ALASKA COMMUNICATIONS SYSTEMS GROUP INC
Form DEF 14A
April 29, 2014
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant To Section 14(a) of

The Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant x   Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

ALASKA COMMUNICATIONS SYSTEMS GROUP, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x Fee not required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(3) Filing Party:

(4) Date Filed:

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Alaska Communications Systems Group, Inc.

600 Telephone Avenue

Anchorage, Alaska 99503-6091

April 29, 2014

LETTER FROM THE BOARD OF DIRECTORS TO SHAREHOLDERS OF ALASKA COMMUNICATIONS SYSTEMS GROUP, INC.

Dear Fellow Shareholders,

We are pleased to invite you to attend the 2013 Annual Meeting of Shareholders of Alaska Communications Systems Group, Inc. (Alaska Communications or the Company). The meeting will be held on June 10, 2014 at 8:30 a.m. (Alaska Time) at the Z.J. Loussac Library, Public Conference Room, 3600 Denali Street, Anchorage, Alaska.

We value your support and are interested in your comments. We encourage you to share your opinions, interests and concerns, and invite you to write to us with your comments and suggestions at the address above.

Alaska Communications has a long-standing, deep investment in Alaska. We are a leading provider of broadband solutions for businesses and consumers in Alaska. The largest portion of our employees live and work in Alaska, proudly serving their friends, families and neighbors.

As stewards of your Company, we are focused on achieving long-term performance and creating value for our shareholders. We believe this is accomplished through strong business strategies, prudent risk management, and attention to our leadership talent and succession planning.

We are pleased with our performance in 2013. The Company generated strong growth in business and wholesale revenues, driven by continued performance in our broadband products. We delivered significant value through debt reductions during the year.

We have negotiated a three year employment arrangement with Anand Vadapalli to secure strong, stable leadership as we execute our business plan. We welcomed two new members to the executive team to expand the managed services area of our business and to build on our sales momentum serving business customers.

We are excited to share the outcome of the actions we have taken in 2013 in the following proxy statement. Your vote is very important. Whether or not you plan to attend the Annual Meeting of Shareholders, we urge you to cast your vote as soon as possible by Internet, telephone or mail. We look forward to seeing you at the meeting.

Sincerely,

The Board of Directors of Alaska Communications Systems Group, Inc.

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS OF ALASKA COMMUNICATIONS SYSTEMS GROUP, INC.

Time and Date: 8:30 a.m. Alaska time, on Tuesday, June 10, 2014

Place: Z.J. Loussac Library
Public Conference Room
3600 Denali Street
Anchorage, AK 99503-6091

You can find directions to the Annual Meeting location on page 65.

Items of Business:

(1) Elect the following directors:

Edward (Ned) J. Hayes, Jr.	David W. Karp
Anand Vadapalli	Brian A. Ross
Peter D. Ley	Margaret L. Brown
John Niles Wanamaker	Carol G. Mills

(2) To hold an advisory vote to approve executive compensation;

(3) To approve the Amended and Restated Alaska Communications Systems Group, Inc. 2011 Incentive Award Plan;

(4) To ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014;

(5) To consider any other business properly brought before the meeting or any adjournment or postponement.

Record Date: You may vote at the Annual Meeting if you were a shareholder of record at the close of business on April 11, 2014. You have one vote at the Annual Meeting for each share of the Company s common stock held on the Record Date. At the close of business on the Record Date, there were 49,377,244 outstanding shares of our common stock.

Your voting instructions are confidential and will not be disclosed to persons other than those recording the vote, except if a shareholder makes a written comment on the proxy card, otherwise communicates his or her vote to management, as may be required in accordance with the appropriate legal process, or as authorized by you.

By Order of the Board of Directors

Leonard Steinberg

Sr. Vice President, Legal,
Regulatory, and Government
Affairs and Corporate Secretary

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GENERAL INFORMATION ABOUT THE MEETING

Voting Your Proxy

Important Notice Regarding the Availability of Proxy Materials for the 2014 Annual Meeting of Shareholders to be held on June 10, 2014: Our 2014 Proxy Statement and Annual Report for the year ended December 31, 2013 are available free of charge on our investor relations website at www.alsk.com and at www.proxydocs.com/alsk.

This proxy statement or a Notice of Internet Availability of Proxy Materials is first being sent on or about April 29, 2014. We will also provide access to our proxy materials over the Internet, beginning on April 29, 2014, for the holders of record and beneficial owners of our common stock as of the close of business on April 11, 2014, the Record Date.

There are four ways shareholders may vote:

1. By Internet: go to www.proxypush.com/alsk;

2. By toll-free telephone: call 866-390-5401;

3. By mail: (if you receive a paper copy of the proxy materials and wish to vote by mail); mark, sign, date and promptly mail the proxy card in the postage-paid envelope that accompanied the proxy card.

4. In person at the Annual Meeting of Shareholders: If your shares are held through a broker, bank or other nominee (held in street name), and you want to vote in person at the Annual Meeting, you must obtain a valid legal proxy , executed in your favor, from your broker, bank or other nominee before the Annual Meeting and bring it to the Annual Meeting with you. Directions to the Annual Meeting are on page 65 of this proxy statement.

Whichever method you select to transmit your instructions, the named proxies will vote your shares in accordance with those instructions. If you sign and return a proxy card without giving specific voting instructions, your shares will be voted as recommended by the Alaska Communications Board of Directors (Board) for each proposal.

Revocation of Proxy

You may revoke your proxy before it is voted at the Annual Meeting by filing a written notice of revocation dated after the date you voted your original proxy; *and* either:

- submitting a duly executed proxy for the same shares of common stock bearing a later date than the original proxy, which must be received by the Company at the address listed below no later than 5:00 p.m. Alaska time on June 9, 2014; or

- obtaining a valid legal proxy from your broker, bank or other nominee, as instructed above under the section heading Voting Your Proxy and attending the Annual Meeting *and* voting in person at the Annual Meeting.

Attendance at the Annual Meeting will not, in and of itself, constitute revocation of a proxy. All written notices of revocation and other communications regarding the revocation of proxies should be addressed as follows: Alaska Communications Systems Group, Inc., Attention: Leonard Steinberg, Sr. Vice President, Legal, Regulatory and Government Affairs and Corporate Secretary, 600 Telephone Avenue MS65, Anchorage, Alaska 99503-6091.

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SUMMARY INFORMATION

This Proxy Statement provides information concerning the identity and qualifications of the Company s directors and executive officers, their compensation, the Company s 2013 financial performance, and the proposals that you, our shareholders, are being asked to vote on. To assist you in reviewing the proposals, we would like to call to your attention the following information about our performance, Board and officers. The following description is only a summary. For more complete information about these topics, please review the Company s Annual Report on Form 10-K and the complete proxy statement.

We have included certain information in this proxy statement that contains forward-looking statements, as that term is defined under U.S. securities laws. These forward-looking statements are statements that are not historical facts and may include financial projections, estimates of the impacts of proposals or other descriptions of plans, objectives or intentions that are based on management s belief, as well as on a number of assumptions concerning future events made using information currently available to management. Readers are cautioned not to put undue reliance on such forward-looking statements, which are not a guarantee and are subject to a number of risks, uncertainties and other factors, many of which are outside of management s control. Actual Company results, including compensation plans and arrangements that may be used in the future, may vary from those we currently use or expect to use in the future.

Business and Financial Highlights for 2013

We are pleased with the Company s performance in 2013, and the Board believes that the executive team, led by our Chief Executive Officer (CEO), has performed well in a challenging and competitive market. There was strong growth in business and wholesale revenues driven by continued performance in our broadband products.

The following are highlights of 2013:

In March, we became the first company in Alaska and second in the U.S. to be recognized by the Metro Ethernet Forum as offering certified Carrier Ethernet 2.0 (CE 2.0) services. This certification means we meet the international standards for our business Ethernet services, which sets us apart from our competition.

In 2012 we announced our intention to combine our wireless network with that of General Communication, Inc. (GCI). In July of 2013, we completed the transaction to form The Alaska Wireless Network, LLC (AWN). AWN s network covers more of Alaska s population than any other wireless provider s network, allowing us to compete more effectively in the retail wireless market.

As a result of the AWN transaction, we were able to make significant headway in 2013 toward our ongoing goal to reduce the Company s overall level of debt.

Additionally, we will receive preferred distributions over the first four years of AWN, giving us a higher degree of stability in our wireless free cash flow than we otherwise would have expected to generate as a standalone wireless operator.

We maintained continued strength and growth in broadband revenues for the second year in a row, and are one of the industry leaders in achieving growth for these services.

We launched our Fiber to the Node project deploying new and upgraded nodes covering a large segment of businesses in Anchorage, which we believe will serve to fuel further growth.

We added two senior executives in 2013 to lead the Company in growing managed services for our business market segment, and to build on our sales team s momentum and drive top line growth.

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Our progress and accomplishments can be seen in our financial results in the following areas:

Revenue was $348.9 million, Adjusted EBITDA[1] was $106.5 million, and Free Cash Flow[2] was $22 million.

We made $99.6 million in debt payments and repurchased $6 million of selected outstanding convertible notes for shares of common stock.

Total service revenue growth was 2.9% over 2012, led by broadband revenue that increased by 18.6% over 2012.

- Business Broadband connections increased from 18,718 in 2012 to 19,285 in 2013.
- Business average revenue per user (ARPU) grew from $152.09 in 2012 to $175.34 in 2013.

Consumer broadband connections and ARPU also increased over 2012.

- Consumer broadband connections increased from 36,576 in 2012 to 38,677 in 2013.
- Consumer ARPU grew from $42.46 in 2012 to $48.92 in 2013.

As expected, other areas of wireless revenue were affected by the AWN transaction. We believe we have reduced our risk to future declining wireless, roaming, Competitive Eligible Telecommunications Carriers (CETC) and high cost support revenues from the entrance of Verizon Wireless into the Alaska market and the changes in federal programs by forming AWN, which will distribute to the Company a more stable dividend stream.

Management and the Board are committed to executing our business plan that we believe will generate value for shareholders by reducing debt and generating long-term growth by focusing on broadband services for business customers.

2013 Executive Compensation Highlights

The Compensation and Personnel Committee (Compensation Committee) has responsibility for oversight of the Company s executive compensation. They have established a compensation program that supports achievement of the goals set forth in our business plan, aligns pay with performance, and creates incentives that reward responsible risk-taking. A more in-depth discussion of the Company s executive compensation program can be found in the Compensation Discussion and Analysis beginning on page 21.

The following are highlights of the 2013 compensation program:

Performance targets focus on a combination of financial goals, with annual cash incentives targeting Adjusted EBITDA and adjusted wireline revenue, and long-term performance awards encouraging reduction of the Company s Leverage[3]

[1] Adjusted EBITDA for purposes of calculating incentive compensation is calculated as reported by the Company in its quarterly report on Form 10-Q and annual report on Form 10-K filed with the SEC. This Adjusted EBITDA is not a Generally Accepted Accounting Principle (GAAP) measure, and our measurement of Adjusted EBITDA may differ from other companies. For a reconciliation of Adjusted EBITDA to the GAAP measure of net income, please refer to the discussion under the heading Non-GAAP Financial Measures at pages 49-50 in our annual report on Form 10-K for the year ended December 31, 2013.

[2] Free cash flow is not a GAAP measure and may differ from other companies. For a reconciliation of free cash flow to the GAAP measure of net income, please refer to the discussion under the heading Non-GAAP Financial Measures at pages 49-50 in our annual report on Form 10-K for the year ended December 31, 2013.

[3] The leverage ratio, or Leverage is the ratio of net debt to Adjusted EBITDA.

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Equity based long-term incentive awards for our executives were reduced and replaced in part with long-term performance cash compensation.

In recognition of the significant efforts required to close the AWN transaction, and to promote retention to continue the strength and growth in broadband performance, special long-term incentive awards were granted and tied to de-levering targets. These awards are payable over a three year period.

Base salaries were increased for all Named Executive Officers (NEOs) except for the CEO, in order to be more competitive with prevailing market rates, while annual cash incentive compensation was reduced as a percentage of base pay, in most cases reducing total target compensation, and in all cases keeping compensation generally consistent with median levels in our peer group.

Our CEO s salary was not increased from 2012. Overall, a majority of his compensation is performance based. The Compensation Committee continues to have confidence that our management team has fully and realistically assessed the short-term challenges and long-term opportunities available to the Company and is proactively making the changes necessary to support the organizational change that is occurring within the Company related to the AWN transaction.

