

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2003

OR

TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 0-15279

GENERAL COMMUNICATION, INC.

(Exact name of registrant as specified in its charter)

STATE OF ALASKA
(State or other jurisdiction of
incorporation or organization)

92-0072737
(I.R.S. Employer
Identification No.)

2550 Denali Street
Suite 1000
Anchorage, Alaska
(Address of principal executive offices)

99503
(Zip Code)

Registrant's telephone number, including area code: (907) 868-5600

Former name, former address and former fiscal year, if changed since last report

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No .

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes X No .

The number of shares outstanding of the registrant's classes of common stock as of October 31, 2003 was:

52,465,802 shares of Class A common stock; and
3,868,580 shares of Class B common stock.

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GENERAL COMMUNICATION, INC.

FORM 10-Q

FOR THE QUARTER ENDED SEPTEMBER 30, 2003

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Cautionary Statement Regarding Forward-Looking Statements

You should carefully review the information contained in this Quarterly Report, but should particularly consider any risk factors that we set forth in this Quarterly Report and in other reports or documents that we file from time to time with the Securities and Exchange Commission ("SEC"). In this Quarterly Report, in addition to historical information, we state our future strategies, plans, objectives or goals and our beliefs of future events and of our future operating results, financial position and cash flows. In some cases, you can identify those so-called "forward-looking statements" by words such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "project," or "continue" or the negative of those words and other comparable words. All forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance, achievements, plans and objectives to differ materially from any future results, performance, achievements, plans and objectives expressed or implied by these forward-looking statements. In evaluating those statements, you should specifically consider various factors, including those outlined below. Those factors may cause our actual results to differ materially from any of our forward-looking statements. For these statements, we claim the protection of the safe harbor for forward-looking statements provided by the Securities Reform Act. Such risks, uncertainties and other factors include but are not limited to those identified below and those further described in Part I, Item 1. Factors That May Affect Our Business and Future Results of our December 31, 2002 Form 10-K.

- o Material adverse changes in the economic conditions in the markets we serve and in general economic conditions, including the continuing impact of the current depressed telecommunications industry due to high levels of competition in the long-distance market resulting in pressures to reduce prices, an oversupply of long-haul capacity, excessive debt loads; several high-profile company failures and potentially fraudulent accounting practices by some companies;
- o The efficacy of laws enacted by Congress and the state of Alaska legislature; rules and regulations to be adopted by the Federal Communications Commission ("FCC") and state public regulatory agencies to implement the provisions of the 1996 Telecom Act; the outcome of litigation relative thereto; and the impact of regulatory changes relating to access reform;
- o Our responses to competitive products, services and pricing, including pricing pressures, technological developments, alternative routing developments, and the ability to offer combined service packages that include long-distance, local, cable and Internet services;
- o The extent and pace at which different competitive environments develop for each segment of our business;
- o The extent and duration for which competitors from each segment of the telecommunication industries are able to offer combined or full service packages prior to our being able to do so;
- o The degree to which we experience material competitive impacts to our traditional service offerings prior to achieving adequate local service entry;
- o Competitor responses to our products and services and overall market acceptance of such products and services;
- o The outcome of our negotiations with Incumbent Local Exchange Carriers ("ILECs") and state regulatory arbitrations and approvals with respect

to interconnection agreements;

- o Our ability to purchase network elements or wholesale services from ILECs at a price sufficient to permit the profitable offering of local telephone service at competitive rates;
- o Success and market acceptance for new initiatives, many of which are untested;
- o The level and timing of the growth and profitability of existing and new initiatives, particularly yellow page directories, local telephone services expansion including deploying digital local telephone service, Internet services expansion and wireless services;
- o Start-up costs associated with entering new markets, including advertising and promotional efforts;

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- o Risks relating to the operations of new systems and technologies and applications to support new initiatives;
- o Local conditions and obstacles;
- o The impact on our industry and indirectly on us of oversupply of capacity resulting from excessive deployment of network capacity in certain markets we do not serve;
- o Uncertainties inherent in new business strategies, new product launches and development plans, including local telephone services, Internet services, wireless services, digital video services, cable modem services, digital subscriber line services, transmission services, and yellow page directories, and the offering of these services in geographic areas with which we are unfamiliar;
- o The risks associated with technological requirements, technology substitution and changes and other technological developments;
- o Prolonged service interruptions which could affect our business;
- o Development and financing of telecommunication, local telephone, wireless, Internet and cable networks and services;
- o Future financial performance, including the availability, terms and deployment of capital; the impact of regulatory and competitive developments on capital outlays, and the ability to achieve cost savings and realize productivity improvements and the consequences of increased leverage;
- o Availability of qualified personnel;
- o Changes in, or failure, or inability, to comply with, government regulations, including, without limitation, regulations of the FCC, the Regulatory Commission of Alaska ("RCA"), and adverse outcomes from regulatory proceedings;
- o Changes in regulations governing unbundled network elements ("UNE");
- o Uncertainties in federal military spending levels and military base closures in markets in which we operate;
- o The ongoing global and domestic trend towards consolidation in the telecommunications industry, which may make the competitors larger and better financed and afford these competitors with extensive resources and greater geographic reach, allowing them to compete more effectively;
- o The financial, credit and economic impacts of the MCI (previously "WorldCom, Inc.") bankruptcy filing on the industry in general and on us in particular;
- o A significant delay in MCI's emergence from bankruptcy or a migration of MCI's traffic off our network without it being replaced by other common carriers that interconnect with our network;
- o The effect on us of pricing pressures, new program offerings and market consolidation in the markets served by our major customers, MCI and Sprint;
- o The effect on us of industry consolidation and the acquisition of one or more of our large wholesale customers;
- o Under Statement of Financial Accounting Standard ("SFAS") 142, we must test our intangibles for impairment at least annually, which may result in a material, non-cash write-down of goodwill and could have a material adverse impact on our results of operations and shareholders' equity; and
- o Other risks detailed from time to time in our periodic reports filed with the SEC.

You should not place undue reliance on any such forward-looking statements. Further, any forward-looking statement, and such risks, uncertainties and other factors speak, only as of the date on which they were originally made and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement to reflect any change in our expectations with regard to those statements or any other change in events, conditions or circumstances on which any such statement is based, except as required by law. New factors emerge from time to time, and it is not possible for us to predict what factors will arise or when. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

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ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS
<TABLE>

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

<CAPTION>

(Amounts in thousands)

ASSETS	(Unaudited) September 30, 2003	December 31, 2002
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	\$ 10,780	11,940
Receivables:		
Trade	60,107	63,111
Employee	292	391
Other	2,602	3,093
Less allowance for doubtful receivables	63,001	66,595
Net receivables	2,359	14,010
Prepaid and other current assets	11,605	9,171
Deferred income taxes, net	8,644	8,509
Notes receivable with related parties	1,053	697
Property held for sale	1,037	1,037
Inventories	537	400
Total current assets	94,298	84,339
Property and equipment in service, net of depreciation	371,564	381,394
Construction in progress	22,981	16,958
Net property and equipment	394,545	398,352
Cable certificates, net of amortization of \$26,775 and \$26,884 at September 30, 2003 and December 31, 2002, respectively	191,241	191,132
Goodwill, net of amortization of \$7,200 at September 30, 2003 and December 31, 2002	41,972	41,972
Other intangible assets, net of amortization of \$1,522 and \$1,848 at September 30, 2003 and December 31, 2002, respectively	3,304	3,460
Deferred loan and senior notes costs, net of amortization of \$6,630 and \$4,110 at September 30, 2003 and December 31, 2002, respectively	10,237	9,961
Notes receivable with related parties	5,246	5,142
Other assets, at cost, net of amortization of \$52 and \$24 at September 30, 2003 and December 31, 2002, respectively	8,229	4,424
Total other assets	260,229	256,091
Total assets	\$ 749,072	738,782

See accompanying notes to interim condensed consolidated financial statements.

</TABLE>

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(Continued)

<TABLE>

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Continued)

<CAPTION>

(Amounts in thousands)

LIABILITIES AND STOCKHOLDERS' EQUITY	(Unaudited) September 30, 2003	December 31, 2002
<S>	<C>	<C>
Current liabilities:		
Current maturities of obligations under long-term debt and capital leases	\$ 24,017	1,857
Accounts payable	28,865	33,605
Deferred revenue	20,501	18,290
Accrued payroll and payroll related obligations	15,566	11,821
Accrued liabilities	6,605	5,763
Accrued interest	2,961	7,938
Subscriber deposits	691	889
Total current liabilities	99,206	80,163
Long-term debt, excluding current maturities	330,000	357,700
Obligations under capital leases, excluding current maturities	40,529	44,072

Obligations under capital leases due to related party, excluding current maturities	685	703
Deferred income taxes, net of deferred income tax benefit	25,380	16,061
Other liabilities	6,092	4,956
Total liabilities	501,892	503,655
Redeemable preferred stocks	26,907	26,907
Stockholders' equity:		
Common stock (no par):		
Class A. Authorized 100,000 shares; issued 52,238 and 51,795 shares at September 30, 2003 and December 31, 2002, respectively	200,950	199,903
Class B. Authorized 10,000 shares; issued 3,871 and 3,875 shares at September 30, 2003 and December 31, 2002, respectively; convertible on a share-per-share basis into Class A common stock	3,271	3,274
Less cost of 338 and 317 Class A common shares held in treasury at September 30, 2003 and December 31, 2002, respectively	(1,917)	(1,836)
Paid-in capital	11,837	11,222
Notes receivable with related parties issued upon stock option exercise	(5,650)	(5,650)
Retained earnings	12,204	1,847
Accumulated other comprehensive loss	(422)	(540)
Total stockholders' equity	220,273	208,220
Commitments and contingencies		
Total liabilities and stockholders' equity	\$ 749,072	738,782

See accompanying notes to interim condensed consolidated financial statements.

</TABLE>

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<TABLE>

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

<CAPTION>

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
(Amounts in thousands, except per share amounts)				
Revenues	\$ 98,327	94,550	287,043	275,500
Cost of sales and services	31,870	30,375	92,189	92,473
Selling, general and administrative expenses	35,262	32,209	102,549	96,095
Bad debt expense	533	1,677	1,932	12,874
Depreciation, amortization and accretion expense	13,067	13,936	39,368	41,806
Operating income	17,595	16,353	51,005	32,252
Other income (expense):				
Interest expense	(8,845)	(7,477)	(27,137)	(20,304)
Amortization of loan and senior notes fees	(631)	(321)	(2,329)	(1,449)
Interest income	162	107	493	335
Other expense, net	(9,314)	(7,691)	(28,973)	(21,418)
Net income before income taxes and cumulative effect of a change in accounting principle	8,281	8,662	22,032	10,834
Income tax expense	3,752	3,599	9,598	4,662
Net income before cumulative effect of a change in accounting principle	4,529	5,063	12,434	6,172
Cumulative effect of a change in accounting principle, net of income tax benefit of \$367	---	---	(544)	---

Purchase of treasury stock (177)	---	---	(177)	---	---	---	---
Preferred stock dividends (1,532)	---	---	---	---	---	(1,532)	---

Balances at September 30, 2002 207,633	\$199,436	3,276	(1,836)	11,117	(5,650)	1,869	(579)
=====							
Balances at December 31, 2002 208,220	\$199,903	3,274	(1,836)	11,222	(5,650)	1,847	(540)
Components of comprehensive income:							
Net income 11,890	---	---	---	---	---	11,890	---
Change in fair value of cash flow hedge, net of change in income tax benefit of \$175 118	---	---	---	---	---	---	118

Comprehensive income 12,008							
Tax effect of excess stock compensation expense for tax purposes over amounts recognized for financial reporting purposes 222	---	---	---	222	---	---	---
Class B shares converted to Class A ---	3	(3)	---	---	---	---	---
Shares issued under stock option plan 1,044	1,044	---	---	---	---	---	---
Amortization of the excess of GCI stock market value over stock option exercise cost on date of stock option grant 393	---	---	---	393	---	---	---
Purchase of treasury stock (81)	---	---	(81)	---	---	---	---
Preferred stock dividends (1,533)	---	---	---	---	---	(1,533)	---

Balances at September 30, 2003 220,273	\$200,950	3,271	(1,917)	11,837	(5,650)	12,204	(422)

See accompanying notes to interim condensed consolidated financial statements.

</TABLE>

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<TABLE>

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

<CAPTION>

	(Unaudited)	
	Nine Months Ended September 30,	
	2003	2002
	-----	-----
	<C>	<C>
<S>		
(Amounts in thousands)		
Operating activities:		
Net income	\$ 11,890	6,172
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion expense	39,368	41,806
Deferred income tax expense	9,598	4,757
Amortization of loan and senior notes fees	2,329	1,449
Cumulative effect of a change in accounting principle, net	544	---
Bad debt expense, net of write-offs	(679)	10,587
Deferred compensation	331	533
Compensatory stock options	393	337
Employee Stock Purchase Plan expense funded with issuance of General Communication, Inc. Class A common stock	---	497
Other noncash income and expense items	(383)	36
Change in operating assets and liabilities	(13,990)	(18,567)
	-----	-----
Net cash provided by operating activities	49,401	47,607
	-----	-----
Investing activities:		
Purchases of property and equipment	(34,393)	(51,989)
Payment of deposits	(3,221)	---

Notes receivable issued to related parties	(99)	(3,055)
Payments received on notes receivable with related parties	22	946
Purchases of other assets	(955)	(1,563)
	-----	-----
Net cash used by investing activities	(38,646)	(55,661)
	-----	-----
Financing activities:		
Repayments of long-term borrowings and capital lease obligations	(9,102)	(6,802)
Long-term borrowings - bank debt	---	14,000
Payment of preferred stock dividend	(1,171)	(1,018)
Payment of debt issuance costs	(2,605)	(382)
Purchase of treasury stock	(81)	(177)
Proceeds from common stock issuance	1,044	157
	-----	-----
Net cash provided (used) by financing activities	(11,915)	5,778
	-----	-----
Net decrease in cash and cash equivalents	(1,160)	(2,276)
	-----	-----
Cash and cash equivalents at beginning of period	11,940	11,097
	-----	-----
Cash and cash equivalents at end of period	\$ 10,780	8,821
	=====	=====

See accompanying notes to interim condensed consolidated financial statements.

</TABLE>

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GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
Notes to Interim Condensed Consolidated Financial Statements
(Unaudited)

The accompanying unaudited interim condensed consolidated financial statements include the accounts of General Communication, Inc. ("GCI") and its subsidiaries and have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. They should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2002, filed as part of our annual report on Form 10-K. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The results of operations for interim periods are not necessarily indicative of the results that may be expected for an entire year or any other period.

(1) Business and Summary of Significant Accounting Principles

In the following discussion GCI and its direct and indirect subsidiaries are referred to as "we," "us" and "our".

(a) Business

GCI, an Alaska corporation, was incorporated in 1979. We offer the following services:

- o Long-distance telephone service between Alaska and the remaining United States and foreign countries
- o Cable television services throughout Alaska
- o Facilities-based competitive local access services in Anchorage, Fairbanks and Juneau, Alaska
- o Internet access services
- o Termination of traffic in Alaska for certain common carriers
- o Private line and private network services
- o Managed services to certain commercial customers
- o Broadband services, including our SchoolAccess(TM) offering to rural school districts and a similar offering to rural hospitals and health clinics
- o Sales and service of dedicated communications systems and related equipment
- o Lease and sales of capacity on two undersea fiber optic cables used in the transmission of interstate and intrastate private line, switched message long-distance and Internet services between Alaska and the remaining United States and foreign countries

(b) Principles of Consolidation

The consolidated financial statements include the accounts of GCI, GCI's subsidiary GCI, Inc., GCI, Inc.'s subsidiary GCI Holdings, Inc., GCI Holdings, Inc.'s subsidiaries GCI Communication Corp., GCI Cable, Inc., GCI Transport Co., Inc., GCI Fiber Communication Co., Inc., GCI Fiber Co., Inc. and Fiber Hold Co., Inc. and GCI Fiber Co., Inc.'s and Fiber Hold Co., Inc.'s partnership Alaska United Fiber System Partnership, GCI Communication Corp.'s subsidiaries Potter View Development Co., Inc., Wok 1, Inc. and Wok 2, Inc. and GCI Transport Co., Inc.'s subsidiary GCI Satellite Co., Inc. All subsidiaries are wholly-owned at September 30, 2003.

The consolidated financial statements include the consolidated accounts of GCI and its wholly owned subsidiaries with all significant intercompany transactions eliminated.

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(Continued)

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
Notes to Interim Condensed Consolidated Financial Statements
(Unaudited)

(c) Earnings per Common Share

<TABLE>

Earnings per common share ("EPS") and common shares used to calculate basic and diluted EPS consist of the following (amounts in thousands, except per share amounts):

<CAPTION>

	Three Months Ended September 30,					
	2003			2002		
	Income (Num- erator)	Shares (Denom- inator)	Per-share Amounts	Income (Num- erator)	Shares (Denom- inator)	Per-share Amounts
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net income	\$ 4,529			\$ 5,063		
Less preferred stock dividends:						
Series B	361			361		
Series C	151			151		
Basic EPS:						
Net income available to common stockholders	4,017	55,707	\$ 0.07	4,551	55,142	\$ 0.08
Effect of Dilutive Securities:						
Unexercised stock options	---	1,163	---	---	717	---
Diluted EPS:						
Net income available to common stockholders	\$ 4,017	56,870	\$ 0.07	\$ 4,551	55,859	\$ 0.08

</TABLE>

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(Continued)

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
Notes to Interim Condensed Consolidated Financial Statements
(Unaudited)

<TABLE>

<CAPTION>

	Nine Months Ended September 30,					
	2003			2002		
	Income (Num- erator)	Shares (Denom- inator)	Per-share Amounts	Income (Num- erator)	Shares (Denom- inator)	Per-share Amounts
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net income before cumulative effect of a change in accounting principle, net of deferred tax benefit of \$367	\$ 12,434			\$ 6,172		
Less preferred stock dividends:						
Series B	1,083			1,083		
Series C	449			449		
Basic EPS:						
Net income before cumulative effect of a change in accounting principle, net of deferred tax benefit of \$367, available to common stockholders	10,902	55,563	\$ 0.20	4,640	54,995	\$ 0.08
Effect of Dilutive Securities:						
Unexercised stock options	---	531	---	---	1,176	---
Diluted EPS:						
Net income before cumulative effect of a change in accounting principle, net of deferred tax benefit of \$367, available to common stockholders	\$ 10,902	56,094	\$ 0.19	\$ 4,640	56,171	\$ 0.08

</TABLE>

Common equivalent shares outstanding which are anti-dilutive for purposes of calculating EPS for the three and nine months ended September 30, 2003 and 2002 are not included in the diluted EPS calculations and consist of the following (shares, in thousands):

Series B redeemable preferred stock	3,062
Series C redeemable preferred stock	833

Anti-dilutive common equivalent shares outstanding	3,895
	=====

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
Notes to Interim Condensed Consolidated Financial Statements
(Unaudited)

Weighted average shares associated with outstanding stock options for the three and nine months ended September 30, 2003 and 2002 which have been excluded from the diluted EPS calculations because the options' exercise price was greater than the average market price of the common shares consist of the following (shares, in thousands):

<TABLE>
<CAPTION>

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2003	2002	2003	2002
	-----	-----	-----	-----
-				
<S>	<C>	<C>	<C>	<C>
Weighted average shares associated with outstanding stock options	155	4,573	2,045	756
	=====	=====	=====	=====

</TABLE>

(d) Common Stock

Following is the statement of common stock at September 30, 2003 and 2002 (shares, in thousands):

<TABLE>
<CAPTION>

	Class A	Class B
	-----	-----
<S>	<C>	<C>
Balances at December 31, 2001	50,967	3,883
Class B shares converted to Class A	6	(6)
Shares issued under stock option plan	533	---
Shares issued to the GCI Employee Stock Purchase Plan	200	---
Shares issued to acquire minority shareholders' interest in GFCC	15	---
	-----	-----
Balances at September 30, 2002	51,721	3,877
	=====	=====
Balances at December 31, 2002	51,795	3,875
Class B shares converted to Class A	4	(4)
Shares issued under stock option plan	216	---
Shares issued per G.C. Cablevision, Inc. acquisition agreement	223	---
	-----	-----
Balances at September 30, 2003	52,238	3,871
	=====	=====

</TABLE>

(e) Redeemable Preferred Stocks

Redeemable preferred stocks consist of the following (amounts in thousands):

<TABLE>
<CAPTION>

	September 30,	December 31,
	2003	2002
	-----	-----
<S>	<C>	<C>
Series B	\$ 16,907	16,907
Series C	10,000	10,000
	-----	-----
	\$ 26,907	26,907
	=====	=====

</TABLE>

We have 1,000,000 shares of preferred stock authorized with the following shares issued (in thousands):

<TABLE>
<CAPTION>

	Series B	Series C
<S>	<C>	<C>
Shares at December 31, 2001 and 2002 and September 30, 2002 and 2003	17	10
	=====	=====

</TABLE>

13 (Continued)
GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
Notes to Interim Condensed Consolidated Financial Statements
(Unaudited)

As of September 30, 2003, the combined aggregate amount of preferred stock mandatory redemption requirements follow (amounts in thousands):

Years ending September 30:	

2004	\$ ---
2005	10,150
2006	---
2007	---
2008	---

	\$ 10,150
	=====

Series B

The redemption amount of our Series B preferred stock at September 30, 2003 and December 31, 2002 was \$17,509,000 and \$17,148,000, respectively. The difference between the carrying and redemption amounts is due to accrued dividends which are included in Accrued Liabilities.

Series C

The redemption amount of our convertible redeemable accreting Series C preferred stock on September 30, 2003 and December 31, 2002 was \$10,000,000.

- (f) Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity
On July 1, 2003 we adopted SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). Many of those instruments were previously classified as equity. Adoption of SFAS No. 150 did not have a material effect on our results of operations, financial position and cash flows.
- (g) Asset Retirement Obligations
On January 1, 2003 we adopted SFAS No. 143, "Accounting for Asset Retirement Obligations". SFAS No. 143 provides accounting and reporting standards for costs associated with the retirement of long-lived assets. This statement requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the entity capitalizes a cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, an entity either settles the obligation for its recorded amount or incurs a gain or loss upon settlement. Upon adoption, we recorded the cumulative effect of accretion and depreciation expense as a cumulative effect of a change in accounting principle of approximately \$544,000, net of income tax benefit of \$367,000.

14 (Continued)
GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
Notes to Interim Condensed Consolidated Financial Statements
(Unaudited)

Following is a reconciliation of the beginning and ending aggregate carrying amount of our asset retirement obligations at September 30, 2003 (amounts in thousands):

Balance at December 31, 2002	\$ ---
Liability recognized upon adoption of SFAS No. 143	1,565

Accretion expense for the nine months ended September 30, 2003	96 -----
Balance at September 30, 2003	\$ 1,661 =====

Following is the amount of the liability for asset retirement obligations as if SFAS No. 143 had been applied at December 31, 2001 (amounts in thousands):

Balance at December 31, 2001	\$ 1,350 =====
Balance at September 30, 2002	\$ 1,511 =====

At the date of adoption we recorded net additional capitalized costs of \$654,000 in Property and Equipment in Service, Net of Depreciation.

