ATLANTIC TELE NETWORK INC /DE
Form 10-K
March 17, 2014

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2013

Or

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

For the transition period from to
Commission File No. 001-12593

Atlantic Tele-Network, Inc.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**47-0728886** (I.R.S. Employer Identification No.)
600 Cummings Center **Beverly, Massachusetts** (Address of principal executive offices)	**01915** (Zip Code)

(978) 619-1300
(Registrant's telephone number, including area code)

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

Title of Each Class	Name of each exchange on which registered
Common Stock, par value $.01 per share	The NASDAQ Stock Market LLC

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

(Title of each class)

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

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No ý

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ý No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer o	Accelerated filer ý	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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

The aggregate market value of Common Stock held by non-affiliates of the registrant as of June 28, 2013, was approximately $352 million based on the closing price of the registrant's Common Stock as reported on the NASDAQ Global Select Market.

As of March 17, 2014, the registrant had 16,500,275 outstanding shares of Common Stock, $.01 par value.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Definitive Proxy Statement for the 2014 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (this "Report") contains statements about future events and expectations, or forward-looking statements, all of which are inherently uncertain. We have based those forward-looking statements on our current expectations and projections about future results. When we use words such as "anticipates," "intends," "plans," "believes," "estimates," "expects," or similar expressions, we do so to identify forward-looking statements. Examples of forward-looking statements include statements we make regarding our business operations and plans, future economic and political conditions in Guyana, the competitive environment in the markets in which we operate, legal and regulatory actions and technological changes, the pace of our network expansion and improvement, our future prospects for growth, our continued access to the credit and capital markets, our ability to maintain or increase our market share, demands for our services and industry trends, our future operating results and our future capital expenditure levels. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. These assumptions could be proven inaccurate. These forward-looking statements may be found under the captions "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Risk Factors" and "Business," as well as in this Report generally.

You should keep in mind that any forward-looking statement made by us in this Report or elsewhere speaks only as of the date on which we make it. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us. In any event, these and other important factors may cause actual results to differ materially from those indicated by our forward-looking statements, including those set forth in Item 1A of this Report under the caption "Risk Factors." We have no duty to, and do not intend to, update or revise the forward-looking statements made by us in this Report after the date of this Report, except as may be required by law.

In this Report the words "ATN," "the Company," "we," "our," "ours" and "us" refer to Atlantic Tele-Network, Inc. and its subsidiaries. This Report contains trademarks, service marks and trade names that are the property of Atlantic Tele-Network, Inc., and its subsidiaries or licensed from others.

References to dollars ($) refer to U.S. dollars unless otherwise specifically indicated.

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PART I

ITEM 1. BUSINESS

Overview

We are a telecommunications holdings company that, through our operating subsidiaries, provides wireless and wireline telecommunications services in North America, Bermuda and the Caribbean. We were incorporated in Delaware in 1987 and began trading publicly in 1991. Since that time, we have engaged in strategic acquisitions and investments to grow our operations. We continue to actively evaluate additional investment and acquisition opportunities, both domestic and international, that meet our return-on-investment and other acquisition criteria. For a discussion of our investment strategy and risks involved, see "*Risk Factors We are actively evaluating strategic investment and acquisition opportunities, which may affect our long-term growth prospects*."

We offer the following principal services:

Wireless. In the United States, we offer wholesale wireless voice and data roaming services to national, regional, local and selected international wireless carriers in rural markets located principally in the Southwest and Midwest United States. We also offer wireless voice and data services to retail customers in Guyana, Bermuda, and in other smaller markets in the Caribbean and the United States.

Wireline. Our local telephone and data services include our operations in Guyana and the mainland United States. We are the exclusive licensed provider of domestic wireline local and long-distance telephone services in Guyana and international voice and data communications into and out of Guyana. We also offer facilities-based integrated voice and data communications services and wholesale transport services to enterprise and residential customers in New England, primarily in Vermont and New York State. In addition, we offer wholesale long-distance voice services to telecommunications carriers.

We provide management, technical, financial, regulatory, and marketing services to our subsidiaries and typically receive a management fee equal to a percentage of their revenues, which is eliminated in consolidation. For information about our financial segments and geographical information about our operating revenues and assets, see Note 16 to the Consolidated Financial Statements included in this Report.

Our principal corporate offices are located at 600 Cummings Center, Beverly, Massachusetts, 01915. The telephone number at our principal corporate offices is (978) 619-1300.

Strategy

The key elements of our strategy consist of the following:

Focus on Providing Wireless and Wireline Telecommunications Services. We are focused on providing wireless and wireline voice and data services to residential, business and carrier customers across a variety of geographic and demographic markets. We have provided these services to our customers for over twenty years and have demonstrated our ability to grow both customers and revenues by maintaining quality networks, improving service and increasing the number of telecommunications services offered to these customers. We believe these sectors provide significant opportunities for recurring cash flows and organic and external growth.

Target Under-served Markets Where We Can Compete Successfully. We operate primarily in smaller, rural or under-served markets where we believe we are or will be one of the leading providers of telecommunications services. Our businesses typically have strong local brand identities and market positions. By leveraging these attributes, along with our lower cost of capital and our

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senior management expertise at the holding company level, we seek to improve and expand available products and services in our targeted markets to better meet the needs of our customers and expand our customer base and revenues. We are particularly interested in investing in businesses that have the potential to provide a platform for future organic and strategic growth.

Create Local Partnerships. We believe that strong local management enhances our close relationship with customers and reduces risk. Wherever feasible, we partner with local investors, owners or management teams who have demonstrated a successful track record. We seek to enhance our strong market position by maintaining these relationships and by leveraging our extensive management experience and technical and financial expertise to assist them in further improving operations.

Maintain a Disciplined Earnings-Oriented Approach. We carefully assess the potential for earnings stability and growth when we evaluate the performance of our subsidiaries, new investment opportunities and prospective acquisitions or dispositions. In managing our more mature businesses, we seek to solidify our brands, improve customer satisfaction, add new services, control costs and preserve cash flow. In managing newer, early-stage businesses, we seek to invest capital to improve our competitive position, increase market share and generate strong revenue and cash flow potential. We consider new investments, acquisitions and dispositions on a disciplined, return-on-investment basis.

Discontinued Operations Alltel Sale

In the third quarter of 2013, we completed the sale to AT&T Mobility LLC ("AT&T") of our former U.S. retail wireless business that provided voice and data services in rural markets of the United States under the "Alltel" brand name (the "Alltel Sale"). On September 20, 2013, the sale was completed for $780 million in cash plus a sale price adjustment of $16.8 million based on the working capital of the business. The operations of our former Alltel business, which were previously included in our U.S. Wireless segment, have been classified as discontinued operations in all periods presented. The gain on the sale of the Alltel business recognized during the three months ended September 30, 2013, is also included in discontinued operations. Unless indicated otherwise, the information in this Report relates to our continuing operations.

Our Services

Wireless Services

We provide mobile wireless voice and data communications services in the United States, Bermuda and the Caribbean. Currently, the U.S. portion of our business constitutes a significant portion of our consolidated revenue. Our revenues from U.S. wireless services were approximately 38% of our consolidated revenues for fiscal year 2011, and approximately 37% of our consolidated revenues for each of fiscal years 2012 and 2013. Our U.S. wireless service revenues have historically had higher operating margins and therefore contributed a larger percentage of operating income.

U.S. Wireless Segment

In the United States, we provide wholesale wireless voice and data roaming services in rural markets to national, regional, local and selected international wireless carriers. Our largest wholesale networks are located principally in the western United States. We also offer wireless voice and data services to retail customers in much smaller markets in the United States.

Services. The revenue and profits of our U.S. wholesale wireless business are primarily driven by the number of sites and base stations in operation, the amount of voice and data traffic that each of

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these sites generates, and the rates we receive from our carrier customers on that traffic. Many of our sites are located in popular tourist and seasonal visitor areas, which has resulted in higher wholesale revenues in those areas during the summer months.

We currently have roaming agreements with approximately 55 United States-based wireless service providers and, as of December 31, 2013, had long-term roaming agreements with each of the four U.S. national wireless network operators: AT&T, Sprint, T-Mobile and Verizon Wireless. Our standard roaming agreements are usually terminable within 30 days. Occasionally, we may agree or strategically decide to build a new mobile network at a specified location as part of a long-term roaming agreement to offer our roaming partner pricing certainty in exchange for priority designation with respect to their customers' wireless traffic. Once we complete building a rural network, we then benefit from the use of that network under existing roaming agreements with other international, national, regional, and local carriers to supplement our initial revenues. In 2013, four national wireless service providers together accounted for a substantial portion of our wholesale wireless revenues.

Network and Operations. Our roaming network uses GSM/GPRS technology that often will be deployed at a single cell site location along with CDMA coverage in order to maximize revenue opportunities. The majority of our GSM/GPRS sites are equipped with EDGE data technologies. In 2014, we plan to continue the efforts we began in the 2013 fiscal year to install UMTS and other advanced mobile technologies in many areas. Our networks comprise base stations and radio transceivers located on owned or leased towers and buildings, telecommunications switches and leased transport facilities.

As of December 31, 2013, we owned and operated a total of approximately 640 base stations on nearly 385 owned and leased sites, a Network Operations Center (or "NOC") and a switching center. Our switching center routes calls, supervises call originations and terminations at cell sites and manages call handoffs. This location also houses platforms that enable our customers to use a variety of services, including text messaging, picture messaging, voice mail and data services. Our NOC provides dedicated, 24-hour, year-round monitoring of our network to ensure quality and reliable service to our customers. In 2013, we continued to expand and improve our network, adding more than 60 new base stations and 30 new sites and upgrading more than 40 sites to more advanced mobile data technologies.

Competition. We compete with wireless service providers that operate networks in our markets and offer wholesale roaming services. However, the most significant competitive factors we face in our U.S. wholesale wireless business are the extent to which our carrier customers choose not to roam on our networks or elect to build or acquire their own infrastructure in a market in which we operate. From time to time, we have also agreed to sell some network assets and spectrum licenses to carrier customers pursuant to pre-existing agreements as a means of obtaining spectrum or securing roaming traffic from our carrier customers in areas currently outside our network coverage area. For example, in December 2012, we sold a significant portion of our network to a roaming partner pursuant to an existing buyout option contained in our roaming and build out agreement with that partner. Despite this sale, our revenues for 2013 did not decrease due to increased data revenues in other markets during this period, but future periods may be reduced as a result of this transaction or the exercise by our roaming partners of other buyout options. Our ability to maintain appropriate capacity and relevant technology to respond to our roaming partners' needs also shapes our competitive profile in the markets in which we operate.

We believe we compete for wholesale roaming customers based on price, network coverage and quality of service. We expect competition in the rural wireless sector to be dynamic as competitors and customers expand their networks and as new products and services that require supporting connectivity are developed.

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Island Wireless Segment

We provide wireless voice and data service to retail and business customers in Bermuda. In May 2011, we merged our Bermuda operations with that of another wireless provider in Bermuda, bringing our combined market share to just over a majority of subscribers in Bermuda. As a result of the merger, our 58% ownership interest was reduced to a controlling 42% interest in the combined entity, which we continue to control through majority board membership. We also provide wireless voice and data service in Turks and Caicos, the U.S. Virgin Islands and in Aruba under a number of brand names. We provide roaming services for many of the largest U.S providers' customers visiting these islands.

Products and Services. In Bermuda, a majority of our customers subscribe to one of our postpaid plans, which allow customers to select a plan with a given amount of voice minutes, text messaging, data and other features that recur on a monthly basis. A substantial majority of our customers in other markets in our Island Wireless segment subscribe to our prepaid plans, which require customers to purchase an amount of voice minutes, text messages or data prior to use. In the U.S. Virgin Islands and other island markets, we also provide Internet access services via a variety of wireless broadband technologies. At December 31, 2013, we had approximately 63,000 retail subscribers in our Island Wireless segment.

Network. We currently operate multiple advanced wireless voice and data technologies in Bermuda, including UMTS/HSPA and CDMA/EVDO, in the 850 MHz frequency band and operate mainly in the1900 MHz frequency bands in our other island markets. We have extensive backbone facilities linking our sites, switching facilities and international interconnection points. Off-island connectivity is provided by leased, fiber-based interconnections.

Sales and Marketing. We maintain retail stores in our markets and allow customers to pay their bills and "top up", or add additional minutes to their prepaid plans, through payment terminals at local stores or our website. We advertise frequently through print and electronic media, radio station spots and sponsor various events and initiatives.

Handsets and Accessories. We offer a diverse line-up of wireless devices and accessories designed to meet both the personal and professional needs of our customers. Our device assortment includes a wide range of smartphones featuring the Android operating system in addition to a full line of feature phones, wireless hot spots and various wireless solutions for small businesses. To complement our phone offerings, we sell a complete range of original equipment manufacturer and after-market accessories that allow our customers to personalize their wireless experience, including phone protection, battery charging solutions and Bluetooth hands-free kits.

Competition. We believe we compete for wireless retail customers in our island properties based on features, price, technology deployed, network coverage (including through roaming arrangements), quality of service and customer care. We compete against Digicel, which is a large mobile telecommunications company in the Caribbean region, and in some markets, against the wireless division of the incumbent telephone companies.

International Integrated Telephony Segment

A portion of our International Integrated Telephony segment includes wireless telephone service we offer in Guyana. We offer these services in the vast majority of populated areas, including Georgetown (Guyana's capital and largest city) and the surrounding area and substantially all of the country's coastal plain where 70% of its population is concentrated. Although approximately 40% of the population subscribes to our wireless service, because our subscriber base is mostly prepaid, it is difficult to determine how many of our subscribers also may subscribe to our competitor. As of December 31, 2013, we had approximately 263,000 wireless subscribers, down 6% from approximately

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279,000 subscribers as of December 31, 2012. As of December 31, 2013, more than 96% of our wireless subscribers in Guyana were on prepaid plans.

Network. Our GSM network operates in approximately 12 MHz of spectrum in the 900 MHz band and 36 MHz of spectrum in the 1800 MHz band. We estimate that over 90% of the country's population resides in areas covered by our wireless network.

Sales and Marketing. We actively market our wireless services through widespread radio, television and outdoor advertising, sponsored events, and merchandise giveaways as well as through our close, promotional relationships with leading disc jockeys and radio personalities and other local celebrities. In November 2011, we launched BlackBerry service in Guyana and opened a new flagship retail store to facilitate sales. We offer our wireless postpaid subscribers various calling plans and charge monthly fees plus airtime based on the selected plan. In addition to our retail store in Georgetown, our customers may set up accounts at one of our six business centers. Our handsets, prepaid cards and prepaid accounts are sold primarily through independent dealers that we pay on a commission basis. Payments by our prepaid customers can be made by the purchase of disposable prepaid calling cards, which come in fixed Guyanese dollar amounts, or by recharging an account via our "C-Point" electronic terminals available at authorized vendors.

Competition. We provide wireless services in Guyana pursuant to a non-exclusive license. Digicel, our competitor, entered the market in late 2006 and has used an aggressive marketing approach to acquire, and now retain, market share. Since their initial push into the market, our continued investments in our network and customer offerings have enabled us to retain substantially all of our market share of customers. We believe we compete for customers primarily based on price, promotions, coverage and quality of service.

Wireline Services

Our wireline services include operations in Guyana and the mainland United States. Our revenues from wireline services were approximately 32%, 31% and 29% for fiscal years 2011, 2012 and 2013, respectively, of our consolidated revenues.

International Integrated Telephony Segment

A portion of our International Integrated Telephony segment consists of wireline services we provide in Guyana, where we are the exclusive licensed provider of domestic wireline local and long-distance telephone services into and out of the country. As of December 31, 2013, we had approximately 157,000 access lines in service, which represent both residential and commercial subscribers. This represents an increase of approximately 2%, or 3,000 net new lines, compared to lines in service at December 31, 2012. Of all fixed lines in service, the majority are in the largest urban areas, including Georgetown, Linden, New Amsterdam, Diamond and Beterverwagting. As a result of our continued network expansion into smaller communities, and more recently, newly developed housing areas and residential parks, residential customers now account for approximately two thirds of the wireline local telephone service revenue while commercial customers account for approximately one third. We also provide high-speed DSL Internet service marketed to customers under the "eMagine" name in Guyana, which accounted for 12% of our revenues in our International Integrated Telephony segment in 2013. As of December 31, 2013, we had approximately 37,000 Internet customers, an increase of 28% from approximately 29,000 customers at the end of 2012.

With respect to our international long-distance business, we collect a payment from foreign carriers for handling international long-distance calls originating from the foreign carriers' country and terminating in Guyana. We also make payments to foreign carriers for international calls from Guyana terminating in the foreign carrier's country and are entitled to collect from our subscribers (and from

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competing wireless carriers) a rate that is regulated by the Public Utilities Commission ("PUC") of Guyana.

Network. All of our fixed access lines are digitally switched from our switching center in Georgetown, Guyana. Our switching center provides dedicated monitoring of our network to ensure quality and reliable service to our customers.

Our international long-distance network is linked with the rest of the world principally through our fiber-optic submarine cable into Guyana, through our ownership of a portion of the Americas II undersea fiber-optic cable and by leasing capacity on several other cables. The Suriname-Guyana Submarine Cable System, which we co-own with Telesur, the government-owned telecommunications provider in Suriname, provides us with more robust redundancy, the capacity to meet growing data demands in Guyana, and the opportunity to provide new and enhanced IP centric services such as our "eMagine" Internet service. We also lease capacity on Intelsat satellites and have two Standard B earth stations, which provide both international and local backhaul services.

Sales and Marketing. Our revenues for fixed access domestic service are derived from installation charges for new lines, monthly line rental charges, monthly measured service charges based on the number and duration of calls and other charges for maintenance and other customer services. For each category of revenues, rates differ for residential and commercial customers and are set by regulatory authorities. We employ a minimal sales force for our basic wireline offering, as wireline sales are primarily driven by network expansion and availability of service. Customers can pay their bills at any one of our six business centers, any Western Union branch, commercial banks and post offices.

Competition. We have the exclusive right to provide domestic fixed and international voice and data services in Guyana. As the initial term of our license was scheduled to expire in December 2010, we notified the Government of Guyana of our election to renew our exclusive license for an additional 20 years and received return correspondence from the Government that our exclusive license had been renewed until such time that new legislation is in place with regard to the Government's intention to introduce competition into the sector. We believe, however, our exclusive license continues to be valid unless and until such time as we enter into a negotiated settlement with the Government. See " Guyana Regulation 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."

U.S. Wireline Segment

We are a leading provider of competitive integrated voice and broadband data communications and wholesale transport services in Vermont, New York and New Hampshire.