Corporate Governance Highlights

Corporate Governance Principles and Guidelines, adopted by the Board and reviewed and updated as appropriate, provide a framework for effective governance of the Company. The full text can be found at www.alsk.com.

Board Leadership An independent director, elected by independent directors, chairs the Board.

Director Independence - Seven out of eight of our director nominees qualify as independent directors in accordance with the Securities and Exchange Commission (SEC) and Nasdaq definitions of independence and the standards established in our Corporate Governance Principles and Guidelines. Only the CEO, as an officer and employee of the Company, is not an independent director. All members of the Board committees are independent directors.

Independent Director Meetings The independent directors generally meet in executive session at the beginning and end of each regularly scheduled Board meeting.

Director Election All directors stand for election annually.

Risk Oversight   The Board as a whole has ultimate responsibility for risk oversight, and exercises its oversight both by assessing the Company s overall risk environment as a Board and through its standing committees, each of which has primary risk oversight responsibility with respect to all matters within the scope of its duties as contemplated by its charter.

Code of Ethics - We have a Code of Ethics that is applicable to all employees of the Company including its officers and directors

Succession Planning   Annually, the Board conducts a detailed discussion of the Company s leadership bench and succession plans with a focus on key positions at the senior officer level.

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Compensation Governance Highlights

Following are highlights described in more detail in the Compensation Discussion and Analysis on page 21:

- align NEO pay with Company performance;
- balance short-term and long-term incentives;
- minimum stock holding requirements for all NEOs;
- Board is authorized to recoup incentive compensation;
- no guaranteed or non-performance based bonuses or salary increases;
- no tax reimbursements;
- no single trigger change-of-control benefits;
- no special executive retirement or benefit packages; and
- no hedging of Company stock.

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Summary Proposals for Shareholder Consideration

Election of Directors (Proposal 1)

Important information about the qualifications and experience of each of the director nominees who you are being asked to elect is included in Proposal 1. The Nominating and Corporate Governance Committee (Nominating Committee) performs an annual assessment to ensure that your director nominees have the skills and experience to effectively oversee the Company. All of your directors have proven leadership, sound judgment, integrity and a commitment to the success of our Company.

Uncontested election of each director nominee is decided by a majority of the votes cast. Therefore, each of the eight director nominees must receive an affirmative vote from a majority of the shares of common stock that are present in person or by proxy and are voting on that director.

Advisory Vote on Executive Compensation (Proposal 2)

You are being asked to cast a non-binding, advisory vote on the compensation paid to the Company s named executive officers as disclosed in this proxy statement beginning on page 21. We were pleased that, last year, approximately 86% of the votes cast (excluding broker non-votes and abstentions) supported our executive compensation program. Please see Consideration of Last Year s Say on Pay Vote in our Compensation Discussion and Analysis (CD&A) for more detailed discussion.

For this advisory vote to be approved, it must receive an affirmative vote from a majority of the shares of common stock that are present in person or by proxy and are voting on the proposal.

Approval for our Amended and Restated Alaska Communications Systems Group, Inc. 2011 Incentive Award Plan. (Proposal 3)

Our 2011 Incentive Award Plan (2011 Plan) serves a critical role in attracting and motivating high caliber employees, directors, advisors and consultants that is essential to our future success. Our Board strongly urges you to read and carefully consider the information provided on our 2011 Plan and then to approve the material terms for performance awards under the 2011 Plan and additional shares for the 2011 Plan.

For this proposal to be approved, it must receive an affirmative vote from a majority of the shares of common stock that are present in person or by proxy and are voting on the proposal.

Ratification of the Appointment of the Independent Registered Public Accounting Firm (Proposal 4)

The Audit Committee of the Board has appointed KPMG LLP (KPMG) as the Company s independent registered public accounting firm (Independent Auditor) for 2014. You are being asked to ratify the appointment of KPMG as our Independent Auditor.

For this proposal to be approved, it must receive an affirmative vote from a majority of the shares of common stock that are present in person or by proxy and are voting on the proposal.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the number of shares of the Company s common stock beneficially owned as of April 1, 2014 by:

each beneficial owner of more than 5% of our common stock;

each current director and director nominee;

each NEO; and

all of the directors and executive officers as a group.

Beneficial ownership is determined in accordance with Rule 13d-3 of the Securities Exchange Act of 1934, as amended (the Exchange Act). Each person has sole voting and investment power with respect to the shares indicated except as otherwise stated in the footnotes to the table.

Name of beneficial owner	Shares owned	Other beneficial ownership	Acquirable within 60 days		Total	Percent of class
	Class-Common Stock					
Directors:						
Edward (Ned) J. Hayes, Jr.	105,496	-	-		105,496	*
Anand Vadapalli	433,387	-	-		433,387	*
Peter D. Ley	31,340	-	53,497	(1)	84,837	*
John Niles Wanamaker	10,144	-	42,793	(1)	52,937	*
David W. Karp	1,000	-	52,770	(1)	53,770	*
Brian A. Ross	49,739	-	-		49,739	*
Margaret L. Brown	-	-	41,609	(1)	41,609	*
Carol G. Mills	13,165	-	-		13,165	*
Officers:						
Wayne P. Graham	96,985	-	-		96,985	*
Leonard A. Steinberg	277,367	-	129,490	(2)	406,857	*
David C. Eisenberg	33,597	-	-		33,597	*
			-			
		(3)				

James R. Johnsen	82,457	413		82,867	*
Total directors & executive officers as a group (15 persons)	1,223,336	413	320,159	1,543,908	3.13%

* The percentage of shares beneficially owned does not exceed one percent (1%) of the class. Percentage of class is based on the number of shares outstanding as of April 1, 2014.

(1) Includes deferred units and equivalents awarded as non-employee director compensation, which have been deferred until the director s retirement from the Board.

(2) Includes unvested restricted stock units (RSUs) that are subject to acceleration and vesting upon Mr. Steinberg s retirement from the Company.

(3) Includes shares indirectly held in a 401K plan.

To our knowledge, no person or entity is the beneficial owner of more than 5% of our Common Stock.

Section 16(a) Beneficial Ownership Reporting Compliance

Federal securities laws require executive officers, directors, and owners of more than 10% of our common stock to file reports (Forms 3, 4 and 5) with the SEC and any stock exchange or trading system on which our securities are listed. These reports relate to the number of shares of our common stock that each such person owns, and any change in their ownership. Based solely on our review of Forms 3, 4 and 5 filed with the SEC, we believe that all persons required to file such forms have done so in a timely manner during 2013.

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PROPOSAL 1: ELECTION OF DIRECTORS

Our Board currently has eight members. Under our bylaws, the number of directors may be changed at any time by a resolution of the Board. In September of 2013, the Board appointed an additional director, Carol G. Mills. Each of the other seven current directors was elected at the 2013 Annual Meeting upon the recommendation of the Nominating Committee. The terms of all directors expire upon the election and qualification of the directors to be elected at the 2014 Annual Meeting of Shareholders. Each nominee is recommended for nomination by the Nominating Committee and the Board has nominated all eight of the current directors for election at the 2014 Annual Meeting to serve until the 2015 Annual Meeting and until their respective successors have been elected and qualified.

The nominees for director are: Edward (Ned) J. Hayes, Jr., Anand Vadapalli, Peter D. Ley, John Niles Wanamaker, David W. Karp, Brian A. Ross, Margaret L. Brown, and Carol G. Mills. Each of the nominees has consented to serve as a director if elected. If, at the time of the Annual Meeting, any nominee is unable or declines to serve as a director, the discretionary authority provided in the enclosed proxy will be exercised to vote for a substitute nominee designated by the Board, unless the Board chooses to reduce its own size. The Board has no reason to believe that any of the nominees will be unable or will decline to serve if elected.

Nominees for Director

Set forth below is certain information furnished to us by the director nominees. All of the nominees, with the exception of Mr. Vadapalli, qualify as independent directors in accordance with the SEC and Nasdaq definitions for independence and the standards established in our Corporate Governance Principles and Guidelines. There are no family relationships among any of our current directors or executive officers. None of the corporations or other organizations referenced in the biographical information below is a parent, subsidiary or other affiliate of Alaska Communications.

The specific experience, qualifications, attributes and skills of each nominee that led to the nomination for director are noted below with each individual biography.

Nominated Directors and Their Business Experience

Edward (Ned) J. Hayes, Jr.

Chairman of the Board of Directors

Age: 58

Director Since: 2006

Elected Chairman April 2011

Alaska Communications Committees

Strategic Opportunities

Skills, Qualifications and Factors

Extensive executive and financial management expertise, including as a CFO and in other senior financial management positions at large, publicly traded companies in the computer, broadband, communications and data storage industries;

prior board experience as chair of audit committees; and

an audit committee financial expert as that term is defined by Nasdaq and securities law.

Mr. Hayes is currently the senior vice president and chief financial officer (CFO) of Aviat Networks, Inc. (Nasdaq: AVNW) a leading company in wireless transmission and networking solutions for the mobile and non-mobile markets. He joined Aviat Networks in October of 2011 after serving as the CFO of Pillar Data Systems, Inc., a privately held enterprise data storage company. Prior to joining Pillar, Mr. Hayes served as executive vice president and CFO of Quantum Corporation (NYSE: QTM), a global leader in data back-up, recovery and archive storage. He joined Quantum after serving as President and CEO of DirecTV Broadband, Inc. Prior to DirecTV Broadband, Mr. Hayes served as executive vice president and CFO at Telocity, Inc., and financial vice president and CFO in two of Lucent Technologies divisions, including the $20 billion global service provider business. He has also held senior financial management positions at other multinational companies such as Unisys Corporation (NYSE: UIS), Asea Brown Boveri (ABB), and Credit Suisse First Boston. He has previously served as an independent director and chair of the audit committee of New Wave Research, Inc. and as an independent director of and chair of the audit committee of NPTest, Inc. Mr. Hayes currently serves as an advisor to the President and CEO of Super Micro Computer, Inc. (Nasdaq: SMCI) after having served the company as an independent director and chair of the audit committee.
Mr. Hayes conducted his graduate studies in accounting and finance at New York University s Stern Graduate School of Business and received his undergraduate degree from Colgate University in New York.

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Anand Vadapalli

President and Chief Executive Officer

Age: 48

Director Since: 2011

Skills, Qualifications and Factors

Strategic vision and wide-ranging, in-depth knowledge of our business operations and the competitive landscape in which our Company operates;

extensive experience in the industry; and

comprehensive knowledge of our Company s many competitive challenges and opportunities.

Mr. Vadapalli was appointed by the Board, effective February 1, 2011, to serve as President and CEO of the Company. Prior to that, Mr. Vadapalli served as Executive Vice President and Chief Operations Officer (COO) of the Company beginning October 26, 2009, with responsibility for all operational facets of our business, including network operations, technology, sales and service. Mr. Vadapalli served as our Executive Vice President, Operations and Technology, from December 2008 until October 2009 and previously was our Senior Vice President, Network & Information Technology beginning in August 2006, when he joined the Company. Before joining us, Mr. Vadapalli had most recently served as vice president of information technology at Valor Telecom since February 2004. Prior to Valor, from January 2003 to February 2004, he served as executive vice president and chief information officer at Network Telephone Corporation, and from January 1996 through January 2003, he served in various positions at Broadwing / Cincinnati Bell, including as vice president, information technology. Mr. Vadapalli holds a BE in Mechanical Engineering from Osmania University in Hyderabad, India as well as a PGDM from the Indian Institute of Management in Calcutta, India. He currently serves as a member of the board of directors of Premera Blue Cross. In addition, Mr. Vadapalli is an active participant in industry associations, serving on the boards of both the Alaska Telephone Association and the USTelecom Association.

Peter D. Ley

Director

Age: 54

Director Since: 2008

Alaska Communications Committees

Audit (Chair)

Nominating and Corporate Governance

Strategic Opportunities

Skills, Qualifications and Factors

Extensive executive, finance and communications industry experience;

previous employment as a CFO of technology and telecommunications companies and as an investment banker; and

an audit committee financial expert as that term is defined by Nasdaq and securities laws.