(h) Payments Received from Suppliers

On March 20, 2003 the Financial Accounting Standards Board issued Emerging Issues Task Force ("EITF") Issue No. 02-16, "Accounting by a Reseller for Cash Consideration Received from a Vendor" ("EITF No. 02-16"). We have applied EITF No. 02-16 prospectively for arrangements entered into or modified after December 31, 2002. Our cable services segment occasionally receives reimbursements for costs to promote suppliers' services, called cooperative advertising arrangements. The supplier payment is classified as a reduction of selling, general and administrative expenses if it reimburses specific, incremental and identifiable costs incurred to resell the suppliers' services. Excess consideration, if any, is classified as a reduction of cost of sales and services.

Occasionally our cable services segment enters into a binding arrangement with a supplier in which we receive a rebate dependent upon us meeting a specified goal. We recognize the rebate as a reduction of cost of sales and services systematically as we make progress toward the specified goal, provided the amounts are probable and reasonably estimable. If earning the rebate is not probable and reasonably estimable, it is recognized only when the goal is met.

(i) Costs Associated with Exit or Disposal Activities

On January 1, 2003 we adopted SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities". Upon adoption of SFAS No. 146, enterprises may only record exit or disposal costs when they are incurred and can be measured at fair value. The recorded liability will be subsequently adjusted for changes in estimated cash flows. SFAS 146 revises accounting for specified employee and contract terminations that are part of restructuring activities. Adoption of SFAS No. 146 did not have a material effect on our results of operations, financial position and cash flows.

(j) Stock Option Plan

At September 30, 2003, we had one stock-based employee compensation plan. We account for this plan under the recognition and measurement principles of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. We use the intrinsic-value method and compensation expense is recorded on the

date of grant only if the current market price of the underlying stock exceeds the exercise price. We have adopted SFAS No. 123, "Accounting for Stock-Based Compensation," which permits entities to recognize as expense over the vesting period the fair value of all stock-based awards on the date of grant. Alternatively, SFAS No. 123 also allows entities to continue to apply the provisions of APB Opinion No. 25.

We have adopted SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure". This Statement amends SFAS No. 123 to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this Statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results.

We have elected to continue to apply the provisions of APB Opinion No. 25 and provide the pro forma disclosure as required by SFAS No. 148.

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
Notes to Interim Condensed Consolidated Financial Statements
(Unaudited)

Stock-based employee compensation cost is reflected over the options' vesting period of generally five years and compensation cost for options granted prior to January 1, 1996 is not considered. The following table illustrates the effect on net income and EPS for the three and nine months ended September 30, 2003 and 2002, if we had applied the fair-value recognition provisions of SFAS No. 123 to stock-based employee compensation (amounts in thousands, except per share amounts):

<TABLE>
<CAPTION>

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
<S>	<C>	<C>	<C>	<C>
Net income, as reported	\$ 4,529	5,063	11,890	6,172
Total stock-based employee compensation expense included in reported net income, net of related tax effects	66	59	225	202
Total stock-based employee compensation expense under the fair-value based method for all awards, net of related tax effects	(653)	(856)	(1,641)	(1,918)
Pro forma net income	\$ 3,942	4,266	10,474	4,456
Basic net income per common share after cumulative effect of a change in accounting principle, as reported	\$ 0.07	0.08	0.19	0.08
Diluted net income per common share after cumulative effect of a change in accounting principle, as reported	\$ 0.07	0.08	0.18	0.08
Basic and diluted net income per common share after cumulative effect of a change in accounting principle, pro forma	\$ 0.06	0.07	0.16	0.05

</TABLE>

The calculation of total stock-based employee compensation expense under the fair-value based method includes weighted-average assumptions of a risk-free interest rate, volatility and an expected life.

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
Notes to Interim Condensed Consolidated Financial Statements
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- (k) Concentrations of Credit Risk
Financial instruments that potentially subject us to concentrations of credit risk are primarily cash and cash equivalents and accounts receivable. Excess cash is invested in high quality short-term liquid money instruments issued by highly rated financial institutions. At September 30, 2003 and December 31, 2002, substantially all of our cash and cash equivalents were invested in short-term liquid money instruments at one highly rated financial institution.

We have two major customers, MCI and Sprint Corporation. There is increased risk associated with these customers' accounts receivable balances. Our remaining customers are located primarily throughout Alaska. Because of this geographic concentration, our growth and operations depend upon economic conditions in Alaska. The economy of Alaska is dependent upon the natural resources industries, and in particular oil production, as well as tourism, government, and United States military spending. Though limited to one geographical

area and except for MCI and Sprint, the concentration of credit risk with respect to our receivables is minimized due to the large number of customers, individually small balances, and short payment terms.

- (l) Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others
On January 1, 2003 we adopted FASB Interpretation ("FIN") No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others". This Interpretation elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. This Interpretation does not prescribe a specific approach for subsequently measuring the guarantor's recognized liability over the term of the related guarantee. This Interpretation also incorporates, without change, the guidance in FIN No. 34, "Disclosure of Indirect Guarantees of Indebtedness of Others", which is being superseded. Adoption of FIN No. 45 did not have a material effect on our results of operations, financial position and cash flows.
- (m) Derivative Instruments and Hedging Activities
On July 1, 2003 we adopted SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities". SFAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". Adoption of SFAS No. 149 did not have a material effect on our results of operations, financial position and cash flows.
- (n) Consolidation of Variable Interest Entities
On July 1, 2003 we adopted FIN No. 46, "Consolidation of Variable Interest Entities". This Interpretation of Accounting Research Bulletin No. 51, "Consolidated Financial Statements", addresses consolidation by business enterprises of variable interest entities, which have one or both of the following characteristics:
1. The equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support from other parties, which is provided through other interests that will absorb some or all of the expected losses of the entity.

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
Notes to Interim Condensed Consolidated Financial Statements
(Unaudited)

2. The equity investors lack one or more of the following essential characteristics of a controlling financial interest:
 - a. The direct or indirect ability to make decisions about the entity's activities through voting rights or similar rights.
 - b. The obligation to absorb the expected losses of the entity if they occur, which makes it possible for the entity to finance its activities.
 - c. The right to receive the expected residual returns of the entity if they occur, which is the compensation for the risk of absorbing the expected losses.

Adoption of FIN No. 46 did not have a material effect on our results of operations, financial position and cash flows.

- (o) Reclassifications
Reclassifications have been made to the 2002 financial statements to make them comparable with the 2003 presentation.

(2) Consolidated Statements of Cash Flows Supplemental Disclosures
<TABLE>

Changes in operating assets and liabilities consist of (amounts in thousands):

<CAPTION>

Nine month periods ended September 30,	2003	2002
<S>	<C>	<C>
Increase in accounts receivable	\$ (9,315)	(14,678)
Increase in inventories	(137)	(1,242)
(Increase) decrease in prepaid and other current assets	(2,434)	1,018
Increase (decrease) in accounts payable	(2,802)	453
Increase in deferred revenues	2,211	3,911

Increase (decrease) in accrued payroll and payroll related obligations	3,745	(4,544)
Decrease in accrued interest	(4,977)	(4,793)
Increase in accrued liabilities	136	1,239
Decrease in subscriber deposits	(198)	(187)
Increase (decrease) in components of other long-term liabilities	(219)	256
	-----	-----
	\$ (13,990)	(18,567)
	=====	=====

</TABLE>

We paid interest totaling approximately \$32,242,000 and \$25,097,000 during the nine months ended September 30, 2003 and 2002, respectively.

Effective March 31, 2001 we acquired the assets and customer base of G.C. Cablevision, Inc. Upon acquisition the seller received shares of GCI Class A common stock with a future payment in additional shares contingent upon the market price of our common stock on March 31, 2003. At March 31, 2003 the market price condition was not met and approximately 222,600 shares of GCI Class A common stock were issued.

(3) Intangible Assets

Cable certificates are allocated to our cable services segment. Goodwill is primarily allocated to the cable services segment and the remaining amount is not allocated to a reportable segment, but is included in the All Other category as described in note 6.

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(Continued)

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
Notes to Interim Condensed Consolidated Financial Statements
(Unaudited)

<TABLE>

Amortization expense for amortizable intangible assets was as follows:

<CAPTION>

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2003	2002	2003	2002
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Amortization expense	\$ 195	180	527	567
	=====	=====	=====	=====

</TABLE>

Amortization expense for amortizable intangible assets for each of the five succeeding fiscal years is estimated to be (amounts in thousands):

Years ending	
December 31,	

2003	\$ 605
2004	487
2005	355
2006	350
2007	289

No intangible assets have been impaired based upon impairment testing performed as of December 31, 2002 and no indicators of impairment have occurred since the impairment testing was performed.

(4) MCI Settlement and Release Agreement

On July 21, 2002 MCI and substantially all of its active U.S. subsidiaries filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court. Chapter 11 allows a company to continue operating in the ordinary course of business in order to maximize recovery for the company's creditors and shareholders.

At the time of the petition for bankruptcy, we had approximately \$12.9 million in receivables outstanding from MCI. At December 31, 2002 the bad debt reserve for uncollected amounts due from MCI ("MCI reserve") totaled \$11.6 million and consisted of all billings for services rendered prior to July 21, 2002 that were not paid or deemed recoverable as of December 31, 2002.

On July 22, 2003, the United States Bankruptcy Court approved the settlement of pre-petition amounts owed to us by MCI and affirmed all of our existing contracts with MCI. The settlement settles unpaid balances due from MCI for services rendered prior to their bankruptcy filing date, settles billing disputes between us, and establishes a right to set-off certain of our pre-petition accounts payable to MCI. Under the terms of the settlement, we reduced the pre-petition amounts receivable from MCI by \$1.8 million and off-set our pre-petition accounts payable by \$1.0 million. The majority of the difference reduced the MCI reserve with the remainder recorded as bad debt expense.

The remaining pre-petition accounts receivable balance owed by MCI to us after this settlement was \$11.1 million ("MCI credit") which we have and will use as a credit against amounts payable for future services purchased from MCI. At settlement, all of the remaining pre-petition amounts receivable due from MCI, which was fully reserved, was removed from accounts receivable in our Consolidated Balance Sheet.

After settlement, we began reducing the MCI credit as we utilize it for services otherwise payable to MCI during the same period. The use of the credit was and is expected to be recorded as a reduction of bad debt expense. During the three months ended September 30, 2003 we utilized approximately \$1.0 million of the MCI credit against amounts payable for services received from MCI during the same

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
Notes to Interim Condensed Consolidated Financial Statements
(Unaudited)

period. The settlement discussed above and use of the MCI credit resulted in net recovery of bad debt expense of approximately \$647,000 during the three months ended September 30, 2003.

The remaining unused MCI credit totaled \$10.0 million at September 30, 2003. The credit balance is not recorded on the Consolidated Balance Sheet as we are recognizing utilization of the credit as we incur charges for services received from MCI.

On July 24, 2003, our contract to provide interstate and intrastate long-distance services to MCI was extended for a minimum of five years to July 2008. The agreement sets the terms and conditions under which we originate and terminate certain types of long distance and data services in Alaska on MCI's behalf. In exchange for extending the term of this exclusive contract, MCI will receive a series of rate reductions implemented in phases over the life of the contract.

On October 31, 2003, MCI's reorganization plan was approved by the U.S. Bankruptcy Court. We expect to evaluate the likelihood that we will receive full credit offset for our remaining credit balance when MCI exits bankruptcy proceedings and may change our recognition method at that time.

(5) Long-term Debt

On April 22, 2003 we amended our \$225.0 million Senior Facility. On October 30, 2003 we closed a \$220.0 million bank facility ("new Senior Facility") to replace the amended Senior Facility as further described in note 8.

(6) Industry Segments Data

Our reportable segments are business units that offer different products. The reportable segments are each managed separately and offer distinct products with different production and delivery processes.

We have four reportable segments as follows:

Long-distance services. We offer a full range of common carrier long-distance services to commercial, government, other telecommunications companies and residential customers, through our networks of fiber optic cables, digital microwave, and fixed and transportable satellite earth stations and our SchoolAccess(TM) offering to rural school districts and a similar offering to rural hospitals and health clinics.

Cable services. We provide cable television services to residential, commercial and government users in the State of Alaska. Our cable systems serve 33 communities and areas in Alaska, including the state's four largest urban areas, Anchorage, Fairbanks, the Matanuska-Susitna Valley, and Juneau. We offer digital cable television services in Anchorage, the Matanuska-Susitna Valley, Fairbanks, Juneau, Ketchikan, Kenai and Soldotna and retail cable modem service (through our Internet services segment) in all of our locations in Alaska except Kotzebue.

Local access services. We offer facilities based competitive local exchange services in Anchorage, Fairbanks and Juneau and plan to provide similar competitive local exchange services in other locations pending regulatory approval and subject to availability of capital. Operating expenses to prepare our new phone directory are included in the local access services segment. Revenue and costs of sales and service for our new phone directory will be included in the local access services segment upon their recognition.

Internet services. We offer wholesale and retail Internet services to both consumer and commercial customers. We offer cable modem service as

further described in Cable services above. Our

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
Notes to Interim Condensed Consolidated Financial Statements
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undersea fiber optic cable systems allow us to offer enhanced services with high-bandwidth requirements.

Included in the "All Other" category in the tables that follow are our managed services, product sales and cellular telephone services. None of these business units has ever met the quantitative thresholds for determining reportable segments. Also included in the All Other category are corporate related expenses including information technology, accounting, legal and regulatory, human resources and other general and administrative expenses.

We evaluate performance and allocate resources based on (1) earnings or loss from operations before depreciation, amortization and accretion expense, net other expense and income taxes, and (2) operating income or loss. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies in note 1. Intersegment sales are recorded at cost plus an agreed upon intercompany profit.

We earn all revenues through sales of services and products within the United States of America. All of our long-lived assets are located within the United States of America, except approximately 72% of our undersea fiber optic cable systems which transit international waters.

<TABLE>

Summarized financial information for our reportable segments for the nine months ended September 30, 2003 and 2002 follows (amounts in thousands):

<CAPTION>

		Reportable Segments						
		Long-Distance Services	Cable Services	Local Access Services	Internet Services	Total Reportable Segments	All Other	Total
<S>	2003	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues:								
	Intersegment	\$ 10,946	1,900	7,277	1,792	21,915	558	22,473
	External	153,248	71,009	27,211	14,302	265,770	21,273	287,043
Total revenues		\$ 164,194	72,909	34,488	16,094	287,685	21,831	309,516
Earnings (loss) from operations before depreciation, amortization, net interest expense and income taxes		\$ 81,108	33,153	2,501	2,149	118,911	(26,709)	92,202
Operating income (loss)		\$ 66,525	19,712	(111)	(380)	85,746	(32,912)	52,834

</TABLE>

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
Notes to Interim Condensed Consolidated Financial Statements
(Unaudited)

<TABLE>

<CAPTION>

		Reportable Segments						
		Long-Distance Services	Cable Services	Local Access Services	Internet Services	Total Reportable Segments	All Other	Total
<S>	2002	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues:								
	Intersegment	\$ 16,578	1,543	7,498	1,447	27,066	558	27,624
	External	156,221	65,322	23,510	11,412	256,465	19,035	275,500

Total revenues	\$ 172,799	66,865	31,008	12,859	283,531	19,593	303,124
=====							
Earnings (loss) from operations before depreciation, amortization, net interest expense and income taxes	\$ 73,440	30,528	2,178	(8,444)	97,702	(22,937)	74,765
=====							
Operating income (loss)	\$ 54,583	18,472	(369)	(11,111)	61,575	(28,615)	32,960
=====							

</TABLE>

<TABLE>

A reconciliation of reportable segment revenues to consolidated revenues follows (amounts in thousands):

<CAPTION>

Nine months ended September 30,		2003	2002
		-----	-----
<S>	<C>	<C>	<C>
Reportable segment revenues	\$	287,685	283,531
Plus All Other revenues		21,831	19,593
Less intersegment revenues eliminated in consolidation		22,473	27,624
		-----	-----
Consolidated revenues	\$	287,043	275,500
		=====	=====

</TABLE>

<TABLE>

A reconciliation of reportable segment earnings from operations before depreciation, amortization and accretion expense, net other expense and income taxes to consolidated net income before income taxes and cumulative effect of a change in accounting principle follows (amounts in thousands):

<CAPTION>

Nine months ended September 30,		2003	2002
		-----	-----
<S>	<C>	<C>	<C>
Reportable segment earnings from operations before depreciation, amortization and accretion expense, net other expense and income taxes	\$	118,911	97,702
Less All Other loss from operations before depreciation, amortization and accretion expense, net other expense and income taxes		26,709	22,937
Less intersegment contribution eliminated in consolidation		1,829	707
		-----	-----
Consolidated earnings from operations before depreciation, amortization and accretion expense, net other expense and income taxes		90,373	74,058
Less depreciation, amortization and accretion expense		39,368	41,806
		-----	-----
Consolidated operating income		51,005	32,252
Less other expense, net		28,973	21,418
		-----	-----
Consolidated net income before income taxes and cumulative effect of a change in accounting principle	\$	22,032	10,834
		=====	=====

</TABLE>

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(Continued)

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES

Notes to Interim Condensed Consolidated Financial Statements
(Unaudited)

<TABLE>

A reconciliation of reportable segment operating income to consolidated net income before income taxes and cumulative effect of a change in accounting principle follows (amounts in thousands):

<CAPTION>

Nine months ended September 30,		2003	2002
		-----	-----
<S>	<C>	<C>	<C>
Reportable segment operating income	\$	85,746	61,575
Less All Other operating loss		32,912	28,616
Less intersegment contribution eliminated in consolidation		1,829	707
		-----	-----
Consolidated operating income		51,005	32,252
Less other expense, net		28,973	21,418
		-----	-----
Consolidated net income before income taxes and cumulative effect of a change in accounting principle	\$	22,032	10,834
		=====	=====

</TABLE>

(7) Commitments and Contingencies

Litigation and Disputes

We are routinely involved in various lawsuits, billing disputes, legal proceedings and regulatory matters that have arisen in the normal course of business.

On July 1, 1999, the Alaska Public Utilities Commission ("APUC") ruled that the rural exemptions from local competition for the ILECs operating in Juneau, Fairbanks and North Pole would not be continued, which allowed us to negotiate for unbundled elements for the provision of competitive local service. Alaska Communications Systems, Inc. ("ACS") requested reconsideration of this decision and on October 11, 1999, the RCA issued an order terminating rural exemptions for the ILECs operating in the Fairbanks and Juneau markets. ACS has appealed these decisions. The appeal presently is before the Alaska Supreme Court. On February 11, 2003, the Alaska Supreme Court heard oral argument. One of the principal issues in dispute concerns the assignment of the burden of proof. In accordance with instructions from the Alaska Superior Court, the APUC assigned the burden to ACS at the remand proceeding. At the oral argument, several Justices expressed concern with the assignment of the burden. At this time, we cannot reasonably predict what the outcome of the case will be or even what relief the Court might order if it were to find that the burden of proof was improperly assigned to ACS. An adverse decision from the Court, however, has the potential to disrupt our ability to provide service to our Fairbanks and Juneau customers over our facilities. We are unable to predict when the Court will issue their decision.

While the ultimate results of these items cannot be predicted with certainty, we do not expect at this time the resolution of them, except for the rural exemption proceedings described above, to have a material adverse effect on our financial position, results of operations or liquidity.

Fiber Optic Cable System Construction Commitment

In June 2003 we began work on the construction of a fiber optic cable system connecting Seward, Alaska and Warrenton, Oregon, with leased backhaul facilities to connect it to our switching and distribution centers in Anchorage, Alaska and Seattle, Washington. A consortium of companies has been selected to design, engineer, manufacture and install the undersea fiber optic cable system and a contract has been signed at a total cost to us of \$35.2 million. We expect to fund construction of the fiber optic cable system through our operating cash flows and, to the extent necessary, with draws on our new Senior Facility. During the nine month period ended September 30, 2003 our capital

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES

Notes to Interim Condensed Consolidated Financial Statements
(Unaudited)

expenditures for this project have totaled approximately \$4.8 million, all of which has been funded through our operating cash flows.

Alaska Airline Miles Agreement

In August 2003 we entered into an agreement with Alaska Airlines, Inc. ("Alaska Airlines") to offer our residential and business customers who make qualifying purchases from us the opportunity to accrue mileage awards in the Alaska Airlines Mileage Plan. The agreement requires the purchase of Alaska Airlines miles during the year ended December 31, 2003 and in future years.

Internal Revenue Service Examination

Our U.S. income tax return for 2000 was selected for examination by the Internal Revenue Service during 2003. The examination is scheduled to begin during the fourth quarter of 2003. We believe this examination will not have a material adverse effect on our financial position, results of operations or our liquidity.

(8) Subsequent Event

On October 30, 2003 we closed a \$220.0 million new Senior Facility to replace the April 22, 2003 amended Senior Facility. The new Senior Facility reduces the interest rate from LIBOR plus 6.50% to LIBOR plus 3.25%. The new Senior Facility includes a term loan of \$170.0 million and a revolving credit facility of \$50.0 million.

The repayment schedule for the term loan in the new Senior Facility is unchanged from that in the April 22, 2003 amended Senior Facility. The repayment schedule is as follows (amounts in thousands):

Date	Amount
-----	-----
Quarterly from December 31, 2003 to December 31, 2004	\$ 5,000
Quarterly from March 31, 2005 to December	

31, 2005	\$ 6,000
Quarterly from March 31, 2006 to December 31, 2006	\$ 8,000
Quarterly from March 31, 2007 to September 30, 2007	\$ 10,000

The remaining balance of the new Senior Facility will be payable in full on October 31, 2007.

<TABLE>
We are required to pay a commitment fee on the unused portion of the commitment as follows:

Total Leverage Ratio (as defined)	Commitment fee if the outstanding revolving credit facility is > 50% of the average revolving credit facility commitments by the lenders during such period	Commitment fee if the outstanding revolving credit facility is < 50% of the average revolving credit facility commitments by the lenders during such period
<S>	<C>	<C>
> 3.75	1.00%	1.25%
-		
> 3.25 but <3.75	0.75%	1.00%
-		
> 2.75 but <3.25	0.50%	0.75%
-		
< 2.75	0.50%	0.75%

</TABLE>

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(Continued)

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
Notes to Interim Condensed Consolidated Financial Statements
(Unaudited)

<TABLE>
We may not permit the Total Leverage Ratio (as defined) to exceed:

Period	Total Leverage Ratio
<S>	<C>
October 30, 2003 through December 30, 2003	4.25:1
December 31, 2003 through December 30, 2004	4.00:1
December 31, 2004 through December 30, 2005	3.75:1
December 31, 2005 through June 29, 2006	3.50:1
June 30, 2006 through June 29, 2007	3.25:1
June 30, 2007 through September 29, 2007	3.00:1
September 30, 2007 through October 31, 2007	2.75:1

</TABLE>

<TABLE>
We may not permit the Senior Secured Leverage Ratio (as defined) to exceed:

Period	Senior Secured Leverage Ratio
<S>	<C>
October 30, 2003 through December 30, 2004	2.00:1
December 31, 2004 through September 29, 2006	1.75:1
September 30, 2006 through June 29, 2007	1.50:1
June 30, 2007 through September 29, 2007	1.25:1
September 30, 2007 through October 31, 2007	1.00:1

</TABLE>

The Interest Coverage Ratio (as defined) may not be less than 2.50:1 at any time.

