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

Form 10-Q

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

For the quarterly period ended September 30, 2007

OR

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

For the transition period from _____ to _____

Commission File Number 0-191551

Atlantic Tele-Network, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

47-0728886
(I.R.S. Employer
Identification No.)

10 Derby Square
Salem, MA 01970
(978) 619-1300
(Address of principal executive offices,
including zip code and telephone
number and area code)

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

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

As of November 9, 2007, the registrant had outstanding 15,220,546 shares of its common stock (\$.01 par value).

ATLANTIC TELE-NETWORK, INC.

FORM 10-Q
Quarter Ended September 30, 2007

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Cautionary Statement Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q (or the "Report") contains forward-looking statements relating to, among other matters, the future financial performance and results of operations of the Company, including the relative contributions of the Company's subsidiaries; demand for our services and industry trends; the pace of our network expansion and improvement, including our realization of the benefits of capital expenditures; and management's plans and strategy for the future. These forward-looking statements are based on estimates, projections, beliefs, and assumptions and are not guarantees of future events or results. Actual future events and results could differ materially from the events and results indicated in these statements as a result of many factors, including, among others, (1) significant political and regulatory risk facing our exclusive license to provide local exchange and long distance telephone services in Guyana; (2) any significant decline in the price or volume of international long distance calls to Guyana; (3) increased competition affecting our businesses; (4) the regulation of rates that GT&T may charge for local wireline telephone service; (5) significant tax disputes between GT&T and the Guyanese tax authorities; (6) the derivation of a significant portion of our U.S. wireless revenue from a small number of customers; (7) our ability to maintain favorable roaming arrangements, including the rates Commnet charges its wholesale customers; (8) economic, political and other risks facing our foreign political operations; (9) regulatory changes affecting our businesses; (10) rapid and significant technological changes in the telecommunications industry; (11) our reliance on a limited number of key suppliers and vendors for timely supply of equipment and services relating to our network infrastructure; (12) any loss of any key members of management; (13) the adequacy and expansion capabilities of our network capacity and customer service system to support our customer growth; (14) dependence of our wireless and wireline revenues on the reliability and performance of our network infrastructure; (15) the occurrence of severe weather and natural catastrophes; (16) the possible reduction of our economic interest in our Bermuda affiliate in 2008; and (17) our ability to realize the value that we believe exists in businesses that we acquire. These and other additional factors that may cause actual future events and results to differ materially from the events and results indicated in the forward-looking statements above are set forth more fully under Item 1A "Risk Factors" of the Company's Annual Report on Form 10-K for the year ended December 31, 2006, which is on file with the SEC. The Company undertakes no obligation to update these forward-looking statements to reflect actual results, changes in assumptions or changes in other factors that may affect such forward-looking statements.

In this Report the words "we," "our," "ours" and "us" refer to Atlantic Tele-Network, Inc. and its subsidiaries, unless the context indicates otherwise. This Report also contains other trademarks, service marks and trade names that are the property of others.

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

PART I—FINANCIAL INFORMATION

Item 1. Unaudited Condensed Consolidated Financial Statements

ATLANTIC TELE-NETWORK, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (Unaudited)
 (Dollars in thousands, except per share amounts)

	December 31, 2006	September 30, 2007
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 60,543	\$ 60,967
Accounts receivable, net of allowances of \$1.4 million and \$2.2 million, respectively	20,510	25,302
Materials and supplies	7,578	5,719
Prepayments and other current assets	2,508	3,325
Assets held for sale	—	13,324
Total current assets	<u>91,139</u>	<u>108,637</u>
FIXED ASSETS:		
Property, plant, and equipment	237,006	260,472
Less accumulated depreciation	(98,433)	(114,946)
Net fixed assets	<u>138,573</u>	<u>145,526</u>
INTANGIBLE ASSETS:		
Licenses	20,641	14,563
Goodwill	35,583	39,326
Customer relationships, net	3,509	2,628
INVESTMENT IN AND ADVANCES TO UNCONSOLIDATED AFFILIATES	<u>12,004</u>	<u>12,168</u>
OTHER ASSETS	<u>1,165</u>	<u>2,605</u>
Total assets	<u>\$ 302,614</u>	<u>\$ 325,453</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 19,252	\$ 16,669
Dividends payable	2,146	2,460
Accrued taxes	7,301	9,977
Advance payments and deposits	3,813	3,646
Other current liabilities	2,529	2,961
Liabilities held for sale	—	1,305
Total current liabilities	<u>35,041</u>	<u>37,018</u>
DEFERRED INCOME TAXES	<u>12,871</u>	<u>13,153</u>
LONG-TERM DEBT	<u>50,000</u>	<u>50,000</u>
Total liabilities	<u>97,912</u>	<u>100,171</u>
MINORITY INTERESTS	<u>25,932</u>	<u>25,931</u>
COMMITMENTS AND CONTINGENCIES (See Note 12)		
STOCKHOLDERS' EQUITY:		
Preferred stock, \$.01 par value per share; 10,000,000 shares authorized, none issued and outstanding	—	—
Common stock, \$.01 par value per share; 50,000,000 shares authorized; 15,651,018 and 15,672,393 shares issued, respectively, and 15,170,707 and 15,217,421 shares outstanding on December 31, 2006 and September 30, 2007, respectively	157	157
Treasury stock, at cost	(3,557)	(3,403)
Additional paid-in capital	104,356	105,713
Retained earnings	79,599	98,258
Accumulated other comprehensive loss	(1,785)	(1,374)
Total stockholders' equity	<u>178,770</u>	<u>199,351</u>
Total liabilities and stockholders' equity	<u>\$ 302,614</u>	<u>\$ 325,453</u>

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

ATLANTIC TELE-NETWORK, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2006 and 2007
(Unaudited)
(Dollars in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2007	2006	2007
REVENUE:				
Wireless	\$ 17,050	\$ 21,453	\$ 44,595	\$ 58,741
Local telephone and data	11,532	11,816	31,574	35,019
International long distance	11,833	12,649	34,513	37,898
Other	932	1,043	2,682	3,054
Total revenues	<u>41,347</u>	<u>46,961</u>	<u>113,364</u>	<u>134,712</u>
OPERATING EXPENSES (excluding depreciation and amortization unless otherwise indicated):				
Termination and access fees	6,077	6,811	17,317	19,740
Internet and programming	940	857	2,571	2,524
Engineering and operations	5,013	5,420	14,000	16,893
Sales and marketing	2,487	3,614	6,328	12,352
General and administrative	5,832	5,804	16,645	17,292
Depreciation and amortization	6,133	6,815	18,033	19,975
Total operating expenses	<u>26,482</u>	<u>29,321</u>	<u>74,894</u>	<u>88,776</u>
Income from operations	<u>14,865</u>	<u>17,640</u>	<u>38,470</u>	<u>45,936</u>
OTHER INCOME (EXPENSE):				
Interest expense	(926)	(720)	(2,814)	(1,596)
Interest income	528	713	933	1,814
Other income, net	21	24	619	2,969
Other income (expense), net	<u>(377)</u>	<u>17</u>	<u>(1,262)</u>	<u>3,187</u>
INCOME BEFORE INCOME TAXES, MINORITY INTERESTS AND EQUITY IN EARNINGS OF UNCONSOLIDATED AFFILIATES				
	14,488	17,657	37,208	49,123
Income taxes	<u>6,286</u>	<u>7,863</u>	<u>18,976</u>	<u>21,778</u>
INCOME BEFORE MINORITY INTERESTS AND EQUITY IN EARNINGS OF UNCONSOLIDATED AFFILIATES				
	8,202	9,794	18,232	27,345
Minority interests, net of tax of \$1.1 million and \$0.9 million for the three months ended September 30, 2006 and 2007, respectively and \$3.1 million and \$2.7 million for the nine months ended September 30, 2006 and 2007, respectively	(1,307)	(1,060)	(3,614)	(3,762)
Equity in earnings of unconsolidated affiliates	<u>708</u>	<u>668</u>	<u>2,010</u>	<u>1,766</u>
NET INCOME	<u>\$ 7,603</u>	<u>\$ 9,402</u>	<u>\$ 16,628</u>	<u>\$ 25,349</u>
NET INCOME PER SHARE:				
Basic	<u>\$ 0.53</u>	<u>\$ 0.62</u>	<u>\$ 1.27</u>	<u>\$ 1.67</u>
Diluted	<u>\$ 0.53</u>	<u>\$ 0.61</u>	<u>\$ 1.26</u>	<u>\$ 1.66</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic	<u>14,262</u>	<u>15,175</u>	<u>13,053</u>	<u>15,162</u>
Diluted	<u>14,353</u>	<u>15,317</u>	<u>13,223</u>	<u>15,295</u>
DIVIDENDS PER SHARE APPLICABLE TO COMMON STOCK	<u>\$ 0.14</u>	<u>\$ 0.16</u>	<u>\$ 0.38</u>	<u>\$ 0.44</u>

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

ATLANTIC TELE-NETWORK, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006 AND 2007
(Unaudited)
(Dollars in thousands)

	Nine Months Ended September 30,	
	2006	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 16,628	\$ 25,349
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	18,033	19,975
Bad debt for amounts due from Bridge International Communications, Inc.	255	—
Gain on sale of investments in affiliates	—	(133)
Loss on sale of assets of affiliates	—	258
Gain on sale of Commnet Wireless related assets	—	(1,043)
Stock-based compensation	610	631
Deferred income taxes	1,090	282
Minority interests	3,614	3,762
Equity in earnings of unconsolidated affiliates	(2,010)	(1,766)
Dividends received from Bermuda Digital Communications, Ltd.	1,244	1,451
Changes in operating assets and liabilities, excluding the effects of acquisitions:		
Accounts receivable, net	(3,129)	(4,792)
Materials and supplies, prepayments, and other current assets	(2,988)	1,022
Other assets	(458)	(1,029)
Accounts payable and accrued liabilities, advance payments and deposits and other current liabilities	1,241	(1,370)
Accrued taxes	1,648	2,073
Net cash provided by operating activities	<u>35,778</u>	<u>44,670</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(19,862)	(31,212)
Acquisitions of businesses, net of cash acquired of \$1,687 and \$0, respectively	(20,026)	(6,721)
Investments made by minority shareholders in consolidated subsidiaries	1,400	—
Proceeds from sale of investments in affiliates	1,991	276
Proceeds from sale of assets of affiliates	—	522
Proceeds from sale of Commnet Wireless related assets	—	1,507
Net cash used in investing activities	<u>(36,497)</u>	<u>(35,628)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from underwritten public offering of common stock, net of expenses	46,338	—
Dividends paid on common stock	(4,512)	(6,379)
Distributions to minority shareholders	(3,090)	(2,396)
Proceeds from stock option exercises	—	157
Proceeds from long-term debt	22,000	—
Repayment of long-term debt	(26,120)	—
Purchase of common stock	(85)	—
Net cash provided by (used in) financing activities	<u>34,531</u>	<u>(8,618)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>33,812</u>	<u>424</u>
CASH AND CASH EQUIVALENTS, beginning of the period	<u>26,493</u>	<u>60,543</u>
CASH AND CASH EQUIVALENTS, end of the period	<u>\$ 60,305</u>	<u>\$ 60,967</u>

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

ATLANTIC TELE-NETWORK, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND BUSINESS OPERATIONS

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

- Guyana Telephone & Telegraph Company, Ltd. (“GT&T”), the national and international telephone company in the Republic of Guyana and the largest wireless service provider in that country. The Company has owned 80% of the stock of GT&T since January 1991. GT&T generated approximately 58% and 53% of the Company’s consolidated revenues for the three months ended September 30, 2006 and 2007, respectively and approximately 60% and 57% of the Company’s consolidated revenues for the nine months ended September 30, 2006 and 2007, respectively.
- Commnet Wireless, LLC (“Commnet”), an owner and operator of wholesale wireless networks in rural areas of the United States. Commnet provides wireless voice and data communications roaming services primarily to national, regional and local wireless carriers. The Company completed its acquisition of 95% of Commnet on September 15, 2005 and the remaining 5% on January 1, 2007.
- Sovemet, Inc., (“Sovemet”), a facilities-based integrated voice, broadband data communications and dial-up service provider in New England, primarily in Vermont. ATN acquired all of the outstanding common stock of Sovemet, Inc. on February 10, 2006 and, at the closing of the transaction, issued shares of common stock of Sovemet, Inc. amounting to 4% of Sovemet’s outstanding capital stock to Sovemet’s Chief Executive Officer, subject to vesting requirements and other restrictions.
- Bermuda Digital Communications, Ltd. (“BDC”), the largest wireless voice and data communications service provider in Bermuda, doing business under the name “Cellular One”. The Company acquired an equity interest in, and signed a management contract with, BDC in 1998. The Company currently owns 43% of the equity of BDC.
- Choice Communications, LLC (“Choice Communications” or “Choice”), a provider of fixed wireless broadband data and wireless digital television services, as well as dial-up Internet services, to retail and business customers in the U.S. Virgin Islands. Choice is a wholly owned subsidiary of the Company.

ATN provides management, technical, financial, regulatory and marketing services for its subsidiaries and affiliates and typically receives a management fee equal to approximately 4% to 6% of their respective revenues. Management fees from consolidated subsidiaries are eliminated in consolidation. Management fees from unconsolidated affiliates are included in “Other Income” in the accompanying statements of operations.

In the third quarter of 2006, the Company completed the sale of 3.84 million shares of common stock at \$19.00 per share in an underwritten public offering (the “2006 Equity Offering”) consisting of the sale by the Company of an aggregate of 2.64 million shares (2.4 million shares in July 2006 and an additional 0.24 million shares purchased by the underwriters as a part of their over-allotment option in August 2006) and 1.2 million shares by our Chairman, Cornelius B. Prior, Jr., and his related entities. The net proceeds to the Company of this offering, which were approximately \$46.3 million, were used to repay a portion of the Company’s outstanding indebtedness, and will fund capital expenditures, acquisitions and/or strategic investments and general corporate purposes. The Company did not receive any proceeds from the sale of shares of the selling stockholders.

2. BASIS OF PRESENTATION

The accompanying condensed consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). The financial information included herein is unaudited; however, the Company believes such information and the disclosures herein are adequate to make the information presented not misleading and reflect all adjustments (consisting only of normal recurring adjustments) that are necessary for a fair statement of the Company’s financial position and results of operations for such periods. The year-end condensed balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. Results of interim periods may not be indicative of results for

the full year. These condensed consolidated financial statements and related notes should be read in conjunction with the Company's 2006 Annual Report on Form 10-K.

Consolidation

The consolidated financial statements include the accounts of the Company, its majority-owned subsidiaries and Commnet of Florida, LLC, which is consolidated in accordance with the provisions of Financial Accounting Standards Board ("FASB") Interpretation No. 46, "Consolidation of Variable Interest Entities, an interpretation on Accounting Research Bulletin No. 51" as revised in December 2003, since it was determined that the Company is the primary beneficiary of Commnet of Florida, LLC.

Except for the Company's investment in Commnet of Florida, LLC, the equity method of accounting is used for the Company's investments in affiliated entities in which the Company has at least a 20% ownership but does not have management control. The Company accounts for investments of less than 20% for which the Company does not have the ability to exert significant influence over the operations by using the cost method of accounting.

Recent Accounting Pronouncements

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Liabilities Including an Amendment of FASB Statement No. 115* ("SFAS 159"). This standard is effective for periods beginning after November 15, 2007, therefore, the Company will adopt the provisions of the standard on January 1, 2008. SFAS 159 permits the Company to elect to measure certain of its financial instruments at either historical cost or fair value. The Company is in the process of determining what method it will choose upon adoption and, once determined, the impact, if any, adoption will have on the financial results or position of the Company.

On January 1, 2007, the Company adopted FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109* ("FIN 48"), which clarifies the accounting for uncertainty in tax positions. FIN 48 requires that the Company recognize the impact of a tax position in the Company's financial statements if that position is more likely than not of being sustained on audit, based on the technical merits of the position. The adoption did not have a material impact on the results of operations or financial position of the Company.

The Company evaluated its uncertain tax positions relating to its various tax matters and rulings in Guyana and determined that no adjustment was to be recorded to the estimated settlement amounts previously recorded prior to the adoption of FIN 48. As noted in Note 11 to the 2006 Form 10-K, due to various arrangements and relationships in place with the government of Guyana, there is no expectation that interest and penalties will be assessed upon reaching final settlement of the matters. There is no expected settlement date and upon settlement, which might not occur in the near future, the payment may vary significantly from the amounts currently recorded. The Company will continue to update amounts recorded as new developments arise.

Reclassifications

Certain conforming revisions have been made to the 2006 statement of operations to conform to the 2007 presentation.

3. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. The most significant estimates relate to revenue recognition, allowance for doubtful accounts, useful lives of the Company's fixed and finite-lived intangible assets, allocation of purchase price to assets acquired and liabilities assumed in purchase business combinations, fair value of indefinite-live intangible assets, goodwill and income taxes. Actual results could differ significantly from those estimates.

4. ACQUISITIONS

a) *Acquisition of Minority Interest in Commnet*

In connection with the Commnet merger agreement of September 2005, the Company also entered into a put and call agreement with Brian A. Schuchman, the 5% minority shareholder of Commnet. Under the terms of this agreement, the Company was obligated to acquire the remaining 5% ownership interest from Mr. Schuchman between April 15, 2007 and October 15, 2007. The purchase price was based on a fixed multiple to earnings as calculated during the 12-month period prior to the exercise of the put and call. The Company reached an agreement with Mr. Schuchman on January 1, 2007 to purchase his ownership interest for \$7.1 million, consisting of \$6.5 million in cash and 21,000 shares of the Company's common stock, valued at approximately \$0.6 million. Effective January 1, 2007, Commnet is a wholly-owned subsidiary of the Company. Effective May 24, 2007, Mr. Schuchman became a member of the Company's Board of Directors.

The acquisition of the 5% minority interest in Commnet was accounted for using the purchase method. After eliminating the \$1.3 million minority interest in Commnet, the Company allocated \$1.7 million to property and equipment, \$1.1 million to licenses and the residual balance of \$3.0 million was recorded to goodwill. 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* ("SFAS 142"). For tax purposes, the Company elected to step up the basis of Commnet's assets to fair market value, and therefore, the goodwill is deductible for tax purposes.

b) *Sovernet, Inc.*

On February 10, 2006, the Company completed the acquisition of Sovernet, 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 for approximately \$13.2 million, including the repayment of approximately \$1.4 million in Sovernet debt and the payment of transaction expenses of \$0.5 million. At the closing of the transaction, the Company issued shares of Sovernet's common stock amounting to 4% of Sovernet's outstanding capital stock to Sovernet's new chief executive, subject to vesting requirements and other restrictions. The Company funded the transaction through a combination of cash on hand and borrowings under its existing credit facility (see Note 5). The acquisition of Sovernet allows the Company to expand its local telephone and data business into the under-served, smaller markets of Vermont and northern New England.

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 the financial statements of the Company. 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 has been recorded as goodwill. The Company originally recorded \$8.1 million of goodwill in connection with the acquisition of Sovernet. However, such amount was reduced by \$1.7 million (net of tax) during 2006 as a result of the Company's recording of certain transactions which related to a pre-acquisition period. 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 142. The customer relationships will be amortized, on an accelerated basis, over the expected period during which their economic benefits are to be realized over a period of approximately five years. For tax purposes, the goodwill and amortization of the customer relationships are not deductible. Proforma information has not been presented for this acquisition as it is not considered material.

5. CREDIT FACILITIES

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

	December 31, 2006	September 30, 2007
Note payable to CoBank, ACB under a \$50 million term loan	\$ 50,000	\$ 50,000
Line of Credit, payable to CoBank, ACB under a \$20 million revolving credit facility	—	—
Total long term debt	<u>\$ 50,000</u>	<u>\$ 50,000</u>

On September 15, 2005, ATN, as borrower, entered into a credit agreement with CoBank, ACB (the “CoBank Credit Agreement”). The CoBank Credit Agreement provides a \$50 million term loan (the “Term Loan”) and a \$20 million revolving credit facility (the “Revolver Facility”, together with the Term Loan, the “Credit Facility”). The Credit Facility is guaranteed by our Commnet subsidiary and is collateralized by, among other things, a security interest in substantially all of the assets of and stock owned by ATN and Commnet. The Term Loan has principal repayments deferred until the maturity of the loan on October 31, 2010. Interest on the Term Loan is payable on a quarterly basis at a fixed annual interest rate of 5.85%, less any patronage payments received by the Company from the bank. Amounts outstanding under the Revolver Facility accrue interest at a rate equal to (at the Company’s option): (i) LIBOR plus a margin ranging from 1.25% to 1.50% or (ii) a variable rate of interest as defined within the Revolver Facility plus 1%.

On August 31, 2007, the Company and its lenders under the CoBank Credit Agreement amended the CoBank Credit Agreement to (i) reduce the amount of GT&T stock pledged by ATN, (ii) provide for up to \$1.0 million in Letters of Credit under the Revolver Facility and (iii) increase the amount of investments (including permitted acquisitions and dispositions) the Company can make in other communications companies without approval by the agent of lenders thereunder.

The CoBank Credit Agreement contains certain affirmative and negative covenants of ATN and its subsidiaries (including Commnet). Among other things, these covenants restrict ATN’s ability to incur additional debt in the future or to incur liens on its property. ATN has also agreed to maintain certain financial ratios under the facilities, including a total leverage ratio (debt to EBITDA, as defined) of two to one or less; a debt service coverage ratio (EBITDA to debt service) of three to one or more; an equity to assets ratio of 0.4 to one or more; and a specified leverage ratio for Commnet that changes over time. As of September 30, 2007, the Company was in compliance with the covenants of the CoBank Credit Facility.

6. STOCK-BASED COMPENSATION

During the three months ended September 30, 2006 and 2007, the Company recognized \$195,000 and \$213,000, respectively, of non-cash compensation expense relating to grants under the 1998 Stock Option Plan and 2005 Atlantic Tele-Network Restricted Stock Plan and Incentive Plan (the “Share Based Plans”). During the nine months ended September 30, 2006 and 2007, the Company recognized \$610,000 and \$631,000, respectively, of non-cash compensation expense relating to grants under the Share Based Plans.

In September 2007, the Company’s Board of Directors approved the grant, to certain employees, of options to acquire 175,000 shares of the Company’s common stock at an exercise price equal to the fair value of the Company’s common stock on the date of grant. Also in September 2007, the Company’s Board of Directors approved the issuance of 10,000 shares of restricted stock at a price equal to the fair value of the Company’s common stock at the date of grant to an employee. In connection with the grant of the options and the restricted shares, the Company recognized \$1.4 million of deferred compensation which will be amortized over the vesting period of four years.

7. OTHER INCOME

During the second quarter of 2007, Commnet recorded a gain of \$1.0 million in connection with the disposition of certain assets and recorded other income of \$1.25 million for cash received in a license settlement. Both of these amounts are included in other income within the accompanying statement of operations for the nine months ended September 30, 2007.

During August 2007, the Company sold all of its assets in Haiti to Access Haiti, S.A., a Haitian company in which the Chairman of the Company’s Board of Directors is a significant equity holder. After taking into account outstanding claims, legal and other related expenses incurred in connection with the transaction and the dissolution of the Company’s Haitian Subsidiaries the Company recognized a loss of approximately \$258,000 which is included in other income in the

accompanying statement of operations for both the three and nine months ended September 30, 2007 (see Note 10).

8. NET INCOME PER SHARE

Net income per share is computed in accordance with Statement of Financial Accounting Standards No. 128, *Earnings Per Share*. Basic net income per share is computed by dividing net income by the weighted average number of common shares outstanding during the period and does not include any other potentially dilutive securities. Diluted net income per share gives effect to all potentially dilutive securities using the treasury stock method.

For the three and nine months ended September 30, 2006 and 2007, the stock options and restricted common shares issued under the Share Based Plans were the only potentially dilutive securities.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2007	2006	2007
Basic weighted average common shares outstanding	14,262	15,175	13,053	15,162
Unvested shares issued under the Company's 2005 Restricted Stock Plan	61	37	57	43
Stock options issued under the Company's 1998 Stock Option Plan	30	105	113	90
Diluted weighted average common shares outstanding	<u>14,353</u>	<u>15,317</u>	<u>13,223</u>	<u>15,295</u>

9. SEGMENT REPORTING

The Company has four reportable segments which are considered material for separate disclosure under Statement of Financial Accounting Standards No. 131, *Disclosures About Segments of and Enterprise Related Information*. Those four segments are: i) Integrated Telephony-International, which generates all of its revenues in Guyana and has all of its assets located in Guyana ("GT&T"), ii) Integrated Telephony-Domestic, which generates all of its revenues and has all of its assets located in the United States ("Sovernet"), iii) Wireless Television and Data, which generates all of its revenues in and has all of its assets located in the U.S Virgin Islands ("Choice"), and iv) Rural Wireless, which generates all of its revenues in the United States and has all of its assets located in the United States ("Commnet"). The operating segments are managed separately because each offers different services and serves different markets. Certain elements of the 2006 segment information have been revised to conform to the current format of financial information reviewed by the Company's chief operating decision makers.

The following tables provide information for each operating segment (in thousands):

	For the Three Months Ended September 30, 2006					
	Integrated Telephony- International	Integrated Telephony- Domestic	Wireless Television and Data	Rural Wireless	Reconciling Items	Consolidated
Revenues	\$ 24,030	\$ 3,812	\$ 1,764	\$ 11,741	\$ —	\$ 41,347
Depreciation and amortization	3,444	517	588	1,432	152	6,133
Non-cash stock-based compensation	—	32	—	—	163	195
Operating income (loss)	12,646	686	(671)	4,687	(2,483)	14,865
Interest expense	—	—	(790)	(170)	34	(926)
Interest income	127	43	—	29	329	528
Income taxes	4,648	301	(235)	1,819	(247)	6,286
Equity in earnings of unconsolidated affiliates, net of tax	—	—	—	—	708	708
Net income (loss)	\$ 5,606	\$ 410	\$ (1,333)	\$ 2,551	369	\$ 7,603

For the Three Months Ended September 30, 2007

	Integrated Telephony- International	Integrated Telephony- Domestic	Wireless Television and Data	Rural Wireless	Reconciling Items	Consolidated
Revenues	\$ 25,101	\$ 3,661	\$ 2,237	\$ 15,962	\$ —	\$ 46,961
Depreciation and amortization	3,905	431	522	1,879	78	6,815
Non-cash stock-based compensation	—	32	—	—	181	213
Operating income (loss)	11,479	508	(404)	7,938	(1,881)	17,640
Interest expense	—	—	(880)	(195)	355	(720)
Interest income	168	90	—	81	374	713
Income taxes	4,768	157	(142)	2,874	206	7,863
Equity in earnings of unconsolidated affiliates, net of tax	—	—	—	—	668	668
Net income (loss)	\$ 4,394	\$ 283	\$ (1,282)	\$ 4,253	\$ 1,754	\$ 9,402

For the Nine Months Ended September 30, 2006

	Integrated Telephony- International	Integrated Telephony- Domestic	Wireless Television and Data	Rural Wireless	Reconciling Items	Consolidated
Revenues	\$ 68,565	\$ 9,560	\$ 4,970	\$ 30,269	\$ —	\$ 113,364
Depreciation and amortization	10,268	1,377	1,768	4,162	458	18,033
Non-cash stock-based compensation	—	85	—	—	525	610
Operating income (loss)	35,914	1,694	(2,268)	10,206	(7,076)	38,470
Interest expense	—	—	(2,233)	(427)	(154)	(2,814)
Interest income	411	55	—	85	382	933
Income taxes	14,573	717	(795)	3,951	530	18,976
Equity in earnings of unconsolidated affiliates, net of tax	—	—	—	—	2,010	2,010
Net income (loss)	\$ 14,576	\$ 991	\$ (4,011)	\$ 5,475	\$ (403)	\$ 16,628

For the Nine Months Ended September 30, 2007

	Integrated Telephony- International	Integrated Telephony- Domestic	Wireless Television and Data	Rural Wireless	Reconciling Items	Consolidated
Revenues	\$ 76,597	\$ 10,987	\$ 6,410	\$ 40,718	\$ —	\$ 134,712
Depreciation and amortization	11,671	1,332	1,608	5,132	232	19,975
Non-cash stock-based compensation	—	95	—	—	536	631
Operating income (loss)	33,949	1,444	(1,255)	18,134	(6,336)	45,936
Interest expense	—	7	(2,622)	(530)	1,549	(1,596)
Interest income	483	228	—	165	938	1,814
Income taxes	14,133	501	(439)	7,429	154	21,778
Equity in earnings of unconsolidated affiliates, net of tax	—	—	—	—	1,766	1,766
Net income (loss)	\$ 12,853	\$ 709	\$ (3,861)	\$ 10,304	\$ 5,344	\$ 25,349

Assets

As of	Integrated Telephony- International	Integrated Telephony- Domestic	Wireless Television and Data	Rural Wireless	Reconciling Items	Consolidated
December 31, 2006	\$ 142,670	\$ 20,821	\$ 12,061	\$ 85,310	\$ 41,752	\$ 302,614
September 30, 2007	142,570	21,971	11,458	106,310	43,144	325,453

As of September 30, 2007, total assets for the Integrated Telephony-Domestic and Rural Wireless segments included \$7.2 million and \$32.1 million of goodwill, respectively. Of the \$32.1 million of goodwill included in the Rural Wireless segment, \$3.0 million related to the acquisition of the 5% minority interest of Commnet during the first quarter of 2007 (see Note 4).

Nine Months Ended September 30,	Capital Expenditures						Consolidated
	Integrated Telephony- International	Integrated Telephony Domestic	Wireless Television and Data	Rural Wireless	Reconciling Items		
2006	\$ 11,394	\$ 171	\$ 74	\$ 8,207	\$ 16	\$	19,862
2007	16,752	775	66	13,585	34	\$	31,212

10. RELATED PARTY TRANSACTION

In 2001, the Company curtailed the operations and funding of its ATN-Haiti and Transnet S.A. subsidiaries (the "Haitian Subsidiaries"), wrote-down its investment and began exploring strategic alternatives for the use or disposition of the remaining assets of the Haitian Subsidiaries. In May 2006, the Company's Board of Directors authorized the Company to enter into discussions to sell, at fair value, subject to review and final approval by the Audit Committee, the remaining assets of the Haitian Subsidiaries, consisting primarily of an office building and 13 tower sites located in Haiti, to Cornelius B. Prior, Jr., the Company's Executive Chairman, who is also the father of the Company's Chief Executive Officer.

In August 2007, the Company, upon final approval by the Company's Board of Directors and Audit Committee, completed the sale of the remaining assets of the Haitian Subsidiaries to Access Haiti, S.A., a Haitian company in which Mr. Prior is a significant equity holder, for \$750,000 and the release by Access Haiti, S.A. of certain indebtedness of Transnet S.A. In connection with the sale, Mr. Prior has agreed to indemnify the Company for any claims made against the Haitian Subsidiaries by creditors and vendors of the Haitian Subsidiaries in excess of \$200,000 in the aggregate. In addition, Mr. Prior has agreed to assist the Company in dissolving the Haitian Subsidiaries. If the dissolution is not completed by January 2008, the Company has the right to sell, and Mr. Prior has the obligation to buy, the Company's equity interests in the Haitian Subsidiaries for \$1.

The impact of the remaining activities of Haitian Subsidiaries on our results of operations for 2002 through August 2007 was not significant to our consolidated financial statements. As of August 2007, the net book value of the Haiti assets was \$655,000. After taking into account outstanding claims, legal and other related expenses incurred in connection with the transaction and the dissolution of the Haitian Subsidiaries, we recorded a loss of approximately \$258,000 which is included in Other Income within the accompanying Statements of Operations. In addition, we cancelled the remaining debt obligations of ATN-Haiti owed to us, which we had previously written off in 2001.

11. ASSETS AND LIABILITIES HELD FOR SALE

In September 2007, Commnet entered into an agreement with a national carrier to sell 59 base stations, along with spectrum licenses, in two Midwestern states for total consideration of approximately \$17.0 million. At the same time, Commnet entered into an agreement with this carrier to purchase spectrum, lease additional spectrum and build a network in rural areas in three states. This new network is expected to consist of at least 70 base stations, and, in return for a long-term roaming agreement with this carrier, Commnet committed to complete the network build by March 31, 2008. The agreement also provides the carrier a purchase option on the new base stations exercisable beginning in 2010 through 2012 at a predetermined price each year. The sale is expected to close in late 2007 or early 2008, however both transactions are subject to regulatory approval and certain other customary conditions to closing. The Company expects to record a pre-tax gain when the sale is consummated between \$4.0 and \$5.0 million.

12. COMMITMENTS AND CONTINGENCIES

Regulatory and Litigation Matters

The Company and its subsidiaries are subject to certain regulatory and legal proceedings and other claims arising in the ordinary course of business, some of which involve claims for damages and taxes that are substantial in amount. The Company believes that, except for the items discussed below for which the Company is currently unable to predict the final outcome, the disposition of proceedings currently pending will not have a material adverse effect on the Company's financial position or results of operations.

Regulatory

The Company's Guyana subsidiary, GT&T, is subject to regulation in Guyana under the provisions of its license and under the Guyana Public Utilities Commission Act of 1999 and the Guyana Telecommunications Act of 1990. GT&T also has certain significant rights and obligations under the agreement pursuant to which the Company acquired its interest in GT&T in 1991 and because of the large volume of traffic that GT&T has with the United States, GT&T can be significantly affected by orders of U.S. regulatory agencies.

In a letter dated September 8, 2006, the National Frequency Management Unit ("NFMU") agreed that GT&T's total spectrum fees should not increase for the years 2006 and 2007. However, that letter implied that spectrum fees in 2008 and onward may be increased substantially beyond the amount agreed between GT&T and the Government. GT&T restated its position in a September 14, 2006 letter to the Government that, by agreement with the Government, spectrum fees should be capped until the NFMU develops a spectrum fee methodology acceptable to all GSM spectrum licenses. In correspondence to GT&T in June 2007, the NFMU stated, without indicating whether a fee methodology would be developed, that the cap on GSM spectrum fees will be removed in December 2007. In a letter dated July 3, 2007 to the NFMU, GT&T objected to the NFMU's proposed action and reiterated its position that an increase in fees prior to development of an acceptable methodology would violate the Government's prior agreement.

On January 2, 2007, a value added tax ("VAT") of 16% on imports and other goods and services went into effect in Guyana. GT&T successfully argued that its contract with the Government of Guyana provides for exemption in certain cases from payment of consumption tax and import duties, including the VAT. The VAT also replaced the telephone tax of 10% and broadened the applicability to include, for example, rentals and leases. Historically, the telephone tax applied only to usage. In December 2006, the Guyana Revenue Authority ("GRA") expressed its opinion to GT&T that the VAT applied to GT&T's pre-paid phone cards at the time a GT&T customer purchases the card. GT&T believes that the VAT should apply in the same manner as the telephone tax that the VAT replaced, that is, at the time a pre-paid customer initiates a call. This interpretation conforms to past practice of the Government and GT&T's accounting practice, which does not recognize the pre-paid revenue until a call is initiated by the pre-paid customer. GT&T has been remitting VAT pursuant to the methodology in effect under the telephone tax structure. These payments have been accepted by the GRA without objection. GT&T's experience over the course of 2007 leads the Company to believe that the VAT will not have a material adverse effect on GT&T's financial condition or results of operations.

On January 15, 2007, the Public Utilities Commission (the "PUC") issued a ruling that fixed floor and ceiling rates for both the pre-paid and the post-paid cellular services offered by GT&T and its competition. In addition, the PUC ordered the companies to implement per-second billing as opposed to the pre-existing practice of per-minute billing. While these events have not had a material adverse effect on GT&T to date, the expansion of per second billing to non-mobile services, which has been the subject of recent PUC proceedings, could have a material adverse effect on GT&T's financial condition or results of operations. The PUC has set a further hearing on this issue for December 2007.

In October 1997, the PUC ordered GT&T to increase the number of telephone lines in service to a total of 69,278 lines by the end of 1998; 89,054 lines by the end of 1999; and 102,126 lines by the end of 2000; to allocate and connect an additional 9,331 telephone lines before the end of 1998; and to provide to subscribers who request them facilities for call diversion, call waiting, reminder call, and three-way calling by the end of 1998. In issuing this order, the PUC did not hear evidence or make any findings on the cost of providing these lines and services, the adjustment in telephone rates that may be necessary to give GT&T a fair return on its investment, or the ways and means of financing the requirements of the PUC's order. GT&T has appealed the PUC's order to the Guyana Court of Appeal, and that appeal is still pending. No stay currently exists against this order. GT&T had approximately 127,000 access lines in service as of September 30, 2007.

In July 2004, the FCC revised the spectrum band plan applicable to the Broadband Radio Service and Educational Broadband Service. These are the spectrum bands used by Choice to operate its video and broadband data services. The new rules restructure these spectrum bands and could materially impact Choice customers and operations if Choice is required to transition to the new band plan. The FCC has stated that it will consider requests for waiver of the new band plan requirements on a case-by-case basis and described the circumstances under which waivers would be granted. To date, the FCC has granted at least three waivers that excuse entities similar to Choice from the rebanding requirement. On April 30, 2007, Choice filed a waiver request at the FCC that subsequently was contested by Sprint Nextel Corporation, among others. This proceeding remains pending before the FCC.

In August 2006 and in January 2007, the Bermuda Ministry of Telecommunications and E-Commerce issued consultation documents proposing a new regulatory framework for the telecommunications industry. The proposals contemplate converting existing service-specific licenses to licenses that permit any company to offer any type of service. At this time we do not know whether the outcome of this proposal will be positive or negative for BDC.

Litigation

In Bermuda, our BDC affiliate is subject to Bermuda's Telecommunications Act of 1986, as amended. 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. The ministry has filed an appeal which is expected to be heard in November 2007.

Upon the acquisition of GT&T in January 1991, ATN entered into an agreement with the government of Guyana to significantly expand GT&T's existing facilities and telecommunications operations and to improve service within a three-year period pursuant to an expansion and service improvement plan (the "Plan"). The government agreed to permit rate increases in the event of currency devaluation within the three-year period, but GT&T was unable to get timely increases when the Guyanese currency suffered a sharp decline in March 1991. The Plan was modified in certain respects and the date for completion of the Plan was extended to February 1995. Since 1995, the PUC has had pending a proceeding initiated by the minister of telecommunications of Guyana with regard to the failure of GT&T to complete the Plan by February 1995. The PUC last held hearings on this matter in 1998. It is GT&T's position that its failure to receive timely rate increases in compensation for the devaluation of the currency in 1991 provides legal justification for GT&T's delay in completing the Plan. If the PUC were to find that GT&T was not excused from fulfilling the terms of the Plan by February 1995, GT&T could be subject to monetary penalties, cancellation of its license, or other action by the PUC or the government that could have a material adverse effect on the Company's business and prospects. The requirements of the Plan were substantially completed several years ago. GT&T believes that its obligations have been fulfilled and it has continued to aggressively develop the telecommunications infrastructure in all areas including landline, wireless and data.

GT&T is contesting income tax assessments of approximately \$7.3 million that it has received from the commissioner of Inland Revenue for the years 1991-1996 based on the disallowance as a deduction for income tax purposes of five-sixths of the advisory fees payable by GT&T to the Company. The deductibility of these advisory fees was upheld for one of these years by a decision of the High Court in August 1995. The Guyana Commission of Inland Revenue has filed a High Court Writ seeking an order setting aside that decision on the grounds that the Commissioner did not have a proper hearing. GT&T has contested that Writ. The assessments for the other years are being held in abeyance pending decision on the Writ and GT&T motions to strike. Subsequent to December 31, 2001, GT&T received assessments for the years 1997-2000 in the aggregate amount of approximately \$6.5 million raising the same issues. GT&T expects that proceedings on these assessments will also be held in abeyance pending the Court's decision.

