

ATLANTIC TELE NETWORK INC /DE
Form 424B3
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Subject to Completion, dated July 3, 2006

The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and they are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PROSPECTUS SUPPLEMENT
(To prospectus dated June 2, 2006)

3,600,000 Shares

Atlantic Tele-Network, Inc.

Common Stock

We are selling 2,400,000 shares of our common stock. The selling stockholders identified in this prospectus supplement are selling an additional 1,200,000 shares. We will not receive any of the proceeds from the sale of shares being sold by the selling stockholders.

Our common stock is traded on the NASDAQ Global Market under the symbol ATNI. On June 30, 2006, the reported last sale price of our common stock on the NASDAQ Global Market was \$20.83 per share.

Investing in our common stock involves a high degree of risk. See Risk Factors beginning on page S-9 to read about risk factors you should consider before buying shares of our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	\$	\$

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Underwriting discount	\$	\$
Proceeds, before expenses, to us	\$	\$
Proceeds, before expenses, to the selling stockholders	\$	\$

The underwriters may purchase up to an additional 540,000 shares from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus supplement to cover over-allotments.

The underwriters expect to deliver the shares to purchasers on or about _____, 2006.

**RAYMOND JAMES
STIFEL NICOLAUS**

UBS INVESTMENT BANK

Prospectus Supplement dated _____, 2006

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You should rely only on the information we have provided or incorporated by reference in this prospectus supplement and the accompanying prospectus. We and the selling stockholders have not authorized anyone to provide you with information different from that contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus supplement or the accompanying prospectus. You must not rely on any unauthorized information or representation. This prospectus supplement is an offer to sell only the securities offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. You should assume that the information in this prospectus supplement is accurate only as of the date on the front of the document and that any information we have incorporated by reference is accurate only as of the date of the document incorporated by reference, regardless of the time of delivery of this prospectus supplement or any sale of a security.

ABOUT THIS PROSPECTUS SUPPLEMENT

This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part is the accompanying prospectus, which describes more general information, some of which may not apply to this offering. You should read both this prospectus supplement and the accompanying prospectus, together with the additional information described below under the headings "Where You Can Find More Information" and "Incorporation of Certain Documents by Reference."

If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement. Any statement made in this prospectus supplement or in a document incorporated by reference in this prospectus supplement will be deemed to be modified or superseded for purposes of this prospectus supplement to the extent that a statement contained in this prospectus supplement or in any other subsequently filed document that is also incorporated by reference in this prospectus supplement modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement. See "Incorporation of Certain Documents By Reference."

In this prospectus supplement (unless the context otherwise requires), the words "we," "our," "ours," and "us" refer to Atlantic Tele-Network, Inc. and its subsidiaries. "ClearChoice" is a service mark of one of our subsidiaries.

This prospectus supplement also contains other trademarks, service marks and trade names that are the property of others.

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

Information regarding shares of our common stock set forth in this prospectus supplement has been retroactively adjusted to reflect our 5-for-2 stock split on March 31, 2006.

FORWARD-LOOKING STATEMENTS

This prospectus supplement and the filings incorporated into this prospectus supplement by reference contain forward-looking statements. Forward-looking statements can generally be identified by our use of words such as "anticipates," "believes," "continue," "estimates," "expects," "intends," "may," "opportunity," "plans," "potential," "predicts," or "will," the negative of these words or words of similar import. Similarly, statements that describe our future plans, strategies, intentions, expectations, objectives, goals or prospects are also forward-looking statements.

These statements are based on our beliefs and assumptions, which in turn are based on currently available information. Our beliefs and assumptions could prove incorrect. New risks and uncertainties emerge from time to time, and it is not possible for us to predict which factors will arise or how they may affect us.

These and other factors, including those factors set forth under "Risk Factors," could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made by us or on our behalf. You should not place undue reliance on any forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. Except as required by law, we undertake no obligation to publicly revise our forward-looking statements to reflect events or circumstances that arise after the date of this prospectus supplement or the date of documents incorporated by reference in this prospectus supplement that include forward-looking statements.

NOTICE TO INVESTORS

European Economic Area

In relation to each Member State of the European Economic Area (or EEA), which has implemented the Prospectus Directive (each, a Relevant Member State), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, or the Relevant Implementation Date, our common stock will not be offered to the public in that Relevant Member State prior to the publication of a prospectus in relation to our common stock that has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that, with effect from and including the Relevant Implementation Date, our common stock may be offered to the public in that Relevant Member State at any time:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than 443,000,000 and (3) an annual net turnover of more than 450,000,000, as shown in its last annual or consolidated accounts; or
- in any other circumstances which do not require the publication by us of a prospectus pursuant to Article 3 of the Prospectus Directive.

As used above, the expression offered to the public in relation to any of our common stock in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and our common stock to be offered so as to enable an investor to decide to purchase or subscribe for our common stock, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

The EEA selling restriction is in addition to any other selling restrictions set out below.

United Kingdom

Our common stock may not be offered or sold and will not be offered or sold to any persons in the United Kingdom other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses and in compliance with all applicable provisions of the Financial Services and Markets Act 2000 (or the FSMA), with respect to anything done in relation to our common stock in, from or otherwise involving the United Kingdom. In addition, each underwriter has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of our common stock in circumstances in which Section 21(1) of the FSMA does not apply to us. Without limitation to the other restrictions referred to herein, this prospectus supplement is directed only at (1) persons outside the United Kingdom, (2) persons having professional experience in matters relating to investments who fall within the definition of investment professionals in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005; or (3) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005. Without limitation to the other restrictions referred to herein, any investment or investment activity to which this prospectus supplement relates is available only to, and will be engaged in only with, such persons, and persons within the United Kingdom who receive this communication (other than persons who fall within (2) or (3) above) should not rely or act upon this communication.

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Israel

Neither the offering contemplated by this prospectus supplement nor the securities offered hereunder have been or will be registered with the Securities Commission of the State of Israel. Accordingly, the securities offered by this prospectus supplement may not be offered or sold to the general public. The securities offered by this prospectus supplement may only be offered to, and may only be acquired by, those parties that are accredited investors as defined in Section 15 of the Securities Law, 5728-1968, of the State of Israel and the rules and regulations adopted thereunder.

France

No prospectus (including any amendment, supplement or replacement thereto) has been prepared in connection with the offering of our common stock that has been approved by the Autorité des marchés financiers or by the competent authority of another State that is a contracting party to the Agreement on the European Economic Area and notified to the Autorité des marchés financiers; no common stock has been offered or sold and will be offered or sold, directly or indirectly, to the public in France except to permitted investors, consisting of persons licensed to provide the investment service of portfolio management for the account of third parties, qualified investors (investisseurs qualifiés) acting for their own account and/or corporate investors meeting one of the four criteria provided in Article 1 of Decree N° 2004-1019 of September 28, 2004 and belonging to a limited circle of investors (cercle restreint d'investisseurs) acting for their own account, with qualified investors and limited circle of investors having the meaning ascribed to them in Article L. 411-2 of the French Code Monétaire et Financier and applicable regulations thereunder; none of this prospectus supplement or any other materials related to the offer or information contained therein relating to our common stock has been released, issued or distributed to the public in France except to Permitted Investors; and the direct or indirect resale to the public in France of any common stock acquired by any Permitted Investors may be made only as provided by articles L. 412-1 and L. 621-8 of the French Code Monétaire et Financier and applicable regulations thereunder.

Italy

The offering of shares of our common stock has not been cleared by the Italian Securities Exchange Commission (Commissione Nazionale per le Società e la Borsa, or the CONSOB) pursuant to Italian securities legislation and, accordingly, shares of our common stock may not and will not be offered, sold or delivered, nor may or will copies of this prospectus supplement or any other documents relating to shares of our common stock or the offering be distributed in Italy other than to professional investors (operatori qualificati), as defined in Article 31, paragraph 2 of CONSOB Regulation No. 11522 of July 1, 1998, as amended, or Regulation No. 11522.

Any offer, sale or delivery of shares of our common stock or distribution of copies of this prospectus supplement or any other document relating to shares of our common stock or the offering in Italy may and will be effected in accordance with all Italian securities, tax, exchange control and other applicable laws and regulations, and, in particular, will be: (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Legislative Decree No. 385 of September 1, 1993, as amended, or the Italian Banking Law, Legislative Decree No. 58 of February 24, 1998, as amended, Regulation No. 11522, and any other applicable laws and regulations; (ii) in compliance with Article 129 of the Italian Banking Law and the implementing guidelines of the Bank of Italy; and (iii) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

Any investor purchasing shares of our common stock in the offering is solely responsible for ensuring that any offer or resale of shares of common stock it purchased in the offering occurs in compliance with applicable laws and regulations.

This prospectus supplement and the information contained herein are intended only for the use of its recipient and are not to be distributed to any third party resident or located in Italy for any reason. No person resident or located in Italy other than the original recipients of this document may rely on it or its content.

In addition to the above (which shall continue to apply to the extent not inconsistent with the implementing measures of the Prospective Directive in Italy), after the implementation of the Prospectus Directive in Italy, the restrictions, warranties and representations set out under the heading European Economic Area above shall apply to Italy.

Germany

Shares of our common stock may not be offered or sold or publicly promoted or advertised by any underwriter in the Federal Republic of Germany other than in compliance with the provisions of the German Securities Prospectus Act (Wertpapierprospektgesetz WpPG) of June 22, 2005, as amended, or of any other laws applicable in the Federal Republic of Germany governing the issue, offering and sale of securities.

Spain

Neither the common stock nor this prospectus supplement have been approved or registered in the administrative registries of the Spanish National Securities Exchange Commission (Comisio´n Nacional del Mercado de Valores). Accordingly, our common stock may not be offered in Spain except in circumstances which do not constitute a public offer of securities in Spain within the meaning of articles 30bis of the Spanish Securities Markets Law of 28 July 1988 (Ley 24/1988, de 28 de Julio, del Mercado de Valores), as amended and restated, and supplemental rules enacted thereunder.

Sweden

This is not a prospectus under, and has not been prepared in accordance with the prospectus requirements provided for in, the Swedish Financial Instruments Trading Act (lagen (1991:980) om handel med finansiella instrument) nor any other Swedish enactment. Neither the Swedish Financial Supervisory Authority nor any other Swedish public body has examined, approved, or registered this document.

Switzerland

The common stock may not and will not be publicly offered, distributed or re-distributed on a professional basis in or from Switzerland and neither this prospectus nor any other solicitation for investments in our common stock may be communicated or distributed in Switzerland in any way that could constitute a public offering within the meaning of Articles 1156 or 652a of the Swiss Code of Obligations or of Article 2 of the Federal Act on Investment Funds of March 18, 1994. This prospectus supplement may not be copied, reproduced, distributed or passed on to others without the underwriters' prior written consent. This prospectus supplement is not a prospectus within the meaning of Articles 1156 and 652a of the Swiss Code of Obligations or a listing prospectus according to article 32 of the Listing Rules of the Swiss Exchange and may not comply with the information standards required thereunder. We will not apply for a listing of our common stock on any Swiss stock exchange or other Swiss regulated market and this prospectus supplement may not comply with the information required under the relevant listing rules. The common stock offered hereby has not and will not be registered with the Swiss Federal Banking Commission and has not and will not be authorized under the Federal Act on Investment Funds of March 18, 1994. The investor protection afforded to acquirers of investment fund certificates by the Federal Act on Investment Funds of March 18, 1994 does not extend to acquirers of our common stock.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information contained elsewhere in this prospectus supplement. It is not complete and may not contain all of the information that may be important to you in making a decision to purchase our common stock. For a more complete understanding of Atlantic Tele-Network, Inc. and our offering of common stock, we urge you to read this entire prospectus supplement carefully, including the Risk Factors section, the consolidated financial statements, and the notes to those statements appearing elsewhere in this prospectus supplement or incorporated herein by reference.

