UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2017

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 001-33449

TOWERSTREAM CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**20-8259086**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
76 Hammarlund Way **Middletown, Rhode Island**	**02842**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code **(401) 848-5848**

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

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

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

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 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 website, 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 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, a smaller reporting company or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer" "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☒
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold as of the last business day of the registrant's most recently completed second fiscal quarter was $2,574,930.

As of March 23, 2018, there were 394,399 shares of common stock, par value $0.001 per share, outstanding.

TOWERSTREAM CORPORATION AND SUBSIDIARIES

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PART I

Forward-Looking Statements

Forward-looking statements in this report, including without limitation, statements related to Towerstream Corporation's plans, strategies, objectives, expectations, intentions and adequacy of resources, are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that such forward-looking statements involve risks and uncertainties including, without limitation, the following: (i) Towerstream Corporation's plans, strategies, objectives, expectations and intentions are subject to change at any time at the discretion of Towerstream Corporation; (ii) Towerstream Corporation's plans and results of operations will be affected by Towerstream Corporation's ability to manage growth and competition; and (iii) other risks and uncertainties indicated from time to time in Towerstream Corporation's filings with the Securities and Exchange Commission.

In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "could," "expects," "plans," "intends," "anticipates," "believes," "estimates," "predicts," "potential," or "continue" or the negative of such terms or other comparable terminology. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of such statements. Readers are cautioned not to place too much reliance on these forward-looking statements, which speak only as of the date hereof. We are under no duty to update any of the forward-looking statements after the date of this report.

Factors that might affect our forward-looking statements include, among other things:

- overall economic and business conditions;
- the demand for our services;
- competitive factors in the industries in which we compete;
- emergence of new technologies which compete with our service offerings;
- changes in tax requirements (including tax rate changes, new tax laws and revised tax law interpretations);
- the outcome of litigation and governmental proceedings;
- interest rate fluctuations and other changes in borrowing costs;
- other capital market conditions, including availability of funding sources;
- potential impairment of our indefinite-lived intangible assets and/or our long-lived assets; and
- changes in government regulations related to the broadband and Internet protocol industries.

Item 1 - Business.

Towerstream Corporation ("Towerstream", "we", "us", "our" or the "Company") is primarily a provider of fixed wireless services to businesses in twelve major urban markets across the U.S. During its first decade of operations, the Company's business activities were focused on delivering fixed wireless broadband services to commercial customers over a wireless network transmitting over both regulated and unregulated radio spectrum. Our fixed wireless service supports bandwidth on demand, wireless redundancy, virtual private networks, disaster recovery, bundled data and video services. We provide services to business customers in New York City, Boston, Chicago, Los Angeles, San Francisco, Seattle, Miami, Dallas-Fort Worth, Houston, Philadelphia, Las Vegas-Reno and Providence-Newport. Our "Fixed Wireless Services Business" ("Fixed Wireless" or "FW") has historically grown both organically and through the acquisition of five other fixed wireless broadband providers in various markets.

We offer fixed wireless business internet service in three product categories: Business Class Internet, Temporary Internet Solutions, and Wholesale Internet Service. This unique portfolio of bandwidth services is able to scale our existing target markets, from small businesses to fortune 500 companies. Such service is as fast as fiber and equally as stable.

Under the Business Class Internet category, we offer two types of service: Single Tenant Service and On-Net Service. Under the Single Tenant Service offering, we deliver fixed wireless broadband to a single client through a radio receiver/transmitter on the client's building dedicated solely to that client. We estimate an addressable market opportunity of approximately 392,000 buildings within four miles of the 175 Points-of-Presence ("PoP" or "Company Locations") located within the twelve major markets in which we provide service. Currently, we are offering bandwidth speeds ranging from 5Mbps (Megabits per second) to 10Gbps (Gigabits per second) in the Single Tenant Internet Service category with an increased focus on bandwidth speeds of 100Mbps or greater.

Under the On-Net Internet Service offering, we are able to connect, or "light", an entire building at once and at a cost similar to what was traditionally required for one high bandwidth customer requiring point-to-point equipment. This can be accomplished, in part, because the capabilities of the equipment installed by us have improved even as the costs of the equipment have decreased. As a result, we are able to leverage the initial installation cost to serve an entire building's tenant base. In place of a wireless install for every single customer in the building, we now only have to install the wireless portion of the install once. Subsequent customers are connected by simply running a wire to the common space in the building where the wireless service terminates. Additionally, instead of having multiple antennas on both the customer building and the PoP, there generally needs to be only one antenna on each location. We are offering 20Mbps to 1.5Gbps in this product category with an increased focus on bandwidth speeds of 100Mbps or greater.

Under the Temporary Internet Service offering, we are able to provide solutions for a client's short-term connection requirements in locations where fiber, copper, and cable infrastructure does not exist or is cost prohibitive. With connections available for days, weeks, or months, this solution is ideal for special events, conferences, television and movie productions, constructions projects and more.

Under the Wholesale Internet Service offering, we are able to deliver both Dedicated Internet Access (DIA) and Point-to-Point Transport solutions with bandwidth options from 5Mbps to 10mbps. By using our fixed wireless network, our wholesale partners bypass the extensive installation times of our fiber competitors. Our competitive advantages enable our partners to provide solutions their customers need quickly, reliably, and more cost-effective.

In March 2018 the Company announced that its board of directors commenced an evaluation of strategic repositioning of the Company as it moves to leverage its existing key assets in major U.S. markets. In conjunction with such announcement, the Company is launching a concerted focus on indirect and wholesale channels and has retained Bank Street Group LLC as its independent financial advisor to explore strategic alternatives with such broadband carriers. The Company has not set a definitive timetable for the completion of its review of strategic alternatives and there can be no assurances that the process will result in a transaction. Any potential strategic alternative will be evaluated by the board. The Company does not intend to discuss developments with respect to the evaluation process unless a transaction is approved, or disclosure becomes appropriate.

Our Network

The foundation of our network consists of PoPs which are generally located on very tall buildings in each urban market. We enter into long-term lease agreements with the owners of these buildings which provide us with the right to install communications equipment on the rooftop. We deploy this equipment in order to connect customers to the Internet. Each PoP is "linked" to one or more other PoPs to enhance redundancy and ensure that there is no single point of failure in the network. One or more of our PoPs are located in buildings where national Internet service providers such as Cogent or Level 3 are located, and we enter into IP transit or peering arrangements with these organizations in order to connect to the Internet. We refer to the core connectivity of all of our PoPs as a "Wireless Ring in the Sky." Each PoP has a coverage area averaging approximately six miles although the distance can be affected by numerous factors, most significantly, how clear the line of sight is between the PoP and a customer location.

Our network does not depend on traditional copper wire or fiber connections which are the backbone of many of our competitors' networks. We believe this provides us with an advantage because we may not be significantly affected by events such as natural disasters and power outages. Conversely, our competitors are at greater risk as copper and fiber connections are typically installed at or below ground level and more susceptible to network service issues during disasters and outages.

Markets

We launched our fixed wireless business in April 2001 in the Boston and Providence markets. In June 2003, we launched service in New York City and followed that with our entry into the Chicago, Los Angeles, San Francisco, Miami and Dallas-Fort Worth markets at various times through April 2008. Philadelphia was our last market launch in November 2009. We entered the Seattle, Las Vegas-Reno, and Houston markets through acquisitions of service providers based in those markets. We also expanded our market coverage and presence in Boston, Providence, and Los Angeles through acquisitions.

We determine which geographic markets to enter by assessing criteria in four broad categories. First, we evaluate our ability to deploy our service in a given market after taking into consideration our spectrum position, the availability of towers and other mounting structures. Second, we assess the market by evaluating the number of competitors, existing price points, demographic characteristics and distribution channels. Third, we evaluate the economic potential of the market, focusing on our forecasts of revenue opportunities and capital requirements. Finally, we look at market clustering opportunities and other cost efficiencies that might be realized. Based on this approach, as of December 31, 2017, we offer wireless broadband connectivity in 12 markets, of which 10 are in the top 20 metropolitan areas in the United States based on the number of small to medium businesses in each market. These 10 markets cover approximately 30% of small and medium businesses (5 to 249 employees) in the United States based on information obtained from AtoZDatabases.com.

We believe there are market opportunities beyond the 12 markets in which we are currently offering our services. Our long-term plan is to expand nationally into other top metropolitan markets in the United States. We believe that acquisitions represent a more cost effective manner to expand into new markets rather than to build our own infrastructure. Since 2010, we have completed five acquisitions, of which two were in new markets and three expanded our presence in existing markets. We have paid for these acquisitions through a combination of cash and equity, and believe that future acquisitions will be paid in a similar manner. Our decision to expand into new markets will depend upon many factors including the timing and frequency of acquisitions, national and local economic conditions, and the opportunity to leverage existing customer relationships in new markets.

Sales and Marketing

We employ an inside direct sales force model to sell our services to business customers. As of December 31, 201 7, we employed 8 direct sales people. We generally compensate these employees on a salary plus commission basis.

Sales through indirect channels comprised 35% of our total revenues during the year ended December 31, 2017 compared with 34% during the year ended December 31, 2016. Our channel program provides for recurring monthly residual payments ranging from 8% to 25%.

Effective January 24, 2017, the Company hired a new Chief Executive Officer who is a telecommunications industry veteran and has extensive experience developing markets and increasing revenue. Immediately thereafter, the Company began to implement new sales and marketing strategies to leverage the Company's state-of-the-art fixed wireless network to serve both enterprise and service providers. The three main pillars of this strategy are price, speed to market, and reliability. Our sales organization has been recently restructured for 2017 and beyond to create a more disciplined approach to identify and target prospective customers. Included in this strategy is a new methodology, which includes professional sales and development training, which will assist our sales professionals with achieving both volume and velocity. Enterprise demands are routinely moving towards and exceeding 100Mbps speeds.

As the demand for high bandwidth speeds over 100Mbps is projected to increase by double digits by 2020, building scale and digitizing networks are key for enterprises to keep pace. To ensure we are prepared for increasing demands of our clients and prospects, our service offerings have been condensed and priced accordingly. We currently offer three speeds in the Single Tenants and On-Net categories with customized quotes for larger bandwidth needs between 100Mbps and 1Gbps.

Under the Temporary Internet Service offering, the Company is able to provide solutions for a client's short-term connection requirements in locations where fiber, copper, and cable infrastructure does not exist or is cost prohibitive. With connections available for days, weeks, or months, this solution is ideal for special events, conferences, television and movie productions, constructions projects and more.

In August 2017, the Company created a new wholesale division that provides last-mile services to telecommunications carriers in North America. Sales and marketing efforts have been restructured to create a more disciplined approach to identify and target prospective customers. By leveraging existing software tools, our sales and marketing organization can identify 392,000 buildings within four miles of our PoPs that house customers with the highest propensity to buy our services. This focused approach allows our sales force to target the subset of buildings that have confirmed line-of-sight and also lack fiber. This segmentation of our prospect database enables us to focus on prospects that align with prospective customers that are most likely to need and buy our services, along with enhanced sales development training, and continues to assist our sales professionals to shorten the sales cycle and achieve volume and velocity.

Competition

The market for broadband services is highly competitive, and includes companies that offer a variety of services using a number of different technology platforms including cable networks, digital subscriber lines ("DSL"), fiber Internet service providers, third, fourth, and fifth-generation cellular, satellite, wireless Internet service and other emerging technologies. We compete with these companies on the basis of the portability, ease of use, speed of installation and price. Competitors to our wireless broadband services include:

Incumbent Local Exchange Carriers and Competitive Local Exchange Carriers

We face competition from traditional wireline operators in terms of price, performance, discounted rates for bundles of services, breadth of service, reliability, network security, and ease of access and use. In particular, we face competition from Verizon Communications Inc. and AT&T Inc. which are referred to as "incumbent local exchange carriers", as well as competitive local exchange carriers.

Cable Modem, DSL, and Fiber Services

We compete with companies that provide Internet connectivity through cable modems, DSL, and fiber services. Principal competitors include cable companies, such as Comcast Corporation (including their Xfinity product), Spectrum Communications (previously known as Charter Communications), Cox Communications and incumbent telecommunications companies, such as AT&T Inc. or Verizon Communications Inc. Both the cable and telecommunications companies deploy their services over wired networks initially designed for voice and one-way data transmission that have subsequently been upgraded to provide for additional two-way voice, video and broadband services.

Cellular and CMRS Services

Cellular and other Commercial Mobile Radio Service ("CMRS") carriers are seeking to expand their capacity to provide data and voice services that are superior to ours. These providers have substantially broader geographic coverage than we have and, for the foreseeable future, than we expect to have. If one or more of these providers can deploy technologies that compete effectively with our services, the mobility and coverage offered by these carriers will provide even greater competition than we currently face. Moreover, more advanced cellular and CMRS technologies, such as fourth generation Long Term Evolution ("LTE") mobile technologies, and fifth generation millimeter wave technology currently offer broadband service with packet data transfer speeds of up to 2,000,000 bits per second for fixed applications, and slower speeds for mobile applications. We expect that LTE technology will be improved to increase connectivity speeds to make it more suitable for a range of advanced applications.

Wireless Broadband Service Providers

We also face competition from other wireless broadband service providers that use licensed and unlicensed spectrum. In connection with our merger and acquisition activities, we have determined that most of our current and planned markets already have one or more locally based companies providing wireless broadband Internet services. In addition, many local governments, universities and other related entities are providing or subsidizing Wi-Fi networks over unlicensed spectrum, in some cases at no cost to the user. There exist numerous small urban and rural wireless operations offering local services that could compete with us in our present or planned geographic markets.

Satellite

Satellite providers, such as Hughes Network Systems, LLC, offer broadband data services that address a niche market, mainly less densely populated areas that are unserved or underserved by competing service providers. Although satellite offers service to a large geographic area, latency caused by the time it takes for the signal to travel to and from the satellite may challenge a satellite provider's ability to provide some services, such as Voice over Internet Protocol ("VoIP"), which reduces the size of the addressable market. Satellite providers are currently seeking additional frequencies from the FCC that would enable them to provide more robust fixed wireless services.

Other

We believe other emerging technologies may also seek to enter the broadband services market. For example, we are aware that several power generation and distribution companies are seeking to develop or have already offered commercial broadband Internet services over existing electric power lines.

Competitive Strengths

Even though we face substantial existing and prospective competition, we believe that we have a number of competitive advantages that will allow us to retain existing customers and attract new customers over time.

Reliability

Our network was designed specifically to support wireless broadband services. The networks of cellular, cable and DSL companies rely on infrastructure that was originally designed for non-broadband purposes. We also connect our customers to our Wireless Ring in the Sky which has no single point of failure. This ring is fed by multiple national Internet providers located at opposite ends of our service cities and connected to our national ring which is fed by multiple leading carriers. We believe that we are the only wireless broadband provider that offers true separate egress for true redundancy. With DSL and cable offerings, the wireline connection can be terminated by one backhoe swipe or switch failure. Our Wireless Ring in the Sky is not likely to be affected by backhoe or other below-ground accidents or severe weather. As a result, our network has historically experienced reliability rates of approximately 99%.

Flexibility

Our wireless infrastructure and service delivery enables us to respond quickly to changes in a customer's broadband requirements. We offer bandwidth options ranging from 5 megabits per second up to 10 gigabits per second. We can usually adjust a customer's bandwidth remotely and without having to visit the customer location to modify or install new equipment. Changes can often be made on a same day basis.

Timeliness

We have demonstrated the capability to install approximately 20% of our services within 7 days and approximately 75% of our services within thirty days from the customer contract date. Many of the larger telecommunications companies can take 30 to 60 days to complete an installation. The timeliness of service delivery has become more important as businesses conduct more of their business operations through the Internet.

Value

We own our entire network which enables us to price our services lower than most of our competitors. Specifically, we are able to offer competitive prices because we do not have to buy a local loop charge from the telephone company.

Efficient Economic Model

We believe our economic model is characterized by low fixed capital and operating expenditures relative to other wireless and wireline broadband service providers. We own our entire network which eliminates costs involved with using leased lines owned by telephone or cable companies. Our network is modular. Coverage is directly related to various factors including the height of the facility we are on and the frequencies we utilize. The average area covered by a PoP is a six-mile radius.

Prime Real Estate Locations

We have secured long term lease agreements for prime real estate locations in the twelve markets in which we have built our fixed wireless network. These locations are some of the tallest buildings in each city which facilitates our ability to deliver Internet connectivity to customer locations where line of sight is not available to our competitors.

Corporate History

We were organized in the State of Nevada in June 2005. In January 2007, we merged with and into a wholly-owned Delaware subsidiary for the sole purpose of changing our state of incorporation to Delaware. In January 2007, a wholly-owned subsidiary of ours merged with and into a private company formed in 1999, Towerstream Corporation, with Towerstream Corporation being the surviving company. Upon closing of the merger, we discontinued our former business and succeeded to the business of Towerstream Corporation as our sole line of business. At the same time, we also changed our name to Towerstream Corporation and our subsidiary, Towerstream Corporation, changed its name to Towerstream I, Inc.

Regulatory Matters

The Communications Act of 1934, as amended (the "Communications Act"), and the regulations and policies of the Federal Communications Commission ("FCC") impact significant aspects of our wireless Internet service business which is also subject to other regulation by federal, state and local authorities under applicable laws and regulations.

Spectrum Regulation

We provide wireless broadband Internet access services using both licensed and unlicensed fixed point-to-point systems. The FCC has jurisdiction over the management and licensing of the electromagnetic spectrum for all commercial users. The FCC routinely reviews its spectrum policies and may change its position on spectrum use and allocations from time to time. We believe that the FCC is committed to allocating spectrum to support wireless broadband deployment throughout the United States and will continue to modify its regulations to foster such deployment, which will help us implement our existing and future business plans.

Broadband Internet Service Regulation

Our wireless broadband network can be used to provide Internet access service and Virtual Private Networks ("VPNs"). On May 23, 2017, the FCC issued a notice of proposed rulemaking, the intention of which is to repeal the net neutrality protections adopted in 2015 Open Internet Order and reclassify fixed and mobile broadband services as information services governed by Title I of the Communications Act. On December 14, 2017, the FCC released its Restoring Internet Freedom Report and Order in which is re-classified Internet access service as an information and not a telecommunications service and removed all Title II obligations from Internet traffic arrangements. The impact of this Report and Order on the industry and competition is still unknown at this time.

In addition, Internet service providers are subject to a wide range of other federal regulations and statutes some of which are regulated by the Federal Trade Commission, including, for example, regulations and policies relating to low-income subsidies, consumer protection, consumer privacy, and copyright protections. State and local government authorities may also regulate limited aspects of our business by, for example, imposing consumer protection and consumer privacy regulations, zoning requirements, and requiring installation permits.

Regulatory Issues

Our antennas and equipment used to provide wireless broadband service are regulated by the FCC. As such, any changes in FCC regulations involving the use or deployment of wireless broadband service could have a positive or negative impact on our business.

Other - FAA Interference Issue

In August 2013, the FCC released a Notice of Apparent Liability for Forfeiture ("NAL") alleging that Towerstream caused harmful interference to doppler weather radar systems in New York and Florida, and proposing a fine for the alleged rule violations. In November 2013, after consultation with regulatory counsel, Towerstream filed a response denying the FCC's allegations. In July 2016, Towerstream settled the matter with the FCC under a consent decree that required Towerstream to admit that it violated the laws and regulations that prohibit Unlicensed National Information Infrastructure transmission systems operators from causing interference to doppler weather radar systems, to comply with such rules in the future, and to pay a civil penalty. The Company paid such penalty during the year ended December 31, 2016 and that amount was not material to the operating results for that period.

Rights Plan

In November 2010, we adopted a rights plan (the "Rights Plan") and declared a dividend distribution of one preferred share purchase right for each outstanding share of common stock as of the record date on November 14, 2010. Each right, when exercisable, entitles the registered holder to purchase one-hundredth (1/100th) of a share of Series A Preferred Stock, par value $0.001 per shares of the Company at a purchase price of $18.00 per one-hundredth (1/100th) of a share of the Series A Preferred Stock, subject to certain adjustments. The rights will generally separate from the common stock and become exercisable if any person or group acquires or announces a tender offer to acquire 15% or more of our outstanding common stock without the consent of our Board of Directors. Because the rights may substantially dilute the stock ownership of a person or group attempting to take us over without the approval of our Board of Directors, our Rights Plan could make it more difficult for a third party to acquire us (or a significant percentage of our outstanding capital stock) without first negotiating with our Board of Directors. In addition, we are governed by provisions of Delaware law that may prohibit large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us.

The provisions in our charter, bylaws, Rights Plan and under Delaware law, related to the foregoing, could discourage takeover attempts that our stockholders would otherwise favor, or otherwise reduce the price that investors might be willing to pay for our common stock in the future.

Employees

As of December 31, 2017, we had 83 employees, of whom 80 were full-time employees and 3 were part-time employees. As of March 23, 2018, we had 53 employees, of whom 50 were full-time employees and 3 were part-time employees. We believe our employee relations are good. Three employees are considered members of executive management.

Reverse Split

On September 29, 2017, the Company effected a one-for-seventy-five reverse stock split of its common stock. Consequently, all earnings per share and other share related amounts and disclosures have been retroactively adjusted for all periods presented for the splits.

Our Corporate Information

Our principal executive offices are located at 76 Hammarlund Way, Middletown, Rhode Island, 02842. Our telephone number is (401) 848-5848. The Company's website address is *http://www.towerstream.com*. Information contained on the Company's website is not incorporated into this Annual Report on Form 10-K. Annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports are available free of charge through the Securities and Exchange Commission ("SEC") website at *http://www.sec.gov* as soon as reasonably practicable after those reports are electronically filed with or furnished to the SEC. These reports are also available on the Company's website.

Item 1A - Risk Factors.

Investing in our common stock involves a high degree of risk. Prospective investors should carefully consider the risks described below and other information contained in this annual report, including our financial statements and related notes before purchasing shares of our common stock. There are numerous and varied risks, known and unknown, that may prevent us from achieving our goals. If any of these risks actually occurs, our business, financial condition or results of operations may be materially adversely affected. In that case, the trading price of our common stock could decline and investors in our common stock could lose all or part of their investment.

Risks Relating to Our Financial Condition

If we choose to raise additional capital, we may not be able to obtain additional financing to fund our operations on terms acceptable to us or at all.

If we choose to raise additional funds in the future, there can be no assurance that sufficient debt or equity financing will be available at all or, if available, that such financing will be at terms and conditions acceptable to us. Should we fail to obtain additional debt financing or raise additional capital, we may not be able to achieve our longer term business objectives and may face other serious adverse consequences. If we raise additional funds by issuing equity securities or convertible debt, investors may experience significant dilution of their ownership interest, and the newly-issued securities may have rights senior to those of the holders of our common stock. If we raise additional funds by obtaining loans from third parties, the terms of those financing arrangements may include negative covenants or other restrictions on our business that could impair our operational flexibility and may require us to provide collateral to secure the loan. In addition, in a liquidation, debtholders will be entitled to repayment before any proceeds can be paid to our stockholders.

We have a history of operating losses and expect to continue incurring losses for the foreseeable future.

Our net losses for the years ending December 31, 2017 and 2016 were $12,469,682 and $20,436,496, respectively. We cannot anticipate when, if ever, our operations will become profitable. We expect to incur significant net losses as we develop our network, expand our markets, undertake acquisitions, acquire spectrum licenses and pursue our business strategy. We intend to invest significantly in our business before we expect cash flow from operations to be adequate to cover our operating expenses. If we are unable to execute our business strategy and grow our business, either as a result of the risks identified in this section or for any other reason, our business, prospects, financial condition and results of operations will be adversely affected.

Cash and cash equivalents represent one of our largest assets and we may be at risk of being uninsured for a large portion of such assets.

As of December 31, 2017, we had approximately $7.6 million in cash and cash equivalents with one large financial banking institution. At times, our cash and cash equivalents may be uninsured or in deposit accounts that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. If the institution at which we have placed our funds were to become insolvent or fail, we could be at risk for losing a substantial portion of our cash deposits, or incur significant time delays in obtaining access to such funds. In light of the limited amount of federal insurance for deposits, even if we were to spread our cash assets among several institutions, we would remain at risk for the amount not covered by insurance.

Our growth may be slowed if we do not have sufficient capital.

The continued growth and operation of our business may require additional funding for working capital, debt service, the enhancement and upgrade of our network, the build-out of infrastructure to expand our coverage, possible acquisitions and possible bids to acquire spectrum licenses. We may be unable to secure such funding when needed in adequate amounts or on acceptable terms, if at all. To execute our business strategy, we may issue additional equity securities in public or private offerings, potentially at a price lower than the market price at the time of such issuance. Similarly, we may seek debt financing and may be forced to incur significant interest expense. If we cannot secure sufficient funding, we may be forced to forego strategic opportunities or delay, scale back or eliminate network deployments, operations, acquisitions, spectrum bids and other investments.

There is substantial doubt about our ability to continue as a going concern, which may hinder our ability to obtain future financing.

The Company's consolidated financial statements for the year ended December 31, 2017 have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Effective March 30, 2018 through April 15, 2018, the Company entered into an amended and restated Forbearance agreement with its lender and has classified long term debt with a net carrying value of $33,868,700 as current liabilities as of December 31, 2017. As of December 31, 2017, the Company had cash and cash equivalents of approximately $7.6 million and working capital deficiency of approximately $31.1 million. The Company has incurred significant operating losses since inception and continues to generate losses from operations and as of December 31, 2017, the Company had an accumulated deficit of $189.1 million. These matters raise substantial doubt about the Company's ability to continue as a going concern within one year after the date these financial statements are issued. Management has also evaluated the significance of these conditions in relation to the Company's ability to meet its obligations. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset amounts or the classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Our independent registered public accounting firm included an explanatory paragraph in its report on our financial statements included in this Annual Report on Form 10-K for the fiscal year ended December 31, 2017, describing the existence of substantial doubt about our ability to continue as a going concern.

Historically, the Company has financed its operation through private and public placement of equity securities, as well as debt financing and capital leases. The Company's ability to fund its longer term cash requirements is subject to multiple risks, many of which are beyond its control. The Company intends to raise additional capital, either through debt or equity financings or through the potential sale of the Company's assets in order to achieve its business plan objectives. Management believes that it can be successful in obtaining additional capital; however, no assurance can be provided that the Company will be able to do so. There is no assurance that any funds raised will be sufficient to enable the Company to attain profitable operations or continue as a going concern. To the extent that the Company is unsuccessful, the Company may need to curtail or cease its operations and implement a plan to extend payables or reduce overhead until sufficient additional capital is raised to support further operations. There can be no assurance that such a plan will be successful.

Recently enacted tax reform legislation in the U.S. could adversely affect our business and financial condition.

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 ("Tax Act") was signed into law, making significant changes to the Internal Revenue Code. Changes under the Tax Act include, but are not limited to, a corporate tax rate decrease from 35% to 21% effective for tax years beginning after December 31, 2017, a one-time transition tax on the mandatory deemed repatriation of cumulative foreign earnings, limitation of the tax deduction for interest expense to 30% of adjusted earnings (except for certain small businesses), limitation of the deduction for net operating losses to 80% of current year taxable income and elimination of net operating loss carrybacks, one time taxation of offshore earnings at reduced rates regardless of whether they are repatriated, elimination of U.S. tax on foreign earnings (subject to certain important exceptions), immediate deductions for certain new investments instead of deductions for depreciation expense over time, and modifying or repealing many business deductions and credits (including reducing the business tax credit for certain clinical testing expenses incurred in the testing of orphan drugs). The overall impact of the new federal tax law is uncertain, and our business and financial condition could be adversely affected. For example, because of the tax rate decrease, our deferred tax assets and our corresponding valuation allowance against these deferred tax assets have been reduced and may continue to be adversely impacted. In addition, it is uncertain if and to what extent various states will conform to Tax Act and what effect that legal challenges will have on the Tax Act, including litigation in the U.S. and international challenges brought at organizations such as the World Trade Organization. The impact of the Tax Act on holders of our common stock is also uncertain and could be adverse. Investors should consult with their legal and tax advisors with respect to this legislation and the potential tax consequences of investing in or holding our common stock.

Risks Relating to Fixed Wireless Services

We may be unable to successfully execute any of our current or future business strategies.

In order to pursue business strategies, we will need to continue to build our infrastructure and strengthen our operational capabilities. Our ability to do these successfully could be affected by any one or more of the following factors:

- the ability of our equipment, our equipment suppliers or our service providers to perform as we expect;
- the ability of our services to achieve market acceptance;
- our ability to manage third party relationships effectively;
- our ability to identify suitable locations and then negotiate acceptable agreements with building owners so that we can establish PoPs on their rooftops;
- our ability to work effectively with new customers to secure approval from their landlord to install our equipment;
- our ability to effectively manage the growth and expansion of our business operations without incurring excessive costs, high employee turnover or damage to customer relationships;
- our ability to attract and retain qualified personnel, especially individuals experienced in network operations and engineering;
- equipment failure or interruption of service which could adversely affect our reputation and our relations with our customers;
- our ability to accurately predict and respond to the rapid technological changes in our industry; and
- our ability to raise additional capital to fund our growth and to support our operations until we reach profitability.

Our failure to adequately address any one or more of the above factors could have a significant adverse impact on our ability to execute our business strategy and the long-term viability of our business.

We depend on the continued availability of leases and licenses for our communications equipment.

We have constructed proprietary networks in each of the markets we serve by installing antennae on rooftops, communication towers and other structures pursuant to lease or license agreements to send and receive wireless signals necessary for the operation of our network. We typically seek initial five-year terms for our leases with three to five-year renewal options. Such renewal options are generally exercisable at our discretion before the expiration of the current term. If these leases are terminated or if the owners of these structures are unwilling to continue to enter into leases or licenses with us in the future, we would be forced to seek alternative arrangements with other providers. If we are unable to continue to obtain or renew such leases on satisfactory terms, our business would be harmed.

We may not be able to attract and retain customers if we do not maintain and enhance our brand.

We believe that our brand is critical part to our success. Maintaining and enhancing our brand may require us to make substantial investments with no assurance that these investments will be successful. If we fail to promote and maintain the "Towerstream" brand, or if we incur significant expenses in this effort, our business, prospects, operating results and financial condition may be harmed. We anticipate that maintaining and enhancing our brand will become increasingly important, difficult and expensive and we may not be able to do so.

Many of our competitors are better established and have significantly greater resources which may make it difficult for us to attract and retain customers.

The market for broadband and related services is highly competitive, and we compete with several other companies within each of our markets. Many of our competitors are well established with larger and better developed networks and support systems, longer relationships with customers and suppliers, greater name recognition and greater financial, technical and marketing resources than we have. Our competitors may subsidize competing services with revenue from other sources and, thus, may offer their products and services at prices lower than ours. Our competitors may also reduce the prices of their services significantly or may offer broadband connectivity packaged with other products or services. We may not be able to reduce our prices or otherwise combine our services with other products or services which may make it more difficult to attract and retain customers. In addition, businesses which are presently focused on providing services to residential customers may expand their target base and begin offering service to business customers.

We expect existing and prospective competitors to adopt technologies or business plans similar to ours, or seek other means to develop competitive services, particularly if our services prove to be attractive in our target markets. This competition may make it difficult to attract new customers and retain existing customers.

We may experience difficulties constructing, upgrading and maintaining our network which could increase customer turnover and reduce our revenues.

Our success depends on developing and providing products and services that provide customers with high quality Internet connectivity. If the number of customers using our network increases, we will require more infrastructure and network resources to maintain the quality of our services. Consequently, we may be required to make substantial investments to improve our facilities and equipment, and to upgrade our technology and network infrastructure. If we do not complete these improvements successfully, or if we experience inefficiencies, operational failures or unforeseen costs during implementation, the quality of our products and services could decline.

We may experience quality deficiencies, cost overruns and delays in implementing network improvements and completing maintenance and upgrade projects. Portions of these projects may not be within our control or the control of our contractors. Our network requires the receipt of permits and approvals from numerous governmental bodies. Such bodies often limit the expansion of transmission towers and other construction necessary for our business. Failure to receive approvals in a timely fashion can delay system rollouts and raise the cost of completing projects. In addition, we are typically required to obtain rights from land, building or tower owners to install antennae and other equipment to provide service to our customers. We may not be able to obtain, on terms acceptable to us, or at all, the rights necessary to construct our network and expand our services.

We also face challenges in managing and operating our network. These challenges include operating, maintaining and upgrading network and customer premise equipment to accommodate increased traffic or technological advances, and managing the sales, advertising, customer support, billing and collection functions of our business while providing reliable network service at expected speeds and quality. Our failure in any of these areas could adversely affect customer satisfaction, increase customer turnover or churn, increase our costs and decrease our revenues.

We may be unable to operate in certain markets if we are unable to obtain and maintain rights to use licensed spectrum or if the FCC re-allocates "unlicensed" spectrum.

We provide our services in some markets by using spectrum obtained through licenses or long-term leases. Obtaining licensed spectrum can be a long and difficult process that can be costly and require substantial management resources. Securing licensed spectrum may subject us to increased operational costs, greater regulatory scrutiny and arbitrary government decision making and we may be unable to secure such licensed spectrum.

Licensed spectrum, whether owned or leased, poses additional risks, including:

- inability to satisfy build-out or service deployment requirements upon which spectrum licenses or leases may be conditioned;

- increases in spectrum acquisition costs or complexity;

- competitive bids, pre-bid qualifications and post-bid requirements for spectrum acquisitions, in which we may not be successful leading to, among other things, increased competition;
- adverse changes to regulations governing spectrum rights;
- the risk that acquired or leased spectrum will not be commercially usable or free of damaging interference from licensed or unlicensed operators in the licensed or adjacent bands;
- contractual disputes with, or the bankruptcy or other reorganization of, the license holders which could adversely affect control over the spectrum;
- failure of the FCC or other regulators to renew spectrum licenses as they expire; and
- invalidation of authorization to use all or a significant portion of our spectrum.

We utilize unlicensed spectrum in all of our markets which is subject to intense competition, low barriers of entry and slowdowns due to multiple users.

We presently utilize unlicensed spectrum in all of our markets to provide our service offerings. Unlicensed or “free” spectrum is available to multiple users and may suffer bandwidth limitations, interference and slowdowns if the number of users exceeds traffic capacity. The availability of unlicensed spectrum is not unlimited and others do not need to obtain permits or licenses to utilize the same unlicensed spectrum that we currently utilize or may utilize in the future. The inherent limitations of unlicensed spectrum could potentially threaten our ability to reliably deliver our services. Moreover, the prevalence of unlicensed spectrum creates low barriers of entry in our industry which naturally creates the potential for increased competition.

Interruption or failure of our information technology and communications systems could impair our ability to provide services which could damage our reputation.

Our services depend on the continuing operation of our information technology and communications systems. We have experienced service interruptions in the past and may experience service interruptions or system failures in the future. Any unscheduled service interruption adversely affects our ability to operate our business and could result in an immediate loss of revenues and adversely impact our operating results. If we experience frequent or persistent system or network failures, our reputation could be permanently harmed. We may need to make significant capital expenditures to increase the reliability of our systems, however, these capital expenditures may not achieve the results we expect.

Excessive customer churn may adversely affect our financial performance by slowing customer growth, increasing costs and reducing revenues.

The successful implementation of our business plan depends upon controlling customer churn. Customer churn is a measure of customers who cancel their services agreement. Customer churn could increase as a result of:

- interruptions to the delivery of services to customers over our network;
- the availability of competing technology such as cable modems, DSL, third-generation cellular, satellite, wireless Internet service and other emerging technologies, some of which may be less expensive or technologically superior to those offered by us;
- changes in promotions and new marketing or sales initiatives;
- new competitors entering the markets in which we offer service;
- a reduction in the quality of our customer service billing errors;
- a change in our fee structure; and
- existing competitors whose services may be less expensive.

An increase in customer churn can lead to slower customer growth, increased costs and a reduction in our revenues.

If our business strategy is unsuccessful, we will not be profitable and our stockholders could lose their investment.

Many fixed wireless companies have failed and there is no guarantee that our strategy will be successful or profitable. If our strategy is unsuccessful, the value of our company may decrease and our stockholders could lose their entire investment.

We may not be able to effectively control and manage our growth which would negatively impact our operations.

If our business and markets continue to grow and develop, it will be necessary for us to finance and manage expansion in an orderly fashion. In addition, we may face challenges in managing expanding product and service offerings, and in integrating acquired increased demands which could interrupt or adversely affect our operations and cause backlogs and administrative inefficiencies in the businesses discussed below. Such events would increase demands on our existing management, workforce and facilities.

The success of our business depends on the contributions of key personnel and our ability to attract, train and retain highly qualified personnel.

We are highly dependent on the continued services of our key personnel across all facets of operations. We do not have an employment agreement with any of these individuals except for our Chief Executive Officer, Chief Operating Officer and Chief Financial Officer. We cannot guarantee that any of these persons will stay with us for any definite period. Loss of the services of any of these individuals could adversely impact our operations. We do not maintain policies of "key man" insurance on our executives.

In addition, we must be able to attract, train, motivate and retain highly skilled and experienced technical employees in order to successfully introduce our services in new markets and grow our business in existing markets. Qualified technical employees often are in great demand and may be unavailable in the time frame required to satisfy our business requirements. We may not be able to attract and retain sufficient numbers of highly skilled technical employees in the future. The loss of technical personnel or our inability to hire or retain sufficient technical personnel at competitive rates of compensation could impair our ability to grow our business and retain our existing customer base.

We may pursue acquisitions that we believe complement our existing operations but which involve risks that could adversely affect our business.

Acquisitions involve risks that could adversely affect our business including the diversion of management time and focus from operations and difficulties integrating the operations and personnel of acquired companies. In addition, any future acquisition could result in significant costs, the incurrence of additional debt to fund the acquisition, and the assumption of contingent or undisclosed liabilities, all of which could materially adversely affect our business, financial condition and results of operations.

In connection with any future acquisition, we generally will seek to minimize the impact of contingent and undisclosed liabilities by obtaining indemnities and warranties from the seller. However, these indemnities and warranties, if obtained, may not fully cover the liabilities due to their limited scope, amount or duration, as well as the financial limitations of the indemnitor or warrantor.

We may continue to consider strategic acquisitions, some of which may be larger than those previously completed and which could be material transactions. Integrating acquisitions is often costly and may require significant attention from management. Delays or other operational or financial problems that interfere with our operations may result. If we fail to implement proper overall business controls for companies or assets we acquire or fail to successfully integrate these acquired companies or assets in our processes, our financial condition and results of operations could be adversely affected. In addition, it is possible that we may incur significant expenses in the evaluation and pursuit of potential acquisitions that may not be successfully completed.

We could encounter difficulties integrating acquisitions which could result in substantial costs, delays or other operational or financial difficulties.

Since 2010, we have completed five acquisitions. We may seek to acquire other fixed wireless businesses, including those operating in our current business markets or those operating in other geographic markets. We cannot accurately predict the timing, size and success of our acquisition efforts and the associated capital commitments that might be required. We expect to encounter competition for acquisitions which may limit the number of potential acquisition opportunities and may lead to higher acquisition prices. We may not be able to identify, acquire or profitably manage additional businesses or successfully integrate acquired businesses, if any, without substantial costs, delays or other operational or financial difficulties.

In addition, such acquisitions involve a number of other risks, including:

● failure to obtain regulatory approval for such acquisitions;

● failure of the acquired businesses to achieve expected results;

● integration difficulties could increase customer churn and negatively affect our reputation;

● diversion of management's attention and resources to acquisitions;

● failure to retain key personnel of the acquired businesses;

● disappointing quality or functionality of acquired equipment and personnel; and

● risks associated with unanticipated events, liabilities or contingencies.

The inability to successfully integrate and manage acquired companies could result in the incurrence of substantial costs to address the problems and issues encountered.

Our inability to finance acquisitions could impair the growth and expansion of our business.

The extent to which we will be able or willing to use shares of our common stock to consummate acquisitions will depend on (i) the market value of our securities which will vary, (ii) liquidity which can fluctuate, and (iii) the willingness of potential sellers to accept shares of our common stock as full or partial payment. Using shares of our common stock for acquisitions may result in significant dilution to existing stockholders. To the extent that we are unable to use common stock to make future acquisitions, our ability to grow through acquisitions may be limited by the extent to which we are able to raise capital through debt or equity financings. We may not be able to obtain the necessary capital to finance any acquisitions. If we are unable to obtain additional capital on acceptable terms, we may be required to reduce the scope of expansion or redirect resources committed to internal purposes. Our inability to use shares of our common stock to make future acquisitions may hinder our ability to actively pursue our acquisition program.