Capital expenditures, excluding up to \$58.0 million incurred to build or acquire additional fiber optic cable system capacity between Alaska and the lower forty-eight states, in any of the years ended December 31, 2003, 2004, 2005 and 2006, may not exceed:

- o \$25.0 million, plus
- o 100% of any Excess Cash Flow (as defined) during the applicable period less certain permitted investments of up to \$5.0 million during the applicable period.

If the revolving credit facility exceeds \$25.0 million, we may not incur capital expenditures, other than those incurred to build or acquire additional fiber optic cable system capacity, in excess of \$25.0 million.

Under the new Senior Facility we must either have repaid in full or successfully refinanced our Senior Notes by February 1, 2007.

\$3.5 million of the new Senior Facility has been used to provide a letter of credit to secure payment for our contract for the design, engineering, manufacture and installation of the undersea fiber optic cable system

discussed in note 7. The letter of credit will be reduced to \$1.8 million after a contract payment estimated to be made in March 2004. The letter of credit will be cancelled after the final contract payment date estimated to be in April 2004.

Because a portion of the new Senior Facility is a substantial modification of the April 22, 2003 amended Senior Facility we will recognize approximately \$5.0 million in Amortization of Loan and Senior Notes Fees during the three months ended December 31, 2003. The remaining \$2.2 million in Deferred Loan Costs, Net will continue to be amortized over the life of the new Senior Facility.

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(Continued)

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
Notes to Interim Condensed Consolidated Financial Statements
(Unaudited)

In connection with the new Senior Facility, we paid bank fees and other expenses of \$850,000 in October 2003 which will be amortized over the life of the new agreement.

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PART I.
ITEM 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS
(Unaudited)

In the following discussion, General Communication, Inc. and its direct and indirect subsidiaries are referred to as "we," "us" and "our."

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, we evaluate our estimates and judgments, including those related to unbilled revenues, cost of sales and services accruals, allowance for doubtful accounts, depreciation, amortization and accretion periods, intangible assets, income taxes, and contingencies and litigation. We base our estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. See also our Cautionary Statement Regarding Forward-Looking Statements.

General Overview

We have experienced significant growth in recent years through strategic acquisitions, deploying new business lines and expansion of our existing businesses. We have historically met our cash needs for operations, regular capital expenditures and maintenance capital expenditures through our cash flows from operating activities. Historically, cash requirements for significant acquisitions and major capital expenditures have been provided largely through our financing activities. We expect to fund the construction of a new fiber optic cable system through our operating cash flows and, to the extent necessary, with draws on our new Senior Facility, as further discussed in Liquidity and Capital Resources included in Part I, Item 2 of this report.

Consolidated revenues increased by \$3.8 million during the third quarter of 2003 ("2003") as compared to the third quarter in 2002 ("2002"). Operating income increased by \$1.2 million in 2003. Net income before income tax decreased approximately \$400,000 and net income decreased approximately \$500,000. Three of our reportable business segments experienced growth in external revenues from 2002 to 2003 as we continued to strengthen our position in the markets we serve. The long-distance services segment experienced a decrease in revenue in 2003 as compared to 2002. The local access services had operating income in 2003 and an operating loss in 2002. The Internet services segment improved its operating loss in 2003 as compared to 2002. The operating income for the long-distance services and cable services segments decreased in 2003 as compared to 2002. Basic and diluted earnings per share decreased \$0.01 per share in 2003 as compared to 2002.

Long-Distance Services Overview

Third quarter 2003 long-distance services revenue represented 54.1% of consolidated revenues. Our provision of interstate and intrastate long-distance services, private line and leased dedicated capacity services, and broadband services accounted for 94.6% of our total long-distance services revenues during the third quarter of 2003.

Factors that have the greatest impact on year-to-year changes in long-distance services revenues may include the rate per minute charged to customers, usage volumes expressed as minutes of use, and the number of private line, leased dedicated service and broadband products in use.

Our long-distance services segment faces significant competition from AT&T Alascom, Inc., long-distance resellers, and local telephone companies that have entered the long-distance market. We believe our approach to developing, pricing, and providing long-distance services and bundling different business segment services will continue to allow us to be competitive in providing those services.

Our contract to provide interstate and intrastate long-distance services to Sprint was replaced in March 2002 extending its term to March 2007 with two one-year automatic extensions to March 2009. Beginning in April 2002 the new contract reduced the rate to be charged by us for certain Sprint traffic over the extended term of the contract. Additional contractual rate reductions occur annually through the end of the initial term of the contract.

On July 21, 2002 MCI and substantially all of its active U.S. subsidiaries filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court. Chapter 11 allows a company to continue operating in the ordinary course of business in order to maximize recovery for the company's creditors and shareholders.

At the time of the petition for bankruptcy, we had approximately \$12.9 million in receivables outstanding from MCI. At December 31, 2002 the bad debt reserve for uncollected amounts due from MCI ("MCI reserve") totaled \$11.6 million and consisted of all billings for services rendered prior to July 21, 2002 that were not paid or deemed recoverable as of December 31, 2002.

On July 22, 2003, the United States Bankruptcy Court approved the settlement of pre-petition amounts owed to us by MCI and affirmed all of our existing contracts with MCI. The settlement settles unpaid balances due from MCI for services rendered prior to their bankruptcy filing date, settles billing disputes between us, and establishes a right to set-off certain of our pre-petition accounts payable to MCI. Under the terms of the settlement, we reduced the pre-petition amounts receivable from MCI by \$1.8 million and off-set our pre-petition accounts payable by \$1.0 million. The majority of the difference reduced the MCI reserve with the remainder recorded as bad debt expense.

The remaining pre-petition accounts receivable balance owed by MCI to us after this settlement was \$11.1 million ("MCI credit") which we have and will use as a credit against amounts payable for future services purchased from MCI. At settlement, all of the remaining pre-petition amounts receivable due from MCI, which was fully reserved, was removed from accounts receivable in our Consolidated Balance Sheet.

After settlement, we began reducing the MCI credit as we utilize it for services otherwise payable to MCI during the same period. The use of the credit was and is expected to be recorded as a reduction of bad debt expense. During the three months ended September 30, 2003 we utilized approximately \$1.0 million of the MCI credit against amounts payable for services received from MCI during the same period. The settlement discussed above and use of the MCI credit resulted in net recovery of bad debt expense of approximately \$647,000 during the three months ended September 30, 2003.

The remaining unused MCI credit totaled \$10.0 million at September 30, 2003. The credit balance is not recorded on the Consolidated Balance Sheet as we are recognizing utilization of the credit as we incur charges for services received from MCI.

On July 24, 2003, our contract to provide interstate and intrastate long-distance services to MCI was extended for a minimum of five years to July 2008. The agreement sets the terms and conditions under

which we originate and terminate certain types of long distance and data services in Alaska on MCI's behalf. In exchange for extending the term of this exclusive contract, MCI will receive a series of rate reductions implemented in phases over the life of the contract.

On October 31, 2003, MCI's reorganization plan was approved by the U.S. Bankruptcy Court. MCI has indicated that the company may emerge from bankruptcy protection soon after the start of 2004. We expect to evaluate the likelihood that we will receive full credit offset for our remaining credit balance when MCI exits bankruptcy proceedings and may change our recognition method at that time. We cannot predict what effect the bankruptcy and reorganization process or the economy may have on their traffic levels and ultimately, their requirements for service to and from Alaska.

Recent hearings, media coverage and a U.S. Attorney's office inquiry reflect a political movement that may be attempting to deny MCI from continuing to provide services to government agencies. We estimate that 25% to 27% of our MCI revenues are attributed to their provision of service to government agencies. Our MCI revenues could be significantly reduced if MCI's government contract traffic moves from their network to other carriers' networks for which we do not provide service.

Other common carrier traffic routed to us for termination in Alaska is largely dependent on traffic routed to MCI and Sprint by their customers. Pricing pressures, general economic deterioration, new program offerings, business failures, and market and business consolidations continue to evolve in the markets served by MCI and Sprint. If, as a result, their traffic is reduced, or if their competitors' costs to terminate or originate traffic in Alaska are reduced, our traffic will also likely be reduced, and our pricing may be reduced to respond to competitive pressures. We are unable to predict the effect on us of such changes, however given the materiality of other common carrier revenues to us, a significant reduction in traffic or pricing could have a material adverse effect on our financial position, results of operations and liquidity.

Due in large part to the favorable synergistic effects of our integrated approach, the long-distance services segment continues to be a significant contributor to our overall performance, although the migration of traffic from voice to data continues.

Cable Services Overview

Third quarter 2003 cable television revenues represented 24.1% of consolidated revenues. Our cable systems serve 33 communities and areas in Alaska, including the state's four largest population centers, Anchorage, Fairbanks, the Matanuska-Susitna Valley and Juneau.

We generate cable services revenues from four primary sources: (1) digital and analog programming services, including monthly basic and premium subscriptions, pay-per-view movies and other one-time events, such as sporting events; (2) equipment rentals and installation; (3) cable modem services (shared with our Internet services segment); and (4) advertising sales. During the third quarter of 2003 programming services generated 75.4% of total cable services revenues, cable services' allocable share of cable modem services accounted for 11.6% of such revenues, equipment rental and installation fees accounted for 8.9% of such revenues, advertising sales accounted for 3.3% of such revenues, and other services accounted for the remaining 0.8% of total cable services revenues.

Effective February 2003, we increased rates charged for certain cable services and premium packages in six communities, including three of the state's four largest population centers, Anchorage, Fairbanks and Juneau. Rates increased approximately 4% for those customers who experienced an adjustment.

The primary factors that contribute to year-to-year changes in cable services revenues may include average monthly subscription and pay-per-view rates, the mix among basic, premium and pay-per-view services and

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digital and analog services, the average number of cable television and cable modem subscribers during a given reporting period, and revenues generated from new product offerings.

Our cable services segment faces competition from alternative methods of receiving and distributing television signals, including but not limited to direct broadcast satellite ("DBS") and, expected to begin in the fourth quarter of 2003 or in 2004, digital video service over telephone lines, and from other sources of news, information and entertainment. Several ILECs in the 48 contiguous states south of or below Alaska ("Lower 48 States") and the largest ILEC in Alaska have announced marketing arrangements to provide DBS services along with local telephone and other services. Similar arrangements could be extended to other ILECs in the markets we serve in Alaska. DBS service provider Dish Network (EchoStar Communications Corporation) recently announced that local network programming is available in their Anchorage, Alaska market for an additional fee. We believe we will continue to be competitive by providing, at reasonable prices, a greater variety of communication services than are available off-air or through other alternative delivery sources. Additionally, we believe we offer superior technical performance and responsive community-based customer service.

Local Access Services Overview

We generate local access services revenues from three primary sources: (1) business and residential basic dial tone services; (2) business private line and special access services; and (3) business and residential features and other charges, including voice mail, caller ID, distinctive ring, inside wiring and subscriber line charges. During the third quarter of 2003 local access services revenues represented 9.7% of consolidated revenues.

The primary factors that contribute to year-to-year changes in local access services revenues may include the average number of business and residential

subscribers to our services during a given reporting period, the average monthly rates charged for non-traffic sensitive services, the number and type of additional premium features selected, and the traffic sensitive access rates charged to carriers.

Our local access services segment faces significant competition in Anchorage, Fairbanks, and Juneau from the ILEC ACS and from AT&T Alascom, Inc. We began providing service in the Juneau market in the first quarter of 2002. We believe our approach to developing, pricing, and providing local access services and bundling different business segment services will allow us to be competitive in providing those services.

Operating expenses to prepare our new phone directory are included in the local access services segment. Revenue and costs of sales and service for our new phone directory will be included in the local access services segment upon their recognition.

Internet Services Overview

We generate Internet services revenues from three primary sources: (1) access product services, including commercial, Internet service provider, and retail dial-up access; (2) network management services; and (3) Internet services' allocable share of cable modem services (a portion of cable modem revenue is also recognized by our cable services segment). During the third quarter of 2003 Internet services segment revenues represented 5.0% of consolidated revenues.

The primary factors that contribute to year-to-year changes in Internet services revenues may include the average number of subscribers to our services during a given reporting period, the average monthly subscription rates, the amount of bandwidth purchased by large commercial customers, and the number and type of additional premium features selected.

Marketing campaigns continue to be deployed targeting residential and commercial customers featuring bundled Internet products. Our Internet offerings are coupled with our long-distance and local access

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services offerings and provide free basic Internet services or discounted premium Internet services if certain long-distance or local access services plans are selected. Value-added premium Internet features are available for additional charges.

We compete with a number of Internet service providers in our markets. We believe our approach to developing, pricing, and providing Internet services allows us to be competitive in providing those services.

All Other Services Overview

Revenues reported in the All Other category as described in note 6 in the accompanying Notes to Interim Condensed Consolidated Financial Statements include our managed services, product sales, and cellular telephone services.

Revenues included in the All Other category represented 7.1% of total revenues in the third quarter of 2003 and include managed services revenues totaling \$5.6 million, cellular telephone services revenues totaling \$903,000 and product sales revenues totaling \$453,000.

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RESULTS OF OPERATIONS

The following table sets forth selected Statement of Operations data as a percentage of total revenues for the periods indicated (unaudited, underlying data rounded to the nearest thousands):

<TABLE>
<CAPTION>

Percent-	Three Months Ended September 30, -----			Nine Months Ended September 30, -----		
	2003	2002	Percent- age Change (1) 2003 vs. 2002	2003	2002	Percent- age Change 2003
(1)						
vs.						
-						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Statement of Operations Data:						
Revenues						
Long-distance services	54.1%	56.9%	(1.1%)	53.4%	56.7%	
(1.9%) Cable services	24.1%	23.3%	7.4%	24.7%	23.7%	8.7%
Local access services	9.7%	8.6%	17.8%	9.5%	8.5%	15.7%

	Internet services	5.0%	4.1%	25.3%	5.0%	4.2%	25.3%
	All Other services	7.1%	7.1%	4.2%	7.4%	6.9%	11.8%

-----	Total revenues	100.0%	100.0%	4.0%	100.0%	100.0%	4.2%
	Cost of sales and services	32.4%	32.1%	4.9%	32.1%	33.6%	
(0.3%)	Selling, general and administrative expenses	35.9%	34.1%	9.5%	35.7%	34.9%	
6.7%	Bad debt expense	0.5%	1.8%	(68.2%)	0.7%	4.6%	
(85.0%)	Depreciation, amortization and accretion expense	13.3%	14.7%	(6.2%)	13.7%	15.2%	
(5.8%)							

-----	Operating income	17.9%	17.3%	7.6%	17.8%	11.7%	58.1%
	Net income before income taxes and cumulative effect of a change in accounting principle	8.4%	9.2%	4.4%	7.7%	3.9%	103.4%
	Net income before cumulative effect of a change in accounting principle	4.6%	5.4%	10.5%	4.3%	2.2%	
101.5%	Net income	4.6%	5.4%	10.5%	4.1%	2.2%	
92.6%							
Other Operating Data:							
	Long-distance services operating income (2)	43.3%	43.9%	(2.5%)	43.4%	34.9%	21.9%
	Cable services operating income (3)	25.2%	29.0%	(6.6%)	27.8%	28.3%	6.7%
	Local access services operating income (loss) (4)	0.2%	(10.2%)	102.1%	(0.4%)	(1.6%)	69.9%
	Internet services operating loss (5)	(0.4%)	(93.7%)	99.5%	(2.7%)	(97.4%)	96.6%

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- 1 Percentage change in underlying data.
 - 2 Computed as a percentage of total external long-distance services revenues.
 - 3 Computed as a percentage of total external cable services revenues.
 - 4 Computed as a percentage of total external local access services revenues.
 - 5 Computed as a percentage of total external Internet services revenues.
-

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</TABLE>

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Three Months Ended September 30, 2003 ("2003") Compared To Three Months Ended September 30, 2002 ("2002").

Overview of Revenues and Cost of Sales and Services

Total revenues increased 4.0% from \$94.6 million in 2002 to \$98.3 million in 2003. The cable services, local access services and Internet services segments and All Other Services contributed to the increase in total revenues, partially off-set by a decrease in revenues in the long-distance services segment. See the discussion below for more information by segment.

Total cost of sales and services increased 4.9% to \$31.9 million in 2003. As a percentage of total revenues, total cost of sales and services increased from 32.1% in 2002 to 32.4% in 2003. The cable services, local access services and Internet services segments contributed to the increase in total cost of sales and services, partially off-set by decreases in cost of sales and services in the long-distance services segment and All Other Services. See the discussion below for more information by segment.

Long-distance Services Segment Revenues

Total long-distance services segment revenues decreased 1.1% to \$53.2 million in 2003.

Message Telephone Service Revenue from Common Carrier Customers

Message telephone service revenues from other common carriers (principally MCI and Sprint) decreased 7.5% to \$24.6 million in 2003 resulting from the following:

- o A 9.5% decrease in the average rate per minute on minutes carried for other common carriers primarily due to the decreased average rate per minute as agreed to in the July 24, 2003 extension of our contract to provide interstate and intrastate long-distance services to MCI,
- o A discount given to a certain other common carrier customer starting in 2003, and
- o Revenue earned due to a 2002 increase in the rate per minute of certain other common carrier minutes retroactive to April 2002 which did not recur in 2003.

The decrease in message telephone service revenues from other common carriers in 2003 was off-set by a 8.5% increase in wholesale minutes carried to 243.6

million minutes.

The economic stagnation in the Lower 48 States appears to have dampened demand for services provided by our large common carrier customers. To the extent that these customers experience reduced demand for traffic destined for and originating in Alaska, it could adversely affect our common carrier traffic. A protracted economic malaise in the Lower 48 States or a further disruption in the economy resulting from renewed terrorist activity could affect our carrier customers which, in turn, could affect our revenues and cash flows.

Message Telephone Service Revenue from Residential, Commercial and Governmental Customers

Message telephone service revenues from residential, commercial, and governmental customers decreased 11.5% to \$10.1 million in 2003 primarily due to the following:

- o A 6.5% decrease in minutes carried for these customers to 70.8 million minutes. The decrease is primarily due to the effect of customers substituting cellular phone, prepaid calling card and email usage for direct dial minutes,
- o A 8.2% decrease in the average rate per minute to \$0.112 per minute paid by these customers due to our promotion of and customers' enrollment in calling plans offering a certain number of minutes for a flat monthly fee, and
- o A 2.2% decrease in the number of active residential, commercial, and governmental customers billed to 86,200 at September 30, 2003 as compared to December 31, 2002.

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Revenue from Private Line and Private Network Customers

Private line and private network transmission services revenues increased 2.0% to \$9.2 million in 2003.

Revenue from Broadband Customers

Revenues from our packaged telecommunications offering to rural hospital and health clinic service and our SchoolAccess(TM) offering to rural school districts increased 46.5% to \$6.4 million in 2003. The increase is primarily due to the following:

- o Our new SchoolAccess(TM) offering called Distance Learning Service that started in late 2002. Distance Learning Service is a video-conference based service which enables school districts to provide educational opportunities for students within the district and is used by six school districts in Alaska, and
- o An increased number of circuits sold to rural hospitals and health clinics.

Long-distance Services Segment Cost of Sales and Services

Long-distance services segment cost of sales and services decreased 0.1% to \$14.4 million in 2003. Long-distance services segment cost of sales and services as a percentage of long-distance services segment revenues increased from 26.8% in 2002 to 27.0% in 2003 primarily due to the following:

- o In the course of business we estimate unbilled long-distance services cost of sales and services based upon minutes of use processed through our network and established rates. Such estimates are revised when subsequent billings are received, payments are made, billing matters are researched and resolved, tariffed billing periods lapse, or when disputed charges are resolved. In 2003 and 2002, we had favorable adjustments of \$624,000 and \$1.5 million, respectively,
- o A discount given to a certain other common carrier customer starting in 2003 without a corresponding decrease in the cost of sales and services,
- o Increased costs associated with additional transponder and network back-up capacity in 2003 as compared to 2002, and
- o The decreased average rate per minute on minutes carried for other common carriers as agreed to in the July 24, 2003 extension of our contract to provide interstate and intrastate long-distance services to MCI.

The increase in long-distance services segment cost of sales and services as a percentage of long-distance services segment revenues is partially off-set by the following:

- o Reductions in access costs due to distribution and termination of our traffic on our own local access services network instead of paying other carriers to distribute and terminate our traffic. The statewide average cost savings is approximately \$.011 and \$.059 per minute for interstate and intrastate traffic, respectively. We expect cost savings to continue to occur as long-distance traffic originated, carried, and terminated on our own facilities grows, and
- o A \$400,000 refund in 2003 from an intrastate access cost pool that previously overcharged us for access services.

Cable Services Segment Revenues and Cost of Sales and Services

Total cable services segment revenues increased 7.4% to \$23.7 million and average gross revenue per average basic subscriber per month increased \$3.71 or 6.7% in 2003. Programming services revenues increased 5.4% to \$17.9 million in 2003 resulting from the following:

- o Basic subscribers served increased approximately 700 to approximately 135,300 at September 30, 2003 as compared to September 30, 2002,

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- o Digital subscriber counts increased 22.1% to approximately 34,800 at September 30, 2003 as compared to September 30, 2002, and
- o Effective February 2003, we increased rates charged for certain cable services and premium packages in six communities, including three of the state's four largest population centers Anchorage, Fairbanks and Juneau. Rates increased approximately 4% for those customers who experienced an adjustment.

The cable services segment's share of cable modem revenue (offered through our Internet services segment) increased \$630,000 to \$2.7 million in 2003 due to an increased number of cable modems deployed. Approximately 99% of our cable homes passed are able to subscribe to our cable modem service. In the second quarter of 2003 we completed our upgrade of the Ketchikan cable system. Customers in this system are now able to subscribe to cable modem service.

We now offer digital programming service in Anchorage, the Matanuska-Susitna Valley, Fairbanks, Juneau, Ketchikan, Kenai, and Soldotna, representing approximately 89% of our total homes passed at September 30, 2003. We launched digital programming service in the Matanuska-Susitna Valley and Ketchikan cable system in 2003.

New facility construction efforts in late 2002 and 2003 resulted in approximately 5,200 additional homes passed, a 2.7% increase at September 30, 2003 as compared to September 30, 2002. New facility construction efforts in 2003 resulted in approximately 3,300 additional homes passed and a review of homes passed in the system acquired from Rogers American Cablesystems, Inc. resulted in approximately 1,900 additional homes passed.

In the second quarter of 2002 we signed new seven-year retransmission agreements with the five local Anchorage broadcasters and began up-linking and distributing the local Anchorage programming to all of our cable systems. This local programming provides additional value to our cable subscribers that not all our DBS competitors can provide.

Cable services cost of sales and services increased 14.7% to \$6.6 million in 2003 due to programming cost increases for most of our cable programming services offerings. Cable services cost of sales and services as a percentage of cable services revenues increased from 26.1% in 2002 to 27.9% in 2003 primarily due to increased discounts given as subscribers enroll in certain cable service packages.

The increase in cable services cost of sales and services as a percentage of cable services revenues described above is partially off-set by increasing amounts of cable modem services sold that generally have higher margins than do cable programming services.

Local Access Services Segment Revenues and Cost of Sales and Services

Local access services segment revenues increased 17.8% in 2003 to \$9.5 million primarily due to growth in the average number of customers served. At September 30, 2003 an estimated 103,400 lines were in service as compared to approximately 95,000 to 100,000 lines in service at September 30, 2002. We estimate that our 2003 lines in service total represents a statewide market share of approximately 21%. At September 30, 2003 approximately 1,150 additional lines were awaiting connection. The increase in local access services segment revenues is also caused by a change in how we provision local access lines in Fairbanks and Juneau. In 2002 we primarily resold service purchased from ACS. In 2003 we are benefiting from our facilities build-out with an increased number of access lines provisioned on our own facilities, UNE loop and UNE platform which allows us to collect interstate and intrastate access revenues.

