data services in Guyana. Although we believe that we would be entitled to damages for any involuntary termination of that license, we cannot guarantee that we would prevail in any court or arbitration proceeding. See "Business—Regulation—Regulation of Our GT&T Subsidiary—Regulatory Developments" and "Risk Factors—Our exclusive license to provide local exchange and international voice and data services in Guyana is subject to significant political and regulatory risk".

On May 7, 2009, at the Annual General Meeting of GT&T, the representative of the Government of Guyana indicated to representatives of ATN in attendance at the meeting that the Government of Guyana is interested in selling its 20% interest in GT&T. In a letter dated May 21, 2009, the Government of Guyana formally offered to sell its 20% interest in GT&T to ATN, which currently owns 80% of GT&T, and reserved the right to offer to sell such interest to other potential purchasers if ATN decides not to purchase the Government's stake. The Board of Directors of ATN considered the Government's offer and, in a letter dated June 22, 2009, indicated that it was not prepared to make a definitive offer for that interest at this time.

The principal terms of our investment in GT&T are set forth in the Agreement between The Government of The Co-Operative Republic of Guyana and ATN, dated June 18, 1990 (the "Guyana Agreement"), which is included as Exhibit 10 to our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2006, as filed with the SEC on May 15, 2006. The Guyana Agreement does not provide for any specific procedures in connection with the potential sale by the Government of Guyana of its 20% interest in GT&T and the Government has not indicated a timeframe in which it would seek to complete any proposed sale.

On May 8, 2009, Digicel filed a lawsuit in Guyana challenging the legality of GT&T's exclusive license under Guyana's constitution. Digicel initially filed this lawsuit against the Attorney General of Guyana in the High Court. On May 13, 2009, GT&T petitioned to intervene in the suit in order to oppose Digicel's claims and that petition was granted on May 18, 2009. GT&T filed its answer to the charge on June 22, 2009 and the case is pending. We believe that any legal challenge to GT&T's exclusive license granted in 1990 is without merit and we will vigorously defend against such a legal challenge.

Pending Acquisition- Alltel Assets

On June 9, 2009, the Company entered into a Purchase Agreement (the "Purchase Agreement") with Cellco Partnership d/b/a Verizon Wireless ("Verizon") to acquire wireless assets previously acquired by Verizon in its acquisition of Alltel Corporation ("Alltel") in certain, primarily rural, markets in Georgia, North Carolina, South Carolina, Illinois, Ohio and Idaho. Pursuant to the terms of the Purchase Agreement, Verizon will cause certain licenses, network assets, tower and other leases and other assets and certain related liabilities to be contributed to a newly formed, wholly-owned subsidiary limited liability company, whose membership interests will be acquired by the Company for a purchase price of approximately $200 million (the "Alltel Acquisition").

Verizon is required to divest these and other assets under consent decrees it entered into with the Department of Justice related to its purchase of Alltel in January 2009. On May 8, 2009, AT&T announced it has entered into a definitive agreement with Verizon to acquire the majority of the wireless assets required to be divested (the "AT&T Acquisition"). ATN has contracted to acquire from Verizon the remainder of the assets required to be divested.

The parties have agreed to a variety of customary covenants and agreements, including with respect to confidentiality, cooperation (including with respect to regulatory matters), the conduct of the business to be acquired in the ordinary course consistent with past practice and other restrictions on the operation of such business prior to the consummation of the Alltel Acquisition, public announcements and similar matters. Consummation of the Alltel Acquisition is subject to the satisfaction of certain conditions, including, among others, (i) the receipt of the United States

Department of Justice's approval of the Alltel Acquisition, (ii) the receipt of all required consents of the Federal Communications Commission to the transfer, assignment or change in control of certain licenses pursuant to the Alltel Acquisition, (iii) the receipt of required consents from state public utility commissions, if any, and (iv) the absence of any injunction or final judgment prohibiting the consummation of the Alltel Acquisition. Consummation of the Alltel Acquisition is not subject to any financing condition.

In conjunction with the Alltel Acquisition, on January 25, 2010, the Company amended and restated its existing credit facility to restate its existing $73.9 million term loan ("Term Loan A") and previously undrawn $75 million revolving credit facility (the "Revolver Facility") and provide for a new $150 million term loan ("Term Loan B" and together with the Term Loan A and Revolver Facility, the "New Credit Facility"). Upon the closing of the New Credit Facility, $73.9 million was outstanding under the Term Loan A, an amount equal to the outstanding principal amount of the Company's previous term loan under the Company's prior credit facility. No amount is currently outstanding under Term Loan B or the Revolver Facility. The Company plans to use cash on hand, the proceeds from Term Loan B and a portion of the proceeds available under the Revolver Facility towards the acquisition purchase price and related acquisition expenses and working capital adjustments. We may use the proceeds of the Term Loan B solely in connection with the Alltel Acquisition. Borrowings under the Term Loan B are available to the Company until the earlier of (i) completion of the Alltel Acquisition or (ii) March 31, 2010 (the "Term Loan B Commitment Expiration Date"). We intend to request an extension to the Term Loan B Commitment Expiration Date during the first quarter of 2010. For more information about the New Credit Facility, see Note 7 to the Consolidated Financial Statements in this Report.

Stimulus Grants

On August 20, 2009, Commnet and ION filed applications for stimulus funds made available by the US Government under provisions of the American Recovery and Reinvestment Act of 2009 intended to stimulate the deployment of broadband infrastructure and services to rural, unserved and underserved areas.

In December 2009, ION was named to receive a $39.7 million federal stimulus grant to fund its ION Upstate New York Rural Broadband Initiative, which involves building ten new segments of fiber-optic, middle-mile broadband infrastructure, serving more than 70 rural communities in upstate New York and parts of Pennsylvania and Vermont. The new project will be undertaken through a public-private partnership between ION and the Development Authority of the North Country ("DANC"), a New York State public benefit corporation that owns and operates 750 miles of fiber optic network and provides wholesale telecommunications transport services to voice, video, data and wireless service providers.

The $39.7 million grant, awarded to ION by the National Telecommunications and Information Administration of the U.S. Department of Commerce ("NTIA"), under its Broadband Technology Opportunities Program, will be paid over the course of the project period as expenses are incurred, which is expected to be three years. An additional $9.9 million will be invested in the project by ION and DANC.

The funding of the new ION project is not scheduled to occur until the second quarter of 2010. Accordingly, the Company did not recognize any of the granted funds during 2009. The results of ION are included in the Company's "Integrated Telephony-Domestic" segment as reported in Note 15 to our Consolidated Financial Statements included in this Report.

Commnet and the Navajo Tribal Utility Authority submitted a combined request for $35 million of stimulus funds to extend wireless fixed and mobile broadband service in portions of Arizona, New Mexico and Utah, and are awaiting the decision of the US Government.

Results of Operations

Years Ended December 31, 2009 and 2008

	Year Ended December 31, 2008	Year Ended December 31, 2009	Amount of Increase (Decrease)	Percent Increase (Decrease)
	(In thousands)			
REVENUE:				
Wireless	$104,963	$147,024	$42,061	40.0%
Local telephone and data	50,670	55,297	4,627	9.1
International long distance	47,820	38,181	(9,639)	(20.2)
Other	3,888	1,201	(2,687)	(69.1)
Total revenue	207,341	241,703	34,362	16.6
OPERATING EXPENSES:				
Termination and access fees	34,978	43,412	8,434	24.1
Internet and programming	3,387	1,864	(1,523)	(45.0)
Engineering and operations	24,930	28,107	3,177	12.7
Sales and marketing	13,227	16,148	2,921	22.1
General and administrative	28,701	36,429	7,728	26.9
Acquisition-related charges	1,071	7,163	6,092	568.8
Depreciation and amortization	31,525	38,889	7,364	23.4
Total operating expenses	137,819	172,012	34,193	24.8
Income from operations	69,522	69,691	169	0.2
OTHER INCOME (EXPENSE):				
Interest expense	(3,144)	(3,706)	(562)	(17.9)
Interest income	1,770	1,153	(617)	(34.9)
Other income (expense), net	439	605	166	37.8
Other income, net	(935)	(1,948)	(1,013)	(108.3)
INCOME BEFORE INCOME TAXES	68,587	67,743	(844)	(1.2)
Income taxes	29,551	31,160	(1,609)	(5.4)
INCOME BEFORE EQUITY IN EARNINGS OF UNCONSOLIDATED AFFILIATE	39,036	36,583	(2,453)	(6.3)
Equity in earnings of unconsolidated affiliate	735	—	(735)	(100.0)
NET INCOME	39,771	36,583	(3,188)	(8.0)
Net income attributable to non-controlling interests	(4,973)	(1,044)	3,929	79.0
NET INCOME ATTRIBUTABLE TO ATLANTIC TELE-NETWORK, INC. STOCKHOLDERS	$ 34,798	$ 35,539	$ 741	2.1%

Wireless revenue. Wireless revenue includes wholesale voice and data roaming revenue from our rural U.S. operations, retail wireless revenues generated in Guyana, and our retail wireless revenues generated by our Island Wireless segment in Bermuda and the islands.

Wireless revenue increased to $147.0 million for the year ended December 31, 2009 from $105.0 million for the year ended December 31, 2008, an increase of $42.0 million, or 40%. Our rural U.S. business increased its revenues by $34.6 million, or 49%, to $104.7 million from $70.1 million for the year ended December 31, 2009 and 2008, respectively.

The increase in wireless revenue from our U.S. wireless business was due primarily to continued deployment of additional GSM and CDMA wireless base stations and the expansion of our data capabilities, which generated growth in minutes of use and increased data and international roaming revenue, as well as the December 2008 acquisition of the wireless network assets of CC Communications, a telecommunications company based in Fallon, Nevada. As of December 31, 2009 a total of 580 base stations were deployed as compared to 473 base stations as of December 31, 2008. Our rural wireless revenue also increased as a result of growth in voice and data traffic (measured in minutes and megabytes, respectively) at existing sites and growth in data roaming revenue and international roaming revenue.

Verizon's acquisition of Alltel and the AT&T acquisition of certain assets of Alltel, if approved by federal and regulatory authorities, will cause some loss of wireless revenue for us because certain network assets acquired by each of Verizon and AT&T overlap geographically with our U.S. network, of which they were our customers, in a substantial number of areas. In addition, the AT&T acquisition, if approved by the regulatory authorities, would result in a significant additional loss in revenue when AT&T completes its previously announced GSM network build in those areas. AT&T has publicly stated its expectation that it will complete such an overlay within a year from closing the purchase. This loss in revenue could have a significant negative impact on our revenues and operating income if it is not offset or replaced by increased revenue in other areas of our U.S. rural wireless business or from other sources (including increased revenue in connection with our pending Alltel Acquisition, if completed).

While we expect to see a continued increase in wireless revenues from our rural U.S. wireless business in geographical areas not impacted by Verizon or AT&T's acquisition of Alltel Wireless networks, the pace of that increase in non-Alltel overlap markets may be slowed as compared to the growth in previous periods due to scheduled reductions in revenue rates.

Wireless revenue in Guyana increased by $0.9 million, or 4%, to $21.6 million for the year ended December 31, 2009, from $20.7 million for the year ended 2008. While GT&T continues to respond to increased competition as well as a decrease in rates, wireless subscribers in Guyana increased 17%, from approximately 248,000 subscribers as of December 31, 2008 to approximately 289,000 subscribers as of December 31, 2009.

While we have seen an increase in wireless subscribers, our competitor, Digicel, a large regional wireless provider, could continue to take market share with aggressive marketing campaigns and spending, including handset subsidies. In addition, the overall number of our wireless subscribers in Guyana could be reduced as a result of recent regulations imposed on Guyana telecommunications carriers, including our GT&T subsidiary, to collect proof of address and photographic identification for all new and existing customers. These requirements mandate that the telecommunications carriers must obtain this information or discontinue services to any undocumented subscribers. These regulations, which recently became effective, are part of broader legislation enacted by the Government requiring telecommunication carriers to implement procedures and network changes intended to assist law enforcement activities. In the case of wireless customers, this data collection requirement must be complied with by December 18, 2009. GT&T has communicated to the Government the logistical difficulty of complying with its records requirement and the possibility for disruptions in service and the Government has indicated that while it may not immediately enforce the disconnection, it will urge all carriers to use all possible avenues to collect this data.

Our Island Wireless business increased wireless revenue by $6.7 million, to $20.8 million from $14.1 million for the year ended December 31, 2009 and 2008, respectively. The increase in revenues is due to full year consolidation of revenues in 2009 following the increase in our equity position in, and consolidation of BDC, which occurred as of May 15, 2008. Wireless subscribers in Bermuda remained consistent at 20,500 for the years ended December 31, 2008 and 2009, respectively.

We expect wireless revenue from our Island Wireless business to grow as we complete the expansion and upgrading of our network in our early stage business in Turks and Caicos and launch new services in Bermuda.

Local telephone and data revenue. Local telephone and data revenue is generated by our wireline operations in Guyana, our integrated voice and data operations in New England and New York State, and our data services in the U.S. Virgin Islands. This revenue includes basic service fees, measured service revenue, and internet access fees, as well as installation charges for new lines, monthly line rental charges, long distance or toll charges (excluding international long distance charges in Guyana), maintenance and equipment sales.

Local telephone and data revenue increased by $4.6 million, or 9%, to $55.3 million for the year ended December 31, 2009 from $50.7 million for the year ended December 31, 2008. The increase is predominantly attributable to Sovernet, which increased revenues by $2.8 million, mainly as a result of the addition of ION, which Sovernet acquired on August 15, 2008. Sovernet continues to add business customers for its voice and data services; however, its overall revenue increase is partially offset by the decline in its residential data business, particularly its dial-up internet services. Local telephone and data revenue in Guyana increased $1.4 million, or 5%, to $31.3 million for the year ended December 31, 2009 from $29.9 million for the year ended December 31, 2008. GT&T's access lines in Guyana grew from approximately 139,000 lines as of December 31, 2008 to approximately 147,000 lines as of December 31, 2009 (an increase of 6%). Revenue from the growth in access lines has been partially offset by a decrease in usage that is likely due to wireless service alternatives. Data revenue at our U.S. Virgin Islands subsidiary increased $0.4 million, or 9%, to $5.0 million from $4.6 million for the years ended December 31, 2009 and 2008, respectively.

In future periods, we anticipate that local telephone and data revenue will increase modestly as a result of network expansion, subscriber and access line growth, and capacity sales in New York, New England and Guyana. While ION expects to expand its network and receive a portion of the $39.7 million grant during 2010, we do not expect the network buildout to significantly impact revenue during 2010 since the buildout will not be complete.

International long distance revenue. International long distance revenue is generated by international telephone calls into and out of Guyana and does not include international long distance revenue generated by our other operations.