Network. We provide voice and data services using a network comprising telecommunications switching and related equipment that we own and telecommunications lines that we typically lease from the incumbent telephone company. We operate high capacity fiber-optic ring networks in Vermont and New York State that we use to connect our enterprise markets and to provide wholesale data transport services to other carriers. As of December 31, 2013, we had approximately 120,000 business and 5,000 residential access line equivalents ("ALEs"), in billing. ALEs are calculated by determining the number of individual voice or data lines, in 64 kbps segments, that generate a monthly recurring charge within an end user circuit or circuits. As of December 31, 2013, we also provided broadband services to approximately 4,000 accounts in Vermont and western New Hampshire.

In 2010, we received two grants from the National Telecommunications and Information Administration of the U.S. Department of Commerce to expand our existing network by constructing ten new segments of a 1,300 mile fiber-optic, middle-mile broadband infrastructure in upstate New York and to construct and operate a 773 mile fiber-optic middle mile network in Vermont. We began construction on our New York project in late 2010 and completed it by the end of 2013. We began construction on our Vermont project in late 2011 and expect to complete it by the latter half of 2014.

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Sales and Marketing. We sell our services primarily through a direct sales force that assists customers in choosing tailored solutions for their specific communication needs. Our direct sales staff focuses on selling integrated voice and data to small and medium-sized businesses and other organizations, while residential services are largely sold through advertising and word of mouth. We advertise on television and radio through cooperative arrangements and engage in other promotional activities from time to time.

Our wholesale transport and capacity customers are predominately telecommunications carriers such as local exchange carriers, wireless carriers and interstate integrated providers, which are served by our direct sales force. We expect to expand our customer base in New York State to include more large-scale end users such as large enterprises, governmental agencies and educational institutions and with the completion of our Vermont stimulus project build, to add wholesale transport and capacity customers in Vermont.

Competition. We compete for retail customers by offering customized voice and data solutions designed to meet the specific needs of our two targeted subsets of customers by providing superior customer service and competitive pricing. Our primary retail competitor is Fairpoint Communications, which acquired the incumbent local exchange business of Verizon Communications in northern New England. We also compete with cable companies, such as Comcast, and other competitive service providers who target small and medium sized businesses. Our wholesale competitors include Level3 and Verizon Communications, other regional wholesale providers and cable television companies that operate fiber-optic networks.

Employees

As of December 31, 2013, we had approximately 1,000 employees, of whom approximately 350 were employed in the United States (including in the U.S. Virgin Islands). At the holding company level, we employ our executive management team and staff. More than half of our Guyana full-time work force is represented by the Guyana Postal and Telecommunications Workers Union. We do not have any other union employees. We believe we have good relations with our employees.

Regulation

Our telecommunications operations are subject to extensive governmental regulation in each of the jurisdictions in which we provide services. The following summary of regulatory developments and legislation does not purport to describe all present and proposed federal, state, local, and foreign regulation and legislation that may affect our businesses. Legislative or regulatory requirements currently applicable to our businesses may change in the future and legislative or regulatory requirements may be adopted by those jurisdictions that currently have none. Any such changes could impose new obligations on us that would adversely affect our operating results.

U.S. Federal Regulation

Our wireless and wireline operations in the United States and the U.S. Virgin Islands are governed by the Communications Act of 1934, as amended (or "Communications Act"), the implementing regulations adopted thereunder by the Federal Communications Commission ("FCC"), judicial and regulatory decisions interpreting and implementing the Communications Act, and other federal statutes.

Wireless Services

The FCC regulates, among other things; the licensed and unlicensed use of radio spectrum; the ownership, lease, transfer of control and assignment of wireless licenses; the ongoing technical, operational and service requirements applicable to such licenses; the timing, nature and scope of

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network construction; the provision of certain services, such as E-911; and the interconnection of communications networks in the United States.

Licenses. We provide our wireless services under various commercial mobile radio services (or "CMRS") licenses, such as cellular, broadband Personal Communications Services (or "PCS") or 700 MHz licenses, and broadband radio service (or "BRS") licenses granted by the FCC and pursuant to leases of spectrum from FCC-licensed operators. Some of these licenses are site-based while others cover specified geographic market areas, typically Cellular Market Areas (or "CMAs") and Basic Trading Areas (or "BTAs"), as defined by the FCC. The technical and service rules, the specific radio frequencies and the authorized spectrum amounts vary depending on the licensed service. The FCC generally allocates CMRS and BRS licenses through periodic auctions, after determining how many licenses to make available in particular frequency ranges, the applicable service rules, and the terms on which the license auction will be conducted. Such licenses are also available via secondary market mechanisms, using procedures and regulations set forth by the FCC.

Future Spectrum Allocations. In 2010, the FCC released its National Broadband Plan, which indicates that the FCC will seek to allocate 300 to 500 MHz of additional spectrum below 2.5 GHz over the next five to ten years to support the provision of wireless broadband services. To that end, the FCC has initiated a series of proceedings designed to identify additional spectrum that can be repurposed or reallocated. Congress has provided the FCC with authority to conduct incentive auctions, including an incentive auction of television broadcaster spectrum, and Congress has also passed legislation requiring the FCC to auction and license up to 65 MHz of spectrum, including the AWS-3 block, by early 2015. In addition, the National Telecommunications and Information Administration, or NTIA, has issued a report identifying 155 MHz of spectrum for fast track evaluation and sets a timetable for making a total of 500 MHz of spectrum available through government coordination and reallocation. There is no certainty as to whether or not such additional spectrum will be made available for wireless broadband services, the amount of spectrum that might ultimately be made available, the timing of the auction of any such spectrum, the likely configuration of any such additional spectrum and conditions that might apply to it, or the usability of any of this spectrum for wireless services competitive with our services or by us.

Construction Obligations. The FCC conditions licenses on the satisfaction of certain obligations to construct networks covering a specified geographic area or population by specific dates. The obligations vary depending on the licensed service. Failure to satisfy an applicable construction requirement can result in the assessment of fines and forfeitures by the FCC, a reduced license term, or automatic license cancellation. We are in compliance with the applicable construction requirements that have arisen for the licenses we currently hold and expect to meet our future construction requirements as well. If we do not meet initial construction requirements in December of 2016 for our 700 MHz licenses, or obtain a waiver of the construction requirements, the license term for such licenses will be shortened to June of 2017, and, we may be subject to fines and forfeitures and/or a reduction of our licensed service area. If we fail to meet the build out requirements by the end of the license term for our 700 MHz licenses, we will lose our authority to serve any unserved area within our 700 MHz licensed area and also could be subject to fines and forfeitures, including a revocation of our 700 MHz licenses. We currently expect to meet the build out or waiver requirements with respect to our 700 MHz licenses.

With respect to some of our licenses, if we were to discontinue operation of a wireless system for a period of time, (at least 90 consecutive days for cellular licenses), our license for that area would be automatically forfeited.

License Renewals. Our FCC licenses generally expire between 2015 and 2019 and are renewable upon application to the FCC. License renewal applications may be denied if the FCC determines, after appropriate notice and hearing, that renewal would not serve the public interest, convenience, or

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necessity. At the time of renewal, if we can demonstrate that we have provided "substantial" service during the past license term and have complied with the Communications Act and applicable FCC rules and policies, then the FCC will award a renewal expectancy to us and will generally renew our existing licenses without considering any competing applications. The FCC defines "substantial" service as service that is sound, favorable and substantially above a level of mediocre service that might only minimally warrant renewal. If we do not receive a renewal expectancy, then the FCC will accept competing applications for the license and conduct a comparative hearing. In that situation, the FCC may award the license to another applicant. While our licenses have been renewed regularly by the FCC in the past, there can be no assurance that all of our licenses will be renewed in the future.

In 2011, the FCC, in a Notice of Proposed Rule Making ("NPRM"), proposed to establish more consistent requirements for renewal of licenses, uniform policies governing discontinuances of service, and to clarify certain construction obligations across all of the wireless service bands. The proposed changes to the applicable renewal and discontinuance of service requirements may be applied to existing licenses that will be renewed in the future. We are unable to predict with any certainty the likely timing or outcome of this wireless renewal standards proceeding.

The FCC may deny license applications and, in extreme cases, revoke licenses if it finds that an entity lacks the requisite qualifications to be a licensee. In making that determination, the FCC considers whether an applicant or licensee has been the subject of adverse findings in a judicial or administrative proceeding involving felonies, the possession or sale of unlawful drugs, fraud, antitrust violations, or unfair competition, employment discrimination, misrepresentations to the FCC or other government agencies, or serious violations of the Communications Act or FCC regulations. To our knowledge, there are no activities and no judicial or administrative proceedings involving either us or the licensees in which we hold a controlling interest that would warrant such a finding by the FCC.

License Acquisitions. Prior FCC approval typically is required for transfers or assignments of a controlling interest in any license or construction permit, or of any rights thereunder. The FCC may approve or prohibit such transactions altogether, or approve subject to certain conditions such as divestitures or other requirements. Non-controlling minority interests in an entity that holds an FCC license generally may be bought or sold without FCC approval, subject to any applicable FCC notification requirements. The FCC permits licensees to lease spectrum to third parties under certain conditions, subject to prior FCC approval, or in some instances, notification to the FCC. These mechanisms provide additional flexibility for wireless providers to structure transactions and create additional business and investment opportunities.

The FCC no longer caps the amount of CMRS spectrum in which an entity may hold an attributable interest and now engages in a case-by-case review of proposed wireless transactions, including spectrum acquired via auction, to ensure that the proposed transaction serves the public interest and would not result in a rule violation or an undue concentration of market power.

In reviewing proposed transactions that involve the transfer or assignment of mobile wireless spectrum, the FCC utilizes a spectrum aggregation screen to determine whether the transaction requires additional scrutiny. A transaction will trigger additional FCC scrutiny if it will result in the geographic overlap of CMRS spectrum in a given area that is equal to or in excess of 102 MHz, 121 MHz, 132 MHz, or 151 MHz, depending on the availability of BRS and Advanced Wireless Services (or "AWS") spectrum in an overlap area. The FCC's additional scrutiny would also be triggered if a proposed transaction results in a material change in the post-transaction market share in a particular market as measured by the Herfindahl-Hirschman Index. We are well below the spectrum aggregation screen in the geographic areas in which we hold or have access to licenses, and thus we may be able to acquire additional spectrum either from the FCC in an auction or from third parties in private transactions. Similarly, our competitors may be able to strengthen their operations by making additional acquisitions of spectrum in our markets or by further consolidating the industry. The FCC

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currently is considering revising its approach on spectrum aggregation in the context of transactions involving the acquisition of spectrum. We are unable to predict with any certainty the likely timing or outcome of any FCC action with respect to this review.

Other Requirements. The Communications Act and the FCC's rules impose a number of additional requirements upon wireless service providers. A failure to meet or maintain compliance with the Communications Act and/or the FCC's rules may subject us to fines, forfeitures, penalties or other sanctions.

Wireless licensees must satisfy a variety of FCC requirements relating to technical and reporting matters. Licensees must often coordinate frequency usage with adjacent licensees and permittees to avoid interference between adjacent systems. In addition, the height and power of transmitting facilities and the type of signals emitted must fall within specified parameters. For certain licensed services, a variety of incumbent government and non-government operations may have to be relocated before a licensee may commence operations, which may trigger the payment of relocation costs by the incoming licensee.

The radio systems towers that we own and lease are subject to Federal Aviation Administration and FCC regulations that govern the location, marking, lighting, and construction of towers and are subject to the requirements of the National Environmental Policy Act, National Historic Preservation Act, and other environmental statutes enforced by the FCC. The FCC has also adopted guidelines and methods for evaluating human exposure to radio frequency emissions from radio equipment. We believe that all of our radio systems on towers that we own or lease comply in all material respects with these requirements, guidelines, and methods.

The FCC has adopted requirements for cellular, PCS and other CMRS providers to implement basic and enhanced 911, or E-911, services. These services provide state and local emergency service providers with the ability to better identify and locate 911 callers using wireless services, including callers using special devices for the hearing impaired. Because the implementation of these obligations requires that the local emergency services provider have certain facilities available, our specific obligations are set on a market-by-market basis as emergency service providers request the implementation of E-911 services within their locales. The FCC is considering changes to its rules and policies concerning E-911 location accuracy. We are unable at this time to predict the likely outcome of this proceeding. The extent to which we are required to deploy E-911 services will affect our capital spending obligations. Federal law limits our liability for uncompleted 911 calls to a degree commensurate with wireline carriers in our markets. In December 2012, the four nationwide wireless carriers agreed to voluntarily provide text-to-911 services to capable PSAPs beginning in June 2014 and bounce-back messages by June 2013 to customers indicating the unavailability of such services. In 2013, the FCC adopted rules requiring wireless carriers, such as ourselves, and certain other text messaging service providers to send an automatic 'bounce-back' text message to consumers who try to text 911 where text-to-911 is not available, indicating the unavailability of such services. The FCC continues to consider the application of additional text-to-911 obligations to all wireless carriers. We currently are evaluating these additional rules, which could require significant capital expenditures to comply with.

Under certain circumstances, federal law also requires telecommunications carriers to provide law enforcement agencies with capacity and technical capabilities to support lawful wiretaps pursuant to the Communications Assistance for Law Enforcement Act (or "CALEA"). Federal law also requires compliance with wiretap-related record-keeping and personnel-related obligations. We are in compliance with all such requirements currently applicable to us. The FCC has adopted rules that apply CALEA obligations to high speed Internet access and voice-over Internet protocol (or "VoIP") services. Maintaining compliance with these law enforcement requirements may impose additional capital spending obligations on us to make necessary system upgrades.

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The FCC has long required CMRS providers to permit customers of other carriers to roam "manually" on their networks, for example, by supplying a credit card number, provided that the roaming customer's handset is technically capable of accessing the roamed-on network. The FCC has also ruled that automatic voice roaming is a common carrier obligation for CMRS carriers. This ruling requires CMRS carriers to provide automatic voice roaming services to other CMRS carriers upon reasonable request and on a just, reasonable, and non-discriminatory basis pursuant to Sections 201 and 202 of the Communications Act. This automatic voice roaming obligation extends to services such as ours that are real-time, two-way switched voice or data services that are interconnected with the public switched network and utilize an in-network switching facility that enables the provider to reuse frequencies and accomplish seamless hand-off of subscriber calls. The FCC has held that the automatic voice roaming obligations of broadband CMRS providers extend to both in-market and out-of-market automatic voice roaming provided that the request is reasonable. In assessing whether a particular roaming request is reasonable, the FCC will consider the totality of the circumstances and may consider a number of factors, including the technical compatibility of the roamer, the extent of the requesting carrier's build-out where it holds spectrum, and whether alternative roaming partners are available. In 2011, the FCC found that the automatic roaming obligation should be extended to services that are classified as information services (such as high speed wireless Internet access services) or to services that are not CMRS. The FCC found that such automatic data roaming, while not a common carrier service, should be offered by the providers of such services on a commercially reasonable basis, when technologically compatible and technologically feasible. The FCC may use a number of factors to determine commercial reasonableness of a particular request for such automatic data roaming services, including the technical compatibility of the roamer, the extent of the requesting carrier's build-out where it holds spectrum, and whether alternative roaming partners are available.

We are obligated to pay certain annual regulatory fees and assessments to support FCC wireless industry regulation, as well as fees supporting federal universal service programs, number portability, regional database costs, centralized telephone numbering administration, telecommunications relay service for the hearing-impaired and application filing fees. These fees are subject to change periodically by the FCC and the manner in which carriers may recoup these fees from customers is subject to various restrictions.

Wireless and Wireline Services

Universal Service. In general, all telecommunications providers are obligated to contribute to the federal Universal Service Fund (or "USF"), which is used to promote the availability of wireline and wireless telephone service to individuals and families qualifying for federal assistance, households located in rural and high-cost areas, and to schools, libraries and rural health care providers. Contributions to the federal USF are based on end user interstate telecommunications revenue and some states have similar programs that also require contribution. The FCC is currently examining the way in which it collects carrier contributions to the USF, including a proposal to base collections on the number of telephone numbers or network connections in use by each carrier. We contribute to the USF as required by the rules throughout the U.S., and receive funds from the USF for providing service in rural areas of the United States and the U.S. Virgin Islands. The collection of USF fees and distribution of USF support is under continual review by state and federal legislative and regulatory bodies and we are subject to audit by the Universal Service Administration Corporation (or "USAC"). We believe we are substantially compliant with all FCC and state regulations related to the receipt and collection of universal service support.

In November 2011, the FCC released an order reforming the USF program to phase out the current level of high-cost USF support for wireless carriers over a period of five years, beginning in 2012. Although we cannot predict the impact of such changes on the amounts we pay or receive in USF funds, we believe the changes are likely to impact our USF funding negatively, and consequently, our efforts to build and maintain networks in certain rural markets and our ability to provide services currently offered to very low income consumers supported by USF funds. The FCC's overhaul of the rules governing the distribution of USF currently are subject to various petitions for review before the United States Court of Appeals for the 10^{th} Circuit and various petitions for reconsideration before the FCC. We cannot predict the likely timing or outcome of such petitions. As part of the USF reforms, the FCC created two new replacement funds, the Connect America Fund and the Mobility Fund, both of which allow for the use of USF funds for broadband services, in addition to voice services. The new funds are intended to provide targeted financial support to areas that are unserved or under-served by voice and broadband service providers and will be initiated during the phase out of USF support.

During this five year phase-out period, the FCC will begin to distribute funds through new mechanisms associated with the Connect America Fund and the Mobility Fund. In July 2012, the FCC initiated the application process for the Mobility Fund I program, a reverse auction for a one-time distribution of up to $300 million intended to stimulate third- and fourth-generation wireless coverage in unserved and under-served geographic areas. A number of our subsidiaries participated in the Mobility Fund I reverse auction on September 27, 2012 and bid successfully for approximately $21.7 million in one-time support to expand voice and broadband networks in certain geographic areas in order to offer either 3G or 4G coverage. As part of the receipt of these funds, we committed to comply with certain additional FCC construction and other requirements.

Intercarrier Compensation. Under federal and state law, telecommunications providers are generally required to compensate one another for originating and terminating traffic for other carriers. Consistent with these provisions, we currently receive compensation from other carriers and also pay compensation to other carriers. The FCC, in October 2011, significantly revised its intercarrier compensation regime. Under the revised intercarrier compensation regime, where there is no pre-existing agreement between a CMRS carrier and a local exchange carrier (or "LEC") for the exchange of local traffic, such traffic between CMRS providers and most LECs is to be compensated pursuant to a default bill-and-keep regime, in which each carrier agrees to terminate calls from the other at no charge. The FCC's new intercarrier compensation regime also sets forth a transition schedule that will eventually result in the exchange of traffic between telecommunications carriers being exchanged on a bill-and-keep basis. The FCC's new intercarrier compensation rules may affect the manner in which we are charged or compensated for the exchange of traffic. We cannot predict the impact of any changes to these requirements on the amounts that we pay or receive. The FCC's overhaul of the rules governing intercarrier compensation currently are subject to various petitions for review before the United States Court of Appeals for the 10^{th} Circuit and various petitions for reconsideration before the FCC. We cannot predict the likely timing or outcome of such petitions.

