

March 15, 2007



GCI Reports 2006 Financial Results

- **Net income of \$18.4 million or \$0.33 per diluted share**
- **Consolidated revenues of \$477.3 million**
- **EBITDAS of \$156.0 million**

ANCHORAGE, Alaska, March 15 /PRNewswire-FirstCall/ -- GCI (Nasdaq: GNCMA) today reported its 2006 results with net income of \$18.4 million, or diluted earnings per share of \$0.33. The company's 2006 net income compares to income of \$20.8 million, or diluted earnings per share of \$0.33, in 2005. GCI recorded net income of \$2.9 million or \$0.05 per share on a diluted basis in the fourth quarter of 2006 that compares to net income of \$8.6 million or \$0.15 per share on a diluted basis for the fourth quarter of 2005.

GCI's revenues for 2006 increased 7.7 percent to \$477.3 million over 2005 revenues of \$443.0 million. For the fourth quarter of 2006, revenues totaled \$121.1 million as compared to \$112.1 million in the fourth quarter of 2005, an increase of 8.1 percent. Revenues, as expected, were down 3.2 percent sequentially when compared to third quarter 2006 revenues of \$125.1 million.

Earnings before interest, taxes, depreciation, amortization and share based compensation expense (EBITDAS) for 2006 totaled \$156.0 million. EBITDA for 2005 totaled \$150.8, as adjusted to exclude \$2.8 million in expenses from the early extinguishment of debt. EBITDAS for 2006 increased \$5.2 million or 3.5 percent over 2005. EBITDA for 2005 included MCI bad debt recoveries of \$3.3 million and a \$7.5 million net benefit from a claims settlement. There were negligible MCI bad debt recoveries recorded in 2006.

Fourth quarter 2006 EBITDAS totaled \$36.9 million and compares to \$41.7 million, as adjusted, for the fourth quarter of 2005. The decrease in EBITDAS is primarily attributable to the \$7.5 million claims settlement as noted above which occurred in the fourth quarter of 2005.

Sequentially, fourth quarter 2006 EBITDAS of \$36.9 million decreased \$4.5 million from the third quarter 2006 EBITDAS of \$41.4 million. The decrease in sequential EBITDAS was due in part to the seasonal decrease in revenues and certain infrequently occurring items that reduced EBITDAS by \$1.5 million during the fourth quarter. These items included a workers compensation claim and fiber repair costs. Third quarter 2006 EBITDAS, as previously reported, was reduced by \$1.8 million in immaterial errors of which \$1.2 million increased EBITDAS for the second quarter of 2006.

GCI anticipates revenues of \$492 million to \$502 million and EBITDAS of \$164 million to \$166 million for the year 2007. First quarter revenues are expected to total \$119 million to \$121 million and EBITDAS is expected to exceed \$37 million. GCI's guidance is exclusive of

Alaska DigiTel, LLC results pending completion of our consolidation analysis.

"This year completes our first decade of uninterrupted revenue and EBITDAS growth," said Ron Duncan, GCI president. "Our business is strong and we are consistently executing in accordance with our plan. The Alaska economy is very robust and this year will see a rapid expansion in our local service offerings throughout the state. We have also identified a number of opportunities for additional investment and now believe that the company's growth potential is greater than we have previously estimated. With our investments we should be able to continue our record revenues and EBITDAS growth for the foreseeable future."

