

August 1, 2007



## **GCI Reports Second Quarter 2007 Financial Results**

- Consolidated revenue of \$129.6 million**
- Net income of \$5.0 million or \$0.09 per diluted share**
- EBITDAS of \$41.3 million**

ANCHORAGE, Alaska, Aug. 1 /PRNewswire-FirstCall/ -- GCI (Nasdaq: GNCMA) today reported net income of \$5.0 million, or earnings per diluted share of \$0.09, for the second quarter of 2007. The company's second quarter net income compares to income of \$5.7 million, or earnings per diluted share of \$0.10 in the same period of 2006.

GCI's second quarter 2007 revenues totaled \$129.6 million, an increase of 9.6 percent over the second quarter of 2006. Revenue increased across all of GCI's business segments.

Second quarter 2007 earnings before interest, taxes, depreciation, amortization and share based compensation expense (EBITDAS) totaled \$41.3 million. EBITDAS increased \$0.6 million or 1.4 percent from the second quarter of 2006. EBITDAS growth in the consumer and managed broadband segments were partially offset by the decrease in EBITDAS from the network access and commercial segments.

Sequentially, revenues for the company increased \$5.0 million over first quarter 2007 revenues of \$124.6 million. Second quarter EBITDAS of \$41.3 million increased 21.6 percent from \$34.0 million in the first quarter of 2007. Sequential increases in revenue and EBITDAS occurred in all business segments. EBITDAS for the second quarter included a credit of \$0.8 million reversing most of the \$1.1 million fiber repair expensed in the first quarter of 2007. GCI is pursuing a claim to be fully reimbursed for the cost of the fiber repair. Second quarter EBITDAS also benefited from a \$0.9 million favorable adjustment reducing Network Access cost of goods sold. The adjustment occurred after the refund of access costs for which negotiations were completed in the second quarter of 2007.

"We are pleased to report solid financial results and continued strong growth in our customer metrics for the second quarter," said GCI president Ron Duncan. "We believe the second quarter's results place the disappointing first quarter firmly behind us. We should be back on track with our financial goals by the end of this year."

"Our statewide rollout of local phone service is just underway and has been well received judging by the many new customers choosing GCI local service. Existing customers are now able to include local service with their long distance, cable, wireless and internet choices in one of many bundled offerings that were previously available only in the larger markets of Anchorage, Fairbanks and Juneau. GCI looks forward to serving the entire state of Alaska

with a complete offering of integrated communication services."

GCI is reaffirming its 2007 annual guidance for revenues of \$514 million to \$534 million and EBITDAS in excess of \$162 million.

#### Highlights

- Consumer revenues totaled \$54.9 million, an increase of 24.1 percent over the prior year and an increase of 3.1 percent from the first quarter of 2007. The increases were across all product lines of voice, video, data and wireless sales.
- Network access revenues totaled \$41.6 million, an increase of 0.6 percent over the prior year and an increase of 3.2 percent when compared to the first quarter of 2007. The increases in revenues are due to an increase in data and wireless revenues.
- Commercial revenues increased 0.4 percent from the prior year and 8.6 percent from the first quarter of 2007. The sequential increases were in all categories -- voice, video, data and wireless.
- GCI local access lines increased by 1,300 for the quarter. Consumer, network access and commercial local access lines totaled 113,900 at the end of the second quarter of 2007, representing an estimated 27 percent share of the total access lines market in Alaska. GCI began offering competitive local service to Chugiak in April, 2007 and Ketchikan in June, 2007.
- GCI has provisioned 52,500 consumer and commercial access lines on its own facilities at the end of the second quarter of 2007, an increase of 6,000 lines over the first quarter of 2007.
- GCI had 90,700 consumer and commercial cable modem access customers at the end of the second quarter of 2007, an increase of 1,400 over the 89,300 cable modem customers at the end of the first quarter 2007. GCI customers continue to migrate from dial up access service to cable modem. Average monthly revenue per cable modem totaled \$32.54 for the second quarter of 2007 as compared to \$32.94 for the first quarter of 2007.
- GCI had 69,500 wireless subscribers (including the subscribers of its consolidated subsidiary, Alaska DigiTel), an increase of 3,400 subscribers from the first quarter of 2007.
- During the second quarter of 2007 GCI purchased approximately 611,000 of its shares at an average cost of \$13.04 per share. The company is authorized to purchase an additional \$11.5 million of its shares through the end of the third quarter of 2007.

GCI will hold a conference call to discuss the quarter's results on Thursday, August 2, 2007 beginning at 2 p.m. (Eastern). To access the briefing on August 2, dial 800-988-9433 (International callers should dial 210-234-0002) and identify your call as "GCI." In addition to the conference call, GCI will make available net conferencing. To access the call via net conference, log on to <http://www.gci.com> and follow the instructions. A replay of the call will be available for 72-hours by dialing 888-562-3875, access code 7461 (International callers should dial 203-369-3173.)

Full text and tables can be found at <http://www.gci.com>.

GCI is the largest telecommunications company in Alaska. A pioneer in bundled services, GCI provides local, wireless, and long distance telephone, cable television, Internet and data communication services throughout Alaska. More information about the company can be found at <http://www.gci.com>.

The foregoing contains forward-looking statements regarding the company's expected results that are based on management's expectations as well as on a number of assumptions concerning future events. Actual results might differ materially from those projected in the forward looking statements due to uncertainties and other factors, many of which are outside GCI's control. Additional information concerning factors that could cause actual results to differ materially from those in the forward looking statements is contained in GCI's cautionary statement sections of Form 10-K and 10-Q filed with the Securities and Exchange Commission.

SOURCE GCI