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## GCI Reports 2007 Financial Results

- Net income of \$13.5 million or \$0.22 per diluted share**
- Consolidated revenues of \$520.3 million**
- EBITDAS of \$153.7 million**

ANCHORAGE, Alaska, March 6 /PRNewswire/ -- GCI (Nasdaq: GNCMA) today reported its 2007 results with net income of \$13.5 million, or diluted earnings per share of \$0.22. The company's 2007 net income compares to income of \$18.5 million, or diluted earnings per share of \$0.33, in 2006. GCI recorded net income of \$3.8 million or \$0.06 per share on a diluted basis in the fourth quarter of 2007 that compares to net income of \$3.1 million or \$0.05 per share on a diluted basis for the fourth quarter of 2006.

GCI's revenues for 2007 increased 9.0 percent to \$520.3 million over 2006 revenues of \$477.5 million. For the fourth quarter of 2007, revenues totaled \$131.3 million as compared to \$121.4 million in the fourth quarter of 2006, an increase of 8.2 percent. The annual and quarterly revenue increase was primarily due to the increase in consumer revenue for 2007. Revenues, as expected, were down 2.1 percent sequentially when compared to third quarter 2007 revenues of \$134.1 million. The sequential decrease in revenue was primarily due to normal seasonality in the company's voice products.

Earnings before interest, taxes, depreciation, amortization and share based compensation expense (EBITDAS) for 2007 totaled \$153.7 million. EBITDAS for 2006 totaled \$156.3 million. EBITDAS for 2007 decreased \$2.6 million or 1.6 percent as compared to 2006. The decrease in annual EBITDAS is due primarily to the decrease in EBITDAS from the network access services and commercial segments mostly off set by the increase in EBITDAS from the consumer segment.

Fourth quarter 2007 EBITDAS totaled \$38.8 million and compares to \$37.1 million, an increase of 4.6 percent from the fourth quarter of 2006. The increase in EBITDAS is primarily attributable to increases in the consumer business EBITDAS.

Sequentially, fourth quarter 2007 EBITDAS of \$38.8 million was relatively unchanged from the third quarter 2007. Increases in consumer and managed broadband EBITDAS off set the sequential decreases in network access and commercial EBITDAS.

GCI announced in its third quarter conference call that it expected 2007 annual revenues in the range of \$514 million to \$534 million and 2007 EBITDAS of \$152 million to \$154 million. GCI's 2007 actual results are within the expected ranges discussed during the third quarter call.

GCI anticipates revenues of \$550 million to \$560 million and EBITDAS of more than \$165

million for the year 2008. First quarter revenues are expected to total \$130 million to \$133 million and EBITDAS is expected to exceed \$37 million.

"GCI had a challenging and difficult year in 2007 with the loss of more than \$20 million in revenue from a single carrier customer and increased pricing pressures across our carrier business," said GCI president, Ron Duncan. "But for the loss of that customer's traffic we would have met our financial goals for the year. The good news is that as of the first of the year all of that carrier's traffic is back on our network. With the exception of the previously announced shift in carrier revenue as a result of the Dobson/AT&T rearrangement I expect the carrier business to be much more stable in 2008."

"Other than the results of our network access business GCI had a very good year in 2007. We experienced powerful growth in all categories of customers and service. Consumer revenues grew by 25 percent and EBITDAS from the consumer business was up more than 40 percent. For the first time contribution from the company's consumer segment exceeded that from the network access business. This trend will accelerate in 2008 as revenues and EBITDAS from the Dobson/AT&T arrangement shift from network access to the consumer and commercial categories. The net effect will be to position the company with a much more diversified mix of revenue and EBITDAS."

"Growth in fundamental customer metrics remains strong as we enter the new year reflecting both the expansion in our competitive footprint and the continued strength of our bundled product offerings. Additionally the acceleration of the shift to our own facilities for the provision of local services is improving margins in the voice business in spite of continued price pressures."

"We are investing aggressively in 2008 as we launch a new satellite, build out our statewide wireless system and expand the footprint of our core product offerings. I am convinced that the returns from these investments will allow us to attain our previously announced financial goals and will result in significant increases in shareholder value."