Overview

We provide wireless and wireline telecommunications services in the Caribbean and North America. Through our operating subsidiaries and affiliates, we offer the following principal services:

- **Wireless.** We offer wireless voice and data services to retail customers in Guyana and Bermuda. In the United States, we offer wholesale wireless voice and data roaming services to national, regional and local wireless carriers in rural markets located principally in Arizona, Colorado, Illinois, Missouri and New Mexico.
- **Local Telephone and Data.** Our local telephone and data services include our operations in Guyana, the U.S. Virgin Islands and the mainland United States. We are the exclusive provider of domestic wireline local and long distance telephone services in Guyana. We are a leading Internet access service provider in the U.S. Virgin Islands. In the mainland United States, we offer facilities-based integrated voice and data communications services to residential and business customers in New England, primarily in Vermont.
- **International Long Distance Voice and Data Services.** We are the exclusive provider of international long distance voice and data communications into and out of Guyana. As part of our infrastructure, we own interests in major international fiber optic cables linking Guyana to, among other places, Suriname, French Guiana, Trinidad, the U.S. Virgin Islands and the mainland United States.

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 and business customers across a variety of geographic and demographic markets. We have provided these services to our customers for over ten years and have demonstrated our ability to grow both customers and revenues by improving service and increasing the number of wireline and wireless products offered to these customers. We believe these sectors provide significant opportunities for organic and acquisitive growth.
- **Target Underserved Markets Where We Can Compete Successfully.** We operate in smaller, underserved 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 leading market positions. By leveraging these attributes, along with our lower cost of capital and our 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.
- **Partner with Successful Local Owner/Operators.** We partner with local management teams who have demonstrated a successful track record. We believe that strong local management enhances our close relationship with customers and reduces risk. Our geographically diverse businesses are all operated and often partially owned by local managers, employees and investors. We seek to

enhance our strong market position by maintaining these partnerships and by leveraging our extensive management experience 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. 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 our newer, faster growing businesses, we seek to invest capital to improve our competitive position, increase market share and generate strong revenue and cash flow. We consider new investments and acquisitions on a disciplined return-on-investment basis and generally avoid transactions that we do not expect to have a near-term positive impact on our earnings.

As a result of these strategies, over the past four years we have increased our consolidated operating income and earnings per share by approximately 19% and 13%, respectively, on an annually compounded basis. We have also been able to pay cash dividends to our shareholders for 30 consecutive quarters and have increased our quarterly dividend per share by approximately 50% since the beginning of 2002.

Our Company

We conduct our operations in the mainland United States, Guyana, Bermuda, and U.S. Virgin Islands through the following principal operating subsidiaries and affiliate:

- ***Guyana Telephone & Telegraph (or GT&T).*** In 1991, we acquired an 80% equity interest in GT&T, which is the exclusive provider of domestic wireline local and long distance telecommunications services in Guyana and the largest service provider in Guyana's competitive wireless tele-communications market. GT&T is the successor to the Guyana Telecommunications Corporation, a corporation wholly owned by the Government of Guyana. The remaining 20% equity interest in GT&T is held by the Government of Guyana.
- ***Commnet Wireless, LLC.*** In September 2005, we acquired a 95% equity interest in Commnet, which provides wireless voice and data communications roaming services in the United States. The remaining 5% equity interest in Commnet is held by Commnet management.
- ***SoVerNet, Inc.*** In February 2006, we acquired SoVerNet, which provides facilities-based integrated voice and broadband data communications services in New England, primarily in Vermont. We currently own a 96% equity interest in SoVerNet. The remaining 4% equity interest in SoVerNet is held by SoVerNet management.
- ***Bermuda Digital Communications, Ltd (or BDC).*** In 1998, we acquired a 44% equity interest in BDC, which is the largest wireless voice and data communications service provider in Bermuda, operating under the Cellular One brand. The remaining equity holders include BDC's Bermudian management team.

- ***Choice Communications, LLC.*** In October 1999, we acquired Choice, which provides fixed wireless broadband data services and dial-up Internet services to retail and business customers in the U.S. Virgin Islands. Through our Choice subsidiary, we also offer fixed wireless digital television services in the U.S. Virgin Islands.

In addition to our equity interests, we also receive management fees from our principal operating subsidiaries and affiliate.

We are incorporated in Delaware. Our principal corporate offices are located at 10 Derby Square, Salem, Massachusetts 01970. The telephone number at our principal corporate offices is (978) 619-1300. Our website is located at www.atni.com. Information contained on our website does not constitute part of this prospectus supplement.

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THE OFFERING

Common stock offered:

By us	2,400,000 shares
By the selling stockholders	1,200,000 shares
Over-allotment option	540,000 shares
Common stock outstanding after the offering	14,868,291 shares, or 15,408,291 shares if the underwriters exercise their over-allotment option in full.(1)

Use of proceeds We estimate that our net proceeds from this offering will be approximately \$46.7 million, or approximately \$57.3 million if the underwriters exercise their over-allotment option in full, based on an estimated offering price of \$20.83 per share. We intend to use the net proceeds to repay a portion of our outstanding indebtedness under our credit facilities, to fund capital expenditures, acquisitions and/or strategic investments and for general corporate purposes.

We will not receive any proceeds from the sale of shares by the selling stockholders.

Dividend policy 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 credit facility restricts our ability to declare or pay dividends on our common stock. Because Atlantic Tele-Network, Inc. is 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. See Dividend Policy.

Risk factors Investing in our common stock involves a high degree of risk. See Risk Factors beginning on page S-9 to read about risk factors you should consider before investing in shares of our common stock.

Nasdaq Global Market symbol ATNI

(1) Based on 12,468,291 shares outstanding as of April 30, 2006 and excluding 655,207 shares of common stock currently reserved for issuance under our 1998 Stock Option Plan, our 2005 Restricted Stock and Incentive Plan and our Director s Compensation Plan, collectively.

SUMMARY FINANCIAL DATA

The following table presents our summary financial information, which you should read in conjunction with, and is qualified in its entirety by reference to, our historical consolidated financial statements, the notes to those financial statements, and Management's Discussion and Analysis of Financial Condition and Results of Operations included in this prospectus supplement. The summary financial information set forth below as of and for the years ended December 31, 2003, 2004 and 2005 has been derived from our audited consolidated financial statements. The summary financial information as of and for the three months ended March 30, 2005 and 2006 has been derived from our unaudited consolidated financial statements, which include all adjustments consisting of normal recurring accruals that we consider necessary for a fair presentation of the financial position and the results of operations for these periods. Historical results are not necessarily indicative of future performance. Period-to-period comparisons are also significantly affected by our acquisitions. We acquired Commnet on September 15, 2005 and SoVerNet on February 10, 2006. Pro forma financial information relating to our acquisition of Commnet is available on our Current Report on Form 8-K filed on September 21, 2005, as amended on November 14, 2005 and April 7, 2006.

	Year Ended December 31,			Three Months Ended March 31,	
	2003	2004	2005(1)	2005	2006(2)
	Unaudited				
	(In thousands, except per share data)				
Statement of Operations Data:					
Total revenue	\$ 83,288	\$ 89,165	\$ 102,281	\$ 22,689	\$ 34,521
Income from operations	28,988	34,476	36,992	7,939	11,573
Basic net income per share	0.98	0.96	1.09	0.24	0.33
Diluted net income per share	0.97	0.96	1.09	0.24	0.33
Dividends per share	0.38	0.42	0.46	0.11	0.12
Statement of Cash Flow Data:					
Net cash provided by operating activities	26,517	41,609	30,694	4,931	12,482
Net cash provided by (used in) investing activities	(16,060)	(34,148)	(76,973)	4,993	(22,409)
Net cash provided by (used in) financing activities	(8,788)	119	32,872	(1,656)	9,976

	December 31,			March 31,	
	2003	2004	2005	2005	2006
	(Unaudited)				
	(In thousands)				
Balance Sheet Data:					
Cash, cash equivalents and marketable securities	\$ 32,320	\$ 47,981	\$ 26,493	\$ 48,168	\$ 26,542
Fixed assets, net	90,990	100,092	125,709	98,481	128,713
Total assets	151,973	176,374	233,831	177,822	255,229
Long-term debt (including current portion)	3,592	12,413	55,750	12,133	69,711
Stockholders' equity	101,531	108,132	115,710	109,801	117,923

(1) Reflects our acquisition of Commnet on September 15, 2005.

(2) Reflects our acquisition of Commnet and our acquisition of SoVerNet on February 10, 2006.

RISK FACTORS

You should consider the following risk factors, in addition to the other information presented in this prospectus supplement and the documents incorporated by reference into this prospectus supplement, in evaluating us, our business and an investment in the shares of common stock. Any of the following risks as well as other risks and uncertainties not presently known to us or that we currently deem immaterial could seriously harm our business and financial results and cause the value of the shares of our common stock to decline, which in turn could cause you to lose all or part of your investment.

Risks Relating to Our Wireless and Wireline Services in Guyana

Our exclusive license to provide local exchange and long distance telephone services in Guyana is subject to significant political and regulatory risk.

Since 1991, our subsidiary Guyana Telephone and Telegraph Company, Limited (or GT&T) has operated in Guyana pursuant to a license from the Government of Guyana to be the exclusive provider of local exchange and long distance services. From time to time, Guyana Government officials have publicly stated their intention to revoke or terminate the license and have made efforts to enact legislation that would allow for competition in areas that are precluded by the exclusivity terms and, in addition, the regulatory body in Guyana initiated an action a number of years ago questioning the status and validity of such terms. President Bharrat Jagdeo has publicly stated that it is a priority of his administration to enable other telecommunications companies to provide wireline services covered by our exclusive license, as well as to increase the number of wireless service providers. While we would seek to enforce our rights under the exclusive wireline license and believe that we would be entitled to damages for any termination of that license, we cannot guarantee that we would prevail in any court or arbitration proceedings.

We are highly dependent on GT&T for a substantial majority of our revenues and profits. Approximately 85% of our consolidated revenue for the year ended December 31, 2005 were generated by GT&T. As of December 31, 2005, we have invested approximately \$228 million in Guyanese telecommunications infrastructure. Any modification, early termination or other revocation of the exclusive wireline license could adversely affect a substantial majority of our revenues and profits and diminish the value of our investment in Guyana.

Any significant decline in the price or volume of international long distance calls to Guyana could adversely affect our financial condition and results.

We collect payments from foreign carriers for handling international long distance calls originating from the foreign carriers' countries and ending in Guyana. The payments, which are based on volume and payment rates, are pursuant to arrangements we have with the foreign carriers and are subject to the actions of telecommunications regulators, such as the U.S. Federal Communications Commission (or FCC). For the year ended December 31, 2005, our revenues from GT&T's international long distance services were \$45.4 million (or 44% of our consolidated revenue for 2005) and constituted a significant portion of our profits. Most of these revenues and profits were from collecting payments for international long distance calls into Guyana from other countries.

