Pattern Energy Group Inc.
Form 10-Q/A
October 30, 2014
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q/A

(Amendment No. 1)

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2014.

or

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

Commission File Number 001-36087

PATTERN ENERGY GROUP INC.

(Exact name of Registrant as specified in its charter)

Delaware	**90-0893251**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

Pier 1, Bay 3, San Francisco, CA 94111

(Address of principal executive offices) (Zip Code)

Registrant s telephone number, including area code: (415) 283-4000

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 x 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 x No ¨

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.

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	x	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 x

As of July 28, 2014, there were 46,511,899 shares of Class A common stock outstanding, $0.01 par value, and 15,555,000 shares of Class B common stock outstanding, $0.01 par value.

Table of Contents

EXPLANATORY NOTE

Pattern Energy Group Inc. (the Company) is filing this Amendment No. 1 on Form 10-Q/A (the Form 10-Q/A) to the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 filed with the U.S. Securities and Exchange Commission on August 5, 2014 (the Original Form 10-Q) to correct errors in the computation and disclosure of earnings per share for the three and six months ended June 30, 2014. The initial calculation did not correctly consider the recognition of a beneficial conversion feature of the Class B common stock as a result of the commencement on March 28, 2014 of commercial operations at the Company s South Kent project. The initial recognition of this beneficial conversion feature and subsequent accretion has no net impact to the Consolidated Balance Sheets, Consolidated Statements of Stockholders (Loss) Equity, or Consolidated Statements of Cash Flows, and no impact on net income in the Consolidated Statements of Operations, for the periods presented in the Original Form 10-Q.

While this calculation represents an application of generally accepted accounting principles, the holders of Class B common stock are not entitled to receive dividends at any time, and are not entitled to any other form of preferred return over the returns available to the holders of Class A common stock, and therefore, the deemed dividend does not represent a current or future distribution of Company earnings.

Specifically, this Form 10-Q/A is amending and restating Item 1 of Part I of the Original Form 10-Q as follows:

- The Consolidated Statements of Stockholders Equity to add offsetting line items of additional paid-in capital for (a) the Class B beneficial conversion feature of $21.9 million and (b) a non-cash deemed dividend on Class B common stock of $7.5 million and $7.5 million for the three and six months ended June 30, 2014, respectively. There is no net impact to the Consolidated Statements of Stockholders Equity;

- The Consolidated Statements of Operations for the three and six months ended June 30, 2014 (unaudited) to correctly state that (a) the basic earnings (loss) per share of Class A common stock for the three and six months ended June 30, 2014 were $0.17 and $(0.01), respectively, (b) the diluted earnings (loss) per share of Class A common stock for the three and six months ended June 30, 2014 were $0.16 and $(0.07), respectively and (c) the basic and diluted earnings (loss) per share of Class B common stock for the three and six months ended June 30, 2014 were $0.28 and $(0.21), respectively; and

- Note 15 of the Consolidated Financial Statements to correctly state basic and diluted earnings (loss) per share for Class A and Class B common stock for the periods presented.

In addition, this Form 10-Q/A amends and restates (i) Item 2 of Part I of the Original From 10-Q to add a new paragraph under Management s Discussion and Analysis of Financial Condition and Results of Operations Class B Common Stock Beneficial Conversion Feature , (ii) Item 4 of Part I of the Original Form 10-Q in connection with the restatement, and (iii) Item 6 of Part II of the Original Form 10-Q to indicate that we are filing the financial statements included in this Form 10-Q/A, formatted in eXtensible Business Reporting Language (XBRL).

The corrections noted above have no net impact to the Consolidated Balance Sheets as of June 30, 2014 and December 31, 2013, Consolidated Statements of Stockholders Equity for the six months ended June 30, 2014, or the Consolidated Statements of Cash Flows for the six months ended June 30, 2014, and no impact to net income in the Consolidated Statements of Operations for the three and six months ended June 30, 2014.

Except as specifically noted above, the remainder of the Original Form 10-Q is unchanged and is not reproduced in this Form 10-Q/A. In addition, as required by Rule 12b-15 under the Securities Exchange Act of 1934, as amended, new certifications by our principal executive officer and principal financial officer are filed as exhibits hereto.

This Form 10-Q/A should be read in conjunction with the Original Form 10-Q, which continues to speak as of the date of the Original Form 10-Q. Except as specifically noted above, this Form 10-Q/A does not modify or update disclosures in the Original Form 10-Q. Accordingly, this Form 10-Q/A does not reflect events occurring after the filing of the Original Form 10-Q or modify or update any related or other disclosures.

Table of Contents

PATTERN ENERGY GROUP INC.

REPORT ON FORM 10-Q/A

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2014

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

Item 1.	Financial Statements (Unaudited)	3
	Consolidated Balance Sheets as of June 30, 2014 and December 31, 2013	3
	Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2014 and 2013	4
	Consolidated Statements of Comprehensive Loss for the Three and Six Months Ended June 30, 2014 and 2013	5
	Consolidated Statement of Stockholders Equity for the Six Months Ended June 30, 2014	6
	Statements of Cash Flows for the Six Months Ended June 30, 2014 and 2013	7
	Notes to Consolidated Financial Statements	9
Item 2.	Management s Discussion and Analysis of Financial Condition and Results of Operations	28
Item 4.	Controls and Procedures	37

PART II. OTHER INFORMATION

Item 6.	Exhibits	38
	Signatures	39

Table of Contents

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Pattern Energy Group Inc.

Consolidated Balance Sheets

(In thousands of U.S. Dollars, except share data)

(Unaudited)

	June 30, 2014	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	$ 234,038	$ 103,569
Trade receivables	40,620	20,951
Related party receivable	759	167
Reimbursable interconnection costs	38	1,455
Derivative assets, current	12,449	13,937
Current deferred tax assets	573	573
Prepaid expenses and other current assets	10,913	13,927
Total current assets	299,390	154,579
Restricted cash	44,387	32,636
Property, plant and equipment, net of accumulated depreciation of $223,144 and $179,778 as of June 30, 2014 and December 31, 2013, respectively	2,105,937	1,476,142
Unconsolidated investments	65,353	107,055
Derivative assets	54,808	82,167
Deferred financing costs, net of accumulated amortization of $19,059 and $16,225 as of June 30, 2014 and December 31, 2013, respectively	33,533	35,792
Net deferred tax assets	6,889	2,017
Other assets	13,673	13,243
Total assets	$ 2,623,970	$ 1,903,631
Liabilities and equity		
Current liabilities:		
Accounts payable and other accrued liabilities	$ 23,523	$ 15,550
Accrued construction costs	21,670	3,204
Related party payable	918	1,245
Accrued interest	2,273	495
Dividend payable	15,071	11,103
Derivative liabilities, current	17,804	16,171
Current portion of long-term debt	58,896	48,851

Total current liabilities	140,155	96,619
Long-term debt	1,377,159	1,200,367
Derivative liabilities	11,846	7,439
Asset retirement obligations	26,394	20,834
Net deferred tax liabilities	22,523	9,930
Other long-term liabilities	2,059	438
Total liabilities	1,580,136	1,335,627
Equity:		
Class A common stock, $0.01 par value per share: 500,000,000 shares authorized; 46,525,818 and 35,531,720 shares issued as of June 30, 2014 and December 31, 2013, respectively; 46,522,980 and 35,530,786 shares outstanding as of June 30, 2014 and December 31, 2013, respectively	465	355
Class B common stock, $0.01 par value per share: 20,000,000 shares authorized; 15,555,000 shares issued and outstanding as of June 30, 2014 and December 31, 2013	156	156
Additional paid-in capital	752,501	489,412
Accumulated loss	(17,026)	(13,336)
Accumulated other comprehensive loss	(24,795)	(8,353)
Treasury stock, at cost; 2,838 and 934 shares of Class A common stock as of June 30, 2014 and December 31, 2013, respectively	(79)	(24)
Total equity before noncontrolling interest	711,222	468,210
Noncontrolling interest	332,612	99,794
Total equity	1,043,834	568,004
Total liabilities and equity	$ 2,623,970	$ 1,903,631

See accompanying notes to consolidated financial statements.

Table of Contents

Pattern Energy Group Inc.

