

May 9, 2007



GCI Reports First Quarter 2007 Financial Results

- Consolidated revenue of \$124.6 million
- Net income of \$1.5 million or \$0.02 per diluted share
- EBITDAS of \$34.0 million

ANCHORAGE, Alaska, May 9 /PRNewswire-FirstCall/ -- GCI (Nasdaq: GNCMA) today reported net income of \$1.5 million, or earnings per diluted share of \$0.02, for the first quarter of 2007. The company's first quarter net income compares to income of \$3.3 million, or earnings per diluted share of \$0.06 in the same period of 2006.

GCI's first quarter 2007 revenues totaled \$124.6 million, an increase of 10.4 percent over the first quarter of 2006. Revenue increases in GCI's consumer, network access and managed broadband segments were partially offset by decreased revenue in the commercial segment. GCI's first quarter results include the consolidation of \$6.5 million in revenues from Alaska DigiTel, LLC (AKD).

First quarter 2007 earnings before interest, taxes, depreciation, amortization and share based compensation expense (EBITDAS) totaled \$34.0 million. EBITDAS decreased \$3.1 million or 8.4 percent from the first quarter of 2006. EBITDAS growth in the consumer segment was offset by the decrease in EBITDAS from the commercial segment and by certain costs associated with repairing a fiber break, some of which may be reversed in a subsequent quarter. GCI's first quarter results include the consolidation of slightly less than one million dollars in EBITDAS from AKD.

Sequentially, revenues for the company increased \$3.2 million over fourth quarter 2006 revenues of \$121.4 million. First quarter EBITDAS of \$34.0 million decreased 8.4 percent from \$37.1 million in the fourth quarter of 2006. Sequential increases in revenue and EBITDAS from the consumer segment were offset by a network change by a carrier customer that reduced minutes of use and by scheduled rate reductions that impacted the network access segment and from declining managed services revenues from a large customer in the commercial segment. Sequential EBITDAS for the first quarter was also affected by a \$1.1 million bad debt recovery in the managed broadband business in the fourth quarter of 2006 and by the recognition of fiber repair costs occurring in the first quarter.

GCI's revenue and EBITDAS were short of guidance as a result of the combined effects of declining revenue and weaker than expected performance in the commercial segment, fewer minutes of network access traffic than anticipated and fiber repair costs. The company expected revenues of approximately \$119 million to \$121 million, and EBITDAS in excess of

\$37 million, excluding AKD's financial results.

"Unfortunately, a very strong performance in the consumer business and dramatic growth in our customer metrics were offset by poor financial results," said GCI president Ron Duncan. "Uncertainty about the volume of network access minutes makes it difficult to project the second quarter. We have implemented a plan to restore our financial progress and hope to be back on track by the end of this year."

GCI is revising its 2007 annual guidance and now anticipates revenues of \$514 million to \$534 million and EBITDAS is expected to exceed \$162 million, including revenues of \$29 million and EBITDAS of \$3 million from AKD.

Highlights

- Consumer revenues totaled \$53.3 million, an increase of 24.9 percent over the prior year and an increase of 13.8 percent from the fourth quarter of 2006. The increases were from video, data and wireless sales.
- Network access revenues totaled \$40.3 million, an increase of 6.6 percent over the prior year and a decrease of 4.8 percent when compared to the fourth quarter of 2006. The increase over the prior year is due primarily to an increase in data revenues. The decrease in sequential revenues is due to a decrease in the number of long distance minutes carried on GCI's network and a decline in the average rate per minute for other common carriers.
- Commercial revenues decreased 7.9 percent from the prior year and 4.8 percent from the fourth quarter of 2006.
- GCI local access lines increased by 1,400 for the quarter. Consumer, network access and commercial local access lines totaled 112,600 at the end of the first quarter of 2007, representing an estimated 26 percent share of the total access lines market in Alaska. GCI began offering competitive local service in Eagle River during the first quarter and Chugiak in April, 2007. Prior to our entry both markets were served by the incumbent Matanuska Telephone Association (MTA). MTA's markets represent approximately 60,000 access lines.
- GCI has provisioned 46,500 consumer and commercial lines on its own facilities at the end of the first quarter of 2007, an increase of 6,700 lines over the fourth quarter of 2006. GCI revised its facilities access lines totals to include lines served directly by its owned fiber facilities. Total line conversions to date account for almost \$13.0 million in annualized avoided loop lease costs.
- GCI had 89,300 consumer and commercial cable modem access customers at the end of the first quarter of 2007, an increase of 3,000 over the 86,300 cable modem customers at the end of the fourth quarter 2006. GCI customers continue to migrate from dial up access service to cable modem. Average monthly revenue per cable modem totaled \$32.94 for the first quarter of 2007 as compared to \$32.29 for the fourth quarter of 2006.
- GCI had 32,700 wireless subscribers, an increase of 3,800 subscribers from the fourth quarter of 2006. AKD had 33,400 wireless subscribers at the end of the first quarter of 2007.
- During the first quarter of 2007 GCI purchased approximately 113,000

shares at an average cost of \$15.50 per share. The company is authorized to purchase an additional \$14.5 million of its shares through the end of the second quarter of 2007.

GCI will hold a conference call to discuss the quarter's results on Thursday, May 10, 2007 beginning at 2 p.m. (Eastern). To access the briefing on May 10, dial 210-234-0003 (International callers should dial 888-793-1765) 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 www.gci.com and follow the instructions. A replay of the call will be available for 72-hours by dialing 800-926-7631, access code 7461 (International callers should dial 402-530-8088.)

Full text and tables can be found at 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 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