In November 1997, GT&T received assessments of the current equivalent of approximately \$9.7 million from the commissioner of Inland Revenue for taxes for the years 1991 through 1996. It is GT&T's understanding that these assessments stem from an audit that the Guyana High Court stayed before it was completed. Apparently, because the audit was cut short as a result of the High Court's order, GT&T did not receive notice of, and an opportunity to respond to, the proposed assessments as is the customary practice in Guyana, and substantially all of the issues raised in the assessments appear to be based on mistaken facts. GT&T has applied to the Guyana High Court for an order prohibiting the commissioner of Inland Revenue from enforcing the assessments on the grounds that the origin of the audit and the failure to give GT&T notice of, and opportunity to respond to, the proposed assessments violated Guyanese law. The Guyana High Court has issued an order effectively prohibiting any action on the assessments pending the determination by the High Court of the merits of GT&T's application.

Should GT&T be held liable for any of the above tax liabilities, totaling \$23.5 million, the Company believes that the government of Guyana would be obligated to reimburse GT&T for any amounts that would reduce GT&T's return on investment to less than 15% per annum for the relevant periods.

In early 2000, Inet Communications, Inc., an Internet service provider in Guyana, and the Guyana Consumers Association filed a suit in the High Court against the Attorney General of Guyana and GT&T. The suit claims that GT&T is not entitled to rate increases based on the agreement between the Government of Guyana and ATN and that the Civil Law of

Guyana prohibits what is referred to as GT&T's monopoly. Inet's motion was struck down for non-appearance of counsel. However, Inet's counsel has applied for the matter to be restored. The Court has not yet taken action on Inet's application.

In July 2002, an individual sued the Attorney General of Guyana in the Guyana courts asking, among other things, for a declaration that the section of the Company's 1990 contract with the Government of Guyana granting to GT&T an exclusive right to operate a telecommunications system in Guyana was null and void as contrary to law and to the Constitution of Guyana. GT&T has joined the suit to contest these claims and this proceeding remains pending. In 2001, the Government of Guyana announced its intention to introduce competition into Guyana's telecommunications sector in contravention of the terms of GT&T's license. The Company believes that the termination of the exclusivity provisions of GT&T's license would require appropriate compensation to GT&T and a rebalancing of rates so that the rates for each service represent the real economic cost of such services. In February 2002, GT&T began negotiations with the Government on these issues and all other outstanding issues between GT&T and the Government of Guyana. GT&T has not had formal discussions with Government officials regarding rate regulation or the introduction of additional competition since the second quarter of 2002. The President of Guyana has publicly stated that competition in the wireline and long distance sectors are key objectives of his administration. In recent correspondence with GT&T, senior Guyanese officials indicated a desire to re-start negotiations in the near future regarding the exclusivity terms of GT&T's license, as well as other outstanding issues, such as certain tax matters.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations included in our 2006 Annual Report on Form 10-K. Some of the statements in the discussion are forward-looking statements which are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. These risk factors include those discussed under Item 1A, "Risk Factors" in our 2006 Annual Report on Form 10-K and those set forth in this Report under "Cautionary Statement Regarding Forward-Looking Statements."

OVERVIEW

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

- Guyana Telephone & Telegraph Company, Ltd. (or GT&T), the national and international telephone company in the Republic of Guyana and the largest wireless service provider in that country. We have owned 80% of the equity of GT&T since January 1991.
- Commnet Wireless, LLC (or Commnet), an owner and operator of wholesale wireless networks in rural areas of the United States. Commnet provides wireless voice and data communications roaming services primarily to national, regional and local wireless carriers. We acquired 95% of the equity of Commnet in September 2005 and the remaining 5% in January 2007.
- Sovernet, Inc., (or Sovernet), a facilities-based integrated voice, broadband data communications and dial-up service provider in New England, primarily in Vermont. We acquired Sovernet in February 2006 and granted restricted stock equal to 4% of Sovernet's outstanding capital stock to Sovernet's Chief Executive Officer.
- Bermuda Digital Communications, Ltd. (or BDC), the largest wireless voice and data communications service provider in Bermuda, doing business under the name Cellular One. We acquired a minority equity interest in, and signed a management contract with, BDC in 1998. We currently own 43% of the capital stock of BDC.
- Choice Communications, LLC (or Choice), a leading provider of fixed wireless broadband data services, wireless digital television services as well as dial-up Internet services, to retail and business customers in the U.S. Virgin Islands. We acquired Choice in October 1999 and own 100% of the equity of Choice.

As a holding company, we provide management, technical, financial, regulatory, and marketing services to, and typically receive a management fee equal to approximately 4% to 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 affiliates in the Consolidated Financial Statements included in this Report. In July 2008, BDC has the option

to repurchase from us all, but not less than all, of our equity interest in BDC at a price equal to fair market value. We are uncertain as to whether BDC will exercise this option. Also in 2008, our management fee arrangement with BDC may be terminated pursuant to our contract.

The following chart summarizes the operating activities of our subsidiaries and our BDC affiliate and the markets they serve as of September 30, 2007:

Services	Segment	Operating Subsidiary/Affiliate	Markets
Wireless	Rural Wireless Integrated Telephony-International	Commnet GT&T BDC(1)	United States (rural markets) Guyana Bermuda
Local Telephone and Data	Integrated Telephony-International Integrated Telephony-Domestic Wireless Television and Data	GT&T Sovemet Choice (internet access)	Guyana United States (New England) U.S. Virgin Islands
International Long Distance	Integrated Telephony-International	GT&T	Guyana
Other	Wireless Television and Data	Choice (digital television)	U.S. Virgin Islands

(1) Earnings from BDC do not appear in our income from operations but are instead reflected in equity in earnings of unconsolidated affiliates in the Consolidated Financial Statements included in this Report.

For information about our business segments and geographical information about our operating revenues and assets, see Note 9 to the Consolidated Financial Statements included in this Report.

In the past, we generated most of our revenue and operating income from our GT&T operations. 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. See “Business—Regulation of Our GT&T Subsidiary” in the 2006 Annual Report on Form 10-K. The largest component of GT&T’s contribution to our consolidated revenue and profit has been from its international long distance business and that business still accounts for roughly half of GT&T’s revenue. Most of these revenues and profits were from payments by foreign carriers, which are denominated in U.S. dollars, for handling international long distance calls originating by foreign carriers and terminating in Guyana. 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 U.S. Federal Communications Commission (or FCC). The primary drivers of the long distance business are 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 consist of wireline telephone customers and all the wireless subscribers in Guyana (including subscribers to competitor wireless service providers). In addition, in recent years, we believe various methods of illegal bypass and alternative and cheaper media for communication, such as e-mail and text messaging, may have had a negative impact on both voice traffic and on international long distance revenues. We have taken a number of measures to counter illegal bypass, including taking action against unlicensed operators in Guyana, introducing special outbound call center rates and we are examining automated technical solutions as well.

In 2005 and 2006, we entered new businesses and markets through our acquisitions of Commnet and Sovemet. These businesses have provided us with new sources of revenues and with additional growth opportunities. As a result, while GT&T continues to represent a majority of our revenues and profits, its relative contribution to our consolidated revenues has declined in recent years. GT&T generated approximately 58% and 53% of our consolidated revenues for the three months ended September 30, 2006 and 2007, respectively, and 60% and 57% of our consolidated revenues for the nine months ended September 30, 2006 and 2007, respectively. Commnet generated approximately 69% and 74% of our wireless revenue for the three months ended September 30, 2006 and 2007, respectively, and approximately 68% and 69% of our wireless revenue for the nine months ended September 30, 2006 and 2007, respectively. Commnet also accounted for approximately 96% and 74% of the increase in wireless revenue during the three and nine months ended September 30, 2007 over the corresponding

periods in 2006. Sovernet generated approximately 31% of our local telephone and data revenue for the three and nine months ended September 30, 2007, respectively.

We are actively evaluating additional acquisition opportunities of businesses that meet our return-on-investment and other acquisition criteria. As a result of our underwritten public offering of common stock in July 2006, we raised net proceeds of approximately \$46.3 million, of which a portion was used to repay outstanding indebtedness, and the remainder of which we plan to use to fund capital expenditures, acquisitions and/or strategic investments and general corporate purposes.

While our GT&T operations continue to grow, we face challenges in Guyana. Since 2001, the Government of Guyana has stated its intention to introduce competition into Guyana's wireline sector. The President of Guyana has publicly stated in the past that competition in the wireline and long distance sectors are key objectives of his administration. In recent correspondence with GT&T, senior Guyanese officials indicated a desire to re-start negotiations in the near future regarding the exclusivity terms of GT&T's license, as well as other outstanding issues, such as certain tax matters. GT&T has not had formal discussions with Government officials regarding these matters since the second quarter of 2002. See "Business—Regulation of Our GT&T Subsidiary" in our 2006 Form 10-K. We believe that the introduction of international voice and data competition would require the termination of the exclusivity provisions of GT&T's license, and thus would require appropriate compensation to GT&T and a likely increase in local wireline service rates so that those rates reflect the actual cost of providing such services.

GT&T is also in the process of adapting to recent changes in the competitive environment for wireless services in Guyana. Digicel's entry into the Guyana wireless market in November 2006 through acquisition has significantly increased the competition we face in the Guyana wireless market. Since this entry, Digicel has used aggressive spending to gain market share, including through the use of extensive give-aways and handset subsidies. In turn, we countered with our own promotions and accelerated the timing of some of our capital expenditures on network expansion and upgrades. We believe that network coverage and quality of service are some of the most important bases on which we compete and represent competitive advantages for us because of our substantial investment in our network over time. During the last three quarters, we also increased our efforts to accelerate the migration of subscribers from our TDMA network to our GSM network, which allows us to offer richer handset features and certain wireless data services, while increasing our network capacity. We have also modified some of our pricing plans. This heightened competition has resulted in higher marketing expense and a decline in market share, though not in our overall subscriber base..

In September, Commnet, entered into an agreement with a national carrier to sell 59 base stations, along with spectrum licenses, in two Midwestern states for total consideration of approximately \$17.0 million. At the same time, Commnet entered into an agreement with this carrier to purchase spectrum, lease additional spectrum and build a network in rural areas in three states. This new network is expected to consist of at least 70 base stations, and, in return for a long-term roaming agreement with this carrier, Commnet committed to complete the new network build by March 31, 2008. The agreement also provides the carrier a purchase option on the new base stations exercisable beginning in 2010 through 2012 at a predetermined price each year. The purchase price consideration reduces each option year and was determined taking into account our return on investment targets. We have entered into similar sales transactions and network builds in the past with our major carrier customers; however, the scale of the forgoing sale of assets is significantly larger than previous transactions. While we anticipate continued overall growth from our domestic rural wireless network over the long-term, we expect that the net effect of these two transactions in the short-term will be to reduce Commnet's revenues by approximately \$1.0 to \$2.0 million per quarter in 2008, depending on the pace of the new network build and ramp up of traffic on those sites. The sale is expected to close in late 2007 or early 2008, however both transactions are subject to regulatory approval and certain other conditions to closing. The Company expects to record a pre-tax gain when the sale is consummated between \$4.0 and \$5.0 million.

Results of Operations

Three Months Ended September 30, 2006 and 2007

	Three Months Ended September 30,		Amount of Increase (Decrease)	Percent Increase (Decrease)
	2006	2007		
(In thousands)				
REVENUE:				
Wireless	\$ 17,050	\$ 21,453	\$ 4,403	25.8%
Local telephone and data	11,532	11,816	284	2.5
International long distance	11,833	12,649	816	6.9
Other	932	1,043	111	11.9
Total revenue	<u>41,347</u>	<u>46,961</u>	<u>5,614</u>	<u>13.6</u>
OPERATING EXPENSES:				
Termination and access fees	6,077	6,811	734	12.1
Internet and programming	940	857	(83)	(8.8)
Engineering and operations	5,013	5,420	407	8.1
Sales and marketing	2,487	3,614	1,127	45.3
General and administrative	5,832	5,804	(28)	(0.5)
Depreciation and amortization	6,133	6,815	682	11.1
Total operating expenses	<u>26,482</u>	<u>29,321</u>	<u>2,839</u>	<u>10.7</u>
Income from operations	<u>14,865</u>	<u>17,640</u>	<u>2,775</u>	<u>18.7</u>
OTHER INCOME (EXPENSE):				
Interest expense	(926)	(720)	206	22.2
Interest income	528	713	185	35.0
Other income, net	21	24	3	14.3
Other income (expense), net	<u>(377)</u>	<u>17</u>	<u>394</u>	<u>104.5</u>
INCOME BEFORE INCOME TAXES, MINORITY INTERESTS AND EQUITY IN EARNINGS OF UNCONSOLIDATED AFFILIATES				
	14,488	17,657	3,169	21.9
Income taxes	<u>6,286</u>	<u>7,863</u>	<u>1,577</u>	<u>25.1</u>
INCOME BEFORE MINORITY INTERESTS AND EQUITY IN EARNINGS OF UNCONSOLIDATED AFFILIATES				
	8,202	9,794	1,592	19.4
Minority interests, net of tax	<u>(1,307)</u>	<u>(1,060)</u>	<u>247</u>	<u>18.9</u>
Equity in earnings of unconsolidated affiliates, net of tax	<u>708</u>	<u>668</u>	<u>(40)</u>	<u>(5.6)</u>
NET INCOME	<u>\$ 7,603</u>	<u>\$ 9,402</u>	<u>\$ 1,799</u>	<u>23.7%</u>

Wireless revenue. Wireless revenue includes wholesale voice and data roaming revenue from our rural U.S. operations and retail wireless revenue generated in Guyana, including airtime and activation fees.

Wireless revenue increased to \$21.5 million for the three months ended September 30, 2007 from \$17.1 million for the three months ended September 30, 2006, an increase of \$4.4 million, or 26%. Growth in our rural U.S. business was responsible for \$4.2 million of this increase due primarily to continued deployment of additional GSM and CDMA wireless base stations. We have deployed a total of 333 base stations as of September 30, 2007, as compared to 261 base stations as of September 30, 2006. Of the total base stations as of September 30, 2007, 287 were GSM and CDMA base stations as of September 30, 2007, as compared to 183 GSM and CDMA base stations as of September 30, 2006. Our rural wireless revenue also increased as a result of growth in voice and data traffic (minutes and megabytes) at existing sites, growth in data roaming revenue and international roaming revenue. We expect that wholesale wireless revenue will continue to increase as we continue to expand our GSM and CDMA networks and as minutes of use continue to grow on our existing sites. This will be offset, in part, by scheduled and any future negotiated reductions in rates, along with the pending sale of 59 base stations in two Midwestern states (see Note 11, "Assets Held For Sale").

The remaining increase in wireless revenue was attributable to the continued growth of our wireless subscriber base in Guyana. Our wireless subscribers in Guyana increased by 69,000 subscribers, or 26%, from 261,000 subscribers to 330,000 subscribers as of September 30, 2006 and 2007, respectively. The increase in subscribers was aided by the Company's increased sales and marketing promotions throughout the first three quarters of 2007. GT&T's wireless revenue was \$5.3 million and \$5.5 million for the third quarter of 2006 and 2007, respectively. While we experienced wireless revenue and subscriber growth in Guyana, we believe revenue growth was less than subscriber growth in part because some of our subscribers also own handsets and are subscribers of our competitor, which is common in high prepaid market regions and proceeds from handset sales were down in 2007. Approximately 307,000 of GT&T's wireless subscribers were GSM/GPRS subscribers as of September 30, 2007 as compared to 168,000 as of September 30, 2006. We expect that the network capacity and coverage we have added will lead to increased revenue, although continued competitive pressures may reduce expected growth or even cause a decline in this revenue. Our nationwide competitor has significantly expanded

network capacity and coverage and launched extensive promotions, particularly handset subsidies. We expect their heavy marketing and capital spending to continue through the end of the year and we expect to do the same.

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

Local telephone and data revenue increased by \$0.3 million, or 3%, to \$11.8 million for 2007 from \$11.5 million for 2006. While our Guyana operations grew access lines from approximately 117,000 lines as of September 30, 2006 to approximately 127,000 lines as of September 30, 2007 (an increase of 9%), revenues increased only slightly as a result of decreasing prepaid landline activity. Sovemet also reported a slight decrease in total revenue as compared to 2006, although the 2006 period benefited from a one-time revenue pickup related to a carrier settlement. While Sovemet continues to add business customers for its voice and data services, it is being negatively impacted by the decline in its residential data business, particularly its dial-up Internet services. Data services in the U.S. Virgin Islands increased \$0.4 million due to continued strong growth in wireless broadband customers in the U.S. Virgin Islands. In future periods, we anticipate that local telephone and data revenue will increase modestly as a result of network and subscriber and access line growth in Guyana, the U.S. Virgin Islands and Vermont including neighboring areas of New England.

International long distance revenue. International long distance revenue is generated by our GT&T subsidiary through international telephone calls into and out of Guyana, including calls made by visitors to Guyana on their mobile phones. Inbound traffic, which made up 82% of all international long distance traffic and more than three quarters of international long distance revenue for the three months ended September 30, 2007, is settled in U.S. dollars.

International long distance revenue was \$12.6 million during the third quarter of 2007, an increase of \$0.8 million, or 7%, from \$11.8 million in 2006. This increase was primarily driven by continued expansion of our wireline network and increased traffic as well as a substantial growth in wireless subscribers within Guyana (for both GT&T and its competitor, which uses GT&T's international network). We are subject to illegal bypass via Internet calling and compete against alternative and cheaper media for communication, such as e-mail and text messaging. These other modes of communication may cause a decline in both voice traffic and in international long distance revenues in future periods, although we may see a slight increase in traffic and revenues if we are effective in combating illegal bypass.

Other revenue. Other revenue represents revenue from digital television services in the U.S. Virgin Islands, which increased 11% to \$1.0 million for 2007 from \$0.9 million for 2006. The increase in television services was a result of an increase in subscribers, including additional hotel rooms and an increase in the price charged for most tiers of service. In the near-term, we expect this category of revenue will largely be driven by our television subscriber base. We do not expect significant growth in television subscribers in the near term.

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

Termination and access fees increased by \$0.7 million, or 11%, from \$6.1 million to \$6.8 million from 2006 to 2007, respectively. This increase was primarily due to increased traffic growth at GT&T. Overall, termination and access fees are expected to increase in future periods as we continue to increase the overall and redundant capacity of GT&T's international network to provide for increased data traffic and to help minimize the disruption in service caused by any future outages of the Americas II cable. These expenses will also grow as we continue to expand our rural U.S. wireless operations and our integrated voice and data operations in Vermont.

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

Internet and programming expenses were \$0.9 million in both 2006 and 2007, respectively. In December 2006, we were able to significantly reduce the cost of wholesale Internet capacity for our U.S. Virgin Island operations which offset partly the increases related to expanding television and broadband operations. We expect this expense to grow as we add

more capacity in the Virgin Islands and elsewhere, but we expect that internet and programming expenses will remain consistent as compared to its related revenue.

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 as well as our local telephone and data operations.

Engineering and operations expenses increased by \$0.4 million, or 8%, from \$5.0 million to \$5.4 million for 2006 to 2007, respectively. This increase is primarily the result of the expansion of our wireless networks in the United States and Guyana. We expect that engineering and operations will continue to increase to further support those networks.

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

Sales and marketing expenses increased by \$1.1 million, or 44%, from \$2.5 million to \$3.6 million from 2006 to 2007, respectively. Substantially all of the increase is attributable to increased sales and marketing efforts at GT&T in order to address increased wireless competition in Guyana. Such sales and marketing efforts included wireless handset promotions, advertising and increased sales commissions. While sales and marketing expenses in Guyana decreased slightly in the third quarter of 2007 as compared to the second quarter of 2007, we expect these expenses, particularly handset promotions, to fluctuate in upcoming quarters, and could increase again as we expect to continue to be aggressive in GT&T's marketing activities in response to increased competition.

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 remained unchanged at \$5.8 million from 2006 to 2007, respectively. We expect that general and administrative expenses will increase in future periods if our revenues continue to grow.

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 \$0.7 million, or 11%, from \$6.1 million to \$6.8 million for 2006 and 2007, respectively. The increase is primarily due to the addition of fixed assets at GT&T and Commnet relating to their expanding networks. We expect that depreciation and amortization expenses will increase in the near-term, because of continued capital expenditures to expand our networks.

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

Interest expense decreased \$0.2 million, or 22%, from \$0.9 million for 2006 to \$0.7 million for 2007. This decrease is primarily the result of a decrease in the average outstanding balance under our loan facility during 2007 as compared to 2006 when we used borrowings from the revolving line of credit to help fund certain acquisitions. We used a portion of the proceeds from the underwritten public offering of our common stock in July 2006 to repay those borrowings and had no outstanding borrowings under our revolving line of credit as of September 30, 2007. The decrease in interest expense was also due to the receipt of patronage income received from our lender during 2007.

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

Interest income increased \$0.2 million, or 40%, from \$0.5 million to \$0.7 million for 2006 and 2007, respectively, due to an overall increase in our cash balances as result of the underwritten public offering of our common stock in July 2006.

Other income (expense). Other income (expense) represents miscellaneous non-operational income we earned, or expenses we incurred, including management fees received from BDC and other unconsolidated affiliates. Other income, which included a \$0.3 million loss on the sale of the Company's Haiti assets in 2007 and a \$0.3 million increase in the reserve for amounts due from Bridge International Communications, Inc. in 2006 stayed constant at \$20,000 in 2006 and 2007.

Income taxes. Income taxes represent taxes we pay on our net taxable income.

The effective income tax rate was 43% and 45% for 2006 and 2007, 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. The effective tax rate is also impacted by 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. The effective rate for 2006 was positively impacted by certain adjustments made in connection with the filing of the Company's 2005 tax returns. We expect our effective tax rate in future quarters to be consistent with our effective rate through the nine months ended September 30, 2007.

Minority interests. For 2007, minority interests consisted of the Guyana government's 20% interest in GT&T, a minority shareholder's 4% interest in Sovernet and other minority shareholders' interests in certain consolidated subsidiaries of Commnet. For 2006, minority interests also included a minority shareholder's 5% interest in Commnet which we acquired on January 1, 2007.

Equity in earnings of unconsolidated affiliates. Equity in earnings of unconsolidated affiliates includes our share of the earnings of BDC as well as our share of the earnings of Commnet's unconsolidated affiliates. Equity in earnings of unconsolidated affiliates remained constant at \$0.7 million for 2006 and 2007, respectively. Wireless subscribers in Bermuda were 22,455 at September 30, 2006 and 20,155 as of September 30, 2007. The decrease in wireless subscribers in Bermuda largely reflects a reduction in our pre-paid wireless base. Post-paid subscriber churn, however, remains very low by industry standards and we expect to recognize some future benefits from BDC's recent launch of data roaming.

Nine Months Ended September 30, 2006 and 2007

	Nine Months Ended September 30,		Amount of Increase (Decrease)	Percent Increase (Decrease)
	2006	2007		
(In thousands)				
REVENUE:				
Wireless	\$ 44,595	\$ 58,741	\$ 14,146	31.7%
Local telephone and data	31,574	35,019	3,445	10.9
International long distance	34,513	37,898	3,385	9.8
Other	2,682	3,054	372	13.9
Total revenue	<u>113,364</u>	<u>134,712</u>	<u>21,348</u>	<u>18.8</u>
OPERATING EXPENSES:				
Termination and access fees	17,317	19,740	2,423	14.0
Internet and programming	2,571	2,524	(47)	(1.8)
Engineering and operations	14,000	16,893	2,893	20.7
Sales and marketing	6,328	12,352	6,024	95.2
General and administrative	16,645	17,292	647	3.9
Depreciation and amortization	18,033	19,975	1,942	10.8
Total operating expenses	<u>74,894</u>	<u>88,776</u>	<u>13,882</u>	<u>18.5</u>
Income from operations	<u>38,470</u>	<u>45,936</u>	<u>7,466</u>	<u>19.4</u>
OTHER INCOME (EXPENSE):				
Interest expense	(2,814)	(1,596)	1,218	43.3
Interest income	933	1,814	881	94.4
Other income, net	619	2,969	2,350	379.6
Other income (expense), net	<u>(1,262)</u>	<u>3,187</u>	<u>4,449</u>	<u>352.5</u>
INCOME BEFORE INCOME TAXES, MINORITY INTERESTS AND EQUITY IN EARNINGS OF UNCONSOLIDATED AFFILIATES				
Income taxes	18,976	21,778	2,802	14.8
INCOME BEFORE MINORITY INTERESTS AND EQUITY IN EARNINGS OF UNCONSOLIDATED AFFILIATES				
Minority interests, net of tax	(3,614)	(3,762)	(148)	(4.1)
Equity in earnings of unconsolidated affiliates, net of tax	2,010	1,766	(244)	(12.1)
NET INCOME	<u>\$ 16,628</u>	<u>\$ 25,349</u>	<u>\$ 8,721</u>	<u>52.4%</u>

Period to period comparisons are affected by our acquisitions. We acquired Sovernet on February 10, 2006.

Wireless revenue. Wireless revenue increased to \$58.7 million for the nine months ended September 30, 2007 from \$44.6 million for the nine months ended September 30, 2006, an increase of \$14.1 million, or 32%. Growth in our rural U.S. business was responsible for \$10.4 million of this increase due primarily to continued deployment of additional GSM and CDMA wireless base stations. We have deployed a total of 333 base stations as of September 30, 2007 as compared to 261 base stations as of September 30, 2006. Of the total base stations as of September 30, 2007, 287 were GSM and CDMA base stations as of September 30, 2007, as compared to 183 GSM and CDMA base stations as of September 30, 2006. Our rural wireless revenue also increased as a result of growth in voice and data traffic (minutes and megabytes) at existing sites, growth in data roaming revenue and international roaming revenue.

The remaining increase in wireless revenue was attributable to the continued growth of our wireless subscriber base in Guyana and certain non-recurring events during the first and second quarters such as Guyana's hosting of Cricket World Cup matches and the Rio Group Summit. Our wireless subscribers in Guyana increased by 69,000, or 26%, from 261,000 subscribers to 330,000 subscribers as of September 30, 2006 and 2007, respectively. Such increase in subscribers was aided by the Company's increased sales and marketing efforts, including handset promotions. GT&T's wireless revenue was \$14.3 million and \$18.0 million for the first nine months of 2006 and 2007, respectively. While we experienced wireless revenue and subscriber growth in Guyana, we believe that some of our subscribers also own handsets and are subscribers of our competitor, which is common in a region of the world with a high percentage of prepaid subscribers. Approximately 307,000 of GT&T's wireless subscribers were GSM/GPRS subscribers as of September 30, 2007 as compared to 168,000 as of Sept 30, 2006 and 274,000 as of June 30, 2007.

Local telephone and data revenue. Local telephone and data revenue increased by \$3.4 million, or 11%, to \$35.0 million for 2007 from \$31.6 million for 2006. Of the \$3.4 million increase, \$1.4 million derives from the inclusion of a full nine months of results for Sovernet, our Vermont based voice and data provider which was acquired in February 2006. The remaining increase of \$2.0 million is primarily attributable to growth in GT&T's access lines in Guyana from approximately 117,000 lines as of September 30, 2006 to approximately 127,000 lines as of September 30, 2007 (an increase of 9%), growth in broadband data customers in Guyana, and continued strong growth in wireless broadband customers in the U.S. Virgin Islands.

International long distance revenue. International long distance revenue was \$37.9 million during the nine months ended September 30, 2007, an increase of \$3.4 million, or 10%, from \$34.5 million in 2006. This increase resulted from a substantial growth in wireless subscribers within Guyana (for both GT&T and its competitor, which uses GT&T's international network) and certain non-recurring events during the first and second quarters such as Guyana's hosting of Cricket World Cup matches and the Rio Group Summit, which helped drive traffic volumes to higher levels.

Other revenue. Revenue from digital television services in the U.S. Virgin Islands increased 15% to \$3.1 million for 2007 from \$2.7 million for 2006. The increase in television services was a result of an increase in subscribers, including additional hotel rooms, and, to a lesser extent, an increase in prices which took effect in February 2006.

Termination and access fee expenses. Termination and access fees increased by \$2.4 million, or 14%, from \$17.3 million to \$19.7 million from 2006 to 2007, respectively. This increase was due to a full nine months of operations of Sovernet and increased traffic growth at GT&T and Commnet. Also an outage of the Americas II submarine fiber optic cable in May 2007, which Guyana and its neighboring countries rely on as the primary international telecommunications connection, caused GT&T to temporarily re-route international traffic over more costly high-capacity satellite links.

Internet and programming expenses. Internet and programming expenses decreased from \$2.6 million in 2006 to \$2.5 million in 2007. This decrease was primarily from growth in our television and broadband data subscribers offset by reduced expenses in the U.S. Virgin Islands. In December 2006, we were able to significantly reduce the Internet capacity expenses for our U.S. Virgin Island operations which offset partly the increases related to expanding television and broadband operations.

Engineering and operations expenses. Engineering and operations expenses increased by \$2.9 million, or 21%, from \$14.0 million to \$16.9 million for 2006 to 2007, respectively. This increase is primarily the result of the expansion of our wireless networks in the United States and Guyana.

Sales and marketing expenses. Sales and marketing expenses increased by \$6.1 million, or 97%, from \$6.3 million to \$12.4 million from 2006 to 2007, respectively. This increase is attributable to increased sales and marketing efforts at GT&T in order to address increased wireless competition in Guyana. Such sales and marketing efforts included wireless handset promotions, advertising and increased sales commissions.

General and administrative expenses. General and administrative expenses increased by \$0.7 million, or 4%, from \$16.6 million to \$17.3 million from 2006 to 2007, respectively. This increase is primarily attributable to a full nine months of operations at Sovernet and additional compensation and overhead costs to support our growth.

Depreciation and amortization expenses. Depreciation and amortization expenses increased by \$2.0 million, or 11%, from \$18.0 million to \$20.0 million for 2006 and 2007, respectively. The increase is primarily due to the addition of fixed assets at GT&T and Commnet, as well as the amortization of intangible assets at Sovernet.

Interest expense. Interest expense decreased from \$2.8 million for 2006 to \$1.6 million for 2007. This decrease is primarily the result of a decrease in the average outstanding balance under our loan facility during 2007 as compared to 2006 when we used borrowings from the revolving line of credit to help fund certain acquisitions. We used a portion of the proceeds from the underwritten public offering of our common stock in July 2006 to repay those borrowings and had no outstanding borrowings under the revolving line of credit as of September 2007. The decrease in interest expense was also due to the receipt of patronage income from our lender during 2007.

Interest income. Interest income increased from \$0.9 million to \$1.8 million for 2006 and 2007, respectively, due to an overall increase in our cash balances as a result of the underwritten public offering of our common stock in July 2006.

Other income (expense). Other income (expense) represents miscellaneous non-operational income we earned, or expenses we incurred, including management fees received from BDC and other unconsolidated affiliates. Other income increased from \$0.6 million in 2006 to \$3.0 million in 2007 as the result of a gain of \$1.0 million on the disposition of certain assets and a license settlement for \$1.25 million received by Commnet.

Income taxes. The effective income tax rate was 51% and 44% for 2006 and 2007, 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. The effective tax rate is also impacted by 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. The reduction in our effective rate in 2007 is a result of the impact of increased taxable income at U.S. statutory rates which are significantly lower than the Guyana statutory rates as well as a reduction in the losses in the US Virgin Islands. In the short term, expect that our effective income tax rate should remain fairly consistent with the first three quarters of 2007.

Minority interests. For 2007, minority interests consisted of the Guyana government's 20% interest in GT&T, a minority shareholder's 4% interest in Sovernet and other minority shareholders' interests in certain consolidated subsidiaries of Commnet. For 2006, minority interests also included a minority shareholder's 5% interest in Commnet which we acquired on January 1, 2007. For 2007, minority interest expense also includes a minority shareholders' interest in a gain on the disposition of certain assets.

Equity in earnings of unconsolidated affiliates. Equity in earnings of unconsolidated affiliates includes our share of the earnings of BDC as well as our share of the earnings of Commnet's unconsolidated affiliates. Equity in earnings of unconsolidated affiliates decreased from \$2.0 million for 2006 to \$1.8 million for 2007, respectively. This decrease was mostly due to a decline in wireless subscribers in Bermuda from 22,455 at September 30, 2006 to 20,155 as of September 30, 2007.

Segment results. We have four material operating segments, which we manage and evaluate separately: (1) Integrated Telephony — International; (2) Integrated Telephony — Domestic; (3) Wireless Television and Data; and (4) Rural Wireless. Segment results are set forth in Note 9 "Segment Reporting" to the Consolidated Financial Statements included in this Report.

Regulatory and Tax Issues

We are involved in a number of regulatory and tax proceedings. See Note 12 to the Consolidated Financial Statements included in this Report. A material and adverse outcome in one or more of these proceedings could have a material adverse impact on our financial condition and future operations and cash flows.

Liquidity and Capital Resources

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

Uses of Cash

Capital Expenditures. A significant use of our cash has been for capital expenditures relating to expanding and upgrading our networks. For the nine months ended September 30, 2006 and 2007, we spent approximately \$19.9 million and \$31.2 million on capital expenditures, respectively.

Of the \$31.2 million of 2007 capital expenditures, \$16.8 million was incurred expanding the capacity and coverage of our networks in Guyana, bringing the total amount invested in our Guyanese telecommunications infrastructure to approximately \$266 million. We also spent approximately \$13.6 million expanding Commnet's network by increasing the number of GSM and CDMA base stations including the switching equipment required to support the additional base stations, additional radio channels and switching capacity for existing sites, and the purchase of spectrum licenses. We also spent \$0.8 million at Sovemet and expanded our service areas and switch capabilities.

We are continuing to invest in expanding our networks in Guyana, Commnet and Sovemet and expect to incur total capital expenditures between \$43 million and \$48 million in 2007, with more than half made in connection with Commnet and most of the remaining balance invested in Guyana. We expect to fund these expenditures from cash generated from our operations or from our pending asset sale of Commnet assets (see Note 11).

Acquisitions. We have funded our recent acquisitions with a combination of cash on hand and borrowings under our \$70 million credit facility.

During January 2007, we purchased the remaining 5% equity interest in Commnet for \$6.5 million and 21,000 shares of our common stock in satisfaction of our obligation (and in accordance with our right) under and consistent with the terms of the agreement entered into in connection with our acquisition of Commnet in September 2005. We funded this purchase with cash on hand and the reissuance of shares held in our treasury.

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

Dividends and Distributions. We use cash on hand to make dividend payments to our common stockholders when declared by our Board of Directors. For the nine months ended September 30, 2007, our dividends to our stockholders approximated \$6.4 million. We have paid quarterly dividends for the last 36 fiscal quarters. Also our Board of Directors approved a \$5.0 million stock buyback plan in September 2004 pursuant to which we have spent to date \$916,130 repurchasing common stock. Although we currently do not have immediate plans to make additional repurchases of common stock under this plan, we may act to do so in the future, depending on market conditions and our cash needs.

Sources of Cash

Total Liquidity at September 30, 2007. As of September 30, 2007, we had approximately \$61.0 million in cash and cash equivalents, an increase of \$0.5 million from the December 31, 2006 balance of \$60.5 million. We believe our existing cash balances and other capital resources, including the \$20 million available under our revolving line of credit included in our credit facility, are adequate to meet our current operating and capital needs.

Cash Generated by Financing Activities. In the third quarter of 2006, we completed the sale of 3.84 million shares of common stock at \$19.00 per share in an underwritten public offering, consisting of the sale by us of an aggregate of 2.64 million shares (2.4 million shares in July 2006 and an additional 0.24 million shares purchased by the underwriters as a part of their over-allotment option in August 2006) and 1.2 million shares by our Executive Chairman Cornelius B. Prior, Jr. and related entities. Our net proceeds of this offering, which were approximately \$46.3 million, were used to repay a portion of our outstanding indebtedness, and will fund capital expenditures, acquisitions and/or strategic investments and general corporate purposes. We did not receive any proceeds from the sale of shares by the selling stockholders.

Cash Generated by Operations. Cash provided by operating activities was \$44.7 million for the nine months ended September 30, 2007 compared to \$35.8 million for the nine months ended September 30, 2006. Substantially all of the \$8.9 million increase was a result of an increase in the Company's net income.

Credit Facility. On September 15, 2005, Atlantic Tele-Network entered into a Credit Agreement with CoBank, ACB providing for a credit facility consisting of a \$50 million term loan and a \$20 million revolving credit facility. Under the term loan, repayments of principal are deferred until the maturity of the loan on October 31, 2010. Interest on the term loan is payable on a quarterly basis at a fixed annual interest rate of 5.85%. Because CoBank is a cooperative financial institution, we expect to receive patronage payments annually, and at the end of the term, from CoBank which reflect our portion of CoBank's profits, if any. These payments, if received, are expected to reduce our effective interest expense on the term loan. For 2006 and 2007, our patronage payments approximated \$148,000 and \$500,000, respectively. Half of these patronage amounts was received in cash while the remaining half was received as equity in our lending institution.

On August 31, 2007, the Company and its lenders under the CoBank Credit Agreement amended the CoBank Credit Agreement to (i) reduce the amount of GT&T stock pledged by ATN, (ii) provide for up to \$1.0 million in Letters of Credit under the Revolver Facility and (iii) increase the amount of investments (including permitted acquisitions and dispositions) the Company can make in other communications companies without approval by the agent of lenders thereunder.

Factors Affecting Sources of Liquidity

Internally Generated Funds. The key factors affecting our internally generated funds are demand for our services, competition, regulatory developments, economic conditions in the markets where we operate our businesses and industry trends within the telecommunications industry. For a discussion of tax and regulatory risks in Guyana that could have a material adverse impact on our liquidity, see "Business—Risk Factors—Risks Relating to Our Wireless and Wireline Services in Guyana," and "—Regulation of Our GT&T Subsidiary" in our 2006 Form 10-K and Note 12 to the Consolidated Financial Statements included in this Report.

Guyana—U.S. Foreign Currency Exchange. Historically, the Guyana dollar has been considerably devalued relative to the U.S. dollar. The current exchange rate is approximately \$205 Guyana dollars to \$1 U.S. dollar. We use U.S. dollars to make GT&T capital expenditures, to pay certain GT&T liabilities and to value our GT&T assets for the purpose of making our Guyanese rate of return calculation. Unfavorable changes in the Guyana dollar- U.S. dollar exchange rate would reduce our purchasing power in these areas. The continued expansion of GT&T's network is dependent upon the ability of GT&T to purchase equipment with U.S. dollars.

While currently a significant portion of GT&T's revenues are transacted in U.S. dollars, this circumstance could change in the future. As a result of the growth of GT&T's wireless and local exchange operations and the general trend toward lower international settlement rates, it is likely that an increasing portion of our revenues will be earned in Guyanese currency. While there are no legal restrictions on our conversion of Guyanese currency into U.S. dollars or other hard currencies, or on expatriation of Guyanese currency or foreign currency from Guyana, there are risks associated with the conversion of Guyanese dollars to U.S. dollars due to limited liquidity in the Guyana foreign currency markets. Nevertheless, this limited liquidity has not prevented us from converting Guyanese currency into U.S. dollars within a given three month period or from converting at a price that reasonably approximates the reported exchange rate.

