IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

DENNIS PALKON,	)	Case No. _______________
	)	
Plaintiff,	)	JURY TRIAL DEMANDED
	)	
v.	)	
	)	
ALASKA COMMUNICATIONS SYSTEMS GROUP, INC., DAVID W. KARP, PETER D. AQUINO, WAYNE BARR, JR., BILL BISHOP, BENJAMIN C. DUSTER, IV, and SHELLY LOMBARD,	)	
	)	
Defendants.	)	

COMPLAINT FOR VIOLATION OF SECTIONS 14(a) and 20(a)
OF THE SECURITIES EXCHANGE ACT OF 1934

Plaintiff, Dennis Palkon ("Plaintiff"), by and through his undersigned attorneys, alleges upon personal knowledge with respect to himself, and upon information and belief based upon, among other things, the investigation of counsel as to all other allegations herein, as follows:

NATURE OF THE ACTION

1. On December 31, 2020, the Board of Directors (the "Board" or "Individual Defendants") of Alaska Communications Systems Group, Inc. ("Alaska" or the "Company") caused Alaska to enter into an agreement and plan of merger (the "Merger Agreement") under which Alaska will be acquired by Project 8 Buyer, LLC ("Parent") and Project 8 MergerSub, Inc. ("Merger Sub"), which are affiliates of ATN International, Inc.(the "Proposed Transaction").

2. Under the terms of the Merger Agreement, Alaska shareholders will receive $3.40 per share in cash.

3. On January 25, 2021, Defendants (defined below) filed a proxy (the "Proxy") with the U.S. Securities and Exchange Commission ("SEC"). As alleged herein, the Proxy omits

material information regarding the Proposed Transaction in violation of Sections 14(a) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act").

JURISDICTION AND VENUE

4. This Court has jurisdiction over all claims asserted herein pursuant to Section 27 of the Exchange Act because the claims asserted herein arise under Sections 14(a) and 20(a) of the Exchange Act and Rule 14a-9.

5. This Court has jurisdiction over Defendants because each Defendant is either a corporation that conducts business in and maintains operations within this District, or is an individual with sufficient minimum contacts with this District so as to make the exercise of jurisdiction by this Court permissible under traditional notions of fair play and substantial justice.

6. Venue is proper under 28 U.S.C. § 1391 because a portion of the transactions and wrongs complained of herein occurred in this District.

PARTIES

7. Plaintiff is and has been continuously throughout all relevant times the owner of Alaska common stock.

8. Defendant Alaska is a Delaware corporation. Alaska's common stock trades on the NASDAQ under the ticker symbol "ALSK."

9. Defendant David W. Karp is Chairman of the Board of the Company.

10. Defendant Peter D. Aquino is a member of the Board.

11. Defendant Wayne Barr, Jr. is a member of the Board.

12. Defendant Bill Bishop is President, Chief Executive Officer, and a member of the Board.

13. Defendant Benjamin C. Duster, IV is a member of the Board.

14. Defendant Shelly Lombard is a member of the Board.

15. Defendants identified in paragraphs 9-14 are referred to herein as the "Individual Defendants."

16. Defendants identified in paragraphs 8-14 are referred to herein as the "Defendants."

SUBSTANTIVE ALLEGATIONS

17. The Company is the leading provider of advanced broadband and managed IT services for businesses and consumers in Alaska. The Company operates a highly reliable, advanced statewide data network with the latest technology and the most diverse undersea fiber optic system connecting Alaska to the contiguous United States.

18. On December 31, 2020, the Company entered into the Merger Agreement. Under the terms of the Merger Agreement, the Company's stockholders will receive $3.40 per share in cash.

19. The press release announcing the Proposed Transaction stated:

> Alaska Communications Systems Group, Inc. (NASDAQ: ALSK) ("Alaska Communications" or the "Company") announced today that on December 31, 2020 it entered into a definitive agreement pursuant to which the Company will be acquired by a newly formed entity owned by ATN International, Inc. (NASDAQ: ATNI) ("ATN") and Freedom 3 Capital, LLC ("FC3") in an all cash transaction valued at approximately $332 million, including net debt. The merger will result in Alaska Communications becoming a consolidated, majority owned subsidiary of ATN and is expected to close in the second half of 2021. Alaska Communications' prior agreement to be acquired by an affiliate of Macquarie Capital ("Macquarie") and GCM Grosvenor ("GCM"), through its Labor Impact Fund, L.P., has been terminated.
>
> Under the terms of the agreement, an affiliate of ATN will acquire all the outstanding shares of Alaska Communications common stock for $3.40 per share in cash. This represents a premium of approximately 78% over the closing per share price of $1.91 on November 2, 2020, the last trading day prior to the date when Alaska Communications' original merger agreement with Macquarie and GCM was executed, a 70% premium to the 30-day volume weighted average price up to and including November 2, 2020 and a 4% premium to Macquarie and GCM's prior binding agreement to acquire the Company.
>
> The merger agreement follows the determination by the Alaska Communications Board of Directors, after consultation with its legal and financial advisors, that the