Highlights

- * Consumer revenues for 2006 totaled \$179.0 million, an improvement of 9.8 percent over 2005. Fourth quarter 2006 revenues of \$46.8 million increased 11.6 percent from the prior year and 3.5 percent sequentially. The increases were from video, data and wireless sales.
- * Network access revenues for 2006 totaled \$166.5 million, an increase of 12.2 percent over 2005. Fourth quarter 2006 revenues of \$42.4 million increased 13.7 percent from the prior year and decreased 5.6 percent, as expected, on a sequential basis. The annual and recent fourth quarter periods benefited from increases in both voice and 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 2006 totaled \$105.9 million, an increase of 0.3 percent over 2005. Fourth quarter 2006 revenues of \$25.3 million decreased 5.9 percent from the prior year and 11.3 percent on a sequential basis. Commercial experienced growth in video and wireless revenues on both a year-over-year and sequential basis.
- * GCI has provisioned 32,200 consumer and commercial lines on its Digital Local Phone Service (DLPS) facilities at the end of 2006, an increase of 10,300 lines over year end 2005. During the fourth quarter GCI converted approximately 3,900 lines to DLPS facilities. GCI expects to serve more than 48,000 lines on its DLPS facilities by the end of 2007.
- * Consumer, network access and commercial local access lines totaled 111,200 at the end of the fourth quarter of 2006 representing an estimated 26 percent share of the total access lines market in Alaska. Access lines decreased by 1,000 lines during the fourth quarter and decreased by 1,600 lines for the year. The decrease in fourth quarter access lines is due primarily to a data base clean up and turning down 600 Internet Service Provider dial-up lines during 2006.
- * GCI had 86,300 consumer and commercial cable modem access customers at the end of the fourth quarter of 2006, an increase of 9,000 over the fourth quarter of 2005 and 2,300 sequentially. GCI customers continue to migrate from dial up access service to cable modem. Average monthly revenue per cable modem totaled \$32.29 for the fourth quarter of 2006 as compared to \$31.86 for the third quarter of 2006.
- * Beginning October 12, 2006 and ending December 31, 2006 GCI repurchased 182,000 shares of its Class A Common shares at a cost of approximately \$2.8 million or \$15.28 per share. For the calendar year 2006, GCI purchased 2.9 million shares at a cost of approximately \$35.1 million or \$12.16 per share. The company is authorized to purchase an additional \$10.7 million of its shares through the end of the first quarter of 2007. GCI will repurchase shares depending on market conditions and the availability of free cash flows.
- * GCI closed its \$29.5 investment in Alaska DigiTel, LLC effective January 1, 2007.

Consumer

Consumer revenues for 2006 totaled \$179.0 million, an increase of 9.8 percent over 2005.

Fourth quarter 2006 revenue of \$46.8 million increased 11.6 percent from the prior year and 3.5 percent sequentially. The increase in revenue is due to increases in video, data and wireless sales.

Consumer voice revenues totaled \$45.6 million for the year 2006, a decrease of 2.6 percent from 2005. Fourth quarter 2006 voice revenues of \$11.2 million represented a decrease of 4.6 percent compared to the prior year quarter and 4.3 percent sequentially.

Consumer long distance minutes for the year 2006 decreased 11.8 percent when compared to 2005. Fourth quarter 2006 long distance minutes decreased 12.9 percent when compared to the fourth quarter of 2005 and increased sequentially 2.1 percent over the third quarter of 2006.

Consumer video revenue totaled \$90.2 million in 2006, an increase of 6.5 percent over 2005. Fourth quarter 2006 video revenues of \$23.4 million increased 8.3 percent from the prior year and 4.1 percent sequentially. The increase in revenue is due in part to increasing average revenue per customer in certain markets and increases in video subscribers purchasing digital service and renting high definition/digital video recorder converters.

Consumer data revenue totaled \$29.4 million in 2006, an increase of 16.2 percent compared to 2005. Fourth quarter 2006 data revenues of \$7.7 million increased 20.5 percent over the prior year and 3.9 percent sequentially. The increase in consumer data revenues is due to an increase in the number of cable modem customers as well as increasing average revenue per cable modem. GCI added 7,700 consumer cable modem customers over the prior year and 1,700 customers during the fourth quarter of 2006. In 2006 GCI up-sold more existing cable modem customers to high speed service than it added in new cable modem customers.

Consumer wireless revenues increased substantially during 2006. The increase in wireless revenues is primarily due to an increase in the number of wireless customers.

Network Access

Network Access revenues for 2006 totaled \$166.5 million, an increase of 12.2 percent compared to 2005. Fourth quarter 2006 revenue of \$42.4 million increased 13.7 percent over the prior year and decreased 5.6 percent sequentially.