Local Competition. The Communications Act encourages competition in local telecommunications markets by removing barriers to market entry and imposing on non-rural incumbent local exchange carriers (or "ILECs"), among other things, duties to do the following:

- negotiate interconnection agreements at any technically feasible point on just, reasonable, and non-discriminatory rates, terms, and conditions;
- provide access to certain unbundled network elements (or "UNEs"), such as local loops and interoffice transport, or combinations of UNEs at nondiscriminatory, cost-based rates in certain circumstances;
- provide physical collocation, which allows competitive local exchange carriers (or "CLECs") to install and maintain its network termination equipment in an ILEC's central office or to obtain functionally equivalent forms of interconnection under certain circumstances;
- provide access to poles, ducts, conduits, and rights-of-way on a reasonable, non-discriminatory basis;

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- offer retail local telephone services to resellers at discounted wholesale rates;
- when a call originates on its network, compensate other telephone companies for terminating or transporting the call;
- provide dialing parity, which ensures that customers are able to route their calls to telecommunications service providers without having to dial additional digits;
- provide notice of changes in information needed for another carrier to transmit and route services using its facilities; and
- provide telephone number portability, so customers may keep the same telephone number if they switch service providers.

In addition, under Section 271 of the Communications Act, the Bell Operating Companies (or "BOCs") have an obligation to provide certain network elements, including elements (for example, local switching) that have been removed from the mandatory list of network elements that must be unbundled under Section 251 of the Communications Act. The BOCs are required to provide Section 271 network elements under a "just and reasonable" pricing standard. Over time, the FCC has removed the BOCs' obligation to provide certain network elements under Section 271. There can be no assurance that the FCC will not continue to exercise its authority to remove other Section 271 network element obligations in the future. Any such action by the FCC may have an adverse effect on the financial condition or operations of our U.S. Wireline segment. We operate in a region where the ILEC is required to comply with the above-mentioned statutory provisions, and, accordingly, we have benefited from the reduced costs in acquiring required communication services, such as ILEC interconnection, and have benefited from the right to receive compensation for the termination of traffic. Provisions relating to interconnection, telephone number portability, equal access, and resale could, however, subject us to increased competition and additional economic and regulatory burdens. The FCC recently initiated a proceeding to gather information regarding a potential future transition from TDM to IP. The FCC has explicitly stated that it will consider the regulatory obligations that would apply to any transition of services from TDM to IP at a later time. We cannot predict with any certainty the FCC's approach regarding the application of particular regulations in an IP-based regime.

We provide Internet access services as an Internet service provider (or "ISP"). The FCC has classified such services as information services, so they are not subject to various regulatory obligations that are imposed on common carriers, such as paying access charges or contributing to the Universal Service Fund. The FCC generally preempts state and local regulation of information services. While the FCC to date has declined to classify interconnected VoIP service as a telecommunications service or information service, it has imposed a number of consumer protection and public safety obligations on interconnected VoIP providers, relying in large part on its general ancillary jurisdiction powers. To the extent that we provide interconnected VoIP service we will be subject to a number of these obligations.

In December 2010, the FCC adopted network neutrality regulations that would apply to broadband Internet access services, including those offered by us. The transparency rule, which applies to both fixed and mobile wireless Internet access service providers, requires providers to make available relevant information regarding network management practices to the consumers who purchase their services and to content, application and service providers who seek access to a carrier's network. Mobile wireless broadband Internet providers also would not be able to block consumers from accessing lawful websites, nor block applications that compete with the provider's voice or video telephony services, subject to a reasonable network management exception. In early 2014, the Court of Appeals for the District of Columbia vacated all of the network neutrality regulations as currently constituted, with the exception of the transparency rule, which remains in effect, as exceeding the FCC's authority. The FCC, in February 2014, stated that it will soon initiate a notice of proposed rulemaking to consider the adoption of additional network neutrality rules that would be consistent with the Court's ruling. The FCC also noted that it is committed to the principles of network neutrality and would be vigilant in watching carrier's actions. We cannot predict with any certainty the likely timing or outcome of any FCC action.

Obligations Due to Economic Stimulus Grants

Three of our subsidiaries have received awards from the Broadband Technology Opportunities Program ("BTOP") of the U.S. Department of Commerce ("DOC") pursuant to the American Recovery and Reinvestment Act of 2009 ("ARRA"). As a BTOP awardee, we are subject to the various terms and conditions included in the agency's Notice of Funds Availability published in the Federal Register on July 9, 2009. Among these requirements are Interconnection and Non-Discrimination requirements by which any awardee must comply with the following requirements: (i) adhere to the principles contained in the FCC's Internet Policy Statement (FCC 05-151, adopted August 5, 2005) or any subsequent ruling or statement; (ii) not favor any lawful Internet applications and content over others; (iii) display network management policies in a prominent location on its web page and provide notice to customers of changes to these policies; (iv) connect to the public Internet directly or indirectly, so that the project is not an entirely private closed network; and (v) offer interconnection, where technically feasible without exceeding current or reasonably anticipated capacity limitations, at reasonable rates and terms to be negotiated with requesting parties. While FCC rules regarding these issues may apply to all our operations, these particular requirements apply only to our BTOP-funded projects.

As a BTOP awardee, we are also required to comply with other terms and conditions of the individual DOC grants, including reporting, transparency and audit requirements pursuant to Section 1512 of the ARRA, and notification and reporting obligations set forth in the Office of Management and Budget Memorandum, *Implementing Guidance for Reports on Use of Funds Pursuant to the American Recovery and Reinvestment Act of 2009* (OMB M-09-21, June 22, 2009). We believe we are currently in material compliance with all BTOP and DOC requirements applicable to our grants.

U.S. State Regulation

Federal law preempts state and local regulation of the entry of, or the rates charged by, any CMRS provider. As a practical matter, we are free to establish rates and offer new products and service with a minimum of regulatory requirements. The states in which we operate maintain nominal oversight jurisdiction. For example, although states do not have the authority to regulate the entry or the rates charged by CMRS providers, states may regulate the "other terms and conditions" of a CMRS provider's service. Most states still maintain some form of jurisdiction over complaints as to the nature or quality of services and as to billing issues. Since states may continue to regulate "other terms and conditions" of wireless service, and a number of state authorities have initiated actions or investigations of various wireless carrier practices, the outcome of these proceedings is uncertain and could require us to change certain of our practices and ultimately increase state regulatory authority over the wireless industry. States and localities assess on wireless carriers taxes and fees that may equal or even exceed federal obligations.

The location and construction of our wireless transmitter towers and antennas are subject to state and local environmental regulation, as well as state or local zoning, land use and other regulation. Before we can put a system into commercial operation, we must obtain all necessary zoning and building permit approvals for the cell site and tower locations. The time needed to obtain zoning approvals and requisite state permits varies from market to market and state to state. Likewise, variations exist in local zoning processes. If zoning approval or requisite state permits cannot be obtained, or if environmental rules make construction impossible or infeasible on a particular site, our network design might be adversely affected, network design costs could increase and the service provided to our customers might be reduced.

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The FCC has adopted a declaratory ruling establishing presumptive timeframes in which states and localities must resolve tower siting applications before the applicant may seek judicial review 90 days for collocations and 150 days for all other siting applications. This ruling will expedite our ability to seek legal redress, and thus mitigate tower construction delays, in the event a state or locality does not timely act on our zoning applications.

Guyana Regulation

Our subsidiary, Guyana Telephone & Telegraph Limited ("GT&T"), in which we hold an 80% interest, is subject to regulation in Guyana under the provisions of GT&T's License from the Government of Guyana, the Guyana Public Utilities Commission Act of 1999 as amended (or "PUC Law") and the Guyana Telecommunications Act 1990 (or "Telecommunications Law"). The Public Utilities Commission of Guyana (or "PUC") is an independent statutory body with the principal responsibility for regulating telecommunications rates and services in Guyana. The Ministry of Telecommunications, an agency of the Government of Guyana, has formal authority over telecommunications licensing and related issues.

Licenses. GT&T provides domestic fixed (both wireline and wireless) and international voice and data services in Guyana pursuant to a License from the Government of Guyana granting GT&T the exclusive right to provide the following: public telephone, radio telephone, and pay telephone services; domestic fixed services (both wireline and wireless); international voice and data services; sale of advertising in any telephone directories; and switched or non-switched private line service. The License, which was issued in December 1990, had an initial 20-year term. Pursuant to the License, GT&T also provides mobile wireless telephone service in Guyana on a non-exclusive basis pursuant to an initial twenty-year term. This License is renewable at GT&T's sole option for an additional term of 20 years. In November 2009, GT&T notified the Government of its election to renew both the exclusive and non-exclusive license grants for an additional period of 20 years. In exercising this option, GT&T reiterated to the Government that GT&T and the Company would be willing to voluntarily relinquish the exclusivity aspect of GT&T's licenses, but only as part of an overall negotiated settlement with the Government. On December 15, 2010, the Government, through the Office of the President, sent a letter to GT&T indicating that GT&T's License was renewed until such time as a new legislative and regulatory regime to reform the telecommunications sector in Guyana is brought into force; however, GT&T formally notified the Government that it is entitled to an unconditional renewal of both the exclusive and non-exclusive license grants for an additional period of twenty years or until such time as GT&T and the Company enter into a negotiated settlement with the Government.

PUC Law and Telecommunications Law. The PUC Law and the Telecommunications Law provide the general framework for the regulation of telecommunications services in Guyana. As a general matter, the PUC has authority to regulate GT&T's domestic and international telecommunications services and rates and to require GT&T to supply certain technical, administrative and financial information as it may request. The PUC claims broad authority to review and amend any of GT&T's programs for development and expansion of facilities or services, although GT&T has challenged the PUC's view on the scope of its authority. For a description of recent actions of the PUC, see Note 12 to the Consolidated Financial Statements included in this Report.

Regulatory Developments. Since 2001, the Government of Guyana has stated its intention to introduce additional competition into Guyana's telecommunications sector. Since that time, we have met on several occasions with officials of the Government of Guyana to discuss potential modifications of our exclusivity and other rights under the existing agreement. In 2012, the Government of Guyana introduced a bill into Parliament containing draft legislation, regulations, and licenses that, if enacted, would have the effect of terminating our exclusive license by permitting other telecommunications carriers to receive licenses to provide domestic fixed services and international voice and data services

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in Guyana. This proposed legislation would also introduce material changes to many other features of Guyana's existing telecommunications regulatory regime. While no action was taken on the proposed legislation in 2013, we cannot predict when or if the proposed legislation will be adopted by Parliament or, if adopted and then signed into law by the President, the manner in which it would be implemented by the Minister of Telecommunications and the PUC. Although we believe that we would be entitled to damages or other compensation for any involuntary termination of our contractual exclusivity rights, we cannot guarantee that we would prevail in a proceeding to enforce our rights or that such actions would effectively halt any unilateral action by the Government.

FCC Rule-Making and International Long-Distance Rates. The actions of foreign telecommunications regulators, especially the FCC in the United States, can affect the settlement or termination rate payable by foreign carriers to GT&T for incoming international voice calls. While the FCC continues to monitor and evaluate termination rate levels and benchmarks, the Company cannot predict when and if the FCC will further reduce settlement rates or the effect lower rates will have on revenue in the Company's International Integrated Telephony segment.

Caribbean and Other Regulation

In Bermuda, we were subject to Bermuda's Telecommunications Act of 1986 that authorized it to use spectrum to deliver services under its "Class B" license. Beginning in 2013, the government of Bermuda began implementing each of the Electronic Communications Act of 2011 and the Regulatory Authority Act of 2011. The Electronic Communications Act eliminated the previous three class tier system of telecommunications licenses, which limited the telecommunications services that could be provided under a particular class of license, in favor of a universal licensing scheme that permits communications service providers to enter new lines of business and introduce competition in the sector. As a result, the new license has permitted us to provide additional services in Bermuda to supplement and add additional value to our current wireless services. We may also face additional competition from new entrants seeking to offer services that were historically only offered by Class B licensees. The Regulatory Authority Act of 2011 created an independent regulatory entity with oversight of electronic communications services and networks and spectrum management. The Regulatory Authority was established in January 2013 and oversees implementation of the Electronic Communications Act and a competitive market going forward.

As the government of Bermuda continues to reform the local telecommunications market it is possible that new or amended regulations may establish regulatory and other fees that could increase our regulatory costs. We cannot predict when or if these proposals will be adopted, or, if adopted, the impact that their implementation will have on our Island Wireless Segment.

The term of the Company's telecommunications license to operate in Aruba expired on January 15, 2014. The government of Aruba informed the Company earlier in January 2014 that a renewed license would be issued only upon payment by the Company of a fee in the amount of Afl 7.2 million (or approximately US$4 million). While the Company has contested the assessment of such fee, it is continuing to operate and is actively working with the Aruba government to reach a resolution with respect to the fees, if any, to be paid with respect to a renewed license.

Our Turks and Caicos operations are subject to the Turks and Caicos Islands Telecommunications Ordinance of 2004.

Available Information

Our website address is www.atni.com. The information on our website is not incorporated by reference in this Report and you should not consider information provided on our website to be part of this Report. Investors may access, free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, plus amendments to such reports as filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, through the "Financial Information" portion of the "Investor Relations" section of our website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission. In addition, paper copies of these documents may be obtained free of charge upon request by writing to us at 600 Cummings Center, Beverly, Massachusetts 01915, Attention: Investor Relations, by calling us at (978) 619-1300 or by emailing us at ir@atni.com.

We have adopted a written Code of Ethics that applies to all of our employees and directors, including, but not limited to, our principal executive officer, principal financial officer, and principal accounting officer or controller, or persons performing similar functions. Our Code of Ethics, along with our Compensation Committee Charter, Audit Committee Charter and Nominating Committee Charter, are available at the Corporate Governance section of our website. We intend to make any disclosure required under the SEC rules regarding amendments to, or waivers from, our Code of Ethics on our website.

ITEM 1A. RISK FACTORS

In addition to the other information contained in, or incorporated by reference into, this Report, you should carefully consider the risks described below that could materially affect our business, financial condition or future results. These risks are not the only risks facing us. Additional risks and uncertainties not presently known to us or that we currently believe are immaterial also may materially adversely affect our business, financial condition and/or results of operations.

We are actively evaluating strategic investment and acquisition opportunities, which may affect our long-term growth prospects.

We are actively evaluating strategic acquisitions and investment opportunities, both domestic and international, that that range in size and meet our return-on-investment and other acquisition criteria. Any future transactions we pursue may focus on: (i) opportunities that we believe have potential for long-term organic and strategic growth, including in underserved markets, (ii) telecommunications infrastructure investments and (iii) areas that may not be seen by the broader market as timely today. There can be no assurance as to whether, when or on what terms we will be able to acquire any such businesses or licenses or make such investments. Any such acquisitions may be accomplished through the payment of cash, issuance of shares of our capital stock or incurrence of additional debt. As of December 31, 2013, we had approximately $434.6 million in cash, cash equivalents and restricted cash primarily as a result of the proceeds from our Alltel Sale, and no long-term debt. How and when we deploy our balance sheet capacity will figure prominently in our longer-term growth prospects and stockholder returns.

Following the Alltel Sale, our reliance on revenues derived from services in our International Integrated Telephony and Island Wireless segments has substantially increased.

Revenues derived from our Alltel business generated approximately 50% of our wholesale revenues and approximately 63% of our total consolidated revenues for the year ended December 31, 2012 and 38% of our wholesale revenues and approximately 58% of our total consolidated revenues for the nine-month period ended September 30, 2013. Following the Alltel Sale, our U.S. wireless wholesale revenues have substantially decreased, and approximately 37% of our total consolidated revenues are derived from our U.S. wholesale wireless business, 32% from our International Integrated Telephony segment in Guyana and 31% from all other segments as of December 31, 2013. As a result, our exposure to political and regulatory uncertainty in Guyana and the Caribbean will have a greater impact on our revenues as a whole. We cannot guarantee that we will be able to find growth or expansion opportunities in the United States or other jurisdictions that provide more regulatory or political certainty to our investors.

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Risks Related to our Wireless Businesses

A significant portion of our U.S. wholesale wireless revenue is derived from a small number of customers.

A substantial majority of our U.S. wholesale wireless revenues, which accounted for approximately 36% of our consolidated revenue and approximately 86% of our operating income in 2013, are generated from four national wireless service providers.

Our relationships with our roaming customers generally are much more financially significant for us than for our customers. Typically, our relationships with our roaming customers do not require them to "prefer" our networks or require them to send us a minimum amount of traffic. Instead, roaming customers may choose to utilize other networks, if available, for their subscribers' roaming use. If our markets currently included in our roaming partners' home calling areas are instead subject to the imposition of additional roaming charges or if we fail to keep any of our roaming customers satisfied with our service offerings or economic terms, we could lose their business, experience less roaming traffic or be unable to renew or enter into new agreements with these customers on beneficial terms (including pricing), resulting in a substantial loss of revenue, which would have a materially adverse effect on our results of operations and financial condition. In addition, if these customers build or acquire wireless networks in our service areas we may lose revenue. Should any of these customers take such actions over a significant portion of the areas we serve, it may have a materially adverse effect on our results of operations and financial condition.

We may have difficulty meeting the growing demand for data services.

Demand for smartphones and data services continues to grow across all of our wireless markets and our value to our customers in some markets depends in part on our network's ability to provide high-quality and high capacity network service to smartphone devices. Indeed, much of the revenue growth in our U.S. Wireless segment in 2013 has been attributable to increased demand for data services. However, if data usage increases faster than we anticipate and exceeds the then-available capacity of any of our networks, our costs to deliver roaming services may be higher than we anticipate or the quality of our service may be negatively affected. In addition, the dearth of available spectrum in our industry means that we cannot guarantee that we will be able to acquire additional spectrum at a reasonable cost or at all to ensure our ability to maintain or grow our business and traffic volumes. As demand for advanced mobile data services continues to grow, we may have difficulty satisfying our wholesale roaming partners' demand for these services without substantial upgrades and additional capital expenditures, which could have an adverse effect on our results of operations and financial condition.

We rely on a limited number of key suppliers and vendors for timely supply of handsets, accessories, equipment and services relating to our network infrastructure. If these suppliers or vendors experience problems or favor our competitors, we could fail to obtain sufficient quantities of the products and services we require to operate our businesses successfully.

We depend on a limited number of suppliers and vendors for equipment and services relating to our handset lineup, network infrastructure and our back-office IT systems infrastructure. If these suppliers experience interruptions or other problems delivering these network components on a timely basis, our subscriber or revenue growth and operating results could suffer significantly.