Any decrease in the payment rate or the volume of inbound long distance calls would reduce the amount of the payments we collect. In January 2002, the FCC reduced the payment rate for U.S.-Guyana traffic from \$0.85 per minute to \$0.23 per minute which negatively impacted GT&T's operating profits. The lowering of the U.S. international settlement rate in 2002 has been followed by a gradual reduction in settlement rates between Guyana and most other countries to \$0.23 per minute or less. We believe the volume of outbound international long distance voice traffic is increasingly being threatened by customers and illegal operators bypassing our international exchange through various means, including sending voice traffic as Voice over Internet Protocol (or VoIP). Further reductions in the payment rates or a decline in

inbound international long distance volume, through VoIP or otherwise, would adversely affect our revenues and profits, and would deprive us of a critical source of U.S. currency as payments from foreign carriers to GT&T are in U.S. dollars.

The regulation of the rates that GT&T may charge for local wireline telephone service may adversely affect our profitability, revenue growth and our ability to make additional network investment in Guyana.

The rates that GT&T may charge for local wireline phone service are regulated by the Public Utility Commission (or PUC), an independent regulatory body responsible for regulating telecommunications in Guyana. The PUC has authority to set local wireline rates and has broad powers to assess GT&T's compliance with the terms of GT&T's exclusive license with the Government of Guyana. Under that license, GT&T is entitled to charge rates that will enable it to earn an annual minimum rate of return equal to 15% of GT&T's capital dedicated to public use. Unless otherwise agreed to by the parties, the license states that such rates shall be calculated on the basis of GT&T's entire property, plant and equipment in a manner consistent with the practices and procedures of the FCC. The PUC, however, has disallowed or challenged several million dollars of franchise rights and working capital that we believe should be included in the base upon which rates are determined in accordance with the terms of the license (or rate base). Any failure by the PUC to calculate rates in accordance with the rate of return calculation in the license would adversely affect our profitability, revenue growth and our ability to make additional network investment in that country.

In addition, we calculate the rate base in U.S. dollars based on a historical U.S. dollar valuation of dedicated capital, which protects the value of GT&T earnings from devaluations in the Guyanese dollar. The PUC has neither approved nor disapproved this method of calculation. If we were required to calculate the rate base based on a Guyanese dollar valuation of dedicated capital, the value of GT&T's earnings would be subject to devaluations in the Guyanese dollar.

GT&T is engaged in significant tax disputes with the Guyanese tax authorities which could adversely affect our financial condition and results of operations.

GT&T's worldwide income is subject to Guyanese tax at an overall rate of 45%. GT&T has received various income tax assessments from Guyana tax authorities for past periods that claim GT&T owes approximately \$23.5 million in additional income taxes. A substantial portion of this amount is based on the disallowance of 80% of GT&T's deduction for management fees paid to us pursuant to the original investment agreement and related agreements. This management fee is currently set at approximately 6% of GT&T's revenue. Although we believe that the fee is part of the original contract, is similar to amounts charged by other international telecommunications companies to their foreign subsidiaries for management advisory services and is an appropriate and proper expense, we may not prevail in these tax disputes. In addition, as part of an overall settlement of outstanding issues with the Government we might be forced to agree to reduce the amount of, or deductibility of, the management fees. If GT&T is required to pay these additional taxes and/or reduce our management fee, it could have a material adverse effect on our financial condition and results of operations.

Political transition in Guyana may adversely affect our operations.

Presidential elections are currently scheduled to take place in Guyana during the second half of 2006. In the past, presidential elections in Guyana have caused an escalation of political and ethnic strife, and some observers are concerned that the upcoming elections could cause significant unrest, including acts of violence, vandalism and economic disruption. Given the potential for negative impact on our employees and our customers in Guyana, any such unrest, especially if severe or prolonged, could have a material adverse effect on our financial condition and results of operations.

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Other Risks Relating to Our Businesses and Industry

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 Guyana, we face current competition from a nationwide wireless service provider and may face additional competition in the future. Guyana Government officials, including the President, have stated that Guyana will provide a wireless license to a large mobile telecommunications company operating in many Caribbean countries.
- In Vermont, in addition to other competitive voice and data communications service providers, we compete with a much larger national carrier, which has greater financial resources, greater economies of scale and may employ more advanced technology than us.
- Commnet's greatest competitive risk is the possibility that its current customers may elect to build or enhance their own networks within the rural market in which Commnet currently provides service, which is commonly known as over-building. If Commnet's customers, which have greater financial resources and access to capital than we have, determine to over-build, their need for Commnet's roaming services will be significantly reduced or eliminated.
- In Bermuda, BDC competes with the incumbent wireless service provider and a larger regional provider, which because of their greater size and financial resources, have earlier access to the most technologically advanced handsets and have greater negotiating power in purchasing handsets and other equipment from vendors.

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 retail wireless businesses may not continue to grow at the same rate as in the past.

The future growth of our retail wireless businesses and affiliates may be constrained by the smaller markets that we serve. In Guyana, the wireless communications market is relatively small in comparison with other developing countries and regions. At December 31, 2005, we estimate that the wireless penetration rate (the percentage of a population subscribing to wireless services) in Guyana is approximately 32%. Bermuda is also a relatively small wireless market. At December 31, 2005, we estimate that the wireless penetration rate in Bermuda is approximately 70%. It is unlikely that our wireless subscriber levels will continue to grow at the same rate as in the past.

In addition, we believe that some portion of our wireless subscriber growth in Guyana since our deployment of GSM services in the fourth quarter of 2004 may be a result of TDMA prepaid subscribers buying a GSM handset and temporarily retaining their TDMA handset until their TDMA prepaid accounts are depleted. Such a subscriber would temporarily appear as two subscribers in our wireless growth numbers. This overlap would likely abate with the passage of time, which may reduce the future subscriber growth numbers but should not affect revenue.

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

Our Commnet subsidiary generates a substantial majority of its revenues from two national wireless service providers. From September 15, 2005 through December 31, 2005, two national wireless service providers together accounted for 81% of Commnet's revenues. Commnet's relationships with its customers

generally are much more financially significant for Commnet than its customers, which can give its customers significant leverage in negotiating pricing and other terms. If we fail to keep any of these customers satisfied with our service offerings or economic terms, we could lose their business and suffer a substantial loss of revenue, which would have a materially adverse effect on our results of operations and financial condition.

Our failure to maintain favorable roaming arrangements could have a material adverse effect on our ability to provide service to retail wireless customers who travel outside our coverage area.

In addition to providing us with significant revenue, the roaming arrangements established by BDC and, to a lesser extent, GT&T enable our retail wireless customers to use the wireless networks of other wireless carriers when they travel outside of our licensed service area. This enables us to offer our customers competitively priced regional and international rate plans that include areas for which we do not own wireless licenses, and this is particularly important to BDC's customers in Bermuda who travel frequently. If we are not able to maintain favorable roaming agreements with other wireless carriers, we may no longer be able to offer these regional and international rate plans and the coverage area and pricing we offer to our customers may not be as attractive relative to the offers from our competitors. This could have a material adverse effect on our future operations and financial condition. When our roaming agreements expire or are terminated, our roaming partners could choose not to renegotiate such agreements and could enter into roaming agreements with other carriers serving our markets or choose not to include our markets in their service offerings altogether. Furthermore, our roaming revenue is highly dependent on the pricing decisions made by our roaming partners. If our markets are not included in our roaming partners' home calling areas and are instead subject to the imposition of additional roaming charges, we could see a loss of roaming minutes and revenue which could have a material adverse effect on our results of operations.

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

Our operations in Guyana and Bermuda 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, or laws and regulations that restrict repatriation of earnings or other funds. In addition, we face risks associated with changes in foreign currency exchange rates. Any of these changes could adversely affect our revenues or financial position.

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, Bermuda regulations and Guyanese 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 assure you that we can do so in a cost-effective manner. In addition, the failure by us 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.

SoVerNet, Commnet and Choice 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, particularly our operations in Vermont. Also, although legislation has not yet been introduced, there have been indications that Congress may substantially revise the 1996 Act in the next few years. We cannot predict what effect any new legislation will have on our businesses.

SoVerNet and Commnet are also subject to state regulatory commissions to the extent they provide intrastate services. While we have obtained the necessary certifications to provide service, each state commission retains the authority to revoke our certificate if that commission determines we have violated any condition of our certification or if it finds that doing so would be in the public interest. While we believe we are in compliance with 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 the contents of our bills, on an on-going basis. If we fail to comply with these requirements, we may be subject to fines or potentially be asked to show cause as to why our certificate of authority to provide service should not be revoked.

In Guyana, we are subject to regulation by the PUC, which has authority to assess GT&T's compliance with the terms of GT&T's exclusive wireline license with the Guyanese Government and has regulatory authority over GT&T's wireless service. See Business Regulation of Our Guyana Subsidiary.

The Competition and Fair Trading Act, which was passed by the National Assembly of Guyana in April 2006, prohibits anti-competitive business conduct that presents, restricts or distorts competition or constitutes the abuse of a dominant position in the market. Since this Act was only recently passed, we cannot assure you that the Government of Guyana, the Competition Commission or third parties will not seek to apply the Act against our operations in Guyana in a manner which might adversely affect our financial condition or results of operations. See Business Regulation of Our GT&T Subsidiary.

In Bermuda, BDC is subject to the Telecommunications Act 1986. In November 2005, the Minister of Telecommunications and Technology directed BDC to cease offering certain data services through its Bull-branded wireless modem. BDC challenged the directive in Bermuda court claiming that the directive contravenes BDC's license to provide data services and BDC's long history of providing data services. On June 6, 2006, the court ruled in favor of BDC. We expect the Minister to appeal the court's ruling. If the directive against BDC is upheld, it could negatively affect BDC's ability to grow its revenue. See Business Regulation of Our BDC Affiliate.

U.S. federal or state governments (including territorial governments) or the governments of Guyana or Bermuda could adopt regulations or take other actions that might have a material adverse effect on our business. These changes could materially and adversely affect our business prospects and operating results.

The loss of certain licenses would 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. Commnet's wireless licenses expire between 2007 and 2015. Choice's wireless licenses expire between 2008 and 2016. 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. 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.

Rapid and significant technological changes in the telecommunications industry may adversely affect us.

We face rapid and significant changes in technology. In particular, the telecommunications industry is experiencing significant technological changes, including:

- evolving industry standards;

- the allocation of new radio frequency spectrum in which to license and operate advanced wireless services;
- ongoing improvements in the capacity and quality of digital technology and shorter development cycles for new products and enhancements;
- changes in end-user requirements and preferences;
- the development of VoIP telephony services;
- development of data and broadband capabilities; and
- migration to next-generation services, which may require the purchase of additional spectrum.

For us to keep up with these technological changes and remain competitive, we will be required to continue to make significant capital expenditures. Our value to the wireless carriers that are Commnet's customers depends in part on our network's capability of supporting the services that such carriers' customers demand. For example, mobile high-speed wireless data services, which allow customers of wireless carriers to use the wireless network to send and receive data files and access the Internet, have become increasingly popular in the United States. While we offer certain advanced services, such as GSM-EDGE, in certain of our coverage areas, we do not currently offer those services in all areas nor do we currently offer other such services such as CDMA EV-DO. As demand for these services continues to grow, we may have difficulty satisfying our customers without substantial upgrades, which could have an adverse effect on our business. Similarly, in other markets, if we do not offer new services that are popular with customers and are offered by competitors, we may have difficulty attracting and retaining subscribers, which will have an adverse effect on our business.