We rely on a limited number of third party suppliers that manufacture network equipment, and install and maintain our network sites.

We depend on a limited number of third party suppliers to produce and deliver products required for our networks. If these companies fail to perform or experience delays, shortages or increased demand for their products or services, we may face a shortage of components, increased costs, and may be required to suspend our network deployment and our service introduction. We also depend on a limited number of third parties to install and maintain our network facilities. We do not maintain any long-term supply contracts with these manufacturers. If a manufacturer or other provider does not satisfy our requirements, or if we lose a manufacturer or any other significant provider, we may have insufficient network equipment for delivery to customers and for installation or maintenance of our infrastructure. Such developments could force us to suspend the deployment of our network and the installation of new customers, thus impairing future growth.

Customers may perceive that our network is not secure if our data security controls are breached which may adversely affect our ability to attract and retain customers and expose us to liability.

Network security and the authentication of a customer's credentials are designed to protect unauthorized access to data on our network. Because techniques used to obtain unauthorized access to or to sabotage networks change frequently and may not be recognized until launched against a target, we may be unable to anticipate or implement adequate preventive measures against unauthorized access or sabotage. Consequently, unauthorized parties may overcome our encryption and security systems, and obtain access to data on our network. In addition, because we operate and control our network and our customers' Internet connectivity, unauthorized access or sabotage of our network could result in damage to our network and to the computers or other devices used by our customers. An actual or perceived breach of network security, regardless of whether the breach is our fault, could harm public perception of the effectiveness of our security controls, adversely affect our ability to attract and retain customers, expose us to significant liability and adversely affect our business prospects.

The delivery of our services could infringe on the intellectual property rights of others which may result in costly litigation, substantial damages and prohibit us from selling our services.

Third parties may assert infringement or other intellectual property claims against us. We may have to pay substantial damages, including for past infringement if it is ultimately determined that our services infringe a third party's proprietary rights. Further, we may be prohibited from selling or providing some of our services before we obtain additional licenses, which, if available at all, may require us to pay substantial royalties or licensing fees. Even if claims are determined to be without merit, defending a lawsuit takes significant time, may be expensive and may divert management's attention from our other business concerns. Any public announcements related to litigation or interference proceedings initiated or threatened against us could cause our business to be harmed and our stock price to decline.

Risks Relating to Discontinued Operations

We may incur additional charges in connection with our decision to exit the shared wireless infrastructure business, and any additional costs would adversely impact our cash flows.

During the fourth quarter of 2015, we determined to exit the shared wireless infrastructure business and curtailed activity in our smaller markets. In connection with this decision, we recognized charges in the fourth quarter of 2015 aggregating $5,359,000, consisting of $3,284,000 of estimated cost to settle our lease obligations, $1,618,000 to write-off network assets which could not be redeployed into the fixed wireless network and writing off $456,000 of deferred acquisition costs and security deposits which are not expected to be recovered.

During the first quarter of 2016, we sold the majority of network locations in New York City, our largest market, to a major cable company. We also determined that we would not be able to sell the remaining network locations in New York City. As a result, we recognized charges totaling $1,585,319 in the first quarter of 2016 which included $453,403 representing the estimated cost to settle lease obligations, $528,364 to write off network assets which could not be redeployed into the fixed wireless network, $110,500 related to security deposits which are not expected to be recovered, and $493,052 related to the accelerated expensing of deferred acquisition costs. These costs were partially offset by a $1,244,284 reduction in the accrual for terminated lease obligations that was recorded in the fourth quarter of 2015. This reduction reflects the outcome of settlements negotiated in the first quarter of 2016 with certain landlords. As of December 31, 2016, and based upon negotiations, settlements, and experiences through that date, the Company had reduced that remaining estimated liability by $1,557,626 to $1,240,000 and reduced operating expenses for the year ended December 31, 2016 by the same amount. As of December 31, 2017, and based upon negotiations, settlements, and experiences through that date, the Company had reduced that remaining estimated liability by $210,978 to $1,029,022. We believe that we have recognized principally all of the costs required to exit this business but can provide no assurance that additional costs will not be incurred. Any additional costs would adversely impact our operating results and cash flows, and our stock price could decline.

Risks Relating to the Wireless Industry

An economic or industry slowdown may materially and adversely affect our business.

Slowdowns in the economy or in the wireless or broadband industry may impact demand for our services. Customers may reduce the amount of bandwidth that they purchase from us during economic downturns which will directly affect our revenues and operating results. An economic or industry slowdown may cause other businesses or industries to delay or abandon implementation of new systems and technologies, including wireless broadband services. Further, political uncertainties, including acts of terrorism and other unforeseen events, may impose additional risks upon and adversely affect the wireless or broadband industry generally, and our business, specifically.

We operate in an evolving industry which makes it difficult to forecast our future prospects as our services may become obsolete and we may not be able to develop competitive products or services on a timely basis or at all.

The broadband and wireless services industries are characterized by rapid technological change, competitive pricing, frequent new service introductions, and evolving industry standards and regulatory requirements. We believe that our success depends on our ability to anticipate and adapt to these challenges, and to offer competitive services on a timely basis. We face a number of difficulties and uncertainties such as:

- competition from service providers using more efficient, less expensive technologies including products not yet invented or developed;

- responding successfully to advances in competing technologies in a timely and cost-effective manner;

- migration toward standards-based technology which may require substantial capital expenditures; and

- existing, proposed or undeveloped technologies that may render our wireless broadband services less profitable or obsolete.

As the services offered by us and our competitors develop, businesses and consumers may not accept our services as a commercially viable alternative to other means of delivering wireless broadband services. As a result, our services may become obsolete and we may be unable to develop competitive products or services on a timely basis, or at all.

We are subject to extensive regulation that could limit or restrict our activities.

Our business activities, including the acquisition, lease, maintenance and use of spectrum licenses, and use of unlicensed spectrum, are extensively regulated by federal, state and local governmental authorities. A number of federal, state and local privacy, security, and consumer laws also apply to our business. These regulations and their application are subject to continuous change as new legislation, regulations or amendments to existing regulations are periodically implemented by governmental or regulatory authorities, including as a result of judicial interpretations of such laws and regulations. Current regulations directly affect the breadth of services we are able to offer and may impact the rates, terms and conditions of our services. Regulation of companies that offer competing services such as cable and fiber providers, and telecommunications carriers also affects our business. If we fail to comply with these regulations, we may be subject to penalties, both monetary and nonmonetary, which may adversely affect our financial condition and results of operations.

On February 26, 2015, the FCC adopted an Open Internet order in which fixed and mobile broadband services are reclassified as telecommunications services governed by Title II of the Communications Act. This reclassification includes forbearance from applying many sections of the Communications Act and the FCC's rules to broadband service providers. As part of the Title II reclassification, the FCC could adopt new regulations requiring broadband service providers to register and pay Universal Service Fund ("USF") fees as well as submit to a significant amount of other common carrier regulations.

The Open Internet order also adopted rules prohibiting broadband service providers from: (1) blocking access to legal content, applications, services or non-harmful devices; (2) impairing or degrading lawful Internet traffic on its basis, content, applications or services; or (3) favoring certain Internet traffic over other traffic in exchange for consideration. Depending on how the Open Internet rules are implemented, the Open Internet order could limit our ability to manage customers' use of our networks, thereby limiting our ability to prevent or address customers' excessive bandwidth demands. To maintain the quality of our network and user experience, we may manage the bandwidth used by our customers' applications, in part by restricting the types of applications that may be used over our network. The FCC Open Internet regulations may constrain our ability to employ bandwidth management practices. Excessive use of bandwidth-intensive applications would likely reduce the quality of our services for all customers. Such decline in the quality of our services could harm our business.

On May 23, 2017, the FCC issued a notice of proposed rulemaking, the intention of which is to repeal the net neutrality protections adopted in 2015 and reclassify fixed and mobile broadband services as information services governed by Title I of the Communications Act. At the time of this filing, it is unknown if and when the proposed rules will be adopted, and it is possible that wireless broadband services may become subject to less federal regulation in the future.

The breach of a license or applicable law, even if accidentally, can result in the revocation, suspension, cancellation or reduction in the term of a license or the imposition of fines. In addition, regulatory authorities may grant new licenses to third parties, resulting in greater competition in territories where we already have rights to licensed spectrum. In order to promote competition, licenses may also require that third parties be granted access to our bandwidth, frequency capacity, facilities or services. We may not be able to obtain or retain any required license, and we may not be able to renew a license on favorable terms, or at all.

Wireless broadband services may become subject to greater state or federal regulation in the future. The scope of the regulations that may apply to companies like us and the impact of such regulations on our competitive position are presently unknown and could be detrimental to our business and prospects.

Risks Relating to Our Secured Indebtedness

Our cash flows and capital resources may be insufficient to meet minimum balance requirements or to make required payments on our secured indebtedness, which is secured by substantially all of our assets.

In October 2014, we entered into a loan agreement which provided us with a five-year $35,000,000 term loan. As of December 31, 2017, we had $34,657,986 of principal and interest outstanding under the terms of this loan. We have agreed to maintain a minimum balance of cash or cash equivalents equal to or greater than $6,500,000 at all times throughout the term of the loan. As of December 31, 2017, we had $7,568,982 in cash and cash equivalents with one large financing banking institution. The loan bears interest payable in cash at a rate equal to the greater of (i) the sum of the one month LIBOR rate on each payment date plus 7% or (ii) 8% per annum, and additional paid in kind ("PIK"), or deferred, interest that accrues at 4% per annum.

In November 2016, $5,000,000 of principal and accrued interest obligations in connection with this loan was converted into our Series D Convertible Preferred Stock ("Series D Preferred Stock"). This had the effect of reducing principal by $4,935,834 and given interest rates we experienced during the year ended December 31, 2016, reduced annual interest expense by approximately $592,000 and annual cash interest payments by approximately $395,000.

We recorded interest expense of $4,142,046 and $4,497,945 for the years ended December 31, 2017 and 2016, respectively. Of those amounts, we paid to the lender $2,775,054 and $2,998,630 and, in accordance with the provisions of the loan agreement, added $1,366,992 and $1,499,315 to the principal amount of the loan during the years ended December 31, 2017 and 2016, respectively.

Our indebtedness could have important consequences. For example, it could:

- make it difficult for us to satisfy our debt obligations;
- make us more vulnerable to general adverse economic and industry conditions;
- limit our ability to obtain additional financing for working capital, capital expenditures, acquisitions and other general corporate requirements;
- expose us to interest rate fluctuations because the interest rate on our long-term debt is variable;
- require us to dedicate a portion of our cash flow from operations to payments on our debt, thereby reducing the availability of our cash flow for operations and other purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; and
- place us at a competitive disadvantage compared to competitors that may have proportionately less debt and greater financial resources.

In addition, our ability to meet minimum balance requirements, make scheduled payments or refinance our obligations depends on our successful financial and operating performance, cash flows and capital resources, which in turn depend upon prevailing economic conditions and certain financial, business and other factors, many of which are beyond our control. These factors include, among others:

- economic and demand factors affecting our industry;
- pricing pressures;
- increased operating costs;
- competitive conditions; and
- other operating difficulties.

If our cash flows and capital resources are insufficient to fund our minimum balance requirements or debt service obligations, we may be forced to reduce or delay capital expenditures, sell material assets or operations, obtain additional capital or restructure our debt. In the event that we are required to dispose of material assets or operations to meet our debt service and other obligations, the value realized on such assets or operations will depend on market conditions and the availability of buyers. Accordingly, any such sale may not, among other things, be for a sufficient dollar amount. Our obligations pursuant to our long-term debt agreement are secured by a security interest in all of our assets, exclusive of capital stock of the Company, certain capital leases, certain contracts and certain assets secured by purchase money security interests. The foregoing encumbrances may limit our ability to dispose of material assets or operations. We also may not be able to restructure our indebtedness on favorable economic terms, if at all.

Our long-term debt agreement contains various covenants limiting the discretion of our management in operating our business.

Our long-term debt agreement contains, subject to certain carve-outs, various restrictive covenants that limit our management's discretion in operating our business. In particular, these instruments limit our ability to, among other things:

● incur additional debt;

● grant liens on assets;

● issue capital stock with certain features;

● sell or acquire assets outside the ordinary course of business; and

● make fundamental business changes.

On June 14, 2017, the lender delivered to us a "Waiver to Loan Agreement" (the "Waiver") waiving our obligations to provide a report of our auditors covering our December 31, 2016 audited financial statements "without a `going concern' or like qualification or exception and without any qualification or exception as to the scope of such audit" as provided in the debt agreement. The effective date of the Waiver is March 31, 2017 and the Waiver only applies to our failure to deliver such report of our auditors for the December 31, 2016 audited financial statements and not with respect to any future financial years. The Waiver is effective retroactive to the date on which our auditors' report concerning the December 31, 2016 financial statements which included a "going concern" explanatory paragraph was issued. The lender has not provided us any notice of Default or any Event of Default, as such terms are defined in our agreements with the lender, and has waived for all purposes the December 31, 2016 going concern covenant requirement. Notwithstanding such waiver, as a result of non-compliance with the non-financial covenant as of December 31, 2016, we reclassified long term debt with a net carrying value of $31,487,253 as current liabilities as of December 31, 2016.

Effective January 26, 2018, the Company entered into a Forbearance to Loan Agreement (the "Agreement") with the lender, as administrative agent to the lenders under the loan agreement entered into on October 16, 2014 by and among the Company, certain of its subsidiaries, the lender and the lender's party thereto (the "Loan Agreement"). Pursuant to the Agreement, the lender, through March 30, 2018 (the "Forbearance Period"), waived the Company's requirement to maintain at least $6,500,000 minimum in deposit accounts or securities accounts (the "$6,500,000 Minimum") and agreed to forbear from exercising any of its rights with respect to an event of default related to the $6,500,000 Minimum. The Forbearance Period shall terminate upon the Company's failure to maintain at least $4,000,000 minimum in deposit accounts or securities accounts or upon the occurrence of certain events of default. The Forbearance agreement was amended and restated effective February 28, 2018 to also include a forbearance of Section 6.1(a)(i) of the agreement "Qualified Auditor's Report" in the event that the Company's audited consolidated financial statements for the year ended December 31, 2017 contained a going concern qualification. The agreement was further amended and restated effective March 30, 2018 to extend the forbearance period until April 15, 2018. We expect to extend the Forbearance Period beyond April 15, 2018 but there is no guarantee that we will be able to do so on terms acceptable to us or at all. As a result of the Forbearance Period expiring April 15, 2018, the Company has classified long term debt with a net carrying value of $33,868,700 as current liabilities as of December 31, 2017.

Although we are currently in compliance with the covenants contained in the debt agreement, if we fail to comply with the restrictions in our long-term debt agreement, a default may allow the lender under the relevant instruments to accelerate the related debt and to exercise their remedies under these agreements, which will typically include the right to declare the principal amount of that debt, together with accrued and unpaid interest and other related amounts, immediately due and payable, to exercise any remedies the lender may have to foreclose on assets that are subject to liens securing that debt and to terminate any commitments they had made to supply further funds. The long-term debt agreement governing our indebtedness also contains various covenants that may limit our ability to pay dividends.

Risks Relating to Our Organization

Our certificate of incorporation allows for our Board of Directors to create new series of preferred stock without further approval by our stockholders which could adversely affect the rights of the holders of our common stock.

Our Board of Directors has the authority to fix and determine the relative rights and preferences of preferred stock. Our Board of Directors also has the authority to issue preferred stock without further stockholder approval. As a result, our Board of Directors could authorize the issuance of a series of preferred stock that would grant to such holders (i) the preferred right to our assets upon liquidation, (ii) the right to receive dividend payments before dividends are distributed to the holders of common stock and (iii) the right to the redemption of the shares, together with a premium, prior to the redemption of our common stock. In addition, our Board of Directors could authorize the issuance of a series of preferred stock that has greater voting power than our common stock or that is convertible into our common stock, which could decrease the relative voting power of our common stock or result in dilution to our existing common stockholders.

Any of the actions described in the preceding paragraph could significantly adversely affect the investment made by holders of our common stock. Holders of common stock could potentially not receive dividends that they might otherwise have received. In addition, holders of our common stock could receive less proceeds in connection with any future sale of the Company, whether in liquidation or on any other basis.

We are subject to extensive financial reporting and related requirements for which our accounting and other management systems and resources may not be adequately prepared.

We are subject to reporting and other obligations under the Securities Exchange Act of 1934, as amended, including the requirements of Section 404 of the Sarbanes-Oxley Act. Section 404 requires us to conduct an annual management assessment of the effectiveness of our internal controls over financial reporting. These reporting and other obligations place significant demands on our management, administrative, operational and accounting resources. In order to maintain compliance with these requirements, we may need to (i) upgrade our systems, (ii) implement additional financial and management controls, reporting systems and procedures, (iii) implement an internal audit function, and (iv) hire additional accounting, internal audit and finance staff. If we are unable to accomplish these objectives in a timely and effective manner, our ability to comply with our financial reporting requirements and other rules that apply to reporting companies could be impaired. Any failure to maintain effective internal controls could have a negative impact on our ability to manage our business and on our stock price.

We may be at risk to accurately report financial results or detect fraud if we fail to maintain an effective system of internal controls.

As directed by Section 404 of the Sarbanes-Oxley Act of 2002, the SEC adopted rules requiring public companies to include a report that contains an assessment by management on the Company's internal control over financial reporting in their annual and quarterly reports on Form 10-K and 10-Q. We cannot assure you that significant deficiencies or material weaknesses in our disclosure controls and internal control over financial reporting will not be identified in the future. Also, future changes in our accounting, financial reporting, and regulatory environment may create new areas of risk exposure. Failure to modify our existing control environment accordingly may impair our controls over financial reporting and cause our investors to lose confidence in the reliability of our financial reporting which may adversely affect our stock price.

Risks Relating to Our Common Stock

Our common stock is quoted on the OTCQB which may have an unfavorable impact on our stock price and liquidity.

Our common stock is quoted on the OTCQB. The OTCQB is an automated quotation service operated by OTC Markets, LLC. The quotation of our shares on the OTCQB may result in a less liquid market available for existing and potential stockholders to trade shares of our common stock, in part because of the inability or unwillingness of certain investors to acquire shares of common stock not traded on a national securities exchange, and could depress the trading price of our common stock and have a long-term adverse impact on our ability to raise capital in the future.

Our common stock is subject to the "penny stock" rules of the SEC and the trading market in the securities is limited, which makes transactions in our Common Stock cumbersome and may reduce the value of an investment in our Common Stock.

Rule 15g-9 under the Exchange Act establishes the definition of a "penny stock," for the purposes relevant to us, as any equity security that has a market price of less than $5.00 per share or with an exercise price of less than $5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, the rules require: (a) that a broker or dealer approve a person's account for transactions in penny stocks; and (b) the broker or dealer receive from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased.

In order to approve a person's account for transactions in penny stocks, the broker or dealer must: (a) obtain financial information and investment experience objectives of the person and (b) make a reasonable determination that the transactions in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prescribed by the SEC relating to the penny stock market, which, in highlight form: (a) sets forth the basis on which the broker or dealer made the suitability determination; and (b) confirms that the broker or dealer received a signed, written agreement from the investor prior to the transaction. Generally, brokers may be less willing to execute transactions in securities subject to the "penny stock" rules. This may make it more difficult for investors to dispose of our common stock and cause a decline in the market value of our common stock.

Disclosure also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and about the commissions payable to both the broker or dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

A limited public trading market may cause volatility in the price of our common stock.

The quotation of our common stock on the OTCQB marketplace does not assure that a meaningful, consistent and liquid trading market currently exists, and in recent years such market has experienced extreme price and volume fluctuations that have particularly affected the market prices of many smaller companies like us. Our common stock is subject to this volatility. Sales of substantial amounts of common stock, or the perception that such sales might occur, could adversely affect prevailing market prices of our common stock and our stock price may decline substantially in a short time and our stockholders could suffer losses or be unable to liquidate their holdings. Because our common stock does not trade on a national securities exchange, our common stock is subject to the securities laws of the various states and jurisdictions of the United States in addition to federal securities law. While we may register our common stock or qualify for exemptions for our common stock in one of more states, if we fail to do so the investors in those states where we have not taken such steps may not be allowed to purchase our stock or those who presently hold our stock may not be able to resell their shares without substantial effort and expense. These restrictions and potential costs could be significant burdens on our stockholders.

We have not paid dividends in the past and do not expect to pay dividends in the future. Any return on an investment in our common stock is expected to be limited to an increase in the value of the common stock.

We have never paid cash dividends on our common stock and do not anticipate doing so in the foreseeable future. The payment of dividends on our common stock will depend on our earnings, financial condition, and other business and economic factors as our Board of Directors may consider relevant. If we do not pay dividends, our common stock may be considered less valuable because a return on a shareholder’s investment will only occur if our stock price appreciates.

We adopted a Rights Plan in 2010 which may discourage third parties from attempting to acquire control of our Company and have an adverse effect on the price of our common stock.

In November 2010, we adopted the Rights Plan and declared a dividend distribution of twenty preferred share purchase rights for each outstanding share of common stock as of the record date on November 24, 2010. Each right, when exercisable, entitles the registered holder to purchase one-hundredth (1/100th) of a share of Series A Preferred Stock, par value $0.001 per share, at a purchase price of $18.00 per one-hundredth (1/100th) of a share of Series A Preferred Stock, subject to certain adjustments. The rights will generally separate from the common stock and become exercisable if any person or group acquires or announces a tender offer to acquire 15% or more of our outstanding common stock without the consent of our Board of Directors. Because the rights may substantially dilute the stock ownership of a person or group attempting to take us over without the approval of our Board of Directors, our Rights Plan could make it more difficult for a third party to acquire us (or a significant percentage of our outstanding capital stock) without first negotiating with our Board of Directors. In addition, we are governed by provisions of Delaware law that may prohibit large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us.

The provisions in our charter, bylaws, Rights Plan and under Delaware law related to the foregoing could discourage takeover attempts that our stockholders would otherwise favor, or otherwise reduce the price that investors might be willing to pay for our common stock in the future.

Offers or availability for sale of a substantial number of shares of our common stock may cause the price of our common stock to decline.

If our stockholders sell substantial amounts of our common stock in the public market, including upon the expiration of any statutory holding period under Rule 144 or registration for resale, or issued upon the conversion of preferred stock, if any, or exercise of warrants, it could create a circumstance commonly referred to as an "overhang" and in anticipation of which the market price of our common stock could fall. As of December 31, 2017, we had 394,399 shares of common stock issued and outstanding. As of December 31, 2017, we had 2,400 shares underlying warrants that have been registered for resale pursuant to an effective registration statement on Form S-3 (File No. 333-212437), 71,734 shares of common stock underlying our Series G Convertible Preferred Stock ("Series G Preferred Stock") available for resale under Rule 144 and 53,440 shares of common stock underlying our Series H Convertible Preferred Stock ("Series H Preferred Stock") for resale under Rule 144. The existence of an overhang, whether or not sales have occurred or are occurring, also could make our ability to raise additional financing through the sale of equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate more difficult.

The rights of our common stockholders are limited by and subordinate to the rights of the holders of Series G Preferred Stock and Series H Preferred Stock; these rights may have a negative effect on the value of shares of our Common Stock.

The holders of our outstanding shares of Series G Preferred Stock and Series H Preferred Stock have rights and preferences generally superior to those of our holders of common stock. The existence of these superior rights and preferences may have a negative effect on the value of shares of our common stock. These rights are more fully set forth in the certificates of designations governing these instruments, and include, but are not limited to:

- the right to receive a liquidation preference, prior to any distribution of our assets to the holders of our common stock; and
- the right to convert into shares of our common stock at the conversion price set forth in the certificates of designations governing the respective Preferred Stock, which may be adjusted.

Item 1B - Unresolved Staff Comments.

None.

Item 2 - Properties.

We do not own any real property.

Our executive offices are located in Middletown, Rhode Island, where we lease 16,569 square feet of space. Annual rent expense is $183,000 and escalates by approximately 3% annually reaching $213,000 for 2024. Our lease expires December 31, 2024 with an option to renew for an additional five year term.

Item 3 - Legal Proceedings.

There are no significant legal proceedings pending, and we are not aware of any material proceeding contemplated by a governmental authority, to which we are a party or any of our property is subject.

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 was listed on the NASDAQ Capital Market under the symbol TWER from May 31, 2007 until November 30, 2016. Effective December 1, 2016, the Company moved to trade on the OTCQB under the symbol TWER. The following table sets forth the high and low sales prices as reported on the NASDAQ Capital Market for the period from January 1, 2016 through November 30, 2016 and OTCQB for subsequent periods. The quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not represent actual transactions. All stock prices included in the following table are adjusted for the 1 for 20 reverse split of our common stock effected on July 7, 2016 and the 1 for 75 Listing Reverse Split implemented on September 29, 2017.

Fiscal Year 2017	**HIGH**	**LOW**
First Quarter	$ 15.75	$ 10.50
Second Quarter	$ 14.25	$ 6.75
Third Quarter	$ 9.00	$ 4.50
Fourth Quarter	$ 6.00	$ 3.00

Fiscal Year 2016	**High**	**Low**
First Quarter	$ 600.00	$ 150.00
Second Quarter	$ 855.00	$ 180.00
Third Quarter	$ 312.75	$ 88.50
Fourth Quarter	$ 117.00	$ 13.50

The last reported sales price of our common stock on the OTCQB on December 29, 2017 was $3.15 and on March 23, 2018, the last reported sales price was $3.60. According to the records of our transfer agent, as of March 23, 2018, there were 38 holders of record of our common stock.

Dividend Policy

We have never declared or paid cash dividends on our common stock, and we do not intend to pay any cash dividends on our common stock in the foreseeable future. Rather, we expect to retain future earnings (if any) to fund the operation and expansion of our business and for general corporate purposes.

Securities Authorized for Issuance Under Equity Compensation Plans

As of December 31, 2017, securities issued and securities available for future issuance under our 2008 Non-Employee Directors Compensation Plan, our 2007 Equity Compensation Plan, our 2007 Incentive Stock Plan, our 2016 Equity Incentive Plan and our 2016 Non-Executive Incentive Plan were as follows:

Equity Compensation Plan Information

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	76,601	$ 117.42	-
Equity compensation plans not approved by security holders	-	$ -	-
Total	76,601	$ 117.42	-

Recent Sales of Unregistered Securities.

There were no unregistered securities sold by us during the year ended December 31, 2017 that were not otherwise disclosed by us during the year in a Quarterly Report on Form 10-Q, a current Report on Form 8-K, or within this Annual Report on Form 10-K.

Recent Repurchases of Securities.

None.

Item 6 - Selected Financial Data.

Not applicable

Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations.

Segment Information

Upon its formation in 2013, the Company determined that the Shared Wireless Infrastructure business represented a separate business segment which was reported as the "Shared Wireless Infrastructure" or "Shared Wireless" segment. The Company's existing business which provides fixed wireless services to businesses was reported as the "Fixed Wireless" business segment. The Company also established a Corporate Group so that centralized operating activities which supported both business segments could be reported separately. During the fourth quarter of 2015, the Company determined to exit the Shared Wireless infrastructure business. As a result, the operating results of the Shared Wireless business are reported as discontinued operations in these financial statements. The Fixed Wireless operating results are reported as a single segment referred to as continuing operations. Costs associated with the Corporate Group are included in continuing operations.

Overview - Fixed Wireless

We provide fixed wireless broadband services to commercial customers and deliver access over a wireless network transmitting over both licensed and unlicensed radio spectrum. Our service supports bandwidth on demand, wireless redundancy, virtual private networks, disaster recovery, bundled data and video services. We currently provide service to business customers in twelve metropolitan markets.

Characteristics of our Revenues and Expenses

We offer broadband services under agreements for periods normally ranging between one to three years. Pursuant to these agreements, we bill customers on a monthly basis, in advance, for each month of service. Payments received in advance of services performed are recorded as deferred revenues and recognized as revenue ratably over the service period.

Infrastructure and access expenses relate directly to maintaining our network and providing connectivity to our customers. Infrastructure primarily relates to our Points-of-Presence ("PoPs") where we install a substantial amount of equipment, mostly on the roof, which we utilize to connect numerous customers to the internet. We enter into long term lease agreements to maintain our equipment on these PoPs and these rent payments comprise the majority of our infrastructure and access costs. Access expenses primarily consist of bandwidth connectivity agreements that we enter into with national service providers.

Network operations costs relate to the daily operations of our network and ensuring that our customers have connectivity within the terms of our service level agreement. We have employees based in our largest markets who are dedicated to ensuring that our network operates effectively on a daily basis. Other employees monitor network operations from our network operating center which is located at our corporate headquarters. Payroll comprises approximately 55% to 60% of network operations costs. Information technology systems and support comprises approximately 15% to 20% of network operations costs.

Customer support costs relate to our continuing communications with customers regarding their service level agreement. Payroll comprises approximately 78% to 88% of customer support costs. Other costs include travel expenses to service customer locations, shipping, troubleshooting, and facilities related expenses.

Sales and marketing expenses primarily consist of the salaries, benefits, travel and other costs of our sales and marketing teams, as well as marketing initiatives and business development expenses.

General and administrative expenses include costs attributable to corporate overhead and the overall support of our operations. Salaries and other related payroll costs for executive management and finance personnel are included in this category. Other costs include accounting, legal and other professional services, and other general operating expenses.

Overview - Shared Wireless Infrastructure

In January 2013, the Company incorporated a wholly-owned subsidiary, Hetnets Tower Corporation ("Hetnets"), to operate a new business designed to leverage its fixed wireless network in urban markets to provide other wireless technology solutions and services. Hetnets built a carrier-class network which offered a shared wireless infrastructure platform, primarily for (i) co-location of customer owned antenna and related equipment and (ii) Wi-Fi access and offloading. The Company referred to this as its "Shared Wireless Infrastructure" or "Shared Wireless" business. During the fourth quarter of 2015, the Company determined to exit this business and curtailed activities in its smaller markets. The remaining network, located in New York City, was the largest and had a lease access contract with a major cable company. As a result, the Company explored opportunities during the fourth quarter of 2015 and continuing into the first quarter of 2016 to sell the NYC network.

As further described in Note 4 to our consolidated financial statements, on March 9, 2016, the Company completed a sale and transfer of certain assets to the major cable company (the "Buyer"). The asset purchase agreement provided that the Buyer would assume certain rooftop leases in NYC and acquire ownership of the Wi-Fi access points and related equipment associated with operating the network. The Company retained ownership of all backhaul and related equipment and the parties entered into a backhaul services agreement under which the Company will provide bandwidth to the Buyer at the locations governed by the leases. The agreement is for a three-year period with two, one year renewals and is cancellable by the Buyer on sixty days' notice. The operating results and cash flows for Hetnets have been presented as discontinued operating results in these consolidated financial statements.

Reverse Stock Splits

On July 7, 2016, the Company effected a one-for-twenty reverse stock split of its common stock. Consequently, all earnings per share and other share related amounts and disclosures have been retroactively adjusted for all periods presented.

On September 29, 2017, the Company effected a one-for-seventy-five reverse stock split. Consequently, all earnings per share and other share related amounts and disclosures have been retroactively adjusted for all periods presented.

Results of Operations

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Continuing Operations – Fixed Wireless

Revenues. Revenues totaled $26,212,550 during the year ended December 31, 2017 compared to $26,895,613 during the year ended December 31, 2016 representing a decrease of $683,063, or 3%. The decrease is due to fewer customers but is offset by new customers having a higher average rate per unit and a lower overall customer churn rate.

Customer Churn. Customer churn, calculated as a percent of revenue lost on a monthly basis from customers terminating service or reducing their service level, totaled 1.31% during the year ended December 31, 2017 compared to 1.70% during the year ended December 31, 2016. Churn levels can fluctuate from period to period depending upon whether customers move to a location not serviced by the Company, go out of business, or a myriad of other reasons.

Infrastructure and Access. Infrastructure and access totaled $10,670,673 for the year ended December 31, 2017 compared to $10,366,246 for the year ended December 31, 2016 representing an increase of $304,427, or 3%. The increase primarily relates to higher tower rental costs and maintenance activity offset by a reduction in bandwidth costs.

Depreciation and Amortization. Depreciation and amortization totaled $6,734,987 during the year ended December 31, 2017 compared to $10,875,935 during the year ended December 31, 2016 representing a decrease of $4,140,948, or 38%. Depreciation expense totaled $5,324,969 during the year ended December 31, 2017 compared to $9,417,612 during the year ended December 31, 2016 representing a decrease of $4,092,643, or 43%. The depreciation decrease is due to capital investment activity being lower than historical levels and a higher percentage of assets becoming fully depreciated.

Amortization expense totaled $1,410,019 during the year ended December 31, 2017 compared to $1,458,323 during the year ended December 31, 2016 representing a decrease of $48,304, or 3%. Amortization expense relates to customer related intangible assets recorded in connection with acquisitions and can fluctuate significantly from period to period depending upon the timing of acquisitions, the relative amounts of intangible assets recorded, and the amortization periods.

Network Operations. Network operations totaled $4,342,392 for the year ended December 31, 2017 compared to $5,113,382 for the year ended December 31, 2016 representing a decrease of $770,990, or 15%. The primary reasons for the decrease are lower payroll costs of $334,003, or 11%, due primarily to staffing reductions, and information technology related cost reductions of $221,977, or 24%, due to decreased third party support and software licenses.

Customer Support. Customer support totaled $1,608,526 for the year ended December 31, 2017 compared to $1,858,314 for the year ended December 31, 2016 representing a decrease of $249,788, or 13%. The decrease is due to lower payroll related expenses of $367,440, or 23%, due to lower average headcount in the 2017 period as the Company consolidated departments and improved efficiencies, offset by higher other customer support costs of $117,652, or 51%, primarily due to increased maintenance costs.

Sales and Marketing. Sales and marketing expenses totaled $3,883,438 during the year ended December 31, 2017 compared to $3,936,915 during the year ended December 31, 2016 representing a decrease of $53,477, or l.4%. Advertising expenses have decreased $161,107, or 66%, as the Company has significantly reduced its Internet marketing initiatives in connection with its current marketing focus on specific businesses in certain connected buildings rather than marketing broadly to all businesses within a market, offset by increased indirect channel commissions of $135,213, or 17%, associated with the Company's residual program which pays continuing commissions as long as the referred business is a customer.

General and Administrative. General and administrative expenses totaled $6,324,084 during the year ended December 31, 2017 compared to $7,777,657 during the year ended December 31, 2016 representing a decrease of $1,453,573, or 19%. Public company costs decreased $872,353, or 77%, primarily due to the contract termination with certain investor relation firms in 2017, and Stock based compensation decreased $586,015, or 39%.

Loss on Extinguishment of Debt. Loss on extinguishment of debt totaled zero for the year ended December 31, 2017 compared to $500,000 for the year ended December 31, 2016 representing a decrease of $500,000, or 100%. This charge relates to the exchange of $5,000,000 in long-term debt for Series D Preferred Stock during the year ended December 21, 2016 as more fully described in Note 9, *Long-Term Debt* and Note 10(j), *Capital Stock*, in the financial statements.

Interest Expense, Net. Interest expense, net totaled $5,201,972 during the year ended December 31, 2017 compared to $6,605,222 during the year ended December 31, 2016 representing a decrease of $1,403,250, or approximately 21%. Interest expense relates to the $35,000,000 secured term loan which closed in October 2014 and capital lease arrangements. The decrease is primarily attributable to the $5,000,000 reduction of debt in the fourth quarter of 2016 as more fully described in Note 9, *Long-Term Debt* to the consolidated financial statements.

Discontinued Operations – Shared Wireless

Net loss from discontinued operations for the year ended December 31, 2016 was attributable to the Company's decision to exit the Hetnets business and curtail activities in certain smaller markets. See Note 4 "Discontinued Operations" within the notes to our consolidated financial statements for additional information about our discontinued operations.

Liquidity and Capital Resources

Changes in capital resources during the years ended December 31, 2017 and 2016 are described below.

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As of December 31, 2017, we had cash and cash equivalents of approximately $7.6 million and working capital deficiency of approximately $31.1 million. We have incurred significant operating losses since inception and continue to generate losses from operations and as of December 31, 2017, we have an accumulated deficit of $189.1 million. These matters raise substantial doubt about our ability to continue as a going concern within one year after the date these financial statements are issued. Management has also evaluated the significance of these conditions in relation to the Company's ability to meet its obligations. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset amounts or the classification of liabilities that might be necessary should we be unable to continue as a going concern.

Historically, we have financed our operation through private and public placement of equity securities, as well as debt financing and capital leases. Our ability to fund our longer term cash requirements is subject to multiple risks, many of which are beyond our control. We intend to raise additional capital, either through debt or equity financings or through the potential sale of our assets in order to achieve our business plan objectives. Management believes that it can be successful in obtaining additional capital; however, no assurance can be provided that we will be able to do so. There is no assurance that any funds raised will be sufficient to enable us to attain profitable operations or continue as a going concern. To the extent that we are unsuccessful, we may need to curtail or cease our operations and implement a plan to extend payables or reduce overhead until sufficient additional capital is raised to support further operations. There can be no assurance that such a plan will be successful.

On June 20, 2016, the Company raised $2,280,000 in a private placement offering of common stock and warrants and received net proceeds of $2,236,250.

On July 7, 2016, the Company raised $1,250,000 in a private placement offering of convertible preferred stock and warrants and received net proceeds of $1,194,737.

On September 12, 2016, the Company raised $4,000,000 in a registered public offering of common stock and received net proceeds of $3,378,280.

On November 1, 2016, the underwriter of the September 12, 2016 registered public offering exercised an over-allotment option and the Company raised $600,000 from the sale of common stock and received net proceeds of $528,150.

On November 8, 2016, the Company entered into a series of agreements wherein $5,000,000 of the Company's senior secured debt due to Lender was canceled and the Company simultaneously issued 1,000 shares of Series D Preferred Stock and warrants to purchase 4,000,000 shares of common stock at an exercise price of $1.15 per share. The cancellation of that debt serves to reduce the balloon payment due in October 2019 by that amount and reduce interest payments by $400,000 on an annual basis.

On November 22, 2016, the Company raised $1,000,000 in a private placement offering of preferred stock and received net proceeds of $827,635.

Continuing Operations

Net Cash Used In Operating Activities. Net cash used in operating activities for the year ended December 31, 2017 totaled $1,423,961 compared to $6,188,647 for the year ended December 31, 2016. The $4,764,686 decrease in cash used in operations is due to a $7,725,039 decrease in net loss, a $2,344,841 decrease in cash outflows associated with operating assets and liabilities, offset by a $5,305,194 decrease in non-cash items.

Net Cash Used in Investing Activities. Net cash used in investing activities for the year ended December 31, 2017 totaled $2,431,752 compared to $2,322,429 for the year ended December 31, 2016 representing an increase of $109,323. Cash capital expenditures totaled $2,407,877 in the 2017 period compared to $2,361,601 in the 2016 period representing an increase of $46,276. Capital expenditures can fluctuate from period to period depending upon the number of customer additions and upgrades, network construction activity related to increasing capacity or coverage, and other related reasons.

Net Cash (Used in) Provided by Financing Activities. Net cash used in financing activities for the year ended December 31, 2017 totaled $868,749 compared to net provided by financing activities of $7,213,677 for the year ended December 31, 2016 representing a decrease of $8,082,426. During the 2016 period, we completed three common stock offerings which resulted in net proceeds of $6,142,680 and two preferred stock offerings which resulted in net proceeds of $2,022,372.

Discontinued Operations

Net cash provided by discontinued operations for the year ended December 31, 2017 was $21,000 compared to net cash used in discontinued operations of $1,546,688 for the year ended December 31, 2016, representing an increase of $1,567,688. See Note 4 “Discontinued Operations” within the notes to our consolidated financial statements for additional information about our discontinued operations.

Other Considerations

Debt Financing. In October 2014, we entered into the Loan Agreement with Lender. The Lender provided us with a five-year $35,000,000 secured term loan (the "Financing"). The Financing was issued at a 3% discount and the Company incurred $2,893,739 in debt issuance costs. Net proceeds were $31,056,260.