We source wireless devices for our retail wireless businesses from a small number of handset resellers and to a lesser extent, equipment manufacturers and depend on access to compelling devices at reasonable prices on primary and secondary markets for these devices, as well as timely delivery of devices to meet market demands. The inability to provide a competitive device lineup could materially impact our ability to attract new customers and retain existing customers. We are also reliant upon a limited number of network equipment manufacturers, including Ericsson, Motorola, Alcatel-Lucent and

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Nokia in the United States. If it becomes necessary to seek alternative suppliers and vendors, we may be unable to obtain satisfactory replacement suppliers or vendors on economically attractive terms on a timely basis.

Risks Relating to Our Wireline Services in Guyana

Our exclusive license to provide local exchange and international voice and data services in Guyana is subject to significant political and regulatory risk.

Since 1991, our subsidiary Guyana Telephone and Telegraph, Ltd. ("GT&T") has operated in Guyana pursuant to a license from the Government of Guyana to be the exclusive provider of domestic fixed and international voice and data services pursuant to a license with an initial term ending in December 2010, which was renewable at our sole option for an additional 20 year term. In November 2009, we notified the Government of Guyana of our election to renew our exclusive license for an additional 20 years. On December 15, 2010, we received correspondence from the Government of Guyana indicating that our license had been renewed until such time that new legislation is in place with regard to the Government's intention to expand competition within the sector; however, we believe our exclusive license continues to be valid unless and until such time as we enter into a negotiated settlement with the Government.

Since 2001, the Government of Guyana has stated its intention to introduce additional competition into Guyana's telecommunications sector. Since that time, we have met on several occasions with officials of the Government of Guyana to discuss potential modifications of our exclusivity and other rights under the existing agreement. In 2012, the Government of Guyana introduced a bill into Parliament containing draft legislation, regulations, and licenses that, if enacted, would have the effect of terminating our exclusive license by permitting other telecommunications carriers to receive licenses to provide domestic fixed services and international voice and data services in Guyana. The proposed legislation would also introduce material changes to many other features of Guyana's existing telecommunications regulatory regime. We cannot predict when or if the proposed legislation will be adopted by Parliament or, if adopted and then signed into law by the President, the manner in which it would be implemented by the Minister of Telecommunications and the PUC. Although we believe that we would be entitled to damages or other compensation for any involuntary termination of our contractual exclusivity rights, we cannot guarantee that we would prevail in a proceeding to enforce our rights or that such actions would effectively halt any unilateral action by the Government.

In addition, since 2009, we have been engaged in lawsuits in Guyana challenging the legality of GT&T's exclusive license rights under Guyana's constitution. As recently as 2012, a trial court made findings calling into question the validity of our exclusive license, prompting Digicel, our main competitor in Guyana, to begin connecting its own international traffic out of Guyana without receiving an international license and at rates which had not been approved by the Guyana PUC. In response, the Guyana PUC ordered Digicel to cease providing service at such rates, and the government of Guyana notified us that they have undertaken to advise Digicel that its activities are in contravention of Guyana law. The Guyana courts also granted GT&T an interim injunction restraining Digicel from bypassing GT&T's network. GT&T has also appealed the case, not only with respect to the contract claim, but also as to the court's findings regarding the exclusivity of GT&T's license and its application to VoIP services.

We are dependent on GT&T for approximately 32% of our total consolidated revenues. A loss of exclusivity on international voice and data service would result in a reduction in the international call traffic and as a result, a loss in that portion of our wireline revenue. Any modification, early termination or other revocation of the exclusive domestic fixed and international voice and data license could adversely affect our revenues and profits and diminish the value of our investment in Guyana.

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Other Risks Relating to Our Businesses and Industry

Our wireless and wireline revenues depend on the reliability and performance of our network infrastructure.

We must operate our wireless and wireline networks so as to minimize any disruption that may occur to our services. The continued operation and growth of our networks and the implementation of new technologies and services involve operating risks that may disrupt our services or cause losses in revenue. Other risks that may also cause interruptions in service or reduced capacity for customers include power loss, capacity limitations, software defects and breaches of security by computer viruses, break-ins or otherwise. Disruptions in our networks and the unavailability of our services or our inability to efficiently and effectively complete necessary technology upgrades could lead to a loss of customers, damage to our reputation and violation of the terms of our licenses and contracts with customers. These failures could also lead to significant negative publicity, regulatory problems and litigation.

The loss of certain licenses could adversely affect our ability to provide wireless and broadband services.

In the United States, wireless, PCS and microwave licenses are valid for ten years from the effective date of the license. Licensees may renew their licenses for additional ten-year periods by filing renewal applications with the FCC. Our wireless licenses in the U.S. expire between 2015 and 2019. The renewal applications are subject to FCC review and are put out for public comment to ensure that the licensees meet their licensing requirements and comply with other applicable FCC mandates. Failure to file for renewal of these licenses or failure to meet any licensing requirements could lead to a denial of the renewal application and thus adversely affect our ability to continue to provide service in that license area. Furthermore, our compliance with regulatory requirements such as enhanced 911 and CALEA requirements may depend on the availability of necessary equipment or software.

In our international markets, telecommunications licenses are typically issued and regulated by the applicable telecommunications ministry. The application and renewal process for these licenses may be lengthy, require us to expend substantial renewal fees, and/or be subject to regulatory uncertainty, such as we are experiencing in Guyana, as described above. Failure to comply with these regulatory requirements may have an adverse effect on our licenses or operations and could result in sanctions, fines or other penalties.

Regulatory changes may impose restrictions that adversely affect us or cause us to incur significant unplanned costs in modifying our business plans or operations.

We are subject to U.S. federal, state and local regulations and foreign government regulations, all of which are subject to change. As new telecommunications laws and regulations are issued, we may be required to modify our business plans or operations. We cannot be certain that we can do so in a cost-effective manner. In addition, the failure to comply with applicable governmental regulations could result in the loss of our licenses or authorizations to operate, the assessment of penalties or fines or otherwise may have a material adverse effect on the results of our operations.

Our operations in the United States are subject to the Telecommunications Act of 1996 (or "1996 Act"). The interpretation and implementation of the provisions of the 1996 Act and the FCC rules implementing the 1996 Act continue to be heavily debated and may have a material adverse effect on our business. Also, although legislation has not yet been introduced, there have been indications that Congress may substantially revise the 1996 Act and other regulation in the next few years. While we believe we are in compliance with federal and state regulatory requirements, our interpretation of our obligations may differ from those of regulatory authorities. Both federal and state regulators require us to pay various fees and assessments, file periodic reports and comply with various rules regarding our consumer marketing practices and the contents of our bills, on an on-going basis. If we

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fail to comply with these requirements, we may be subject to fines or potentially be asked to show cause as to why our licenses to provide service should not be revoked.

Increased competition may adversely affect growth, require increased capital expenditures, result in the loss of existing customers and decrease our revenues.

We face competition in the markets in which we operate. For example:

- In the United States, our greatest competitive risk is the possibility that our current roaming customers may elect to build or enhance their own networks within the rural market in which we currently provide service, which is commonly known as "over-building." If our roaming customers, who generally have greater financial resources and access to capital than we do, determine to over-build our network, their need for our roaming services will be significantly reduced or eliminated.

- In Guyana, we have faced competition from Digicel, a wireless service provider operating across the region that has been very aggressive in acquiring a substantial share of the market.

- In Bermuda and the Caribbean, we compete against Digicel and in Turks and Caicos, we compete with the incumbent wireless service provider as well.

- In New England and New York State, in addition to other competitive voice and data communications service providers, we compete with much larger regional carriers, each of which has greater financial and other resources.

Over the last several years, an increase in competition has contributed to a decline in prices for communication services, including local and long-distance telephone service, data services and mobile wireless services. Increased competition may decrease prices further. In addition, increased competition could reduce our customer base, require us to invest in new facilities and capabilities and reduce revenues, margins and returns.

Our foreign operations are subject to economic, political and other risks that could adversely affect our revenues or financial position.

Our operations in Bermuda and the Caribbean may face adverse financial consequences and operational problems due to foreign political or economic changes, such as changes in national or regional political or economic conditions, laws and regulations that restrict repatriation of earnings or other funds, or changes in foreign currency exchange rates. Any of these changes could adversely affect our revenues or financial position.

Our ability to recruit and retain experienced management and technical personnel could adversely affect our results of operations and ability to maintain internal controls.

The success of our business is largely dependent on our executive officers and the officers of our operating units, as well as on our ability to attract and retain other highly qualified technical and management personnel. We believe that there is, and will continue to be, strong competition for qualified personnel in the communications industry and in our markets, and we cannot be certain that we will be able to attract and retain the personnel necessary for the development of our business. We rely heavily on local management to run our operating units. Many of the markets we operate in are small and remote, making it difficult to attract and retain talented and qualified managers and staff in those markets. The loss of key personnel or the failure to attract or retain personnel with the sophistication to run complicated telecommunications equipment, networks and systems could have a material adverse effect on our business, financial condition and results of operations. We do not currently maintain "key person" life insurance on any of our key employees and none of the executives at our parent company are under employment agreements.

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In addition, cultural differences abroad and local practices of conducting business in our foreign operations may not be in line with the business practices, recordkeeping and ethics standards in the United States. In order to continue to ensure compliance with foreign and U.S. laws, accounting standards and our own corporate policies, we have implemented financial and operational controls, created an internal audit team responsible for monitoring and ensuring compliance with our internal accounting controls, and routinely train our employees, vendors and consultants. However, having substantial foreign operations also increases the complexity and difficulty of developing, implementing and monitoring these internal controls and procedures. For example, in 2012, we identified violations of certain of the Company's policies and procedures at our GT&T subsidiary, which we remedied by, among other things, replacing certain GT&T senior personnel and in 2013, we identified material weaknesses in our internal control over financial reporting resulting from the implementation of a new billing system in Guyana and the accounting personnel in our GT&T subsidiary possessing insufficient accounting knowledge, experience and training. If we are unable to manage these risks effectively, it could have a material adverse effect on our business, financial condition and results of operations.

We have identified material weaknesses in our internal control over financial reporting. Our ability to remediate these material weaknesses, or our discovery of additional weaknesses, could adversely affect our results of operations.

Section 404 of the Sarbanes-Oxley Act of 2002 requires that companies evaluate and report on their systems of internal control over financial reporting. In addition, our independent registered public accounting firm must report on its evaluation of those controls. As disclosed in "Controls and Procedures" in Part II, Item 9A of this Report, we have identified material weaknesses as of December 31, 2013 in our internal control over financial reporting resulting from ineffective controls in a new customer billing system in Guyana and insufficient training and complement of resources at our GT&T subsidiary.

Failure to have effective internal control over financial reporting could impair our ability to produce accurate financial statements on a timely basis and could lead to a restatement of our financial statements. If, as a result of deficiencies in our internal control over financial reporting, we cannot provide reliable financial statements, our business decision processes may be adversely affected, our business and results of operations could be harmed, investors could lose confidence in our reported financial information and our ability to obtain additional financing, or additional financing on favorable terms, could be adversely affected. In addition, failure to maintain effective internal control over financial reporting could result in investigations or sanctions by regulatory authorities.

Our management has taken action to begin remediating these material weaknesses, however, certain other remedial actions have not been completed or have only recently been undertaken, and while we expect to continue to implement our remediation plan through 2014, we cannot be certain as to when remediation will be fully completed. In addition, we may in the future identify additional internal control deficiencies that could rise to the level of a material weakness or uncover errors in financial reporting. During the course of our evaluation, we may identify areas requiring improvement and may be required to design additional enhanced processes and controls to address issues identified through this review. In addition, there can be no assurance that such remediation efforts will be successful, that our internal control over financial reporting will be effective as a result of these efforts or that any such future deficiencies identified may not be material weaknesses that would be required to be reported in future periods.

If we fail to remediate these material weaknesses and maintain an effective system of disclosure controls or internal control over financial reporting, we may not be able to rely on the integrity of our financial results, which could result in inaccurate or late reporting of our financial results.

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An economic downturn experienced by our subscriber base could materially adversely affect our financial position, results of operations and cash flow.

The global economy could experience an economic downturn due to a crisis in credit markets, slower economic activity, increased unemployment, concerns about inflation, increased energy costs, decreased consumer confidence and other adverse business conditions. For example, among other things:

- A decrease in tourism could negatively affect revenues and growth opportunities from operations in the islands and in a number of areas covered by U.S. rural and wholesale wireless operations that serve tourist destinations.

- An increase in "bad debt", or the amounts that we have to write off of our accounts receivable could result from our inability to collect subscription fees from our subscribers.

- We rely on the population of Guyanese living abroad who initiate calls to Guyana or are responsible for remittances to relatives living in Guyana. A prolonged economic downturn in the U.S. or Canadian economies could affect inbound calling and, therefore, our revenue in Guyana.

The impact, if any, that these events might have on us and our business is uncertain.

The occurrence of severe weather and natural catastrophes may materially disrupt our operations.

Many of the areas in which we operate have experienced severe weather conditions over the years including hurricanes, tornadoes, blizzards, damaging storms and floods. Some areas in which we operate may also be at risk of earthquakes. Such events may materially disrupt and adversely affect our business operations. A major hurricane passed directly over Bermuda in 2003 causing major damage to our network and to the island's infrastructure. In 2008, a hurricane caused extensive damage on a small portion of the U.S. Virgin Islands and a separate hurricane negatively affected operations in the Turks and Caicos. Guyana has suffered from severe rains and flooding in the past as well. While these events have not had a significant negative impact on the operating results or financial condition of the affected businesses or our overall business, we cannot be sure that these types of events will not have such an impact in the future or that the insurance coverage we maintain for these risks will adequately compensate us for all damage and economic losses resulting from natural catastrophes.

Risks Related to Our Capital Structure

Our debt instruments include restrictive and financial covenants that limit our operating flexibility.

Our credit facility requires us to maintain certain financial ratios and contains covenants that, among other things, restrict our ability to take specific actions, even if we believe such actions are in our best interest. These include restrictions on our ability to do the following:

- incur additional debt;

- create liens or negative pledges with respect to our assets;

- pay dividends or distributions on, or redeem or repurchase, our capital stock;

- make investments, loans or advances or other forms of payments;

- issue, sell or allow distributions on capital stock of specified subsidiaries;

- enter into transactions with affiliates; or
- merge, consolidate or sell our assets.

Any failure to comply with the restrictions of the credit facility or any subsequent financing agreements may result in an event of default. Such default may allow our creditors to accelerate the

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repayment of the related debt and may result in the acceleration of the repayment of any other debt to which a cross-acceleration or cross-default provision applies. In addition, these creditors may be able to terminate any commitments they had made to provide us with further funds.

Our Chairman is our largest stockholder and will continue to exert significant influence over us.

Cornelius B. Prior, Jr., our Chairman and the father of our Chief Executive Officer, beneficially owns, together with related entities, affiliates and family members (including our Chief Executive Officer), approximately 40% of our outstanding Common Stock. As a result, he is able to exert significant influence over all matters presented to our stockholders for approval, including election and removal of our directors and change of control transactions. In addition, as our Chairman, he has the ability to exert significant influence over other matters brought before our Board of Directors, such as proposed changes in our strategy or business plans and our major financing decisions. His interests may not always coincide with the interests of other holders of our Common Stock.

Low trading volume of our stock may limit our shareholders ability to sell shares and/or result in lower sale prices.

For the three months prior to March 1, 2014, the average daily trading volume of our Common Stock was approximately 50,000 shares. As a result, shareholders may have difficulty selling a large number of shares of our Common Stock in the manner or at a price that might be attainable if our Common Stock were more actively traded. In addition, the market price of our Common Stock may not be reflective of its underlying value.

We may not pay dividends in the future.

Our stockholders may receive dividends out of legally available funds if, and when, they are declared by our Board of Directors. We have consistently paid quarterly dividends in the past, but may cease to do so at any time. Our credit facility sets certain limitations on our ability to pay dividends on, or repurchase, our capital stock. We may incur additional indebtedness in the future that may further restrict our ability to declare and pay dividends. We may also be restricted from paying dividends in the future due to restrictions imposed by applicable state laws, our financial condition and results of operations, capital requirements, covenants contained in our financing agreements, management's assessment of future capital needs and other factors considered by our Board of Directors.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We lease approximately 18,000 square feet of office space at 600 Cummings Center, Beverly, MA 01915 for our corporate headquarters. Worldwide, we utilize the following approximate square footage of space for our operations:

Type of space	U.S. Wireless	International Integrated Telephony	Island Wireless	U.S. Wireline
Office	22,000	219,000	16,000	17,000
Retail stores	4,000	108,000	13,000	
Technical operations	16,000	1,239,000	15,000	24,000

All of the above locations are leased except for the office and technical space within our International Integrated Telephony segment, which we own. As of December 31, 2013, we operated

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three retail stores in our U.S. Wireless segment, eight retail stores in our International Integrated Telephony segment and eleven retail stores in our Island Wireless segment.

Our offices and technical operations are in the following locations:

U.S. Wireless	International Integrated Telephony	Island Wireless	U.S. Wireline
Little Rock, AR	Georgetown, Guyana	Bermuda	Bellows Falls, VT
Castle Rock, CO		Turks & Caicos	Albany, NY
Atlanta, GA		U.S. Virgin Islands	
		Aruba	

Globally, we also own 232 towers, lease an additional 312 towers and have five switch locations within rented locations. We consider our owned and leased properties to be suitable and adequate for our business operations.

ITEM 3. LEGAL PROCEEDINGS

Currently, our Guyana subsidiary, Guyana Telephone & Telegraph, Ltd. ("GT&T") holds an exclusive license to provide domestic fixed services and international voice and data services in Guyana. The license, whose initial term of twenty years was scheduled to expire at the end of 2010, allowed for GT&T, at its sole option, to extend the term for an additional twenty years, until December 2030. GT&T exercised its extension right, in accordance with the terms of its License and its agreement with the Government of Guyana, in November 2009.

Since 2001, the Government of Guyana has stated its intention to introduce additional competition into Guyana's telecommunications sector. Since that time, we have met on several occasions with officials of the Government of Guyana to discuss potential modifications of GT&T's exclusivity and other rights under the existing agreement and License. In 2012, the Government of Guyana introduced draft legislation in Parliament that, if enacted, would have the effect of terminating our exclusive license rights by permitting other telecommunications carriers to receive licenses to provide domestic fixed services and international voice and data services in Guyana. Along with the draft legislation, the Government also released drafts of new regulations and licenses (collectively, the "Draft Laws"). These Draft Laws would also introduce material changes to many other features of Guyana's existing telecommunications regulatory regime. While no substantive actions were taken on the Draft Laws in 2013, we cannot predict when or if the proposed legislation will be adopted by Parliament or, if adopted and then signed into law by the President, the manner in which it would be implemented by the Minister of Telecommunications and the PUC. Although we believe that we would be entitled to damages or other compensation for any involuntary termination of its contractual exclusivity rights, we cannot guarantee that we would prevail in a proceeding to enforce our rights or that our actions would effectively halt any unilateral action by the Government.

