the claims, pay damages, potentially including treble damages, if we are found to have willfully infringed such parties' patents or copyrights. In addition, if we are unsuccessful in litigation, a court could issue a permanent injunction preventing us from operating our network, offering our services or using certain of our systems for the life of the patent that we have been deemed to have infringed. Litigation concerning patents and other forms of intellectual property and proprietary technologies, is becoming more widespread and can be protracted and expensive, and can distract management and other key personnel from performing their duties for us.

Any legal action against us claiming damages and seeking to enjoin commercial activities relating to the affected methods, processes, products and services could, in addition to subjecting us to potential liability for damages, require us to obtain a license in order to continue to operate our network, use the affected systems or market the affected services. Any license required under any patent may not be made available on commercially acceptable terms, if at all. In addition, some licenses may be nonexclusive, and therefore, our competitors may have access to the same technology licensed to us. If we fail to obtain a required license or are unable to design around a patent, we may be unable to effectively operate our network or market some of our technology and products, which could limit our ability to generate revenues or achieve profitability and possibly prevent us from generating revenue sufficient to sustain our operations.

From time to time we have received and we may in the future receive notices or inquiries from other companies regarding our services or the manner in which we operate our network suggesting that we may be infringing a pre-existing patent or we need to license use of their patents to avoid infringement. Such notices may, among other things, threaten litigation against us. As we have in the past, we will actively review the request and determine whether there is any validity to the request and seek to resolve the matter. Litigation over patent rights and other intellectual property rights is not uncommon with respect to network technologies, and sometimes involves patent holding companies or other adverse patent owners who have no relevant product revenues and against whom our own patents may therefore provide little or no deterrence. There can be no assurance that holders of patents will not pursue any claim against us in the future if they believe their patents are being infringed by our network or service offerings.

Risk Factors Related to Our Common Stock

Our stock price is likely to be volatile.

Our stock price is likely to be volatile. The market prices for securities of telecommunications companies have historically been volatile. Some of the factors that may cause the market price of our common stock to fluctuate include:

- the passage of various laws and governmental regulations governing communications-related services and Internet-related services;
- a decrease in our cash position;
- changes in our dividend practice;
- a decrease in the amount of traffic we carry or the rates we charge for such traffic, whether from competition , the termination of customer agreements or otherwise;
- the failure to develop new services or successfully manage our growth strategy;
- the failure of or disruption to our physical infrastructure or services;
- conditions or trends in the Internet, technology and communications industries;
- the addition or departure of any key employees;
- the level and quality of securities research analyst coverage of our common stock;
- changes in the estimates of our operating performance or changes in recommendations of us by any research analyst that follow our stock or any failure to meet the estimates made by research analysts;
- litigation involving ourselves, our granted or any future patents, or our general industry or both;
- investors' general perception of us, our services, the economy and general market conditions;
- developments or disputes concerning third party patents or other proprietary rights;
- the announcement of significant acquisitions, divestitures, strategic partnerships, joint ventures or capital commitments by us or our competitors; and
- other factors discussed within these "Risk Factors."

If any of these factors cause an adverse effect on our business, operating results or financial condition, the price of our common stock could fall. In addition, public announcements by our competitors regarding, among other things, their performance, strategy, accounting practices, or legal problems could cause the price of our common stock to decline regardless of our actual operating performance.

A reduction in our cash position or changes in our capital structure, including our level of indebtedness and the terms of such indebtedness could adversely affect our business and liquidity position.

A reduction in our cash balance may adversely affect our ability to operate and expand our business.

We previously entered into a $15 million revolving credit facility and have no plans to draw on the facility at this time. We may incur additional debt in the future or increase our level of indebtedness from time to time for various reasons, including fluctuations in operating results, capital expenditures and possible acquisitions. Future consolidated indebtedness levels could materially affect our business by:

- requiring a substantial portion of our cash flow from operations to be dedicated to interest payments on such indebtedness, and thereby not available for other purposes;
- materially limiting or impairing our ability to obtain further financing;
- reducing our flexibility to respond to changing business and economic conditions or to take advantage of business opportunities that may arise; and
- further limiting our ability to pay dividends.

In addition, any credit agreement may limit our ability to enter into various transactions. If we were to default on any of our debt obligations, or if we were unable to obtain necessary liquidity, our obligation to repay such debt would become due and payable immediately and our business could be adversely affected.

A substantial portion of our cash at December 31, 2015 was invested in three money market funds.

As of December 31, 2015, we had $86.9 million invested in three money market funds. Due to the short duration of the cash invested, we believe that we do not have any material exposure to changes in the fair value of our cash investments as a result of changes in interest rates. However, since the share price of a money market fund is typically $1, the interest rate paid on the investment or the yield, is typically the predominant measure of the return we receive. These investments are subject to general credit, liquidity, market and interest rate risks that could have a negative impact on our results of operations.

We cannot assure you that we will continue to pay quarterly cash dividends on our common stock. Failure to continue to pay quarterly cash dividends to our stockholders could cause the market price for our common stock to decline.

In 2013, we initiated the payment of regular quarterly cash dividends on our common stock. Our ability to pay quarterly cash dividends will be subject to, among other things, our results of operations, financial condition, business prospects, capital requirements, contractual restrictions, any indebtedness we may incur, restrictions imposed by applicable law, tax considerations and other factors that our Board of Directors deems relevant. There can be no assurance that we will continue to pay a quarterly cash dividend in the future. Any reduction or discontinuance by us of the payment of quarterly cash dividends could cause the market price of our common stock to decline. Moreover, in the event our payment of quarterly cash dividends is reduced or discontinued, our failure or inability to resume paying quarterly cash dividends at historical levels could result in a lower market valuation of our common stock.

Anti-takeover provisions under Delaware law and in our amended and restated certificate of incorporation and bylaws could diminish the value of our common stock and could make a merger, tender offer or proxy contest difficult or could impede an attempt to replace or remove our directors.

We are a Delaware corporation and the anti-takeover provisions of the Delaware General Corporation Law may discourage, delay or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the person becomes an interested stockholder, even if a change of control would be beneficial to our existing stockholders. In addition, our amended and restated certificate of incorporation and bylaws may discourage, delay or prevent a change in our management or control over us that stockholders may consider favorable or make it more difficult for stockholders to replace directors even if stockholders consider it beneficial to do so. Our amended and restated certificate of incorporation and bylaws currently:

- authorize the issuance of "blank check" preferred stock that could be issued by our Board of Directors to increase the number of outstanding shares to thwart a takeover attempt;
- prohibit cumulative voting in the election of directors, which would otherwise allow holders of less than a majority of the stock to elect some directors;
- require that directors only be removed from office for cause and by the affirmative vote of the holders of at least 66 2 / 3 % of the total votes eligible to be cast in the election of directors;
- require that vacancies on the Board of Directors, including newly created directorships, be filled only by a majority vote of directors then in office;
- limit who may call special meetings of stockholders;
- authorize the issuance of authorized but unissued shares of common stock and preferred stock without stockholder approval, subject to the rules and regulations of The NASDAQ Stock Market;
- prohibit stockholder action by written consent, requiring all actions to be taken at a meeting of the stockholders; and
- establish advance notice requirements for nominating candidates for election to the Board of Directors or for proposing matters.

On February 9, 2016, the Board of Directors proposed and declared advisable an amendment to our certificate of incorporation, consistent with Section 141(k) of the Delaware General Corporation Law, to remove the words "for cause" so that any of our directors can be removed, with or without cause. The Board of Directors directed that such amendment be proposed at our next annual meeting of stockholders. Consistent therewith, and in light of a recent ruling by the Delaware Chancery court, we will not attempt to enforce the "only for-cause" director removal provision.

In addition, Section 203 of the Delaware General Corporation Law may inhibit potential acquisition bids for us. Section 203 regulates corporate acquisitions and limits the ability of a holder of 15% or more of our stock from acquiring the rest of our stock. Under Delaware law a corporation may opt out of the anti-takeover provisions, but we do not intend to do so.

These provisions may prevent a stockholder from receiving the benefit from any premium over the market price of our common stock offered by a bidder in a potential takeover. Even in the absence of an attempt to effect a change in management or a takeover attempt, these provisions may adversely affect the prevailing market price of our common stock if they are viewed as discouraging takeover attempts in the future.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our headquarters is located at 550 W. Adams Street, Suite 900, Chicago, Illinois 60661, where we lease approximately 27,000 square feet of office space. We also lease additional administrative space elsewhere in Chicago, Illinois.

We also lease 34 other facilities, listed below, in the United States that house our switching equipment.

- Atlanta, Georgia; Boston, Massachusetts; Charlotte, North Carolina; Chicago, Illinois; Cincinnati, Ohio; Cleveland, Ohio; Columbus, Ohio; Dallas, Texas; Denver, Colorado; Detroit, Michigan; Honolulu, Hawaii; Houston, Texas; Indianapolis, Indiana; Las Vegas, Nevada; Los Angeles, California; Miami, Florida; Milwaukee, Wisconsin; Minneapolis, Minnesota; Newark, New Jersey; New York, New York; Orlando, Florida; Philadelphia, Pennsylvania; Phoenix, Arizona; Portland, Oregon; Salt Lake City, Utah; San Diego, California; San Francisco, California; Seattle, Washington; St. Louis, Missouri; Tampa, Florida; Vienna, Virginia; and Puerto Rico

We believe our existing facilities are adequate for our current needs in our existing markets and that suitable additional or alternative space will be available in the future on commercially reasonable terms as needed.

ITEM 3. LEGAL PROCEEDINGS

Refer to Note 9 "Commitments and Contingencies" in the Notes to Consolidated Financial Statements of this Annual Report on Form 10-K for information on legal proceedings.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock is traded on The NASDAQ Global Market under the symbol "IQNT."

The following table sets forth the high and low closing sale prices per share for our common stock, for the periods indicated as regularly reported by The NASDAQ Global Market:

2015	High	Low
First Quarter	$ 20.31	$ 14.31
Second Quarter	$ 19.77	$ 15.68
Third Quarter	$ 23.20	$ 16.58
Fourth Quarter	$ 22.78	$ 17.35

2014	High	Low
First Quarter	$ 14.98	$ 10.06
Second Quarter	$ 15.83	$ 13.33
Third Quarter	$ 14.63	$ 10.18
Fourth Quarter	$ 20.00	$ 12.30

Holders of Record

On December 31, 2015, there were approximately 46 registered holders of record of our common stock. Because many of the shares of our common stock are held by brokers and other institutions on behalf of stockholders, we are unable to determine the exact number of beneficial stockholders represented by these record holders, but we believe that there were approximately 10,155 beneficial owners of our common stock as of January 20, 2016.

Dividends

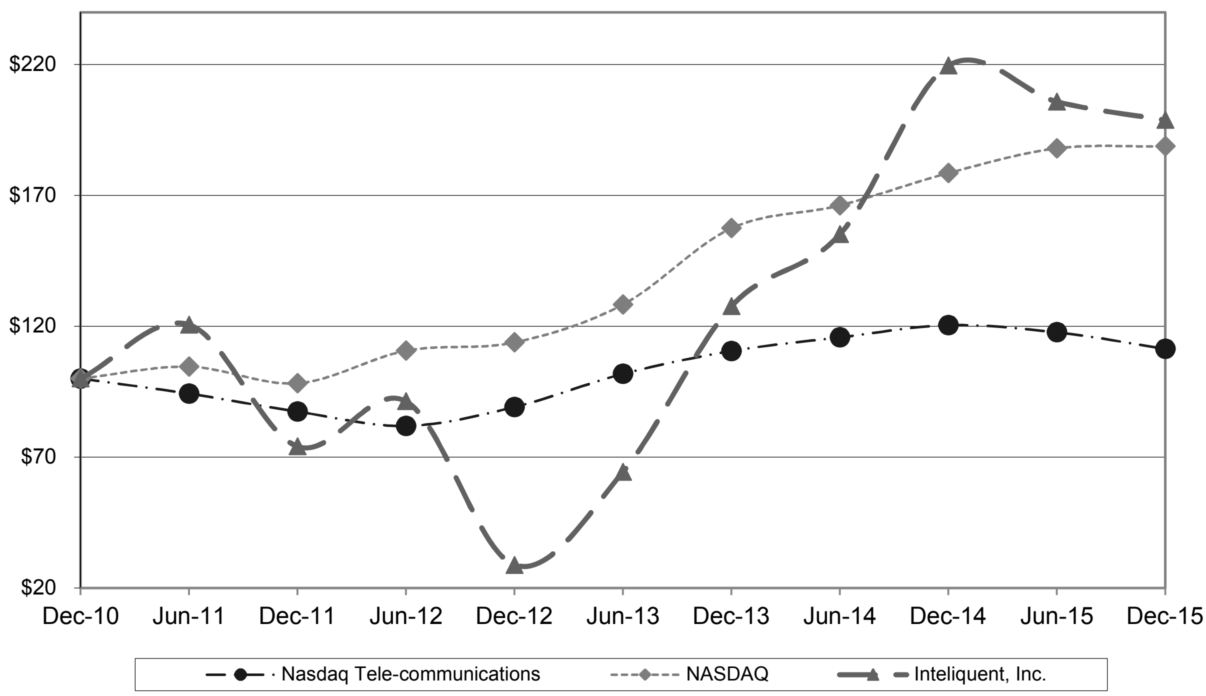
Beginning in 2012, we have declared and paid both regular and special dividends. Refer to note 8 "Common Stock" in the Notes to Consolidated Financial Statements of this Annual Report on Form 10-K for information on payments.

Any changes to our future dividends and the amount of such dividends will be subject to our actual future earnings, capital requirements, regulatory restrictions, debt covenants, other contractual restrictions and to the discretion of our Board of Directors. Our Board of Directors may take into account such matters as general business conditions, our financial condition and results of operations, our capital requirements, our prospects and such other factors as our Board of Directors may deem relevant. We do not anticipate any changes to our regular quarterly dividends on outstanding shares of common stock in the foreseeable future.

STOCK PERFORMANCE GRAPH

The following graph compares the cumulative five-year total return provided to stockholders on Inteliquent's common stock relative to the cumulative total returns of the NASDAQ Composite Index and the NASDAQ Telecommunications Index. An investment of $100 (with reinvestment of all dividends) is assumed to have been made in our common stock and in each of the indexes on December 31, 2010, and its relative performance is tracked through December 31, 2015. The NASDAQ Telecommunications Index contains securities of NASDAQ-listed companies classified as Telecommunications and Telecommunications Equipment according to the Industry Classification Benchmark. They include providers of fixed-line and mobile telephone services, and makers and distributors of high-technology communication products. This graph is not deemed to be "filed" with the SEC or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), and the graph shall not be deemed to be incorporated by reference into any prior or subsequent filing by Inteliquent under the Securities Act of 1933 or the Exchange Act.

COMPARISON OF CUMULATIVE TOTAL RETURN
(Based upon an initial investment of $100 on December 31, 2010, with dividends reinvested)



ITEM 6. SELECTED FINANCIAL DATA

SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA

The selected consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes. The selected consolidated operating data for the years ended December 31, 2015, 2014, and 2013 and the selected consolidated balance sheet data as of December 31, 2015 and 2014 are derived from, and are qualified by reference to, the audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K. The selected consolidated operating data for the fiscal years ended December 31, 2012 and 2011 and the selected consolidated balance sheet data as of December 31, 2013, 2012 and 2011 are derived from, and are qualified by reference to, our audited consolidated financial statements that are not included in this Annual Report on Form 10-K. The historical results presented below are not necessarily indicative of future results.

	Years Ended December 31,				
(In thousands, except per share amounts)	**2015**	**2014 (3)**	**2013 (3)**	**2012 (4)**	**2011**
Consolidated Operating Data:					
Revenue	**$ 248,619**	$ 220,508	$ 211,661	$ 233,003	$ 224,603
Income (loss) from continuing operations	**38,129**	38,523	64,298	(34,246)	40,105
Net income (loss)	**38,129**	38,523	55,653	(78,149)	27,057
Earnings (loss) per share—continuing operations:					
Basic (1)	**$ 1.13**	$ 1.17	$ 1.99	$ (1.11)	$ 1.22
Diluted (1)	**$ 1.12**	$ 1.15	$ 1.97	$ (1.11)	$ 1.21
Earnings (loss) per share—net income (loss):					
Basic (2)	**$ 1.13**	$ 1.17	$ 1.72	$ (2.54)	$ 0.83
Diluted (2)	**$ 1.12**	$ 1.15	$ 1.71	$ (2.54)	$ 0.82
Weighted average number of shares outstanding:					
Basic	**33,633**	32,887	32,306	30,798	32,780
Diluted	**34,070**	33,384	32,557	30,798	33,195
Dividends paid per share:	**$ 0.60**	$ 0.45	$ 1.44	$ 3.00	$ —

	December 31,				
(In thousands)	**2015**	**2014**	**2013 (3)**	**2012**	**2011**
Consolidated Balance Sheet Data:					
Cash and cash equivalents	**$ 109,050**	$ 104,737	$ 77,004	$ 31,479	$ 90,279
Total assets	**198,049**	170,171	137,245	145,600	302,810
Total liabilities	**18,216**	16,127	20,424	46,507	43,132
Total shareholders' equity	**179,833**	154,044	116,821	99,093	259,678
Cash Flow Data:					
Cash flows provided by operating activities	**$ 47,875**	$ 40,458	$ 57,365	$ 61,569	$ 57,714
Cash flows (used for) provided by investing activities	**(26,251)**	(10,238)	35,719	(25,716)	(22,459)
Cash flows used for financing activities	**(17,311)**	(2,487)	(47,565)	(95,049)	(51,553)

(1) Basic earnings (loss) per share—continuing operations are computed by dividing income (loss) from continuing operations by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share—continuing operations are computed giving effect to all dilutive potential common shares that were outstanding during the period. The effect of stock options, non-vested shares and performance stock units represents the only difference between the weighted average shares used for the basic earnings (loss) per share—continuing operations computation compared to the diluted earnings (loss) per share—continuing operations computation.

