

May 7, 2008



GCI Reports First Quarter 2008 Financial Results

- Consolidated revenue of \$134.7 million
- EBITDAS of \$38.2 million
- Preliminary net income of \$2.7 million or \$0.04 per diluted share
- GCI closes \$145 million incremental loan facility
- GCI closes fiber capacity transactions valued at \$60 million

ANCHORAGE, Alaska, May 7 /PRNewswire/ -- GCI (Nasdaq: GNCMA) today reported first quarter 2008 revenues of \$134.7 million, an increase of 7.7 percent over the first quarter of 2007. First quarter 2008 earnings before interest, taxes, depreciation, amortization and share based compensation expense (EBITDAS) totaled \$38.2 million. EBITDAS increased \$3.8 million or 10.8 percent from the first quarter of 2007. The increase in EBITDAS was attributable to strong performance in all of the company's business segments.

GCI's preliminary first quarter 2008 net income is \$2.7 million, or earnings per diluted share of \$0.04. The quarterly net income amounts are preliminary as the company is determining the effect of a change in method for calculating depreciation in the initial year an asset is placed in service and for capitalizing interest on certain assets. The previous methods appear to be overly conservative, potentially resulting in an overstatement of expenses and were not in conformance with generally accepted accounting principles (GAAP). A retroactive modification of these methods could result in an increase in previously reported net income. Revenues and EBITDAS are not affected. The company's preliminary first quarter net income compares to unaudited net income of \$1.8 million, or earnings per diluted share of \$0.03 in the same period of 2007.

First quarter 2008 revenue increases from video, data and wireless were partially offset, as expected, by decreasing voice revenues when compared to the prior year.

Revenues for the company increased \$3.4 million, or 2.6 percent, over fourth quarter 2007 revenues of \$131.3 million. First quarter EBITDAS of \$38.2 million decreased 1.5 percent from \$38.8 million in the fourth quarter of 2007.

"GCI has a strong start in 2008 with both financial and strategic accomplishments," said GCI president Ron Duncan. "I'm pleased to announce that shortly after the close of the first quarter we completed two important strategic goals. As expected we closed on a \$145 million incremental addition to our senior financing facility. Our ability to do this in spite of the

turbulent financial markets is a testament both to the underlying strength of the company and the skill and efforts of our financing team. Our five year business plan is now fully financed."

"Perhaps less expected by our investors, but of equal strategic and financial importance, we signed an agreement to provide fiber capacity to AT&T. In simple summary, we agreed to provide a large amount of diverse undersea fiber capacity between Alaska and the Lower 48 states to AT&T in a transaction which will bring more than \$35 million in cash to GCI this year."

"Financial results for the quarter are strong, paced by solid customer metrics across all categories. Our consumer business had another blockbuster quarter and all of our business units, including network access continue to be strong, stable contributors to EBITDAS. We are off to a great start for the year and well on our way to meeting this year's goals."

"Finally I'm pleased to note that in its recent order capping competitive carrier USF payments, the FCC included an exemption for those carriers that provide service to the residents of tribal lands and Alaska. The FCC's recognition of the needs of rural areas is important to our rural wireless build-out. Over the next three years, we will deploy the first truly statewide mobile wireless network, seamlessly linking urban areas and small rural towns and villages."

GCI reaffirms 2008 guidance for revenues of \$550 million to \$560 million and EBITDAS of more than \$165 million. Additionally GCI anticipates cash receipts in excess of \$45 million during 2008 as a result of fiber IRU agreements which are not otherwise reflected in current guidance. First quarter 2008 results exceeded our guidance for revenues of \$130 million to \$133 million. EBITDAS results for the first quarter were in line with our guidance. Second quarter revenues are expected to total \$133 million to \$136 million and EBITDAS is expected to exceed that of the first quarter.

Highlights

- GCI closed a \$145 million incremental term loan facility on May 2, 2008. The loan amendment results in the re-pricing of the interest rate margin on the total facility from LIBOR plus 2.0 percent to LIBOR plus 4.25 percent and provides for certain loan covenant changes including an increase in the total debt leverage covenant to a maximum of 5.25 times EBITDAS until June 30, 2009. Thereafter the leverage covenant steps down to 5.0 times and further steps down to 4.50 times beginning in 2010. The loan facility is expected to fully finance the company's five year capital plan.
- Subsequent to the close of the quarter GCI executed a binding contract to provide AT&T a large amount of undersea fiber optic capacity between Alaska and the lower 48 states. Under the agreement AT&T will receive a large initial increment of capacity on GCI's two undersea fiber networks connecting Alaska with Washington and Oregon. AT&T was also granted options to acquire certain additional amounts of capacity in the future. GCI expects to receive cash payments in excess of \$35 million from AT&T in connection with turn up of the initial capacity in 2008. Future payments for additional capacity are not expected to exceed \$10 million. In addition AT&T will make certain payments to GCI associated with the operation and maintenance of GCI's undersea fiber networks. GCI anticipates that the transaction will be accounted for as an IRU transfer with prepaid revenues to be recognized over the life of the agreement. The AT&T transaction when

combined with the other completed fiber IRU contracts will result in the receipt of approximately \$60 million in total value by GCI. GCI anticipates cash receipts in excess of \$45 million during 2008 under these contracts.

- Consumer revenues totaled \$61.4 million, an increase of 14.5 percent over the prior year and an increase of 5.9 percent over the fourth quarter of 2007. The increases were across all products and services.
- GCI local access lines increased by 2,800 over the fourth quarter of 2007. Consumer, network access and commercial local access lines totaled 122,900 at the end of the first quarter of 2008, representing an estimated 29 percent share of the total access lines market in Alaska. GCI began providing local access services on its own facilities in the Homer market during the first quarter of 2008.
- GCI has provisioned 68,900 consumer and commercial access lines on its own facilities at the end of the first quarter of 2008, an increase of 5,700 lines over the fourth quarter of 2007 and an increase of 22,400 lines when compared to the end of the first quarter of the prior year. The company had provisioned 46,500 consumer and commercial access lines on its own facilities at the end of the first quarter of 2007.
- GCI had 99,700 consumer and commercial cable modem access customers at the end of the first quarter of 2008, an increase of 3,200 over the 96,500 cable modem customers at the end of the fourth quarter 2007. Average monthly revenue per cable modem totaled \$36.71 for the first quarter of 2008 as compared to \$33.94 for the fourth quarter of 2007, an increase of 8.2 percent. The increase in average monthly revenues arises in part from customers upgrading to plans with increased levels of service.
- GCI had 80,200 wireless subscribers, an increase of 2,900 subscribers from the fourth quarter of 2007.
- The launch date of the Intelsat Galaxy 18 communications satellite is now scheduled for May 21, 2008. Galaxy 18 will replace the company's existing transponder capacity on Galaxy XR when it reaches its proper orbit and is ready for service. Galaxy XR's service life has been extended and is now expected to end on or about July 7, 2008.
- GCI did not repurchase any shares during the first quarter and its repurchase program is currently suspended. GCI's amended loan agreement prohibits share repurchases when the company's total debt leverage is greater than four times EBITDAs. GCI hopes to resume share repurchases as soon as free cash flows and debt covenants allow it to do so.

GCI will hold a conference call to discuss the quarter's results on Thursday, May 8, 2008 beginning at 2 p.m. (Eastern). To access the briefing on May 8, dial 888-592-9602 (International callers should dial 210-795-2680) 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 800-216-4459, access code 7461 (International callers should dial 402-220-3886.)

Full text and tables can be found at <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 by the end of 2008, will connect 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 now 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 <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