In November 2007, Caribbean Telecommunications Limited ("CTL") filed a complaint in the U.S. District Court for the District of New Jersey against GT&T and ATN claiming breach of an interconnection agreement for domestic cellular services in Guyana and related claims. CTL asserted over $200 million in damages. GT&T and ATN moved to dismiss the complaint on procedural and jurisdictional grounds. On January 26, 2009, the court granted the motions to dismiss the complaint on the grounds asserted. On November 7, 2009 and again on April 4, 2013, CTL filed a similar claim against GT&T and the PUC in the High Court of Guyana. The Company believes these claims are without merit and are duplicative of a previous claim filed by CTL in Guyana that was dismissed. There has been no action on these matters since the April 2013 filing.

On May 8, 2009, Digicel filed a lawsuit in Guyana challenging the legality of GT&T's exclusive license rights under Guyana's constitution. Digicel initially filed this lawsuit against the Attorney

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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 an 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 rights granted in 1990 is without merit, and we intend to vigorously defend against such a legal challenge.

On February 17, 2010, GT&T filed a lawsuit in the High Court of Guyana asserting that, despite its denials, Digicel is engaged in international bypass in violation of GT&T's exclusive license rights, the interconnection agreement between the parties, and the laws of Guyana. GT&T is seeking, among other things, injunctive relief to stop the illegal bypass activity, actual damages in excess of US$9 million and punitive damages of approximately US$5 million. Digicel filed counterclaims alleging that GT&T has violated the terms of the interconnection agreement and Guyana laws. GT&T intends to vigorously prosecute this suit.

On July 20, 2012 a trial court in Guyana made findings calling into question the validity of GT&T's exclusive license to provide international voice and data service in Guyana and the applicability of that license to telecommunications services using Voice over Internet Protocol ("VoIP"). The findings were made in a breach of contract case brought originally in 2007 against GT&T by a subscriber to its Internet service and are now temporarily stayed pending further court proceedings. Digicel, our main competitor in Guyana, in response to the trial court's findings, began connecting its own international traffic out of Guyana without receiving an international license and at rates which had not been approved by the Guyana PUC. In response, the Guyana PUC ordered Digicel to cease providing service at these rates and the government of Guyana notified us that they have undertaken to advise Digicel that its activities are in contravention of Guyana law. The Guyana courts also granted GT&T an interim injunction restraining Digicel from bypassing GT&T's network and GT&T has sued Digicel to recover damages that it incurred as a result of Digicel's bypass during this time period. GT&T has also appealed the case, not only with respect to the contract claim, but also as to the court's findings regarding the exclusivity of GT&T's license and its application to VoIP services.

GT&T is also involved in several legal claims regarding its tax filings with the Guyana Revenue Authority dating back to 1991 regarding the deductibility of intercompany advisory fees as well as other tax assessments. Should GT&T be held liable for any of the disputed tax assessments, totaling $33.2 million, the Company believes that the Government of Guyana would then be obligated to reimburse GT&T for any amounts necessary to ensure that GT&T's return on investment was no less than 15% per annum for the relevant periods.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

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PART II

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

Our Common Stock, $.01 par value, is listed on the NASDAQ Global Select Market under the symbol "ATNI." The following table sets forth the high and low sales prices for our Common Stock as reported by the NASDAQ Global Select Market:

	High	Low
2012		
Quarter ended March 31	$ 41.05	$ 34.54
Quarter ended June 30	$ 41.66	$ 30.63
Quarter ended September 30	$ 45.62	$ 33.26
Quarter ended December 31	$ 44.83	$ 34.92

	High	Low
2013		
Quarter ended March 31	$ 49.95	$ 35.63
Quarter ended June 30	$ 51.86	$ 46.55
Quarter ended September 30	$ 55.69	$ 45.00
Quarter ended December 31	$ 58.10	$ 51.73

The approximate number of holders of record of Common Stock as of March 1, 2014 was 176.

Dividends

The following table sets forth the quarterly dividends per share declared by us over the past two fiscal years ended December 31, 2013:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2012	$ 0.23	$ 0.23	$ 0.25	$ 0.25
2013	$ 0.25	$ 0.25	$ 0.27	$ 0.27

The declaration and payment of dividends on our Common Stock is at the discretion of our Board of Directors and is subject to a number of factors. Our Amended Credit Facility restricts our ability to declare or pay dividends on our Common Stock. Because we are a holding company, our ability to declare dividends is effectively limited to the amount of dividends, if any, our subsidiaries and other equity holdings may distribute to us. We have paid quarterly dividends on our Common Stock since January 1999, and have increased the amount of our dividend in each of the years since then. The present Board of Directors believes in returning a significant portion of profits, where possible, to stockholders and, subject to prudent resource management and strategic development needs, would expect to continue to increase the amount of our dividend if earnings continue to increase, although not necessarily proportionally. In 2012 and 2013, we declared a total annual dividend of $0.96 and $1.04 per share, respectively. The continuation or modification of our current dividend policy will be dependent upon strategic opportunities or developments, future results of operations, financial condition, capital requirements, contractual restrictions (such as those under our existing credit facility), regulatory actions, and other factors deemed relevant at that time by the Board of Directors.

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Issuer Purchases of Equity Securities in the Fourth Quarter of 2013

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of the Plan(1)	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plan
October 1, 2013 - October 31, 2013		$		$ 2,919,965
November 1, 2013 - November 30, 2013	26,348(2)	55.69		2,919,965
December 1, 2013 - December 31, 2013	364(3)	54.03		2,919,965
Total	26,712	$ 55.64		$ 2,919,965

(1) In September 2004, our Board of Directors approved the repurchase of up to $5.0 million of our Common Stock (the "Plan"). The repurchase authorizations do not have a fixed termination date and the timing of the buyback amounts and exact number of shares purchased will depend on market conditions.

(2) Represents shares purchased on November 15, 2013, November 21, 2013 and November 22, 2013 from our executive officers and other employees who tendered these shares to the Company to satisfy their tax withholding and stock options exercise obligations incurred in connection with the vesting of restricted stock awards and exercise of stock options at such dates. These shares were not purchased under the plan discussed above. The price paid per share was the closing price per share of our Common Stock on the NASDAQ Stock Market on the dates those shares were purchased.

(3) Represents shares purchased on December 14, 2013 from our executive officers and other employees who tendered these shares to the Company to satisfy their tax withholding and stock options exercise obligations incurred in connection with the vesting of restricted stock awards and exercise of stock options at such date. These shares were not purchased under the plan discussed above. The price paid per share was the closing price per share of our Common Stock on the NASDAQ Stock Market on the date those shares were purchased.

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ITEM 6. SELECTED FINANCIAL DATA

You should read the selected financial data in conjunction with our "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our Consolidated Financial Statements for the years ended December 31, 2011, 2012 and 2013 and the related Notes to those Consolidated Financial Statements included in this Report. The historical results set forth below are not necessarily indicative of the results of future operations. Period to period comparisons are also significantly affected by our significant acquisitions. See Note 3 to the Consolidated Financial Statements included in this Report for a more detailed discussion of our recent acquisitions and our gain on bargain purchase and discontinued operations.

	Year Ended December 31,				
	2009	2010	2011	2012(4)	2013
	(In thousands, except per share data)				
Statement of Operations Data					
Revenue	$ 242,281	$ 241,914	$ 262,807	$ 277,796	$ 292,835
Operating expenses(1)	172,590	205,012	219,445	221,158	228,750
Income from operations	69,691	36,902	43,362	56,638	64,085
Other income (expense):					
Interest income (expense), net	(2,553)	(9,349)	(16,859)	(13,709)	(11,933)
Other, net(2)	605	(181)	(208)	1,867	(5,679)
Other income (expense), net	(1,948)	(9,530)	(17,067)	(11,842)	(17,612)
Income from continuing operations before income taxes	67,743	27,372	26,295	44,796	46,473
Income taxes	31,160	17,625	14,620	20,831	9,536
Income from continuing operations	36,583	9,747	11,675	23,965	36,937
Income from discontinued operations, net of tax		27,640	10,222	29,202	5,166
Gain on sale of discontinued operations, net of tax(3)					307,102
Net income	36,583	37,387	21,897	53,167	349,205
Net (income) loss attributable to non-controlling interests, net of tax	(1,044)	1,067	(103)	(4,235)	(37,489)
Net income attributable to Atlantic Tele-Network, Inc. Stockholders	$ 35,539	$ 38,454	$ 21,794	$ 48,932	$ 311,716
Net income per weighted average basic share attributable to Atlantic Tele-Network, Inc. Stockholders:					
Continuing operations	$ 2.33	$ 0.71	$ 0.47	$ 1.34	$ 1.84
Discontinued operations		1.80	0.95	1.81	18.01
Total	$ 2.33	$ 2.51	$ 1.42	$ 3.15	$ 19.85

Net income per weighted average diluted share attributable to Atlantic Tele-Network, Inc. Stockholders:										
Continuing operations	$	2.32	$	0.70	$	0.47	$	1.33	$	1.83
Discontinued operations				1.78		0.94		1.80		17.88
Dividends per share applicable to common stock	$	2.32	$	2.48	$	1.41	$	3.13	$	19.71

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	2009	2010	2011	2012	2013
			(In thousands)		
Balance Sheet Data (as of December 31,):					
Cash and investments	$ 90,247	$ 37,797	$ 48,735	$ 136,647	$ 434,607
Assets of discontinued operations(3)		393,721	394,434	380,765	4,748
Working capital	79,628	299,889	330,239	407,981	350,930
Fixed assets, net	217,015	243,933	249,835	238,324	254,632
Total assets	446,554	807,156	851,810	910,875	859,719
Short-term debt (including current portion of long-term debt)	3,694	12,194	25,068	15,680	
Liabilities of discontinued operations(3)		100,355	93,759	73,910	11,187
Long-term debt, net	69,551	272,049	257,146	250,900	
Atlantic Tele-Network, Inc. stockholders' equity	255,746	283,768	294,266	334,146	643,330
Statement of Cash Flow Data (for the years ended December 31,):					
Net cash provided by (used in):					
Operating activities:					
Continuing operations	$ 92,626	$ 58,138	$ 67,204	$ 114,884	$ (131,396)
Discontinued operations		44,663	65,399	72,587	19,394
Investing activities:					
Continuing operations	(62,060)	(58,297)	(35,577)	(26,991)	(67,816)
Discontinued operations		(298,107)	(60,070)	(35,267)	710,934
Financing activities:					
Continuing operations	(19,984)	201,231	(24,755)	(36,370)	(308,796)
Discontinued operations		(488)	(796)	(931)	(1,678)
Capital expenditures	(59,718)	(63,079)	(41,331)	(42,154)	(69,316)

(1) The Company recognized an impairment charge on Goodwill and on its telecommunications licenses during the year ended December 31, 2012. See Note 7 to the Company's Consolidated Financial Statements for additional information.

(2) During the year ended December 31, 2013, the Company recognized an unrealized loss on interest rate derivative contracts. See Note 9 to the Company's Consolidated Financial Statements for additional information.

(3) During the year ended December 31, 2013, the Company recognized a gain on the Alltel Sale. See Note 4 to the Company's Consolidated Financial Statements for additional information.

(4) Certain revisions to the correct profit and loss classifications have been made in prior period financial statements. See Note 2 to the Company's Consolidated Financial Statements for additional information

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

Overview

We are a telecommunications holdings company that, through our operating subsidiaries, provides wireless and wireless telecommunications services in North America, Bermuda and the Caribbean. We are actively evaluating strategic acquisitions and investment opportunities, both domestic and international, that meet our return-on-investment and other acquisition criteria. For a discussion of our investment strategy and risks involved, see "*Risk Factors We are actively evaluating strategic investment and acquisition opportunities, which may affect our long-term growth prospects*."

We offer the following principal services:

Wireless. In the United States, we offer wholesale wireless voice and data roaming services to national, regional, local and selected international wireless carriers in rural markets located principally in the Southwest and Midwest. We also offer wireless voice and data services to retail customers in Bermuda, Guyana, the Caribbean and smaller markets in the United States.

Wireline. Our local telephone and data services include our operations in Guyana and the mainland United States. We are the exclusive licensed provider of domestic wireline local and long-distance telephone services in Guyana and international voice and data communications into and out of Guyana. We also offer facilities-based integrated voice and data communications services to enterprise and residential customers in New England, primarily in Vermont, and wholesale transport services in Vermont and New York State. In addition, we offer wholesale long-distance voice services to telecommunications carriers.

The following chart summarizes the operating activities of our principal subsidiaries, the segments in which we report our revenue and the markets we served as of December 31, 2013:

Services	Segment	Markets	Tradenames
Wireless	U.S. Wireless	United States (rural markets)	Commnet, Choice
	Island Wireless	Aruba, Bermuda, Turks and Caicos, U.S. Virgin Islands	Mio, CellOne, Islandcom, Choice
	International Integrated Telephony	Guyana	Cellink
Wireline	International Integrated Telephony	Guyana	GT&T, eMagine
	U.S. Wireline	United States (New England and New York State)	Sovernet, ION, Essextel

We provide management, technical, financial, regulatory, and marketing services to our subsidiaries and typically receive a management fee equal to a percentage of their respective revenue. Management fees from our subsidiaries are eliminated in consolidation.

Discontinued Operations Sale of U.S. Retail Wireless Business

On September 20, 2013, the Federal Communications Commission announced its approval of, and we completed, our previously announced proposed sale of our U.S. retail wireless business operated under the Alltel name to AT&T Mobility LLC for approximately $796.8 million in cash that included a sale price adjustment for the working capital of the business of $16.8 million (the "Alltel Sale").

The operations of the Alltel business, which were previously included in our U.S. Wireless segment, have been classified as discontinued operations in all periods presented. The gain on the sale of the Alltel business recognized during 2013 is also included in discontinued operations. Unless indicated otherwise, the information in this Management's Discussion and Analysis relates only to our continuing operations.

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Stimulus Grants

We were awarded several federal stimulus grants in 2009 and 2010 by the U.S. 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. As of December 31, 2013, we have spent (i) $35.9 million in capital expenditures (of which $27.5 million has been or will be funded by the federal stimulus grant) in connection with our build of ten new segments of fiber-optic, middle-mile broadband infrastructure in upstate New York and parts of Pennsylvania and Vermont; (ii) $7.6 million in capital expenditures (of which $5.3 million has been or will be funded by the federal stimulus grant) in connection with our last-mile broadband infrastructure buildout in the Navajo Nation across Arizona, New Mexico and Utah; and (iii) $44.1 million in capital expenditures (of which $30.9 million has been or will be funded by the federal stimulus grant) in connection with our fiber-optic middle mile network buildout to provide broadband and transport services to over 340 community anchor institutions in Vermont. The results of our New York and Vermont stimulus projects are included in our "U.S. Wireline" segment and the results of our Navajo stimulus project are included in our "U.S. Wireless" segment. The New York and Navajo Stimulus projects were completed during 2013. The Vermont stimulus project will be completed during the latter half of 2014 and we anticipate that it will incur an additional $3.0 million of capital expenditures of which $2.1 million is expected to be funded by the federal stimulus grants.

Mobility Fund

As part of the Federal Communications Commission's ("FCC") reform of its Universal Service Fund ("USF") program, which previously provided support to carriers seeking to offer telecommunications services in high-cost areas and to low-income households, the FCC created two new funds, including the Mobility Fund, a one-time award meant to support wireless coverage in underserved geographic areas in the United States. In August 2013, we received FCC final approval for approximately $47.0 million of Mobility Fund support to our Alltel business (the "Alltel Mobility Funds") and $21.7 million of Mobility Fund support to our wholesale wireless business (the "Wholesale Mobility Funds" and collectively with the Alltel Mobility Funds, the "Mobility Funds"), to expand voice and broadband networks in certain geographic areas in order to offer either 3G or 4G coverage. As part of the receipt of the Mobility Funds, we committed to comply with certain additional FCC construction and other requirements. In connection with our application for the Mobility Funds, we issued approximately $29.8 million in letters of credit to the Universal Service Administrative Company ("USAC") in June 2013 to secure these obligations. If we fail to comply with any of the terms and conditions upon which the Mobility Funds were granted, or if we lose eligibility for the Mobility Funds, USAC will be entitled to draw the entire amount of the letter of credit applicable to the affected project plus penalties and may disqualify us from the receipt of additional Mobility Fund support.

In connection with our sale of our Alltel business on September 20, 2013, we notified the FCC and USAC that we would no longer be eligible to perform under the terms and conditions of the Alltel Mobility Funds. At that time, USAC chose not to draw any amounts under our letters of credit securing the Alltel Mobility Funds and we made a cash payment of approximately $4.6 million in penalty fees to USAC. We terminated $19.9 million of the letters of credit securing our Alltel Mobility Funds upon receipt of the returned letters of credit from USAC and were reimbursed for these penalty fees by AT&T Mobility LLC in January 2014.

We began the construction of our Wholesale Mobility Funds projects during the fourth quarter of 2013 and its results are included in our "U.S. Wireless" segment. As of December 31, 2013, we have received approximately $7.3 million in Wholesale Mobility Funds. Of these funds, $1.1 million has been recorded as an offset to the cost of the property, plant and equipment associated with these projects and, consequentially, a reduction of the future depreciation expense, $2.4 million is recorded within other current liabilities while the remaining $3.8 million is recorded within other long-term liabilities in our consolidated balance sheet as of December 31, 2013. The presentation of current versus long-term is based on the timing of the expected usage of the funds which will reduce future operation expenses.