On November 8, 2016 and in connection with a financing transaction as more fully discussed in Note 10, *Capital Stock*, an investor acquired $5,000,000 of the Company's obligations to the Lender consisting of principal and accrued interest of $4,935,834 and $64,166, respectively. The investor then immediately exchanged such obligations for 1,000 shares of the Company's Series D Preferred Stock and warrants for the purchase of up to 53,334 shares of the Company's common stock.

The loan bears interest at a rate equal to the greater of (i) the sum of the most recently effective one month LIBOR as in effect on each payment date plus 7% or (ii) 8% per annum, and additional paid in kind ("PIK"), or deferred, interest that accrues at 4% per annum.

The aggregate principal amount outstanding plus all accrued and unpaid interest is due in October 2019. The Company has the option of making principal payments (i) on or before October 16, 2016 (the "Second Anniversary") but only for the full amount outstanding and (ii) after the Second Anniversary in minimum amount(s) of $5,000,000 plus multiples of $1,000,000.

In connection with the Loan Agreement and pursuant to a Warrant and Registration Rights Agreement, we issued warrants (the "Warrants") to purchase 2,400 shares of common stock of which two-thirds have an exercise price of $1,890 and one-third have an exercise price of $15, subject to standard anti-dilution provisions. The Warrants have a term of seven and a half years.

Impact of Inflation, Changing Prices and Economic Conditions

Pricing for many technology products and services have historically decreased over time due to the effect of product and process improvements and enhancements. In addition, economic conditions can affect the buying patterns of customers. While our customer base experienced a decline during 2017, our overall pricing increased during that same period. Customers continued to place a premium on value and performance. Pricing of services continued to be a focus for prospective buyers with multi-point and midrange product pricing remaining steady while competition for high capacity links intensified. In part, pressure on high capacity links was due to decreased costs for equipment and some competitors willing to sacrifice margins. We believe that our customers will continue to upgrade their bandwidth service. The continued migration of many business activities and functions to the Internet, and growing use of cloud computing should also result in increased bandwidth requirements over the long term. Inflation has remained relatively modest and has not had a material impact on our business in recent years.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the amounts of revenues and expenses. Critical accounting policies are those that require the application of management's most difficult, subjective or complex judgments, often because of the need to make estimates about the effect of matters that are inherently uncertain and that may change in subsequent periods. In preparing the financial statements, we utilize available information, including our past history, industry standards and the current economic environment, among other factors, in forming our estimates and judgments, giving appropriate consideration to materiality. Actual results may differ from these estimates. In addition, other companies may utilize different estimates which may impact the comparability of our results of operations to other companies in our industry. We believe that of our significant accounting policies, the following may involve a higher degree of judgment and estimation, or are fundamentally important to our business.

Revenue Recognition

We normally enter into contractual agreements with our customers for periods normally ranging between one to three years. We recognize the total revenue provided under a contract ratably over the contract period including any periods under which we have agreed to provide services at no cost. Deferred revenues are recognized as a liability when billings are issued in advance of the date when revenues are earned. We recognize revenue when (i) persuasive evidence of an arrangement exists, (ii) delivery or installation has been completed, (iii) the customer accepts and verifies receipt, and (iv) collectability is reasonably assured.

Long-Lived Assets

Long-lived assets with definite lives consist primarily of property and equipment, and intangible assets such as acquired customer relationships. Long-lived assets are evaluated periodically for impairment or whenever events or circumstances indicate their carrying value may not be recoverable. Conditions that would result in an impairment charge include a significant decline in the fair value of an asset, a significant change in the extent or manner in which an asset is used, or a significant adverse change that would indicate that the carrying amount of an asset or group of assets is not recoverable. When such events or circumstances arise, an estimate of the future undiscounted cash flows produced by the asset, or the appropriate grouping of assets, is compared to the asset's carrying value to determine if impairment exists. If the asset is determined to be impaired, the impairment loss is measured based on the excess of its carrying value over its fair value. Assets to be disposed of are reported at the lower of their carrying value or net realizable value.

Goodwill

Goodwill represents the excess of the purchase price over the estimated fair value of identifiable net assets acquired in an acquisition. Goodwill is not amortized but rather is reviewed annually for impairment, or whenever events or circumstances indicate that the carrying value may not be recoverable. We initially perform a qualitative assessment of goodwill which considers macro-economic conditions, industry and market trends, and the current and projected financial performance of the reporting unit. No further analysis is required if it is determined that there is a less than 50 percent likelihood that the carrying value is greater than the fair value.

Asset Retirement Obligations

The Financial Accounting Standards Board ("FASB") guidance on asset retirement obligations addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated costs. This guidance requires the recognition of an asset retirement obligation and an associated asset retirement cost when there is a legal obligation associated with the retirement of tangible long-lived assets. Our network equipment is installed on both buildings in which we have a lease agreement ("Company Locations") and at customer locations. In both instances, the installation and removal of our equipment is not complicated and does not require structural changes to the building where the equipment is installed. Costs associated with the removal of our equipment at Company or customer locations are not material, and accordingly, we have determined that we do not presently have asset retirement obligations under the FASB's accounting guidance.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements, financings, or other relationships with unconsolidated entities known as "Special Purposes Entities."

Recent Accounting Pronouncements

Recent accounting pronouncements applicable to our financial statements are described in Note 3 to our financial statements titled *Basis of Presentation and Summary of Significant Accounting Policies* which is included elsewhere in this document.

Item 7A - Quantitative and Qualitative Disclosures About Market Risk.

Market Rate Risk

Market risk is the potential loss arising from adverse changes in market rates and prices. Our primary market risk relates to interest rates. At December 31, 2017, all cash and cash equivalents are immediately available cash balances. A portion of our cash and cash equivalents are held in institutional money market funds.

Interest Rate Risk

Our interest rate risk exposure is to a decline in interest rates which would result in a decline in interest income. Due to our current market yields, a further decline in interest rates would not have a material impact on earnings.

Foreign Currency Exchange Rate Risk

We do not have any material foreign currency exchange rate risk.

Item 8 - Financial Statements and Supplementary Data.

TOWERSTREAM CORPORATION AND SUBSIDIARIES
Index to Consolidated Financial Statements

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors
of Towerstream Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Towerstream Corporation and Subsidiaries (the "Company") as of December 31, 2017 and 2016, the related consolidated statements of operations, stockholders' deficit and cash flows for each of the two years in the period ended December 31, 2017, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

Explanatory Paragraph – Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 2, the Company has a significant working capital deficiency, has incurred significant losses and needs to raise additional funds to meet its obligations and sustain its operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Marcum llp

Marcum llp

We have served as the Company's auditor since 2007.

New York, NY
April 2, 2018

TOWERSTREAM CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	As of December 31,	
	2017	**2016**
Assets		
Current Assets		
Cash and cash equivalents	$ 7,568,982	$ 12,272,444
Accounts receivable, net of reserves for uncollectable accounts of $95,884 and $64,824, respectively	912,333	505,074
Prepaid expenses and other current assets	242,320	434,444
Current assets of discontinued operations	-	231,978
Total Current Assets	8,723,635	13,443,940
Property and equipment, net	13,430,980	15,252,357
Intangible assets, net	2,242,471	3,652,490
Goodwill	1,674,281	1,674,281
Other assets	386,047	369,769
Total Assets	$ 26,457,414	$ 34,392,837
Liabilities and Stockholders' (Deficit) Equity		
Current Liabilities		
Accounts payable	$ 1,150,861	$ 323,625
Accrued expenses	1,622,036	911,210
Accrued interest	722,629	-
Deferred revenues	934,450	1,161,520
Current maturities of capital lease obligations	382,918	791,009
Current liabilities of discontinued operations	1,029,022	1,240,000
Deferred rent	78,048	110,738
Long-term debt (callable), net of debt discounts and deferred financing costs of $789,287 and $1,803,742, respectively	33,868,700	31,487,253
Total Current Liabilities	39,788,664	36,025,355
Long-Term Liabilities		
Capital lease obligations, net of current maturities	305,947	158,703
Other	754,203	1,062,237
Total Long-Term Liabilities	1,060,150	1,220,940
Total Liabilities	40,848,814	37,246,295
Commitments (Note 15)		
Stockholders' Deficit		
Preferred stock, par value $0.001; 5,000,000 shares authorized;		
Series D Convertible Preferred - 0 and 1,233 shares issued and outstanding, respectively; Liquidation value of $0 and $1,233,000 as of December 31, 2017 and 2016	-	2
Series E Convertible Preferred - 0 and 500,000 shares issued and outstanding, respectively; Liquidation value of $0 and $500 as of December 31, 2017 and 2016	-	500
Series F Convertible Preferred – 0 and 1,233 shares issued and outstanding, respectively; Liquidation value of $0 and $1,233,000 as of December 31, 2017 and 2016	-	1
Series G Convertible Preferred - 538 and 0 shares issued and outstanding, respectively; Liquidation value of $538,000 and $0 as of December 31, 2017 and 2016	1	-
Series H Convertible Preferred - 501 and 0 shares issued and outstanding, respectively; Liquidation value of $501,000 and $0 as of December 31, 2017 and 2016	1	-
Common stock, par value $0.001; 200,000,000 shares authorized; 394,399 and 244,369 shares issued and outstanding as of December 31, 2017 and 2016, respectively	394	244
Additional paid-in-capital	174,733,113	173,801,022
Accumulated deficit	(189,124,909)	(176,655,227)
Total Stockholders' Deficit	(14,391,400)	(2,853,458)
Total Liabilities and Stockholders' Deficit	$ 26,457,414	$ 34,392,837

The accompanying notes are an integral part of these consolidated financial statements

TOWERSTREAM CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Years Ended December 31,	
	2017	**2016**
Revenues	$ 26,212,550	$ 26,895,613
Operating Expenses		
Infrastructure and access	10,670,673	10,366,246
Depreciation and amortization	6,734,987	10,875,935
Network operations	4,342,392	5,113,382
Customer support	1,608,526	1,858,314
Sales and marketing	3,883,438	3,936,915
General and administrative	6,324,084	7,777,657
Total Operating Expenses	33,564,100	39,928,449
Operating Loss	(7,351,550)	(13,032,836)
Other Income/(Expense)		
Interest expense, net	(5,201,972)	(6,605,222)
Loss on extinguishment of debt	-	(500,000)
Loss before income taxes	(12,553,522)	(20,138,058)
(Provision) benefit for income taxes	83,840	(56,663)
Loss from continuing operations	(12,469,682)	(20,194,721)
Loss from discontinued operations		
Loss from discontinued operations	-	(1,419,517)
Gain on sale of assets	-	1,177,742
Total loss from discontinued operations	-	(241,775)
Net Loss	(12,469,682)	(20,436,496)
Deemed dividend to Series D and F preferred stockholders	(1,905,570)	(1,721,745)
Net loss attributable to common stockholders	$ (14,375,252)	$ (22,158,241)
(Loss) income per share – basic and diluted		
Continuing	$ (43.01)	$ (274.06)
Discontinued		
Operating loss	-	(17.75)
Gain on sale of assets	-	14.73
Total discontinued	-	(3.02)
Net loss per common share – Basic and diluted	$ (43.01)	$ (277.08)
Weighted average common shares outstanding – Basic and diluted	334,234	79,969

The accompanying notes are an integral part of these consolidated financial statements.

TOWERSTREAM CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
For the Years Ended December 31, 2017 and 2016

	Series B Convertible Preferred Stock		Series C Convertible Preferred Stock		Series D Convertible Preferred Stock		Series E Convertible Preferred Stock		Series F Convertible Preferred Stock		Series G Convertible Preferred Stock		Series H Convertible Preferred Stock		Common Stock		Additional Paid-In-Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at January 1, 2016	-	$ -	-	$ -	-	$ -	-	$ -	-	$ -	-	$ -	-	$ -	44,567	$ 45	$ 158,764,373	$ (156,218,731)	$ 2,545,687
Issuance on June 20, 2016 of 10,000 units consisting of shares of common stock and warrants at $228.00 per unit for gross cash proceeds of $2,280,000, net of transaction costs of $43,750	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,000	10	2,236,240	-	2,236,250
Issuance on July 7, 2016 of 892,857 units consisting of shares of Series B Convertible Preferred Stock and warrants at $1.40 per unit for gross cash proceeds of $1,250,000, net of transaction costs of $56,156	892,857	893	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,193,844	-	1,194,737
Issuance on July 21 and July 26, 2016 of 5,953 shares of common stock in connection with the conversion of 892,857 shares of Series B Convertible Preferred Stock	(892,857)	(893)	-	-	-	-	-	-	-	-	-	-	-	-	5,953	6	887	-	-
Issuance on September 12, 2016 of 680,000 shares of Series C Convertible Preferred Stock in exchange for certain outstanding warrants	-	-	680,000	680	-	-	-	-	-	-	-	-	-	-	-	-	(680)	-	-
Issuance on September 12, 2016 of 39,507 shares of common stock at $101.25 per share for gross cash proceeds of $4,000,000, net of transaction costs of $621,720	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39,507	40	3,378,240	-	3,378,280
Issuance on various dates between October 10 and October 18, 2016, inclusive, of 9,067 shares of common stock in connection with the conversion of 680,000 shares of Series C Convertible Preferred Stock	-	-	(680,000)	(680)	-	-	-	-	-	-	-	-	-	-	9,067	9	671	-	-
Issuance on November 1, 2016 of 5,926 shares of common stock at $101.25 per share for gross cash proceeds of $600,000, net of transaction costs of $71,850	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,926	6	528,144	-	528,150
Issuance on November 8, 2016 of 1,000 shares of Series D Convertible Preferred Stock with a value of $5,500,000 in exchange for the reduction of $5,000,000 in long-debt, net of transaction costs of $170,264	-	-	-	-	1,000	1	-	-	-	-	-	-	-	-	-	-	5,329,735	-	5,329,736
Recognition on November 8, 2016 of beneficial conversion feature of $1,375,000 related to the modification of the conversion terms of Series D Convertible Preferred Stock and recorded as a deemed dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance on various dates between November 10 and November 16, 2016, inclusive, of 43,044 shares of common stock in connection with the conversion of 378 shares of Series D Convertible Preferred Stock	-	-	-	-	(378)	-	-	-	-	-	-	-	-	-	43,044	43	(43)	-	-
Issuance on November 22, 2016 of 2,799 shares of Series D Convertible Preferred Stock in connection with a 5.5 for 1 forward split of that series of stock	-	-	-	-	2,799	3	-	-	-	-	-	-	-	-	-	-	(3)	-	-
Issuance on November 22, 2016 of 1,000 shares of common stock at $1,000 per share for gross cash proceeds of $1,000,000, net of transaction costs of $172,366	-	-	-	-	1,000	1	-	-	-	-	-	-	-	-	-	-	827,634	-	827,635

Recognition on November 22, 2016 of beneficial conversion feature of $346,745 related to the modification of the conversion terms of Series D Convertible Preferred Stock and recorded as a deemed dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance on November 22, 2016 of 2,000,000 shares of Series E Convertible Preferred Stock in exchange for certain outstanding warrants	-	-	-	-	-	-	2,000,000	2,000	-	-	-	-	-	-	-	-	(2,000)	-	-
Issuance on various dates between November 22 and November 29, 2016, inclusive, of 63,334 shares of common stock in connection with the conversion of 1,955 shares of Series D Convertible Preferred Stock	-	-	-	-	(1,955)	(2)	-	-	-	-	-	-	-	-	63,334	63	(61)	-	-
Issuance on December 19, 2016 of 20,000 shares of common stock in connection with the conversion of 1,500,000 shares of Series E Convertible Preferred Stock	-	-	-	-	-	-	(1,500,000)	(1,500)	-	-	-	-	-	-	20,000	20	1,480	-	-
Issuance on December 30, 2016 of 1,233 shares of Series F Convertible Preferred Stock in exchange for 1,233 shares of Series D Convertible Preferred Stock	-	-	-	-	(1,233)	(1)	-	-	1,233	1	-	-	-	-	-	-	-	-	-
Issuance on various dates between February 1, and September 21, 2016, inclusive, of 2,573 shares of common stock at an average of $189.75 per share for services valued at $488,656	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,573	2	488,654	-	488,656
Issuance at the end of each quarter in connection with the employee stock purchase plan an aggregate total of 398 shares of common stock at an average price of $72.75 per share for proceeds of $28,952	-	-	-	-	-	-	-	-	-	-	-	-	-	-	398	-	28,952	-	28,952
Share-based compensation expense for options issued to directors, management, and employees during the current and previous years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,024,955	-	1,024,955
Net loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(20,436,496)	(20,436,496)
Balance at January 1, 2017	-	-	-	-	1,233	2	500,000	500	1,233	1	-	-	-	-	244,369	244	173,801,022	(176,655,227)	(2,853,458)
Conversion on January 9, 2017 of Series E convertible preferred into common shares					-	-	(500,000)	(500)	-	-	-	-	-	-	6,667	7	493	-	-
Conversion on various dates from January 26, 2017 to April 13,2017, inclusive, Series F convertible preferred into common shares					-	-	-	-	(590)	-	-	-	-	-	39,334	39	(39)	-	-
Conversion on May 26, 2017 of Series D Convertible Preferred Stock into Series G Preferred stock, and the conversion of Series F Convertible Preferred stock into Series H Convertible Preferred Stock					(1,233)	(2)	-	-	(643)	(1)	938	1	938	1	-	-	1	-	-
Conversion on various dates from May 30, 2017 to June 29,2017, inclusive, Series H convertible preferred into common shares					-	-	-	-	-	-	-	-	(437)	-	46,614	47	(47)	-	-
Conversion on various dates from June 30, 2017 to August 22,2017, inclusive, Series G convertible preferred into common shares											(400)	-			53,335	53	(53)	-	-
Additional shares issued as a result of the rounding provisions of the reverse stock split of September 29, 2017					-	-	-	-	-	-	-	-	-	-	4,050	4	(4)	-	-
Stock-based compensation for options					-	-	-	-	-	-	-	-	-	-	-	-	931,382	-	931,382
Issuance of common stock under employee stock purchase plan					-	-	-	-	-	-	-	-	-	-	30	-	358	-	358
Net Loss					-	-	-	-	-	-	-	-	-	-	-	-	-	(12,469,682)	(12,469,682)
Balance at December 31, 2017	-	-	-	-	-	-	-	-	-	-	538	1	501	1	394,399	394	174,733,113	(189,124,909)	(14,391,400)

The accompanying notes are an integral part of these consolidated financial statements.

TOWERSTREAM CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended December 31, 2017	2016
Cash Flows Used In Operating Activities:		
Net loss	$ (12,469,682)	$ (20,436,496)
Loss from discontinued operations	-	241,775
Net loss from continuing operations	(12,469,682)	(20,194,721)
Adjustments to reconcile loss from continuing operations to net cash used in operating activities:		
Provision (benefit) for income taxes	(83,840)	56,663
Provision for doubtful accounts	122,000	25,000
Depreciation for property, plant and equipment	5,324,969	9,417,612
Amortization for intangible assets	1,410,019	1,458,323
Interest added to note principal	1,366,992	1,499,315
Amortization of debt discount and deferred financing costs	1,014,456	1,609,588
Loss on extinguishment of debt	-	500,000
Write-off of debt discount and deferred financing costs in connection with extinguishment of debt	-	331,609
Accrued interest	722,629	(21,389)
Stock-based compensation - Options	931,382	1,024,955
Stock-based compensation – Stock issued for services	-	488,656
Stock-based compensation – Employee stock purchase plan	52	4,523
Deferred rent	(256,886)	(537,888)
Changes in operating assets and liabilities:		
Accounts receivable	(529,259)	(221,523)
Prepaid expenses and other current assets	192,124	39,585
Other assets	7,598	(24,584)
Account payable	827,236	(553,509)
Accrued expenses	223,319	(765,628)
Deferred revenues	(227,070)	(325,234)
Total Adjustments	11,045,721	14,006,074
Net Cash Used In Continuing Operating Activities	(1,423,961)	(6,188,647)
Net Cash Provided By (Used In) Discontinued Operating Activities	21,000	(1,546,688)
Net Cash Used In Operating Activities	(1,402,961)	(7,735,335)
Cash Flows Used In Investing Activities:		
Acquisitions of property and equipment	(2,407,877)	(2,361,601)
Payments (refund) of security deposits	(23,875)	39,172
Net Cash Used In Continuing Investing Activities	(2,431,752)	(2,322,429)
Cash Flows (Used In) Provided By Financing Activities:		
Payments on capital lease obligations	(869,055)	(975,804)
Net proceeds from the issuance of common stock and warrants	-	6,142,680
Net proceeds from the issuance of preferred stock	-	2,022,372
Proceeds from the issuance of common stock under employee stock purchase plan	306	24,429
Net Cash (Used In) Provided By Financing Activities	(868,749)	7,213,677
Net Decrease In Cash and Cash Equivalents		
Continuing Operations	(4,724,462)	(1,297,399)
Discontinued Operations	21,000	(1,546,688)
Net Decrease In Cash and Cash Equivalents	(4,703,462)	(2,844,087)
Cash and Cash Equivalents – Beginning of year	12,272,444	15,116,531
Cash and Cash Equivalents – Ending of year	$ 7,568,982	$ 12,272,444
Supplemental Disclosures of Cash Flow Information		
Cash paid during the periods for:		
Interest	$ 2,104,720	$ 3,113,805
Income taxes	$ 16,436	$ 13,909
Non-Cash Investing and Financing Activities:		
Acquisition of property and equipment:		
Under capital leases	$ 285,603	$ -
Included in accrued expenses	$ 320,043	$ 118,139
Interest added to note principal	$ 1,366,992	$ 1,499,315
Conversion of Series D Convertible Preferred Stock into Series G Convertible Preferred Stock, and the conversion of Series F Convertible Preferred Stock into Series H Convertible Preferred Stock	$ 3	$ -
Conversion of debt into Series D Convertible Preferred Stock	$ -	$ 5,329,736

Exchange of intangible assets – discontinued operations (Note 4)	$ -	$ 3,837,783

The accompanying notes are an integral part of these consolidated financial statements.

TOWERSTREAM CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Organization and Nature of Business

Towerstream Corporation (referred to as "Towerstream" or the "Company") was incorporated in Delaware in December 1999. During its first decade of operations, the Company's business activities were focused on delivering fixed wireless broadband services to commercial customers over a wireless network transmitting over both licensed and unlicensed radio spectrum. The Company's fixed wireless service supports bandwidth on demand, wireless redundancy, virtual private networks, disaster recovery, bundled data and video services. The Company provides services to business customers in New York City, Boston, Chicago, Los Angeles, San Francisco, Seattle, Miami, Dallas-Fort Worth, Houston, Philadelphia, Las Vegas-Reno and Providence-Newport. The Company's "Fixed Wireless" business has historically grown both organically and through the acquisition of five other fixed wireless broadband providers in various markets.

In January 2013, the Company incorporated a wholly-owned subsidiary, Hetnets Tower Corporation ("Hetnets"), to operate a new business designed to leverage its fixed wireless network in urban markets to provide other wireless technology solutions and services. Hetnets built a carrier-class network which offered a shared wireless infrastructure platform, primarily for (i) co-location of customer owned antenna and related equipment and (ii) Wi-Fi access and offloading. The Company referred to this as its "Shared Wireless Infrastructure" or "Shared Wireless" business. During the fourth quarter of 2015, the Company determined to exit this business and curtailed activities in its smaller markets. The remaining network, located in New York City, was the largest and had a lease access contract with a major cable company. As a result, the Company explored opportunities during the fourth quarter of 2015 and continuing into the first quarter of 2016 to sell the NYC network.

On March 9, 2016, the Company completed a sale and transfer of certain assets pursuant to an asset purchase agreement with a large cable company. Under the terms of the agreement, the Buyer assumed certain rooftop leases and acquired ownership of and the right to operate the Wi-Fi access points and related equipment associated with such leases. The Company retained ownership of all backhaul and related equipment, and the parties entered into an agreement under which the Company provides backhaul services to the Buyer. The agreement is for a three-year period with two one-year renewals and is cancellable by the Buyer on sixty days' notice. During the first quarter of 2016, the Company determined that it would not be able to sell the remainder of the NYC network, and accordingly, all remaining assets were redeployed into the fixed wireless network or written off. The operating results and cash flows for Hetnets have been presented as discontinued operating results in these consolidated financial statements.

Note 2 - Liquidity, Going Concern, and Management Plans

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As of December 31, 2017, the Company had cash and cash equivalents of approximately $7.6 million and working capital deficiency of approximately $31.1 million. The Company incurred significant operating losses since inception and continues to generate losses from operations and as of December 31, 2017, the Company has an accumulated deficit of $189.2 million. These matters raise substantial doubt about the Company's ability to continue as a going concern within one year after the date these financial statements are issued. Management has also evaluated the significance of these conditions in relation to the Company's ability to meet its obligations. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset amounts or the classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company has monitored and reduced certain of its operating costs over the course of the year. Historically, the Company has financed its operation through private and public placement of equity securities, as well as debt financing and capital leases. The Company's ability to fund its longer term cash requirements is subject to multiple risks, many of which are beyond its control. The Company intends to raise additional capital, either through debt or equity financings or through the potential sale of the Company's assets in order to achieve its business plan objectives. Management believes that it can be successful in obtaining additional capital; however, no assurance can be provided that the Company will be able to do so. There is no assurance that any funds raised will be sufficient to enable the Company to attain profitable operations or continue as a going concern. To the extent that the Company is unsuccessful, the Company may need to curtail or cease its operations and implement a plan to extend payables or reduce overhead until sufficient additional capital is raised to support further operations. There can be no assurance that such a plan will be successful.

Note 3 - Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

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.

Retroactive Adjustment For Reverse Stock Splits

On July 7, 2016, the Company effected a one-for-twenty reverse stock split of its common stock.

On September 29, 2017, the Company effected a one-for-seventy-five reverse stock split of its common stock. Consequently, all earnings per share and other share related amounts and disclosures have been retroactively adjusted for all periods presented for the reverse stock splits.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the amounts of revenues and expenses. Actual results could differ from those estimates. Key estimates include fair value of certain financial instruments, carrying value of intangible assets, reserves for accounts receivable and accruals for liabilities.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist of cash and cash equivalents. At times, the Company's cash and cash equivalents may be uninsured or in deposit accounts that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. As of December 31, 2017, the Company had cash and cash equivalent balances of approximately $7.3 million in excess of the federally insured limit of $250,000.

Accounts Receivable, Net

Accounts receivable are stated at cost less an allowance for doubtful accounts which reflects the Company's estimate of balances that will not be collected. The allowance is based on the history of past write-offs, the aging of balances, collections experience and current credit conditions. Additions include provisions for doubtful accounts and deductions include customer write-offs.

Property and Equipment and depreciation

Property and equipment are stated at cost and include equipment, installation costs and materials. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the useful lives or the term of the respective lease. Network, base station and customer premise equipment are depreciated over estimated useful lives of five years; furniture, fixtures and other from three to five years and information technology from three to five years. Expenditures for maintenance and repairs which do not extend the useful life of the assets are charged to expense as incurred. Gains or losses on disposals of property and equipment are reflected in general and administrative expenses in the Company's consolidated statements of operations.

FCC Licenses

Federal Communications Commission ("FCC") licenses are initially recorded at cost and are considered to be intangible assets with an indefinite life because the Company is able to maintain the license indefinitely as long as it complies with certain FCC requirements. The Company intends to and has demonstrated an ability to maintain compliance with such requirements. The Financial Accounting Standards Board's ("FASB") guidance on goodwill and other intangible assets states that an asset with an indefinite useful life is not amortized. However, as further described in the next paragraph, these assets are reviewed annually for impairment.

Long-Lived Assets

Long-lived assets with definitive lives consist primarily of property and equipment, and certain intangible assets. Long-lived assets are evaluated periodically for impairment, or whenever events or circumstances indicate their carrying value may not be recoverable. Conditions that would result in an impairment charge include a significant decline in the fair value of an asset, a significant change in the extent or manner in which an asset is used, or a significant adverse change that would indicate that the carrying amount of an asset or group of assets is not recoverable. When such events or circumstances arise, an estimate of the future undiscounted cash flows produced by the asset, or the appropriate grouping of assets, is compared to the asset's carrying value to determine if impairment exists. If the asset is determined to be impaired, the impairment loss is measured based on the excess of its carrying value over its fair value. Assets to be disposed of are reported at the lower of their carrying value or net realizable value.

The FASB's guidance on asset retirement obligations addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated costs. This guidance requires the recognition of an asset retirement obligation and an associated asset retirement cost when there is a legal obligation associated with the retirement of tangible long-lived assets. The Company's network equipment is installed on both buildings in which the Company has a lease agreement and at customer locations. In both instances, the installation and removal of the Company's equipment is not complicated and does not require structural changes to the building where the equipment is installed. Costs associated with the removal of the Company's equipment at company or customer locations are not material, and accordingly, the Company has determined that it does not presently have asset retirement obligations under the FASB's accounting guidance.

Goodwill

Goodwill represents the excess of the purchase price over the estimated fair value of identifiable net assets acquired in an acquisition. Goodwill is not amortized but rather is reviewed annually for impairment, or whenever events or circumstances indicate that the carrying value may not be recoverable. The Company initially performs a qualitative assessment of goodwill which considers macro-economic conditions, industry and market trends, and the current and projected financial performance of the reporting unit. No further analysis is required if it is determined that there is a less than 50 percent likelihood that the carrying value is greater than the fair value. The Company completed a qualitative assessment and determined that there was no impairment of goodwill as of December 31, 2017 and 2016, respectively.

Fair Value of Financial Instruments

The Company has categorized its financial assets and liabilities measured at fair value into a three-level hierarchy in accordance with the FASB's guidance. Fair value is defined as an exit price, the amount that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants at the measurement date. The degree of judgment utilized in measuring the fair value of assets and liabilities generally correlates to the level of pricing observability. Financial assets and liabilities with readily available, actively quoted prices or for which fair value can be measured from actively quoted prices in active markets generally have more pricing observability and require less judgment in measuring fair value. Conversely, financial assets and liabilities that are rarely traded or not quoted have less price observability and are generally measured at fair value using valuation models that require more judgment. These valuation techniques involve some level of management estimation and judgment, the degree of which is dependent on the price transparency of the asset, liability or market and the nature of the asset or liability.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and operating loss and tax credit carryforwards. Deferred 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 tax assets and liabilities of a change in tax rates is recognized in operations in the period enacted. A valuation allowance is provided when it is more likely than not that a portion or all of a deferred tax asset will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income and the reversal of deferred tax liabilities during the period in which related temporary differences become deductible. The benefit of tax positions taken or expected to be taken in the Company's income tax returns are recognized in the consolidated financial statements if such positions are more likely than not to be sustained upon examination.

On December 22, 2017, new tax legislation known as the Tax Cuts and Jobs Act (the "Act") was signed into law. The law change will result in many tax accounting issues as its most significant change relates to a significant corporate rate reduction. The Act reduces the corporate tax rate to 21 percent, effective January 1, 2018. Under ASC 740, the effects of new legislation are recognized upon enactment, which is the date the president signs a bill into law. Accordingly, recognition of the tax effect of the rate reduction of the Act has been accounted for in the computation of the Company's federal deferred tax asset and liability balances, which are computed utilizing the new rates in the period for which the tax law was enacted with a corresponding net adjustment to deferred income tax expense (or benefit) and the effect to the valuation allowance. The change in the federal rate as a result of the Act is reflected as a discreet item within the rate reconciliation and the effect of the remeasurement of the deferred taxes is also included in the deferred tax and valuation allowance disclosure.

Revenue Recognition

The Company normally enters into contractual agreements with its customers for periods ranging between one to three years. The Company recognizes the total revenue provided under a contract ratably over the contract period, including any periods under which the Company has agreed to provide services at no cost. The Company applies the revenue recognition principles set forth under the United States Securities and Exchange Commission Staff Accounting Bulletin 104, ("SAB 104") which provides for revenue to be recognized when (i) persuasive evidence of an arrangement exists, (ii) delivery or installation has been completed, (iii) the customer accepts and verifies receipt, and (iv) collectability is reasonably assured.

Deferred Revenues

Customers are billed monthly in advance. Deferred revenues are recognized for that portion of monthly charges not yet earned as of the end of the reporting period. Deferred revenues are also recognized for certain customers who pay for their services in advance.

Deferred Rent

The Company records rent expense on operating leases on a straight-line basis over the minimum lease term. The Company begins to record rent expense at the time the Company has the right to use the property.

Advertising Costs

The Company charges advertising costs to expense as incurred. Advertising costs for the years ended December 31, 2017 and 2016 were approximately $84,000 and $245,000, respectively, and are included in sales and marketing expenses in the Company's consolidated statements of operations.

Stock-Based Compensation

The Company accounts for stock-based awards issued to employees in accordance with FASB guidance. Such awards primarily consist of options to purchase shares of common stock. The fair value of stock-based awards is determined on the grant date using a valuation model. The fair value is recognized as compensation expense, net of estimated forfeitures, on a straight-line basis over the service period which is normally the vesting period.

Basic and Diluted Net Loss Per Share

Basic and diluted net loss per share has been calculated by dividing net loss by the weighted average number of shares of common stock outstanding during the period.

The following common stock equivalents were excluded from the computation of diluted net loss per share of common stock because they were anti-dilutive. The exercise of these common stock equivalents would dilute earnings per shares if the Company becomes profitable in the future.

	Years Ended December 31,	
	2017	2016
Stock options	76,601	28,232
Warrants	2,400	2,400
Series D Convertible Preferred Stock	-	41,100
Series E Convertible Preferred Stock	-	6,667
Series F Convertible Preferred Stock	-	82,200
Series G Convertible Preferred Stock	71,734	-
Series H Convertible Preferred Stock	53,440	-
Total	204,175	160,599

Segments

The Company determined that the Shared Wireless Infrastructure and Fixed Wireless businesses represented separate business segments. In addition, the Company established a Corporate Group so that centralized operating and administrative activities which supported both businesses could be reported separately. During the fourth quarter of 2015, the Company determined to exit the Shared Wireless Infrastructure business. As a result, its operating results for all periods presented are being reported as discontinued operations in these financial statements. The operating results of the Fixed Wireless business are being reported as continuing operations.

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-09 (“ASU 2014-09”), “Revenue from Contracts with Customers”. ASU 2014-09 supersedes the revenue recognition requirements in ASC Topic 605, “Revenue Recognition” and some cost guidance included in ASC Subtopic 605-35, "Revenue Recognition - Construction-Type and Production-Type Contracts.” The core principle of ASU 2014-09 is that revenue is recognized when the transfer of goods or services to customers occurs in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. ASU 2014-09 requires the disclosure of sufficient information to enable readers of the Company’s financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. ASU 2014-09 also requires disclosure of information regarding significant judgments and changes in judgments, and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 provides two methods of retrospective application. The first method is the full retrospective method which would require the Company to apply ASU 2014-09 to each prior reporting period presented. The second method is the modified retrospective method which would require the Company to retrospectively apply ASU 2014-09 with the cumulative effect recognized at the date of initial application. ASU 2014-09 will be effective for the Company beginning in fiscal 2018 as a result of ASU 2015-14, "Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date," which was issued by the FASB in August 2015 and extended the original effective date by one year. The Company has adopted ASU 2014-09 as of January 1, 2018 and will utilize the modified retrospective method of adoption. The Company has evaluated the impact of adopting the available methodologies of ASU 2014-09 and 2015-14 upon its financial statements and concluded that there is not a material difference in the accounting treatment of its 2017 revenue. While the Company will provide expanded disclosure as a result of ASU 2014-09, this standard will not have any impact on its consolidated balance sheet and statement of operations. There have been four new ASUs issued amending certain aspects of ASU 2014-09, ASU 2016-08, "Principal versus Agent Considerations (Reporting Revenue Gross Versus Net)," was issued in March,2016 to clarify certain aspects of the principal versus agent guidance in ASU 2014-09. In addition, ASU 2016-10, "Identifying Performance Obligations and Licensing," issued in April 2016, amends other sections of ASU 2014-09 including clarifying guidance related to identifying performance obligations and licensing implementation. ASU 2016-12, "Revenue from Contracts with Customers - Narrow Scope Improvements and Practical Expedients" provides amendments and practical expedients to the guidance in ASU 2014-09 in the areas of assessing collectability, presentation of sales taxes received from customers, noncash consideration, contract modification and clarification of using the full retrospective approach to adopt ASU 2014-09. Finally, ASU 2016-20, “Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers,” was issued in December 2016, and provides elections regarding the disclosures required for remaining performance obligations in certain cases and also makes other technical corrections and improvements to the standard. With its evaluation of the impact of ASU 2014-09, the Company concluded that the updated guidance provided by these four new ASUs did not have a material impact on the 2017 financial statements.

In February 2016, the FASB issued ASU 2016-02 ("ASU 2016-02), "Leases (Topic 842)." ASU 2016-02 requires a lessee to recognize a lease liability for the obligation to make lease payments and a right-to-use asset for the right to use the underlying asset for the lease term. ASU 2016-02 is effective for the Company on January 1, 2019. Early adoption is permitted. While we continue to evaluate the impact of the standard on our consolidated financial statements, we expect that it will materially increase the assets and liabilities on our consolidated balance sheet as we recognize the rights and corresponding obligations related to operating leases.

In March 2016, the FASB issued ASU No. 2016-09, "Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting." The new standard involves several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. The new standard was effective for the Company on January 1, 2017 and did not have a material impact on the Company's consolidated financial position and results of operations. As part of the adoption of this guidance, the Company elected to continue estimating forfeitures in its calculation of stock-based compensation.

In August 2016, the FASB issued ASU No. 2016-15, "Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments" ("ASU 2016-15"). ASU 2016-15 is intended to address how certain cash receipts and cash payments are presented and classified in the statement of cash flows. This update addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. The amendments are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial position and results of operations.

In January 2017, the FASB issued ASU No. 2017-01 "Business Combinations (Topic 805): Clarifying the Definition of a Business", which clarifies the definition of a business to assist entities with evaluating whether transactions should be accounted for as acquisitions or disposals of assets or businesses. The standard introduces a screen for determining when assets acquired are not a business and clarifies that a business must include, at a minimum, an input and a substantive process that contribute to an output to be considered a business. This standard is effective for fiscal years beginning after December 15, 2017, including interim periods within that reporting period. The Company does not expect this new guidance to have a material impact on its consolidated financial position, results of operations or related disclosures.

In January 2017, the FASB issued ASU No. 2017-04 ("ASU 2017-04"), "Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment," which removes Step 2 from the goodwill impairment test. ASU 2017-04 is effective for annual and interim periods beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment test performed with a measurement date after January 1, 2017. The Company adopted ASU 2017-04 for the year ended December 31, 2017 and it does not have a material impact on its financial positions or results of operations.

In May 2017, the FASB issued ASU 2017-09: Compensation – Stock Compensation (Topic 718): Scope of Modification Accounting which clarifies which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting. The standard is effective beginning after December 15, 2017; early adoption is permitted. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial position and results of operations.

In July 2017, FASB issued ASU No. 2017-11, Earnings per Share (Topic 260), Distinguishing Liabilities from Equity (Topic 480), Derivatives and Hedging (Topic 815). ASU 2017-11 consists of two parts. The amendments in Part I of this Update change the classification analysis of certain equity-linked financial instruments (or embedded features) with down round features. When determining whether certain financial instruments should be classified as liabilities or equity instruments, a down round feature no longer precludes equity classification when assessing whether the instrument is indexed to an entity's own stock. The amendments also clarify existing disclosure requirements for equity-classified instruments. As a result, a freestanding equity-linked financial instrument (or embedded conversion option) no longer would be accounted for as a derivative liability at fair value as a result of the existence of a down round feature. For freestanding equity classified financial instruments, the amendments require entities that present earnings per share (EPS) in accordance with Topic 260 to recognize the effect of the down round feature when it is triggered. That effect is treated as a dividend and as a reduction of income available to common shareholders in basic EPS. Convertible instruments with embedded conversion options that have down round features are now subject to the specialized guidance for contingent beneficial conversion features (in Subtopic 470-20, Debt—Debt with Conversion and Other Options), including related EPS guidance (in Topic 260). The amendments in Part II of this Update re-characterize the indefinite deferral of certain provisions of Topic 480 that now are presented as pending content in the Codification, to a scope exception. Those amendments do not have an accounting effect. For public business entities, the amendments in Part I of this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. For all other entities, the amendments in Part I of this Update are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted for all entities, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. The amendments in Part II of this Update do not require any transition guidance because those amendments do not have an accounting effect. The adoption of this ASU is not expected to have a material impact on the Company's consolidated financial position and results of operations.