Consolidated Statements of Operations

(In thousands of U.S. Dollars, except share data)

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Revenue:				
Electricity sales	$ 66,053	$ 47,351	$ 119,924	$ 92,583
Energy derivative settlements	3,983	4,809	6,718	10,217
Unrealized loss on energy derivative	(6,549)	(5,078)	(14,282)	(11,881)
Related party revenue	1,017	263	1,462	263
Other revenue	503	11,367	734	11,367
Total revenue	65,007	58,712	114,556	102,549
Cost of revenue:				
Project expense	16,700	14,492	32,774	27,469
Depreciation and accretion	21,284	17,998	42,461	40,564
Total cost of revenue	37,984	32,490	75,235	68,033
Gross profit	27,023	26,222	39,321	34,516
Operating expenses:				
General and administrative	6,288	205	10,191	349
Related party general and administrative	1,383	2,699	2,663	5,361
Total operating expenses	7,671	2,904	12,854	5,710
Operating income	19,352	23,318	26,467	28,806
Other income (expense):				
Interest expense	(15,807)	(16,832)	(30,428)	(33,474)
Equity in (losses) earnings in unconsolidated investments	(3,688)	13,368	(16,236)	3,343
Interest rate derivative settlements	(1,035)		(2,052)	
Unrealized (loss) gain on derivatives	(2,942)	8,202	(6,665)	10,133
Related party income	376		1,072	
Net gain on transactions	14,537	7,200	14,537	7,200
Other income, net	439	1,044	606	1,802

Total other (expense) income	(8,120)	12,982	(39,166)	(10,996)
Net income (loss) before income tax	11,232	36,300	(12,699)	17,810
Tax provision (benefit)	4,065	(7,688)	2,033	(7,394)
Net income (loss)	7,167	43,988	(14,732)	25,204
Net loss attributable to noncontrolling interest	(4,032)	(359)	(11,042)	(3,938)
Net income (loss) attributable to controlling interest	$ 11,199	$ 44,347	$ (3,690)	$ 29,142
Cash dividends declared on Class A common shares	(14,981)		(26,138)	
Deemed dividends on Class B common shares (as restated*)	(7,457)		(7,457)	
Net loss attributable to common stockholders (as restated*)	$ (11,239)		$ (37,285)	
Weighted average number of shares:				
Class A common stock - Basic	41,174,697		38,331,595	
Class A common stock - Diluted	57,065,219		54,214,953	
Class B common stock - Basic and diluted	15,555,000		15,555,000	
Earnings (loss) per share				
Class A common stock:				
Basic earnings (loss) per share (as restated*)	$ 0.17		$ (0.01)	
Diluted earnings (loss) per share (as restated*)	$ 0.16		$ (0.07)	
Class B common stock:				
Basic and diluted earnings (loss) per share (as restated*)	$ 0.28		$ (0.21)	
Cash dividends declared per Class A common share	$ 0.32		$ 0.63	
Deemed dividends per Class B common share (as restated*)	$ 0.48		$ 0.48	
2013 pro forma information:				
Unaudited pro forma net income after tax:				
Net income before income tax				*$ 17,810*
Pro forma tax provision				*674*
Pro forma net income				*$ 17,136*

* - As restated for the three and six months ended June 30, 2014 (refer to note 15).

See accompanying notes to consolidated financial statements.

Table of Contents

Pattern Energy Group Inc.

Consolidated Statements of Comprehensive Loss

(In thousands of U.S. Dollars)

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2014	**2013**	**2014**	**2013**
Net income (loss)	$ 7,167	$ 43,988	$ (14,732)	$ 25,204
Other comprehensive (loss) income:				
Foreign currency translation, net of tax impact of $0, $0, $0 and $0, respectively	4,221	(3,836)	(869)	(7,327)
Derivative activity:				
Effective portion of change in fair market value of derivatives, net of tax benefit of $29, $0, $29 and $0, respectively	(2,161)	23,021	(4,912)	30,946
Reclassifications to net income (loss), net of tax impact of $0, $0, $0 and $0, respectively	(3,386)	(2,754)	(6,557)	(5,359)
Total change in effective portion of change in fair market value of derivatives	(5,547)	20,267	(11,469)	25,587
Proportionate share of equity investee s other comprehensive (loss) income activity, net of tax benefit (provision) of $560, ($315), $1,805 and ($334), respectively	(1,205)	1,258	(4,283)	1,601
Total other comprehensive (loss) income, net of tax	(2,531)	17,689	(16,621)	19,861
Comprehensive income (loss)	4,636	61,677	(31,353)	45,065
Less comprehensive (loss) income attributable to noncontrolling interest:				
Net loss attributable to noncontrolling interest	(4,032)	(359)	(11,042)	(3,938)
Derivative activity:				
Effective portion of change in fair market value of derivatives, net of tax impact of $0, $0, $0 and $0, respectively	614	3,333	1,537	4,524
Reclassifications to net loss, net of tax impact of $0, $0, $0 and $0, respectively	(887)	(487)	(1,716)	(948)
Total change in effective portion of change in fair market value of derivatives	(273)	2,846	(179)	3,576

Comprehensive (loss) income attributable to noncontrolling interest		(4,305)		2,487		(11,221)		(362)
Comprehensive income (loss) attributable to controlling interest	$	8,941	$	59,190	$	(20,132)	$	45,427

See accompanying notes to consolidated financial statements.

5

Table of Contents

Pattern Energy Group Inc.

Consolidated Statements of Stockholders Equity

(In thousands of U.S. Dollars, except share data)

(Unaudited)

Controlling Interest									Noncontrolling Interest		
Common tock		Class B Common Stock					Accumulated Other				Accumulated Other
				Additional Paid-in		Accumulated Income	Comprehensive Income			Accumulated Income	Comprehensive Income
s	Amount	Shares	Amount	Capital	Capital	(Deficit)	(Loss)	Total	Capital	(Deficit)	(Loss)
100	$		$	$ 1	$ 545,471	$ 2,903	$ (34,264)	$ 514,111	$ 74,177	$ 12,366	$ (11,242)
					32,677			32,677			
					(104,634)			(104,634)	(1,426)		
				2				2			
						30,295		30,295		(690)	
							20,633	20,633			3,559
100				3	473,514	33,198	(13,631)	493,084	72,751	11,676	(7,683)
					(18,332)	(13,122)	2,870	(28,584)	18,332	13,122	(2,870)
					(4,207)			(4,207)			
000	194	15,555,000	156	470,701	(450,975)	(20,076)					
				(232,640)				(232,640)			

000	160			316,882				317,042			
183	1			155				156			
437				93				93			
934)				(24)				(24)			
				263				263			
				(11,103)				(11,103)			
				(54,942)			(2,910)	(57,852)			
									(866)		
						(13,336)		(13,336)		(6,197)	
							5,318	5,318			1,529
786	$ 355	15,555,000	$ 156	$ 489,388	$	$ (13,336)	$ (8,353)	$ 468,210	$ 90,217	$ 18,601	$ (9,024)
310	108			286,671				286,779			
287	2			1,868				1,870			

001	220	220
904)	(55)	(55)
	305	305
	163	163
	(26,138)	(26,138)
	(21,901)	(21,901)
	21,901	21,901
	7,457	7,457
	(7,457)	(7,457)

210,250

									35,259		
									(1,470)		
						(3,690)		(3,690)		(11,042)	
							(16,442)	(16,442)			(179)
980	$ 465	15,555,000	$ 156	$ 752,422	$	$ (17,026)	$ (24,795)	$ 711,222	$ 334,256	$ 7,559	$ (9,203)

* - As restated for the three and six months ended June 30, 2014 (refer to note 15).

See accompanying notes to consolidated financial statements.

Table of Contents

Pattern Energy Group Inc.

Consolidated Statements of Cash Flows

(In thousands of U.S. Dollars)

(Unaudited)

	Six months ended June 30,	
	2014	**2013**
Operating activities		
Net (loss) income	$ (14,732)	$ 25,204
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and accretion	42,461	40,564
Amortization of financing costs	2,848	4,071
Unrealized loss on derivatives	20,947	1,748
Stock-based compensation	2,175	
Net gain on transactions	(16,526)	(7,200)
Deferred taxes	2,033	(7,396)
Equity in earnings (losses) in unconsolidated investments	16,236	(3,343)
Changes in operating assets and liabilities:		
Trade receivables	(13,895)	(5,512)
Reimbursable interconnection receivable		(904)
Prepaid expenses and other current assets	20,253	(12,116)
Other assets (non-current)	(305)	(234)
Accounts payable and other accrued liabilities	348	954
Related party receivable/payable	(1,053)	(283)
Income taxes payable/receivable	128	
Accrued interest payable	(11)	235
Long term liabilities	(85)	5,869
Net cash provided by operating activities	60,822	41,657
Investing activities		
Receipt of ITC Cash Grant		173,446
Cash paid for acquisitions, net of cash acquired	(163,589)	
Proceeds from sale of investments		14,254
Decrease in restricted cash	1,316	2,893
Increase in restricted cash	(2)	(13,976)
Capital expenditures	(544)	(111,062)
Deferred development costs		(528)
Distribution from unconsolidated investments		10,463
Contribution to unconsolidated investments	(1,880)	(6,524)
Reimbursable interconnection receivable	1,417	(6,674)
Other assets (non-current)	1,236	1,122

Net cash (used in) provided by investing activities	(162,046)	63,414

See accompanying notes to consolidated financial statements.

Table of Contents

Pattern Energy Group Inc.