Inbound traffic, which made up 84% of all international long distance traffic and 68% of international long distance revenue for the year ended December 31, 2009, is settled in U.S. dollars. International long distance revenue was $38.2 million for the year ended December 31, 2009, a decrease of $9.6 million, or 20%, from $47.8 million for the year ended December 31, 2008. We believe this decrease is a result of continued and considerable illegal bypass activities resulting in lost revenue opportunities, as well as an overall reduction in call volume into Guyana attributable to the current difficult global economic environment.

International voice traffic may also be declining as a result of the growth of alternative and cheaper media for communications, such as e-mail and text messaging. That shift to alternatives may grow faster in the future as we expand our data offerings in the market. Although the other modes of communication may cause a decline in both voice traffic and in international long distance revenues in future periods, we may see a slight increase in traffic and revenues if we are effective in combating illegal bypass. We have taken a number of measures to counter illegal bypass, but have had limited success to date. These measures include taking action against unlicensed operators in Guyana, introducing special outbound call center rates and we are examining automated technical solutions as well. The outcome of negotiations with the Government of Guyana regarding the exclusivity terms of GT&T's license is also likely to negatively impact this revenue in the future. In January 2010, we launched a promotion significantly lowering international calling rates to certain destinations. We expect this to stimulate traffic volumes but expect it still may result in a further revenue decline given the size of the rate reduction. This promotion will expire on March 31, 2010 but we have applied with the Government of Guyana for a three-month extension.

Other revenue. Other revenue represents revenue from wireless digital television services in the U.S. Virgin Islands, which decreased 69% to $1.2 million for the year ended December 31, 2009 from $3.9 million for the year ended December 31, 2008. On May 31, 2009 the Company terminated its digital television services to focus solely on providing wireless broadband data and dialup internet services.

Termination and access fee expenses. Termination and access fee expenses are charges that we pay for voice and data transport circuits (in particular, the circuits between our rural wireless sites and our switches), internet capacity and other access fees we pay to terminate our calls.

Termination and access fees increased by $8.4 million, or 24%, from $35.0 million for the year ended December 31, 2008 to $43.4 million for the year ended December 31, 2009, as a result of increased traffic at Commnet, the consolidation of a full year of operating results for BDC in 2009 and an increase in expenses at Sovernet due to a full year of operating results of ION.

Termination and access fees are expected to increase in future periods, but remain fairly consistent as compared to their related revenues, as our rural wireless and CLEC operations in Vermont expand.

Internet and programming expenses. Internet and programming expenses include internet connectivity charges and digital television programming.

Internet and programming expenses decreased from $3.4 million for the year ended December 31, 2008 to $1.9 million for the year ended December 31. This decrease was a result of a decrease in expenses from the U.S. Virgin Islands, as we terminated our digital television service on May 31, 2009.

Engineering and operations expenses. Engineering and operations expenses include the expenses associated with developing, operating, supporting and expanding our networks, including the salaries and benefits paid to employees directly involved in the development and operation of our networks.

Engineering and operations expenses increased by $3.2 million, or 13%, from $24.9 million for the year ended December 31, 2008 to $28.1 million for the year ended December 31, 2009. This increase is primarily the result of the expansion of our wireless networks in the United States and the consolidation of BDC's results for all of 2009.

We expect that engineering and operations expenses will continue to increase as our networks expand and require additional support.

Sales and marketing expenses. Sales and marketing expenses include salaries and benefits we pay to sales personnel, customer service expenses, sales commissions and the costs associated with the development and implementation of our promotion and marketing campaigns.

Sales and marketing expenses increased by $2.9 million, or 22%, from $13.2 million for the year ended December 31, 2008 to $16.1 million for the year ended December 31, 2009. The majority of this increase is the result of the consolidation of a full year of operating results of BDC for 2009.

We expect that sales and marketing expenses will remain fairly consistent as a percentage of related revenues in the near future.

General and administrative expenses. General and administrative expenses include salaries, benefits and related costs for general corporate functions, including executive management, finance and administration, legal and regulatory, facilities, information technology and human resources.

General and administrative expenses increased by $7.7 million, or 27%, from $28.7 million for the year ended December 31, 2008 to $36.4 million for the year ended December 31, 2009. Of this increase, $3.5 million is the result of our consolidation of a full year of operating results of BDC in 2009. The remaining increase is due to increased overhead to support our growth and internal costs associated with the pending acquisition of Alltel assets.

While internal costs specific to the pending acquisition of Alltel assets are expected to decrease after the acquisition is completed, we expect overall general and administrative expenses to increase in order to support our growth but remain consistent as compared to our consolidated revenues.

Acquisition-related charges. Acquisition-related charges include the external costs, such as legal and consulting, directly associated with acquisition related activities, which are expensed as incurred. Acquisition-related charges do not include internal costs, such as employee salary and travel-related expenses, which we incurred during 2009 in connection with the pending acquisition of the Alltel assets.

For the year ended December 31, 2009 acquisition-related charges were $7.2 million, an increase from $1.1 million for the year ended December 31, 2008. Of the 2009 costs, $6.8 million were associated with the pending acquisition of Alltel assets.

We anticipate that our acquisition of the Alltel assets will be completed during the first half of 2010. Until then, we expect acquisition-related charges will continue at the current pace. After the acquisition of the Alltel assets is completed, we expect that acquisition-related expenses to continue to be incurred, however, at a much reduced level, as the Company continues to explore additional acquisition opportunities that meet its investment objectives.

Depreciation and amortization expenses. Depreciation and amortization expenses represent the depreciation and amortization charges we record on our property and equipment and on our intangible assets.

Depreciation and amortization expenses increased by $7.4 million, or 23%, from $31.5 million for the year ended December 31, 2008 to $38.9 million for the year ended December 31, 2009. The increase is primarily due to the addition of fixed assets from our network expansion in our rural U.S. wireless business, the consolidation of a full year of operating results of BDC in 2009, and the acquisitions of ION and Islandcom, which occurred in the third quarter of 2008.

We expect depreciation and amortization expenses to continue to increase as a result of a future network expansion.

Interest expense. Interest expense represents interest incurred on our outstanding credit facilities.

Interest expense increased from $3.1 million for the year ended December 31, 2008 to $3.7 million for the year ended December 31, 2009. The increase in interest expense was due to the increase in our term loan borrowings. We had no outstanding borrowings under our revolving line of credit during the years ended December 31, 2008 or 2009.

On September 10, 2008, the Company repaid the then outstanding $50.0 million term loan with the proceeds from a new $75.0 million variable rate term loan. At the same time, the Company's variable rate revolving line of credit facility expanded from $20.0 million to $75.0 million. Also during September 2008, the Company entered into an interest rate swap agreement, to effectively lock the Company's interest rate on $68.0 million of these facilities at 5.67%, which is further detailed in Note 8 to the Consolidated Financial Statements included in this Report.

As described in Note 7 to the Consolidated Financial Statements, the Company entered into an amended and restated credit agreement on January 20, 2010. The amended credit facility is expected to increase the Company's interest expense in the future pending the Company's completion of the acquisition of the Alltel assets.

Interest income. Interest income represents interest earned on our cash, cash equivalent and short term investments.

Interest income decreased to $1.2 million from $1.8 million for the year ended December 31, 2009 and 2008, respectively. This decrease is a result of a decrease in the interest rates and subsequent amount earned on our cash and investments.

Income taxes. The effective tax rate was 43% for the year ended December 31, 2008 and 46% for the year ending December 31, 2009. Income tax expense includes income taxes at the statutory U.S. federal and state income tax rates as well as the Guyanese income taxes in excess of the statutory U.S. income tax rates. Since we operate in jurisdictions that have a wide range of statutory tax rates, our consolidated effective tax rate is impacted by the mix of income generated in those jurisdictions as well as the receipt of dividends from our foreign subsidiaries. The increase in the consolidated effective tax rate was a result of losses in our Island Wireless segment for which we receive no tax benefit.

Net Income Attributable to Non-Controlling Interests. Net income attributable to non-controlling interests consists of the Guyana government's 20% interest in GT&T, a non-controlling shareholder's 4% interest in Sovernet, other non-controlling shareholders' interests in certain consolidated subsidiaries of Commnet, and non-controlling shareholders' 42% equity interest in BDC as well as non-controlling shareholders' interests in consolidated subsidiaries of Sovernet and BDC.

Net income attributable to non-controlling interests decreased from $5.0 million for the year ended December 31, 2008 to $1.0 million for the year ended December 31, 2009. This decrease is a result of the allocation of non-controlling shareholders' share of losses in our two early stage businesses (ION and Islandcom) following the adoption the FASB's authoritative guidance on noncontrolling interests in consolidated financial statements in 2009.

Net income attributable to Atlantic Tele-Network, Inc. Stockholders. As a result of the above factors, net income increased to $35.5 million for the year ended December 31, 2009 from $34.8 million for the year ended December 31, 2008. On a per share basis, net income increased from $2.29 per basic and $2.28 per diluted share to $2.33 per basic and $2.32 per diluted share for the years ended December 31, 2008 to 2009, respectively.

Segment results. We have five material operating segments, which we manage and evaluate separately: (1) Rural Wireless; (2) Integrated Telephony—International; (3) Island Wireless; (4) Integrated Telephony—Domestic; and (5) Wireless Data. Island Wireless became an operating segment upon completion of BDC's share repurchase and the resulting increase in our equity interest in BDC, effective May 15, 2008. Segment results are set forth in Note 15 to the Consolidated Financial Statements included in this Report.

Years Ended December 31, 2008 and 2007

	Year Ended December 31, 2007	Year Ended December 31, 2008	Amount of Increase (Decrease)	Percent Increase (Decrease)
	(In thousands)			
REVENUE:				
Wireless	$ 83,458	$104,963	$21,505	25.8%
Local telephone and data	46,598	50,670	4,072	8.7
International long distance	52,635	47,820	(4,815)	(9.1)
Other	4,050	3,888	(162)	(4.0)
Total revenue	186,741	207,341	20,600	11.0
OPERATING EXPENSES:				
Termination and access fees	29,379	34,978	5,599	19.1
Internet and programming	3,379	3,387	8	0.2
Engineering and operations	23,037	24,930	1,893	8.2
Sales and marketing	15,526	13,227	(2,299)	(14.8)
General and administrative	23,136	28,701	5,565	24.1
Acquisition-related charges	—	1.071	1,071	100.0
Depreciation and amortization	26,686	31,525	4,839	18.1
Impairment of assets	4,400	—	(4,400)	(100.0)
Gain on disposition of assets, net	(5,961)	—	5,961	100.0
Total operating expenses	119,582	137,819	18,237	15.3
Income from operations	67,159	69,522	2,363	3.5
OTHER INCOME (EXPENSE):				
Interest expense	(2,282)	(3,144)	(862)	(37.8)
Interest income	2,454	1,770	(684)	(27.9)
Other income (expense), net	2,239	439	(1,800)	(80.4)
Other income (expense), net	2,411	(935)	(3,346)	(138.8)
INCOME BEFORE INCOME TAXES	69,570	68,587	(983)	(1.4)
Income taxes	28,929	29,551	622	2.2
INCOME BEFORE EQUITY IN EARNINGS OF UNCONSOLIDATED AFFILIATES	40,641	39,036	(1,605)	(3.9)
Equity in earnings of unconsolidated affiliate	2,281	735	(1,546)	(67.8)
NET INCOME	42,922	39,771	3,151	7.3
Net income attributable to non-controlling interests	(4,982)	(4,973)	9	0.2
NET INCOME ATTRIBUTABLE TO ATLANTIC TELE-NETWORK, INC. STOCKHOLDERS	$ 37,940	$ 34,798	$(3,142)	(8.3)%

Wireless revenue. Wireless revenue includes wholesale voice and data roaming revenue from our rural U.S. operations and retail wireless revenues generated in Guyana. For 2008, wireless revenue also includes retail wireless revenues generated by our Island Wireless segment.

Wireless revenue increased to $105.0 million for 2008 from $83.5 million for 2007, an increase of $21.5 million, or 26%. Notwithstanding the sale of 59 base stations during the fourth quarter of 2007, our rural U.S. business increased its revenues by $12.4 million, or 21%, to $70.1 million for 2008 from $57.7 million for 2007. The increase in revenue from our U.S. wireless business was due primarily to growth in voice and data traffic at existing sites, as well as the continued deployment of additional GSM and CDMA wireless base stations that generated additional minutes of use and increased data revenue. Also included in this increase was $1.9 million of switching fees earned on the 59 sold base stations. As of December 31, 2008, a total of 473 base stations were deployed as compared to 303 base stations as of December 31, 2007. We put into service 165 new base stations, acquired 46 base stations, and decommissioned 41 older TDMA/Analog base stations.

The consolidation of our BDC operating results, which began as of May 15, 2008, contributed $14.1 million of the increase in wireless revenue. This increase in wireless revenue from our rural U.S. operations and BDC was partially offset by a decline in wireless revenue in Guyana. Digicel entered the Guyana market in early 2007 with aggressive marketing campaigns and handset subsidies. This decline in revenue in 2008 reflects the continued impact of that competition, a decrease in rates and the introduction of per second billing in March 2007 for all wireless calls. This additional competition in Guyana caused our wireless subscribers to decrease by 80,000, or 24%, from 328,000 subscribers as of December 31, 2007 to 248,000 subscribers as of December 31, 2008, respectively. We also believe there may have been a decline in the total wireless subscribers in the market as the level of handset subsidies and giveaways fell from 2007. These factors resulted in a $5.1 million decrease in GT&T's wireless revenue from $25.8 million during 2007 to $20.7 million during 2008.

Local telephone and data revenue. Local telephone and data revenue increased by $4.1 million, or 9%, to $50.7 million for 2008 from $46.6 million for 2007. The increase is primarily attributable to growth in GT&T's access lines in Guyana from approximately 132,000 lines as of December 31, 2007 to approximately 139,000 lines as of December 31, 2008 (an increase of 5%), increased interconnect fees, growth in broadband data customers in Guyana and continued strong growth in wireless broadband customers in the U.S. Virgin Islands. Sovernet increased revenues by $1.5 million, due mainly to the addition of ION on August 15, 2008. Sovernet continues to add business customers for its voice and data services at a strong rate and improve profitability; however, its overall revenue increase is partially offset by the decline in its residential data business, particularly its dial-up internet services.

International long distance revenue. Inbound traffic, which made up 86% of all international long distance traffic and more than 70% of international long distance revenue for the year ended December 31, 2008, is settled in U.S. dollars.

International long distance revenue declined by $4.8 million, or 9%, from $52.6 million for 2007 to $47.8 million for 2008. This decline was partly a result of certain significant events during 2007, such as the run up to Guyana's hosting of Cricket World Cup matches and the Rio Group Summit, which we believe increased traffic volumes during that period. We are also subject to illegal bypass via internet calling, which we believe increased considerably from the second to the fourth quarter of 2008.

Other revenue. Other revenue represents revenue from wireless digital television services in the U.S. Virgin Islands, which decreased 5% to $3.9 million for 2008 from $4.1 million for 2007. On May 31, 2009 the Company terminated its digital television services to focus solely on providing wireless broadband data and dial-up internet services.