Mr. Ley is the CFO of Hargray Holdings, LLC, a provider of cable television and telecommunications services. Prior to joining Hargray in September 2012, Mr. Ley served as CFO of Connexion Technologies, an operator of residential communications networks for gated communities and high-rise towers. In April of 2012, Connexion filed for voluntary reorganization under Chapter 11 of the U.S. Bankruptcy Code. Prior to joining Connexion in November 2007, Mr. Ley served for seven years as a managing director at Bank of America Securities, responsible for managing client relationships with the U.S. telecommunications industry. Prior to joining Bank of America, he served as CFO of Pennsylvania-based Commonwealth Telephone Enterprises, Inc. Mr. Ley has also served as an investment banker at Dominick & Dominick, Furman Selz, Robert Fleming, Morgan Grenfell and Salomon Brothers. Mr. Ley holds an MBA from Harvard University in Massachusetts and a BA from Dartmouth College in New Hampshire.

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John Niles Wanamaker	***Skills, Qualifications and Factors***
Director	Extensive experience stewarding emerging technology-based ventures;
Age: 45	success in finding profitable market positions for innovative technology companies;
Director Since: 2011	pervasive connections to the Alaska and Pacific Northwest business markets that are very valuable to the Company; and
Alaska Communications Committees	service as a community leader in Alaska, particularly in higher education.
Audit	
Nominating and Corporate Governance	
Strategic Opportunities (Chair)	

Mr. Wanamaker has many years of professional board service to public, private and non-profit enterprises. He has made transformative contributions to companies across the development spectrum, from early-stage private ventures to mature public companies. Among these are chairing a university board of trustees during a time of leadership transition and participating in a successful initial public offering. Mr. Wanamaker is valued for his skill set in M&A, strategic planning, financing (from private, seed-stage to public debt), marketing, innovation, technology, intellectual property, and trendcasting. In addition to his advisory roles, Mr. Wanamaker has first-hand experience as an entrepreneur and early-stage investor, having founded six companies. His experience spans diverse industries, including communications, aerospace, security, imaging/mapping, geolocation, real estate development and angel investing. Mr. Wanamaker has consistently and successfully focused on the creation of value and the monetization of that value. He currently conducts an investment and consulting practice as a principal of Alaska Venture Partners, LLC. Mr. Wanamaker is a graduate of the University of Chicago, a Governance Fellow with the National Association of Corporate Directors (NACD) and a graduate of the Executive Program in Exponential Technologies at Singularity University.

David W. Karp	***Skills, Qualifications and Factors***
Director	Services as leader of a service-based firm operating across Alaska;
Age: 47	experience as the CEO of a business expanding into the contiguous 48 states;
Director Since: 2011	background in the Alaska tourism business and as a business buyer of the services that are key to the Company s growth; and
Alaska Communications Committees	reputation as a motivational leader, manager and respected member of the Alaska community.
Compensation and Personnel	
Nominating and Corporate Governance (Chair)	

Mr. Karp is the president and CEO of Northern Aviation Services, Inc., a company that manages Northern Air Cargo, Inc. and Aloha Air Cargo, Inc. and operates a fleet of Boeing 737 and SAAB aircraft within the states of Alaska and Hawaii, the contiguous U.S. states, Canada and Mexico. Mr. Karp previously served as the vice president and COO of Anchorage-based Hawaiian Vacations for nearly seven years. Hawaiian Vacations transported approximately 50,000 vacationers between Alaska and Hawaii every year utilizing chartered Boeing 767 aircraft owned by Hawaiian Airlines. Before that, Mr. Karp served as the executive director of the Alaska Tourism Marketing Council, overseeing the cooperative tourism marketing efforts between the State of Alaska and over 1000 private sector tourism businesses. Mr. Karp also serves as a member of the Alaska Pacific University Board of Trustees. He is the past chair of the board for the Alaska Aviation Museum. Mr. Karp is a graduate of the University of Oregon, and he completed the Owner President Manager Program at the Harvard School of Business in March 2011. Mr. Karp is also a Governance Fellow with the NACD.

Brian A. Ross

Director

Age: 56

Director Since: 2011

Alaska Communications Committees

Audit

Compensation and Personnel (Chair)

Skills, Qualifications and Factors

Extensive prior experience as a CFO and COO of a large regional telecommunications company providing services outside of Alaska;

executive leadership in providing innovative technological solutions to advance education opportunities for students in the 21st century; and

an audit committee financial expert as that term is defined by Nasdaq and securities laws.

Mr. Ross is an independent consultant. Until December 2012, Mr. Ross served as President and CEO of KnowledgeWorks, an educational non-profit that provides innovative methodologies to teachers, administrators and local community leaders that more effectively prepare students for college and 21st century careers. Prior to

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joining KnowledgeWorks, Mr. Ross had a successful 13-year tenure at Cincinnati Bell, where he served four years as CFO and two years as COO. He is a member of the board of Otelco, Inc. (Nasdaq: OTEL), Downtown Cincinnati, Inc. and Ursuline Academy. Mr. Ross holds a Bachelor of Arts degree in economics, mathematics and statistics from Miami University and a Master of Arts degree in statistics from the University of California.

Margaret L. Brown	***Skills, Qualifications and Factors***
Director	Experience as President and CEO of an Alaska Native Corporation with diverse operations including telecommunications among others;
Age: 64	
Director Since: 2012	experience providing strategic guidance and development of business opportunities that resulted in significant growth; and
Alaska Communications Committees	
Compensation and Personnel	a lifelong Alaskan and a recognized leader in the state.
Nominating and Corporate Governance	

Ms. Brown held the position of president and CEO of CIRI, an Alaska Native Regional Corporation, from 2005 to 2013. Ms. Brown also held several management positions within CIRI since joining in 1976. During her more than 35 years at CIRI, Ms. Brown led the corporation through significant growth by diversifying its interests across several industries crucial to Alaskans. Ms. Brown also worked with state and federal agencies, as well as the U.S. Congress, to help implement the Cook Inlet Land Exchange, widely considered one of the largest land exchanges in the nation s history. Ms. Brown currently serves on several boards, including the Student Conservation Association, the National Museum of the American Indian, Commonwealth North and the Alaska Native Heritage Center. Ms. Brown is also a member of advisory boards for Alaska Airlines and the University of Alaska Anchorage Honors College. Her leadership in Alaska has been recognized with an Athena Award in 2012, the fDi Magazine business personality of the year award in 2008, and the Alaska Business Hall of Fame laureate honor in 2009. Ms. Brown holds a bachelor s degree in biology from the University of Oregon and a master s degree in business administration from the University of Colorado. She is also a Governance Fellow with the NACD. Ms. Brown is a lifelong Alaskan of Yup ik descent and was raised in Takotna, a small village in central Alaska.

Carol G. Mills	***Skills, Qualifications and Factors***
Director	Experience in public corporate governance;
Age: 60	experience in compensation committee leadership for 30+ years; and
Director Since: 2013	
Alaska Communications Committees	served as CEO, senior vice president and general manager of various companies and business units.

Compensation and Personnel

Strategic Opportunities

Ms. Mills has been an independent consultant since February 2006. She is currently the Chair of the board of directors for Xactly Corporation, an enterprise software company specializing in incentive compensation. She also serves as a member of the board of directors for WhiteHat Security, an enterprise software provider of web application cyber-security solutions. She previously served as a member of the board of directors of Adobe Systems, Blue Coat Systems, Tekelec Corporation and Acta Technology. Prior to becoming an independent consultant, she spent over 25 years in numerous operating roles in information technology or networking companies including CEO for Acta Technology, CEO and general manager of $2-6 billion lines of business for Juniper Networks and Hewlett-Packard. Ms. Mills holds an MBA from Harvard University and BA degree in economics from Smith College.

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Corporate Governance

We maintain corporate governance policies and practices that reflect what the Board believes are best practices, as well as those required under the Sarbanes-Oxley Act of 2002 and the rules of the SEC and Nasdaq. Our Corporate Governance Principles and Guidelines may be viewed or downloaded from our investor relations website at www.alsk.com.

The Board conducts a self-evaluation of its performance annually that includes a review of the Board s composition, responsibilities, leadership, committee structure, processes and effectiveness. Each committee of the Board conducts a similar self-evaluation with respect to that committee.

To help assure we practice the highest levels of business ethics, we have adopted a Code of Ethics that applies to all employees, including the CEO and President, the CFO, and directors. The Code of Ethics is posted on the Corporate Governance section of our website at www.alsk.com. We post amendments to or waivers from the provisions applicable to our executives on our website. You can also obtain a copy of our Code of Ethics by contacting our Corporate Secretary.

Board Independence

Our Board has determined that except for Mr. Vadapalli, our CEO and President, each of the other director nominees is an independent director as that term is defined under applicable SEC and Nasdaq rules.

No directors are former employees of the Company.

All members of the Audit, Compensation, Nominating and Strategic Opportunities Committees are independent directors.

Our presiding director and Board Chair, Edward J. (Ned) Hayes, Jr., is an independent director.

No directors received withhold/against votes of 50% or greater at the 2013 Annual Meeting.

Directors are required by our Corporate Governance Policy to immediately tender a resignation in the event of a conflict or change of circumstances that would interfere with their fiduciary duties owed to the Company.

Director Nomination Process

The Nominating Committee assesses all director candidates, whether submitted by management or a shareholder, and recommends nominees for election to the Board. Recommendations for election are based upon the factors described below under the heading: Committees of the Board Nominating and Corporate Governance Committee, and in this section.

Each year, including in 2013, the Nominating Committee reviews eligible director candidates, based upon the factors described below. In 2013, the Board expanded by appointing one new director, Ms. Mills. Her nomination and appointment was based on her strong background, relevant business experience and particular expertise. The particular factors considered by the Nominating Committee in selecting Ms. Mills and the Board in nominating her for election by our shareholders at the 2014 Annual Meeting of Shareholders are described further below.

The Nominating Committee welcomes shareholder recommendations of director candidates. Shareholders may suggest candidates for consideration by the Nominating Committee by submitting their suggestions in writing to the Company s Corporate Secretary. Shareholder nominations must comply with the requirements and procedures set out in the Company s By-laws.

The Nominating Committee recommended and the Board determined to nominate each of the eight incumbent directors who have consented to stand for election at the 2014 Annual Meeting of Shareholders. The Nominating Committee and the Board concluded that each of these incumbent directors should be nominated based on the diversity and extent of their experience, qualifications, attributes and skills, as identified in the biographical information contained under the heading: Nominated Directors and Their Business Experience, above.

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Board Meetings and Committees; Annual Meeting Attendance

Full Board meetings held - 4

Independent directors only meetings held - 4

Audit Committee meetings held - 12

Compensation and Personnel Committee meetings held - 7

Nominating and Corporate Governance Committee meetings held - 4

Strategic Opportunities Committee meetings held - 7

All of the incumbent directors serving in 2013 attended at least 75% of the aggregate of the total number of meetings of the Board and the total number of meetings held by all committees on which he or she served during the period he or she was serving on the Board and any applicable committee. While the Company has no formal policy regarding director attendance at the Annual Meeting of Shareholders, the Company encourages all directors to attend. All of the directors then serving attended the 2013 Annual Meeting of Shareholders. .

Independent Director	Audit	Compensation & Personnel	Nominating & Corporate Governance	Strategic Opportunities
Edward J. (Ned) Hayes, Jr.				
Peter D. Ley				
Margie Brown				
John N. Wanamaker				

David Karp	
Brian A. Ross	
Carol Mills	

= Committee chair = Committee member

Board Leadership Structure

Our Board s independent leadership is strengthened by separation of the CEO and Board Chair functions. Our Board Chair is an independent director, Edward (Ned) J. Hayes, Jr. The Board has determined that its leadership structure is appropriate given its judgment that there are advantages to having a non-executive Board Chair to provide independent oversight and to engage in communications and relations between the Board, the CEO, and other senior management; in assisting the Board in reaching consensus on particular strategies and policies; and to facilitate a robust director, Board, and CEO evaluation process. The Board believes that because of this separated structure, the Board s advisory and oversight roles are effectively focused on assisting the CEO and senior management in developing and adopting successful business strategies and risk management policies, and in making successful choices in management succession.

Succession Planning

Our Board is actively involved in talent management. The Board reviews the Company s people strategy in support of its business strategy at least annually. This includes a detailed discussion of the Company s leadership bench and succession plans with a focus on key positions at the senior officer level.

In addition, the committees of the Board regularly discuss the talent pipeline for specific critical roles. High potential leaders are given exposure and visibility to Board members through formal presentations and informal events. More broadly, the Board is regularly updated on key talent indicators for the overall workforce, including diversity, recruiting and development programs.

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Committees of the Board

Our Board has four committees: Audit, Compensation and Personnel, Nominating and Corporate Governance, and Strategic Opportunities.