Consolidated Statements of Cash Flows

(In thousands of U.S. Dollars)

(Unaudited)

	Six months ended June 30, 2014	2013
Financing activities		
Proceeds from public offering, net of expenses	$ 287,943	$
Repurchase of shares for employee tax withholding	(55)	
Dividends paid	(22,170)	
Capital contributions - Pattern Development		27,018
Capital distributions - Pattern Development		(92,174)
Capital distributions - noncontrolling interest	(1,470)	(1,168)
Decrease in restricted cash	13,508	8,763
Increase in restricted cash	(8,840)	(116,654)
Payment for deferred financing costs	(542)	(257)
Proceeds from revolving credit facility		56,000
Repayments of short-term debt	(14,840)	
Proceeds from long-term debt		117,987
Repayment of long-term debt	(22,096)	(21,815)
Repayment of construction and grant loans		(57,470)
Net cash provided by (used in) financing activities	231,438	(79,770)
Effect of exchange rate changes on cash and cash equivalents	255	(1,100)
Net change in cash and cash equivalents	130,469	24,201
Cash and cash equivalents at beginning of period	103,569	17,574
Cash and cash equivalents at end of period	$ 234,038	$ 41,775
Supplemental disclosure		
Cash payments for interest and commitment fees	$ 26,963	$ 29,710
Acquired PP&E for El Arrayán and Panhandle 1	671,068	
Schedule of non-cash activities		
Change in fair value of interest rate swaps	(20,344)	35,636
Change in fair value of contingent liabilities		8,001
Capitalized interest	1,880	858
Capitalized commitment fee		39
Change in property, plant and equipment	(40,729)	(145,060)
Transfer of capitalized assets to South Kent joint venture		49,275
Non-cash distribution to Pattern Development		(3,283)

Non-cash deemed dividends on Class B convertible common stock	7,457

See accompanying notes to consolidated financial statements.

8

Table of Contents

Pattern Energy Group Inc.

Notes to Consolidated Financial Statements

(Unaudited)

1. Organization

Pattern Energy Group Inc. (Pattern Energy or the Company) was organized in the state of Delaware on October 2, 2012. Pattern Energy issued 100 shares on October 17, 2012 to Pattern Renewables LP, a 100% owned subsidiary of Pattern Energy Group LP (Pattern Development). On September 24, 2013, Pattern Energy s charter was amended, and the number of shares that Pattern Energy is authorized to issue was increased to 620,000,000 total shares; 500,000,000 of which are designated Class A common stock, 20,000,000 of which are designated Class B common stock, and 100,000,000 of which are designated Preferred Stock.

Pattern Energy is an independent energy generation company focused on constructing, owning and operating energy projects with long-term energy sales contracts located in the United States, Canada and Chile. The Company consists of the consolidated operations of certain entities and assets contributed by, or purchased from, Pattern Development. The Company owns 100% of Hatchet Ridge Wind, LLC (Hatchet Ridge), St. Joseph Windfarm Inc. (St. Joseph), Spring Valley Wind LLC (Spring Valley), Pattern Santa Isabel LLC (Santa Isabel) and Ocotillo Express LLC (Ocotillo). The Company owns a controlling interest in Pattern Gulf Wind Holdings LLC (Gulf Wind), Parque Eólico El Arrayán SpA (El Arrayán) and Panhandle Wind Holdings LLC (Panhandle 1), and noncontrolling interests in South Kent Wind LP (South Kent) and Grand Renewable Wind LP (Grand) and has agreed to acquire a controlling interest in Panhandle B Member 2 LLC (Panhandle 2). The principal business objective of the Company is to produce stable and sustainable cash flows through the generation and sale of energy and to selectively grow our project portfolio.

Initial Public Offering and Contribution Transactions

On October 2, 2013, Pattern Energy issued 16,000,000 shares of Class A common stock in an initial public offering (IPO) generating net proceeds of approximately $317.0 million. Concurrent with the IPO, Pattern Energy issued 19,445,000 shares of Class A common stock and 15,555,000 shares of Class B common stock to Pattern Development and utilized approximately $232.6 million of the net proceeds of the IPO as a portion of the consideration to Pattern Development for certain entities and assets contributed to Pattern Energy (Contribution Transactions) consisting of interests in eight wind power projects, including six projects in operation (Gulf Wind, Hatchet Ridge, St. Joseph, Spring Valley, Santa Isabel and Ocotillo), and two projects under construction (El Arrayán and South Kent). In accordance with ASC 805-50-30-5, *Transactions between Entities under Common Control* , Pattern Energy recognized the assets and liabilities contributed by Pattern Development at their historical carrying amounts at the date of the Contribution Transactions. On October 8, 2013, Pattern Energy s underwriters exercised in full their overallotment option to purchase 2,400,000 shares of Class A common stock from Pattern Development, the selling stockholder, pursuant to the overallotment option granted by Pattern Development.

In connection with the Contribution Transactions, Pattern Development retained a 40% portion of the interest in Gulf Wind previously held by it such that, at the completion of the IPO, Pattern Energy, Pattern Development and the joint venture partner held interests of approximately 40%, 27% and 33%, respectively, of the distributable cash flow of Gulf Wind, together with certain allocated tax items.

Effective with Pattern Energy s IPO, Pattern Development s project operations and maintenance personnel and certain of its executive officers became Pattern Energy employees and their employment with Pattern Development was terminated. Pattern Development retained those employees whose primary responsibilities relate to project development, legal, financial or other administrative functions. Pattern Energy entered into a bilateral services agreement with Pattern Development, or the Management Services Agreement , that provides for Pattern Energy and Pattern Development to benefit, primarily on a cost-reimbursement basis, from the respective management and other professional, technical and administrative personnel of the respective companies, all of whom report to and are managed by Pattern Energy s executive officers.

May 2014 Public Offering

On May 14, 2014, the Company completed an underwritten public offering of its Class A common stock. In total, 21,117,171 shares of its Class A common stock were sold. Of this amount, the Company sold 10,810,810 shares of Class A common stock and Pattern Development, the selling stockholder, sold 10,306,361 shares of Class A common stock, including 2,754,413 shares upon exercise in full of the underwriters overallotment option. Net proceeds generated for the Company were approximately $288.7 million before deduction of transaction expenses of approximately $2.0 million. The Company did not receive any proceeds from the sale of the shares sold by Pattern Development.

As a result of the sale of the shares held by Pattern Development, its ownership interest in the Company was reduced from approximately 63% to 35%. Consequently, the Company is no longer subject to ASC 805-50-30-5, *Transactions between Entities under Common Control. All future transactions with Pattern Development will be recognized at fair value on the measurement date in accordance with ASC 805 Business Combinations.*

Basis of Presentation

Pattern Energy was formed by Pattern Development for the purpose of an IPO. For periods prior to October 2, 2013, Pattern Energy was a shell company, with expenses of less than $10,000 for 2013 and 2012. In accordance with ASC 805-50-30-6, the historical financial statements of Pattern Energy s predecessor, which consist of the combined financial statements of a combination of entities and assets contributed by Pattern Development to Pattern Energy, are consolidated with Pattern Energy from the beginning of the earliest period presented.

Unaudited Interim Financial Information

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) for interim financial information and Article 10 of Regulation S-X issued by the U.S. Securities and Exchange Commission (SEC). Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, the interim financial information reflects all adjustments of a normal recurring nature, necessary for a fair presentation of the Company s financial position at June 30, 2014, the results of operations, comprehensive income, and cash flows for the three and six months ended June 30, 2014 and 2013, respectively. The consolidated balance sheet at December 31, 2013 has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements. This Form 10-Q/A should be read in conjunction with the consolidated financial statements and accompanying notes contained in the Company s Annual Report on Form 10-K for the year ended December 31, 2013.

2. Summary of Significant Accounting Policies

As of June 30, 2014, there have been no material changes to the Company s significant accounting policies as compared to the significant accounting policies described in the Company s Annual Report on Form 10-K for the year ended December 31, 2013.

Principles of Consolidation

The accompanying consolidated financial statements have been prepared in accordance with U.S. GAAP. They include the results of wholly-owned and partially-owned subsidiaries in which the Company has a controlling interest with all significant intercompany accounts and transactions eliminated.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates, and such differences may be material to the financial statements.

Unaudited Pro Forma Income Tax

In order to present the tax effect of the Contribution Transactions, the Company has presented a pro forma income tax provision, for the six months ended June 30, 2014, as if the Contribution Transactions occurred effective January 1, 2012 and as if the Company were under control of a Subchapter C-Corporation for U.S. federal income tax purposes.

Noncontrolling Interests

Noncontrolling interests represent the portion of the Company s net income (loss), net assets and comprehensive income (loss) that is not allocable to the Company and is calculated based on ownership percentage using the equity method of accounting.

For the noncontrolling interests at the Company s Gulf Wind and Panhandle 1 projects, the Company has determined that the operating partnership agreements do not allocate economic benefits pro rata to its two classes of investors and has determined that the appropriate methodology for calculating the noncontrolling interest balance that reflects the substantive profit sharing arrangement is a balance sheet approach using the hypothetical liquidation at book value (HLBV) method.

