

May 6, 2009



## GCI Reports First Quarter 2009 Financial Results

- Consolidated revenue of \$148.7 million
- Adjusted EBITDA of \$46.4 million
- Net income of \$0.4 million or \$0.00 per diluted share

ANCHORAGE, Alaska, May 6 /PRNewswire-FirstCall/ -- GCI (Nasdaq: GNCMA) today reported first quarter 2009 revenues of \$148.7 million, an increase of 10.4 percent over the first quarter of 2008. First quarter 2009 earnings before interest, taxes, depreciation, amortization and adjusted for share-based compensation and non-cash contribution (adjusted EBITDA) totaled \$46.4 million. Adjusted EBITDA increased \$7.3 million or 18.5 percent from the first quarter of 2008. The increase in revenues and adjusted EBITDA was attributable to growth in all segments except network access. Network access revenues and EBITDA decreased, as expected, due to the transition of AT&T Mobility off of GCI's network beginning in the third quarter of 2008.

GCI's first quarter 2009 net income is \$0.4 million, or earnings per diluted share of \$0.00 and is unchanged from the same period of 2008.

First quarter 2009 revenues increased \$2.0 million, an increase of 1.4 percent over total revenues of \$146.6 million in the fourth quarter of 2008. Adjusted EBITDA increased \$6.6 million, or 16.5 percent, over adjusted EBITDA of \$39.9 million, also in the fourth quarter of 2008.

"Driven by strong metrics across all categories GCI turned in its best ever first quarter with revenue increasing more than 10 percent, adjusted EBITDA up more than 18 percent and an increase of nearly 50,000 in total customer relationships," said GCI president Ron Duncan. "A data base correction after the quarter's end reduced wireless subscribers by 2,800 but we still added 8,800 net new subscribers for the quarter and ended the quarter with more than 105,000 wireless customers. Best of all, our momentum is continuing into the current quarter."

"Our wireless transition is virtually complete. We have fewer than 500 customers left to transition. That is less than one tenth of the number we originally expected to lose during the transition. Conversions will be completed before the end of the current quarter. The employees who designed and implemented this process deserve significant commendation. The transition was well executed and we now anticipate the total transition costs will be about \$3 million which is less than 40 percent of the outside amount we originally expected. Many of the transitioning customers left our service centers with brand new cell phones and new service agreements. The increase in our wireless customers and the success of our transition clearly demonstrates that our statewide wireless rollout has been well received by

Alaskans."

"We have seen no material change in Alaska's economy since the beginning of the year," Duncan added. "It continues to be stable and has not yet experienced the significant contraction in consumer spending that has depressed activity in the rest of the country. While the unemployment rate in Alaska is similar to that in the rest of the country, the Alaska Department of Labor's March estimates of Alaska job growth remains positive at 0.7 percent compared to a national decrease of 3.6 percent. Year-over-year employment in Alaska is up 2,100 jobs and is expected to remain stable for 2009. While we're mindful of the national recession and cautious about the future--especially the longer term--we don't believe that current conditions will imperil this year's plans. GCI is on track to meet its 2009 financial guidance which anticipates revenues of \$615 million to \$625 million and adjusted EBITDA of approximately \$200 million."

### *Highlights*

- GCI added 8,800 wireless subscribers in the first quarter of 2009. Wireless subscribers totaled 105,100 at the end of the quarter.
- GCI began converting its GSM wireless customers during September, 2008. The total number of conversions currently remaining is less than 500 subscribers. The company expects to have the conversion completed before the end of the second quarter of 2009.
- Consumer revenues totaled \$70.7 million, an increase of 15.2 percent over the first quarter of 2008 and an increase of 7.7 percent over the fourth quarter of last year. The year-over-year increases in revenues were primarily from voice, video, data and wireless products and services. Consumer revenues also benefited from a \$1.5 million out of period USF adjustment due to a regulatory change occurring in the first quarter of 2009.
- GCI local access lines increased by 1,100 over the fourth quarter of 2008. Consumer, network access, commercial and other local access lines totaled 141,900 at the end of the first quarter of 2009, representing an estimated 34 percent share of the total access line market in Alaska.
- GCI has provisioned 101,500 access lines representing 71 percent of its total access lines on its own facilities at the end of the first quarter of 2009, an increase of 1,700 lines over the fourth quarter of 2008 and an increase of 30,000 lines when compared to the end of the first quarter of the prior year. The company had provisioned 71,500 access lines on its own facilities at the end of the first quarter of 2008.
- GCI had 104,500 consumer and commercial cable modem access customers at the end of the first quarter of 2009, an increase of 1,200 over the 103,300 cable modem customers at the end of the fourth quarter 2008. Average monthly revenue per cable modem totaled \$40.97 for the first quarter of 2009 as compared to \$36.71 in the prior year, an increase of 11.6 percent and is up slightly over \$40.74 for the fourth quarter of 2008. The increase in average monthly revenues arises primarily from customers upgrading to plans with increased levels of service.
  
- GCI had 150,000 basic video subscribers at the end of the first quarter of 2009, an increase of 3,300 over the first quarter of 2008 and an increase of 2,300 over the fourth quarter of 2008.

While the company believes that the financial results included in this news release are materially correct, the company's auditors have not yet concluded all aspects of their review of our financial statements. Accordingly, the financial results included herein should be considered preliminary and may be subject to change following conclusion of the review.

GCI will hold a conference call to discuss the quarter's results on Thursday, May 7, 2009 beginning at 2 p.m. (Eastern). To access the briefing on May 7, dial 800-779-1163 (International callers should dial 1-630-395-0230) 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](http://www.gci.com) and follow the instructions. A replay of the call will be available for 72-hours by dialing 866-508-6487, access code 7461 (International callers should dial 203-369-1908).

Full text and tables can be found at [www.gci.com](http://www.gci.com).

GCI is the largest telecommunications company in Alaska. The company's cable plant, which provides voice, video, and broadband data services, passes 90 percent of Alaska households. GCI operates Alaska's most extensive terrestrial/subsea fiber optic network, which connects not only Anchorage but also Fairbanks, and Juneau/Southeast to the lower 48 states with a diversely routed, protected fiber network. The company's satellite network provides communications services to small towns and villages throughout rural Alaska. GCI is in the process of constructing Alaska's first truly statewide mobile wireless network, which will seamlessly link urban and rural Alaska for the first time in the state's history.

A pioneer in bundled services, GCI is the top provider of voice, data, and video services to Alaska consumers with a 70 percent share of the consumer broadband market. GCI is also the leading provider of communications services to enterprise customers, particularly large enterprise customers with complex data networking needs. More information about the company can be found at [www.gci.com](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 may 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