Audit Committee

The purpose of the Audit Committee is to provide assistance to the Board in fulfilling the Board s oversight of the Company s accounting and system of internal controls, the quality and integrity of the Company s financial reports, and the independence and performance of the Company s Independent Auditor. The Audit Committee also monitors and evaluates the Company s compliance with Section 404 of the Sarbanes-Oxley Act of 2002, including the risk assessment procedures as required.

The Audit Committee, in conjunction with the Board, has primary responsibility for oversight of the Company s management of risks inherent in its financial reporting and financial controls, the options to mitigate such risks, and the Company s approach to such risks. The Board retains oversight of the broader risks to the Company and its operations.

The Audit Committee operates pursuant to a written charter adopted by the Board, which is available at www.alsk.com. The Audit Committee consists of Mr. Ley (Chair), Mr. Ross and Mr. Wanamaker. The Board has determined that all of the members of the Audit Committee are independent directors, as defined by the applicable SEC and Nasdaq rules. Our Board has also determined that Mr. Ley and Mr. Ross are qualified as audit committee financial experts as defined under the Exchange Act. The Report of the Audit Committee is included in this proxy statement on page 60.

Compensation and Personnel Committee

The purpose of the Compensation Committee is to discharge the Board s responsibilities relating to Company compensation plans, policies and procedures including: (i) evaluate and establish director and executive officer compensation and performance requirements; (ii) approve equity and cash incentive programs for all employees of the Company; (iii) oversee succession planning for directors, executive officers and other management, as appropriate; and (iv) produce an annual executive compensation report to be included in the Company s proxy statement.

The Compensation Committee operates pursuant to a written charter adopted by the Board and available at www.alsk.com. The Compensation Committee consists of Mr. Ross (Chair), Mr. Karp, Ms. Brown and Ms. Mills. The Board has determined that all of the members of the Compensation Committee are independent directors as defined by the applicable SEC and Nasdaq rules. The report of the Compensation Committee is included in this proxy statement, starting on page 36.

Nominating and Corporate Governance Committee

The Nominating Committee assists the Board in discharging its duties by identifying, assessing and recommending director nominees for the Board, and it also has primary responsibility for matters of corporate governance. The Nominating Committee is currently comprised of Mr. Karp (Chair), Mr. Ley, Mr. Wanamaker, and Ms. Brown. The Board has determined that all of the members of the Nominating Committee are independent directors, and the nominations of directors are in full compliance with the applicable SEC and Nasdaq rules.

For director nominations, the Nominating Committee does not require director candidates to meet any particular set of minimum qualifications other than those set forth in our By-laws regarding age, legal compliance, and validity of nomination and election. As referenced in our Corporate Governance Principles and Guidelines available at www.alsk.com, the Nominating Committee considers a wide variety of qualifications, attributes and other factors in evaluating director candidates. In assessing potential new directors, the Nominating Committee considers individuals from various disciplines and diverse backgrounds. The Nominating Committee reviews the

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suitability of each candidate in light of the Company s needs for independence, expertise, experience, commitment, community ties, and other appropriate attributes. Some of the factors used in evaluating candidates include:

- ethical character and integrity;
- proven business judgment and competence;
- professional skills or management experience in dealing with a large, complex organization or complex problems similar or complementary to those encountered by our Company;
- knowledge of the Company s various constituencies such as employees, customers, vendors, and the business community in Alaska;
- expertise in particular areas such as technology, finance, or marketing;
- strategic vision;
- diversity of professional experience and viewpoints;
- demonstrated ability to act independently and to represent the interests of all shareholders; and
- willingness and ability to devote the necessary time to fulfill a director s responsibilities to the Company and our shareholders.

Our shareholders may nominate candidates for director positions by timely submitting the candidate s name, qualifications, and other information required in our By-laws, to the Nominating and Corporate Governance Committee, c/o Corporate Secretary, Alaska Communications Systems, 600 Telephone Avenue, Anchorage, Alaska, 99503. The Nominating Committee applies the same criteria to its evaluation of shareholder-recommended candidates as it applies to other candidates. Except as required by applicable law, the Nominating Committee has no obligation to nominate shareholder-recommended candidates for election as a director.

Although the Nominating Committee does not have a specific diversity policy, it recognizes that a diversity of viewpoints and practical experiences can enhance the effectiveness of the Board as a whole. Accordingly, as part of its evaluation of each candidate, the Nominating Committee takes into account how that candidate s background, experience, qualifications, and skills may complement, supplement or duplicate those of other prospective candidates. We believe a diverse group can best perpetuate the success of our business and represent shareholder interests through the exercise of sound judgment.

The Nominating Committee specifically reviews the qualifications of each candidate for the Board, whether an incumbent or not, for his or her understanding of our business and the competitive environment in which we operate. In addition, factors evaluated for incumbent nominees include: attendance and participation at meetings of the Board and relevant Board committees, independence, and any ties to our Company. Prior to nomination, each candidate for election or re-election must consent to stand for election to the Board.

The Nominating Committee operates pursuant to a written charter adopted by the Board, which is available at www.alsk.com.

Strategic Opportunities Committee

The Strategic Opportunities Committee is appointed by the Board to assist in the review and assessment of the Company s strategic direction, including reviewing potential acquisitions, strategic investments, and transactions related to the Company s capital structure, mergers, and divestiture opportunities. The Strategic Opportunities Committee is currently comprised of Mr. Wanamaker (Chair), Mr. Ley, Mr. Hayes, and Ms. Mills. The Strategic Opportunities Committee has the authority to take certain actions on behalf of the Board as is set forth in the its charter, which is available at www.alsk.com.

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RISK OVERSIGHT

We believe the current leadership structure of the Board supports the risk oversight functions described below. While the Board and its committees oversee risk management strategy, management is responsible for implementing and supervising day-to-day risk management processes. We believe this division of risk management responsibilities is the most effective approach for addressing the risks that the Company faces.

Full Board: is actively involved in the oversight of the risks inherent in the operation of our Company s lines of business and implementation of its business plans. The Board reviews the operation of the business and corporate functions and addresses the primary risks associated with the Company s business. In addition, the Board reviews the risks associated with the Company s business plans at its annual strategic planning session and periodically throughout the year as part of its continuing consideration of the tactical performance against this business plan. Finally, as part of the annual report preparation and filing, the Board performs a review of the Company s risk profile and advises management on how best to reflect those concerns in the Company s reporting. In 2013, management developed an Enterprise Risk Management program which operates to identify key risks within the Company. An Executive Risk Committee (ERC), made up of the CEO and senior vice presidents, oversees the program and provides periodic reporting to the Board on all areas of risk within the Company. The Board reviews the corporate risk profile and proposed risk management strategies from the ERC and provides insight and guidance on risk exposure.

Audit Committee: oversees the Company s management of risks inherent in its financial reporting and financial controls, the options to mitigate such risks and the Company s approach to such risks. The Company s CFO reports to the Audit Committee on the Company s business and financial risks. The Audit Committee assists management in identifying and evaluating risk management controls and methodologies to address identified risks.

Nominating Committee: establishes and reviews the Company s Code of Ethics, monitors compliance with the Code of Ethics and also addresses risk by adopting appropriate rules for corporate governance and monitoring the Company s compliance with our Corporate Governance Principles and Guidelines.

Compensation Committee: as described in more detail below under the heading Analysis of Risk in Compensation Practices, on page 37, considers the impact on the Company s risk profile of the Company s executive compensation program and the incentives created by the compensation awards that it administers. In addition, the Company regularly evaluates its compensation policies and procedures to determine whether they present a significant risk to the Company.

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DIRECTOR COMPENSATION

The current compensation program for independent directors is set to fairly compensate directors for work required for the Company while aligning directors interests with the long-term interests of our shareholders. The following table sets forth the aggregate dollar amount of all fees earned or paid in cash for services to our independent directors in 2013 and includes annual retainer fees, committee and chairmanship fees, and fees for Board or committee meetings.

Name	Year	Fees Earned or Paid in Cash ($)	Stock Awards[(1)] ($)	All Other Compensation ($)	Total ($)
Edward (Ned) J. Hayes, Jr.	2013	100,003	79,997	-	180,000
Peter D. Ley	2013	60,000	50,000	-	110,000
John Niles Wanamaker	2013	50,000	50,000	-	100,000
David W. Karp	2013	47,500	50,000	-	97,500
Brian A. Ross	2013	60,003	49,997	-	110,000
Margaret L. Brown	2013	42,500	50,000	-	92,500
Carol G. Mills	2013	12,358	14,538	-	26,896

(1) This column reflects the grant date fair value of each director s 2013 stock awards. All awards are vested upon grant and there are no outstanding unvested stock awards. The amounts in this column reflect the grant date fair value of the stock awards, computed in accordance with Financial Accounting Standards Board (FASB) ASC Topic 718 (Topic 718), based upon our stock price on the grant date.

Under our Board approved 2011 Alaska Communications Systems Group, Inc. Non-Employee Director Compensation and Reimbursement Policy (the Director Compensation Policy), we provide compensation to our independent directors consisting of annual cash and equity retainers payable in quarterly installments, as shown in the table below. Prior to the beginning of each calendar year, independent directors may elect to receive all or a portion of their cash retainer in common stock or equivalents.

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Type of Fee	Effective 1/1/2013
Annual Board Retainer to:	
Board Chair	$100,000
Audit Committee Members	$45,000
Other Independent Directors	$42,500
Annual shares or equivalents to:	Based on grant date closing price
Board Chair	$80,000
Other Independent Directors	$50,000
Additional Annual Retainer to:	
Audit and Compensation Committee Chairs	$15,000
Nominating and Strategic Opportunities Committee Chairs	$5,000

Our independent directors are also reimbursed for reasonable out-of-pocket expenses incurred for serving as directors.

Our Board has adopted minimum share ownership requirements for directors because we believe the Board will more effectively pursue the long-term interests of shareholders if the directors are shareholders themselves. Our Director Compensation Policy expects each non-employee director to accumulate and hold at least 15,000 shares of our common stock or stock equivalents by the fifth anniversary of the director s continuous service to our Board. All of our directors either are in full compliance with the holding requirement or have more time under the policy to reach the requirement.

Vote Required. The Company s By-laws require director nominees to be elected by a majority of the votes cast. Any incumbent that fails to receive a majority of the votes cast is required to submit a resignation that will be considered by the Board and accepted absent a compelling reason for the director to remain on the Board.

Recommendation of the Board of Directors

The Board of Directors believes that Proposal No. 1 is in the best interests of the shareholders and unanimously recommends that shareholders vote FOR the election of each director nominee in Proposal 1.

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EXECUTIVE OFFICERS

The table below sets forth certain information as of April 1, 2014 about those persons currently serving as executive officers of the Company. Biographical information on Anand Vadapalli, our President and CEO, is included above in the section Nominees for Directors.

Name	Age	Title
Anand Vadapalli	48	President and Chief Executive Officer
Wayne P. Graham	52	Chief Financial Officer
David C. Eisenberg	53	Sr. Vice President and Chief Revenue Officer
James R. Johnsen	56	Sr. Vice President, Human Resources and Process Transformation
Linda A. Leary	53	Sr. Vice President, Business Sales
Randy M. Ritter	54	Sr. Vice President, Managed Services
Leonard A. Steinberg	60	Sr. Vice President, Legal, Regulatory & Government Affairs and Corporate Secretary
Michael R. Todd	48	Sr. Vice President, Engineering & Operations

Wayne P. Graham serves as our CFO. Mr. Graham is responsible for leading our finance, treasury, accounting, information technology, supply chain management and investor relations functions and has key responsibilities in business strategy and cost structure rationalization, as well as performance measurement and metrics. Mr. Graham helped establish the Company in 1998 as an initial member of management, and rejoined the Company in 2011 from Ensequence, a leading provider of global interactive software for TV, where he was CFO. In addition to his roles at Alaska Communications and Ensequence, Mr. Graham previously served as CFO of Integra Telecom, a leading competitive local exchange company, and ACS Media, formerly a publicly traded print and electronic yellow page provider. In total, he brings over twenty-five years of relevant financial and industry experience. Mr. Graham holds a BSBA from Georgetown University and an MBA from the University of Washington.