The following table presents the noncontrolling interest balances, reported in stockholders equity in the consolidated balance sheets by project as of June 30, 2014 and December 31, 2013 (in thousands):

			Percentage of Ownership	
Project	**June 30, 2014**	**December 31, 2013**	**June 30, 2014**	**December 31, 2013**
Gulf Wind	$ 87,257	$ 99,794	60%	60%
El Arrayan	35,105		30%	N/A
Panhandle 1	210,250		21%	N/A
	$ 332,612	$ 99,794		

Common Stock As Restated

The Company s Class B common stock is contingently convertible on a one-to-one basis into the Company s Class A common stock as of the later of December 31, 2014 or when the South Kent project achieves commercial operations. On March 28, 2014, the South Kent project commenced commercial operations and consequently the contingency on the conversion of the Class B common stock was removed, which resulted in the recognition of a beneficial conversion feature in the Company s additional paid-in capital account. The beneficial conversion feature represents the intrinsic value of the conversion feature, which is measured as the difference between the fair value of Class B common stock and the fair value of Class A common stock, into which the Class B common stock is convertible, as of October 2, 2013, which is the date of the Company s initial public offering. The beneficial conversion feature is accreted on a straight-line basis from March 28, 2014 to December 31, 2014 into the Company s additional paid-in capital account in the Consolidated Statements of Stockholders Equity, as there are no available retained earnings.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, trade receivables and derivative assets. The Company places its cash and cash equivalents with high quality institutions.

The Company sells electricity and environmental attributes, including renewable energy credits, primarily to creditworthy utilities and other off-takers under long-term, fixed-priced Power Sale Arrangements (PPAs). During the second quarter of 2014, Standard & Poor s Rating Services (S&P) and Moody s Investor Service (Moody s) downgraded the credit rating of the Puerto Rico Electric Power Authority (PREPA) to BB from BBB and to Ba3 from Ba2, respectively. In July 2014, Moody s further reduced the credit rating to Caa2 and S&P twice reduced their credit rating to CCC. As of June 30, 2014 and August 5, 2014, PREPA was current with respect to payments due under the PPA. The next payment will be due from PREPA under the PPA on approximately August 18, 2014.

The following table presents significant customers who accounted for the following percentages of total revenues during the three and six months ended June 30, 2014 and 2013, respectively:

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Manitoba Hydro	12.76%	14.69%	15.98%	16.50%
San Diego Gas & Electric	35.25%	13.81%	27.98%	16.32%
Pacific Gas & Electric Company	8.81%	12.32%	11.36%	12.78%
Electric Reliability Council of Texas	12.26%	13.53%	12.47%	12.50%
NV Energy, Inc.	11.25%	11.98%	11.80%	11.37%
PREPA	10.20%	5.18%	11.11%	7.96%

The Company s derivative assets are placed with counterparties that are creditworthy institutions. A derivative asset was generated from Credit Suisse Energy LLC, the counterparty to a 10-year fixed-for-floating swap related to annual electricity generation at the Company s Gulf Wind project. The Company s reimbursements for prepaid interconnect network upgrades are with large creditworthy utility companies.

Reclassification

Certain prior period balances have been reclassified to conform to current period presentation of the Company s consolidated financial statements and accompanying notes. Such reclassifications have no effect on previously reported balance sheet subtotals, results of operations or retained earnings.

Recently Issued Accounting Standards

In June 2014, the FASB issued Accounting Standards Update (ASU) 2014-12, Compensation Stock Compensation which requires an entity to treat a performance target that affects vesting that could be achieved after an employee completes the requisite service period as a performance condition. The performance target should not be reflected in estimating the grant-date fair value of the award. Compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period(s) for which the requisite service has already been rendered. If the performance target becomes probable of being achieved before the end of the requisite service period, the remaining unrecognized compensation cost should be recognized prospectively over the remaining requisite service period. The total amount

of compensation cost recognized during and after the requisite service period should reflect the number of awards that are expected to vest and should be adjusted to reflect those awards that ultimately vest. The requisite service period ends when the employee can cease rendering service and still be eligible to vest in the award if the performance target is achieved. ASU 2014-12 is effective for interim and annual periods beginning after December 15, 2015, with early adoption permitted either prospectively or retrospectively to all prior periods presented. The Company is currently assessing the future impact of this update on its consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers . The standard provides companies with a single model for use in accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance, including industry-specific revenue guidance. The core principle of the model is to recognize revenue when control of the goods or services transfers to the customer, as opposed to recognizing revenue when the risks and rewards transfer to the customer under the existing revenue guidance. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2016. Early adoption is not permitted. The guidance permits companies to either apply the requirements retrospectively to all prior periods presented, or apply the requirements in the year of adoption, through a cumulative adjustment. The Company is currently assessing the future impact of this update on its consolidated financial statements.

In July 2013, the FASB issued ASU 2013-11, Income Taxes Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists which requires an entity to present an unrecognized tax benefit as a reduction to a deferred tax asset in the financial statements for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, except in certain circumstances where a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax laws of the applicable jurisdiction to settle any additional income taxes or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose. When those circumstances exist, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. As a result of the JOBS Act enacted in April 2012, emerging growth companies can elect to delay the adoption of new or revised accounting standards for public companies until those standards would otherwise apply to private companies and as such, ASU 2013-11 will be effective on January 1, 2015 for the Company. The Company is currently assessing the future impact of this update, but it does not anticipate a material impact on its financial condition, results of operations or cash flows.

In February 2013, the FASB issued ASU 2013-02, Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income to amend the reporting of reclassifications out of accumulated other comprehensive income (AOCI) to require an entity to report the effect of significant reclassifications out of AOCI on the respective line items in net income if the amount reclassified is required under U.S. GAAP to be reclassified in its entirety to net income in the same reporting period. An entity shall provide this information together in one location, either on the face of the statement where net income is presented, or as a separate disclosure in the notes to the financial statements. The new disclosure requirements relating to this update are prospective and effective for interim and annual periods beginning after December 15, 2012, with early adoption permitted. For nonpublic companies, ASU 2013-02 is effective for fiscal years beginning after December 15, 2013. As a result of the JOBS Act enacted in April 2012, emerging growth companies can elect to delay the adoption of new or revised accounting standards for public companies until those standards would otherwise apply to private companies, as such, the Company adopted ASU 2013-02 on January 1, 2014. As this update only requires additional disclosures, adoption of this standard did not have a material impact on the Company s financial condition, results of operations or cash flows. See Note 11, *Accumulated Other Comprehensive Loss,* for disclosures on the effect of significant reclassifications out of AOCI on the respective line items on its consolidated statements of operations.

3. Acquisition

Panhandle 1 Acquisition

On June 30, 2014, the Company acquired 100% of the Class B membership interests in the Panhandle 1 wind project, representing a 79% initial ownership interest in the project s distributable cash flow, through the acquisition of Panhandle Wind Holdings LLC, from Pattern Development, for a purchase price of approximately $124.4 million.

This represents a 172 MW interest in the 218 MW wind project, located in Carson County, Texas, which achieved commercial operations on June 25, 2014. Panhandle 1 is one of the Initial ROFO projects described in the Company s S-1 Registration Statement (Registration No. 333-190538) and was acquired as part of the Company s previously disclosed growth strategy.

Prior to the closing, certain tax equity investors made capital contributions to acquire 100% of the Class A membership interests in Panhandle 1 and have been admitted as noncontrolling members in the entity, with an ownership percentage of 21%, based on their initial interest in the project s distributable cash flow. The Company has determined that the operating partnership agreement does not allocate economic benefits pro rata to its two classes of investors and will use the HLBV method to calculate the noncontrolling interest balance that reflects the substantive profit sharing arrangement.

The Company acquired the assets and operating contracts for Panhandle 1, including assumed liabilities. The identifiable assets acquired and liabilities assumed were recorded at their fair values which corresponded to the sum of the cash purchase price and the initial balance of the other investors noncontrolling interests.

Table of Contents

The consolidated fair value of the assets acquired and liabilities assumed in connection with the Panhandle 1 acquisition are as follows (in thousands):

		June 30, 2014
Cash and cash equivalents	$	1,038
Trade receivables		1,850
Prepaid expenses and other current assets		71
Restricted cash		14,293
Property, plant and equipment		331,308
Accounts payable and other accrued liabilities		(148)
Accrued construction costs		(11,161)
Related party payable		(44)
Asset retirement obligation		(2,557)
Total consideration before non-controlling interest		334,650
Less: tax equity noncontrolling interest contributions		(210,250)
Total consideration after non-controlling interest	$	124,400

Current assets, restricted cash, current liabilities, accrued construction costs and related party payable were recorded at carrying value which is representative of the fair value on the date of acquisition.

Property, plant and equipment were recorded at the cost of construction plus the developer s profit margin, which represents fair value. The asset retirement obligation was recorded at fair value using a combination of market data, operational data and discounted cash flows and was adjusted by a discount rate factor reflecting then current market conditions.

The accounting for this acquisition is preliminary. The fair value estimates for the assets acquired and liabilities assumed were based on preliminary calculations and valuations, and the estimates and assumptions are subject to change as additional information is obtained for the estimates during the measurement period (up to one year from the acquisition date).

The Company incurred $0.7 million of transaction-related expense which was recorded in net gain on transactions in the consolidated statement of operations for the three and six months ended June 30, 2014.