(2) Basic earnings (loss) per share—net income (loss) is computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share—net income (loss) is computed giving effect to all dilutive potential common shares that were outstanding during the period. The effect of stock options, non-vested shares and performance stock units represents the only difference between the weighted average shares used for the basic earnings (loss) per share—net income (loss) computation compared to the diluted earnings (loss) per share—net income (loss) computation.

(3) As the global data business was sold on April 30, 2013, the activity included in 2013 relates only to the period from the January 1, 2013 to date of sale of April 30, 2013. Income from continuing operations for the year ended December 31, 2013 includes a $28.8 million gain on sale of the Americas reporting unit of the global data business. Income from continuing operations for the year ended December 31, 2014 includes a $1.1 million loss on sale of the Americas reporting unit of the global data business as a result of the final settlement with the buyer.

(4) Loss from continuing operations includes a charge of $66.7 million for goodwill, intangible assets and fixed assets impairments resulting from our impairment testing performed during the fourth quarter of 2012. Net loss includes a charge of $88.5 million for goodwill, intangible assets and fixed assets impairments resulting from our impairment testing performed during the fourth quarter of 2012.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Annual Report on Form 10-K contains "forward-looking statements" that involve substantial risks and uncertainties. All statements, other than statements of historical fact, included in this Annual Report on Form 10-K are forward-looking statements. The words "anticipates," "believes," "efforts," "expects," "estimates," "projects," "proposed," "plans," "intends," "may," "will," "would," and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. Factors that might cause such differences include, but are not limited to: the effects of competition, including direct connects, and downward pricing pressure resulting from such competition; our regular review of strategic alternatives; the impact of current and future regulation, including intercarrier compensation reform enacted by the FCC; our ability to perform under the T-Mobile Agreement, including the risk that the traffic we carry under the T-Mobile Agreement will not meet our targets for profitability, including EBITDA and Adjusted EBITDA, that we incur damages or similar costs if we fail to meet certain terms in the T-Mobile Agreement, or that T-Mobile terminates the T-Mobile Agreement; the risk that our costs to perform under the T-Mobile Agreement will be higher than we expect; the risks associated with our ability to successfully develop and market new voice services, many of which are beyond our control and all of which could delay or negatively affect our ability to offer or market new voice services; the ability to develop and provide other new services; technological developments; the ability to obtain and protect intellectual property rights; the impact of current or future litigation; the potential impact of any future acquisitions, mergers or divestitures; natural or man-made disasters; changes in general economic or market conditions; and other important factors included in our reports filed with the Securities and Exchange Commission, particularly in the "Risk Factors" section of this Annual Report on Form 10-K and included elsewhere in this report as such risk factors may be updated from time to time in subsequent reports. Furthermore, such forward-looking statements speak only as of the date of this report. We undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

Overview

We provide voice telecommunications services primarily on a wholesale basis. We offer these services using an all-IP network, which enables us to deliver global connectivity for a variety of media, including voice, and historically, data and video. Our solutions enable carriers and other providers to deliver voice telecommunications traffic or other services where they do not have their own network or elect not to use their own network. These solutions are sometimes called "off-net" services. We also provide our solutions to customers, such as OTT providers, who also typically do not have their own network. We were incorporated in Delaware on April 19, 2001 and commenced operations in 2004.

For the year ended December 31, 2015, we generated revenue of $248.6 million, an increase of 12.7% compared to $220.5 million for the year ended December 31, 2014. Our income from operations for the year ended December 31, 2015 was $59.4 million compared to $63.3 million for the year ended December 31, 2014. Net income for the year ended December 31, 2015 was $38.1 million compared to $38.5 million for the year ended December 31, 2014.

On April 30, 2013, we sold our global data business. As a result, we recorded activity with respect to our global data business for only four months within the results of operations for the year ended December 31, 2013. The Americas reporting unit of the global data business did not qualify for discontinued operations treatment and, as a result, the results from continuing operations for the year ended December 31, 2013 include data activity associated with the Americas reporting unit for the first four months of 2013. Data revenue, data network and facilities, and data sales and marketing expenses generated by our Americas reporting unit for the first four months of 2013 was $10.4 million, $4.5 million and $1.5 million, respectively. Refer to Note 3 "Business Disposition" in the Notes to Consolidated Financial Statements of this Annual Report on Form 10-K for a description of the sale of our global data business.

Our Services

We provide the following voice services:

- *Local Transit Service*. Prior to the commencement of our operations in 2004, competitive carriers generally had two alternatives to send local voice traffic to other competitive carriers' networks: sending the traffic indirectly through the tandems of an ILEC or directly through connected switch pairs, commonly referred to as "direct connects." We established our company to offer an alternative to these options and better facilitate the exchange of local traffic between competitive carriers by using our tandem switches instead of the ILECs' tandems or direct connects. Since initially marketing our local transit service in several major markets, we have expanded our coverage and now provide local transit service in almost all markets in the contiguous United States, Hawaii and Puerto Rico.
- *Long Distance Service*. In 2006, we installed a national IP backbone network connecting our major local markets and began offering long distance services. Our long distance service allows us to carry long distance traffic that originates from our local or non-carrier customers in one market and terminates in another market. When we provide this service, we are operating as an interexchange carrier.
- *Switched Access Service*. In 2008, we began offering terminating switched access and originating switched access services. Switched access services are provided in connection with long distance calls. Our terminating switched access service allows interexchange carriers to send calls to us, and we then terminate those calls to the appropriate terminating carrier in the local market in which we operate. Our originating switched access service allows the originating carrier in the local market in which we operate to send calls to us that we then deliver to the appropriate interexchange carrier that has been selected to carry that call. In both instances, the interexchange carrier is our customer and is financially responsible for the call.
- *International Voice Service*. As we began interconnecting with certain non-U.S. carriers in 2010, we began terminating voice traffic that originated outside of the U.S. and terminated on the networks of carriers located in the U.S. When we provide this service, we are operating as an interexchange carrier. Our customer is the non-U.S. carrier that originates the call.
- *Direct Inward Dialing Service*. In 2012, we began to market DID service primarily to various non-carriers, including OTT providers, conference calling providers, calling card companies and interconnected VoIP providers. As part of our DID offering, we assign telephone numbers to these non-carriers and then terminate voice traffic, such as conference calling or calling card traffic, that is destined to the telephone numbers that we have assigned to those non-carriers. In addition to receiving payment from our non-carrier customers for the provision of the DID service, an interexchange carrier will pay us switched access charges for terminating long distance traffic on our network, while a local exchange carrier may owe us reciprocal compensation charges for terminating local traffic on our network.
- *8XX (Toll-Free) Service*. In 2014, we began offering 8XX service. We market this service to customers that seek to provide a caller with the ability to call them on a toll-free basis. Although many enterprises purchase toll-free services, we are initially marketing these services primarily to call centers or other non-enterprise users. When we provide this service, we are operating as an interexchange carrier.

Regulatory Treatment of Certain Intercarrier Compensation

We receive intercarrier compensation from interexchange carriers when we receive terminating access traffic from those long distance carriers. The intercarrier compensation we receive is based either on agreements we have with the respective carriers or rates set forth in our tariffs.

On November 18, 2011, the FCC issued an order establishing, among other things, an intercarrier compensation framework for terminating switched access traffic. Under the framework, when an end user subscribes to a local carrier's services, most intercarrier compensation that the local carrier receives from interexchange carriers for terminating access traffic will be reduced to zero over a transition period which began on July 1, 2012 and concludes on July 1, 2018.

Where a carrier only provides the terminating tandem access service, or intermediate interconnection between the interexchange carrier and the terminating local carrier, the tandem provider's rates are not reduced to zero under the FCC's November 18, 2011 order. However, under the FCC's order, the intercarrier compensation that the tandem carrier receives for terminating this switched access traffic was capped at the interstate rate in effect as of July 1, 2013.

In connection with our switched access services and our DID service, we provide terminating access service in both of the manners described above. We earn the majority of our terminating access service revenue from providing intermediate terminating tandem access service, where the rates will not be reduced to zero, as opposed to providing terminating service for traffic bound for end users that we serve, where the rates will be reduced to zero. Several states, industry groups and other telecommunications carriers filed petitions in federal court seeking to overturn the FCC's framework, in whole or in part. The federal appellate court affirmed the FCC's framework in all respects. For a further discussion see "Risk Factors—Risk Factors Related to Our Business—Regulatory developments could negatively impact our business" in Item 1A.

Carrier Disputes

The Company has disputes with two long distance companies regarding their payment to the Company of access charges in connection with the Company's origination of traffic from VoIP providers that utilize OTT technology. The Company has made judgments as to its ability to collect based on known facts and circumstances and has only recorded revenue when collection has been deemed probable.

The Need for Our Services

Prior to the introduction of our local transit service offering, competitive carriers generally had two alternatives for exchanging traffic with other competitive carriers' networks: sending the traffic indirectly through the tandems of an ILEC or directly through connected switch pairs, commonly referred to as "direct connects." Given the cost and complexity of establishing direct connects, competitive carriers often elected to utilize the ILEC tandem as the method of exchanging traffic. The ILECs typically required competitive carriers to interconnect to multiple ILEC tandems with each tandem serving a restricted geographic area. In addition, as the competitive telecommunications market grew, the process of establishing interconnections at multiple ILEC tandems became increasingly difficult to manage and maintain, causing delays and inhibiting the growth of competitive carriers while the purchase of ILEC tandem services became an increasingly significant component of a competitive carrier's costs.

The tandem switching services offered by ILECs consist of local transit service, which is provided in connection with local calls, and switched access services, which are provided in connection with long distance calls. Under certain interpretations of the Telecommunications Act of 1996 and implementing regulations, ILECs are required to provide local transit service to competitive carriers. ILECs generally set per minute rates and other charges for local transit service according to rate schedules approved by state public utility commissions, although the methodology used to review these rate schedules varies from state to state. ILECs are also required to offer switched access services to competing telecommunications carriers under the Telecommunications Act of 1996 and implementing regulations. ILECs generally set per minute rates and other charges for switched access services according to mandated rate schedules set by the FCC for interstate calls and by state public utility commissions for intrastate calls. In November 2011, the FCC released an order setting forth a multi-year transition plan that will reduce, and ultimately lead to the elimination of terminating switched access charges. For a further discussion see "Regulatory Treatment of Certain Intercarrier Compensation" above and "Risk Factors—Risk Factors Related to Our Business—Regulatory developments could negatively impact our business" in Item 1A. Our solution enables competitive carriers to exchange traffic between their networks without using an ILEC tandem for both local and long distance calls.

Before we commenced operations, a loss of ILEC market share to competitive carriers escalated competitive tensions and resulted in an increased demand for tandem switching. Growth in intercarrier traffic switched through ILEC tandems created switch capacity shortages known in the industry as ILEC "tandem exhaust," where overloaded ILEC tandems became a bottleneck for competitive carriers. This increased call blocking and gave rise to service quality issues for competitive carriers.

We established our company to solve these interconnection problems and better facilitate the exchange of traffic among competitive carriers and non-carriers. With the introduction of our service, we believe we became the first carrier to provide alternative tandem services capable of alleviating the ILEC tandem exhaust problem. Our solution enables competitive carriers to exchange traffic between their networks without using an ILEC tandem for both local and long distance calls. By utilizing our managed tandem service, our customers benefit from a simplified interconnection network solution that reduces costs, increases network reliability, decreases competitive tension and adds network diversity and redundancy.

Following the introduction of our local transit service, we began to face competition from other non-ILEC carriers, including Level 3, Hypercube and Peerless Network. Over the past several years, intensified competition led to reduced minutes of use and caused us to charge materially lower rates in various markets, including with respect to our major customers in our largest markets. Moreover, as previously noted, the other alternative for exchanging traffic prior to the commencement of our operations was for competitive carriers to install direct connections between their switches. Despite the development of a competitive tandem market, this alternative still exists, and in fact, we believe that our customers are frequently establishing direct connections between their networks, even for what might be considered, by historical standards, to be lower traffic switch pair combinations, for various reasons, including to eliminate paying a transit fee to us or one of our competitors. For a further discussion of the direct and indirect competition we face, see "—Competition" in this Item 1 and "Risk Factors—Risk Factors Related to Our Business— We face competition from the traditional ILECs and competition from certain other providers such as AT&T (Long Distance), Verizon Business, Level 3

Communications, Peerless Network and Hypercube, and we expect to compete with new entrants to the voice services market" in Item 1A.

We have entered into voice services agreements with major competitive carriers and non-carriers and we operated in 190 markets as of December 31, 2015. Generally, these agreements do not provide for minimum revenue requirements and do not require our customers to continue to use our services. During 2015, our network carried 156.1 billion minutes of traffic. Telephone numbers assigned to a carrier may not necessarily be assigned to, and in use by, an end user.

Revenue

We generate revenue from sales of our voice services and, historically, through our data business, from sales of IP Transit and Ethernet services. Revenue is recorded each month based upon minutes of traffic switched or, historically, data traffic carried, when collection is probable. Voice revenue is recorded each month on an accrual basis based upon minutes of traffic switched by our network for each customer, which we refer to as minutes of use. The rates charged per minute are determined by contracts between us and our customers or by filed and effective tariffs.

Minutes of use of voice traffic increase as we increase our number of customers, increase the penetration of existing markets, either with new customers or with existing customers, and increase our service offerings. The minutes of use decrease due to direct connection between existing customers, consolidation between customers, a customer using a different provider or a customer experiencing a decrease in the volume of traffic it originates or receives.

The average rate per minute of voice traffic varies depending on market forces and type of service, such as switched access or local transit. The market rate in each market is generally based upon competitive conditions along with the switched access or local transit rates offered by the ILECs. Depending on the markets we enter, we may enter into contracts with our customers with either a higher or lower rate per minute than our current average.

Our service solution incorporates other components beyond switching. In addition to switching, we generally provision trunk circuits between our customers' switches and our network locations at our own expense and at no direct cost to our customers. We also provide quality of service monitoring, call records and traffic reporting and other services to our customers as part of our service solution. Our per-minute rates are intended to incorporate all of these services.

While generally not seasonal in nature, our revenues are affected by certain events such as holidays, the unpredictable timing of direct connects between our customers, and installation and implementation delays. These factors can cause our revenue to both increase or decrease unexpectedly. See "Risk Factors—Risks Factors Related to Our Business—We could experience material variances in our revenues due to events outside of our control."

Operating Expenses

Operating expenses typically include network and facilities expenses, operations expenses, sales and marketing expenses, general and administrative expenses, depreciation and amortization, gain or loss on the disposal of property and equipment, and loss or gain on sale of Americas data assets.

Network and Facilities Expenses. Our network and facilities expenses include transport capacity, or circuits, and signaling network costs, facility rents and utilities, and costs to terminate our traffic, together with other costs that directly support the physical location where we house our switch, which is referred to in the industry as a point of presence ("POP") and, historically, transport capacity for our data services. Our network and facilities expenses primarily include costs we pay to third parties to terminate traffic on their networks. We do not defer or capitalize any costs associated with the start-up of a new POP. The start-up of an additional POP can take between three months to six months. During this time we typically incur facility rent, utilities, payroll and related benefit costs along with initial non-recurring installation costs. Revenues generally follow sometime after the sixth month.