David C. Eisenberg serves as our Senior Vice President and Chief Revenue Officer. He is responsible for leading the Company s marketing, product development, service delivery and corporate communications functions. Prior to returning to Alaska Communications in October 2012, Mr. Eisenberg served Alaska Communications as an independent consultant in the area of process transformation. Mr. Eisenberg previously held the position of Senior Vice President in charge of corporate strategy, development and marketing from 2003 to 2008. Prior to joining the Company in 2003, Mr. Eisenberg worked for Sprint Corporation for 21 years and among other roles, served as Vice President, Corporate Strategy/Strategic Marketing Planning. Mr. Eisenberg holds a BA in mathematics from Northwestern University and an MBA from the Keller Graduate School of Management.

James R. Johnsen serves as our Senior Vice President of Human Resources and Process Transformation. Mr. Johnsen joined Alaska Communications in 2011 from Doyon, Limited, an Alaska Native regional corporation, where from 2008 to 2011 he served as Senior Vice President of Administration. From 1996 to 2008, he served in several executive roles at the University of Alaska, including Vice President of Administration and Chief of Staff. Mr. Johnsen is active in the community as a member of the Alaska State Chamber of Commerce Board of Directors, Vice - Chair of the University of Alaska Foundation and Chair of the Alaska Commission on Postsecondary Education. Mr. Johnsen holds an undergraduate degree from the University of California, Santa Cruz, a master s degree from the University of Chicago, and a PhD from the University of Pennsylvania.

Linda Leary serves as our Senior Vice President, Business Sales. Ms. Leary joined us in December of 2013 to lead our business and enterprise sales. Ms. Leary is a respected leader in the Alaska business community and has more than 25 years of leadership and sales experience in Alaska. Most recently, she served as President of Carlile Transportation Systems, Alaska s largest asset-based trucking and logistics company. Ms. Leary s expertise and strong track record building teams and her understanding of Alaska businesses and their unique needs brings value to our customers, employees and shareholders. Ms. Leary serves on the Alaska Railroad board of directors as chair and the Rasmuson Foundation board of directors. She holds a bachelor s degree from the University of Maine and a master s degree in global supply chain management from the University of Alaska, Anchorage.

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Randy M. Ritter serves as our Senior Vice President, Managed Services. Mr. Ritter joined us in September of 2013 to lead our growth in managed services for the business market in Alaska. He brings more than 20 years telecommunications experience to the Company and previously served as Vice President, Product Management at Sprint, Vice President, Product Marketing at Sprint-Nextel, Senior Vice President, Sales and Marketing at One Communications and Chief Operating Officer at MacroSolve, Inc. His expertise and strong track record in building teams and defining, launching and growing managed business communication and IT services brings great value to our customers, employees and shareholders. Mr. Ritter holds a BS in accounting from the University of South Alabama. He is also a Certified Public Accountant (inactive) and a Chartered Global Management Accountant.

Leonard A. Steinberg serves as our Senior Vice President, Legal, Regulatory and Government Affairs and Corporate Secretary. Mr. Steinberg is responsible for the Company s legal affairs, corporate governance, regulatory compliance and risk management functions. He also serves as the Company s Chief Ethics Officer. He previously served as our Vice President, General Counsel and Corporate Secretary from 2001 through 2011 after joining us as a senior attorney in June 2000. From 1998 to 2000, Mr. Steinberg used his expertise in regulatory and administrative law to represent telecommunications and energy clients at Brena, Bell & Clarkson, P.C., an Anchorage, Alaska law firm. Prior to that, Mr. Steinberg was a partner in the firm of Hosie, Wes, Sacks & Brelsford with offices in Anchorage, Alaska and San Francisco, California. Mr. Steinberg practiced in the firm s Anchorage office from 1996 to 1998 and in the firm s San Francisco office from 1988 to 1996 where he primarily represented large clients in oil and gas royalty and tax disputes. Mr. Steinberg holds a JD. degree from the University of California s Hastings College of Law, a MPA from Harvard University s Kennedy School of Government, an MBA from University of California Berkeley s Haas School of Business, and a BA from the University of California at Santa Cruz.

Michael R. Todd serves as our Senior Vice President, Engineering and Operations. Mr. Todd is responsible for all engineering, service delivery and operations functions. His focus includes improving the overall customer experience through developing and executing long-term network evolution plans, establishing engineering and service delivery standards, directing cross-departmental process improvement teams to reduce cycle time, and enhancing operational efficiencies and employee development. Mr. Todd first joined Alaska Communications in August 2008. Before assuming his current position in October 2010, he served as our Vice President, Engineering and Service Delivery. Mr. Todd brings more than 20 years of telecommunications leadership and expertise with a focus on engineering and service delivery, building and maintaining wireless networks, staff operations and multi-site development. Prior to Alaska Communications, Mr. Todd held various engineering and operations leadership positions at Sprint, Nortel and Ericsson, Inc. He holds a BS in engineering from Texas A&M University and an MBA from the University of Texas.

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PROPOSAL 2: ADVISORY APPROVAL OF OUR EXECUTIVE COMPENSATION

In this Proposal 2, we are asking you to vote on a non-binding advisory resolution (commonly referred to as a say-on-pay resolution) on the Company s executive compensation as reported in this proxy statement. We have determined to hold this advisory vote each year and the next advisory vote will occur at the 2015 Annual Meeting. As described in more detail below in the Compensation Discussion and Analysis section of this proxy statement beginning on page 21, the Compensation Committee has structured our executive compensation program to seek to align each NEO s individual compensation with the Company s short-term and long-term performance and to provide the compensation and incentives needed to attract, motivate and retain a talented, entrepreneurial and creative team of executives who will provide leadership for the Company s success in dynamic and competitive markets.

The Company s compensation programs primarily reflect the Compensation Committee s continued commitment to pay-for-performance principles, with a significant portion of our NEOs compensation being at-risk and subject to the achievement of measurable financial performance goals aligned with the creation of long-term shareholder value. For 2013, significantly over half of our NEOs total compensation (as reported in the Summary Compensation Table, below) was at-risk, being comprised of performance-based cash incentive opportunities and performance-based stock units that only vest if performance objectives are met. We rewarded outstanding performance, but also held all NEOs accountable where Company performance fell short of expectations. The Compensation Committee believes that the compensation arrangements it has in place for our NEOs provide for a compensation mix that is consistent with market practice and reasonable in light of the Company s performance and each individual executive s performance.

The Board has adopted a policy providing for an annual say-on-pay advisory vote. In accordance with this policy and Section 14A of the Exchange Act, and as a matter of good corporate governance, we are asking shareholders to approve the following advisory resolution at the 2014 Annual Meeting of Shareholders:

RESOLVED, that the Company s shareholders approve, on an advisory basis, the overall compensation of the Company s Named Executive Officers, as disclosed in the Company s proxy statement for the 2014 Annual Meeting of Shareholders, and pursuant to the disclosure rules of the SEC, including the Compensation Discussion and Analysis, the 2013 Summary Compensation Table and the other related tables and the accompanying narrative disclosure.

Vote Required. As an advisory vote, the result of the shareholder vote on this Proposal 2 is not binding on the Company, the Compensation Committee or the Board. However, the Compensation Committee, which is responsible for designing and administering the Company s executive compensation program, values the opinions expressed by our shareholders in their vote on this proposal and intends to review and consider the voting results when making future compensation decisions for our NEOs. For this advisory vote to be approved, it must receive an affirmative vote from a majority of the shares of common stock that are present in person or by proxy and are voting on the proposal.

Recommendation of the Board of Directors

The Board of Directors believes that Proposal 2 is in the Company s best interest and the best interests of its shareholders and unanimously recommends a vote FOR the advisory approval of the Company s executive compensation as disclosed in this proxy statement.

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COMPENSATION DISCUSSION AND ANALYSIS

In this Compensation Discussion and Analysis, we provide an overview of our executive compensation philosophy and objectives and describe how our executive compensation program is designed and operates with respect to our Named Executive Officers or NEOs, whose compensation is set forth in the 2013 Summary Compensation Table and other compensation tables contained in this Proxy Statement.

NEOs:

Anand Vadapalli	President and Chief Executive Officer
Wayne Graham	Chief Financial Officer
David C. Eisenberg	Senior Vice President and Chief Revenue Officer
James R. Johnsen	Senior Vice President, Human Resources and Process Transformation
Leonard A. Steinberg	Senior Vice President, Legal, Regulatory and Government Affairs and Corporate Secretary

Executive Summary

Our Business

We provide leading integrated communications services to business and consumer customers in and out of Alaska. Our communications network extends throughout the major population centers in Alaska and connects to the contiguous United States through two diverse undersea fiber optic cable systems. Our focus is on:

- high speed broadband and managed services to businesses, and higher bandwidth speeds without data cap pricing for consumers;
- wholesale products and services to other carrier customers; and
- wireless retail service through AWN in Alaska.

For more information about our business, please see Business and Management s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K filed with the SEC on March 27, 2014.

2013 Business Highlights

Consistent with our business plan, the Company s Board targeted initiatives for 2013 that included growing broadband revenues while reducing the Company s overall debt as measured by our Leverage[4] ratio, in addition to the successful closing of the strategic AWN transaction. In support of those initiatives, the Compensation Committee set incentive compensation goals predicated on pro-forma Leverage ratio, Adjusted Wireline Revenue[5], and Adjusted EBITDA[6] reviewed by the Board in conjunction with approving the AWN transaction.

[4] The leverage ratio, or Leverage is the ratio of net debt to Adjusted EBITDA.

[5] The wireline revenue goal, Adjusted Wireline Revenue, allowed for a reduction from total wireline revenue based on the proportionate share of the backhaul revenue arising from contracts contributed to AWN from the date of close of the AWN transaction through year end.

[6] Adjusted EBITDA for purposes of calculating incentive compensation is calculated as reported by the Company in its quarterly report on Form 10-Q and annual report on Form 10-K filed with the SEC. This Adjusted EBITDA is not a Generally Accepted Accounting Principle (GAAP) measure, and our measurement of Adjusted EBITDA may differ from other companies. For a reconciliation of Adjusted EBITDA to the GAAP measure of net income, please refer to the discussion under the heading Non-GAAP Financial Measures at pages 49-50 in our annual report on Form 10-K for the year ended December 31, 2013.

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These goals are explained in more detail below. Throughout 2013, we believe that our steady executive leadership allowed us to demonstrate solid performance and reflect steady progress towards the 2013 initiatives and business priorities.

The following are significant operational accomplishments in 2013:

We closed the AWN transaction. AWN allowed us to consolidate wireless networks with GCI, creating the largest and most diverse wireless network in Alaska. This transaction mitigates the risks from roaming and support revenue reductions by providing predictability of cash flows from the wireless business.

We exceeded our Leverage ratio goal. A significant factor in our ability to achieve and exceed our Leverage ratio goal was the close of the AWN transaction that we first disclosed in 2012. Upon closing the AWN transaction, we used $65 million of proceeds to reduce our long-term debt, leading to a reduction in our Leverage ratio.

We exceeded our adjusted wireline revenue goal. We continued the strength and growth in broadband revenues for the second year in a row, supporting our belief in the market opportunity and our ability to seize such opportunity.

We exceeded our Adjusted EBITDA goal. This was made possible by strong roaming revenues during the first half of the year prior to the closing of the AWN transaction.

We positioned the Company for long-term broadband growth. We **l**aunched our Fiber to the Node project and deployed new and upgraded nodes across areas of Anchorage allowing us to offer stronger broadband services to businesses.

We added executive leadership for growth. In September, we hired a new senior vice president to lead the Company in developing and growing managed services products for the business market segment. In December, we hired a new senior vice president to build on our sales team s momentum and help drive top line growth.

2013 Financial Highlights

As outlined in our business highlights above, our focus on the business plan implemented in 2012 led to improved financial results.

The following are 2013 financial highlights:

The Company made $99.6 million in debt payments and repurchased $6 million of selected outstanding convertible notes with shares of our common stock.

Business and wholesale revenue was $100.7 million, an increase over the 2012 total of $98.6 million. Growth in our broadband revenue led the way with increase of 18.6% over 2012.

Consumer broadband connections increased from 36,576 in 2012 to 38,677 in 2013 and business broadband connections grew from 18,718 in 2012 to 19,285 in 2013.

Broadband ARPU saw significant strength:

1. Consumer ARPU grew from $42.46 in 2012 to $48.92 in 2013.

2. Business ARPU grew from $152.09 to $175.34.

As expected, other areas of wireless revenue were affected by the AWN transaction. We believe we have reduced our risk of future declining wireless roaming, CETC and high cost support revenues and the entrance of Verizon Wireless into the Alaska market by forming AWN, which will distribute a more stable dividend stream to the Company.