El Arrayán Acquisition

On June 25, 2014, the Company acquired 100% of the issued and outstanding common stock of AEI El Arrayán Chile SpA (AEI El Arrayán), an entity holding a 38.5% indirect interest in El Arrayán, for a total purchase price of $45.3 million, pursuant to the terms of a Stock Purchase Agreement (the Agreement). The Company owned a 31.5% indirect interest in El Arrayán prior to acquiring the additional 38.5% interest in order to obtain majority control (70%) of the project, as a part of its growth strategy. El Arrayán is a 115 MW wind power project company that recently completed construction of its wind facility which is fully operational.

Prior to the acquisition, the Company accounted for the investment under the equity method of accounting. As the Company acquired an additional 38.5% indirect interest in El Arrayán, in accordance with ASC 805 *Business Combinations,* the acquisition was accounted for as a business combination achieved in stages . Accordingly, the Company remeasured the previously held equity interest in El Arrayán and adjusted it to fair value based on the Company s existing equity interest in the fair value of the underlying assets and liabilities of El Arrayán. The fair value of the Company s equity interest at the acquisition date was $37.0 million (31.5% of implied equity value of $117.5 million per below). The difference between the fair value of the Company s ownership in El Arrayán and the Company s carrying value of its investment of $19.1 million resulted in a gain of $17.9 million recorded in net gain on transactions in the consolidated statement of operations for the three and six months ended June 30, 2014. The Company recognized additional deferred tax liability due to differences in accounting and tax bases resulting from the Company s existing ownership interest in El Arrayán, which has been included in the consolidated statement of operations. The Company now holds a 70% controlling interest in the wind project and consolidates the accounts of El Arrayán.

Table of Contents

The Company acquired the assets and operating contracts for AEI El Arrayán, including assumed liabilities. The identifiable assets acquired and liabilities assumed were recorded at their fair values.

The consolidated fair value of the assets acquired and liabilities assumed in connection with the AEI El Arrayán acquisition are as follows (in thousands):

	June 25, 2014
Cash and cash equivalents	$ 713
Trade receivables	3,829
Related party receivable	56
VAT receivable	17,031
Prepaid expenses and other current assets	174
Restricted cash	10,392
Property, plant and equipment	339,760
Intangible assets	1,121
Deferred tax assets	5,455
Accounts payable and other accrued liabilities	(6,830)
Accrued construction costs	(8,355)
Related party payable	(56)
Derivative liabilities, current	(1,942)
Current portion of long-term debt	(705)
Short-term debt	(15,881)
Accrued interest	(2,076)
Long-term debt	(209,295)
Derivative liabilities, non-current	(501)
Asset retirement obligation	(2,354)
Deferred tax liabilities	(13,001)
Total consideration	117,535
Less: non-controlling interest	(35,260)
Controlling interest	$ 82,275

Current assets, restricted cash, deferred tax assets, current liabilities, accrued construction costs, debt, accrued interest and deferred tax liabilities were recorded at carrying value which is representative of the fair value on the date of acquisition. Derivative liabilities were recorded at fair value.

Property, plant and equipment were recorded at the cost of construction plus the developer s profit margin, which represents fair value. The asset retirement obligation was recorded at fair value using a combination of market data, operational data and discounted cash flows and was adjusted by a discount rate factor reflecting then current market conditions.

The Company recognized deferred tax liabilities due to differences in accounting and tax bases resulting from the Company s acquisition of incremental interest in El Arrayán and the remeasurement of the project s remaining noncontrolling interest at fair value.

The accounting for this acquisition is preliminary. The fair value estimates for the assets acquired and liabilities assumed were based on preliminary calculations and valuations, and the estimates and assumptions are subject to change as additional information is obtained for the estimates during the measurement period (up to one year from the acquisition date). The primary areas of those preliminary estimates that are not finalized relate to the fair value of debt for which the Company is accumulating and analyzing additional market information and the fair value of property, plant and equipment for which the Company is finalizing inputs, assumptions and methodologies.

The Company incurred $0.4 million of transaction-related expenses which were recorded in net gain on transaction expenses in the consolidated statement of operations for the three and six months ended June 30, 2014.

Table of Contents

Supplemental pro forma data (unaudited)

The unaudited pro forma statement of operations data below gives effect to the Panhandle 1 and AEI El Arrayán acquisition as if it had occurred on January 1, 2013. The unaudited pro forma data is presented for illustrative purposes only and is not intended to be indicative of actual results that would have been achieved had these acquisitions been consummated as of January 1, 2013. The unaudited pro forma data should not be considered representative of the Company s future financial condition or results of operations.

	Three months ended June 30,		Six months ended June 30,	
Unaudited pro forma data (in thousands)	**2014**	**2013**	**2014**	**2013**
Pro forma total revenue	$ 67,421	$ 58,712	$ 116,970	$ 102,549
Pro forma total expenses	63,081	15,362	135,767	77,496
Pro forma net loss	4,340	43,350	(18,797)	25,053
Less: pro forma net loss attributable to noncontrolling interest	(4,313)	(662)	(11,419)	(4,074)
Pro forma net loss attributable to controlling interest	$ 8,653	$ 44,012	$ (7,378)	$ 29,127

Prior to the acquisition, net loss was recorded in equity in earnings on unconsolidated investments in the consolidated statement of operations. From January 1, 2014 to June 25, 2014, the Company recorded net loss of $0.4 million in equity in earnings on unconsolidated investments related to El Arrayán.

4. Prepaid Expenses and Other Current Assets

The following table presents the components of prepaid expenses and other current assets (in thousands):

	June 30, 2014	December 31, 2013
Prepaid expenses	$ 5,286	$ 10,132
Sales tax	2,135	50
Interconnection network upgrade receivable	2,502	2,512
Other current assets	990	1,233
Prepaid expenses and other current assets	$ 10,913	$ 13,927

5. Property, Plant and Equipment

The following presents the categories within property, plant and equipment (in thousands):

	June 30, 2014	December 31, 2013
Operating wind farms	$ 2,325,025	$ 1,652,119
Furniture, fixtures and equipment	3,973	3,785
Land	83	16
Subtotal	2,329,081	1,655,920
Less: accumulated depreciation	(223,144)	(179,778)
Property, plant and equipment, net	$ 2,105,937	$ 1,476,142

The Company recorded depreciation expense related to property, plant and equipment of $20.9 million and $41.8 million for the three months and six months ended June 30, 2014, respectively, and recorded $17.7 million and $40.0 million of depreciation expense for the same periods in the prior year.

In June 2013, the Company received $115.9 million and $57.6 million for Ocotillo and Santa Isabel, respectively, under a cash grant in lieu of investment tax credit (Cash Grant) from the U.S. Department of the Treasury. The Company recorded the cash proceeds as a reduction of the carrying amount of the related wind farm assets which resulted in the assets being recorded at lower amounts.

The Cash Grants received for Ocotillo, Santa Isabel and Spring Valley reduced depreciation expense recorded in the consolidated statements of operations by approximately $3.2 million and $6.3 million for the three and six months ended June 30, 2014, respectively, and reduced depreciation expense by $5.6 million and $6.6 million for the same periods in the prior year.

6. Unconsolidated Investments

The following presents projects that are accounted for under the equity method of accounting (in thousands):

	June 30, 2014	December 31, 2013	Percentage of Ownership June 30, 2014	Percentage of Ownership December 31, 2013
South Kent	$ 47,089	$ 59,488	50.0%	50.0%
El Arrayán		21,103	N/A	31.5%
Grand	18,264	26,464	45.0%	45.0%
Unconsolidated investments	$ 65,353	$ 107,055		

On June 25, 2014, the Company increased its total ownership interest in El Arrayán to 70%. See Note 3, *Acquisitions* , for disclosure on the acquisition of El Arrayán. As such, the Company has consolidated the operations of El Arrayán as of the acquisition date and is no longer accounting for this investment under the equity method of accounting.

The following summarizes the aggregated operating results of the unconsolidated joint ventures for the three and six months ended June 30, 2014 and 2013, respectively (in thousands):

	Three months ended June 30, 2014	Three months ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013
Revenue	$ 27,179	$	$ 28,696	$
Other (income) expense	35,139	(26,511)	62,322	(6,787)
Net loss	$ (7,960)	$ 26,511	$ (33,626)	$ 6,787

Grand

The Company is a noncontrolling investor in a joint venture established to develop, construct, and own a wind power project located in Ontario, Canada. The project has a 20-year PPA and commenced construction in September 2013.

South Kent

The Company is a noncontrolling investor in a joint venture established to develop, construct, and own a wind power project located in Ontario, Canada. The project has a 20-year PPA, and commenced commercial operations on March 28, 2014.