Network transport costs typically occur on a repeating monthly basis, which we refer to as recurring transport costs, or on a one-time basis, which we refer to as non-recurring transport costs. Recurring transport costs primarily include monthly usage and other charges from telecommunication carriers and are related to the third-party circuits utilized by us to carry traffic to or from our customers. As our traffic increases, we must utilize additional circuits. Non-recurring transport costs primarily include the initial installation of such circuits. Facility rents include the leases on our POPs, which expire through March 2026. For some types of voice traffic, we also pay monthly recurring charges to the originating carrier that sends the call to us and/or to the terminating carrier when we terminate calls on their network. Additionally, we pay the cost of all the utilities for all of our POP locations.

Operations Expenses. Operations expenses include payroll and benefits for our POP location personnel as well as individuals located at our offices who are directly responsible for maintaining and expanding our network. Other primary components of operations expenses include repair and maintenance, software licenses, property taxes, property insurance, professional service fees and supplies.

Sales and Marketing Expenses. Sales and marketing expenses represent the smallest component of our operating expenses and primarily include personnel costs, sales bonuses, marketing programs and other costs related to travel and customer meetings.

General and Administrative Expenses. General and administrative expenses consist primarily of compensation and related costs for personnel and facilities associated with our executive, finance, human resource, legal and other general and administrative support departments and fees for professional services and bad debt expense. Professional services principally consist of outside legal, audit and tax service fees and may occasionally include consulting and transaction costs.

Depreciation and Amortization Expense. Depreciation and amortization expense for voice-related fixed assets is applied using the straight-line method over the estimated useful lives of the assets after they are placed in service, which are five years for network equipment, wireless equipment and tools and test equipment, and three years for computer equipment, computer software and furniture and fixtures. Leasehold improvements are amortized on a straight-line basis over an estimated useful life of five years or the life of the respective leases, whichever is shorter.

(Gain) Loss on Sale of Property and Equipment. We dispose of network equipment in connection with converting to new technology and computer equipment to replace old or damaged units. When there is a carrying value of these assets, we record the write-off of these amounts to loss on disposal. In some cases, this equipment is sold to a third party. When the proceeds from the sale of equipment identified for disposal exceeds the asset's carrying value, a gain on disposal is recorded.

Loss (Gain) on Sale of Americas Data Assets. The global data business was sold in 2013 and as a result, a gain of $28.8 million was recorded that related to the disposal of the Americas data assets. During the three months ended March 31, 2014, we recorded a $1.1 million loss on sale of Americas data assets as a result of the settlement with GTT. Refer to Note 3 "Business Disposition" in the Notes to the Consolidated Financial Statements of this Annual Report on Form 10-K for more information regarding the sale of the global data business.

Total Other (Income) Expense. Total other (income) expense includes interest expense and income, other income and expense, as well as foreign exchange gain or loss resulting from changes in exchange rates between the functional currency and the foreign currency in which the transaction was denominated.

Provision for Income Taxes. Income tax provision includes United States federal, state and local income taxes and is based on pre-tax income or loss. In determining the estimated annual effective income tax rate, we analyze various factors, including projections of our annual earnings and taxing jurisdictions in which earnings will be generated, the impact of state and local income taxes and our ability to use tax credits and net operating loss carryforwards.

See "Risk Factors" for certain matters that may bear on our future results of operations.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles, or GAAP, in the United States of America. The preparation of these financial statements in accordance with GAAP requires us to utilize accounting policies and make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies as of the date of the financial statements and the reported amounts of revenue and expense during a fiscal period. The SEC considers an accounting policy to be critical if it is important to a company's financial condition and results of operations, and if it requires significant judgment and estimates on the part of management in its application. We have discussed the selection and development of the critical accounting policies with the audit committee of our Board of Directors, and the audit committee has reviewed our related disclosures in this Annual Report on Form 10-K. Although we believe that our judgments and estimates are appropriate and correct, actual results may differ from those estimates.

We believe the following to be our critical accounting policies because they are important to the portrayal of our financial condition and results of operations and they require critical management judgments and estimates about matters that are uncertain. If actual results or events differ materially from those contemplated by us in making these estimates, our reported financial condition and results of operation for future periods could be materially affected.

Revenue Recognition

We generate revenue from sales of our voice services. We maintain tariffs and executed service agreements with each of our customers in which specific fees and rates are determined. One customer agreement contains multiple voice service elements and is accounted for as a multiple-element arrangement under Accounting Standards Codification ("ASC") topic 605-25, *Revenue Recognition-Multiple Element Arrangements.* Following the requirements of ASC 605-25, the Company evaluated the multiple-element arrangement to determine which deliverables represented separate units of accounting and then allocated consideration to each unit of accounting based on their selling prices using relative fair values. Some of these deliverables are treated as non-monetary transactions which are also recorded at fair value. Voice revenue is recorded each month on an accrual basis, when collection is probable, based upon minutes of traffic switched by our network by each customer, which is referred to as minutes of use.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consist of trade receivables recorded upon recognition of revenue from sales of voice services, reduced by reserves for estimated bad debts. Trade accounts receivable are generally recorded at the invoiced amount and do not bear interest. Credit is extended based on evaluation of the customer's financial condition. We make judgments as to our ability to collect outstanding receivables and provide allowances for a portion of receivables when collection becomes doubtful. The specific identification method is applied to all significant outstanding invoices to determine this provision. At December 31, 2015 and December 31, 2014, our allowance for doubtful accounts was $2.4 million and $2.3 million, respectively.

Stock-Based Compensation

We currently record stock-based compensation expense in connection with any grant of options, non-vested shares or performance stock units to our employees and board of directors. Stock-based employee compensation is reflected in the consolidated statement of income. We measure compensation cost for our stock options, non-vested shares and performance stock units at fair value.

The fair value of stock options is determined using the Black-Scholes valuation model which requires management judgment and estimates. This model takes into account the exercise price of the stock option, the fair value of the common stock underlying the stock option as measured on the date of grant and an estimation of the volatility of the common stock underlying the stock option. Such value is recognized as expense over the service period, net of estimated forfeitures, using the straight-line method. The estimation of stock awards that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from our current estimates, such amounts will be recorded as a cumulative adjustment in the period estimates are revised. We consider many factors when estimating expected forfeitures, including types of awards, employee class, and historical experience.

The fair value of the non-vested shares is determined using our closing stock price on the grant date. Compensation cost, measured using the grant date fair value and net of estimated forfeiture rate, is recognized over the requisite service period on a straight-line basis. We consider employee class and historical experience when estimating expected forfeitures.

The fair value of each performance stock unit granted is estimated using a Monte Carlo pricing model. The Monte Carlo simulation model is based on a discounted cash flow approach, with the simulation of a large number of possible stock price outcomes for the Company's stock and the applicable index. This model considers a risk-free interest rate, historical stock volatility, correlations of returns, and expected life. The risk-free interest rate reflects the yield on a U.S. Treasury bond commensurate with the expected life of the performance stock unit. The Company uses historic volatility and correlations to value awards. Market and service conditions must both be met in order for the performance stock units to vest. As such, compensation cost will be recognized on a straight-line basis over the vesting period. Except for termination of an individual's service by the Company without cause in certain circumstances, termination of an individual's service prior to fulfilling the requisite service period will result in forfeiture of units and compensation cost will be reversed. In the event the participant's employment is terminated without cause and more than half of the performance period has passed, the number of performance stock units issued shall be adjusted proportionately to the number of days of service rendered in the performance period over the total performance period.

Accounting for Income Taxes

Deferred income tax assets and liabilities are recognized for future income tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax bases and for net operating loss carryforwards. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in income tax rates is recorded in earnings in the period of enactment. A valuation allowance is provided for deferred income tax assets whenever it is determined based on our judgment that it is more likely than not that future tax benefits will not be realized. Deferred income tax assets are reviewed on a quarterly basis to determine if a valuation allowance is necessary based on current and historical performance, along with other relevant factors. As of December 31, 2015 we have recorded a valuation allowance of $22.7 million against our net deferred income tax asset, where $21.5 million is related to the capital loss from the sales of our foreign subsidiary and $1.2 million is related to the Illinois EDGE and research and development ("R&D") credits.

Income tax provision includes United States federal, state and local income taxes and is based on pre-tax income or loss. In determining the estimated annual effective income tax rate, we analyze various factors, including projections of our annual earnings and taxing jurisdictions in which earnings will be generated, the impact of state and local income taxes and our ability to use tax credits and net operating loss carryforwards.

We recognize the benefits of uncertain tax positions taken or expected to be taken in tax returns in the provision for income taxes only for those positions that we have judgmentally determined are more likely than not to be realized. We follow a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement. We consider many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustments and which may not accurately forecast actual outcomes. Our policy is to include interest and penalties associated with income tax obligations in income tax expense.

Results of Operations

The following table sets forth our results of operations for the years ended December 31, 2015, 2014 and 2013:

INTELIQUENT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share amounts)	Years Ended December 31, 2015	2014	2013
Revenue	**$ 248,619**	$ 220,508	$ 211,661
Operating expense:			
Network and facilities expense (excluding depreciation and amortization)	**125,345**	94,995	94,867
Operations	**31,170**	29,296	28,595
Sales and marketing	**2,874**	3,264	5,554
General and administrative	**18,508**	16,840	18,772
Depreciation and amortization	**11,392**	11,817	14,652
(Gain) loss on sale of property and equipment	**(110)**	(60)	192
Loss (gain) on sale of Americas data assets	**—**	1,081	(28,791)
Total operating expense	**189,179**	157,233	133,841
Income from operations	**59,440**	63,275	77,820
Other (income) expense:			
Interest expense (income)	**29**	51	(6)
Other (income) expense	**(1,290)**	(2)	4
Total other (income) expense	**(1,261)**	49	(2)
Income before provision for income taxes	**60,701**	63,226	77,822
Provision for income taxes	**22,572**	24,703	13,524
Income from continuing operations	**$ 38,129**	$ 38,523	$ 64,298
Loss from discontinued operations, net of provision for income taxes	**—**	—	(3,808)
Loss on sale of discontinued operations, net of provision for income taxes	**—**	—	(4,837)
Net income	**$ 38,129**	$ 38,523	$ 55,653
Earnings per share- continuing operations:			
Basic	**$ 1.13**	$ 1.17	$ 1.99
Diluted	**$ 1.12**	$ 1.15	$ 1.97
Loss per share- discontinued operations:			
Basic	**$ —**	$ —	$ (0.27)
Diluted	**$ —**	$ —	$ (0.27)
Earnings per share- net income:			
Basic	**$ 1.13**	$ 1.17	$ 1.72
Diluted	**$ 1.12**	$ 1.15	$ 1.71
Weighted average number of shares outstanding:			
Basic	**33,633**	32,887	32,306
Diluted	**34,070**	33,384	32,557

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Revenue. Revenue of $248.6 million for the year ended December 31, 2015 increased $28.1 million, or 12.7%, from $220.5 million for the year ended December 31, 2014.

The increase in revenue is primarily due to an increase in minutes of use to 156.1 billion minutes in the year ended December 31, 2015 compared to 137.5 billion minutes in the year ended December 31, 2014, an increase of 13.5%. The increase in minutes was partially offset by a decrease in the average rate per minute from $0.00160 for the year ended December 31, 2014 to $0.00159 for the year ended December 31, 2015, a decrease of 0.6%.

Operating Expenses. Operating expenses of $189.2 million for the year ended December 31, 2015 increased $32.0 million from $157.2 million in the year ended December 31, 2014. Operating expenses represented 76.1% and 71.3% of revenue for the year ended December 31, 2015 and 2014, respectively. The components making up operating expenses are discussed further below.

Network and Facilities Expenses. Network and facilities expenses increased to $125.3 million for the year ended December 31, 2015, or 50.4% of revenue, compared to $95.0 million for the year ended December 31, 2014, or 43.1% of revenue. The increase of $30.3 million was primarily due to an increase in traffic resulting from the T-Mobile Agreement, along with the costs associated with provisioning transport capacity in anticipation of traffic volume growth in the coming quarters. The cost as a percentage of revenue increased during the year ended December 31, 2015 as a result of an increase in the costs we pay to third parties to terminate certain long distance traffic which was due to a shift in the traffic mix.

Operations Expenses. Operations expenses increased to $31.2 million for the year ended December 31, 2015, or 12.6% of revenue, compared to $29.3 million for the year ended December 31, 2014, or 13.3% of revenue. The increase of $1.9 million primarily resulted from an increase in employee related costs which were attributed to an increase in headcount required to support the T-Mobile agreement.

Sales and Marketing Expenses. Sales and marketing expenses decreased to $2.9 million for the year ended December 31, 2015, or 1.2% of revenue, compared to $3.3 million for the year ended December 31, 2014, or 1.5% of revenue. The decrease of $0.4 million was primarily due to a decrease in marketing costs and a slight decrease in employee related costs.

General and Administrative Expenses. General and administrative expenses increased to $18.5 million for the year ended December 31, 2015, or 7.4% of revenue, compared to $16.8 million for the year ended December 31, 2014, or 7.6% of revenue. The increase of $1.7 million in general and administrative expenses for the year ended December 31, 2015, was primarily due to non-recurring charges for the resolution of certain employee matters, employee related costs due to additional headcount and higher professional fees. The increases were partially offset by a decrease in bad debt expense.

Depreciation and Amortization Expense. Depreciation and amortization expense decreased to $11.4 million for the year ended December 31, 2015, or 4.6% of revenue, compared to $11.8 million for the year ended December 31, 2014, or 5.4% of revenue. The decrease of $0.4 million in depreciation and amortization expense for the year ended December 31, 2015 is due to the timing of property and equipment additions placed into service, which was heavily weighted in the last two quarters of 2015, thereby minimizing the impact of this expense for the twelve months ended December 31, 2015.

(Gain) Loss on Sale of Property and Equipment. Gain on disposal of property and equipment was $0.1 million for both the years ended December 31, 2015 and 2014.

Loss (Gain) on Sale of Americas Data Assets. During the year ended December 31, 2014, we recorded a $1.1 million loss on sale of Americas data assets as a result of our settlement with GTT. Refer to Note 3 "Business Disposition" in the Notes to Consolidated Financial Statements of this Annual Report on Form 10-K for more information regarding the sale of the global data business.

Total Other (Income) Expense. Total other income for the year ended December 31, 2015 was $1.3 million, compared to less than $0.1 million of total other expense for the year ended December 31, 2014. Substantially all of the total other income for the year ended December 31, 2015 was due to a $1.3 million receipt of amounts held in an escrow fund related to the Tinet acquisition. Refer to Note 1 "Description of the Business" in the Notes to Consolidated Financial Statements of this Annual Report on Form 10-K for more information regarding the escrow receipt.

Provision for Income Taxes. Provision for income taxes was $22.6 million for the year ended December 31, 2015, a decrease of $2.1 million compared to $24.7 million for the year ended December 31, 2014. The effective tax rate at December 31, 2015 was 37.2% compared to the effective tax rate at December 31, 2014 of 39.1%. The decrease in the Company's effective income tax rate for the year ended December 31, 2015, as compared to the year ended December 31, 2014, was primarily due to a true up to the impact of the sale of the global data business in 2014, and a reassessment of the recoverability of the deferred tax assets for Illinois credits.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

On April 30, 2013, we sold our global data business. As a result, we recorded activity with respect to our global data business for only the four months ended April 30, 2013 within the results for the year ended December 31, 2013. The results of operations for the year ended December 31, 2014 do not include any such data activity. The sale of the Americas reporting unit of the global data business did not qualify for discontinued operations treatment and therefore was reflected in continuing operations in the consolidated statement of operations for the year ended December 31, 2013. The sale of the other reporting units of the global data business did qualify for discontinued operations treatment and therefore was reflected in discontinued operations in the consolidated statement of operations for the year ended December 31, 2013.

Revenue. Revenue of $220.5 million for the year ended December 31, 2014 increased $8.8 million, or 4.2%, from $211.7 million for the year ended December 31, 2013. The data revenue generated by our Americas reporting unit for the four months ended April 30, 2013 was $10.4 million. Excluding data revenue, revenue from continuing operations increased $19.2 million, representing an increase of 9.5%. The increase in voice revenue is primarily due to an increase in minutes of use to 137.5 billion minutes in the year ended December 31, 2014 compared to 120.9 billion minutes in the year ended December 31, 2013, an increase of 13.7%. The increase in minutes was partially offset by a decrease in the average rate per minute from $0.00166 for the year ended December 31, 2013 to $0.00160 for the year ended December 31, 2014, a decrease of 3.6%.

Operating Expenses. Operating expenses of $157.2 million for the year ended December 31, 2014 increased $23.4 million from $133.8 million in the year ended December 31, 2013. Operating expenses represented 71.3% and 63.2% of revenue for the year ended December 31, 2014 and 2013, respectively. The components making up operating expenses are discussed further below.

Network and Facilities Expenses. Network and facilities expenses of $95.0 million for the year ended December 31, 2014, or 43.1% of revenue, increased from $94.9 million for the year ended December 31, 2013, or 44.8% of revenue. The data network and facilities expenses generated by our Americas reporting unit for the four months ended April 30, 2013 were $4.5 million. Excluding these data costs, the network expenses increased $4.6 million, which was primarily due to an increase in minute volumes, partially offset by savings from network optimization.