Note 4 - Discontinued Operations

During the fourth quarter of 2015, the Company determined to exit the business conducted by Hetnets and curtailed activities in its smaller markets. The remaining network, located in New York City, was the largest and had a lease access contract with a major cable company. As a result, the Company explored opportunities during the fourth quarter of 2015 and continuing into the first quarter of 2016 to sell the NYC network. On March 9, 2016, the Company completed a sale and transfer of certain assets pursuant to an asset purchase agreement with a large cable company. Under the terms of the agreement, the Buyer assumed certain rooftop leases and acquired ownership of and the right to operate the Wi-Fi access points and related equipment associated with such leases. The Company retained ownership of all backhaul and related equipment, and the parties entered into an agreement under which the Company provides backhaul services to the Buyer. The agreement is for a three-year period with two one-year renewals and is cancellable by the Buyer on sixty-days' notice. In connection with the agreement, the Company transferred to the Buyer a net book value of network assets aggregating $2,660,041 in exchange for the backhaul agreement valued at $3,837,783. The backhaul agreement has been recorded as an intangible asset in the accompanying consolidated balance sheets. As a result, during the first quarter of 2016, the Company recognized a gain of $1,177,742 in its discontinued operations.

The Company had determined that it would not be able to sell the remaining network locations in New York City. As a result, the Company recognized charges totaling $1,585,319 in the first quarter of 2016 which included $453,403 representing the estimated cost to settle lease obligations, $528,364 to write off network assets which could not be redeployed into the fixed wireless network, $110,500 related to security deposits which are not expected to be recovered, and $493,052 related to the accelerated expensing of deferred acquisition costs. These costs were partially offset by a $1,244,284 reduction in the accrual for terminated lease obligations that was recorded in the fourth quarter of 2015. This reduction reflects the outcome of settlements negotiated in the first quarter of 2016 with certain landlords. The operating results and cash flows for Hetnets have been reclassified and presented as discontinued operations in these consolidated financial statements for all periods presented.

Operating Results

A more detailed presentation of loss from discontinued operations is set forth below. There has been no allocation of consolidated interest expense to discontinued operations.

	Year Ended December 31, 2016
Revenues	$ 553,302
Operating expenses:	
Infrastructure and access	965,596
Depreciation	638,681
Network operations	192,947
Customer support	69,804
Sales and marketing	246
General and administrative	105,545
Total operating expenses	1,972,819
Net operating loss	(1,419,517)
Gain on sale of assets	1,177,742
Net Loss	$ (241,775)

The components of the balance sheet accounts presented as discontinued operations were as follows:

	As of December 31,	
	2017	2016
Assets:		
Prepaid expenses and other current assets	$ -	$ 231,978
Total Current Assets	$ -	$ 231,978
Liabilities:		
Accrued expenses - leases	$ 1,029,022	$ 1,240,000
Total Current Liabilities	$ 1,029,022	$ 1,240,000

Accrued expenses represents the estimated cost of terminating the leases associated with the Hetnets business. Accordingly, disbursements associated with such activity during the year ended December 31, 2017 were recorded as reductions to that estimated liability. As of December 31, 2017 and based upon negotiations, settlements and experiences through that date, the Company had reduced that remaining estimated liability by $210,978 to $1,029,022.

Note 5 - Property and Equipment, net

Property and equipment is comprised of:

	As of December 31,	
	2017	2016
Network and base station equipment	$ 43,573,869	$ 42,069,188
Customer premise equipment	34,996,202	33,528,328
Information technology	4,881,332	4,859,875
Furniture, fixtures and other	1,715,524	1,713,430
Leasehold improvements	1,651,300	1,631,322
Accrual - equipment received not invoiced	605,646	118,139
	87,423,873	83,920,282
Less: accumulated depreciation	73,992,893	68,667,925
Property and equipment, net	$ 13,430,980	$ 15,252,357

Depreciation expense for the years ended December 31, 2017 and 2016 was $5,324,969 and $9,417,612, respectively.

Property acquired through capital leases included within the Company's property and equipment consists of the following:

	As of December 31,	
	2017	2016
Network and base station equipment	$ 2,629,526	$ 2,620,898
Customer premise equipment	1,269,373	669,792
Information technology	1,860,028	1,860,028
	5,758,927	5,150,718
Less: accumulated depreciation	4,708,697	4,083,274
Property acquired through capital leases, net	$ 1,050,230	$ 1,067,444

Note 6 - Goodwill and Intangible Assets

Intangible assets consist of the following:

	As of December 31,	
	2017	2016
Goodwill	$ 1,674,281	$ 1,674,281
Customer relationships	$ 11,856,126	$ 11,856,126
Less: accumulated amortization	11,856,126	11,725,369
Customer relationships, net	-	130,757
Backhaul agreement	3,837,783	3,837,783
Less: accumulated amortization	2,345,312	1,066,050
Backhaul agreement, net	1,492,471	2,771,733
FCC licenses, net	750,000	750,000
Intangible assets, net	$ 2,242,471	$ 3,652,490

Amortization expense for the year ended December 31, 2017 and 2016 was $1,410,019 and $1,458,323, respectively. The fair value of the backhaul agreement acquired in the transaction with a large cable company, as described in Note 4, is being amortized on a straight-line basis over the three-year term of the agreement. The customer contracts acquired in the Delos Internet acquisition were being amortized over a 50-month period which ended in April 2017. The Company's licenses with the Federal Communications Commission (the "FCC") are not subject to amortization as they have an indefinite useful life.

Years Ending December 31,	
2018	1,279,261
2019	213,210
Total	$ 1,492,471

Note 7 - Accrued Expenses

Accrued expenses consist of the following:

	As of December 31,	
	2017	2016
Payroll and related	$ 515,448	$ 294,006
Professional services	318,979	263,928
Other	279,374	142,492
Property and equipment	320,043	118,139
Network	188,192	92,645
Total	$ 1,622,036	$ 911,210

Network represents costs incurred to provide services to the Company's customers including tower rentals, bandwidth, troubleshooting and gear removal.

Note 8 - Other Long-Term Liabilities

Other long-term liabilities consist of the following:

	As of December 31,	
	2017	2016
Deferred rent	$ 417,605	$ 641,799
Deferred taxes	336,598	420,438
Total	$ 754,203	$ 1,062,237

Note 9 - Long-Term Debt

Long-term debt (callable) consists of the following as of December 31, 2017 and 2016:

	2017	2016
Principal	$ 34,657,987	$ 33,290,995
Unamortized debt discount	(789,287)	(1,803,742)
Total	$ 33,868,700	$ 31,487,253

In October 2014, the Company entered into a $35,000,000 note ("Note") with Lender wherein the Company received net proceeds of $33,950,000 after a 3% original issue discount.

This Note matures on October 16, 2019 and accrues interest on the basis of a 360-day year at:

a) A rate equal to the greater of: i) the sum of the one-month Libor rate on any given day plus 7% or ii) 8% per annum. The one-month Libor rate was 1.57% as of December 31, 2017. Interest accrued at this rate is paid in cash at the end of each quarter; plus

b) A rate of 4% per annum. Interest accrued at this rate is added to the principal amount at the end of each quarter.

This Note is secured by a first-priority lien and security interest in all of the assets of the Company and its subsidiaries, excluding the capital stock of the Company, and certain capital leases, contracts and assets secured by purchase money security interests.

The Note contains representations and warranties by the Company and the Lender, certain indemnification provisions in favor of the Lender and customary covenants (including limitations on other debt, liens, acquisitions, investments and dividends), and events of default (including payment defaults, breaches of covenants, a material impairment in the Lender's security interest or in the collateral, and events relating to bankruptcy or insolvency). The Note contains several restrictive covenants and the most significant of which requires the Company to maintain a minimum cash balance of $6,500,000 at all times. Upon the occurrence of an event of default, an additional 5% interest rate will be applied to the outstanding loan balances, and the Lender may terminate its lending commitment, declare all outstanding obligations immediately due and payable, and take such other actions as set forth in the Note to secure its interests.

Effective January 26, 2018, the Company entered into a Forbearance to Loan Agreement (the "Agreement") with the lender, as administrative agent to the lenders under the loan agreement entered into on October 16, 2014 by and among the Company, certain of its subsidiaries, the lender and the lender's party thereto (the "Loan Agreement"). Pursuant to the Agreement, the lender, through March 30, 2018 (the "Forbearance Period"), waived the Company's requirement to maintain at least $6,500,000 minimum in deposit accounts or securities accounts (the "$6,500,000 Minimum") and agreed to forbear from exercising any of its rights with respect to an event of default related to the $6,500,000 Minimum. The Forbearance Period shall terminate upon the Company's failure to maintain at least $4,000,000 minimum in deposit accounts or securities accounts or upon the occurrence of certain events of default. The Forbearance agreement was amended and restated effective February 28, 2018 to also include a forbearance of Section 6.1(a)(i) of the agreement "Qualified Auditor's Report" in the event that the Company's audited consolidated financial statements for the year ended December 31, 2017 contained a going concern qualification. The agreement was further amended and restated effective March 30, 2018 to extend the forbearance period until April 15, 2018. The Company has classified long term debt within current liabilities as of December 31, 2017.

The Company has the option to prepay the Note in the minimum principal amount of $5,000,000 plus integral amounts of $1,000,000 beyond that amount subject to certain prepayment penalties. Mandatory prepayments are required upon the occurrence of certain events, including but not limited to: i) the sale, lease, conveyance or transfer of certain assets, ii) issuance or incurrence of indebtedness other than certain permitted debt, iii) issuance of capital stock redeemable for cash or convertible into debt securities; and iv) any change of control.

A discount of $6,406,970 to the face value of the Note was recorded upon its issuance and that discount is being amortized over the term of the Note using the effective interest rate method. That discount consisted of:

a) $2,463,231 representing the fair value of warrants simultaneously issued to the Lender for the purchase of up to 1,600 and 800 shares of the Company's common stock at $1,890.00 and $15.00 per share, respectively, through April 2022. The fair value of these warrants was calculated utilizing the Black-Scholes option pricing model;

b) $2,893,739 in costs incurred associated with obtaining this financing arrangement which consisted primarily of professional fees; and

c) $1,050,000 related to a 3% original issue discount.

On November 8, 2016 and in connection with a financing transaction as more fully discussed in Note 10, *Capital Stock*, an investor acquired $5,000,000 of the Company's obligations to the Lender consisting of principal and accrued interest of $4,935,834 and $64,166, respectively. The investor then immediately exchanged such obligations for 1,000 shares of the Company's Series D Preferred Stock and warrants for the purchase of up to 53,334 shares of the Company's common stock. In connection with that exchange, the Company:

a) Wrote-off the portion of the unamortized debt discount and deferred financing costs associated with the exchanged principal and recorded a charge to interest expense of $331,609. The accrued interest and the adjustment to the unamortized debt discount activity described in this paragraph are separate from and unrelated to the amounts appearing in the following paragraphs; and

b) Recorded a non-cash loss on extinguishment of debt charge of $500,000. This amount represents the difference between the fair value of the Series D Preferred Stock of $5,500,000 as described in Note 10, *Capital Stock*, and the carrying amount of the debt of $5,000,000 as of the date of the exchange.

The Company recorded interest expense of $4,142,046 and $4,497,945 for the years ended December 31, 2017 and 2016, respectively. Of those amounts, the Company paid to the Lender $2,775,054 and $2,998,630 and added $1,366,992 and $1,499,315 to the principal amount of the Note during the years ended December 31, 2017 and 2016, respectively.

The Company recorded amortization expense of $1,014,456 and $1,609,588 for the years ended December 31, 2017 and 2016, respectively, and classified those amounts as interest expense.

Note 10 - Capital Stock

The Company is authorized to issue up to 200,000,000 shares of common stock at a par value of $0.001. The holders of common stock are entitled to one vote per share and are entitled to receive dividends, if any, as may be declared by the Company's Board of Directors. Upon liquidation, dissolution, or winding-up of the Company, the holders of the Company's common stock are entitled to share ratably in all assets that are available for distribution. They have no preemptive, subscription, redemption, or conversion rights. Any rights, preferences, and privileges of holders of the Company’s common stock are subject to, and may be adversely affected by, the rights of the holders of any series of preferred stock, which may be designated solely by action of the Company's Board of Directors and issued in the future.

The Company is authorized to issue up to 5,000,000 shares of "blank check" preferred stock at a par value of $0.001 which may be issued from time to time in one or more classes and in one or more series within a class upon authorization by our Board of Directors. The Board of Directors, without further approval of the shareholders, is authorized to fix the preferences, limitations and relative rights of the shares of each class or series within a class. The issuance of preferred stock could adversely affect the voting power, conversion or other rights of holders of common stock. Preferred stock could be issued quickly with terms calculated to delay or prevent a change in control of the Company or make removal of management more difficult. Additionally, the issuance of preferred stock may have the effect of decreasing the market price of our common stock.

The Company had created Series A Preferred Stock during the year ended December 31, 2010, Series B through Series F Convertible Preferred Stock during the year ended December 31, 2016, and Series G through Series H Convertible Preferred Stock during the year ended December 31, 2017. The Company had shares of the following series of preferred stock issued and outstanding as of December 31, 2017 and 2016:

	Designated	Issued and Outstanding	
		2017	2016
Series A Preferred Stock	350,000	-	-
Series B Convertible Preferred Stock	892,857	-	-
Series C Convertible Preferred Stock	680,000	-	-
Series D Convertible Preferred Stock	4,421	-	1,233
Series E Convertible Preferred Stock	2,000,000	-	500,000
Series F Convertible Preferred Stock	1,233	-	1,233
Series G Convertible Preferred Stock	938	538	-
Series H Convertible Preferred Stock	938	501	-
	3,930,387	1,039	502,466

The preferences, rights, and limitations of each series of preferred stock, and equity activity for the years ended December 31, 2017 and 2016, are discussed to the extent appropriate in the following paragraphs.

a) On November 8, 2010, the Company adopted a shareholder rights plan under which the Company issued one "preferred share purchase right" for each share of the Company's common stock held by shareholders of record as of the close of business on November 24, 2010. Each holder of a right will be allowed to purchase one one-hundredth of a share of 350,000 shares of Series A Preferred Stock at an exercise price of $18.00. In general, the rights will become exercisable if a person or group acquires 15% or more of the Company's outstanding common stock or announces a tender offer or exchange offer for 15% or more of the Company's outstanding common stock. The rights will expire on November 8, 2020. The Company may redeem the rights for $0.001 each at any time until the tenth business day following public announcement that a person or group has acquired 15% or more of its outstanding common stock.

b) On June 20, 2016, the Company raised $2,280,000 through the issuance of 10,000 units (the “June Units”) at $228.00 per June Units. The June Units collectively consisted of: i) 10,000 shares of common stock, and ii) warrants for the purchase of 10,000 shares of the Company's common stock at $375.00 per share for a period of five years. The shares of common stock and the warrants were immediately separable and were issued independently. Expenses associated with this transaction totaled $43,750 resulting in net proceeds to the Company of $2,236,250. Such net proceeds were allocated to the shares and the warrants issued in the amounts of $1,677,188 and $559,062, respectively, in proportion to their relative fair value on the date of issuance. The fair value of the shares of common stock was determined by utilizing the closing price on the day of the transaction and the fair value of the warrants was determined by using the Black-Scholes model as more fully described in Note 11, *Stock Option Plans and Warrants*.

c) On July 7, 2016 and as previously indicated, the Company effected a 1-for-20 reverse stock split. Consequently, all share quantities, per share amounts, and any other appropriate amounts or disclosures in these financial statements affected by that reverse stock split have been adjusted for that reverse stock split.

d) On July 7, 2016, the Company raised $1,250,000 through the issuance of 892,857 units (the “July Units”) at $1.40 per July Unit. The July Units collectively consisted of: i) 892,857 shares of newly created Series B Convertible Preferred Stock ("Series B Preferred Stock") which were convertible into 5,953 shares of the Company's common stock, and ii) warrants for the purchase 2,977 shares of the Company's common stock at $225.00 per share for a period of five years. The shares of common stock and the warrants were immediately separable and were issued independently. Expenses associated with this transaction totaled $56,156 resulting in net proceeds to the Company of $1,193,844. Such net proceeds were allocated to the shares and the warrants issued in the amounts of $963,949 and $229,895, respectively, in proportion to their relative fair value on the date of issuance. The fair value of the shares of Series B Preferred Stock was determined by reference to the number of shares of common stock which they were convertible into and the closing price for those shares on the day of the transaction. The fair value of the warrants was determined by using the Black-Scholes model as more fully described in Note 11, *Stock Option Plans and Warrants*.

e) On July 21 and July 26, 2016, the holders of the 892,857 shares of Series B Preferred Stock, previously issued on July 7, 2016, converted all such shares into 5,953 shares of common stock.

f) On September 12, 2016, the Company effected an exchange with the holders of the warrants previously issued on June 20 and July 7, 2016 for the purchase of up to 10,000 and 2,977 shares of the Company's common stock described above, respectively. In that exchange, the holders surrendered those warrants and the Company issued 680,000 shares of newly created Series C Convertible Preferred Stock ("Series C Preferred Stock") which was convertible into the Company's common stock on a one-for-one basis. The Company accounted for this exchange by reducing additional paid-in capital by $1,031,999 for the book value of the warrants with a corresponding increasing Series C Preferred Stock par value by $680 and Series C Preferred Stock additional paid-in capital by $1,031,319.

g) On September 12, 2016, the Company raised $4,000,000 through the issuance of 39,507 shares of common stock at $101.25 per share. Expenses associated with this transaction, including the 7% underwriters' commission of $280,000, totaled $621,720 resulting in net proceeds to the Company of $3,378,280. In connection with this transaction, the Company granted the underwriter an option through October 31, 2016 to purchase up to an additional 5,926 shares of the Company's common stock at $101.25 per share, subject to the same commission structure, to cover overallotments.

h) On various dates from October 10 through October 18, 2016, the holders of the 680,000 shares of Series C Preferred Stock, previously issued on September 12, 2016, exercised their conversion privileges and converted such shares into a like number of shares of common stock.

i) On November 1, 2016, the underwriter, which assisted the Company with the offering on September 12, 2016 described above, exercised its option and the Company raised $600,000 through the issuance of 5,926 shares of common stock at $101.25 per share. Expenses associated with this transaction, including the 7% underwriters' commission of $42,000, totaled $71,850 resulting in net proceeds to the Company of $528,150.

j) On November 8, 2016, an investor acquired, $5,000,000 of principal and accrued interest payable by the Company to the Lender in exchange for a payment of $5,500,000 from the investor to the Lender as more fully described in Note 9, *Long-Term Debt*.

The Company then exchanged such debt for 1,000 shares of newly created Series D Preferred Stock and warrants for the purchase of up to 53,334 shares of the Company's common stock at an exercise price of $100.50 for a period of five years.

The key preferences, rights, and limitations of the Series D Preferred Stock, including subsequent documented agreements with the holder of the Series D shares, are as follows:

i) The Stated Value of each share of Series D Preferred Stock share is $5,500;

ii) Series D Preferred Stock may be converted into shares of common stock at any time. The number of shares of common stock issuable upon such conversion is determined by multiplying the number of Series D shares being converted by their stated value of $5,500 per share and then dividing by the conversion price of $48.30 per common share;

iii) Series D Preferred Stock may be converted into shares of common stock at any time in any amount provided that the holder or its affiliates would not beneficially own more than 9.99% of the Company's common stock;

iv) Series D Preferred Stock may vote as shares of common stock on an "as converted" basis subject to the conversion limitation described above;

v) The Company may only sell up to $15,000,000 of equity or equity linked securities and only at a price equal to or greater than $37.50 per common share through November 8, 2017. That restriction remains in effect so long as there are shares of Series D Preferred Stock outstanding with a Stated Value of at least $2,000,000; and

vi) The holder of Series D Preferred Stock had a right to participate up to 100% in the Company's equity financings through November 8, 2017.

The shares of Series D Preferred Stock and the warrants were immediately separable and were issued independently. Expenses associated with this transaction totaled $170,264 resulting in net effective proceeds to the Company of $5,329,736. Such net proceeds were allocated to the shares and the warrants issued in the amounts of $3,740,942 and $1,588,794, respectively, in proportion to their relative fair value on the date of issuance. The fair value of the shares of Series D Preferred Stock was determined by reference to the number of shares of common stock which they were convertible into and the closing price for those shares on the day of the transaction. The fair value of the warrants was determined by using the Black-Scholes model as more fully described in Note 11, *Stock Option Plans and Warrants*.

Additionally, upon the issuance of the shares of Series D Preferred Stock, the Company recorded a beneficial conversion feature and a deemed dividend in the amount of $1,375,000. This amount was calculated using the closing price per share of the Company’s common stock on the day of the transaction and subtracting the conversion price per share. This difference was then multiplied by the number of shares of common stock into which the shares of Series D Preferred Stock were convertible into on the date of the transaction.

k) On various dates from November 10 through November 16, 2016, inclusive, the holder of 378 shares of Series D Preferred Stock, previously issued on November 8, 2016, elected to convert them into shares of common stock. In accordance with the terms applicable to that series of preferred shares, the Company issued 43,044 shares of common stock.

l) On November 22, 2016, the Company effected a 5.5 for 1 forward split of Series D Preferred Stock resulting in an increase of such shares outstanding from 622 to 3,421, a net increase of 2,799 shares. The purpose of this forward split was to increase the number of shares of Series D Preferred Stock to 3,421 and effectively adjust the stated value of each share of Series D Preferred Stock from $5,500 to $1,000 per share to facilitate record keeping purposes. Additionally, on that date, the Company amended the key preferences, rights, and limitations of the shares of Series D Preferred Stock to indicate that number of shares of common stock issuable upon their conversion is determined by: multiplying the number of Series D shares being converted by their stated value of $1,000 per share and then dividing by the conversion price per common share. Such conversion price is 75% of the prior day's closing bid but at no time shall be lower than $30.00 per share.

On November 22, 2016, the Company then raised $1,000,000 through the issuance of 1,000 shares of Series D Preferred Stock at $1,000 per share. Expenses associated with this transaction totaled $172,366 resulting in net proceeds to the Company of $827,634.

Additionally, on November 22, 2016 and as a result of the adjustment of the conversion price described above, the Company recorded a beneficial conversion feature and a deemed dividend in the amount of $346,745. This amount was calculated using the closing price per share of the Company's common stock on the day of the transaction and subtracting the conversion price per share. This difference was then multiplied by the number of shares of common stock into which the shares of Series D Preferred Stock were convertible into on the date of the transaction.

Finally, on November 22, 2016, the Company effected an exchange with the holders of warrants, previously issued on November 8, 2016, for the purchase of up to 53,334 shares of the Company's common stock. In that exchange, the holders surrendered those warrants and the Company issued 2,000,000 shares of newly created Series E Convertible Preferred Stock ("Series E Preferred Stock").

The key preferences, rights, and limitations of the Series E Preferred Stock are as follows:

i) The Stated Value of each share of Series E Preferred Stock is $0.001;

ii) Shares of Series E Preferred Stock are convertible into the Company's common stocks on a one-for-one basis;

iii) Series E Preferred Stock may be converted into shares of common stock at any time in any amount provided that the holder or its affiliates would not beneficially own more than 9.99% of the Company's common stock; and

iv) Series E Preferred Stock may vote as shares of common stock on an "as converted" basis subject to the conversion limitation described above.

m) On various dates from November 22 through November 29, 2016, inclusive, the holder of 1,955 shares of Series D Preferred Stock, previously issued on November 8 and 22, 2016, elected to convert them into shares of common stock. In accordance with the terms applicable to that series of preferred shares, the Company issued 63,334 shares of common stock.

n) On December 19, 2016, the holder of 1,500,000 shares of Series E Preferred Stock, previously issued on November 22, 2016, elected to convert them into shares of common stock. In accordance with the terms applicable to that series of preferred shares, the Company issued 20,000 shares of common stock.

o) On December 30, 2016, the Company effected an exchange with the holder of 1,233 shares of Series D Preferred Stock previously issued on November 8 and 22, 2016. In that exchange, the holder surrendered those shares and the Company issued 1,233 shares of newly created Series F Convertible Preferred Stock ("Series F Preferred Stock") which was convertible into the Company's shares of common stock as described below.

The key preferences, rights, and limitations of the shares of Series F Preferred Stock are substantially the same as Series D Preferred Stock with the exception of the conversion price and are as follows:

i) The Stated Value of each share of Series F Preferred Stock is $1,000;

ii) Series F Preferred Stock may be converted into shares of common stock at the rate of 90% of the Company's volume-weighted average price ("VWAP") during the five trading days prior to the date of conversion. However, such VWAP may not be lower than $0.20 thus providing, in effect, a conversion floor of that amount;

iii) Series F Preferred Stock may be converted into shares of common stock at any time in any amount provided that the holder or its affiliates would not beneficially own more than 9.99% of the Company's common stock; and

iv) Series F Preferred Stock may vote as shares of common stock on an "as converted" basis subject to the conversion limitation described above.

There was no beneficial conversion feature triggered by this exchange.

p) On various dates during the year ended December 31, 2016, the Company issued 2,573 shares of common stock to third parties for professional services at an average price per share of $189.75 for a total value of $488,656. Pursuant to the terms of those service agreements, the value of those shares of common stock was immediately expensed and classified in general and administrative expenses in the Company’s statements of operations.

q) On January 9, 2017, the holder of 500,000 shares of Series E Preferred Stock elected to convert them into shares of common stock. In accordance with the conversion terms applicable to the Series E Preferred Stock, the Company issued 6,667 shares of common stock.

r) On various dates from January 26, 2017 to April 13, 2017, inclusive, the holder of 590 shares of Series F Preferred Stock elected to convert them into shares of common stock. In accordance with the conversion terms applicable to the Series F Preferred Stock, the Company issued 39,334 shares of common stock.

s) On May 26, 2017, the Company exchanged 1,233 shares of the outstanding Series D Preferred Stock and 643 shares of the outstanding Series F Preferred Stock for 938 shares of newly created Series G Preferred Stock and 938 shares of the newly created Series H Preferred Stock.

The key preferences, rights, and limitations of the Series G Preferred Stock and Series H Preferred Stock, are as follows:

i. The Stated Value of each share of Series G Preferred Stock and Series H Preferred Stock is $1,000;

ii. Series G Preferred Stock and Series H Preferred Stock may be converted into shares of common stock at any time. The number of shares of common stock issuable upon the conversion of the Series G Preferred Stock is determined by multiplying the number of shares of Series G Preferred Stock being converted by their stated value of $1,000 per share and then dividing by the conversion price of $7.50 per common share. The number of shares of common stock issuable upon the conversion of the Series H Preferred Stock is determined by multiplying the number of shares of Series H Preferred Stock being converted by their stated value of $1,000 per share and then dividing by the conversion price of $9.38 per common share;

iii. In the event of a liquidation event, each share of Series G Preferred Stock and Series H Preferred Stock will be entitled to a per share preferential payment equal to 100% of the stated value of such Series H Preferred Stock, plus all accrued and unpaid dividends, if any. All subsequent issuances and junior preferred issuances of our capital stock will be junior in rank to the Series G Preferred Stock and Series H Preferred Stock with respect to the preferences as to dividends, distributions and payments upon the liquidation, dissolution and winding up of the Company. The holders of Series H Preferred Stock will be entitled to receive dividends if and when declared by the Company. The Series G Preferred Stock and Series H Preferred Stock shall participate on an "as converted" basis, with all dividends declared on our common stock. In addition, if the Company grants, issues or sells any rights to purchase securities pro rata to all of the Company's record holders of its common stock, each holder will be entitled to acquire such securities applicable to the granted purchase rights as if the holder had held the number of shares of common stock acquirable upon complete conversion of all Series G Preferred Stock and Series H Preferred Stock then held.

iv. The Company is prohibited from effecting a conversion of the Series G Preferred Stock and Series H Preferred Stock to the extent that, as a result of such conversion, the holder would beneficially own more than 9.99% of the number of shares of common stock outstanding immediately after giving effect to the issuance of shares of common stock upon conversion of the Series G Preferred Stock and Series H Preferred Stock, which beneficial ownership limitation may be decreased by the holder at its option. Each holder is entitled to vote on all matters submitted to stockholders of the Company and shall have the number of votes equal to the number of shares of common stock issuable upon conversion of such holder's Series G Preferred Stock and Series H Preferred Stock, but not in excess of the beneficial ownership limitations.

Additionally, upon the issuance of the Series G Preferred Stock and Series H Preferred Stock, the Company recorded a beneficial conversion feature and a deemed dividend in the amount of $1,905,570. This amount was calculated using the closing price per share of the Company's common stock on the day of the transaction and subtracting the conversion price per share. This difference was then multiplied by the number of shares of common stock into which the shares of Series G Preferred Stock and Series H Preferred Stock were convertible into on the date of the transaction.

t) On various dates from May 30, 2017 to June 29, 2017, inclusive, the holder of 437 shares of Series H Preferred Stock elected to convert them into shares of common stock. In accordance with the conversion terms applicable to those preferred shares, the Company issued 46,614 shares of common stock.

u) On various dates from June 30, 2017 to August 22, 2017, inclusive, the holder of 400 shares of Series G Preferred Stock elected to convert them into shares of common stock. In accordance with the conversion terms applicable to those preferred shares, the Company issued 53,335 shares of common stock.

v) On September 29, 2017 and as previously indicated, the Company effected a one-for-seventy-five reverse stock split of its common stock. Consequently, all share quantities, per share amounts, and any other appropriate amounts or disclosures in these financial statements affected by that reverse stock split have been adjusted for that reverse stock split.

Note 11 - Stock Option Plans and Warrants

Stock Options Plans

The 2007 Equity Compensation Plan (the "2007 Plan") became effective in January 2007 and provides for the issuance of options, restricted stock and other stock-based instruments to officers and employees, consultants and directors of the Company. The total number of shares of common stock issuable under the 2007 Plan is 1,603. A total of 1,067 stock options or common stock have been issued under the 2007 Plan as of December 31, 2017.

The 2007 Incentive Stock Plan (the "2007 Incentive Stock Plan") became effective in May 2007 and provided for the issuance of up to 1,667 shares of common stock in the form of options or restricted stock. Shareholders approved an increase in the number of authorized shares of common stock issuable under the 2007 Incentive Stock Plan from 1,667 to 3,334 in November 2012. A total of 2,635 stock options, common stock or restricted stock have been issued under the 2007 Incentive Stock Plan as of December 31, 2017.

Options granted under both the 2007 Plan and the 2007 Incentive Plan have terms up to ten years and are exercisable at a price per share not less than the fair value of the underlying common stock on the date of grant. The total number of shares of common stock that remain available for issuance as of December 31, 2017 under the 2007 Plan and the 2007 Incentive Stock Plan combined is 1,235 shares.

The 2008 Non-Employee Directors Compensation Plan (the "2008 Directors Plan") became effective in August 2008 and provided for the issuance of up to 667 shares of common stock in the form of options or restricted stock. In November 2013, shareholders approved an increase in the number of shares of common stock issuable under the 2008 Directors Plan to 1,334. A total of 1,202 stock options or common stock have been issued under the 2008 Directors Plan as of December 31, 2017. Options granted under the 2008 Directors Plan have terms of up to ten years and are exercisable at a price per share equal to the fair value of the underlying common stock on the date of grant. The total number of shares of common stock that remain available for issuance as of December 31, 2017 under the 2008 Directors Plan is 132 shares.

The 2016 Equity Incentive Plan (the "2016 Equity Incentive Plan") became effective in September 2016 and provided for the issuance of up to 9,094 shares of common stock in the form of equity or equity-linked awards to officers, directors, consultants and other personnel. Shareholders approved an increase in the number of authorized shares of common stock issuable under the 2016 Equity Incentive Plan from 9,094 to 19,134 in December 2016. In February 2017, the Company's shareholders approved an increase in the number of authorized shares of common stock issuable under the 2016 Equity Incentive Plan from 19,134 to 33,618. A total of 72,800 stock options have been issued under the 2016 Equity Incentive Plan as of December 31, 2017.

The 2016 Non-Executive Equity Incentive Plan (the "2016 Non-Employee Incentive Plan") became effective in December 2016 and provides for the issuance of up to 3,334 equity and equity-linked awards to non-executive employees and consultants of the Company. A total of 334 stock options have been issued under the 2016 Non-Employee Incentive Plan as of December 31, 2017.

Options granted under both the 2016 Equity Incentive Plan and the 2016 Non-Employee Incentive Plan have terms up to ten years and are exercisable at a price per share not less than the fair value of the underlying common stock on the date of grant.

The Company uses the Black-Scholes option pricing model to value options issued to employees, directors and consultants. Compensation expense, including the estimated effect of forfeitures, is recognized over the period of service, generally the vesting period. Stock-based compensation for the amortization of stock options granted under the Company's stock option plans totaled $931,382 and $1,024,955 for the years ended December 31, 2017 and 2016, respectively. Stock-based compensation is included in general and administrative expenses in the accompanying consolidated statements of operations.

The unamortized amount of stock options expense was $230,212 as of December 31, 2017 which will be recognized over a weighted-average period of 2.3 years.

The fair values of stock option grants were calculated on the dates of grant using the Black-Scholes option pricing model and the following weighted average assumptions:

	Years Ended December 31,	
	2017	2016
Risk-free interest rate	1.6% to 1.7%	0.9% to 1.8%
Expected volatility	110% to 113%	78% to 11%
Expected life (in years)	4.2	4.2
Expected dividend yield	0%	0%
Estimated forfeiture rates	20%	1% to 20%

The risk-free interest rate was based on rates established by the Federal Reserve. The expected volatility was based upon the historical volatility for the Company's common stock. The Company utilized historical data to determine the expected life of stock options. The dividend yield reflected the fact that the Company has not historically paid dividends and does not expect to pay dividends in the foreseeable future. The Company reviews its forfeiture rate annually to update its assumption for recent experience.

Option transactions under the stock option plans during the years ended December 31, 2017 and 2016 were as follows:

	Number	Weighted Average Exercise Price
Outstanding as of January 1, 2016	3,014	$ 3,700.88
Granted during 2016	25,900	91.56
Exercised	-	-
Forfeited /expired	(682)	3,823.56
Outstanding as of December 31, 2016	28,232	404.82
Granted during 2017	51,090	12.77
Exercised	-	-
Forfeited /expired	(2,721)	1,134.23
Outstanding as of December 31, 2017	76,601	$ 117.42
Exercisable as of December 31, 2017	37,643	$ 222.46

Grants under the stock option plans were as follows:

	For the Years Ended December 31,	
	2017	2016
Annual grants to outside directors	170	3,936
Executive grants	50,586	6,036
Non-employee grants	334	1,101
Employee grants	-	14,827
Total	51,090	25,900

Options granted during the reporting periods had terms ranging from five to ten years and were issued at an exercise price equal to the fair value on the date of grant. Director grants vesting periods range from vesting immediately upon issuance to vesting monthly or quarterly over a one year period from the date of issuance. Executive grants, except as noted below, have vesting periods ranging from vesting immediately upon issuance, vesting monthly or quarterly over a one or two-year period, annually for one year then quarterly over the next two year period, or annually for one year then quarterly over the next three year period from the date of issuance. Employee grants range from one half vesting immediately upon issuance with the remaining one half vesting quarterly over the next year to vesting annually over a three year period from the date of issuance. Non-employee grants vesting periods range from vesting immediately upon issuance, vesting over a six month period and vesting monthly over one year from the date of issuance.

On January 24, 2017, the Company entered into an employment agreement with Ernest Ortega wherein the Company issued options for the purchase of up to 27,162 shares of the Company's common stock at $12.75 per share for a period of ten years. Those options vest as follows: 4,178 will vest on January 24, 2018; 8,358 will vest in eight quarterly installments during the twenty-four months ending January 24, 2020; 7,313 will vest upon the achievement of three consecutive quarters of positive cash flow; and 7,313 will vest upon the sale of the Company's earth station assets in Miami, Florida for gross proceeds equal to or greater than $15,000,000.

Certain stock options awarded to Ernest Ortega, Chief Executive Officer, in conjunction with his 2017 employment agreement contained performance based criteria. The fair value of the awards was determined based on the market value of the underlying stock price at the grant date and will be marked to market over the vesting period based on probabilities and projections of the underlying performance measures. The aggregate fair value of the performance based options granted was $140,708 for the year ended December 31, 2017. The Company has not recorded any expense associated with the performance based stock options issued for the year ended December 31, 2017. The Company will continue to evaluate the probability of achieving the criteria associated with performance based stock options and will record any associated compensation expense at such time.

On February 3, 2017, the Company awarded options for the purchase of up to 15,868 shares of the Company's common stock at an exercise price of $13.50 per share for a period of ten years. Terms of such option awards conformed to the Company's standard form of option agreement which includes a provision for cashless exercise. The awards consisted of options for 6,676 shares to Mr. Philip Urso for his past service as Interim Chief Executive Officer, options for 5,854 shares to Mr. Arthur Giftakis, the Company's Chief Operating Officer, and options for 3,338 shares to Mr. Frederick Larcombe, the Company's former Chief Financial Officer. Mr. Urso's options vested 100% upon issuance and the options issued to Messrs. Giftakis and Larcombe vest ratably on a quarterly basis over the eight quarters immediately following the date of the awards. The options awarded to Mr. Larcombe were subsequently modified and fully expensed on May 15, 2017 to reflect immediate vesting and, unless exercised prior to May 15, 2018, shall be forfeited.

On May 15, 2017, the Company entered into an employment agreement with Laura Thomas, Former Chief Financial Officer, wherein she was issued options to purchase up to 2% of the Company’s common stock on a fully diluted basis as of May 15, 2017, or 7,556 options. The options vest 25% after one year of service and the remaining will vest ratably over the following three years.

Forfeited or expired options under the stock option plans were as follows:

	For the Years Ended December 31,	
	2017	2016
Employee terminations	2,619	652
Expired	102	30
Total	2,721	682

The weighted-average fair values of the options granted during 2017 and 2016 were $9.65 and $55.65, respectively. Outstanding options of 76,601 as of December 31, 2017 had exercise prices that ranged from $11.25 to $7,845.00 and had a weighted-average remaining contractual life of 8.9 years. Exercisable options of 37,643 as of December 31, 2017 had exercise prices that ranged from $12.00 to $7,845.00 and had a weighted-average remaining contractual life of 8.7 years.

As of December 31, 2017, there was no aggregate intrinsic value associated with the outstanding and exercisable options. The closing price of the Company’s common stock at December 31, 2017, was $3.15 per share. The Company calculates the intrinsic value of stock options and warrants as the difference between the closing price of the Company’s common stock at the end of the reporting period and the exercise price of the stock options and warrants.

Stock Warrants

Warrant transactions during the years ended December 31, 2017 and 2016 were as follows:

	Number	Weighted Average Exercise Price
Outstanding as of January 1, 2016	2,700	$ 1,965.00
Granted during 2016	66,311	122.25
Exchanged during 2016	(66,311)	122.25
Expired during 2016	(300)	7,500.00
Outstanding and exercisable as of December 31, 2016 and 2017	2,400	$ 1,265.25

As of December 31, 2017, all warrants were exercisable and had a weighted average remaining contractual life of 4.3 years.

As of December 31, 2017, there was no aggregate intrinsic value associated with the outstanding and exercisable warrants. The closing price of the Company's common stock at December 31, 2017 was $3.15 per share.

In connection with the June 20, 2016 offering, the Company issued warrants to purchase 10,000 shares of common stock. Each warrant expires five years from the date of issuance, had an exercise price of $375.00 per share, and are exercisable six months from the date of issuance. The Company utilized the Black-Scholes model to value these warrants and attributed a value to them of $791,290 which was accounted for as an addition to additional paid-in capital. Assumptions included an interest rate of 1.17%, a contractual term of 5 years, expected volatility of 81%, and a dividend yield of zero. The risk-free interest rate was based on rates established by the Federal Reserve. The expected volatility was based upon the historical volatility for the Company's common stock. The dividend yield reflected the fact that the Company has not historically paid dividends, and does not expect to pay dividends in the foreseeable future.