While we believe that GT&T has, and will continue to have, adequate cash flows denominated in U.S. currency to meet its current operating and capital requirements, there can be no assurance that GT&T will be able to convert its Guyana currency earnings into the U.S. currency needed to meet such obligations. As of September 30, 2007, we had \$3.2 million of cash held in Guyanese dollars. See "Quantitative and Qualitative Disclosures about Market Risk."

Restrictions Under Credit Facility. Our credit facility contains four financial tests with which Atlantic Tele-Network must comply:

- a total leverage ratio (debt to EBITDA) of 2.00 to 1.00 or less;
- a debt service coverage ratio (EBITDA to debt service) of 3.00 to 1.00 or more; and
- an equity to assets ratio of 0.40 to 1.00 or more.

In addition, Commnet must comply with a leverage ratio test (debt of Atlantic Tele-Network and its subsidiaries, net of pledged cash, to EBITDA of Commnet and its subsidiaries) of 5.00 to 1.00. As of September 30, 2007, we were in compliance with the covenants of the credit facility.

Capital Markets. Our ability to raise funds in the capital markets depends on, among other things, general economic conditions, the conditions of the telecommunications industry, our financial performance and the state of the capital markets. In June 2006, the Securities and Exchange Commission declared effective a “universal” shelf registration statement filed by us. This shelf registration statement registered the potential future offerings by us, from time to time of up to an aggregate of \$200 million of our securities, consisting potentially of common stock, debt securities, and other equity and convertible securities and combinations of the foregoing. Following our July 2006 equity offering which was conducted pursuant to the shelf registration statement, we have approximately \$150 million of securities registered for potential offerings.

Inflation

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

Recent Accounting Pronouncements

In February 2007, the Financial Accounting Standards Board (“FASB”) issued Statement No. 159, *The Fair Value Option for Financial Assets and Liabilities Including an Amendment of FASB Statement No. 115* (“SFAS 159”). This standard is effective for periods beginning after November 15, 2007, therefore, we will adopt the provisions of the standard on January 1, 2008. SFAS 159 permits us to elect to measure certain of our financial instruments at either historical cost or fair value. We are in the process of determining what method we will choose upon adoption and, once determined, the impact, if any, adoption will have on our financial results or position.

On January 1, 2007, we adopted FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109* (“FIN 48”), which clarifies the accounting for uncertainty in tax positions. FIN 48 requires us to recognize the impact of a tax position in our financial statements if that position is more likely than not of being sustained on audit, based on the technical merits of the position. The adoption did not have a material impact on our results of operations or financial position.

We evaluated our uncertain tax positions relating to its various tax matters and rulings in Guyana and determined that no adjustment was to be recorded to the estimated settlement amounts previously recorded prior to the adoption of FIN 48. As noted in Note 11 to the 2006 Form 10-K, due to various arrangements and relationships in place with the government of Guyana, there is no expectation that interest and penalties will be assessed upon reaching final settlement of the matters. There is no expected settlement date and upon settlement, which might not occur in the near future, the payment may vary significantly from the amounts currently recorded. We will continue to update amounts recorded as new developments arise.

Item 3. Quantitative and Qualitative Disclosures about Market Risks

Although a significant portion of our Guyana subsidiary’s revenues and expenditures are currently transacted in U.S. dollars, the results of future operations nevertheless may be affected by changes in the value of the Guyana dollar. From February 1991 until early 1994, the Guyana dollar remained relatively stable at the rate of approximately \$125 to the U.S. dollar. In 1994 the Guyana dollar declined in value to approximately \$142 to the U.S. dollar. It remained relatively stable at approximately that rate through 1997. From December 31, 1997, through December 31, 1998 the Guyana dollar further

declined in value to approximately \$180 to the U.S. dollar and it remained relatively stable until late 2003. In the fourth quarter 2003, the Guyana dollar declined in value to approximately \$195 to the U.S. dollar and to approximately \$205 during the first quarter of 2004. Since the first quarter of 2004 through September 2007, the value of the Guyana dollar has remained at \$205 Guyana dollars to one U.S. dollar.

A substantial majority of our consolidated cash balances are kept in U.S. dollar denominated short term investments. GT&T generally endeavors to maintain a balance between its Guyana dollar cash deposits and local receivables which are denominated in Guyana dollars and its local tax and other payables which are also denominated in the Guyana dollar. As of September 30, 2007, GT&T maintained \$3.2 million of its cash balances in Guyana dollars.

GT&T's functional currency has been the U.S. dollar because a significant portion of GT&T's revenues and expenditures have been transacted in U.S. dollars. Accordingly, in our view, GT&T is currently entitled to its agreed upon minimum 15% return on rate base computed in U.S. dollars on a U.S. dollar historical cost rate base and therefore devaluations of the Guyana dollar should have had no long-term impact on the value of GT&T's earnings in U.S. dollars. The Guyana Public Utility Commission has neither approved nor disapproved of our position. Moreover, with the decline in international settlement rates and the increases that GT&T has had in local revenue, it is possible that the Guyana dollar will become GT&T's functional currency at some time in the future. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" above.

We maintain a portion of our cash and cash equivalents in short-term financial instruments that are subject to interest rate fluctuations. Due to the relatively short duration of such instruments and the fact that we have no variable rate debt, we believe that fluctuations in interest rates will not materially affect our financial condition or results of operations.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures. Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2007. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation our disclosure controls and procedures as of September 30, 2007, our principal executive officer and principal financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in internal control over financial reporting. There was no change in the internal control over financial reporting that occurred during the three months ended September 30, 2007 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

See Note 12 to the Consolidated Financial Statements included in this Report.

Item 1A. Risk Factors

There have been no material changes from the factors discussed in Part I, "Item 1A. Risk Factors" of our 2006 Annual Report on Form 10-K. In addition to the other information set forth in this Report, you should carefully consider these factors discussed in our 2006 Annual Report on Form 10-K which could materially affect our business, financial condition or future results. The risks described in our 2006 Annual Report on Form 10-K are not the only risks facing our

Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Item 6. Exhibits-

- 3.1 Restated Certificate of Incorporation (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-8 (File No. 333-62416) filed on June 6, 2001)
- 3.2 Certificate of Amendment to the Restated Certificate of Incorporation, as filed with the Delaware Secretary of State on August 14, 2006 (incorporated by reference to Exhibit 3.2 of the Company's Quarterly Report on Form 10-Q (File No. 001-12593) filed on August 14, 2006)
- 10.1 Atlantic Tele-Network, Inc. 1998 Stock Option Plan (as amended May 24, 2007) (incorporated by reference to Appendix A to Atlantic Tele-Network, Inc.'s Proxy Statement on Schedule 14A (File No. 001-12593) filed on April 30, 2007)
- 10.2 Amended and Restated Credit Agreement dated as of August 31, 2007, among Atlantic Tele-Network, Inc., as Borrower, CoBank, ACB, as Administrative Agent, Arranger, an Issuing Lender and a Lender, Banco Popular de Puerto Rico as and Issuing Lender and a Lender, and the other Lenders referred to therein.
- 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Atlantic Tele-Network, Inc.

Date: November 9, 2007

/s/ Michael T. Prior

Michael T. Prior

President and Chief Executive Officer

Date: November 9, 2007

/s/ Justin D. Benincasa

Justin D. Benincasa

Chief Financial Officer and Treasurer

AMENDED AND RESTATED CREDIT AGREEMENT

DATED AS OF August 31, 2007,

among

ATLANTIC TELE-NETWORK, INC.,

as Borrower,

COBANK, ACB,

as Administrative Agent, Arranger, an Issuing Lender and a Lender,

BANCO POPULAR DE PUERTO RICO

as an Issuing Lender and a Lender,

and

the other Lenders referred to herein

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Quoted Rate Interest Period	§1.2(a)(i)(3)
Replacement Lender	§1.12(A)
Representatives	§8.2(E)
Related Interest Rate Agreement	§10.1
Reportable Event	§10.1
Requisite Lenders	§10.1
Restricted Junior Payment	§10.1
Revolver Commitment Fee	§1.4(A)
Revolver Expiration Date	§10.1
Revolver Facility	§10.1
Revolver Loan Commitment	§10.1
Revolver Loan(s)	§10.1
Revolver Note(s)	§10.1
SEC	§4.5(H)
Security Agreements	§10.1
Security Documents	§10.1
Security Interest	§10.1
Statement	§4.5(B)
Subsidiary	§10.1
Tax Liabilities	§1.13(A)

Term Loan	§10.1
Term Loan Commitment	§10.1
Term Loan Facility	§10.1
Term Loan Maturity Date	§10.1
Term Loan Note(s)	§10.1
Term Loans	§10.1
Total Leverage Ratio	§10.1
UCP	§1.1(E)

AMENDED AND RESTATED CREDIT AGREEMENT

This **AMENDED AND RESTATED CREDIT AGREEMENT** is entered into as of August 31, 2007 (the "**Amendment Date**"), among **ATLANTIC TELE-NETWORK, INC.**, a Delaware corporation ("**Borrower**"), **COBANK, ACB** (individually, "**CoBank**"), as Administrative Agent, Arranger, an Issuing Lender and a Lender, **BANCO POPULAR DE PUERTO RICO**, as an Issuing Lender and a Lender, and such other Lenders as may from time to time become a party to this Agreement. Capitalized terms used and not otherwise defined herein shall have the meanings given to them in Subsection 10.1.

RECITALS:

WHEREAS, Borrower, Administrative Agent and Lenders previously entered into a Credit Agreement, dated as of September 15, 2005 (the "**Existing Credit Agreement**"), pursuant to which Lenders extended certain financial accommodations to Borrower consisting of the Revolver Facility, and the Term Loan Facility, the proceeds of which are available to fund Borrower's purchase of 95% of the outstanding membership interests of Commnet Wireless, LLC ("**Commnet**"), to repay in full all outstanding principal of and interest on all indebtedness of Commnet and its Subsidiaries, to provide funds for the capital expenditures of Borrower and its Subsidiaries, to provide funds for the working capital needs and other general corporate purposes of Borrower and its Subsidiaries, and to finance certain costs associated with the Facilities; and

WHEREAS, Borrower has secured all of its Obligations under the Loan Documents by granting to Administrative Agent, for the benefit of itself and Lenders, a first priority security interest in and lien upon all or substantially all of its now owned or hereafter acquired personal and real property; and

WHEREAS, Borrower, Administrative Agent and Lenders have agreed to amend and restate the Existing Credit Agreement as described herein, to provide for Letters of Credit and for certain other amendments described herein.

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree, and amend and restate the Existing Credit Agreement in its entirety, as follows:

SECTION 1
AMOUNTS AND TERMS OF FACILITIES

1.1 **Facilities.** Subject to the terms and conditions of this Agreement and in reliance upon the representations, warranties and covenants of Borrower contained herein and in the other Loan Documents:

(A) Revolver Facility. Each Lender, severally and not jointly, agrees to lend to Borrower, from time to time during the period commencing on the date all conditions precedent set forth in Subsections 7.1 and 7.2 are satisfied or waived as provided herein and ending on the Business Day immediately preceding the Revolver Expiration Date, its Pro Rata Share of each Revolver Loan; provided that no Lender shall be required at any time to lend more than its respective Pro Rata Share of the Available Revolver Loan Commitment; and provided, further, that at any one time the aggregate principal amount of the Revolver Loans outstanding may not exceed the Revolver Loan Commitment less the outstanding Letter of Credit Liability. Within the limits of and subject to the Available Revolver Loan Commitment, this Subsection 1.1(A) and Subsections 1.6, 1.7 and 1.8, amounts borrowed under this Subsection 1.1(A) may be repaid or prepaid and, at any time up to and including the Business Day immediately preceding the Revolver Expiration Date, reborrowed.

(B) Term Loan Facility. Each Lender, severally and not jointly, agrees to lend to Borrower, in a single advance on the Closing Date, its Pro Rata Share of the Term Loan Commitment; provided all conditions precedent set forth in Subsections 7.1 and 7.2 are satisfied or waived as provided herein. Amounts borrowed under this Subsection 1.1(B) that are repaid or prepaid may not be reborrowed.

(C) Notes. Borrower shall execute and deliver to each Lender a Revolver Note and a Term Note, dated the Closing Date, in the principal amount of such Lender's Pro Rata Share of the Revolver Loan Commitment and the Term Loan Commitment, respectively.

(D) Advances. Loans will be made available by wire transfer of immediately available funds. Wire transfers will be made to such account or accounts as may be authorized by Borrower. Advances under the Term Loan are only available on the Closing Date.

(E) Letters of Credit. The Revolver Loan Commitment shall, in addition to advances as Revolver Loans, be utilized, upon the request of Borrower, for the issuance of irrevocable letters of credit (individually, a "**Letter of Credit**" and, collectively, the "**Letters of Credit**") by an Issuing Lender for the account of Borrower or any of its Subsidiaries. Immediately upon the issuance by an Issuing Lender of a Letter of Credit, and without further action on the part of Administrative Agent or any Lenders, each Lender shall be deemed to have purchased from such Issuing Lender a participation in such Letter of Credit equal to such Lender's Pro Rata Share of the Revolver Loan Commitment of the aggregate amount available to be drawn under such Letter of Credit. Each Letter of Credit shall reduce the amount available under the Revolver Loan Commitment by the maximum amount capable of being drawn under such Letter of Credit.

(i) Maximum Amount. The aggregate amount of Letter of Credit Liability with respect to all Letters of Credit outstanding at any time for the account of Borrower or any of its Subsidiaries may not exceed \$1,000,000 and the aggregate amount of Letter of Credit Liability with respect to all Letters of Credit outstanding for the account of Borrower or any of its Subsidiaries plus the aggregate principal amount of Revolver Loans outstanding at any time may not exceed the Revolver Loan Commitment.

(ii) Reimbursement. Borrower is irrevocably and unconditionally obligated without presentment, demand, protest or other formalities of any kind to reimburse

an Issuing Lender in immediately available funds for any amounts paid by an Issuing Lender with respect to a Letter of Credit issued hereunder for the account of Borrower or any of its Subsidiaries. Upon receipt from the beneficiary of any Letter of Credit of any notice of drawing under such Letter of Credit, the Issuing Lender shall notify Borrower and Administrative Agent thereof. Not later than 11:00 a.m. on the date of any payment by the Issuing Lender under a Letter of Credit, Borrower shall reimburse the Issuing Lender through Administrative Agent in the amount equal to the amount of such drawing. If Borrower fails to so reimburse the Issuing Lender by such time, Borrower shall be deemed to have requested Administrative Agent to make a Revolver Loan in the amount of the payment made by such Issuing Lender with respect to such Letter of Credit, provided that, after giving effect to such Revolver Loan, the outstanding amount of all Revolver Loans shall not exceed the Revolver Loan Commitment. If the Letter of Credit is payable in a foreign currency, the amount owed by Borrower in connection with such Letter of Credit shall equal the United States dollar equivalent of such foreign currency (determined by the Administrative Agent in its reasonable discretion) on the date such payment is made by such Issuing Lender. All amounts paid by an Issuing Lender with respect to any Letter of Credit that are not immediately repaid by Borrower or that are not repaid with a Revolver Loan shall bear interest at the sum of the Base Rate plus 1% per annum. Each Lender agrees to fund its Pro Rata Share of any Revolver Loan made pursuant to this Subsection 1.1(E)(2). In the event Administrative Agent elects not to debit Borrower's account and Borrower fails to reimburse an Issuing Lender in full on the date of any payment in respect of a Letter of Credit issued for the account of Borrower or any of its Subsidiaries, Administrative Agent shall promptly notify each Lender the amount of such unreimbursed payment and the accrued interest thereon and each such Lender, on the next Business Day, shall deliver to Administrative Agent an amount equal to its Pro Rata Share thereof in same day funds. Each Lender hereby absolutely and unconditionally agrees to pay to each Issuing Lender upon demand by such Issuing Lender such Lender's Pro Rata Share of each payment made by such Issuing Lender in respect of a Letter of Credit and not immediately reimbursed by Borrower. Each Lender acknowledges and agrees that its obligations to acquire participations pursuant to this Subsection 1.1(E)(2) in respect of Letters of Credit and to make the payments to each Issuing Lender required by the preceding sentence are absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or an Event of Default or any failure by Borrower to satisfy any of the conditions set forth in Subsection 7.2. If any Lender fails to make available to an Issuing Lender the amount of such Lender's Pro Rata Share of any payments made by such Issuing Lender in respect of a Letter of Credit as provided in this Subsection 1.1(E)(2), such Issuing Lender shall be entitled to recover such amount on demand from such Lender together with interest at the Base Rate.

(iii) Conditions of Issuance of Letters of Credit. In addition to all other terms and conditions set forth in this Agreement, the issuance by an Issuing Lender of any Letter of Credit shall be subject to the conditions precedent that the Letter of Credit shall be in such form, be for such amount, and contain such terms and conditions as are reasonably satisfactory to Administrative Agent and the Issuing Lender. The expiration date of each Letter of Credit must be on a date which is the earlier of one year from its date of issuance or

the 30th day before the date set forth in clause (ii) of the definition of the term “Revolver Loan Expiration Date,” or such other date as agreed to by both Administrative Agent and the Issuing Lender, in their sole discretion.

(iv) Request for Letters of Credit. Borrower must give Administrative Agent at least three Business Days’ prior written notice, which notice will be irrevocable, specifying the date a Letter of Credit is requested to be issued and the amount and the currency in which such Letter of Credit is payable, identifying the beneficiary and describing the nature of the transactions proposed to be supported thereby. Any notice requesting the issuance of a Letter of Credit shall be accompanied by the form of the Letter of Credit to be provided by an Issuing Lender. Borrower must also complete any application procedures and documents required by an Issuing Lender in connection with the issuance of any Letter of Credit, including a certificate regarding Borrower’s compliance with the provisions of Subsection 7.2 of this Agreement.

(v) Borrower Obligations Absolute. The obligations of Borrower under this Subsection 1.1(E) are irrevocable, will remain in full force and effect until the Issuing Lender and Lenders have no further obligations to make any payments or disbursements under any circumstances with respect to any Letter of Credit, shall be absolute and unconditional, shall not be subject to counterclaim, setoff or other defense or any other qualification or exception whatsoever and shall be paid in accordance with the terms and conditions of this Agreement under all circumstances, including, without limitation, any of the following circumstances:

- (1) Any lack of validity or enforceability of this Agreement, any of the other Loan Documents or any documents or instruments relating to any Letter of Credit;
- (2) Any change in the time, manner or place of payment of, or in any other term of, all or any of the obligations in respect of any Letter of Credit or any other amendment, modification or waiver of or any consent to or departure from any Letter of Credit, any documents or instruments relating thereto, or any Loan Document in each case whether or not Borrower or its Subsidiaries has notice or knowledge thereof;
- (3) The existence of any claim, setoff, defense or other right that Borrower or its Subsidiaries may have at any time against a beneficiary named in a Letter of Credit, any transferee of any Letter of Credit (or any Person for whom any such transferee may be acting), Administrative Agent, any Issuing Lender, any Lender, or any other Person, whether in connection with this Agreement, any other Loan Document, any Letter of Credit, the transactions contemplated hereby or any other related or unrelated transaction or transactions (including any underlying transaction between Borrower or its Subsidiaries and the beneficiary named in any such Letter of Credit);

(4) Any draft, certificate or any other document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect, any errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, telecopier or otherwise, or any errors in translation or in interpretation of technical terms;

(5) Payment under any Letter of Credit against presentation of a demand, draft or certificate or other document which does not comply with the terms of such Letter of Credit;

(6) Any defense based upon the failure of any drawing under any Letter of Credit to conform to the terms of such Letter of Credit (provided that any draft, certificate or other document presented pursuant to such Letter of Credit appears on its face to comply with the terms thereof), any nonapplication or misapplication by the beneficiary or any transferee of the proceeds of such drawing or any other act or omission of such beneficiary or transferee in connection with such Letter of Credit;

(7) The exchange, release, surrender or impairment of any collateral or other security for the obligations;

(8) The occurrence of any Default or Event of Default; or

(9) Any other circumstance or event whatsoever, including, without limitation, any other circumstance that might otherwise constitute a defense available to, or a discharge of, Borrower, any Subsidiary or a guarantor.

Any action taken or omitted to be taken by an Issuing Lender under or in connection with any Letter of Credit, if taken or omitted in the absence of gross negligence or willful misconduct, is binding upon Borrower and its Subsidiaries and shall not create or result in any liability of such Issuing Lender to Borrower or any of its Subsidiaries. It is expressly agreed that, for purposes of determining whether a wrongful payment under a Letter of Credit resulted from such Issuing Lender's gross negligence or willful misconduct, none of the following shall be deemed to constitute gross negligence or willful misconduct by such Issuing Lender: (i) Issuing Lender's acceptance of documents that appear on their face to comply with the terms of such Letter of Credit, without responsibility for further investigation, (ii) Issuing Lender's exclusive reliance on the documents presented to it under such Letter of Credit as to any and all matters set forth therein, including the amount of any draft presented under such Letter of Credit, whether or not the amount due to the beneficiary thereunder equals the amount of such draft and whether or not any document presented pursuant to such Letter of Credit proves to be insufficient in any respect (so long as such document appears on its face to comply with the terms of such Letter of Credit), and whether or not any other statement or any other document presented pursuant to such Letter of Credit proves to be forged or invalid or any statement therein proves to be inaccurate or untrue in any respect whatsoever, and

(iii) any noncompliance in any immaterial respect of the documents presented under such Letter of Credit with the terms thereof.

(vi) Obligations of Issuing Lenders. Each Issuing Lender (other than CoBank) hereby agrees that it will not issue a Letter of Credit hereunder until it has provided Administrative Agent with written notice specifying the amount and intended issuance date of such Letter of Credit and Administrative Agent has returned a written acknowledgment of such notice to Issuing Lender. Each Issuing Lender (other than CoBank) further agrees to provide to Administrative Agent: (a) a copy of each Letter of Credit issued by such Issuing Lender promptly after its issuance; (ii) a monthly report summarizing available amounts under Letters of Credit issued by such Issuing Lender, the dates and amounts of any draws under such Letters of Credit, the effective date of any increase or decrease in the face amount of any Letters of Credit during such month and the amount of any unreimbursed draws under such Letters of Credit; and (iii) such additional information reasonably requested by Administrative Agent from time to time with respect to the Letters of Credit issued by such Issuing Lender.

(vii) UCP. The Uniform Customs and Practice for Documentary Credits as most recently published from time to time by the International Chamber of Commerce (the “**UCP**”) is hereby incorporated in this Agreement and shall be deemed incorporated by this reference into each Letter of Credit issued pursuant to this Agreement. The terms and conditions of the UCP shall be binding on the parties to this Agreement and each beneficiary of any Letter of Credit issued pursuant to this Agreement.

1.2 Interest.

(A) Interest Options.

(i) From the date each Loan is made, based upon the election of Borrower, at such time and from time to time thereafter (as provided in Subsection 1.3 and subject to the conditions set forth in such Subsection and Subsection 1.2(G)), each such Loan shall accrue interest as follows:

- (1) as a Base Rate Loan, at the sum of the Base Rate plus 1% per annum; or
- (2) as a LIBOR Loan, for the applicable LIBOR Interest Period, at the sum of LIBOR plus the LIBOR Margin applicable to such Loan from time to time as provided in Subsection 1.2(B); or
- (3) for the Term Loan only, as a Quoted Rate Loan, at a fixed annual interest rate (the “**Quoted Rate**”) to be quoted by CoBank in its sole and absolute discretion. Under this option, the interest rate may be fixed for periods ranging from 180 days to the Term Loan Maturity Date (each such period, a “**Quoted Rate Interest Period**”); provided, however, that a Quoted Rate Interest Period may only expire on a Business Day; and provided, however, further, that there initially shall be

a Quoted Rate Interest Period for the full amount of the Term Loan from the Closing Date to the Term Loan Maturity Date at a fixed per annum interest rate of 5.85%; and

(ii) Except as otherwise provided in Subsections 1.2(E) and 6.6, interest on all other Obligations not paid when due will accrue at the Base Rate plus 1% per annum.

(B) Applicable Margins.

Initially, and continuing through the day immediately preceding the first Adjustment Date occurring on or after September 30, 2005 on which Borrower demonstrates that a change in the LIBOR Margin is warranted and requests such change in writing, the LIBOR Margin shall be 1.50%. Commencing on such Adjustment Date, the applicable Base Rate Margin and LIBOR Margin for any Revolver Loan and any Term Loan shall be for each Calculation Period the per annum percentage set forth in the pricing table below opposite the applicable Total Leverage Ratio of Borrower, determined on a consolidated basis for Borrower and its Subsidiaries; provided, that effective (i) upon the occurrence of an Event of Default and until such Event of Default is cured or waived or (ii) in the event that Administrative Agent shall not receive the financial statements and Compliance Certificate required pursuant to Subsections 4.5(A), 4.5(B) and 4.5(C) when due, from such due date and until the fifth Business Day following Administrative Agent's receipt of such overdue financial statements and Compliance Certificate (and in the event a decrease in the applicable margin is then warranted, receipt of Borrower's written request to decrease such margin), the LIBOR Rate Margin shall be 1.50% per annum.

PRICING TABLE — Revolver Loan and Term Loan

<u>Total Leverage Ratio</u>	<u>LIBOR Margin</u>
≥ 1.5x	1.50%
< 1.5x	1.25%

(C) Interest Periods. Each LIBOR Loan may be obtained for a one, two, three, six, nine or 12 month period (each such period being an “LIBOR Interest Period”). With respect to all LIBOR Loans:

(i) the LIBOR Interest Period will commence on the date that the LIBOR Loan is made or the date on which any portion of the Base Rate Loan is converted into a LIBOR Loan, or, in the case of immediately successive Interest Periods, each successive Interest Period shall commence on the day on which the immediately preceding LIBOR Interest Period expires;

(ii) if the LIBOR Interest Period would otherwise expire on a day that is not a Business Day, then it will expire on the next Business Day; provided, that if any LIBOR Interest Period would otherwise expire on a day that is not a Business Day and such day is the last Business Day of a calendar month, such LIBOR Interest Period shall expire on the Business Day next preceding such day;

(iii) any LIBOR Interest Period that begins on the last Business Day of a calendar month or on a day for which there is no numerically corresponding day in the last calendar month in such LIBOR Interest Period shall end on the last Business Day of the last calendar month in such LIBOR Interest Period; and

(iv) no LIBOR Interest Period shall be selected that extends beyond the Revolver Expiration Date or the Term Loan Maturity Date.

(D) Calculation and Payment. Interest on Loans including amounts due under Subsection 1.4, shall be calculated on the basis of a 360-day year for the actual number of days elapsed. The date of funding or conversion to a Base Rate Loan and the first day of an Interest Period shall be included in the calculation of interest. The date of payment (as determined in Subsection 1.5) of any Loan and the last day of an Interest Period shall be excluded from the calculation of interest; provided, if a Loan is repaid on the same day that it is made, one day's interest shall be charged.

Interest accruing on Base Rate Loans and Quoted Rate Loans is payable in arrears on each of the following dates or events: (i) the last day of each calendar quarter; (ii) the prepayment of such Loan (or portion thereof), to the extent accrued on the principal prepaid; and (iii) the Term Loan Maturity Date or the Revolver Expiration Date, as the case may be, whether by acceleration or otherwise. Interest accruing on each LIBOR Loan is payable in arrears on each of the following dates or events: (i) the last day of each applicable LIBOR Interest Period; (ii) if the LIBOR Interest Period is longer than three months, on each three-month anniversary of the commencement date of such LIBOR Interest Period; (iii) the prepayment of such Loan (or portion thereof), to the extent accrued on the principal prepaid; and (iv) the Term Loan Maturity Date or the Revolver Expiration Date, as the case may be, whether by acceleration or otherwise.

(E) Default Rate of Interest. At the election of Administrative Agent or Requisite Lenders, after the occurrence of an Event of Default and for so long as it continues, all Loans and other Obligations shall bear interest at rates that are 2% in excess of the rates otherwise in effect, including, without limitation, rates in effect pursuant to the proviso in the second sentence of Subsection 1.2(B), with respect to such Loans and other Obligations.

(F) Excess Interest. Notwithstanding anything to the contrary set forth herein, the aggregate interest, fees and other amounts required to be paid by Borrower to Lenders or any Lender hereunder are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration of maturity of the Indebtedness evidenced hereby or otherwise, shall the amount paid or agreed to be paid to Lenders or any Lender for the use or the forbearance of the Indebtedness or Obligations evidenced hereby exceed the maximum permissible under Applicable Law. If under or from any circumstances whatsoever, fulfillment of any provision hereof or of any of the other Loan Documents at the time of performance of such provision shall be due, shall involve exceeding the limit of such validity prescribed by Applicable Law then the obligation to be fulfilled shall automatically be reduced to the limit of such validity and if under or from circumstances whatsoever Lenders or any Lender should ever receive as interest any amount which would exceed the highest lawful rate, the amount of such interest that is excessive shall be applied to the reduction of the principal balance of the Obligations evidenced hereby and not to the payment of interest.

Additionally, should the method used for calculating interest (i.e., using a 360-day year) be unlawful, such calculation method shall be automatically changed to a 365-6-day year or such other lawful calculation method as is reasonably acceptable to Administrative Agent. This provision shall control every other provision of this Agreement and all provisions of every other Loan Document.

(G) Selection, Conversion or Continuation of Loans: LIBOR and Quoted Rate Availability. Provided that no Default or Event of Default has occurred and is then continuing, Borrower shall have the option to (i) select all or any part of a new borrowing to be a Base Rate Loan, a LIBOR Loan or, only under the Term Loan Facility, a Quoted Rate Loan, in the case of a Base Rate Loan in a principal amount equal to at least \$100,000, in the case of a LIBOR Loan in a principal amount equal to \$1,000,000 or any whole multiple of \$500,000 in excess thereof, or, only under the Term Loan Facility, a Quoted Rate Loan in a principal amount equal to \$5,000,000 or any whole multiple of \$1,000,000 in excess thereof, (ii) convert at any time all or any portion of a Base Rate Loan in a principal amount equal to \$1,000,000 or any whole multiple of \$500,000 in excess thereof into a LIBOR Loan or, only under the Term Loan Facility, in a principal amount equal to \$5,000,000 or any whole multiple of \$1,000,000 in excess thereof into a Quoted Rate Loan, (iii) upon the expiration of its Interest Period, convert all or any part of any LIBOR Loan or, only under the Term Loan Facility, a Quoted Rate Loan into a Base Rate Loan, and (iv) upon the expiration of its Interest Period, continue any LIBOR Loan or, only under the Term Loan Facility, a Quoted Rate Loan into one or more LIBOR Loans in a principal amount of \$1,000,000 or any whole multiple of \$500,000 in excess thereof or, only under the Term Loan Facility, one or more Quoted Rate Loans in a principal amount of \$5,000,000 or any whole multiple of \$1,000,000 in excess thereof, for such new Interest Period(s) as selected by Borrower. Each LIBOR Loan shall be made under any one of the Revolver Facility or the Term Loan Facility, but may not be made under more than one Facility concurrently. During any period in which any Default or Event of Default is continuing, as the Interest Periods for LIBOR Loans or Quoted Rate Loans then in effect expire, such Loans shall be converted into a Base Rate Loan and the LIBOR and Quoted Rate options will not be available to Borrower until all Defaults and Events of Default are cured or waived. In the event Borrower fails to elect a LIBOR Loan or Quoted Rate Loan upon any advance hereunder or upon the termination of any Interest Period, Borrower shall be deemed to have elected to have such amount constitute a Base Rate Loan. There shall be no more than an aggregate of five LIBOR Loans and Quoted Rate Loans Outstanding at any one time.

1.3 Notice of Borrowing, Conversion or Continuation of Loans. Whenever Borrower desires to request a Loan pursuant to Subsection 1.1(A) or (B) or to convert or continue Loans pursuant to Subsection 1.2(G), Borrower shall give Administrative Agent irrevocable prior written notice in the form attached hereto as Exhibit 1.3 (a "**Notice of Borrowing/Conversion/Continuation**") not later than 11:00 a.m. (Denver, Colorado time) three Business Days before the proposed borrowing, conversion or continuation is to be effective. Each Notice of Borrowing/Conversion/Continuation shall specify (i) the Loan (or portion thereof) to be advanced, converted or continued and, with respect to any LIBOR Loan or Quoted Rate Loan to be converted or continued, the last day of the current Interest Period therefor, (ii) the effective date of such borrowing, conversion or continuation (which shall be a Business Day), (iii) the principal amount of such Loan to be borrowed, converted or continued, (iv) the Interest Period to be applicable to any new LIBOR Loan or Quoted Rate Loan, and (v) the Facility under which such borrowing, conversion or continuation is to be made.

Administrative Agent shall give each Lender prompt written notice of any Notice of Borrowing/Conversion/Continuation given on by Borrower.

1.4 Fees and Expenses.

(A) Unused Commitment Fees. From the Closing Date, Borrower shall be obligated to pay Administrative Agent, for the benefit of all Lenders (based upon their respective Pro Rata Shares of the Revolver Loan Commitment), a fee (the “**Revolver Commitment Fee**”) in an amount equal to (i) the Revolver Loan Commitment less the sum of (a) the average daily outstanding balance of Revolver Loans plus (b) the average daily outstanding Letter of Credit Liability, in each case during the preceding calendar quarter multiplied by (ii) .375% calculated on the basis of a 360-day year for the actual number of days elapsed. Such fees are to be paid quarterly in arrears on the last day of each calendar quarter for such calendar quarter (or portion thereof), with the final such payment due on the Revolver Expiration Date.

(B) Certain Other Fees. Borrower shall be obligated to pay to CoBank, individually, fees in the amounts and at the times specified in the letter agreement dated July 22, 2005, between Borrower and CoBank and to the Administrative Agent fees in the amounts specified in the letter agreement dated as of the Amendment Date, between Borrower and Administrative Agent.

(C) Breakage Fee. Upon any repayment or payment of a LIBOR Loan or Quoted Rate Loan on any day that is not the last day of the Interest Period applicable thereto (regardless of the source of such repayment or prepayment and whether voluntary, mandatory, by acceleration or otherwise), Borrower shall be obligated to pay Administrative Agent, for the benefit of all affected Lenders, an amount (the “**Breakage Fee**”) equal to the present value of any losses, expenses and liabilities (including any loss (including interest paid) sustained by each such affected Lender in connection with the reemployment of such funds) that any such affected Lender may sustain as a result of the payment of such LIBOR Loan or Quoted Rate Loan on such day. For purposes of calculating amounts payable by Borrower to Lenders under this Subsection 1.4(C), each LIBOR Loan or Quoted Rate Loan made by a Lender (and each related reserve, special deposit or similar requirement) shall be conclusively deemed to have been funded at the LIBOR rate for such LIBOR Loan or Quoted Rate for such Quoted Rate Loan by a matching deposit or other borrowing in the interbank eurocurrency market for a comparable amount and for a comparable period, whether or not such LIBOR Loan or Quoted Rate Loan is in fact so funded. In addition, upon any repayment or prepayment of a LIBOR Loan or Quoted Rate Loan on any day that is not the last day of the Interest Period applicable thereto (regardless of the source of such repayment or prepayment and whether voluntary, mandatory, by acceleration or otherwise), Borrower shall be obligated to pay Administrative Agent, not for the benefit of Lenders, an administrative fee of \$300.

(D) Expenses and Attorneys’ Fees. In addition to fees due under Subsections 1.4(A) and 1.4(B), Borrower agrees to pay promptly all reasonable fees, costs and expenses (including those of attorneys) incurred by Administrative Agent in connection with (i) any matters contemplated by or arising out of the Loan Documents, (ii) the continued administration of the Loan Documents, including any such fees, costs and expenses incurred in perfecting, maintaining, determining the priority of and releasing any security and any tax payable in connection

with any Loan Documents and any amendments, modifications and waivers. In addition to fees due under Subsections 1.4(A) and (B), Borrower shall also reimburse on demand each of Administrative Agent and Banco Popular de Puerto Rico for its expenses (including reasonable attorneys' fees and expenses) incurred in connection with the documenting and closing the transactions contemplated herein. In addition to fees due under Subsections 1.4(A) and (B), Borrower agrees to pay promptly (i) all reasonable fees, costs and expenses incurred by Administrative and Lenders in connection with any amendment, supplement, waiver or modification of any of the Loan Documents and (ii) all reasonable out-of-pocket fees, costs and expenses incurred by each of Administrative Agent and Lenders in connection with any Default or Event of Default and any enforcement of collection proceeding resulting therefrom or any workout or restructuring of any of the transactions hereunder or contemplated thereby or any action to enforce any Loan Document or to collect any payments due from Borrower. All fees, costs and expenses for which Borrower is responsible under this Subsection 1.4(D) shall be deemed part of the Obligations when incurred, payable upon demand and in accordance with the second paragraph of Subsection 1.5 and shall be secured by the Collateral.

(E) Letter of Credit Fees. From the Closing Date, Borrower shall pay Administrative Agent for the account of all Lenders committed to make Revolver Loans (based upon their respective Pro Rata Shares) a fee for each Letter of Credit from the date of issuance to the date of termination in an amount equal to the applicable LIBOR Margin per annum multiplied by the face amount of such Letter of Credit. Such fee shall be payable to Administrative Agent for the benefit of all Lenders committed to make Revolver Loans (based upon their respective Pro Rata Shares). Such fee is to be paid quarterly in arrears on the last day of each calendar quarter and the termination of the Letter of Credit. With respect to each Letter of Credit, Borrower shall also pay Administrative Agent, for the benefit of the Issuing Lender issuing such Letter of Credit, an issuance fee equal to the greater of (1) \$100 or (ii) 0.125% of the face amount of such Letter of Credit, which amount shall be paid upon the date of issuance and, if the expiration date of such Letter of Credit is later than one year from its date of issuance, upon each anniversary of the date of issuance during the term of such Letter of Credit.

1.5 Payments. All payments by Borrower of the Obligations shall be made in same day funds and delivered to Administrative Agent, for the benefit of itself and Lenders, as applicable, by wire transfer to the following account or such other place as Administrative Agent may from time to time designate:

CoBank, ACB
Greenwood Village, Colorado
ABA Number 3070-8875-4
Reference: CoBank for the benefit of ATN

Borrower shall receive credit on the day of receipt for funds received by Administrative Agent by 11:00 a.m. (Denver, Colorado time) on any Business Day. Funds received on any Business Day after such time shall be deemed to have been paid on the next Business Day. Whenever any payment to be made hereunder shall be stated to be due on a day that is not a Business Day, the payment shall be due on the next succeeding Business Day and such extension of time shall be included in the computation of the amount of interest and fees due hereunder.

Borrower authorizes Lenders to make (but Lenders shall not be obligated to make) a Base Rate Loan under the Revolver Facility, on the basis of the Lenders' respective Pro Rata Shares of the Revolver Facility, for the payment of interest, commitment fees, Breakage Fees and any other costs and expenses due hereunder at any time during the continuance of an Event of Default without prior notice to Borrower, provided that Administrative Agent shall give Borrower notice thereof promptly thereafter although the failure of Administrative Agent to give such notice shall not affect the validity of such Base Rate Loan.

To the extent Borrower or any other party or Person makes a payment or payments to Administrative Agent for the ratable benefit of Lenders or for the benefit of Administrative Agent in its individual capacity, which payments or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, or any combination of the foregoing (whether by demand, litigation, settlement or otherwise), then, to the extent of such payment or proceeds repaid, the Obligations or part thereof intended to be satisfied shall be revived and continued in full force and effect as if such payment or proceeds had not been received by Administrative Agent.

Each payment received by Administrative Agent under this Agreement or any Note for account of any Lender shall be remitted by Administrative Agent to such Lender promptly after Administrative Agent's receipt thereof, and such remittance shall be made in immediately available funds for the account of such Lender for the Loans or other obligation in respect of which such payment is made.