Operations Expenses. Operations expenses of $29.3 million for the year ended December 31, 2014, or 13.3% of revenue, increased $0.7 million compared to $28.6 million for the year ended December 31, 2013, or 13.5% of revenue. The increase primarily resulted from an increase of $1.6 million in external service provider fees and other miscellaneous expenses, offset by a decrease of $0.8 million in non-cash compensation.

Sales and Marketing Expenses. Sales and marketing expenses of $3.3 million for the year ended December 31, 2014, or 1.5% of revenue, decreased from $5.6 million for the year ended December 31, 2013, or 2.6% of revenue. The sales and marketing expenses generated by our Americas reporting unit for the four months ended April 30, 2013 were $1.5 million. Excluding these data costs, the sales and marketing expenses decreased by $0.8 million, which was primarily due to lower payroll and other benefits expense.

General and Administrative Expenses. General and administrative expenses decreased to $16.8 million for the year ended December 31, 2014, or 7.6% of revenue, compared to $18.8 million for the year ended December 31, 2013, or 8.9% of revenue. The decrease of $2.0 million in general and administrative expenses for the year ended December 31, 2014, was primarily due to $2.4 million of charges recognized in 2013 associated with the Company's internal investigation. Additionally, in 2014, there was a $0.6 million increase in bad debt expense related to reserves established for various customers' doubtful accounts receivable, which was offset by a $0.5 million decrease in payroll and other benefits expense.

Depreciation and Amortization Expense. Depreciation and amortization expense decreased to $11.8 million for the year ended December 31, 2014, or 5.4% of revenue, compared to $14.7 million for the year ended December 31, 2013, or 6.9% of revenue. The decrease of $2.9 million in our depreciation and amortization expense resulted from a lower depreciable base of our assets as a result of the sale of the Americas data assets.

(Gain) Loss on Sale of Property and Equipment. Gain on disposal of fixed assets was less than $0.1 million for the year ended December 31, 2014, compared to a loss on disposal of fixed assets of $0.2 million for the year ended December 31, 2013. Certain network switching equipment was disposed of during the year ended December 31, 2013 which resulted in a loss, whereas we received proceeds on the sale of fixed assets during the year ended December 31, 2014 which resulted in a gain.

Loss (Gain) on Sale of Americas Data Assets. During the year ended December 31, 2014, we recorded a $1.1 million loss on sale of Americas data assets as a result of our settlement with GTT, compared to a gain of $28.8 million for the year ended December 31, 2013. Refer to Note 3 "Business Disposition" in the Notes to Consolidated Financial Statements of this Annual Report on Form 10-K for more information regarding the sale of the global data business.

Other Expense (Income). Other expense (income) was less than $0.1 million in the year ended December 31, 2014 and 2013.

Provision for Income Taxes. Provision for income taxes was $24.7 million for the year ended December 31, 2014, an increase of $11.2 million compared to $13.5 million for the year ended December 31, 2013. The effective tax rate at December 31, 2014 was 39.1% compared to the effective tax rate at December 31, 2013 of 17.4%. This difference in rates results primarily from the sale of the global data business during the year ended December 31, 2013. Refer to Note 11 "Income Taxes" in the Notes to Consolidated Financial Statements of this Annual Report on Form 10-K for more information regarding the changes in our effective tax rate.

Liquidity and Capital Resources

Our primary sources of liquidity have been cash provided by operations, the sale and issuance of equity, our initial public offering completed in November 2007 and the divestiture of our global data business on April 30, 2013. Our principal uses of cash have been capital expenditures for network equipment, working capital, repurchases of common shares and dividends paid beginning in 2012. We anticipate that our principal uses of cash in the future will be for capital expenditures for network equipment, working capital and the payment of dividends. We regularly review acquisitions and strategic investments, which may require additional debt or equity financing. We currently do not have any pending agreements with respect to any acquisitions or strategic investments which would require additional debt or equity financing.

At December 31, 2015, we had $109.1 million in cash and cash equivalents, and $0.3 million in restricted cash. In comparison, at December 31, 2014, we had $104.7 million in cash and cash equivalents and $0.3 million in restricted cash. Cash and cash equivalents include highly liquid money market funds. The restricted cash balance is pledged as collateral for certain commercial letters of credit.

Working capital at December 31, 2015 was $140.0 million compared to $125.7 million at December 31, 2014.

Our capital expenditures of $26.4 million, $10.1 million and $12.5 million in the years ended December 31, 2015, 2014 and 2013, respectively, related primarily to the installation of network equipment in existing and new locations. Capital expenditures for the years ended December 31, 2013 include four months of spend related to the global data business. Capital expenditures for 2016 are expected to be between $25 million and $28 million.

We believe the cash flow from operating activities, in addition to cash and cash equivalents currently on-hand, will be sufficient to fund our operations, including our anticipated growth plans, for the foreseeable future.

The following table sets forth components of our cash flow for the following periods:

	Years Ended December 31,		
(In thousands)	**2015**	**2014**	**2013**
Cash flows provided by operating activities	**$ 47,875**	$ 40,458	$ 57,365
Cash flows (used for) provided by investing activities	**$ (26,251)**	$ (10,238)	$ 35,719
Cash flows used for financing activities	**$ (17,311)**	$ (2,487)	$ (47,565)

Cash flows from operating activities

Net cash provided by operating activities for the year ended December 31, 2015 was $47.9 million, compared to $40.5 million for the year ended December 31, 2014. Operating cash inflows are largely attributable to payments from customers which are generally received between 30 to 60 days following the end of the billing month. Operating cash outflows are largely attributable to personnel-related expenditures, and facility and network maintenance costs. The increase in operating cash flow is primarily due to the increase in accrued liabilities, partially offset by an increase in other current assets as of December 31, 2015. The increase in accrued liabilities is the result of higher accrued network and facilities costs as of December 31, 2015. The increase in other current assets is the result of an increase in our prepaid income tax position as of December 31, 2015.

Net cash provided by operating activities for the year ended December 31, 2014 was $40.5 million, compared to $57.4 million for the year ended December 31, 2013. Operating cash inflows are largely attributable to payments from customers which are generally received between 30 to 60 days following the end of the billing month. Operating cash outflows are largely attributable to personnel-related expenditures, and facility and network maintenance costs. The decrease in operating cash flow is primarily due to an increase in accounts receivable and a decrease in accrued liabilities.

Cash flows from investing activities

Net cash used for investing activities for the year ended December 31, 2015 was $26.3 million, compared to net cash used for investing activities of $10.2 million for the year ended December 31, 2014. The change in cash flows from investing activities was primarily the result of recent purchases of equipment necessary to support the significant additional traffic we are carrying as part of the overall growth of the business.

Net cash used for investing activities for the year ended December 31, 2014 was $10.2 million, compared to net cash provided by investing activities of $35.7 million for the year ended December 31, 2013. The change in cash flows from investing activities was primarily a result of the sale of our global data business in 2013 with no sale activity in 2014. Additionally, we reduced the amount of equipment purchased to support the voice business.

Cash flows from financing activities

Net cash used for financing activities for the year ended December 31, 2015 was $17.3 million, compared to $2.5 million for the year ended December 31, 2014. The changes in cash flows from financing activities primarily relate to changes in the exercises of stock options as well as dividend payments. There were fewer stock options exercised during 2015 as compared to 2014, and as a result, we received less cash. Additionally, we paid out more dividends in 2015 as compared to 2014, which is mainly attributed to our annual dividends paid of $0.60 per share for the year ended December 31, 2015 as compared to only $0.45 per share for the year ended December 31, 2014.

Net cash used for financing activities for the year ended December 31, 2014 was $2.5 million, compared to $47.6 million for the year ended December 31, 2013. The changes in cash flows from financing activities primarily relate to changes in dividend payments as well as exercises of stock options. In the second quarter of 2013, we paid a special cash dividend of $1.25 per outstanding share of common stock, or $40.5 million, compared to no special cash dividend paid in 2014. In addition, during 2013 we started to pay a regular quarterly dividend of $0.0625 per outstanding common share of stock, or $6.0 million in aggregate, whereas in 2014 we increased our quarterly dividends paid from $0.0625 per outstanding share in 2013 to $0.075 for the first two quarters and $0.15 for the second two quarters, resulting in $14.9 million in dividend payments. Dividends paid in 2014 and 2013 included less than $0.1 million and $0.6 million, respectively related to the expected forfeitures of non-vested shares that we recognized as compensation expense. Lastly, we received $12.5 million of cash in 2014 due to the exercise of stock options, compared to $0.5 million in 2013.

The following table represents a summary of our estimated future payments under contractual cash obligations as of December 31, 2015. Changes in our business needs, cancellation provisions, changing interest rates and other factors may result in actual payments differing from these estimates. We cannot provide certainty regarding the timing and amounts of payments. There have been no significant developments with respect to our contractual cash obligations since December 31, 2015.

	Payments Due by Period				
(In thousands)	**Total**	**Current**	**2-3 years**	**4-5 years**	**Thereafter**
Operating lease obligations	$ 28,991	$ 4,712	$ 8,745	$ 7,477	$ 8,057
Purchase obligations	17,406	12,844	4,424	138	—
Total	$ 46,397	$ 17,556	$ 13,169	$ 7,615	$ 8,057

Operating Lease Obligations

We lease facilities and certain equipment under operating leases which expire through March 2026. Rental expense for these leases was $4.3 million, $4.3 million and $5.2 million for each of the years ended December 2015, 2014 and 2013, respectively. See Item 2 “Properties” above for a description of the location of our leased real property.

Purchase Obligations

We have service agreements with certain major telecommunications service providers, where we have committed to purchase a minimum amount of service beginning through September 2018. Additionally, the Company has contractual commitments with third parties to purchase network circuits through August 2020. In the event the Company was to terminate these circuit agreements before their expiration, early termination penalties would apply, for which the Company would be required to pay. The minimum purchase commitments by period are set forth in the table above. These amounts do not represent the Company’s entire anticipated purchases in the future, but represent only its estimate of those items for which the Company is committed.

Letters of Credit

We use cash collateralized letters of credit issued by Bank of America, N.A. to secure certain facility leases and other obligations. At December 31, 2015, there was $0.3 million of restricted cash used as collateral for $0.3 million in letters of credit outstanding.

Credit Facility

On March 5, 2013, we entered into a $15.0 million revolving credit facility. The credit facility has a term of three years and an interest rate of LIBOR + 3.25%. We have no plans to draw on the facility at this time and remain debt-free. The facility serves to increase our financial flexibility and further strengthens our liquidity position. We are currently in compliance with all covenants of the credit facility agreement.

Effect of Inflation

Inflation generally affects us by increasing our cost of labor and equipment. We do not believe that inflation had any material effect on our results of operations for the years ended December 31, 2015, 2014 and 2013.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, investments in special purpose entities or undisclosed borrowings or debt that would be required to be disclosed pursuant to Item 303 of Regulation S-K under the Exchange Act. Additionally, we do not have any synthetic leases.

Recent Accounting Pronouncements

The disclosures provided in Note 2 in the Notes to Consolidated Financial Statements of this Annual Report on Form 10-K are incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest rate exposure

We had cash, cash equivalents and restricted cash totaling $109.4 million and $105.1 million at December 31, 2015 and December 31, 2014, respectively. The unrestricted cash and cash equivalents are held for working capital purposes. We do not enter into investments for speculative purposes. At December 31, 2015, we had $86.9 million in cash and cash equivalents invested in three money market funds.

Based upon our overall interest rate exposure at December 31, 2015, we do not believe that a hypothetical 10 percent change in interest rates over a one-year period would have a material impact on our earnings, fair values or cash flows from interest rate risk sensitive instruments discussed above.

Foreign Currency

As a result of the sale of the global data business, the Company now operates substantially only within the United States and is no longer exposed to any substantial foreign currency risk.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
Inteliquent, Inc.
Chicago, Illinois

We have audited the accompanying consolidated balance sheets of Inteliquent, Inc. and subsidiaries (the "Company") as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2015. Our audits also includes the financial statement schedule listed in the Index at Item 15. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Inteliquent, Inc. and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth herein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2015, based on the criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 18, 2016 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/DELOITTE & TOUCHE LLP

Chicago, Illinois
February 18, 2016

INTELIQUENT, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands, except per share amounts)	December 31, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 109,050**	$ 104,737
Receivables — net of allowance of $2,365 and $2,336, respectively	**39,589**	32,766
Deferred income taxes-current	**—**	836
Prepaid expenses	**9,376**	2,198
Other current assets	**219**	1,320
Total current assets	**158,234**	141,857
Property and equipment—net	**37,336**	23,678
Restricted cash	**345**	345
Deferred income taxes-noncurrent	**1,059**	3,284
Other assets	**1,075**	1,007
Total assets	**$ 198,049**	$ 170,171
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	**$ 424**	$ 1,607
Accrued liabilities:		
Taxes payable	**624**	1,263
Network and facilities	**10,984**	7,266
Rent	**1,969**	2,015
Payroll and related items	**2,918**	3,079
Other	**1,297**	897
Total current liabilities	**18,216**	16,127
Commitments and contingencies (Note 9)		
Shareholders' equity:		
Preferred stock—par value of $.001; 50,000 authorized shares; no shares issued and outstanding at December 31, 2015 and December 31, 2014	**—**	—
Common stock—par value of $.001; 150,000 authorized shares; 33,891 shares and 33,458 shares issued and outstanding at December 31, 2015 and December 31, 2014, respectively	**34**	33
Less treasury stock, at cost; 3,351 shares at December 31, 2015 and December 31, 2014	**(51,668)**	(51,668)
Additional paid-in capital	**225,474**	217,628
Retained earnings (accumulated deficit)	**5,993**	(11,949)
Total shareholders' equity	**179,833**	154,044
Total liabilities and shareholders' equity	**$ 198,049**	$ 170,171

See notes to consolidated financial statements.

INTELIQUENT, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share amounts)	Years Ended December 31, 2015	2014	2013
Revenue	**$ 248,619**	$ 220,508	$ 211,661
Operating expense:			
Network and facilities expense (excluding depreciation and amortization)	**125,345**	94,995	94,867
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Depreciation and amortization	**11,392**	11,817	14,652
(Gain) loss on sale of property and equipment	**(110)**	(60)	192
Loss (gain) on sale of Americas data assets	**—**	1,081	(28,791)
Total operating expense	**189,179**	157,233	133,841
Income from operations	**59,440**	63,275	77,820
Other (income) expense:			
Interest expense (income)	**29**	51	(6)
Other (income) expense	**(1,290)**	(2)	4
Total other (income) expense	**(1,261)**	49	(2)
Income before provision for income taxes	**60,701**	63,226	77,822
Provision for income taxes	**22,572**	24,703	13,524
Income from continuing operations	**$ 38,129**	$ 38,523	$ 64,298
Loss from discontinued operations, net of provision for income taxes	**—**	—	(3,808)
Loss on sale of discontinued operations, net of provision for income taxes	**—**	—	(4,837)
Net income	**$ 38,129**	$ 38,523	$ 55,653
Earnings per share- continuing operations:			
Basic	**$ 1.13**	$ 1.17	$ 1.99
Diluted	**$ 1.12**	$ 1.15	$ 1.97
Loss per share- discontinued operations:			
Basic	**$ —**	$ —	$ (0.27)
Diluted	**$ —**	$ —	$ (0.27)
Earnings per share- net income:			
Basic	**$ 1.13**	$ 1.17	$ 1.72
Diluted	**$ 1.12**	$ 1.15	$ 1.71
Weighted average number of shares outstanding:			
Basic	**33,633**	32,887	32,306
Diluted	**34,070**	33,384	32,557

See notes to consolidated financial statements.

INTELIQUENT, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31,		
(In thousands)	**2015**	**2014**	**2013**
Net income	**$ 38,129**	$ 38,523	$ 55,653
Other comprehensive income:			
Foreign currency adjustments	**—**	—	4,904
Total other comprehensive income	**—**	—	4,904
Comprehensive income	**$ 38,129**	$ 38,523	$ 60,557

See notes to consolidated financial statements.