Significant Subsidiary South Kent

The following table presents summarized statements of operations information as required for significant equity method investees, pursuant to Regulation S-X Rule 10-01(b)(1):

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Revenue	$ 25,358	$	$ 26,875	$
Operating expenses				
Assets operation	1,879		2,241	
General and administrative expenses	1,614	508	1,463	894
Depreciation, amortization	8,453	12	8,830	12
Other income and expenses	(393)			
Operating income (loss)	13,805	(520)	14,341	(906)
Unrealized (loss) gain on derivatives	(8,041)	28,282	(29,427)	8,251
Other expense	(9,798)	(186)	(9,798)	(157)
Net (loss) income	$ (4,034)	$ 27,576	$ (24,884)	$ 7,188

16

Table of Contents

7. Accounts Payable and Other Accrued Liabilities

The following table presents the components of accounts payable and other accrued liabilities (in thousands):

	June 30, 2014	December 31, 2013
Accounts payable	$ 1,298	$ 168
Other accrued liabilities	9,102	7,282
Warranty settlement payments	1,455	2,187
Payroll liabilities	2,771	2,162
Property tax payable	3,394	3,490
Sales tax payable	5,503	261
Accounts payable and other accrued liabilities	$ 23,523	$ 15,550

8. Long-term Debt

The Company s long-term debt which consists of limited recourse or nonrecourse indebtedness is presented below (in thousands):

	June 30, 2014	December 31, 2013	Interest Rate as of June 30, 2014	Interest Rate as of December 31, 2013	Interest Type	Maturity
Hatchet Ridge term loan	$ 232,741	$ 239,865	1.43%	1.43%	Imputed	December 2032
Gulf Wind term loan	159,024	166,448	3.23%	3.23%	Variable	March 2020
St. Joseph term loan	210,388	215,330	5.88%	5.88%	Fixed	May 2031
Spring Valley term loan	170,777	173,110	2.62%	2.63%	Variable	June 2030
Santa Isabel term loan	114,381	115,721	4.57%	4.57%	Fixed	September 2033
El Arrayán commercial term loan	100,000		2.90%	N/A	Variable	March 2029
El Arrayán EKF term loan	110,000		5.56%	N/A	Fixed	March 2029
Ocotillo commercial term loan	230,944	230,944	2.98%	3.00%	Variable	August 2020
Ocotillo development term loan	107,800	107,800	2.33%	2.35%	Variable	August 2033
	1,436,055	1,249,218				
Less: current portion	(58,896)	(48,851)				
	$ 1,377,159	$ 1,200,367				

Interest and commitment fees incurred, and interest expense recorded in the Company s consolidated statements of operations is as follows (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Interest and commitment fees incurred	$ 13,850	$ 14,655	$ 27,307	$ 28,720
Capitalized interest, commitment fees, and letter of credit fees	(597)	(478)	(1,880)	(897)
Letter of credit fees	1,100	814	2,153	1,580
Amortization of financing costs	1,454	1,841	2,848	4,071
Interest expense	$ 15,807	$ 16,832	$ 30,428	$ 33,474

El Arrayán

In May 2012, El Arrayán entered into a first lien senior secured credit agreement (El Arrayán Credit Agreement) which provides up to approximately $225.0 million in borrowings. Current borrowings under the El Arrayán Credit Agreement were used to finance the construction of the El Arrayán wind project and are comprised of a commercial tranche of up to $100.0 million and an export credit agency tranche provided by Eksport Kredit Fonden of Denmark (EKF Tranche) of up to $110.0 million, and letter of credit facility in an amount of up to $15.0 million. The construction loan converts into a term loan upon completion of construction of El Arrayán and certain other specified conditions. The project commenced commercial operations in June 2014 and term conversion is pending satisfaction of the remaining specified conditions. The financing is non-recourse to El Arrayán.

The commercial tranche construction and term loans are, with certain exceptions, LIBOR loans and accrue interest at LIBOR plus 2.75% per annum from the closing until the sixth anniversary of closing, 3.00% from the sixth anniversary to the tenth anniversary of

closing, 3.25% from the tenth anniversary to the fourteenth anniversary of closing, and 3.50% after the fourteenth anniversary of closing. The EKF Tranche construction loans accrue interest at a fixed rate of 3.30% and the EKF Tranche term loans accrue interest at a fixed rate of 5.56%, in each case, plus a margin of 0.25% from the sixth anniversary to the tenth anniversary of the closing, 0.50% from the tenth anniversary to the fourteenth anniversary of closing, and 0.75% after the fourteenth anniversary of closing.

El Arrayán is also required to pay semi-annual commitment fees on the construction loan commitments and the letter of credit commitments. El Arrayán also pays arranger fees and agency fees.

Value Added Tax (VAT) Facility

In addition to the El Arrayán Credit Agreement, in May 2012, El Arrayán entered into a $20 million VAT facility with Corpbanca. Under the VAT facility El Arrayán may borrow funds to pay for VAT payments due from the project. Drawdowns of the VAT facility must be repaid no later than 180 days. The VAT facility has an interest rate of Chilean Interbank Rate plus 1.00% and terminates in 2016. El Arrayán is also required to pay a commitment fee on the undrawn portion of the VAT facility. As of June 30, 2014, the outstanding balance on the VAT facility was $1.0 million.

Revolving Credit Facility

In November 2012, certain of the Company s subsidiaries entered into a $120.0 million revolving working capital facility with a four-year term, comprised of a revolving loan facility and a letter of credit facility (collectively, the revolving credit facility). The revolving credit facility has an accordion feature under which the Company had the right to increase available borrowings by up to $35.0 million if the Company s lenders or other additional lenders are willing to lend on the same terms and meet certain other conditions.

Collateral for the revolving credit facility consists of the Company s membership interests in certain of the Company s holding company subsidiaries. The revolving credit facility contains a broad range of covenants that, subject to certain exceptions, restrict the Company s ability to incur debt, grant liens, sell or lease assets, transfer equity interests, dissolve, pay distributions and change its business.

In March 2014, the Company exercised the accordion feature by increasing available borrowings by an additional $25.0 million, resulting in an aggregate facility amount of $145.0 million. Simultaneously, the Ocotillo project was added to the collateral pool that supports the revolving credit facility.

As of June 30, 2014 and December 31, 2013, letters of credit of $47.7 million and $44.8 million, respectively, have been issued and loans of $56.0 million were drawn and repaid during 2013. As of June 30, 2014 and December 31, 2013, there were no outstanding balances on the revolving credit facility.

9. Asset Retirement Obligations

The Company s asset retirement obligations represent the estimated cost, at all of its projects, of decommissioning the turbines, removing above-ground installations and restoring the sites at a date that is 20 years from the commencement of commercial operations of the facility.

The following table presents a reconciliation of the beginning and ending aggregate carrying amounts of asset retirement obligations as of June 30, 2014 and 2013 (in thousands):

	Six months ended June 30,	
	2014	2013
Beginning asset retirement obligations	$ 20,834	$ 19,056
Additions during the period	4,912	508
Foreign currency translation adjustment	5	(129)
Accretion expense	643	559
Ending asset retirement obligations	$ 26,394	$ 19,994

Table of Contents

10. Derivative Instruments

The Company employs a variety of derivative instruments to manage its exposure to fluctuations in interest rates and electricity prices. The following tables present the amounts that are recorded in the Company s financial statements (in thousands):

Undesignated Derivative Instruments Classified as Assets (Liabilities):

Derivative Type	Quantity	Maturity Dates	As of		For the period ended	
			Fair Market Value		QTD Gain (Loss)	YTD Gain (Loss)
			Current Portion	Long-Term Portion	Recognized into Income	Recognized into Income
June 30, 2014						
Interest rate swaps	6	6/30/2030	$ (3,842)	$ 7,897	$ (2,855)	$ (6,404)
Interest rate cap	1	12/31/2024		420	(87)	(261)
Energy derivative	1	4/30/2019	12,449	41,622	(6,549)	(14,282)
			$ 8,607	$ 49,939	$ (9,491)	$ (20,947)
December 31, 2013						
Interest rate swaps	6	6/30/2030	$ (3,899)	$ 14,358	$ 4,585	$ 15,367
Interest rate cap	1	12/31/2024		681	107	234
Energy derivative	1	4/30/2019	13,937	54,416	(6,050)	(11,272)
			$ 10,038	$ 69,455	$ (1,358)	$ 4,329
June 30, 2013						
Interest rate swaps	6	6/30/2030	$ (3,893)	$ 9,036	$ 8,165	$ 10,051
Interest rate cap	1	12/31/2024		529	37	82
Energy derivative	1	4/30/2019	15,534	52,210	(5,078)	(11,881)
			$ 11,641	$ 61,775	$ 3,124	$ (1,748)

Designated Derivative Instruments Classified as Assets (Liabilities):

Derivative Type	Quantity	Maturity Dates	As of		For the period ended	
			Fair Market Value		QTD Gain (Loss)	YTD Gain (Loss)
			Current Portion	Long-Term Portion	Recognized in OCI	Recognized in OCI
June 30, 2014						
Interest rate swaps	6	6/30/2033	$ (2,105)	$ 4,869	$ (1,998)	$ (4,756)
Interest rate swaps	3	3/31/2032	(1,915)	(673)	(116)	(116)