We cannot predict the effect of technological changes on our business. Technological changes may result in increases in our capital expenditures. New technologies may be protected by patents or other intellectual property laws and therefore may not be available to us. Also, alternative technologies may be developed that provide communications service or alternative service superior to that available from us. Rapid changes in technology in our market may adversely affect our business. For example, to accommodate the demand by customers of Commnet's roaming partners for next generation advanced wireless products such as high-speed data and streaming video, we may be required to purchase additional spectrum. In each of our markets, providing more and higher speed data services through our wireless or wireline networks may require us to make substantial investments in additional telecommunications transport capacity connecting our networks to the Internet, and in some cases such capacity may not be available to us or be available on attractive terms. We cannot assure you that we will gain access to spectrum or capacity at a reasonable cost or at all. Failure to provide these services could have a material adverse effect on our ability to compete with carriers offering these new technologies in our markets.

We rely on a limited number of key suppliers and vendors for timely supply of 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 network 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. Our initial choice of a network infrastructure supplier can, where proprietary technology of the supplier is an integral component of the network, cause us to be effectively locked into one or a few suppliers for key network components. As a result, we have become reliant upon a limited number of network equipment manufacturers, including GT&T's reliance upon Nortel Networks and BDC's reliance upon Lucent Technologies, Inc. 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.

If we lose our senior management, our business may be adversely affected; we rely on local management to run our operating units.

The success of our business is largely dependent on our executive officers and the executive 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, intense competition for qualified personnel in the communications industry, and we cannot assure you that we will be able to attract and retain the personnel necessary for the development of our business. The loss of key personnel or the failure to attract additional personnel as required 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.

We rely heavily on local management to run our operating units. Most of the markets we operate in are small and somewhat isolated and therefore it is particularly difficult attracting and retaining talent qualified managers and staff in those markets. For example, we have spent many months trying to find an appropriate replacement for our departing chief financial officer of GT&T.

Our network capacity and customer service system may not be adequate and may not expand quickly enough to support our customer growth.

Our financial and operational success depends on assuring that we have adequate network capacity and a sufficient customer and operational support systems to accommodate anticipated new customers and the related increase in usage of our network. This includes capacity on our wireline and wireless networks and capacity on our inter- and intra-network transport facilities. Our failure to expand and upgrade our networks and transport facilities to meet the increased usage could impair our quality of service, cause a decline in customer satisfaction and have a material adverse effect on our business. For example, we have been experiencing severe congestion problems on parts of our GSM network in Guyana and, as a result, have experienced adverse publicity and negative reaction from our customers and Guyana regulators. See Business Regulation of Our GT&T Subsidiary.

Our wireless network capacity plans in Guyana and Bermuda generally rely on:

- the availability of wireless handsets of the appropriate model and type to meet the demands and preferences of our customers;
- the ability to obtain and construct additional cell sites and other infrastructure equipment;
- the ability to obtain additional spectrum if required; and
- the ability to obtain the capital to expand and upgrade our network.

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In addition, we must implement, manage and monitor effective procedures for customer activation, customer service, billing and other support services. Reliance on our customer service functions will increase as we add new customers. Our failure to timely and efficiently meet the demands for these services could decrease or slow subscriber growth or delay or otherwise impede billing and collection of amounts owed, which would adversely affect our revenue. We cannot make assurances that our customer service systems and network capacity will expand quickly enough to keep up with our anticipated customer growth, and failure to do so would impair our ability to compete, which would adversely affect our results and financial operations.

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 operation and growth of our networks and the implementation of new technologies and services involve operating risks that may disrupt our services and cause losses in revenue. In Guyana, for example, the Americas II fiber optic cable, which connects Guyana with the United States, has been repeatedly vandalized and severed during the past year, resulting in service outages, customer dissatisfaction and increased repair expense. Other risks which 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 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 occurrence of severe weather and natural catastrophes may materially disrupt our operations.

We operate in Guyana, the U.S. Virgin Islands and Bermuda, which have experienced severe weather conditions over the years including hurricanes, damaging storms and floods. Such events may materially disrupt and adversely affect our business operations. A major hurricane passed over Bermuda in 2005 causing major damage to our network and to the island's infrastructure. Guyana has suffered from severe rains and flooding in each of the last two years. 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 assure you 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.

Concerns about the actual or perceived health risks relating to electromagnetic and radio frequency emissions, as well as the attendant publicity or possible resultant litigation, may have a negative effect on our financial condition or the results of our operations.

Media and other reports have suggested that electromagnetic and radio frequency emissions from wireless telephone handsets and base stations may cause health problems, including cancer. There is also some concern that these emissions may interfere with the operation of certain electronic equipment, including automobile braking and steering systems. The actual or perceived risks relating to wireless communications devices and base stations, or press reports about these risks, could adversely affect us by, for example, reducing our subscriber growth rate, subscriber base or average use per subscriber and increasing our litigation risk. Actual or perceived risks of wireless handsets or base stations could make it difficult to find attractive sites for base stations and reduce our growth rates, customer base and average usage per customer.

Our economic interest in our Bermuda affiliate may be reduced in 2008.

In July 2008, BDC has the option to repurchase from us all, but not less than all, of our 44% equity interest in BDC at a price equal to fair market value. Also in 2008, our management fee for providing advisory services to BDC, which equals 6% of BDC's annual revenues, is scheduled to expire. For fiscal years 2003, 2004 and 2005, we recorded equity in earnings of BDC of \$2.0 million, \$2.6 million and \$2.9 million, respectively, and received cash dividends from BDC of approximately \$550,000, \$621,000 and \$1.5 million, respectively. For the same periods, we earned management fees of approximately \$0.9 million, \$1.2 million and \$1.2 million, respectively. If BDC exercises its repurchase rights and we are unable to redeploy the repurchase proceeds in a similarly productive investment, our financial results would be negatively affected.

We may be unable to realize the value that we believe exists in businesses that we acquire.

To realize the value that we believe exists in Commnet and SoVerNet and future businesses that we acquire, if any, we must successfully integrate them into our holding company organization. If we are unable to effectively manage their operations or are unable to retain their key employees, we may not realize the value that we believe such businesses hold. In addition, failure to successfully integrate these businesses may have a material adverse effect on our results of operations and financial condition.

Risks Related to Our Capital Structure and this Offering

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:

- 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 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.

If we fail to meet our payment or other obligations under the credit facility, the lenders could foreclose on and acquire control of substantially all of our assets.

In connection with the incurrence of the indebtedness under the credit facility, the lenders received a pledge of our share of the capital stock of all of our subsidiaries, and that of future direct and indirect subsidiaries with some limited exceptions. Additionally, the lenders under our credit facility generally have a lien on all of our U.S. assets. As a result of these pledges and liens, if we fail to meet our payment or other obligations under the credit facility (including meeting or exceeding certain financial measurements),

the lenders would be entitled to foreclose on and liquidate substantially all of our assets, to the extent required to pay our obligations under the credit facility. As a result, the holders of our securities may lose a portion of, or the entire value of, their investment in our securities.

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

After completion of this offering, Cornelius B. Prior, Jr., our Executive Chairman and the father of our Chief Executive Officer, will beneficially own approximately 29.8% of our outstanding common stock, assuming the underwriters do not exercise their over-allotment option. As a result, Cornelius B. Prior, Jr., will be 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 Executive Chairman, he has and will continue to have significant influence over our strategy, technology and other matters. His interests may not always coincide with the interests of other holders of our common stock.

Future sales of our common stock may depress the market price of our common stock.

If we or the selling stockholders sell substantial amounts of common stock in the public market or if it is perceived that such sales could occur, the market price of our common stock could fall.

In connection with this offering, the selling stockholders, including Cornelius B. Prior, Jr., have entered into a 120 day lock-up agreement and we and each of our other directors and executive officers have entered into 90 day lock-up agreements with the underwriters of this offering. These lock-up agreements prohibit us and our executive officers and directors selling or otherwise disposing of shares of common stock, except in limited circumstances. The terms of the lock-up agreements can be waived, at any time, by Raymond James & Associates, Inc. and UBS Securities LLC, as the representatives of the underwriters, at their discretion, without prior notice or announcement, to allow us and our executive officers and directors to sell shares of our common stock. If the terms of the lock-up agreements are waived, shares of our common stock will be available for sale in the public market prior to the lock-up periods, which could reduce the price of our common stock. See Underwriting.

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

During the first five months of 2006, the average daily trading volume of our common stock was approximately 10,902 shares. On May 23, 2006, we transferred the listing of our common stock from the American Stock Exchange to the NASDAQ Global Market. There has been, and may continue to be, only limited shares of our common stock available on the market and limited trading volume. As a result, you 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 paid quarterly dividends in the past, but may cease to do so at any time. Our credit facility limits 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 state corporation 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.

We have not identified specific uses for a substantial portion of our net proceeds. Management may invest or spend our net proceeds of this offering in ways with which you may not agree.

Our Board of Directors and management will have significant flexibility in applying our net proceeds of this offering. As of the date of this prospectus supplement, we do not have specific plans for using a substantial portion of our proceeds from this offering. We expect to use approximately \$16 million of our net proceeds from this offering to repay a portion of our indebtedness under our credit facilities. We expect to use the remaining net proceeds from this offering to fund capital expenditures, acquisitions and/or strategic investments and for general corporate purposes. See Use of Proceeds.

Preparations for Section 404 of the Sarbanes-Oxley Act of 2002 will increase our administrative costs and a finding of ineffective internal controls could cause investors to lose confidence in our reported financial information.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 and related Securities and Exchange Commission rules in effect today, we will have to furnish a report of management's assessment of the effectiveness of our internal controls at December 31, 2006. In addition, our Independent Registered Public Accounting Firm will need to audit and report on management's assessment. If management or our auditors conclude that our internal control over financial reporting was not effective at December 31, 2006 because of identified deficiencies in our controls and if our deficiencies are not adequately addressed, we could experience accounting errors that could result in misstatements of our financial position and results of operations, potential restatements of our financial statements or otherwise adversely affect our business, reputation and results of operations. A finding of ineffective internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our securities. Also preparations for Section 404 of the Sarbanes-Oxley Act of 2002 will increase our cost of being a public company in 2006 and beyond.

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USE OF PROCEEDS

We expect that our net proceeds from this offering will be approximately \$46.7 million, or approximately \$57.3 million if the underwriters exercise their over-allotment option in full, based on an estimated public offering price of \$20.83 per share, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us. A \$1.00 change in the public offering price per share would change the expected net proceeds by approximately \$2.3 million.

We intend to use approximately \$16 million of our net proceeds from this offering to repay a portion of our outstanding indebtedness under our credit facilities. In September 2005, we entered into a Credit Agreement with CoBank, ACB, as agent and lender, and Banco Popular de Puerto Rico, as lender, providing for a \$50 million term loan and a \$20 million revolving credit facility. We used the proceeds from these credit facilities primarily to fund our acquisition of 95% of the outstanding membership interests of Commnet in September 2005. We currently have outstanding \$50 million under our term loan and \$16 million under our revolver facility. The term loan and the revolver facility mature on October 31, 2010. Amounts outstanding under the term loan accrue interest at a fixed rate of 5.85%. Our effective interest expense on the term loan may be reduced by any patronage payments we may receive from the lender. Amounts outstanding under the revolver facility accrue interest at a rate equal to, at our option, either (i) LIBOR plus a margin ranging from 1.25% to 1.50% or (ii) a variable rate of interest as defined in the Credit Agreement plus 1%. As of March 31, 2006, the amounts drawn under the revolver facility accrued interest at a weighted average rate of 5.83%.