INTELIQUENT, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In thousands)	Common Shares Outstanding	Common Shares	Treasury Shares	Additional Paid-In Capital	Retained Earnings (Accumulated deficit)	Accumulated Other Comprehensive Income (loss)	Total Shareholders' Equity
Balance at December 31, 2012	**32,345**	**$ 32**	**$ (50,103)**	**$ 199,331**	**$ (45,263)**	**$ (4,904)**	**$ 99,093**
Net income	—	—	—	—	55,653	—	55,653
Dividend payment	—	—	—	—	(45,922)	—	(45,922)
Foreign currency translation	—	—	—	—	—	4,904	4,904
Tax deficiency associated with share-based payments	—	—	—	(1,165)	—	—	(1,165)
Exercise of stock options	206	—	—	468	—	—	468
Repurchase of common stock	(268)	—	(1,565)	—	—	—	(1,565)
Non-cash share based compensation expense	—	—	—	6,163	—	—	6,163
Activity related to non-vested shares	(68)	—	—	(808)	—	—	(808)
Balance at December 31, 2013	**32,215**	**32**	**(51,668)**	**203,989**	**(35,532)**	**—**	**116,821**
Net income	—	—	—	—	38,523	—	38,523
Dividend payment	—	—	—	—	(14,940)	—	(14,940)
Tax deficiency associated with share-based payments	—	—	—	(1,992)	—	—	(1,992)
Exercise of stock options	1,096	1	—	12,475	—	—	12,476
Non-cash share based compensation expense	—	—	—	4,269	—	—	4,269
Activity related to non-vested shares	147	—	—	(1,113)	—	—	(1,113)
Balance at December 31, 2014	**33,458**	**33**	**(51,668)**	**217,628**	**(11,949)**	**—**	**154,044**
Net income	—	—	—	—	38,129	—	38,129
Dividend payment	—	—	—	—	(20,187)	—	(20,187)
Tax benefit associated with share-based payments	—	—	—	1,601	—	—	1,601
Exercise of stock options	320	1	—	2,210	—	—	2,211
Non-cash share based compensation expense	—	—	—	5,222	—	—	5,222
Activity related to non-vested shares	113	—	—	(1,187)	—	—	(1,187)
Balance at December 31, 2015	**33,891**	**$ 34**	**$ (51,668)**	**$ 225,474**	**$ 5,993**	**$ —**	**$ 179,833**

See notes to consolidated financial statements.

INTELIQUENT, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Years Ended December 31, 2015	2014	2013
Operating			
Net income	**$ 38,129**	$ 38,523	$ 55,653
Adjustments to reconcile net income to net cash flows provided by operating activities:			
Depreciation and amortization	**11,392**	11,817	15,894
Deferred income taxes	**3,061**	8	(2,295)
(Gain) loss on sale of property and equipment	**(110)**	(60)	458
Loss (gain) on sale of Americas data assets	**—**	1,081	(28,791)
Gain on settlement of Tinet escrow	**(1,290)**	—	—
Loss on sale of discontinued operations	**—**	—	4,837
Non-cash share-based compensation	**5,222**	4,269	6,163
Gain on intercompany foreign exchange transactions	**—**	—	56
Provision for uncollectible accounts	**197**	1,925	900
Excess tax benefit associated with share-based payments	**(1,852)**	(1,090)	(262)
Changes in assets and liabilities:			
Receivables	**(7,020)**	(12,491)	4,281
Other current assets	**(6,095)**	(247)	180
Other noncurrent assets	**(68)**	2,614	199
Accounts payable	**146**	(175)	(3,830)
Accrued liabilities	**6,163**	(5,716)	3,922
Net cash provided by operating activities	**47,875**	40,458	57,365
Investing			
Purchase of property and equipment	**(26,439)**	(10,090)	(12,470)
Proceeds from sale of property and equipment	**188**	72	28
Sale of other investments	**—**	—	534
Proceeds from sale of discontinued operations, net of transaction costs	**—**	—	42,587
Proceeds from sale of Americas data assets, net of transaction costs	**—**	—	4,203
(Increase) decrease in restricted cash	**—**	(220)	837
Net cash (used for) provided by investing activities	**(26,251)**	(10,238)	35,719
Financing			
Proceeds from the exercise of stock options	**2,211**	12,476	468
Restricted shares withheld to cover employee taxes paid	**(1,187)**	(1,113)	(808)
Dividends paid	**(20,187)**	(14,940)	(45,922)
Payments made for repurchase of common stock	**—**	—	(1,565)
Excess tax benefit associated with share-based payments	**1,852**	1,090	262
Net cash used for financing activities	**(17,311)**	(2,487)	(47,565)
Effect of exchange rate changes on cash	**—**	—	6
Net increase in cash and cash equivalents	**4,313**	27,733	45,525
Cash and cash equivalents — Beginning	**104,737**	77,004	31,479
Cash and cash equivalents — Ending	**$ 109,050**	$ 104,737	$ 77,004
Supplemental disclosure of cash flow information:			
Cash paid for taxes	**$ 24,477**	$ 25,759	$ 12,695
Cash paid for interest	**$ —**	$ —	$ —
Supplemental disclosure of noncash flow items:			
Investing activity — Accrued purchases of property and equipment	**$ 19**	$ 1,348	$ 1,742

See notes to consolidated financial statements.

INTELIQUENT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except as noted)

1. DESCRIPTION OF THE BUSINESS

Organization —Inteliquent, Inc. (the "Company") provides voice telecommunications services primarily on a wholesale basis. The Company offers these services using an all-IP network, which enables the Company to deliver global connectivity for a variety of media, including voice and, historically, data and video. The Company's solutions enable carriers and other providers to deliver voice traffic or other services where they do not have their own network or elect not to use their own network. These solutions are sometimes called "off-net" services. We also provide our solutions to customers, such as OTT providers, who also typically do not have their own network.

On April 30, 2013, the Company sold its global data business to Global Telecom & Technology, Inc. (GTT) for $54.5 million, subject to certain adjustments. The total consideration consisted of $52.5 million in cash, subject to net working capital adjustments, and $2.0 million of non-cash commercial IP Transit and point-to-point Ethernet data network services to be provided to the Company by GTT free-of-charge for a three-year period. The $2.0 million of non-cash commercial services was calculated based upon the discounted present value of the market cost of such services as of the date on which the commercial services agreement was signed with GTT. In addition, the Company recorded in its 2013 consolidated statement of operations, as part of its gain amount on the sale of its global data business, approximately $2.4 million for divestiture-related costs, including legal and advisory services. Refer to Note 3 "Business Disposition" for a description of the sale of our global data business.

During the three months ended March 31, 2015, the Company received a $1.3 million payment from an escrow fund that had been established in connection with the Company's purchase of the Tinet global data business in 2010. The Company received this payment as a result of a settlement with the sellers of Tinet. The settlement related to a dispute regarding the Company's claim that certain tax liabilities were not properly represented to the Company at the time the transaction closed. This payment was recorded as other income in the Company's Consolidated Statements of Income for year ended December 31, 2015 and as an operating cash inflow in the Consolidated Statements of Cash Flows for the year ended December 31, 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation —The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Changes in Presentation —On April 30, 2013, the Company sold its global data business to GTT for $54.5 million, subject to certain adjustments. The Company determined that the appropriate level in which to assess discontinued operations was at its reporting unit level. As such, the Company's Europe, Middle East and Africa (EMEA) and Asia Pacific (APAC) reporting units of the global data business consist of results of operations and cash flows that can be clearly distinguished from the rest of the entity and are therefore reflected in the consolidated statements of operations and in the consolidated balance sheets as discontinued operations. Historical information related to these reporting units have been reclassified accordingly. The Americas reporting unit of the global data business does not consist of results of operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity. This reporting unit does not qualify for discontinued operations accounting treatment. Therefore, the Americas reporting unit of the global data business is reported in continuing operations in the consolidated statements of operations and in the consolidated balance sheets. Refer to Note 3 "Business Disposition" in the Notes to Consolidated Financial Statements of this Annual Report on Form 10-K for more information regarding the sale of the global data business.

Use of Estimates —The Company's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. These accounting principles require management to make certain estimates and assumptions that can affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the periods presented. The Company believes that the estimates and assumptions upon which it relies are reasonable based upon information available to it at the time that these estimates and assumptions are made. To the extent there are material differences between these estimates and actual results, the Company's consolidated financial statements will be affected.

Cash and Cash Equivalents —The Company considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents. The carrying values of our cash and cash equivalents approximate fair value. At December 31, 2015, the Company had $22.2 million of cash in banks and $86.9 million in three money market funds. At December 31, 2014, the Company had $32.9 million of cash in banks and $71.8 million in three money market funds.

Fair Value Measurements —Certain assets and liabilities are required to be recorded at fair value on a recurring basis. Fair value is determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. Assets measured at fair value on a nonrecurring basis include long-lived assets held and used. The fair value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their carrying values. The three-tier value hierarchy, which prioritizes valuation methodologies based on the reliability of the inputs, is:

Level 1—Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2—Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3—Valuations based on unobservable inputs reflecting the Company's own assumptions, consistent with reasonably available assumptions made by other market participants.

Accounts Receivable and Allowance for Doubtful Accounts—Accounts receivable consist of trade receivables recorded upon recognition of revenue from sales of voice services, reduced by reserves for estimated bad debts. Trade accounts receivable are generally recorded at the invoiced amount and do not bear interest. Credit is extended based on evaluation of the customer's financial condition. We make judgments as to our ability to collect outstanding receivables and provide allowances for a portion of receivables when collection becomes doubtful. The specific identification method is applied to all significant outstanding invoices to determine this provision. At December 31, 2015 and December 31, 2014, our allowance for doubtful accounts was $2.4 million and $2.3 million, respectively.

Property and Equipment — Property and equipment is recorded at cost. These values are depreciated over the estimated useful lives of the individual assets using the straight-line method. Any gains and losses from the disposition of property and equipment are included in operations as incurred. The estimated useful life for network equipment, wireless equipment and tools and test equipment is five years. The estimated useful life for computer equipment, computer software and furniture and fixtures is three years. Leasehold improvements are amortized on a straight-line basis over an estimated useful life of five years or the life of the lease, whichever is less. As discussed in further detail below, the impairment of long-lived assets is evaluated when events or changes in circumstances indicate that a potential impairment has occurred.

Long-lived Assets —The carrying value of long-lived assets, including property and equipment, are reviewed whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Impairment of assets with definite lives is generally determined by comparing projected undiscounted cash flows to be generated by the asset, or appropriate grouping of assets, to its carrying value. If an impairment is identified, a loss is recorded equal to the excess of the asset's net book value over its fair value. The fair value becomes the new cost basis of the asset. Determining the extent of an impairment, if any, typically requires various estimates and assumptions including using management's judgment, cash flows directly attributable to the asset, the useful life of the asset and residual value, if any. In addition, the remaining useful life of the impaired asset is revised, if necessary. There were no property and equipment impairment charges in 2015, 2014 or 2013.

Revenue Recognition — The Company generates revenue from sales of its voice services. The Company maintains tariffs and executed service agreements with each of its customers in which specific fees and rates are determined. One customer agreement contains multiple voice service elements and is accounted for as a multiple-element arrangement under ASC topic 605-25, *Revenue Recognition-Multiple Element Arrangements.* Following the requirements of ASC 605-25, the Company evaluated the multiple-element arrangement to determine which deliverables represented separate units of accounting and then allocated consideration to each unit of accounting based on their selling prices using relative fair values. Some of these deliverables are treated as non-monetary transactions which are also recorded at fair value. Voice revenue is recorded each month on an accrual basis, when collection is probable, based upon minutes of traffic switched by the Company's network by each customer, which is referred to as minutes of use.

Prior to the sale of the Company's global data business in April 2013, IP Transit and Ethernet services revenues that related to the Company's Americas reporting were recorded each month on an accrual basis based upon bandwidth used by each customer. The rates charged were the total of a monthly fee for bandwidth (the Committed Traffic Rate) plus additional charges for the sustained peak bandwidth used monthly in excess of the Committed Traffic Rate.

Earnings (Loss) Per Share —Basic earnings (loss) per share is computed based on the weighted average number of common shares and participating securities outstanding. Diluted earnings (loss) per share is computed based on the weighted average number of common shares and participating securities outstanding adjusted by the number of additional shares that would have been outstanding during the period had the potentially dilutive securities been issued.

The following table presents a reconciliation of the numerators and denominators of basic and diluted earnings (loss) per share of common stock:

	Years Ended December 31,		
(In thousands, except per share amounts)	**2015**	**2014**	**2013**
Numerator:			
Income from continuing operations	**$ 38,129**	$ 38,523	$ 64,298
Loss from discontinued operations, net of provision for income taxes	**—**	—	(3,808)
Loss on sale of discontinued operations, net of provision for income taxes	**—**	—	(4,837)
Net income	**$ 38,129**	$ 38,523	$ 55,653
Denominator:			
Weighted average common shares outstanding	**33,633**	32,887	32,306
Effect of dilutive securities:			
Stock options and performance stock units	**437**	497	251
Denominator for diluted earnings per share	**34,070**	33,384	32,557
Earnings per share - continuing operations:			
Basic	**$ 1.13**	$ 1.17	$ 1.99
Diluted	**$ 1.12**	$ 1.15	$ 1.97
Loss per share - discontinued operations:			
Basic	**$ —**	**$** —	$ (0.27)
Diluted	**$ —**	**$** —	$ (0.27)
Earnings per share - net income:			
Basic	**$ 1.13**	$ 1.17	$ 1.72
Diluted	**$ 1.12**	$ 1.15	$ 1.71

Share-based awards of 0.7 million, 0.6 million, and 2.4 million were outstanding during the years ended December 31, 2015, 2014 and 2013, respectively, but were not included in the computation of diluted earnings per share because the effect would have been anti-dilutive.

For the years ended December 31, 2015, 2014 and 2013, the undistributed earnings allocable to participating securities were $0.2 million, $0.3 million, and $0.2 million, respectively.

Accounting for Share-Based Payments —The Company records stock-based compensation expense related to stock options, non-vested shares and performance stock units based on fair value. The amount of non-cash share-based expense recorded in the years ended December 31, 2015, 2014 and 2013 was $5.2 million, $4.3 million, and $6.2 million, respectively. Refer to Note 12, "Stock Options, Non-Vested Shares and Performance Stock Units" in the Notes to Consolidated Financial Statements of this Annual Report on Form 10-K for further details regarding the Company's non-cash share-based compensation.

The fair value of stock options is determined using the Black-Scholes valuation model. This model takes into account the exercise price of the stock option, the fair value of the common stock underlying the stock option as measured on the date of grant and an estimation of the volatility of the common stock underlying the stock option. Such value is recognized as expense over the service period, net of estimated forfeitures, using the straight-line method.

The fair value of non-vested shares is measured based upon the quoted closing market price for the stock on the date of grant. The compensation cost is recognized on a straight-line basis over the vesting period.

The fair value of each performance stock unit granted is estimated using a Monte Carlo pricing model. The Monte Carlo simulation model is based on a discounted cash flow approach, with the simulation of a large number of possible stock price outcomes for the Company's stock and the applicable index. This model considers a risk-free interest rate, historical stock volatility, correlations of returns, and expected life. The risk-free interest rate reflects the yield on a U.S. Treasury bond commensurate with the expected life of the performance stock unit. The Company uses historic volatility and correlations to value awards. Market and service conditions must both be met in order for the performance stock units to vest. As such, compensation cost will be recognized on a straight-line basis over the vesting period. Except for termination of an individual's service by the Company without cause in certain circumstances, termination of an individual's service prior to fulfilling the requisite service period will result in forfeiture of units and compensation cost will be reversed. In the event the participant's employment is terminated without cause and more than half of the performance period has passed, the number of performance stock units issued shall be adjusted proportionately to the number of days of service rendered in the performance period over the total performance period.

The estimation of stock awards that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from the Company's current estimates, such amounts will be recorded as a cumulative adjustment in the period estimates are revised. The Company considers many factors when estimating expected forfeitures, including types of awards, employee class and historical experience. Actual results, and future changes in estimates, may differ from the Company's current estimates.

Income Taxes —Deferred income tax assets and liabilities are recognized for future income tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax bases and for net operating loss and tax credit carryforwards. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in income tax rates is recorded in earnings in the period of enactment. A valuation allowance is provided for deferred income tax assets when it is more likely than not that future tax benefits will not be realized. Deferred income tax assets are reviewed on a quarterly basis to determine if a valuation allowance is necessary based on current and historical performance, along with other relevant factors.

The income tax provision includes United States federal, state and local income taxes and is based on pre-tax income or loss. In determining the estimated annual effective income tax rate, we analyze various factors, including projections of our annual earnings and taxing jurisdictions in which earnings will be generated, the impact of state and local income taxes and our ability to use tax credits and net operating loss carryforwards.

The Company recognizes the benefits of uncertain tax positions taken or expected to be taken in tax returns in the provision for income taxes only for those positions that are more likely than not to be realized. The Company follows a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement. The Company considers many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustments and which may not accurately forecast actual outcomes. The Company's policy is to include interest and penalties associated with income tax obligations in income tax expense.

Foreign Currency Translation —As a result of the sale of global data business in April 2013, the Company is paid and makes payments in U.S. Dollars and is no longer exposed to any significant foreign currency risk.