Interest rate swaps	7	3/15/2020	(5,136)	(7,943)	(377)	(351)
Interest rate swaps	2	6/28/2030	(4,806)	(3,230)	(3,056)	(6,246)
			$ (13,962)	$ (6,977)	$ (5,547)	$ (11,469)
December 31, 2013						
Interest rate swaps	6	6/30/2033	$ (2,105)	$ 9,625	$ 3,117	$ 10,434
Interest rate swaps	7	3/15/2020	(5,289)	(7,439)	2,129	9,398
Interest rate swaps	2	6/28/2030	(4,878)	3,087	4,143	17,043
			$ (12,272)	$ 5,273	$ 9,389	$ 36,875
June 30, 2013						
Interest rate swaps	6	6/30/2033	$ (2,082)	$ 5,675	$ 5,111	$ 6,507
Interest rate swaps	7	3/15/2020	(5,388)	(9,592)	5,874	7,145
Interest rate swaps	2	6/28/2030	(4,892)	(2,013)	9,282	11,935
			$ (12,362)	$ (5,930)	$ 20,267	$ 25,587

Gulf Wind

In 2010, Gulf Wind entered into interest rate swaps with each of its lenders to manage exposure to interest rate risk on its long-term debt. The fixed interest rate is set at 6.6% for years two through eight and 7.1% and 7.6% for the last two years of the loan term, respectively. The interest rate swaps qualify for hedge accounting and were designated as cash flow hedges. No ineffectiveness was recorded for the three and six months ended June 30, 2014 and 2013, respectively. The Company reclassified $1.4 million and $2.8 million related to cash settlements, into earnings from accumulated other comprehensive loss during the three and six months ended June 30, 2014, respectively, and $1.5 million and $2.8 million for the same periods in the prior year.

Table of Contents

In 2010, Gulf Wind also entered into an interest rate cap to manage exposure to future interest rates when its long-term debt is expected to be refinanced at the end of the ten-year term. The cap protects the Company if future interest rates exceed approximately 6.0%. The cap has an effective date of March 31, 2020, terminates on December 31, 2024, and has a notional amount of $42.1 million which reduces quarterly during its term. The cap is a derivative but does not qualify for hedge accounting and has not been designated. The Company recognized unrealized losses of $0.1 million and $0.3 million for the three months and six months ended June 30, 2014, respectively, in unrealized (loss) gain on derivatives in the consolidated statements of operations. The Company recognized an immaterial unrealized gain for the three months ended June 30, 2013 and a $0.1 million unrealized gain for the six months ended June 30, 2013.

In 2010, Gulf Wind acquired an energy derivative instrument to manage its exposure to variable electricity prices. The energy price swap fixes the price of approximately 58% of its electricity generation through April 2019. The energy derivative instrument is a derivative but did not meet the criteria required to adopt hedge accounting. The energy derivative instrument s fair value as of June 30, 2014 and December 31, 2013 was $54.1 million and $68.4 million, respectively. Gulf Wind recognized losses of $6.5 million, and $14.3 million for the three and six months ended June 30, 2014, respectively and $5.1 million and $11.9 million for the same periods in the prior year, in unrealized loss on energy derivative in the consolidated statements of operations.

Spring Valley

In 2011, Spring Valley entered into interest rate swaps with its lenders to manage exposure to interest rate risk on its long-term debt. The interest rate swaps exchange variable interest rate payments for fixed interest rate payments of approximately 5.5% for the first four years of its term debt and increases by 0.25% every four years, thereafter. The interest rate swaps qualify for hedge accounting and were designated as cash flow hedges. No ineffectiveness was recorded for the three and six months ended June 30, 2014 and 2013, respectively. The Company reclassified $1.3 million and $2.5 million related to cash settlements, into earnings from accumulated other comprehensive loss during the three and six months ended June 30, 2014, respectively, and $1.3 million and $2.5 million for the same periods in the prior year.

Ocotillo

In October 2012, Ocotillo entered into interest rate swaps with its lenders to manage exposure to interest rate risk on its long-term debt. The interest rate swaps exchange variable interest rate payments for fixed interest rate payments of approximately 4.6% and 4.9% for the development bank term loans and the commercial bank term loans, respectively. The fixed interest rate payments of the commercial bank term loan will increase by 0.25% on the fourth anniversary of the closing date. The interest rate swaps for the development bank loans qualify for hedge accounting and were designated as cash flow hedges. No ineffectiveness was recorded for the three and six months ended June 30, 2014 and 2013, respectively. The Company reclassified $0.5 million and $1.0 million related to cash settlements, into earnings from accumulated other comprehensive loss during the three and six months ended June 30, 2014, respectively. No amounts were reclassified from accumulated other comprehensive loss during the same periods in the prior year. The interest rate swaps for the commercial bank loans are undesignated derivatives that are used to mitigate exposure to variable interest rate debt.

El Arrayán

In May 2012, El Arrayán entered into three interest rate swap agreements with its lenders to manage exposure to interest rate risk on its long term debt. The interest rate swaps exchange variable interest rate payments for fixed interest rate payments of approximately 3.4% for the first two years of its term debt and subsequently increased to

5.8%, and increases by 0.25% on every fourth anniversary of the closing date, thereafter. The interest rate swaps qualify for hedge accounting and were designated as cash flow hedges. No ineffectiveness was recorded for the three and six months ended June 30, 2014 and 2013, respectively. The Company reclassified $0.2 million and $0.2 million related to cash settlements, into earnings from accumulated other comprehensive loss during the three and six months ended June 30, 2014, respectively.

Table of Contents

11. Accumulated Other Comprehensive Loss

The following tables summarize the changes in the accumulated other comprehensive loss balance by component, net of tax, for the six months ended June 30, 2014 and 2013 (in thousands):

	Foreign Currency	Effective Portion of Change in Fair Value of Derivatives	Proportionate Share of Equity Investee s OCI	Total
Balances at December 31, 2013	$ (8,463)	$ (7,002)	$ (1,912)	$ (17,377)
Other comprehensive loss before reclassifications	(869)	(4,912)	(4,283)	(10,064)
Amounts reclassified from accumulated other comprehensive loss		(6,557)		(6,557)
Net current period other comprehensive loss	(869)	(11,469)	(4,283)	(16,621)
Balances at June 30, 2014	$ (9,332)	$ (18,471)	$ (6,195)	$ (33,998)

	Foreign Currency	Effective Portion of Change in Fair Value of Derivatives	Proportionate Share of Equity Investee s OCI	Total
Balances at December 31, 2012	$ (154)	$ (43,877)	$ (1,475)	$ (45,506)
Other comprehensive (loss) income before reclassifications	(7,327)	30,946	1,601	25,220
Amounts reclassified from accumulated other comprehensive loss		(5,359)		(5,359)
Net current period other comprehensive (loss) income	(7,327)	25,587	1,601	19,861
Balances at June 30, 2013	$ (7,481)	$ (18,290)	$ 126	$ (25,645)

Amounts reclassified from accumulated other comprehensive loss into income for effective portion of change in fair value of derivatives is recorded to interest expense in the consolidated statements of operations. Amounts reclassified from accumulated other comprehensive loss into income for the Company s proportionate share of equity investee s other comprehensive loss is recorded to equity in losses in unconsolidated investments in the consolidated statements of operations.

12. Fair Value Measurements

The Company s fair value measurements incorporate various factors, including the credit standing and performance risk of the counterparties, the applicable exit market, and specific risks inherent in the instrument. Nonperformance and credit risk adjustments on risk management instruments are based on current market inputs when available, such as credit default hedge spreads. When such information is not available, internal models may be used.

Assets and liabilities recorded at fair value in the combined financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels directly related to the amount of subjectivity associated with the inputs to valuation of these assets or liabilities are as follows:

Level 1 Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument s anticipated life.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities and which reflect management s best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuations technique and the risk inherent in the inputs to the model.

Short-term financial instruments consist principally of cash and cash equivalents, restricted cash, accounts receivable, accounts payable and other accrued liabilities. Based on the nature and short maturity of these instruments, their fair value is approximated using carrying cost and they are presented in the Company s financial statements at carrying cost. The fair values of cash and cash equivalents and restricted cash are classified as Level 1 in the fair value hierarchy. The fair values of accounts receivable, accounts payable and other accrued liabilities are classified as Level 2 in the fair value hierarchy.

Table of Contents

The Company s financial assets and (liabilities) which require fair value measurement on a recurring basis are classified within the fair value hierarchy as follows (in thousands):

	Fair Value			
	Level 1	Level 2	Level 3	Total
June 30, 2014				
Interest rate swaps	$	$ (16,884)	$	$ (16,884)
Interest rate cap		420		420
Energy derivative			54,071	54,071
	$	$ (16,464)	$ 54,071	$ 37,607
December 31, 2013				
Interest rate swaps	$	$ 3,460	$	$ 3,460
Interest rate cap		681		681
Energy derivative			68,353	68,353
	$	$ 4,141	$ 68,353	$ 72,494

Level 2 Inputs

Derivative instruments subject to remeasurement are presented in the financial statements at fair value. The interest rate swaps and interest rate cap were valued by discounting the net cash flows using the forward LIBOR curve with the valuations adjusted by the counterparties credit default hedge rate. There were no transfers between Level 1 and Level 2 during the periods presented.