We intend to use the remaining portion of the net proceeds of this offering to fund capital expenditures, acquisitions and/or strategic investments and for general corporate purposes. Our management will have broad discretion in the allocation of this remaining portion of net proceeds of this offering. The amounts actually expended and the timing of such expenditures will depend on a number of factors, including our realization of the different elements of our growth strategy, the amount of cash generated by our operations and the availability and attractiveness of potential acquisitions or strategic investments. Pending such use, we may invest the remaining portion of net proceeds of this offering in short-term, interest-bearing securities.

We will not receive any proceeds from the sale of shares by the selling stockholders.

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PRICE RANGE OF OUR COMMON STOCK

On May 23, 2006, our common stock, \$.01 par value, commenced trading on the NASDAQ National Market (which was renamed the NASDAQ Global Market on July 1, 2006) under the symbol ATNI. Prior to that time, our common stock was listed on the American Stock Exchange under the symbol ANK. The following table sets forth the high and low quarterly sales prices for our common stock as reported by the American Stock Exchange and the NASDAQ Global Market for the periods indicated. Sales prices prior to March 31, 2006 have been retroactively adjusted for our 5-for-2 common stock split effectuated as a 250% stock dividend on that date:

	High		Low	
2004				
Quarter ended March 31	\$	12.83	\$	11.00
Quarter ended June 30	\$	13.00	\$	12.30
Quarter ended September 30	\$	12.90	\$	10.24
Quarter ended December 31	\$	13.66	\$	11.23
2005				
Quarter ended March 31	\$	13.58	\$	12.71
Quarter ended June 30	\$	13.00	\$	10.97
Quarter ended September 30	\$	13.28	\$	11.40
Quarter ended December 31	\$	18.00	\$	13.16
2006				
Quarter ended March 31	\$	23.44	\$	15.20
Quarter ended June 30	\$	29.05	\$	19.64

The approximate number of holders of record of Common Stock as of March 31, 2006 was 63.

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DIVIDEND POLICY

The following table sets forth the quarterly dividends per share declared by us over the past three fiscal years ended December 31, 2005 and for the three months ended March 31, 2006, as retroactively adjusted for the 5-for-2 stock split on March 31, 2006:

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
2003	\$	0.09	\$	0.09	\$	0.10	\$	0.10
2004		0.10		0.10		0.11		0.11
2005		0.11		0.11		0.12		0.12
2006		0.12		0.12		N/A		N/A

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 credit facility restricts our ability to declare or pay dividends on our common stock. Because Atlantic Tele-Network, Inc. is 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 2003, 2004 and 2005, we paid a total annual dividend of \$0.38, \$0.42 and \$0.46 per share, respectively, as adjusted for our 5-for-2 stock split. The continuation or modification of our current dividend policy will be dependent upon future results of operations, financial condition, capital requirements, contractual restrictions, regulatory actions, and other factors deemed relevant at that time by the Board of Directors.

CAPITALIZATION

The following table sets forth our capitalization as of March 31, 2006:

- on an actual basis; and
- on an as adjusted basis to give effect to our repayment in May 2006 of \$2.0 million of indebtedness under our credit facilities and the receipt of the estimated net proceeds from this offering and the application of those net proceeds as set forth under Use of Proceeds.

For purposes of the as adjusted column of the capitalization table below, we have assumed the net proceeds from the offering, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, will be \$46.7 million based on an estimated public offering price of \$20.83 per share and assuming no exercise of the underwriters' over-allotment option. A \$1.0 million change in the gross proceeds from this offering would change each of the cash and cash equivalents, total stockholders' equity and total capitalization line items by approximately \$0.9 million.

You should read the information in this table in conjunction with Use of Proceeds, Dividend Policy, Selected Consolidated Financial Data, and Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the related notes included in this prospectus supplement.

	March 31, 2006	
	Actual	As Adjusted
	(In thousands)	
Cash and cash equivalents	\$ 26,542	\$ 55,234
Long-term debt, including current portion	69,711	51,711
Stockholders' equity:		
Common stock(1)	130	154
Treasury stock	(3,501)	(3,501)
Additional paid-in capital	58,782	105,450
Deferred compensation	(2,124)	(2,124)
Retained earnings	64,636	64,636
Total stockholders' equity	117,923	164,615
Total capitalization	\$ 187,634	\$ 216,326

(1) Consists of common stock, par value \$.01 per share: 50,000,000 shares authorized; 12,957,310 shares issued and 12,468,291 shares outstanding, actual; 15,357,310 shares issued and 14,868,291 shares outstanding, as adjusted.

SELECTED CONSOLIDATED FINANCIAL DATA

The following table presents our selected consolidated financial data, which you should read in conjunction with, and is qualified in its entirety by reference to, our historical consolidated financial statements, the notes to those financial statements, and Management's Discussion and Analysis of Financial Condition and Results of Operations included in this prospectus supplement. The selected financial information set forth below as of and for the years ended December 31, 2001, 2002, 2003, 2004 and 2005 has been derived from our audited consolidated financial statements. The selected consolidated financial data as of and for the three months ended March 30, 2005 and 2006 has been derived from unaudited consolidated financial statements, which include all adjustments consisting of normal recurring accruals that we consider necessary for a fair presentation of the financial position and the results of operations for these periods. Historical results are not necessarily indicative of future performance. Period-to-period comparisons are also significantly affected by our acquisitions. We acquired Commnet on September 15, 2005, and SoVerNet on February 10, 2006. Pro forma financial information relating to our acquisition of Commnet is available on our Current Report on Form 8-K filed on September 21, 2005, as amended on November 14, 2005 and April 7, 2006.

	Year Ended December 31					Three Months Ended	
	2001(1)	2002	2003	2004	2005(2)	March 31, 2005 Unaudited	2006(3)
(In thousands, except per share data)							
Statement of Operations Data:							
Revenue:							
Wireless	\$ 7,733	\$ 10,509	\$ 13,561	\$ 14,093	\$ 25,964	\$ 3,786	\$ 13,312
Local Telephone and Data	17,576	24,007	26,325	25,630	27,926	6,776	9,191
International Long Distance	62,467	39,722	42,016	46,861	45,439	11,365	11,171
Other	373	480	1,386	2,581	2,952	762	847
Total revenue	88,149	74,718	83,288	89,165	102,281	22,689	34,521
Operating expenses	60,886	52,919	54,300	54,689	65,289	14,750	22,948
Income from operations	27,263	21,799	28,988	34,476	36,992	7,939	11,573
Other income (expense):							
Interest income (expense), net	981	304	87	305	(688)	135	(664)
Other, net	(2,646)	919	632	(1,833)	(630)	299	276
Other income (expense), net	(1,665)	1,223	719	(1,528)	(1,318)	434	(388)
Income before income taxes, minority interests and equity in earnings of unconsolidated affiliates							
	25,598	23,022	29,707	32,948	35,674	8,373	11,185
Income taxes	14,557	12,943	16,009	19,486	20,801	5,016	6,465
Minority interests, net of tax	(3,078)	(2,404)	(3,484)	(3,914)	(4,318)	(901)	(1,097)
Equity in earnings of unconsolidated affiliates, net of tax	1,328	1,812	2,030	2,569	3,043	590	466
Net income	\$ 9,291	\$ 9,487	\$ 12,244	\$ 12,117	\$ 13,598	\$ 3,046	\$ 4,089
Reported Income Per Share:							
Basic	\$ 0.74	\$ 0.76	\$ 0.98	\$ 0.96	\$ 1.09	\$ 0.24	\$ 0.33
Diluted	\$ 0.73	\$ 0.75	\$ 0.97	\$ 0.96	\$ 1.09	\$ 0.24	\$ 0.33
Dividends per share	\$ 0.32	\$ 0.34	\$ 0.38	\$ 0.42	\$ 0.46	\$ 0.11	\$ 0.12

	December 31,					March 31,	
	2001	2002	2003	2004	2005	2005 Unaudited	2006
(In thousands)							
Balance Sheet Data:							
Cash, cash equivalents and marketable securities	\$ 23,921	\$ 30,651	\$ 32,320	\$ 47,981	\$ 26,493	\$ 48,168	\$ 26,542
Fixed assets, net	81,952	87,113	90,990	100,092	125,709	98,481	128,713
Total assets	142,006	147,661	151,973	176,374	233,831	177,822	255,229
Long-term debt (including current portion)	7,984	5,589	3,592	12,413	55,750	12,133	69,711
Stockholders' equity	88,943	94,106	101,531	108,132	115,710	109,801	117,923

(1) The selected consolidated financial data as of and for the year ended December 31, 2001 has been derived from our consolidated financial statements which were audited by Arthur Andersen LLP, our independent auditor during that period.

(2) Reflects our acquisition of Commnet on September 15, 2005.

(3) Reflects our acquisition of Commnet and our acquisition of SoVerNet on February 10, 2006.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS**

The following discussion and analysis should be read in conjunction with the financial statements and related notes and the other financial information included or incorporated by reference elsewhere in this prospectus supplement. This discussion and analysis contains forward-looking statements that involve risk, uncertainties and assumptions. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including those discussed in Risk Factors and elsewhere in this prospectus supplement.

OVERVIEW

We provide wireless and wireline telecommunications services in the Caribbean and North America through the following operating subsidiaries and affiliates:

- Guyana Telephone & Telegraph Company, Ltd. (or GT&T) is the national and international telephone company in the Republic of Guyana and the largest wireless service provider in that country. We acquired an 80% equity interest in GT&T in 1991.
- Commnet Wireless, LLC is an owner and operator of wholesale wireless networks in rural areas of the United States. Commnet provides wireless voice and data communications roaming services to national, regional and local wireless carriers. We acquired a 95% interest in Commnet in September 2005.
- SoVerNet, Inc. is a facilities-based integrated voice, broadband data communications and dial-up services provider in New England, primarily in Vermont. We acquired a 100% equity interest in SoVerNet in February 2006 and now own 96% of the equity after issuing shares of common stock amounting to 4% of SoVerNet's capital stock to SoVerNet's new Chief Executive Officer.
- Choice Communications, LLC is a leading provider of fixed wireless broadband data services and dial-up Internet services to retail and business customers in the U.S. Virgin Islands. Choice also provides fixed wireless digital television services in the U.S. Virgin Islands. Choice acquired its Internet service business in 1999 and its television business in March 2000. We acquired Choice in October 1999.
- Bermuda Digital Communications, Ltd. (or BDC) is the largest wireless voice and data communications service provider in Bermuda, doing business under the name Cellular One. We acquired a 44% equity interest in, and signed a management contract with, BDC in 1998.

As a holding company, Atlantic Tele-Network provides management, technical, financial, regulatory, and marketing services to, and generally receives a management fee equal to approximately 6% of revenues from each operating subsidiary and our BDC affiliate. Because we do not control BDC, we account for our investment in that entity under the equity method. Earnings from BDC do not appear in our income from operations, but are instead reflected in equity earnings of unconsolidated investments, net of tax in the consolidated financial statements included in this prospectus supplement. In July 2008, BDC has the option to repurchase from us all, but not less than all, of our 44% equity interest in BDC at a price equal to fair market value. Also in 2008, our management fee arrangement with BDC becomes terminable by either party on three months notice.