Termination and access fee expenses. Termination and access fees increased by $5.6 million, or 19%, from $29.4 million to $35.0 million from 2007 to 2008, respectively as a result of increased traffic at Commnet, the consolidation of BDC's results of operations and an increase in expenses at Sovernet due to the operating results of its August 2008 acquisition of ION.

Internet and programming expenses. Internet and programming expenses remained at $3.4 million in 2007 and 2008. This is consistent with the minimal growth in our broadband data and television subscribers in the U.S. Virgin Islands.

Engineering and operations expenses. Engineering and operations expenses increased by $1.9 million, or 8%, from $23.0 million to $24.9 million for 2007 and 2008, respectively. This increase is primarily the result of the expansion of our wireless networks in the United States as well as the consolidation of BDC.

Sales and marketing expenses. Sales and marketing expenses decreased by $2.3 million, or 15%, from $15.5 million to $13.2 million for 2007 and 2008, respectively. Throughout 2007, GT&T incurred an unusually high level of sales and marketing costs as a response to increased wireless competition, including wireless handset promotions, increased advertising and higher sales commissions. In 2008, GT&T's sales and marketing expenses returned to a lower level. The decrease in GT&T's sales and marketing expenses was partially offset by BDC's sales and marketing expenses which we began to consolidate effective May 15, 2008.

General and administrative expenses. General and administrative expenses increased by $5.6 million, or 24%, from $23.1 million to $28.7 million for 2007 and 2008, respectively. Of this increase, $4.8 million is a result of our consolidation of BDC's financials beginning in 2008.

Acquisition related charges. We incurred $1.0 million in legal and related expenses in an unsuccessful effort to acquire a company out of bankruptcy at the end of 2008.

Depreciation and amortization expenses. Depreciation and amortization expense increased by $4.8 million, or 18%, from $26.7 million to $31.5 million for 2007 and 2008, respectively. The increase is primarily due to the addition of fixed assets from our network expansion in our rural U.S. wireless business and Guyana, the consolidation of BDC's results, and the acquisitions of ION and Islandcom.

Impairment of long-lived assets. In the fourth quarter of 2007, Choice Communications recorded a $4.4 million asset impairment charge related to the wireless digital television portion of the business. In late 2007, Choice was denied certain tax benefits by the U.S. Virgin Islands government. This denial of tax benefits, together with minimal anticipated future television subscriber and market share growth within its existing geographic footprint, resulted in the estimated future cash flows associated with this business being below the carrying value of the assets. The Company, through a separate impairment test, determined that no impairment existed as of December 31, 2007 relating to Choice's internet services, including both the broadband data and dial-up products.

Gain on disposition of long-lived assets. In December 2007, Commnet sold to a national carrier 59 base stations, along with spectrum licenses, in two Midwestern states and recorded a gain on the sale of $5.0 million. Also, during the first half of 2007, Commnet sold telecom assets, predominantly in western states, and recognized a gain on the sale of such assets of $1.3 million. These gains were offset by a loss of $0.3 million as a result of the Company's sale of all of its assets in Haiti in August 2007.

Interest expense. On September 10, 2008, the Company repaid the then outstanding $50.0 million term loan with the proceeds from a new $75.0 million term loan. At the same time, the Company's revolving line of credit facility expanded from $20.0 million to $75.0 million. Also during September 2008, the Company entered into an interest rate swap agreement which is further detailed in Note 8, "Derivative Instruments and Hedging Activities" to the Consolidated Financial Statements included in this Report.

Interest expense increased $0.8 million from $2.3 million to $3.1 million for the years ended 2007 and 2008, respectively. The increase in interest expense was due to the increase in our term loan borrowings. We had no outstanding borrowings under our revolving line of credit during 2007 or 2008.

Interest income. Interest income decreased $0.7 million from $2.5 million for 2007 to $1.8 million in 2008. The decrease was a result of a decrease in the rate of interest earned on cash and investments in 2008.

Other income (expense). Included in other income for 2007 were management fees received from BDC which, since May 15, 2008 have been eliminated in consolidation. Other income decreased from $2.2 million in 2007 to $0.4 million in 2008 as a result of a $1.3 million license settlement at Commnet during 2007, as well as the elimination, in consolidation, of management fees from BDC following their consolidation in May 2008.

Income taxes. Our effective tax rate was 42% for 2007 and 43% for 2008. Income tax expense includes tax at the statutory U.S. federal and state income tax rates as well as the Guyanese income taxes in excess of the statutory U.S. income tax rates. Since we operate in jurisdictions that have a wide range of statutory tax rates, our consolidated effective tax rate is impacted by the mix of income generated in those jurisdictions as well as the receipt of dividends from our foreign subsidiaries.

Equity in earnings of unconsolidated affiliates. Equity in earnings of unconsolidated affiliates included our share of the earnings of BDC prior to our consolidation of BDC's operating results in May 2008, as well as our share of the earnings of Commnet's unconsolidated affiliates. Equity in earnings of unconsolidated affiliates decreased $1.6 million, or 70% from $2.3 million for 2007 to $0.7 million for 2008 as a result of the consolidation of BDC.

Net income attributable to non-controlling interests. Net income attributable to non-controlling interests consists of the Guyana government's 20% interest in GT&T, a minority shareholder's 4% interest in Sovernet, minority shareholders' 42% equity interest in BDC, subsequent to our consolidation of BDC in May 2008, and other minority shareholders' interests in certain consolidated subsidiaries of Commnet and Sovernet. Net income attributable to non-controlling interests remained unchanged at $5.0 million for 2007 and 2008, respectively.

Net income attributable to Atlantic Tele-Network, Inc. stockholders. As a result of the above factors, net income decreased by $3.1 million or 8% from $37.9 million for 2007 to $34.8 million for 2008. On a per share basis, net income decreased from $2.50 per basic and $2.48 per diluted share for 2007 to $2.29 per basic and $2.28 per diluted share for 2008.

Regulatory and Tax Issues

We are involved in a number of regulatory and tax proceedings. See Note 13 to the Consolidated Financial Statements included in this Report. A material and adverse outcome in one or more of these proceedings could have a material adverse impact on our financial condition and future operations.

Liquidity and Capital Resources

Historically, we have met our operational liquidity needs through a combination of cash on hand and internally generated funds and have funded capital expenditures and acquisitions with a combination of internally generated funds, cash on hand and borrowings under our credit facilities.

We expect to fund the pending acquisition of Alltel assets by using $40 million to $50 million of our currently available cash, drawing $150 million from our new term loan (see, *Cash Generated by Financing Activities,* below) and by funding the remaining balance by borrowing against our new revolving line of credit (see, *Cash Generated by Financing Activities,* below).

Uses of Cash

Capital Expenditures. A significant use of our cash has been for capital expenditures to expand and upgrade our networks. For the years ended December 31, 2008 and 2009, we spent approximately $47.4 million and $59.7 million on capital expenditures, respectively. Of the $59.7 million of 2009 capital expenditures, we spent approximately $23.4 million expanding Commnet's network by increasing the number of base stations as well as switching and cell site equipment required to expand our geographic coverage and technical capabilities. Of the $25.0 million spent in Guyana, $13.4 million was related to construction costs on a new fiber optic submarine cable into the country which is expected to be ready for use during mid-2010, while the remainder was for the expansion of the capacity and coverage of Guyana's wireline and wireless network. A majority of the remaining 2009 consolidated capital expenditures was incurred by our Island Wireless segment in connection with our network development in Turks and Caicos, which is scheduled to be operational during the first half of 2010.

We are continuing to invest in expanding the networks of most of our currently existing subsidiaries and expect to incur capital expenditures between $45 million and $55 million for this expansion during the year ending December 31, 2010. A majority of these network expenditures will be used at Commnet and GT&T, including $8 million to $10 million relating to the construction of the submarine fiber optic cable in Guyana. Separately, if the pending acquisition of the Alltel assets is completed during the first half of 2010, we expect to incur an additional $40 million to $45 million of capital expenditures primarily related to network migration and IT and system conversion costs. We expect to fund our current capital expenditures primarily from cash generated from our operations, but may borrow against our new line of credit or seek additional debt financing outside our bank credit facility.

Acquisitions and Investments. Historically, we have funded our acquisitions with a combination of cash on hand and borrowings under our credit facilities. We intend to fund our pending acquisition of Alltel assets by using $40 million to $50 million of our currently available cash, drawing $150 million from our new term loan (see, *Cash Generated by Financing Activities,* below) and by funding the remaining balance by borrowing against our new line of credit (see, *Cash Generated by Financing Activities,* below).

We also continue to explore opportunities to acquire communications properties or licenses in the Caribbean, the United States and elsewhere. We also explore opportunities to substantially expand our existing networks in the United States and the Caribbean. Such acquisitions may require external financing. While there can be no assurance as to whether, when or on what terms we will be able to acquire any such businesses or licenses, such acquisitions may be accomplished through the issuance of shares of our Common Stock, payment of cash or incurrence of additional debt.

Dividends. We use cash on hand to make dividend payments to our common stockholders when declared by our Board of Directors. For the year ended December 31, 2009, our dividends to our stockholders approximated $11.6 million (which reflects dividends paid on April 10, 2009, July 10, 2009, October 15, 2009, and January 11, 2010). We have paid quarterly dividends for the last 45 fiscal quarters.

Stock Repurchase Plan. Our Board of Directors approved a $5.0 million stock buyback plan in September 2004 pursuant to which we have spent $2.1 million as of December 31, 2009 repurchasing common stock. We may repurchase shares at any time depending on market conditions, our available cash and our cash needs. We did not repurchase any shares under this plan during 2009.

Cash Generated by Financing Activities. On January 25, 2010, the Company amended and restated its existing credit facility with CoBank, ACB and other lenders to restate its existing $73.9 million term loan ("Term Loan A") and previously undrawn $75 million revolving credit facility (the "Revolver Facility") and provide for a new $150 million term loan ("Term Loan B" and together with the Term

Loan A and Revolver Facility, the "New Credit Facility"). The New Credit Facility also provides for one or more additional term loans up to an aggregate $50.0 million, subject to lender and administrative agent approval.

The Term Loan A and the Term Loan B each mature on September 30, 2014 and the Revolver Loan matures on September 10, 2014, unless accelerated pursuant to an event of default, as described below. Amounts borrowed under the Term Loan A, Term Loan B and the Revolver Loan bear interest at a rate equal to, at the Company's option, either (i) the London Interbank Offered Rate (LIBOR) plus an applicable margin ranging between 3.50% to 4.75% or (ii) a base rate plus an applicable margin ranging from 2.50% to 3.75%. The Company is not required to apply a minimum LIBOR percentage for any loans bearing interest at the LIBOR rate. The base rate is equal to the higher of either (i) 1.50% plus the higher of (x) the one-week LIBOR and (y) the one-month LIBOR and (ii) the prime rate (as defined in the credit agreement). The applicable margin is determined based on the ratio of the Company's indebtedness (as defined in the credit agreement) to its EBITDA (as defined in the credit agreement).

All amounts outstanding under the Revolver Loan will be due and payable upon the earlier of the maturity date or the acceleration of the loan upon an event of default. Amounts outstanding under the Term Loan A and the Term Loan B will be due and payable commencing on March 31, 2010 in quarterly payments equal to 1.25% of the initial principal amount outstanding under each loan, increasing to 2.50% of the initial principal amount outstanding commencing on March 31, 2012. Remaining balances will be due and payable upon maturity, unless the loans are accelerated upon an event of default.

Upon the closing of the New Credit Facility, $73.9 million was outstanding under the Term Loan A, an amount equal to the outstanding principal amount of the Company's previous term loan under the Company's prior credit facility. No amount is currently outstanding under Term Loan B or the Revolver Facility. The Company plans to use cash on hand, the proceeds from Term Loan B and a portion of the proceeds available under the Revolver Facility towards the Alltel Acquisition purchase price and related acquisition expenses and working capital adjustments. The Company's ability to draw under the Term Loan B is subject to customary closing conditions. We may use the proceeds of the Term Loan B solely in connection with the Alltel Acquisition. Borrowings under the Term Loan B are available to the Company until the earlier of (i) completion of the Alltel Acquisition or (ii) March 31, 2010 (the "Term Loan B Commitment Expiration Date"). We intend to request an extension to the Term Loan B Commitment Expiration Date during the first quarter of 2010.

The New Credit Facility contains certain affirmative and negative covenants of the Company and its subsidiaries as set forth below under "—Factors Affecting Sources of Liquidity." The New Credit Facility is guaranteed by the Company's U.S. domestic subsidiaries and is collateralized by a security interest in substantially all of the assets of and stock owned by the Company and such guarantors. As of March 16, 2010, the Company was in compliance with all of the covenants of the New Credit Facility.

On September 23, 2008 the Company executed a forward starting interest rate swap. The Company's objective in using the derivative is to add stability to interest expense and to manage our exposure to adverse changes in interest rates. The interest rate swap has an initial notional amount of $68 million, receives 1 month LIBOR, and pays a fixed rate of 4.42%. The interest rate swap agreement effectively converts the variable interest payments on the first $68 million of the Company's term debt to a fixed rate of 4.42% plus the Company's credit spread, over the life of the agreement. The interest rate swap agreement has a maturity date of September 15, 2015.

Debt Service and Other Contractual Commitment Table. The following table discloses aggregate information about our debt and lease obligations as of December 31, 2009 and the periods in which payments are due:

Contractual Obligations	Total	Less Than 1 Year	1-3 Years	4-5 Years	More Than 5 Years
			(In millions)		
Debt	$ 73.9	$ 3.7	$18.5	$51.7	$ —
Capital expenditures	5.0	5.0	—	—	—
Pension obligations	0.8	0.8	—	—	—
Operating lease obligations	32.3	9.8	16.2	1.8	4.5
Total	$112.0	$19.3	$34.7	$53.5	$4.5

Sources of Cash

Total Liquidity at December 31, 2009. As of December 31, 2009, we had approximately $90.2 million in cash and cash equivalents, an increase of $10.5 million from the December 31, 2008 balance of $79.7 million. In addition, the Company has $5.2 million in restricted cash escrowed for payment on the undersea cable in Guyana. We believe our existing cash balances and other capital resources, including the $75.0 million available under our revolving line of credit included in our credit facility, are adequate to meet our current operating and capital needs.

Cash Generated by Operations. Cash provided by operating activities was $92.2 million for the year ended December 31, 2009 compared to $68.3 million for the year ended December 31, 2008. The increase of $23.9 million was primarily due to a decrease in prepaid taxes and an increase in accounts payable and accrued expenses.

Factors Affecting Sources of Liquidity

Internally Generated Funds. The key factors affecting our internally generated funds are demand for our services, competition, regulatory developments, economic conditions in the markets where we operate our businesses and industry trends within the telecommunications industry. For a discussion of tax and regulatory risks in Guyana that could have a material adverse impact on our liquidity, see "Risk Factors—Risks Relating to Our Wireless and Wireline Services in Guyana", "Business—Regulation of Our GT&T Subsidiary".