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Local access services segment cost of sales and services increased 11.3% to \$5.9 million in 2003. Local access services segment cost of sales and services as a percentage of local access services segment revenues decreased from 65.9% in 2002 to 62.2% in 2003, primarily due to reductions in access costs attributed to changes in how we provision local access lines. The decrease previously described is partially off-set by decreased network access services revenues from other carriers as the number of customers purchasing both long-distance and local access services from us increases.

Our access line mix at September 30, 2003 follows:

- o Residential lines represent approximately 58% of our lines,

- o Business customers represent approximately 35% of our lines, and
- o Internet access customers represent approximately 7% of our lines.

Approximately 87% of our lines are provided on our own facilities and leased local loops. Approximately 5% of our lines are provided using UNE platform.

The local access services segment operating results are negatively affected by the allocation of the benefit of access cost savings to the long-distance services segment. If the local access services segment received credit for the access charge reductions recorded by the long distance services segment, the local access services segment operating results would have improved by approximately \$1.6 million and the long distance services segment operating results would have been reduced by an equal amount in the third quarter of 2003. Avoided access charges totaled approximately \$1.3 million in the same period of 2002. The local access services segment operating results are affected by our continued evaluation and testing of digital local phone service and Internet protocol-based technology to deliver phone service through our cable facilities.

Internet Services Segment Revenues and Cost of Sales and Services

Total Internet services segment revenues increased 25.3% to \$4.9 million in 2003 primarily due to a 34.2% increase in its allocable share of cable modem revenues to \$2.3 million in 2003 as compared to 2002. The increase in cable modem revenues is primarily due to growth in the number of cable modems deployed. Cable modem subscribers increased from approximately 33,000 at September 30, 2002 to approximately 42,800 at September 30, 2003.

At September 30, 2003 we had 93,900 total Internet subscribers, which includes 51,100 dial-up subscribers and 42,800 cable modem subscribers. Our total dial-up subscribers decreased 1,700 to 51,100 subscribers at September 30, 2003 as compared to September 30, 2002 as more customers continue to migrate to cable modems.

We reported a total of 71,400 dial-up Internet subscribers at September 30, 2002. This subscriber count was based upon the total number of active dial-up subscribers at September 30, 2002. Not all cable modem subscribers paying for a dial-up plan have activated their dial-up service. When we first started selling cable modem service it was packaged in a way that almost all cable modem subscribers were also dial up subscribers. As we introduced new packages and plans and started promoting our new cable modem LiteSpeed service the number of cable modem subscribers without a dial up plan increased substantially. An internal review during the second quarter of 2003 revealed that these subscriber counts had risen substantially enough that they are now being reported separately.

The Internet services segment does not share in plan fee revenues associated with our bundled Internet and long-distance service package. Estimated plan fees related to this service offering are approximately \$1.0 million per quarter and those revenues are included in the long-distance services segment.

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Internet services cost of sales and services increased 23.2% to \$1.5 million in 2003, and as a percentage of Internet services revenues, totaled 30.7% and 31.3% in 2003 and 2002, respectively. The 2003 decrease as a percentage of Internet services revenues is primarily due to a \$582,000 increase in Internet's portion of cable modem revenue to \$2.3 million that generally has higher margins than do other Internet services products. As Internet services revenues increase, economies of scale and more efficient network utilization continue to result in reduced Internet cost of sales and services as a percentage of revenues.

We enhanced the value of our Internet offerings throughout 2002 through the addition of electronic billing and presentment capabilities and the rollout of a product called eMail Guard, which filters out e-mail spam and viruses. We upgraded the download speeds of all of our cable modem Internet service offerings. These new services and enhancements have proven to be popular with our customers which we believe is helping to further solidify our customer relationships.

All Other Revenues and Costs of Sales and Services

All Other revenues increased 4.2% to \$7.0 million in 2003 primarily due to increased monthly revenue earned from a managed services contract with a certain customer and \$400,000 in special project revenue with a certain customer in 2003. The increase in All Other revenues is partially off-set by a decrease in special project revenue with a certain customer in 2003 as compared to 2002.

Revenues from our GCI Fiber system that runs along the oil pipeline corridor are continuing to increase and we expect the annual recurring revenue run rate to increase by an additional two to three million dollars per year by the end of 2003. Additionally, we expect to recognize approximately \$6.5 million dollars in special project revenue in the fourth quarter of 2003.

All Other costs of sales and services decreased 6.1% to \$3.4 million in 2003, and as a percentage of All Other revenues, totaled 49.3% and 54.8% in 2003 and 2002, respectively. The decrease in All Other costs of sales and services as a percentage of All Other revenues is primarily due to the following:

- o Increased monthly revenue earned from managed services in 2003 which exceeds the corresponding increase in costs of sales or services, and
- o The recognition of \$400,000 in special project revenue in 2003 which exceeds the corresponding increase in costs of sales or services.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 9.5% to \$35.3 million in 2003 and, as a percentage of total revenues, increased to 35.9% in 2003 from 34.1% in 2002. The 2003 increase in selling, general and administrative expenses is primarily due to an increased accrual for company-wide success sharing bonus costs, increased labor costs, costs associated with Alaska regulatory affairs and the purchase of Alaska Airline miles due to the implementation of our Alaska Airlines miles program in 2003.

Marketing and advertising expenses as a percentage of total revenues decreased from 3.2% in 2002 to 2.6% in 2003.

Bad Debt Expense

Bad debt expense decreased 68.2% to \$533,000 in 2003 and, as a percentage of total revenues, decreased to 0.5% in 2003 from 1.8% in 2002. The 2003 decrease is primarily due to the following:

- o Recognition of approximately \$647,000 of the MCI credit as a reduction to bad debt expense in 2003, as further discussed in the Long Distance Service Overview included in Part I, Item 2 of this report, and

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- o Provision in 2002 of an additional \$1.2 million bad debt reserve for uncollected amounts due from MCI resulting from substantially all of its active U.S. subsidiaries filing voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York on July 21, 2002.

The decrease in bad debt expense described above is partially off-set by the recognition of a \$550,000 bad debt reserve for uncollected amounts due from a certain customer in 2003.

Depreciation, Amortization and Accretion Expense

Depreciation, amortization and accretion expense decreased 6.2% to \$13.1 million in 2003. The decrease is primarily attributed to a reduction in the depreciable value of Property and Equipment due to an adjustment of \$18.5 million which was recorded in 2002 associated with the Kanas Telecom, Inc. acquisition.

The decrease in depreciation, amortization and accretion expense described above was partially off-set by an increase in depreciation expense due to our \$59.2 million investment in equipment and facilities placed into service during 2002 for which a full year of depreciation will be recorded in 2003, and the \$28.4 million investment in equipment and facilities placed into service during 2003 for which a partial year of depreciation will be recorded in 2003.

Other Expense, Net

Other expense, net of other income, increased 21.1% to \$9.3 million in 2003. The increase is primarily due to the following:

- o Increased interest expense due to the increased interest rate paid on our April 22, 2003 amended Senior Facility,
- o Increased deferred loan fee amortization expense due to increased deferred loan fees associated with the amended Senior Facility, and
- o A \$269,000 interest benefit earned in 2002 from an interest rate swap agreement which was called at no cost by the counterparty and terminated on August 1, 2002.

Partially offsetting these increases were a decrease in the average outstanding indebtedness in 2003 and the capitalization of \$128,000 of interest costs due to the construction of a fiber optic cable system connecting Seward, Alaska and Warrenton, Oregon.

Income Tax Expense

Income tax expense was \$3.8 million in 2003 and \$3.6 million in 2002. Our effective income tax rate changed from 41.5% in 2002 to 45.3% in 2003 due to the effect of items that are nondeductible for income tax purposes.

At September 30, 2003, we have (1) tax net operating loss carryforwards of approximately \$196.2 million that will begin expiring in 2005 if not utilized, and (2) alternative minimum tax credit carryforwards of approximately \$1.9 million available to offset regular income taxes payable in future years. Our utilization of certain net operating loss carryforwards is subject to limitations pursuant to Internal Revenue Code section 382.

Tax benefits associated with recorded deferred tax assets are considered to be more likely than not realizable through future reversals of existing taxable temporary differences and future taxable income exclusive of reversing temporary

differences and carryforwards. The amount of deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced which would result in additional income tax expense. We estimate that our effective income tax rate for financial statement purposes will be 43% to 47% in 2003.

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Nine Months Ended September 30, 2003 ("2003") Compared To Nine Months Ended September 30, 2002 ("2002").

Overview of Revenues and Cost of Sales and Services

Total revenues increased 4.2% from \$275.5 million in 2002 to \$287.0 million in 2003. The cable services, local access services and Internet services segments and All Other Services contributed to the increase in total revenues, partially off-set by a decrease in revenues in the long-distance services segment. See the discussion below for more information by segment.

Total cost of sales and services decreased 0.3% to \$92.2 million in 2003. As a percentage of total revenues, total cost of sales and services decreased from 33.6% in 2002 to 32.1% in 2003. The long-distance services segment contributed to the decrease in total cost of sales and services, partially off-set by increases in costs of sales and services in the cable services, local access services and Internet services segments and All Other Services. See the discussion below for more information by segment.

Long-distance Services Segment Revenues

Total long-distance services segment revenues decreased 1.9% to \$153.2 million in 2003.

Message Telephone Service Revenue from Common Carrier Customers

Message telephone service revenues from other common carriers (principally MCI and Sprint) decreased 8.2% to \$68.7 million in 2003 resulting from the following:

- o A 9.5% decrease in the average rate per minute on minutes carried for other common carriers primarily due to the decreased average rate per minute as agreed to in the July 24, 2003 extension of our contract to provide interstate and intrastate long-distance services to MCI,
- o A discount given to a certain other common carrier customer starting in the third quarter of 2003, and
- o Revenue earned due to a 2002 increase in the rate per minute of certain other common carrier minutes retroactive to April 2002 which did not recur in 2003.

The decrease in message telephone service revenues from other common carriers in 2003 was partially off-set by a 1.5% increase in wholesale minutes carried to 639.4 million minutes.

The economic stagnation in the Lower 48 States appears to have dampened demand for services provided by our large common carrier customers. To the extent that these customers experience reduced demand for traffic destined for and originating in Alaska, it could adversely affect our common carrier traffic. A protracted economic malaise in the Lower 48 States or a further disruption in the economy resulting from renewed terrorist activity could affect our carrier customers which, in turn, could affect our revenues and cash flows.

Message Telephone Service Revenue from Residential, Commercial and Governmental Customers

Message telephone service revenues from residential, commercial, and governmental customers decreased 13.9% to \$30.5 million in 2003 primarily due to the following:

- o A 8.5% decrease in minutes carried for these customers to 215.3 million minutes. The decrease is primarily due to the loss of approximately 4.0 million to 4.5 million minutes earned from a certain retail customer in 2002 but not earned in 2003 and the effect of customers substituting cellular phone, prepaid calling card and email usage for direct dial minutes,
- o A 11.8% decrease in the average rate per minute to \$0.112 per minute paid by these customers due to our promotion of and customers' enrollment in calling plans offering a certain number of minutes for a flat monthly fee, and

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- o A 2.2% decrease in the number of active residential, commercial, and governmental customers billed to 86,200 at September 30, 2003 as compared to December 31, 2002.

Revenue from Private Line and Private Network Customers

Private line and private network transmission services revenues increased 1.5% to \$27.4 million in 2003.

Revenue from Broadband Customers

Revenues from our packaged telecommunications offering to rural hospital and health clinic service and our SchoolAccess(TM) offering to rural school districts increased 37.8% to \$18.4 million in 2003. The increase is primarily due to the following:

- o Our new SchoolAccess(TM) offering called Distance Learning Service that started in late 2002. Distance Learning Service is a video-conference based service which enables school districts to provide educational opportunities for students within the district and is used by six school districts in Alaska,
- o An increased number of circuits sold to rural hospitals and health clinics, and
- o Equipment sales to one customer.

Long-distance Services Segment Cost of Sales and Services

Long-distance services segment cost of sales and services decreased 13.6% to \$39.5 million in 2003. Long-distance services segment cost of sales and services as a percentage of long-distance services segment revenues decreased from 29.3% in 2002 to 25.8% in 2003 primarily due to the following:

- o Reductions in access costs due to distribution and termination of our traffic on our own local access services network instead of paying other carriers to distribute and terminate our traffic. The statewide average cost savings is approximately \$.011 and \$.059 per minute for interstate and intrastate traffic, respectively. We expect cost savings to continue to occur as long-distance traffic originated, carried, and terminated on our own facilities grows,
- o The FCC MAG reform order reducing the interstate access rates paid by interexchange carriers to LECs beginning July 2002,
- o A \$2.3 million refund (\$1.9 million after deducting certain direct costs) in 2003 from a local exchange carrier in respect of its earnings that exceeded regulatory requirements, and
- o A \$1.3 million refund in 2003 from an intrastate access cost pool that previously overcharged us for access services.

The decrease in the long-distance services segment cost of sales and services as a percentage of long-distance services segment revenues is partially off-set by the following:

- o Increased costs associated with additional transponder and network back-up capacity in 2003 as compared to 2002,
- o A discount given to a certain other common carrier customer starting in the third quarter of 2003 without a corresponding decrease in the cost of sales and services,
- o The decreased average rate per minute on minutes carried for other common carriers as agreed to in the July 24, 2003 extension of our contract to provide interstate and intrastate long-distance services to MCI, and
- o A decrease in a favorable adjustment from \$4.0 million in 2002 to \$1.4 million in 2003. In the course of business we estimate unbilled long-distance services cost of sales and services based upon minutes of use processed through our network and established rates. Such estimates are revised when subsequent billings are received, payments are made, billing matters are researched and resolved, tariffed billing periods lapse, or when disputed charges are resolved.

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Cable Services Segment Revenues and Cost of Sales and Services

Total cable services segment revenues increased 8.7% to \$71.0 million and average gross revenue per average basic subscriber per month increased \$4.08 or 7.4% in 2003. Programming services revenues increased 8.2% to \$54.6 million in 2003 resulting from the following:

- o Basic subscribers served increased approximately 700 to approximately 135,300 at September 30, 2003 as compared to September 30, 2002,
- o Digital subscriber counts increased 22.1% to approximately 34,800 at September 30, 2003 as compared to September 30, 2002, and
- o Effective February 2003, we increased rates charged for certain cable services and premium packages in six communities, including three of the state's four largest population centers Anchorage, Fairbanks and Juneau. Rates increased approximately 4% for those customers who experienced an adjustment.

The cable services segment's share of cable modem revenue (offered through our Internet services segment) increased 38.8% to \$8.0 million in 2003 due to an increased number of cable modems deployed. Approximately 99% of our cable homes passed are able to subscribe to our cable modem service. In the second quarter of 2003 we completed our upgrade of the Ketchikan cable system. Customers in this system are now able to subscribe to cable modem service.

We now offer digital programming service in Anchorage, the Matanuska-Susitna Valley, Fairbanks, Juneau, Ketchikan, Kenai, and Soldotna, representing approximately 89% of our total homes passed at September 30, 2003. We launched

digital programming service in the Matanuska-Susitna Valley and Ketchikan cable system in 2003.

New facility construction efforts in late 2002 and 2003 resulted in approximately 5,200 additional homes passed, a 2.7% increase at September 30, 2003 as compared to September 30, 2002. New facility construction efforts in 2003 resulted in approximately 3,300 additional homes passed and a review of homes passed in the system acquired from Rogers American Cablesystems, Inc. resulted in approximately 1,900 additional homes passed.

In the second quarter of 2002 we signed new seven-year retransmission agreements with the five local Anchorage broadcasters and began up-linking and distributing the local Anchorage programming to all of our cable systems. This local programming provides additional value to our cable subscribers that not all our DBS competitors can provide.

Cable services cost of sales and services increased 9.6% to \$19.4 million in 2003 due to programming cost increases for most of our cable programming services offerings. Cable services cost of sales and services as a percentage of cable services revenues increased from 27.2% in 2002 to 27.4% in 2003 primarily due to rate increases by programming vendors exceeding our rate adjustments. The increase described above is partially off-set by a \$182,000 favorable adjustment to cable services cost of sales and services in 2003 after completion of audits by certain cable programming service vendors and increasing amounts of cable modem services sold that generally have higher margins than do cable programming services.

In October 2002 we, along with the other largest publicly traded multiple system operators ("MSOs") signed a pledge to support and adhere to new voluntary reporting guidelines on common operating statistics to provide investors and others with a better understanding of our operations. Our operating statistics include capital expenditures and customer information from our cable services segment and the components of our local access services and Internet services segments which offer services utilizing our cable services' facilities.

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<TABLE>

Our capital expenditures by standard reporting category for the nine months ending September 30, 2003 and 2002 follows (amounts in thousands):

<CAPTION>

	2003	2002
	-----	-----
<S>	<C>	<C>
Customer premise equipment ("CPE")	\$ 6,880	5,763
Commercial	395	443
Scalable infrastructure	1,000	2,757
Line extensions	645	620
Upgrade/rebuild	1,816	3,846
Support capital	313	5,398
	-----	-----
Sub-total	11,049	18,827
Remaining reportable segments and All Other capital expenditures	23,344	33,162
	-----	-----
	\$ 34,393	51,989
	=====	=====

</TABLE>

During the nine months ending September 30, 2003 we decreased our capital expenditures for all of our reportable segments as compared to the same period in 2002. The decrease was due, in part, to capital expenditure limitations required by our Senior Facility, which we closed on November 1, 2002. On April 22, 2003 we amended our Senior Facility agreement and on October 30, 2003 we closed a new Senior Facility. The April 22, 2003 amendment and the new Senior Facility among other items, increase the amount we may incur for capital expenditures. For a discussion of the Senior Facility amendment, see Liquidity and Capital Resources included in Part I, Item 2 of this report.

The standardized definition of a customer relationship is the number of customers that receive at least one level of service, encompassing voice, video, and data services, without regard to which services customers purchase. At September 30, 2003 and 2002 we had 122,379 and 120,133 customer relationships, respectively.

The standardized definition of a revenue generating unit is the sum of all primary analog video, digital video, high-speed data, and telephony customers, not counting additional outlets. At September 30, 2003 and 2002 we had 178,168 and 167,606 revenue generating units, respectively.

Local Access Services Segment Revenues and Cost of Sales and Services

Local access services segment revenues increased 15.7% in 2003 to \$27.2 million primarily due to growth in the average number of customers served. At September 30, 2003, 103,400 lines were in service as compared to approximately 95,000 to 100,000 lines in service at September 30, 2002. We estimate that our 2003 lines

in service total represents a statewide market share of approximately 21%. At September 30, 2003 approximately 1,150 additional lines were awaiting connection. The increase in local access services segment revenues is also caused by a change in how we provision local access lines in Fairbanks and Juneau. In 2002 we primarily resold service purchased from ACS. In 2003 we are benefiting from our facilities build-out with an increased number of access lines provisioned on our own facilities, UNE loop and UNE platform which allows us to collect interstate and intrastate access revenues.

The increase in local access services revenues described above was partially off-set by the following:

- o The FCC MAG reform order reducing the interstate access rates paid by interexchange carriers to LECs beginning July 2002, and
- o A reduction in July 2002 in interstate access rates charged by us to interexchange carriers in response to an FCC order forcing a competitor to reduce their interstate access rates.

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Local access services segment cost of sales and services increased 16.6% to \$17.4 million in 2003. Local access services segment cost of sales and services as a percentage of local access services segment revenues increased from 63.7% in 2002 to 64.1% in 2003, primarily due to the following:

- o Decreased network access services revenues from other carriers as the number of customers purchasing both long-distance and local access services from us increases, and
- o The effect of the revenue decreases from interstate access rates described above with no corresponding decrease in the cost of sales and services.

Partially offsetting the items described above are reductions in access costs attributed to our conversion of service provided on a wholesale basis to service provided through our own facilities.

Our access line mix at September 30, 2003 follows:

- o Residential lines represent approximately 58% of our lines,
- o Business customers represent approximately 35% of our lines, and
- o Internet access customers represent approximately 7% of our lines.

Approximately 87% of our lines are provided on our own facilities and leased local loops. Approximately 5% of our lines are provided using UNE platform.

The local access services segment operating results are negatively affected by the allocation of the benefit of access cost savings to the long-distance services segment. If the local access services segment received credit for the access charge reductions recorded by the long distance services segment, the local access services segment operating results would have improved by approximately \$5.1 million and the long distance services segment operating results would have been reduced by an equal amount in 2003. Avoided access charges totaled approximately \$5.5 million in 2002. The decrease in the avoided access charge in 2003 is due to the FCC MAG reform order reducing the interstate access rates paid by interexchange carriers to LECs beginning July 2002 and a reduction in July 2002 in interstate access rates charged by us to interexchange carriers in response to an FCC order forcing a competitor to reduce their interstate access rates. The local access services segment operating results are affected by our continued evaluation and testing of digital local phone service and Internet protocol-based technology to deliver phone service through our cable facilities.

Internet Services Segment Revenues and Cost of Sales and Services

Total Internet services segment revenues increased 25.3% to \$14.3 million in 2003 primarily due to the \$1.8 million increase in its allocable share of cable modem revenues to \$6.5 million in 2003 as compared to 2002. The increase in cable modem revenues is primarily due to growth in the number of cable modems deployed. Cable modem subscribers increased from approximately 33,000 at September 30, 2002 to approximately 42,800 at September 30, 2003.

At September 30, 2003 we had 93,900 total Internet subscribers, which includes 51,100 dial-up subscribers and 42,800 cable modem subscribers. Our total dial-up subscribers decreased 1,700 to 51,100 subscribers at September 30, 2003 as compared to September 30, 2002 as more customers continue to migrate to cable modems.

We reported a total of 71,400 dial-up Internet subscribers at September 30, 2002. This subscriber count was based upon the total number of active dial-up subscribers at September 30, 2002. Not all cable modem subscribers paying for a dial-up plan have activated their dial-up service. When we first started selling cable modem service it was packaged in a way that almost all cable modem subscribers were also dial up subscribers. As we introduced new packages and plans and started promoting our new cable modem

LiteSpeed service the number of cable modem subscribers without a dial up plan increased substantially. An internal review during the second quarter of 2003 revealed that these subscriber counts had risen substantially enough that they are now being reported separately.

The Internet services segment does not share in plan fee revenues associated with our bundled Internet and long-distance service package. Estimated plan fees related to this service offering are approximately \$1.0 million per quarter and those revenues are included in the long-distance services segment.

Internet services cost of sales and services increased 21.4% to \$4.3 million in 2003, and as a percentage of Internet services revenues, totaled 30.3% and 31.3% in 2003 and 2002, respectively. The 2003 decrease as a percentage of Internet services revenues is primarily due to a \$1.8 million increase in Internet's portion of cable modem revenue that generally has higher margins than do other Internet services products. As Internet services revenues increase, economies of scale and more efficient network utilization continue to result in reduced Internet cost of sales and services as a percentage of revenues.