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The following chart summarizes the operating activities of our subsidiaries and our BDC affiliate and the markets they serve as of March 31, 2006:

Services	Operating Subsidiary/ Affiliate	Markets
Wireless	Commnet, GT&T, BDC	United States (rural markets), Guyana, Bermuda
Local Telephone and Data	GT&T, SoVerNet, Choice (Internet access)	Guyana, United States (New England), U.S. Virgin Islands
International Long Distance	GT&T	Guyana
Other	Choice (digital television)	U.S. Virgin Islands

For information about our business segments and geographical information about our operating revenues and long-lived assets, see Note 13 to the consolidated financial statements and Note 7 to the unaudited condensed consolidated financial statements included in this prospectus supplement.

Historically, we have generated a majority of our revenue and operating income from GT&T. For the three months ended March 31, 2006 and the year ended December 31, 2005, GT&T generated 63% and 85%, respectively, of our consolidated revenue and a majority of our profits. GT&T provides domestic wireline telephone service and international long distance service pursuant to an exclusive license from the Government of Guyana and provides wireless service on a non-exclusive basis. The rates that GT&T may charge for its services are regulated by the Public Utility Commission of Guyana (or PUC), an independent regulatory body responsible for regulating telecommunications. The PUC also has powers to assess GT&T's compliance with the terms of GT&T's exclusive license. Under that license, GT&T is entitled to charge rates that will enable it to earn an annual minimum rate of return on capital equal to 15% of GT&T's capital dedicated to public use.

Historically, the largest component of GT&T's contribution to our consolidated revenue has been from its international long distance business, which for the three months ended March 31, 2006 and the year ended December 31, 2005, generated 32% and 44%, respectively, of our consolidated revenue and a substantial portion of our income. Most of these revenues and profits were from payments by foreign carriers for handling international long distance calls originating from the foreign carriers' country and terminating in Guyana. These payments are denominated in U.S. dollars.

GT&T's incoming international long distance business is driven by the population of Guyanese living abroad who initiate calls to Guyana, the rate foreign carriers pay GT&T for handling the incoming international calls, and the number of people in Guyana capable of receiving international long distance calls, which consists of wireline telephone customers and all of the wireless subscribers in Guyana (including subscribers of other wireless service providers). The rates at which GT&T collects fees from foreign carriers are established by agreements between it and foreign carriers, and can be affected by limits set by foreign telecommunications regulators, especially the Federal Communications Commission (or FCC), regarding how much carriers under their jurisdiction may pay for the termination of an international long distance call in another country.

The principal known risks of this business are regulatory developments challenging or limiting our exclusive wireline license in Guyana, any future orders by the FCC limiting the rates foreign carriers may pay GT&T for international long distance calls terminating in Guyana and forms of "bypass" using Internet calling and other mechanisms to illegally route around our international exchange business. See "Risk Factors - Risks Related to Our Wireless and Wireline Services in Guyana." Since 2001, the Government of Guyana has stated its intention to introduce competition into Guyana's telecommunications sector. We believe that the introduction of wireline based competition would require the termination of the exclusivity provisions of GT&T's wireline license, and thus would require

appropriate compensation to GT&T and a rebalancing of telephone rates so that those rates reflect the actual cost of providing such services. We also believe that the Government of Guyana is considering shifting from rate of return regulation to incentive rate-cap regulation. GT&T has not had formal discussions with Government officials regarding these matters since the second quarter of 2002. See Business Regulation.

In January 2002, the FCC reduced the payment rate for U.S. Guyana traffic from \$0.85 per minute to \$0.23 per minute which negatively impacted GT&T's operating profits. The lowering of the U.S. international settlement rate in 2002 has been followed by a gradual reduction in settlement rates between Guyana and most other countries to \$0.23 per minute or less. The reduction in the settlement rate resulted in a substantial reduction in inbound international telecommunication revenue. In 2002, and again in 2003, AT&T proposed further reductions in the settlement rate benchmarks for many countries, including Guyana, and requested that the FCC initiate a rule-making to consider the issue. While the FCC rejected AT&T's request in early 2004, it indicated that it will continue to monitor and evaluate settlement rate benchmarks.

In the future, we expect the percentage of our revenues and operating income contributed by businesses other than GT&T's wireline services to increase. We have experienced significant growth in GT&T's wireless business in recent years. As of March 31, 2006, we had approximately 246,000 wireless subscribers, up 48% from the approximately 166,000 subscribers we had at March 31, 2005. A significant challenge for us is satisfying the strong demand for our wireless service, especially since our deployment of GSM service, while maintaining quality of service. This challenge has been made more difficult by a new spectrum reallocation plan that has reduced our available capacity to serve our customers. We are addressing this matter by seeking additional capacity from the Government of Guyana and adding additional cell sites and equipment to our network. In May 2006, the Government of Guyana granted us additional spectrum in the 1800 MHz band, which should help us reduce congestion in the high traffic areas. Another significant challenge for GT&T wireless is increased competition from other wireless service providers. We face one nationwide competitor and recently Guyana Government officials, including the President, have stated that Guyana will provide a wireless license to a large mobile telecommunications company operating in many Caribbean countries.

RECENT ACQUISITIONS

Acquisition of SoVerNet

On February 10, 2006, we completed the acquisition of SoVerNet, Inc., a facilities-based provider of communications services to business and residential customers in Vermont, including bundled voice and high-speed Internet access, as well as traditional dial-up Internet services. In connection with the acquisition, ATN acquired all of the outstanding common stock of SoVerNet, Inc. for approximately \$13.2 million, including the repayment of approximately \$1.4 million in SoVerNet debt and the payment of transaction expenses. At closing of the transaction, we issued shares of common stock amounting to 4% of SoVerNet's outstanding capital stock to SoVerNet's new chief executive, subject to vesting requirements and other restrictions. We funded the transaction through a combination of cash on hand and borrowings on our existing credit facility (see Note 7 to the consolidated financial statements and Note 5 to the unaudited condensed consolidated financial statements included in this prospectus supplement).

The acquisition of SoVerNet was accounted for using the purchase method and SoVerNet's results of operations since February 10, 2006, the date of acquisition, have been included in our financial statements. The total purchase consideration was allocated to the assets acquired and liabilities assumed at their estimated fair values as of the date of acquisition as determined by management. Included in this allocation was \$5.0 million attributable to SoVerNet's relationships with its existing customers as of the date of acquisition. The excess of the purchase price over the amounts allocated to assets acquired and

liabilities assumed of \$9.7 million has been recorded as goodwill. The value of the goodwill from this acquisition can be attributed to a number of business factors including, but not limited to the reputation of SoVerNet as a retail provider of Internet and telephone services as well as a network operator, SoVerNet's reputation for customer care, the skills and experience of its management and staff and the strategic position it holds in its marketplace. In accordance with current accounting standards, the goodwill will not be amortized and will be tested for impairment at least annually as required by SFAS No. 142, "Goodwill and Other Intangible Assets". The customer relationships will be amortized, on an accelerated basis, over the expected period during which their economic benefits are to be realized. The goodwill and amortization of the customer relationships will not be deductible for tax purposes.

Additional Acquisitions by Commnet

Effective January 1, 2006 the Commnet completed two acquisitions of wireless roaming networks located in Northeast Missouri and Central Arizona. Commnet acquired the 65% of MoCelCo, LLC that it did not previously own for \$6.2 million in cash (see Note 15 to the consolidated financial statements and Note 4 to the unaudited condensed consolidated financial statements included in this prospectus supplement) and all the assets of a privately held network in Gila County, Arizona, that it previously managed, for \$1.7 million in cash. The two acquisitions consist of a wireless license, a PCS license and 22 GSM cell sites. The Commnet acquisitions were funded with cash on hand and borrowings on ATN's revolving credit facility. See Notes 4 and 5 to the unaudited condensed consolidated financial statements included in this prospectus supplement.

These acquisitions were accounted for using the purchase method and their results of operations since January 1, 2006, the date of the acquisitions, have been included in our financial statements. The total purchase consideration was allocated to the assets acquired and liabilities assumed at their estimated fair values as of the date of acquisition as determined by management. Included in this allocation was \$2.5 million attributable to certain telecommunications licenses. The excess of the purchase price over the amounts allocated to assets acquired and liabilities assumed of \$5.0 million has been recorded as goodwill. In accordance with current accounting standards, the goodwill and licenses will not be amortized and will be tested for impairment at least annually as required by SFAS No. 142, "Goodwill and Other Intangible Assets".

OTHER RECENT EVENTS

Stock Split

On March 8, 2006, we announced that our Board of Directors approved a 5-for-2 split of our common stock. The stock split, which was effected in the form of a stock dividend, entitled all stockholders of record as of the close of business on March 20, 2006 to receive three additional shares of common stock for every two shares of common stock held on that date. The additional shares were distributed to stockholders on March 31, 2006. In connection with the stock split, our Board also approved a proportional increase in the number of authorized shares of common stock from 20,000,000 to 50,000,000, which was approved by our stockholders on May 17, 2006. The condensed consolidated financial statements included in this prospectus supplement have been retroactively adjusted to reflect the stock split.

Stock Exchange Transfer

On May 12, 2006, we announced that the NASDAQ National Market (which was renamed the NASDAQ Global Market on July 1, 2006) had approved the listing of our common stock on the NASDAQ National Market. We completed our listing transfer from the American Stock Exchange to the NASDAQ National Market and commenced trading under the symbol "ATNI" on the NASDAQ National Market on May 23, 2006.

RESULTS OF OPERATIONS

Comparison of Three Months Ended March 31, 2006 and 2005

Wireless revenue. Wireless revenue represents the wholesale voice and data roaming revenue of Commnet, which was acquired on September 15, 2005, as well as wireless revenues generated in Guyana, including airtime and activation fees.

Wireless revenue increased to \$13.3 million for the three months ended March 31, 2006 from \$3.8 million for the three months ended March 31, 2005, an increase of \$9.5 million, or 250%. Of the \$9.5 million increase, Commnet contributed \$9.0 million of wireless revenue. The remaining increase was attributable to the continued growth of our wireless subscriber base in Guyana as the number of our subscribers increased by 80,000 subscribers, or 48%, from 166,000 subscribers to 246,000 subscribers as of March 31, 2005 and 2006, respectively. GT&T's wireless revenues grew by \$0.5 million, or 13%, from \$3.8 million for the three months ended March 31, 2005 to \$4.3 million for the three months ended March 31, 2006. While we experienced healthy wireless revenue growth in Guyana, revenue growth trailed subscriber growth as wireless ARPU (average revenue per user) has declined. We believe this decline in the average revenue per subscriber reflects a number of factors, including (i) the penetration of the wireless product into a lower usage demographic, (ii) our belief that some portion of the subscriber growth may be a result of some new GSM customers retaining their old TDMA handsets and accounts for the time being, and (iii) lower usage during the three months ended March 31, 2006 because of severe network congestion problems in Guyana's capital city, Georgetown. Nonetheless, we believe that the strong growth of GSM subscribers in Guyana is quite significant in the face of a new nationwide GSM competitor. Approximately 136,000 of our wireless subscribers were GSM/GPRS subscribers as of March 31, 2006. We expect that wireless revenue will continue to increase in 2006 as both Commnet and GT&T continue their network expansions, and we continue to manage GT&T's GSM subscriber growth and related network congestion.

Local telephone and data revenue. Local telephone and data revenue largely represents the basic service fees, measured service revenue, Internet access fees and other revenues generated by our fixed wireline network in Guyana, such as installation charges for new lines, monthly line rental charges, maintenance and equipment sales. Local telephone and data revenue also includes revenue generated by SoVerNet, since the completion of its acquisition on February 10, 2006, and Internet access fees generated by our data network in the U.S. Virgin Islands.