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Results of Operations:

Years Ended December 31, 2012 and 2013

	Year End December 31, 2012	Year End December 31, 2013	Amount of Increase (Decrease)	Percent Increase (Decrease)
REVENUE:				
U.S. wireless	$ 102,817	$ 107,930	$ 5,113	5.0%
International wireless	81,463	91,432	9,969	12.2
Wireline	85,524	84,585	(939)	(1.1)
Equipment and other	7,992	8,888	896	11.2
Total revenue	$ 277,796	$ 292,835	$ 15,039	5.4%
OPERATING EXPENSES (*excluding depreciation and amortization unless otherwise indicated*):				
Termination and access fees	56,814	55,747	(1,067)	(1.9)
Engineering and operations	40,018	38,904	(1,114)	(2.8)
Sales and marketing	18,981	17,757	(1,224)	(6.4)
Equipment expense	13,381	12,876	(505)	(3.8)
General and administrative	49,625	53,093	3,468	7.0
Transaction-related charges	7	2,712	2,705	38,642.9
Depreciation and amortization	50,587	48,737	(1,850)	(3.7)
Impairment of Intangible Assets	3,350		(3,350)	(100.0)
Gain on disposition of long lived asset	(11,605)	(1,076)	10,529	(90.7)
Total operating expenses	$ 221,158	$ 228,750	$ 7,592	3.4%
Income from operations	$ 56,638	$ 64,085	$ 7,447	13.1%
OTHER INCOME (EXPENSE):				
Interest income (expense), net	(13,709)	(11,933)	1,776	(13.0)
Unrealized loss on interest rate derivative contracts		(5,408)	(5,408)	
Other income (expense), net	1,867	(271)	(2,138)	(114.5)
Other income (expense), net	$ (11,842)	$ (17,612)	$ (5,770)	48.7%
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	44,796	46,473	1,677	3.7
Income tax expense	20,831	9,536	(11,295)	(54.2)
INCOME FROM CONTINUING OPERATIONS	23,965	36,937	12,972	54.1
INCOME FROM DISCONTINUED OPERATIONS:				

Income from discontinued operations, net of tax	29,202	5,166	(24,036)	(82.3)
Gain on sale of discontinued operations, net of tax		307,102	307,102	
Income from discontinued operations	$ 29,202	$ 312,268	$ 283,066	969.3%
NET INCOME	53,167	349,205	296,038	556.8
Net income attributable to non-controlling interests, net of tax:				
Continuing operations	(3,145)	(7,989)	(4,844)	154.0
Discontinued operations	(1,090)	(601)	489	(44.9)
Disposal of discontinued operations		(28,899)	(28,899)	
	$ (4,235)	$ (37,489)	$ (33,254)	785.2%
NET INCOME ATTRIBUTABLE TO ATLANTIC TELE-NETWORK, INC. STOCKHOLDERS	$ 48,932	$ 311,716	$ 262,784	537.0%

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U.S. wireless revenue. The substantial majority of U.S. wireless revenue consists of wholesale revenue. For the years ended December 31, 2012 and 2013, wholesale revenue represented 98% and 97% of total U.S. wireless revenue, respectively. In addition, U.S. wireless revenue also includes a small amount of retail revenues generated by our operations in certain smaller rural markets already covered by our wholesale network in the western United States. Wholesale revenue is generated from providing mobile voice or data services to the customers of other wireless carriers, the provision of network switching services and certain transport services using our wireless networks. Wholesale wireless revenue is primarily driven by the number of sites and base stations we operate, the amount of voice and data traffic from the subscribers of other carriers that each of these sites generates, and the rates we are paid from our carrier customers for carrying that traffic.

The most significant competitive factor we face in our wholesale wireless business is the extent to which our carrier customers choose to roam on our networks or elect to build or acquire their own infrastructure in a market, reducing or eliminating their need for our services in those markets.

Our U.S. wireless revenue increased to $107.9 million for the year ended December 31, 2013 from $102.8 million for the year ended December 31, 2012, an increase of $5.1 million or 5.0%. The revenue growth was a result of an increase in the demand for data services and an increase in our base stations from 569 as of December 31, 2012 to 640 as of December 31, 2013. Revenue growth was also enhanced as we upgraded our network capacities and data speeds at many of our cell sites, generating higher data volumes as compared to 2012.

The U.S. wireless revenue growth in 2013 was offset by the sale of certain spectrum and related cell sites in our Midwest U.S. markets. These sites, which were sold during the fourth quarter of 2012, generated approximately $16.0 million of revenue during the year ended December 31, 2012.

We expect that data volumes will continue to increase during 2014, although at a lower rate than we experienced in 2013, as we expand our coverage with additional base stations and continue to perform technology and capacity upgrades. Any revenue derived from such an increase in volumes, however, may be offset by a number of factors, including reductions in the roaming rates that we charge, continued declines in overall voice traffic on our networks or decisions by our roaming partners to no longer roam on our networks or to continue to expand their networks in areas where we operate.

International wireless revenue. International wireless revenue includes retail and wholesale voice and data wireless revenue from our operations in Bermuda and the Caribbean, including the U.S. Virgin Islands.

International wireless revenue increased by $9.9 million, or 12.0%, to $91.4 million for the year ended December 31, 2013, from $81.5 million for the year ended December 31, 2012. This increase was mainly due to subscriber growth in our Island Wireless segment as well as increased roaming revenues in Bermuda and the Caribbean.

In total, our international wireless subscribers decreased from approximately 333,000 as of December 31, 2012 to 325,000 as of December 31, 2013. However, while lower revenue generating subscribers in our International Integrated Telephony segment decreased by 6.0% from December 31, 2012 to December 31, 2013, our higher revenue generating subscribers in our Island Wireless segment increased 16.7% from December 31, 2012 to December 31, 2013, respectively. While we have experienced subscriber growth in a number of our international markets, competition remains strong, and the high proportion of prepaid subscribers means that subscribers and revenue could shift relatively quickly in future periods. Additionally, wholesale roaming revenues in these markets are subject to seasonality and can fluctuate between quarters.

Wireline revenue. Wireline revenue is generated by our wireline operations in Guyana, including international telephone calls into and out of that country, our integrated voice and data operations in New England, our wholesale transport operations in New York State and our wholesale long-distance voice services to telecommunications carriers. 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, and maintenance and equipment sales.

Wireline revenue decreased by $1.0 million, or 1.1%, to $84.5 million for the year ended December 31, 2013, from $85.5 million during the year ended December 31, 2012. Declines in local landline revenue and international calls into Guyana resulted in a decrease of $3.5 million in wireline revenue within our International Integrated Telephony segment. These decreases were partially offset by a $2.6 million increase in revenue from our wholesale long-distance voice service business in the United States.

We anticipate that wireline revenue from our international long-distance business in Guyana will continue to be negatively impacted, principally through the loss of market share, should we cease to be the exclusive provider of domestic fixed and international long-distance service in Guyana, whether by reason of the Government of Guyana enacting legislation to such effect or a modification, revocation or lack of enforcement of our exclusive rights. While the loss of our exclusive rights will likely cause an immediate reduction in our wireline revenue, over the longer term such declines may be offset by increased revenue from data services to consumers and enterprises in Guyana, an increase in regulated local calling rates in Guyana, and increased wholesale transport services and large enterprise and agency sales in the United States.

We currently cannot predict when or if the Government of Guyana will enact such legislation or take, or fail to take, any action that would otherwise affect our exclusive rights in Guyana. See "Business Guyana Regulation".

Equipment and other revenue. Equipment and other revenue represent revenue from wireless equipment sales, primarily handsets to retail customers, and other miscellaneous revenue items.

Equipment and other revenue increased by $0.9 million, or 11.3% to $8.9 million for the year ended December 31, 2013, from $8.0 million for the year ended December 31, 2012. Equipment revenue primarily increased as the result of an increase in subscribers in our Island Wireless segment.

We believe that equipment and other revenue could continue to increase as a result of gross subscriber additions, more aggressive subsidies driving demand for devices and the continued growth in smartphone penetration.

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 wireless sites and our switches), internet capacity and other access fees we pay to terminate our calls, as well as customer bad debt expense.

Termination and access fees decreased by $1.1 million, or 1.9%, from $56.8 million for the year ended December 31, 2012 to $55.7 million for the year ended December 31, 2013. Our U.S. Wireless segment reported a decrease in termination and access fees of $0.5 million as a result of the sale of certain network assets in late 2012. While the sale of the assets reduced the U.S. Wireless segment's termination and access fees by $4.8 million, the segment incurred an offsetting increase of $5.3 million in these costs as the result of an increase in the number of base stations and data traffic volumes. The remaining $0.6 million reduction in our termination and access fees were incurred across all of our other segments as increased operational synergies, primarily in Bermuda, offset the increase in traffic volume costs.

Termination and access fees are expected to increase in future periods with expected growth in volume, but remain fairly proportionate to their related revenue as our networks expand.

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

Engineering and operations expenses decreased by $1.1 million, or 2.8%, from $40.0 million for the year ended December 31, 2012 to $38.9 million for the year ended December 31, 2013 primarily as a result of the realization of operational synergies following our 2011 merger in Bermuda.

We expect that engineering and operations expenses will increase over time due to an expected increase in our network capacity and geographic expansion of our networks, both of which will 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 decreased by $1.2 million, or 6.3%, from $19.0 million for the year ended December 31, 2012 to $17.8 million for the year ended December 31, 2013. Sales and marketing expenses in our International Integrated Telephony segment decreased by $2.7 million, primarily as a result of a reduction in advertising and promotional costs. This decrease was partially offset by an increase of $1.6 million in such costs in our U.S. Wireless segment's retail operations which incurred only nominal sales and marketing costs during 2012.

We expect that sales, marketing and customer service expenses will remain fairly consistent as a percentage of revenues in future periods.

Equipment expenses. Equipment expenses include the costs of our handset and customer resale equipment in our retail wireless businesses.

Equipment expenses decreased by $0.5 million, or 3.8%, from $13.4 million for the year ended December 31, 2012 to $12.9 million for the year ended December 31, 2013. The decrease in equipment expenses is the result of decreased costs for handset devices in our International Integrated Telephony segment partially offset by higher demand in our Island Wireless segment and our U.S. Wireless segment's retail operations.

We believe that equipment expenses could continue to rise, from time to time, as we may choose to raise device subsidies to attract and retain customers.

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 also include internal costs associated with our performance of due-diligence on our pending or completed acquisitions.

General and administrative expenses increased by $3.5 million, or 7.0% from $49.6 million for the year ended December 31, 2012 to $53.1 million for the year ended December 31, 2013 as a result of an increase in overhead costs within all of our operating segments as well as the parent company absorbing additional costs that were shared with the Alltel business.

We expect that these general and administrative expenses will remain fairly consistent as a percentage of revenues in future periods.

Transaction related charges. Transaction related charges include the external costs, such as legal, tax and accounting, and consulting fees directly associated with acquisition and disposition-related activities, which are expensed as incurred. Transaction related charges do not include internal costs, such as employee salary and travel-related expenses, incurred in connection with acquisitions or dispositions or any integration-related costs.

We incurred $2.7 million of transaction related charges for the year ended December 31, 2013 and a nominal amount during the year ended December 31, 2012.

We expect that acquisition and disposition related expenses will continue to be incurred from time to time as we continue to explore additional acquisition opportunities.

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

Depreciation and amortization expenses decreased by $1.9 million, or 3.7%, from $50.6 million for the year ended December 31, 2012 to $48.7 million for the year ended December 31, 2013. The decrease was primarily due to certain assets in our U.S. Wireless, International Integrated Telephony and Island Wireless segments becoming fully depreciated. The decrease in depreciation and amortization expenses in our U.S. Wireless segment was also reduced by $0.7 million as a result of the sale of certain network assets in late 2012.

We expect depreciation expense to increase as we acquire more tangible assets to expand or upgrade our networks.

Impairment of intangible assets. We performed our annual impairment assessments of our telecommunications licenses as of December 31, 2012 and 2013. As a result of our assessment completed as of December 31, 2012, we determined that one of our telecommunications licenses used in our Island Wireless segment was impaired. As a result, we recorded a non-cash impairment charge for the entire $3.4 million net book value of the license during the year ended December 31, 2012. No impairment charge was recorded during 2013 as a result of the assessment that we made as of December 31, 2013.

Gain on disposition of long-lived assets. During the year ended December 31, 2012, we sold certain network assets and spectrum in the Midwestern United States and used in our wholesale U.S. Wireless business for proceeds of $15.6 million and recognized a gain on such disposition of $11.6 million. Additionally, during the year ended December 31, 2013, we sold certain network assets and telecommunications licenses in our U.S. Wireless segment for proceeds of $1.5 million and recognized a gain on such disposition of $1.1 million.

Interest income (expense), net. Interest income (expense), net represents commitment fees and interest incurred on our outstanding credit facilities, including our interest rate derivatives, net of interest income.

Interest income (expense), net decreased $1.8 million from $13.7 million of expense to $11.9 million of expense for the years ended December 31, 2012 and 2013, respectively. The decrease was primarily a result of the repayment of our long-term debt on September 20, 2013. This decrease was partially offset by a $4.7 million charge relating to the expensing of deferred financing costs to interest expense upon the repayment of our term loans.

Unrealized loss on interest rate derivative contracts. As a result of the repayment of our variable-rate term loans on September 20, 2013, our interest rate derivatives were terminated. As a result, we recognized an unrealized loss on our interest rate derivative contracts of $5.4 million during the year ended December 31, 2013.

Other income (expense), net. Other income (expense), net represents miscellaneous non-operational income we earned or expenses we incurred. Other income (expense), net was

$1.9 million of income and $0.3 million of expense for the year ended December 31, 2012 and 2013, respectively, and the change is primarily driven by a correction of prior period errors booked in the quarter ended September 30, 2013 as described in Note 2.

Income taxes. Our effective tax rates for the years ended December 31, 2012 and 2013 were 46.5% and 20.5%, respectively. The year ended December 31, 2013 includes a tax benefit of $8.6 million related to the non-recurring write-down in the US of an intercompany note receivable. Excluding this item our effective tax rate for the year ended December 31, 2013 was 38.6%. The year ended December 31, 2012 includes a tax benefit of $1.0 million related to certain non-recurring tax credits. Excluding those tax credits, our effective tax rate declined in 2013 as the result of increased income in lower taxed jurisdictions, such as Bermuda, as compared to 2012. Our effective tax rate in 2012 was higher than the statutory federal income tax rate of 35% (plus applicable statutory state income tax rates) due primarily to (i) the portion of our earnings that are taxed in Guyana at 45%, and (ii) a portion of our earnings that include losses generated in foreign jurisdictions for which we receive no tax benefit because they are non-tax jurisdictions. Our consolidated tax rate will continue to be impacted by the mix of income generated among the jurisdictions in which we operate.

Income from discontinued operations, net of tax. Income from discontinued operations, net of tax was $29.2 million and $5.2 million for the year ended December 31, 2012 and 2013, respectively. The decrease in income generated by the Alltel business was primarily the result of declines in high margin wholesale revenues and attrition of higher revenue postpaid subscribers during the year ended December 31, 2013 as compared with the prior year.

Gain on disposal of discontinued operations, net of tax. Gain on disposal of discontinued operations, net of tax of $307.1 million relates to the gain on our Alltel sale.

Net income attributable to non-controlling interests. Net income attributable to non-controlling interests reflected an allocation of $4.2 million and $37.5 million of income generated by our less than wholly-owned subsidiaries for the years ended December 31, 2012 and 2013, respectively. Included within these amounts was $3.1 million and $8.0 million relating to our continuing operations for the year ended December 31, 2012 and 2013, respectively. In addition, we recorded $1.1 million and $0.6 million relating to our discontinued operations for the years ended December 31, 2012 and 2013 and $28.9 million relating to the gain on the Alltel sale.

Net income attributable to Atlantic Tele-Network, Inc. stockholders. Net income attributable to Atlantic Tele-Network, Inc. stockholders increased to $311.7 million for the year ended December 31, 2013 from $48.9 million for the year ended December, 2012. Included within these amounts was $4.6 million and $28.1 million, net of non-controlling interests, relating to discontinued operations for the years ended December 31, 2013 and 2012, respectively. For the year ended December 31, 2013, net income attributable to Atlantic Tele-Network, Inc. stockholders also included a gain on the sale of discontinued operations of $278.2 million, net of tax and non-controlling interests.

On a per share basis, net income increased to $19.71 per diluted share from $3.13 per diluted share for the years ended December 31, 2013 and 2012, respectively. Included within net income per diluted share was $0.29 and $1.80 of net income per diluted share of discontinued operations for the years ended December 31, 2013 and 2012, respectively. The year ended December 31, 2013 also includes net income per diluted share of $17.59 relating to the gain on the sale of our discontinued operations.

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Results of Operations

Years Ended December 31, 2011 and 2012

	Year Ended December 31, 2011	Year Ended December 31, 2012	Amount of Increase (Decrease)	Percent Increase (Decrease)
	(In thousands)			
REVENUE:				
U.S. Wireless	$ 98,704	$ 102,817	$ 4,113	4.2%
International Wireless	73,004	81,463	8,459	11.6
Wireline	84,957	85,524	567	0.7
Equipment and Other	6,142	7,992	1,850	30.1
Total revenue	$ 262,807	$ 277,796	14,989	5.7
OPERATING EXPENSES:				
Termination and access fees	57,681	56,814	(867)	(1.5)
Engineering and operations	33,692	40,018	6,326	18.8
Sales, marketing and customer services	20,232	18,982	(1,250)	(6.2)
Equipment expense	9,737	13,380	3,643	37.4
General and administrative	46,053	49,625	3,572	7.8
Transaction-related charges	772	7	(765)	(99.1)
Depreciation and amortization	51,250	50,587	(663)	(1.3)
Impairment of Intangible Assets	2,425	3,350	925	38.1
Gain on disposition of long-lived assets	(2,397)	(11,605)	(9,208)	384.1
Total operating expenses	$ 219,445	$ 221,158	$ 1,713	0.8%
Income from operations	43,362	56,638	13,276	30.6
OTHER INCOME (EXPENSE):				
Interest expense	(16,859)	(13,709)	3,128	(19.1)
Other income (expense), net	(208)	1,867	2,075	(997.6)
Other income, net	(17,067)	(11,842)	5,224	(30.5)
INCOME BEFORE INCOME TAXES	26,295	44,796	18,479	70.3
Income taxes	14,619	20,831	2,180	11.7
INCOME FROM CONTINUING OPERATIONS	11,676	23,965	16,299	213.2
INCOME FROM DISCONTINUED OPERATIONS:				
Income (loss) from discontinued operations, net of tax	10,221	29,202	19,024	186.0

NET INCOME	21,897	53,167	31,291	142.9
Net income attributable to non-controlling interests, net of tax:				
Continuing operations	(463)	(3,145)	(2,682)	579.3
Discontinued operations	360	(1,091)	(1,451)	(403.1)
Disposal of discontinued operations				
	(103)	(4,235)	(4,133)	4,012.6
NET INCOME ATTRIBUTABLE TO ATLANTIC TELE-NETWORK, INC. STOCKHOLDERS	$ 21,794	$ 48,952	27,158	124.6

U.S. wireless revenue. Our U.S. wireless revenue increased to $102.8 million for the year ended December 31, 2012 from $98.7 million for the year ended December 31, 2011, an increase of $4.1 million or 4.2%. The increase was a result of an increase in data traffic in our wholesale markets.

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International wireless revenue. International wireless revenue increased by $8.5 million, or 11%, to $81.5 million for the year ended December 31, 2012, from $73.0 million for the year ended December 31, 2011. This increase primarily resulted from our completion of the Bermuda Merger in 2011 and a $2.4 million increase in wireless revenues in Guyana as a result of increased voice and data usage.