Level 3 Inputs

The fair value of the contingent liabilities is based upon the time of realization and the probability of the contingent event. An unobservable discount rate of 7% was used to determine the present value of the contractual liabilities and an unobservable probability factor of 75% was assigned to the contingent event prior to realization after considering contract terms, land rights, interconnect network, and environmental permits. The significant primary unobservable input used for contingent liabilities is the probability factor. Significant increases or decreases in this unobservable input would result in a significantly lower or higher fair value measurement.

The energy derivative instrument was valued by discounting the projected net cash flows over the remaining life of the derivative instrument using forward energy curves adjusted by a nonperformance risk factor. The significant unobservable input in calculating the fair value of the energy derivative instrument is forward electricity prices, which are derived from and impacted by changes in forward natural gas prices. Significant increases or decreases in this unobservable input would result in a significantly lower or higher fair value measurement.

The following table presents a reconciliation of contingent liabilities and the energy derivative contract measured at fair value, in thousands, on a recurring basis using significant unobservable inputs (Level 3) for the three and six months ended June 30, 2014 and 2013, respectively. There were no transfers between Level 2 and Level 3 during the periods presented.

	Contingent Liabilities		Energy Derivative	
	Six months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Balances, beginning of period	$	$ (8,001)	$ 68,353	$ 79,625
Settlements		8,001	(6,718)	(10,217)
Change in fair value, net of settlements			(7,564)	(1,664)
Balances, end of period	$	$	$ 54,071	$ 67,744

Table of Contents

The following table presents the carrying amount and fair value, in thousands, and the fair value hierarchy of the Company s financial liabilities that are not measured at fair value in the consolidated balance sheets as of June 30, 2014 and December 31, 2013, but for which fair value is disclosed.

	As reflected on the balance sheet	Fair Value			
		Level 1	Level 2	Level 3	Total
June 30, 2014					
Long-term debt	$ 1,436,055	$	$ 1,371,824	$	$ 1,371,824
December 31, 2013					
Long-term debt	$ 1,249,218	$	$ 1,165,119	$	$ 1,165,119

Long term debt is presented on the consolidated balance sheets at amortized cost, including El Arrayán which may be adjusted if its fair value is determined to be different than amortized cost, once the accounting for the acquisition has been finalized. The fair value of variable interest rate long-term debt is approximated by its carrying cost. The fair value of fixed interest rate long-term debt is estimated based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models are applied, using the net present value of cash flow streams over the term using estimated market rates for similar instruments and remaining terms.

13. Income Taxes

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. The Company recognizes deferred tax assets to the extent that the Company believes these assets are more likely than not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning and results of recent operations. If the Company determines that it would be able to realize deferred tax assets in the future in excess of their net recorded amount, it would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

The Company files income tax returns in various jurisdictions and is subject to examination by various tax authorities. The Company records uncertain tax positions in accordance with ASC 740 on the basis of a two-step process whereby (1) the Company determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes the largest amount of tax benefit that is more likely than not to be realized upon ultimate settlement with the related tax authority. The Company has a policy to classify interest and penalties associated with uncertain tax positions together with the related liability, and the expenses incurred related to such accruals, if any, are included as a component of income tax expense.

14. Stock-based Compensation

The Company accounts for stock-based compensation related to stock options granted to employees by estimating the fair value of the stock option awards using the Black-Scholes option-pricing model and amortizing the fair value over the applicable vesting period. The Company accounts for stock-based compensation related to restricted stock awards by measuring the fair value of the restricted stock awards at the grant date and amortizing the fair value on a straight line basis over the applicable vesting period.

Total stock-based compensation expense for the three and six months ended June 30, 2014 was $1.6 million and $2.2 million, respectively. No such expense was recorded during the three and six months ended June 30, 2013.

15. Earnings (Loss) per Share As Restated

The Company computes basic earnings (loss) per share (EPS) for Class A and Class B common stock using the two-class method. The Company computes diluted EPS for Class A and Class B common stock using either the two-class method or the if-converted method, whichever is more dilutive. The rights, including voting and liquidation rights, of the holders of the Class A and Class B common stock are identical, except with respect to dividends, as the Class B common stock is not entitled to dividends.

Basic EPS is computed for each class of common stock by allocating net income attributable to controlling interest to Class A common stock for dividends declared or accumulated during the current period that must be paid for the current period, and to Class B common stock for deemed dividends representing accretion from the beneficial conversion feature. Net loss attributable to common stockholders is allocated to Class A and Class B common stock proportionally, as if all of the losses for the period had been distributed. Net income attributable to common stockholders is allocated only to Class A common stock because Class B common stock is not entitled to receive distributions.

Diluted EPS is computed by dividing net income attributable to controlling interest by the weighted-average number of common shares and potentially dilutive common shares outstanding, for each respective class of common stock. Potentially dilutive common stock includes the dilutive effect of the common stock underlying in-the-money stock options and is calculated based on the average share price for each period using the treasury stock method. Potentially dilutive common stock also reflects the dilutive effect of unvested restricted stock awards and Class B common stock.

For the three and six months ended June 30, 2014, 15,555,000 shares of Class B common stock and 328,357 stock options and restricted stock awards, respectively, were excluded from the calculations of diluted Class A earnings (loss) per share as their impact would have been antidilutive.

Table of Contents

Class B common stock is contingently convertible to Class A common stock on a one-to-one basis on the later of December 31, 2014 or commencement of commercial operations of the South Kent wind project. The computation of diluted EPS of Class A common stock would include the impact of the conversion of Class B common stock, if dilutive for Class A common stock, using either the if-converted method or the two-class method, whichever is more dilutive, once the contingency surrounding the conversion has been met. On March 28, 2014, commercial operations commenced at the South Kent wind project and, as a result, the outstanding Class B common stock will be converted to Class A common stock on December 31, 2014.

In connection with the preparation of the consolidated financial statements for the quarter ended September 30, 2014, the Company identified errors in the computation and disclosure of basic and diluted earnings per share for both Class A and Class B common stock for the three and six months ended June 30, 2014. The initial calculations did not correctly consider the recognition and accretion of a deemed dividend associated with a beneficial conversion feature of the Class B common stock as a result of the commencement of commercial operations at the Company s South Kent project on March 28, 2014.

The computations for basic and diluted earnings (loss) per share as previously reported and as restated are as follows:

	As Previously Reported		**As Restated**	
	Three months ended June 30, 2014	**Six months ended June 30, 2014**	**Three months ended June 30, 2014**	**Six months ended June 30, 2014**
Numerator for basic and diluted earnings (loss) per share:				
Net income (loss) attributable to controlling interest	$ 11,199	$ (3,690)	$ 11,199	$ (3,690)
Less: cash dividends declared on Class A common shares	(14,981)	(26,138)	(14,981)	(26,138)
Less: deemed dividends on Class B common shares*			(7,457)	(7,457)
Net loss attributable to common stockholders	$ (3,782)	$ (29,828)	$ (11,239)	$ (37,285)
Denominator for earnings (loss) per share:				
Weighted average number of shares:				
Class A common stock - basic	41,174,697	38,331,595	41,174,697	38,331,595
Add dilutive effect of:				
Stock options	107,979	100,814	107,979	100,814
Restricted stock awards	227,543	227,543	227,543	227,543
Class B common stock	15,555,000	15,555,000	15,555,000	15,555,000
Class A common stock - diluted	57,065,219	54,214,953	57,065,219	54,214,953
Class B common stock - basic and diluted	15,555,000	15,555,000	15,555,000	15,555,000

Calculation of basic and diluted earnings (loss) per share:								
Class A common stock:								
Dividends	$	0.36	$	0.68	$	0.36	$	0.68
Undistributed loss		(0.07)		(0.55)		(0.20)		(0.69)
Basic earnings (loss) per share	**$**	**0.30**	**$**	**0.13**	**$**	**0.17**	**$**	**(0.01)**
Class A common stock:								
Diluted earnings (loss) per share	**$**	**0.20**	**$**	**(0.07)**	**$**	**0.16**	**$**	**(0.07)**
Class B common stock:								
Deemed dividends*	$		$		$	0.48	$	0.48
Undistributed loss	$	(0.07)		(0.55)		(0.20)		(0.69)
Basic and diluted earnings (loss) per share	**$**	**(0.07)**	**$**	**(0.55)**	**$**	**0.28**	**$**	**(0.21)**
Cash dividends declared per Class A common share*	**$**		**$**		**$**	**0.32**	**$**	**0.63**
Deemed dividends per Class B common share*	**$**		**$**		**$**	**0.48**	**$**	**0.48**

* Line items not previously reported.

16. Geographic Information

The table below provides information by country, about the Company s combined operations. Revenue is recorded in the country in which it is earned and assets are recorded in the country in which they are located (in thousands):

	Revenue				Property, Plant and Equipment, net	
	Three months ended June 30,		Six months ended June 30,		June 30,	December 31,
	2014	2013	2014	2013	20	