Local telephone and data revenue increased by \$2.4 million, or 35%, to \$9.2 million for the three months ended March 31, 2006 from \$6.8 million for the three months ended March 31, 2005. Of the \$2.4 million increase, SoVerNet, which was acquired in February 2006, contributed \$2.1 million. The remaining increase of \$0.3 million, or 4%, is attributable to growth in access lines from 106,000 lines as of March 31, 2005 to 114,000 lines as of March 31, 2006 (an increase of 8%), GT&T's growth in wireless subscriber base and continued strong growth in its wireless broadband customers in the U.S. Virgin Islands. In future periods, apart from the expected impact of SoVerNet's revenue, we anticipate that local telephone and data revenue will increase as a result of network and subscriber growth in Guyana and the US Virgin Islands.

International long distance revenue. International long distance revenue is primarily generated by international telephone calls into and out of Guyana. Inbound traffic, which makes up more than 80% of this revenue, is settled in U.S. dollars.

International long distance revenue decreased by \$0.2 million, or 2%, from \$11.4 million in the three months ended March 31, 2005 to \$11.2 million in the three months ended March 31, 2006. We believe that there are two factors behind the decrease in international long distance revenue. First, we were negatively impacted by a number of cuts to our fiber optic backbone in Guyana during the quarter. Second, the

growth in unauthorized Internet calling. While unauthorized Internet calling mainly impacts outbound calls, forms of bypass (i.e., international calls that are routed around our international exchange through technologies such as VoIP) using Internet calling and other mechanisms may be increasing. We are also faced with increasing cases of incoming bypass through apparently illegal VSAT connections being deployed. This bypass is limited by the number of local connections that can be connected to the VSAT but this is now being made easier with the use of prepaid cellular services. We continue to fight this illegal bypass and if we are effective, we would expect our international long distance traffic to continue to grow modestly as a result of continued expansion of the Guyana subscriber base. However, the increase in this traffic may not result in an increase in revenue if it is offset, or exceeded, by further declines in the average rate per minute. Despite the lack of revenue growth in this category, the contribution of international long distance to our operating profits grew because of a decline in long distance expenses, as discussed below.

Other revenue. Other revenue represents revenue from Choice's digital television services in the U.S. Virgin Islands, which increased \$85,000, or 11%, to \$847,000 for the three months ended March 31, 2006 from \$762,000 for the three months ended March 31, 2005. The increase in television services was a result of a 23% increase in television subscribers including additional hotel rooms. In the near-term, we expect this category of revenue will largely be driven by our subscriber base which we expect to continue to increase, although perhaps at a lesser rate.

Termination and access fee expenses. Termination and access fee expenses are charges that we pay to international carriers to terminate our outbound telephone traffic as well as for certain circuit and bandwidth costs.

Termination and access fees increased by \$3.4 million, or 243%, from \$1.4 million for the three months ended March 31, 2005 to \$4.8 million for the three months ended March 31, 2006. Net of Commnet's expenses of \$3.5 million for 2006, our termination and access fees decreased by \$0.1 million from 2005 to 2006 because of lower long distance expenses in Guyana and the ceasing of operations at our Atlantic Tele-Center subsidiary. The addition of Commnet and SoVerNet is expected to increase these expenses substantially in future periods.

Internet and programming expenses. Internet and programming expenses include digital television programming costs as well as Internet connectivity charges.

Internet and programming expenses increased \$0.6 million or 86%, from \$0.7 million to \$1.3 million, primarily because of the addition of SoVerNet and the growth in our television and broadband data subscribers at Choice. We expect that the addition of SoVerNet and increased Internet and backhaul capacity requirements at Choice will increase our Internet and programming expenses in future periods.

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

Engineering and operations expenses increased by \$0.9 million, or 26%, from \$3.5 million for the three months ended March 31, 2005 to \$4.4 million for the three months ended March 31, 2006. This increase is the result of the addition of Commnet and to a lesser extent, SoVerNet which together incurred engineering and operations expenses of approximately \$0.9 million during the three months ended March 31, 2006.

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

Sales, marketing and customer service expenses increased by \$0.4 million, or 27%, from \$1.5 million for the three months ended March 31, 2005 to \$1.9 million for the three months ended March 31, 2006.

The increase in sales and marketing expenses is the result of the addition of SoVerNet as well as additional costs needed to provide customer service to our larger subscriber bases and additional costs at GT&T to market their wireless products. Both we and our main competitor launched GSM services in Guyana in the fourth quarter of 2004. Sales and marketing expenses are expected to fluctuate somewhat in the future depending on the competitive environment and the timing of the launch of new services, but in the near-term we expect this to increase due to the addition of SoVerNet and increased wireless competition in Guyana.

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

General and administrative expenses increased by \$1.3 million, or 37%, from \$3.5 million for the three months ended March 31, 2005 to \$4.8 million for the three months ended March 31, 2006. This increase is primarily attributable to the addition of Commnet and SoVerNet which added \$0.8 million and \$0.3 million of overhead expenses, respectively, during the three months ended March 31, 2006. Without Commnet or SoVerNet, our general and administrative expenses increased by \$0.2 million which is primarily attributable to non-cash equity based compensation at the holding company during the three months ended March 31, 2006. In addition to expenses attributable to the Commnet and SoVerNet acquisitions, we expect general and administrative expenses to increase in future periods for a number of reasons, including the addition of SoVerNet, growth in our holding company's staff and compensation growth in some of our operating units because of increase in the size of their networks and customer bases and additional costs expected to be incurred in connection with our requirement to be in compliance with the internal controls requirements of Sarbanes-Oxley offset by modest efficiencies in integrating our newest operating units.

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

Depreciation and amortization expenses increased by \$1.6 million, or 38%, from \$4.2 million for the three months ended March 31, 2005 to \$5.8 million for the three months ended March 31, 2006. The increase is primarily due to the addition of fixed assets from our recent acquisitions at Commnet and SoVerNet as well as the amortization of intangible assets at SoVerNet. We expect that depreciation and amortization expenses will increase in the near-term, because of continued capital expenditures to support growth in our networks. However, this increase may be offset in part by certain equipment becoming fully depreciated in future periods and potentially declining capital expenditures in certain markets.

Interest expense. Interest expense represents interest incurred on our outstanding debt including our \$50.0 million term loan as well as the outstanding amounts under our \$20.0 million revolving line of credit facility.

Interest expense increased from \$135,000 for the three months ended March 31, 2005 to \$867,000 for the three months ended March 31, 2006. This increase is primarily the result of increased borrowings used to help fund our recent acquisitions.

Interest income. Interest income represents interest earned on our cash and cash equivalent balances.

Interest income decreased from \$270,000 to \$203,000 for the three months ended March 31, 2005 and 2006, respectively due to an overall decrease in the interest rates we are earned on our cash balances.

Other income (expense). Other income (expense) represents miscellaneous non-operational income earned by, or expenses incurred by, us including management fees received from our unconsolidated affiliates, mainly BDC.

Other income (expense) remained relatively unchanged from the three months ended March 31, 2005 to the three months ended March 31, 2006 as the increase in management fees from BDC was offset by miscellaneous charges.

Income taxes. Income taxes represent taxes we pay on our net taxable income. The effective tax rate was 60% and 58% for the three months ended March 31, 2005 and 2006, respectively, which represents the statutory U.S. income tax rate plus the Guyanese income taxes in excess of the statutory U.S. federal income tax rates as well as certain U.S. state income taxes and the amortization of a deferred tax asset, relating to differences between book and tax basis of fixed assets, which was recorded in a prior period. Our high effective tax rate for these periods reflects the fact that our losses at Choice and some of the curtailed businesses were not available to reduce taxable income in Guyana, which has a high tax rate of 45%. The addition of Commnet and SoVerNet should lower our effective tax rate in future periods, particularly if accompanied by any reduction in our losses at Choice.

Minority interests. Minority interests consists of the Guyana government's 20% interest in GT&T, a minority shareholder's 5% interest in Commnet, other minority shareholder's interests in certain consolidated affiliates of Commnet and a minority shareholder's 4% interest in SoVerNet.

Equity in earnings of unconsolidated affiliates. Equity in earnings of unconsolidated affiliates includes our share of the earnings of BDC, our wireless affiliate in Bermuda, as well as our share of the earnings of Commnet's unconsolidated affiliates.

The decrease in equity in earnings of unconsolidated affiliates from \$590,000 to \$466,000 was due to a decrease in the net earnings of BDC. During the three months ended March 31, 2006, BDC recorded relatively unchanged gross margins as compared to the three months ended March 31, 2005 but operating income and net income were negatively impacted by increased marketing and legal costs. BDC incurred significant legal expenses relating to the previously disclosed dispute regarding the scope of its license as it relates to data services. A hearing in that matter took place in April 2006 and a decision is expected shortly.

Net income. As a result of the above factors, net income increased by \$1.043 million or 34% from \$3.046 million for the three months ended March 31, 2005 to \$4.089 million for the three months ended March 31, 2006. On a per share basis, net income increased from \$0.24 per share to \$0.33 per share during the three months ended March 31, 2005 and 2006, respectively.

Comparison of Years Ended December 31, 2005 and 2004

	Year Ended		Amount of	Percent		
	December 31,				Increase	Increase
	2004	2005				
	(In thousands, except per share data)					
REVENUE:						
Wireless	\$ 14,093	\$25,964	\$ 11,871	84.2 %		
Local telephone and data	25,630	27,926	2,296	9.0		
International long distance	46,861	45,439	(1,422)	(3.0)		
Other	2,581	2,952	371	14.4		
Total revenue	89,165	102,281	13,116	14.7		
OPERATING EXPENSES:						
Termination and access fees	5,599	7,941	2,342	41.8		
Internet and programming	2,362	2,601	239	10.1		
Engineering and operations	11,755	15,136	3,381	28.8		
Sales and marketing	5,093	6,457	1,364	26.8		
General and administrative	15,150	16,044	894	5.9		
Depreciation and amortization	14,730	17,110	2,380	16.2		
Total operating expenses	54,689	65,289	10,600	19.4		
Income from operations	34,476	36,992	2,516	7.3		
OTHER INCOME (EXPENSE):						
Interest income (expense), net	305	(688)	(993)			
Other income, net	(1,833)	(630)	1,203			
Other income (expense), net	(1,528)	(1,318)	210	13.7		
INCOME BEFORE INCOME TAXES, MINORITY INTERESTS AND EQUITY IN EARNINGS OF UNCONSOLIDATED AFFILIATES	32,948	35,674	2,726	8.3		
Income taxes	19,486	20,801	1,315	6.7		
Minority interests, net of tax	(3,914)	(4,318)	(404)	(10.3)		
Equity in earnings of unconsolidated affiliates, net of tax	2,569	3,043	474	18.5		
NET INCOME	\$ 12,117	\$ 13,598	\$ 1,481	12.2 %		
NET INCOME PER SHARE:						
Basic	\$0.96	\$1.09	\$0.13	13.5 %		
Diluted	\$0.96	\$1.09	\$0.13	13.5 %		
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:						
Basic	12,563	12,465	(98)			
Diluted	12,563	12,488	(75)			

Wireless revenue. Wireless revenue represents the wholesale voice and data roaming revenue of Commnet, which was acquired on September 15, 2005, as well as GT&T's wireless revenues, including airtime and activation fees.