Restrictions Under Credit Facility. Our credit facility contains customary representations, warranties and covenants, including covenants by us limiting additional indebtedness, liens, guaranties, mergers and consolidations, substantial asset sales, investments and loans, sale and leasebacks, transactions with affiliates and fundamental changes. In addition, our credit facility contains financial covenants by us that (i) impose a maximum ratio of indebtedness (as defined in the credit agreement) to EBITDA (as defined in the credit agreement), (ii) require a minimum ratio of EBITDA to cash interest expense, (iii) require a minimum ratio of equity to consolidated assets and (iv) require a minimum ratio of EBITDA to fixed charges (as defined in the credit agreement). As of March 16, 2010, we were in compliance with all of the covenants of our credit facility and would be able to fully draw the $75 million available under our revolving credit facility. We may use the proceeds of the Term Loan B solely in connection with the Alltel Acquisition. Borrowings under the Term Loan B are available to the Company until the earlier of (i) completion of the Alltel Acquisition or (ii) March 31, 2010 (the "Term Loan B Commitment Expiration Date"). We intend to request an extension to the Term Loan B Commitment Expiration Date during the first quarter of 2010.

Our ability to draw additional term loans of up to an aggregate of $50 million is subject to Lender and Administrative Agent approval.

Capital Markets. Our ability to raise funds in the capital markets depends on, among other things, general economic conditions, the conditions of the telecommunications industry, our financial performance, the state of the capital markets and our compliance with Securities and Exchange Commission ("SEC") requirements for the offering of securities. In June 2009, the Company's "universal" shelf registration statement filed with the SEC expired by its own terms. The Company currently anticipates that it will file with the SEC a new "universal" shelf registration in the first half of 2010, subject to closing of the Alltel Acquisition and completion of the required audited financial statements in connection therewith. If declared effective by the SEC, such filing will register potential future offerings by the Company, of the Company's securities.

Inflation

We do not believe that inflation has had a significant impact on our consolidated operations in any of the periods presented in the Report.

Critical Accounting Estimates

We have based our discussion and analysis of our financial condition and results of operations on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America (or GAAP). We base our estimates on our operating experience and on various conditions existing in the market and we believe them to be reasonable under the circumstances. Our estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates under different assumptions or conditions.

We have identified the critical accounting estimates that we believe require significant judgment in the preparation of our consolidated financial statements. We consider these accounting estimates to be critical because changes in the assumptions or estimates we have selected have the potential of materially impacting our financial statements.

Revenue Recognition. In determining the appropriate amount of revenue to recognize for a particular transaction, we apply the criteria established by the authoritative guidance for revenue recognition and defer those items that do not meet the recognition criteria. As a result of the cutoff times of our billing cycles, we are often required to estimate the amount of revenues earned but not billed from the end of each billing cycle to the end of each reporting period. These estimates are based primarily on rate plans in effect and historical evidence with each customer or carrier. Adjustments affecting revenue can and occasionally do occur in periods subsequent to the period when the services were provided, billed and recorded as revenue, however historically these adjustments have not been material.

A small portion of our revenue is attributable to activation or reactivation fees, installation fees and equipment sales. We evaluate these and, where the amounts charged for such services or the equipment does not represent a separate unit of accounting, these amounts are deferred and recognized ratably over the estimated customer relationship period.

We apply judgment when assessing the ultimate realization of receivables, including assessing the probability of collection and the current credit-worthiness of customers. We establish an allowance for doubtful accounts sufficient to cover probable and reasonably estimable losses. Our estimate of the allowance for doubtful accounts considers collection experience, aging of the accounts receivable, the credit quality of customer and, where necessary, other macro-economic factors.

Long-Lived and Intangible Assets. In accordance with the authoritative guidance regarding the accounting for impairments or disposals of long-lived assets and the authoritative guidance for the accounting for goodwill and other intangible assets, we evaluate the carrying value of our long-lived assets, including property and equipment, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss exists when estimated undiscounted cash flows attributable to the assets are less than their carrying amount. If an asset is deemed to be impaired, the amount of the impairment loss recognized represents the excess of the asset's carrying value as compared to its estimated fair value, based on management's assumptions and projections. During the fourth quarter of 2007, the Company determined that certain assets of Choice Communications became impaired, and as such, recorded a $4.4 million impairment charge in its 2007 statement of operations. See Note 10 to the Consolidated Financial Statements included in this report for additional information on the impairment charge.

Our estimates of the future cash flows attributable to our long-lived assets and the fair value of our businesses involve significant uncertainty. Those estimates are based on management's assumptions of future results, growth trends and industry conditions. If those estimates are not met, we could have additional impairment charges in the future, and the amounts may be material.

We also assess the carrying value of goodwill and indefinite-lived intangible assets on an annual or whenever events or changes in circumstances indicate that the carrying value of goodwill may not be recoverable. The carrying value of each reporting unit, including goodwill assigned to that reporting unit, is compared to its fair value. If the fair value of the reporting unit does not exceed the carrying value of the reporting unit, including goodwill, an analysis is performed to determine if an impairment charge should be recorded.

We assess the recoverability of the value of our FCC licenses using a market approach. We believe that our FCC licenses have an indefinite life based on historical ability to renew such licenses, that such renewals may be obtained indefinitely and at little cost, and that the related technology used is not expected to be replaced in the foreseeable future. If the value of these assets was impaired by some factor, such as an adverse change in the subsidiary's operating market, we may be required to record an impairment charge. We test the impairment of our FCC licenses annually or whenever events or changes in circumstances indicate that such assets might be impaired. The impairment test consists of a comparison of the fair value of FCC licenses with their carrying amount on a license by license basis.

Contingencies. We are subject to proceedings, lawsuits, audits and other claims related to lawsuits and other legal and regulatory proceedings that arise in the ordinary course of business. We are required to assess the likelihood of any adverse judgments or outcomes to these matters as well as potential ranges of probable losses. A determination of the amount of loss accruals required, if any, for these contingencies are made after careful analysis of each individual issue. We consult with legal counsel and other experts where necessary in connection with our assessment of any contingencies. The required accrual for any such contingency may change materially in the future due to new developments or changes in each matter. We estimate these contingencies amount to approximately $23.5 million at December 31, 2009, the majority of which are not recorded on our books as we do not believe that an adverse outcome is probable. Adverse developments in these matters may result in the recording of liabilities to satisfy all or a portion of these claims.

Recent Accounting Pronouncements

Recently Adopted Standards

In June 2009, the FASB issued guidance which changed the referencing of financial standards and the Hierarchy of Generally Accepted Accounting Principles and is effective for interim or annual financial periods ending after September 15, 2009. The Company adopted the provisions of the new guidance in the third quarter of 2009 and updated its interim disclosures.

In April 2009, the FASB issued new authoritative guidance that requires the recognition of an other-than-temporary impairment when an entity has the intent to sell a debt security or when it is more likely than not that an entity will be required to sell the debt security before its anticipated recovery in value. Additionally, the new guidance changes the presentation and amount of other-than-temporary impairment losses recognized in the income statement for instances in which the Company does not intend to sell or it is more likely than not that the Company will not be required to sell a debt security prior to the anticipated recovery of its remaining cost basis. In addition to the changes in measurement and presentation, the new guidance expands the disclosures related to other-than-temporary impairments and require all such disclosures to be included in both interim and annual periods. The provisions of the new guidance were effective for the three month period ended June, 30, 2009. The adoption of the provisions of this guidance did not have a material impact on the Company's consolidated financial statements.

In April 2009, the FASB issued new authoritative guidance for determining when a transaction is not orderly and for estimating fair value in accordance with FASB standards when there has been a significant decrease in the volume and level of activity for an asset or liability. The guidance requires the disclosure of the inputs and valuation techniques used, as well as any changes in valuation techniques and inputs used during the period, to measure fair value in interim and annual periods. In addition, the new guidance requires that the presentation of the fair value hierarchy be presented by major security type in accordance with FASB guidance. The adoption of the provisions of this guidance did not have a material impact on the Company's consolidated financial statements.

In December 2007, the FASB issued new authoritative guidance that requires the Company to revise its application of the acquisition method for business combinations in a number of significant aspects such as requiring the Company to expense transaction costs and to recognize 100% of the acquiree's assets and liabilities rather than a proportional share for acquisitions of less than 100% of a business. In addition, the guidance eliminates the step acquisition model and provides that all business combinations, whether full, partial, or step acquisitions, results in all assets and liabilities of an acquired business being recorded at their fair values at the acquisition date. The Company adopted the provisions of this guidance on January 1, 2009. The impact of the provisions of this guidance on the Company's financial statements will be dependent upon the number of and magnitude of the acquisitions that are consummated. We expensed $7.2 million in acquisition-related costs in 2009.

In April 2009, the FASB issued new authoritative guidance which amends the initial and subsequent measurement guidance and disclosure requirements for assets and liabilities arising from contingencies in a business combination. The provisions of this guidance are effective on a prospective basis for all business combinations for which the acquisition date is on or after January 1, 2009.

In January 2009, the FASB issued new authoritative guidance that requires disclosures about the fair value of financial instruments in interim financial statements as well as in annual financial statements. Additionally, this guidance requires those disclosures in all interim financial statements. The Company adopted the provisions of this guidance, as required, for the period ended June 30, 2009. The adoption of the provisions of this guidance did not have a material impact on the Company's consolidated financial statements.

In December 2008, the FASB issued new authoritative guidance that provides additional guidance on an employer's disclosures about plan assets of a defined benefit pension or other postretirement plan. The adoption of the provisions of this guidance increases the disclosures in the financial statements related to the assets of an employers' defined benefit pension plan. This new guidance was effective as of December 31, 2009 and did not have a material impact on the consolidated financial statements.

Standards to be Adopted

In June 2009, the FASB issued new authoritative guidance that amends certain guidance for determining whether an entity is a variable interest entity (VIE). The guidance requires an enterprise to perform an analysis to determine whether the Company's variable interests give it a controlling financial interest in a VIE. A company would be required to assess whether it has an implicit financial responsibility to ensure that a VIE operates as designed when determining whether it has the power to direct the activities of the VIE that most significantly impact the entity's economic performance. In addition, this guidance amends earlier guidance requiring ongoing reassessments of whether an enterprise is the primary beneficiary of a VIE. The guidance is effective for the Company for fiscal year 2010. The Company does not anticipate that the adoption of the provisions of this guidance will have a material impact on the consolidated financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Currency Exchange Sensitivity. GT&T's functional currency is the U.S. dollar because a significant portion of GT&T's revenues and expenditures are transacted in U.S. dollars. The results of future operations nevertheless may be affected by changes in the value of the Guyana dollar, however the Guyanese exchange rate has remained at approximately $205 Guyana dollars to $1 U.S. dollar since 2004 so we have not recorded any foreign exchange gains or losses since that date. All of our other foreign subsidiaries operate in jurisdictions where the US dollar is the recognized currency.

Interest Rate Sensitivity. Our exposure to changes in interest rates is limited and relates primarily to our variable interest rate long-term debt. As of December 31, 2009, $68.0 million of our long term debt has a fixed rate by way of an interest-rate swap that effectively hedges our interest rate risk. The remaining $5.9 million of long term debt as of December 31, 2009, is subject to interest rate risk. As a result of our hedging policy we believe our exposure to fluctuations in interest rates is not material.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The response to this item is submitted as a separate section to this report. See "Item 15. Exhibits, Financial Statement Schedules."

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2009. The term "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"), means controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. 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. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of December 31, 2009, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer as appropriate to allow timely decisions regarding required disclosure.

Management's 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) promulgated under the Exchange Act as a process designed by, or under the supervision of, the Company's Chief Executive Officer and Chief Financial Officer or persons performing similar functions and effected by the Company's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and 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 the assets of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of 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, 2009. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control—Integrated Framework*.

Based on its assessment, management concluded that, as of December 31, 2009, our internal control over financial reporting was effective based on those criteria.

Our internal control over financial reporting as of December 31, 2009 have been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their attestation report which appears on page F-2.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during our fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Executive Officers

Our executive officers and their respective ages and positions as of March 16, 2010, as well as a brief description of the recent business experience of each, are set forth below:

Name	Age	Position
Michael T. Prior	45	President and Chief Executive Officer
Justin D. Benincasa	48	Chief Financial Officer and Treasurer
William F. Kreisher	47	Senior Vice President, Corporate Development
Douglas J. Minster	49	Vice President, General Counsel and Secretary
John P. Audet	52	Vice President, Financial Analysis and Planning
Andrew S. Fienberg	42	Chief Accounting Officer

Michael T. Prior is our President and Chief Executive Officer and a member of the Board of Directors. Mr. Prior joined us in 2003 as our Chief Financial Officer and Treasurer and was appointed President and Chief Executive Officer in December 2005. Before joining us, Mr. Prior was a partner with Q Advisors LLC, a Denver-based investment banking and financial advisory firm focused on the telecommunications sector. From 1999 to 2002, he headed corporate development for LighTrade, Inc., a telecommunications infrastructure provider. From 1998 to 1999, Mr. Prior was a member of ComSpace Development LLC, a seed investment concern in the communications industry and an early investor in LighTrade. From 1992 to 1998, Mr. Prior was a corporate lawyer with Cleary Gottlieb Steen & Hamilton in London and New York and Perkins Coie LLP in Seattle. Mr. Prior received a B.A. degree from Vassar College and a J.D. degree *summa cum laude* from Brooklyn Law School. He is the son of Cornelius B. Prior, Jr., Chairman of our Board. In 2008, Mr. Prior was named Entrepreneur of the Year for the New England Region by Ernst & Young.

Justin D. Benincasa is our Chief Financial Officer and Treasurer. Prior to joining us in May 2006, Mr. Benincasa was a Principal at Windover Development, LLC since 2004. From 1998 to 2004, he was Executive Vice President of Finance and Administration at American Tower Corporation, a leading wireless and broadcast communications infrastructure company, where he managed finance and accounting, treasury, IT, tax, lease administration and property management. Prior to that, he was Vice President and Corporate Controller at American Radio Systems Corporation and held accounting and finance positions at American Cablesystems Corporation. Mr. Benincasa holds an M.B.A. degree from Bentley College and a B.A. degree from the University of Massachusetts.

William F. Kreisher joined the company in 2007 as Senior Vice President, Corporate Development. Prior to joining ATN, Mr. Kreisher was Vice President—Corporate Development at Cingular Wireless (now AT&T Mobility) since 2004. He was part of the corporate development team at Cingular since its formation and spent five years at Bell South before that as a Director of Finance, the acting Chief Financial Officer at its broadband and video division, and as a senior manager in its mergers and acquisitions group. Mr. Kreisher is a twenty-year veteran of the telecommunications industry, having also worked with MCI Telecommunications and Equant. Mr. Kreisher holds a Masters in Business Administration from Fordham University and a Bachelor of Arts degree from the Catholic University of America.