Concentrations —For the years ended 2015, 2014 and 2013, the aggregate revenue of four customers accounted for 77%, 73% and 65% of total revenue from continuing operations, respectively. At December 31, 2015 and 2014, the aggregate accounts receivable of four customers accounted for 79% and 77% of the Company's total trade accounts receivable balance, respectively.

In 2015, the Company had three customers in excess of ten percent of revenue, which were 31% , 26% and 14% of the Company's total revenue from continuing operations. At December 31, 2015, the Company had two customers that in aggregate accounted for 69% of the Company's accounts receivable balance.

In 2014, the Company had two customers in excess of ten percent of revenue, which were 35% and 25% of the Company's total revenue from continuing operations. At December 31, 2014, the Company had two customers that in aggregate accounted for 62% of the Company's accounts receivable balance.

In 2013, the Company had two customers in excess of ten percent of revenue, which were 34% and 20% of the Company's total revenue from continuing operations. At December 31, 2013, the Company had two customers that in aggregate accounted for 61% of the Company's accounts receivable balance.

Recent Accounting Pronouncements — In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers*, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The ASU is based on the principle that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to fulfill a contract. Entities have the option of using either a full retrospective or a modified retrospective approach for the adoption of the new standard. The ASU is effective for annual reporting periods beginning after December 15, 2017 and early adoption as of December 15, 2016 is permitted. The Company is currently assessing the impact of this standard on the Company's financial position, results of operations and cash flows.

In June 2015, the FASB issued ASU No. 2015-10, *Technical Corrections and Improvements,* which covers a wide range of topics in the FASB Accounting Standards Codification (the "Codification"). The amendments in this update represent changes to clarify the Codification, correct unintended application of guidance, or make minor improvements to the Codification that are not expected to have a significant effect on current accounting practice or create a significant administrative cost on most entities. The amendments in this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015 and early adoption is permitted. The Company has assessed the impact of this standard and does not believe that it will have a material impact on the Company's consolidated financial statements or disclosures.

In November 2015, the FASB issued ASU No. 2015-17, *Balance Sheet Classification of Deferred Taxes*, which simplifies the presentation of deferred income taxes. This ASU requires that deferred tax assets and liabilities be classified as non-current in the statement of financial position. The Company early adopted ASU 2015-17 effective December 31, 2015 on a prospective basis. Adoption of this ASU resulted in a reclassification of the Company's net current deferred tax asset to the net non-current deferred tax asset in its Consolidated Balance Sheet as of December 31, 2015. No prior periods were retrospectively adjusted.

No other new accounting pronouncement issued or effective during the fiscal year had or is expected to have a material impact on the consolidated financial statements.

3. BUSINESS DISPOSITION

On April 30, 2013, the Company sold its global data business to GTT and, as a result, no longer provides data services. The transaction consisted of the sale of the Americas, EMEA and APAC reporting units' data assets and liabilities. The data activity associated with the EMEA and APAC reporting units is reflected in the consolidated statements of operations and in the consolidated balance sheets as discontinued operations. Historical information related to these reporting units has been reclassified accordingly. The Americas reporting unit of the global data business did not qualify for discontinued operations because it did not constitute a separate component of the Company. The data activity associated with the Americas reporting unit is reported in continuing operations in the consolidated statements of operations and consolidated balance sheets.

The Company sold its global data business for $54.5 million, which consisted of $52.5 million in cash, subject to net working capital adjustments, and $2.0 million of non-cash commercial services to be provided by GTT to the Company over a three-year period. After an initial net working capital reduction of $3.3 million based on the balance sheet information as of March 31, 2013, the Company received $51.2 million of cash and non-cash services from GTT. Transaction costs and the additional net working capital adjustment, resulting from balance sheet changes during the month of April following the initial calculation, amounted to approximately $2.4 million and $1.0 million, respectively, reducing net cash and non-cash consideration to approximately $47.8 million. Of this amount, $43.5 million was allocated to the sale of the Americas reporting unit of the global data business and the remaining amount of $4.3 million was allocated to the EMEA and APAC reporting units of the global data business. The Company based its allocation of $47.8 million upon the relative percentage of the fair value of the Americas reporting unit and the EMEA and APAC reporting units, to the total fair value of these three reporting units combined.

Subsequent to the date of sale, the Company and GTT disagreed over the amount of certain post-closing purchase price adjustment provisions in the agreement governing the sale of the Company's global data business to GTT. GTT claimed that the Company owed GTT $3.8 million. The Company, however, believed that GTT owed the Company $1.1 million. During the three months ended March 31, 2014, the parties tentatively agreed to resolve their differences with respect to the post-closing adjustments to the purchase price in a manner that would require neither party to make a payment to the other and would waive all other claims. As a result of the tentative agreement, the Company reduced other assets by $1.1 million and charged $1.1 million to continuing operations within Loss on sale of Americas Data assets. During the three months ended September 30, 2014, the agreement was finalized. There were no accounting impacts as a result of the final agreement.

Disposition Not Qualifying for Discontinued Operations

The Americas reporting unit assets, which were sold as part of the sale of the global data business, had an approximate net book value of $14.7 million at the time of the sale. The purchase price allocation of $43.5 million for this portion of the global data business, less its net book basis of assets and liabilities yielded a gain from sale of $28.8 million.

Discontinued Operations

The net book basis of the assets and liabilities for the EMEA and APAC reporting units of the global data business at the date of sale was approximately $10.1 million. In addition, the Company was entitled to approximately $1.0 million of cash that remained with the EMEA and APAC reporting units of the global data business at the time of the transaction. The purchase price allocation of $4.3 million for this portion of the global data business plus the additional $1.0 million of cash yielded a loss on the sale from discontinued operations of $4.8 million.

The following table displays summarized activity in the Company's consolidated statements of operations for discontinued operations during the years ended December 31, 2015, 2014 and 2013.

	Years Ended December 31,		
	2015	**2014**	**2013**
Revenue	**$ —**	**$ —**	$ 15,205
Operating loss	**—**	**—**	(3,130)
Loss before provision for income taxes	**—**	**—**	(3,581)
Provision for income tax	**—**	**—**	227
Loss from discontinued operations	**—**	**—**	(3,808)
Loss on sale of discontinued operations	**$ —**	**$ —**	$ (4,837)

The Company did not have any assets or liabilities related to its discontinued operations on its consolidated balance sheets as of December 31, 2015 or December 31, 2014.

4. PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2015 and 2014 consist of the following:

	December 31,	
	2015	**2014**
Network equipment	**$ 59,439**	$ 37,207
Computer software	**5,617**	3,546
Computer equipment	**3,999**	2,699
Tools and test equipment	**488**	450
Furniture and fixtures	**644**	352
Leasehold improvements	**1,842**	1,533
Wireless equipment	**—**	6
	72,029	45,793
Less accumulated depreciation	**(36,779)**	(26,431)
	35,250	19,362
Construction in process	**2,086**	4,316
Property and equipment-net	**$ 37,336**	$ 23,678

The carrying value of long-lived assets are reviewed whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable.

5. RECEIVABLES

Receivables as of December 31, 2015 and 2014 consist of the following:

	December 31,	
	2015	**2014**
Receivables	$ 41,954	$ 35,102
Less allowance for doubtful accounts	(2,365)	(2,336)
Receivables—net of allowance for doubtful accounts	$ 39,589	$ 32,766

The increase in receivables as of December 31, 2015 is due to the growth of revenues in 2015. The allowance for doubtful accounts balance as of December 31, 2015 remains relatively unchanged from the prior year end and consists of reserves established from an ongoing dispute with certain long-distance carriers that have challenged the validity of certain switched access charges.

6. FAIR VALUE MEASUREMENT

The Company's investment in three money market funds is recognized and disclosed at fair value in the financial statements on a recurring basis. Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants as of the measurement date. Fair value is measured using the fair value hierarchy and related valuation methodologies as defined in the authoritative literature. This guidance specifies a hierarchy of valuation techniques based on whether the inputs to each measurement are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions about current market conditions. The prescribed fair value hierarchy and related valuation methodologies are as follows:

Level 1 —Quoted prices for identical instruments in active markets.

Level 2 —Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations, in which all significant inputs are observable in active markets.

Level 3 —Valuations derived from valuation techniques, in which one or more significant inputs are unobservable.

The fair value of the Company's financial assets by level in the fair value hierarchy as of December 31, 2015 and 2014 was as follows:

December 31, 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Money Market Funds	**$ 86,871**	**$ —**	**$ —**	**$ 86,871**

December 31, 2014	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Money Market Funds	$ 71,836	$ —	$ —	$ 71,836

Valuation methodology

Level 1—Quoted market prices in active markets are available for investments in money market funds. As such, these investments are classified within Level 1.

7. 401(k) SAVINGS PLAN

The Company sponsors a 401(k) plan covering substantially all United States employees. The plan is a defined contribution savings plan in which employees may contribute up to 87% of their salary, subject to certain limitations. The Company may elect to make discretionary contributions into the Plan. The Company contributed $0.5 million to this plan during each of the years ended December 31, 2015, 2014 and 2013.

8. COMMON STOCK

The Company's total authorized capital stock consists of 150,000,000 shares of common stock, par value $0.001 per share.

Voting —Each holder of common stock has one vote in respect to each share of stock held on record for the election of directors and on all matters submitted to a vote of shareholders of the Company.

Dividends —Subject to the preferential rights of any outstanding preferred stock, the holders of shares of common stock are entitled to receive, when and if declared by the Board of Directors, out of assets of the Company which are by law available therefore, dividends payable either in cash, in property or in shares of capital stock. On May 29, 2013, the Company declared a special cash dividend of $1.25 per outstanding share of common stock, or $40.5 million in the aggregate, which was paid on June 28, 2013 (the 2013 Special Dividend). In addition, beginning on May 29, 2013 the Company began the declaration of regular quarterly dividends.

The table below summarizes the regular quarterly dividends declared and paid during the years ended December 31, 2015, 2014 and 2013:

(quarter ended)	Dividend Per Share	Date Declared	Date Paid
June 30, 2013	$ 0.0625	05/29/13	06/24/13
September 30, 2013	$ 0.0625	08/27/13	09/27/13
December 31, 2013	$ 0.0625	12/04/13	12/30/13
March 31, 2014	$ 0.075	02/27/14	03/27/14
June 30, 2014	$ 0.075	05/21/14	06/26/14
September 30, 2014	$ 0.15	08/13/14	09/24/14
December 31, 2014	$ 0.15	11/10/14	12/08/14
March 31, 2015	$ 0.15	02/12/15	03/12/15
June 30, 2015	$ 0.15	05/11/15	06/08/15
September 30, 2015	$ 0.15	08/10/15	09/07/15
December 31, 2015	$ 0.15	11/11/15	12/09/15

In 2013 the Company paid $6.0 million as a result of regular quarterly dividends. Total 2013 aggregate dividend payments, inclusive of a special cash dividend and regular quarterly dividends, of $46.5 million includes $0.6 million related to the expected forfeitures of non-vested shares that the Company has recognized as compensation expense.

In 2014, the Company paid $14.9 million as a result of regular quarterly dividends. There was no special cash dividend declared in 2014 and the expected forfeitures of non-vested shares that the Company has recognized as compensation expense was less than $0.1 million.

In 2015, the Company paid $20.2 million as a result of regular quarterly dividends. There was no special cash dividend declared in 2015 and the expected forfeitures of non-vested shares that the Company has recognized as compensation expense was zero.

Liquidation —In the event of any liquidation, dissolution or winding up of the Company, after distribution in full of the preferential amounts, if any, to be distributed to the holders of shares of any outstanding preferred stock, holders of all common stock shares, including converted preferred stock, are entitled to receive all of the remaining assets of the Company of whatever kind available for distribution to shareholders ratably in proportion to the number of shares of common stock held by them respectively.

9. COMMITMENTS AND CONTINGENCIES

Operating Lease Obligations —The Company leases its facilities and certain equipment under operating leases which expire through March 2026. Rental expense was $4.3 million, $4.3 million and $5.2 million for each of the years ended December 2015, 2014 and 2013, respectively.

The following table represents future lease payments under the operating leases:

December 31,	2015
2016	**$ 4,712**
2017	**4,684**
2018	**4,061**
2019	**3,975**
2020	**3,502**
Thereafter	**8,057**
Total	**$ 28,991**

Purchase Obligations – The Company has service agreements with certain major telecommunications service providers, where it has committed to purchase a minimum amount of services through September 2018. Additionally, the Company has contractual commitments with third parties to purchase network circuits through August 2020. In the event the Company was to terminate these circuit agreements before their expiration, early termination penalties would apply, for which the Company would be required to pay. The following table below represents the minimum future purchase obligations. These amounts do not represent the Company's entire anticipated purchases in the future, but represent only its estimate of those items for which the Company is committed.

December 31,	2015
2016	**$ 12,844**
2017	**3,781**
2018	**643**
2019	**74**
2020	**64**
Total	**$ 17,406**

Legal Proceedings —From time to time, the Company is a party to legal proceedings arising in the normal course of its business. Aside from the matters discussed below, the Company does not believe that it is a party to any pending legal action that could reasonably be expected to have a material adverse effect on its business or operating results, financial position or cash flows.

OTT Access Charge Dispute

On November 18, 2011, the FCC issued an order establishing, among other things, an intercarrier compensation framework for the exchange of switched access traffic. In its order, the FCC attempted to clarify the circumstances under which local exchange carriers are eligible to receive access charges when they deliver access traffic in partnership with entities that utilize VoIP technology. The FCC determined that, under certain circumstances, local exchange carriers are eligible to receive access charges when delivering access traffic in partnership with VoIP providers. The FCC has referred to its determination on this issue as the "VoIP Symmetry Rule."

Subsequent to the FCC's November 2011 order, further disputes developed within the industry concerning the interpretation of the VoIP Symmetry Rule. A number of long distance carriers took the position that, notwithstanding the VoIP Symmetry Rule, local exchange carriers were still not eligible to receive access charges when delivering access traffic in partnership with VoIP providers that deliver service using OTT technology.

On February 11, 2015, the FCC released an order clarifying that, pursuant to its VoIP Symmetry Rule, local exchange carriers are entitled to receive access charges when delivering access traffic in partnership with VoIP providers that utilize OTT technology under certain circumstances. This order has been appealed to a federal appellate court. The Company has disputes with several long distance carriers regarding the payment of access charges to the Company relating to the origination and termination of traffic to VoIP providers that utilize OTT technology. The Company has made judgments as to its ability to collect based on known facts and circumstances and has only recorded revenue when collection has been deemed reasonably assured.

10. CREDIT FACILITY

On March 5, 2013, the Company entered into a $15.0 million revolving credit facility. The credit facility has a term of three years and an interest rate of LIBOR + 3.25%. The Company may borrow under the revolving credit facility and use the funds for general corporate purposes. There were no obligations outstanding under the revolving credit facility at any time during the year ended December 31, 2015. As of December 31, 2015, the Company is in compliance with all of the covenants of the credit facility agreement.

11. INCOME TAXES

Income before provision for income taxes, and the related provision for income taxes, for the years ended December 31 2015, 2014 and 2013, were as follows:

	Years Ended December 31,		
	2015	**2014**	**2013**
Income before provision for income taxes	**$ 60,701**	$ 63,226	$ 77,822
Provision for income taxes			
Current:			
Federal	**$ 17,241**	$ 21,728	$ 15,391
State	**2,270**	2,967	428
Total current	**19,511**	24,695	15,819
Deferred (prepaid):			
Federal	**3,027**	(200)	(1,713)
State	**34**	208	(582)
Total deferred (prepaid)	**3,061**	8	(2,295)
Total provision for income taxes	**$ 22,572**	$ 24,703	$ 13,524

The Company's effective income tax rate was 37.2% for the year ended December 31, 2015, compared to 39.1% for the year ended December 31, 2014. This difference in rates results primarily due to a true up to the impact of the sale of the global data business during the year ended December 31, 2014 and a reassessment of the recoverability of the deferred tax assets for Illinois EDGE and R&D credits. The change in the effective tax rate of 39.1% for the year ended December 31, 2014 compared to 17.4% for the year ended December 31, 2013 was due to the sale of the global data business during the year ended December 31, 2013.