In connection with the July 7, 2016 offering, the Company issued warrants to purchase 2,977 shares of common stock. Each warrant expires five years from the date of issuance and had an exercise price of $225.00 per share. The Company utilized the Black-Scholes model to value these warrants and attributed a value to them of $240,709 which was accounted for as an addition to additional paid-in capital. Assumptions included an interest rate of 0.97%, a contractual term of 5 years, expected volatility of 78%, and a dividend yield of zero. The risk-free interest rate was based on rates established by the Federal Reserve. The expected volatility was based upon the historical volatility for the Company's common stock. The dividend yield reflected the fact that the Company has not historically paid dividends, and does not expect to pay dividends in the foreseeable future.

On September 12, 2016, warrants for the purchase of up to 12,977 shares of common stock were exchanged for 680,000 shares of preferred stock. See Note 10, *Capital Stock*, for further information regarding this transaction.

On November 8, 2016 and in connection with a financing transaction, an investor was issued warrants for the purchase of up to 53,334 shares of the Company's common stock. Each warrant expires five years from the date of issuance, had an exercise price of $100.50 per share, and are exercisable six months from the date of issuance. The Company utilized the Black-Scholes model to value these warrants and attributed a value to them of $2,920,000 which was accounted for as an addition to additional paid-in capital. Assumptions included an interest rate of 1.34%, a contractual term of 5 years, expected volatility of 100%, and a dividend yield of zero. The risk-free interest rate was based on rates established by the Federal Reserve. The expected volatility was based upon the historical volatility for the Company's common stock. The dividend yield reflected the fact that the Company has not historically paid dividends, and does not expect to pay dividends in the foreseeable future.

On November 22, 2016, warrants for the purchase of up to 53,334 shares of common stock were exchanged for 2,000,000 shares of preferred stock. See Note 10, *Capital Stock*, for further information regarding this transaction.

Note 12 - Employee Benefit Programs

The Company has established a 401(k) retirement plan ("401(k) Plan") which covers all eligible employees who have attained the age of twenty-one and have completed 30 days of employment with the Company. The Company can elect to match up to a certain amount of employees' contributions to the 401(k) Plan. No employer contributions were made during the years ended December 31, 2016 and 2015.

Under the Company's 2010 Employee Stock Purchase Plan ("ESPP Plan"), participants can purchase shares of the Company's stock at a 15% discount. A maximum of 334 shares of common stock can be issued under the ESPP Plan of which all of the authorized shares have been issued as of December 31, 2017. During the years ended December 31, 2017 and 2016, a total of 30 and 398 shares were issued under the ESPP Plan with a fair value of $358 and $28,952, respectively. The Company recognized $52 and $4,523 of stock-based compensation related to the 15% discount for the years ended December 31, 2017 and 2016, respectively.

Note 13 - Income Taxes

Provision

The provision for income taxes consists of the following:

	Years Ended December 31,	
	2017	2016
Current		
Federal	$ -	$ -
State	-	-
Total current	-	-
Deferred		
Federal	(896,114)	45,587,097
State	(256,033)	8,228,412
Change in valuation allowance	1,068,307	(53,758,846)
Total deferred	(83,840)	56,663
Provision for income taxes	$ (83,840)	$ 56,663

The provision for income taxes using the U.S. Federal statutory tax rate as compared to the Company's effective tax rate is summarized as follows:

	Years Ended December 31,	
	2017	2016
U.S. Federal statutory rate	(34.0)%	(34.0)%
State taxes	(5.0)%	(4.9)%
Permanent differences	0.1%	0.9%
Rate Change	-%	7.6%
Prior year Net Operating Loss write-off (Section 382 restriction)	-%	263.2%
Change of Federal Deferred Tax Rate	29.7%	-%
Current year Net Operating Loss write-off	-%	34.5%
Change in Valuation allowance	8.5%	(267.0)%
Effective tax rate	(0.7)%	0.3%

The Company files income tax returns for Towerstream Corporation and its subsidiaries in the U.S. federal and various state principle jurisdictions. As of December 31, 2017, the tax returns for Towerstream Corporation for the years 2014 through 2017 remain open to examination by the Internal Revenue Service and various state authorities. There are currently no audits by taxing authorities of federal or state income tax returns.

Impact of Tax Cuts and Jobs Act

On December 22, 2017, the Tax Cuts and Jobs Act (TCJA) was enacted. The TCJA revises the U.S. corporate income tax rate from a graduated rate system, to a flat rate of 21%, effective for tax years beginning after December 31, 2017. Deferred tax assets and liabilities are now being remeasured using these new rates. As such, the deferred tax assets and liabilities, along with the valuation allowance are impacted. The net effect as of December 31, 2017 was a reduction to the deferred tax assets of ($3,940,628) and a reduction to the deferred tax liability of $203,738. The reduction in the valuation allowance was ($3,791,030).

The Company's deferred tax assets (liabilities) consisted of the effects of temporary differences attributable to the following:

	Years Ended December 31, 2017	2016
Deferred tax assets		
Net operating loss carryforwards	$ 4,345,624	$ 2,948,281
Stock-based compensation	2,280,815	2,931,251
Intangible assets	1,094,799	1,261,696
Debt discount	831,717	984,422
Allowance for doubtful accounts	25,889	25,281
Other	287,571	532,040
Total deferred tax assets	8,866,415	8,682,971
Valuation allowance	(8,744,600)	(7,676,293)
Deferred tax assets, net of valuation allowance	121,815	1,006,678
Deferred tax liabilities		
Depreciation	(121,815)	(1,006,678)
Intangible assets	(336,597)	(420,437)
Total deferred tax liabilities	(458,412)	(1,427,115)
Net deferred tax liabilities	$ (336,597)	$ (420,437)

Accounting for Uncertainty in Income Taxes

ASC Topic 740 clarifies the accounting and reporting for uncertainties in income tax law. ASC Topic 740 prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. The guidance also provides direction on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

As of December 31, 2017 and 2016, the Company has evaluated and concluded that there were no material uncertain tax positions requiring recognition in the Company's financial statements. The Company's policy is to classify assessments, if any, for tax related interest as interest expense, and penalties as general and administrative expenses. No interest and penalties were recorded during the years ended December 31, 2017 and 2016. The Company does not expect its unrecognized tax benefit position to change during the next twelve months.

NOL Limitations

The Company's utilization of net operating loss ("NOL") carryforwards is subject to an annual limitation due to ownership changes that have occurred previously or that could occur in the future as provided in Section 382 of the Internal Revenue Code, as well as similar state provisions. Section 382 limits the utilization of NOLs when there is a greater than 50% change of ownership as determined under the regulations. Since its formation, the Company has raised capital through the issuance of capital stock and various convertible instruments which, combined with the purchasing shareholders' subsequent disposition of these shares, has resulted in an ownership change as defined by Section 382, and could result in an ownership change in the future upon subsequent disposition.

As of December 31, 2015, the Company had approximately $140,517,000 of federal and state NOL carryovers. As of November 9, 2016, the Company had a greater than 50% change in ownership under Section 382 of the Internal Revenue Code. Based on the calculations under Section 382, the NOL carryforward as of that date is limited to approximately $4,612,000. After the ownership change and through December 31, 2016, the Company had a taxable loss of approximately $2,948,000. For the year ended December 31, 2017, the Company had a taxable loss of approximately $8,536,000. The total federal and state NOLs of approximately $16,095,000 as of December 31, 2017 begin to expire starting in the year ending December 31, 2027.

Valuation Allowance

In assessing the realizability of deferred tax assets, the Company has considered whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. In making this determination, under the applicable financial reporting standards, the Company has considered the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies. Since both goodwill and the FCC licenses are considered to be assets with indefinite lives for financial reporting purposes, the related deferred tax liabilities cannot be used as a source of future taxable income for purposes of determining the need for a valuation allowance. Based upon this evaluation, a full valuation allowance has been recorded as of December 31, 2017 and 2016. The change in valuation allowance was $1,068,307 and ($53,664,554), respectively, for the years ended December 31, 2017 and 2016 of which zero and $94,292, respectively, pertains to discontinued operations.

Note 14 - Fair Value Measurement

The FASB's accounting standard for fair value measurements establishes a valuation hierarchy for disclosure of the inputs to valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. Level 3 inputs are unobservable inputs based on the Company's own assumptions used to measure assets and liabilities at fair value. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

Cash and cash equivalents are measured at fair value using quoted market prices and are classified within Level 1 of the valuation hierarchy. The carrying amounts of accounts receivable, accounts payable and accrued liabilities approximate their fair value due to their short maturities. The carrying value of the Company's long-term debt is carried at cost as the related interest rate is at terms that approximate rates currently available to the Company. There were no changes in the valuation techniques during the year ended December 31, 2017.

	Total Carrying Value	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
December 31, 2017	$ 7,568,982	$ 7,568,982	$ -	$ -
December 31, 2016	$ 12,272,444	$ 12,272,444	$ -	$ -

Note 15 - Commitments

Operating Lease Obligations

The Company has entered into operating leases related to roof rights, cellular towers, office space, and equipment leases under various non-cancelable agreements expiring on various dates through June 2024. Certain of these operating leases include extensions, at the Company's option, for additional terms ranging from one to fifteen years. Amounts associated with the extension periods have not been included in the table below as it is not presently determinable which options, if any, the Company will elect to exercise.

As of December 31, 2017, total future operating lease obligations were as follows:

Years Ending December 31,		
2018	$	8,058,035
2019		6,002,286
2020		3,950,287
2021		2,094,184
2022		938,660
Thereafter		444,398
Total	$	21,487,850

Rent expenses were as follows:

	Year Ended December 31,			
	2017		2016	
Points of Presence	$	8,693,892	$	8,491,235
Corporate offices		220,309		335,713
Other		935,293		552,177
Total	$	9,849,494	$	9,379,125

Rent expenses related to Points of Presence were included in infrastructure and access in the Company's condensed consolidated statements of operations. Rent expense related to our corporate offices was allocated between general and administrative, sales and marketing, customer support, and network operations expense in the Company's condensed consolidated statements of operations. Other rent expenses were included in network operations within the Company's condensed consolidated statements of operations.

In December 2014, the Company entered into a new lease agreement in Florida, primarily for a second sales center. The lease commenced in February 2015 for 38 months with an option to renew for an additional five-year period. Total annual rent payments started at $53,130 and escalated by 3% annually. In April 2016, the Company terminated the Florida lease. Under the terms of the agreement, the Company forfeited its security deposit of $26,648 and agreed to make a termination payment of $25,000.

In April 2017, the Company entered into a new lease agreement for its sales office located in Virginia. The lease commenced on April 15, 2017 and expires on December 31, 2017 with an automatic renewal equal to the original term. Total annual rent payments are fixed at $32,021 for the contract term. In June 2017, the Company leased additional office space in Virginia. The second lease commenced on June 1, 2017 and expires on December 31, 2017 with an automatic renewal equal to the original term. Total annual rent payments are fixed at $20,734 for the duration of the contract term. The company did not renew this location when the lease expired in December 2017.

In October 2017, the Company amended the lease agreement for its corporate offices and warehouse space located in Rhode Island. The amended lease commenced on January 1, 2018 and expires on December 31, 2024 with an option to renew for an additional five-year term through December 31, 2024. Total annual rent payments begin at $183,256 for 2018 and escalate by approximately 2.5% annually reaching $213,422 for 2024.

Capital Lease Obligations

The Company has entered into capital leases to acquire property and equipment expiring through August 2020. As of December 31, 2017, total future capital lease obligations were as follows:

Years Ending December 31,		
2018	$	436,000
2019		261,552
2020		72,000
Sub-Total		769,552
Less: Interest expense		80,686
Total capital lease obligations	$	688,866
Current	$	382,918
Long-Term	$	305,948

Note 16 - Subsequent Events

On January 5, 2018, the Company entered into a separation agreement with Laura Thomas, who resigned as the Company's Chief Financial Officer. Pursuant to the separation agreement, Ms. Thomas will receive a severance payment of (i) current base salary of $240,000 through January 5, 2018, (ii) three months of current base salary of $240,000, payable in six bi-weekly payments of $10,000, less applicable statutory deductions and tax withholdings, (iii) $44,310 in earned annual bonus for the fiscal year ended December 31, 2017, and (iv) $5,077 in accrued but unused vacation time. In addition, all of Ms. Thomas' outstanding options shall vest immediately.

Effective January 8, 2018, the Company entered into an employment agreement with John Macdonald pursuant to which he will serve as the Company's Chief Financial Officer. The agreement has an initial term of two years and may be extended for additional one-year terms. Mr. Macdonald will receive an annual base salary of $175,000 and be eligible for an annual bonus of up to 50% of his base salary. In addition, Mr. Macdonald is eligible for stock compensation in the future, at the Board of Director's discretion.

Effective January 26, 2018, the Company entered into a Forbearance to the Loan Agreement with Lender, as administrative agent to the lenders under the Loan Agreement entered into on October 16, 2014 by and among the Company, certain of its subsidiaries, Lender and the lenders party thereto. Pursuant to the Agreement, Lender, through March 30, 2018 (the "Forbearance Period"), waived the Company's requirement to maintain at least $6,500,000 minimum in deposit accounts or securities accounts (the "$6,500,000 Minimum") and agreed to forbear from exercising any of its rights with respect to an event of default related to the $6,500,000 Minimum. The Forbearance Period shall terminate upon the Company's failure to maintain at least $4,000,000 minimum in deposit accounts or securities accounts or upon the occurrence of certain events of default.

The agreement was amended and restated effective February 28, 2018 to also include a forbearance of Section 6.1(a)(i) of the agreement "Qualified Auditor's Report" in the event that the Company's audited consolidated financial statements for the year ended December 31, 2017 contained a going concern explanatory paragraph. The agreement was further amended and restated effective March 30, 2018 to extend the forbearance period until April 15, 2018.

Item 9 - Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A - Controls and Procedures.

Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based upon our evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures are effective, as of December 31, 2017, in ensuring that material information that we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms.

During the second quarter of 2017, the Company had determined there was a material weakness in its system of internal control as it relates to monitoring compliance with covenants in its debt agreement. Management implemented a remediation plan, which was completed during the third quarter. The remediation plan included the following steps:

- A detail covenant worksheet is compiled to include all financial and non-financial covenants. The covenant worksheet will include all covenants associated with current debt arrangements and will be modified to reflect any amendments to current debt and/or new debt arrangements.

- The Company will ensure that the "Certificate of Financial Officer" certifying compliance with the covenants is provided to the lender concurrently with the delivery of the quarterly/annual financial statements.

The remediation was successfully tested as of December 31, 2017. On that basis, management concluded that the material weakness was remediated as of December 31, 2017.

Changes in Internal Control over Financial Reporting

There were no changes in our system of internal control over financial reporting during the fourth quarter of the year ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act as a process designed by, or under the supervision of, a company's principal executive and principal financial officers and effected by a 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. Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;

- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2017. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control - Integrated Framework in 2013.

Based on our assessment, our management has concluded that, as of December 31, 2017, our internal control over financial reporting is effective based on those criteria.

Item 9B - Other Information.

None.

PART III

Item 10 - Directors, Executive Officers and Corporate Governance.

The following table sets forth the names, ages, and positions of the current directors and executive officers. Our directors hold office for one-year terms until the following annual meeting of stockholders and until his or her successor has been elected and qualified or until the director's earlier resignation or removal. Officers are elected annually by the Board of Directors and serve at the discretion of the Board of Directors.

Name	Age	Position
Philip Urso	58	Chairman of the Board of Directors
Ernest Ortega	52	Chief Executive Officer and Director
Arthur G. Giftakis	51	Chief Operating Officer
John Macdonald	47	Chief Financial Officer
Howard L. Haronian, M.D.(1)(2)(3)	55	Director
William J. Bush(1)(2)	52	Director

(1) Member of our Audit Committee.
(2) Member of our Compensation Committee.
(3) Member of our Nominating Committee.

The biographies below include information related to service by the persons below to Towerstream Corporation and our subsidiary, Towerstream I, Inc. On January 4, 2007, we merged with and into a wholly-owned Delaware subsidiary for the sole purpose of changing our state of incorporation to Delaware. On January 12, 2007, a wholly-owned subsidiary of ours completed a reverse merger with and into a private company, Towerstream Corporation, with Towerstream Corporation (the private company) being the surviving company and becoming a wholly-owned subsidiary of ours. Upon closing of the merger, we discontinued our former business and succeeded to the business of Towerstream Corporation as our sole line of business. At the same time, we also changed our name to Towerstream Corporation and our newly acquired subsidiary, Towerstream Corporation, changed its name to Towerstream I, Inc.

Philip Urso co-founded Towerstream I, Inc. in December 1999. In February 2016, the Company appointed Mr. Urso to interim Chief Executive Officer. Mr. Urso resigned from his position as interim Chief Executive Officer with the appointment of Mr. Ortega to Chief Executive Officer in January 2017. Mr. Urso has served as a director and chairman since inception and as Chief Executive Officer from inception until November 2005. Mr. Urso has been the Company's chairman and a director since it became public in 2007. In 1995, Mr. Urso co-founded eFortress and served as its president through 1999. From 1983 until 1997, Mr. Urso owned and operated a group of radio stations. In addition, Mr. Urso co-founded the regional cell-tower company, MCF Communications, Inc. Mr. Urso was appointed to the Board of Directors due to his significant experience in the wireless broadband and tower industries, his familiarity with the Company, as well as his extensive business management expertise.

Ernest Ortega has been our Chief Executive Officer since January 2017 and served on the Company's Board of Advisors from January 2016 to January 2017. In January 2018, the Company appointed Mr. Ortega to serve as a director. Prior to his appointment as Chief Executive Officer, Mr. Ortega served as Chief Revenue Officer of Colt Technology Services from October 2015 to December 2016, as Chief Revenue Officer of Cogent Communications Holdings, Inc. (Nasdaq: CCOI) from August 2013 to October 2015 and as EVP Sales & Marketing of XO Communications from June 1999 to August 2013.

Arthur G. Giftakis has been our Chief Operating Officer since February 2016. Prior to his appointment to Chief Operating Officer, Mr. Giftakis served as the Company's senior vice president of engineering and operations since January 2014. Prior to his position with the Company, Mr. Giftakis served as the director of sales engineering at Sockeye Networks and Navisite. In addition, Mr. Giftakis was the director of data communications at Bell Atlantic for ten years.

John Macdonald has been our Chief Financial Officer since January 2018. Mr. Macdonald joined the Company as Corporate Controller in March 2017. Prior to joining the Company, Mr. Macdonald was the Assistant Corporate Controller at KVH Industries, a leading provider of mobile connectivity products and guidance and stabilization solutions from February 2015 to February 2017. Prior to that, he was Director of Accounting at APC by Schneider Electric, a manufacturer of critical power products and solutions provider for data centers and other applications, from May 2010 to February 2015. He began his career with Ernst & Young LLP serving as an assurance manager. A licensed Certified Public Accountant (CPA) in Massachusetts, he holds a Master of Business Administration from Bryant University and a BS in Business Administration from the University of Rhode Island.

Howard L. Haronian, M.D., has served as a director of Towerstream I, Inc. since inception in December 1999. Dr. Haronian has been a director of the Company since it became public in 2007. Dr. Haronian is an interventional cardiologist and has been president of Cardiology Specialists, Ltd. of Rhode Island since 1994. Dr. Haronian has served on the clinical faculty of the Yale School of Medicine since 1994. Dr. Haronian graduated from the Yale School of Management Program for Physicians in 1999. Dr. Haronian has directed the Cardiac Catheterization program at The Westerly Hospital since founding the program in 2003. Dr. Haronian was appointed to the Board of Directors due to his extensive knowledge of the Company's operations since its founding and his executive level experience at other organizations.

William J. Bush has been a director of the Company since January 2007. Since November 2016, Mr. Bush has served as the chief financial officer of Stem, Inc., which is building and operating the largest digitally connected energy storage network in the world. From January 2010 to November 2016, Mr. Bush served as the chief financial officer of Borrego Solar Systems, Inc., one of the nation's leading financiers, designers and installers of commercial and government grid-connected solar electric power systems. From October 2008 to December 2009, Mr. Bush served as the chief financial officer of Solar Semiconductor, Ltd., a private vertically integrated manufacturer and distributor of quality photovoltaic modules and systems targeted for use in industrial, commercial and residential applications with operations in India helping it reach $100 million in sales in its first 15 months of operation. Prior to that, Mr. Bush served as chief financial officer and corporate controller for a number of high growth software and online media companies as well as being one of the founding members of Buzzsaw.com, Inc., a spinoff of Autodesk, Inc. Prior to his work at Buzzsaw.com, Mr. Bush served as corporate controller for Autodesk, Inc. (NasdaqGM: ADSK), one of the largest software applications company in the world. His prior experience includes seven years in public accounting with Ernst & Young, and PricewaterhouseCoopers. Mr. Bush holds a B.S. degree in Business Administration from U.C. Berkeley and is a certified public accountant. Mr. Bush was appointed to the Board of Directors because he has significant experience in finance.

Board Leadership Structure and Risk Oversight

Our Audit Committee is primarily responsible for overseeing our risk management processes on behalf of our Board of Directors. The Audit Committee receives and reviews periodic reports from management, auditors, legal counsel, and others, as considered appropriate regarding our Company's assessment of risks. In addition, the Audit Committee reports regularly to the full Board of Directors which also considers our risk profile. The Audit Committee and the full Board of Directors focus on the most significant risks facing our Company and our Company's general risk management strategy, and also ensure that risks undertaken by our Company are consistent with the Board of Directors' tolerance for risk. While the Board of Directors oversees our Company's risk management, management is responsible for day-to-day risk management processes. We believe this division of responsibilities is the most effective approach to address the risks facing our Company.

Directorships

Except as otherwise reported above, none of our directors held directorships in other reporting companies or registered investment companies at any time during the past five years.

Family Relationships

Except for Howard L. Haronian, M.D. and Philip Urso, who are cousins, there are no family relationships among our directors or executive officers.

Involvement in Certain Legal Proceedings

To our knowledge, during the last ten years, none of our directors and executive officers (including those of our subsidiaries) has:

- Had a bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time.
- Been convicted in a criminal proceeding or been subject to a pending criminal proceeding, excluding traffic violations and other minor offenses.
- Been subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities.
- Been found by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission (the "SEC"), or the Commodities Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.
- Been the subject to, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization, any registered entity, or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

There are no material proceedings to which any director, officer or affiliate, any owner of record or beneficially of more than five percent of any class of our voting securities, or any associate of any such director, officer, affiliate, or security holder is a party adverse to us or has a material interest adverse to the Company.

Board Committees

Since January 2007, the standing committees of our Board of Directors consist of an Audit Committee, a Compensation Committee and a Nominating Committee. Each member of our committees is "independent" as such term is defined under and required by the federal securities laws and the rules of the NASDAQ Stock Market. The charters of each of the committees have been approved by our Board of Directors and are available on our website at www.towerstream.com.

Audit Committee

The Audit Committee is comprised of two directors: William J. Bush and Howard L. Haronian, M.D. Mr. Bush is the Chairman of the Audit Committee. The Audit Committee's duties include recommending to our Board of Directors the engagement of independent auditors to audit our financial statements and to review our accounting and auditing principles. The Audit Committee reviews the scope, timing and fees for the annual audit and the results of audit examinations performed by independent public accountants, including their recommendations to improve our system of accounting and our internal control over financial reporting. The Audit Committee oversees the independent auditors, including their independence and objectivity. However, the committee members are not acting as professional accountants or auditors, and their functions are not intended to duplicate or substitute for the activities of management and the independent auditors. The Audit Committee is empowered to retain independent legal counsel and other advisors as it deems necessary or appropriate to assist the Audit Committee in fulfilling its responsibilities, and to approve the fees and other retention terms of the advisors. Each of our Audit Committee members possesses an understanding of financial statements and generally accepted accounting principles. The Board of Directors has determined that Mr. Bush is an "audit committee financial expert" as defined in Item 407(d) (5) (ii) of Regulation S-K. The designation of Mr. Bush as an "audit committee financial expert" will not impose on him any duties, obligations or liability that are greater than those that are generally imposed on him as a member of our Audit Committee and Board of Directors, and his designation as an "audit committee financial expert" will not affect the duties, obligations or liability of any other member of our Audit Committee or Board of Directors.

Compensation Committee

The Compensation Committee is comprised of two directors: Howard L. Haronian, M.D., and William J. Bush. Dr. Haronian is the Chairman of the Compensation Committee. The Compensation Committee has certain duties and powers as described in its charter, including but not limited to periodically reviewing and approving our salary and benefits policies, compensation of executive officers, administering our stock option plans and recommending and approving grants of stock options under such plans.

Nominating Committee

The Nominating Committee is comprised of one director: Howard L. Haronian, M.D. Dr. Haronian is Chairman of the Nominating Committee. The Nominating Committee considers and makes recommendations on matters related to the practices, policies and procedures of the Board of Directors and takes a leadership role in shaping our corporate governance. As part of its duties, the Nominating Committee assesses the size, structure and composition of the Board of Directors and its committees, and coordinates the evaluation of Board of Directors performance. The Nominating Committee also acts as a screening and nominating committee for candidates considered for election to the Board of Directors.

Changes in Nominating Process

There are no material changes to the procedures by which security holders may recommend nominees to our Board of Directors.

Compensation of Directors

In January 2017, Philip Urso, the Chairman of the Board of Directors, resigned from his position as Interim Chief Executive Officer. Effective February 1, 2017, the Company modified the terms of Mr. Urso's compensation for a period of three months to assist in the transition of the new Chief Executive Officer. Mr. Urso received a monthly salary of $12,500, a car allowance of $1,000 per month and continued health insurance coverage for himself and his dependents. Beginning in May 2017, Mr. Urso received compensation as a director of the Company and paid his health insurance coverage.

The following table summarizes the compensation awarded during the fiscal year ended December 31, 2017 to our directors who are not named executive officers in the summary compensation table below:

Name	Fees Earned or Paid in Cash	Option Awards (3)(4)	Total
Philip Urso (1)	$ 77,500	$ 305	$ 77,805
Howard L. Haronian, M.D.	$ 60,000	$ 305	$ 60,305
Paul Koehler*	$ 60,000	$ 305	$ 60,305
William J. Bush	$ 60,000	$ 305	$ 60,305
Don MacNeil (2)	$ 35,000	$ 305	$ 35,305

*Effective January 9, 2018 resigned from his position as a member of the Board of Directors.

(1) Represents compensation earned during the transition period of the new Chief Executive Officer from February 2017 through April 2017 and as the Chairman of the Board of Directors commencing on May 1, 2017.

(2) Effective May 22, 2017, the Company appointed Mr. MacNeil to serve as a member of its Board of Directors. On January 9, 2018, Mr. MacNeil resigned from his position as a director.

(3) Based upon the aggregate grant date fair value calculated in accordance with the Stock Compensation Topic of the Financial Accounting Standards Board Accounting Standards Codification. Our policy and assumptions made in the valuation of share-based payments are contained in Note 11 to our December 31, 2017 financial statements.

(4) Option awards relate to the issuance in 2017 of options to purchase 34 shares at an exercise price of $12.00 each for Messrs. Urso, Koehler, Bush and MacNeil, and Dr. Haronian.

Pursuant to the 2008 Non-Employee Directors Compensation Plan (the “Directors Plan”) in effect in 2015, each non-employee director was entitled to receive periodic grants of ten-year options to purchase 34 shares of our common stock at an exercise price equal to the fair market value of our common stock on the date of grant and that vests monthly over a one year period. An initial grant was made upon such non-employee director’s election or appointment to our Board of Directors and thereafter annually on the first business day in June, subject to such director remaining on the Board of Directors. Non-employee directors also receive $50,000 per annum in cash. As a result of the additional responsibilities associated with such positions, the Chairman of the Board of Directors was entitled to receive an additional $10,000 per year, and the Chairman of the Audit and Compensation Committees were each entitled to receive an additional $5,000 per year.

On December 18, 2016, the Company adjusted monthly cash compensation for its independent directors to $5,000 per month effective December 1, 2016.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) requires our executive officers and directors, and persons who beneficially own more than 10% of our equity securities, to file reports of ownership and changes in ownership with the SEC. Based solely on our review of copies of such reports and representations from our executive officers and directors, we believe that our executive officers and directors complied with all Section 16(a) filing requirements during the year ended December 31, 2017, except that our Board of Directors (Messrs. Urso, Koehler, Bush and MacNeil, and Dr. Haronian) failed to file timely Form 4s for the grant of stock options to purchase shares of our common stock in June 2017.

Code of Ethics and Business Conduct

Our Board of Directors has adopted a code of ethics and business conduct that establishes the standards of ethical conduct applicable to all directors, officers and employees of Towerstream Corporation. The code of ethics and business conduct addresses, among other things, conflicts of interest, compliance with disclosure controls and procedures, and internal control over financial reporting, corporate opportunities and confidentiality requirements. The Audit Committee is responsible for applying and interpreting our code of ethics and business conduct in situations where questions are presented to it. There were no amendments or waivers to the code of ethics and business conduct in fiscal 2017. Our code of ethics and business conduct is available for review on our website at www.towerstream.com. We will provide a copy of our code of ethics and business conduct free of charge to any person who requests a copy. Requests should be directed by e-mail to John Macdonald, our Chief Financial Officer, at jmacdonald@towerstream.com, or by mail to Towerstream Corporation, 76 Hammarlund Way, Middletown, Rhode Island 02842, or by telephone at (401) 848-5848.

Item 11 - Executive Compensation.

Summary Compensation Table

The following table summarizes the annual and long-term compensation paid to our chief executive officer and our other most highly compensated executive officers who were serving at the end of 2017, whom we refer to collectively in this Annual Report on Form 10-K as the “named executive officers”. In January 2017, Mr. Urso, the Chairman of the Board of Directors, resigned from his position as Interim Chief Executive Officer and the Company appointed Ernest Ortega as Mr. Urso’s successor. Mr. Larcombe resigned from his position with the Company in 2017 and the Company appointed Laura Thomas as Mr. Larcombe’s successor. Ms. Thomas resigned from her position in January 2018. In 2016, the Company adopted new compensation policies applicable to named executive officers under which they would receive lesser cash compensation amounts than previously paid plus equity incentives intended to align the interests of such executives with the interests of stockholders. Such policies reduced the obligation of the Company for payment of historical levels of cash compensation to executives, which the Company had been contractually obligated to pay pursuant to its employment agreements with executives.

Name and Principal Position	Year		Salary		Bonus		Option Awards(1)		Other		Total
Philip Urso	2017	$	25,385	$	-	$	68,005(2)	$	-	$	93,390
Former Interim Chief Executive Officer*	2016	$	264,248	$	-	$	297,650(3)	$	-	$	561,898
Ernest Ortega Chief Executive Officer	2017	$	325,365	$	218,681(4)	$	261,323(5)	$	-	$	805,369
Arthur G. Giftakis	2017	$	230,000	$	83,828(6)	$	59,632(7)	$	-	$	373,460
Chief Operating Officer	2016	$	190,615	$	25,000	$	360,567(8)	$	-	$	576,182
Laura Thomas Chief Financial Officer**	2017	$	152,308	$	44,310(9)	$	64,871(10)	$	-	$	261,489
Frederick Larcombe	2017	$	104,608	$	-	$	34,002(11)	$	35,840(12)	$	174,450
Former Chief Financial Officer***	2016	$	148,480	$	-	$	-	$	-	$	148,480
Jeffrey M. Thompson Former President and Chief Executive Officer****	2016	$	63,939	$	-	$	-	$	277,083(13)	$	341,022
Joseph P. Hernon Former Chief Financial Officer*****	2016	$	153,125	$	-	$	-	$	81,250(14)	$	234,375

*Resigned as Interim Chief Executive Officer on January 24, 2017
**Resigned as Chief Financial Officer on January 5, 2018
***Resigned as Chief Financial Officer on May 15, 2017
****Resigned as President and Chief Executive Officer on February 12, 2016
*****Resigned as Chief Financial Officer on June 3, 2016

(1) Based upon the aggregate grant date fair value calculated in accordance with the Stock Compensation Topic of the Financial Accounting Standards Board Accounting Standards Codification. Our policy and assumptions made in the valuation of share-based payments are contained in Note 11 to our December 31, 2017 financial statements.

(2) On February 3, 2017, Mr. Urso received a ten-year option to purchase 6,676 shares of common stock at an exercise price of $13.50 per share in recognition of his past service as Interim Chief Executive Officer. These options vested immediately.

(3) In connection with his appointment to Interim Chief Executive Officer on February 16, 2016, Mr. Urso was granted a ten-year option to purchase 67 shares of common stock at an exercise price of $375.00 per share on March 4, 2016. These options vest immediately.

Mr. Urso was granted the following ten-year options as compensation for his appointment to Interim Chief Executive Officer:

a) 17 shares of common stock at an exercise price of $180.00 on March 31, 2016 which vest immediately;
b) 17 shares of common stock at an exercise price of $240.00 on April 29, 2016 which vest immediately;
c) 17 shares of common stock at an exercise price of $285.00 on May 31, 2016 which vest immediately;
d) 17 shares of common stock at an exercise price of $255.00 on June 30, 2016 which vest immediately; and
e) 7 shares of common stock at an exercise price of $187.50 on July 29, 2016 which vest immediately;

On August 19, 2016, Mr. Urso received a ten-year option to purchase 2,747 shares of common stock at an exercise price of $168.75 per share in recognition of services performed during 2016. These options vest quarterly over one year with the first tranche vesting on November 19, 2016.

(4) Per his employment agreement, Mr. Ortega is eligible for an annual bonus of $300,000. The Compensation Committee has determined that his bonus will be based on the following metrics: 30% on churn, 30% on EBITDA and 40% on cash flows. Bonuses will be paid on the achievement percentage attained. For the year ended December 31, 2017, Mr. Ortega was awarded a bonus of $218,681 based on the following (cash flows and EBITDA dollars are in thousands):

Metric	Actual	Objective	Achievement of Objective	Bonus Value	Total Payout
Churn	1.31%	Less than 1.7%	123.0%	$ 90,000	$ 110,681
EBITDA	$ (607)	$ 1,100	-%	$ 90,000	$ -
Cash Flows	$ (4,703)	$ (4,500)	90.0%	$ 120,000	$ 108,000

(5) In connection with his appointment to Chief Executive Officer on January 24, 2017, Mr. Ortega was issued options for the purchase of up to 27,162 shares of the Company's common stock at $12.75 per share for a period of ten years. Those options vest as follows: 4,178 will vest on January 24, 2018; 8,358 will vest in eight quarterly installments during the twenty-four months ending January 24, 2020; 7,313 will vest upon the achievement of three consecutive quarters of positive cash flow; and 7,313 will vest upon the sale of the Company's earth station assets in Miami, Florida for gross proceeds equal to or greater than $15,000,000.

(6) Per his employment agreement, Mr. Giftakis is eligible for an annual bonus of $115,000. The Compensation Committee has determined that his bonus will be based on the following metrics: 30% on churn, 30% on EBITDA and 40% on cash flows. Bonuses will be paid on the achievement percentage attained. For the year ended December 31, 2017, Mr. Giftakis was awarded a bonus of $83,828 based on the following (cash flows and EBITDA dollars are in thousands):

Metric	Actual	Objective	Achievement of Objective	Bonus Value	Total Payout
Churn	1.31%	Less than 1.7%	123.0%	$ 34,500	$ 42,428
EBITDA	$ (607)	$ 1,100	-%	$ 34,500	$ -
Cash Flows	$ (4,703)	$ (4,500)	90.0%	$ 46,000	$ 41,400

(7) On February 3, 2017, Mr. Giftakis received a ten-year option to purchase 5,854 shares of common stock at an exercise price of $13.50 per share in recognition of services performed in 2016. These options vest ratably on a quarterly basis over the eight quarters immediately following the grant date.

(8) In connection with his appointment to Chief Operating Officer on February 16, 2016, Mr. Giftakis was granted a ten-year option to purchase 400 shares of common stock at an exercise price of $375.00 per share on March 4, 2016. These options vest quarterly over a two year period with the first tranche vesting on June 4, 2016.

On August 19, 2016, Mr. Giftakis received a ten-year option to purchase 2,747 shares of common stock at an exercise price of $168.75 per share in recognition of services performed during 2016. These options vest quarterly over one year with the first tranche vesting on November 19, 2016.

(9) Ms. Thomas was awarded a discretionary bonus as a result of her contributions in 2017 in assisting the Company towards achieving its financial and operational goals.

(10) In connection with her appointment to Chief Financial Officer on May 15, 2017, Ms. Thomas was granted a ten-year option to purchase 7,556 shares of common stock at an exercise price of $11.25 per share. These options vest 25% after one year of service and the remaining to vest ratably over the following three years.

(11) On February 3, 2017, Mr. Larcombe received a ten-year option to purchase 3,338 shares of common stock at an exercise price of $13.50 per share in recognition of services performed in 2016. These options vest ratably on a quarterly basis over the eight quarters immediately following the grant date.

(12) As part of Mr. Larcombe's separation agreement dated May 15, 2017, he received a severance payment of $35,840.

(13) As part of Mr. Thompson's separation agreement dated February 12, 2016, he received a payment of an amount approximately equal to the remaining term of Mr. Thompson's employment agreement which was to expire in October 2016.

(14) As part of Mr. Hernon's separation agreement dated June 3, 2016, he received a one-time payment equal to three months of his pay.

Grants of Plan-Based Awards

The following table summarizes the stock option awards granted to our named executive officers during the year ended December 31, 2017:

Name	Grant Date	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards ($/Share)(1)	Grant Date Fair Value of Stock and Option Awards($)(2)
Ernest Ortega	1/24/17	12,536	$ 12.75	$ 120,608
	1/24/17	14,626	$ 12.75	$ 140,708
Arthur G. Giftakis	2/3/17	5,854	$ 13.50	$ 59,632
Laura Thomas*	5/15/17	7,556	$ 11.25	$ 64,871

* Resigned as Chief Financial Officer on January 5, 2018

(1) The exercise price of the stock options awarded was determined in accordance with the stock option plans, which provides that the exercise price for an option granted be the closing sale price for our common stock as quoted on the OTC Markets Group, Inc. on the date of grant.

(2) Based upon the aggregate grant date fair value calculated in accordance with the Stock Compensation Topic of the Financial Accounting Standards Board Accounting Standards Codification. Our policy and assumptions made in the valuation of share-based payments are contained in Note 11 to our December 31, 2017 financial statements.

There were no restricted stock awards granted to our named executive officers during the year ended December 31, 2017.

Outstanding Equity Awards at Fiscal Year-End

The following table summarizes the outstanding equity awards to our named executive officers as of December 31, 2017.

	Option Awards			
Name	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price	Option Expiration Date
Ernest Ortega	34	–	$ 525.00	12/31/25
	1,000	–	$ 111.00	9/15/26
	334	–	$ 15.00	1/2/27
	–	12,536 (1)	$ 12.75	1/23/27
	–	14,626 (2)	$ 12.75	1/23/27
Arthur G. Giftakis	5	–	$ 2,715.00	5/31/20
	60	–	$ 6,135.00	8/2/21
	40	–	$ 3,465.00	8/28/23
	17	–	$ 1,710.00	10/14/24
	20	–	$ 1,965.00	9/10/25
	350	50 (3)	$ 375.00	3/3/26
	2,747	–	$ 168.75	8/18/26
	2,195	3,659 (4)	$ 13.50	2/2/27
Laura Thomas*	-	7,556 (5)	$ 11.25	5/14/27

*Resigned as Chief Financial Officer on January 5, 2018

(1) Such option vests 33% after one year from the grant date and the remaining to vest ratably over the following eight quarters.

(2) Such option vests one-half upon the achievement of three consecutive quarters of positive cash flow and one-half vests upon the sale of the Company's earth station assets in Miami, Florida for gross proceeds equal to or greater than $15,000,000.

(3) Such option vests quarterly over a two year period, with the first tranche vesting on June 4, 2016.

(4) Such option vests quarterly over a two year period, with the first tranche vesting on May 3, 2017.

(5) Such option vests 25% after one year of service and the remaining to vest ratably over the following three years.

Option Exercises and Stock Vested

There were no options exercised or restricted stock vested during fiscal 2017 with respect to our named executive officers.