We enhanced the value of our Internet offerings throughout 2002 through the addition of electronic billing and presentment capabilities and the rollout of a product called eMail Guard, which filters out e-mail spam and viruses. We upgraded the download speeds of all of our cable modem Internet service offerings. These new services and enhancements have proven to be popular with our customers which we believe is helping to further solidify our customer relationships.

All Other Revenues and Costs of Sales and Services

All Other revenues increased 11.8% to \$21.3 million in 2003. The increase in revenues is primarily due to the following:

- o A \$1.4 million increase in product sales to \$2.3 million due to sales of product to two customers in 2003,
- o A payment of \$327,000 from a customer to acknowledge our ability to maintain certain costs below a stated budget,
- o Increased monthly revenue earned from a managed services contract with a certain customer, and
- o \$400,000 in special project revenue in 2003.

The increase in All Other revenues is partially off-set by a \$1.1 million decrease in special project revenue from a certain customer in 2003 as compared to 2002.

Revenues from our GCI Fiber system that runs along the oil pipeline corridor are continuing to increase and we expect the annual recurring revenue run rate to increase by an additional two to three million dollars per year by the end of 2003. Additionally, we expect to recognize approximately \$6.5 million dollars in special project revenue in the fourth quarter of 2003.

All Other costs of sales and services increased 9.6% to \$11.5 million in 2003, and as a percentage of All Other revenues, totaled 54.0% and 55.1% in 2003 and 2002, respectively. The decrease in All Other costs of sales and services as a percentage of All Other revenues is primarily due to the following:

- o Increased monthly revenue earned from managed services in 2003 which exceeds the corresponding increase in costs of sales or services,
- o The recognition of \$400,000 in special project revenue in 2003 which exceeds the corresponding increase in costs of sales or services,
- o A payment of \$327,000 from a customer in 2003 to acknowledge our ability to maintain certain costs below a stated budget with no corresponding increase in costs of sales or services, and

- o A \$140,000 favorable adjustment in 2003 due to a revision of an estimate of a previously unbilled cost of sales and service upon receipt of the invoice.

The decrease in All Other costs of sales and services as a percentage of All Other revenues is partially off-set by the sales of product to two customers in 2003 which have a higher cost of sales as a percentage of revenues than do managed services.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 6.7% to \$102.5 million in 2003 and, as a percentage of total revenues, increased to 35.7% in 2003 from 34.9% in 2002. The 2003 increase in selling, general and administrative expenses is primarily due to an increased accrual for company-wide success sharing bonus costs, increased labor and health insurance costs, costs associated with Alaska regulatory affairs, and the purchase of Alaska Airline miles due to the implementation of our Alaska Airlines miles program in 2003. The 2003 increase is off-set by costs incurred in 2002 for our unsuccessful bid to purchase certain assets of WCI Cable, Inc. and its subsidiaries.

Marketing and advertising expenses as a percentage of total revenues decreased from 3.3% in 2002 to 2.6% in 2003.

Bad Debt Expense

Bad debt expense decreased 85.0% to \$1.9 million in 2003 and, as a percentage of total revenues, decreased to 0.7% in 2003 from 4.6% in 2002. The 2003 decrease is primarily due to the following:

- o Recognition of approximately \$647,000 of the MCI credit as a reduction to bad debt expense in 2003, as further discussed in the Long Distance Service Overview included in Part I, Item 2 of this report, and
- o Provision in 2002 of a \$11.0 million bad debt reserve for uncollected amounts due from MCI resulting from substantially all of its active U.S. subsidiaries filing voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York on July 21, 2002.

The decrease in bad debt expense described above is partially off-set by recognition of a \$550,000 bad debt reserve for uncollected amounts due from a certain customer in 2003.

Depreciation, Amortization and Accretion Expense

Depreciation, amortization and accretion expense decreased 5.8% to \$39.4 million in 2003. The decrease is primarily attributed to a reduction in the depreciable value of Property and Equipment due to an adjustment of \$18.5 million which was recorded in 2002 associated with the Kanas Telecom, Inc. acquisition.

The decrease in depreciation, amortization and accretion expense described above was partially off-set by an increase in depreciation expense due to our \$59.2 million investment in equipment and facilities placed into service during 2002 for which a full year of depreciation will be recorded in 2003, and the \$28.4 million investment in equipment and facilities placed into service during 2003 for which a partial year of depreciation will be recorded in 2003.

Other Expense, Net

Other expense, net of other income, increased 35.3% to \$29.0 million in 2003. The increase is primarily due to the following:

- o Increased interest expense due to the increased interest rate paid on our amended Senior Facility,

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- o Increased deferred loan fee expense due to the increased deferred loan fees associated with the amended Senior Facility, and
- o A \$1.2 million interest benefit earned in 2002 from an interest rate swap agreement which was called at no cost by the counter party and terminated on August 1, 2002.

Partially offsetting these increases was a decrease in the average outstanding indebtedness in 2003 and the capitalization of \$128,000 of interest costs due to the commencement of construction of a fiber optic cable system connecting Seward, Alaska and Warrenton, Oregon.

Income Tax Expense

Income tax expense was \$9.6 million in 2003 and \$4.7 million in 2002. The change was due to increased net income before income taxes and cumulative effect of a change in accounting principle in 2003 as compared to 2002. Our effective income tax rate increased from 43.0% in 2002 to 43.6% in 2003 due to the effect of items that are nondeductible for income tax purposes.

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FLUCTUATIONS IN QUARTERLY RESULTS OF OPERATIONS

<TABLE>

The following chart provides selected unaudited statement of operations data from our quarterly results of operations during 2003 and 2002:

<CAPTION>

(Amounts in thousands, except per share amounts)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
<S>	<C>	<C>	<C>		<C>
2003					

Revenues:					
Long-distance services	\$ 48,486	51,570	53,191		153,247
Cable services	\$ 23,438	23,872	23,699		71,009
Local access services	\$ 8,426	9,245	9,540		27,211
Internet services	\$ 4,590	4,790	4,922		14,302
All Other services	\$ 7,837	6,462	6,975		21,274
	-----				-----

Total revenues	\$ 92,777	95,939	98,327	287,043
Operating income	\$ 15,438	17,972	17,595	51,005
Net income before income taxes and cumulative effect of a change in accounting principle	\$ 5,377	8,374	8,281	22,032
Net income before cumulative effect of a change in accounting principle	\$ 3,095	4,810	4,529	12,434
Net income	\$ 2,551	4,810	4,529	11,890
=====				
Basic net income per common share:				
Net income before cumulative effect of a change in accounting principle	\$ 0.05	0.08	0.07	0.20
Cumulative effect of a change in accounting principle	\$ (0.01)	---	---	(0.01)

Net income	\$ 0.04	0.08	0.07	0.19
=====				
Diluted net income per common share:				
Net income before cumulative effect of a change in accounting principle (1)	\$ 0.05	0.08	0.07	0.19
Cumulative effect of a change in accounting principle	\$ (0.01)	---	---	(0.01)

Net income (1)	\$ 0.04	0.08	0.07	0.18
=====				

</TABLE>

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<TABLE>
<CAPTION>

(Amounts in thousands, except per share amounts)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total

<S>	<C>	<C>	<C>		<C>
2002					

Revenues:					
Long-distance services	\$ 50,068	52,375	53,778	48,711	204,932
Cable services	\$ 21,346	21,919	22,057	23,366	88,688
Local access services	\$ 7,308	8,106	8,096	8,561	32,071
Internet services	\$ 3,573	3,912	3,927	4,172	15,584
All Other services	\$ 5,915	6,428	6,692	7,532	26,567

Total revenues	\$ 88,210	92,740	94,550	92,342	367,842
Operating income (2)	\$ 11,133	4,766	16,353	13,473	45,725
Net income (loss) before income taxes (2)	\$ 3,858	(1,686)	8,662	1,488	12,322
Net income (loss) (2)	\$ 2,212	(1,103)	5,063	491	6,663

Basic and diluted net income (loss) per common share (2)	\$ 0.03	(0.03)	0.08	0.00	0.08
=====					

<FN>

- 1 Due to rounding, the sum of quarterly net income per common share amounts does not agree to total net income per common share amounts.
- 2 The second and third quarters of 2002 include the provision of \$9.7 million and \$1.2 million, respectively, of bad debt expense for estimated uncollectible accounts due from MCI.

</FN>
</TABLE>

Overview of Revenues and Cost of Sales and Services

Total revenues for the quarter ended September 30, 2003 ("third quarter") were \$98.3 million, representing a 2.5% increase from \$95.9 million for the quarter ended June 30, 2003 ("second quarter"). The long-distance services, local services and Internet services segments and All Other Services contributed to the increase in total revenues, partially off-set by a decrease in revenues from the cable services segment.

Cost of sales and services increased from \$30.1 million in the second quarter to \$31.9 million in the third quarter. As a percentage of revenues, second and third quarter cost of sales and services totaled 31.3% and 32.4%, respectively. All of our reportable segments and All Other Services contributed to the increase in total cost of sales and services.

Long-distance Services Segment Revenues and Cost of Sales and Services

Third quarter long-distance services segment revenues increased 3.1% to \$53.2 million as compared to the second quarter. The increase resulted primarily from increased revenues from other common carrier customers and increased broadband revenue, off-set by a decrease in revenues from residential, commercial, and governmental customers and decreased private line revenue.

Revenues from other common carrier customers increased 7.3% to \$24.6 million in the third quarter as compared to the second quarter. Minutes carried for other common carriers increased 16.7% to 243.6 million minutes. The increased revenues from other common carrier customers was partially off-set by the following:

- o A 4.1% decrease in the average rate per minute on minutes carried for other common carriers in the third quarter as compared to the second quarter primarily due to the July 24, 2003 extension of our contract to provide interstate and intrastate long-distance services to MCI, and
- o A discount given to a certain other common carrier customer starting in the third quarter.

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Revenues from residential, commercial, and governmental customers decreased 0.5% to \$10.1 million in the third quarter primarily due to the following:

- o A 2.4% decrease in retail minutes carried for residential, commercial and governmental customers to 70.8 million minutes, and
- o A 2.3% decrease in the number of active residential, commercial, and governmental customers billed to 86,200 at September 30, 2003 as compared to June 30, 2003.

The average rate per minute on minutes carried for residential, commercial and governmental customers remained steady in the second and third quarters at \$0.112 per minute.

Private line and private network transmission services revenues decreased \$212,000 to \$9.2 million in the third quarter as compared to the second quarter primarily due to various individually immaterial credits given to customers.

Long-distance revenues have historically been highest in the summer months because of temporary population increases attributable to tourism and increased seasonal economic activity such as construction, commercial fishing, and oil and gas activities.

Revenues from our packaged telecommunications offering to rural hospital and health clinic service and our SchoolAccess(TM) offering to rural school districts increased \$95,000 to \$6.4 million in the third quarter.

The increase in revenues from our packaged telecommunications offering to rural hospital and health clinic service and our SchoolAccess(TM) offering to rural school districts described above was partially off-set by an equipment sale to one customer in the second quarter which did not recur in the third quarter.

Long-distance services cost of sales and services increased 10.4% to \$14.4 million in the third quarter. Long-distance services cost of sales and services as a percentage of long-distance services revenues increased from 25.3% in the second quarter to 27.0% in the third quarter primarily due to the following:

- o A decrease in a refund from an intrastate access cost pool that previously overcharged us for access services from \$861,000 refund in the second quarter to \$400,000 in the third quarter,
- o A decrease in a favorable adjustment from \$749,000 in the second quarter to \$624,000 in the third quarter. In the course of business we estimate unbilled long-distance services cost of sales and services based upon minutes of use processed through our network and established rates. Such estimates are revised when subsequent billings are received, payments are made, billing matters are researched and resolved, tariffed billing periods lapse, or when disputed charges are resolved,
- o A discount given to a certain other common carrier customer starting in the third quarter, and
- o The decreased average rate per minute on minutes carried for other common carriers as agreed to in the July 24, 2003 extension of our contract to provide interstate and intrastate long-distance services to MCI.

Cable Services Segment Revenues and Cost of Sales and Services

Cable services segment revenues decreased 0.7% to \$23.7 million. The decrease in cable services segment revenues is primarily due to a 3.6% decrease in programming services revenues to \$17.9 million in the third quarter resulting from a decrease in basic subscribers served from 137,200 at June 30, 2003 to 135,300 at September 30, 2003 due in part, to seasonality.

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The decrease in programming services revenues described above is partially off-set by the following:

- o Digital subscriber counts increased 13.4% to approximately 34,800 at September 30, 2003 as compared to June 30, 2003. Digital subscriber counts have increased without a corresponding increase in programming services revenues due to our promotional offerings in the third quarter of discounted cable service packages to increase customer retention, and
- o Average gross revenue per average basic subscriber per month increased \$0.39 or 0.6% in the third quarter as compared to the second quarter.

The decrease in cable services segment revenue is partially off-set by an increase in equipment rental revenues due to the increase in digital subscriber counts discussed above and migration to digital signal delivery.

Homes passed increased approximately 700 to 201,100 at September 30, 2003 as compared to June 30, 2003 primarily due to system buildouts in areas that were not previously served and a continuing review of homes passed in the system acquired from Rogers American Cablesystems, Inc.

Cable programming services revenues have historically been highest in the winter months because consumers spend more time at home and tend to watch more television during these months.

The cable services segment's share of cable modem revenue (offered through our Internet services segment) increased 1.3% to \$2.7 million in third quarter due to an increased number of cable modems deployed. The decreased rate of growth in the cable services segment's share of cable modem revenue in spite of the growth in cable modem subscribers in the third quarter (as discussed in the Internet Services Segment Revenues and Cost of Sales and Services section below) is due to our promotional offer of one to two months of free cable modem service.

Cable services cost of sales and services increased 3.6% to \$6.6 million in the third quarter as compared to the second quarter. Cable services cost of sales and services as a percentage of cable services segment revenues increased from 26.7% in the second quarter to 27.9% in the third quarter. The increase is due in part to a \$182,000 favorable adjustment to cable services cost of sales and services after completion of audits by certain cable programming service vendors in the second quarter.

Local Access Services Segment Revenues and Cost of Sales and Services
Local access services segment revenues increased 3.2% in the third quarter to \$9.5 million primarily due to increased lines in service in the third quarter and a reimbursement from Universal Service Fund ("USF") in the third quarter related to a prior period. At September 30, 2003 an estimated 103,400 lines were in service as compared to approximately 101,900 lines in service at June 30, 2003.

Local access services segment cost of sales and services increased \$70,000 to \$5.9 million in the third quarter. Local access services segment cost of sales and services as a percentage of local access services segment revenues decreased from 63.4% in the second quarter to 62.2% in the third quarter. The decrease in cost of sales and services as a percentage of local access services segment revenues is primarily due to a reimbursement from USF in the third quarter related to a prior period. The decrease is partially off-set by decreased network access services revenues from other carriers as the number of customers purchasing both long-distance and local access services from us increases.

The local access services segment operating results are negatively effected by the allocation of the benefit of access cost savings to the long-distance services segment. If the local access services segment received credit for the access charge reductions recorded by the long distance services segment, the local access services segment operating results would have improved by approximately \$1.6 million and the long distance

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services segment operating results would have been reduced by an equal amount in the third quarter. Avoided access charges totaled approximately \$1.7 million in the second quarter.

Internet Services Segment Revenues and Cost of Sales and Services
Total Internet services segment revenues increased \$132,000 to \$4.9 million in the third quarter primarily due to the \$70,000 increase in Internet services segment's allocable share of cable modem revenues to \$2.3 million in the third quarter as compared to the second quarter. The increase in cable modem revenues is primarily due to growth in the number of cable modems deployed. Cable modem subscribers increased from approximately 40,500 at June 30, 2003 to approximately 42,800 at September 30, 2003. The growth in cable modem subscribers in third quarter without proportional growth in cable modem revenue is primarily due to our promotional offer of one to two months of free service.

At September 30, 2003 we had 93,900 total Internet subscribers, which includes 51,100 dial-up subscribers and 42,800 cable modem subscribers. At June 30, 2003 we had 92,200 total Internet subscribers, which included 51,700 dial-up subscribers and 40,500 cable modem subscribers. Our total dial-up subscribers

decreased 600 to 51,100 subscribers at September 30, 2003 as compared to June 30, 2003 as more customers continue to migrate to cable modems.

Internet services cost of sales and services increased \$89,000 in the third quarter to \$1.5 million, and as a percentage of Internet services revenues, totaled 30.7% and 29.7% in the third and second quarters, respectively.

All Other Revenues and Costs of Sales and Services

All Other revenues increased \$512,000 to \$7.0 million in the third quarter primarily due to the recognition of \$400,000 in special project revenue from a certain customer in the third quarter.

All Other costs of sales increased \$51,000 to \$3.4 million in the third quarter, and as a percentage of All Other revenues, totaled 49.3% and 52.5% in the third and second quarters, respectively. The decrease in All Other costs of sales and services as a percentage of All Other revenues is primarily due to the recognition of \$400,000 in special project revenue in the third quarter without a corresponding increase in costs of sales or services. The decrease in All Other costs of sales and services as a percentage of All Other revenues is partially off-set by a \$140,000 favorable adjustment in the second quarter due to a revision of an estimate of a previously unbilled cost of sales and service upon receipt of the invoice.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 2.8% to \$35.3 million in the third quarter as compared to the second quarter. As a percentage of revenues, selling, general and administrative expenses were 35.9% and 35.8% in the third and second quarters, respectively. The increase in selling, general and administrative expenses is primarily due to costs associated with Alaska regulatory affairs and the purchase of Alaska Airline miles due to the implementation of our Alaska Airlines miles program in 2003. The increase in selling, general and administrative expenses is partially off-set by decreased health insurance costs.

Bad Debt Expense

Bad debt expense decreased \$269,000 to \$533,000 in the third quarter as compared to the second quarter. As a percentage of total revenues, third and second quarter bad expense was 0.5% and 0.8%, respectively. The decrease in the third quarter is primarily due to the recognition of approximately \$647,000 of the MCI credit as a reduction to bad debt expense in third quarter, as further discussed in the Long Distance Service Overview included in Part I, Item 2 of this report.

The decrease in bad debt expense described above is partially off-set by recognition of a \$550,000 bad debt reserve for uncollected amounts due from a certain customer in the third quarter.

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Depreciation, Amortization and Accretion Expense

Depreciation, amortization and accretion expense increased 2.1% to \$13.1 million in third quarter as compared to second quarter due to several individually insignificant increases in depreciation and amortization expense.

Other Expense, Net

Other expense, net of other income, decreased \$284,000 in the third quarter to \$9.3 million due primarily to the capitalization of \$128,000 in interest cost associated with the commencement of construction of a fiber optic cable system connecting Seward, Alaska and Warrenton, Oregon.

Net Income

We reported net income of \$4.5 million for the third quarter as compared to net income of \$4.8 million for the second quarter. The decrease is primarily due to increased costs of sales and services due to a decreased refund in the long distance services segment and decreased favorable cost of sales and services adjustments in the long distance and cable services segments and All Other Services in the third quarter, as previously described.

Liquidity and Capital Resources

Cash flows from operating activities totaled \$49.4 million in the nine months ended September 30, 2003 ("2003") as compared to \$47.6 million in the nine months ended September 30, 2002 ("2002"). The increase in 2003 is primarily due to increased cash flow in 2003 from all of our reportable segments, a \$2.3 million refund from a local exchange carrier in respect of its earnings that exceeded regulatory requirements, and a \$1.3 million refund from an intrastate access cost pool that previously overcharged us for access services. Uses of cash during 2003 included \$34.4 million of expenditures for property and equipment, including construction in progress, principal payments on long-term debt and capital lease obligations of \$9.1 million, payment of \$3.2 million in deposits, payment of \$2.6 million in fees associated with the original and amended Senior Facility, and payment of preferred stock dividends of \$1.2 million.

Net receivables increased \$8.1 million from December 31, 2002 to September 30, 2003 primarily due to an increase in:

- o Trade receivables for broadband services provided to hospitals and health clinics, and
- o Trade receivables for telecommunication services provided to a certain customer. The accounts receivable for this customer was subsequently paid in October 2003.

Working capital deficit totaled (\$4.9) million at September 30, 2003, a \$9.1 million decrease as compared to working capital of \$4.2 million at December 31, 2002. The decrease is primarily attributed to classification of \$20.0 million of our Senior Facility as current maturities of long-term debt as of September 30, 2003, following the April 22, 2003 amendment.

The decrease in working capital was partially off-set by:

- o A \$8.1 million increase in net receivables at September 30, 2003 as compared to December 31, 2002 as previously described, and
- o A \$5.0 million decrease in accrued interest at September 30, 2003 as compared to December 31, 2002 due to the semi-annual \$8.8 million Senior Notes interest payment in August 2003.

On October 30, 2003 we closed a \$220.0 million new Senior Facility to replace the April 22, 2003 amended Senior Facility. The new Senior Facility reduces the interest rate from LIBOR plus 6.50% to LIBOR plus

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3.25%. The new Senior Facility includes a term loan of \$170.0 million and a revolving credit facility of \$50.0 million.

The repayment schedule for the term loan portion of the new Senior Facility is unchanged from that in the April 22, 2003 amended Senior Facility, as follows (amounts in thousands):

Date	Amount
Quarterly from December 31, 2003 to December 31, 2004	\$ 5,000
Quarterly from March 31, 2005 to December 31, 2005	\$ 6,000
Quarterly from March 31, 2006 to December 31, 2006	\$ 8,000
Quarterly from March 31, 2007 to September 30, 2007	\$ 10,000

The remaining balance of the Senior Facility will be payable in full on October 31, 2007.

<TABLE>

We are required to pay a commitment fee on the unused portion of the commitment as follows:

<CAPTION>

Total Leverage Ratio (as defined)	Commitment fee if the outstanding revolving credit facility is > 50% of the average revolving credit facility commitments by the lenders during such period	Commitment fee if the outstanding revolving credit facility is < 50% of the average revolving credit facility commitments by the lenders during such period
<S>	<C>	<C>
> 3.75	1.00%	1.25%
-		
> 3.25 but <3.75	0.75%	1.00%
-		
> 2.75 but <3.25	0.50%	0.75%
-		
< 2.75	0.50%	0.75%

</TABLE>

<TABLE>

We may not permit the Total Leverage Ratio (as defined) to exceed:

<CAPTION>

Period	Total Leverage Ratio
<S>	<C>
October 30, 2003 through December 30, 2003	4.25:1
December 31, 2003 through December 30, 2004	4.00:1
December 31, 2004 through December 30, 2005	3.75:1
December 31, 2005 through June 29, 2006	3.50:1
June 30, 2006 through June 29, 2007	3.25:1
June 30, 2007 through September 29, 2007	3.00:1
September 30, 2007 through October 31, 2007	2.75:1

</TABLE>

<TABLE>

We may not permit the Senior Secured Leverage Ratio (as defined) to exceed:

<CAPTION>

Period	Senior Secured Leverage Ratio
<S>	<C>
October 30, 2003 through December 30, 2004	2.00:1
December 31, 2004 through September 29, 2006	1.75:1
September 30, 2006 through June 29, 2007	1.50:1
June 30, 2007 through September 29, 2007	1.25:1
September 30, 2007 through October 31, 2007	1.00:1

</TABLE>

The Interest Coverage Ratio (as defined) may not be less than 2.50:1 at any time.

Capital expenditures, excluding up to \$58.0 million incurred to build or acquire additional fiber optic cable system capacity between Alaska and the lower forty-eight states, in any of the years ended December 31, 2003, 2004, 2005 and 2006 may not exceed:

- o \$25.0 million, plus
- o 100% of any Excess Cash Flow (as defined) during the applicable period less certain permitted investments during the applicable period.