1.6 Repayments of Loans and Reduction of the Revolver Loan Commitment.

(A) Scheduled Termination of Revolver Loan Commitment and Repayments of the Term Loan.

(1) Scheduled Termination of Revolver Loan Commitment. In addition to any reduction pursuant to Subsections 1.6(B) and 1.6(C), the Revolver Loan Commitment shall be permanently terminated in full on the Revolver Expiration Date, and any outstanding principal balance of the Revolver Loans not sooner due and payable will become due and payable on the Revolver Expiration Date.

(2) Scheduled Repayments of the Term Loan. In addition to any repayments pursuant to Subsections 1.7 and 1.8, the outstanding principal balance of the Term Loan not sooner due and payable will become due and payable on the Term Loan Maturity Date.

(B) Reductions Resulting From Mandatory Repayments. The Revolver Loan Commitment also will be permanently reduced to the extent and in the amount that Borrower is required, pursuant to Subsection 1.8, to apply mandatory repayments to be made pursuant to Subsection 1.7(B), (C) and (D) to the Revolver Facility (whether or not any Revolver Loans are then outstanding and available to be repaid). All reductions provided for in this Subsection 1.6(B) shall be in addition to the voluntary reductions provided for in Subsection 1.6(C) and, accordingly, may

result in the termination of the Revolver Loan Commitment prior to the date set forth in clause (ii) of the definition of the term Revolver Expiration Date.

(C) Voluntary Reduction of the Revolver Loan Commitment. Borrower shall have the right, upon at least three Business Days' prior written notice to Administrative Agent, to terminate or permanently reduce the then unused portion of the Revolver Loan Commitment. Each partial reduction shall be in a minimum amount of at least \$250,000, or any whole multiple thereof in excess thereof, and shall be applied as to each Lender based upon its Pro Rata Share. Notwithstanding the foregoing, no reduction shall be permitted if, after giving effect thereto and to any prepayment made in connection therewith, the aggregate principal balance of the Revolver Loans then outstanding under the Revolver Facility plus the amount of the Letter of Credit Liability would exceed the Revolver Loan Commitment as so reduced. All reductions elected under this Subsection 1.6(C) shall be in addition to the reductions in the Revolver Loan Commitment provided for in Subsections 1.6(A)(1) and 1.6(B) and, accordingly, may result in the termination of the Revolver Loan Commitment prior to the date set forth in clause (ii) of the definition of the term Revolver Expiration Date.

(D) Mandatory Repayments. If at any time the aggregate outstanding amount of Revolver Loans plus the amount of the Letter of Credit Liability exceeds the Revolver Loan Commitment, Borrower shall be obligated to repay promptly the Revolver Loans or reduce the Letter of Credit Liability pursuant to Subsection 1.16 in an amount at least sufficient to reduce the aggregate principal balance of such Revolver Loans then outstanding plus the amount of the Letter of Credit Liability to the amount of the Revolver Loan Commitment, and until such repayment is made, Lenders shall not be obligated to make any additional Revolver Loans. Any repayments pursuant to this Subsection 1.6(D) shall be paid and applied in accordance with Subsection 1.8 and must be accompanied by accrued interest on the amount repaid and any applicable Breakage Fees.

1.7 Voluntary Prepayments and Other Mandatory Repayments.

(A) Voluntary Prepayment of Loans. Subject to the provisions of Subsection 1.8 and the notice requirement in the following sentence, at any time, Borrower may prepay (i) the Base Rate Loan, in whole or in part, without penalty, and (ii) any LIBOR Loan or Quoted Rate Loan, in whole or in part, upon payment of applicable Breakage Fees. Notice of any prepayment of (a) a Base Rate Loan shall be given not later than 11 a.m. (Denver, Colorado time) on the Business Day immediately preceding the date of prepayment, and (b) a LIBOR Loan or Quoted Rate Loan shall be given not later than 11:00 a.m. (Denver, Colorado time) on the third Business Day immediately preceding the date of prepayment. All partial prepayments shall be in a minimum amount of at least \$250,000, or any whole multiple thereof in excess thereof (or the entire remaining balance of the applicable Loan Commitment), and shall be paid and applied in accordance with Subsection 1.8. All prepayment notices shall be irrevocable. All prepayments shall be accompanied by accrued interest on the amount prepaid and any applicable Breakage Fees.

(B) Repayments from Insurance Proceeds. Immediately upon receipt thereof, Borrower shall be obligated to repay the Loans (or reduce the Letter of Credit Liability pursuant to Subsection 1.16) in an amount equal to all Net Proceeds received by Borrower or any Subsidiary of Borrower that are insurance proceeds from any Asset Disposition (which Asset Disposition, together

with all other such Asset Dispositions covered by this Subsection 1.7(B), exceeds \$3,000,000 in the aggregate over the term of this Agreement); provided, however, that if no Default or Event of Default has occurred and is continuing, Borrower shall not be required to repay the Loans with the Net Proceeds if Borrower or such Subsidiary (i) has previously applied cash or (ii) applies such Net Proceeds, to repair or replace the lost, damaged or destroyed assets within 180 days of receipt by Borrower or such Subsidiary of such Net Proceeds. All such repayments shall be paid and applied in accordance with Subsection 1.8. All prepayments shall be accompanied by accrued interest on the amount prepaid and any applicable Breakage Fees.

(C) Repayments from Certain Asset Dispositions. Immediately upon receipt thereof, Borrower shall be obligated to repay the Loans (or reduce the Letter of Credit Liability pursuant to Subsection 1.16) in an amount equal to all Net Proceeds by Borrower or any Subsidiary of Borrower that are from Asset Dispositions, other than insurance proceeds or from Asset Dispositions permitted pursuant to Subsection 3.7; provided, however, that if (i) no Default or Event of Default has occurred and is continuing and (ii) the aggregate of all such Net Proceeds during the 12-month period ending on the date of such proposed reinvestment does not exceed 5% of Borrower's then amount of consolidated assets, Borrower shall not be required to repay the Loans with the Net Proceeds if Borrower or such Subsidiary applies such Net Proceeds to acquire equipment or other assets that are used or useful in the business of Borrower and or such Subsidiary within 180 days of receipt by Borrower or such Subsidiary of such Net Proceeds. All such repayments shall be paid and applied in accordance with Subsection 1.8. All prepayments shall be accompanied by accrued interest on the amount prepaid and any applicable Breakage Fees.

(D) Repayments from Debt Issuances. Immediately upon receipt by Borrower or any Subsidiary of Borrower of Net Proceeds relating to the issuance by Borrower or any Subsidiary of Borrower of any public or private debt (other than pursuant to Subsection 3.1), Borrower shall be obligated to repay the Loans (or reduce the Letter of Credit Liability pursuant to Subsection 1.16) in an amount equal to such Net Proceeds. All such repayments shall be paid and applied in accordance with Subsection 1.8. All prepayments shall be accompanied by accrued interest on the amount prepaid and any applicable Breakage Fees.

1.8 Application of Prepayments and Repayments: Payment of Breakage Fees, Etc. Absent a prior written direction from Borrower to apply any repayment made pursuant to Subsection 1.7(B) through (D) to the principal balance of the Term Loan facility, each such repayment shall be first applied to reduce the Revolver Loan Commitment (and, to the extent as a result thereof the Revolver Loan Commitment exceeds the then outstanding principal balance of the Revolver Loans plus the amount of the Letter of Credit Liability, to repay the Revolver Loans (or reduce the Letter of Credit Liability pursuant to Subsection 1.16)). After the Revolver Loan Facility is repaid and the Revolver Loan Commitment reduced in full, each repayment made pursuant to Subsection 1.7(B) through (D) shall be applied to the principal balance of Term Loan Facility. All repayments made pursuant to Subsections 1.6 and 1.7 shall first be applied to a Base Rate Loan or such of the LIBOR Loans or Quoted Rate Loans as Borrower shall direct in writing and, in the absence of such direction, shall first be applied to a Base Rate Loan and then to such LIBOR Loans and then to such Quoted Rate Loans as Administrative Agent shall select. All prepayments and repayments required or permitted hereunder shall be accompanied by payment of all applicable Breakage Fees and accrued interest on

the amount prepaid or repaid. All prepayments and repayments applied to the Term Loan shall be applied to principal installments in the inverse order of maturity.

1.9 Loan Accounts. Administrative Agent will maintain loan account records for (i) all Loans, interest charges and payments thereof, (ii) all Letter of Credit Liability, (iii) the charging and payment of all fees, costs and expenses and (iv) all other debits and credits pursuant to this Agreement. The balance in the loan accounts shall be presumptive evidence of the amounts due and owing to Lenders, absent manifest error, provided that any failure by Administrative Agent to maintain such records shall not limit or affect Borrower's obligation to pay. During the continuance of an Event of Default, Borrower irrevocably waives the right to direct the application of any and all payments and Borrower hereby irrevocably agrees that Administrative Agent shall have the continuing exclusive right to apply and reapply payments to any of the Obligations in any manner it deems appropriate.

1.10 Changes in LIBOR Rate Availability. (A) If with respect to any proposed LIBOR Interest Period, Administrative Agent or any Lender (after consultation with Administrative Agent) determines that deposits in dollars (in the applicable amount) are not being offered in the relevant market for such LIBOR Interest Period, or Lenders having a Pro Rata Share of 50% or more under a Facility determine (and notify Administrative Agent) that the LIBOR rate applicable pursuant to Subsection 1.2(A)(1) for any requested LIBOR Interest Period with respect to a proposed LIBOR Loan under such Facility does not adequately and fairly reflect the cost to such Lenders of funding such Loan, Administrative Agent shall forthwith give notice thereof to Borrower and Lenders, whereupon and until such affected Lender or Lenders notifies Administrative Agent, and Administrative Agent notifies Borrower and the other Lenders that the circumstances giving rise to such situation no longer exist, the obligations of any affected Lender to make its portion of such type of LIBOR Loan shall be suspended and such affected Lender shall make its Pro Rata Share of such type of LIBOR Loans as a Base Rate Loan or such other type of Loan as permitted by Administrative Agent. Any Lender may, in its sole discretion, waive the benefits and provisions of this Subsection with respect to any proposed LIBOR Interest Period.

(B) If the introduction of, or any change in, any Applicable Law or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender with any request or directive (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency, in each case occurring after the Closing Date, shall make it unlawful or impossible for one or more Lenders to honor its obligations hereunder to make or maintain any LIBOR Loan, such Lender shall promptly give notice thereof to Administrative Agent, and Administrative Agent shall promptly give notice thereof to Borrower and all other Lenders. Thereafter, until such Lender or Lenders notifies Administrative Agent, and Administrative Agent notifies Borrower and the other Lenders that such circumstances no longer exist, (i) the obligations of such Lender or Lenders to make LIBOR Loans and the right of Borrower to convert any Loan of such Lender or Lenders to a LIBOR Loan or continue any Loan of such Lender or Lenders as a LIBOR Loan shall be suspended and (ii) if any Lender may not lawfully continue to maintain a LIBOR Loan to the end of the then current LIBOR Interest Period applicable thereto, such Loan shall immediately be converted to the Base Rate Loan.

1.11 Capital Adequacy and Other Adjustments.

(A) If after the Closing Date there occurs the introduction, or change in the interpretation, of any law, rule, or regulation the effect of which would increase the reserve requirement or otherwise increase the cost to any Lender of making or maintaining a LIBOR Loan, then Administrative Agent, on behalf of all affected Lenders, shall submit a certificate to Borrower setting forth the amount and demonstrating the calculation of such increased cost. Borrower shall be obligated to pay the amount of such increased cost to Administrative Agent for the benefit of the affected Lenders within 15 days after receipt of such certificate. Such certificate shall, absent manifest error, be final, conclusive and binding for all purposes. There is no limitation on the number of times such a certificate may be submitted; provided that any such certificate may not seek increased costs for any period prior to the date that is six months prior to the date of such certificate.

(B) In the event that the adoption after the Closing Date of any law, treaty, governmental (or quasi-governmental) rule, regulation, guideline or order regarding capital adequacy, reserve requirements or similar requirements or compliance by any Lender or any corporation controlling such Lender with any request or directive regarding capital adequacy, reserve requirements or similar requirements (whether or not having the force of law and whether or not failure to comply therewith would be unlawful) from any central bank or governmental agency or body having jurisdiction does or shall have the effect of increasing the amount of capital, reserves or other funds required to be maintained by such Lender or any corporation controlling such Lender and thereby reducing the rate of return on such Lender's or such corporation's capital as a consequence of its obligations hereunder, then Borrower shall be obligated, from time to time within 15 days after notice and demand from such Lender (together with the certificate referred to in the next sentence and with a copy to Administrative Agent), to pay to Administrative Agent, for the account of such Lender, additional amounts sufficient to compensate such Lender for such reduction. A certificate as to the amount of such cost and showing the basis of the computation of such cost submitted by such Lender to Borrower and Administrative Agent shall, absent manifest error, be final, conclusive and binding for all purposes. There is no limitation on the number of times such a certificate may be submitted; provided that any such certificate may not seek increased costs for any period prior to the date that is six months prior to the date of such certificate.

1.12 Optional Prepayment/Replacement of Lender in Respect of Increased Costs. Within 15 days after receipt by Borrower of written notice and demand from any Lender (an "**Affected Lender**") for payment of additional costs as provided in Subsections 1.11, 1.13 or 1.14 or if it becomes illegal or impossible for any Lender to continue to fund or to make LIBOR Loans pursuant to Subsection 1.10(B), as a result of any condition described in either of such Subsections, then, unless such Lender has theretofore removed or cured the conditions creating the cause for such obligation to pay such additional amounts or for such illegality or impossibility, Borrower may, at its option, notify Administrative Agent and such Affected Lender of its intention to do one of the following:

(A) Borrower may obtain, at Borrower's expense, a replacement Lender ("**Replacement Lender**") for such Affected Lender, which Replacement Lender shall be reasonably satisfactory to Administrative Agent. In the event Borrower obtains a Replacement Lender within 90 days following notice of its intention to do so, the Affected Lender shall sell and assign its Loans and

its obligations under the Loan Commitments to such Replacement Lender at a price (including accrued interest) that is reasonably acceptable to the Affected Lender and the Replacement Lender, provided that Borrower has reimbursed such Affected Lender for its increased costs for which it is entitled to reimbursement under this Agreement through the date of such sale and assignment; or

(B) Borrower may prepay in full all outstanding Obligations owed to such Affected Lender and terminate such Affected Lender's Pro Rata Share of the Loan Commitments, in which case the Loan Commitments will be permanently reduced by the amount of such Pro Rata Share. Borrower shall, within 90 days following notice of its intention to do so, prepay in full all outstanding Obligations owed to such Affected Lender (including all applicable Breakage Fees and such Affected Lender's increased costs for which it is entitled to reimbursement under this Agreement through the date of such prepayment), and terminate such Affected Lender's obligations under the Loan Commitments. Any such prepayment pursuant to this Subsection 1.12(B) shall be applied in accordance with Subsection 1.8 (except that such prepayment shall be solely for the account of the Affected Lender and not for the account of all the Lenders in accordance with their Pro Rata Shares) and shall be accompanied by payment of all applicable Breakage Fees and accrued interest on the amount repaid.

1.13 Taxes.

(A) No Deductions. Any and all payments or reimbursements made hereunder or under the Notes shall be made free and clear of and without deduction for any and all taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto (all such taxes, levies, imposts, deductions, charges or withholdings and all liabilities with respect thereto, excluding such taxes imposed on net income, herein "**Tax Liabilities**"), excluding, however, franchise taxes and taxes imposed on the net income of a Lender or Administrative Agent by the federal, state, local or foreign taxing authorities in the jurisdiction in which the principal place of business of such Lender or Administrative Agent is located. If Borrower shall be required by law to deduct any such amounts from or in respect of any sum payable hereunder to any Lender or Administrative Agent, then, except as provided in Subsection 1.13(B) and the last sentence of this Subsection 1.13(A), the sum payable hereunder shall be increased as may be necessary so that, after making all required deductions, such Lender or Administrative Agent receives an amount equal to the sum it would have received had no such deductions been made. Notwithstanding the foregoing, any Lender that fails to provide Borrower and Administrative Agent a properly completed and executed IRS Form W-9 will be subject to backup withholding on payments to such Lender without any gross-up hereunder.

(B) Foreign Lenders. Each Lender which would be considered a foreign lender under the IRC ("**Foreign Lender**") as to which payments made under this Agreement or under the Notes is exempt for withholding tax under the IRC or is subject to withholding tax at a reduced rate under an applicable statute or tax treaty shall provide to Borrower and Administrative Agent (i) a properly completed and executed United States Internal Revenue Service Form W-8ECI or W-8BEN or other applicable form, certificate or document prescribed by the Internal Revenue Service of the United States certifying as to such Foreign Lender's entitlement to such exemption or reduced rate of withholding with respect to payments to be made to such Foreign Lender under this Agreement and under the Notes (a "**Certificate of Exemption**") or (ii) letter from any such Foreign Lender stating that it is not entitled to any such exemption or reduced rate of withholding (a "**Letter of Non-Exemption**").

Prior to becoming a Lender under this Agreement and within 15 days after a reasonable written request of Borrower or Administrative Agent from time to time thereafter, each Foreign Lender that becomes a Lender under this Agreement shall provide a Certificate of Exemption or a Letter of Non-Exemption to Borrower and Administrative Agent.

If a Foreign Lender is entitled to an exemption with respect to payments to be made to such Foreign Lender under this Agreement (or to a reduced rate of withholding) and does not provide a Certificate of Exemption to Borrower and Administrative Agent within the time periods set forth in the preceding paragraph, Borrower shall withhold taxes from payments to such Foreign Lender at the applicable statutory rates and Borrower shall not be required to pay any additional amounts as a result of such withholding, provided that all such withholding shall cease or be reduced, as appropriate, upon delivery by such Foreign Lender of a Certificate of Exemption to Borrower and Administrative Agent.

1.14 Changes in Tax Laws. In the event that, subsequent to the Closing Date, (i) any changes in any existing law, regulation, treaty or directive or in the interpretation or application thereof, (ii) any new law, regulation, treaty or directive enacted or any interpretation or application thereof, or (iii) compliance by Administrative Agent or any Lender with any request or directive (whether or not having the force of law) from any Governmental Authority:

(1) does or shall subject Administrative Agent or any Lender to any tax of any kind whatsoever with respect to this Agreement, the other Loan Documents or any Loans made hereunder, or change the basis of taxation of payments to Administrative Agent or such Lender of principal, fees, interest or any other amount payable hereunder (except for net income taxes or franchise taxes, imposed generally by federal, state, local or foreign taxing authorities in the jurisdiction in which the principal place of business of such Lender or Administrative Agent is located with respect to interest or commitment or other fees payable hereunder or changes in the rate of tax imposed by such jurisdictions on the overall net income of Administrative Agent or such Lender); or

(2) does or shall impose on Administrative Agent or any Lender any other condition or increased cost in connection with the transactions contemplated hereby or participations herein;

and the result of any of the foregoing is to increase the cost to Administrative Agent or any such Lender of making or continuing any Loan hereunder, or to reduce any amount receivable hereunder, as the case may be, then, in any such case, Borrower shall be obligated to promptly pay to Administrative Agent or such Lender, upon its demand, any additional amounts necessary to compensate Administrative Agent or such Lender, on an after-tax basis, for such additional cost or reduced amount receivable, as reasonably determined by Administrative Agent or such Lender with respect to this Agreement or the other Loan Documents. If Administrative Agent or such Lender becomes entitled to claim any additional amounts pursuant to this Subsection 1.14, it shall promptly notify Borrower of the event by reason of which Administrative Agent or such Lender has become so entitled. A certificate as to any additional amounts payable pursuant to the foregoing sentence submitted by Administrative Agent or such Lender to Borrower and Administrative Agent shall,

absent manifest error, be final, conclusive and binding for all purposes. There is no limitation on the number of times such a certificate may be submitted.

1.15 Term of This Agreement. All of the Obligations shall become due and payable as otherwise set forth herein, but in any event, all of the remaining Obligations shall become due and payable on October 31, 2010. This Agreement shall remain in effect through and including, and (except with respect to provisions hereof expressly stated herein to survive any such termination) shall terminate immediately after, the date on which all Obligations shall have been indefeasibly and irrevocably paid and satisfied in full.

1.16 Letter of Credit Liability. Upon the occurrence and during the continuance of an Event of Default and at the direction of Administrative Agent, and in the event any Letters of Credit are outstanding at the time that Borrower terminates the Revolver Loan Commitment, then (a) with respect to each such Letter of Credit, Borrower shall either (i) deliver to Administrative Agent for the benefit of all Lenders with a Revolver Loan Commitment a letter of credit in the same currency that such Letter of Credit is payable, with a term that extends 60 days beyond the expiration date of such Letter of Credit, issued by a bank satisfactory to Administrative Agent and in an amount equal to 103% of the aggregate outstanding Letter of Credit Liability with respect to such Letter of Credit, which letter of credit shall be drawable by Administrative Agent to reimburse payments of drafts drawn under such Letter of Credit and to pay any fees and expenses related thereto or (ii) immediately deposit with Administrative Agent an amount equal to the aggregate outstanding Letter of Credit Liability to enable Administrative Agent to make payments under the Letters of Credit when required and such amount shall become immediately due and payable, and (b) Borrower shall prepay the fees payable under Subsection 1.4(F) with respect to all such Letters of Credit for the full remaining terms of such Letters of Credit. Upon termination of any such Letter of Credit, the unearned portion of such prepaid fee attributable to such Letter of Credit shall be refunded to Borrower.

SECTION 2 AFFIRMATIVE COVENANTS

Borrower hereby covenants and agrees that so long as this Agreement is in effect and until payment in full of all Obligations (other than unasserted indemnity claims), unless Requisite Lenders shall otherwise give their prior written consent, Borrower shall perform and comply, and shall cause each of its Subsidiaries to perform and comply, with all covenants in this Section 2.

2.1 Compliance With Laws. Borrower will (i) comply with and will cause its respective Subsidiaries to comply with the requirements of all Applicable Laws (including laws, rules, regulations and orders relating to taxes, employer and employee contributions, securities, employee retirement and welfare benefits, environmental protection matters and employee health and safety) as now in effect and which may be imposed in the future in all jurisdictions in which Borrower or any Subsidiary of Borrower are now or hereafter doing business, (ii) obtain and maintain and will cause each of its Subsidiaries, to obtain and maintain all licenses, qualifications and permits (including the Franchises and the Licenses) now held or hereafter required for Borrower or any Subsidiary of

Borrower to operate, and (iii) comply with and will cause its respective Subsidiaries to comply with all Material Contracts, other than, in all such cases, as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. This Subsection 2.1 shall not preclude Borrower or any Subsidiary of Borrower from contesting any taxes or other payments, if they are being diligently contested in good faith and if adequate reserves therefor are maintained in conformity with GAAP.

2.2 Maintenance of Books and Records; Properties; Insurance. Borrower will keep and will cause each of its Subsidiaries to keep adequate records and books of account, in which full, true and correct entries will be made in accordance with GAAP consistently applied, reflecting all financial transactions of such Persons. Borrower will maintain or cause to be maintained and will cause each of its Subsidiaries to maintain or cause to be maintained in good repair, working order and condition all Collateral used in its business and the business of its Subsidiaries, and will make or cause to be made all appropriate repairs, renewals and replacements thereof, except for (i) dispositions of assets permitted hereunder or (ii) as would not reasonably, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Borrower will and will cause each of its Subsidiaries to maintain complete, accurate and up-to-date books, records, accounts and other information relating to all Collateral in such form and in such detail as may be satisfactory to Administrative Agent. Borrower will maintain or cause to be maintained and will cause each of its Subsidiaries to maintain or cause to be maintained, with financially sound and reputable insurers, insurance with respect to its business and properties and the business and properties of its Subsidiaries against loss and damage of the kinds and of such types, with such insurers, in such amounts, with such limits and deductibles and otherwise on such terms and conditions as customarily carried or maintained by corporations of established reputation engaged in similar businesses, and will deliver evidence thereof to Administrative Agent on or prior to the Closing Date, and thereafter at least 30 days prior to any expiration thereof, evidence of renewal of such insurance. If any part of the Collateral lies within a "special flood hazard area" as defined and specified by the Federal Emergency Management Agency (or other appropriate Governmental Authority) pursuant to the Flood Disaster Protection Act of 1973, as amended (the "FDPA"), and Administrative Agent determines that flood insurance coverage is required to be obtained for such Collateral in order for Administrative Agent and Lenders to comply with the FDPA, the appropriate Borrower shall obtain and maintain such flood insurance policies as Administrative Agent reasonably requests so that Administrative Agent and Lenders shall be deemed in compliance with the FDPA and shall deliver evidence thereof to Administrative Agent. Such policies of flood insurance shall be in form and substance reasonably satisfactory to Administrative Agent and shall be in an amount of at least the lesser of the value of such Collateral constituting buildings, structures or personal property located within the "special flood hazard area" or the maximum limit of coverage available under Applicable Law. Borrower will cause (i) Administrative Agent, for the benefit of itself and Lenders, pursuant to endorsements and assignments in form and substance reasonably satisfactory to Administrative Agent, to be named (A) as a lender loss payee or mortgagee in the case of property loss and damage insurance, (B) as assignee in the case of all business interruption insurance and (C) as an additional insured in the case of all flood insurance and workers' compensation insurance (to the extent permitted by Applicable Law) and (ii) Administrative Agent, pursuant to endorsements in form and substance reasonably acceptable to Administrative Agent, to be named as an additional insured in the case of all liability insurance. All insurance policies required hereunder shall (i) include effective waivers by the insurer

of subrogation against Administrative Agent, Lenders and their respective affiliates and any right of insurer to any setoff or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of Borrower (or its Subsidiaries), (ii) following notice to Borrower during the continuation of a Default or Event of Default, provide that all insurance proceeds shall be adjusted with and paid to Administrative Agent, (iii) be non-cancelable and not subject to material change as to Administrative Agent except upon 30 days prior written notice given by the insurer to Administrative Agent, (iv) contain a breach of representation or warranty provision in favor of Administrative Agent, (v) contain a cross liability clause, (vi) with respect to property loss and damage insurance and business interruption insurance, provide that the interests of the Administrative Agent shall not be invalidated by any action or inaction (other than non-payment) of Borrower, its Subsidiaries, or any other Person, and shall insure the Administrative Agent regardless of any breach or violation by Borrower, its Subsidiaries or any other person, of any warranties, declarations or conditions of such policies and (vii) provide that the insurance be primary and without right of contribution from any other insurance which may be available to Administrative Agent and expressly provide that all provisions thereof, except the limits of liability (which shall be applicable to all insureds as a group), shall operate in the same manner as if there were a separate policy covering each insured, and liability for premiums shall be solely a liability of Borrower.

Administrative Agent shall be entitled, upon reasonable advance notice, to review and/or receive copies of, the insurance policies of Borrower and its Subsidiaries carried and maintained with respect to Borrower's obligations under this Subsection 2.2. Notwithstanding anything to the contrary herein, no provision of this Subsection 2.2 or any provision of this Agreement shall impose on Administrative Agent and Lenders any duty or obligation to verify the existence or adequacy of the insurance coverage maintained by Borrower and its Subsidiaries, nor shall Administrative Agent and Lenders be responsible for any representations or warranties made by or on behalf of Borrower and its Subsidiaries to any insurance broker, company or underwriter. Administrative Agent, at its sole option, may obtain such insurance if not provided by Borrower and in such event, Borrower shall reimburse Administrative Agent upon demand for the cost thereof.

2.3 Inspection; Lender Meeting. Borrower will permit and will cause each of its Subsidiaries to permit, at the expense of Borrower, any authorized representatives of any Lender (i) to visit and inspect any of its properties and the properties of its Subsidiaries, including their financial and accounting records, and to make copies and take extracts therefrom, and (ii) to discuss its and their affairs, finances and business with its and their officers, employees and certified public accountants, in both cases upon reasonable prior notice at such reasonable times during normal business hours and as often as may be reasonably requested; provided, that, except during the continuance of a Default, each visit or inspection by a Lender in excess of one visit or inspection during a calendar year shall be at the expense of such Lender. Without in any way limiting the foregoing, Borrower will participate in and will cause its key management personnel to participate in a meeting with Administrative Agent and Lenders at least once during each year, which meeting shall be held at such time and such place as may be reasonably requested by Administrative Agent.

2.4 Legal Existence, Etc. Except as otherwise permitted by Subsection 3.6, Borrower will, and will cause each of its Subsidiaries to, at all times preserve and keep in full force and effect its legal existence and good standing and all rights and franchises (including the Franchises and the

Licenses), except as permitted hereunder as and as would not reasonably be expected to have a Material Adverse Effect.

2.5 Use of Proceeds. Borrower will use the proceeds of the Loans, and will cause any of its Subsidiaries who receive (directly or indirectly) proceeds of the Loans to use such proceeds, solely for the purposes described in the recital paragraphs to this Agreement. No part of any Loan will be used (directly or indirectly) to purchase any “margin stock” as defined in, or otherwise in violation of, the regulations of the Federal Reserve System.

2.6 Further Assurances; Notices of Acquisition of Real Property. Borrower will, and will cause each of its Subsidiaries to, from time to time, do, execute and deliver all such additional and further acts, documents and instruments as Administrative Agent or any Lender reasonably requests to consummate the transactions contemplated hereby and to vest completely in and assure Administrative Agent and Lenders of their respective rights under this Agreement and the other Loan Documents, including such financing statements, documents, security agreements and reports to evidence, perfect or otherwise implement the security for repayment of the Obligations contemplated by the Loan Documents. Borrower will notify Administrative Agent in each Compliance Certificate delivered pursuant to Subsection 4.5(C) of the acquisition (including by way of lease) by Borrower (or its Subsidiaries) of any real property or any interest therein including all easements and licenses (and the cost thereof or annual rentals with respect thereto), and of any registered intellectual property, or the opening of any new deposit, investment or other accounts, and will execute and deliver all such additional documents and instruments as Administrative Agent may reasonably require, promptly upon the request of Administrative Agent (including, upon written request of Administrative Agent, mortgages, title insurance policies, landlord and mortgagee waivers and consents, UCC financing statements (including fixture filings), environmental audits, completed environmental questionnaires, surveys, assignments, control agreements and legal opinions).

2.7 CoBank Patronage Capital. So long as CoBank is a Lender hereunder, Borrower will acquire non-voting participation certificates in CoBank in such amounts and at such times as CoBank may require in accordance with CoBank’s Bylaws and Capital Plan (as each may be amended from time to time), except that the maximum amount of participation certificates that Borrower may be required to purchase in CoBank in connection with the Loans may not exceed the maximum amount permitted by the Bylaws at the time this Agreement is entered into. The rights and obligations of the parties with respect to such participation certificates and any distributions made on account thereof or on account of Borrower’s patronage with CoBank shall be governed by CoBank’s Bylaws. CoBank agrees that all Loans that are made by CoBank and that are retained for its own account and not sold in a participation shall be entitled to patronage distributions in accordance with the CoBank’s Bylaws; all Loans that are made by CoBank and are included in a sale of a participation shall not be entitled to patronage distributions. CoBank’s Pro Rata Share of the Loans and other Obligations due to CoBank shall be secured by a statutory first lien on all equity which Borrower may now own or hereafter acquire in CoBank. Such equity shall not, however, constitute security for the Obligations due to any other Lender. CoBank shall not be obligated to set off or otherwise apply such equities to Borrower’s obligations to CoBank.

2.8 Collateral Assignments of Material Contracts. Borrower and its Subsidiaries, as appropriate, shall promptly execute and deliver to Administrative Agent, for the benefit of

Administrative Agent and all Lenders, all such Collateral Contract Assignments with respect to Material Contracts as Administrative Agent may request from time to time, such Collateral Contract Assignments to contain, to the extent obtainable through the use of reasonably commercial efforts, a consent to the collateral assignment of the applicable Material Contract satisfactory to Administrative Agent and containing such other reasonable terms and conditions in light of the nature of the applicable Material Contract and the parties thereto other than Borrower and its Subsidiaries.

2.9 Investment Company Act. Neither Borrower nor any of its Subsidiaries shall be required to register under, or is otherwise subject to regulation as an “investment company” as that term is defined in, the Investment Company Act of 1940, as amended.

2.10 Payment of Obligations. Unless contested in good faith by appropriate proceedings and then only to the extent reserves required by GAAP have been set aside therefore, Borrower will, and will cause each of its Subsidiaries to, (i) pay, discharge or otherwise satisfy at or before maturity all liabilities and obligations as and when due (subject to any applicable subordination provisions), and any additional costs that are imposed as a result of any failure to so pay, discharge or otherwise satisfy such obligations, except to the extent failure to do so would not be reasonably likely to have a Material Adverse Effect, and (ii) pay and discharge all taxes, assessments, claims and governmental charges or levies imposed upon it, upon its income or profits or upon any of its properties, prior to the date on which penalties would attach thereto or a lien would attach to any of the properties of Borrower if unpaid unless the same are being contested in good faith and by appropriate proceedings and then only if and to the extent reserves required by GAAP have been set aside therefor.

2.11 Environmental Laws. Borrower will, and will at all times cause each of its Subsidiaries to:

(A) Comply in all material respects with, and ensure compliance in all material respects by all tenants and subtenants, if any, with, all applicable Environmental Laws and obtain and comply in all material respects with and maintain, and ensure that all tenants and subtenants obtain and comply in all material respects with and maintain, any and all licenses, approvals, notifications, registrations or permits required by applicable Environmental Laws except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect;

(B) Conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions required under Environmental Laws and promptly comply in all material respects with all lawful orders and directives of all Governmental Authorities regarding Environmental Laws except to the extent that the same are being contested in good faith by appropriate proceedings and the pendency of such proceedings could not reasonably be expected to have a Material Adverse Effect; and

(C) Defend, indemnify and hold harmless Administrative Agent and Lenders, and their respective employees, Administrative Agent, officers and directors, from and against any and all claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses of whatever kind or nature known or unknown, contingent or otherwise, arising out of, or in any way relating to the violation of, noncompliance with or liability under, any Environmental Law applicable

to the operations of Borrower or any of its Subsidiaries or their respective properties, or any orders, requirements or demands of Governmental Authorities related thereto, including, without limitation, reasonable attorney's and consultant's fees, investigation and laboratory fees, response costs, court costs and litigation expenses, except to the extent that any of the foregoing is determined by a final and nonappealable judgment of a court of competent jurisdiction to have resulted from the negligence or willful misconduct of the party seeking indemnification therefor. The agreements in this Subsection 2.12 shall survive repayment of the Obligations and the termination of this Agreement.

2.12 Creation or Acquisition of Subsidiaries. Subject to the provisions of Subsection 3.6, Borrower may from time to time create new Subsidiaries, and Subsidiaries of Borrower may create or acquire new Subsidiaries, provided that concurrently with (and in any event within ten Business Days thereafter) the creation or acquisition of any new Subsidiary, all the capital stock of or other equity interest in such new Subsidiary owned by the Borrower or any Subsidiary of the Borrower will be pledged to the Administrative Agent as follows (provided that any equity interests in any new foreign Subsidiary formed or acquired after the Closing Date that constitutes a "controlled foreign corporation" under Section 956 of the IRC which, when aggregated with all of the other shares of equity interests in such Subsidiary pledged to Administrative Agent, would result in more than 65% of the total equity interests of such Subsidiary being pledged to Administrative Agent, need not be pledged): (i) if Borrower directly owns any of the capital stock of or other equity interest in such new Subsidiary, Borrower will execute and deliver to the Administrative Agent any amendment or supplement to its Security Agreement as Administrative Agent may reasonably request pursuant to which all such capital stock or other equity interest shall be pledged to the Administrative Agent, together, if applicable, with the certificates evidencing such capital stock and undated stock powers duly executed in blank; and (ii) if any of the capital stock of or other equity interest in such new Subsidiary is owned by a wholly-owned direct or indirect Subsidiary of Borrower, such other Subsidiary will execute and deliver to the Administrative Agent (except in connection with a Permitted Acquisition where the stock is pledged to another Person in connection with such acquisition or any debt assumed thereunder) a Security Agreement or an amendment or supplement to its Security Agreement, pursuant to which all of the capital stock of or other equity interest in such new Subsidiary owned by such other Subsidiary shall be pledged to the Administrative Agent, together with the certificates evidencing such capital stock and undated stock powers duly executed in blank. As promptly as reasonably possible, Borrower and its Subsidiaries will deliver any such other documents, certificates and opinions (including opinions of local counsel in the jurisdiction of organization of each such new Subsidiary), in form and substance reasonably satisfactory to the Administrative Agent, as the Administrative Agent may reasonably request in connection therewith and will take such other action as the Administrative Agent may reasonably request to create in favor of the Administrative Agent a perfected security interest on a first-priority basis in the Collateral being pledged pursuant to the documents described above.

SECTION 3 NEGATIVE COVENANTS

Borrower hereby covenants and agrees that so long as this Agreement is in effect and until payment in full of all Obligations (other than unasserted indemnity claims), unless Requisite Lenders

shall otherwise give their prior written consent, Borrower shall perform and comply, and shall cause each of its Subsidiaries to perform and comply, with all covenants in this Section 3.

3.1 Indebtedness. Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly, create, incur, assume, guaranty or otherwise become or remain liable with respect to any Indebtedness other than:

- (A) the Obligations;
- (B) the Contingent Obligations permitted by Subsection 3.4;
- (C) Indebtedness under purchase money security agreements and Capital Leases, the aggregate principal amount of which shall not exceed \$5,000,000 at any one time;
- (D) Indebtedness to US Bancorp Equipment Finance, Inc. in a principal amount not to exceed \$1,900,000, existing on the Closing Date (the “**Airplane Indebtedness**”);
- (E) Indebtedness incurred in connection with any Related Interest Rate Agreement and incurred in connection with any Interest Rate Agreement to hedge the interest rate exposure applicable to any portions of other Indebtedness permitted pursuant to this Subsection 3.1;
- (F) Indebtedness assumed in connection with Permitted Acquisitions; and
- (G) other Indebtedness, the aggregate principal amount of which shall not exceed \$2,000,000 at any one time.

3.2 Liens and Related Matters. Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly, create, incur, assume or permit to exist any Lien on or with respect to any property or asset (including any document or instrument with respect to goods or accounts receivable) of Borrower or any of its Subsidiaries, whether now owned or hereafter acquired, or any income or profits therefrom, except Permitted Encumbrances.

3.3 Investments. Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly, make or own any Investment in any Person except:

- (A) Borrower and its Subsidiaries may make and own Investments in Cash Equivalents, provided that such Cash Equivalents are not subject to set off rights;
- (B) obligations of or equities in CoBank, as set forth in Subsection 2.8;
- (C) existing Investments set forth on Schedule 3.3(c);
- (D) the Acquisition and Permitted Acquisitions;
- (E) exercise of the Put-Call;
- (F) purchases after the Closing Date of additional ownership interests in BDC, in an aggregate amount during each fiscal year of Borrower not to exceed \$250,000;

(G) in addition to Subsection 3.3(F), within one year of the Amendment Date, purchases of additional ownership interests in BDC, and Investments in BDC made to allow BDC to redeem such interests, provided, that (i) the aggregate amount of the Investments made in reliance on this Subsection (G) may not exceed \$20,000,000 and (ii), subject to the last sentence of Section 2.3 of the Security Agreement, all of the ownership interests of the Borrower in BDC are pledged to the Administrative Agent and the Borrower has delivered to the Administrative Agent the stock certificates evidencing such ownership interest and all other documents required by Section 2.3(i) or Article V of the Security Agreement;

(H) advances to Subsidiaries, provided that such advances are evidenced by written promissory notes, such notes are demand notes and contain terms and provisions, including applicable interest rates, reasonable acceptable to Administrative Agent, and such notes have been delivered to Administrative Agent; and

(I) other Investments in the Communications industry, the aggregate amount of which shall not exceed for any fiscal year (X) 5% of Borrower's consolidated assets for the prior fiscal year plus (Y) the excess, if any, of the amount that Borrower was permitted in the prior fiscal year to dividend or distribute pursuant to clause (i) of the first proviso in Subsection 3.5 over the aggregate amount of dividends and distributions actually made by Borrower during such fiscal year pursuant to clause (i) of the first proviso in Subsection 3.5, minus (Z) the aggregate amount of assets or business acquired in reliance on the proviso of Subsection 3.6(iv) for the fiscal year of the Investment.