The Compensation Committee believes the business plan we began in 2012 continues to define significant prospects and opportunities for the Company. The Compensation Committee continues to have confidence in our management team s ability to assess the challenges and opportunities for the Company and is proactively adapting and supporting the people, processes and products to provide the best customer service in the markets we are serving.

2013 Executive Compensation Highlights

The Compensation Committee continues to provide for a significant proportion of the compensation of the CEO and the other NEOs to be determined based on the achievement of annual performance objectives that have been chosen to advance the Company s business strategy and create sustainable long-term shareholder value.

In line with our emphasis on pay-for-performance, compensation awarded to our NEOs for 2013 required that management deliver strong financial results prescribed by the business plan we began in 2012. The Compensation Committee selected the performance metrics of Adjusted EBITDA, Adjusted Wireline Revenue and Company Leverage Ratio based upon our business plan s dual goals to reduce financial exposure to high levels of debt and to create shareholder value by generating strong Adjusted EBITDA and using free cash flow to repay debt. The Compensation Committee believes it has put its pay for performance philosophy into practice by tightly linking executive incentive compensation to the attainment of the strategic goals in our business plan, and by targeting a significant percentage of NEO compensation to be at risk. The following compensation segments address annual and long-term incentives:

- *Annual Incentive Awards*. Annual incentive awards paid to NEOs reflect the Company s successful performance related to the goals for Adjusted EBITDA and Adjusted Wireline Revenue set by the Compensation Committee. In addition, each NEO earned incentive cash based on individual performance.

- *Long-Term Incentive Awards.* The values of the long-term incentive awards granted to our NEOs in 2013 recognized the performance of our NEOs and their contribution to achieving a significant reduction to the Company s Leverage ratio.

Consistent with the Company s compensation philosophy, which is described in more detail below, the Compensation Committee took the following actions in 2013:

- To manage our performance based incentive compensation program within the scope of shares available for incentive awards, equity based long-term incentive awards for our executives were reduced and replaced in part with long-term performance cash compensation.

- In recognition of management s significant efforts in closing the AWN transaction, which led to the reduction of the Company s Leverage ratio, additional special long-term incentive awards were granted and tied to de-levering targets to vest in each of the next three years.

- Leverage goals were set for long-term compensation components and were aimed at reducing the Company s long-term debt, which the Compensation Committee believes drives shareholder value.

Base salaries were increased for all NEOs, except for the CEO, in order to be more competitive with prevailing market rates. The annual cash incentive opportunity for NEOs other than the CEO was reduced from 100% of base pay to 60%. These changes resulted generally in a reduction in total compensation for most executives while keeping total compensation for all executives generally at median levels of our peer group.

We entered into an Amended and Restated Employment Agreement with our President and CEO, Anand Vadapalli. More detail of the new agreement is outlined on page 44.

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Annual base salary, employee benefit programs and time-based RSU awards are the elements of our executive compensation that generally are not at risk in any given year, although the value of all RSU awards will depend on our stock price performance as driven by the performance of our business and executive team. The Compensation Committee believes that to attract, retain and motivate top-caliber executives, it needs to balance incentive awards with predictable compensation amounts that reward continued service.

A significant portion of our total executive compensation consists of our incentive-based pay in the form of the annual cash incentive awards and long-term performance-based equity and cash incentives. The Compensation Committee believes that this mix of base pay and long and short-term incentive-based compensation is working as intended, remains consistent with practices within our Peer Group, as defined on page 28, and is aligned with shareholder outcomes.

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KEY FEATURES OF OUR 2013 EXECUTIVE COMPENSATION PROGRAM

The Compensation Committee believes that the executive compensation program includes key features that align the interests of the NEOs and the Company s long-term strategic direction with shareholders interests. Among other items described below, we believe these key features help ensure our compensation practices are consistent with good governance standards.

What We Do

Align NEO Pay with Company Performance:

Incentive compensation is aligned with wireline revenue, Adjusted EBITDA, and our Leverage ratio.

Balance Short-Term and Long-Term Incentives:

The incentive programs provide an appropriate balance of annual and long-term incentives and include multiple measures of performance.

Minimum Stock Holding Requirements

for All NEOs:

Our CEO must own 3x his base salary and our other NEOs must own 1.5x their base salary worth of our Company stock within 5 years of first becoming executive officers.

Mitigate Excessive Risk-taking Behaviors by NEOs:

Our executive compensation program balances incentive compensation using both short-term and long-term goals to reduce the possibility that our NEOs will make excessively risky business decisions that could maximize short-term results at the expense of long-term value.

Authorize the Board to Recoup Executive Compensation:

The Board has the authority to recoup compensation that resulted from a material misstatement of financial results.

What We Don t Do

No guaranteed or non-performance

based bonuses or salary increases:

None of our NEO s has an employment arrangement that guarantees any cash incentive or other annual or multi-year bonus payments or salary increases.

No tax reimbursements:

We do not provide tax gross-ups to any of our NEOs.

No single trigger change-of-control benefits:

Our severance arrangements and 2011 Plan do not contain single triggers on equity vesting in the event of change of control, and instead require change of control with an involuntary termination of employment.

No special executive retirement or benefit packages that are not available to substantially all of our employees:

There are no special executive retirement or benefit packages that are not available to substantially all of our employees.

No Hedging of Company Stock:

Our NEOs are prohibited from hedging their Company stock.

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Consideration of Last Year s Say-on-Pay Vote

Following our 2013 Annual Meeting, the Compensation Committee reviewed the results of the shareholder advisory vote on executive compensation with respect to compensation actions and decisions for our CEO and the other NEOs. Approximately 86% of the votes cast on the proposal (excluding broker non-votes and abstentions) were voted in support of the compensation of our NEOs and the Company s executive compensation program. The Compensation Committee believes that this result indicates that our shareholders generally approve the approach the Compensation Committee has taken with respect to our executive compensation. As described elsewhere in this CD&A, the Compensation Committee regularly reviews the executive compensation program in light of the Company s long-term goals, our pay-for-performance philosophy, and the rapidly changing market in which we compete. The Compensation Committee took several steps in 2013 to set appropriately challenging performance goals that reflect the Company s revised post-AWN structure of lower but more predictable wireless earnings, to further emphasize pay-for-performance elements of our NEOs pay and to continue to enhance and improve the alignment of executive compensation with the Company s results determined to be critical to its future success.

Consistent with the shareholders advisory vote at the 2011 Annual Meeting, the Board determined that advisory votes on the Company s executive compensation would be held annually. Accordingly, in this proxy statement the Company has included Proposal 2 Advisory Approval of the Company s Executive Compensation.

Shareholder Engagement

During each year, our CEO and CFO reach out to shareholders in many ways. Quarterly, we conduct conference calls both telephonically and online to discuss financial results with shareholders. Periodically, we attend investor meetings at locations throughout the United States. In 2013 we presented at an event hosted by a third party and arranged individual meetings with investors in New York, Boston and Phoenix. Our website at www.alsk.com provides contact information so shareholders can call, write or email us with questions. We seek to provide a high response rate to these questions throughout the year. As we receive feedback and talk with shareholders we share the feedback with the Compensation Committee and our Board. Both the Compensation Committee and Board value our shareholders insights and consider their feedback and other factors when designing our executive compensation program and making compensation decisions.

Executive Compensation Program Philosophy and Objectives

The Compensation Committee believes that the Company s long-term success depends in large measure on the talents and dedication of our executive management team and our employees. The philosophy underlying our executive compensation program is to provide a program designed to achieve three fundamental objectives:

(1) Attract and retain top caliber executives: Executive officers should have base salaries and employee benefits that are competitive and recognize the unique characteristics and challenges associated with our location in Alaska, so that we can attract and retain high-caliber individuals at all levels.

(2) Pay for performance: A significant portion of the annual and long-term compensation of our executive officers should vary with annual and long-term business performance and each individual s contribution to that performance.

(3) Align compensation with shareholder interests: Executive officers should be rewarded for achieving long-term results, and such rewards should be aligned with the interests of our shareholders so that those executives are encouraged to create and enhance sustained shareholder value and participate in the risks and rewards of ownership of our common stock.

When reviewing the executive compensation program and our performance metrics, the Compensation Committee considers how our compensation program supports the Company s business objectives, strategy, performance, and risk profile. The Compensation Committee seeks to structure the compensation program to provide incentives for executives that appropriately balance risk and reward consistent with the Company s long-term business and risk management objectives in a way that will effectively further our shareholders interests.

The qualities, abilities and commitments of our NEOs are considered significant contributing factors to the proper leadership of our Company and the driving force for delivering shareholder value. Specifically, our current executive compensation program is designed to address our fundamental objectives in the following ways:

- Pay base salaries near the median of our peers to allow us to compete for and retain our top talent.
- Provide a significant portion of target compensation at risk for NEOs.
- Provide equity awards with vesting over three years and equity holding requirements to ensure our executives realize returns as our shareholders gain value.
- Motivate executives to pursue revenue growth in the key segments of the business outlined in the Company s strategic plan through incentive goals aimed at broadband revenue growth, Adjusted EBITDA production and debt reduction, which the Compensation Committee believes will both reduce financial risk and provide attractive shareholder returns.

As described in more detail below under 2013 Executive Compensation Program Elements, the material components of the Company s executive compensation program for our NEOs include:

- Base salary;
- Annual cash incentive opportunity;
- Long-term, performance-based cash and equity incentive opportunities;
- Long-term, time-based RSU awards; and
- Health and welfare and retirement benefit programs as provided to substantially all of our employees.

Compensation Committee Oversight of the Executive Compensation Program

Our Board believes that compensation decision-making is a core Board responsibility and an effective tool for shaping the Company s strategy and performance. The Compensation Committee is responsible to our Board for overseeing the development and administration of our compensation and benefits policies and programs.

The Compensation Committee, which consists of four independent directors, is responsible for the review and approval of all aspects of our executive compensation program. In performing these duties, the Compensation Committee reviews the Company s compensation programs and policies and seeks to avoid encouraging excessive risk-taking by our NEOs. The Compensation Committee s responsibilities include oversight and review of the base salary, annual cash and equity incentives, long-term compensation and benefit programs for the Company s executive officers, including:

Review and approval of corporate incentive goals and objectives relevant to compensation;

Evaluation of individual performance results in light of these goals and objectives;

Evaluation of the competitiveness of individual total compensation packages; and

Approval of changes to the total compensation packages.

The Compensation Committee considers the recommendation of the CEO in determining the compensation of the executives who report directly to him and he makes recommendations as to their individual performance goals and objectives. These recommendations are based upon his assessment of each executive officer s performance and the performance of each individual s respective area of oversight or function. While the CEO developed and recommended the compensation packages for our other NEOs, the Compensation Committee has the ultimate authority to approve or modify management s recommended compensation packages. The Compensation Committee determines our President and CEO s compensation package in consultation with the independent members of our Board. Management does not provide input in the determination of the CEO s compensation. The Compensation Committee s charter, which sets out its duties and responsibilities and addresses other matters, can be found on our website at www.alsk.com.

Role of the Compensation Consultant. The Compensation Committee has retained Frederic W. Cook & Co., Inc. (F.W. Cook) as its Compensation Consultant. F.W. Cook reports directly to the Compensation Committee and the Compensation Committee has the sole authority to retain or replace F.W. Cook or hire additional consultants

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at any time at the Company s expense. A representative of F.W. Cook attends meetings of the Compensation Committee, as requested, and communicates with the Compensation Committee Chair between meetings; however, the Compensation Committee makes all decisions regarding the compensation of our executives.

In connection with its engagement of F.W. Cook, the Compensation Committee considered various factors related to F.W. Cook s independence as required by SEC regulations and Nasdaq rules. After reviewing these factors, the Compensation Committee determined that F.W. Cook is independent and its engagement did not present any conflicts of interest.

The Compensation Consultant provides various executive compensation services to the Compensation Committee pursuant to a written consulting agreement with the Compensation Committee. Generally, these services include advising the Compensation Committee on the principal aspects of our executive compensation program, evolving industry practices and providing market information and analysis regarding the competitiveness of our program design and our award values in relationship to the Company s performance.