Wireless revenue increased to \$26.0 million for 2005 from \$14.1 million for 2004, an increase of \$11.9 million, or 84%. Of the \$11.9 million increase, Commnet contributed \$8.9 million of wireless revenue since its acquisition. On a pro forma basis (assuming we acquired Commnet on January 1, 2005), our wireless revenue would have been \$44.6 million for fiscal year 2005. The remaining increase of \$3.0 million was attributable to the continued growth of our cellular subscriber base in Guyana as the number of our subscribers increased from 151,000 to 228,000 as of December 31, 2004 and 2005, respectively. As noted in

prior periods, management believes that some portion of this subscriber growth is a result of some new GSM customers retaining their old TDMA handsets and accounts for the time being. Nonetheless, we believe that the strong growth of GSM subscribers in Guyana is quite significant in the face of a new nationwide GSM competitor as approximately 100,000 of our wireless subscribers were GSM/GPRS subscribers as of December 31, 2005. We expect that wireless revenue will continue to increase in 2006 as both Commnet and GT&T continue their network expansions, although we will need to manage GT&T's GSM subscriber growth carefully because of recent quality problems related to network congestion.

Local telephone and data revenue. Local telephone and data revenue largely represents the basic service fees, measured service revenue, Internet access fees and other revenues generated by our fixed wireline network in Guyana, such as installation charges for new lines, monthly line rental charges, maintenance and equipment sales. Local telephone and data revenue also includes Internet access fees generated by our data network in the U.S. Virgin Islands and, in future periods, will include local telephone and data revenue generated by SoVerNet in Vermont.

Local telephone and data revenue increased by \$2.3 million, or 9%, to \$27.9 million for 2005 from \$25.6 million for 2004. The increase is primarily attributable to the growth in local revenue at GT&T resulting from increased local calling volume. Local revenue was also positively impacted by increases in Choice's wireless broadband subscribers offset, in part, by the attrition of dial-up subscribers. In future periods, apart from the expected impact of SoVerNet's revenue, we anticipate that local telephone and data revenue will increase as a result of network and subscriber growth in Guyana and the US Virgin Islands.

International long distance revenue. International long distance revenue is primarily generated by international telephone calls into and out of Guyana. Inbound traffic, which makes up more than 80% of this revenue, is settled in U.S. dollars.

International long distance revenue decreased by \$1.5 million, or 3%, from \$46.9 million in 2004 to \$45.4 million in 2005. However, revenue for 2004 included a previously disclosed \$1.7 million settlement of amounts paid to us by a large international carrier that were significantly past due and written off in a prior period. Net of this settlement, international long distance revenue remained relatively unchanged from 2004 to 2005. The lack of growth of this revenue was unexpected given the expansion of our wireless subscribers and our access lines in Guyana. We would have expected international long distance revenue to increase with more handsets and access lines in service. Our wireless subscribers, largely pre-paid, increased by more than 50% as discussed above, and GT&T's access lines increased by about 10% from 103,000 to 113,500 as December 31, 2004 and 2005, respectively, as we continued our efforts to bring new areas of Guyana into service. One of the reasons for the lack of international long distance revenue, we believe, is the growth in unauthorized Internet calling. While this mainly impacts outbound calls, forms of "bypass" (i.e., international calls that are routed around our international exchange through technologies such as VoIP) using Internet calling and other mechanisms may be increasing. If we are effective in combating illegal bypass, we would expect our international long distance traffic to continue to grow modestly as a result of continued expansion of the Guyana subscriber base. However, the increase in this traffic may not result in an increase in revenue if it is offset, or exceeded, by further declines in the average rate per minute. Despite the lack of growth in this category, the contribution of international long distance to our operating profits actually grew because of a greater percentage decline in long distance expenses, as discussed below.

Other revenue. Other revenue represents revenue from Choice's digital television services in the U.S. Virgin Islands, which increased \$0.4 million, or 15%, to \$3.0 million in 2005 from \$2.6 million in 2004. The increase in television services was a result of an increase in television subscribers from approximately 4,100 at December 31, 2004 to approximately 5,000 at December 31, 2005, including additional hotel rooms. In the near-term, we expect this category of revenue will largely be driven by our television revenue

and therefore we expect it to continue to increase during the next few quarters, although potentially at a slower rate, provided we are able to continue our subscriber gains.

Termination and access fee expenses. Termination and access fee expenses are charges that we pay to international carriers to terminate our outbound telephone traffic as well as for certain circuit and bandwidth costs.

Termination and access fees increased by \$2.3 million, or 41%, from \$5.6 million to \$7.9 million from 2004 to 2005. Net of Commnet's expenses of \$3.5 million for a portion of 2005, our termination and access fees decreased by \$1.2 million from 2004 to 2005 because of lower long distance expenses in Guyana. The addition of Commnet and SoVerNet is expected to increase these expenses substantially in future periods.

Internet and programming expenses. Internet and programming expenses include digital television programming costs as well as Internet connectivity charges.

Internet and programming expenses increased from \$2.4 million to \$2.6 million, primarily because of the growth in our television and broadband Internet subscribers at Choice. We expect that increased Internet and backhaul capacity requirements at Choice as well as the addition of Sovernet will increase our Internet and programming expenses in future periods.

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

Engineering and operations expenses increased by \$3.3 million, or 28%, from \$11.8 million to \$15.1 million from 2004 to 2005. This increase is the result of the increase in costs to support our expanding networks and subscriber bases. A higher per unit cost of fuel and power in Guyana also contributed to this increase as did the addition of Commnet. We expect engineering and operations to continue to increase in order to support our expanding networks.

Sales, marketing and customer service expenses. Sales, marketing and customer service expenses include expenses relating to the salaries and benefits that we pay for sales personnel and the expenses associated with the development and implementation of our promotion and marketing campaigns, as well as customer service expenses.

Sales, marketing and customer service expenses increased by \$1.4 million, or 27%, from \$5.1 million to \$6.5 million from 2004 to 2005. The increase in sales and marketing expenses is the result of additional costs needed to provide customer service to our increased subscriber bases as well as more aggressive marketing and sales initiatives in Guyana in connection with competition for GSM market share. Both we and our main competitor launched GSM services in Guyana in the fourth quarter of 2004. Sales and marketing expenses are expected to fluctuate somewhat in the future depending on the competitive environment and the timing of the launch of new services, but in the near-term we expect this to increase due to the addition of SoVerNet and increased wireless competition in Guyana.

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

General and administrative expenses increased by \$0.8 million, or 5%, from \$15.2 million to \$16.0 million from 2004 to 2005. This increase is primarily attributable to the addition of Commnet which added \$1.0 million of overhead expenses during 2005. Without Commnet, our general and administrative expenses decreased by \$0.2 million which is primarily attributable to the discontinuance of the operations of Atlantic Tele-Center, Inc. (or ATC) and Call Home Telecom during 2004. We expect general and administrative expenses to increase in future periods for a number of reasons, including the impact of a full year of Commnet, the addition of SoVerNet, growth in our holding company's staff and compensation, and

growth in some of our operating units because of growth in the size of their networks and customer bases, although we expect to reap some modest efficiencies in integrating our newest operating units.

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

Depreciation and amortization expenses increased by \$2.4 million, or 16.3%, from \$14.7 million to \$17.1 million for 2004 and 2005, respectively. The increase is due to the expansion of our networks, primarily in Guyana, to support increased subscriber bases. A portion of the increase reflects the addition of Commnet's assets on September 15, 2005. Outside of the acquisition of Commnet, we expect that depreciation and amortization expenses will increase in the near-term, because of continued growth in our networks. However, this increase may be offset in part by certain equipment becoming fully depreciated in future periods and potentially declining capital expenditures in certain markets.

Interest income (expense), net. Interest income (expense), net represents interest income on our cash balances, net of the interest expense on our outstanding debt including a \$50.0 million term loan as well as the outstanding amounts under our \$20.0 million revolving line of credit facility.

Interest income (expense), net decreased from income of \$0.3 million to an expense of \$0.7 million, a reduction of \$1.0 million. This decrease is primarily the result of increased expense from the borrowings used to complete the acquisition of Commnet on September 15, 2005, as well as the use of some of our cash on hand.

Other income (expense). Other income (expense) represents miscellaneous non-operational income earned by, or expenses incurred by, us including management fees received from our unconsolidated affiliates, mainly BDC.

Other income (expense) decreased from an expense of \$1.8 million for 2004 to an expense of \$0.6 million for 2005. While management fees from BDC remained relatively unchanged at \$1.2 million for both 2004 and 2005, both years were impacted by substantial one-time gains or impairments. The 2004 fiscal year includes foreign exchange gains of \$1.0 million offset by a write-down of the goodwill of Choice of \$1.6 million, an impairment of ATC's assets of \$1.2 million, an impairment of Call Home Telecom's assets of \$0.6 million and a write-off for secured loans made in connection with our investment in LighTrade, Inc. of \$0.6 million for 2004. For 2005, other income (expense) includes a reserve for our advances to Bridge International Communications, Inc. of \$2.1 million offset by miscellaneous income of \$0.3 million. During the fourth quarter of 2005, we established a reserve of \$2.1 million against the amounts due from Bridge as Bridge has had difficulty closing contracts for its primary business line of managed network services.

Income taxes. Income taxes represent taxes we pay on our net taxable income. The effective tax rate was 59% and 58% for 2004 and 2005, respectively, which represents the statutory U.S. income tax rate plus the Guyanese income taxes in excess of the statutory U.S. income tax rates as well as certain U.S. state income taxes and the amortization of a deferred tax asset which was recorded in a prior period. Our high effective tax rate for these periods reflects the fact that our losses at Choice and some of the curtailed businesses were not available to reduce taxable income in Guyana, which has a high tax rate of 45%. The addition of Commnet and SoVerNet should lower our effective tax rate in future periods, particularly if accompanied by any reduction in our losses at Choice.

Minority interests. Minority interests consists of the Guyana government's 20% interest in GT&T, a minority shareholder's 5% interest in Commnet and other minority shareholder's interests in certain consolidated subsidiaries of Commnet.

Equity in earnings of unconsolidated affiliates. Equity in earnings of unconsolidated affiliates includes our share of the earnings of BDC, our cellular affiliate in Bermuda, as well as our share of the earnings of

Commnet's unconsolidated investments. As previously announced, in the first quarter of 2006, Commnet acquired the remaining 65% of the equity in its largest unconsolidated investment, a Missouri cellular network, which will reduce the earnings or losses that would have been reported in this category.

Equity in the earnings of BDC increased from \$2.6 million to \$2.9 million from 2004 to 2005, respectively. This increase primarily reflects increased roaming and long distance revenues partially stemming from an increase of 2,600 subscribers, or 13%, from 20,000 as of December 31, 2004 to 22,600 at December 31, 2005. The increased subscriber levels include new data customers using our new EV-DO network to obtain high-speed mobile data services. BDC's ability to continue earnings growth in 2006 will be hampered due to the delay in its hearing on the scope of its data license and the possibility of an intensified competitive environment. For 2005, equity in earnings of unconsolidated affiliates also includes \$0.1 million of earnings from Commnet's unconsolidated affiliates.

Net income for the year ended December 31, 2005 was \$13.6 million, or \$1.09 per basic and diluted share, as compared to \$12.1 million, or \$0.96 per basic and diluted share for 2004. The increase of \$1.5 million or 12% was attributable to the net income of Commnet since its acquisition on September 15, 2005, partially offset by a reserve against the amounts due from Bridge.

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Comparison of Years Ended December 31, 2004 and 2003

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