Voice revenues for 2006 totaled \$110.8 million, an increase of 16.0 percent compared to 2005. Fourth quarter 2006 voice revenues of \$26.7 million increased 11.4 percent over the prior year and decreased 15.9 percent sequentially. The annual and quarterly increase in voice revenues is due to a strong increase in minutes partially offset by declining rates per minute. The decline in sequential revenues is primarily due to the seasonally strong third quarter.

Network Access long distance minutes increased 22.7 percent in 2006 over 2005. Fourth quarter 2006 long distance minutes increased 18.3 percent over the fourth quarter of 2005. Minutes for the fourth quarter, as expected, decreased 13.4 percent when compared to the third quarter of 2006.

Data revenues for 2006 totaled \$55.6 million, an increase of 5.4 percent compared to 2005.

Fourth quarter 2006 revenue of \$15.6 million increased 17.9 percent over the prior year and 19.1 percent sequentially.

Commercial

Commercial revenues for 2006 totaled \$105.9 million, an increase of 0.3 percent compared to 2005. Fourth quarter 2006 revenue of \$25.3 million decreased 5.9 percent from the prior year and 11.3 percent sequentially.

Increases in video and wireless revenues were offset by a decrease in voice revenues when comparing 2006 to 2005. Fourth quarter 2006 data revenues were lower than the prior year and sequential quarters due to the previously announced transition of a customer to a competitor's network.

Commercial long distance minutes for the year 2006 decreased 3.6 percent from the year 2005. Fourth quarter 2006 long distance minutes decreased 7.2 percent when compared to the fourth quarter of 2005 and decreased 8.8 percent sequentially when compared to the third quarter of 2006. Third quarter minutes are typically the highest of the year due to the summer season.

Basic commercial video customers increased by 800 subscribers from the prior year and seasonally decreased, as expected, by 1,900 subscribers when compared to the third quarter of 2006. Commercial video customers are primarily hotel video customers.

Managed Broadband

Managed broadband revenues for 2006 totaled \$25.9 million, a decrease of 0.8 percent compared to 2005. Fourth quarter 2006 revenue of \$6.7 million increased 10.4 percent from the prior year and 3.7 percent sequentially.

Other Items

Total selling, general and administrative expenses (SG&A) for 2006 totaled \$171.7 million, an increase of 10.4 percent as compared to 2005. Fourth quarter SG&A totaled \$45.9 million, an increase of 9.7 percent over the fourth quarter of 2005, and 8.0 percent as compared to the third quarter 2006. The increases in SG&A expenses are primarily due to increased share based compensation expense, increased health care costs, the cessation of the MCI credits which reduced bad debt expenses, and fiber system repair costs.

During 2006, core capital expenditures totaled \$107.7 million as compared to \$81.2 million in 2005. Capital expenditures in the fourth quarter exceeded guidance by approximately \$15 million due to a substantial increase in video converter boxes purchased, acceleration of our plans to rollout local service in markets outside of Anchorage, Fairbanks, and Juneau, and the purchase of dark fiber capacity to Kodiak Island to gain a first to market advantage. In addition, pursuant to Staff Accounting Bulletin No. 108 the company recorded a cumulative effect adjustment in retained earnings for capitalized interest of \$3.5 million on certain projects placed in service prior to 2006. Such amounts were previously not material in any one financial reporting period. GCI expects core capital expenditures to increase significantly in 2007 due, in part, to the addition of a \$76 million capital lease of satellite capacity.

While the company believes that the financial results included in this media release are

materially correct, the company's auditors have not yet concluded all aspects of their audit of our financial statements. Accordingly, the financial results included herein should be considered unaudited and may be subject to change following conclusion of the audit.

GCI will hold a conference call to discuss its 2006 and fourth quarter results on Thursday, March 15, 2007 beginning at 2 p.m. (Eastern). To access the briefing on March 15, dial 800-857-3793 (International callers should dial 630-395-0017) 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 866-382-4789, access code 7461 (International callers should dial 203-369-0367).

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.

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