Douglas J. Minster joined us in 2003 as our Vice President, General Counsel and Secretary. From November 1999 to February 2002, Mr. Minster served as Vice President, External Affairs, at LighTrade, Inc. From 1997 to 1998, he headed corporate development at IP Radio, Inc., a wireless broadband service. From 1990 to 1992, he served as a senior legal advisor at Time Warner

Telecommunications. In addition, Mr. Minster co-founded Digital Satellite Broadcasting Corp., a satellite radio company, helping to develop the regulatory foundation for the satellite radio service. Mr. Minster began his career as an attorney at the FCC, later joining the former Chairman of the FCC at Patrick Communications as an advisor on domestic and international regulatory and legal issues. He received a B.S. degree from Ithaca College and a J.D. degree from The Catholic University of America, Columbus School of Law.

John P. Audet joined the Company in 2006 as Vice President—Financial Analysis and Planning, after serving as a consultant and advisor to the Company for three years. Prior to his relationship with ATN, he held executive finance positions with a number of start-up telecommunications companies. Mr. Audet was also a Senior Consultant with BIA Financial Network, Inc, a financial and appraisal consultancy to the media and telecommunications industry where he participated in formal appraisals of businesses and assets worth in excess of over $2 billion. Early in his career, Mr. Audet was a principal in a specialized engineering consultancy that designed and built over two dozen of the first cellular radio systems in the United States. He is a *summa cum laude* graduate of the University of Maryland, University College with a B.S. in Finance & Technology & Management.

Andrew S. Fienberg joined us in May 2005 as our Chief Accounting Officer. From 2003 to 2005, Mr. Fienberg served as a Divisional Controller for Pegasus Satellite Television, Inc., a re-seller of DirecTV services throughout the rural United States. From August 1999 to December 2003, Mr. Fienberg was the Corporate Controller at iBasis, Inc., a publicly-traded international VoIP telecommunications service provider. Prior to iBasis, Mr. Fienberg was with Iron Mountain Incorporated, a data storage provider, which he joined in May 1997. Before that, he served as an auditor at BDO Seidman, LLP in Boston beginning in September 1989. Mr. Fienberg received a B.S. degree in Accountancy from Bentley College and is a Certified Public Accountant.

Additional information required by this Item regarding our directors and executive officers will be set forth in our Definitive Proxy Statement for the Annual Meeting of Stockholders to be held on June 16, 2010 (or 2010 Proxy Statement) under "Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance" and is incorporated herein by reference. Required information regarding our audit committee financial experts and identification of the audit committee of our Board of Directors will be set forth in our 2010 Proxy Statement under "Corporate Governance" and is incorporated herein by reference.

Information regarding our Code of Ethics applicable to our principal executive officer, our principal financial officer, our controller and other senior financial officers appears in Item 1 of this Report under the caption "Business—Available Information."

ITEM 11. EXECUTIVE COMPENSATION

Information required by this Item regarding executive compensation will be set forth in our 2010 Proxy Statement under "Executive Officer and Director Compensation" and is incorporated herein by reference.

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

Information required by this Item regarding security ownership of certain beneficial owners, directors and executive officers will be set forth in our 2010 Proxy Statement under "Security Ownership of Certain Beneficial Owners and Management" and is incorporated herein by reference.

Information required by this Item regarding our equity compensation plans will be set forth in our 2010 Proxy Statement under "Executive Officer Compensation—Securities Authorized for Issuance Under Equity Compensation Plans" and is incorporated herein by reference.

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

Information required by this Item regarding certain relationships and related transactions will be set forth in our 2010 Proxy Statement under "Related Person Transactions" and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information required by this Item regarding auditor fees and services will be set forth in our 2010 Proxy Statement under "Independent Registered Public Accounting Firm" and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this Report:

(1) *Financial Statements.* See Index to Consolidated Financial Statements, which appears on page F-1 hereof. The financial statements listed in the accompanying Index to Consolidated Financial Statements are filed herewith in response to this Item.

(2) *Schedule II.* Valuation and Qualifying Accounts.

(3) *Exhibits.* See Index to Exhibits. The exhibits listed in the Index to Exhibits immediately preceding the exhibits are filed herewith in response to this Item.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in Salem, Massachusetts on the 16th day of March, 2010.

ATLANTIC TELE-NETWORK, INC.

By: /s/ MICHAEL T. PRIOR

Michael T. Prior
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934 this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on the 16th day of March, 2010.

Signature	Title
/s/ MICHAEL T. PRIOR Michael T. Prior	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ JUSTIN D. BENINCASA Justin D. Benincasa	Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)
/s/ CORNELIUS B. PRIOR, JR. Cornelius B. Prior, Jr.	Chairman of the Board
/s/ MARTIN L. BUDD Martin L. Budd	Director
/s/ THOMAS V. CUNNINGHAM Thomas V. Cunningham	Director
/s/ CHARLES J. ROESSLEIN Charles J. Roesslein	Director
/s/ BRIAN A. SCHUCHMAN Brian A. Schuchman	Director
/s/ HENRY U. WHEATLEY Henry U. Wheatley	Director

ATLANTIC TELE-NETWORK, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE
December 31, 2007, 2008 and 2009

INDEX

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
Atlantic Tele-Network, Inc.:

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of Atlantic Tele-Network, Inc. and its subsidiaries at December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2009 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 1 to the consolidated financial statements, in 2009 the Company changed the manner in which it accounts for non-controlling interests and, as discussed in Note 2, the manner in which it accounts for business combinations.

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

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, 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.

/s/ PricewaterhouseCoopers LLP
Boston, Massachusetts
March 16, 2010

ATLANTIC TELE-NETWORK, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2008 and 2009

(In Thousands, Except Share Data)

	December 31, 2008	December 31, 2009
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 79,665	$ 90,247
Restricted cash	—	5,248
Short-term investments	2,956	—
Accounts receivable, net of allowances of $2.5 million and $4.2 million, respectively	26,779	26,831
Materials and supplies	5,669	5,917
Prepaid income taxes	10,708	—
Deferred income taxes	1,443	3,046
Prepayments and other current assets	4,101	5,226
Total current assets	131,321	136,515
Fixed Assets:		
Property, plant and equipment	342,059	390,423
Less accumulated depreciation	(143,829)	(173,408)
Net fixed assets	198,230	217,015
Licenses	33,658	34,830
Goodwill	40,237	40,361
Other intangibles, net	2,456	1,848
Deferred income taxes	8,570	9,085
Other assets	5,349	6,900
Total assets	$ 419,821	$ 446,554
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current portion of long-term debt	$ 750	$ 3,694
Accounts payable and accrued liabilities	28,707	29,717
Dividends payable	2,777	3,055
Accrued taxes	8,631	9,900
Advance payments and deposits	3,652	3,756
Other current liabilities	3,395	6,765
Total current liabilities	47,912	56,887
Deferred income taxes	28,736	32,171
Other liabilities	8,202	5,512
Long-term debt, excluding current portion	73,311	69,551
Total liabilities	158,161	164,121
Commitments and contingencies (Note 13)		
Atlantic Tele-Network, Inc.'s Stockholders' Equity:		
Preferred stock, $0.01 par value per share; 10,000,000 shares authorized, none issued and outstanding	—	—
Common stock, $0.01 par value per share; 50,000,000 shares authorized; 15,725,057 and 15,732,382 shares issued, respectively, and 15,228,610 and 15,233,745 shares outstanding, respectively	157	158
Treasury stock, at cost; 496,447 and 498,637 shares, respectively	(4,560)	(4,687)
Additional paid-in capital	107,312	108,720
Retained earnings	132,866	156,827
Accumulated other comprehensive loss	(6,902)	(5,272)
Total Atlantic Tele-Network, Inc's stockholders' equity	228,873	255,746
Non-controlling interests	32,787	26,687
Total stockholders' equity	261,660	282,433
Total liabilities and stockholders'equity	$ 419,821	$ 446,554

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

ATLANTIC TELE-NETWORK, INC. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
For the Years Ended December 31, 2007, 2008 and 2009
(In Thousands, Except Per Share Data)

	December 31, 2007	December 31, 2008	December 31, 2009
REVENUE:			
Wireless	$ 83,458	$104,963	$147,024
Local telephone and data	46,598	50,670	55,297
International long distance	52,635	47,820	38,181
Other	4,050	3,888	1,201
Total revenue	186,741	207,341	241,703
OPERATING EXPENSES *(excluding depreciation and amortization unless otherwise indicated)*:			
Termination and access fees	29,379	34,978	43,412
Internet and programming	3,379	3,387	1,864
Engineering and operations	23,037	24,930	28,107
Sales and marketing	15,526	13,227	16,148
General and administrative	23,136	28,701	36,429
Acquisition-related charges	—	1,071	7,163
Depreciation and amortization	26,686	31,525	38,889
Impairment of long-lived assets	4,400	—	—
Gain on disposition of long-lived assets	(5,961)	—	—
Total operating expenses	119,582	137,819	172,012
Income from operations	67,159	69,522	69,691
OTHER INCOME (EXPENSE):			
Interest expense	(2,282)	(3,144)	(3,706)
Interest income	2,454	1,770	1,153
Other income, net	2,239	439	605
Other income (expense), net	2,411	(935)	(1,948)
INCOME BEFORE INCOME TAXES	69,570	68,587	67,743
Income taxes	28,929	29,551	31,160
INCOME BEFORE EQUITY IN EARNINGS OF UNCONSOLIDATED AFFILIATE	40,641	39,036	36,583
Equity in earnings of unconsolidated affiliate, net of tax	2,281	735	—
NET INCOME	42,922	39,771	36,583
Net income attributable to non-controlling interests, net of tax of $3.7 million, $3.1 million and $2.8 million, respectively	(4,982)	(4,973)	(1,044)
NET INCOME ATTRIBUTABLE TO ATLANTIC TELE-NETWORK, INC. STOCKHOLDERS	$ 37,940	$ 34,798	$ 35,539
NET INCOME PER WEIGHTED AVERAGE SHARE ATTRIBUTABLE TO ATLANTIC TELE-NETWORK, INC. STOCKHOLDERS:			
Basic	$ 2.49	$ 2.29	$ 2.33
Diluted	$ 2.48	$ 2.28	$ 2.32
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:			
Basic	15,210	15,215	15,234
Diluted	15,304	15,271	15,337
DIVIDENDS PER SHARE APPLICABLE TO COMMON STOCK	$ 0.60	$ 0.68	$ 0.76

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

ATLANTIC TELE-NETWORK, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the Years Ended December 31, 2007, 2008, and 2009
(In Thousands, Except Share Data)

	Common Stock	Treasury Stock, at cost	Additional Paid In Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total ATNI Stockholders' Equity
Balance, December 31, 2006	$157	$(3,557)	$104,356	$ 79,599	$(1,785)	$178,770
Reissuance of 21,000 shares of common stock from treasury for acquisition of remaining 5% interest in Commnet	—	156	473	—	—	629
Award of 2,000 shares of common stock under Directors' Remuneration Plan	—	—	94	—	—	94
Reissuance of 14,756 shares of common stock from treasury under Directors' Remuneration Plan	—	108	(108)	—	—	—
Issuance of 12,500 shares of common stock upon exercise of stock options	—	—	209	—	—	209
Issuance of 10,000 shares of common stock under 2005 Restricted Stock Plan	—	—	—	—	—	—
Repurchase of 3,333 vested shares of common stock issued under 2005 Restricted Stock Plan	—	(110)	110	—	—	—
Stock-based compensation	—	—	904	—	—	904
Dividends on common stock	—	—	—	(9,125)	—	(9,125)
Comprehensive income:						
Net income	—	—	—	37,940	—	37,940
Other comprehensive income, net of tax of $398	—	—	—	—	(450)	(450)
Total comprehensive income						37,490
Balance, December 31, 2007	157	(3,403)	106,038	108,414	(2,235)	208,971
Reissuance of 876 shares of common stock from treasury under Directors' Remuneration Plan	—	7	(7)	—	—	—
Issuance of 18,125 shares of common stock upon exercise of stock options	—	—	304	—	—	304
Issuance of 31,414 shares of common stock under 2008 Equity Incentive Plan	—	—	—	—	—	—
Purchase of 42,351 shares of common stock	—	(1,164)	—	—	—	(1,164)
Stock-based compensation	—	—	977	—	—	977
Dividends on common stock	—	—	—	(10,346)	—	(10,346)
Comprehensive income:						
Net income	—	—	—	34,798	—	34,798
Other comprehensive income, net of tax of $3,105	—	—	—	—	(4,667)	(4,667)
Total comprehensive income						30,131
Balance, December 31, 2008	157	(4,560)	107,312	132,866	(6,902)	228,873
Reissuance of 791 shares of common stock from treasury under Directors' Remuneration Plan	—	7	(7)	—	—	—
Issuance of 4,375 shares of common stock upon exercise of stock options	1	—	73	—	—	74
Issuance of 2,950 shares of common stock under 2008 Equity Incentive Plan	—	—	—	—	—	—
Purchase of 2,981 shares of common stock	—	(134)	—	—	—	(134)
Acquisition of additional interests in majority owned subsidiary	—	—	(22)	—	—	(22)
Stock-based compensation	—	—	1,364	—	—	1,364
Dividends on common stock	—	—	—	(11,578)	—	(11,578)
Comprehensive income:						
Net income	—	—	—	35,539	—	35,539
Other comprehensive income, net of tax of $1,058	—	—	—	—	1,630	1,630
Total comprehensive income						37,169
Balance, December 31,2009	$158	$(4,687)	$108,720	$156,827	$(5,272)	$255,746

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

ATLANTIC TELE-NETWORK, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2007, 2008 and 2009
(In Thousands)