ATN proposal constituted a "Superior Proposal" as defined in Alaska Communications' previously announced merger agreement with Macquarie and GCM. Consistent with that determination and following the expiration of the negotiation period with Macquarie and GCM required under such agreement, Alaska Communications terminated that agreement. In connection with the termination, Alaska Communications paid Macquarie and GCM a $6.8 million break-up fee.

David W. Karp, Chairman of the Alaska Communications Board of Directors, said, "Today's announcement is the product of a comprehensive process that demonstrates what a strong business the team at Alaska Communications has built. The agreement with ATN is a great result for our stockholders, who will receive significant near-term value."

Bill Bishop, President and Chief Executive Officer of Alaska Communications, stated, "This transaction represents an exciting opportunity to augment our market position, as well as, expand our capabilities to better serve our customers. ATN has extensive telecommunications expertise, a strong track record of successfully investing in and operating capital-intensive businesses and has a strong financial position highlighted by its net cash position. These are critical attributes that will support our strategy to deliver superior customer service utilizing our fiber-based network solutions. We firmly believe this transaction will allow us to enhance our expanded fiber network services and drive long-term value for our employees and customers in Alaska."

Michael Prior, Chairman and Chief Executive Officer of ATN, stated, "This investment and merger allows us to enter a new market with many similar characteristics to our existing operations in the U.S. and elsewhere. Further, it aligns with our strategy to leverage the broad capabilities of our operating platform to enhance and augment leading providers of facilities-based communications services in distinctive markets. ATN has a long history of enabling its subsidiaries to gain and maintain strong market positions by investing in high quality infrastructure, the latest technologies and creative solutions to give customers a superior experience. We recognize the same determination and customer-centric approach in the Alaska Communications team. Our industry is rapidly changing, and communications requirements have never been more essential and critical than they are today. We look forward to combining our resources and experience with Alaska Communications' market knowledge and reputation for superior service to provide industry-leading communications products and services to customers in Alaska and beyond."

The merger is subject to the approval of Alaska Communications' stockholders, regulatory approvals and other customary closing conditions. The merger has fully committed debt and equity financing and is not subject to any condition with regard to financing. Alaska Communications' Board of Directors has unanimously approved the agreement and recommends that Alaska Communications' stockholders approve the proposed merger and merger agreement. Alaska Communications expects to hold a special meeting of stockholders to consider and vote on the proposed merger and merger agreement as soon as practicable after the mailing of the Proxy to its stockholders.

TAR Holdings, LLC, which owns approximately 8.8% of the outstanding shares of Alaska Communications common stock, has entered into a voting agreement with ATN agreeing, among other things, to vote in favor of the merger. The voting agreement will automatically terminate upon the earliest of (a) the vote of stockholders on the merger, (b) any termination of the Merger Agreement, (c) any change in recommendation by the Board of Alaska Communications and (d) 14 months after the signing of the Merger Agreement. Under the voting agreement, TAR Holdings, LLC may sell shares of the Company's stock in the open market through a broker dealer.

Advisors

Bank Street Group, LLC is serving as financial advisor and Morrison & Foerster LLP is serving as legal advisor to ATN in connection with the transaction.

B. Riley Securities, Inc. is serving as financial advisor and Sidley Austin LLP is serving as legal advisor to Alaska Communications in connection with the transaction.

20. On January 25, 2021, Defendants filed the Proxy with the SEC. As alleged below, the Proxy fails to disclose material information.

Alaska's Financial Projections

21. *First*, the Proxy fails to disclose material information with respect to Alaska's financial projections.

22. The disclosure of projected financial information is material. It provides stockholders with a basis to project the future financial performance of a company. Moreover, it allows stockholders to better understand the financial analyses performed by the company's financial advisor in support of its fairness opinion.

23. The Proxy fails to disclose:

(i) the line items used to calculate adjusted EBITDA and adjusted free cash flow;

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