A reconciliation of the federal statutory rate to our effective tax rate is as follows:

	December 31,		
	2015	**2014**	**2013**
Statutory federal rate	**35.0%**	35.0%	35.0%
State income tax, net of federal benefit	**2.8%**	3.4%	3.2%
Illinois state EDGE credit net of valuation allowance	**(0.4)%**	(0.2)%	(1.0)%
Impact of sale of global data business	**—**	0.7%	(15.5)%
Americas Data assets allocation	**—**	—	(4.7)%
Other	**(0.2)%**	0.2%	0.4%
Effective income tax rate	**37.2%**	39.1%	17.4%

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Effective December 31, 2015, the Company reclassified net current deferred tax assets to net non-current deferred tax assets as described in Note 2 "Summary of Significant Accounting Policies-Recent Accounting Pronouncements." Significant components of the Company's deferred income taxes are as follows:

	December 31,	
	2015	**2014**
Deferred tax assets and liabilities		
Deferred tax assets:		
Stock option compensation	**$ 5,313**	$ 5,232
State credit carry forward	**1,725**	2,380
Capital loss on sale of Tinet stock	**21,531**	21,580
Accrued other	**3,320**	3,075
Total deferred tax assets	**31,889**	32,267
Deferred tax liabilities:		
Depreciation	**(7,102)**	(3,898)
Prepaids	**(1,008)**	(732)
Total deferred tax liabilities	**(8,110)**	(4,630)
Valuation allowance	**(22,720)**	(23,517)
Net deferred income tax asset	**$ 1,059**	$ 4,120

The Company evaluates its deferred income taxes quarterly to determine if a valuation allowance is required or should be adjusted. The Company assesses whether a valuation allowance should be established against deferred tax assets based upon consideration of all available evidence, both positive and negative, using a more likely than not standard. This assessment considers, among other matters, forecasts of future profitability, the duration of statutory carry-forward periods, the Company's experience with tax attributes expiring unused and tax planning strategies. In making such judgments, significant weight is given to evidence that can be objectively verified.

A valuation allowance has been established against the deferred tax asset resulting from the sale of Tinet stock and a partial valuation allowance has been established against the deferred income tax asset related to the Illinois EDGE and R&D credits. The valuation allowance of $21.5 million was established for the deferred tax asset related to the capital loss from the sale of Tinet stock after weighing all available evidence, both positive and negative, including the potential for the Company to have sufficient capital gains to be offset by the capital losses during the five year carryforward period. The Company's Illinois EDGE and R&D credits can also be carried forward five years. During the year ended December 31, 2015, the Company released $0.7 million of the valuation allowance related to the Illinois EDGE and R&D credits. The Company now has a partial valuation allowance of $1.2 million for the Illinois EDGE and R&D credits deferred income tax asset as the Company believes it is more likely than not that future taxable income will be insufficient to realize the full benefit of the credit.

The Company files income tax returns in the U.S. federal jurisdiction, and various state and local jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years before 2012. The Internal Revenue Service ("IRS") has commenced an examination of the Company's 2013 federal income tax return. As of December 31, 2015, the IRS has not proposed any material adjustments to such income tax return. Audit outcomes and timing of audit settlements are subject to significant uncertainty. It is reasonably possible that within the next twelve months, the Company will resolve any matters that may arise during the audit of the Company's 2013 federal income tax return.

The Company's liabilities for uncertain tax positions were $0.1 million at December 31, 2015 and December 31, 2014, respectively. Differences result from uncertain tax positions related to the R&D credits earned for 2013, 2014 and 2015. A reconciliation of the beginning and ending amount of uncertain tax positions is as follows:

	2015	**2014**
Balance at January 1	$ 75	$ 40
Increases related to prior periods	42	8
Increases related to current year	27	27
Lapse of statute of limitations	(25)	—
Balance on December 31	$ 119	$ 75

The Company recognizes accrued interest and penalties related to its unrecognized tax benefits as income tax expense.

12. STOCK OPTIONS, NON-VESTED SHARES AND PERFORMANCE STOCK UNITS

The Company established the 2003 Stock Option and Stock Incentive Plan (2003 Plan), which provided for issuance of up to 4.7 million options, non-vested shares and performance stock units to directors, employees, and other individuals (whether or not employees) who render services to the Company. In 2007 the Company adopted the Neutral Tandem, Inc. 2007 Long-Term Equity Incentive Plan (2007 Plan) and ceased awarding equity grants under the 2003 plan. As of December 31, 2015, the Company had granted a total of 1.4 million options, 0.3 million non-vested shares and 0.1 million performance stock units that remained outstanding under the 2007 Plan. Awards for 2.1 million shares, representing approximately 6.2% of the Company's outstanding common stock as of December 31, 2015, remained available for additional grants under the 2007 Plan.

In connection with the 2013 Special Dividend, to compensate holders of outstanding options for the reduction in the Company's stock price that resulted from the payment of the 2013 Special Dividend, the Company's Compensation Committee approved (i) an adjustment to the exercise price of outstanding options, subject to the limitations of Section 409A of the Internal Revenue Code, and (ii) the issuance of non-vested shares (available for issuance under the 2007 Plan) to holders of outstanding options with exercise prices that could not be fully adjusted because of the limitations of Section 409A of the Internal Revenue Code. The effect of the exercise price adjustment and the issuance of non-vested shares, taken together, was to provide each optionholder with the same economic value after the time that the Company's common stock began trading ex-dividend as such optionholder had immediately prior to such time. As a result of these adjustments, the exercise price of the 3.5 million outstanding options under the Plans was reduced by an average of $1.08 per option, and the Company issued 0.1 million non-vested shares under the 2007 Plan to make optionholders whole.

In 2012, the 2003 Plan was amended in connection with the 2012 Special Dividend to provide that, in order to prevent an extraordinary cash dividend like the 2012 Special Dividend from diluting the rights of optionholders, the Company's Compensation Committee shall have the discretion to reduce the exercise price of outstanding options so long as any such adjustment does not increase the intrinsic value of any such option, as measured prior to the ex-dividend date of such extraordinary cash dividend. As a result of the amendment, the Company recognized $0.3 million of non-cash share-based compensation expense in 2013 in connection with 2013 Special Dividend. The options under the 2007 Plan were modified by the mandated antidilutive provisions contained in the 2007 Plan, and as a result, no additional non-cash share-based compensation expense was required to be recognized.

The Company records share-based compensation expense in connection with any grant of options, non-vested shares and performance stock units. The Company calculates the expense associated with each award by determining the fair value of the options, non-vested shares and performance stock unit as described in Note 2 "Summary of Significant Accounting Policies- Accounting for Share-Based Payments."

Options

All options granted under the 2003 Plan and the 2007 Plan have an exercise price equal to the market value of the underlying common stock on the date of the grant. During the years ended December 31, 2015 and 2014, the Company granted 0.1 million and less than 0.1 million options at a weighted-average exercise price of $17.02 and $13.86, respectively.

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model. For the years ended December 31, 2015, 2014 and 2013, fair value of stock options was measured using the following assumptions:

	Years Ended December 31,		
	2015	2014	2013
Expected life.................	7.0 years	7.2 years	7.3 years
Risk-free interest rate....	1.9%	2.1%	1.3%
Expected dividends.......	3.7%	2.1%	0.0%
Volatility.......................	49.6%	60.0%	45.0%

The weighted-average fair value of options granted, as determined by using the Black-Scholes valuation model, during the period was $6.03, $6.90 and $1.64 for the years ended December 31, 2015, 2014 and 2013, respectively. The total grant date fair value of options that vested during years ended December 31, 2015, 2014 and 2013 was approximately $0.6 million, $1.1 million and $2.4 million, respectively. The total intrinsic value (market value of stock less option exercise price) of stock options exercised was $4.3 million, $4.5 million and $0.9 million during the years ended December 31, 2015, 2014 and 2013, respectively.

The following summarizes activity under the Company's stock option plan:

	Shares (000)	Weighted Average Exercise Price	Aggregate Intrinsic Value ($000)	Weighted Average Remaining Term (yrs)
Options outstanding — December 31, 2013	2,991	$ 12.91		
Granted	41	13.86		
Exercised	(1,096)	11.43		
Cancelled	(221)	20.08		
Options outstanding — December 31, 2014	1,715	$ 12.97		
Granted	124	17.02		
Exercised	(320)	6.90		
Cancelled	(89)	5.48		
Options outstanding — December 31, 2015	1,430	$ 15.10	$ 5,953	4.04
Vested or expected to vest — December 31, 2015	1,425	$ 15.10	$ 5,935	4.02
Exercisable — December 31, 2015	1,148	$ 16.44	$ 3,628	3.12

The unrecognized compensation cost associated with options outstanding at December 31, 2015 is $0.8 million. The weighted average remaining term that the compensation will be recorded is 2.7 years as of December 31, 2015.

Non-vested Shares

During both the years ended December 31, 2015 and 2014, the Company's Board of Directors granted approximately 0.2 million non-vested shares. The non-vested shares were issued as part of the 2007 Plan. The shares typically vest over a four-year period. The fair value of the non-vested shares is determined using the Company's closing stock price on the grant date. Compensation cost, measured using the grant date fair value, is recognized over the requisite service period on a straight-line basis.

A summary of the Company's non-vested share activity and related information for the years ended December 31, 2015 and 2014 is as follows:

	Shares (000)	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value ($000)
Non-vested shares outstanding — December 31, 2013	477	$ 9.66	
Granted	226	13.04	
Vested	(307)	10.59	
Cancelled	—	—	
Non-vested shares outstanding — December 31, 2014	396	$ 10.87	
Granted	188	17.19	
Vested	(241)	12.02	
Cancelled	(9)	4.30	
Non-vested shares outstanding — December 31, 2015	334	$ 13.77	$ 5,935
Non-vested shares vested or expected to vest —December 31, 2015	325	$ 13.74	$ 5,775

The aggregate intrinsic value represents the total pre-tax intrinsic value based on the Company's closing stock price of $17.77 on December 31, 2015. The amount changes based upon the fair market value of the Company's common stock.

The unrecognized compensation cost associated with non-vested shares at December 31, 2015 was $3.0 million. The weighted average remaining term that the compensation will be recorded is 2.3 years as of December 31, 2015.

Performance Stock Units

During the year ended December 31, 2015, the Company awarded 0.1 million performance stock units. These performance stock units represent a target number of shares ("Target Award") of the Company's common stock that the recipient would receive upon the Company's attainment of the applicable performance goal. These performance stock units were issued in three tranches under the 2007 Plan. Performance is determined based on total shareholder return ("TSR") during an 18-month, two- and three-year performance period for each of the three tranches, respectively. At the end of the performance period, the performance stock units will be distributed (to the extent earned and vested) in shares of the Company's common stock based upon the level of achievement of the Company's TSR performance targets set for the performance periods. Awards are payable on a graduated basis based on thresholds that measure the Company's performance relative to peers that comprise the applicable index on which each years' awards are measured. Awards can be paid up to 200% of the Target Award or forfeited with no payout if performance is below a minimum established performance threshold. In the event the participant's employment is terminated without cause and more than half of the performance period has passed, the number of performance stock units issued shall be adjusted proportionately to the number of days of service rendered in the performance period over the total performance period.

A summary of the Company's performance stock unit activity and related information for the year ended December 31, 2015 is as follows:

	Performance Stock Units (000)	Weighted Average Grant Date Fair Value
Performance stock units outstanding — December 31, 2014	—	$ —
Granted	119	22.94
Vested	(20)	21.73
Cancelled	—	—
Performance stock units outstanding — December 31, 2015	99	$ 23.19

Each vested performance stock unit will be settled by delivery of common stock no later than March 15 of the calendar year following the calendar year in which the performance stock unit becomes vested. On December 31, 2015 the first tranche of performance stock units became vested and on February 8, 2016 these shares were settled as 30 thousand shares of common stock, based on the Company's actual TSR achievement.

The unrecognized compensation cost associated with performance stock units outstanding at December 31, 2015 was $1.6 million. The weighted average remaining term that the compensation will be recorded is 1.7 years as of December 31, 2015.

Non-cash compensation expense of $5.2 million recorded during the year ended December 31, 2015 included $3.4 million related to non-vested restricted shares, $0.7 million related to options and $1.1 million related to performance stock units. Non-cash compensation expense of $4.3 million recorded during the year ended December 31, 2014 included $3.3 million related non-vested restricted shares and $1.0 million related to options. Non-cash compensation expense of $6.2 million recorded during the year ended December 31, 2013 included $2.4 million related to non-vested restricted shares and $3.8 million related to options.

13. SEGMENT AND GEOGRAPHIC INFORMATION

Segment reporting establishes standards for reporting information about operating segments. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision making group, in deciding how to allocate resources and in assessing performance.

The Company's chief operating decision maker is the Chief Executive Officer. The Chief Executive Officer reviews financial information presented on a consolidated basis. The Company operates in one industry segment, which is to provide voice interconnection services via the Company's telecommunications network to fulfill customer agreements. Therefore, the Company has concluded that it has one operating segment.

The following is a summary of geographical information as of and for the year ended December 31, 2015, 2014 and 2013:

	Years Ended December 31,		
	2015	**2014**	**2013**
Revenue from external customers:			
United States of America	**$ 248,619**	$ 220,508	$ 209,310
Other countries within Americas reporting unit	**—**	—	2,351
	$ 248,619	$ 220,508	$ 211,661
Long-lived assets:			
United States of America	**$ 37,336**	$ 23,678	$ 25,660
Other countries	**—**	—	155
	$ 37,336	$ 23,678	$ 25,815

The Company includes property and equipment in its long-lived assets.

14. QUARTERLY FINANCIAL DATA (UNAUDITED)

	2015			
	1st	**2nd**	**3rd**	**4th**
Operating Results:				
Revenue	**$ 55,054**	**$ 52,886**	**$ 63,716**	**$ 76,963**
Operating expense:				
Network and facilities expense (excluding depreciation and amortization)	**22,765**	**21,295**	**34,858**	**46,427**
Operations	**7,620**	**7,391**	**7,955**	**8,204**
Sales and marketing	**643**	**765**	**690**	**776**
General and administrative	**4,555**	**4,942**	**4,648**	**4,363**
Depreciation and amortization	**2,643**	**2,600**	**2,894**	**3,255**
Loss (gain) on sale of property and equipment	**33**	**(149)**	**(4)**	**10**
Total operating expense	**38,259**	**36,844**	**51,041**	**63,035**
Income from operations	**16,795**	**16,042**	**12,675**	**13,928**
Other (income) expense:				
Interest expense (income)	**16**	**11**	**9**	**(7)**
Other income	**(1,290)**	**—**	**—**	**—**
Total (income) other expense	**(1,274)**	**11**	**9**	**(7)**
Income before provision for income taxes	**18,069**	**16,031**	**12,666**	**13,935**
Provision for income taxes	**6,887**	**6,031**	**4,399**	**5,255**
Net income	**$ 11,182**	**$ 10,000**	**$ 8,267**	**$ 8,680**
Per Share Data:				
Earnings per common share-net income-basic	**$ 0.33**	**$ 0.30**	**$ 0.25**	**$ 0.26**
Earnings per common share-net income-diluted	**$ 0.33**	**$ 0.29**	**$ 0.24**	**$ 0.25**
Weighted average number of shares outstanding-basic	**33,496**	**33,568**	**33,620**	**33,843**
Weighted average number of shares outstanding-diluted	**33,970**	**34,033**	**34,138**	**34,213**

	2014			
	1st	2nd	3rd	4th
Operating Results:				
Revenue	$ 56,217	$ 54,881	$ 54,045	$ 55,365
Operating expense:				
Network and facilities expense (excluding depreciation and amortization)	24,890	23,129	23,016	23,960
Operations	7,307	7,202	7,432	7,355
Sales and marketing	676	818	1,048	722
General and administrative	3,800	5,254	3,645	4,141
Depreciation and amortization	3,141	3,010	2,985	2,681
(Gain) loss on sale of property and equipment	—	(31)	2	(31)
Loss on sale of Americas Data assets	1,081	—	—	—
Total operating expense	40,895	39,382	38,128	38,828
Income from operations	15,322	15,499	15,917	16,537
Other expense (income):				
Interest expense	2	17	18	14
Other (income)	—	(2)	—	—
Total other expense	2	15	18	14
Income before provision for income taxes	15,320	15,484	15,899	16,523
Provision for income taxes	6,127	6,036	6,123	6,417
Net income	$ 9,193	$ 9,448	$ 9,776	$ 10,106
Per Share Data:				
Earnings per common share-net income-basic	$ 0.28	$ 0.29	$ 0.30	$ 0.30
Earnings per common share-net income-diluted	$ 0.28	$ 0.28	$ 0.29	$ 0.30
Weighted average number of shares outstanding-basic	32,273	32,832	33,115	33,316
Weighted average number of shares outstanding-diluted	32,616	33,369	33,343	33,785

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act, as of December 31, 2015. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer have each concluded that the Company's disclosure controls and procedures were effective as of December 31, 2015.

(b) Management Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control system was designed to provide reasonable assurance to management and our Board of Directors regarding the preparation and fair presentation of published financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2015. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO, in Internal Control—Integrated Framework (2013). Based on its assessment, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2015.

The Company's independent registered public accounting firm, Deloitte & Touche LLP, audited the effectiveness of the Company's internal control over financial reporting as of December 31, 2015. Deloitte & Touche's report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2015 is set forth below.