Wireline revenue. Wireline revenue increased by $0.5 million, or 1%, to $85.5 million for the year ended December 31, 2012 from $85.0 million for the year ended December 31, 2011. In Guyana, a $3.1 million decrease in international long-distance revenue was offset by data revenue growth from our newly built fiber optic submarine cable. Wireline revenue in the U.S. remained relatively consistent compared with the previous year as we saw increased revenue from our upstate New York wholesale transport service business. We continued to add business customers in the U.S. for our voice and data services; however, the overall revenue increase was offset by a decline in the residential data business in Vermont and New Hampshire, including dial-up internet services.

Equipment and other revenue. Equipment and other revenue increased by $1.9 million, or 30%, to $8.0 million for the year ended December 31, 2012, up from $6.1 million for the year ended December 31, 2011. The increase was the result of an increase in smart-phone sales in our International Integrated Telephony segment which reported an increase in equipment and other revenue of $0.9 million. We also had an increase in our equipment and other revenue in our Island Wireless segment primarily due to the Bermuda Merger, completed in May 2011.

Termination and access fee expenses. Termination and access fees decreased by $0.9 million, or 1.5%, from $57.7 million for the year ended December 31, 2011 to $56.8 million for the year ended December 31, 2012. Our Island Wireless segment recorded a decrease in its termination and access fees of $1.4 million primarily driven by the realized synergies of our Bermuda merger in 2011. Termination and access fees in our International Integrated Telephony segment decreased by $1.0 million as a result of a decrease in voice traffic volume and a reduction in bad debt expense. These decreases were partially offset by the termination and access fees in our U.S. Wireline segment increased by approximately $1.7 million as a result of the expansion of our wholesale transport networks in Vermont and New York State.

Engineering and operations expenses. Engineering and operations expenses increased by $6.3 million, or 19%, from $33.7 million for the year ended December 31, 2011 to $40.0 million for the year ended December 31, 2012. Engineering and operations increased primarily as a result of the continued expansion of our U.S. Wireless and International Integrated Telephony networks which resulted in increases in engineering and operations expenses of $2.6 million and $2.1 million, respectively. The remainder of the increase was the result of the completion of our Bermuda Merger in May 2011 and the expansion of networks and new services being offered in our international subsidiaries.

Sales and marketing expenses. Sales and marketing expenses decreased by $1.2 million, or 6.2%, from $20.2 million for the year ended December 31, 2011 to $19.0 million for the year ended December 31, 2012. The decrease was primarily within our Island Wireless segment which experienced an increase in its sales and marketing expenses during 2011 in connection with the Bermuda Merger and cost reductions during 2012 in other Island Wireless businesses.

Equipment expenses. Equipment expenses increased by $3.6 million from $9.7 million, or 37%, for the year ended December 31, 2011 to $13.4 million for the year ended December 31, 2012. The increase was primarily the result of increased sales of smart-phones in Guyana.

General and administrative expenses. General and administrative expenses increased by $3.6 million, or 8%, from $46.1 million for the year ended December 31, 2011 to $49.6 million for the

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year ended December 31, 2012 as a result of an increase in overhead costs within all of our operating segments as well as the parent company in support of our increased revenues.

Transaction-related charges. For the year ended December 31, 2011, acquisition-related charges were $0.8 million, as compared to a nominal amount incurred during the year ended December 31, 2012.

Depreciation and amortization expenses. Depreciation and amortization expenses decreased by $0.7 million from $51.3 million for the year ended December 31, 2011 to $50.6 million for the year ended December 31, 2012. The increase was primarily due to the addition of the tangible and intangible assets acquired with the Bermuda Merger as well as additional fixed assets from our network expansion in our U.S. Wireless and International Integrated Telephony segments as well as other Island Wireless segment businesses outside of Bermuda.

Impairment of intangible assets. We performed our annual impairment assessment of our goodwill and other indefinite-lived intangible assets as of December 31, 2012. The prolonged economic downturn caused slower growth in new subscribers in one of the reporting units in our Island Wireless segment, which contributed to a decline in expected future cash flows. As a result, we determined that the book value of this reporting unit exceeded its fair value and concluded that the entire goodwill recorded by that reporting unit was impaired. In connection with this assessment, we recorded a non-cash goodwill impairment charge of $2.4 million during the year ended December 31, 2011. We performed our annual impairment assessment of our telecommunications licenses as of December 31, 2012 and determined that one of our telecommunications licenses used in our Island Wireless segment was impaired. As a result, we recorded a non-cash impairment charge for the entire $3.4 million net book value of the license during the year ended December 31, 2012.

Gain on disposition of long-lived assets. During the year ended December 31, 2011, we sold certain network assets related to a less than wholly-owned subsidiary within our wholesale U.S. Wireless business for proceeds of $2.4 million and recognized a gain on such disposition of $2.4 million as such assets were fully depreciated. During the year ended December 31, 2012, we sold certain network assets and spectrum in the Midwestern United States used in our wholesale U.S. Wireless business for proceeds of $15.6 million and recognized a gain on such disposition of $11.6 million.

Interest income (expense), net. Interest income (expense), net decreased from $16.9 million for the year ended December 31, 2011 to $13.7 million for the year ended December 31, 2012, due to a reduction in our outstanding debt and decreases in applicable margins as a result of amendments to our credit facilities effective September 16, 2011 and May 18, 2012.

Other income (expense), net. Other income (expense), net was an expense of $0.2 million and income of $1.9 million for the years ended December 31, 2011 and 2012, respectively.

Income taxes. Our effective tax rates for the year ended December 31, 2011 and 2012 were 55.6% and 46.5%, respectively. The year ended December 31, 2012 includes a tax benefit of $1.0 million related to certain non-recurring tax credits. Excluding those tax credits, our effective tax rate declined in 2012 as the result of increased income in lower taxed jurisdictions, such as Bermuda, as compared to 2011. Our effective tax rate in 2011 and 2012 was higher than the statutory federal income tax rate of 35% (plus applicable statutory state income tax rates) due primarily to (i) the portion of our earnings that are taxed in Guyana at 45%, and (ii) a portion of our earnings that include losses generated in foreign jurisdictions for which we receive no tax benefit since these are non-tax jurisdictions. Our consolidated tax rate will continue to be impacted by the mix of income generated among the jurisdictions in which we operate.

Income (loss) from discontinued operations, net of tax. Income (loss) from discontinued operations, net of tax was $10.2 million and $29.2 million for the year ended December 31, 2011 and

2012, respectively. The increase in income generated by the Alltel business was primarily the result of our completion of the transition of our Alltel customers from the legacy Alltel information technology systems, platforms and customer care centers to our own and, as a result, eliminated many of the duplicate costs associated with the migration in the second half of 2011 and into 2012.

Net (Income) Loss Attributable to Non-Controlling Interests. Net income attributable to non-controlling interests reflected an allocation of $0.1 million and $4.2 million of income generated by our less than wholly-owned subsidiaries for the year ended December 31, 2011 and 2012, respectively. Included within these amounts was $0.5 million of income and $3.1 million of income relating to our continuing operations for the year ended December 31, 2011 and 2012, respectively. In addition, we recorded $0.4 million of losses and $1.1 million of income relating to our discontinued operations for the year ended December 31, 2011 and 2012, respectively. .

Net income attributable to Atlantic Tele-Network, Inc. stockholders. Net income attributable to Atlantic Tele-Network, Inc. stockholders increased to $48.9 million for the year ended December 31, 2012 from $21.8 million for the year ended December, 2011. Included within these amounts was $14.6 million and $28.1 million, net of non-controlling interests, relating to discontinued operations for the year ended December 31, 2011 and 2012, respectively.

On a per share basis, net income increased to $3.13 per diluted share from $1.41 per diluted share for the year ended December 31, 2013 and 2012, respectively. Included within net income per diluted share was $1.80 and $0.94 of net income per diluted share of discontinued operations for the years ended December 31, 2012 and 2011, respectively.

Regulatory and Tax Issues

We are involved in a number of regulatory and tax proceedings. 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. For a discussion of ongoing proceedings, see Note 14 to the Consolidated Financial Statements included in this Report.

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 believe our current cash, cash equivalents and availability under our current credit facility will be sufficient to meet our cash needs for at least the next twelve months for working capital and capital expenditures.

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, 2012 and 2013, we spent approximately $42.2 million and $69.3 million, respectively, on capital expenditures related to our continuing operations. The following

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details our capital expenditures from our continuing operations, by operating segment, for these periods (in thousands):

	Capital Expenditures					
Year Ended December 31,	U.S. Wireless	International Integrated Telephony	Island Wireless	U.S. Wireline	Reconciling Items	Consolidated
2012	$ 9,792	$ 14,369	$ 4,529	$ 10,508	$ 2,956	$ 42,154
2013	34,895	12,452	5,536	12,552	3,881	69,316

We are continuing to invest in upgrading and expanding our networks in many of our markets, along with upgrading our operating and business support systems. We currently anticipate that capital expenditures for our continuing operations for the year ended December 31, 2014 will be between $65 million and $70 million.

We expect to fund our current capital expenditures primarily from our current cash balances and cash generated from our operations.

Acquisitions and investments. Historically, we have funded our acquisitions with a combination of cash on hand and borrowings under our credit facilities.

We continue to explore opportunities to acquire or expand our existing communications properties and licenses in the United States, the Caribbean and elsewhere. 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 or make such investments, such acquisitions may be accomplished through the issuance of shares of our capital stock, payment of cash or incurrence of additional debt. From time to time, we may raise capital ahead of any definitive use of proceeds to allow us to move more quickly and opportunistically if an attractive investment materializes.

Income taxes. We use cash-on-hand to make payments for income taxes. As of December 31, 2013, we have made tax payments of approximately 90% of the expected tax liability owed on the gain we recognized on the sale of the Alltel business before December 31, 2013. The balance of the tax liability on the gain is expected to be made in the first half of 2014.

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, 2013, dividends to our stockholders were approximately $16.4 million, which reflects dividends declared on December 11, 2013 and paid on January 6, 2014. We have paid quarterly dividends for the last 61 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 approximately $2.1 million through December 31, 2013. Our last repurchase of our Common Stock under this plan was in 2007. We may repurchase shares at any time depending on market conditions, our available cash and our cash needs.

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Debt Service and Other Contractual Commitments Table. The following table discloses aggregate information about our debt, lease and other obligations as of December 31, 2013 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	$	$	$	$	$
Uncertain tax positions	14.1	14.1			
Pension obligations	7.1	0.4	1.0	1.3	4.4
Mobility fund grants	6.2	2.4	3.8		
Operating lease obligations	48.3	13.8	18.4	10.1	6.0
Total	$ 75.7	$ 30.7	$ 23.2	$ 11.4	$ 10.4

Sources of Cash

Total liquidity at December 31, 2013. As of December 31, 2013, we had approximately $434.6 million in cash, cash equivalents and restricted cash, an increase of $297.8 million from the December 31, 2012 balance of $136.6 million. This increase was primarily the result of the Alltel Sale, which yielded proceeds net of transaction costs and payments made to Alltel's minority shareholders of $764.6 million, offset by $256.8 million paid in taxes and the repayment of our outstanding long-term debt of $272.1 million.

Cash provided by operations. Cash used by operating activities was $112.0 million for the year ended December 31, 2013 as compared to cash provided by operating activities of $187.5 million for the year ended December 31, 2012, a decrease of $299.5 million. The decrease was predominantly driven by decreases in (i) our net income of $11.0 million (net of the gain on the sale of discontinued operations), (ii) cash provided by our discontinued operations of $53.2 million and (iii) accrued taxes, net of prepaid taxes, which decreased by $334.3 million, primarily as a result of the gain on our Alltel Sale. These fluctuations were partially offset by an increase in non-cash charges including deferred income taxes, our unrealized loss on our interest rate derivative contracts which were terminated during 2013 and the amortization of our debt discount and issuance costs which was accelerated as a result of the repayment of our term loan debt.

Cash used in investing activities. Cash provided by investing activities was $643.1 million for the year ended December 31, 2013 which included $718.8 million in proceeds from the sale of our Alltel business (net of escrowed proceeds of $78.0 million) and $1.5 million in proceeds from the sale of certain network assets partially offset by our capital expenditures from our continuing operations of $69.3 million and capital expenditures within our discontinued operations. For the year ended December 31, 2012, cash used in investing activities was $62.3 million which included capital expenditures from our continuing operations of $42.2 million, capital expenditures from our discontinued operations of $35.3 million partially offset by the proceeds from the sale of certain network assets of $15.2 million.

Cash used in financing activities. Cash used in financing activities increased by $272.6 million, from $37.3 million of cash used in financing activities for the year ended December 31, 2012 to $310.5 million of cash used in financing activities for the year ended December 31, 2013. The increase in usage was primarily the result of the repayment of our term loans subsequent to our Alltel Sale, distributions to Alltel's minority shareholders and dividends to our common shareholders.

On May 18, 2012, we amended and restated our existing credit facility with CoBank, ACB and a syndicate of other lenders (the "Amended Credit Facility") providing for $275.0 million in two term loans and a revolver loan of up to $100.0 million (which includes a $10.0 million swingline sub-facility) and the capacity for additional term loans up to an aggregate of $100.0 million, subject to lender approval.

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On June 17, 2013, we issued approximately $29.8 million in letters of credit to the Universal Service Administrative Company to secure a portion of the pending awards of approximately $68.8 million of Mobility Fund Grants to certain of our subsidiaries. In connection with our Alltel Sale on September 20, 2013, we notified the FCC and USAC that we would no longer be eligible to perform under the terms and conditions of the Alltel Mobility Funds. At that time, USAC chose not to draw any amounts under our letter of credit securing the Alltel Mobility Funds and we terminated $19.9 million in letters of credit on November 14, 2013.

On September 20, 2013 we repaid the two term loans under our Amended Credit Facility in full. We incurred nominal fees for the breakage of the term loans that were incurring interest at the London Interbank Offered Rate (LIBOR). In addition, we recorded approximately $4.7 million in interest expense during the year ended December 31, 2013 related to accelerated amortization of deferred financing costs associated with the term loans.

Amounts we may borrow under the term loans bore interest through September 20, 2013 at a rate equal to, at our option, either (i) LIBOR plus an applicable margin ranging between 2.00% to 4.00% or (ii) a base rate plus an applicable margin ranging from 1.00% to 3.00%. The base rate was equal to the higher of (i) 1.50% plus the higher of (x) the one-week LIBOR and (y) the one-month LIBOR; or (ii) the prime rate (as defined in the Amended Credit Facility). The applicable margin was determined based on the ratio of our indebtedness (as defined in the Amended Credit Facility) to our EBITDA (as defined in the Amended Credit Facility).

Amounts borrowed under the revolver loan bear interest at a rate equal to, at our option, either (i) LIBOR plus an applicable margin ranging between 2.00% to 3.50% or (ii) a base rate plus an applicable margin ranging from 1.00% to 2.50% (or, in the case of amounts borrowed under the swing-line sub-facility, an applicable margin ranging from 0.50% to 2.00%). We must also pay a fee ranging from 0.25% to 0.50% of the average daily unused portion of the revolver loan over each calendar quarter, which fee is payable in arrears on the last day of each calendar quarter.

The Amended 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, the Amended Credit Facility contains financial covenants by us that (i) impose a maximum leverage ratio of indebtedness to EBITDA of 3:1, (ii) require a minimum debt service ratio of EBITDA to principal, interest and taxes payments of 2.25:1 and (iii) require a minimum ratio of equity to consolidated assets of 0.35:1. As of December 31, 2013, we were in compliance with all of the financial covenants of the Amended Credit Facility.

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.

Restrictions under Amended Credit Facility. Our Amended 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, the Amended Credit Facility contains financial covenants by us that (i) impose a maximum ratio of indebtedness to EBITDA (ii) require a minimum ratio of EBITDA to principal and interest payments and cash taxes and, (iii) require a minimum ratio of equity to consolidated assets. As of December 31, 2013, we were in compliance with all of the financial covenants of the Amended Credit Facility.

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. On May 13, 2013, our shelf registration statement that registered potential future offerings of our securities expired. We intend to renew this shelf registration statement in 2014.

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.

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.

Critical Accounting Policies

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.

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 non-current assets subject to depreciation and amortization and *discounted* cash flows for intangible assets not subject to amortization 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.

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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. As noted in Note 7, reporting units with fair values not significantly higher than their carrying values have goodwill of $7.5 million. In the future, some portion of this goodwill could be impaired.

We also assess the carrying value of goodwill and indefinite-lived intangible assets on an annual basis 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 telecommunications licenses using a market approach. We believe that our telecommunications 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 telecommunications 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 telecommunications licenses with their carrying amount on a license by license basis.

We performed our annual impairment assessment of our telecommunications licenses as of December 31, 2013, and it was determined that no impairment of any of our telecommunications licenses existed during the year ended December 31, 2013.

Contingencies. We are subject to proceedings, lawsuits, tax audits and other claims related to lawsuits and other legal and regulatory proceedings that arise in the ordinary course of business as further described in Note 14 to the Financial Statements. 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 $39.9 million at December 31, 2013, 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. Of the matters discussed in this Report, we believe some adverse outcome is probable and have accordingly accrued $5.0 million as of December 31, 2013.

Recent Accounting Pronouncements

In February 2013, the FASB issued new guidance which requires companies to present information about reclassification adjustments from accumulated other comprehensive income in their financial statements or footnotes. This new guidance is effective for fiscal periods beginning after December 15, 2012. The adoption of the new guidance did not have an impact on the Company's consolidated balance sheet, income statement or cash flows. See Note 2 for disclosure of reclassification adjustments from accumulated other comprehensive income.

In July 2013, the FASB issued Accounting Standards Update No. 2013-11, "Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists (a consensus of the Emerging Issues Task

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Force)," which states that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. If a company does not have: (i) a net operating loss carryforward; (ii) a similar tax loss; or (iii) a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position or the entity does not intend to use the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. The authoritative guidance is effective for fiscal years and the interim periods within those fiscal years beginning on or after December 15, 2013 and should be applied on a prospective basis. The Company does not expect that the adoption of this authoritative guidance will have a material impact on its consolidated financial statements

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Currency Exchange Sensitivity. With the exception of GT&T, all of our foreign subsidiaries operate in jurisdictions where the U.S. dollar is the recognized currency. The only foreign currency for which we have a material exposure is the Guyanese dollar, because a significant portion of our Guyana revenues and expenditures are transacted in Guyanese dollars. The Guyanese exchange rate remained relatively constant at approximately 205 Guyana dollars to 1 U.S. dollar from 2004 through May 2013. Beginning in May 2013, the exchange rate began to increase and ended at a rate of approximately $210 to 1 U.S. dollar as of December 31, 2013. Accordingly, the Company recorded a nominal amount of currency losses during 2013. The results of future operations may be affected by changes in the value of the Guyana dollar.

Interest Rate Sensitivity. As of December 31, 2013, we did not have any outstanding variable rate debt and as a result, we believe that we do not have an exposure to fluctuations in interest rates. We may have an exposure to fluctuations in interest rates if we again borrow amounts under our revolver loan within our Amended Credit Facility.