#### Highlights

- Consumer revenues for 2007 totaled \$223.5 million, an improvement of 24.9 percent over 2006. Video, data and wireless revenues provided strong growth for the year, and, as expected, voice revenues for the year 2007 increased \$0.6 million over the prior year. Fourth quarter 2007 revenues of \$58.0 million increased 23.8 percent from the prior year and 2.1 percent sequentially. The increases, again, were from strong growth in video, data and wireless sales.
- Network access revenues for 2007 totaled \$163.4 million, a decrease of 1.9 percent as compared to 2006. The decrease is primarily attributable to a 24 percent decrease in revenues from one network access carrier customer offset by increases in revenues from other carriers. Fourth quarter 2007 revenues of \$38.8 million decreased 8.5 percent from the prior year and decreased 9.1 percent on a sequential basis. The annual and fourth quarter periods benefited from increases in data revenues. The sequential decrease from the third quarter is due to a seasonal decrease in voice traffic partially offset by higher data revenues.
- Commercial revenues for 2007 totaled \$104.6 million, a decrease of 1.2 percent from 2006. Fourth quarter 2007 revenues of \$27.0 million increased 6.8 percent from the prior year and decreased 1.0 percent on a sequential basis. Commercial revenues in the fourth quarter of 2007,

driven primarily by increases in data revenues, more than offset the \$9.5 million in annualized revenue lost from a large customer as previously described in the second quarter of 2006.

- Consumer, network access and commercial local access lines totaled 120,100 at the end of the fourth quarter of 2007 representing an estimated 28 percent share of the total access lines market in Alaska. Access lines increased by 5,300 during the fourth quarter and increased by 8,900 lines for the year. The increase is due, in part, to the continued roll out of new local services market areas and further penetration of GCI's bundled offerings in existing markets.
- GCI has provisioned 63,200 consumer and commercial access lines on its own facilities at the end of 2007, an increase of 23,400 lines over year end 2006 and an increase of 5,400 lines compared to the end of the third quarter of 2007. Approximately 55 percent of GCI's total access lines were on its own facilities at the end of 2007 as compared to about 39 percent at the end of 2006. GCI's avoided cost run rate for access lines switched to its own facilities is approximately \$18.5 million at the end of 2007.
- GCI had 96,500 consumer and commercial cable modem access customers at the end of the fourth quarter of 2007, an increase of 10,200 over the fourth quarter of 2006 and 4,100 sequentially from the third quarter of 2007. Average monthly revenue per cable modem totaled \$33.94 for the fourth quarter of 2007 as compared to \$33.59 for the third quarter of 2007, a sequential increase of more than 1 percent.
- GCI had 77,300 wireless subscribers at the end of 2007, an increase of 4,000 subscribers from the third quarter of 2007.
- GCI expects the launch of the Intelsat Galaxy 18 communications satellite on May 3, 2008. Galaxy 18 will replace the company's existing transponder capacity on Galaxy XR when it reaches end of life on or about May 18, 2008. GCI will lease the new satellite over its expected 14 year life and the lease will be recorded as a fixed asset addition and capital lease obligation of \$98.6 million.
- After the third quarter blackout period ended in early November, 2007 and before year end GCI repurchased 310,000 shares of its Class A Common stock at a cost of approximately \$2.7 million or \$8.77 per share. For the calendar year 2007, GCI purchased 1.25 million shares at a cost of approximately \$15.1 million or \$12.04 per share. The company is authorized to purchase an additional \$16.1 million of its shares through the end of the first quarter of 2008, however, the company does not anticipate further share repurchases in the near term. GCI will likely curtail stock repurchases as a condition for increasing the availability under the company's credit facilities. The commitments and approvals to increase the credit facilities are expected early in the second quarter of 2008.

GCI will hold a conference call to discuss its 2007 and fourth quarter results on Friday, March 7, 2008 beginning at 2 p.m. (Eastern). To access the briefing on March 7, dial 800-779-1507 (International callers should dial 210-234-0000) 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 866-505-6378, access code 7461 (International callers should dial 203-369-1866.)

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.

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