Employment Agreements and Change-in-Control

On February 16, 2016, the Board of Directors appointed Philip Urso as Interim Chief Executive Officer of the Company, for which he also serves as Chairman of the Board of Directors. In relation to Mr. Urso's appointment to Interim Chief Executive Officer, the Board of Directors modified his compensation to increase his cash compensation to $25,000 per month. Mr. Urso was also awarded a one-time grant of 67 fully vested, ten-year options to purchase shares of the Company's common stock, at an exercise price equal to the price of the Company's common stock at market close on the day of the grant, March 4, 2016. In addition, Mr. Urso received 17 fully-vested, ten-year stock options on the last day of each month of his service as Interim Chief Executive Officer for the first four months as Interim Chief Executive Officer, and 7 shares per month due on the last day of each month of service as Interim Chief Executive Officer through July 2017, with all such options having an exercise price equal to the price of the Company's common stock at market close on the day of the grant. On January 24, 2017, Mr. Urso resigned from his position as Interim Chief Executive Officer of the Company. The Company did not enter into any severance agreement with Mr. Urso in connection with his resignation. Effective February 1, 2017, the Company entered into an employment agreement with Mr. Urso, pursuant to which he will provide support and transition services to the Company's new Chief Executive Officer for a period of three months. Under the terms of the agreement, Mr. Urso's compensation will consist of a salary of $12,500 per month, a car allowance of $1,000 per month, and health insurance coverage for himself and his dependents.

On February 16, 2016, the Board of Directors appointed Arthur Giftakis as Chief Operating Officer of the Company, for which he was serving as the Senior Vice President of Engineering and Operations of the Company at the time of his appointment. In connection to his appointment as Chief Operating Officer, Mr. Giftakis received a one-time bonus of $25,000. He also received ten-year options to purchase 400 shares of the Company's common stock having an exercise price equal to the price of the Company's common stock at market close on March 4, 2016, and which options vest over the course of two years in equal quarterly installments. On November 23, 2016, the Company entered into an employment agreement with Mr. Giftakis to which he will serve as the Company's Chief Operating Officer for a base salary of $230,000 per year. He is eligible for bonus compensation of up to $115,000 per year in cash, stock or options, as approved at the discretion of the Compensation Committee. His employment agreement has a term of two years and may automatically be renewed for additional one year terms unless earlier terminated by either party with three months prior notice. Upon termination for any reason, Mr. Giftakis is entitled to accrued but unpaid salary and bonus. Upon termination without cause by the Company, for good reason by Mr. Giftakis or within 180 days of a change of control, he will be entitled to the greater of his base salary through the balance of the employment period or twelve months base salary, continued participation in the Company's benefits plans to be paid by the Company and immediate vesting of all stock option and other equity awards.

Effective June 14, 2016, Frederick Larcombe joined the Company as Chief Financial Officer. His agreement with the Company, as amended, provides for compensation of $5,120 per week for his services through June 30, 2018. Mr. Larcombe resigned from his position as Chief Financial Officer on May 15, 2017 upon the appointment of Laura Thomas as Chief Financial Officer. The Company entered into a separation agreement with Mr. Larcombe. Under the terms of the separation agreement, Mr. Larcombe, through June 30, 2017, provided consulting and support services to the Company. Mr. Larcombe will receive a severance payment of an aggregate of $35,840, payable in six weekly installments provided that Mr. Larcombe has provided the requested services under the separation agreement. In addition, all of Mr. Larcombe's outstanding options vested immediately and, unless exercised prior to May 15, 2018, shall be forfeited.

On January 24, 2017, the Company entered into an employment agreement with Ernest Ortega pursuant to which he will serve as the Company's Chief Executive Officer. The agreement has a term of eighteen months and automatically renews for additional one-year terms unless earlier terminated by either party within three months prior to the renewal date. Mr. Ortega will receive a base salary of $350,000 per year and is eligible for bonus compensation of up to $300,000 per year, as approved at the discretion of the Board of Directors. In addition, the Company issued options for the purchase of up to 27,162 shares of the Company common stock at $12.75 per share for a period of ten years. Those options vest as follows: 4,178 will vest on January 24, 2018; 8,358 will vest in eight quarterly installments during the twenty-four months ending January 24, 2020; 7,313 will vest upon the achievement of three consecutive quarters of positive cash flow; and 7,313 will vest upon the sale of the Company's earth station assets in Miami, Florida for gross proceeds equal to or greater than $15,000,000. Upon termination of employment for any reason, Mr. Ortega shall be entitled to: (i) all base salary earned through the date of termination, (ii) any annual bonuses earned through the date of termination, (iii) any and all reasonable expenses paid or incurred in connection with and related to the performance of his duties and responsibilities for the Company during the period ending on the termination date, (iv) any accrued but unused vacation time through the date of termination and (v) all share awards earned and vested prior to the date of termination. In the event of termination by the Company without cause, by Mr. Ortega for good reason or following a change of control, Mr. Ortega shall also be entitled to his continued base salary through the remainder of the term of employment.

On May 15, 2017, the Company entered into an employment agreement with Laura Thomas. Ms. Thomas received an annual base salary of $240,000 and will be eligible for an annual bonus of up to 50% of her base salary. In addition, she was issued options to purchase up to 2% of the Company's common stock on a fully diluted basis as of May 15, 2017, 25% of which will vest after one year of service and the remaining to vest ratably over the following three years. In the event of resignation for Good Reason (as defined in the Employment Agreement) or termination other than for Cause (as defined in the Employment Agreement) within 180 days of a Change of Control, Ms. Thomas will be entitled to a severance payment equal to (i) the greater of her continued base salary through the balance of the term, as renewed, or 12 months of her then bases Salary, (ii) continued participation in Company welfare benefit plans (including health benefits) on the same terms as immediately prior to termination and to be paid in full by the Company for not less than 12 months of continuation of benefits and (iii) immediate vesting of all stock options and equity awards; provided, that she executes an agreement releasing Company and its affiliates from any liability. The agreement has an initial term of two years and may be extended for additional one year terms. On January 5, 2018, Laura Thomas resigned from her position as Chief Financial Officer and entered into a separation agreement with the Company. Pursuant to the separation agreement, Ms. Thomas will receive a severance payment of (i) current base salary of $240,000 through January 5, 2018, (ii) three months of current base salary of $240,000, payable in six bi-weekly payments of $10,000, less applicable statutory deductions and tax withholdings, (iii) $44,310 in earned annual bonus for the fiscal year ended December 31, 2017, and (iv) $5,077 in accrued but unused vacation time. In addition, all of Ms. Thomas' outstanding options shall vest immediately.

Effective January 8, 2018, the Company entered into an employment agreement with John Macdonald pursuant to which he will serve as the Company's Chief Financial Officer. The agreement has an initial term of two years and may be extended for additional one year terms. Mr. Macdonald will receive an annual base salary of $175,000 and be eligible for an annual bonus of up to 50% of his base salary. In addition, Mr. Macdonald is eligible for stock compensation in the future, at the Board of Director's discretion. In the event of resignation for Good Reason (as defined in the Employment Agreement) or termination other than for Cause (as defined in the Employment Agreement) within 180 days of a Change of Control, Mr. Macdonald will be entitled to a severance payment equal to (i) the greater of his continued base salary through the balance of the term, as renewed, or 6 months of his then base salary, (ii) continued participation in Company welfare benefit plans (including health benefits) on the same terms as immediately prior to termination and to be paid in full by the Company for not less than 12 months of continuation of benefits and (iii) immediate vesting of all stock options and equity awards; provided, that he executes an agreement releasing Company and its affiliates from any liability.

In December 2007, we entered into an employment agreement, as amended through 2015, with Jeffrey M. Thompson, our former principal executive officer, which was terminated in February 2016. We entered into a separation agreement with Mr. Thompson on February 12, 2016 pursuant to which Mr. Thompson resigned from all positions with the Company and its subsidiaries, and as a member of the Board of Directors. Among other terms and conditions, the separation agreement provides for (i) the mutual release of claims, liabilities and causes of action by Mr. Thompson and the Company, (ii) payment of $277,083, an amount approximately equal to the remaining term of Mr. Thompson's employment agreement which was to expire in October 2016, (iii) vesting of option and other stock incentive awards held by Mr. Thompson and (iv) a three month non-competition period and a twelve month non-solicitation period.

In May 2008, Joseph P. Hernon joined the Company as Chief Financial Officer. We entered into a separation agreement with Mr. Hernon on June 3, 2016 pursuant to which Mr. Hernon resigned from all positions with the Company and its subsidiaries. Among other terms and conditions, the separation agreement provides for (i) the mutual release of claims, liabilities and causes of action by Mr. Hernon and the Company and (ii) payment of $81,250, an amount approximately equal to the three months of Mr. Hernon's base salary.

Item 12 - Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table sets forth information with respect to the beneficial ownership of our common stock as of March 23, 2018 by:

- each person known by us to beneficially own more than 5% of our common stock (based solely on our review of SEC filings);
- each of our directors;
- each of our named executive officers listed in the section entitled "Summary Compensation Table" under Executive Compensation; and
- all of our directors and executive officers as a group.

The percentages of common stock beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under the rules of the SEC, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of the security, or investment power, which includes the power to dispose of or to direct the disposition of, with respect to the security. Except as indicated in the footnotes to this table, each beneficial owner named in the table below has sole voting and sole investment power with respect to all shares beneficially owned and each person's address is c/o Towerstream Corporation, 76 Hammarlund Way, Middletown, Rhode Island 02842, unless otherwise indicated. As of March 23, 2018, there were 394,399 shares of our common stock outstanding.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percent of Class (1)
5% Stockholders:		
HS Contrarian Investments, LLC (2)	43,822 (3)	9.99%
68 Fiesta Way		
Fort Lauderdale, FL 33301		
Barry Honig	34,822 (4)	8.83%
555 South Federal Highway #450		
Boca Raton, FL 33432		
Delaney Equity Group, LLC	31,897 (5)	8.09%
2401 PGA Blvd, Suite 110		
Palm Beach Gardens, FL 33410		
Directors and Named Executive Officers:		
Ernest Ortega	6,599 (6)	1.65%
Philip Urso	10,682 (7)	2.64%
William J. Bush	1,574 (8)	*
Howard L. Haronian, M.D.	2,253 (9)	*
Arthur G. Giftakis	6,949 (10)	1.73%
John Macdonald	-	*
All directors and executive officers as a group (6 persons)	28,057 (6)(7)(8)(9)(10)	6.67%
Frederick Larcombe (11)	3,338 (12)	*
Laura W. Thomas (13)	7,556 (14)	1.88%
Paul Koehler (13)	1,547 (15)	*
Donald MacNeil (13)	20 (16)	*

* Less than 1%.

(1) Shares of common stock beneficially owned and the respective percentages of beneficial ownership of common stock assumes the exercise of all options, warrants and other securities convertible into common stock beneficially owned by such person or entity currently exercisable or exercisable within 60 days of March 23, 2018. Shares issuable pursuant to the exercise of stock options and warrants exercisable within 60 days are deemed outstanding and held by the holder of such options or warrants for computing the percentage of outstanding common stock beneficially owned by such person, but are not deemed outstanding for computing the percentage of outstanding common stock beneficially owned by any other person.

(2) John Stetson is the Managing Member of HS Contrarian Investments, LLC and in such capacity, is deemed to hold voting and dispositive power of the securities held by HS Contrarian Investments, LLC.

(3) Based on a Schedule 13G/A filed by the reporting person on February 13, 2018. Represents 43,822 shares of common stock underlying Series G Preferred Stock held by HS Contrarian Investments, LLC ("HSCI"). Excludes (i) 27,911 shares of common stock underlying Series G Preferred Stock held by HSCI and (ii) 53,440 shares of common stock underlying Series H Preferred Stock held by HSCI. Each of the foregoing series of preferred stock contains an ownership limitation such that the holder may not exercise any of such securities to the extent that such exercise would result in the holder's beneficial ownership being in excess of 9.99% of the Issuer's issued and outstanding common stock together with all shares owned by the holder and its affiliates. John Stetson is the Manager of HSCI and in such capacity has voting and dispositive power over the securities held by such entity.

(4)Based on a Schedule 13G filed by the reporting person on February 14, 2018. Represents (ii) 11,825 shares of common stock held by Barry Honig and (ii) 22,997 shares of common stock held by 401K. Barry Honig is the trustee of 401K and in such capacity has voting and dispositive power over the securities held by such entity. Barry Honig may be deemed to hold sole voting and dispositive power over 11,825 shares of common stock and shared voting and dispositive power over 22,997 shares of common stock. 401K may be deemed to hold shared voting and dispositive power over 22,997 shares of common stock.

(5)Based on a Schedule 13G filed on January 30, 2018. Represents shares of common stock held by Delaney Equity Group LLC. David Delaney is the Managing Member of Delaney Equity Group LLC and in such capacity has voting and dispositive power over the securities held by such entity.

(6)Includes 6,599 shares of common stock issuable upon the exercise of options that are currently exercisable or exercisable within 60 days.

(7)Includes 9,762 shares of common stock issuable upon the exercise of options that are currently exercisable or exercisable within 60 days. Excludes 70 shares of common stock held in a trust for the benefit of Mr. Urso's minor children, of which Mr. Urso is not a trustee. Mr. Urso disclaims beneficial ownership of the shares held in that trust.

(8)Includes 1,547 shares of common stock issuable upon the exercise of options that are currently exercisable or exercisable within 60 days.

(9)Includes 7 shares of common stock held by Dr. Haronian's wife, for which Dr. Haronian has an indirect interest in, and 1,530 shares of common stock issuable upon the exercise of options that are currently exercisable or exercisable within 60 days.

(10)Includes 6,948 shares of common stock issuable upon the exercise of options that are currently exercisable or exercisable within 60 days.

(11)Resigned from all positions with the Company in May 2017.

(12)Consists of 3,338 shares of common stock issuable upon the exercise of options that are currently exercisable or exercisable within 60 days.

(13)Resigned from all positions with the Company in January 2018.

(14)Consists of 7,556 shares of common stock issuable upon the exercise of options that are currently exercisable or exercisable within 60 days.

(15)Consists of 1,536 shares of common stock issuable upon the exercise of options that are currently exercisable or exercisable within 60 days.

(16)Consists of 20 shares of common stock issuable upon the exercise of options that are currently exercisable or exercisable within 60 days.

Item 13 - Certain Relationships and Related Transactions, and Director Independence.

Related parties can include any of our directors or executive officers, certain of our stockholders and their immediate family members. Each year, we prepare and require our directors and executive officers to complete Director and Officer Questionnaires identifying any transactions with us in which the officer or director or their family members have an interest. This helps us identify potential conflicts of interest. A conflict of interest occurs when an individual's private interest interferes, or appears to interfere, in any way with the interests of the Company as a whole. Our code of ethics and business conduct requires all directors, officers and employees who may have a potential or apparent conflict of interest to immediately notify our Audit Committee of the Board of Directors, which is responsible for considering and reporting to the Board of Directors any questions of possible conflicts of interest of Board of Directors members. Our code of ethics and business conduct further requires pre-clearance before any employee, officer or director engages in any personal or business activity that may raise concerns about conflict, potential conflict or apparent conflict of interest. Copies of our code of ethics and business conduct and the Audit Committee charter are posted on the corporate governance section of our website at www.towerstream.com.

At no time during the last fiscal year has any executive officer, director or any member of these individuals' immediate families, any corporation or organization with whom any of these individuals is an affiliate or any trust or estate in which any of these individuals serves as a trustee or in a similar capacity or has a substantial beneficial interest been indebted to the Company or was involved in any transaction in which the amount exceeded $120,000 and such person had a direct or indirect material interest.

In evaluating related party transactions and potential conflicts of interest, our Chief Financial Officer and/or Chairman of the Audit Committee apply the same standards of good faith and fiduciary duty they apply to their general responsibilities. They will approve a related party transaction only when, in their good faith judgment, the transaction is in the best interest of the Company.

Director Independence

Each of William J. Bush and Howard L. Haronian, M.D. are independent directors, as provided in NASDAQ Marketplace Rule 5605(a)(2).

Item 14 - Principal Accountant Fees and Services.

The following table sets forth the fees that the Company accrued or paid to Marcum LLP for the fiscal 2017 and fiscal 2016.

	2017	2016
Audit Fees(1)	$ 303,325	$ 378,857
Audit-Related Fees(2)	–	–
Tax Fees(3)	–	–
All Other Fees	–	–
Total	$ 303,325	$ 378,857

(1) Audit fees relate to professional services rendered in connection with the audit of the Company's annual financial statements and internal control over financial reporting, quarterly review of financial statements included in the Company's Quarterly Reports on Form 10-Q, and audit services provided in connection with other statutory and regulatory filings.

(2) Audit-related fees relate to professional services rendered in connection with assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements, including due diligence.

(3) Tax fees relate to professional services rendered for tax compliance, tax advice and tax planning for the Company.

PART IV

Item 15 - Exhibits and Financial Statement Schedules.

Exhibit No.	Description
2.1	Agreement of Merger and Plan of Reorganization, dated January 12, 2007, by and among University Girls Calendar, Ltd., Towerstream Acquisition, Inc. and Towerstream Corporation (Incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K of Towerstream Corporation filed with the Securities and Exchange Commission on January 19, 2007).
3.1	Certificate of Incorporation of University Girls Calendar, Ltd. (Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K of University Girls Calendar, Ltd. filed with the Securities and Exchange Commission on January 5, 2007).
3.2	Certificate of Amendment to Certificate of Incorporation of University Girls Calendar, Ltd., changing the Company's name to Towerstream Corporation (Incorporated by reference to Exhibit 3.3 to the Current Report on Form 8-K of Towerstream Corporation filed with the Securities and Exchange Commission on January 19, 2007).
3.3	Certificate of Designation of Rights, Preferences and Privileges of Series A Preferred Stock (Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K of Towerstream Corporation filed with the Securities and Exchange Commission on November 12, 2010).
3.4	By-Laws of Towerstream Corporation (Incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K of Towerstream Corporation filed with the Securities and Exchange Commission on January 19, 2007).
3.5	Amendment No. 1 to the By-Laws of Towerstream Corporation (Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K of Towerstream Corporation filed with the Securities and Exchange Commission on August 30, 2007).
3.6	Amendment No. 1 to the Certificate of Incorporation of Towerstream Corporation (Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K of Towerstream Corporation filed with the Securities and Exchange Commission on November 8, 2012).
3.7	Certificate of Amendment to the Certificate of Incorporation of Towerstream Corporation (Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K of Towerstream Corporation filed with the Securities and Exchange Commission on August 25, 2015).
3.8	Certificate of Amendment to the Certificate of Incorporation of Towerstream Corporation (Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K of Towerstream Corporation filed with the Securities and Exchange Commission on July 6, 2016).
3.9	Certificate of Designation of Rights, Preferences and Privileges of Series B Preferred Stock (Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K of Towerstream Corporation filed with the Securities and Exchange Commission on July 8, 2016).

3.10	Certificate of Designation of Rights, Preferences and Privileges of Series C Preferred Stock (Incorporated by reference to Exhibit 3.10 to the Registration Statement on Form S-1/A of Towerstream Corporation filed with the Securities and Exchange Commission on September 15, 2016).
3.11	Certificate of Designation of Rights, Preferences and Privileges of Series D Preferred Stock (Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K of Towerstream Corporation filed with the Securities and Exchange Commission on November 10, 2016).
3.12	Amended and Restated Certificate of Designation of Preferences, Rights and Limitations of Series D Convertible Preferred Stock (Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K of Towerstream Corporation filed with the Securities and Exchange Commission on November 22, 2016).
3.13	Certificate of Designation of Preferences, Rights and Limitations of Series E Convertible Preferred Stock (Incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K of Towerstream Corporation filed with the Securities and Exchange Commission on November 22, 2016).
3.14	Certificate of Designations, Preferences and Rights of Series F Preferred Stock (Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K of Towerstream Corporation filed with the Securities and Exchange Commission on January 3, 2017).
3.15	Certificate of Amendment to Amended and Restated Certificate of Designation of Preferences, Rights and Limitations of Series D Convertible Preferred Stock (Incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K of Towerstream Corporation filed with the Securities and Exchange Commission on January 3, 2017).
3.16	Certificate of Designations, Preferences and Rights of Series G Preferred Stock (Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K of Towerstream Corporation filed with the Securities and Exchange Commission on May 26, 2017).
3.17	Certificate of Designations, Preferences and Rights of Series H Preferred Stock (Incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K of Towerstream Corporation filed with the Securities and Exchange Commission on May 26, 2017).
3.18	Certificate of Amendment to the Certificate of Incorporation of Towerstream Corporation (Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K of Towerstream Corporation filed with the Securities and Exchange Commission on September 28, 2017).
4.1	Rights Agreement dated as of November 9, 2010 (Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Towerstream Corporation filed with the Securities and Exchange Commission on November 12, 2010).
10.1*	Towerstream Corporation 2007 Equity Compensation Plan (Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Towerstream Corporation filed with the Securities and Exchange Commission on January 19, 2007).
10.2*	Form of 2007 Equity Compensation Plan Incentive Stock Option Agreement (Incorporated by reference to Exhibit 10.18 to the Current Report on Form 8-K of Towerstream Corporation filed with the Securities and Exchange Commission on January 19, 2007).
10.3*	Form of 2007 Equity Compensation Plan Non-Qualified Stock Option Agreement (Incorporated by reference to Exhibit 10.19 to the Current Report on Form 8-K of Towerstream Corporation filed with the Securities and Exchange Commission on January 19, 2007).
10.4	Form of Directors and Officers Indemnification Agreement (Incorporated by reference to Exhibit 10.17 to the Current Report on Form 8-K of Towerstream Corporation filed with the Securities and Exchange Commission on January 19, 2007).

10.5*	Towerstream Corporation 2007 Incentive Stock Plan (Incorporated by reference to Exhibit B to the Proxy Statement on Schedule 14A of Towerstream Corporation filed with the Securities and Exchange Commission on September 6, 2012).
10.6	Office Lease Agreement dated March 21, 2007 between Tech 2, 3, & 4 LLC (Landlord) and Towerstream Corporation (Tenant) (Incorporated by reference to Exhibit 10.9 to the Annual Report on Form 10-K of Towerstream Corporation filed with the Securities and Exchange Commission on March 18, 2009).
10.7	First Amendment to Office Lease dated August 8, 2007, amending Office Lease Agreement dated March 21, 2007 (Incorporated by reference to Exhibit 10.10 to the Annual Report on Form 10-K of Towerstream Corporation filed with the Securities and Exchange Commission on March 18, 2009).
10.8**	2008 Non-Employee Directors Compensation Plan (Incorporated by reference to Exhibit B to the Proxy Statement on Schedule 14A of Towerstream Corporation filed with the Securities and Exchange Commission on September 14, 2010).
10.9**	2010 Employee Stock Purchase Plan (Incorporated by reference to Exhibit A to the Proxy Statement on Schedule 14A of Towerstream Corporation filed with the Securities and Exchange Commission on September 14, 2010).
10.10	Second Amendment to Office Lease Agreement dated September 12, 2013, amending Office Lease Agreement dated March 21, 2007 (Incorporated by reference to Exhibit 10.15 to the Annual Report on Form 10-K of Towerstream Corporation filed with the Securities and Exchange Commission on March 17, 2014).
10.11	Loan Agreement dated October 16, 2014 by and among Towerstream Corporation, Towerstream I, Inc. and Hetnets Tower Corporation, as Borrowers, the financial institutions named therein as Lenders and Melody Business Finance, LLC, as Administrative Agent (Incorporated by reference to Exhibit 10.14 to the Annual Report on Form 10-K of Towerstream Corporation filed with the Securities and Exchange Commission on March 12, 2015).
10.12	Security Agreement dated October 16, 2014 by and among Towerstream Corporation, Towerstream I, Inc., Hetnets Tower Corporation, Alpha Communications Corp., Omega Communications Corp., and Towerstream Houston, Inc., as Grantors, in favor of Melody Business Finance LLC, as Administrative Agent (Incorporated by reference to Exhibit 10.15 to the Annual Report on Form 10-K of Towerstream Corporation filed with the Securities and Exchange Commission on March 12, 2015).

10.13	Warrant and Registration Rights Agreement dated October 16, 2014 by and among Towerstream Corporation and the warrant holders named therein (Incorporated by reference to Exhibit 10.16 to the Annual Report on Form 10-K of Towerstream Corporation filed with the Securities and Exchange Commission on March 12, 2015).
10.14	Form of A-Warrant Certificate (Incorporated by reference to Exhibit 10.17 to the Annual Report on Form 10-K of Towerstream Corporation filed with the Securities and Exchange Commission on March 12, 2015).
10.15	Form of B-Warrant Certificate (Incorporated by reference to Exhibit 10.18 to the Annual Report on Form 10-K of Towerstream Corporation filed with the Securities and Exchange Commission on March 12, 2015).
10.16**	Separation Agreement by and between Jeffrey M. Thompson and Towerstream Corporation (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on February 17, 2016).
10.17	Asset Purchase Agreement dated March 9, 2016, by and among Towerstream Corporation, Towerstream I, Inc. and Time Warner Cable Enterprises, LLC (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on March 15, 2016).
10.18****	Backhaul Agreement dated March 9, 2016, by and among Towerstream Corporation, Towerstream I, Inc. and Time Warner Cable Enterprises, LLC (Incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on March 15, 2016).
10.19	Mutual Termination Agreement dated March 9, 2016 by and between Time Warner Cable Enterprises, LLC and Hetnets Tower Corporation (Incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on March 15, 2016).
10.20	Consent and Release dated March 9, 2016, by and among Towerstream Corporation, Towerstream I, Inc., Hetnets Tower Corporation, Alpha Communications Corp., Omega Communications Corp., Towerstream Houston, Inc., and Melody Business Finance, LLC (Incorporated by reference to Exhibit 10.6 to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on March 15, 2016).

10.21	Amendment No. 1 to Warrant and Registration Rights Agreement dated March 9, 2016, by and between Towerstream Corporation and Melody Business Finance, LLC (Incorporated by reference to Exhibit 10.7 to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on March 15, 2016).
10.22**	Engagement Letter by and between Frederick Larcombe and Towerstream Corporation (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on June 8, 2016).
10.23**	Separation Agreement by and between Joseph Hernon and Towerstream Corporation (Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on June 8, 2016).
10.24	Form of Purchase Agreement (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on June 20, 2016).
10.25	Form of Warrant (Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on June 20, 2016).
10.26	Form of Registration Rights Agreement (Incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on June 20, 2016).
10.27	Form of Securities Purchase Agreement (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on July 8, 2016).
10.28	Form of Registration Rights Agreement (Incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on July 8, 2016).
10.29	Form of Amendment to Securities Purchase Agreements, dated June 17, 2016 (Incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on July 8, 2016).
10.30	Form of June Warrant (Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on July 8, 2016).
10.31**	Consulting Agreement by and between Ernest Ortega and Towerstream Corporation (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on September 15, 2016).
10.32	Form of Warrant Exchange Agreement dated September 14, 2016 (Incorporated by reference to Exhibit 10.38 to the Registration Statement on Form S-1/A of Towerstream Corporation filed with the Securities and Exchange Commission on September 15, 2016).
10.33	Registration Rights Agreement by and among Towerstream Corporation and the Signatories thereto dated September 14, 2016 (Incorporated by reference to Exhibit 10.39 to the Registration Statement on Form S-1/A of Towerstream Corporation filed with the Securities and Exchange Commission on September 15, 2016).
10.34**	Employment Agreement by and between Arthur Giftakis and Towerstream Corporation (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on November 25, 2016).

10.35**	Employment Agreement by and between Ernest Ortega and Towerstream Corporation (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on January 24, 2017).
10.36	Amendment No. 1 to Loan Agreement dated November 8, 2016 (Incorporated by reference to Exhibit 10.1 to the Registration Statement on Form S-3/A of Towerstream Corporation filed with the Securities and Exchange Commission on November 30, 2016).
10.37	Purchase Agreement dated November 8, 2016 (Incorporated by reference to Exhibit 10.2 to the Registration Statement on Form S-3/A of Towerstream Corporation filed with the Securities and Exchange Commission on November 30, 2016).
10.38	Exchange Agreement dated November 9, 2016 (Incorporated by reference to Exhibit 10.3 to the Registration Statement on Form S-3/A of Towerstream Corporation filed with the Securities and Exchange Commission on November 30, 2016).
10.39	Form of Warrant issued November 9, 2016 (Incorporated by reference to Exhibit 10.4 to the Registration Statement on Form S-3/A of Towerstream Corporation filed with the Securities and Exchange Commission on November 30, 2016).
10.40	Registration Rights Agreement dated November 9, 2016 (Incorporated by reference to Exhibit 10.5 to the Registration Statement on Form S-3/A of Towerstream Corporation filed with the Securities and Exchange Commission on November 30, 2016).
10.41	Stock Purchase Agreement dated November 22, 2016 (Incorporated by reference to Exhibit 10.6 to the Registration Statement on Form S-3/A of Towerstream Corporation filed with the Securities and Exchange Commission on November 30, 2016).
10.42	Exchange Agreement dated November 22, 2016 (Incorporated by reference to Exhibit 10.7 to the Registration Statement on Form S-3/A of Towerstream Corporation filed with the Securities and Exchange Commission on November 30, 2016).
10.43	Registration Rights Agreement dated November 22, 2016 (Incorporated by reference to Exhibit 10.8 to the Registration Statement on Form S-3/A of Towerstream Corporation filed with the Securities and Exchange Commission on November 30, 2016).
10.44**	Employment Agreement by and between Laura W. Thomas and Towerstream Corporation (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on May 17, 2017).
10.45**	Separation Agreement by and between Frederick Larcombe and Towerstream Corporation (Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on May 17, 2017).
10.46	Form of Exchange Agreement (Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on May 26, 2017).
10.47***	Office Lease Agreement dated October 24, 2017 by and between Brookwood Middletown Tech, LLC (Landlord) and Towerstream I, Inc. (Tenant).
10.48**	Employment Agreement by and between John Macdonald and Towerstream Corporation (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on January 11, 2018).
10.49**	Separation Agreement by and between Laura Thomas and Towerstream Corporation (Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on January 11, 2018).
10.50***	Forbearance to Loan Agreement with Melody Business Finance LLC dated January 26, 2018
10.51***	Forbearance to Loan Agreement with Melody Business Finance LLC dated February 28, 2018
10.52***	Forbearance to Loan Agreement with Melody Business Finance LLC dated March 30, 2018
14.1	Code of Ethics and Business Conduct (Incorporated by reference to Exhibit 14.1 to the Annual Report on Form 10-K of Towerstream Corporation filed with the Securities and Exchange Commission on March 17, 2011).
21.1***	Subsidiaries of the Registrant.
23.1	Consent of Independent Registered Public Accounting Firm. ***
31.1	Section 302 Certification of Principal Executive Officer. ***
31.2	Section 302 Certification of Principal Financial Officer. ***
32.1	Section 906 Certification of Principal Executive Officer. ***
32.2	Section 906 Certification of Principal Financial Officer. ***
99.1	Unaudited Pro Forma Condensed Financial Information (Incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on March 15, 2016).

101.INS***** XBRL Instance
101.SCH***** XBRL Taxonomy Extension Schema
101.CAL***** XBRL Taxonomy Extension Calculation
101.DEF***** XBRL Taxonomy Extension Definition
101.LAB***** XBRL Taxonomy Extension Labels
101.PRE***** XBRL Taxonomy Extension Presentation

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* Management compensatory plan
** Management contract
*** Filed herewith
**** A redacted version of this exhibit was filed with the Current Report on Form 8-K filed with the Securities and Exchange Commission on March 15, 2016. An un-redacted version of this Exhibit has been separately filed with the Commission pursuant to an application for confidential treatment. The confidential portions of the Exhibit have been omitted and are marked as such.
***** XBRL information is furnished and not filed or a part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

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.

TOWERSTREAM CORPORATION

Date: April 2, 2018

By: /s/ Ernest Ortega
Ernest Ortega
Chief Executive Officer
(Principal Executive Officer)

By: /s/ John Macdonald
John Macdonald
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Capacity	Date
/s/ Philip Urso Philip Urso	Director - Chairman of Board of Directors	April 2, 2018
/s/ Ernest Ortega Ernest Ortega	Chief Executive Officer (Principal Executive Officer)	April 2, 2018
/s/ John Macdonald John Macdonald	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	April 2, 2018
/s/ Howard L. Haronian, M.D. Howard L. Haronian, M.D.	Director	April 2, 2018
/s/ William J. Bush William J. Bush	Director	April 2, 2018

Exhibit 10.47

THIRD AMENDMENT TO LEASE

This THIRD AMENDMENT TO LEASE (this "Third Amendment") is dated as of October 24, 2017 by and between Brookwood MIDDLETOWN TECH, LLC, a Delaware limited liability company ("Landlord") and TOWERSTREAM I, INC., a Delaware corporation ("Tenant").

WHEREAS, Landlord, as successor in interest to Tech Plaza 2, 3, & 4 LLC, and Tenant, as successor in interest to Towerstream Corporation, a Delaware corporation, are parties to that certain Lease dated March 21, 2007 (the "Base Lease"), as amended by that certain First Amendment to Lease dated August 8, 2007, and as further amended by that certain Second Amendment to Lease dated August 28, 2013 (collectively, the "Lease"), for the lease of certain premises consisting of approximately 25,000 rentable square feet of space in Suite 110 (hereinafter referred to as the "Surrender Space") and approximately 4,000 rentable square feet of warehouse space (the "Warehouse Space", and together with the Surrender Space, collectively the "Existing Premises") in the building known as Tech 4 Office Building (the "Tech 4 Building") at 88 Silva Lane, Middletown Rhode Island as further described in the Lease; and

WHEREAS, Tenant desires to relocate from the Surrender Space at the Tech 4 Building to approximately 12,569 rentable square feet approximately shown on Exhibit A attached hereto (the "New Space") located in the building known as Tech 3 Office Building (the "Tech 3 Building") at 76 Hammarlund Way, Middletown Rhode Island, by relinquishing the Surrender Space and leasing from Landlord the New Space; and

WHEREAS, after the New Space Commencement Date (as set forth below), the New Space shall be incorporated into and made a part of the "Premises" under the Lease; and

WHEREAS, Landlord and Tenant wish to amend the Lease as set forth herein;

NOW, THEREFORE, for good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

AGREEMENT

1. Definitions. Capitalized terms used in this Third Amendment shall have the same meanings ascribed to such capitalized terms in the Lease unless otherwise provided for herein.

2. Extension. The Term of the Lease with respect to the New Space only is hereby extended for an additional five (5) years such that it shall hereafter expire on December 31, 2024. For the avoidance of doubt, the Term of the Lease with respect to the Warehouse Space shall expire at 12:00 p.m. on December 31, 2019.

3. Relocation. Beginning on the later to occur of (i) January 1, 2018 or (ii) Substantial Completion of the Landlord's Work, as said terms are defined in the Work Letter attached hereto as Exhibit B (the "New Premises Commencement Date"), Landlord shall deliver possession of the New Premises to Tenant and the New Premises shall be added to the Warehouse Premises and the term "Premises", as used in the Lease, shall thereafter refer to the Warehouse Premises and the New Premises. The New Premises shall be subject to all the terms and provisions of the Lease, except as expressly provided herein. Landlord and Tenant shall confirm the New Premises Commencement Date by executing a Commencement Letter in the form attached hereto as Exhibit C.

4 . Surrender of the Surrender Space/Definitions. On or before the New Space Commencement Date (the "Surrender Date"), Tenant shall vacate the Surrender Space and surrender the same to Landlord, subject to and in accordance with Tenant's surrender and restoration obligations set forth in the Lease as though the Term of the Lease with respect to the Surrender Space were originally set to expire on the Surrender Date. Effective as of the Surrender Date the Parties shall have no further rights or obligations arising out of or in connection with the Surrender Space or the lease thereof, except as provided herein or which expressly survive termination of the Lease. Failure to vacate and surrender the Surrender Space in compliance with the terms hereof shall be deemed a default under the Lease and holding over with respect to the Surrender Space and Tenant is hereby notified pursuant to Section 14.19 of the Lease that Landlord intends to lease the Surrender Space on the Surrender Date to Magellan Method LLC. Following the Surrender Date with respect to the New Space only:

(i) the term "Building", as used in the Lease, shall mean and refer only to the building known as Tech 3 Office Building located at 76 Hammarlund Way, Middletown Rhode Island

(ii) the term "Building Rentable Area" as used in the Lease shall mean approximately 47,360 rentable square feet;

(iii) the term "Escalation Factor" (also known as "Proportionate Share") shall mean 26.39%

Annual Basic Rent. Beginning on the New Space Commencement Date Tenant shall pay Basic Rent with respect to the New Space according to the following schedule:

Period	Annual Basic Rent (per annum)	Monthly Installment of Basic Rent	Per Square Foot Rental
New Space Commencement Date* – 12/31/2018	$183,256.02	$15,271.34	$14.58
01/01/2019 – 12/31/2019	$188,660.69	$15,721.72	$15.01
01/01/2020 – 12/31/2020	$193,436.91	$16,119.74	$15.39
01/01/2021 – 12/31/2021	$198,213.13	$16,517.76	$15.77
01/01/2022 – 12/31/2022	$203,115.04	$16,926.25	$16.16
01/01/2023 – 12/31/2023	$208,268.33	$17,355.69	$16.57
01/01/2024 – 12/31/2024	$213,421.62	$17,785.14	$16.98

Until the New Space Commencement Date Tenant shall continue to pay Basic Rent and Additional Rent with respect to the Existing Premises in accordance with the Lease.

* Basic Rent with respect to any partial month during the Term, including, without limitation any partial month between the New Space Commencement Date and January 1, 2018, shall be prorated based on the number of days in such month.

5. Condition of Premises. Tenant has inspected the New Space and agrees to accept the same for its continued occupancy "as is" and "where is" without any representation or warranty and without any agreements, representations, understandings or obligation on the part of the Landlord to perform any alterations, repairs or improvements therein except as provided in the Work Letter attached hereto as Exhibit B.

6. Termination Option. So long as (i) there exists no default either at the time of exercise or on the Early Termination Date (as hereinafter defined), and (ii) the Tenant named herein has not assigned any portion of the Lease nor sublet any portion of the Premises, Tenant shall have the one-time right (the "Termination Right") to terminate the Lease with respect to the New Premises by notice given on or before December 31, 2021 and such termination shall be effective December 31, 2022 (the "Early Termination Date"). In order to be effective, such notice must be accompanied by a termination payment equal to $149,875.00. If Tenant fails to exercise the Termination Right strictly in accordance with this section, time being of the essence, then the Termination Right shall automatically lapse and Tenant shall have no right to terminate this Lease. Upon timely exercise of the Termination Right in compliance with the terms hereof, the Early Termination Date shall be deemed the Expiration Date and Tenant shall surrender the Premises on or before the Early Termination Date in accordance with the terms of this Lease.

7. Option to Renew. So long as there exists no default either at the time of exercise or on the first day of the Extension Term (as hereinafter defined) and Tenant has not assigned this Lease in whole or in part nor sublet the Premises in whole or in part (except in connection with Permitted Transfers as defined herein). Tenant shall have the option to extend the Term for one (1) additional five (5) year period (the "Extension Term") upon written notice to Landlord given no less than twelve (12) months and no more than fifteen (15) months prior to the expiration of the Term. If Tenant fails to exercise its option to extend the Term strictly within the time period set forth in this section, then Tenant's option to extend the Term shall automatically lapse and be of no further force or effect. In the event that Tenant exercises the option granted hereunder, the Extension Term shall be upon the same terms and conditions as are in effect under this Lease immediately preceding the commencement of such Extension Term except that the Basic Rent due from the Tenant shall he increased to Landlord's determination of Basic Rent as provided herein, and Tenant shall have no further right or option to extend the Term or to any abatements, improvement allowance or other inducements. If Tenant timely exercises its option to extend the Term, then no later than thirty (30) days following receipt of Tenant's notice, Landlord shall notify Tenant in writing of Landlord's determination of the Basic Rent for the Extension Term ("Landlord's Rental Notice"). If Tenant does not object to Landlord's determination of the Basic Rent by written notice to Landlord within ten (10) business days after the date of Landlord's Rental Notice, then Tenant shall be deemed to have accepted the Basic Rent set forth in Landlord's Rental Notice.