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, 2013. 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 Securities and Exchange Commission's ("SEC") 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, 2013, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were not effective because of material weaknesses in the Company's internal control over financial reporting described below. Notwithstanding the material weaknesses described below, management has concluded that the Company's consolidated financial statements for the periods covered by and included in this Annual Report on Form 10-K are fairly stated in all material respects in accordance with generally accepted accounting principles

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, our Chief Executive Officer and Chief Financial Officer or persons performing similar functions, and effected by the our 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 our assets;

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

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

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

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2013. 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 (1992).* A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. Our management identified the following control deficiencies as of December 31, 2013 that constituted material weaknesses:

Ineffective Controls Surrounding the New Customer Billing System at our GT&T Subsidiary

We did not design and maintain effective controls surrounding the implementation and integration of a new billing system at our GT&T subsidiary in 2013. Specifically, we did not implement adequate

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controls around the segregation of duties in the new IT environment, and the interfaces between the subsidiary's new billing system and its financial records. This limited our ability, in certain areas, to adequately or sufficiently perform many controls and procedures in a timely manner, which then placed an extraordinary burden on the accounting and finance personnel to ensure accurate financial reporting.

Insufficient Training and Complement of Resources at our GT&T Subsidiary

We did not maintain a sufficient level of training and complement of resources at our GT&T subsidiary with the knowledge, experience and training in the Company's business processes and accounting policies to enable them to make accounting and reporting decisions in a manner consistent with our financial reporting and US GAAP requirements on the timeline needed to report these results. These resource constraints were exacerbated by personnel changes within the organization and the implementation of the new billing system described above. This limited our ability, in certain areas, to ensure the necessary consistent communication, reinforcement, and application of Company-wide accounting policies to make appropriate accounting adjustments and disclosure decisions and resulted in ineffective review of certain elements of the closing process.

These material weaknesses did not result in any material misstatements of the Company's financial statements and disclosures and instead resulted in out-of-period adjustments to increase revenues in our International Integrated Telephony segment during the quarter ended December 31, 2013. However, the material weaknesses could result in a misstatement of accounts and disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected. As a result, our management concluded that, as of December 31, 2013, our internal control over financial reporting was not effective.

Our internal control over financial reporting as of December 31, 2013 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears on page F-2.

Remediation Plan

Our management team has taken immediate action to begin remediating the material weaknesses disclosed above, including:

- continue to invest in the external resources necessary to improve our technical ability to report information from the billing system to our financial reporting systems;

- providing additional enhanced local and centralized oversight and management of the accounting and IT services provided by our local personnel; and

- providing increased training on our internal controls and procedures, including these remedial measures, to our personnel.

While certain aspects of these remedial actions have been completed, we continue to actively plan for and implement additional control procedures to improve our overall control environment and expect these efforts to continue throughout 2014.

ITEM 9B. OTHER INFORMATION

None.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Executive Officers

Our executive officers and their respective ages and positions as of March 17, 2014, as well as a brief description of the recent business experience of each, are set forth below:

Name	Age	Position
Michael T. Prior	49	President and Chief Executive Officer
Justin D. Benincasa	52	Chief Financial Officer and Treasurer
William F. Kreisher	51	Senior Vice President, Corporate Development
Leonard Q. Slap	54	Senior Vice President, General Counsel and Secretary
Karl D. Noone	45	Senior Vice President and Corporate Controller

Michael T. Prior is our President and Chief Executive Officer and serves as a member of the Board of Directors. Mr. Prior joined the company in 2003 as Chief Financial Officer and Treasurer and became the company's Chief Executive Officer in 2005. Before joining the company, Mr. Prior was a partner with Q Advisors LLC, a Denver based investment banking and financial advisory firm focused on the technology and telecommunications sectors. Mr. Prior began his career as a corporate attorney with Cleary Gottlieb Steen & Hamilton in London and New York. He received a B.A. degree from Vassar College and a J.D. degree summa cum laude from Brooklyn Law School. Mr. Prior currently serves as Secretary and a member of the board of directors of the Competitive Carriers Association. Michael is also an active member of the Board of Trustees of Essex County Community Foundation, an area non-profit organization which serves to promote philanthropy and support charitable activities in the community.

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 University and a B.A. degree from the University of Massachusetts.

William F. Kreisher is our Senior Vice President, Corporate Development. Prior to joining us in 2007, 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.

Leonard Q. Slap is our Senior Vice President and General Counsel. Prior to joining us in May 2010, Mr. Slap was a partner at the law firm of Edwards Angell Palmer & Dodge LLP, where for twenty-five years he represented investors and companies in a variety of U.S. and international business transactions, including venture capital and private equity investments, mergers and acquisitions, debt financings and workouts. Mr. Slap focused on transactions involving U.S. and international communications businesses, including broadcast, wireline, wireless broadband telecommunications, information technology and other media. Mr. Slap received a B.S. degree, *magna cum laude*, from Boston College and a J.D. degree, with honors, from George Washington University School of Law.

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Karl D. Noone is our Senior Vice President and Corporate Controller. Prior to joining us in August 2010, Mr. Noone served as the Vice President, Controller and Chief Accounting Officer for Mercury Computer Systems, Inc., a provider of embedded computing systems and software for signal processing applications from 2008 to 2009. From 2005 to 2008, Mr. Noone served as the Senior Vice President, Corporate Controller of Digitas, Inc., a digital marketing and media services company. Prior to Digitas, Mr. Noone was the Senior Vice President, Corporate Controller for Lightbridge, Inc., a credit qualification and payment authorization transaction processing company and was Vice President, Finance at CMGI, Inc., an Internet operating and development company. Mr. Noone received a B.S. degree, *summa cum laude*, from Boston College in Accounting.

Additional information required by this Item regarding our directors and executive officers will be set forth in our Definitive Proxy Statement for the 2014 Annual Meeting of Stockholders (or "2014 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 2014 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 and director compensation will be set forth in our 2014 Proxy Statement under "Executive Officer Compensation" 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 2014 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 2014 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 2014 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 2014 Proxy Statement under "Independent Auditor" and is incorporated herein by reference.

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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.

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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 Beverly, Massachusetts on the 17th day of March, 2014.

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 17th day of March, 2014.

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
/s/ MARTIN L. BUDD Martin L. Budd	Director
/s/ MICHAEL T. FLYNN Michael T. Flynn	Director
/s/ LIANE J. PELLETIER Liane J. Pelletier	Director
/s/ CHARLES J. ROESSLEIN Charles J. Roesslein	Director

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ATLANTIC TELE-NETWORK, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE
December 31, 2011, 2012 and 2013

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Report of Independent Registered Public Accounting Firm

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

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Atlantic Tele-Network, Inc. and its subsidiaries at December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013 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 accompanying index 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 did not maintain, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) because material weaknesses in internal control over financial reporting related to (i) ineffective controls surrounding a new billing system and (ii) insufficient training and complement of resources at a subsidiary existed as of that date. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weaknesses referred to above are described in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. We considered these material weaknesses in determining the nature, timing, and extent of audit tests applied in our audit of the 2013 consolidated financial statements and our opinion regarding the effectiveness of the Company's internal control over financial reporting does not affect our opinion on those consolidated financial statements. The Company's management is responsible for these financial statements and financial statement schedule, 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 report referred to above. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, 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.

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

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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 17, 2014

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ATLANTIC TELE-NETWORK, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2012 and 2013

(In Thousands, Except Share Data)

	December 31, 2012	December 31, 2013
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 136,647	$ 356,607
Restricted cash		39,000
Accounts receivable, net of allowances of $7.9 million and $9.7 million, respectively	38,867	37,680
Materials and supplies	8,033	7,269
Deferred income taxes	8,349	1,994
Prepayments and other current assets	5,597	24,705
Assets of discontinued operations	380,765	4,748
Total current assets	578,258	472,003
Fixed Assets:		
Property, plant and equipment	545,776	606,912
Less accumulated depreciation	(307,452)	(352,280)
Net fixed assets	238,324	254,632
Telecommunication licenses	39,905	39,687
Goodwill	45,077	45,077
Trade name license, net	417	417
Customer relationships, net	2,206	1,807
Restricted cash		39,000
Other assets	6,688	7,096
Total assets	$ 910,875	$ 859,719
LIABILITIES AND EQUITY		
Current Liabilities:		
Current portion of long-term debt	$ 15,680	$
Accounts payable and accrued liabilities	29,773	41,709
Dividends payable		4,279
Accrued taxes	26,678	36,081
Advance payments and deposits	7,563	8,327
Deferred income taxes		1,601

Other current liabilities	16,673	17,889
Liabilities of discontinued operations	73,910	11,187
Total current liabilities	170,277	121,073
Deferred income taxes	84,006	26,007
Other liabilities	11,452	12,784
Long-term debt, excluding current portion	250,900	
Total liabilities	516,635	159,864
Commitments and contingencies (Note 14)		
Atlantic Tele-Network, Inc. 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; 16,090,544 and 16,494,982 shares issued, respectively, and 15,576,721 and 15,816,189 shares outstanding, respectively	160	164
Treasury stock, at cost; 513,823 and 678,793 shares, respectively	(5,286)	(13,389)
Additional paid-in capital	123,253	139,106
Retained earnings	224,316	519,651
Accumulated other comprehensive loss	(8,297)	(2,202)
Total Atlantic Tele-Network, Inc. stockholders' equity	334,146	643,330
Non-controlling interests	60,094	56,525
Total equity	394,240	699,855
Total liabilities and equity	$ 910,875	$ 859,719

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

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ATLANTIC TELE-NETWORK, INC. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENTS

For the Years Ended December 31, 2011, 2012 and 2013

(In Thousands, Except Per Share Data)

	December 31,		
	2011	**2012**	**2013**
REVENUE:			
U.S. wireless	$ 98,704	$ 102,817	$ 107,930
International wireless	73,004	81,463	91,432
Wireline	84,957	85,524	84,585
Equipment and other	6,142	7,992	8,888
Total revenue	262,807	277,796	292,835
OPERATING EXPENSES *(excluding depreciation and amortization unless otherwise indicated)***:**			
Termination and access fees	57,681	56,814	55,747
Engineering and operations	33,692	40,018	38,904
Sales and marketing	20,232	18,981	17,757
Equipment expense	9,737	13,381	12,876
General and administrative	46,053	49,625	53,093
Transaction-related charges	772	7	2,712
Depreciation and amortization	51,250	50,587	48,737
Impairment of intangible assets	2,425	3,350	
Gain on disposition of long-lived assets	(2,397)	(11,605)	(1,076)
Total operating expenses	219,445	221,158	228,750
Income from operations	43,362	56,638	64,085
OTHER INCOME (EXPENSE)			
Interest expense, net	(16,859)	(13,709)	(11,933)
Loss on interest rate derivative contracts			(5,408)
Other income (expense), net	(208)	1,867	(271)
Other income (expense), net	(17,067)	(11,842)	(17,612)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	26,295	44,796	46,473
Income taxes	14,620	20,831	9,536
INCOME FROM CONTINUING OPERATIONS	11,675	23,965	36,937
INCOME FROM DISCONTINUED OPERATIONS:			
Income from discontinued operations, net of tax	10,222	29,202	5,166
Gain on sale of discontinued operations, net of tax			307,102

Income from discontinued operations, net of tax	10,222	29,202	312,268
NET INCOME	21,897	53,167	349,205
Net income attributable to non-controlling interests, net of tax:			
Continuing operations	(463)	(3,145)	(7,989)
Discontinued operations	360	(1,090)	(601)
Disposal gain on sale of discontinued operations			(28,899)
	(103)	(4,235)	(37,489)
NET INCOME ATTRIBUTABLE TO ATLANTIC TELE-NETWORK, INC. STOCKHOLDERS	$ 21,794	$ 48,932	$ 311,716
NET INCOME PER WEIGHTED AVERAGE BASIC SHARE ATTRIBUTABLE TO ATLANTIC TELE-NETWORK, INC. STOCKHOLDERS:			
Continuing operations	$ 0.47	$ 1.34	$ 1.84
Discontinued operations:			
Discontinued operations	$ 0.95	$ 1.81	$ 0.29
Gain on sale of discontinued operations			$ 17.72
Total discontinued operations	$ 0.95	$ 1.81	$ 18.01
Total	$ 1.42	$ 3.15	$ 19.85
NET INCOME PER WEIGHTED AVERAGE DILUTED SHARE ATTRIBUTABLE TO ATLANTIC TELE-NETWORK, INC. STOCKHOLDERS:			
Continued operations	$ 0.47	$ 1.33	$ 1.83
Discontinued operations:			
Discontinued operations	$ 0.94	$ 1.80	$ 0.29
Gain on sale of discontinued operations			$ 17.59
Total discontinued operations	$ 0.94	$ 1.80	$ 17.88
Total	$ 1.41	$ 3.13	$ 19.71
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:			
Basic	15,396	15,531	15,704
Diluted	15,495	15,619	15,817

DIVIDENDS PER SHARE APPLICABLE TO COMMON STOCK	$ 0.90	$ 0.96	$ 1.04

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

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ATLANTIC TELE-NETWORK, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2011, 2012, and 2013

(in thousands)

	Year Ended December 31,		
	2011	2012	2013
Net income	$ 21,897	$ 53,167	$ 349,205
Other comprehensive income:			
Foreign currency translation adjustment	13		(259)
Projected pension benefit obligation, net of tax expense(benefit) of $0.2 million, $(1.2) million and $0.2 million	(274)	1,395	(631)
Unrealized (loss) gain on interest rate swap, net of tax expense (benefit) of $1.7 million, $(0.1) million, and $(3.6) million	(2,579)	207	6,985
Other comprehensive (loss) income, net of tax	(2,840)	1,602	6,095
Comprehensive income	19,057	54,769	355,300
Less: Comprehensive income attributable to non-controlling interests	(103)	(4,235)	(37,489)
Comprehensive income attributable to Atlantic Tele-Network, Inc.	$ 18,954	$ 50,534	$ 317,811

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

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ATLANTIC TELE-NETWORK, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY

For the Years Ended December 31, 2011, 2012, and 2013

(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	Non-Controlling Interests	Total Equity
Balance, December 31, 2010	$ 159	$ (4,724)	$ 113,002	$ 182,390	$ (7,059)	$ 283,768	$ 45,268	$ 329,036
Issuance of 51,602 shares of common stock upon exercise of stock options	1		1,174			1,175		1,175
Purchase of 5,470 shares of common stock		(218)				(218)		(218)
Stock-based compensation			3,249			3,249		3,249
Dividends declared on common stock				(13,857)		(13,857)	(2,813)	(16,670)
Non-controlling interest in equity acquired, net of tax of $2,280			1,195			1,195	11,923	13,118
Investments made by minority shareholders							3,783	3,783
Comprehensive income:								
Net income (loss)				21,794		21,794	103	21,897
Other comprehensive income, net of tax benefit of $1,327					(2,840)	(2,840)		(2,840)
Total comprehensive income						18,954	103	19,057
Balance, December 31, 2011	160	(4,942)	118,620	190,327	(9,899)	294,266	58,264	352,530
Issuance of 62,575 shares of common stock upon exercise of stock options			1,452			1,452		1,452
Purchase of 9,175 shares of common stock		(344)				(344)		(344)
Stock-based compensation			3,543			3,543		3,543
Dividends declared on common stock				(14,943)		(14,943)	(3,389)	(18,332)
Tax benefit from stock options exercised			(362)			(362)		(362)
Non-controlling interest in equity acquired							(77)	(77)
Investments made by minority shareholders							1,061	1,061
Comprehensive income:								
Net income (loss)				48,932		48,932	4,235	53,167
Other comprehensive income, net of tax of $1,315					1,602	1,602		1,602
Total comprehensive income						50,534	4,235	54,769
Balance, December 31, 2012	160	(5,286)	123,253	224,316	(8,297)	334,146	60,094	394,240
Issuance of 303,536 shares of common stock upon exercise of stock options	4		9,298			9,302		9,302
Purchase of 163,222 shares of common stock		(8,103)				(8,103)		(8,103)
Stock-based compensation			4,454			4,454		4,454
Dividends declared on common stock				(16,381)		(16,381)	(27,832)	(44,213)
Excess tax benefits from share-based compensation			2,101			2,101		2,101
Investments made by minority shareholders							407	407
Sale of non-controlling interest							(13,633)	(13,633)
Comprehensive income:								

Net income				311,716		311,716	37,489	349,205
Other comprehensive income, net of tax of $2,316					6,095	6,095		6,095
Total comprehensive income						317,811	37,489	355,300
Balance, December 31, 2013	$ 164	$ (13,389)	$ 139,106	$ 519,651	$ (2,202)	$ 643,330	$ 56,525	$ 699,855

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

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ATLANTIC TELE-NETWORK, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2011, 2012 and 2013

(In Thousands)

	December 31,		
	2011	**2012**	**2013**
Cash flows from operating activities:			
Net income	$ 21,897	$ 53,167	$ 349,205
Adjustments to reconcile net income to net cash flows provided by operating activities:			
Depreciation and amortization	51,250	50,587	48,737
Provision for doubtful accounts	4,407	1,494	1,163
Amortization and write off of debt discount and debt issuance costs	1,962	2,388	6,681
Stock-based compensation	2,737	3,323	4,454
Loss on interest rate derivative contracts			5,408
Deferred income taxes	14,748	2,502	(4,849)
Income from discontinued operations	(10,222)	(29,202)	(5,166)
Gain on disposition of long-lived assets	(2,397)	(11,605)	(1,076)
Impairment of intangibles	2,425	3,350	
Gain on sale of discontinued operations			(307,102)
Changes in operating assets and liabilities, excluding the effects of acquisitions:			
Accounts receivable, net	(10,390)	(1,951)	2,233
Materials and supplies, prepayments, and other current assets	3,219	(700)	(17,117)
Income tax receivable	(1,922)	11,545	14,251
Accounts payable and accrued liabilities, advance payments and deposits and other current liabilities	(12,163)	(4,404)	10,472
Accrued taxes	3,758	26,416	(242,696)
Other	1,926	7,974	4,006
Net cash provided by (used in) operating activities of continuing operations	71,235	114,884	(131,396)
Net cash provided by operating activities of discontinued operations	61,368	72,587	19,394
Net cash provided by operating activities	132,603	187,471	(112,002)
Cash flows from investing activities:			
Capital expenditures	(41,331)	(42,154)	(69,316)
Cash acquired in business combinations	4,087		
Proceeds from disposition of long-lived assets	1,200	15,163	1,500
Decrease in restricted cash	467		
Net cash used in investing activities of continuing operations	(35,577)	(26,991)	(67,816)
Net cash provided by (used in) investing activities of discontinued operations, net	(60,070)	(35,267)	710,934