	December 31,		
	2007	2008	2009
Cash flows from operating activities:			
Net income	$ 42,922	$ 39,771	$ 36,583
Adjustments to reconcile net income to net cash flows provided by operating activities:			
Depreciation and amortization	26,686	31,525	38,889
Provision for doubtful accounts	1,196	2,021	1,402
Amortization of debt discount and debt issuance costs	—	227	503
Impairment of long-lived assets	4,400	—	—
Gain on disposition of long-lived assets	(5,961)	—	—
Dividends received from unconsolidated affiliates	1,935	1,106	—
Stock-based compensation	1,013	977	1,364
Deferred income taxes	584	8,414	1,620
Equity in earnings of unconsolidated affiliates	(2,281)	(735)	—
Changes in operating assets and liabilities, excluding the effects of acquisitions:			
Accounts receivable, net	(8,018)	1,112	(1,454)
Materials and supplies, prepayments, and other current assets	1,106	2,826	(791)
Prepaid income taxes	—	(10,708)	10,708
Accounts payable and accrued liabilities	3,383	(3,782)	5,606
Accrued taxes	3,125	(2,164)	(92)
Other	(950)	(2,308)	(1,712)
Net cash provided by operating activities	69,140	68,282	92,626
Cash flows from investing activities:			
Capital expenditures	(48,894)	(47,353)	(59,719)
Acquisitions of businesses, net of cash acquired of $0, $5,736 and $0	(6,715)	(23,423)	(24)
Acquisitions of assets	(50)	(6,092)	(25)
Decrease/(increase) in restricted cash	(4,831)	4,831	(5,248)
Net proceeds from sale of assets	18,430	—	—
Sale/(purchase) of short term investments	(5,280)	2,324	2,956
Net cash used in investing activities	(47,340)	(69,713)	(62,060)
Cash flows from financing activities:			
Dividends paid on common stock	(8,839)	(10,029)	(11,301)
Distribution to minority stockholders	(2,430)	(2,775)	(8,098)
Payment of debt issuance costs	—	(982)	(150)
Proceeds from stock option exercises	209	304	74
Repayment of long-term debt	—	(50,375)	(750)
Purchase of common stock	(110)	(1,164)	(134)
Investments made by minority shareholders in consolidated affiliates	—	582	375
Borrowings of long-term debt, net of discounts	—	74,362	—
Net cash provided by (used in) financing activities	(11,170)	9,923	(19,984)
Net change in cash and cash equivalents	10,630	8,492	10,582
Cash and cash equivalents, beginning of year	60,543	71,173	79,665
Cash and cash equivalents, end of year	$ 71,173	$ 79,665	$ 90,247
Supplemental cash flow information:			
Interest paid	$ 2,282	$ 3,181	$ 3,814
Taxes paid	$ 25,769	$ 34,277	$ 27,026

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

1. ORGANIZATION AND BUSINESS OPERATIONS

Atlantic Tele-Network, Inc. ("ATN" or "Company") provides wireless and wireline telecommunication services in North America and the Caribbean through the following operating subsidiaries:

- Commnet Wireless, LLC ("Commnet"), an owner and operator of wholesale wireless networks in rural areas of the United States. Commnet provides wireless voice and data communications roaming services principally to national, regional and local wireless carriers. Commnet generated approximately 31%, 34% and 43% of the Company's consolidated revenues for 2007, 2008 and 2009, respectively. ATN acquired a 95% equity interest in Commnet in 2005 and acquired the remaining 5% equity interest in January 2007.
- Guyana Telephone & Telegraph Company, Ltd. ("GT&T"), the national and international telephone company in the Republic of Guyana and the largest wireless service provider in that country. The Company has owned 80% of the stock of GT&T since January 1991. GT&T generated approximately 57%, 47% and 38% of the Company's consolidated revenues for 2007, 2008 and 2009, respectively.
- Bermuda Digital Communications, Ltd. ("BDC"), a leading wireless voice and data communications service provider in Bermuda, doing business under the name "Cellular One". The Company acquired an equity interest in, and signed a management contract with, BDC in 1998. On May 15, 2008, BDC completed a share repurchase of its common stock. ATN did not tender any shares for repurchase, and, as a result of the transaction, increased its holdings from approximately 43% to approximately 58% of BDC's outstanding common stock. Prior to this increase in holdings, the Company accounted for its investment in BDC under the equity method and earnings from BDC did not appear in its income from operations, but were instead reflected in equity in earnings of unconsolidated affiliates. Effective with the completion of that share repurchase, the Company began consolidating BDC's balance sheet and results of operations. In September 2008, BDC began providing wireless services in Turks and Caicos through Islandcom Telecommunications, Ltd.
- Sovernet, Inc. ("Sovernet"), a facilities-based integrated voice, broadband data communications and dial-up service provider in New England and New York State. Sovernet's retail telecommunications service is delivered to business and residential customers in Vermont and New Hampshire. Through an acquisition made in 2008, Sovernet also delivers wholesale transport services in New York State through its majority-owned subsidiary, ION. Sovernet currently holds 75% of the equity interest in ION.
- Choice Communications, LLC ("Choice"), a leading provider of fixed and portable wireless broadband data and dial-up internet services to retail and business customers in the U.S. Virgin Islands. Choice was acquired by ATN in 1999 and is a wholly owned subsidiary of the Company. Choice discontinued its wireless television service on May 31, 2009 to focus mainly on providing wireless broadband data services.

ATN provides management, technical, financial, regulatory, and marketing services to its subsidiaries and typically receives a management fee equal to approximately 3% to 6% of their respective revenues. Management fees from consolidated subsidiaries are eliminated in consolidation. ATN received management fees from unconsolidated affiliates in 2007 and 2008, which are included in "Other Income" in the accompanying income statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements include the accounts of the Company, its majority-owned subsidiaries and certain entities, which are consolidated in accordance with the provisions of Financial Accounting Standards Board ("FASB") authoritative guidance on the consolidation of variable interest entities since it is determined that the Company is the primary beneficiary of these entities. Revenue from these entities constitutes less than 1% of total Company revenue.

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 and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. The most significant estimates relate to allowance for doubtful accounts, useful lives of the Company's fixed and finite-lived intangible assets, allocation of purchase price to assets acquired and liabilities assumed in purchase business combinations, fair value of indefinite-lived intangible assets, goodwill and income taxes. Actual results could differ significantly from those estimates.

Cash and Cash Equivalents

The Company considers all investments with an original maturity of three months or less at date of purchase to be cash equivalents. The Company places its cash and temporary investments with banks and other institutions that it believes have a high credit quality. At December 31, 2009, the Company had deposits with banks in excess of FDIC insured limits and $13.1 million of its cash is on deposit with non-insured institutions such as corporate money market issuers. Except for $5.2 million of cash that is restricted for the purpose of acquiring certain equipment, the Company's cash and cash equivalents are not subject to any restrictions. As of December 31, 2008 and 2009, the Company held $14.9 million and $5.3 million of its cash in Guyana dollars. While there are risks associated with the conversion of Guyana dollars to U.S. dollars due to limited liquidity in the Guyana foreign currency markets, it has not prevented the Company from converting Guyana dollars into U.S. dollars within a given three month period or from converting at a price that reasonably approximates the reported exchange rate.

Short-Term Investments

The Company classifies short term investments as available-for-sale in accordance with the authoritative guidance for the accounting for certain investments in debt and equity securities. These securities are carried at fair market value, with unrealized gains and losses reported as a component of other comprehensive income (loss) in stockholders' equity. Gains or losses on securities sold are based on the specific identification method. Short term investments at December 31, 2008 consisted of certificates of deposit held in U.S. dollars by GT&T that had an original maturity date greater than three months. There were no gains or losses, realized or unrealized, with respect to short term investments in any year presented.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Materials and Supplies

Materials and supplies primarily include handsets, customer premise equipment, cables, and poles and are carried at weighted-average cost.

Fixed Assets

The Company's fixed assets are recorded at cost and depreciated using the straight-line method generally between 3 and 39 years. Repairs and replacements of minor items of property are charged to maintenance expense as incurred. The cost of fixed assets in service and under construction includes an allocation of indirect costs applicable to construction.

The fair value of a liability for an asset retirement obligation is recorded in the period in which it is incurred if a reasonable estimate of fair value can be made. In periods subsequent to initial measurement, period-to-period changes in the liability for an asset retirement obligation resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flows are recognized. The increase in the carrying value of the associated long-lived asset is depreciated over the corresponding estimated economic life. The consolidated balance sheets include accruals of $1.1 million and $1.6 million as of December 31, 2008 and 2009, respectively, for estimated costs associated with asset retirement obligations.

In accordance with the authoritative guidance for the accounting for the impairment or disposal of long-lived assets", the Company evaluates the carrying value of long-lived assets, including property and equipment, in relation to the operating performance and future undiscounted cash flows of the underlying business whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss exists when estimated undiscounted cash flows attributable to an asset are less than its carrying amount. If an asset is deemed to be impaired, the amount of the impairment loss recognized represents the excess of the asset's carrying value as compared to its estimated fair value, based on management's assumptions and projections.

Management's estimate of the future cash flows attributable to its long-lived assets and the fair value of its businesses involve significant uncertainty. Those estimates are based on management's assumptions of future results, growth trends and industry conditions. If those estimates are not met, the Company could have additional impairment charges in the future, and the amounts may be material.

During 2007, the Company determined that certain assets of Choice Communications became impaired, and as such, recorded a $4.4 million impairment charge in its 2007 income statement. See Note 10 for additional information on the impairment charge and the sale of such assets during 2009 to the Company's Chairman.

Goodwill and Other Indefinite-Lived Intangible Assets

As a result of acquisitions, the Company has identified intangible assets and generated significant goodwill. Intangible assets are valued based on estimates of future cash flows and amortized over their estimated useful life. Goodwill is subject to annual impairment testing as well as testing upon the occurrence of any event that indicates a potential impairment. Intangible assets and other long-lived assets are subject to an impairment test if there is an indicator of impairment. The carrying value and ultimate realization of these assets is dependent upon estimates of future earnings and benefits that the Company expects to generate from their use. If the Company's expectations of future results and cash

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

flows are significantly diminished, intangible assets and goodwill may be impaired and the resulting charge to operations may be material. When the Company determines that the carrying value of intangibles or other long-lived assets may not be recoverable based upon the existence of one or more indicators of impairment, the Company uses the projected undiscounted cash flow method to determine whether an impairment exists, and then measure the impairment using discounted cash flows. To measure impairment for goodwill, the Company compares the fair value of its reporting units by measuring discounted cash flows to the book value of the reporting units. Goodwill would be impaired if the resulting implied fair value of goodwill was less than the recorded book value of the goodwill.

The estimation of useful lives and expected cash flows requires the Company to make significant judgments regarding future periods that are subject to some factors outside of its control. Changes in these estimates can result in significant revisions to the carrying value of these assets and may result in material charges to the results of operations.

The Company has elected to perform its annual goodwill impairment testing on December 31st of each fiscal year, or more often if events or circumstances indicate that there may be impairment. Reporting units are defined as operating segments. The Company allocates goodwill to reporting units at the time of acquisition and base that allocation on which reporting units will benefit from the acquired assets and liabilities. The estimated fair values of our reporting units were based on discounted cash flow models derived from internal earnings and external market forecasts. Assumptions in estimating future cash flows are subject to a high degree of judgment and complexity. The Company makes every effort to forecast these future cash flows as accurately as possible with the information available at the time the forecast is developed. Goodwill impairment is determined using a two-step process. The first step involves a comparison of the estimated fair value of a reporting unit to its carrying amount, including goodwill. In performing the first step, the Company determines the fair value of a reporting unit using a discounted cash flow ("DCF") analysis. Determining fair value requires the exercise of significant judgment, including judgments about appropriate discount rates, perpetual growth rates, and the amount and timing of expected future cash flows. Discount rates are based on a weighted average cost of capital ("WACC"), which represents the average rate a business must pay its providers of debt and equity. The WACC used to test goodwill is derived from a group of comparable companies. The cash flows employed in the DCF analysis are derived from internal earnings and forecasts and external market forecasts. If the estimated fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not impaired and the second step of the impairment test is not necessary. If the carrying amount of a reporting unit exceeds its estimated fair value, then the second step of the goodwill impairment test must be performed. The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with its carrying amount of goodwill to measure the amount of impairment loss, if any. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination, whereby the estimated fair value of the reporting unit is allocated to all of the assets and liabilities of that unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the purchase price paid. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess.

The Company assesses the recoverability of telecommunications licenses using the market approach. Management believes that telecommunications licenses have an indefinite life based on historical ability to renew such licenses, that such renewals may be obtained indefinitely and at little

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

cost, and that the related technology used is not expected to be replaced in the foreseeable future. If the value of these assets was impaired by some factor, such as an adverse change in the subsidiary's operating market, the Company may be required to record an impairment charge. The impairment test consists of a comparison of the fair value of telecommunications licenses with their carrying amount on a license by license basis.

The Company performed impairment tests of its goodwill and licenses as of December 31, 2008 and 2009 noting no impairment as of those dates.

See Note 6 for additional information on transactions relating to goodwill and other intangible assets.

Non-Controlling Interests

The non-controlling interests in the accompanying consolidated balance sheets reflect the original investments by the minority stockholders in GT&T, Commnet's consolidated subsidiaries, BDC and its consolidated subsidiary and Sovernet and its consolidated subsidiary, along with their proportional share of the earnings or losses, net of any distributions.

Effective January 1, 2009, the Company adopted new authoritative guidance for non-controlling interests in our consolidated financial statements. The guidance requires that (a) the ownership interest in subsidiaries be clearly identified, labeled and presented in the consolidated statement of financial position within equity, but separate from the parent's equity, (b) the amount of consolidated net income attributable to the parent and to the non-controlling interests be clearly identified and presented on the face of the consolidated income statement, and (c) changes in a parent's ownership interest while the parent retains its controlling financial interest in its subsidiary be accounted for consistently within equity. A parent's ownership interest in a subsidiary changes if the parent purchases additional ownership interest in it subsidiary, the parent sells some of its ownership interest or the subsidiary issues additional ownership interests. Upon adoption of the guidance, previously reported financial statements were revised and we reclassified the previously reported non-controlling interests to a component of shareholders' equity. Previously reported minority interest was renamed net income attributable to the non-controlling interests.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comprehensive Income

For the three years ending December 31, 2009, comprehensive income included net income for each year and the following other items (in thousands):

	Projected Pension Benefit Obligation	Interest Rate Swap Agreement	Accumulated Other Comprehensive Loss
Balance at December 31, 2006	$(1,785)	$ —	$(1,785)
Adjustment	(848)	—	(848)
Tax effect	398	—	398
Balance at December 31, 2007	(2,235)	—	(2,235)
Adjustment	248	(8,020)	(7,772)
Tax effect	(103)	3,208	3,105
Balance at December 31, 2008	(2,090)	(4,812)	(6,902)
Adjustment	(235)	2,923	2,688
Tax effect	111	(1,169)	(1,058)
Balance at December 31, 2009	$(2,214)	$(3,058)	$(5,272)

Revenue Recognition

Revenue Recognition. In determining the appropriate amount of revenue to recognize for a particular transaction, we apply the criteria established by the authoritative guidance relating to revenue recognition and defer those items that do not meet the recognition criteria. As a result of the cutoff times of our billing cycles, we are often required to estimate the amount of revenues earned but not billed from the end of each billing cycle to the end of each reporting period. These estimates are based primarily on rate plans in effect and historical evidence with each customer or carrier. Adjustments affecting revenue can and occasionally do occur in periods subsequent to the period when the services were provided, billed and recorded as revenue, however historically these adjustments have not been material.

A small portion of our revenue is attributable to activation or reactivation fees, installation fees and equipment sales. We evaluate these transactions, and, where the amounts charged for such services or the equipment does not represent a separate unit of accounting, these amounts are deferred and recognized ratably over the estimated customer relationship period.

We apply judgment when assessing the ultimate realization of receivables, including assessing the probability of collection and the current credit-worthiness of customers. We establish an allowance for doubtful accounts sufficient to cover probable and reasonably estimable losses. Our estimate of the allowance for doubtful accounts considers collection experience, aging of the accounts receivable, the credit quality of customers and, where necessary, other macro-economic factors.