If the revolving credit facility exceeds \$25.0 million, we may not incur capital expenditures, other than those incurred to build or acquire additional fiber optic cable system capacity, in excess of \$25.0 million.

Under the new Senior Facility we must either have repaid in full or successfully refinanced our Senior Notes by February 1, 2007.

\$3.5 million of the new Senior Facility has been used to provide a letter of credit to secure payment for our contract for the design, engineering, manufacture and installation of the undersea fiber optic cable system. The letter of credit will be reduced to \$1.8 million after a contract payment estimated to be made in March 2004. The letter of credit will be cancelled after the final contract payment date estimated to be in April 2004.

In connection with the April 22, 2003 amended Senior Facility, we paid bank fees and other expenses of approximately \$2.6 million during the nine months ended September 30, 2003. Deferred Loan Costs, Net for the Senior Facility which closed on November 1, 2002 and the April 22, 2003 amended Senior Facility totaled \$7.2 million at October 30, 2003, the date we closed the new Senior Facility.

Because a portion of the new Senior Facility is a substantial modification of the April 22, 2003 amended Senior Facility we will recognize approximately \$5.0 million in Amortization of Loan and Senior Notes Fees during the three months ended December 31, 2003. The remaining \$2.2 million in Deferred Loan Costs, Net will continue to be amortized over the life of the new Senior Facility.

In connection with the new Senior Facility, we paid bank fees and other expenses of \$850,000 in October 2003 which will be amortized over the life of the new agreement.

The term loan is fully drawn and we have letters of credit totaling \$6.5 million, which leaves \$43.5 million available at September 30, 2003 to draw under the revolving credit facility if needed. In April 2003, we made a \$2.7 million principal payment on the revolving credit facility.

We were in compliance with all loan covenants at September 30, 2003.

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Our semi-annual Senior Notes interest payment of \$8.8 million was paid in February and again in August 2003 out of existing cash balances. Our next Senior Notes interest payment of \$8.8 million is due February 1, 2004.

Our expenditures for property and equipment, including construction in progress, totaled \$34.4 million and \$52.0 million during the nine months ended September 30, 2003 and 2002, respectively. Our capital expenditures requirements are largely success driven and are a result of the progress we are making in the marketplace. We expect our 2003 expenditures for property and equipment for our core operations, including construction in progress and excluding the new fiber system construction costs described below, to total \$40 million to \$50 million, depending on available opportunities and the amount of cash flow we generate during 2003.

We have begun work on the construction of a fiber optic cable system connecting Seward, Alaska and Warrenton, Oregon, with leased backhaul facilities to connect it to our switching and distribution centers in Anchorage, Alaska and Seattle, Washington. The 1,544-statute mile cable has a total design capacity of 960 Gigabits per second access speed and is planned to be operational by May 2004.

The cable will complement our existing fiber optic cable between Whittier, Alaska and Seattle, Washington. The two cables will provide physically diverse backup to each other in the event of an outage. We expect to fund construction costs that are expected to total \$50 million through our operating cash flows and, to the extent necessary, with draws on our new Senior Facility. During the nine month period ended September 30, 2003 our capital expenditures for this project have totaled approximately \$4.8 million, all of which has been funded through our operating cash flows.

Planned capital expenditures over the next five years include those necessary for continued expansion of our long-distance, local exchange and Internet facilities, supplementing our existing network backup facilities, continuing development of our Personal Communication Services, or PCS, network, digital local phone service, and upgrades to our cable television plant.

The financial, credit and economic impacts of MCI's July 2002 bankruptcy filing on the industry in general and on us in particular are not yet fully understood and are not predictable. See Long Distance Overview for a discussion of the settlement of the uncollected amounts due from MCI.

We believe that payment for services provided to MCI subsequent to their bankruptcy filing date will continue to be made timely, consistent with our status in MCI's filing as a key service provider or utility to MCI.

A migration of MCI's traffic off our network without it being replaced by other common carriers that interconnect with our network could have a materially adverse impact on our financial position, results of operations and liquidity.

Dividends accrued on our Series B preferred stock are payable at the semi-annual payment dates of April 30 and October 31 of each year. We paid the \$722,000 dividend due on April 30, 2003 in cash. Our next Series B preferred stock dividend is due October 31, 2003 and will be paid in cash as required by the Series B preferred stock agreement.

Dividends accrued on our Series C preferred stock are payable in cash quarterly. Our next Series C preferred stock dividend of approximately \$150,000 is due December 31, 2003.

The long-distance, local access, cable, Internet and wireless services industries continue to experience substantial competition, regulatory uncertainty, and continuing technological changes. Our future results of operations will be affected by our ability to react to changes in the competitive and regulatory environment

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and by our ability to fund and implement new or enhanced technologies. We are unable to determine how competition, economic conditions, and regulatory and technological changes will affect our ability to obtain financing.

The telecommunications industry in general is depressed due to high levels of competition in the long-distance market resulting in pressures to reduce prices, an oversupply of long-haul capacity, excessive debt loads, several high-profile company failures and potentially fraudulent accounting practices by some companies. Our ability to obtain new debt under acceptable terms and conditions in the future may be diminished as a result.

We believe that we will be able to meet our current and long-term liquidity and capital requirements, fixed charges and preferred stock dividends through our cash flows from operating activities, existing cash, cash equivalents, short-term investments, credit facilities, and other external financing and equity sources. Should cash flows be insufficient to support additional borrowings and principal payments scheduled under our existing credit facilities, capital expenditures will likely be reduced.

Critical Accounting Policies

Our accounting and reporting policies comply with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. The financial position and results of operations can be affected by these estimates and assumptions, which are integral to understanding reported results. Critical accounting policies are those policies that management believes are the most important to the portrayal of the Company's financial condition and results, and require management to make estimates that are difficult, subjective or complex. Most accounting policies are not considered by management to be critical accounting policies. Several factors are considered in determining whether or not a policy is critical in the preparation of financial statements. These factors include, among other things, whether the estimates are significant to the financial statements, the nature of the estimates, the ability to readily validate the estimates with other information including third parties or available prices, and sensitivity of the estimates to changes in economic conditions and whether alternative accounting methods may be utilized under accounting principles generally accepted in the United States of America. For all of these policies, management cautions that future events rarely develop exactly as forecast, and the best estimates

routinely require adjustment. Management has discussed the development and the selection of critical accounting policies with the Company's Audit Committee.

Those policies considered to be critical accounting policies for the three and nine months ended September 30, 2003 are described below.

- o We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. We base our estimates on the aging of our accounts receivable balances, financial health of specific customers, and our historical write-off experience, net of recoveries. If the financial condition of our customers were to deteriorate or if they are unable to emerge from reorganization proceedings, resulting in an impairment of their ability to make payments, additional allowances may be required. If their financial condition improves or they emerge successfully from reorganization proceedings, allowances may be reduced. Such allowance changes could have a material effect on our consolidated financial condition and results of operations.
- o We record all assets and liabilities acquired in purchase acquisitions, including goodwill and other intangibles, at fair value as required by SFAS 141. Goodwill and indefinite-lived assets such as our cable segment franchise agreements are no longer amortized but are subject, at a minimum, to annual tests for impairment. Other intangible assets are amortized over their estimated useful lives using the

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straight-line method, and are subject to impairment if events or circumstances indicate a possible inability to realize the carrying amount. The initial goodwill and other intangibles recorded and subsequent impairment analysis requires management to make subjective judgments concerning estimates of how the acquired asset will perform in the future using a discounted cash flow analysis. Additionally, estimated cash flows may extend beyond ten years and, by their nature, are difficult to determine over an extended timeframe. Events and factors that may significantly affect the estimates include, among others, competitive forces, customer behaviors and attrition, changes in revenue growth trends, cost structures and technology, and changes in discount rates, performance compared to peers, material and ongoing negative economic trends, and specific industry or market sector conditions. In determining the reasonableness of cash flow estimates, we review historical performance of the underlying asset or similar assets in an effort to improve assumptions utilized in our estimates. In assessing the fair value of reportable operating segments, we may consider other information to validate the reasonableness of our valuations including public market comparables, multiples of recent mergers and acquisitions of similar businesses and third-party assessments. These evaluations could result in a change in useful lives in future periods and could result in write-down of the value of intangible assets. Because of the significance of the identified intangible assets and goodwill to our consolidated balance sheet, the annual impairment analysis will be critical. Any changes in key assumptions about the business and its prospects, or changes in market conditions or other externalities, could result in an impairment charge and such a charge could have a material adverse effect on our consolidated financial condition and results of operations. Refer to Note 3 in the accompanying Notes to Interim Condensed Consolidated Financial Statements for additional information regarding intangible assets.

- o We estimate unbilled long-distance segment cost of sales based upon minutes of use carried through our network and established rates. We estimate unbilled costs for new circuits and services, and when network changes occur that result in traffic routing changes or a change in carriers. Carriers that provide service to us regularly change their networks which can lead to new, revised or corrected billings. Such estimates are revised or removed when subsequent billings are received, payments are made, billing matters are researched and resolved, tariffed billing periods lapse, or when disputed charges are resolved. Revisions to previous estimates could either increase or decrease costs in the year in which the estimate is revised which could have a material effect on our consolidated financial condition and results of operations.
- o Our income tax policy provides for deferred income taxes to show the effect of temporary differences between the recognition of revenue and expenses for financial and income tax reporting purposes and between the tax basis of assets and liabilities and their reported amounts in the financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes." We have recorded deferred tax assets of approximately \$80.7 million associated with income tax net operating losses that were generated from 1990 to 2003, and that expire from 2005 to 2022. Pre-acquisition income tax net operating losses associated with acquired companies are subject to additional deductibility limits.

We have recorded deferred tax assets of approximately \$1.9 million associated with alternative minimum tax credits that do not expire. Significant management judgment is required in developing our provision for income taxes, including the determination of deferred tax assets and liabilities and any valuation allowances that may be required against the deferred tax assets. In conjunction with certain 1996 acquisitions, we determined that approximately \$20 million of the acquired net operating losses would not be utilized for income tax purposes, and elected with our December 31, 1996 income tax returns to forego utilization of such acquired losses. Deferred tax assets were not recorded associated with the foregone losses and, accordingly, no valuation allowance was provided. We have not recorded a valuation allowance on the deferred tax assets as of September 30, 2003 based on management's belief that future reversals of existing taxable temporary differences and estimated future taxable income exclusive of reversing temporary

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differences and carryforwards, will, more likely than not, be sufficient to realize the benefit of these assets over time. In the event that actual results differ from these estimates or if our historical trends change, we may be required to record a valuation allowance on deferred tax assets, which could have a material adverse effect on our consolidated financial condition and results of operations.

Other significant accounting policies, not involving the same level of measurement uncertainties as those discussed above, are nevertheless important to an understanding of the financial statements. Policies related to revenue recognition and financial instruments require difficult judgments on complex matters that are often subject to multiple sources of authoritative guidance. Certain of these matters, including but not limited to the requirement to account for the market value of stock options as compensation expense, are among topics currently under reexamination by accounting standards setters and regulators. Although no specific conclusions reached by these standard setters appear likely to cause a material change in our accounting policies, outcomes cannot be predicted with confidence. A complete discussion of our significant accounting policies can be found in Note 1 in the Notes to Consolidated Financial Statements included in our December 31, 2002 Form 10-K. A condensed discussion of our significant accounting policies can be found in Note 1 in the accompanying Notes to Interim Condensed Consolidated Financial Statements.

Geographic Concentration and the Alaska Economy

We offer voice and data telecommunication and video services to customers primarily throughout Alaska. Because of this geographic concentration, growth of our business and of our operations depends upon economic conditions in Alaska. The economy of Alaska is dependent upon the natural resource industries, and in particular oil production, as well as investment earnings, tourism, government, and United States military spending. Any deterioration in these markets could have an adverse impact on us. All of the federal funding is dedicated for specific purposes, leaving oil revenues as the primary source of general operating revenues. In fiscal 2003 the State's actual results indicate that Alaska's general operating revenues and federal funding supplied 37% and 45%, respectively, of the state's total revenues. In fiscal 2004 state economists forecast that Alaska's general operating revenues and federal funding will supply 33% and 45%, respectively, of the state's total projected revenues.

The volume of oil transported by the TransAlaska Oil Pipeline System over the past 20 years has been as high as 2.0 million barrels per day in fiscal 1988. Production has been declining over the last several years with an average of 0.990 million barrels produced per day in fiscal 2003. The state forecasts a production rate slightly above 1.0 million barrels per day starting in fiscal 2009. The state attributes the production rate increase to future development of recent discoveries in the National Petroleum Reserve Alaska and other new fields.

Market prices for North Slope oil averaged \$28.15 in fiscal 2003 and are forecasted to average \$25.28 in fiscal 2004. The closing price per barrel was \$28.38 on October 21, 2003. To the extent that actual oil prices vary materially from the state's projected prices the state's projected revenues and deficits will change. Every \$1 change in the price of oil results in a \$50.0 to \$60.0 million change in the state's revenue. The production policy of the Organization of Petroleum Exporting Countries and its ability to continue to act in concert represents a key uncertainty in the state's revenue forecast.

The State of Alaska maintains the Constitutional Budget Reserve Fund that is intended to fund budgetary shortfalls. If the state's current projections are realized, the Constitutional Budget Reserve Fund will be depleted in 2006. The date the Constitutional Budget Reserve Fund is depleted is highly influenced by the price of oil. If the fund is depleted, aggressive state action will be necessary to increase revenues and reduce spending in order to balance the budget. The governor of the State of Alaska and the Alaska legislature continue to pursue cost cutting and revenue enhancing measures. Through a combination of revenue enhancements and reductions in spending the governor of the State of

approved a fiscal 2004 budget which is projected to spend approximately \$479 million of the Constitutional Budget Reserve Fund.

In 2003 the Alaska Legislature passed and the Governor signed legislation that extended the life of the RCA until 2007.

Tourism, air cargo, and service sectors have helped offset the prevailing pattern of oil industry downsizing that has occurred during much of the last several years.

Should new oil discoveries or developments not materialize or the price of oil become depressed, the long term trend of continued decline in oil production from the Prudhoe Bay area is inevitable with a corresponding adverse impact on the economy of the state, in general, and on demand for telecommunications and cable television services, and, therefore, on us, in particular. In the past year, there has been a renewed effort to allow exploration and development in the Arctic National Wildlife Refuge ("ANWR"). The U.S. Energy Information Agency estimates it could take nine years to begin oil field drilling after approval of ANWR exploration.

Deployment of a natural gas pipeline from the State of Alaska's North Slope to the Lower 48 States has been proposed to supplement natural gas supplies. A competing natural gas pipeline through Canada has also been proposed. The economic viability of a natural gas pipeline depends upon the price of and demand for natural gas. Either project could have a positive impact on the State of Alaska's revenues and the Alaska economy. According to their public comments, neither Exxon Mobil, BP nor Conoco Phillips, Alaska's large natural gas owners, believe either natural gas pipeline makes financial sense based upon their preliminary analysis, though BP and Conoco Phillips have proposed certain federal income tax incentives that would take effect if the price for Alaska natural gas goes below a certain level. The governor of the State of Alaska and certain natural gas transportation companies continue to support a natural gas pipeline from Alaska's North Slope by trying to reduce the project's costs and by advocating for federal tax incentives to further reduce the project's costs. Federal income tax incentives may be included in energy legislation which is being debated by the U.S. House and Senate.

Development of the ballistic missile defense system project may have a significant impact on Alaskan telecommunication requirements and the Alaska economy. The proposed system would be a fixed, land-based, non-nuclear missile defense system with a land and space based detection system capable of responding to limited strategic ballistic missile threats to the United States. The preferred alternative is deployment of a system with up to 100 ground-based interceptor silos and battle management command and control facilities at Fort Greely, Alaska.

The U.S. Army Corps of Engineers awarded a construction contract in 2002 for test bed facilities. The contract is reported to contain basic requirements and various options that could amount to \$250 million in construction, or possibly more, if all items are executed. Site preparation has been underway at Fort Greely since August of 2001 and construction began on the Fort Greely test bed shortly after the June 15, 2002 groundbreaking. The test bed is due to be operational by September 30, 2004.

We have, since our entry into the telecommunication marketplace, aggressively marketed our services to seek a larger share of the available market. The customer base in Alaska is limited, however, with a population of approximately 644,000 people. The State of Alaska's population is distributed as follows:

- o 42% are located in the Municipality of Anchorage,
- o 13% are located in the Fairbanks North Star Borough,
- o 10% are located in the Matanuska-Susitna Borough,
- o 5% are located in the City and Borough of Juneau, and

- o The remaining 30% are located in other communities across the State of Alaska.

No assurance can be given that the driving forces in the Alaska economy, and in particular, oil production, will continue at appropriate levels to provide an environment for expanded economic activity.

No assurance can be given that oil companies doing business in Alaska will be successful in discovering new fields or further developing existing fields which are economic to develop and produce oil with access to the pipeline or other means of transport to market, even with a reduced level of royalties. We are not able to predict the effect of changes in the price and production volumes of North Slope oil on Alaska's economy or on us.

Long-distance revenues (primarily those derived from our other common carrier customers) have historically been highest in the summer months because of temporary population increases attributable to tourism and increased seasonal economic activity such as construction, commercial fishing, and oil and gas activities. Cable television revenues, on the other hand, are higher in the winter months because consumers spend more time at home and tend to watch more television during these months. Local access and Internet services are not expected to exhibit significant seasonality. Our ability to implement construction projects is also hampered during the winter months because of cold temperatures, snow and short daylight hours.

Inflation

We do not believe that inflation has a significant effect on our operations.

Schedule of Certain Known Contractual Obligations

The following table details future projected payments associated with our certain known contractual obligations as of December 31, 2002, the date of our most recent fiscal year-end balance sheet. Our schedule of certain known contractual obligations has been updated to reflect our new Senior Facility, conversion of shares of Series B preferred stock to shares of GCI Class A common stock in October 2003, and to include certain purchase obligations.

<TABLE>

<CAPTION>

	Payments Due by Period				
	Total	Less than 1 Year	1 to 3 Years	4 to 5 Years	More Than 5 Years
(Amounts in thousands)					
<S>	<C>	<C>	<C>	<C>	<C>
Long-term debt	\$ 357,700	15,000	47,000	295,700	---
Interest on long-term debt	87,750	17,550	35,100	35,100	---
Capital lease obligations, including interest	68,943	5,115	19,845	18,536	25,447
Operating lease commitments	67,673	11,780	18,607	12,878	24,408
Redeemable preferred stocks	25,657	---	10,000	---	15,657
Purchase obligations	53,574	22,704	23,170	5,775	1,925
Total contractual obligations	\$ 661,297	72,149	153,722	367,989	67,437

</TABLE>

Purchase obligations include our fiber optic cable system construction commitment of \$35.4 million as further described in note 7 to the Notes to Interim Condensed Consolidated Financial Statements included in Part I, Item 1 of this report. The contract associated with this commitment is non-cancelable.

For long-term debt included in the above table, we have included principal payments on our new Senior Facility and on our Senior Notes. Interest on amounts outstanding under our new Senior Facility is based on variable rates and therefore the amount is not determinable. Our Senior Notes require semi-annual interest

payments of approximately \$8.78 million through 2007. For a discussion of our long-term debt, see notes 5 and 8 to the Notes to Consolidated Financial Statements included in Part II of our December 31, 2002 Form 10-K.

For a discussion of our capital and operating leases, see note 12 to the Notes to Consolidated Financial Statements included in Part II of our December 31, 2002 Form 10-K.

We have included only the maturity redemption amount on our Series B and C preferred stock (cash dividends are excluded). Our Series B preferred stock is convertible at \$5.55 per share into GCI Class A common stock. Through April 30, 2003, dividends are payable semi-annually at the rate of 8.5%, plus accrued but unpaid dividends, at our option, in cash or in additional fully-paid shares of Series B preferred stock. The dividend due on April 30, 2003 was paid in cash. Dividends earned after April 30, 2003, are payable semi-annually in cash only. Mandatory redemption is required 12 years from the date of closing. Our Series C preferred stock is convertible at \$12 per share into GCI Class A common stock, is non-voting, and pays a 6% per annum quarterly cash dividend. We may redeem the Series C preferred stock at any time in whole but not in part. Mandatory redemption is required at any time after the fourth anniversary date at the option of holders of 80% of the outstanding shares of the Series C preferred stock. For more information about our redeemable preferred stock, see notes 1(e) and 1(f) to the Notes to Consolidated Financial Statements included in Part II of our December 31, 2002 Form 10-K.

Audit Committee

The Audit Committee, composed entirely of independent directors, meets periodically with our independent auditors and management to review the Company's financial statements and the results of audit activities. The Audit Committee, in turn, reports to the Board of Directors on the results of its review and recommends the selection of independent auditors.

The Audit Committee has approved the independent auditor to provide the following services:

- o Audit (audit of financial statements filed with the SEC, quarterly reviews, comfort letters, consents, review of registration statements, accounting consultations); and
- o Audit-related (employee benefit plan audits and accounting consultation on proposed transactions).

PART I.
ITEM 3.

Quantitative and Qualitative Disclosures About Market Risk

We are exposed to various types of market risk in the normal course of business, including the impact of interest rate changes. We do not hold derivatives for trading purposes.

Our new Senior Facility carries interest rate risk. Amounts borrowed under this Agreement bear interest at Libor plus 3.25%. Should the Libor rate change, our interest expense will increase or decrease accordingly. On September 21, 2001, we entered into an interest rate swap agreement to convert \$25.0 million of variable interest rate debt to 3.98% fixed rate debt plus applicable margin. As of September 30, 2003, we have borrowed \$170.0 million of which \$145.0 million is subject to interest rate risk. On this amount, a 1% increase in the interest rate would result in \$1,450,000 in additional gross interest cost on an annualized basis.

Our Satellite Transponder Capital Lease carries interest rate risk. Amounts borrowed under this Agreement bear interest at Libor plus 3.25%. Should the Libor rate change, our interest expense will increase or decrease accordingly. As of September 30, 2003, we have borrowed \$43.8 million subject to interest rate

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risk. On this amount, a 1% increase in the interest rate would result in \$438,000 in additional gross interest cost on an annualized basis.

PART I.
ITEM 4.

Controls and Procedures

Evaluation of disclosure controls and procedures

Within the 90 days prior to the date of this report, we carried out an evaluation of the effectiveness of the design and operation of our "disclosure controls and procedures" (as defined in the Securities Exchange Act of 1934 ("Exchange Act") Rules 13a-14(c) and 15d-14(c)) under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer. Based upon that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures are effective.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management to allow timely decisions regarding required disclosure.

Changes in Internal Controls

There were no significant changes in our internal controls or, to our knowledge, in other factors that could significantly affect our disclosure controls and procedures subsequent to the date we carried out this evaluation.

We may enhance, modify, and supplement internal controls and disclosure controls and procedures based on experience.

PART II. OTHER INFORMATION
ITEM 1. LEGAL PROCEEDINGS

Information regarding pending legal proceedings to which we are a party is included in note 7 to the Interim Condensed Consolidated Financial Statements and is incorporated herein by reference.