3.4 Contingent Obligations. Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly, create or become or be liable with respect to any Contingent Obligation except those:

(A) resulting from endorsement of negotiable instruments for collection in the ordinary course of business;

(B) arising under indemnity agreements to title insurers in connection with mortgagee title insurance policies in favor of Collateral Agent for the benefit of itself and the other Lenders;

(C) arising with respect to customary indemnification obligations incurred in connection with Permitted Acquisitions and permitted Asset Dispositions (provided that such obligations shall in no event exceed the amount of proceeds received in connection therewith);

(D) arising in the ordinary course of business with respect to customary indemnification obligations incurred in connection with liability insurance coverage;

(E) incurred in the ordinary course of business with respect to surety and appeal bonds, performance and return-of-money bonds and other similar obligations not exceeding at any time outstanding \$500,000 in aggregate liability;

(F) incurred as a guaranty of Indebtedness permitted by Subsection 3.1 (provided that such guaranty obligation shall in no event exceed the amount of such Indebtedness plus other related costs and expenses of collection as set forth in such guaranty); and

(G) Contingent Obligations arising under the Loan Documents.

3.5 Restricted Junior Payments. Borrower will not, directly or indirectly, declare, order, pay, make or set apart any sum for any Restricted Junior Payment; provided, however, that so long as no Default or Event of Default exists before or will result after giving effect to such distribution on a pro forma basis, Borrower may, during any fiscal year commencing with the fiscal year ending December 31, 2005, (i) make, declare or pay lawful cash dividends or distributions to its shareholders or redeem capital stock in an aggregate amount which is greater of 50% of (y) Borrower's consolidated net income (excluding non-cash extraordinary items, such as the writedown or writeup of assets) for the immediately preceding fiscal year or (z) Borrower's consolidated net income for the current year annualized and (ii) redeem or repurchase capital stock of Borrower in connection with the termination of an employee or any other Board approved stock redemption or repurchase plan in an aggregate amount during each fiscal year not to exceed \$250,000; provided, however, further, that notwithstanding any other provisions of this Subsection 3.5, Borrower shall be permitted to (y) exercise the "call" and perform the "put" provisions relating to the 5% minority interest of BAS (as defined in the Commnet Operating Agreement) in Commnet provided for in the Commnet Operating Agreement in effect as of the Closing Date (the "**Put-Call**"), and (z) make the tax distributions provided for in the Commnet Operating Agreement in effect as of the Closing Date.

3.6 Restriction on Fundamental Changes. Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly: (i) unless and only to the extent required by law or as would not be reasonably expected to be adverse to the interests of Lenders, amend, modify or waive any term or provision of its articles of organization, operating agreement, management agreements, articles of incorporation, certificates of designations pertaining to preferred stock or by-laws; (ii) enter into any transaction of merger or consolidation, except that any Subsidiary of Borrower may be merged with or into Borrower or any wholly owned Subsidiary (provided that Borrower or such wholly owned Subsidiary is the surviving entity) and except that any Permitted Acquisition or any permitted Asset Disposition may be structured as merger; (iii) liquidate, wind-up or dissolve itself (or suffer any liquidation or dissolution), except in connection with another transaction permitted under clause (ii) above; or (iv) acquire by purchase or otherwise all or any substantial part of the business or assets of any other Person (whether by stock purchase or otherwise), provided, that Borrower or any Subsidiary of Borrower may acquire all or any substantial part of the business or assets of any other Person or equity interests in any Person so long as (a) no Default or Event of Default exists before or will result after giving effect to such acquisition on a pro forma basis, (b) such assets or business are held in Borrower, an existing Subsidiary or a new Subsidiary that complies with Subsection 2.12, and (c) the aggregate amount of assets or business acquired pursuant to this proviso in any fiscal year of Borrower (without deduction for Indebtedness assumed) does not exceed the sum of (X) 5% of Borrower's consolidated assets for the prior fiscal year plus (Y) the

excess, if any, of the amount that Borrower was permitted in the prior fiscal year to dividend or distribute pursuant to clause (i) of the first proviso in Subsection 3.5 over the aggregate amount of dividends and distributions actually made by Borrower during such fiscal year pursuant to clause (i) of the first proviso in Subsection 3.5, minus (Z) the aggregate amount of Investments made pursuant to Section 3.3(I) for the fiscal year of the acquisition (each, a **“Permitted Acquisition”**).

3.7 Disposal of Assets or Subsidiary Stock. Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly, convey, sell (including, without limitation, pursuant to a sale and leaseback transaction, except those that would be permitted under Subsection 3.1(G) deeming any such sale-leaseback to be Indebtedness, subject to documentation reasonably satisfactory to Administrative Agent), lease (including, without limitation, pursuant to a lease and leaseback transaction), sublease, transfer or otherwise dispose of, or grant any Person an option to acquire, in one transaction or a series of transactions, any of its property, business or assets, or the capital stock of or other equity interests in any of its Subsidiaries, whether now owned or hereafter acquired, except for (i) bona fide sales or leases of inventory to customers in the ordinary course of business, dispositions of surplus, worn out or obsolete equipment, and any conveyance, lease, sublease, transfer or other disposition of assets of any of Borrower or its Subsidiaries to Borrower or any of its wholly owned Subsidiaries; (ii) fair market value sales of Cash Equivalents; (iii) leasing or subleasing of its property in the ordinary course of business; (iv) the sale of all or substantially all of the assets of Comnet Illinois, LLC and MoCelCo, LLC to AT&T Mobility, LLC on terms (a) substantially the same as those set forth in the term sheet, dated as of May 1, 2007, between Comnet Wireless, LLC and AT&T Mobility, LLC, or (b) reasonably satisfactory to the Administrative Agent; and (v) all other Asset Dispositions if all of the following conditions are met: (a) the aggregate market value of such assets sold in any fiscal year of Borrower does not exceed \$5,000,000 in the aggregate for Borrower and its Subsidiaries; (b) the consideration received by Borrower or such Subsidiary is at least equal to the fair market value of such assets; (c) the sole consideration received is cash or other equipment of comparable value to that disposed of and that is to be used in the business of Borrower or such Subsidiary; (d) after giving effect to the Asset Disposition, Borrower, on a combined and consolidated basis with its Subsidiaries as set forth in Section 4, are in compliance on a pro forma basis with the covenants set forth in Section 4 recomputed for the most recently ended fiscal quarter for which information is available; and (e) no Default or Event of Default then exists or shall result from the Asset Disposition.

3.8 Transactions with Affiliates. Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly, enter into or permit to exist any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate or with any director, officer or employee of Borrower or any Affiliate, except (i) as set forth on Schedule 3.8 or as permitted pursuant to Subsections 3.3, 3.5, 3.6, 3.7 and 3.9; (ii) transactions upon fair and reasonable terms which (in the case of transactions requiring payments by Borrower or its Subsidiaries in the aggregate in excess of \$250,000 in any fiscal year) are fully disclosed to Lenders and are no less favorable to Borrower or such Subsidiary than would be obtained in a comparable arm’s length transaction with a Person that is not an Affiliate; (iii) transactions among Borrower and its wholly owned Subsidiaries; or (iv) payment of compensation to directors, officers and employees in the ordinary course of business for services actually rendered in their capacities as directors, officers and employees, provided such compensation is reasonable and comparable with compensation paid by companies of like nature and similarly situated.

3.9 Management Fees. Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly, pay any management or other similar fees to any Person; except management fees paid to Borrower or, by any Subsidiary of Commnet, to Commnet, Borrower or any wholly owned Subsidiary of Borrower, or other management or similar fees proposed by Borrower and satisfactory to Requisite Lenders.

3.10 Conduct of Business. Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly, engage in any business other than businesses of owning, constructing, managing, operating and investing (subject to Subsection 3.3) in Communications Systems or other businesses related thereto.

3.11 Fiscal Year. Borrower will not, and will not permit any of its Subsidiaries to, change its fiscal year, which ends on December 31.

3.12 Modification of Agreements. Borrower will not amend, modify or change, or consent or agree to any amendment, modification or change to, any of the terms of any Material Contracts, except to the extent such change, amendment, modification or consent is not materially adverse to Administrative Agent or any Lender and would not otherwise have a Material Adverse Effect.

3.13 Inconsistent Agreements. Borrower will not, and will not permit any of its Subsidiaries to, enter into any agreement containing any provision which would (a) be violated or breached by any borrowing by Borrower hereunder or by the performance by Borrower or such Subsidiary of any of its obligations hereunder or under any other Loan Document (other than permitted Capital Leases and purchase money security agreements), (b) prohibit Borrower or such Subsidiary from granting to Administrative Agent, for the benefit of itself and Lenders a lien on any of its assets (other than assets subject to a purchase money security interest or a Capital Lease) or (c) create or permit to exist or become effective any encumbrance or restriction on the ability of such Subsidiary to (i) pay dividends or make other distributions to its parent or any other applicable Subsidiary of its parent, or pay any Indebtedness owed to its parent or any Subsidiary of its parent, (ii) make loans or advances to its parent or (iii) transfer any of its assets or properties to its parent.

SECTION 4 FINANCIAL COVENANTS AND REPORTING

Borrower hereby covenants and agrees that so long as this Agreement is in effect and until payment in full of all Obligations (other than unasserted indemnity claims), unless Requisite Lenders shall otherwise give their prior written consent, Borrower shall perform and comply with, and shall cause each of its Subsidiaries to perform and comply with, all covenants in this Section 4. For the purposes of this Section 4, except as expressly provided below, all covenants calculated for Borrower shall be calculated on a consolidated basis for Borrower and its Subsidiaries.

4.1 Total Leverage Ratio. Commencing on the Closing Date, Borrower shall maintain at all times, measured at each fiscal quarter end, a Total Leverage Ratio of less than or equal to 2.0:1:0 ; provided, however, Borrower will have 60 days after the applicable reporting date to cure any default

under this Subsection 4.1 by reducing the Indebtedness of Borrower on a consolidated basis through an equity issuance.

4.2 Commnet Leverage Ratio. Commencing on the Closing Date, Commnet shall maintain at all times, measured at each fiscal quarter end occurring during the periods set forth below and maintained through the next measurement date, a Commnet Leverage Ratio of less than or equal to the ratio set forth below opposite such period:

<u>Date</u>	<u>Ratio</u>
Closing Date through and including December 31, 2005	7.500:1.0
January 1, 2006 through and including June 30, 2006	7.000:1.0
July 1, 2006 through and including December 31, 2006	6.250:1.0
January 1, 2007 through and including June 30, 2007	5.750:1.0
July 1, 2007 through and thereafter	5.000:1.0

; provided, however, Borrower will have 60 days after the applicable reporting date to cure any default under this Subsection 4.2 by reducing the Indebtedness of Borrower on a consolidated basis or increasing the Borrower Pledged Cash, except that, Borrower and any of its Subsidiaries, including Commnet, may not incur an additional Indebtedness in order to cure such default.

4.3 Debt Service Coverage Ratio. Commencing on the Closing Date, Borrower shall maintain at all times, measured at each fiscal quarter end, a Debt Service Coverage Ratio greater than or equal to 3.0:1.0.

4.4 Equity to Assets Ratio. Commencing on the Closing Date, Borrower shall maintain at all times, measured at each fiscal quarter end, an Equity to Assets Ratio greater than or equal to 0.40:1.0.

4.5 Financial Statements and Other Reports. Borrower will maintain, and cause each of its Subsidiaries to maintain, a system of accounting established and administered in accordance with sound business practices to permit preparation of financial statements in conformity with GAAP consistently applied (it being understood that quarterly financial statements are not required to have footnote disclosures or reflect year end adjustments). Borrower will deliver or cause to be delivered each of the financial statements and other reports described below to Administrative Agent (and each Lender in the case of the financial statements and other reports described in Subsections 4.5(A) through (I) and (K)).

(A) Quarterly Financials; Other Quarterly Reports. As soon as available and in any event within 60 days after the end of each of its first three fiscal quarters, Borrower will deliver or cause to be delivered consolidated and consolidating balance sheets of Borrower and its Subsidiaries, as at the end of such fiscal quarter, and the related consolidated and consolidating statements of income, stockholders' equity and cash flows for such fiscal quarter and for the period from the beginning of the then current fiscal year of Borrower to the end of such quarter.

(B) Year-End Financials. As soon as available and in any event within 120 days after the end of each fiscal year of Borrower, Borrower will deliver or cause to be delivered (i) consolidated and consolidating balance sheets of Borrower and its Subsidiaries, as at the end of such year, and the related consolidated and consolidating statements of income, stockholders' equity and cash flows for such fiscal year, and (ii) reports with respect to the financial statements received pursuant to this Subsection from PriceWaterhouseCoopers or another nationally recognized firm of independent certified public accountants selected by Borrower and reasonably acceptable to Administrative Agent, which report shall be prepared in accordance with Statement of Auditing Standards No. 58 (the "**Statement**"), as amended, entitled "Reports on Audited Financial Statements" and such report shall be "Unqualified" (as such term is defined in the Statement).

(C) Compliance Certificates. Together with each delivery of financial statements of Borrower and its Subsidiaries pursuant to Subsections 4.5(A) and (B), Borrower will deliver or cause to be delivered a fully and properly completed compliance certificate in substantially the same form as Exhibit 4.5(C) (each, a "**Compliance Certificate**") signed by two of the chief executive officer, the chief financial officer and the chief accounting officer of Borrower.

(D) Accountants' Reliance Letter. Together with each delivery of financial statements of Borrower and its Subsidiaries pursuant to Subsection 4.5(B), Borrower will deliver or cause to be delivered a copy of letters addressed to Borrower's certified public identifying Lenders as parties that Borrower intend to rely on such professional services provided to Borrower by such accountants.

(E) Accountants' Reports. Promptly upon receipt thereof, Borrower will deliver or cause to be delivered copies of all significant reports submitted by Borrower's firm of certified public accountants in connection with each annual, interim or special audit or review of any type of the financial statements or related internal control systems of Borrower made by such accountants, including any comment letter submitted by such accountants to management in connection with their services.

(F) Management Report. Together with each delivery of financial statements of Borrower and its Subsidiaries pursuant to Subsections 4.5(A) and 4.5(B), Borrower will deliver or cause to be delivered (i) if the Borrower is no longer subject to reporting requirements of the Exchange Act, reports in scope and content substantively similar to its present SEC reporting and (ii) quarterly operational data in scope and content substantially similar to that data now provided to Borrower's Board of Directors as its monthly "Dashboard." The information above shall be presented in reasonable detail and shall be certified by the chief financial officer or chief operating officer of Borrower, respectively, to the effect that, to his or her knowledge after reasonable

diligence, such information fairly presents the results of operations and financial condition of Borrower and its Subsidiaries as at the dates and for the periods indicated.

(G) Budget. (i) As soon as reasonably available, but in any event within 60 days after the first day of each fiscal year of Borrower, respectively, occurring during the term hereof, Borrower shall deliver or cause to be delivered operating and capital spending budgets (the “**Budgets**”) of Borrower and its Subsidiaries for such fiscal year, quarter by quarter and (ii) promptly after becoming aware thereof, Borrower will deliver or cause to be delivered any material amendment to or deviation from such Budgets.

(H) SEC Filings and Press Releases. Promptly upon their becoming available, Borrower will deliver or cause to be delivered copies of (i) all financial statements, reports, notices and proxy statements sent or made available by Borrower or any Subsidiary of Borrower to its or their respective security holders, (ii) all regular and periodic reports and all registration statements and prospectuses, if any, filed by Borrower or any Subsidiary of Borrower with any securities exchange or with the Securities and Exchange Commission (the “**SEC**”) or any governmental or private regulatory authority, and (iii) all press releases and other statements made available by Borrower or any Subsidiary of Borrower to the public concerning developments in the business of any such Person.

(I) Events of Default, Etc. Promptly upon any executive officer of Borrower obtaining knowledge of any of the following events or conditions, Borrower shall deliver copies of all notices given or received by Borrower or any Subsidiary of Borrower with respect to any such event or condition and a certificate of the chief executive officer or chief operating officer of Borrower or such Subsidiary specifying the nature and period of existence of such event or condition and what action, if any, Borrower or such Subsidiary has taken, is taking and proposes to take with respect thereto: (i) any Event of Default or Default; (ii) any notice that any Person has given to Borrower or any Subsidiary of Borrower or any other action taken with respect to a claimed default or event or condition of the type referred to in Subsection 6.1(B); or (iii) any event or condition that could reasonably be expected to have a Material Adverse Effect.

(J) Litigation. Promptly upon any executive officer of Borrower obtaining knowledge of (i) the institution of any action, suit, proceeding, governmental investigation or arbitration against or affecting Borrower or any Subsidiary of Borrower not previously disclosed by Borrower to Administrative Agent or (ii) any material development in any action, suit, proceeding, governmental investigation or arbitration at any time pending against or affecting Borrower or any Subsidiary of Borrower which, in each case, could reasonably be expected to have a Material Adverse Effect, Borrower will promptly give notice thereof to Administrative Agent and provide such other information as may be requested by Administrative Agent and reasonably available to Borrower to enable Administrative Agent and its counsel to evaluate such matter.

(K) Regulatory and Other Notices. Within 30 days after filing, receipt or becoming aware thereof, Borrower will deliver or cause to be delivered copies of any filings or communications sent to or notices and other communications received by Borrower or any Subsidiary of Borrower from any Governmental Authority, including the FCC, any applicable PUC and the SEC, relating to any noncompliance by Borrower or any Subsidiary of Borrower with any

law or with respect to any matter or proceeding the effect of which could reasonably be expected to have a Material Adverse Effect.

(L) Material Adverse Effect. Promptly after becoming aware thereof, Borrower will give written notice to Administrative Agent and Lenders of any change in events or changes in facts or circumstances affecting Borrower or any Subsidiary of Borrower which individually or in the aggregate have had or could reasonably be expected to have a Material Adverse Effect.

(M) Environmental Notices. Promptly after becoming aware of any violation by Borrower or any Subsidiary of Borrower of Environmental Laws or promptly upon receipt of any notice that a Governmental Authority has asserted that Borrower or any Subsidiary of Borrower is not in compliance with Environmental Laws or that its compliance is being investigated, Borrower will give notice to Administrative Agent and Lenders thereof and provide such other information as may be reasonably available to Borrower to enable Administrative Agent and Lenders to reasonably evaluate such matter.

(N) ERISA Events. Immediately after becoming aware of any ERISA Event, accompanied by any materials required to be filed with the PBGC with respect thereto; immediately after Borrower's or any of its Subsidiaries' receipt of any notice concerning the imposition of any withdrawal liability under Section 4042 of ERISA with respect to a Plan; immediately upon the establishment of any Pension Plan not existing at the Closing Date or the commencement of contributions by Borrower or any of its Subsidiaries to any Pension Plan to which Borrower or any of its Subsidiaries was not contributing at the Closing Date; and immediately upon becoming aware of any other event or condition regarding a Plan or Borrower's, or any of its Subsidiaries' or an ERISA Affiliate's compliance with ERISA which could reasonably be expected to have a Material Adverse Effect, Borrower will give notice to Administrative Agent and Lenders thereof and provide such other information as may be reasonably available to Borrower to enable Administrative Agent and Lenders to reasonably evaluate such matter.

(O) Other Information. With reasonable promptness, Borrower will deliver such other information and data with respect to Borrower and any of its Subsidiaries as from time to time may be reasonably requested by Administrative Agent, Collateral Agent or any Lender.

4.6 Accounting Terms; Utilization of GAAP for Purposes of Calculations Under Agreement. For purposes of this Agreement, all accounting terms not otherwise defined herein shall have the meanings assigned to such terms in conformity with GAAP. Except as otherwise expressly provided, financial statements and other information furnished to Administrative Agent pursuant to this Agreement shall be prepared in accordance with GAAP as in effect at the time of such preparation. No Accounting Changes (as defined below) shall affect financial covenants, standards or terms in this Agreement; provided that Borrower shall prepare footnotes to each Compliance Certificate and the financial statements required to be delivered hereunder that show the differences between the financial statements delivered (which reflect such Accounting Changes) and the basis for calculating financial covenant compliance in accordance with GAAP as in effect as of the Closing Date (without reflecting such Accounting Changes). "**Accounting Changes**" means: (i) changes in accounting principles required by GAAP and implemented by Borrower or any Subsidiary of Borrower; (ii) changes in accounting principles recommended by Borrower's certified

public accountants and implemented by Borrower or any Subsidiary of Borrower; and (iii) changes in the method of determining carrying value of Borrower's or any of its Subsidiary's assets, liabilities or equity accounts. All such adjustments resulting from expenditures made subsequent to the Closing Date (including, but not limited to, capitalization of costs and expenses or payment of pre-Closing Date liabilities) shall be treated as expenses in the period the expenditures are made.

SECTION 5 REPRESENTATIONS AND WARRANTIES

In order to induce Administrative Agent and Lenders to enter into this Agreement and to make Loans, Borrower hereby represents and warrants to Administrative Agent and each Lender on the Closing Date (taking into account the consummation of the Acquisition), the Amendment Date and on the date of each request for a Loan or the issuance of a Letter of Credit that the following statements are true, correct and complete; provided, such statements shall take into account the completion of the Acquisition:

5.1 Disclosure. The information furnished by or on behalf of Borrower and its Subsidiaries contained in this Agreement, the financial statements referred to in Subsection 5.8 and any other document, certificate, opinion or written statement furnished to Administrative Agent or any Lender pursuant to this Agreement or any other Loan Document (other than projections), taken as a whole, does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained herein or therein not misleading in light of the circumstances in which the same were made. Any projections provided by or on behalf of Borrower and its Subsidiaries have been prepared by management in good faith and based upon assumptions believed by management to be reasonable at the time the projections were prepared. Borrower is not aware of any fact which it has not disclosed in writing to Administrative Agent having or which could reasonably be expected to have a Material Adverse Effect.

5.2 No Material Adverse Effect. Since the Closing Date, there has been no event or change in facts or circumstances affecting Borrower or any of its Subsidiaries which individually or in the aggregate have had or could reasonably be expected to have a Material Adverse Effect and that have not been disclosed herein or in the attached Schedules.

5.3 Organization, Powers, Authorization and Good Standing.

(A) Organization and Powers. Borrower and its Subsidiaries are limited liability companies, corporations or partnerships duly organized, validly existing and in good standing under the laws of its jurisdiction of organization or incorporation (which jurisdiction is set forth on Schedule 5.3(A)). Except as disclosed on Schedule 5.3(A), Borrower and its Subsidiaries have all requisite legal power and authority to own and operate its properties, to carry on its business as now conducted and proposed to be conducted, to enter into each Loan Document to which it is a party and to carry out its respective obligations with respect thereto.

(B) Authorization: Binding Obligation. Borrower and its Subsidiaries have taken all necessary limited liability company, partnership, corporate and other action to authorize the

execution, delivery and performance of this Agreement and each of the other Loan Documents to which it is a party. This Agreement is, and the other Loan Documents when executed and delivered will be, the legally valid and binding obligations of the applicable parties thereto (other than Administrative Agent and Lenders), each enforceable against each of such parties, as applicable, in accordance with their respective terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar state or federal debt or relief laws from time to time in effect which affect the enforcement of creditors' rights in general and general principles of equity.

(C) **Qualification.** Borrower and its Subsidiaries are duly qualified and authorized to do business and in good standing in each jurisdiction where the nature of its business and operations requires such qualification and authorization, except where the failure to be so qualified, authorized and in good standing could not reasonably be expected to have a Material Adverse Effect. All jurisdictions in which each such Person is qualified and authorized to do business are set forth on Schedule 5.3(C).

5.4 **Compliance of Agreement, Loan Documents and Borrowings with Applicable Law.** The execution, delivery and performance by Borrower and its Subsidiaries of the Loan Documents to which each such Person is a party, the borrowings hereunder and the transactions contemplated hereby and thereby do not and will not, by the passage of time, the giving of notice or otherwise, (i) require any Governmental Approval or violate any Applicable Law relating to Borrower or any of its Subsidiaries, (ii) conflict with, result in a breach of or constitute a default under the articles of incorporation, bylaws or other organizational documents of Borrower or its Subsidiaries or any Material Contract to which such Person is a party or by which any of its properties may be bound or any Governmental Approval relating to such Person or (iii) except as required or permitted under the Loan Documents, result in or require the creation or imposition of any Lien upon or with respect to any property now owned or hereafter acquired by such Person.

5.5 **Compliance with Law: Governmental Approvals.** Borrower and its Subsidiaries (i) have, or have the right to use, all material Governmental Approvals, including the Franchises and the Licenses, required by any Applicable Law for it to conduct its business, and (ii) are in material compliance with each Governmental Approval, including the Franchises and the Licenses, applicable to it and in compliance with all other Applicable Laws relating to it or any of its respective properties the violation of which could reasonably be expected to have a Material Adverse Effect.

5.6 **Tax Returns and Payments.** Borrower and its Subsidiaries have duly filed or caused to be filed all federal, state, local and other tax returns required by Applicable Law to be filed, and have paid, or made adequate provision for the payment of, all federal, state, local and other taxes, assessments and governmental charges or levies upon it and its property, income, profits and assets which are due and payable, except where the payment of such tax is being diligently contested in good faith and adequate reserves therefor have been established in compliance with GAAP. The charges, accruals and reserves on the books of Borrower and its Subsidiaries in respect of federal, state, local and other taxes for all fiscal years and portions thereof are in the judgment of Borrower adequate, and Borrower and its Subsidiaries do not anticipate any additional material taxes or assessments for any of such years.

5.7 Environmental Matters. Borrower and its Subsidiaries are in compliance in all material respects with all applicable Environmental Laws, and there is no contamination at, under or about such properties or such operations which interfere in any material respect with the continued operation of such properties or impair in any material respect the fair saleable value thereof or with such operations, except for any such violations or contamination as could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

5.8 Financial Statements.

(A) All financial statements concerning Borrower and its Subsidiaries which have been furnished to Administrative Agent and Lenders pursuant to this Agreement have been prepared in accordance with GAAP consistently applied (except as disclosed therein) and present fairly in all material respects the financial condition of the Persons covered thereby as of the date thereof and the results of their operations for the periods covered thereby and do and will disclose all material liabilities and Contingent Obligations of any of Borrower or its Subsidiaries as at the dates thereof.

(B) All Budgets concerning Borrower and its Subsidiaries which have been furnished to Administrative Agent or Lenders were prepared in good faith by or on behalf of Borrower and such Subsidiaries. No fact is known to Borrower which materially and adversely affects or is reasonably expected to have a Material Adverse Effect which has not been set forth in the financial statements referred to in Subsection 5.8(A) or in such information, reports, papers and data or otherwise disclosed in writing to Administrative Agent or Lenders prior to the Closing Date.

5.9 Intellectual Property. Borrower and its Subsidiaries own, or possess through valid licensing arrangements, the right to use all patents, copyrights, trademarks, trade names, service marks, technology know-how and processes necessary for the conduct of its business as currently or anticipated to be conducted (collectively, the “**Intellectual Property Rights**”) without infringing upon any validly asserted rights of others, except for any Intellectual Property Rights to absence of which could not reasonably be expected to have a Material Adverse Effect. No event has occurred which permits, or after notice or lapse of time or both would permit, the revocation or termination of any such rights. Neither Borrower nor its Subsidiaries have been threatened in writing with any litigation regarding Intellectual Property Rights that would present a material impediment to the business of any such Person.

5.10 Litigation, Investigations, Audits, Etc. Except as set forth on Schedule 5.10, there is no action, suit, proceeding or investigation pending against, or, to the knowledge of Borrower, threatened against Borrower or its Subsidiaries or any of their respective properties, including the Licenses, in any court or before any arbitrator of any kind or before or by any Governmental Authority (including the FCC), except such as (i) affect the telecommunications industry generally, (ii) do not call into question the validity or enforceability of this Agreement or any other Loan Document or any lien or security interest created hereunder, or (iii) individually or collectively would not reasonably be expected to have a Material Adverse Effect. Except as set forth on Schedule 5.10, to Borrower's knowledge, none of Borrower and its Subsidiaries are the subject of any review or audit by the Internal Revenue Service or any investigation by any Governmental Authority concerning the violation or possible violation of any law (other than routine IRS audits).

5.11 Employee Labor Matters. Except as set forth on Schedule 5.11, (i) neither of Borrower nor its Subsidiaries nor any of their respective employees is subject to any collective bargaining agreement, (ii) no petition for certification or union election is pending with respect to the employees of any such Person and no union or collective bargaining unit has sought such certification or recognition with respect to the employees of any such Person and (iii) there are no strikes, slowdowns, unfair labor practice complaints, work stoppages or controversies pending or, to the best knowledge of Borrower after due inquiry, threatened between any such Person and its respective employees, other than employee grievances arising in the ordinary course of business which could not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

5.12 ERISA Compliance.

(A) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the IRC and other federal or state law. Each Plan which is intended to qualify under Section 401(a) of the IRC has received a favorable determination letter from the Internal Revenue Service and to the best knowledge of Borrower, nothing has occurred that would cause the loss of such qualification. Borrower and each ERISA Affiliate has made all required contributions to any Plan subject to Section 412 of the IRC, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the IRC has been made with respect to any Plan.

(B) There are no pending or, to the best knowledge of Borrower, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan which has resulted or could reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan which has resulted or could reasonably be expected to have a Material Adverse Effect.

(C) (i) No ERISA Event has occurred or is reasonably expected to occur; (ii) no Pension Plan has any unfunded liability; (iii) no Borrower nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (iv) neither Borrower nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Section 4201 or 4243 of ERISA with respect to a Multi-employer Plan; and (v) neither Borrower nor any ERISA Affiliate has engaged in a transaction that could subject any Person to Section 4069 or 4212(c) of ERISA.

5.13 Communications Regulatory Matters.

(A) Schedule 5.13(A) sets forth a true and complete list of the following information for each Franchise and License issued to or utilized by Borrower and its Subsidiaries: the name of the licensee, the type of service, the expiration date and the geographic area covered by such License.

(B) Other than as set forth on Schedule 5.13(B), the Franchises and the Licenses are valid and in full force and effect without conditions except for such conditions as are generally applicable to holders of such Franchise and such Licenses. No event has occurred and is continuing which could reasonably be expected to (i) result in the imposition of a material forfeiture or the revocation, termination or adverse modification of any such Franchise and such License or (ii) materially and adversely affect any rights of Borrower or its Subsidiaries thereunder. Borrower has no reason to believe and has no knowledge that any Franchise or any License will not be renewed in the ordinary course. Neither Borrower nor any of its Subsidiaries is a party to any investigation, notice of violation, order or complaint issued by or before the FCC or any applicable Governmental Authority, and there are no proceedings pending by or before the FCC or any applicable Governmental Authority which could in any manner threaten or adversely affect the validity of any Franchise or any License.

(C) All of the material properties, equipment and systems owned, leased or managed by Borrower and its Subsidiaries are, and (to the best knowledge of Borrower) all such property, equipment and systems to be acquired or added in connection with any contemplated system expansion or construction will be, in good repair, working order and condition (reasonable wear and tear excepted) and are and will be in compliance with all terms and conditions of the Franchises and the Licenses and all standards or rules imposed by any Governmental Authority or as imposed under any agreements with telecommunications companies and customers.

(D) Borrower and its Subsidiaries have paid all material franchise, license or other fees and charges which have become due pursuant to any Governmental Approval in respect of its and their business and has made appropriate provision as is required by GAAP for any such fees and charges which have accrued.

5.14 Perfection and Priority. The Security Interest is a valid and perfected first priority lien, security title or security interest in the Collateral in favor of Administrative Agent, for the benefit of itself and Lenders, securing, in accordance with the terms of the Security Documents, the Obligations, and the Collateral is subject to no Lien other than permitted pursuant to Subsection 3.2. The Security Interest is enforceable as security for the Obligations in accordance with its terms.

5.15 Solvency. Borrower and its Subsidiaries: (i) own and will own assets the present fair saleable value of which are (a) greater than the total amount of liabilities (including contingent liabilities) of Borrower and its Subsidiaries, and (b) greater than the amount that will be required to pay the probable liabilities of Borrower's and its Subsidiaries' then existing debts and liabilities as they become absolute and matured considering all financing alternatives and potential asset sales reasonably available to Borrower and its Subsidiaries; (ii) have capital that is not unreasonably small in relation to its business as presently conducted or after giving effect to any contemplated transaction; and (iii) does not intend to incur and does not believe that it will incur debts and liabilities beyond its ability to pay such debts and liabilities as they become due.

5.16 Investment Company Act. Neither Borrower nor any of its Subsidiaries is required to register under, or is otherwise subject to regulation as an "investment company" as that term is defined in, the Investment Company Act of 1940, as amended.

5.17 Material Contracts. As of the Amendment Date, Schedule 5.17 sets forth a complete and accurate list of all Material Contracts of Borrower and its Subsidiaries. Borrower and its Subsidiaries have performed all of its material obligations under such Material Contracts and, to the knowledge of Borrower, each other party thereto is in material compliance with each such Material Contract.

5.18 Title to Properties. Borrower and its Subsidiaries have such title or leasehold interest in and to the real property or interests therein, including easements, licenses and similar rights in real estate, owned or leased by it as is necessary to the conduct of its business and valid and legal title or leasehold interest in and to all of its personal property, including those reflected on the balance sheets of Borrower and its Subsidiaries delivered as described in Subsection 5.8, except those which have been disposed of by Borrower subsequent to such date which dispositions have been in the ordinary course of business or as otherwise expressly permitted hereunder.

5.19 Subsidiaries. Schedule 5.19 sets forth a complete and accurate list of all direct or indirect Subsidiaries of Borrower as of the Amendment Date, including for each such Subsidiary whether such Subsidiary is wholly owned by Borrower, and if not, the percentage ownership of Borrower or its Subsidiary in such Subsidiary.

5.20 Transactions with Affiliates. No Affiliate of Borrower is a party to any agreement, contract, commitment or transaction with Borrower or has any material interest in any material property used by Borrower, except as permitted by Subsections 3.8 and 3.9.

5.21 Patriot Act. Each of Borrower and its Subsidiaries is in compliance, in all material respects, with the (i) Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) and any other enabling legislation or executive order relating thereto, and (ii) Uniting And Strengthening America By Providing Appropriate Tools Required To Intercept And Obstruct Terrorism (USA Patriot Act of 2001). No part of the proceeds of the Loans will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

SECTION 6 EVENTS OF DEFAULT AND RIGHTS AND REMEDIES

6.1 Event of Default. “**Event of Default**” shall mean the occurrence or existence of any one or more of the following:

(A) Payment. (i) Failure to repay any outstanding principal amount of the Loans at the time required pursuant to this Agreement or to reimburse any Issuing Lender when due for any payment made by such Issuing Lender under or with respect to any Letter of Credit (unless the Issuing Lender is otherwise reimbursed by a Revolver Loan pursuant to Section 1.1(E)(ii)), or (ii) failure to pay any interest on any Loan or any other amount due under this Agreement or any of the

other Loan Documents, and in the case of this clause (ii) such failure continues for three Business Days; or

(B) Default in Other Agreements. (i) Failure of any Borrower or any of its Subsidiaries to pay when due or within any applicable grace period any principal or interest on Indebtedness (other than the Loans) or any Contingent Obligation; or (ii) any other breach or default of Borrower or any of its Subsidiaries with respect to any Indebtedness (other than the Loans) or any Contingent Obligation if, in either case, the effect of such breach or default is to cause or to permit the holder or holders then to cause such Indebtedness or Contingent Obligation having an aggregate principal amount for Borrower and its Subsidiaries in excess of \$1,000,000 to become or be declared due prior to its stated maturity; or

(C) Breach of Certain Provisions. Failure of Borrower or any Subsidiary of Borrower to perform or comply with any term or condition contained in that portion of Subsection 2.2 relating to Borrower's and its Subsidiaries' obligation to maintain insurance, Subsection 2.5, Section 3 or Section 4 (excluding Subsection 4.6); or

(D) Breach of Warranty. Any representation, warranty, certification or other statement made by Borrower or any of its Subsidiaries in any Loan Document or in any statement or certificate at any time given by Borrower or any of its Subsidiaries in writing pursuant to any Loan Document is false in any material respect on the date made or deemed made; or

(E) Other Defaults Under Loan Documents. Borrower or any of its Subsidiaries breaches or defaults in the performance of or compliance with any term contained in this Agreement or the other Loan Documents and such default is not remedied or waived within 45 days after receipt by any Borrower or such other party of notice from Administrative Agent or Requisite Lenders of such default (other than occurrences described in other provisions of this Subsection 6.1 for which a different grace or cure period is specified or which constitute immediate Events of Default); or

(F) Involuntary Bankruptcy; Appointment of Receiver; Etc. (i) A court enters a decree or order for relief with respect to Borrower or any of its Subsidiaries in an involuntary case under the Bankruptcy Code, which decree or order is not stayed or other similar relief is not granted under any applicable federal or state law within 60 days; or (ii) the continuance of any of the following events for 60 days unless dismissed, bonded or discharged: (a) an involuntary case is commenced against Borrower or any of its Subsidiaries under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect; or (b) a decree or order of a court for the appointment of a receiver, liquidator, sequestrator, trustee, custodian or other officer having similar powers over Borrower or any of its Subsidiaries or over all or a substantial part of its property, is entered; or (c) an interim receiver, trustee or other custodian is appointed without the consent of Borrower or any of its Subsidiaries, for all or a substantial part of the property of Borrower or any of its Subsidiaries; or

(G) Voluntary Bankruptcy; Appointment of Receiver; Etc. Borrower (i) commences a voluntary case under the Bankruptcy Code, files a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding up or composition for adjustment of its debts, or consents to, or fails to contest in a timely and appropriate manner, the entry of an order for relief in an involuntary case, the conversion of an involuntary case to a

voluntary case under any such law, or the appointment of or taking possession by a receiver, trustee or other custodian of all or a substantial part of its property; or (ii) makes any assignment for the benefit of creditors; or (iii) the Board of Directors of Borrower or any of its Subsidiaries adopts any resolution or otherwise authorizes action to approve any of the actions referred to in this Subsection 6.1(G); or

(H) Governmental Liens. Any Lien, levy or assessment (other than Permitted Encumbrances) is filed or recorded with respect to or otherwise imposed upon all or any part of the Collateral or the other assets of Borrower or any of its Subsidiaries by the United States or any other country or any department or instrumentality thereof or by any state, county, municipality or other Governmental Authority and remains undischarged, unvacated, unbonded or unstayed for a period of 30 days or in any event later than five Business Days prior to the date of any proposed sale thereunder; or

(I) Judgment and Attachments. Any money judgment, writ or warrant of attachment or similar process (other than those described in Subsection 6.1(H)) involving an amount in any individual case or in the aggregate for or against Borrower or any of its Subsidiaries at any time in excess of \$1,000,000 (in either case not adequately covered by insurance as to which the insurance company has not denied coverage) is entered or filed against Borrower or any of its Subsidiaries and/or any of its respective assets and remains undischarged, unvacated, unbonded or unstayed for a period of 60 days or in any event later than five Business Days prior to the date of any proposed sale thereunder; or

(J) Dissolution. Any order, judgment or decree is entered against Borrower or any of its Subsidiaries decreeing the dissolution or split up of Borrower or any of its Subsidiaries and such order remains undischarged or unstayed for a period in excess of 30 days; or

(K) Solvency. Borrower or any of its Subsidiaries ceases to be solvent or Borrower admits in writing its present or prospective inability to pay its debts as they become due; or

(L) Injunction. Borrower or any of its Subsidiaries is enjoined, restrained or in any way prevented by the order of any court or any Governmental Authority from conducting all or any substantial part of its business and such order continues for more than 15 days; or

(M) ERISA; Pension Plans. (i) Borrower or any of its Subsidiaries fails to make full payment when due of all amounts which, under the provisions of any employee benefit plans or any applicable provisions of the IRC, any such Person is required to pay as contributions thereto and such failure results in or could reasonably be expected to have a Material Adverse Effect; or (ii) an accumulated funding deficiency occurs or exists, whether or not waived, with respect to any such employee benefit plans; or (iii) any employee benefit plan of Borrower or any of its Subsidiaries loses its status as a qualified plan under the IRC and such loss results in or could reasonably be expected to have a Material Adverse Effect; or

(N) Environmental Matters. Borrower or any of its Subsidiaries fails to: (i) obtain or maintain any operating licenses or permits required by environmental authorities; (ii) begin, continue or complete any remediation activities as required by any environmental authorities;

(iii) store or dispose of any hazardous materials in accordance with applicable Environmental Laws; or (iv) comply with any other Environmental Laws, if in any such case such failure could reasonably be expected to have a Material Adverse Effect; or

(O) Invalidity of Loan Documents. Any of the Loan Documents for any reason, other than a partial or full release in accordance with the terms thereof, ceases to be in full force and effect or is declared to be null and void, or Borrower or any of its Subsidiaries denies that it has any further liability under any Loan Documents to which it is party, or gives notice to such effect; or

(P) Damage; Strike; Casualty. Any material damage to, or loss, theft or destruction of, any material portion of the Collateral, whether or not insured, or any strike, lockout, labor dispute, embargo, condemnation, act of God or public enemy, or other casualty which causes, for more than 30 days, the cessation or substantial curtailment of revenue producing activities at any facility of Borrower or any of its Subsidiaries if any such event or circumstance results in or could reasonably be expected to have a Material Adverse Effect; or

(Q) Franchises, Licenses, Permits and Contracts. (i) The loss, suspension or revocation of, or failure to renew, any license or permit now held or hereafter acquired or utilized by Borrower or any of its Subsidiaries, if such loss, suspension, revocation or failure to renew could reasonably be expected to have a Material Adverse Effect; (ii) one or more Franchises or Licenses shall be terminated, revoked, modified or fail to be renewed at its stated expiration; or (iii) any breach, default or termination shall have occurred under any Material Contract by any of the parties thereto, or any Material Contract shall fail to be renewed or otherwise have ceased to be in full force and effect, and such breach, default, failure, cessation or termination could have a Material Adverse Effect, unless such Material Contract is replaced by a comparable Material Contract (in the judgment of Administrative Agent) prior to or concurrent with such breach, default, failure, cessation or termination; or

(R) Failure of Security. Administrative Agent, for the benefit of itself, and Lenders, does not have or ceases to have a valid and perfected first priority security interest (subject to Permitted Encumbrances) in the Collateral or any substantial portion thereof; or

(S) Change in Control. A Change of Control occurs, or Borrower, other than as a result of a transaction not prohibited hereunder, fails to own the percentage ownership interests in its Subsidiaries that it owns as of the Amendment Date (or on the date of acquisition or formation of such Subsidiary), taking into account the consummation of the Acquisition; or

(T) Expropriation. Any federal, state or local Government Authority takes any action to expropriate or condemn all or any substantial portion of the assets of Borrower or of any of its Subsidiaries.