In 2012, F.W. Cook prepared a compensation study using a set of 14 peer companies broadly similar to our Company with respect to both industry type and size. Our Company ranked roughly in the median of the peer group companies in terms of revenue range and market capitalization. The peer group that the Compensation Committee referred to in 2013 was unchanged from 2012 and was comprised of the following companies:

Cbeyond	NTELOS
General Communication	Otelco
Hawaiian Telecom	Premiere Global
Hickory Tech	Primus Telecomm
Lumos Networks	Shenandoah Telecom
Multiband	USA Mobility
Neutral Tandem	Vonage Holdings

When analyzing the peer group compensation data, the Compensation Committee first reviewed and compared, among other metrics, type of operations, market capitalization, revenues, net income, earnings before interest income and expense, taxes, depreciation, amortization, total shareholder return, return on invested capital and return on equity for each peer company.

The Compensation Committee reviewed the data presented by F.W. Cook for compensation packages of the executive officers of each of the peer group companies and compared their compensation with the compensation of each of our NEOs by matching positions for approximately comparable duties and responsibilities. The purpose of reviewing such data was for the Compensation Committee to determine whether the compensation paid to our NEOs is generally competitive with that paid by peer group companies, recognizing that our compensation practices reflect that our NEOs operate in a more geographically remote market and manage a relatively more diverse portfolio of telecommunications services than do the executives of many of our peer group companies.

Based on the information provided by F.W. Cook for our NEOs below the level of CEO, base salaries, annual cash incentives and long-term incentives were roughly at the median of the peer group companies overall. Our CEO s annual compensation was below the median and his long-term compensation was above the median. As a result, overall, our total target direct compensation for all NEOs was generally aligned with the median. The comparison of severance benefits offered to our executives showed that they were generally comparable to those of our peer group companies, while other benefits and perquisites for our executives were more limited than those offered by the peer group companies.

Although the Compensation Committee believes it is important to periodically review the compensation policies of a representative peer group, the Compensation Committee also believes we must adopt compensation policies that incorporate our own business objectives, conditions and culture. We face unique challenges in attracting executive talent to Alaska, meeting our Company s specific hiring and retention goals, keeping our focus on our pay-for-performance principles and the desirability of balancing short and long-term goals and results. Therefore, while the Compensation Committee reviews peer group data regularly, the Compensation Committee does not annually adjust the compensation paid to our NEOs based on the compensation policies of peer group companies and it does not index the total compensation of our NEOs or any element of their compensation against the peer group. We offer the compensation we believe is appropriate to attract, retain and incent our key executives in this highly competitive industry.

2013 Executive Compensation Program Elements and Decisions

Executive compensation is made up of a combination of base salary and performance-based compensation consisting of an annual cash incentive opportunity and cash and equity-based long-term incentive opportunities. We also provide health and welfare and retirement benefits to our executives that are in line with those offered to substantially all of our employees. The Compensation Committee believes that a strong link between incentive compensation awards and our short-term and long-term objectives can be achieved by use of both annual cash incentive and long-term incentive elements of compensation.

Beginning in 2013, the Compensation Committee revised the allocation of incentive compensation opportunities for executives by reducing the level of the annual cash incentive compensation for NEOs below the CEO. The Compensation Committee provided a special long-term performance stock unit incentive opportunity. The goal for each type of long-term incentive compensation was tied to reducing the Company s debt level as measured by the Company s Leverage ratio. Each separate component of our 2013 executive compensation package is described in more detail in the paragraphs that follow.

Generally, the elements of compensation described below apply to all of our NEOs. Mr. Vadapalli, our President and CEO, is the most highly compensated of our NEOs, reflecting his overall responsibility for the strategic direction and management of the Company. Mr. Vadapalli also serves as a member of the Board and has a more visible role in the community and with our shareholders.

Our other NEOs received lower total compensation than our CEO, reflecting their relatively more defined authorities and responsibilities. The Compensation Committee considers and approves the total compensation of the CEO and the other NEOs based in part on an evaluation that considers the relativity of pay between the CEO and the other NEOs, taking into account each NEO s particular responsibilities and span of control, as well as their individual contributions, performance, skills, judgment, leadership qualities and competencies.

Annual Salary and Incentive Compensation

Base Salaries

Our compensation program for 2013 provided for annual base salaries for our NEOs as set forth in the Salary column of the Summary Compensation Table below. Base salary levels are established by considering a number of factors, including the needs of the Company, the nature and responsibility of each NEO s position, the particular qualifications, experience and expertise of the individual executive, competitiveness of the market for the executive s services, the executive s potential for driving the Company s success in the future, individual performance, and other judgmental factors deemed relevant by the Compensation Committee.

Base salaries for our NEOs have historically been set below the median salaries paid by our peer companies. For 2013, the Compensation Committee increased the base salaries of our NEOs, except for the CEO, to remain competitive and support retention of our executive officers. Base salaries are now roughly equal to the median salaries paid by our peer companies. The CEO s employment agreement was renegotiated in 2013 and provided no increase in base salary. Details of Mr. Vadapalli s amended agreement can be found on page 44.

Annual Cash Incentive Awards

Annual cash compensation includes both base salary and an annual cash incentive award that represents one portion of our NEOs incentive compensation. The Compensation Committee reduced the annual cash incentive opportunity for 2013 from 100% to 60% of base salary for all our NEOs except for our CEO. As reflected in the chart below, despite the increase in base salary, total target annual compensation decreased from 2012 levels.

Mr. Vadapalli s target annual cash incentive award was set at 100% of his base salary for 2013, a level guided by his employment agreement dated February 1, 2011 and renegotiated effective April 1, 2013.

During the first quarter of each year, the Compensation Committee establishes Company performance targets and individual goals applicable to that year. The annual cash incentive awards are based 70% on Company performance, and 30% on the individual NEO s performance. The Compensation Committee did not provide for any multi-year or other guaranteed cash incentive payments or bonuses for any of our NEOs in 2013 and all of their cash incentive compensation was performance-driven.

The individual performance portion of each NEO s cash incentive award may be adjusted upward or downward based on the Compensation Committee s evaluation of individual performance. This can result in cash incentive payouts greater or lesser than what would otherwise have been payable based solely on the calculation of Company performance targets and Company results. The portion of the cash incentive payouts tied to Company performance is forfeited if the Company does not achieve a predetermined percentage of the Company performance goals. Cash incentive payouts to NEOs may be diminished when actual performance is less than the Company performance goals and enhanced when actual performance exceeds 100% of the Company performance goals. Cash incentive payments for NEOs generally may not exceed 150% of the annual target amounts under our executive compensation plan. Annual cash incentive award payouts generally occur during the first four months of the year following the performance year after completion of the Company s audited financial statements.

The Compensation Committee established two clear, quantifiable Company performance goals for payment of cash incentive compensation in 2013 that reflect elements of the overall business strategy. Each target was weighted as one-half of the total Company performance goal in determining the payout to our NEOs based on 2013 results.

- Target Adjusted EBITDA of $95 million.

- Target Adjusted Wireline Revenue of $203.3 million.

These levels of Adjusted EBITDA and Adjusted Wireline Revenue reflect the organizational change anticipated by the completion of the AWN transaction which reduced the level, but increased the certainty of wireless revenue and Adjusted EBITDA, and reduced wireline revenue related to serving wireless network providers. As such, the Compensation Committee established these levels, which are less than 2012 actual results.

The Compensation Committee chose this Adjusted EBITDA target as an indicator of the Company s overall success because it eliminates the effects of period-to-period changes in costs associated with capital investments, interest and stock-based compensation expense that are not directly attributable to the underlying performance of the Company s business operations. The Adjusted Wireline Revenue target was selected because of its importance in generating future Adjusted EBITDA and it supports our belief in the market opportunity for business broadband, which is a key component of wireline revenue.

The Company performance multiplier was adjusted between a minimum payout of 50% of the incentive cash opportunity upon reaching 85% of the performance target and adjusted incrementally to 100% payout upon reaching 100% of the performance target for each of the goals set by the Compensation Committee. Company performance below 85% of target would result in no payout for that portion of the NEOs cash incentive compensation. To reward executives for exceeding goals, the Compensation Committee provided additional incentives above 100% of goal calculated incrementally between 100% and a maximum payout of 150% at 105% of target.

Performance Determination. The Company s actual results for 2013 compared to the preset Company goals are shown in the table below:

Description	Target (millions)	Results (millions)
Adjusted EBITDA	$ 95	$106.5
Adjusted Wireline Revenue	$ 203.3	$205.3

As shown above, results were above target for both performance target goals. Adjusted EBITDA was at 112% of goal, well above the maximum payout level resulting in payout of 150% for the half of the annual cash incentive compensation tied to Adjusted EBITDA. Adjusted Wireline Revenue was at 101% of goal, resulting in a payout of 109.7% for the half of the annual cash incentive compensation tied to Adjusted Wireline Revenue. The Summary Compensation Table below reflects cash incentive payments made to our NEOs consistent with the results reported by the Company for 2013.

The Compensation Committee believes that all of the NEOs individually performed at superior levels and contributed substantially to our results. Each NEO received a cash bonus recognizing efforts related to the closing of the AWN transaction. That bonus is reflected in the Summary Compensation Table column titled Bonus. The individual performance component of annual cash incentive awards is a component of the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table. Both of these cash payments reflect the Compensation Committee s assessment of individual performance. The following identifies the contributions of each individual that led to the determination of their annual cash incentive payment:

Mr. Vadapalli demonstrated overall stewardship in delivering superior financial performance that exceeded targets established by the Compensation Committee and successfully closing the AWN transaction.

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Mr. Graham provided leadership in complex accounting matters related to the AWN transaction and various process improvement efforts in supply chain management and he led the deployment of key information technology platforms.

Mr. Steinberg provided leadership in complex regulatory matters related to the AWN transaction, his leadership in process improvement efforts related to facilities and his excellent stewardship of policy matters with the Federal Communications Commission.

Mr. Eisenberg provided leadership in the AWN closing and integration matters and in achieving overall broadband revenue growth during the year.

Mr. Johnsen provided leadership in complex personnel and labor relations matters related to the AWN transaction and for providing overall governance and program leadership for our various process improvement initiatives.

Final 2013 annual cash incentive awards are included in the Non-Equity Incentive Plan Compensation column of the Summary Compensation table on page 38.

Long-Term Incentive Compensation

Long-term incentive awards represent another performance-based portion of our NEOs total target compensation. These long-term incentive opportunities for performance years starting in 2013 include a combination of cash and equity and will vest or payout, as earned, in one-third increments over three years. The Compensation Committee believes that having a multi-year performance period increases executive focus on our long-term business objectives and better aligns the interests of our executives with those of our shareholders. These long-term incentive awards are tied to Company performance through a target aimed at reducing the Company s Leverage. The Compensation Committee believes this target properly motivates and rewards performance aimed at advancing the business plan in general, and growth of revenues with specific attention to debt reduction, which reduces financial risk and creates sustainable long-term shareholder value.

Early in 2013, the Compensation Committee established the Leverage goal for long-term incentive compensation for the 2013 performance year at 4.8. This performance goal is considered attained if the Leverage ratio at the end of the year is at or below the stated goal. There is an incrementally lower vesting or payout for Leverage above target. No vesting or payout occurs if Leverage is above 5.09. 50% vesting or payout occurs at Leverage of 5.09 and increases incrementally with each .01 decrease in the Leverage. At Leverage below target, payouts increase incrementally, with maximum payout at Leverage of 4.51.

Long-Term Target Performance Cash

The Compensation Committee reduced executives equity based long-term incentive compensation in 2013, and instead provided for a long-term cash incentive award opportunity set as a percentage of base pay. Payments under these long-term cash incentive awards are made, if earned, for each one-third portion in the year following the performance year after attainment of the performance goals is confirmed by the Company s financial results based on audited financial statements.

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Performance Determination. As depicted in the chart above, actual Leverage at December 31, 2013 was 3.88, which was lower than the Compensation Committee s targeted goal for 2013, and resulted in payout of the first one-third of the long-term cash incentive at the maximum level for the 2013 performance year.

2013 Special Long-Term Performance Stock Units

The Compensation Committee believes equity compensation aligns our NEOs interests closely with our shareholders interests, while still providing the level of compensation necessary to retain the key leadership of our Company. The Compensation Committee provided an opportunity for executives to earn a long-term award of performance stock units (PSUs) based on the Leverage targets identified above. These PSU awards were made in accordance with the 2011 Plan, and the Compensation Committee granted these awards in recognition of the extraordinary effort required and the strategic importance of completing the AWN transaction. These PSUs vest, one-third each year, in the year following the performance year, if, and to the extent that the Company s performance, based on audited financial results, in each of the three years meets the Company performance target for each of those years. Partial vesting occurs within a range under the performance target but if actual performance does not achieve a predetermined minimum, all PSUs tied to that year s performance are forfeited.