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PART II.
ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits -

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Exhibit No. Description

<S>	<C>
10.111	Credit, Guaranty, Security and Pledge Agreement between GCI Holdings, Inc. and Credit Lyonnais New York Branch as Administrative Agent, Issuing Bank, Co-Bookrunner and Co-Arranger, General Electric Capital Corporation as Documentation Agent, Co-Arranger and Co-Bookrunner and CIT Lending Services Corporation as Syndication Agent, dated as of October 30, 2003
31	Certifications Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to 302 of the Sarbanes-Oxley Act of 2002
32	Certifications Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to 906 of the Sarbanes-Oxley Act of 2002

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(b) Reports on Form 8-K filed during the quarter ended September 30, 2003:

- o On July 23, 2003, we filed a report on Form 8-K dated July 22, 2003 under Item 7 and 9 which included a copy of our press release dated that same day reporting a summary description of our results of operations for the three and six month periods ended June 30, 2003.
- o On July 25, 2003, we filed a report on Form 8-K dated July 24, 2003 under Item 5 and 7 furnished pursuant to Item 12 which included a copy of our press release dated that same day reporting the extension of our Alaska supply contract with MCI.
- o On July 31, 2003, we filed a report on Form 8-K dated July 30, 2003 under Item 7 and 12 which included a copy of our press release dated that same day reporting a detailed description of our results of operations for the three and six month periods ended June 30, 2003.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GENERAL COMMUNICATION, INC.

<TABLE>
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Signature Title Date

Signature	Title	Date
/s/ Ronald A. Duncan ----- Ronald A. Duncan	President and Director (Principal Executive Officer)	November 7, 2003 -----
/s/ John M. Lowber ----- John M. Lowber	Senior Vice President, Chief Financial Officer, Secretary and Treasurer (Principal Financial Officer)	November 7, 2003 -----
/s/ Alfred J. Walker ----- Alfred J. Walker	Vice President, Chief Accounting Officer (Principal Accounting Officer)	November 7, 2003 -----

</TABLE>

CREDIT, GUARANTY, SECURITY AND PLEDGE AGREEMENT

Dated as of October 30, 2003

among

GCI HOLDINGS, INC.
as Borrower

and

THE GUARANTORS REFERRED TO HEREIN

and

THE LENDERS REFERRED TO HEREIN

and

CREDIT LYONNAIS NEW YORK BRANCH
as Administrative Agent, Issuing Bank, Co-Bookrunner and Co-Arranger

and

GENERAL ELECTRIC CAPITAL CORPORATION
as Documentation Agent, Co-Arranger and Co-Bookrunner

and

CIT LENDING SERVICES CORPORATION
as Syndication Agent

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B-3	Form of Opinion of Hartig Rhodes Hoge & Lekisch, P.C., Alaska counsel to the Borrower and the other Transaction Parties
B-4	Form of Opinion of Drinker, Biddle & Reath LLP, FCC counsel to the Borrower and GCI
C	Form of Assignment and Acceptance
D	Form of Borrowing Certificate
E	Form of Compliance Certificate

F	Form of Confidentiality Letter
G	Form of Instrument of Assumption and Joinder
H	Form of Amendment to Deed of Trust
I-1	Form of Account Control Agreement
I-2	Form of Amendment to Account Control Agreement

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CREDIT, GUARANTY, SECURITY AND PLEDGE AGREEMENT dated as of October 30, 2003 (as amended, supplemented or otherwise modified, renewed or replaced from time to time, the "Credit Agreement"), among (i) GCI HOLDINGS, INC., an Alaska corporation (the "Borrower"), (ii) the Guarantors referred to herein, (iii) the Lenders referred to herein, (iv) GENERAL ELECTRIC CAPITAL CORPORATION, as documentation agent, co-arranger and co-bookrunner, (v) CIT LENDING SERVICES CORPORATION, as syndication agent and (vi) CREDIT LYONNAIS NEW YORK BRANCH, as administrative agent for the Lenders, issuing bank, co-bookrunner and co-arranger,.

INTRODUCTORY STATEMENT

All terms not otherwise defined above or in this Introductory Statement are as defined in Article 1 hereof or as defined elsewhere herein.

The Borrower has requested that the Lenders provide a revolving credit facility in the amount of \$50,000,000 and term loan facility in the amount of \$170,000,000, which will be used (i) to refinance all of the outstanding indebtedness of the Borrower and certain Affiliates under the Existing Credit Agreement (defined herein), (ii) to finance the payment of certain fees and expenses of the Borrower related hereto and (iii) for general corporate purposes (including Capital Expenditures).

To provide assurance for the repayment of the Loans and all other Obligations of the Borrower hereunder, the Borrower and the other Transaction Parties will, among other things, provide or cause to be provided to the Administrative Agent, for the benefit of the Lenders, the following (each as more fully described herein):

- (i) a first priority security interest from each of the Transaction Parties in the Collateral pursuant to Article 8 hereof;
- (ii) a guarantee of the Obligations by each of the Guarantors pursuant to Article 9 hereof;
- (iii) a first priority pledge by GCII of all of the issued and outstanding shares of the capital stock of the Borrower; and
- (iv) a first priority pledge by each of the Pledgors of all of the issued and outstanding shares of capital stock, partnership interests and other equity interests of each of the Restricted Subsidiaries owned by such Pledgors pursuant to Article 10 hereof.

Subject to the terms and conditions set forth herein, the Administrative Agent is willing to act as agent for the Lenders and each Lender is willing to make Loans to the Borrower in an aggregate amount not in excess of its Revolving Commitment or Term Loan Commitment (as applicable) set forth on the Schedule of Commitments.

Accordingly, the parties hereto hereby agree as follows:

1. DEFINITIONS

For the purposes hereof unless the context otherwise requires, all Section references herein shall be deemed to correspond with Sections herein, the following terms shall have the meanings indicated, all accounting terms not otherwise defined herein shall have the respective meanings accorded to them under GAAP and all terms defined in the UCC and not otherwise defined herein shall have the respective meanings accorded to them therein. Unless the context otherwise requires, any of the following terms may be used in the singular or the plural, depending on the reference:

"Account Control Agreement" shall mean an account control agreement substantially in the form of Exhibit I-1 hereto or in a form reasonably acceptable to the Administrative Agent, as the same may be amended, supplemented or otherwise modified, renewed or replaced from time to time.

"Administrative Agent" shall mean Credit Lyonnais New York Branch, in its capacity as Administrative Agent for the Lenders hereunder, or such successor Administrative Agent as may be appointed pursuant to Section 12.11 of this Credit Agreement.

"Affiliate" shall mean any Person which, directly or indirectly, is in control of, is controlled by or is under common control with, another Person. For purposes of this definition, a Person shall be deemed to be "controlled by" another Person if such latter Person possesses, directly or indirectly, power either to direct or cause the direction of the management and policies of such controlled Person whether by contract or otherwise.

"Affiliated Group" shall mean a group of Persons, each of which is an Affiliate of at least one other Person in the group.

"Agents" shall mean, collectively, the Administrative Agent, the Syndication Agent and the Documentation Agent.

"Alternate Base Rate" shall mean, for any day, a rate per annum equal to the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Rate in effect for such day plus 1/2 of 1%. For purposes hereof, "Prime Rate" shall mean the rate of interest per annum established from time to time by the Administrative Agent as its prime rate, which rate may not be the lowest rate of interest charged by the Administrative Agent to its customers. "Federal Funds Rate" shall mean, for any day, the rate per annum (rounded upwards, if necessary, to the next 1/100th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, on such day, as published on the next succeeding Business Day by the Federal Reserve Bank of New York; provided, that (i) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day and (ii) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate quoted to the Administrative Agent on such day on such transactions as determined by the Administrative Agent. If the Administrative Agent shall have determined (which determination

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shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Rate for any reason, including (without limitation) the inability or failure of the Administrative Agent to obtain quotations in accordance with the terms hereof, the Alternate Base Rate shall be determined without regard to clause (b) of the first sentence of this definition until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Rate shall be effective on the effective date of such change in the Prime Rate or the Federal Funds Rate, respectively.

"Alternate Base Rate Loan" shall mean a Loan based on the Alternate Base Rate in accordance with the provisions of Article 2 hereof.

"Amendment to Account Control Agreement" shall mean an amendment to the Account Control Agreement executed in connection with the Existing Credit Agreement substantially in the form of Exhibit I-2 hereto.

"Annualized Operating Cash Flow" means, as of any date of determination, the product of two times EBITDA for the two most recently ended fiscal quarters for which financial statements have been provided to the Administrative Agent pursuant to Section 5.5 hereof.

"Applicable Law" shall mean all provisions of statutes, rules, regulations and orders of the United States or foreign governmental bodies or regulatory agencies applicable to the Person in question, and all orders and decrees of all courts and arbitrators in proceedings or actions in which the Person in question is a party.

"Applicable Margin" shall mean:

(a) for Revolving Loans a percentage determined as follows:

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Level	Total Leverage Ratio	Applicable Margin for Alternate Base Rate Loans	Applicable Margin for Eurodollar Loans
<S> I	<C> >3.75 -	<C> 2.00%	<C> 3.50%
II	>3.25 but <3.75 -	1.75%	3.25%
III	>2.75 but <3.25 -	1.50%	3.00%
IV	< 2.75	1.25%	2.75%

</TABLE>

; provided, however, that the initial pricing will be set at Level II and shall not be lower than Level II until the later of six months after the Closing Date and the date upon which the Borrower has delivered the financial statements and compliance certificates contemplated by Sections 5.5(a) and (d) hereof for the fiscal quarter ending March 31, 2004; and

(b) for Term Loans, (i) in the case of Alternate Base Rate Loans, 1.75% and (ii) in the case of Eurodollar Loans, 3.25%.

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"Approved Fund" means, with respect to any Lender that is a fund investing in bank loans, any other fund, trust or entity that invests in bank loans and is advised or managed by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

"Asset Sale" means any sale, disposition, liquidation, conveyance or transfer by the Borrower or any Restricted Subsidiary of any Property (or portion thereof) or an interest (other than Permitted Encumbrances) therein.

"Assignment and Acceptance" shall mean an agreement in the form of Exhibit C hereto, executed by the assignor, assignee and any other parties as contemplated thereby.

"Auditor" means KPMG Peat Marwick, L.L.P., or other independent certified public accountants selected by the Borrower and acceptable to Administrative Agent.

"AUSP" means Alaska United Fiber System Partnership, an Alaska general partnership and Restricted Subsidiary, which is a wholly owned indirect Subsidiary of the Borrower.

"Authorizations" means all filings, recordings and registrations with, and all validations or exemptions, approvals, orders, authorizations, consents, licenses, certificates and permits from, the FCC, applicable public utilities and other federal, state and local regulatory or governmental bodies and authorities or any subdivision thereof, including, without limitation, FCC Licenses.

"Authorized Officer" shall mean, with respect to the Borrower, the President, any Vice President, the Treasurer or the Secretary.

"Board" shall mean the Board of Governors of the Federal Reserve System of the United States of America.

"Borrowing" shall mean (i) a group of Loans of a single interest rate type made by the Lenders on a single date and as to which a single Interest Period is in effect or (ii) a Swingline Loan.

"Borrowing Certificate" shall mean a borrowing certificate, substantially in the form of Exhibit D hereto, to be delivered by the Borrower to the Administrative Agent in connection with each Borrowing.

"Business Day" shall mean any day other than a Saturday, Sunday or other day on which banks are required or permitted to close in the State of New York; provided, however, that when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in Dollar deposits on the London Interbank Market.

"Capital Expenditures" means the aggregate amount of all purchases or acquisitions of items considered to be capital items under GAAP, and in any event shall include

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the aggregate amount of items leased or acquired under Capital Leases at the cost of the item, and the acquisition of realty, tools, equipment, and fixed assets, and any deferred costs associated with any of the foregoing.

"Capital Lease" shall mean, with respect to any Person, any lease of any property (whether real, personal or mixed) by that Person as lessee which, in accordance with GAAP, is or should be accounted for as a capital lease on the balance sheet of that Person.

"Capital Stock" means, as to any Person, the equity interests in such Person, including, without limitation, the shares of each class of capital stock of any Person that is a corporation and each class of partnership interests (including, without limitation, general, limited and preference units) in any Person that is a partnership.

"Cash Collateral Account" shall have the meaning given such term in Section 11.1 hereof.

"Cash Equivalents" shall mean (i) marketable securities issued or directly and fully guaranteed or insured by the United States of America or any agency or instrumentality thereof (provided that the full faith and credit of the United States of America is pledged in support thereof) having maturities of not more than twelve months from the date of acquisition, (ii) Dollar denominated time deposits, demand deposits, certificates of deposit, acceptances, prime commercial paper or repurchase obligations for underlying securities of the types described in clause (i), in each case, entered into with a Lender or a commercial bank having a short-term deposit rating of at least A-2 or the equivalent thereof by Standard & Poor's or at least P-2 or the equivalent thereof by Moody's Investors Service, Inc. and having a maturity of not more than twelve months from the date of acquisition, or (iii) Dollar denominated commercial paper with a rating of A-1 or A-2 or the equivalent thereof by Standard & Poor's or P-1 or P-2 or the equivalent thereof by Moody's Investors Service, Inc. and maturing within twelve months after the date of acquisition.

"Change of Control" shall mean (i) any Person, Affiliated Group or group (such term being used as defined in the Securities Exchange Act of 1934, as amended) acquiring ownership or control of in excess of 35% of the Capital Stock having voting power to vote in the election of the Board of Directors of the Borrower either on a fully diluted basis or based solely on the voting stock then outstanding, (ii) if at any time, individuals who at the date hereof constituted the Board of Directors of the Borrower (together with any new directors whose election by such Board of Directors or whose nomination for election by the shareholders of the Borrower, as the case may be, was approved by a vote of the majority of the directors then still in office who were either directors at the date hereof or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors of the Borrower then in office, (iii) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Borrower to any Person or (iv) the adoption of a plan relating to the liquidation or dissolution of the Borrower.

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"Closing Date" shall mean the earliest date on which all conditions precedent to the making of the initial Loan as set forth in Section 4.1 hereof have been satisfied or waived by all the Lenders.

"Code" shall mean the Internal Revenue Code of 1986 and the rules and regulations issued thereunder, as heretofore amended, as codified at 26 U.S.C. ss.1 et seq. or any successor provision thereto.

"Collateral" shall mean, with respect to each Transaction Party, all of such Transaction Party's right, title and interest in and to real and personal property, tangible and intangible, wherever located or situated and whether now owned, presently existing or hereafter acquired or created, including, but not limited to, goods, accounts, intercompany obligations, partnership and joint venture interests, contract rights, documents, instruments, chattel paper, general intangibles, investment property, goodwill, equipment, machinery (including, without limitation, any spare parts), inventory, copyrights, trademarks, trade names, patents, insurance proceeds, FCC Licenses, cash and bank accounts (including, without limitation, any funds on deposit in any such bank account at any time) and any proceeds or products of any of the foregoing or income from any of the foregoing in any form, including, without limitation, any claims against third parties for loss or damage to or destruction of any or all of the foregoing, provided that Collateral shall not include property which pursuant to its terms or the terms of any contract, lease or license related thereto or under Applicable Law may not be pledged or assigned, to the extent such prohibition on pledge or assignment is enforceable.

"Commitment Fees" shall have the meaning given such term in Section 2.6 hereof.

"Commitments" shall mean, collectively, the Revolving Commitments and the Term Loan Commitments.

"Compliance Certificate" means a certificate of an Authorized Officer of the Borrower acceptable to the Administrative Agent, in the form of Exhibit E hereto, (a) certifying that such individual has no knowledge that a Default or Event of Default has occurred and is continuing, or if a Default or Event of Default has occurred and is continuing, a statement as to the nature thereof and the action being taken or proposed to be taken with respect thereto, and (b) setting forth detailed calculations with respect to each of the covenants described in Sections 6.11, 6.12, 6.13 and 6.14 hereof.

"Contingent Liability" means, as to any Person, any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or obligation of any other Person in any manner, whether directly or indirectly, including without

limitation any obligation of such Person, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Indebtedness, (b) to purchase Property or services for the purpose of assuring the owner of such Indebtedness of its payment, or (c) to maintain the solvency, working capital, equity, cash flow, fixed charge or other coverage ratio, or any other financial condition of the primary obligor so as to enable the primary obligor to pay any Indebtedness or to comply with any agreement relating

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to any Indebtedness or obligation, and shall, in any event, include any contingent obligation under any letter of credit, application for any letter of credit or other related documentation.

"Credit Exposure" shall mean, without duplication, with respect to any Lender, the sum of (A) such Lender's aggregate outstanding Loans plus the current L/C Exposure hereunder and (B) the amount, if any, by which the sum of such Lender's Revolving Commitment exceeds the amount of its outstanding Revolving Loans, participations in Letters of Credit and Swingline Loans hereunder.

"Credit Lyonnais" shall mean Credit Lyonnais New York Branch, in its individual capacity.

"Deeds of Trust" shall mean (i) that certain Deed of Trust and Assignment dated as of January 27, 1998 among AUSP as Grantor, TransAlaska Summit Title Insurance Agency of Alaska L.L.C. as Trustee and the Administrative Agent as Beneficiary, which Deed of Trust and Assignment has been recorded in various recording districts in the State of Alaska, as such Deed of Trust and Assignment has been and may be further amended, supplemented or otherwise modified, renewed or replaced from time to time and (ii) those certain Deeds of Trust and Assignment dated as of January 27, 1998 among AUSP as Grantor, First American Title Insurance Company as Trustee and the Administrative Agent, which Deeds of Trust and Assignment have been recorded in the office of the Snohomish County Auditor and the King County Records and Election Office in the State of Washington, as such Deeds of Trust and Assignment have been and may be further amended, supplemented or otherwise modified, renewed or replaced from time to time.

"Debtor Relief Laws" means applicable bankruptcy, reorganization, moratorium, or similar Applicable Laws, or principles of equity affecting the enforcement of creditors' rights generally.

"Default" shall mean any event, act or condition which with notice or lapse of time, or both, would constitute an Event of Default.

"Derivative Contract" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., or any similar or successor organization.

"Disqualified Debt" shall mean any indebtedness of GCI or GCII (including, without limitation, the Senior Notes).

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"Distribution" means, as to any Person, (a) any declaration or payment of any distribution or dividend (other than a stock dividend) on, or the making of any pro rata distribution, loan, advance, or investment to or in any holder (in its capacity as a partner, shareholder or other equity holder) of, any partnership interest or shares of capital stock or other equity interest of such Person, or (b) any purchase, redemption, or other acquisition or retirement for value of any shares of partnership interest or capital stock or other equity interest of such Person.

"Documentation Agent" shall mean General Electric Capital Corporation, a New York corporation, in its capacity as documentation agent, co-arranger and co-bookrunner hereunder.

"Dollars" and "\$" shall mean lawful money of the United States of America.

"EBITDA" means, for any applicable period, determined in accordance with GAAP, the consolidated net income (loss) of the Borrower, the Restricted Subsidiaries, GCI Transport and Satco, for such period taken as a single accounting period (adjusted, in each case, for extraordinary gains and losses and the impact of any provision for, or reversal of, up to \$13,000,000 of certain Worldcom accounts receivable), plus the sum of the following amounts for such period to the extent included in the determination of such consolidated net income: (a) depreciation expense, plus (b) amortization expense and other non-cash charges reducing income, plus (c) interest expense, plus (d) cash income tax expense for the Borrower, Restricted Subsidiaries, GCI Transport and Satco, plus (e) deferred income Taxes for the Borrower, Restricted Subsidiaries, GCI Transport and Satco, minus (f) proceeds from one-time fiber sales (including IRUs and long term leases which do not provide for periodic payments to be made at least semi-annually during the term of such transaction in proportion to the availability of capacity) which are received in a lump sum, provided, that the calculation is made after giving effect to acquisitions and dispositions of assets of the Borrower or any Restricted Subsidiary during such period as if such transactions had occurred on the first day of such period.

"Environmental Laws" shall mean any and all federal, state, local or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees or requirements of any Governmental Authority regulating, relating to or imposing liability or standards of conduct concerning any Hazardous Material or environmental protection or health and safety, as now or may at any time hereafter be in effect, including, without limitation, the Clean Water Act also known as the Federal Water Pollution Control Act, 33 U.S.C. ss. 1251 et seq., the Clean Air Act, 42 U.S.C. ss. 7401 et seq., the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. ss. 136 et seq., the Surface Mining Control and Reclamation Act, 30 U.S.C. ss. 1201 et seq., the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. ss. 9601 et seq., the Superfund Amendments and Reauthorization Act of 1986, Public Law 99-499, 100 Stat. 1613, the Emergency Planning and Community Right to Know Act, 42 U.S.C. ss. 11001 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. ss. 6901 et seq., the Occupational Safety and Health Act as amended, 29 U.S.C. ss. 655 and ss. 657, together, in each case, with any amendment thereto, and the regulations adopted pursuant thereto.

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"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as heretofore and hereafter amended, as codified at 29 U.S.C. ss. 1001 et seq. and applicable regulations promulgated thereunder or any successor provision thereto.

"ERISA Affiliate" shall mean each Person (as defined in Section 3(a) of ERISA) which is treated as a single employer with any Transaction Party under Section 414(b), (c), (m) or (o) of the Code.

"Eurodollar Loan" shall mean a Loan based on the LIBO Rate in accordance with the provisions of Article 2 hereof.

"Event of Default" shall have the meaning given such term in Article 7 hereof.

"Excess Capital Expenditures" shall mean the aggregate amount of Capital Expenditures (other than Permitted New Fiber Cap Ex) made during a given fiscal year in excess of \$25,000,000.

"Excess Cash Flow" shall mean, for any period for which it is to be determined, the amount by which the sum of (x) EBITDA for such period plus (y) one-time fiber sales for such period (including IRUs and long term leases which do not provide for periodic payments to be made at least semi-annually during the term of such transaction in proportion to the availability of capacity) to the extent such fiber sales are not included in EBITDA, exceeds Fixed Charges during such period.

"Existing Credit Agreement" shall mean that certain Credit, Guaranty, Security and Pledge Agreement, dated as of October 31, 2002, among the Borrower, as Borrower, the Guarantors referred to therein, the Lenders referred to therein, Credit Lyonnais New York Branch, as Administrative Agent, Issuing Bank, Co-Bookrunner and Co-Arranger, General Electric Capital Corporation, as Documentation Agent, Co-Arranger and Co-Bookrunner and CIT Lending Services Corporation, as Syndication Agent, as amended by that certain Amendment No. 1 dated as of April 22, 2003 to the Existing Credit Agreement.

"FCC" shall mean the Federal Communications Commission or any Governmental Authority which succeeds to the powers and functions thereof.

"FCC Licenses" shall mean (i) any community antenna relay service, broadcast auxiliary license, earth station registration, business radio, microwave or special safety radio service license issued by the FCC pursuant to the Communications Act of 1934, as amended, and (ii) any other license or permit issued by the FCC from time to time necessary or advisable for the operation of GCII's, the Borrower's or any of their Restricted Subsidiaries' respective business.

"Fiber Hold" shall mean Fiber Hold Co., Inc., an Alaska corporation.

"Final Maturity Date" shall mean October 31, 2007.

"Fixed Charges" means, for any period for which it is to be determined, the sum of (a) cash Total Interest Expense paid or accrued, plus (b) scheduled principal on payments of

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Indebtedness of GCII, the Borrower, any Restricted Subsidiary, GCI Transport or Satco (whether by installment or as a result of a scheduled reduction in a revolving commitment, or otherwise), plus (c) cash taxes paid or accrued for GCII, the Borrower, its Restricted Subsidiaries, GCI Transport and Satco, plus (d) all Restricted Payments, plus (e) up to \$25,000,000 per rolling four quarter period of Capital Expenditures (other than Permitted New Fiber Cap Ex) made by any of GCII, the Borrower, its Restricted Subsidiaries, GCI Transport and Satco.