6.2 Suspension of Loan Commitments. Upon the occurrence and during the continuation of any Default or Event of Default, and without limiting any other right or remedy hereunder, each Lender, without notice or demand, may immediately cease making additional Loans and issuing Letters of Credit and cause its obligation to lend its Pro Rata Share of the Loan Commitments to be suspended; provided that, in the case of a Default, if the subject condition or event is cured by

Borrower to the reasonable satisfaction of Requisite Lenders or waived or removed by Requisite Lenders within any applicable grace or cure period, any suspended portion of the Loan Commitments shall be reinstated.

6.3 Acceleration. Upon the occurrence of any Event of Default described in the foregoing Subsections 6.1(F) or 6.1(G), the unpaid principal amount of and accrued interest and fees on the Loans, all Letter of Credit Liability and all other Obligations (other than Obligations under any Related Interest Rate Agreement to which a Lender or an Affiliate of a Lender is a party, which may be accelerated solely in the discretion of the Lender or Affiliate of a Lender party thereto) shall automatically become immediately due and payable, without presentment, demand, protest, notice of intent to accelerate, notice of acceleration or other requirements of any kind, all of which are hereby expressly waived by Borrower, and the obligations of Lenders to make Loans and issue Letters of Credit shall thereupon terminate. Upon the occurrence and during the continuance of any other Event of Default, Administrative Agent may, and upon written demand by Requisite Lenders shall, by written notice to Borrower, declare all or any portion of the Loans, all or some portion of the Letter of Credit Liability and all or some of the other Obligations (other than Obligations under any Related Interest Rate Agreement to which a Lender or an Affiliate of a Lender is a party, which may be accelerated solely in the discretion of the Lender or Affiliate of a Lender party thereto) to be, and the same shall forthwith become, immediately due and payable together with accrued interest thereon, and upon such acceleration the obligations of Administrative Agent and Lenders to make Loans and issue Letters of Credit shall thereupon terminate.

6.4 Rights of Collection. Upon the occurrence and during the continuation of any Event of Default and at any time thereafter, unless and until such Event of Default is cured, or waived or removed by Requisite Lenders, Administrative Agent may exercise on behalf of Lenders all of their other rights and remedies under this Agreement, the other Loan Documents and Applicable Law, in order to satisfy all of the Obligations.

6.5 Consents. Borrower acknowledges that certain transactions contemplated by this Agreement and the other Loan Documents and certain actions which may be taken by Administrative Agent or Lenders in the exercise of their respective rights under this Agreement and the other Loan Documents may require the consent of a Governmental Authority. If Administrative Agent reasonably determines that the consent of a Governmental Authority is required in connection with the execution, delivery and performance of any of the aforesaid Loan Documents or any Loan Documents delivered to Administrative Agent or Lenders in connection therewith or as a result of any action which may be taken pursuant thereto, then Borrower, at Borrower's cost and expense, agrees to use reasonable best efforts, and to cause its Subsidiaries to use their best efforts, to secure such consent and to cooperate with Administrative Agent and Lenders in any action commenced by Administrative Agent or any Lender to secure such consent.

6.6 Performance by Administrative Agent. If Borrower shall fail to perform any covenant, duty or agreement contained in any of the Loan Documents, Administrative Agent may perform or attempt to perform such covenant, duty or agreement on behalf of Borrower after the expiration of any cure or grace periods set forth herein. In such event, Borrower shall be obligated, at the request of Administrative Agent, to promptly pay any amount reasonably expended by Administrative Agent in such performance or attempted performance to Administrative Agent, together with interest

thereon at the highest rate of interest in effect upon the occurrence of an Event of Default as specified in Subsection 1.2(E) from the date of such expenditure until paid. Notwithstanding the foregoing, it is expressly agreed that Administrative Agent shall not have any liability or responsibility for the performance of any obligation of Borrower under this Agreement or any other Loan Document.

6.7 Set Off and Sharing of Payments. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, during the continuance of any Event of Default, each Lender is hereby authorized by Borrower at any time or from time to time, with reasonably prompt subsequent notice to Borrower or any of its Subsidiaries (any prior or contemporaneous notice being hereby expressly waived) to set off and to appropriate and to apply any and all (A) balances held by such Lender at any of its offices for the account of Borrower or any of its Subsidiaries (regardless of whether such balances are then due to Borrower), and (B) except as provided in Subsection 8.2(J), other property at any time held or owing by such Lender to or for the credit or for the account of Borrower or any of its Subsidiaries, against and on account of any of the Obligations; provided, that no Lender shall exercise any such right without the prior written consent of Administrative Agent. Any Lender exercising a right to set off shall, to the extent the amount of any such set off exceeds its Pro Rata Share of the amount set off, purchase for cash (and the other Lenders shall sell) interests in each such other Lender's Pro Rata Share of the Obligations as would be necessary to cause such Lender to share such excess with each other Lender in accordance with their respective Pro Rata Shares. Borrower agrees, to the fullest extent permitted by law, that any Lender may exercise its right to set off with respect to amounts in excess of its Pro Rata Share of the Obligations and upon doing so shall deliver such excess to Administrative Agent for the benefit of all Lenders in accordance with their Pro Rata Shares; provided, that CoBank may exercise its rights against any equity of CoBank held by Borrower without complying with this Subsection 6.7.

6.8 Application of Payments. Subsequent to the acceleration of the Loans pursuant to Subsection 6.3, all payments received by Lenders (or Affiliates of Lenders party to Related Interest Rate Agreements) on the Obligations and on the proceeds from the enforcement of the Obligations shall be applied among Administrative Agent and Lenders (and Affiliates of Lenders party to Related Interest Rate Agreements) as follows: first, to all Administrative Agent's, and Lenders' (and Affiliates of Lenders party to Related Interest Rate Agreements) fees and expenses then due and payable; then to all other expenses then due and payable by Borrower under the Loan Documents; then to all indemnitee obligations then due and payable by Borrower under the Loan Documents; then to all commitment and other fees and commissions then due and payable by Borrower under the Loan Documents; then pro rata to (i) accrued and unpaid interest on the Loans (pro rata) in accordance with all such amounts due on the Loans and (ii) any scheduled payments (excluding termination, unwind and similar payments) due to a Lender or an Affiliate of a Lender on any Related Interest Rate Agreements (pro rata with all such amounts due); then pro rata to (a) the principal amount of the Loans (pro rata among all Loans) and (b) any termination, unwind and similar payments due to a Lender or an Affiliate of a Lender under Related Interest Rate Agreements (pro rata with all such amounts due); and then to any remaining amounts due under the Obligations, in that order (provided, such priority may be changed with the consent of both the Requisite Lenders and the Lenders (and Affiliates of Lenders) party to Related Interest Rate Agreements then outstanding). Any remaining monies not applied as provided in this Subsection 6.8 shall be paid to Borrower or any Person lawfully entitled thereto.

6.9 Adjustments. If any Lender (a “**Benefited Lender**”) shall at any time receive any payment of all or part of its Loans, or interest thereon in a greater proportion than any such payment received by any other Lender (other than pursuant to Subsection 1.12(B)), if any, in respect of such other Lender’s Loans, or interest thereon, such Benefited Lender shall, to the extent permitted by Applicable Law, purchase for cash from the other Lenders such portion of each such other Lender’s Loans as shall be necessary to cause such Benefited Lender to share the excess payment or benefits ratably with each Lender; provided, that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned to the extent of such recovery, but without interest. Borrower agrees that each Lender so purchasing a portion of another Lender’s Loans may exercise all rights of payment (including rights of set-off) with respect to such portion as fully as if such Lender were the direct holder of such portion. This Subsection 6.9 shall not apply to any action taken by CoBank with respect to equity in it held by Borrower.

SECTION 7
CONDITIONS TO LOANS

The obligations of Lenders to make Loans are subject to satisfaction of all of the applicable conditions set forth below.

7.1 Conditions to Initial Loan. The obligations of Lenders on or after the Closing Date to make the initial Loan under either of the Facilities are, in addition to the conditions precedent specified in Subsection 7.2, subject to the satisfaction of each of the following conditions:

(A) Executed Loan Documents. (i) This Agreement, (ii) the Notes, (iii) the Security Agreements, (iv) the Guarantees and (v) all other documents, financing statements and instruments contemplated by such agreements (including, without limitation, landlord waivers and consents), shall have been duly authorized and executed by Borrower, in form and substance satisfactory to Administrative Agent, and Borrower shall have delivered sufficient original counterparts thereof to Administrative Agent for delivery to Lenders.

(B) Control Agreements. Administrative Agent shall have received executed account control agreements with respect to Borrower’s deposit and securities accounts as shall have been specified by Administrative Agent, in form and substance satisfactory to Administrative Agent, from the appropriate depository institutions or other entities holding such deposit accounts.

(C) Closing Certificates; Opinions.

(1) Officer’s Certificate. Administrative Agent shall have received a certificate from the chief executive officer, chief operating officer or chief financial officer of Borrower in form and substance reasonably satisfactory to Administrative Agent, to the effect that, to their knowledge, all representations and warranties of Borrower contained in this Agreement and the other Loan Documents are true, correct and complete; that Borrower is not in violation of any of the covenants contained in this Agreement and the other Loan Documents; that, after giving effect to the transactions contemplated by this Agreement, no Default or Event of Default has occurred and is

continuing; that Borrower has satisfied each of the closing conditions to be satisfied hereby; and that Borrower has filed all required tax returns and owes no delinquent taxes.

(2) Certificates of Secretary. Administrative Agent shall have received a certificate of the secretary or assistant secretary of each of Borrower and Commnet certifying that attached thereto is a true and complete copy of the articles of incorporation of such Person and all amendments thereto, certified as of a recent date by the appropriate Governmental Authority in its jurisdiction of organization; that attached thereto is a true and complete copy of the bylaws or operating agreement of such Person as in effect on the date of such certification; that attached thereto is a true and complete copy of resolutions or consents of members duly adopted by the Board of Directors of such Person authorizing the borrowings, pledges or guaranties contemplated hereunder, the execution, delivery and performance of this Agreement and the other Loan Documents, and the granting of the Security Interest; and as to the incumbency and genuineness of the signature of each officer of such Person executing Loan Documents.

(3) Certificate as to Acquisition. Administrative Agent shall have received a certificate of the chief executive officer, chief operating officer or chief financial officer of Borrower in form and substance reasonably satisfactory to Administrative Agent, to the effect that (i) the Acquisition has been consummated in accordance with the terms and conditions set forth in the Purchase Agreement and (ii) Borrower has delivered to Administrative Agent true and complete copies of the Purchase Agreement and all other documentation related to the Acquisition as Administrative Agent shall reasonably have requested, including, to the extent reasonably requested, reliance letters for any opinion of counsel.

(4) Certificates of Good Standing. Administrative Agent shall have received certificates as of a recent date of the good standing of Borrower and its Subsidiaries under the laws of their respective jurisdictions of organization and such other jurisdictions as are requested by Administrative Agent.

(5) Opinions of Counsel. Administrative Agent shall have received favorable opinions of counsel to Borrower addressed to Administrative Agent and Lenders with respect to Borrower covering such matters as may be reasonably requested by Administrative Agent, including, without limitation, the Loan Documents, the Security Interest, due authorization and other corporate matters and regulatory matters (including the Licenses) and which are reasonably satisfactory in form and substance to Administrative Agent.

(D) Collateral.

(1) Collateral Pledge. Borrower and Commnet shall have effectively and validly pledged and perfected the Collateral contemplated by the Security Documents, including the pledge of all of the capital stock of Borrower in Commnet, Guyana Telephone & Telegraph Company Limited and Choice Communications, LLC.

(2) Filings and Recordings. All filings and recordings (including, without limitation, all mortgages, fixture filings and transmitting utility filings) that are necessary to perfect the Security Interest in the Collateral described in the Security Documents shall have been filed or

recorded in all appropriate locations and Administrative Agent shall have received evidence satisfactory to Administrative Agent that such Security Interest constitutes a valid and perfected first priority Lien therein.

(3) Lien Searches. Borrower shall have delivered to Administrative Agent the results of a Lien search of all filings made against Borrower and its Subsidiaries under the Uniform Commercial Code (and local tax and judgment filing offices) as in effect in any jurisdiction in which any of its respective assets are located, indicating, among other things, that each Borrower's assets and the ownership interests of Borrower are free and clear of any Lien, except for Permitted Encumbrances.

(4) Insurance. Administrative Agent shall have received certificates of insurance and certified copies of insurance policies in the form required under Subsection 2.2 and the Security Documents and otherwise in form and substance reasonably satisfactory to Administrative Agent.

(E) Consents.

(1) Governmental and Third Party Approvals. Borrower shall have delivered to Administrative Agent all material and necessary approvals, authorizations and consents, if any, of all Persons, Governmental Authorities, including the FCC and all applicable PUCs, and courts having jurisdiction with respect to the execution and delivery of the Acquisition, this Agreement, the other Loan Documents, the granting of the Security Interest, and all such approvals shall be in form and substance reasonably satisfactory to Administrative Agent.

(2) Permits and Licenses. Administrative Agent shall have received copies of all material permits and licenses, including the Licenses, required under Applicable Laws for the conduct of Borrower's and its Subsidiaries' businesses.

(3) No Injunction, Etc. No action, proceeding, investigation, regulation or legislation shall have been instituted, threatened or proposed before, nor any adverse ruling received from, any Governmental Authority to enjoin, restrain or prohibit, or to obtain substantial damages in respect of, or which is related to or arises out of this Agreement or the other Loan Documents or the consummation of the transactions contemplated hereby or thereby, or which, as determined by Administrative Agent in its reasonable discretion, would make it inadvisable to consummate the transactions contemplated by this Agreement and such other Loan Documents.

(F) Financial Matters.

(1) Fees, Expenses, Taxes, Etc. There shall have been paid by Borrower to Administrative Agent the fees set forth or referenced in Subsection 1.4 and any other accrued and unpaid fees or commissions due hereunder (including legal fees and expenses), and to any other Person such amount as may be due thereto in connection with the transactions contemplated hereby, including all taxes, fees and other charges in connection with the execution, delivery, recording, filing and registration of any of the Loan Documents.

(2) Equity Contribution to Borrower. Administrative Agent shall have received evidence, in form and substance reasonably satisfactory to Administrative Agent, that Borrower has contributed \$10,000,000 in cash to fund the Acquisition.

(G) Miscellaneous.

(1) Proceedings and Documents. All opinions, certificates and other instruments and all proceedings in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in form and substance to Administrative Agent. Administrative Agent shall have received copies of all other instruments and other evidence as Administrative Agent may request, in form and substance reasonably satisfactory to Administrative Agent, with respect to the transactions contemplated by this Agreement and the taking of all actions in connection therewith.

(2) Litigation, Investigations, Audits, Etc. There shall be no action, suit, proceeding or investigation pending against, or, to the knowledge of Borrower, threatened against Borrower or any of its properties, including the Franchises and the Licenses, in any court or before any arbitrator of any kind or before or by any Governmental Authority (including the FCC), except such as affect the telecommunications industry generally, that could reasonably be expected to have a Material Adverse Effect.

7.2 Conditions to All Loans. The several obligations of Lenders to make Loans, including the initial Loan, and of any Issuing Lender to issue Letters of Credit, on any date (each such date, a “**Funding Date**”) are subject to the further conditions precedent set forth below:

(A) Administrative Agent shall have received, in accordance with the provisions of Subsection 1.3, a Notice of Borrowing requesting an advance of a Loan, or, in accordance with the provisions of Section 1.1(F)(iv), a notice requesting the issuance of a Letter of Credit.

(B) The representations and warranties contained in Section 5 of this Agreement and elsewhere herein and in the Loan Documents shall be (and each request by Borrower for a Loan or the issuance of a Letter of Credit shall constitute a representation and warranty by Borrower that such representations and warranties are) true, correct and complete in all material respects on and as of such Funding Date to the same extent as though made on and as of that date, except for any representation or warranty limited by its terms to a specific date and taking into account any amendments to the Schedules or Exhibits as a result of any disclosures made in writing by Borrower to Administrative Agent after the Amendment Date which disclosures are reasonably acceptable to Administrative Agent.

(C) No event shall have occurred and be continuing or would result from the consummation of the borrowing contemplated that would constitute an Event of Default or a Default.

(D) No order, judgment or decree of any court, arbitrator or Governmental Authority shall purport to enjoin or restrain any Lender from making any Loan or an Issuing Lender from Issuing any Letter of Credit.

(E) Since Closing Date, there shall not have occurred any event or condition that has had or could reasonably be expected to have a Material Adverse Effect.

(F) All Loan Documents shall be in full force and effect.

SECTION 8
ASSIGNMENT AND PARTICIPATION

8.1 Assignments and Participations in Loans and Notes. Each Lender (including CoBank) may assign, subject to the terms of a Lender Addition Agreement, its rights and delegate its obligations under this Agreement to one or more Persons, provided that (a) such Lender shall first obtain the written consent of Administrative Agent and, if no Default or Event of Default shall have occurred and be continuing, Borrower, which consents shall not be unreasonably withheld or delayed; (b) the Pro Rata Share of any of the Loan Commitments being assigned shall in no event be less than of (i) \$5,000,000 and (ii) the entire amount of the Pro Rata Share of a Loan Commitment of the assigning Lender; and (c) upon the consummation of each such assignment, the assigning Lender shall pay Administrative Agent a non-refundable administrative fee of \$3,500; provided, that in connection with an assignment from a Lender to an Affiliate of such Lender or to another Lender, written consent of Administrative Agent and Borrower shall not be required and that in connection with an assignment from a Lender to an Affiliate of such Lender or to another Lender, no administrative fee shall be payable, and assignments by CoBank to institutions chartered under the Farm Credit System shall not require consent of Borrower. From and after the effective date specified in a duly executed, delivered and accepted Lender Addition Agreement, which effective date shall be at least five Business Days after the execution thereof (unless Administrative Agent shall otherwise agree), (A) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Lender Addition Agreement, shall have the rights and obligations of the assigning Lender hereunder with respect thereto and (B) the assigning Lender shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Lender Addition Agreement, relinquish its rights (other than rights under the provisions of this Agreement and the other Loan Documents relating to indemnification or payment of fees, costs and expenses, to the extent such rights relate to the time prior to the effective date of such Lender Addition Agreement) and be released from its obligations under this Agreement other than obligations to the extent relating to the time prior to the effective date of such Lender Addition Agreement (and, in the case of a Lender Addition Agreement covering all or the remaining portion of such assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto). The terms and provisions of each Lender Addition Agreement shall, upon the effectiveness thereof be incorporated into and made a part of this Agreement, and the covenants, agreements and obligations of each Lender set forth therein shall be deemed made to and for the benefit of Administrative Agent and the other parties hereto as if set forth at length herein. Upon its receipt of a duly completed Lender Addition Agreement executed by an assigning Lender and an assignee, and Administrative Agent and Borrower (if required), together with any Note subject to such assignment and the processing fee referred to above (if required), Administrative Agent will accept such Lender Addition Agreement and give notice thereof to Borrower and the other Lenders. In the event of an assignment pursuant to this Subsection 8.1, Borrower shall issue a new Revolver Note(s) or Term Note(s), as applicable, to reflect the interests

of the assigning Lender and the Person to which interests are to be assigned and, upon issuance and delivery by Borrower of such new Note or Notes, the assigning Lender shall surrender its Revolver Note or Term Note, as applicable.

Each Lender (including Administrative Agent) may sell participations in all or any part of its Pro Rata Share of each Loan Commitment and any Loans to one or more Persons; provided that such Lender shall first obtain the prior written consent of Administrative Agent which consent shall not be unreasonably withheld or delayed; and provided, further, that such Lender's obligations under this Agreement shall remain unchanged; Borrower, Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement; all amounts payable by Borrower hereunder shall be determined as if that Lender had not sold such participation; and the holder of any such participation shall not be entitled to require such Lender to take or omit to take any action hereunder except action directly affecting (i) any reduction, modification or forgiveness in the principal amount of, or rate of interest on or fees payable with respect to any Loan; (ii) any extension of the Revolver Expiration Date or the Term Loan Maturity Date, or any change of any scheduled dates fixed for any payment of any of the Obligations; (iii) any consent to the assignment, delegation or other transfer by Borrower of any of its rights and obligations under any Loan Document and (iv) the release of all or substantially all of the Collateral (except if the release of such Collateral is permitted under and effected in accordance with, including any consents and approvals required under, Subsection 8.2(I) or any other Loan Document) or any release of any material guaranty of the Obligations (except to the extent expressly provided thereby). Borrower hereby acknowledges and agrees that any participation will give rise to a direct obligation of Borrower to the participant, and the participant shall for purposes of Subsections 1.11, 1.13, 1.14, 6.7 and 9.1 be considered to be a "Lender," so long as the participant agrees for the benefit of Borrower to comply with such Subsections and Subsection 1.12 as if were a "Lender."

Except as otherwise provided in this Subsection 8.1, no Lender shall, as between Borrower and such Lender, be relieved of any of its obligations hereunder as a result of any sale, assignment, transfer or negotiation of, or granting of a participation in, all or any part of the Loans, the Notes or other Obligations owed to such Lender. Each Lender may furnish any information concerning Borrower and its Subsidiaries in the possession of that Lender from time to time to assignees and participants (including prospective assignees and participants), subject to the provisions of Subsection 9.13.

Nothing in this Agreement shall be construed to prohibit any Lender from pledging or assigning all or any portion of its rights and interest hereunder or under any Note as collateral security for any loan or financing or in connection with any securitization or other similar transaction or to any Federal Reserve Bank as security for borrowings therefrom; provided, that no such pledge or assignment shall release a Lender from any of its obligations hereunder.

Notwithstanding anything contained in this Agreement to the contrary, (i) so long as there is no Event of Default that has continued in excess of four (4) months and Requisite Lenders shall remain capable of making LIBOR Loans, no Person shall become a "Lender" hereunder unless such Person shall also be capable of making LIBOR Loans and (ii) no assignment shall be permitted hereunder which would cause any Applicable Law to be violated (with respect to usury or otherwise).

CoBank reserves the right to assign or sell participations in all or any part of its Pro Rata Share of the Loan Commitment on a non-patronage basis.

8.2 Agent.

(A) Appointment. Each Lender hereby irrevocably appoints and authorizes CoBank, as Administrative Agent and as Arranger; to act as Administrative Agent or Arranger hereunder and under any other Loan Document with such powers as are specifically delegated to Administrative Agent by the terms of this Agreement and any other Loan Document, together with such other powers as are reasonably incidental thereto. Administrative Agent is authorized and empowered to amend, modify or waive any provisions of this Agreement or the other Loan Documents on behalf of Lenders, subject to the requirement that the consent of certain Lenders or all Lenders, as appropriate, be obtained in certain instances as provided in Subsections 8.3 and 9.2. CoBank hereby agrees to act as Administrative Agent on the express conditions contained in this Subsection 8.2. The provisions of this Subsection 8.2 are solely for the benefit of Administrative Agent and Lenders, and Borrower shall have no rights as a third party beneficiary of any of the provisions hereof. In performing its functions and duties under this Agreement, Administrative Agent shall act solely as Administrative Agent or Arranger, as applicable, of Lenders and Administrative Agent shall assume or be deemed to have assumed no obligation toward or relationship of agency or trust with or for Borrower or its respective Affiliates. Administrative Agent may execute any of its duties under this Agreement or any other Loan Document by or through Administrative Agent or attorneys-in-fact and shall not be responsible for the negligence or misconduct of Administrative Agent or attorneys-in-fact that it selects with reasonable care.

(B) Nature of Duties. The duties of Administrative Agent shall be mechanical and administrative in nature. Administrative Agent shall not have by reason of this Agreement a fiduciary relationship in respect of any Lender. Nothing in this Agreement or any of the Loan Documents, express or implied, is intended to or shall be construed to impose upon Administrative Agent any obligations in respect of this Agreement or any of the Loan Documents except as expressly set forth herein or therein. Each Lender expressly acknowledges that none of Administrative Agent nor any of their respective officers, directors, employees, Administrative Agent, attorneys-in-fact or Affiliates have made any representation or warranty to it and that no act by Administrative Agent or any such Person hereafter taken, including any review of the affairs of Borrower, shall be deemed to constitute any representation or warranty by Administrative Agent to any Lender. Each Lender represents to Administrative Agent that (i) it has, independently and without reliance upon Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, properties, financial and other condition and creditworthiness of Borrower and made its own decision to enter into this Agreement and extend credit to Borrower hereunder, and (ii) it will, independently and without reliance upon Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action hereunder and under the other Loan Documents and to make such investigation as it deems necessary to inform itself as to the business, prospects, operations, properties, financial and other condition and creditworthiness of Borrower. Administrative Agent shall have no duty or responsibility, either initially or on a continuing basis, to provide any Lender with any credit or other information with

respect thereto (other than as expressly required herein). If Administrative Agent seeks the consent or approval of any Lenders to the taking or refraining from taking of any action hereunder, then Administrative Agent shall send notice thereof to each Lender. Administrative Agent shall promptly notify each Lender any time that Requisite Lenders have instructed Administrative Agent to act or refrain from acting pursuant hereto.

(C) Rights, Exculpation, Etc. Each of Administrative Agent, their respective Affiliates and any of their or their Affiliates' respective officers, directors, employees, Administrative Agent or attorneys-in-fact shall not be liable to any Lender for any action taken or omitted by them hereunder or under any of the Loan Documents, or in connection herewith or therewith, except that each such entity shall be liable with respect to its own gross negligence, bad faith or willful misconduct. No Agent shall be liable for any apportionment or distribution of payments made by it in good faith and if any such apportionment or distribution is subsequently determined to have been made in error, the sole recourse of any Lender to whom payment was due but not made shall be to recover from other Lenders any payment in excess of the amount to which they are determined to be entitled (and such other Lenders hereby agree to return to such Lender any such erroneous payments received by them). In performing its functions and duties hereunder, Administrative Agent shall exercise the same care which it would in dealing with loans for its own account, but Administrative Agent shall not be responsible to any Lender for any recitals, statements, representations or warranties herein or for the execution, effectiveness, genuineness, validity, enforceability, collectibility or sufficiency of this Agreement or any of the Loan Documents or the transactions contemplated thereby, or for the financial condition of Borrower. Administrative Agent may at any time request instructions from Lenders with respect to any actions or approvals which by the terms of this Agreement or of any of the Loan Documents Administrative Agent is permitted or required to take or to grant, and if such instructions are promptly requested, Administrative Agent shall be absolutely entitled to refrain from taking any action or to withhold any approval and shall not be under any liability whatsoever to any Person for refraining from any action or withholding any approval under any of the Loan Documents (i) if such action or omission would, in the reasonable opinion of Administrative Agent, violate any Applicable Law or any provision of this Agreement or any other Loan Document, or (ii) until it shall have received such instructions from Requisite Lenders or all of Lenders, as applicable. Without limiting the foregoing, no Lender shall have any right of action whatsoever against Administrative Agent as a result of Administrative Agent acting or refraining from acting under this Agreement, the Notes, or any of the other Loan Documents in accordance with the instructions of Requisite Lenders, except in connection with its own gross negligence, bad faith or willful misconduct.

(D) Reliance. Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any written or oral notices, statements, certificates, orders or other documents or any telephone message or other communication (including any writing, telex, telecopy or telegram) believed by it in good faith to be genuine and correct and to have been signed, sent or made by the proper Person, and with respect to all matters pertaining to this Agreement or any of the Loan Documents and its duties hereunder or thereunder, upon advice of counsel selected by it in connection with the preparation, negotiation, execution, delivery, administration, amendment, modification, waiver or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement or any of the other Loan Documents.

(E) Indemnification. Lenders will reimburse and indemnify Administrative Agent and their respective Affiliates and their and their Affiliates' officers, directors, employees, Administrative Agent, and attorneys-in-fact (collectively, "**Representatives**"), on demand (to the extent not actually reimbursed under Subsection 9.1, but without limiting the obligations of Borrower under such Subsection 9.1) for and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including, without limitation, attorneys' fees and expenses), advances or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against Administrative Agent or their respective Representatives (i) in any way relating to or arising out of this Agreement or any of the Loan Documents or any action taken or omitted by Administrative Agent or its Representatives under this Agreement or any of the Loan Documents, and (ii) in connection with the preparation, negotiation, execution, delivery, administration, amendment, modification, waiver or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement or any of the other Loan Documents in proportion to each Lender's Pro Rata Share; provided, that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, advances or disbursements resulting from Administrative Agent's or its Representatives' gross negligence, bad faith or willful misconduct. If any indemnity furnished to Administrative Agent or their respective Representatives for any purpose shall, in the opinion of Administrative Agent, be insufficient or become impaired, Administrative Agent may call for additional indemnity and cease, or not commence, to do the acts indemnified against until such additional indemnity is furnished. The obligations of Lenders under this Subsection 8.2(E) shall survive the payment in full of the Obligations and the termination of this Agreement.

(F) CoBank, Syndication Agent and Documentation Agent Individually. With respect to its obligations under the Loan Commitments, the Loans made by it, and the Notes issued to it, each of CoBank, Syndication Agent, Documentation Agent shall have and may exercise the same rights and powers hereunder and is subject to the same obligations and liabilities as and to the extent set forth herein for any other Lender. The terms "**Lenders**" or "**Requisite Lenders**" or any similar terms shall, unless the context clearly otherwise indicates, include each of CoBank, Syndication Agent and Documentation Agent in its individual capacity as a Lender or as one of the Requisite Lenders. Each of CoBank, Syndication Agent and Documentation Agent may lend money to, and generally engage in any kind of banking, trust or other business with, Borrower as if it were not acting as an Agent pursuant hereto.

(G) Notice of Default. Administrative Agent shall be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Agreement or any of the Loan Documents or the financial condition of Borrower or any of its Subsidiaries, or the existence or possible existence of any Default or Event of Default. Administrative Agent shall be deemed to have knowledge or notice of the occurrence of any Default or Event of Default unless Administrative Agent shall have received written notice from Borrower or a Lender referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default." In the event that an Agent receives such a notice, Administrative Agent will give notice thereof to Lenders as soon as reasonably practicable; provided, that if any such notice has also been furnished to Lenders, Administrative Agent shall have no obligation to notify Lenders with respect thereto. Administrative Agent shall (subject to this Subsection 8.2) take

such action with respect to such Default or Event of Default as shall reasonably be directed by Requisite Lenders; provided, further, that, unless and until Administrative Agent shall have received such directions, Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as they shall deem advisable and in the best interests of Lenders.

(H) Successor Agent.

(1) Resignation. Administrative Agent may resign from the performance of all its agency functions and duties hereunder at any time by giving at least 30 Business Days' prior written notice to Borrower and Lenders. Such resignation shall take effect upon the acceptance by a successor Agent of appointment pursuant to clause (2) below or as otherwise provided below.

(2) Appointment of Successor. Upon any such notice of resignation pursuant to clause (1) above, Requisite Lenders shall (and if no Event of Default or Default shall have occurred and be continuing, upon receipt of Borrower's collective prior consent, which shall not be unreasonably withheld), appoint a successor Agent from among Lenders or another financial institution. If a successor Agent shall not have been so appointed within the 30 Business Day period referred to in Subsection 8(H)(1) above, the retiring Agent, upon notice to Borrower, shall then appoint a successor Agent from among Lenders who shall serve as Agent until such time, if any, as Requisite Lenders, upon receipt of Borrower's collective prior written consent (if required under the first sentence of this paragraph), which shall not be unreasonably withheld, appoint a successor Agent as provided above.

(3) Successor Agent. Upon the acceptance of any appointment as Agent under the Loan Documents by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under the Loan Documents. After any retiring Agent's resignation as Agent under the Loan Documents, the provisions of this Subsection 8.2 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under the Loan Documents.

(I) Collateral Matters.

(1) Release of Collateral. Lenders hereby irrevocably authorize Administrative Agent, at its option and in its discretion, to release any Lien granted to or held by it upon any property covered by the Security Documents (i) upon termination of the Loan Commitments and indefeasible payment and satisfaction of all Obligations (other than contingent indemnification or expense reimbursement Obligations not then due and payable); (ii) constituting property being sold or disposed of in compliance with the provisions of this Agreement if Borrower certifies to Administrative Agent in writing that the sale or disposition is made in compliance with the provisions of this Agreement and the other Loan Documents (and Administrative Agent may rely in good faith conclusively on any such certificate, without further inquiry); or (iii) constituting property leased to Borrower under a lease which has expired or been terminated in a transaction permitted under this Agreement or is about to expire and which has not been, and is not intended by Borrower to be, renewed or extended. In addition, Administrative Agent, with the consent of

Requisite Lenders, may release or compromise any Collateral and the proceeds thereof constituting less than all or substantially all of the Collateral.

(2) Confirmation of Authority; Execution of Releases. Without in any manner limiting Administrative Agent's authority to act without any specific or further authorization or consent by Lenders (as set forth in Subsection 8.2(I)(1)), each Lender agrees to confirm in writing, upon request by Administrative Agent or Borrower, the authority to release any property covered by the Security Documents conferred upon Administrative Agent under clauses (i) through (iii) of the first sentence of Subsection 8.2(I)(1). Upon receipt by Administrative Agent of confirmation from each Lender of its authority to release or compromise any particular item or types of property covered by the Security Documents under Subsection 8.2(I)(1), and upon at least ten Business Days' prior written request by Borrower, Administrative Agent shall (and is hereby irrevocably authorized by Lenders to) execute such documents as may be necessary to evidence the release or compromise of the Liens granted to Administrative Agent, for the benefit of Administrative Agent and Lenders, upon such Collateral, provided that (i) Administrative Agent shall not be required to execute any such document on terms which, in Administrative Agent's opinion, would expose Administrative Agent to liability or create any obligation or entail any consequence other than the release or compromise of such Liens without recourse or warranty, and (ii) such release or compromise shall not in any manner discharge, affect or impair the Obligations or any Liens upon (or obligations of Borrower, in respect of) all interests retained by Borrower in the Collateral, including proceeds of any sale or other disposition of any Collateral, all of which shall continue to constitute part of the property covered by the Security Documents.

(3) Absence of Duty. Administrative Agent shall have no obligation whatsoever to any Lender or any other Person to assure that the property covered by the Security Documents exists or is owned by Borrower, or is cared for, protected or insured or has been encumbered or that the Liens granted to it have been properly or sufficiently or lawfully created, perfected, protected or enforced or are entitled to any particular priority, or to exercise at all or in any particular manner or under any duty of care, disclosure or fidelity, or to continue exercising, any of the rights, authorities and powers granted or available to it in this Agreement or in any other Loan Document, it being understood and agreed that in respect of the property covered by the Security Documents or any act, omission or event related thereto, Administrative Agent may act in any manner it may deem appropriate, in its discretion, given Administrative Agent's own interest in property covered by the Security Documents, as one of Lenders and as Administrative Agent, provided that Administrative Agent shall act in conformance with Subsection 8.2 and exercise the same care which it would in dealing with loans for its own account and shall be liable for its and its Representatives' gross negligence, bad faith or willful misconduct.

(J) Agency for Perfection; Enforcement of Security by Administrative Agent. Administrative Agent and each Lender hereby appoint each other Lender as agent for the purpose of perfecting Administrative Agent's security interest in assets which, in accordance with Article 9 of the Uniform Commercial Code in any applicable jurisdiction, can be perfected only by possession. Should any Lender (other than Administrative Agent) obtain possession of any such Collateral, such Lender shall notify Administrative Agent thereof, and, promptly upon Administrative Agent's request therefor, shall deliver such Collateral to Administrative Agent or in accordance with Administrative Agent's instructions without affecting any Lender's rights of set-off. Each Lender

agrees that it will not have any right individually to enforce or seek to enforce any Security Document or to realize upon any collateral security for the Loans, it being understood and agreed that such rights and remedies may be exercised only by Administrative Agent.