(c) Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
Inteliquent, Inc.
Chicago, Illinois

We have audited the internal control over financial reporting of Inteliquent, Inc. and subsidiaries (the "Company") as of December 31, 2015, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2015 of the Company and our report dated February 18, 2016 expressed an unqualified opinion on those consolidated financial statements and financial statement schedule.

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois
February 18, 2016

(d) Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2015, that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item with respect to Inteliquent's directors and executive officers is incorporated by reference from the information set forth in Inteliquent's proxy statement for the 2016 Annual Meeting of Stockholders to be filed with the Commission within 120 days after the end of Inteliquent's fiscal year ended December 31, 2015. For information pertaining to executive officers and directors of Inteliquent, refer to the "Management" section of Part 1, Item 1 of this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

Information responsive to this item is incorporated herein by reference from Inteliquent's definitive proxy statement with respect to our 2016 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information with respect to the security ownership of any person that we know to beneficially own more than 5% of Inteliquent's common stock and by each Inteliquent director, each Inteliquent named executive officer, and all directors and executive officers as a group, can be found in Inteliquent's definitive proxy statement with respect to our 2016 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

Equity Compensation Plan Information

The following table provides information about our common stock that may be issued under all of our equity compensation plans as of December 31, 2015.

Plan Category	Number of securities to be issued upon exercise of outstanding options and non-vested shares (a) (000)	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (000)
Equity compensation plans approved by stockholders			
Stock options	1,430	$ 15.10	
Non-vested shares	334	$ —	
Performance Stock Units	99	$ —	
Total equity compensation plans approved by stockholders	1,863		2,089
Equity compensation plans not approved by stockholders	—	$ —	—
Total	1,863		2,089

Additional information relating to securities authorized under our equity compensation plans as of December 31, 2015 is set forth in Note 12 in the Notes to Consolidated Financial Statements of this Annual Report on Form 10-K. Each plan reflected therein was approved by our security holders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information responsive to this item is incorporated herein by reference from Inteliquent's definitive proxy statement with respect to our 2016 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information responsive to this item is incorporated herein by reference from Inteliquent's definitive proxy statement with respect to our 2016 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) *Consolidated Financial Statements*

This Annual Report on Form 10-K contains the following financial statements which appear under Part II, Item 8 of this Form 10-K on the pages noted below:

(a)(2) *Financial Statement Schedules*

Schedule II: Valuation and Qualifying Accounts

The following table presents the valuation and qualifying account activity for the years ended December 31, 2015, 2014 and 2013:

(In thousands)	Balance at January 1,	Charged to Earnings	Used	Balance at December 31,
2015				
Allowance for doubtful accounts	**$ 2,336**	**$ 197**	**$ (168)**	**$ 2,365**
2014				
Allowance for doubtful accounts	$ 900	$ 1,925	$ (489)	$ 2,336
2013				
Allowance for doubtful accounts	$ 423	$ 900	$ (423)	$ 900

Schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the consolidated financial statements or notes thereto.

(a)(3) *Exhibits.*

See Index to Exhibits. The Exhibits listed in the accompanying Index to Exhibits are filed or incorporated by reference as part of this Annual Report on Form 10-K.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

Exhibit Number	Description of Exhibit
2.1	Agreement for the Sale and Purchase of Tinet S.p.A., dated as of September 9, 2010, by and between the Company, on the one hand, and BS Investimenti SGR S.p.A. (on behalf of the investment fund "BS Investimenti IV"), BS Private Equity S.p.A., Mauro Righetti, Paolo Susnik, Paolo Gambini, Maurizio Binello, Luciana Giordo, Francisco Rey and Sven Englehardt, on the other hand (previously filed as an exhibit to the Registrant's Form 8-K filed on September 10, 2010 and incorporated herein by reference).
2.2	Equity Purchase Agreement, dated as of April 30, 2013, by and among the Company and Global Technology & Telecom, Inc. (previously filed as an exhibit to the Registrant's Form 8-K filed on May 6, 2013 and incorporated herein by reference).
3.1	Amended and Restated Certificate of Incorporation (Filed as an exhibit to the Registrant's Form 10-Q filed on August 27, 2013 and incorporated herein by reference).
3.2	Second Amended and Restated By laws (Filed as an exhibit to the Registrant's Form 8-K/A filed on January 27, 2016 and incorporated herein by reference).
4.1	Specimen certificate evidencing shares of common stock (Filed as an exhibit to Registration Statement on Form S-1 (File No. 333-140127) and incorporated herein by reference).
10.1	Form of Indemnification Agreement (Filed as an exhibit to Registration Statement on Form S-1 (File No. 333-140127) and incorporated herein by reference).
10.2	Form of Proprietary Information and Inventions Agreement (Filed as an exhibit to Registration Statement on Form S-1 (File No. 333-140127) and incorporated herein by reference).
10.3	Form of Customer Agreement (Filed as an exhibit to Registration Statement on Form S-1 (File No. 333-140127) and incorporated herein by reference).
10.4*	2003 Stock Option and Stock Incentive Plan (Filed as an exhibit to Registration Statement on Form S-1 (File No. 333-140127) and incorporated herein by reference).
10.5*	Amendment No. 1 to 2003 Stock Option and Stock Incentive Plan (Filed as an exhibit to Registration Statement on Form S-1 (File No. 333-140127) and incorporated herein by reference).
10.6*	Amendment No. 2 to 2003 Stock Option and Stock Incentive Plan (Filed as an exhibit to Registration Statement on Form S-1 (File No. 333-140127) and incorporated herein by reference).
10.7*	Amendment No. 3 to 2003 Stock Option and Stock Incentive Plan (Filed as an exhibit to Registration Statement on Form S-1 (File No. 333-140127) and incorporated herein by reference).
10.8*	Amendment No. 4 to 2003 Stock Option and Stock Incentive Plan (Filed as an exhibit to the Registrant's Form 8-K filed on November 30, 2012 and incorporated herein by reference).
10.9*	Form of non-director and executive officer option award agreement under the 2007 Long Term Equity Incentive Plan (Filed as an exhibit to the Registrant's Form 10-K filed on March 5, 2008 and incorporated herein by reference).
10.10*	Form of restricted stock award agreement under the 2007 Long Term Equity Incentive Plan (Filed as an exhibit to the Registrant's Form 10-K filed on March 5, 2008 and incorporated herein by reference).
10.11*	Form of director and executive officer option award agreement under the 2007 Long Term Equity Incentive Plan (Filed as an exhibit to the Registrant's Form 10-K filed on March 13, 2009 and incorporated herein by reference).
10.12*	Amended and Restated 2007 Long Term Equity Incentive Plan (Filed as an exhibit to the Registrant's Form 10-K filed on March 13, 2009 and incorporated herein by reference).
10.13	Third Amendment to the Sprint Interconnection Agreement, dated May 4, 2010, by and between Sprint Spectrum L.P., acting in its authority as agent on behalf of and for the benefit of APC PCS, LLC., PhillieCo, L.P., SprintCom, Inc., Sprint PCS License, LLC and WirelessCo, L.P., Nextel Operations, Inc, acting in its authority as agent for the benefit of Nextel of California, Inc., Nextel Communications of the MidAtlantic, Inc., Nextel of New York, Inc., Nextel South Corp., Nextel of Texas, Inc., and Nextel West Corp., NPCR, Inc., iPCS, Inc. (comprised of iPCS Wireless, Inc,, Horizon Personal Communications, Inc. and Bright Personal Communications Services, LLC), Sprint Communications Company L.P. and the Company (Filed as an exhibit to the Registrant's Form 10-Q filed on May 7, 2010 and incorporated herein by reference).

Exhibit Number	Description of Exhibit
10.14*	Employment Agreement dated October 1, 2010, by and between Richard L. Monto and the Company (previously filed as an exhibit to the Registrant's Form 10-Q filed on November 9, 2010 and incorporated herein by reference).
10.15*	Employment Agreement dated April 1, 2011, by and between G. Edward Evans and the Company (previously filed as an exhibit to the Registrant's Form 10-Q filed on May 10, 2011 and incorporated herein by reference).
10.16*	Employment Agreement dated April 13, 2011, by and between John Harrington and the Company (previously filed as an exhibit to the Registrant's Form 10-Q filed on May 10, 2011 and incorporated herein by reference).
10.17	Credit Agreement dated March 5, 2013, by and among the Company, Bank of Montreal and the guarantors and lenders from time to time party thereto (previously filed as an exhibit to the Registrant's Form 8-K filed on March 7, 2013 and incorporated herein by reference).
10.18	Letter Agreement, dated May 17, 2013, by and between the Company and Clinton Group, Inc. (previously filed as an exhibit to the Registrant's Form 8-K filed on May 20, 2013 and incorporated herein by reference).
10.19*	Employment Agreement, dated January 20, 2014, by and between the Company and Kurt Abkemeier (previously filed as an exhibit to the Registrant's Form 8-K filed on January 21, 2014 and incorporated herein by reference).
10.20*	Second Amendment to Employment Agreement, dated May 8, 2014, by and between the Company and G. Edward Evans (previously filed as an exhibit to the Registrant's Form 8-K filed on May 8, 2014 and incorporated herein by reference).
10.21*	Interim Employment Agreement, dated March 20, 2015, by and between the Company and G. Edward Evans (previously fil an exhibit to the Registrant's Form 8-K filed on March 23, 2015 and incorporated herein by reference).
10.22*	Employment Agreement, dated January 30, 2015, by and between the Company and John Schoder (previously filed as an exhibit to the Registrant's Form 10-K filed on February 26, 2015 and incorporated herein by reference).
10.23*	Employment Agreement, dated November 3, 2006, by and between the Company and Brett Scorza (previously filed as an exhibit to the Registrant's Form 10-K filed on February 26, 2015 and incorporated herein by reference).
10.24*	First Amendment to Employment Agreement, dated November 21, 2008, by and between the Company and Brett Scorza (previously filed as an exhibit to the Registrant's Form 10-K filed on February 26, 2015 and incorporated herein by reference).
10.25*	Employment Agreement, dated September 2, 2008, by and between the Company and John Bullock (previously filed as an exhibit to the Registrant's Form 10-K filed on February 26, 2015 and incorporated herein by reference).
10.26*	First Amendment to Employment Agreement, dated November 21, 2008, by and between the Company and John Bullock (previously filed as an exhibit to the Registrant's Form 10-K filed on February 26, 2015 and incorporated herein by reference).
10.27*	First Amendment to Employment Agreement, dated February 23, 2015, by and between the Company and Kurt Abkemeier (previously filed as an exhibit to the Registrant's Form 10-K filed on February 26, 2015 and incorporated herein by referenc
10.28*	2015 Form of TSR Performance Stock Unit Grant Agreement (previously filed as an exhibit to the Registrant's Form 8-K filed on March 17, 2015 and incorporated herein by reference).
10.29*	Employment Agreement between Matthew Carter, Jr. and the Company (previously filed as Exhibit 10.1 with the Company Current Report on Form 8-K filed on June 5, 2015 and incorporated herein by reference).
10.30*	Restricted Stock Grant Agreement between Matthew Carter, Jr. and the Company (previously filed as an exhibit to the Registrant's Form 8-K filed on March 17, 2015 and incorporated herein by reference).
10.31*	Non-Qualified Stock Option Award Agreement between Matthew Carter, Jr. and the Company (previously filed as an exhibit to the Registrant's Form 8-K filed on March 17, 2015 and incorporated herein by reference).
10.32*	TSR Performance Stock Unit Grant Agreement between Matthew Carter, Jr. and the Company (previously filed as Exhibit 1 with the Company's Current Report on Form 8-K filed on June 24, 2015 and incorporated herein by reference).
10.33**	Telecom Master Services Agreement between T-Mobile USA, Inc. ("T-Mobile") and the Company, effective June 23, 2015 (previously filed as Exhibit 10.1 with the Company's Form 10-Q filed on October 29, 2015 and incorporated herein by reference).

Exhibit Number	Description of Exhibit
10.34**	Public Switched Telephone Network Services Attachment between T-Mobile and the Company, effective June 23, 2015 (previously filed as Exhibit 10.2 with the Company's Form 10-Q filed on October 29, 2015 and incorporated herein by reference).
10.35*	Employment Agreement between Michelle R. Owczarzak and the Company (previously filed as an exhibit to the Registrant Form 8-K filed on January 12, 2016 and incorporated herein by reference).
10.36**	First Amendment to the Telecom Master Services Agreement between T-Mobile and the Company, effective December 23, (Filed herewith).
10.37*	2016 Form of Amendment to Employment Agreement (previously filed as Exhibit 10.1 with the Company's Current Report on Form 8-K filed on February 12, 2016 and incorporated herein by reference)
21.1	Subsidiaries of the Registrant (Filed herewith).
23.1	Consent of Deloitte & Touche LLP (Filed herewith).
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Filed herewith).
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Filed herewith).
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Filed herewith).
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Filed herewith).
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

* Management contract or compensatory plan or arrangement

** Certain portions of this exhibit have been omitted and filed separately with the Securities and Exchange Commission under confidential treatment request pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended, which was granted.

*** Certain portions of this exhibit have been omitted and filed separately with the Securities and Exchange Commission under confidential treatment request pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on February 18, 2016.

INTELIQUENT, INC.

By: /s/ Matthew Carter, Jr.
Matthew Carter, Jr., Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities indicated below on February 18, 2016.

Signature	Title
/s/ MATTHEW CARTER, JR. **Matthew Carter, Jr.**	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ KURT J. ABKEMEIER **Kurt J. Abkemeier**	Chief Financial Officer and Executive Vice President (Principal Financial and Accounting Officer)
/s/ JAMES P. HYNES **James P. Hynes**	Director, Chairman
/s/ EDWARD M. GREENBERG **Edward M. Greenberg**	Director
/s/ LAWRENCE M. INGENERI **Lawrence M. Ingeneri**	Director
/s/ TIMOTHY A. SAMPLES **Timothy A. Samples**	Director
/s/ RIAN J. WREN **Rian J. Wren**	Director
/s/ JOSEPH A. BEATTY **Joseph A. Beatty**	Director
/s/ LAUREN F. WRIGHT **Lauren F. Wright**	Director

Shareholder Information

BOARD OF DIRECTORS:

JAMES P. HYNES
Chairman of the Board

MATTHEW CARTER, JR.
Director, President and Chief Executive Officer

JOSEPH A. BEATTY
Director

LAWRENCE M. INGENERI
Director

EDWARD M. GREENBERG
Director

TIMOTHY A. SAMPLES
Director

RIAN J. WREN
Director

LAUREN F. WRIGHT
Director

EXECUTIVE OFFICERS:

MATTHEW CARTER, JR.
President and Chief Executive Officer

KURT J. ABKEMEIER
Chief Financial Officer and Executive Vice President

JOHN T. BULLOCK
Chief Technology Officer and Senior Vice President

JOHN R. HARRINGTON
Senior Vice President, Regulatory, Litigation and Human Resources

RICHARD L. MONTO
General Counsel, Secretary and Senior Vice President, External Affairs

MICHELLE R. OWCZARZAK
Senior Vice President, Sales

JOHN M. SCHODER
Chief Marketing Officer and Executive Vice President

BRETT A. SCORZA
Chief Information Officer and Executive Vice President

CORPORATE HEADQUARTERS:

550 West Adams, Suite 900
Chicago, IL 60661
Telephone: (312) 384-8000
Facsimile: (312) 346-3276

INDEPENDENT AUDITORS:

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111 South Wacker Drive
Chicago, IL 60606-4301
(312) 486-1000
www.deloitte.com

TRANSFER AGENT:

COMPUTERSHARE
P.O. Box 43078
Providence, RI 02940-3078
(800) 662-7232
www.computershare.com/contactus

INVESTOR RELATIONS:

INTELIQUENT
Attn: Investor Relations
550 West Adams Street, Suite 900
Chicago, IL 60661
(866) 268-4744
investorrelations@inteliquent.com

COMMON STOCK:

Stock Symbol: IQNT
Listed: NASDAQ

ANNUAL MEETING OF SHAREHOLDERS:

May 19, 2016
Chicago, IL USA

WEBSITE

www.inteliquent.com

Cautions Concerning Forward Looking Statements. This annual report contains certain forward looking statements within the meaning of federal securities laws that relate to our business. The forward-looking statements are based on current expectations and are subject to substantial risks and uncertainties that may cause actual results to differ materially from the forward-looking statements. All forward looking statements should be evaluated with an understanding of their inherent uncertainty. A description of certain of those risks and uncertainties accompanying these forward-looking statements and our policy concerning these statements can be found in our Annual Report on 10-K filed with the Securities and Exchange Commission and enclosed with this report. Inteliquent undertakes no obligation to update any forward-looking statement.