Notwithstanding the foregoing, if Tenant timely objects to Landlord's Rental Notice, and the parties cannot agree on Basic Rent for the Extension Term within thirty (30) days after Landlord receives Tenant's notice of objection, then the Term shall automatically be extended and Basic Rent for the Extension Term shall be submitted to arbitration as follows: Basic Rent shall be determined by impartial arbitrators (who shall be qualified real estate appraisers or brokers with at least ten (10) years of experience dealing with like types of properties in the market area), one to be chosen by the Landlord, one to be chosen by Tenant, and a third to be selected, if necessary, as below provided, and shall reflect the greater of (i) the rate that would be agreed upon between a landlord and a tenant on or about the date on which the Extension Term is to begin for a comparable term and for space comparable to the Premises in the Building and buildings comparable to the Building in the market area, taking into account any material economic differences between the terms of this Lease and any comparison lease, such as the manner, if any, in which the landlord under any such lease is reimbursed for operating expenses and taxes and (ii) the Basic Rent payable during the last month of the current Term. The unanimous written decision of the two first chosen (without selection and participation of a third arbitrator), or otherwise the written decision of a majority of three arbitrators chosen and selected as aforesaid, shall be conclusive and binding upon Landlord and Tenant. Landlord and Tenant shall each notify the other of its chosen arbitrator within ten (10) days following the call for arbitration and, unless such two arbitrators shall have reached a unanimous decision within thirty (30) days after their designation, they shall select an impartial third arbitrator to determine the market value as herein defined. Such third arbitrator and the first two chosen shall render their decision within thirty (30) days following the date of appointment of the third arbitrator and shall notify Landlord and Tenant thereof, which decision shall be final and binding on the parties. Landlord and 'Tenant shall each pay the expenses of its own arbitrator and shall share the payment of expenses of the third arbitrator equally, regardless of the outcome of arbitration. If the dispute between the parties as to the Basic Rent for the Extension Term has not been resolved before the commencement of the Extension Term, Tenant shall pay Basic Rent for the Extension Term based upon the Basic Rent designated by Landlord in the Landlord's Rental Notice until either (i) agreement of the parties as to the fair market rent, or (ii) decision of the arbitrators, as the case may be, at which time Tenant shall promptly pay any underpayment of Basic Rent to Landlord, or Landlord shall credit the overpayment of Basic Rent against the next installment of rental or other charges due to Landlord.

Notwithstanding anything contained herein, in no event shall the Basic Rent for any Extension Term be less than the Basic Rent payable for the Premises immediately prior to such Extension Term.

8. Option to Expand. Tenant shall have the right of first offer as set forth on Exhibit D attached hereto.

9. Real Estate Brokers. Landlord utilized the services of CBRE (the "Broker") in connection with this Third Amendment. Tenant represents to Landlord that Tenant did not involve any brokers in procuring this Third Amendment. Landlord shall pay a commission to the Broker as is agreed to by the parties per a separate agreement. Tenant hereby agrees to forever indemnify, defend and hold Landlord harmless from and against any commissions, liability, loss, cost, damage or expense (including reasonable attorneys' fees) that may be asserted against or incurred by Landlord as a result of any misrepresentation by Tenant hereunder.

10. Governing Law. This Third Amendment shall be governed by and construed in accordance with the laws of the State of Rhode Island (without regard to conflicts of law).

11. Ratification of Lease. Except as modified hereby, all other terms and conditions of the Lease shall remain unchanged and in full force and effect and are hereby ratified and confirmed by the parties hereto.

(a) Tenant represents and warrants to Landlord that as of the date of Tenant's execution of this Third Amendment: (i) Tenant is not in default under any of the terms and provisions of the Lease; (ii) Landlord is not in default in the performance of any of its obligations under the Lease; and (iii) Tenant is unaware of any condition or circumstance which, with the giving of notice or the passage of time or both, would constitute a default by Landlord under the Lease. Tenant acknowledges that as of the date of Tenant's execution of this Third Amendment, Tenant has no defenses, offsets, liens, claims or counterclaims against Landlord under the Lease or against the obligations of Tenant under the Lease (including, without limitation, any rentals or other charges due or to become due under the Lease). Tenant further acknowledges and agrees that Tenant shall hereafter have no right or option to expand the Premises pursuant to any right of first refusal or right of first offer or otherwise, or to extend, renew or terminate the Lease except as expressly set forth in this Third Amendment.

12. Entire Agreement. This Third Amendment, in conjunction with the Lease, constitutes the entire agreement of Landlord and Tenant with respect to the subject matter hereof and supersedes all oral and written agreements and understandings made and entered into by the parties prior to the date hereof.

13. Multiple Counterparts. This Third Amendment may be executed in multiple counterparts, all of which, when taken together, shall constitute one and the same instrument.

[Remainder of page intentionally blank]

IN WITNESS WHEREOF, the parties hereto have executed this Third Amendment.

LANDLORD:

BROOKWOOD MIDDLETOWN TECH, LLC
a Delaware limited liability company

By: Brookwood Real Estate Partners II, LLC,
a Delaware limited liability company

By: Brookwood Real Estate Co. II, LLC,
a Delaware limited liability company

By: /s/ Kurt M. Zerich
Name: Kurt M. Zernich
Title: Authorized Signer

TENANT:

TOWERSTREAM I, INC.,
a Delaware corporation

By: /s/ Arthur Giftakis
Name: Arthur Giftakis
Its: COO

Date: October 17, 2017

EXHIBIT A

Plan of New Space

EXHIBIT B

Work Letter

1. Landlord's Work. Landlord will make certain improvements to the New Space (the "Landlord's Work") as set forth on that certain space plan (the "Plan") attached hereto as Schedule 1 and previously approved by Tenant. Should said Plan or any part of Landlord's Work require the preparation or development of additional plans or specifications, then Tenant shall have five (5) business days from Landlord's submission of such additional plans or specifications to Tenant to approve or disapprove the same. Tenant's failure to so approve or disapprove within such five (5) business day period shall constitute a Tenant Delay (as defined herein) and, at Landlord's election, be deemed Tenant's approval thereof. Tenant's disapproval of such plans and specifications shall specifically identify the nature of such disapproval. Landlord shall then have such plans and specifications amended to incorporate those items specified in Tenant's disapproval to which Landlord agrees. Tenant's approval of such plans and specifications shall not be unreasonably withheld, conditioned or delayed. Landlord and Tenant shall diligently work together in good faith to agree upon such plans and specifications, it being agreed that Tenant shall have no right to request that such plans and specifications be revised to reflect any work which is not contemplated on Schedule 1 attached hereto except pursuant to Section 4 below. Upon approval, or deemed approval, of such additional plans and specifications the same shall be deemed the "Plan" for the purposes of this Work Letter. Landlord's Work shall not include furniture, fixtures, equipment, wiring or cabling for phone or data, any new supplemental cooling or any specialty equipment or appliances.

2. Substantial Completion. "Substantial Completion" or "Substantially Complete" means that Landlord's Work has been sufficiently completed such that the New Space is suitable for its intended purpose, notwithstanding any minor or insubstantial details of construction, decoration or mechanical adjustment that remain to be performed ("Punch List Items"). Landlord shall complete all Punch List Items following notice thereof from Tenant; provided, however, that except to the extent to which Tenant shall have given Landlord notice of any Punch List Items not later than ten days (10) days after the date Landlord delivers the New Space to Tenant, Tenant shall be deemed conclusively to have approved the completion of Landlord's Work and Tenant shall have no claim that Landlord has failed to perform any of Landlord's Work required under this Work Letter. If there is a delay in the Substantial Completion of the Landlord's Work for any reason neither Landlord, nor the managing or leasing agent of the Tech 3 Building or the Tech 4 Building, nor any of their respective agents, partners or employees, shall have any liability to Tenant in connection with such delay, nor shall the Lease be affected in any way except that the New Space Commencement Date shall not occur until Landlord's Work is Substantially Complete. Notwithstanding the foregoing or any language of the Lease to the contrary, if Landlord's Work is delayed by a Tenant Delay (as defined below) then Tenant shall begin paying Basic Rent with respect to the New Space as required under this Third Amendment as of the date the New Space Commencement Date would have occurred but for such Tenant Delay.

3. Tenant Delay. "Tenant Delay" means the occurrence of any one or more of the following which cause a delay in the completion of Landlord's Work: (i) Tenant is Delinquent (as hereafter defined) in submitting to Landlord any information, authorization or approvals requested by Landlord in connection with the performance of Landlord's Work; (ii) the performance or completion of any work or activity by a party employed by Tenant, including any of Tenant's employees, agents, contractors, subcontractors and materialmen; (iii) any postponements or delays requested by Tenant and agreed to by Landlord regarding the completion of the Landlord's Work; (iv) any error in Landlord's Work caused or related to any act or omission by Tenant or its employees or agents; (v) the performance of any TI Changes (as defined below); or (vi) any other act or omission of the Tenant which causes a delay in the completion of Landlord's Work. For the purposes of this Section, the term "Delinquent" shall mean that the action or communication required of Tenant is not taken within three (3) business days following request by Landlord.

4. Changes to Landlord's Work. Tenant will have no right to make any changes ("TI Changes") to the Plan or Landlord's Work without the prior written consent of Landlord and the execution by Landlord and Tenant of a written change order which specifies (i) the nature of the TI Changes and (ii) an estimate of the cost to Tenant as a result of such TI Changes. Tenant shall be solely responsible for the costs of all TI Changes and Tenant shall such costs as Additional Rent upon demand.

5. Performance of Landlord's Work in Surrender Space . Tenant acknowledges and agrees that Landlord may perform work within the Surrender Space prior to the Surrender Date to prepare the Surrender Space for occupancy by another tenant ("Landlord's Surrender Space Work"), as Landlord will be required to perform Landlord's Surrender Space Work during Tenant's occupancy, Tenant acknowledges and agrees that: (i) Landlord's Surrender Space Work in the Surrender Space may be performed during regular business hours; (ii) construction of Landlord's Surrender Space Work may interfere with the operation of Tenant's business in the Surrender Space; and (iii) Tenant shall provide Landlord's contractor with access to the Surrender Space at reasonable times and after reasonable notice to perform Landlord's Surrender Space Work. Tenant agrees to cooperate with Landlord and Landlord's contractor and to follow all reasonable directions given by Landlord in connection with the performance of the Landlord's Surrender Space Work. Tenant agrees to remove Tenant's equipment and other personal property from any work area within a reasonable period of time upon receiving a request to do so from Landlord or Landlord's contractor. Tenant shall determine what measures are necessary to protect Tenant's computers, equipment, furnishings and other personal property from dirt, dust or paint resulting from Landlord's Surrender Space Work and Tenant shall be fully responsible for taking such measures. Tenant shall indemnify and hold Landlord harmless from and against any and all liability and claims of any kind for loss or damage to any person or property arising out of or occurring during the performance of Landlord's Surrender Space Work while Tenant is in occupancy and, to the fullest extent permitted by law, Landlord shall not be liable to Tenant for injury or damage which may be sustained by the person or property of Tenant, its employees, agents, invitees or customers, or any other person arising out of or during construction of any Landlord's Surrender Space Work while Tenant is in occupancy of the Surrender Space.

Schedule 1

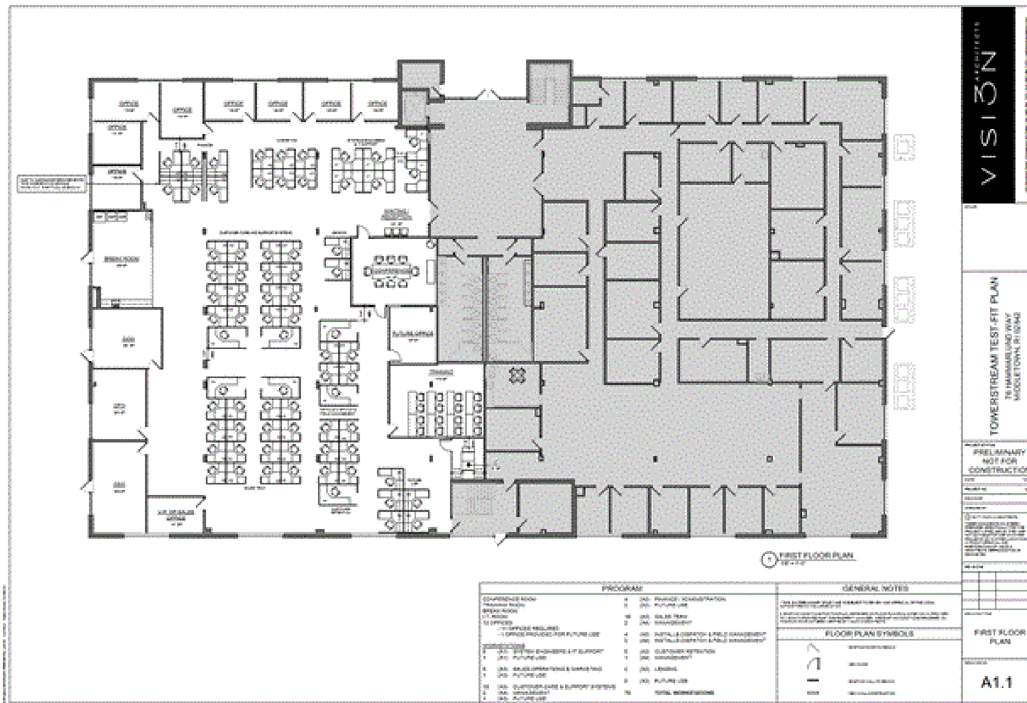

EXHIBIT C

COMMENCEMENT LETTER

___________, 201_

____
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____

RE: Lease dated March 21, 2007, as amended by that certain First Amendment to Lease dated August 8, 2007, that certain Second Amendment to Lease dated August 28, 2013, and as further amended by that certain Third Amendment to Lease dated ___________ __, 2017 (collectively, the "Lease") between BROOKWOOD MIDDLETOWN TECH, LLC, a Delaware limited liability company ("Landlord") and TOWERSTREAM I, INC., a Delaware corporation ("Tenant") concerning premises at 76 Hammarlund Way and 88 Silva Lane, Middletown, Rhode Island.

On behalf of Landlord, and in accordance with the above-referenced Lease, we request that you and/or the proper authority, please confirm the following statements:

1. The New Space Commencement Date is ______________.

2. Tenant acknowledges and agrees that as of the date of this letter (i) all improvements required by the Lease to be performed by Landlord to the New Space have been completed; and (ii) Tenant has accepted the New Space in its current condition.

Please confirm your agreement with the above terms of this letter by signing below and returning a copy to Landlord. Failure to execute this letter and deliver the same to Landlord within five (5) days shall be conclusive evidence against Tenant that the above statements are accurate and true.

Sincerely,

By: ______________________________
Name:
Its:

AGREED TO & ACCEPTED BY:

TOWERSTREAM I, INC.,
a Delaware corporation

By: _________________________
Name:
Its:

Exhibit D
Option to Expand

If during the Term of this Lease, any space on the first floor of the Tech 3 Building ("First Offer Space") shall become "available for leasing" (as said term is hereafter defined), as determined by Landlord and provided that the "Offer Conditions" (as such term is hereafter defined) are then satisfied, Landlord shall offer (the "Offer") to lease the First Offer Space to Tenant for a fair market rent as determined by Landlord in its sole discretion and upon such other terms and conditions as are specified by Landlord in the Offer. If within five (5) business days after Landlord provides the Offer to Tenant, Tenant does not unconditionally accept the Offer in writing as to all of such space described in the Offer or if Tenant accepts the Offer as aforesaid but does not execute and deliver a final fully executed Lease or Lease amendment (a "First Offer Space Lease) for such space in form and substance satisfactory to Landlord within twenty (20) days after acceptance of the Offer as aforesaid, so long as Tenant had a minimum of five (5) business days to review the document, all of Tenant's rights in and to the First Offer Space identified in such Offer shall cease and terminate and Landlord shall be free to rent all or any part of such space to any party upon such terms and conditions as Landlord may elect in its sole discretion, free of all rights of Tenant under this Exhibit D. Any default under the First Offer Space Lease shall be considered a default under this Lease and vice versa, and the First Offer Space Lease shall contain a provision to that effect. Time is of the essence with respect to the provisions herein.

As used herein the term "Offer Conditions" shall mean that (a) no default of Tenant beyond any applicable notice and cure period shall have occurred under this Lease, (b) Tenant's interest in this Lease shall not have been assigned and no part of the Premises under this Lease shall have been sublet (except for Permitted Transfers) and (c) at least one (1) year remains unexpired in the Term. As used herein, First Offer Space shall be deemed "available for leasing" by Landlord when, as determined by Landlord in its sole discretion, the applicable space is vacant and any lease thereof has expired or the applicable space is scheduled to become vacant and all lease and other occupancy, expansion and offer rights with respect thereto of all other tenants or occupants have expired. Landlord shall also have the right to elect to treat space as "available for leasing" (and to provide Tenant an Offer with respect thereto) at any time within twelve (12) months prior to the date which Landlord estimates to be the date when such space will, in fact, become available for occupancy by Tenant.

It is expressly understood and agreed that Landlord shall be free to accept extensions and renewals of all leases in effect from time to time with respect to any space which otherwise might constitute First Offer Space, whether or not such extension or renewal options were originally included under the terms of such leases, to amend leases so as to extend the term thereof, on such terms and conditions as Landlord may elect and that Landlord shall be free to permit tenants under leases whose terms have expired to hold over on a month-to-month basis or otherwise upon such terms and conditions as the Landlord may elect, in any such case, without including the same as "available for leasing" or making any Offer hereunder and free of all rights of Tenant hereunder. In no event shall Landlord ever be obligated to deliver first Offer Space to Tenant prior to the date when all leases and occupancy rights therein have expired or terminated and the space is actually surrendered to Landlord. All of Tenant's rights under this Exhibit D shall cease and terminate upon (a) any assignment or subletting of Tenant's interest under this Lease (other than Permitted Transfers), and (b) the date when less than one (1) year remains unexpired in the Term. All rights of Tenant under this Exhibit D are and shall be expressly subject and subordinate to all rights of other tenants who, at the date of this Third Amendment, have leases with respect to any part of the Building which contain rights of any kind to lease all or any part of the First Offer Space. The rights of the Tenant under this Exhibit D are sometimes called the "First Offer Rights".

Exhibit 10.50

Forbearance to Loan Agreement

THIS FORBEARANCE TO LOAN AGREEMENT (this "***Agreement***") effective as of January 26, 2018 (the "***Effective Date***"), is made by and among **TOWERSTREAM CORPORATION**, a Delaware corporation ("***Parent***"), **TOWERSTREAM I, INC.**, a Delaware corporation, **HETNETS TOWER CORPORATION**, a Delaware corporation (together with Parent and Towerstream I, Inc., the "***Borrowers***" and each a "***Borrower***"), the **LENDERS** (as defined below), and **MELODY BUSINESS FINANCE, LLC**, a Delaware limited liability company, as administrative agent for the Lenders (in such capacity, "***Administrative Agent***").

WITNESSETH:

WHEREAS, Borrowers, the financial institutions from time to time party thereto (the "***Lenders***") and Administrative Agent are parties to that certain Loan Agreement dated as of October 16, 2014 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "***Loan Agreement***");

WHEREAS, Borrowers have notified the Administrative Agent that upon payment of obligations in the ordinary course, Parent, on a consolidated basis with its subsidiaries, may no longer maintain at least $6,500,000 in deposit accounts or securities accounts (as each such term is defined in the UCC) with respect to which Administrative Agent has a perfected first priority security interest in, and control over, unrestricted cash or Cash Equivalents, in such event and which if not waived or cured, would cause an Event of Default under the Loan Agreement pursuant to Section 6.16 thereof (the "***Existing Event of Default***");

WHEREAS, Borrowers have requested that Administrative Agent and Lenders agree to a conditional waiver and forbear from exercising any of their rights and remedies with respect to the Event of Default as hereinafter provided in order to afford Parent with sufficient time to explore strategic alternatives, and Administrative Agent and the Lenders, subject to the terms and conditions contained herein, have agreed to such conditional waiver and forbearance to be effective as of the date hereof; and

WHEREAS, Borrower, Administrative Agent and the Lenders acknowledge that the terms of this Agreement do not constitute a novation or extinguishment, of the Loan Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and the fulfillment of the conditions set forth herein, the parties hereby agree as follows:

1. Definitions. All capitalized terms defined in the Loan Agreement and not otherwise defined in this Agreement shall have the same meanings as assigned to them in the Loan Agreement when used in this Agreement, unless the context hereof shall otherwise require or provide.

2 . Estoppel, Acknowledgement and Reaffirmation. Each Loan Party hereby acknowledges and agrees that, as of January 26, 2018, (a) the aggregate outstanding principal amount of the Loans was not less than $34,657,984.50, which constitutes a valid and subsisting obligation of the Loan Parties to the Lenders that is not subject to any credits, offsets, defenses, claims, counterclaims or adjustments of any kind. The Loan Parties hereby: (w) acknowledge the Specified Event of Default; (x) acknowledge their respective obligations under the Loan Agreement and the Loan Documents to which they are party; (y) reaffirm that each Lien created and granted in, or pursuant to, the Loan Agreement and the other Loan Documents is valid and subsisting; and (z) acknowledge that this Agreement shall in no manner impair or otherwise adversely affect such Obligations or Liens.

3 . Conditional Waiver and Forbearance. Unless the Forbearance Period is sooner terminated as provided herein and subject to the conditions hereof and upon satisfaction of the terms set forth in Section 7 hereof, Administrative Agent and the Lenders hereby agree to waive compliance with Section 6.16 of the Loan Agreement and forbear from the exercise of any of its rights and remedies under the Loan Agreement and the other Loan Documents in connection with the Specified Even of Default for a period beginning as of the date hereof through and including March 30, 2018 (together with any extensions thereof, the "***Forbearance Period***"); provided that interest on the Loans shall accrue at the Default Rate.

(a) Conditional Waiver and Forbearance Limited to Specified Event of Default. Administrative Agent's and the Lenders' conditional waiver and forbearance shall be limited solely to the exercise of their rights and remedies arising under the Loan Documents as a result of the Specified Event of Default, and Administrative Agent and the Lenders shall not be deemed to have waived any rights or remedies they may have with respect to any other Default, other Event of Default or breach occurring thereunder during the Forbearance Period, or any breach of this Agreement.

(b) Notice Requirements Satisfied. Each Borrower acknowledges that all notice requirements embodied in the Loan Documents and imposed upon Administrative Agent or any of the Lenders in connection with the Specified Event of Default, and the exercise of their remedies therefor (together with all applicable cure and/or grace periods) have been satisfied (or shall be deemed to have been satisfied by this Agreement) without exception, and that upon the expiration or earlier termination of the Forbearance Period, Administrative Agent and the Lenders shall, with respect to the Specified Event of Default, have the full right and power to exercise all remedies granted to them thereunder without further notice to such Borrower and subject to no other conditions precedent.

(c) Agreement in the Nature of Forbearance Only. Each Borrower hereby acknowledges that Administrative Agent's and the Lenders' obligations under this Agreement are, as applicable, in the nature of a conditional waiver and forbearance only, and that Administrative Agent and the Lenders have not made any agreement or commitment to modify or extend the Loan Documents beyond the Forbearance Period, and that, upon the termination of the Forbearance Period, Administrative Agent and the Lenders shall have the immediate and unconditional right to exercise their remedies under the Loan Documents.

(d) Termination of the Forbearance Period. The Forbearance Period shall end on the first to occur of the following:

(i) End of Forbearance Period. The expiration of the Forbearance Period.

(ii) Breach. A breach by any Borrower of any of the conditions, covenants, representations and/or warranties set forth in this Agreement.

(iii) New Default. The occurrence of any new Default or Event of Default under any one or more of the Loan Documents, other than, for the purposes of this Section 3(d), a Default or Event of Default resulting from either (1) Parent's failure to remain current in its filings and reports with the SEC to the extent such failure would be deemed to breach Section 6.9 of the Loan Agreement, and (2) Parent being Delisted in breach of Section 8(s) of the Loan Agreement.

(iv) Creditor Enforcement Action. Any creditor(s) of any Borrower or any Guarantor take(s) or threaten(s) in writing any enforcement action against any Borrower or any Guarantor which, in Administrative Agent's reasonable judgment, would materially interfere with the operation of any Borrower's or any Guarantor's business or Administrative Agent's and the Lenders' ability to collect the Obligations.

(v) Bankruptcy. Any Borrower or any Guarantor institutes or consents to the institution of any proceeding under the Bankruptcy Code or any similar statute or any proceeding under the Bankruptcy Code or any similar statute relating to any Borrower or any Guarantor is instituted without the consent of such Borrower or such Guarantor.

(vi) Proceeding by Borrower or any Guarantor. Any Borrower or any Guarantor initiates any judicial, administrative or arbitration proceeding against Administrative Agent or any Lender.

(vii) Cash Maintenance. At any time during the Forbearance Period the Parent, on a consolidated basis with its subsidiaries, no longer maintains at least $4,000,000.00 in deposit accounts or securities accounts (as each such term is defined in the UCC) with respect to which Administrative Agent has a perfected first priority security interest in, and control over, unrestricted cash or Cash Equivalents.

Upon termination of the Forbearance Period, Administrative Agent's and the Lenders' agreement to conditionally waive and forbear shall terminate automatically without further act or action by Administrative Agent or any Lender, and Administrative Agent and the Lenders shall be entitled to exercise any and all rights and remedies available under the Loan Documents and this Agreement, at law, in equity, or otherwise without any further lapse of time, expiration of applicable grace periods, or requirements of notice, all of which are hereby expressly waived by Borrower.

4. Ratification of Loan Documents. Each Borrower, Administrative Agent and each Lender further agrees that the Liens created by the Loan Documents shall continue and carry forward until the Obligations are paid and performed in full. Each Borrower further agrees that such Liens are hereby ratified and affirmed as valid and subsisting against the property described in the Loan Documents and that this Agreement shall in no manner vitiate, affect or impair the Loan Agreement or the other Loan Documents (except as expressly modified in this Agreement), and that such Liens shall not in any manner be waived, released, altered or modified. Each Borrower acknowledges and agrees that as of the Effective Date, to its current and actual knowledge, there are no offsets, defenses or claims against any part of the Obligations.

5. Additional Agreements.

(a) Without limiting the generality of the foregoing or the agreements set forth in Section 6.15 of the Loan Agreement, Borrowers ratify, acknowledge and agree that the Administrative Agent has appointed Omar Jaffrey as the Observer, and that in such capacity Mr. Jaffrey shall (i) have the right to attend all meetings of each Board (and committee thereof) in a non-voting observer capacity, (ii) be provided all materials provided to the members of each Board (and committee thereof) and notice of such meetings, all in the manner and at the time provided to the members of such Board (and committee thereof). During the Forbearance Period, each Borrower hereby waives and covenants not to exercise Borrowers' right to exclude the Observer from access to any material or meeting or portion thereof as set forth in Section 6.15(d) of the Loan Agreement except to preserve the attorney-client privilege so long as outside legal counsel to the Borrowers has advised Borrowers in writing that the attorney-client privilege applies to such material or meeting or portion thereof under applicable law and that access to such material or meeting or portion thereof would result in the waiver of such attorney-client privilege under applicable law.

(b) On or before February 2, 2018, Parent shall prepare and deliver to Administrative Agent a 13-week cash flow projection ("***Cash Flow Projection***") and operating budget for Parent and its subsidiaries on a consolidated basis ("***Operating Budget***") each in form and content reasonably satisfactory to Administrative Agent. Parent shall deliver to Administrative Agent a revised Cash Flow Projection for the following 13-week period on the first Business Day of each calendar week together with a comparison of actual cash flows achieved for the immediately preceding calendar week to the projected cash flows for such week. Without limiting the obligations set forth in Section 6.2(e) of the Loan Agreement, Parent shall cause each Loan Party promptly to provide Administrative Agent with information regarding the operations, business affairs and financial condition of any Loan Party, including, but not limited to, the results of operations of Parent and its subsidiaries compared to the Operating Budget. Parent shall cause the Chief Executive Officer and Chief Financial Officer of Parent to be available during normal business hours to answer the questions of, and to provide information to, the Observer and to any representative of Administrative Agent relating to the operations, business affairs and financial condition of any Loan Party.

(c) By no later than February 2, 2018, Parent shall have retained, and at all times thereafter Parent shall maintain the retention of a third party investment banker of national reputation or qualified telecommunications banker (of which Bank Street Group LLC shall be considered qualified) (the "***Financial Adviser***") selected by Parent and retained at Parent's own cost and expense, with such Financial Adviser and such terms of retention to be acceptable to the Administrative Agent in the Administrative Agent's sole discretion, to assist Parent in a process that will lead to the sale of Borrowers or other transaction reasonably expected to result in the payment in full in cash of all Obligations owing to Administrative Agent and the Lenders (such transaction, the "***Sale Transaction***"), and to perform such other services as Parent may require. Parent shall promptly advise the Administrative Agent of any material developments in efforts, shall promptly deliver to the Administrative Agent all materials (including any teaser, general marketing materials and confidential information memoranda) distributed to parties in furtherance of any proposed Sale Transaction, shall at all reasonable times make its officers and management representatives available to the Administrative Agent to discuss such Sale Transaction process and any material developments related thereto and shall provide the Administrative Agent and the Lenders with any written indications of interest, proposals, term sheets, letters of intent, commitment letters and other significant materials received in connection with such Sale Transaction within two (2) Business Days following their receipt. For the avoidance of doubt, the Borrowers acknowledge that the Administrative Agent and the Lenders shall have the right, at all reasonable times, to consult directly with the Financial Adviser regarding the status of any Sale Transaction efforts.

(d) Borrowers and certain of Borrowers' respective employees, representatives, attorneys and agents, and Lenders and certain of Lenders' respective employees, representatives, attorneys and agents, may have discussions and negotiations with respect to the Specified Event of Default and amendments to the Loan Documents. All such discussions (whether before, on or after the date hereof) are referred to herein as the "***Discussions***". None of the Discussions or any action or inaction on the part of Administrative Agent or any Lender taken or omitted during the period of the Discussions (unless and until evidenced by definitive documentation, if any) shall be construed to constitute or represent a commitment or intention by Administrative Agent or any Lender to (i) make any financial accommodations to Borrowers or any other persons, (ii) restructure the Loan or any Loan Document, (iii) make any additional loan to Borrowers, or (iv) waive, modify or further forebear from exercising any of any such Lender's rights, powers, privileges or remedies in respect of the Loan, and under the Loan Documents, at law, in equity or otherwise. Moreover (x) prior to the date hereof, no such commitment, waiver, modification or further forbearance has been offered, granted, extended or agreed to by Administrative Agent or any Lender during the period of the Discussions and (y) from and after the date hereof, no such commitment, waiver, modification or further forbearance shall bind Administrative Agent or any Lender unless and until evidenced by definitive documentation. No failure on the part of Administrative Agent or any Lender or any of their respective agents to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy against any Borrower or under the Loan Documents during the period of the Discussions shall operate as a waiver thereof; nor shall any single or partial exercise by Administrative Agent or the Lenders or by any of their respective agents of any right, power or remedy against Borrowers hereunder or under the Loan Documents during the period of the Discussions preclude any other or further exercise thereof or the exercise of any other right, power or remedy. Any such Discussions are voluntary in nature, are entered into in reliance upon the understandings set forth in this Section 5(d) and may be terminated by written notice sent in accordance with the terms of the Loan Agreement by any Lender or Borrower at any time without cause or prior notice and without liability of any kind. The agreements set forth in this Section 5(d) shall survive the expiration or earlier termination of the Forbearance Period.

6. Representations and Warranties. Borrower hereby certifies that, after giving effect to this Agreement:

(a) The representations and warranties of each Borrower contained in Article 5 of the Loan Agreement, or which are contained in any document furnished at any time under or in connection with the Loan Agreement, that are qualified by materiality are true and correct on and as of the date hereof, and each of the representations and warranties of each Borrower contained in Article 5 of the Loan Agreement (other than Section 5.25 of the Loan Agreement solely with respect to the Specified Event of Default), or which are contained in any document furnished at any time under or in connection with the Loan Agreement, that are not qualified by materiality are true and correct in all material respects on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct, or true and correct in all material respects, as the case may be, as of such earlier date;

(b) this Agreement has been duly authorized, executed and delivered by each Borrower and constitutes a legal, valid and binding obligation of each Borrower, except as may be limited by general principles of equity or by the effect of the Bankruptcy Code or any applicable similar statute; and

(c) after giving effect to this Agreement and except for the Specified Event of Default, no Default or Event of Default exists.

7. Conditions to Effectiveness. This Agreement shall not be effective until the following conditions precedent have been satisfied:

(a) Administrative Agent shall have received counterparts of this Agreement executed by each Borrower, Administrative Agent and each Lender;

(b) No Default or Event of Default shall exist except the Specified Event of Default; and

(c) Administrative Agent shall have received such other documents, instruments and certificates as reasonably requested by Administrative Agent.

Upon the satisfaction of the conditions set forth in this Section 5, this Agreement shall be effective as of the date hereof.

8. Scope of Agreement. Any and all other provisions of the Loan Agreement and any other Loan Documents are hereby amended and modified wherever necessary and even through not specifically addressed herein, so as to conform to the amendments and modifications set forth in this Agreement.

9 . Limitation on Agreements. The amendments and agreements set forth herein are limited in scope as described herein and shall not be deemed (a) to be a consent under, or waiver of, any other term or condition of the Loan Agreement or any of the other Loan Documents, or (b) to prejudice any right or rights which Administrative Agent or any Lender now has or may have in the future under, or in connection with the Loan Documents, as amended or modified by this Agreement, the other Loan Documents or any of the documents referred to herein or therein.

10. CHOICE OF LAW; SERVICE OF PROCESS; JURY TRIAL WAIVER.THE VALIDITY OF THIS AGREEMENT, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF, AND THE RIGHTS OF THE PARTIES HERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR RELATED HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, BUT OTHERWISE EXCLUDING AND WITHOUT REGARD FOR THE CONFLICTS OF LAWS PRINCIPLES THEREOF).THE PARTIES HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMIT, FOR THEMSELVES AND THEIR PROPERTY, TO THE EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR NEW YORK STATE COURT SITTING IN NEW YORK, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING SHALL BE HEARD AND DETERMINED IN SUCH NEW YORK STATE OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. BORROWER AND THE LENDER GROUP WAIVE, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF *FORUM NON CONVENIENS* OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS <u>SECTION 10</u>. EACH PARTY HERETO FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO SUCH PARTY AT ITS SAID ADDRESS. BORROWER AND THE LENDER GROUP HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. BORROWER AND THE LENDER GROUP REPRESENT THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

11. <u>Section Headings</u>. Headings and numbers have been set forth herein for convenience only. Unless the contrary is compelled by the context, everything contained in each Section applies equally to this entire Agreement.

12. <u>Loan Document</u>. This Agreement is a Loan Document and is subject to all provisions of the Loan Agreement applicable to Loan Documents, all of which are incorporated in this Agreement by reference the same as if set forth in this Agreement verbatim.

13. Severability of Provisions. Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

14. No Novation. This Agreement is given as an amendment and modification of, and not as a payment of, the Obligations and is not intended to constitute a novation of the Loan Agreement or any of the other Loan Documents. All of the Obligations owing by Borrower under the Loan Agreement and the other Loan Documents shall continue.

15. Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that no Borrower or any of Parent's Subsidiaries may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of Administrative Agent and each of the Lenders. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto and their respective successors and assigns permitted hereby) any legal or equitable right, remedy or claim under or by reason of this Agreement.16. Counterparts; Telefacsimile Execution. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement. Delivery of an executed counterpart of this Agreement by telefacsimile or other electronic means shall be equally as effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by telefacsimile or other electronic means also shall deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement.

17. Expenses. Without limiting the provisions of the Loan Agreement (including, without limitation, Article 10 thereof), Borrowers agree to pay all costs and expenses (including without limitation reasonable fees and expenses of any counsel, financial advisor, industry advisor and agent for Administrative Agent or any Lender) incurred before or after the date hereof by Administrative Agent, any Lender and their respective Affiliates in connection with the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents.

18. Release. As a material part of the consideration for Administrative Agent and the Lenders entering into this Agreement, each Borrower ("***Releasor***") agrees as follows (the "***Release Provision***"):

(a) Releasor hereby releases and forever discharges Administrative Agent, each Lender and their respective predecessors, successors, assigns, officers, managers, directors, shareholders, employees, agents, attorneys, representatives, parent corporations, subsidiaries, and affiliates (hereinafter all of the above collectively referred to as "***Lender Group***") jointly and severally from any and all claims, counterclaims, demands, damages, debts, agreements, covenants, suits, contracts, obligations, liabilities, accounts, offsets, rights, actions, and causes of action of any nature whatsoever occurring prior to the date hereof, including, without limitation, all claims, demands, and causes of action for contribution and indemnity, whether arising at law or in equity, presently possessed, whether known or unknown, whether liability be direct or indirect, liquidated or unliquidated, presently accrued, whether absolute or contingent, foreseen or unforeseen, and whether or not heretofore asserted ("***Claims***"), which Releasor may have or claim to have against any of Lender Group.

(b) Releasor agrees not to sue any of Lender Group or in any way assist any other Person in suing Lender Group with respect to any Claim released herein. The Release Provision may be pleaded as a full and complete defense to, and may be used as the basis for an injunction against, any action, suit, or other proceeding which may be instituted, prosecuted, or attempted in breach of the release contained herein.

(c) Releasor acknowledges, warrants, and represents to Lender Group that:

(i) Releasor has read and understands the effect of the Release Provision. Releasor has had the assistance of independent counsel of its own choice, or has had the opportunity to retain such independent counsel, in reviewing, discussing, and considering all the terms of the Release Provision; and if counsel was retained, counsel for Releasor has read and considered the Release Provision and advised Releasor to execute the same. Before execution of this Agreement, Releasor has had adequate opportunity to make whatever investigation or inquiry it may deem necessary or desirable in connection with the subject matter of the Release Provision.

(ii) Releasor is not acting in reliance on any representation, understanding, or agreement not expressly set forth herein. Releasor acknowledges that Lender Group has not made any representation with respect to the Release Provision except as expressly set forth herein.

(iii) Releasor has executed this Agreement and the Release Provision thereof as its free and voluntary act, without any duress, coercion, or undue influence exerted by or on behalf of any Person.

(iv) Releasor is the sole owner of the Claims released by the Release Provision, and Releasor has not heretofore conveyed or assigned any interest in any such Claims to any other Person.

(d) Releasor understands that the Release Provision was a material consideration in the agreement of Administrative Agent and the Lenders to enter into this Agreement.

(e) It is the express intent of Releasor that the release and discharge set forth in the Release Provision be construed as broadly as possible in favor of Lender Group so as to foreclose forever the assertion by Releasor of any Claims released hereby against Lender Group.

(f) If any term, provision, covenant, or condition of the Release Provision is held by a court of competent jurisdiction to be invalid, illegal, or unenforceable, the remainder of the provisions shall remain in full force and effect.

19. INTEGRATION. THIS AGREEMENT, TOGETHER WITH THE OTHER LOAN DOCUMENTS EXECUTED IN CONNECTION HEREWITH, REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

(Signature pages follow)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed.