Income Taxes

The Company's provision for income taxes is comprised of a current and deferred portion. The current income tax provision is calculated as the estimated taxes payable or refundable on tax returns

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

for the current year. The deferred income tax provision is calculated for the estimated future tax effects attributable to temporary differences and carryforwards using expected tax rates in effect in the years during which the differences are expected to reverse.

The Company does not provide for United States income taxes on earnings of foreign subsidiaries as such earnings are considered to be indefinitely reinvested.

The Company currently has significant deferred tax assets, resulting from tax credit carryforwards and deductible temporary differences. The Company provides a valuation allowance against a portion of its deferred tax assets. In assessing the realization of deferred tax assets, management weighs the positive and negative evidence to determine if it is more likely than not that some or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income in the appropriate tax jurisdiction. A decrease in the Company's valuation allowance could result in an immediate material income tax benefit, an increase in total assets and stockholder's equity and could have a significant impact on earnings in future periods.

The Company's estimate of the value of its tax reserves contains assumptions based on past experiences and judgments about the interpretation of statutes, rules and regulations by taxing jurisdictions. It is possible that the ultimate resolution of these matters may be greater or less than the amount that the Company estimated. If payment of these amounts proves to be unnecessary, the reversal of the liabilities would result in tax benefits being recognized in the period in which it is determined that the liabilities are no longer necessary. If the estimate of tax liabilities proves to be less than the ultimate assessment, a further charge to expense would result.

The Company evaluated its uncertain tax positions relating to its various tax matters and rulings in Guyana and has reserved the estimated settlement amounts of such matters. As noted in Note 13, due to various arrangements and relationships in place with the government of Guyana, there is no expectation that interest and penalties will be assessed upon reaching final settlement of the matters. There is no expected settlement date and upon settlement, which might not occur in the near future, the payment may vary significantly from the amounts currently recorded. The Company will continue to update amounts recorded as new developments arise.

Credit Concentrations and Significant Customers

The following table indicates the percentage of revenues generated from a single customer that exceeds 10% of the Company's consolidated revenue in any of the past three years:

Customer	2007	2008	2009
AT&T	22%	17%	17%
T-Mobile	6%	9%	11%

No other customer accounted for more than 10% of consolidated revenue in any of the past three years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following table indicates the percentage of accounts receivable, net of allowances, from customers that exceeds 10% of the Company's consolidated accounts receivable as of December 31, 2008 and 2009:

Customer	2008	2009
AT&T	19%	26%
T-Mobile	14%	17%

Foreign Currency Gains and Losses

With regard to GT&T operations, for which the U.S. dollar is the functional currency, foreign currency transaction gains and losses are included in determining net income. At each balance sheet date, balances denominated in foreign currencies are adjusted to reflect the current exchange rate. For all three years presented, the value of the Guyana dollar remained constant at approximately G$205 to one U.S. dollar and so no foreign currency gains or losses have been recorded.

Fair Value of Financial Instruments

The Company's financial instruments at December 31, 2008 and 2009 included cash and cash equivalents, restricted cash, accounts receivable, accounts payable, debt and an interest rate swap agreement. The estimated fair values of all of the Company's financial instruments approximate their carrying values.

The FASB's authoritative guidance on fair value measurements provides a framework for measuring fair value and requires expanded disclosures regarding fair value measurements. Fair value is defined as the price that would be received for an asset or the exit price that would be paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. The guidance also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs, where available.

The following tables present information (in thousands) about our monetary assets and liabilities that are measured and recorded at fair value on a recurring basis as of December 31, 2008, and 2009 and indicates the fair value hierarchy of the valuation and recorded techniques we utilized to determine such fair value. In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities. Fair values determined by Level 2 are determined by using observable inputs other than quoted prices in active markets for identical assets and liabilities. Fair values determined by Level 3 inputs are unobservable data points for the asset or liability, and

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

includes situations where there is little, if any, market activity for the asset or liability. As of December 31, 2008 and 2009, the Company did not have any Level 3 assets or liabilities.

	December 31, 2008		
Description	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Certificates of deposit	$ —	$5,456	$ 5,456
Money market funds	19,367	—	19,367
Total assets measured at fair value	$19,367	$5,456	$24,823
Interest rate swap (Note 8)	$ —	$8,020	$ 8,020
Total liabilities measured at fair value	$ —	$8,020	$ 8,020

	December 31, 2009		
Description	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Certificates of deposit	$ —	$8,362	$ 8,362
Money market funds	13,091	—	13,091
Total assets measured at fair value	$13,091	$8,362	$21,453
Interest rate swap (Note 8)	$ —	$5,096	$ 5,096
Total liabilities measured at fair value	$ —	$5,906	$ 5,096

Net Income Per Share

Basic net income per share is computed by dividing net income by the weighted-average number of common shares outstanding during the period and does not include any other potentially dilutive securities. Diluted net income per share gives effect to all potentially dilutive securities using the treasury stock method.

The reconciliation from basic to diluted weighted average common shares outstanding is as follows (in thousands):

	For the Year Ending December 31,		
	2007	2008	2009
Basic weighted average common shares outstanding	15,210	15,215	15,234
Stock options	94	56	103
Diluted weighted average common shares outstanding	15,304	15,271	15,337

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following notes the number of potential common shares not included in the above calculation because the effects of such were anti-dilutive:

	For the Year Ending December 31,		
	2007	2008	2009
Stock options	50	246	75
Total	50	246	75

Stock-Based Compensation

The Company applies the fair value recognition provisions of the authoritative guidance for the accounting for stock based compensation and is expensing the fair value of grants of options to purchase common stock over their vesting period of four years. The Company issued 205,000 options in 2007; 76,500 options in 2008 and 34,500 options during 2009. Relating to grants of options, the Company recognized $522,000, $604,000 and $842,000 of non-cash share based compensation expense during 2007, 2008 and 2009, respectively. See Note 9 for assumptions used to calculate the fair value of the options granted.

The Company has also issued 10,000 restricted shares of common stock in 2007; 31,414 restricted shares of common stock in 2008, and 2,950 restricted shares of common stock during 2009. These shares are being charged to income based upon their fair values over their vesting period of three or four years. Non-cash equity-based compensation expense, related to the vesting of shares issued, was $364,000 in 2007 and $373,000 and $395,000 in 2008 and 2009, respectively.

Recent Accounting Pronouncements

Recently Adopted Standards

In June 2009, the FASB issued guidance which changed the referencing of financial standards and the Hierarchy of Generally Accepted Accounting Principles and is effective for interim or annual financial periods ending after September 15, 2009. The Company adopted the provisions of the new guidance in the third quarter of 2009 and updated its interim disclosures.

In April 2009, the FASB issued new authoritative guidance that requires the recognition of an other-than-temporary impairment when an entity has the intent to sell a debt security or when it is more likely than not that an entity will be required to sell the debt security before its anticipated recovery in value. Additionally, the new guidance changes the presentation and amount of other-than-temporary impairment losses recognized in the income statement for instances in which the Company does not intend to sell or it is more likely than not that the Company will not be required to sell a debt security prior to the anticipated recovery of its remaining cost basis. In addition to the changes in measurement and presentation, the new guidance expands the disclosures related to other-than-temporary impairments and require all such disclosures to be included in both interim and annual periods. The provisions of the new guidance were effective for the three month period ended June, 30, 2009. The adoption of the provisions of this guidance did not have a material impact on the Company's consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In April 2009, the FASB issued new authoritative guidance for determining when a transaction is not orderly and for estimating fair value in accordance with FASB standards when there has been a significant decrease in the volume and level of activity for an asset or liability. The guidance requires the disclosure of the inputs and valuation techniques used, as well as any changes in valuation techniques and inputs used during the period, to measure fair value in interim and annual periods. In addition, the new guidance requires that the presentation of the fair value hierarchy be presented by major security type in accordance with FASB guidance. The adoption of the provisions of this guidance did not have a material impact on the Company's consolidated financial statements.

In December 2007, the FASB issued new authoritative guidance that requires the Company to revise its application of the acquisition method for business combinations in a number of significant aspects such as requiring the Company to expense transaction costs and to recognize 100% of the acquiree's assets and liabilities rather than a proportional share for acquisitions of less than 100% of a business. In addition, the guidance eliminates the step acquisition model and provides that all business combinations, whether full, partial, or step acquisitions, results in all assets and liabilities of an acquired business being recorded at their fair values at the acquisition date. The Company adopted the provisions of this guidance on January 1, 2009. The impact of the provisions of this guidance on the Company's financial statements will be dependent upon the number of and magnitude of the acquisitions that are consummated. During the year ended December 31, 2009, the company expensed $7.2 million of acquisition-related costs.

In April 2009, the FASB issued new authoritative guidance which amends the initial and subsequent measurement guidance and disclosure requirements for assets and liabilities arising from contingencies in a business combination. The provisions of this guidance are effective on a prospective basis for all business combinations for which the acquisition date is on or after January 1, 2009.

In January 2009, the FASB issued new authoritative guidance that requires disclosures about the fair value of financial instruments in interim financial statements as well as in annual financial statements. Additionally, this guidance requires those disclosures in all interim financial statements. The Company adopted the provisions of this guidance, as required, for the period ended June 30, 2009. The adoption of the provisions of this guidance did not have a material impact on the Company's consolidated financial statements.

Standards to be Adopted

In December 2008, the FASB issued new authoritative guidance that provides additional guidance on an employer's disclosures about plan assets of a defined benefit pension or other postretirement plan. The adoption of the provisions of this guidance will increase the disclosures in the financial statements related to the assets of an employers' defined benefit pension plan. This guidance is effective in 2009. The Company does not anticipate that adoption of the provisions of this guidance will have a material impact on the consolidated financial statements.

In June 2009, the FASB issued new authoritative guidance that amends certain guidance for determining whether an entity is a variable interest entity (VIE). The guidance requires an enterprise to perform an analysis to determine whether the Company's variable interests give it a controlling financial interest in a VIE. A company would be required to assess whether it has an implicit financial responsibility to ensure that a VIE operates as designed when determining whether it has the power to direct the activities of the VIE that most significantly impact the entity's economic performance. In

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

addition, this guidance amends earlier guidance requiring ongoing reassessments of whether an enterprise is the primary beneficiary of a VIE. The guidance is effective for the Company for fiscal year 2010. The Company does not anticipate that the adoption of the provisions of this guidance will have a material impact on the consolidated financial statements.

3. ACQUISTIONS

Pending Acquisition of Alltel Assets

On June 9, 2009, the Company entered into a Purchase Agreement (the "Purchase Agreement") with Cellco Partnership d/b/a Verizon Wireless ("Verizon") to acquire wireless assets previously acquired by Verizon in its acquisition of Alltel Corporation in certain, primarily rural, markets in Georgia, North Carolina, South Carolina, Illinois, Ohio and Idaho. Pursuant to the terms of the Purchase Agreement, Verizon will cause certain licenses, network assets, tower and other leases, and other assets and certain related liabilities to be contributed to a newly formed, wholly-owned subsidiary limited liability company, whose membership interests will be acquired by the Company for a purchase price of approximately $200 million (the "Alltel Acquisition"). Verizon is required to divest these assets under consent decrees it entered into with the U.S. Department of Justice related to its purchase of Alltel Corporation in January 2009.

The parties have agreed to a variety of customary covenants and agreements, including with respect to confidentiality, cooperation (including with respect to regulatory matters), the conduct of the business to be acquired in the ordinary course consistent with past practice and other restrictions on the operation of such business prior to the consummation of the Alltel Acquisition, public announcements and similar matters. Consummation of the Alltel Acquisition is subject to the satisfaction of certain conditions, including, among others, (i) the receipt of the United States Department of Justice's approval of the Alltel Acquisition, (ii) the receipt of all required consents of the Federal Communications Commission to the transfer, assignment or change in control of certain licenses pursuant to the Alltel Acquisition, (iii) the receipt of required consents from state public utility commissions, if any, and (iv) the absence of any injunction or final judgment prohibiting the consummation of the Alltel Acquisition. Consummation of the Alltel Acquisition is not subject to any financing condition.

In conjunction with the Alltel Acquisition, the Company has amended and restated its existing credit facility. See Note 7 for further discussion.

The Company plans to use cash on hand and the a portion of the proceeds from the new credit facility discussed in Note 7 towards the acquisition purchase price, related acquisition expenses and working capital adjustments.

Bermuda Digital Communications, Ltd.

On May 15, 2008, the Company's equity interest in BDC increased from 43% to 58% as a result of BDC's repurchase of $17.0 million of shares from other shareholders. Prior to this increase in equity interest, the Company accounted for its investment in BDC under the equity method and earnings from BDC did not appear in its income from operations, but were instead reflected in equity in earnings of unconsolidated affiliates. The Company began consolidating BDC's balance sheet and results of

3. ACQUISTIONS (Continued)

operations from May 16, 2008, the date that we obtained control of BDC, and includes such results in the Company's Island Wireless segment as reported in Note 15.

The transaction was accounted for using the purchase method and the $17.0 million of cash consideration was allocated to the Company's increased share of the assets acquired and liabilities assumed at their estimated fair values as of May 15, 2008. Included in the allocation of the purchase price was $9.4 million of licenses, $0.9 million attributable to BDC's relationships with its existing customers and trade name as of the date of acquisition and $6.0 million allocable to other acquired assets and liabilities at fair value. The excess of the purchase price over the amounts allocated to assets acquired and liabilities assumed of $0.6 million has been recorded as goodwill. The value of the goodwill from this acquisition can be attributed to a number of business factors including, but not limited to, the reputation of BDC as a retail provider of wireless services as well as a network operator, BDC's reputation for customer care, the skills and experience of its management and staff and the strategic position it holds in its marketplace. The customer relationships will be amortized, on an accelerated basis, over the expected period during which their economic benefits are to be realized, which is expected to be ten years. For tax purposes, the goodwill and amortization of the customer relationships will not be deductible.

On September 1, 2008, BDC completed its acquisition of 42% of the equity of Islandcom Telecommunications ("Islandcom"), a provider of wireless telecommunication services in Turks and Caicos. If current laws, which restrict foreign ownership of companies operating in Turks and Caicos, are changed, BDC will be able to increase its ownership in Islandcom from 42% to 77% through the exercise of a warrant received as a part of the acquisition. The value of the warrant was determined to be $0.6 million based upon the estimated value of Islandcom's shares and the likelihood that the current laws are changed. The Company, through its majority representation on Islandcom's board of directors exercises control and as a result, the Company has consolidated the balance sheet and operating results of Islandcom since the date of acquisition.

The Islandcom transaction was accounted for using the purchase method and the $5.5 million of consideration was allocated to the Company's share of the assets acquired and liabilities assumed at their estimated fair values as of the acquisitions date. The allocation of the purchase price, as determined by management, included $6.4 million of telecommunications licenses.

Islandcom, which further expands the Company's wireless networks into under-served markets, is included in the Company's "Island Wireless" segment as reported in Note 15.