(K) Dissemination of Information. Administrative Agent will use its best efforts (except where otherwise provided herein) to provide Lenders with any information received by Administrative Agent from Borrower which is required to be provided to a Lender hereunder or which is otherwise requested by any Lender, provided that Administrative Agent shall not be liable to Lenders for any failure to do so, except to the extent that such failure is attributable to Administrative Agent's or its Representatives' gross negligence, bad faith or willful misconduct.

8.3 Amendments, Consents and Waivers for Certain Actions.

(A) Except as otherwise provided in this Agreement (including this Subsection 8.3 and Subsection 9.2), any Lender Addition Agreement or any other Loan Document, the consent of Requisite Lenders and Borrower will be required to amend, modify, terminate, or waive any provision of this Agreement or any of the other Loan Documents (other than any Related Interest Rate Agreement, which may only be amended, modified or terminated, or any provision thereof waived, in accordance with the terms thereof and with the consent of Administrative Agent).

(B) In the event Administrative Agent requests the consent of a Lender and does not receive a written consent or denial thereof within ten Business Days after such Lender's receipt of such request, then such Lender will be deemed to have denied the giving of such consent.

8.4 Disbursement of Funds. Administrative Agent shall advise each Lender by telephone or telecopy of the amount of such Lender's Pro Rata Share of any Loan requested by Borrower no later than 11:00 a.m. (Denver, Colorado time) at least two Business Days immediately preceding the Funding Date applicable thereto (in the case of LIBOR Loans), otherwise on the Business Day immediately preceding the Funding Date applicable thereto, and each such Lender shall pay Administrative Agent such Lender's Pro Rata Share of such requested Loan, in same day funds, by wire transfer to Administrative Agent's account by no later than 1:00 p.m. (Denver, Colorado time) on such Funding Date. If any Lender fails to pay the amount of its Pro Rata Share forthwith upon Administrative Agent's demand, Administrative Agent shall promptly notify Borrower, and Administrative Agent shall disburse to Borrower, by wire transfer of immediately available funds, that portion of such Loan as to which Administrative Agent has received funds. In such event, Administrative Agent may, on behalf of any Lender not timely paying Administrative Agent, disburse funds to Borrower for Loans requested, subject to the provisions of Subsection 8.5(B). Each such Lender shall reimburse Administrative Agent on demand for all funds disbursed on its behalf by Administrative Agent. Nothing in this Subsection 8.4 or elsewhere in this Agreement or the other Loan Documents, including the provisions of Subsection 8.5, shall be deemed to require Administrative Agent (or any other Lender) to advance funds on behalf of any Lender or to relieve any Lender from its obligation to fulfill its commitments hereunder or to prejudice any rights that Administrative Agent or Borrower may have against any Lender as a result of any default by such Lender hereunder.

8.5 Disbursements of Advances: Payments.

(A) Pro Rata Treatment: Application. Upon receipt by Administrative Agent of each payment from Borrower hereunder, other than as described in the succeeding sentence, Administrative Agent shall promptly credit each Lender's account with its Pro Rata Share of such payment in accordance with such Lender's Pro Rata Share and shall promptly wire advice of the amount of such credit to each Lender. Each payment to Administrative Agent of its fees shall be made in like manner, but for the account of Administrative Agent.

(B) Availability of Lender's Pro Rata Share.

(1) Unless Administrative Agent has been notified by a Lender prior to a Funding Date of such Lender's intention not to fund its Pro Rata Share of the Loan amount requested by Borrower, and Administrative Agent has given notice pursuant to Subsection 8.4, Administrative Agent may assume that such Lender will make such amount available to Administrative Agent on the Funding Date. If such amount is not, in fact, made available to Administrative Agent by such Lender when due, and Administrative Agent disburses funds to Borrower on behalf of such Lender, Administrative Agent will be entitled to recover such amount on demand from Borrower, without set-off, counterclaim or deduction of any kind, with interest thereon at the rate per annum then applicable to such Loan.

(2) Nothing contained in this Subsection 8.5(B) will be deemed to relieve a Lender of its obligation to fulfill its commitments or to prejudice any rights Administrative Agent or Borrower may have against such Lender as a result of a default by such Lender under this Agreement.

(3) Without limiting the generality of the foregoing, each Lender shall be obligated to fund its Pro Rata Share of any Revolving Loan made after any Event of Default or acceleration of the Obligations with respect to any draw on a Letter of Credit.

(C) Return of Payments.

(1) If Administrative Agent pays an amount to a Lender under this Agreement in the belief or expectation that a related payment has been or will be received by Administrative Agent from Borrower and such related payment is not received by Administrative Agent, then Administrative Agent will be entitled to recover such amount from such Lender without set-off, counterclaim or deduction of any kind.

(2) If Administrative Agent determines at any time that any amount received by Administrative Agent under this Agreement must be returned to Borrower or paid to any other Person pursuant to any solvency law or otherwise, then, notwithstanding any other term or condition of this Agreement, Administrative Agent will not be required to distribute any portion thereof to any Lender. In addition, each Lender will repay to Administrative Agent on demand any portion of such amount that Administrative Agent has distributed to such Lender, together with interest at such rate, if any, as Administrative Agent is required to pay to Borrower or such other Person, without set-off, counterclaim or deduction of any kind.

SECTION 9
MISCELLANEOUS

9.1 Indemnities. Borrower agrees to indemnify, pay, and hold Administrative Agent and each Lender and their respective Affiliates and the respective officers, directors, employees, Administrative Agent, and attorneys of Administrative Agent, Lender and their respective Affiliates (the “**Indemnitees**”) harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits and claims of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against the Indemnitee as a result of Administrative Agent and each Lender being a party to this Agreement or otherwise in connection with this Agreement, any of the other Loan Documents or any of the transactions contemplated hereby or thereby; provided, that Borrower shall have no obligation to an Indemnitee hereunder with respect to liabilities arising from the gross negligence or willful misconduct of that Indemnitee, in each such case as determined by a final non appealable judgment of a court of competent jurisdiction. This Subsection 9.1 and all indemnification provisions contained within any other Loan Document shall survive the termination of this Agreement.

9.2 Amendments and Waivers. Except as otherwise provided herein, no amendment, modification, termination or waiver of any provision of this Agreement, the Notes or any of the other Loan Documents (other than any Related Interest Rate Agreement, which may only be amended, modified or terminated, or any provision thereof waived, in accordance with the terms thereof), or consent to any departure by Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by Borrower and Requisite Lenders (or Administrative Agent, if expressly set forth herein, in any Note or in any other Loan Document); provided, that, notwithstanding any other provision of this Agreement to the contrary and except, with respect to an assignee or assignor hereunder, to the extent permitted by any applicable Lender Addition Agreement, no amendment, modification, termination or waiver shall, unless in writing and signed by all Lenders, do any of the following: (i) increase any Lender’s Pro Rata Share of any Loan Commitment or change a pro rata payment of any Lender; (ii) reduce the principal of, rate of interest on or fees payable with respect to any Loan (other than indirectly by reason of an amendment to a defined terms); (iii) extend the Revolver Expiration Date or the Term Loan Maturity Date or extend any other scheduled date on which any Obligation is to be paid (other than the date of any prepayment); (iv) change the percentage of Lenders which shall be required for Lenders or any of them to take any action hereunder; (v) release or subordinate Administrative Agent’s Lien on all or substantially all of the Collateral (except if the release or subordination of such Collateral is permitted under and effected in accordance with this Agreement or any other Loan Document) or any material guaranty of the Obligations (except to the extent expressly contemplated thereby); (vi) amend or waive this Subsection 9.2 or the definitions of the terms used in this Subsection 9.2 insofar as the definitions affect the substance of this Subsection 9.2; or (vii) consent to the assignment, delegation or other transfer by Borrower of any of its rights and obligations under any Loan Document; and provided, further, that no amendment, modification, termination or waiver affecting the rights or duties of Administrative Agent under any Loan Document shall in any event be effective, unless in writing and signed by Administrative Agent, in addition to Lenders required hereinabove to take such action. Each amendment, modification, termination or waiver shall be effective only in the specific instance and for the specific purpose for which it was given. No amendment, modification, termination or waiver shall be required for Administrative Agent to take additional Collateral pursuant to any Loan

Document. No notice to or demand on Borrower or any other Person in any case shall entitle Borrower or such Person to any other or further notice or demand in similar or other circumstances. Any amendment, modification, termination, waiver or consent effected in accordance with this Subsection 9.2 shall be binding upon each holder of the Notes at the time outstanding, each future holder of the Notes, and, if signed by Borrower, upon Borrower.

9.3 Notices. Any required notice or other communication shall be in writing addressed to the respective party as set forth below and may be personally delivered, telecopied, sent by overnight courier service or U.S. mail and shall be deemed to have been given: (i) if delivered in person, when delivered; (ii) if delivered by telecopy, on the date of transmission if transmitted on a Business Day before 2:00 p.m. (Denver, Colorado time) and otherwise on the Business Day next succeeding the date of transmission; (c) if delivered by overnight courier, two Business Days after delivery to the courier properly addressed; or (d) if delivered by U.S. mail, four Business Days after deposit with postage prepaid and proper address.

Notices shall be addressed as follows:

If to Borrower: Atlantic Tele-Network, Inc.
10 Derby Square
Salem, MA 01970
Attn: Michael Prior
Fax No.: 978-744-3951

With a copy to: Edwards Angell Palmer & Dodge LLP
111 Huntington Avenue
Boston, MA 02199
Attn: Leonard Q. Slap
Fax No.: 617.227.4420

If to a Lender or Administrative Agent: To the address set forth on the signature page hereto or in the applicable Lender Addition Agreement

9.4 Failure or Indulgence Not Waiver; Remedies Cumulative. No failure or delay on the part of Administrative Agent or any Lender to exercise, nor any partial exercise of, any power, right or privilege hereunder or under any other Loan Documents shall impair such power, right, or privilege or be construed to be a waiver of any Default or Event of Default. All rights and remedies existing hereunder or under any other Loan Document are cumulative to and not exclusive of any rights or remedies otherwise available.

9.5 Marshaling; Payments Set Aside. Neither Administrative Agent nor any Lender shall be under any obligation to marshal any assets in payment of any or all of the Obligations. To the extent that Borrower or any other Person makes payment(s) or Administrative Agent enforces its Liens or Administrative Agent or any Lender exercises its right of set-off, and such payment(s) or the proceeds of such enforcement or set-off is subsequently invalidated, declared to be fraudulent or preferential, set aside, or required to be repaid by anyone (whether by demand, litigation, settlement or otherwise), then to the extent of such recovery, the Obligations or part thereof originally intended

to be satisfied, and all Liens, rights and remedies therefor, shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or set-off had not occurred.

9.6 Severability. The invalidity, illegality, or unenforceability in any jurisdiction of any provision under the Loan Documents shall not affect or impair the remaining provisions in the Loan Documents or any such invalid, unenforceable or illegal provision in any jurisdiction in which it is not invalid, unenforceable or illegal.

9.7 Lenders' Obligations Several; Independent Nature of Lenders' Rights. The obligation of each Lender hereunder is several and not joint and no Lender shall be responsible for the obligation or commitment of any other Lender hereunder. In the event that any Lender at any time should fail to make a Loan as herein provided, Lenders, or any of them, at their sole option, may make the Loan that was to have been made by the Lender so failing to make such Loan. Nothing contained in any Loan Document and no action taken by Administrative Agent or any Lender pursuant hereto or thereto shall be deemed to constitute Lenders to be a partnership, an association, a joint venture or any other kind of entity. The amounts payable at any time hereunder to each Lender shall be a separate and independent debt.

9.8 Headings. Section and Subsection headings are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purposes or be given substantive effect.

9.9 Applicable Law. THIS AGREEMENT SHALL BE GOVERNED BY AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF COLORADO, WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES THAT REQUIRE OR PERMIT APPLICATION OF THE LAWS OF ANY OTHER STATE OR JURISDICTION.

9.10 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, except that Borrower may not assign its rights or obligations hereunder without the written consent of all Lenders.

9.11 No Fiduciary Relationship. No provision in the Loan Documents and no course of dealing between the parties shall be deemed to create any fiduciary duty owing to Borrower or its Subsidiaries or Affiliates by Administrative Agent or any Lender.

9.12 Construction. Administrative Agent, each Lender and Borrower acknowledge that each of them has had the benefit of legal counsel of its own choice and has been afforded an opportunity to review the Loan Documents with its legal counsel and that the Loan Documents shall be constructed as if jointly drafted by Administrative Agent, each Lender and Borrower.

9.13 Confidentiality. Administrative Agent and Lenders agree to hold any confidential information sufficiently identified as being confidential or proprietary that they may receive from Borrower and its Subsidiaries pursuant to this Agreement in confidence, except for disclosure: (i) on

a confidential basis to directors, officers, employees, Administrative Agent or legal counsel, independent public accountants and other professional advisors of Administrative Agent or Lenders or their respective Affiliates; (ii) to regulatory officials having jurisdiction over Administrative Agent or Lenders or their Affiliates; (iii) as required by Applicable Law or legal process; or (iv) in connection with any legal proceeding between or among Administrative Agent or Lenders or their Affiliates and Borrower or its Subsidiaries or Affiliates (provided that, in the event Administrative Agent or Lenders or their Affiliates are so required to disclose such confidential information pursuant to clause (iii) of this Subsection 9.13, Administrative Agent or Lenders shall promptly notify Borrower (unless legally prohibited from so doing), so that Borrower or any of its Subsidiaries may seek, at its sole cost and expense, a protective order or other appropriate remedy); and (v) to another Person in connection with a disposition or proposed disposition to that Person of all or part of that Lender's interests hereunder or a participation interest in its Pro Rata Share, provided that such disclosure is made subject to an appropriate confidentiality agreement on terms substantially similar to this Subsection 9.13. For purposes of the foregoing, "confidential information" shall mean all information respecting Borrower or its Affiliates or Subsidiaries, other than (A) information previously filed by Borrower or its Affiliates or Subsidiaries with any Governmental Authority and available to the public or otherwise made available to third parties on a non-confidential basis, (B) information previously published in any public medium from a source other than, directly or indirectly, Administrative Agent or Lenders in violation of this Subsection 9.13 and (C) information obtained by Administrative Agent or Lenders from a source independent of Borrower or its Subsidiaries.

9.14 Consent to Jurisdiction and Service of Process.

(A) BORROWER, ADMINISTRATIVE AGENT AND LENDERS HEREBY IRREVOCABLY SUBMIT TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL COURT OR STATE COURT IN THE STATE OF COLORADO, HAVING SUBJECT MATTER JURISDICTION OVER ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENTS. BORROWER, ADMINISTRATIVE AGENT AND LENDERS HEREBY IRREVOCABLY AGREE THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT, PERSONAL JURISDICTION OF ANY SUCH COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF ANY PARTY HERETO TO BRING PROCEEDINGS AGAINST ANY OTHER PARTY HERETO IN THE COURTS OF ANY OTHER JURISDICTION.

(B) BORROWER, ADMINISTRATIVE AGENT AND LENDERS HEREBY AGREE THAT SERVICE OF THE SUMMONS AND COMPLAINT AND ALL OTHER PROCESS WHICH MAY BE SERVED IN ANY SUCH SUIT, ACTION OR PROCEEDING MAY BE EFFECTED BY MAILING BY REGISTERED MAIL, RETURN RECEIPT REQUESTED, A COPY OF SUCH PROCESS TO BORROWER, ADMINISTRATIVE AGENT OR LENDERS AT THE ADDRESS TO WHICH NOTICES TO BORROWER, ADMINISTRATIVE AGENT AND LENDERS ARE THEN TO BE SENT PURSUANT TO SUBSECTION 9.3 AND THAT PERSONAL SERVICE OF PROCESS SHALL NOT BE REQUIRED. NOTHING HEREIN

SHALL BE CONSTRUED TO PROHIBIT SERVICE OF PROCESS BY ANY OTHER METHOD PERMITTED BY LAW.

9.15 Waiver of Jury Trial. BORROWER, ADMINISTRATIVE AGENT AND LENDERS HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, ANY OF THE OTHER LOAN DOCUMENTS, OR ANY DEALINGS BETWEEN OR AMONG THEM RELATING TO THE SUBJECT MATTER OF THIS LOAN TRANSACTION AND ANY RELATIONSHIP THAT IS BEING ESTABLISHED AMONG ANY OF THEM. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. BORROWER, ADMINISTRATIVE AGENT AND LENDERS ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THE WAIVER IN ENTERING INTO THIS AGREEMENT AND THAT EACH WILL CONTINUE TO RELY ON THE WAIVER IN THEIR RELATED FUTURE DEALINGS. BORROWER, ADMINISTRATIVE AGENT AND LENDERS FURTHER WARRANT AND REPRESENT THAT EACH HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THE WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THE LOAN DOCUMENTS, OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THE LOANS. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT. BORROWER, ADMINISTRATIVE AGENT AND LENDERS ALSO WAIVE ANY BOND OR SURETY OR SECURITY UPON SUCH BOND WHICH MIGHT, BUT FOR THIS WAIVER, BE REQUIRED OF ADMINISTRATIVE AGENT AND EACH LENDER.

9.16 Survival of Warranties and Certain Agreements. All agreements, representations and warranties made herein shall survive the execution and delivery of this Agreement, the making of the Loans, the issuance of the Letters of Credit and the execution and delivery of the Notes. Notwithstanding anything in this Agreement or implied by law to the contrary, the agreements of Borrower set forth in Subsections 1.4(D), 1.11, 1.14, 9.1, 9.9, 9.14 and 9.15 and the agreements of Lenders set forth in Subsection 8.2(E) (together with any other Sections and Subsections stated herein to so survive) shall survive the payment of the Loans and the Letter of Credit Liabilities and the termination of this Agreement.

9.17 Entire Agreement. This Agreement, the Notes and the other Loan Documents referred to herein embody the final, entire agreement among the parties hereto and supersede any and all prior commitments, agreements, representations, understandings, whether oral or written, relating to the subject matter hereof and may not be contradicted or varied by evidence of prior, contemporaneous or subsequent oral agreements or discussions of the parties hereto.

9.18 Counterparts; Effectiveness. This Agreement and any amendments, waivers, consents or supplements may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all of which counterparts together shall constitute but one and the same instrument. This Agreement shall become effective upon the execution of a counterpart hereof by each of the parties hereto.

9.19 Effectiveness of Amendment and Restatement; No Novation The amendment and restatement of the Existing Credit Agreement pursuant to this Agreement shall be effective as of the Amendment Date. All obligations and rights of Borrower, Administrative Agent, Issuing Lender and Lenders arising out of or relating to the period commencing on the Amendment Date shall be governed by the terms and provisions of this Agreement; the obligations of and rights of Borrower, Administrative Agent and Lenders arising out of or relating to the period prior to the Amendment Date shall continue to be governed by the Existing Credit Agreement without giving effect to the amendment and restatements provided for herein. This Agreement shall not constitute a novation or termination of Borrower's obligations under the Existing Credit Agreement or any document, note or agreement executed or delivered in connection therewith, but shall constitute an amendment and restatement of the obligations and covenants of Borrower under such documents, notes and agreements, and Borrower hereby reaffirms all such obligations and covenants, as amended and restated hereby.

9.20 Patriot Act. The Lenders notify Borrower and its Subsidiaries that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act"), they are required to obtain, verify and record information that identifies each of Borrower and its Subsidiaries, which information includes the name and address of such entity and other information that will allow the Lenders to identify such in accordance with the Patriot Act. Each of Borrower and its Subsidiaries shall provide to the extent commercially reasonable, such information and take such other actions as are reasonably requested by the Lenders in order to assist the Lenders in maintaining compliance with the Patriot Act.

SECTION 10 DEFINITIONS

10.1 Certain Defined Terms. The terms defined below are used in this Agreement as so defined. Terms defined in the preamble and recitals to this Agreement are used in this Agreement as so defined.

"**Acquisition**" means Borrower's acquisition of 95% of the membership interests of Commnet, dated as of the Closing Date, as contemplated in the Asset Purchase Agreement.

"**Act**" means the Securities Exchange Act of 1934, as amended.

“**Adjustment Date**” means each date which is the fifth Business Day after the receipt by Administrative Agent of each Compliance Certificate and related quarterly financial statements delivered by Borrower pursuant to Subsection 4.5(C) and, in the case a decrease in an applicable margin is warranted, a written notice from Borrower to decrease such margin.

“**Administrative Agent**” means CoBank in its capacity as Administrative Agent for Lenders under this Agreement and each of the other Loan Documents and any successor in such capacity appointed pursuant to Subsection 8.2.

“**Affiliate**” means, (A) with respect to Borrower or any of its Subsidiaries, any Person: (i) directly or indirectly controlling, controlled by, or under common control with such Person; (ii) directly or indirectly owning or holding 10% or more of any equity interest in Borrower or any Subsidiary of Borrower; or (iii) 10% or more of whose voting stock or other equity interest is directly or indirectly owned or held by Borrower or any Subsidiary of Borrower, excluding for purposes of this clause (A) Affiliates which are also Borrower, (B) with respect to Administrative Agent and Lenders hereunder, any Person which controls or is controlled by or is under common control with such Person and (C) with respect to Affiliates of Administrative Agent, any Person which controls or is controlled by or is under common control with such Person. For purposes of this definition, “control” (including with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”) means the possession directly or indirectly of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities or by contract or otherwise.

“**Agreement**” means this Credit Agreement (including all schedules and exhibits hereto), as amended, modified, supplemented, extended and restated from time to time as permitted herein.

“**Applicable Law**” means, in respect of any Person, all provisions of constitutions, statutes, rules, regulations and orders of governmental bodies or regulatory agencies applicable to such Person, including the Licenses, the Communications Act and all Environmental Laws, and all orders, decisions, judgments and decrees of all courts and arbitrators in proceedings or actions to which the Person in question is a party or by which it is bound.

“**Arranger**” means CoBank in its capacity as Arranger for Lenders under this Agreement and each of the other Loan Documents and any successor in such capacity appointed pursuant to Subsection 8.2.

“**Asset Disposition**” means the disposition, whether by sale, lease, transfer, loss, damage, destruction, condemnation or otherwise, by Borrower or any of its Subsidiaries of any of the following: (i) any of the capital stock or the ownership interests of Borrower or any of their Subsidiaries, or (ii) any or all of Borrower’s or any of its Subsidiaries’ assets, other than (a) bona fide sales of inventory to customers in the ordinary course of business, (b) dispositions of obsolete equipment not used or useful in the business of Borrower or any of its Subsidiaries, (c) sales of Cash Equivalents for fair value and (d) the sale of Commnet’s 36.625% interest in Commnet Florida, LLC.

“**Available Revolver Loan Commitment**” means, at any time, the Revolver Loan Commitment, as it may have been reduced pursuant to this Agreement, minus the sum of (i)

aggregate principal balance of all Revolver Loans plus (ii) the aggregate Letter of Credit Liability then outstanding hereunder.

“**Bankruptcy Code**” means Title 11 of the United States Code entitled “Bankruptcy,” as amended from time to time, or any applicable bankruptcy, insolvency or other similar federal or state law now or hereafter in effect and all rules and regulations promulgated thereunder.

“**Base Rate**” means, a variable rate of interest per annum equal, on any day, to the rate of interest published on such day in the Eastern Edition of *The Wall Street Journal* as the average prime lending rate for 75 percent of the United States’ 30 largest commercial banks, or if the Eastern Edition of *The Wall Street Journal* or such rate is not published on such day, such rate as last published in the Eastern Edition of *The Wall Street Journal*. In the event the Eastern Edition of *The Wall Street Journal* ceases to publish such rate or an equivalent, the term “Prime Rate” shall be determined by reference to such other regularly published prime rate based upon any averaging of such 30 banks, as Administrative Agent shall determine, or if no such published average prime rate is available, then the term “Prime Rate” shall mean a variable rate of interest per annum as determined by Administrative Agent equal to the highest of the “prime rate,” “reference rate,” “base rate” or other similar rate announced from time to time by any of Bankers Trust Company and Citibank as selected by Administrative Agent (with the understanding that any such rate may merely be a reference rate and may not necessarily represent the lowest or best rate actually charged to any customer by such bank). Any change in the “Prime Rate” shall be automatic, without the necessity of notice being provided to Borrower or any other party.

“**Base Rate Margin**” means the applicable percent per annum determined in accordance with Subsection 1.2(B).

“**BDC**” means Bermuda Digital Communications, LTD., a Bermuda entity.

“**Borrower Pledged Cash**” means deposits in the name of Borrower (and not of its Subsidiaries) of the Borrower’s funds located in commercial banks in the United States and in deposit accounts of which the Administrative Agent has “control” (as defined in Article 9 of the Uniform Commercial Code in effect in the State of Colorado, as amended from time to time).

“**Business Day**” means (i) for all purposes other than as covered by clause (ii) below, any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the States of Colorado, Georgia or Massachusetts or is a day on which banking institutions located in such jurisdictions are closed or which the Federal Reserve Banks are closed, and (ii) with respect to all notices, determinations, fundings and payments in connection with LIBOR Loans, any day that is a Business Day described in clause (i) above and that is also a day for trading by and between banks in U.S. dollar deposits in the applicable interbank LIBOR market.

“**Calculation Period**” means each period commencing on each Adjustment Date and ending on the day preceding each subsequent Adjustment Date.

“**Capital Lease**” means any lease of real or personal property which is required to be capitalized under GAAP or which is treated as an operating lease under regulations applicable to Borrower and its Subsidiaries but which otherwise would be required to be capitalized under GAAP.

“**Cash Equivalents**” means: (i) marketable direct obligations issued or unconditionally guaranteed by the United States Government or issued by any agency thereof and backed by the full faith and credit of the United States of if not so backed, then having a rating of at least A+ from Standard & Poor’s Rating Service and at least A1 from Moody’s Investors Service, Inc., in each case maturing within two years from the date of acquisition thereof; (ii) commercial paper maturing no more than one year from the date issued and, at the time of acquisition, having a rating of at least A-1 from Standard & Poor’s Rating Service or at least P-1 from Moody’s Investors Service, Inc.; (iii) certificates of deposit or bankers’ acceptances maturing within one year from the date of issuance thereof issued by, or overnight reverse repurchase agreements from, any commercial bank organized under the laws of the United States of America or any state thereof or the District of Columbia having combined capital and surplus of not less than \$500,000,000; (iv) time deposits maturing no more than 30 days from the date of creation thereof with commercial banks having membership in the Federal Deposit Insurance Corporation in amounts at any one such institution not exceeding the lesser of \$100,000 or the maximum amount of insurance applicable to the aggregate amount of Borrower’s deposits at such institution; and (v) Investments in CoBank, ACB or other Investments satisfactory to Administrative Agent.

“**Change of Control**” means: (i) a report on Schedule 13D shall be filed with the Securities and Exchange Commission pursuant to Section 13(d) of the Act disclosing that any person other than Borrower or any employee benefit plan sponsored by Borrower, is the beneficial owner (as the term is defined in Rule 13d-3 under the Act) directly or indirectly, of 30% or more of the total voting power represented by Borrower’s then outstanding voting securities (calculated as provided in paragraph (d) of Rule 13d-3 under the Act in the case of rights to acquire voting securities); or (ii) any person, other than Borrower or any employee benefit plan sponsored by Borrower, shall purchase shares pursuant to a tender offer or exchange offer to acquire any voting securities of Borrower (or securities convertible into such voting securities) for cash, securities or any other consideration, provided that after consummation of the offer, the person in question is the beneficial owner directly or indirectly, of thirty percent or more of the total voting power represented by Borrower’s then outstanding voting securities (all as calculated under clause (i)); or (iii) the occurrence of (A) any consolidation or merger of Borrower in which Borrower is not the continuing or surviving corporation (other than a merger of Borrower in which holders of common shares of Borrower immediately prior to the merger have the same proportionate ownership of common shares of the surviving corporation immediately after the merger as immediately before or a merger effected pursuant to Section 251(g) of the Delaware General Corporation Law), or pursuant to which common Shares of Borrower will be converted into cash, securities or other property, or (B) any sale, lease exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets of Borrower; or (iv) there shall have been a change in the composition of the Board of Directors of Borrower at any time during any consecutive twenty-four month period such that “continuing directors” cease for any reason to constitute at least a 70% majority of the Board. For purposes of this clause, “continuing directors” means those members of the Board who either were directors at the beginning of such consecutive twenty-four month period or were elected by or on the nomination or recommendation of at least a 70% majority of the then-existing

“continuing directors.” Notwithstanding the foregoing, no “Change of Control” shall have occurred or be deemed to be continuing, during such time as Cornelius B. Prior, Jr., his spouse or his lineal descendants, directly or in trust for their benefit, shall have voting control of (a) 50% or more of the outstanding shares entitled to vote, or (b) 35% or more of the outstanding shares entitled to vote at a time when no other shareholders described above owns in the aggregate 35% or more of the outstanding shares entitled to vote.

“**Closing Date**” means September 15, 2005.

“**Collateral**” means, collectively: (i) all “Collateral” as defined in the Security Documents; (ii) all real property and interests in real property mortgaged pursuant to the Security Documents; and (iii) any property or interest provided in addition to or in substitution for any of the foregoing.

“**Collateral Contract Assignments**” means, collectively, all collateral assignments of Material Contracts, in form and content approved by Administrative Agent, executed by Borrower or any of its Subsidiaries in favor of Administrative Agent, for the benefit of itself and Lenders, as required pursuant to Subsection 2.8, as amended, modified, supplemented, extended and restated from time to time.

“**Commnet Leverage Ratio**” means, as of the date of calculation derived by dividing (a) the result of (i) Indebtedness of Borrower (calculated on a consolidated basis for Borrower and its Subsidiaries) minus (ii) the amount of Borrowers Pledged Cash, each as of the date of calculation by (b) EBITDA for Commnet (calculated on a consolidated basis for Commnet and its Subsidiaries) for the then most recently completed four fiscal quarters.

“**Commnet Operating Agreement**” means the Third Amended and Restated Operating Agreement of Commnet, dated as of the Closing Date, as it may be amended, modified, supplemented, extended and restated from time to time.

“**Communications Act**” means the Communications Act of 1934, as amended and any similar or successor federal statute, and the rules and regulations of the FCC thereunder, all as the same may be in effect from time to time.

“**Communications System**” means a system or business providing voice, data or video transport, connection or monitoring services, through any means or medium, and the provision of management, technical and financial (including call rating) or other services to companies providing such transport, connection or monitoring services.

“**Contingent Obligation**,” as applied to any Person, means any direct or indirect liability of that Person: (i) with respect to any indebtedness, lease, dividend or other obligation of another Person if the primary purpose or intent of the Person incurring such liability, or the primary effect thereof, is to provide assurance to the obligee of such liability that such liability will be paid, performed or discharged, or that the holders of such liability will be protected (in whole or in part) against loss with respect thereto; (ii) with respect to any letter of credit issued for the account of that Person or as to which that Person is otherwise liable for reimbursement of drawings; or (iii) under any foreign exchange contract, currency swap agreement, interest rate swap agreement or other

similar agreement or arrangement designed to alter the risks of that Person arising from fluctuations in currency values or interest rates. Contingent Obligations shall also include (a) the direct or indirect guaranty, endorsement (other than for collection or deposit in the ordinary course of business), co-making, discounting with recourse or sale with recourse by such Person of the obligation of another, (b) the obligation to make take-or-pay or similar payments if required regardless of nonperformance by any other party or parties to an agreement, and (c) any liability of such Person for the obligations of another through any agreement to purchase, repurchase or otherwise acquire such obligation or any property constituting security therefor, to provide funds for the payment or discharge of such obligation or to maintain the solvency, financial condition or any balance sheet item or level of income of another. The amount of any Contingent Obligation shall be equal to the amount of the obligation so guaranteed or otherwise supported or, if not a fixed and determined amount, the maximum amount so guaranteed.

“**Debt Service**” means, for the applicable period, the sum of: (a) all principal payments scheduled to be made on Indebtedness (or scheduled reductions in commitments on lines of credit to the extent such reductions would cause the repayment of principal amounts then outstanding under such lines), excluding reimbursement of draws on Letters of Credit, plus (b) Interest Expense.

“**Debt Service Coverage Ratio**” means, as of the date of calculation, the ratio derived by dividing (a) EBITDA by (b) Debt Service, each for the then most recently completed four fiscal quarters.

“**Default**” means a condition or event that, after notice or lapse of time or both, would constitute an Event of Default if that condition or event were not cured or removed within any applicable grace or cure period.

“**EBITDA**” means (i) the result of (1) sum of (a) net income or deficit, as the case may be, excluding gains or losses on the sale of assets and extraordinary (non-recurring, one-time) gains and losses, (b) total interest expense (including non-cash interest), (c) depreciation and amortization expense, and (d) income taxes, minus (2) to the extent included in calculating net income or deficit, the sum of (a) interest income, (b) dividends and patronage income and (c) equity in earnings from unconsolidated subsidiaries and joint ventures, and (ii) will be measured for the then most recently completed four fiscal quarters, adjusted to give effect to any acquisition, sale or other disposition, directly or through a subsidiary, of any business (or any portion thereof) during the period of calculation as if such acquisition, sale or other disposition occurred on the first day of such period of calculation.

“**Environmental Laws**” means all applicable federal, state or local laws, statutes, rules, regulations or ordinances, codes, common law, consent agreements, orders, decrees, judgments or injunctions issued, promulgated, approved or entered thereunder relating to public health, safety or the pollution or protection of the environment, including those relating to releases, discharges, emissions, spills, leaching, or disposals of hazardous substances (including petroleum, crude oil or any fraction or derivative thereof, or other hydrocarbons) to air, water, land or ground water, to the withdrawal or use of ground water, to the use, handling or disposal of polychlorinated biphenyls, asbestos or urea formaldehyde, to the treatment, storage, disposal or management of hazardous substances (including petroleum, crude oil or any fraction or derivative thereof, or other

hydrocarbons), pollutants or contaminants, to exposure to toxic, hazardous or other controlled, prohibited, or regulated substances, including, without limitation, any such provisions under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. §§ 9601 et seq.), and the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C. § 6901 et seq.).

“**Equity**” means the result of consolidated total assets minus consolidated total liabilities.

“**Equity to Assets Ratio**” means the ratio derived by dividing (i) Equity by (ii) consolidated total assets.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended from time to time.

“**ERISA Affiliate**” means any trade or business (whether or not incorporated) which is a member of a controlled group or under common control with Borrower within the meaning of Section 414(b) or (c) of the IRC (and Sections 414(m) and (o) of the IRC for purposes of provisions relating to Section 412 of the IRC).

“**ERISA Event**” means, with respect to Borrower, any ERISA Affiliate or any Pension Plan, the occurrence of any of the following: (a) a Reportable Event; (b) a withdrawal by a substantial employer (as defined in Section 4001(a)(12) of ERISA) subject to Section 4063 of ERISA; (c) a cessation of operations which is treated as a withdrawal under Section 4062(e) of ERISA; (d) a complete or partial withdrawal under Section 4203 or 4205 of ERISA from a Multi-employer Plan; (e) a notification that a Multi-employer Plan is in reorganization under Section 4242 of ERISA; (f) the filing of a notice of intent to terminate a Pension Plan under 4041 of ERISA; (g) the treatment of an amendment of a Pension Plan as a termination under 4041 of ERISA; (h) the termination of a Multi-employer Plan under Section 4041A of ERISA; (i) the commencement of proceedings by the PBGC to terminate a Pension Plan under 4042 of ERISA; (j) an event or condition which could reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, a Pension Plan; or (k) the imposition of any liability under Title IV of ERISA, other than PBGC premiums due but not delinquent under Section 4007 of ERISA.

“**Facility**” or “**Facilities**” means one or more of the Revolver Facility and the Term Loan Facility.

“**FCC**” means the Federal Communications Commission, or any other similar or successor agency of the federal government administering the Communications Act.

“**Franchise**” means any franchise or other authorization, ordinance or regulation permitting the operation of a Communications System granted by any federal, state or local Governmental Authority (including in Guyana).

“**GAAP**” means generally accepted accounting principles as set forth in statements from Auditing Standards No. 69 as amended, entitled “The Meaning of ‘Present Fairly in Conformance

with Generally Accepted Accounting Principles in the Independent Auditors Reports” issued by the Auditing Standards Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board that are applicable to the circumstances as of the date of determination.

“**Governmental Approvals**” means all authorizations, consents, approvals, licenses and exemptions of, registrations and filings with, and reports to, all Governmental Authorities, including all Licenses.

“**Governmental Authority**” means any nation (including Guyana), province, or state or any political subdivision of any of the foregoing, and any government or any Person exercising executive, legislative, regulatory or administrative functions of or pertaining to government, and any corporation or other entity exercising such functions owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing, including the FCC and any PUC.

“**Guaranty**” means a Continuing Guaranty, in form and content approved by Administrative Agent, made a Subsidiary of Borrower in favor of Administrative Agent, for the benefit of itself and the Lenders, as amended, modified, supplemented, extended or restated from time to time.

“**Indebtedness**” as applied to any Person, means without duplication: (i) all indebtedness for borrowed money; (ii) that portion of obligations with respect to Capital Leases or other capitalized agreements that is properly classified as a liability on a balance sheet in conformity with GAAP; (iii) notes payable and drafts accepted representing extensions of credit whether or not representing obligations for borrowed money; (iv) any obligation owed for all or any part of the deferred purchase price of property or services, except trade payables arising in the ordinary course of business and outstanding not more than 90 days after such obligation is due (unless thereafter contested in good faith); (v) all obligations created or arising under any conditional sale or other title retention agreement; (vi) all indebtedness secured by any Lien on any property or asset owned or held by that Person regardless of whether the indebtedness secured thereby shall have been assumed by that Person or is nonrecourse to the credit of that Person, but only to the extent of the fair value of such property or asset; (vii) all obligations of such Person under take-or-pay or similar arrangements or under commodities agreements; (viii) the net termination obligations of such Person under any Interest Rate Agreement, calculated as of any date as if such agreement or arrangement were terminated as of such date; (ix) the maximum amount of all standby letters of credit issued or bankers’ acceptance facilities created for the account of such Person and, without duplication, all drafts drawn thereunder (to the extent unreimbursed); (x) the principal balance outstanding under any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing product; (xi) with respect to the Indebtedness of any partnership or unincorporated joint venture in which such Person is a general partner or joint venturer, the least of (A) such Indebtedness, (B) such Person’s actual liability for such Indebtedness or (C) such Person’s investment in such partnership or joint venture; (xii) obligations with respect to principal under Contingent Obligations for the repayment of money or the deferred purchase price of property, whether or not then due and payable (calculated as the maximum amount of such principal); (xiii) obligations with respect to stated amounts of Letters of Credit; and (xiv) obligations under partnership, organizational or other agreements to fund capital contributions or other equity calls

with respect to any Person or investment, or to redeem, repurchase or otherwise make payments in respect to capital stock or other securities of such Person.

“**Interest Expense**” shall mean, for the applicable period, the aggregate amount of accrued interest on Indebtedness, and net amounts payable under Interest Rate Agreements, whether paid in cash or accrued as a liability.

“**Interest Period**” shall mean any of LIBOR Interest Period or any Quoted Rate Interest Period.

“**Interest Rate Agreement**” means any interest rate swap, hedge, cap, collar or similar agreement or arrangement designed to protect Borrower against fluctuations in interest rates and will also include any arrangement that Lenders, in their sole discretion, may offer to Borrower to fix the interest rate applicable to any portions of the Loans.