BORROWERS:

TOWERSTREAM CORPORATION,
a Delaware corporation

By: /s/ Ernest Ortega
Name: Ernest Ortega
Title: CEO

TOWERSTREAM I, INC.,
a Delaware corporation,

By: /s/ Ernest Ortega
Name: Ernest Ortega
Title: CEO

HETNETS TOWER CORPORATION,
a Delaware corporation,

By: /s/ Ernest Ortega
Name: Ernest Ortega
Title: CEO

ADMINISTRATIVE AGENT:

MELODY BUSINESS FINANCE, LLC,
a Delaware limited liability company

By: /s/ Terri Lecamp
Name: Terri Lecamp
Title: Authorized Signatory

LENDERS:

MELODY CAPITAL PARTNERS FDB CREDIT FUND, LLC
By: Melody Capital Partners, LP
Its Investment Advisor

By: /s/ Terri Lecamp
Name: Terri Lecamp
Title: Authorized Signatory

MELODY CAPITAL PARTNERS OFFSHORE CREDIT MINI-MASTER FUND, LP
By: Melody Capital Partners, LP
Its Investment Advisor

By: /s/ Terri Lecamp
Name: Terri Lecamp
Title: Authorized Signatory

MELODY CAPITAL PARTNERS ONSHORE CREDIT FUND, LP
By: Melody Capital Partners, LP
Its Investment Advisor

By: /s/ Terri Lecamp
Name: Terri Lecamp
Title: Authorized Signatory

MELODY SPECIAL SITUATIONS OFFSHORE CREDIT MINI-MASTER FUND, LP
By: Melody Capital Partners, LP
Its Investment Advisor

By: /s/ Terri Lecamp
Name: Terri Lecamp
Title: Authorized Signatory

Exhibit 10.51

Amended and Restated
Forbearance to Loan Agreement

THIS AMENDED AND RESTATED FORBEARANCE TO LOAN AGREEMENT (this "***Agreement***") effective as of February 28, 2018 (the "***Effective Date***"), is made by and among **TOWERSTREAM CORPORATION**, a Delaware corporation ("***Parent***"), **TOWERSTREAM I, INC.**, a Delaware corporation, **HETNETS TOWER CORPORATION**, a Delaware corporation (together with Parent and Towerstream I, Inc., the "***Borrowers***" and each a "***Borrower***"), **OMEGA COMMUNICATIONS CORPORATION** , a Delaware corporation, **ALPHA COMMUNICATIONS CORPORATION** , a Delaware corporation, **TOWERSRTEAM HOUSTON, INC.**, a Texas corporation (together with Omega Communications Corporation and Alpha Communications Corporation, the "***Guarantors***" and each a "***Guarantor***"), the **MAJORITY LENDERS** (as defined below), and **MELODY BUSINESS FINANCE, LLC**, a Delaware limited liability company, as administrative agent for the Lenders (in such capacity, "***Administrative Agent***").

WITNESSETH:

WHEREAS, Borrowers, the financial institutions from time to time party thereto (the "***Lenders***") and Administrative Agent are parties to that certain Loan Agreement dated as of October 16, 2014 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "***Loan Agreement***");

WHEREAS, Guarantors entered into that certain Guaranty, dated as of October 16, 2014, for the ratable benefit of Administrative Agent and the Lenders;

WHEREAS, Borrowers have notified the Administrative Agent that (i) upon payment of obligations in the ordinary course, Parent, on a consolidated basis with its subsidiaries, may no longer maintain at least $6,500,000 in deposit accounts or securities accounts (as each such term is defined in the UCC) with respect to which Administrative Agent has a perfected first priority security interest in, and control over, unrestricted cash or Cash Equivalents, such event if not waived or cured, would breach of Section 6.16 of the Loan Agreement which would cause an Event of Default under the Loan Agreement and (ii) Borrowers anticipate that the report of Parent's independent certified public accounts accompanying the audited consolidated financial statements of Parent and its consolidated Subsidiaries at and for the year ended December 31, 2017 may contain a going concern qualification ("***Qualified Auditor's Report***") in breach of Section 6.1(a)(i) of the Loan Agreement which would cause an Event of Default under the Loan Agreement (together the "***Specified Events of Default***" and each a "***Specified Event of Default***");

WHEREAS, Borrowers, Guarantors, Administrative Agent and the Majority Lenders entered into that certain Forbearance to Loan Agreement, dated as of January 26, 2018 (the "***Original Forbearance Agreement***");

WHEREAS, Borrowers, Guarantors, Administrative Agent and the Majority Lenders have agreed to amend and restate the Original Forbearance Agreement as provided herein;

WHEREAS, Borrowers and Guarantors have requested that Administrative Agent and Majority Lenders (as defined in the Loan Agreement) agree to a conditional waiver and forbear from exercising any of their rights and remedies with respect to the Specified Events of Default as hereinafter provided in order to afford Parent with sufficient time to explore strategic alternatives, and Administrative Agent and the Majority Lenders, subject to the terms and conditions contained herein, have agreed to such conditional waiver and forbearance to be effective as of the Effective Date; and

WHEREAS, Borrowers, Guarantors, Administrative Agent and the Majority Lenders acknowledge that the terms of this Agreement do not constitute a novation or extinguishment, of the Loan Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and the fulfillment of the conditions set forth herein, the parties hereby agree as follows:

1. Definitions. All capitalized terms defined in the Loan Agreement and not otherwise defined in this Agreement shall have the same meanings as assigned to them in the Loan Agreement when used in this Agreement, unless the context hereof shall otherwise require or provide.

2. Estoppel, Acknowledgement and Reaffirmation. Each Loan Party hereby acknowledges and agrees that, as of January 26, 2018, (a) the aggregate outstanding principal amount of the Loans was not less than $34,657,984.50, which constitutes a valid and subsisting obligation of the Loan Parties to the Lenders that is not subject to any credits, offsets, defenses, claims, counterclaims or adjustments of any kind. The Loan Parties hereby: (w) acknowledge the Specified Events of Default; (x) acknowledge their respective obligations under the Loan Agreement and the Loan Documents to which they are party; (y) reaffirm that each Lien created and granted in, or pursuant to, the Loan Agreement and the other Loan Documents is valid and subsisting; and (z) acknowledge that this Agreement shall in no manner impair or otherwise adversely affect such Obligations or Liens.

3. Conditional Waiver and Forbearance. Unless the Forbearance Period is sooner terminated as provided herein and subject to the conditions hereof and upon satisfaction of the terms set forth in Section 7 hereof, Administrative Agent and the Lenders hereby agree to waive compliance with Sections 6.16 and 6.1(a)(i) (with respect only to the Qualified Auditor's Report) of the Loan Agreement and forbear from the exercise of any of its rights and remedies under the Loan Agreement and the other Loan Documents in connection with the Specified Events of Default for a period beginning as of the date hereof through and including March 30, 2018, and, with respect only to the Qualified Auditor's Report, April 17, 2018 (together with any extensions thereof, the "***Forbearance Period***"); provided that interest on the Loans shall accrue at the Default Rate.

(a) Conditional Waiver and Forbearance Limited to Specified Events of Default. Administrative Agent's and the Majority Lenders' conditional waiver and forbearance shall be limited solely to the exercise of their rights and remedies arising under the Loan Documents as a result of the Specified Events of Default, and Administrative Agent and the Majority Lenders shall not be deemed to have waived any rights or remedies they may have with respect to any other Default, other Event of Default or breach occurring thereunder during the Forbearance Period, or any breach of this Agreement.

(b) Notice Requirements Satisfied. Each Borrower and Guarantor acknowledges that all notice requirements embodied in the Loan Documents and imposed upon Administrative Agent or any of the Lenders in connection with the Specified Events of Default, and the exercise of their remedies therefor (together with all applicable cure and/or grace periods) have been satisfied (or shall be deemed to have been satisfied by this Agreement) without exception, and that upon the expiration or earlier termination of the Forbearance Period, Administrative Agent and the Lenders shall, with respect to the Specified Event of Default, have the full right and power to exercise all remedies granted to them thereunder without further notice to such Borrower and subject to no other conditions precedent.

(c) Agreement in the Nature of Forbearance Only. Each Borrower and Guarantor hereby acknowledges that Administrative Agent's and the Lenders' obligations under this Agreement are, as applicable, in the nature of a conditional waiver and forbearance only, and that Administrative Agent and the Lenders have not made any agreement or commitment to modify or extend the Loan Documents beyond the Forbearance Period, and that, upon the termination of the Forbearance Period, Administrative Agent and the Lenders shall have the immediate and unconditional right to exercise their remedies under the Loan Documents.

(d) Termination of the Forbearance Period. The Forbearance Period shall end on the first to occur of the following:

(i) End of Forbearance Period. The expiration of the Forbearance Period.

(ii) Breach. A breach by any Borrower or Guarantor of any of the conditions, covenants, representations and/or warranties set forth in this Agreement.

(iii) New Default. The occurrence of any new Default or Event of Default under any one or more of the Loan Documents, other than, for the purposes of this Section 3(d), a Default or Event of Default resulting from either (1) Parent's failure to remain current in its filings and reports with the SEC to the extent such failure would be deemed to breach Section 6.9 of the Loan Agreement, and (2) Parent being Delisted in breach of Section 8(s) of the Loan Agreement.

(iv) Creditor Enforcement Action. Any creditor(s) of any Borrower or any Guarantor take(s) or threaten(s) in writing any enforcement action against any Borrower or any Guarantor which, in Administrative Agent's reasonable judgment, would materially interfere with the operation of any Borrower's or any Guarantor's business or Administrative Agent's and the Lenders' ability to collect the Obligations.

(v) Bankruptcy. Any Borrower or any Guarantor institutes or consents to the institution of any proceeding under the Bankruptcy Code or any similar statute or any proceeding under the Bankruptcy Code or any similar statute relating to any Borrower or any Guarantor is instituted without the consent of such Borrower or such Guarantor.

(vi) Proceeding by Borrower or any Guarantor. Any Borrower or any Guarantor initiates any judicial, administrative or arbitration proceeding against Administrative Agent or any Lender.

(vii) Cash Maintenance. At any time during the Forbearance Period the Parent, on a consolidated basis with its subsidiaries, no longer maintains at least $4,000,000.00 in deposit accounts or securities accounts (as each such term is defined in the UCC) with respect to which Administrative Agent has a perfected first priority security interest in, and control over, unrestricted cash or Cash Equivalents.

Upon termination of the Forbearance Period, Administrative Agent's and the Majority Lenders' agreement to conditionally waive and forbear shall terminate automatically without further act or action by Administrative Agent or any Majority Lender, and Administrative Agent and the Lenders shall be entitled to exercise any and all rights and remedies available under the Loan Documents and this Agreement, at law, in equity, or otherwise without any further lapse of time, expiration of applicable grace periods, or requirements of notice, all of which are hereby expressly waived by each Borrower and Guarantor.

4. Ratification of Loan Documents. Each Borrower, each Guarantor, Administrative Agent and each Majority Lender further agrees that the Liens created by the Loan Documents shall continue and carry forward until the Obligations are paid and performed in full. Each Borrower and each Guarantor further agrees that such Liens are hereby ratified and affirmed as valid and subsisting against the property described in the Loan Documents and that this Agreement shall in no manner vitiate, affect or impair the Loan Agreement or the other Loan Documents (except as expressly modified in this Agreement), and that such Liens shall not in any manner be waived, released, altered or modified. Each Borrower and each Guarantor acknowledges and agrees that as of the Effective Date, to its current and actual knowledge, there are no offsets, defenses or claims against any part of the Obligations.

5. Additional Agreements.

(a) Without limiting the generality of the foregoing or the agreements set forth in Section 6.15 of the Loan Agreement, the Loan Parties ratify, acknowledge and agree that the Administrative Agent has appointed Omar Jaffrey as the Observer, and that in such capacity Mr. Jaffrey shall (i) have the right to attend all meetings of each Board (and committee thereof) in a non-voting observer capacity, (ii) be provided all materials provided to the members of each Board (and committee thereof) and notice of such meetings, all in the manner and at the time provided to the members of such Board (and committee thereof). During the Forbearance Period, each Loan Party hereby waives and covenants not to exercise Loan Parties' right to exclude the Observer from access to any material or meeting or portion thereof as set forth in Section 6.15(d) of the Loan Agreement except to preserve the attorney-client privilege so long as outside legal counsel to such Loan Parties has advised the Loan Parties in writing that the attorney-client privilege applies to such material or meeting or portion thereof under applicable law and that access to such material or meeting or portion thereof could result in the waiver of such attorney-client privilege under applicable law.

(b) On or before February 2, 2018, Parent shall prepare and deliver to Administrative Agent a 13-week cash flow projection ("***Cash Flow Projection***") and operating budget for Parent and its Subsidiaries on a consolidated basis ("***Operating Budget***") each in form and content reasonably satisfactory to Administrative Agent. Parent shall deliver to Administrative Agent a revised Cash Flow Projection for the following 13-week period on the first Business Day of each calendar week thereafter, together with a comparison of actual cash flows achieved for the immediately preceding calendar week to the projected cash flows for such week. Without limiting the obligations set forth in Section 6.2(e) of the Loan Agreement, Parent shall cause each Loan Party promptly to provide Administrative Agent with information regarding the operations, business affairs and financial condition of any Loan Party, including, but not limited to, the results of operations of Parent and its subsidiaries compared to the Operating Budget. Parent shall cause the Chief Executive Officer and Chief Financial Officer of Parent to be available during normal business hours to answer the questions of, and to provide information to, the Observer and to any representative of Administrative Agent relating to the operations, business affairs and financial condition of any Loan Party.

(c) Parent shall maintain the retention of a third party investment banker of national reputation or qualified telecommunications banker (of which Bank Street Group LLC shall be considered qualified) (the "***Financial Adviser***") selected by Parent and retained at Parent's own cost and expense, with such Financial Adviser and such terms of retention to be acceptable to the Administrative Agent in the Administrative Agent's sole discretion, to assist Parent in a process that will lead to the sale of the Loan Parties or other transaction reasonably expected to result in the payment in full in cash of all Obligations owing to Administrative Agent and the Lenders (such transaction, the "***Sale Transaction***"), and to perform such other services as Parent may require. Parent shall promptly advise the Administrative Agent of any material developments in efforts, shall promptly deliver to the Administrative Agent all materials (including any teaser, general marketing materials and confidential information memoranda) distributed to parties in furtherance of any proposed Sale Transaction, shall at all reasonable times make its officers and management representatives available to the Administrative Agent to discuss such Sale Transaction process and any material developments related thereto and shall provide the Administrative Agent with any written indications of interest, proposals, term sheets, letters of intent, commitment letters and other significant materials received in connection with such Sale Transaction within two (2) Business Days following their receipt. For the avoidance of doubt, the Borrowers and Guarantors acknowledge that the Administrative Agent and the Lenders shall have the right, at all reasonable times, to consult directly with the Financial Adviser regarding the status of any Sale Transaction efforts.

(d) Borrowers and certain of Borrowers' respective employees, representatives, attorneys and agents, and Majority Lenders and certain of Majority Lenders' respective employees, representatives, attorneys and agents, may have discussions and negotiations with respect to the Specified Events of Default and amendments to the Loan Documents. All such discussions (whether before, on or after the date hereof) are referred to herein as the "***Discussions***". None of the Discussions or any action or inaction on the part of Administrative Agent or any Lender taken or omitted during the period of the Discussions (unless and until evidenced by definitive documentation, if any) shall be construed to constitute or represent a commitment or intention by Administrative Agent or any Lender to (i) make any financial accommodations to Borrowers or any other persons, (ii) restructure the Loan or any Loan Document, (iii) make any additional loan to Borrowers, or (iv) waive, modify or further forebear from exercising any of any such Lender's rights, powers, privileges or remedies in respect of the Loan, and under the Loan Documents, at law, in equity or otherwise. Moreover (x) prior to the date hereof, no such commitment, waiver, modification or further forbearance has been offered, granted, extended or agreed to by Administrative Agent or any Lender during the period of the Discussions and (y) from and after the date hereof, no such commitment, waiver, modification or further forbearance shall bind Administrative Agent or any Lender unless and until evidenced by definitive documentation. No failure on the part of Administrative Agent or any Lender or any of their respective agents to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy against any Borrower or under the Loan Documents during the period of the Discussions shall operate as a waiver thereof; nor shall any single or partial exercise by Administrative Agent or the Lenders or by any of their respective agents of any right, power or remedy against Borrowers hereunder or under the Loan Documents during the period of the Discussions preclude any other or further exercise thereof or the exercise of any other right, power or remedy. Any such Discussions are voluntary in nature, are entered into in reliance upon the understandings set forth in this Section 5(d) and may be terminated by written notice sent in accordance with the terms of the Loan Agreement by any Lender or Borrower at any time without cause or prior notice and without liability of any kind. The agreements set forth in this Section 5(d) shall survive the expiration or earlier termination of the Forbearance Period.

6. Representations and Warranties. Each Borrower and Guarantor hereby certifies that, after giving effect to this Agreement:

(a) The representations and warranties of each Borrower and Guarantor contained in Article 5 of the Loan Agreement, or which are contained in any document furnished at any time under or in connection with the Loan Agreement, that are qualified by materiality are true and correct on and as of the date hereof, and each of the representations and warranties of each Borrower and Guarantor contained in Article 5 of the Loan Agreement (other than Section 5.25 of the Loan Agreement solely with respect to the Specified Events of Default), or which are contained in any document furnished at any time under or in connection with the Loan Agreement, that are not qualified by materiality are true and correct in all material respects on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct, or true and correct in all material respects, as the case may be, as of such earlier date;

(b) this Agreement has been duly authorized, executed and delivered by each Borrower and each Guarantor and constitutes a legal, valid and binding obligation of each such party, except as may be limited by general principles of equity or by the effect of the Bankruptcy Code or any applicable similar statute; and

(c) after giving effect to this Agreement and except for the Specified Events of Default, no Default or Event of Default exists.

7. Conditions to Effectiveness. This Agreement shall not be effective until the following conditions precedent have been satisfied:

(a) Administrative Agent shall have received counterparts of this Agreement executed by each Borrower, each Guarantor, Administrative Agent and each Majority Lender;

(b) No Default or Event of Default shall exist except the Specified Events of Default; and

(c) Administrative Agent shall have received such other documents, instruments and certificates as reasonably requested by Administrative Agent.

Upon the satisfaction of the conditions set forth in this Section 5, this Agreement shall be effective as of the date hereof.

8. Scope of Agreement. Any and all other provisions of the Loan Agreement and any other Loan Documents are hereby amended and modified wherever necessary and even through not specifically addressed herein, so as to conform to the amendments and modifications set forth in this Agreement.

9 . Limitation on Agreements. The amendments and agreements set forth herein are limited in scope as described herein and shall not be deemed (a) to be a consent under, or waiver of, any other term or condition of the Loan Agreement or any of the other Loan Documents, or (b) to prejudice any right or rights which Administrative Agent or any Lender now has or may have in the future under, or in connection with the Loan Documents, as amended or modified by this Agreement, the other Loan Documents or any of the documents referred to herein or therein.

10. CHOICE OF LAW; SERVICE OF PROCESS; JURY TRIAL WAIVER.THE VALIDITY OF THIS AGREEMENT, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF, AND THE RIGHTS OF THE PARTIES HERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR RELATED HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, BUT OTHERWISE EXCLUDING AND WITHOUT REGARD FOR THE CONFLICTS OF LAWS PRINCIPLES THEREOF).THE PARTIES HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMIT, FOR THEMSELVES AND THEIR PROPERTY, TO THE EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR NEW YORK STATE COURT SITTING IN NEW YORK, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING SHALL BE HEARD AND DETERMINED IN SUCH NEW YORK STATE OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. BORROWER AND THE LENDER GROUP WAIVE, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF *FORUM NON CONVENIENS* OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 10. EACH PARTY HERETO FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO SUCH PARTY AT ITS SAID ADDRESS. BORROWER AND THE LENDER GROUP HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. BORROWER AND THE LENDER GROUP REPRESENT THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

11. Section Headings. Headings and numbers have been set forth herein for convenience only. Unless the contrary is compelled by the context, everything contained in each Section applies equally to this entire Agreement.

12. Loan Document. This Agreement is a Loan Document and is subject to all provisions of the Loan Agreement applicable to Loan Documents, all of which are incorporated in this Agreement by reference the same as if set forth in this Agreement verbatim.

13. Severability of Provisions. Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

14. No Novation. This Agreement amends and restates the Original Forbearance Agreement. This Agreement is given as an amendment and modification of, and not as a payment of, the Obligations and is not intended to constitute a novation of the Loan Agreement or any of the other Loan Documents. All of the Obligations owing by Borrower under the Loan Agreement and the other Loan Documents shall continue.

15. Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that no Borrower or any of Parent's Subsidiaries may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of Administrative Agent and each of the Lenders. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto and their respective successors and assigns permitted hereby) any legal or equitable right, remedy or claim under or by reason of this Agreement.16. Counterparts; Telefacsimile Execution. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement. Delivery of an executed counterpart of this Agreement by telefacsimile or other electronic means shall be equally as effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by telefacsimile or other electronic means also shall deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement.

17. Expenses. Without limiting the provisions of the Loan Agreement (including, without limitation, Article 10 thereof), Borrowers agree to pay all costs and expenses (including without limitation reasonable fees and expenses of any counsel, financial advisor, industry advisor and agent for Administrative Agent or any Lender) incurred before or after the date hereof by Administrative Agent, any Lender and their respective Affiliates in connection with the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents.

18. Release. As a material part of the consideration for Administrative Agent and the Lenders entering into this Agreement, each Borrower ("***Releasor***") agrees as follows (the "***Release Provision***"):

(a) Releasor hereby releases and forever discharges Administrative Agent, each Lender and their respective predecessors, successors, assigns, officers, managers, directors, shareholders, employees, agents, attorneys, representatives, parent corporations, subsidiaries, and affiliates (hereinafter all of the above collectively referred to as "***Lender Group***") jointly and severally from any and all claims, counterclaims, demands, damages, debts, agreements, covenants, suits, contracts, obligations, liabilities, accounts, offsets, rights, actions, and causes of action of any nature whatsoever occurring prior to the date hereof, including, without limitation, all claims, demands, and causes of action for contribution and indemnity, whether arising at law or in equity, presently possessed, whether known or unknown, whether liability be direct or indirect, liquidated or unliquidated, presently accrued, whether absolute or contingent, foreseen or unforeseen, and whether or not heretofore asserted ("***Claims***"), which Releasor may have or claim to have against any of Lender Group.

(b) Releasor agrees not to sue any of Lender Group or in any way assist any other Person in suing Lender Group with respect to any Claim released herein. The Release Provision may be pleaded as a full and complete defense to, and may be used as the basis for an injunction against, any action, suit, or other proceeding which may be instituted, prosecuted, or attempted in breach of the release contained herein.

(c) Releasor acknowledges, warrants, and represents to Lender Group that:

(i) Releasor has read and understands the effect of the Release Provision. Releasor has had the assistance of independent counsel of its own choice, or has had the opportunity to retain such independent counsel, in reviewing, discussing, and considering all the terms of the Release Provision; and if counsel was retained, counsel for Releasor has read and considered the Release Provision and advised Releasor to execute the same. Before execution of this Agreement, Releasor has had adequate opportunity to make whatever investigation or inquiry it may deem necessary or desirable in connection with the subject matter of the Release Provision.

(ii) Releasor is not acting in reliance on any representation, understanding, or agreement not expressly set forth herein. Releasor acknowledges that Lender Group has not made any representation with respect to the Release Provision except as expressly set forth herein.

(iii) Releasor has executed this Agreement and the Release Provision thereof as its free and voluntary act, without any duress, coercion, or undue influence exerted by or on behalf of any Person.

(iv) Releasor is the sole owner of the Claims released by the Release Provision, and Releasor has not heretofore conveyed or assigned any interest in any such Claims to any other Person.

(d) Releasor understands that the Release Provision was a material consideration in the agreement of Administrative Agent and the Lenders to enter into this Agreement.

(e) It is the express intent of Releasor that the release and discharge set forth in the Release Provision be construed as broadly as possible in favor of Lender Group so as to foreclose forever the assertion by Releasor of any Claims released hereby against Lender Group.

(f) If any term, provision, covenant, or condition of the Release Provision is held by a court of competent jurisdiction to be invalid, illegal, or unenforceable, the remainder of the provisions shall remain in full force and effect.

19. INTEGRATION. THIS AGREEMENT, TOGETHER WITH THE OTHER LOAN DOCUMENTS EXECUTED IN CONNECTION HEREWITH, REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

(Signature pages follow)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed.

BORROWERS:

TOWERSTREAM CORPORATION,
a Delaware corporation

By: /s/Ernest Ortega
Name: Ernest Ortega
Title: CEO

TOWERSTREAM I, INC.,
a Delaware corporation,

By: /s/Ernest Ortega
Name: Ernest Ortega
Title: CEO

HETNETS TOWER CORPORATION,
a Delaware corporation,

By: /s/Ernest Ortega
Name: Ernest Ortega
Title: CEO

Signature Page
Forbearance to Loan Agreement

GUARANTORS:

OMEGA COMMUNICATIONS CORPORATION,
a Delaware corporation

By: /s/Ernest Ortega
Name: Ernest Ortega
Title: CEO

ALPHA COMMUNICATIONS CORPORATION,
a Delaware corporation,

By: /s/Ernest Ortega
Name: Ernest Ortega
Title: CEO

TOWERSTREAM HOUSTON, INC,
a Texas corporation,

By: /s/Ernest Ortega
Name: Ernest Ortega
Title: CEO

ADMINISTRATIVE AGENT:

MELODY BUSINESS FINANCE, LLC,
a Delaware limited liability company

By: /s/ Terri Lecamp
Terri Lecamp
Authorized Signatory

MAJORITY LENDERS:

MELODY CAPITAL PARTNERS OFFSHORE CREDIT MINI-MASTER FUND, LP
By: Melody Capital Partners, LP
Its Investment Advisor

By: /s/ Terri Lecamp
Terri Lecamp
Authorized Signatory

MELODY CAPITAL PARTNERS ONSHORE CREDIT FUND, LP
By: Melody Capital Partners, LP
Its Investment Advisor

By: /s/ Terri Lecamp
Terri Lecamp
Authorized Signatory

MELODY SPECIAL SITUATIONS OFFSHORE CREDIT MINI-MASTER FUND, LP
By: Melody Capital Partners, LP
Its Investment Advisor

By: /s/ Terri Lecamp
Terri Lecamp
Authorized Signatory

Exhibit 10.52

First Amendment to Amended and Restated
Forbearance to Loan Agreement

THIS FIRST AMENDMENT TO AMENDED AND RESTATED FORBEARANCE TO LOAN AGREEMENT (this "***Agreement***") effective as of March 30, 2018 (the "***Effective Date***"), is made by and among **TOWERSTREAM CORPORATION**, a Delaware corporation ("***Parent***"), **TOWERSTREAM I, INC.**, a Delaware corporation, **HETNETS TOWER CORPORATION**, a Delaware corporation (together with Parent and Towerstream I, Inc., the "***Borrowers***" and each a "***Borrower***"), **OMEGA COMMUNICATIONS CORPORATION**, a Delaware corporation, **ALPHA COMMUNICATIONS CORPORATION**, a Delaware corporation, **TOWERSRTEAM HOUSTON, INC.**, a Texas corporation (together with Omega Communications Corporation and Alpha Communications Corporation, the "***Guarantors***" and each a "***Guarantor***"), the **MAJORITY LENDERS** (as defined below), and **MELODY BUSINESS FINANCE, LLC**, a Delaware limited liability company, as administrative agent for the Lenders (in such capacity, "***Administrative Agent***").

WITNESSETH:

WHEREAS, Borrowers, the financial institutions from time to time party thereto (the "***Lenders***") and Administrative Agent are parties to that certain Loan Agreement dated as of October 16, 2014 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "***Loan Agreement***");

WHEREAS, Guarantors entered into that certain Guaranty, dated as of October 16, 2014, for the ratable benefit of Administrative Agent and the Lenders;

WHEREAS, Borrowers, Guarantors, Administrative Agent and the Majority Lenders entered into that certain Amended and Restated Forbearance to Loan Agreement, dated as of February 28, 2018 (the "***Original Forbearance Agreement***");

WHEREAS, Borrowers, Guarantors, Administrative Agent and the Majority Lenders have agreed to amend the Original Forbearance Agreement as provided herein; and

WHEREAS, Borrowers, Guarantors, Administrative Agent and the Majority Lenders acknowledge that the terms of this Agreement do not constitute a novation or extinguishment, of the Loan Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and the fulfillment of the conditions set forth herein, the parties hereby agree as follows:

1. Definitions. All capitalized terms defined in the Loan Agreement and not otherwise defined in this Agreement shall have the same meanings as assigned to them in the Loan Agreement or the Original Forbearance Agreement, as applicable, when used in this Agreement, unless the context hereof shall otherwise require or provide.

2. Amendment. The reference to "March 30, 2018" appearing in Section 3 of the Original Forbearance Agreement is deleted and replaced with "April 15, 2018". Except as so modified, the Original Forbearance Agreement remains in full force and effect.

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3 . Ratification of Loan Documents. Each Borrower, each Guarantor, Administrative Agent and each Majority Lender further agrees that the Liens created by the Loan Documents shall continue and carry forward until the Obligations are paid and performed in full. Each Borrower and each Guarantor further agrees that such Liens are hereby ratified and affirmed as valid and subsisting against the property described in the Loan Documents and that this Agreement shall in no manner vitiate, affect or impair the Loan Agreement or the other Loan Documents (except as expressly modified in this Agreement), and that such Liens shall not in any manner be waived, released, altered or modified. Each Borrower and each Guarantor acknowledges and agrees that as of the Effective Date, to its current and actual knowledge, there are no offsets, defenses or claims against any part of the Obligations.

4. Representations and Warranties. Each Borrower and Guarantor hereby certifies that, after giving effect to this Agreement:

(a) The representations and warranties of each Borrower and Guarantor contained in Article 5 of the Loan Agreement, or which are contained in any document furnished at any time under or in connection with the Loan Agreement, that are qualified by materiality are true and correct on and as of the date hereof, and each of the representations and warranties of each Borrower and Guarantor contained in Article 5 of the Loan Agreement (other than Section 5.25 of the Loan Agreement solely with respect to the Specified Events of Default), or which are contained in any document furnished at any time under or in connection with the Loan Agreement, that are not qualified by materiality are true and correct in all material respects on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct, or true and correct in all material respects, as the case may be, as of such earlier date;

(b) this Agreement has been duly authorized, executed and delivered by each Borrower and each Guarantor and constitutes a legal, valid and binding obligation of each such party, except as may be limited by general principles of equity or by the effect of the Bankruptcy Code or any applicable similar statute; and

(c) after giving effect to this Agreement and except for the Specified Events of Default, no Default or Event of Default exists.

5. Conditions to Effectiveness. This Agreement shall not be effective until the following conditions precedent have been satisfied:

(a) Administrative Agent shall have received counterparts of this Agreement executed by each Borrower, each Guarantor, Administrative Agent and each Majority Lender;

(b) No Default or Event of Default shall exist except the Specified Events of Default; and

(c) Administrative Agent shall have received such other documents, instruments and certificates as reasonably requested by Administrative Agent.

Upon the satisfaction of the conditions set forth in this Section 5, this Agreement shall be effective as of the date hereof.

6. Scope of Agreement. Any and all other provisions of the Loan Agreement and any other Loan Documents are hereby amended and modified wherever necessary and even through not specifically addressed herein, so as to conform to the amendments and modifications set forth in this Agreement.

7 . Limitation on Agreements. The amendments and agreements set forth herein are limited in scope as described herein and shall not be deemed (a) to be a consent under, or waiver of, any other term or condition of the Loan Agreement or any of the other Loan Documents, or (b) to prejudice any right or rights which Administrative Agent or any Lender now has or may have in the future under, or in connection with the Loan Documents, as amended or modified by this Agreement, the other Loan Documents or any of the documents referred to herein or therein.

8. CHOICE OF LAW; SERVICE OF PROCESS; JURY TRIAL WAIVER.

THE VALIDITY OF THIS AGREEMENT, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF, AND THE RIGHTS OF THE PARTIES HERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR RELATED HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, BUT OTHERWISE EXCLUDING AND WITHOUT REGARD FOR THE CONFLICTS OF LAWS PRINCIPLES THEREOF).

THE PARTIES HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMIT, FOR THEMSELVES AND THEIR PROPERTY, TO THE EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR NEW YORK STATE COURT SITTING IN NEW YORK, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING SHALL BE HEARD AND DETERMINED IN SUCH NEW YORK STATE OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. BORROWER AND THE LENDER GROUP WAIVE, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF *FORUM NON CONVENIENS* OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 10. EACH PARTY HERETO FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO SUCH PARTY AT ITS SAID ADDRESS. BORROWER AND THE LENDER GROUP HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLAT E D HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. BORROWER AND THE LENDER GROUP REPRESENT THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

9. Section Headings. Headings and numbers have been set forth herein for convenience only. Unless the contrary is compelled by the context, everything contained in each Section applies equally to this entire Agreement.

10. Loan Document. This Agreement is a Loan Document and is subject to all provisions of the Loan Agreement applicable to Loan Documents, all of which are incorporated in this Agreement by reference the same as if set forth in this Agreement verbatim.

11. Severability of Provisions. Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

12. No Novation. This Agreement amends the Original Forbearance Agreement. This Agreement is given as an amendment and modification of, and not as a payment of, the Obligations and is not intended to constitute a novation of the Loan Agreement or any of the other Loan Documents. All of the Obligations owing by Borrower under the Loan Agreement and the other Loan Documents shall continue.

13. Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that no Borrower or any of Parent's Subsidiaries may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of Administrative Agent and each of the Lenders. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto and their respective successors and assigns permitted hereby) any legal or equitable right, remedy or claim under or by reason of this Agreement.

14. Counterparts; Telefacsimile Execution. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement. Delivery of an executed counterpart of this Agreement by telefacsimile or other electronic means shall be equally as effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by telefacsimile or other electronic means also shall deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement.

15. Expenses. Without limiting the provisions of the Loan Agreement (including, without limitation, Article 10 thereof), Borrowers agree to pay all costs and expenses (including without limitation reasonable fees and expenses of any counsel, financial advisor, industry advisor and agent for Administrative Agent or any Lender) incurred before or after the date hereof by Administrative Agent, any Lender and their respective Affiliates in connection with the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents.

16. Release. As a material part of the consideration for Administrative Agent and the Lenders entering into this Agreement, each Borrower ("***Releasor***") agrees as follows (the "***Release Provision***"):

(a) Releasor hereby releases and forever discharges Administrative Agent, each Lender and their respective predecessors, successors, assigns, officers, managers, directors, shareholders, employees, agents, attorneys, representatives, parent corporations, subsidiaries, and affiliates (hereinafter all of the above collectively referred to as "***Lender Group***") jointly and severally from any and all claims, counterclaims, demands, damages, debts, agreements, covenants, suits, contracts, obligations, liabilities, accounts, offsets, rights, actions, and causes of action of any nature whatsoever occurring prior to the date hereof, including, without limitation, all claims, demands, and causes of action for contribution and indemnity, whether arising at law or in equity, presently possessed, whether known or unknown, whether liability be direct or indirect, liquidated or unliquidated, presently accrued, whether absolute or contingent, foreseen or unforeseen, and whether or not heretofore asserted ("***Claims***"), which Releasor may have or claim to have against any of Lender Group.

(b) Releasor agrees not to sue any of Lender Group or in any way assist any other Person in suing Lender Group with respect to any Claim released herein. The Release Provision may be pleaded as a full and complete defense to, and may be used as the basis for an injunction against, any action, suit, or other proceeding which may be instituted, prosecuted, or attempted in breach of the release contained herein.

(c) Releasor acknowledges, warrants, and represents to Lender Group that:

(i) Releasor has read and understands the effect of the Release Provision. Releasor has had the assistance of independent counsel of its own choice, or has had the opportunity to retain such independent counsel, in reviewing, discussing, and considering all the terms of the Release Provision; and if counsel was retained, counsel for Releasor has read and considered the Release Provision and advised Releasor to execute the same. Before execution of this Agreement, Releasor has had adequate opportunity to make whatever investigation or inquiry it may deem necessary or desirable in connection with the subject matter of the Release Provision.

(ii) Releasor is not acting in reliance on any representation, understanding, or agreement not expressly set forth herein. Releasor acknowledges that Lender Group has not made any representation with respect to the Release Provision except as expressly set forth herein.

(iii) Releasor has executed this Agreement and the Release Provision thereof as its free and voluntary act, without any duress, coercion, or undue influence exerted by or on behalf of any Person.

(iv) Releasor is the sole owner of the Claims released by the Release Provision, and Releasor has not heretofore conveyed or assigned any interest in any such Claims to any other Person.

(d) Releasor understands that the Release Provision was a material consideration in the agreement of Administrative Agent and the Lenders to enter into this Agreement.

(e) It is the express intent of Releasor that the release and discharge set forth in the Release Provision be construed as broadly as possible in favor of Lender Group so as to foreclose forever the assertion by Releasor of any Claims released hereby against Lender Group.

(f) If any term, provision, covenant, or condition of the Release Provision is held by a court of competent jurisdiction to be invalid, illegal, or unenforceable, the remainder of the provisions shall remain in full force and effect.

17. INTEGRATION. THIS AGREEMENT, TOGETHER WITH THE OTHER LOAN DOCUMENTS EXECUTED IN CONNECTION HEREWITH, REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

(Signature pages follow)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed.

BORROWERS:

TOWERSTREAM CORPORATION,
a Delaware corporation

By: /s/ Ernest Ortega
Name: Ernest Ortega
Title: CEO

TOWERSTREAM I, INC.,
a Delaware corporation,

By: /s/ Ernest Ortega
Name: Ernest Ortega
Title: CEO

HETNETS TOWER CORPORATION,
a Delaware corporation,

By: /s/ Ernest Ortega
Name: Ernest Ortega
Title: CEO

GUARANTORS:

OMEGA COMMUNICATIONS CORPORATION,
a Delaware corporation

By: /s/ Ernest Ortega
Name: Ernest Ortega
Title: CEO

ALPHA COMMUNICATIONS CORPORATION,
a Delaware corporation,

By: /s/ Ernest Ortega
Name: Ernest Ortega
Title: CEO

TOWERSTREAM HOUSTON, INC,
a Texas corporation,

By: /s/ Ernest Ortega
Name: Ernest Ortega
Title: CEO

ADMINISTRATIVE AGENT:

MELODY BUSINESS FINANCE, LLC,
a Delaware limited liability company

By: /s/ Celine Hannett
Name: Celine Hannett
Title: Authorized Signatory

MAJORITY LENDERS:

MELODY CAPITAL PARTNERS OFFSHORE CREDIT MINI-MASTER FUND, LP
By: Melody Capital Partners, LP
Its Investment Advisor

By: /s/ Andres Scaminaci
Andres Scaminaci
Authorized Signatory

MELODY CAPITAL PARTNERS ONSHORE CREDIT FUND, LP
By: Melody Capital Partners, LP
Its Investment Advisor

By: /s/ Andres Scaminaci
Andres Scaminaci
Authorized Signatory

MELODY SPECIAL SITUATIONS OFFSHORE CREDIT MINI-MASTER FUND, LP
By: Melody Capital Partners, LP
Its Investment Advisor

By: /s/ Andres Scaminaci
Andres Scaminaci
Authorized Signatory

Exhibit 21.1

SUBSIDIARIES OF TOWERSTREAM CORPORATION

The following is a list of subsidiaries of Towerstream Corporation as of December 31, 2017, omitting some subsidiaries which, considered in the aggregate, would not constitute a significant subsidiary:

Subsidiary	Jurisdiction of Organization
Towerstream I, Inc.	Delaware

Exhibit 23.1

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the incorporation by reference in the Registration Statements of Towerstream Corporation on Forms S-3 [FILE NO. 333-204581, 333-212437, 333-214795] and Forms S-8 [FILE NO. 333-161180, 333-151306, 333-174107, 333-211562] of our report, which includes an explanatory paragraph as to the Company's ability to continue as a going concern, dated April 2, 2018, with respect to our audits of the consolidated financial statements of Towerstream Corporation as of December 31, 2017 and 2016 and for each of the two years in the period ended December 31, 2017, which report is included in this Annual Report on Form 10-K of Towerstream Corporation for the year ended December 31, 2017.

/s/ Marcum llp

Marcum llp
New York, NY
April 2, 2018

Exhibit 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ernest Ortega, certify that:

(1) I have reviewed this annual report on Form 10-K of Towerstream Corporation for the year ended December 31, 2017;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects, the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in the report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of the annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

(5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 2, 2018

/s/ Ernest Ortega
Ernest Ortega
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John Macdonald, certify that:

(1) I have reviewed this annual report on Form 10-K of Towerstream Corporation for the year ended December 31, 2017;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects, the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in the report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of the annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

(5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 2, 2018

/s/ John Macdonald
John Macdonald
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 32.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S. C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Towerstream Corporation, (the "Company") on Form 10-K for the period ended December 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ernest Ortega, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 2, 2018

/s/ Ernest Ortega
Ernest Ortega
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Towerstream Corporation, (the "Company ") on Form 10-K for the period ended December 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John Macdonald, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 2, 2018

/s/ John Macdonald
John Macdonald
Chief Financial Officer
(Principal Financial Officer and Principal
Accounting Officer)