In accordance with current accounting standards, the goodwill and licenses will not be amortized and will be tested for impairment at least annually.

Sovernet's Acquisition of ION HoldCo, LLC

In August 2008, Sovernet acquired 75% of the equity of ION HoldCo, LLC ("ION"), an upstate New York provider of high capacity communications network transport services. The acquisition of ION continues the Company's strategy of providing high quality network services to underserved rural markets. Beginning with the acquisition date of August 15, 2008, the Company began consolidating ION's balance sheet and the operating results of ION into its results of operations.

The transaction was accounted for using the purchase method and the $5.9 million of cash consideration was allocated to the Company's share of the assets acquired and liabilities assumed at

3. ACQUISTIONS (Continued)

their estimated fair values as of the acquisition date. No goodwill or intangible assets were recorded in connection with this transaction.

In December 2009, ION was named to receive a $39.7 million federal stimulus grant to fund its ION Upstate New York Rural Broadband Initiative, which involves building ten new segments of fiber-optic, middle-mile broadband infrastructure, serving more than 70 rural communities in upstate New York and parts of Pennsylvania and Vermont. The new project will be undertaken through a public-private partnership between ION and the Development Authority of the North Country ("DANC"), a New York State public benefit corporation that owns and operates 750 miles of fiber optic network and provides wholesale telecommunications transport services to voice, video, data and wireless service providers.

The $39.7 million grant, awarded to ION by the National Telecommunications and Information Administration of the U.S. Department of Commerce ("NTIA"), under it Broadband Technology Opportunities Program, will be paid over the course of the project period as expenses are incurred, which is expected to be three years. An additional $9.9 million will be invested in the project by ION and DANC.

The funding of the new project is not scheduled to occur until the second quarter of 2010. Accordingly, the Company did not recognize any of the granted funds during 2009. The results of ION are included in the Company's "Integrated Telephony-Domestic" segment as reported in Note 15.

The following table reflects unaudited pro forma results of operations of the Company for 2008 assuming that the acquisitions of BDC, Islandcom and ION had occurred at the beginning of each period presented (in thousands, except per share data):

	Year Ended December 31, 2007		Year Ended December 31, 2008	
	As Reported	As Adjusted	As Reported	As Adjusted
Revenue	$186,741	$212,975	$207,341	$217,433
Net income	$ 37,940	$ 33,013	$ 34,798	$ 32,320
Earnings per share:				
Basic	$ 2.50	$ 2.18	$ 2.29	$ 2.13
Diluted	$ 2.48	$ 2.16	$ 2.28	$ 2.12

4. ACCOUNTS RECEIVABLE

As of December 31, 2008 and 2009, accounts receivable consist of the following (in thousands):

	2008	2009
Connecting carriers, net of allowance for doubtful accounts of \$1.2 million and \$1.5 million in 2008 and 2009, respectively	\$16,286	\$17,839
Subscribers, net of allowance for doubtful accounts of \$1.3 million and \$2.7 million in 2008 and 2009, respectively	10,221	8,780
Other	272	212
Total accounts receivable, net	\$26,779	\$26,831

5. FIXED ASSETS

As of December 31, 2008 and 2009, property, plant, and equipment consist of the following (in thousands):

	Useful Life (in Years)	2008	2009
Telecommunications equipment	5-15	\$288,430	\$315,594
Office and computer equipment	3-10	20,307	21,220
Buildings	15-39	13,492	13,734
Transportation vehicles	3-10	4,199	4,857
Leasehold improvements	Shorter of useful life or lease term	2,557	6,455
Land	—	1,104	1,124
Furniture and fixtures	5-10	1,254	2,742
Total plant in service		331,343	365,726
Construction in progress		10,716	24,697
Total property, plant, and equipment		\$342,059	\$390,423

Depreciation and amortization of fixed assets using the straight-line method over the assets' estimated useful life for the years ended December 31, 2007, 2008 and 2009 was \$25.5 million, \$30.9 million and \$38.5 million, respectively.

6. INTANGIBLE ASSETS

Goodwill and Telecommunications Licenses

The Company evaluated the carrying value of the goodwill and licenses as of December 31, 2008 and 2009 and determined that these assets were not impaired as of those dates.

6. INTANGIBLE ASSETS (Continued)

The changes in the carrying amount of goodwill, by operating segment, for the three years ended December 31, 2009 were as follows (in thousands):

	Rural Wireless	Integrated Telephony—Domestic	Island Wireless	Consolidated
Balance at December 31, 2006	$29,175	$6,408	—	$35,583
Acquisition of 5% interest in Commnet	2,951	—	—	2,951
Pre-acquisition transactions	—	454	—	454
Adjustments	22	334	—	356
Balance at December 31, 2007	32,148	7,196	—	39,344
Pre-acquisition transactions	—	110	—	110
Acquisition of 75% interest in ION	—	165	—	165
Acquisition of additional 15% interest in BDC	—	—	618	618
Balance at December 31, 2008	32,148	7,471	618	40,237
Pre-acquisition transactions	—	20	104	124
Balance at December 31, 2009	$32,148	$7,491	$722	$40,361

Other Intangibles

Included in the allocation of the assets acquired and liabilities assumed in the Sovernet and BDC acquisitions was $5.0 million and $0.5 million attributable to Sovernet's and BDC's relationships with its existing customers, respectively, as of the date of their acquisitions. The customer relationships are being amortized, on an accelerated basis, over the expected period during which their economic benefits are to be realized. The Company recorded $1.2 million, $0.8 million, and $0.6 million of amortization during 2007, 2008, and 2009 respectively. The cost and accumulated amortization of customer relationships at December 31, 2008 was $5.9 million and $3.5 million, respectively, and for December 31, 2009, $5.9 million and $4.0 million respectively.

Future amortization of customer relationships, by operating segment, is as follows:

	Integrated Telephony—Domestic	Island Wireless	Consolidated
2010	$ 495	$ 74	$ 569
2011	495	59	554
2012	71	47	118
2013	—	38	38
2014	—	35	35
Thereafter	—	117	117
Total	$1,061	$370	$1,431

Also included in the allocation of the assets acquired and liabilities assumed in the acquisition of BDC was $0.4 million attributable to BDC's trade name, an indefinite-lived asset. The Company

6. INTANGIBLE ASSETS (Continued)

evaluated the carrying value of the BDC's trade name as of December 31, 2009 and determined that this asset was not impaired.

7. LONG-TERM DEBT

Long-term debt comprises the following (in thousands):

	December 31, 2008	December 31, 2009
Note payable—$75 million term loan	$74,625	$73,875
Less: current portion	(750)	(3,694)
Total long term debt	73,875	70,181
Less: debt discount	(564)	(630)
Net carrying amount	$73,311	$69,551

2005 Loan Facility

On August 31, 2007, the Company, as borrower, amended and restated its credit agreement with CoBank, ACB and Banco Popular de Puerto Rico (the "2005 CoBank Credit Agreement"). The 2005 CoBank Credit Agreement provided a $50 million term loan (the "2005 Term Loan") and a $20 million revolving credit facility (the "2005 Revolver Facility", together with the 2005 Term Loan, the "2005 Credit Facility"). The 2005 Term Loan had principal repayments deferred until the maturity of the loan on October 31, 2010. Interest on the 2005 Term Loan was payable on a quarterly basis at a fixed annual interest rate of 5.85%, net of any patronage payments received by the Company from the bank. Amounts outstanding under the 2005 Revolver Facility accrued interest at a rate equal to (at the Company's option): (i) LIBOR plus a margin ranging from 1.25% to 1.50% or (ii) a variable rate of interest as defined within the 2005 Revolver Facility plus 1%.

2008 Loan Facility

On September 10, 2008, the Company, as borrower, entered into a credit agreement with CoBank, ACB and other lenders as referenced within the credit agreement (the "2008 CoBank Credit Agreement"). The 2008 CoBank Credit Agreement replaced the 2005 CoBank Credit Agreement and provided a $75 million term loan (the "2008 Term Loan") as well as a $75 million revolving credit facility (the "2008 Revolver Facility", together with the 2008 Term Loan, the "2008 Credit Facility").

The 2008 Term Loan required quarterly repayments of principal of $0.2 million through June 30, 2013 and quarterly repayments of principal of $1.4 million from September 30, 2013 to June 30, 2015. The remaining outstanding principal balance was to be repaid on September 10, 2015 when the 2008 Term Loan was to mature.

The 2008 Revolver Facility included a $5 million letter of credit facility. At December 31, 2008, no amounts had been drawn under the 2008 Revolver Facility.

All borrowings under the 2008 Credit Facility were bearing interest at a rate, selected by the Company from one of the options as defined within the agreement, plus a margin. Such interest rate options included i) a base rate, defined as the greater of the prime rate or the federal funds rate plus

7. LONG-TERM DEBT (Continued)

0.5%, or ii) a LIBOR rate. Margins for base rate borrowings ranged from 0% to 0.5%, depending upon the Company's leverage ratio while margins for LIBOR borrowings ranged from 1.25% to 2% also depending upon the Company's leverage ratio. Borrowings as of December 31, 2009, including the interest rate swap agreement as described in Note 8, were bearing a weighted average interest rate of 5.36%.

The 2008 Credit Agreement contained certain affirmative and negative covenants of the Company and its subsidiaries. Among other things, these covenants restricted the Company's ability to incur additional debt or to incur liens on its property. The 2008 Credit Agreement also required the Company to maintain certain financial ratios including a net leverage ratio of less than or equal to 3.0 to 1, an interest coverage ratio of greater than or equal to 3.5 to 1 and an equity to assets ratio of greater than or equal to 0.4 to 1. As of December 31, 2009, the Company was in compliance with all of the financial covenants of the 2008 CoBank Credit Agreement.

2010 Loan Facility

On January 20, 2010, the Company amended and restated its 2008 Credit Facility with CoBank as Administrative Agent. (the "2010 CoBank Credit Agreement"). The 2010 CoBank Credit Agreement provides for a $298.9 million credit facility, consisting of a $73.9 million term loan (the "2010 Term Loan A"), a $150.0 million term loan (the "2010 Term Loan B") and a $75.0 million revolver loan (the "2010 Revolver Loan," and together with the Term Loan A and Term Loan B, the "2010 Credit Facility"). The 2010 Credit Facility also provides for one or more additional term loans up to an aggregate $50.0 million, subject to lender and administrative agent approval.

Upon the closing of the 2010 Credit Facility, $73.9 million was outstanding under the 2010 Term Loan A, an amount equal to the outstanding principal amount under the 2008 Term Loan. No amount is currently outstanding under the 2010 Term Loan B. We may use the proceeds of the Term Loan B solely in connection with the Alltel Acquisition. Borrowings under the 2010 Term Loan B are available to the Company until the earlier of (i) completion of the Alltel Acquisition or (ii) March 31, 2010 (the "2010 Term Loan B Commitment Expiration Date"). We intend to request an extension to the 2010 Term Loan B Commitment Expiration Date during the first quarter of 2010. The Company currently has no borrowings outstanding under the 2010 Revolver Loan, of which the Company may use up to $10.0 million for standby or trade letters of credit.

The 2010 Term Loan A and the 2010 Term Loan B each mature on September 30, 2014, unless accelerated pursuant to an event of default, as described below. The Revolver Loan matures on September 10, 2014, unless accelerated pursuant to an event of default, as described below. Amounts borrowed under the 2010 Term Loan A, 2010 Term Loan B and the 2010 Revolver Loan bear interest at a rate equal to, at the Company's option, either (i) the London Interbank Offered Rate (LIBOR) plus an applicable margin ranging between 3.50% to 4.75% or (ii) a base rate plus an applicable margin ranging from 2.50% to 3.75%. The Company is not required to apply a minimum LIBOR percentage for any loans bearing interest at the LIBOR rate. The base rate is equal to the higher of either (i) 1.50% plus the higher of (x) the one-week LIBOR and (y) the one-month LIBOR and (ii) the prime rate (as defined in the credit agreement). The applicable margin is determined based on the ratio of the Company's indebtedness (as defined in the credit agreement) to its EBITDA (as defined in the credit agreement).

7. LONG-TERM DEBT (Continued)

All amounts outstanding under the 2010 Revolver Loan will be due and payable upon the earlier of the maturity date or the acceleration of the loan upon an event of default. Amounts outstanding under the 2010 Term Loan A and the 2010 Term Loan B will be due and payable commencing on March 31, 2010 in quarterly payments equal to 1.25% of the initial principal amount outstanding under each loan, increasing to 2.50% of the initial principal amount outstanding commencing on March 31, 2012. Remaining balances will be due and payable upon maturity, unless the loans are accelerated upon an event of default.

Certain of the Company's subsidiaries, including Commnet, Sovernet, and Choice are guarantors of the Company's obligations under the 2010 Credit Facility. Further, the Company's obligations are secured by (i) a first priority, perfected lien on substantially all the property and assets of the Company and the guarantor subsidiaries, including its principal wholly-owned domestic operating subsidiaries and (ii) a pledge of 100% of the Company's equity interests in certain domestic subsidiaries and up to 65% of the equity interests outstanding of certain foreign subsidiaries, in each case, including the Company's principal operating subsidiaries. Upon closing of the Alltel Acquisition and as a condition to the 2010 Term Loan B, certain subsidiaries formed by the Company in connection with the Alltel Acquisition must also become guarantors and the Company's obligations under the 2010 Credit Facility must be secured by a first priority, perfected lien on substantially all of the property and assets of certain of the Company's subsidiaries formed in connection with the Alltel Acquisition and a pledge of 100% of the Company's equity interests in those subsidiaries.

The 2010 Credit Facility contains customary representations, warranties and covenants, including covenants by the Company limiting additional indebtedness, liens, guaranties, mergers and consolidations, substantial asset sales, investments and loans, sale and leasebacks, transactions with affiliates and fundamental changes. In addition, the 2010 Credit Facility contains financial covenants by the Company that (i) impose a maximum ratio of indebtedness (as defined in the credit agreement) to EBITDA (as defined in the credit agreement), (ii) require a minimum ratio of EBITDA to cash interest expense, (iii) require a minimum ratio of equity to consolidated assets and (iv) require a minimum ratio of EBITDA to fixed charges (as defined in the credit agreement).

The 2010 Credit Facility provides for events of default customary for credit facilities of this type, including but not limited to non-payment, defaults on other debt, misrepresentation, breach of covenants, representations and warranties, insolvency and bankruptcy. After the occurrence of an event of default and for so long as it continues, the administrative agent or the requisite lenders (as defined in the credit agreement) may increase the interest rate then in effect on all outstanding obligations by 2.0%. Upon an event of default relating to insolvency, bankruptcy or receivership, the amounts outstanding under the 2010 Credit Facility will become immediately due and payable and the lender commitments will be automatically terminated. Upon the occurrence and continuation of any other event of default, the administrative agent and/or the requisite lenders (as defined in the credit agreement) may accelerate payment of all obligations and terminate the lenders' commitments under the 2010 Credit Facility.