In connection with the 2013 PSU grants, the Compensation Committee provided for cash payments for overachievement of the Leverage performance goal. The Compensation Committee believes this cash incentive encourages the Company s overall goal of debt reduction. Payout of this cash incentive only occurs when the Company s Leverage is below the target set for the year with payout increasing incrementally for each .01 decrease in Leverage. This special long-term cash payment opportunity was provided with a set maximum value and divided into three equal portions for the three performance years during the three-year term of the award. For 2013, maximum payout of 100% of the cash equivalent of the vested equity award occurred at Leverage of 4.51.

Performance Determination. Actual Leverage at December 31, 2013 was 3.88, which was significantly lower than the Leverage goal set by the Compensation Committee, resulting in vesting of PSUs at the maximum level for 2013, and maximum payout for the cash incentive component for each executive equal to one-third of the value of the 2013 PSU grant on grant date.

The chart below illustrates the total actual payout of all long-term incentive compensation for the 2013 performance year versus the targets set for each category. For purposes of this table, PSUs were valued at the closing price of our stock on December 31, 2013.

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2013 Restricted Stock Units

To provide a balance between long-term performance incentives and retention incentives, our NEOs were granted time-vested RSUs. While RSUs are generally not considered performance based, the value of all RSU awards will depend on our stock price performance as driven by the performance of our business and executive team. These RSUs vest in one-third portions over three years beginning in 2014 as long as the NEO remains continuously employed with the Company.

Long-Term Awards under Prior Year Grants

In 2012 and 2011, the Compensation Committee granted PSU awards that were structured similarly to the 2013 PSU grants, except that our 2012 and 2011 grants did not specify targets at the time of the grant of the awards. Rather, those awards provided for vesting in three equal annual portions, with the vesting of each portion being subject to the Company s attainment of a performance goal for the applicable year, which performance goal was to be established at the start of the applicable performance year. In 2013, the Compensation Committee set the same Leverage target as used for the awards granted in 2013 for these prior year awards. These PSU awards did not provide the incremental vesting above the Leverage target and did not provide for a cash incentive should Leverage fall below the target. The final one-third of the 2011 PSU awards and the second one-third of the 2012 PSU awards that related to 2013 performance vested in March 2014.

One-third of the RSU equity awards approved and granted by the Compensation Committee in 2011 vested in March of 2013 for NEOs who remained continually employed with the Company and had received these equity grants.

Constraints on All Equity Grants

Directors and employees, including the NEOs, may not purchase shares on margin, use equity grants as collateral for loans or otherwise hedge, pledge or encumber any securities comprising an equity-based award. They may not sell any awards for cash before the award vests in accordance with the terms of the applicable grant agreement. Trading of shares of Company stock is further limited by our insider trading policy. In addition, we do not pay dividends (or gross up equity awards for dividend equivalents) on unvested equity-based compensation. We also do not allow re-pricing or exchange of shares for cash.

Other NEO Benefits

Our NEOs receive standard health and welfare and retirement benefits that are available to substantially all employees of the Company. There are no special or supplemental retirement benefits provided to our NEOs under our executive compensation program.

We provide an automobile allowance to all our NEOs to assist them in fulfilling their responsibilities to the Company and to compensate them for use of their own automobile in the performance of services for us.

Severance and Other Benefits upon Termination of Employment or Change of Control

Change-of-control severance provisions apply to each of our NEOs, either through the terms of their individual employment agreements or the Company s 2010 Officer Severance Policy that is expressly applicable under the terms of most of our NEOs employment arrangements. The primary purpose of these change-of-control protections is to align executive and shareholder interests by enabling our NEOs to assess possible corporate transactions without regard to the effect such transactions could have on their employment with the Company. In seeking to adhere to best compensation practices, the change-of-control provisions currently applicable to all our NEOs avoid excessive payments or single triggers for receipt of severance benefits in the event of a change of control. Double triggers (a change-of-control event plus the Company s termination of the executive without cause, or resignation by the executive for good reason, within specified time periods from the change of control) are required for receipt of any change-of-control benefits (with the limited exception of remaining outstanding unvested equity grants that were made in earlier years under our now-retired 1999 Stock Incentive Plan). The Compensation Committee sets the amount of change-of-control benefits provided for our executives at amounts that the Compensation Committee believes are reasonable in the event of the occurrence of the circumstances specified for receipt thereof. The specific change-of-control severance provisions applicable to each NEO are discussed in more detail below under the heading: Employment Arrangements and Potential Payments upon Termination or Change of Control. There are no excise tax gross-ups included in severance arrangements.

Compensation Governance

Our Company continues to strive to maintain excellent governance standards with respect to its executive compensation practices. The Compensation Committee believes that the compensation arrangements for our NEOs are consistent with current market practices, provide for compensation that is reasonable in light of the Company s performance and each individual executive s responsibilities and performance and do not contain features that would be considered problematic or egregious. The Compensation Committee retains discretion to make changes to our policies and reviews our compensation practices each year to ensure they are updated consistent with preferred approaches.

No Guaranteed or Non-Performance based bonuses or salary increases

None of our NEO s has an employment arrangement or other contractual right, other than the long-term incentive awards as described above, guaranteeing any cash incentive or other annual or multi-year bonus payments or any salary increases. All cash incentive awards are earned based solely on the Company s performance and individual NEO s performance successes. Base salary increases are discretionary with the Compensation Committee.

Stock Ownership Guidelines

We have adopted minimum stock ownership requirements for our NEOs because we believe that management will more effectively pursue the long-term interests of our shareholders if they are shareholders themselves. The Compensation Committee reviews our stock ownership requirements and makes changes, as needed, to bring our policy into line with evolving market practice. Our policy requires each executive officer reporting to the CEO to accumulate and hold a number of shares of our common stock having a value of at least one-and-a-half times the executive s annual base salary. The CEO is expected to hold shares of common stock equal to at least three times his base salary. Each of our NEOs has five years from his or her appointment to the position to achieve the prescribed ownership levels. All of our executives either are in full compliance with this requirement or have more time under the policy to reach the requirement.

Wealth Accumulation

The Compensation Committee does not believe that wealth accumulation, other than through our equity compensation program, should be a significant consideration when establishing our compensation policies. Our NEOs do not have a substantial benefit from their participation in our defined contribution or benefit plans. A majority of our executives retirement savings consists of the executive s own contributions and accumulated retirement savings earned over lengthy careers. We believe that it would be inconsistent with the purpose of our executive compensation program, which is to motivate and reward ongoing performance, to make decisions about current compensation based on the NEOs accumulated savings and investment returns, whether or not under our Company plans.

Deductibility of Executive Compensation

When practicable and consistent with executive compensation goals, the Compensation Committee seeks to structure and administer our annual and long-term incentive compensation plans for our CEO and the other NEOs to maximize the tax deductibility of the payments as performance-based compensation under Section 162(m) of the Internal

Revenue Code (Section 162(m)). However, at times, the Compensation Committee may provide compensation that is not tax deductible if it determines that such action is appropriate. In 2013, we sought to structure our performance based compensation programs to provide for the compensation payable under the program to be deductible.

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Incentive Compensation Clawback Reimbursement Policy

Our 2010 Officer Severance Policy includes a clawback provision. This provision provides that the Board or any committee of the Board may require any executive officer who leaves the Company, and to whom the policy applies, to return to the Company any cash incentive payments or equity awards (or the value thereof) that were provided to the officer on the basis of Company or individual performance and are later discovered to be based on misconduct or unethical behavior and results in the Company having to file a material restatement of the Company s financial results.

Employment arrangements entered into with our CEO in 2013 and our CFO in 2011 contain expanded clawback language that requires reimbursement for incentive and severance payments made to the executive and for equity awards granted (or the associated value or profits) that were made on the basis of financial results later found to require an accounting restatement, regardless of any misconduct or lapse on the part of the executive. In addition, reimbursement is required from the CEO and CFO after termination of their employment if the Company subsequently discovers actions or omissions that would have warranted a termination for cause.

Tax Gross-ups

We do not provide tax gross-ups to any of our NEOs, and the Compensation Committee does not plan to include tax gross-ups in any future employment arrangements.

Limited Perquisites and Other Fringe Benefits

We believe that perquisites provided to our NEOs are very limited in scope and are not intended to constitute a significant portion of the compensation of any NEO. Our NEOs who have joined us from locations outside of Alaska are generally reimbursed for a portion of their moving expenses due to the high costs of relocation. Our NEOs are generally eligible for the same employee discounts available to all our employees, and they are eligible to participate in the same broad-based employee stock purchase plan available to substantially all of our employees.

COMPENSATION AND PERSONNEL COMMITTEE REPORT

The Compensation Committee has overall responsibility for decisions relating to all compensation plans, policies, and benefit programs as they affect the CEO and other NEOs. The Compensation Committee has reviewed and discussed the information appearing above under the heading Compensation Discussion and Analysis with management and, based on that review and discussion, has recommended to the Board that the Compensation Discussion and Analysis section be included in this proxy statement.

Submitted by,

Brian A. Ross, Chair
David W. Karp
Margaret L. Brown

Carol G. Mills

COMPENSATION AND PERSONNEL COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

None of the members of our Compensation Committee are or have been an officer or employee of the Company or have had any relationship with us requiring disclosure pursuant to Item 404 of Regulation S-K. No member of the Compensation Committee is an executive officer of another entity for which any of our executives serve as a compensation committee member. In addition, none of our executive officers served as a director for a company that employs, as an executive officer, any of our directors.

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ANALYSIS OF RISK IN COMPENSATION PRACTICES

Consistent with the SEC s disclosure requirements, the Company has assessed our compensation programs for all employees. We have concluded that our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company. Management has evaluated the Company s executive and employee compensation and benefits programs to determine if these programs provisions and operations create undesired or unintentional risk of a material nature. The risk assessment process includes a review of program policies and practices, analysis to identify risks and risk controls related to our compensation programs and determinations as to the sufficiency of risk identification, the balance of potential risk to potential reward, the effectiveness of our risk controls and the impacts of our compensation programs and their risks to Company strategy. Although we periodically review all compensation programs, we focus on the programs with variability of payout, with the ability of a participant to directly affect payout and the controls on participant action and payout. In relation to this, we believe that our incentive compensation arrangements provide incentives that do not encourage risk taking beyond our Company s ability to effectively identify and manage significant risks and are compatible with effective internal controls and the risk management practices of the Company.

The Compensation Committee monitors our compensation programs on an annual basis and expects to make modifications as necessary to address any changes in the Company s business or risk profile.

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EXECUTIVE COMPENSATION TABLES

In this section, we provide tabular and narrative information regarding the compensation of our CEO, CFO and the next three most highly compensated executive officers who served in those capacities as of December 31, 2013.

Summary Compensation Table for 2013

Name and Principal Position	Year	Salary ($)	Bonus ($)[1]	Stock Awards ($)[2]	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)[3]	Change in Pension Value ($)[4]	All Other Compensation ($)[5]	Total ($)
Anand Vadapalli	2013	450,002	81,000	823,201	-	889,059	29,814	10,500	2,283,576
	2012	450,002	-	420,298	-	371,408	27,697	10,500	1,279,905
President and Chief	2011	438,079		334,279	-	418,611	31,366	29,971	1,252,306
Executive Officer			-						
Wayne P. Graham	2013	302,693	30,000	316,483	-	364,614	25,518	-	1,039,308
	2012	250,001	-	170,266	-	213,838	23,048		657,153
Chief Financial	2011	178,847		108,217	-	177,702	13,096	-	477,862
Officer			-						
								-	
David C. Eisenberg	2013	298,077	27,000	192,943	-	328,561	25,519	-	872,100
	2012	52,885	-	38,094	-	52,147	263,387	472,276	878,790
Sr. Vice President	2011	-		-	-	-	-	-	
and Chief Revenue			-						-
Officer									
James R. Johnsen	2013	280,193	20,000	268,136	-	324,651	-	-	892,980
	2012	235,000	-	147,873	-	193,957			576,830
Sr. Vice President,	2011	10,846	50,000	58,946	-	13,257	-	-	133,049
Human Resources									
and Process							-	-	
Transformation									
Leonard A.	2013	286,155	30,000	247,216	-	347,955			
Steinberg	2012	239,232	50,000	167,063	-	200,244	&nb		
	2011	220,002	-	126,974	-	163,824			
Sr. Vice President,									
Legal, Regulatory &									
Government Affairs									
and Corporate									
Secretary									