“**Investment**” means (i) any direct or indirect purchase or other acquisition by Borrower or any of its Subsidiaries of any beneficial interest in, including stock, partnership interest or other equity securities of, any other Person; and (ii) any direct or indirect loan, advance, transfer, guarantee, assumption of liability or other obligation or liability, or capital contribution by Borrower or any of its Subsidiaries to any other Person, including all indebtedness and accounts receivable from that other Person that are not current assets or did not arise from sales to that other Person in the ordinary course of business. The amount of any Investment shall be the original cost of such Investment plus the cost of all additions thereto, without any adjustments for increases or decreases in value, or write-ups, write-downs or write-offs with respect to such Investment.

“**IRC**” means the Internal Revenue Code of 1986, as amended from time to time, and all rules and regulations promulgated thereunder.

“**Issuing Lender**” means each Person so designated in the introductory paragraph of this Agreement, or any other Lender designated from time to time by Administrative Agent with the approval of the Borrower, in such Lender’s capacity as an issuer of Letters of Credit hereunder.

“**Lender**” or “**Lenders**” means one or more of the banks or other financial institutions identified as Lenders in the first paragraph of this Agreement and their successors and permitted assigns pursuant to Subsection 8.1.

“**Lender Addition Agreement**” means an agreement among Administrative Agent, a Lender and such Lender’s assignee regarding their respective rights and obligations with respect to assignments of the Loans, the Loan Commitment and other interests under this Agreement and the other Loan Documents in the form attached hereto as Exhibit 10.1(A).

“**Letter of Credit Liability**” means, as to each Letter of Credit, all reimbursement obligations of Borrower to the issuer of the Letter of Credit consisting of (a) the amount available to be drawn or which may become available to be drawn; (b) all amounts which have been paid and made available by the Issuing Lender to the extent not reimbursed by Borrower, whether by the making of a Revolver Loan or otherwise; and (c) all accrued and unpaid interest, fees and

expenses with respect thereto. In the case of any Letter of Credit that is issued in a currency other than United States Dollars, the corresponding Letter of Credit Liability shall be determined in United States Dollars based on the currency exchange rate from time to time applicable to the issuer of such Letter of Credit.

“**LIBOR**” means for each applicable Interest Period, a fixed annual rate equal to: (a) the rate of interest determined by Administrative Agent at which deposits in U.S. dollars for the relevant Interest Period are offered based on information presented by the Telerate Service as quoted by the British Bankers Association as of 11:00 a.m. (London time) on the day which is two Business Days prior to the first day of such Interest Period, provided, that in the event British Bankers Association ceases to provide such quotations (as determined by Administrative Agent), then Administrative Agent will notify Borrower and Administrative Agent and Borrower will agree upon a substitute basis for obtaining such quotations, divided by (b) a number equal to 1.0 minus the aggregate (but without duplication) of the rates (expressed as a decimal fraction) of reserve requirements in effect on the day which is two Business Days prior to the beginning of such Interest Period for Eurocurrency funding (currently referred to as “Eurocurrency Liabilities” in Regulation D of such Board) which are required to be maintained by a member bank of the Federal Reserve System (including, without limitation, basic, supplemental, marginal and emergency reserves under any regulations of the Board of Governors of the Federal Reserve System or other Governmental Authority having jurisdiction with respect thereto, as now and from time to time in effect); such rate to be rounded upward to the next whole multiple of 0.01 percent.

“**LIBOR Loans**” means Loans (or portions thereof as permitted hereunder) accruing interest at rates determined by reference to the LIBOR.

“**LIBOR Margin**” means the applicable percent per annum determined in accordance with Subsection 1.2(B).

“**Licenses**” means any material telecommunications or similar license, authorization, waiver, certificate of compliance, franchise, approval or permit, whether for the acquisition, construction or operation of any Telecommunications System, granted or issued by the FCC or any applicable PUC and held or utilized by Borrower or any Subsidiary of Borrower, all of which are listed as of the Closing Date on Schedule 5.13(A).

“**Lien**” means any lien, mortgage, pledge, security interest, charge or encumbrance of any kind, whether voluntary or involuntary (including any conditional sale or other title retention agreement and any lease in the nature thereof), and any agreement to give any lien, mortgage, pledge, security interest, charge or encumbrance.

“**Loan**” or “**Loans**” means an advance or advances under any of the Loan Commitments.

“**Loan Commitment**” or “**Loan Commitments**” means one or more of the Revolver Loan Commitment and the Term Loan Commitment, as any such commitment is reduced from time to time as provided in this Agreement.

“**Loan Documents**” means, collectively, this Agreement, the Revolver Notes, the Term Loan Notes, the Security Documents, any Guaranty, any Related Interest Rate Agreement to which a Lender or an Affiliate of a Lender is a party and all other instruments, documents and agreements executed and delivered concurrently herewith or at any time hereafter to or for the benefit of Administrative Agent or any other Agent or Lender in connection with the Loans and other transactions contemplated by this Agreement, all as amended, modified, supplemented, extended or restated from time to time.

“**Material Adverse Effect**” means (i) a material adverse effect upon the business, operations, properties, assets or condition (financial or otherwise) or prospects of Borrower and its Subsidiaries, taken as a whole, or (ii) the impairment of any Liens in favor of Administrative Agent, of the ability of Borrower and its Subsidiaries, taken as a whole, to perform their obligations under the Loan Documents or of Administrative Agent or any Lender to enforce any Loan Document or collect any of the Obligations. In determining whether any individual event could reasonably be expected to have a Material Adverse Effect, notwithstanding that such event does not of itself have such effect, a Material Adverse Effect shall be deemed to have occurred if the cumulative effect of such event and all other then existing events could reasonably be expected to have a Material Adverse Effect.

“**Material Contracts**” means (a) the Material Contracts listed on Schedule 5.17, (b) any contract or any other agreement, written or oral, of Borrower or any of its Subsidiaries involving monetary liability of or to any such Person in an aggregate amount in excess of \$1,000,000 per annum and (c) any other contract or agreement, written or oral, of Borrower or any of its Subsidiaries the failure to comply with which could reasonably be expected to have a Material Adverse Effect.

“**Multi-employer Plan**” means a Multi-employer plan as defined in Section 4001(a)(3) of ERISA to which Borrower or any ERISA Affiliate makes, is making, made, or was at any time during the current year or the immediately preceding six (6) years obligated to make contributions.

“**Net Proceeds**” means cash proceeds received by Borrower or any Subsidiary of Borrower from any Asset Disposition, debt or equity issuance (including insurance proceeds, awards of condemnation, and payments under notes or other debt securities received in connection with any Asset Disposition), net of (i) the reasonable costs of such sale, lease, transfer, issuance or other disposition (including taxes attributable to such sale, lease, transfer or issuance) and (ii) amounts applied to repayment of permitted Indebtedness (other than the Obligations) secured by a Lien on the asset or property disposed and (iii) for Subsidiaries not wholly owned by Borrower, the percentage equal to the ownership interests of Persons other than Borrower (by way of example, if Borrower owns a Subsidiary 95%, who in turn owns another Subsidiary 80%, and an Asset Disposition occurs at the other Subsidiary, only 76% (95% of 80%) of the proceeds thereof that would otherwise have constituted Net Proceeds will constitute Net Proceeds.

“**Note**” or “**Notes**” means one or more of the Revolver Notes and the Term Notes.

“**Obligations**” means all obligations, liabilities and indebtedness of every nature of Borrower from time to time owed to Administrative Agent or any Lender (or any Affiliate of a Lender party to a Related Interest Rate Agreement) under the Loan Documents, including the principal amount of all debts, claims and indebtedness, accrued and unpaid interest and all fees, costs and expenses, whether

primary, secondary, direct, contingent, fixed or otherwise, heretofore, now or from time to time hereafter owing, due or payable, or any combination thereof, whether before or after the filing of a proceeding under the Bankruptcy Code by or against Borrower.

“**PBGC**” means the Pension Benefit Guaranty Corporation or any Person succeeding to the functions thereof.

“**Pension Plan**” means a pension plan (as defined in Section 3(2) of ERISA) subject to Title IV of ERISA which Borrower or an ERISA Affiliate sponsors, maintains, or to which it makes, is making, or is obligated to make contributions or, in the case of a Multi-employer Plan, has made contributions at any time during the current year or the immediately preceding six plan years.

“**Permitted Encumbrances**” means the following:

- (1) Liens for taxes, assessments or other governmental charges not yet due and payable or Liens for taxes, assessments or other governmental charges due and payable if the same are being diligently contested in good faith and by appropriate proceedings and then only if and to the extent that adequate reserves therefor are maintained on the books of Borrower and its Subsidiaries, as applicable, in accordance with GAAP;
- (2) statutory Liens of landlords, carriers, warehousemen, mechanics, materialmen and other similar liens imposed by law, which are incurred in the ordinary course of business for sums not more than 60 days delinquent or which are being diligently contested in good faith; provided that a reserve or other appropriate provision shall have been made therefor and in any event the aggregate amount of liabilities secured by such Liens is less than \$100,000;
- (3) Liens incurred or deposits made in the ordinary course of business in connection with workers’ compensation, unemployment insurance and other types of social security (other than any Lien imposed by the Employee Retirement Income Security Act of 1974 or any rule or regulation promulgated thereunder), or to secure the performance of tenders, statutory obligations, surety, stay, customs and appeal bonds, bids, leases, government contracts, trade contracts, performance and return of money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money) in the amount and to the extent permitted by Subsection 3.4;
- (4) deposits, in an aggregate amount not to exceed \$100,000, made in the ordinary course of business to secure liability to insurance carriers;
- (5) any attachment or judgment Lien which, individually or when aggregated, does not constitute an Event of Default under Subsection 6.1(I) (whether individually or when aggregated with other such Liens);
- (6) easements, rights of way, restrictions and other similar charges or encumbrances not interfering in any material respect with the ordinary conduct of the business of Borrower or any of its Subsidiaries or materially adversely affecting the value of any Collateral;
- (7) Liens in favor of Administrative Agent, for the benefit of itself and Lenders;

(8) Liens in favor of CoBank as set forth in Subsection 2.6;

(9) Liens securing purchase money security agreements and Capital Leases permitted under Subsection 3.1(C), provided that such Liens do not encumber any property other than the items purchased with the proceeds of such Indebtedness or leased pursuant to such Indebtedness (and the proceeds of such property) and such liens do not secure any amounts other than amounts necessary to purchase or lease such items; and

(10) Lien in favor of US Bancorp Equipment Finance, Inc. securing the Airplane Indebtedness, provided that such Lien does not encumber any property other than the airplane purchased with such Indebtedness.

“**Person**” means and includes natural persons, corporations, limited liability companies, limited partnerships, limited liability partnerships, general partnerships, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts or other organizations, whether or not legal entities, and governments and agencies and political subdivisions thereof and their respective permitted successors and assigns (or in the case of a governmental person, the successor functional equivalent of such Person).

“**Plan**” means an employee benefit plan (as defined in Section 3(3) of ERISA) which Borrower or an ERISA Affiliate sponsors or maintains or to which Borrower or an ERISA Affiliate makes, is making, or is obligated to make contributions and includes any Pension Plan.

“**Pro Rata Share**” means, the percentage obtained by dividing (i) such Lender’s commitment to make Loans under the Loan Commitment, as set forth on the signature page of this Agreement opposite such Lender’s signature or in the most recent Lender Addition Agreement, if any, executed by such Lender, by (ii) the sum of all such commitments of all Lenders to make Loans under the Loan Commitment.

“**PUC**” means any state, provincial or other local regulatory agency or body, including the Guyanan Public Utilities Commission, that exercises jurisdiction over the rates or services or the ownership, construction or operation of any Telecommunications System or over Persons who own, construct or operate a Telecommunications System, in each case by reason of the nature or type of the business subject to regulation and not pursuant to laws and regulations of general applicability to Persons conducting business in any such jurisdiction.

“**Purchase Agreement**” means that Merger Agreement by and among Borrower, Commnet and certain other Persons, dated as of July 26, 2005, pursuant to which Borrower agrees to purchase substantially all of the assets of Commnet.

“**Quoted Rate Loan**” means Loans accruing interest at Quoted Rate.

“**Related Interest Rate Agreement**” means any Interest Rate Agreement, in form and content acceptable to Administrative Agent, entered into by Borrower to hedge the interest rate exposure applicable to any portions of the Loans.

“**Reportable Event**” means any of the events set forth in Section 4043(b) of ERISA or the

regulations thereunder, other than any such event for which the 30 day notice requirement under ERISA has been waived in regulations issued by the PBGC.

“**Requisite Lenders**” means at least two Lenders (to the extent more than one Lender holds any Loan Commitment) who have in the aggregate Pro Rata Shares greater than 50%.

“**Restricted Junior Payment**” means: (i) any dividend or other distribution, direct or indirect, on account of any equity interest in Borrower or any of its Subsidiaries, including any ownership interest and any shares of any class of stock or other equity interest of Borrower or any of its Subsidiaries now or hereafter outstanding, except a dividend payable solely in shares of a class of stock or other equity interest to the holders of that class; (ii) any redemption, repurchase, conversion, exchange, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any equity interest in Borrower or any of its Subsidiaries, including any ownership interest and any shares of any class of stock of Borrower or any of its Subsidiaries now or hereafter outstanding; (iii) any payment or prepayment of interest on, principal of, premium, if any, redemption, conversion, exchange, purchase, retirement, defeasance, sinking fund or similar payment with respect to, any Indebtedness subject to subordination provisions for the benefit of Administrative Agent and Lenders; and (iv) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire any equity interest in Borrower or any of its Subsidiaries, including any ownership interest and shares of any class of stock of Borrower or any of its Subsidiaries now or hereafter outstanding.

“**Revolver Expiration Date**” means the earlier of (i) the acceleration of the Obligations pursuant to Subsection 6.3 or (ii) October 31, 2010.

“**Revolver Facility**” means the revolver loan facility extended to Borrower pursuant to Subsection 1.1(A).

“**Revolver Loan Commitment**” means, initially \$20,000,000, as such amount is reduced from time to time as provided in this Agreement.

“**Revolver Loans**” means an advance or advances under the Revolver Loan Commitment.

“**Revolver Note**” or “**Revolver Notes**” means one or more of the Notes of Borrower substantially in the form of Exhibit 10.1(B), or any combination thereof, and any replacements, reinstatements, renewals or extension of any such notes, in whole or in part.

“**Security Agreement**” means a Pledge and Security Agreement, in form and content approved by Administrative Agent, executed by Borrower or any of its Subsidiaries, in favor of Administrative Agent, for the benefit of itself and Lenders, encumbering personal property of Borrower or such Subsidiary, wherever situated, as it may be amended, modified, supplemented, extended or restated from time to time.

“**Security Documents**” means, collectively, all instruments, documents and agreements executed by or on behalf of Borrower and its Subsidiaries to provide collateral security with respect to the Obligations, including, without limitation, any Security Agreement, any Collateral Contract

Assignments and all instruments, documents and agreements executed pursuant to the terms of the foregoing, in such case, as amended, modified, supplemented, extended and restated from time to time.

“**Security Interest**” means all Liens in favor of Administrative Agent, for the benefit of itself, Syndication Agent, Collateral Agent and Lenders, created hereunder or under any of the Security Documents to secure the Obligations.

“**Subsidiary**” means, with respect to any Person, any corporation, partnership, association or other business entity of which more than 50% of the total voting power of shares of stock (or equivalent ownership or controlling interest) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof.

“**Term Loan**” means the Loan under the Term Loan Commitment.

“**Term Loan Commitment**” means \$50,000,000.

“**Term Loan Facility**” means the term loan credit facility extended to Borrower pursuant to Subsection 1.1(B).

“**Term Loan Maturity Date**” means the earlier of (i) the acceleration of the Obligations pursuant to Subsection 6.3 or (ii) October 31, 2010.

“**Term Loan Note** or “**Term Loan Notes**” means one or more of the notes of Borrower substantially in the form of Exhibit 10.1(C), or any combination thereof, and any replacements, restatements, renewals or extensions of any such notes, in whole or in part.

“**Total Lender Loan Commitment**” means the aggregate commitments of any Lender with respect to the Loan Commitments.

“**Total Leverage Ratio**” means, as of the date of calculation, the ratio derived by dividing (a) Indebtedness by (b) EBITDA for the most recently completed four fiscal quarters.

10.2 Other Definitional Provisions. References to “Sections,” “Subsections,” “Exhibits” and “Schedules” shall be to Sections, Subsections, Exhibits and Schedules, respectively, of this Agreement unless otherwise specifically provided. Any of the terms defined in Subsection 10.1 may, unless the context otherwise requires, be used in the singular or the plural depending on the reference. In this Agreement, “hereof,” “herein,” “hereto,” “hereunder” and the like mean and refer to this Agreement as a whole and not merely to the specific section, paragraph or clause in which the respective word appears; words importing any gender include the other gender; references to “writing” include printing, typing, lithography and other means of reproducing words in a tangible visible form; the words “including,” “includes” and “include” shall be deemed to be followed by the words “without limitation”; references to agreements and other contractual instruments shall be deemed to include subsequent amendments, assignments, and other modifications thereto, but only to the extent such amendments, assignments and other modifications are not prohibited by the terms of

this Agreement or any other Loan Document; references to Persons include their respective permitted successors and assigns or, in the case of governmental Persons, Persons succeeding to the relevant functions of such Persons; and all references to statutes and related regulations shall include any amendments of same and any successor statutes and regulations. All references in the Loan Documents to a Lender party to a Related Interest Rate Agreement shall include any Person that was a Lender (or an Affiliate of a Lender) at the time it entered into such Related Interest Rate Agreement and subsequently ceased to be a Lender.

[Signatures follow on the next page.]

Witness the due execution hereof by the respective duly authorized officers of the undersigned as of the date first written above.

**ATLANTIC TELE-NETWORK, INC.,
as Borrower**

By: _____
Name:
Title:

[Signatures continued on following page]

[Signatures continued from previous page]

Commitment to make Revolver
Loans: \$0

COBANK, ACB, as Administrative
Agent, Arranger, an Issuing Bank and a
Lender

Pro Rata Share of Revolver Loan
Commitment: 0%

Commitment to make the Term
Loan: \$50,000,000

By: _____
John Cole
Vice President

Pro Rata Share of the Term Loan:
100%

Address:

CoBank, ACB
900 Circle 75 Parkway
Suite 1400
Atlanta, Georgia 30339-5946
Attn: Communications and
Energy Banking Group
Fax No.: (770) 618-3202

Total Lender Loan Commitment:
\$50,000,000

Pro Rata Share of the Revolver
Loan Commitment and Term Loan
Commitment: 71.43%

With copy to:

CoBank, ACB
5500 S. Quebec Street
Greenwood Village, CO 80111
Attn: Communications and Energy
Banking Group
Fax No.: (303) 224-2718

[Signatures continued on following page]

[Signatures continued from previous page]

Commitment to make Revolver
Loans: \$20,000,000

**BANCO POPULAR DE PUERTO
RICO**, as an Issuing Lender and a Lender

Pro Rata Share of Revolver Loan
Commitment: 100%

Commitment to make the Term
Loan: \$0

By: _____
Valentino I. McBean
Senior Vice President and Regional
Manager

Pro Rata Share of the Term Loan:
0%

Total Lender Loan Commitment:
\$20,000,000

Address: Banco Popular de Puerto Rico
P.O. Box 8580 Charlotte Amalie
St. Thomas, U.S. Virgin Islands
00801
Attn: Valentino I. McBean
Sr. Vice President &
Regional Manager

Pro Rata Share of the Revolver
Loan Commitment and Term Loan
Commitment: 28.57%

Schedule 3.3(C)

Existing Investments

1. Securities held in Borrower's account with Bear, Stearns & Co. in Boston, MA. These securities include a money market account and various short term (less than one month maturities) commercial paper contracts.
2. Investments in Subsidiaries noted on Schedule 5.19.
3. Investments in Affiliates:

Name of Affiliate	Member/Shareholder	Units Owned	% Owned
Commnet of Delaware, LLC*	Commnet Wireless, LLC		50.00
Commnet of California, LLC*	Commnet Wireless, LLC		50.00
Commnet of Florida, LLC	Commnet Wireless, LLC		49.00

* The assets of these two entities were sold in June 2007.

4. Other Investments in Affiliates:
 - Pursuant to the Loan Agreement by and between Commnet Wireless, LLC (as assigned by Commnet Wireless, Inc.) and Commnet of Florida, LLC, dated September 18, 2002, and the related Non-Negotiable Promissory Note, dated September 18, 2002, Commnet of Florida, LLC currently owes Commnet Wireless, LLC \$1,177,000 in note principal.
-

Schedule 3.8

Transactions with Affiliates

1. In July 2008, Bermuda Digital Communications, Ltd. (BDC) has the option to purchase from the Borrower all of the BDC equity owned by Borrower at a purchase price equal to the fair market value of such shares.
 2. BDC and Borrower's Subsidiaries have an obligation to pay management fees to Borrower; which obligation, in BDC's case, terminates in 2008.
 3. In August 2007, Borrower's subsidiaries, ATN Haiti S.A. and Transnet S.A. sold certain assets held by them to a Haitian company in which the Chairman has made an investment.
-

Schedule 5.3(A)

Jurisdiction of Organization

A. Organization and Powers

Name	Jurisdiction	Exceptions to Power and Authority
Borrower	Delaware, U.S. Virgin Islands – St. Thomas, U.S. Virgin Islands – St. Croix	None.
Guyana Telephone & Telegraph Co., Ltd.	Guyana	None.
Choice Communications, LLC	U.S. Virgin Islands – St. Thomas, U.S. Virgin Islands – St. Croix	None.
Bermuda Digital Communications, Ltd.	Bermuda	None.
ATN (Haiti) S.A.*	Haiti	None.
Transnet, S.A.*	Haiti	None.
Commnet Wireless, LLC	Delaware	None.
Commnet of Arizona, LLC	Delaware	None.
Commnet Four Corners, LLC	Delaware	None.
Commnet Illinois, LLC	Delaware	None.
Commnet Midwest, LLC	Delaware	None.
Excomm, LLC	Delaware	None.
Commnet of Florida, LLC	Florida	None.
Elbert County Wireless, LLC	Colorado	None.
Commnet of California, LLC*	Delaware	None.
Commnet of Delaware, LLC*	Delaware	None.
MoCelCo, LLC	Delaware	None.
Gila County Wireless, LLC	Delaware	None.
Sovernet Holding Corporation	Delaware	None.
SoVerNet, Inc.	Vermont	None.
National Mobile Communications Corporation	Massachusetts	None.

* Substantially all of the assets of each of these entities have been sold, and these entities will be dissolved as soon as practicable.

Schedule 5.3(C)

Qualification to Transact Business

C. Qualification

Name	Jurisdiction
Borrower	California, Delaware, Massachusetts, U.S. Virgin Islands – St. Thomas, U.S. Virgin Islands – St. Croix
Guyana Telephone & Telegraph Co., Ltd.	Guyana
Choice Communications, LLC	U.S. Virgin Islands – St. Thomas, U.S. Virgin Islands – St. Croix
Bermuda Digital Communications, Ltd.	Bermuda
ATN (Haiti) S.A.*	Haiti
Transnet, S.A.*	Haiti
Commnet Wireless, LLC	Delaware
Commnet of Arizona, LLC	Delaware
Commnet Four Corners, LLC	Delaware, New Mexico
Commnet Illinois, LLC	Delaware, Illinois, Missouri
Commnet Midwest, LLC	Delaware, Kansas
Excomm, LLC	Delaware
Commnet of Florida, LLC	Florida
Elbert County Wireless, LLC	Colorado
Commnet of California, LLC*	Delaware, California
Commnet of Delaware, LLC*	Delaware
MoCelCo, LLC	Delaware, Missouri
Gila County Wireless, LLC	Delaware, Arizona
Sovernet Holding Corporation	Delaware
SoVerNet, Inc.	Vermont, New Hampshire
National Mobile Communications Corporation	Massachusetts, Vermont, New Hampshire

* Substantially all of the assets of each of these entities have been sold, and these entities will be dissolved as soon as practicable.

Schedule 5.10

Litigation, Etc.

1. The litigation and other contingencies, as described with reasonable specificity, in Note 10 to the Financial Statements included in the Borrower's Quarterly Report on Form 10-Q filed with the SEC on August 9, 2007.
-

Schedule 5.11

Labor Matters

5.11(i) Collective Bargaining Agreements and Union Certification

1. GT&T "Handbook": Memorandum of Agreement between GT&T and the Guyana Postal and Telecommunication Workers Union.
2. Memorandum of Agreement between GT&T and Guyana Postal and Telecommunication Workers Union, in Respect of Increases in Salaries for Employees in the Bargaining Unit, From October 1, 2006 to September 30, 2008.

5.11(ii) Strikes, Labor Disputes, etc.

1. No significant disputes in last four years in Guyana or elsewhere. Union contract is re-negotiated every two years and current contract runs until September 2008.
-

Schedule 5.13(A)

License Information

1. Call Home Telecom LLC License

- International Telecommunications Certificate issued to Call Home Telecom LLC (ITC-214-20000705-00393).

2. Choice Communications Licenses

- Special Temporary Authorization, May 24, 2005, related to EBS (ITFS formerly) and BRS (MDS formerly) broadcast rights from sites on St. Thomas and St. Croix.
- FCC Memorandum Opinion and Order, June 22, 2005, providing waiver of filing freeze for new EBS applications.
- Local Multipoint Distribution Service License – WPLM395 – US Virgin Islands, expiring June 17, 2008.
- International Telecommunications Certificate (ITC-214-20021219-0064), Global or Limited Global Facilities – Based and Resale Service on February 7, 2003.

3. GT&T License

- License granted to GT&T under Section 7 of the Telecommunications Act of 1990, December 19, 1990.
- License to provide throughout Guyana public telephone, radio telephone, cellular radio telephone, pay station telephone and national and international voice and data transmission, a month other services.

Licensee Name	Radio Service	FCC Author.	Other Govt. Author.
Commnet of Arizona, LLC	CL	KNKR208	N/A
Commnet of Florida	CL	WPSJ791	N/A
Commnet Four Corners, LLC	CW	KNLH699	KNLG838-L1 & KNLG840-L1, spectrum manager leasehold interests in KNLG838 & KNLG840, licenses owned by subsidiaries of T-Mobile
	CW	WPYH715	
	CW	WPYH716 WPQZ728	
Commnet Illinois, LLC	CW	WQAE415	On August 1, 2005, Commnet Illinois, LLC acquired the PCS licenses known as call signs KNLG216 (BTA 337D – Ottumwa, Iowa) and KNLH449 (BTA 230F – Kirksville, Missouri).
	CW	WQAF337	
	CW	WQAJ963	

Gila County Wireless, LLC	CW	WQAE414	N/A
Elbert County Wireless, LLC	CL	KNKR202	KNLF244-L1, spectrum manager leasehold interest in KNLF244, a license owned by a subsidiary of T-Mobile
Excomm, LLC	CL	WPUC784	N/A
	CL	WPUD593	
	CL	WPUD594	
	CL	WPUH602	
	CL	WPUH619	
	CL	WPUH805	
	CL	WPUJ480	
	CL	WPUK842	
	CL	WPUP317	
	CL	WPUX427	
	CL	WPUY963	
	CL	WPV1996	
	CL	WPZE799	
	CL	WPRS845	
	CL	WPRS901	
	CL	WPRS917	
	CL	WPRS922	
MoCelCo, LLC	CL	WPTD845	N/A

Schedule 5.13(B)

Valid Licenses

1. Commnet Illinois, LLC operates in several counties in the state of Illinois on a day-to-day basis as a manager under the supervision and control of the licensee of the involved broadband PCS spectrum, a subsidiary of AT&T Mobility, LLC. Commnet Illinois, LLC does so pursuant to a management agreement entered into between itself and the AT&T Mobility, LLC subsidiary (at the time an AT&T Wireless subsidiary) prior to the advent of the FCC's spectrum leasing rules. When the FCC spectrum leasing rules later came into effect, Commnet Illinois, LLC suggested to AT&T Wireless that the management agreement be modified to become a spectrum manager lease agreement, and an accompanying FCC filing be made. However, AT&T Wireless replied that it could not amend or modify any existing agreements, due to the prospect of a merger with Cingular, LLC. After that merger was completed, AT&T Mobility, LLC advised Commnet Illinois, LLC that its personnel were too busy with implementing the merger to focus on modifying the Commnet Illinois, LLC agreement. Commnet Illinois, LLC has continued to raise the issue with AT&T Mobility, LLC. In the meantime, Commnet Illinois, LLC continues to operate in these markets day-to-day, pursuant to the still-existing agreement.

Whether the advent of the new spectrum leasing set of rules would require the filing of a notification to the FCC (jointly by Commnet Illinois, LLC and AT&T Mobility, LLC), is an open question. The matter is beyond Commnet Illinois, LLC's control, as such a filing is a joint filing, and would have to be signed by AT&T Mobility, LLC as well as Commnet Illinois, LLC. The violation would be a joint violation by both Commnet Illinois, LLC and AT&T Mobility, LLC. Commnet Wireless, LLC is currently negotiating the sale of these markets to AT&T Mobility, LLC.

2. Commnet Wireless, LLC and its "Subsidiaries", as that term is defined in the Credit Agreement, are not in compliance with FCC rules and regulations pertaining to "enhanced 911" ("E911").

As with most rural carriers, Commnet Wireless, LLC and its "Subsidiaries" and "Company Investments", as those terms are defined in the Merger Agreement (the "Commnet Group"), face substantial obstacles to achieving full compliance with FCC rules pertaining to "enhanced 911" ("E911"). As with other rural carriers, the Commnet Group filed a request for waiver with the FCC, with respect to implementation of Phase 2 E911 location capability.

In its *Order on Reconsideration*, 22 FCC Rcd 2571 (2007), the FCC denied the Commnet Group's request for waiver in its entirety. At this time, Commnet is therefore in violation of FCC rules with respect to those five PSAPs (three in the Illinois/Missouri region, one in New Mexico, and one in Florida) that have requested Phase 2 E911 capability. (Commnet is also providing basic 911, not Phase 1 E911, in two of the three Illinois/Missouri jurisdictions and the New Mexico jurisdiction, a separate rule violation.) Commnet has been working cooperatively with those particular PSAPs, explaining the difficulty it faces in meeting the E911 requirements.

Commnet has recently been authorized to receive reimbursement from the state of Florida for Phase 2 E911 implementation costs. Commnet will be installing Phase 2 E911 infrastructure equipment in Florida (although, based on current projections, while such equipment will provide superior location capability to Phase 1 E911, it would not meet the FCC's Phase 2 accuracy thresholds, due to the lack of sufficient triangulation possibilities in the Florida Keys). The current target date for implementation of service with this E911 infrastructure equipment is the last week of November, 2007. At this time, none of the involved PSAPs has complained to the FCC about Commnet's failure to implement Phase 2 E911, and there is no enforcement proceeding pending or, to Commnet's knowledge, threatened.

Schedule 5.17

Material Contracts

Date	Company	Contract
6/20/05	Borrower/John Foster Real Estate c/o AT&T	Accepted Offer

- GT&T has bilateral agreements with a number of international carriers that generate revenues in excess of \$1 million a year, including MCI, IDT, TSTT (Trinidad), BET (Barbados), AT&T and British Telecom.
- The Agreements referenced on Schedule 5.11.
- The GT&T and Choice Licenses referenced on Schedule 5.13(A).
- Numerous outstanding purchase orders issued by GT&T to Nortel Networks and FWA Airspan (approximately \$3.3 million remaining to be paid) upon delivery and/or satisfaction with performance for wireline and wireless (GSM) equipment.
- Master Agreement, dated March 23, 2004, between GT&T and Cerillion Technologies Limited for purchase of a billing system.
- Purchase Agreement dated June 18, 1990, between the Government of the Cooperative Republic of Guyana and Borrower.
- Management Services Contract, dated July 17, 1998, between Borrower and BDC.
- Subscription and Loan Agreement dated July 17, 1998 among Borrower, BDC and Kurt Eve.
- Acquisition of Membership Interests of Commnet Wireless, LLC by Borrower and its wholly-owned subsidiary, CW Acquisition, LLC, dated September 15, 2005.
- Agreement and Plan of Merger by and among Borrower, ATN VT Sub, Inc., Sovemet, Inc. and Certain Shareholders of Sovemet, Inc., dated February 10, 2006.

Date	Company	Contract
5-12-04	AT&T Wireless Services, Inc. / Commnet Wireless, LLC	GSM Build-Out Agreement
12-19-03	AT&T Wireless PCS, LLC / Commnet Wireless, LLC	Second Amended and Restated CS, M and S Agreement
2-18-03	AT&T Corp. / Commnet Wireless, Inc.	Amended and Restated Master Carrier Agreement (LD)
4-22-03	AT&T Wireless Services, Inc. / Commnet Wireless, LLC	GSM Build-Out Agreement
11-30-04	Hawkeye Switching / Commnet Wireless, LLC	Cellular Switching Agreement (CDMA)
4-07-03	Illuminet, Inc. / Commnet Wireless, LLC	ISUP Messaging Service Agreement
11-01-03	Illuminet, Inc. / Commnet Wireless, LLC	Amendment One to ISUP Messaging Service Agreement
11-01-03	Illuminet, Inc. / Commnet Wireless, LLC	Amendment One to IS-41 Transport Service Agreement
3-15-04	Qwest Communications Corp. / Commnet Wireless, LLC	Wholesale Services Agreement (LD)

5-06-04	Qwest Communications Corp. / Commnet Wireless, LLC	Amendment No. 1 to Wholesale Services Agreement
8-06-04	Qwest Communications Corp. / Commnet Wireless, LLC	Amendment No. 2 to Wholesale Services Agreement
3-08-05	Qwest Communications Corp. / Commnet Wireless, LLC	Amendment No. 3 to Wholesale Services Agreement
4-29-05	Qwest Communications Corp. / Commnet Wireless, LLC	Amendment No. 4 to Wholesale Services Agreement
11-16-03	Syniverse (EDS) / Commnet Wireless, LLC	Interoperator Services Agreement
8-16-03	Syniverse (EDS) / Commnet Wireless, LLC	Interoperator Services Agreement (FirstSource Exhibit)
3-01-05	Syniverse (EDS) / Commnet Wireless, LLC	Amendment to the Interoperator Services Agreement
2-14-06	Syniverse / Commnet Wireless, LLC	Master Services Agreement (Wholesale/Access/RCA)
5-01-06	Syniverse / Commnet Wireless, LLC	Inpack Service Attachment to MSA
4-09-04	Commnet Supply, LLC / Commnet Wireless, LLC	Supply Agreement
9-14-04	T-Mobile / Elbert County Wireless, LLC	Spectrum Manager Lease Agreement (Elbert County)
6-13-05	T-Mobile / Commnet Four Corners, LLC	Spectrum Manager Lease Agreement (Pima County)
6-13-05	T-Mobile / Commnet Four Corners, LLC	Spectrum Manager Lease Agreement (Yuma County)
11-24-03	United Clearing Plc / Commnet Wireless, LLC	Agreement for Financial Clearing and Settlement Services
4-01-05	United Clearing Plc / Commnet Wireless, LLC	Addendum Agreement (Data)
6-03-00	AT&T Wireless Services, Inc.	Intercarrier Roamer Service Agreement
2-01-03	AT&T Wireless Services, Inc.	Amendment to Intercarrier Roamer Services Agreement
12-19-03	AT&T Wireless Services, Inc.	Amendment to Intercarrier Roamer Services Agreement
2-01-03	AT&T Wireless Services, Inc.	GSM/PCS Roaming Agreement for GSM
5-16-03	Cingular Wireless, LLC	Intercarrier Multi-Standard Roaming Agreement
7-23-03	Cingular Wireless, LLC	Amendment No. 1 to Intercarrier Multi-Standard Roaming Agmnt.
8-16-04	Cellco Partnership/Verizon Wireless	Intercarrier Roamer Service Agreement
4-12-04	T-Mobile USA, Inc.	International Roaming Agreement for GSM and/or 3GSM
10-04-04	T-Mobile USA, Inc.	First Amendment to International Roaming Agreement
9-01-00	WirelessCO, L.P./Sprint Spectrum	Intercarrier Roamer Service Agreement

Schedule 5.19

Subsidiaries

<u>Name</u>	<u>Member/Shareholder</u>	<u>Units Owned</u>	<u>% Owned</u>
Guyana Telephone & Telegraph Co., Ltd.	Atlantic Tele-Network, Inc.	16,500	80.00
Choice Communications, LLC	Atlantic Tele-Network, Inc.	n/a	100.00
ATN (Haiti) S.A.	Atlantic Tele-Network, Inc.	100	80.00
Transnet, S.A.	Atlantic Tele-Network, Inc.	30	80.00
Commnet Wireless, LLC	Atlantic Tele-Network, Inc.	100	100.00
Commnet of Arizona, LLC	Commnet Wireless, LLC	3,000	100.00
Commnet Midwest, LLC	Commnet Wireless, LLC	100	100.00
Commnet Four Corners, LLC	Commnet Wireless, LLC	56	100.00
Commnet Midwest, LLC	Commnet Wireless, LLC	100	100.00
Excomm, LLC	Commnet Wireless, LLC	100	100.00
Elbert County Wireless, LLC	Commnet Wireless, LLC	82.75	82.75
Commnet Illinois, LLC	Commnet Wireless, LLC	3,000	100.00
MoCelCo, L.L.C.	Commnet Wireless, LLC	100	100.00
Sovernet Holding Corporation	Atlantic Tele-Network, Inc.	960 common, 127.33736 preferred	96.00 of common and 100.00 of preferred
SoVerNet, Inc.	Sovernet Holding Corporation	100	100.00
National Mobile Communications Corporation	SoVerNet, Inc.	200,000	100.00
Gila County Wireless, LLC	Commnet Wireless, LLC	100	100.00

Exhibit 1.3

Form of Notice of Borrowing/Conversion/Continuation

Exhibit 4.5(C)

Form of Compliance Certificate

Exhibit 10.1(A)

Lender Addition Agreement

Exhibit 10.1(B)
Form of Revolver Note

Exhibit 10.1(C)
Form of Term Note

**CERTIFICATIONS PURSUANT TO
RULE 13a-14(a) OR RULE 15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACTS OF 2002**

I, Michael T. Prior, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Atlantic Tele-Network, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weakness in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Atlantic Tele-Network, Inc.

Date: November 9, 2007

/s/ Michael T. Prior

Michael T. Prior
President and Chief Executive Officer

**CERTIFICATIONS PURSUANT TO
RULE 13a-14(a) OR RULE 15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACTS OF 2002**

I, Justin D. Benincasa, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Atlantic Tele-Network, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weakness in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Atlantic Tele-Network, Inc.

Date: November 9, 2007

By: /s/ Justin D. Benincasa
Justin D. Benincasa
Chief Financial Officer and Treasurer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACTS OF 2002**

In connection with the quarterly report on Form 10-Q of Atlantic Tele-Network, Inc. (the "Company") for the period ending September 30, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael T. Prior, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Atlantic Tele-Network, Inc.

Date: November 9, 2007

By: /s/ Michael T. Prior
Michael T. Prior
President and Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACTS OF 2002**

In connection with the quarterly report on Form 10-Q of Atlantic Tele-Network, Inc. (the "Company") for the period ending September 30, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Justin D. Benincasa, Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Atlantic Tele-Network, Inc.

Date: November 9, 2007

By: /s/ Justin D. Benincasa
Justin D. Benincasa
Chief Financial Officer and Treasurer