"Fundamental Documents" shall mean this Credit Agreement, the Notes, the Deeds of Trust, any Account Control Agreement, UCC-1 Financing Statements and any other ancillary documentation which is required to be, or is otherwise, executed by any of the Transaction Parties and delivered to the Administrative Agent in connection with this Credit Agreement or any other Fundamental Document.

"Funded Indebtedness" means, without duplication, with respect to any Person, all (a) Indebtedness having a final maturity (or extendable at the option of the obligor for a period ending) more than one year after the date of creation thereof, notwithstanding the fact that payments are required to be made less than one year after such date, (b) Capital Lease obligations (without duplication), (c) reimbursement obligations relating to letters of credit (without duplication), (d) Contingent Liabilities relating to any of the foregoing (without duplication), (e) Withdrawal Liability, (f) payments due under Non-Compete Agreements, and (g) payments due for the deferred purchase price of property and services (including, without limitation, IRUs, but excluding trade payables that are less than 120 days old and any thereof that are being contested in good faith).

"GAAP" shall mean generally accepted accounting principles in the United States of America consistently applied (except for accounting changes in response to FASB releases, or other authoritative pronouncements).

"GCI" shall mean General Communication, Inc., an Alaska corporation, and immediate parent and holder of 100% of the Capital Stock of GCII.

"GCI Cable" shall mean GCI Cable, Inc., an Alaska corporation.

"GCI Communication" shall mean GCI Communication Corp., an Alaska corporation.

"GCI Fiber" shall mean GCI Fiber Co., Inc., an Alaska corporation.

"GCI Transport" shall mean GCI Transport Co., Inc., an Alaska corporation.

"GCII" means GCI, Inc., an Alaska corporation, and immediate parent and holder of 100% of the Capital Stock of the Borrower.

"General Partner" shall mean GCI Fiber and/or Fiber Hold.

"Governmental Authority" shall mean any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, or any court, in each case whether of the United States or a foreign jurisdiction.

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"Guarantors" means GCII and each Restricted Subsidiary and each other Person from time to time guaranteeing payment of the Obligations to the Administrative Agent and Lenders.

"Guaranty" of a Person means any agreement by which such Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes liable upon, the obligation of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor or such other Person against loss, including, without limitation, any agreement which assures any creditor or such other Person payment or performance of any obligation, or any take-or-pay contract and shall include, without limitation, the contingent liability of such Person in connection with any application for a letter of credit (without duplication of any amount already included in its

Indebtedness).

"Hazardous Materials" shall mean any flammable materials, explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or similar materials defined in any Environmental Law.

"Indebtedness" shall mean (without double counting), at any time and with respect to any Person, (i) indebtedness of such Person for borrowed money (whether by loan or the issuance and sale of debt securities) or for the deferred purchase price of property or services purchased (other than amounts constituting trade payables payable within 120 days and arising in the ordinary course of business); (ii) obligations of such Person in respect of letters of credit, acceptance facilities, or drafts or similar instruments issued or accepted by banks and other financial institutions for the account of such Person; (iii) obligations of such Person under Capital Leases; (iv) deferred payment obligations of such Person resulting from the adjudication or settlement of any litigation to the extent not already reflected as a current liability on the balance sheet of such Person and (v) Indebtedness of others of the type described in clauses (i), (ii), (iii) and (iv) hereof which such Person has (a) directly or indirectly assumed or guaranteed in connection with a Guaranty or (b) secured by a Lien on the assets of such Person, whether or not such Person has assumed such indebtedness.

"Indenture" means the Indenture dated as of August 1, 1997, between GCII and The Bank of New York, as Trustee, providing for the Senior Notes, as the same may be amended, restated or otherwise modified, renewed or replaced pursuant to the terms hereof and thereof.

"Initial Date" shall mean (i) in the case of the Administrative Agent, the date hereof, (ii) in the case of each Lender which is an original party to this Credit Agreement, the date hereof and (iii) in the case of any other Lender, the effective date of the Assignment and Acceptance pursuant to which it became a Lender.

"Instrument of Assumption and Joinder" shall mean an instrument of assumption and joinder duly executed by the applicable Subsidiary party thereto and substantially in the form of Exhibit G hereto.

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"Insufficiency" means, with respect to any Plan, the amount, if any, of its unfunded benefit liabilities within the meaning of Section 4001(a) (18) of ERISA.

"Insurance Proceeds Account" shall have the meaning given to such term in Section 5.2(f) hereof.

"Interest Coverage Ratio" means as of any date of determination, the ratio of (a) Annualized Operating Cash Flow to (b) Total Interest Expense for the most recently completed four fiscal quarters.

"Interest Deficit" shall have the meaning given such term in Section 2.16.

"Interest Payment Date" shall mean (i) as to any Eurodollar Loan having an Interest Period of one, two or three months, the last day of such Interest Period, (ii) as to any Eurodollar Loan having an Interest Period of more than three months, the last day of such Interest Period and, in addition, each date during such Interest Period that would be the last day of an Interest Period commencing on the same day as the first day of such Interest Period but having a duration of three months or any integral multiple thereof and (iii) with respect to Alternate Base Rate Loans (other than a Swingline Loan), the last Business Day of each March, June, September and December (commencing the last Business Day of December 2003) and (iv) with respect to any Swingline Loan, the day that such Loan is required to be repaid.

"Interest Period" shall mean as to any Eurodollar Loan, the period commencing on the date of such Loan or the last day of the preceding Interest Period and ending on the numerically corresponding day (or if there is no corresponding day, the last day) in the calendar month that is one, two, three or six months thereafter as the Borrower may elect; provided, however, that (i) if any Interest Period would end on a day which shall not be a Business Day, such Interest Period shall be extended to the next succeeding Business Day, unless such next succeeding Business Day would fall in the next calendar month, in which case, such Interest Period shall end on the next preceding Business Day and (ii) no Interest Period may be selected which would end later than the Final Maturity Date.

"Interest Rate Protection Agreement" shall mean any interest rate swap agreement, interest rate cap agreement, synthetic caps, collars and floors or other financial agreement or arrangement designed to protect the Borrower against fluctuations in interest rates.

"Investment" shall mean any stock, evidence of indebtedness or

other securities of any Person, any loan, advance, contribution of capital, extension of credit or commitment therefor, including without limitation the guarantee of loans or obligations of others, and any purchase of (i) any securities of another Person or (ii) any business or undertaking of any Person or any commitment or option to make any such purchase.

"IRU" shall mean any agreement whereby a Transaction Party acquires the exclusive and irrevocable right to use conduit, dark fiber, lit fiber (including associated electronic and/or optical components) or other telecommunications network facilities, owned by another Person for such Transaction Party's own network use, but not the right to physical possession and control of such facilities, and without regard to whether such agreement should be characterized as a lease or as a conveyance of an ownership interest.

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"Issuing Bank" means Credit Lyonnais New York Branch, in its capacity as the issuer of Letters of Credit hereunder, and its successors in such capacity as may be appointed pursuant to Section 2.18(h) hereto.

"L/C Exposure" shall mean, at any time, the amount expressed in Dollars of the aggregate face amount of all drafts which may then or thereafter be presented by beneficiaries under all Letters of Credit then outstanding plus (without duplication), the face amount of all drafts which have been presented or accepted under all Letters of Credit but have not yet been paid or have been paid but not reimbursed, whether directly or from the proceeds of a Loan hereunder.

"Lender" and "Lenders" shall mean the financial institutions whose names appear at the foot hereof as lenders and any assignee of a Lender pursuant to Section 13.3(b). Unless the context otherwise requires, the term "Lenders" includes the Swingline Lender.

"Lending Office" shall mean, with respect to any Lender, the branch or branches (or affiliate or affiliates) from which such Lender's Eurodollar Loans or Alternate Base Rate Loans, as the case may be, are made or maintained and for the account of which all payments of principal of, and interest on, such Lender's Eurodollar Loans or Alternate Base Rate Loans are made, as notified to the Administrative Agent from time to time.

"Letter of Credit" means any Letter of Credit issued pursuant to this Credit Agreement.

"LIBO Rate" shall mean, with respect to the Interest Period for a Eurodollar Loan, an interest rate per annum equal to the quotient (rounded upwards to the next 1/100 of 1%) of (A) the average of the rates at which Dollar deposits approximately equal in principal amount to the Administrative Agent's portion of such Eurodollar Loan and for a maturity equal to the applicable Interest Period are offered to the Lending Office of the Administrative Agent in immediately available funds in the London Interbank Market for Eurodollars at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period divided by (B) one minus the applicable statutory reserve requirements of the Administrative Agent, expressed as a decimal (including, without duplication or limitation, basic, supplemental, marginal and emergency reserves), from time to time in effect under Regulation D or similar regulations of the Board. It is agreed that for purposes of this definition, Eurodollar Loans made hereunder shall be deemed to constitute Eurocurrency Liabilities as defined in Regulation D and to be subject to the reserve requirements of Regulation D.

"Lien" shall mean any mortgage, pledge, security interest, encumbrance, lien, easement or charge of any kind whatsoever (including any conditional sale or other title retention agreement, any lease in the nature thereof or the agreement to grant a security interest at a future date).

"Litigation" means any proceeding, claim, lawsuit, arbitration, and/or investigation conducted or threatened by or before any Governmental Authority, including without limitation proceedings, claims, lawsuits, and/or investigations under or pursuant to any

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environmental, occupational, safety and health, antitrust, unfair competition, securities, Tax, or other Applicable Law, or under or pursuant to any contract, agreement, or other instrument.

"Loans" shall mean the Revolving Loans, the Swingline Loans and the Term Loan.

"Mandate Letter" shall mean that certain letter agreement dated as of September 23, 2003 among the Borrower, GCI and the Administrative Agent related to, among other things, the payment of certain fees.

"Margin Stock" shall be as defined in Regulation U of the Board.

"Material Adverse Effect" shall mean any event or condition that (a) has a material adverse effect on the business, assets, properties, operations, condition (financial or otherwise) or prospects of the Borrower, (b) materially impairs the ability of the Borrower or any other Transaction Party to perform any of their respective obligations under any Fundamental Document to which it is or will be a party or (c) materially and adversely affects the Lien granted to the Administrative Agent for the benefit of the Lenders and the Issuing Bank under any Fundamental Document or materially impairs the validity or enforceability of, or materially impairs the rights or remedies available to the Lenders and the Issuing Bank under, any Fundamental Document; provided, however, that any event or condition will be deemed to have a "Material Adverse Effect", if such event or condition when taken together with all other events or conditions occurring or in existence at such time (including all other events and conditions which, but for the fact that any representation or warranty contained herein is subject to a "Material Adverse Effect" exception, would cause such representation or warranty to be untrue) would result in a "Material Adverse Effect", even though, individually, such event or condition would not do so.

"Material Agreement" shall mean each of those agreements listed on Schedule 3.17 attached hereto.

"Maximum Amount" means the maximum amount of interest which, under Applicable Law, the Administrative Agent, the Issuing Bank or any Lender is permitted to charge on the Obligations.

"Multiemployer Plan" means a plan described in Section 4001(a)(3) of ERISA, to which any Transaction Party or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"Net Cash Proceeds" means the gross cash proceeds received by the Borrower or any Restricted Subsidiary in connection with or as a result of any Asset Sale (including, without limitation, as applicable, all cash proceeds received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise, but only as and when received), minus (so long as each of the following are estimated in good faith by the Vice President - - Chief Financial Officer of the Borrower or such Restricted Subsidiary and certified to the Lenders in reasonable detail by an Authorized Officer) (a) amounts paid or reasonably reserved in good faith, if any, for taxes payable with respect to such Asset Sale in an amount equal to the tax

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liability of the Borrower or any Affiliate of the Borrower in respect of such sale (taking into account all other tax benefits of each of the parties) and (b) reasonable and customary transaction costs payable by the Borrower or any Restricted Subsidiary related to such sale.

"Non-Compete Agreement" means any agreement or related set of agreements under which the Borrower or any Restricted Subsidiary agrees to pay money in one or more installments to one or more Persons in exchange for agreements from such Persons to refrain from competing with the Borrower or such Restricted Subsidiary in a certain line of business in a specific geographical area for a certain time period, or pursuant to which any Person agrees to limit or restrict its right to engage, directly or indirectly, in the same or similar industry for any period of time for any geographic location.

"Non-Consenting Lender" shall have the meaning given to such term in Section 13.10(c) hereof.

"Notes" shall mean the Revolving Notes, the Term Notes and the Swingline Note.

"Obligations" shall mean the obligation of the Borrower to make due and punctual payment of principal of and interest on the Loans, the Commitment Fees, any reimbursement obligations in respect of Letters of Credit and all other monetary obligations of the Borrower owed to the Administrative Agent or any Lender under this Credit Agreement, the Notes, any other Fundamental Document or the Mandate Letter and all amounts payable by the Borrower to any Lender under any Interest Rate Protection Agreement as to which the Administrative Agent shall have received written notice thereof within 10 Business Days after execution of such Interest Rate Protection Agreement.

"Outstanding Revolver" shall mean, with respect to any period, the average daily outstanding principal amount of Revolving Loans plus the daily outstanding principal amount of Swingline Loans plus the daily aggregate L/C Exposure during such period.

"Partnership Agreement" shall mean the Partnership Agreement of AUSP dated as of July 29, 1997 by and between GCI Fiber and Fiber Hold, as such agreement may be amended from time to time.

"PBGC" shall mean the Pension Benefit Guaranty Corporation or

any successor thereto.

"Permitted Dispositions" shall have the meaning given to such term in Section 6.4 hereof.

"Permitted Encumbrances" shall mean the following Liens:

(a) deposits under worker's compensation, unemployment insurance, old-age pensions and other social security laws or to secure statutory obligations or surety or appeal bonds or performance or other similar bonds incurred in the ordinary course of business;

(b) Liens for Taxes, assessments or other governmental charges or levies which are not yet due and payable or the validity or amount of which is currently being contested in good

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faith by appropriate proceedings pursuant to the terms of Section 5.8 hereof and as to which foreclosure or other enforcement proceedings shall not have been commenced (unless fully bonded or effectively stayed);

(c) Liens which secure outstanding trade payables in amounts not exceeding \$4,000,000 in the aggregate and are incurred in the ordinary course of business with regard to goods provided or services rendered by common carriers, landlords, warehousemen, mechanics, and suppliers of materials and equipment;

(d) Liens arising out of attachments, judgments or awards as to which an appeal or other appropriate proceedings for contest or review are timely commenced (and as to which foreclosure or other enforcement proceedings shall not have been commenced (unless fully bonded or otherwise effectively stayed)) and as to which appropriate reserves have been established in accordance with GAAP;

(e) the Liens of the Administrative Agent for the benefit of the Lenders under this Credit Agreement or any other Fundamental Document;

(f) existing Liens set forth on Schedule 3.8 hereto;

(g) possessory Liens which (i) occur in the ordinary course of business, (ii) secure normal trade debt which is not yet due and payable and (iii) do not secure Indebtedness for borrowed money;

(h) Liens arising by virtue of any statutory or common law provision relating to banker's liens, rights of setoff or similar rights with respect to deposit accounts of the Borrower;

(i) easements, rights of way, restrictions, minor defects or irregularities in title and other similar encumbrances on real property which do not materially detract from the value of the property subject thereof or the conduct of business of the Borrower; and

(j) security deposits paid under contracts relating to the construction or acquisition of up to \$58 million of submarine fiber capacity between Alaska and the lower forty-eight states, which security deposits shall not cumulatively exceed \$8,000,000 in the aggregate during the term of this Credit Agreement.

"Permitted Investments" shall have the meaning given to such term in Section 6.9 hereof.

"Permitted New Fiber Cap Ex" shall mean up to \$58,000,000 in expenditures for the construction or acquisition of submarine fiber capacity between Alaska and the lower forty-eight states.

"Person" shall mean any natural person, corporation, partnership, limited liability company, trust, Governmental Authority, joint venture, association, company, estate, unincorporated organization or government or any agency or political subdivision thereof.

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"Plan" shall mean an employee benefit plan within the meaning of Section 3(2) of ERISA, other than a Multiemployer Plan, maintained or contributed to by any Transaction Party, or any ERISA Affiliate, or otherwise pursuant to which any Transaction Party could have liability.

"Pledged Collateral" shall mean the Pledged Interests and any proceeds or products thereof or income therefrom, in any form, together with (i) all profits, dividends and distributions to which a Pledgor shall at any time be entitled in respect of its Pledged Interests; (ii) all other payments, if any, due or to become due to a Pledgor in respect of its Pledged Interests, whether as contractual obligations, damages, insurance proceeds, condemnation awards or otherwise; (iii) all of a Pledgor's claims, rights, powers, privileges, authority, options, security interest, liens and remedies, if any, under or

arising out of the ownership of such Pledgor's Pledged Interests; (iv) all present and future claims, if any, of a Pledgor against the applicable entity in which such Pledgor owns its Pledged Interests or under or arising out of the applicable partnership or operating agreement, as applicable, for monies loaned or advanced, for services rendered or otherwise; (v) to the extent permitted by Applicable Law, all of a Pledgor's rights, if any, under the applicable partnership or operating agreement, as applicable, or at law, to exercise and enforce every right, power, remedy, authority, option and privilege of such Pledgor relating to its Pledged Interests, including, without limitation, any power to terminate, cancel or modify the applicable partnership or operating agreement, as applicable, to execute any instruments and to take any and all other action on behalf of and in the name of such Pledgor in respect of its Pledged Interests and the entity in which such Pledgor owns its Pledged Interests, to make determinations, to exercise any election (including, but not limited to, election of remedies) or option or to give or receive any notice, consent, amendment, waiver or approval, together with full power and authority to demand, receive, enforce or collect any of the foregoing or any property of the applicable entity, to enforce or execute any checks, or other instruments or orders, to file any claims and to take any action in connection with any of the foregoing; and (vi) to the extent not otherwise included, any and all proceeds (as defined in Section 9-102(a) (64) of the UCC) of any or all of the foregoing.

"Pledged Interests" means (a) a first perfected security interest in 100% of the Capital Stock of the Borrower; and (b) a first perfected security interest in 100% of the Capital Stock of each Restricted Subsidiary owned by a Transaction Party, now existing or hereafter formed or acquired.

"Pledgor" means a Transaction Party that owns any of the Pledged Interests.

"Prepayment Date" shall have the meaning given such term in Section 2.10(f) hereof.

"Prior Closing Date" shall mean the closing date under the Existing Credit Agreement.

"Projections" shall mean the financial projections of the Borrower referred to in Section 3.4 hereof.

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"Property" means all types of real, personal, tangible, intangible, or mixed property, whether owned in fee simple or leased.

"Register" shall have the meaning given such term in Section 13.3(e) hereof.

"Replacement Lender" shall have the meaning given to such term in Section 13.10(c) hereof.

"Reportable Event" shall mean any reportable event as defined in Section 4043(c) of ERISA, other than a reportable event as to which the 30-day notice period is waived under subsection .22, .23, .25, .27 or .28 of PBGC Regulation Section 4043.

"Required Lenders" shall mean the Lenders holding 51% or more of the aggregate Credit Exposure of all Lenders.

"Required Revolving Lenders" shall mean (i) the Lenders holding 51% of the unpaid principal amount, if any, of the Revolving Loans and L/C Exposure then outstanding or (ii) if no Revolving Loans and no Letters of Credit are then outstanding, the Lenders holding 51% or more of the total Revolving Commitment.

"Related Fund" shall mean, with respect to any Lender that is a fund that invests in commercial loans, any other fund that invests in commercial loans and is managed or advised by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

"Restricted Group" means the Borrower and the Restricted Subsidiaries.

"Restricted Payments" means (a) any direct or indirect distribution, Distribution or other payment on account of any general or limited partnership interest in (or the setting aside of funds for, or the establishment of a sinking fund or analogous fund with respect to), or shares of Capital Stock or other securities of, any Transaction Party; (b) any payments of principal of, or interest on, or fees related to, or any other payments and prepayments with respect to, or the establishment of, or any payment to, any sinking fund or analogous fund for the purpose of making any such payments on, Funded Indebtedness of any Transaction Party (excluding the Obligations); (c) any management, consulting or other similar fees, or any interest thereon, payable by any Transaction Party; (d) any administration fee or any administration, consulting or other similar fees, or any interest thereon, payable by any Transaction Party to any Affiliate of GCI or any Transaction Party (excluding

the payment of compensation (including amounts paid pursuant to employee benefit plans) in the ordinary course of business for the personal services of officers, directors and employees of the Borrower or any of its Subsidiaries, so long as the Board of Directors of GCI and the Borrower in good faith shall have approved the terms thereof and deemed the services therefore or thereafter to be performed for such compensation or fees to be fair consideration therefor); (e) any payments of any amounts owing under any Non-Compete Agreements; (f) fees, loans or other payments or advances by any Transaction Party to any Unrestricted Subsidiary or any other Affiliate of GCI or any Transaction Party, except to the extent such payments are permitted in accordance with the terms of Section 6.8 hereof and (g) payments under any Synthetic Purchase Agreement; provided, however, that Restricted Payments shall not include any of the foregoing items (a) through (g) to the extent made to the Borrower or another Transaction Party.

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"Restricted Subsidiaries" means each Subsidiary, now existing or hereafter created or acquired, of the Borrower, other than Unrestricted Subsidiaries, and "Restricted Subsidiary" means any one of them, as applicable in the context.

"Revolving Commitment" shall mean the commitment of each Lender to make Revolving Loans and/or Swingline Loans to the Borrower and participate in Letters of Credit from the Initial Date applicable to such Lender to but excluding the Revolving Commitment Termination Date up to an aggregate amount, at any one time, not in excess of the amount set forth (i) opposite the name of such Lender under the column entitled "Revolving Commitment" in the Schedule of Commitments, or (ii) in any applicable Assignment and Acceptance(s) to which it may be a party, as the case may be, as such amount may be reduced from time to time in accordance with the terms of this Credit Agreement.

"Revolving Commitment Termination Date" shall mean the earlier of the Final Maturity Date and the date on which the Revolving Commitments shall terminate in accordance with Section 2.7 or Article 7 hereof.

"Revolving Loans" shall mean the loans made hereunder in accordance with the provisions of Section 2.1(a), whether made as a Eurodollar Loan or an Alternate Base Rate Loan, as permitted hereby.

"Revolving Notes" shall have the meaning given such term in Section 2.4(a) hereof.

"Rights" means rights, remedies, powers, and privileges.

"Satco" shall mean GCI Satellite Co., Inc.

"Schedule of Commitments" shall mean the schedule of the Commitments of the Lenders set forth in Schedule 1 hereto.

"Secured Parties" shall mean the Administrative Agent, the Lenders, the Issuing Bank and each of their respective successors and assigns.

"Senior Notes" means those certain \$180,000,000 9-3/4% Senior Unsecured Notes due 2007 issued by GCII, pursuant to and in accordance with the Indenture.

"Senior Secured Indebtedness" means, without duplication, the sum of all secured Funded Indebtedness (including, without limitation, Capital Leases and IRU's) of the Borrower and the Restricted Subsidiaries, calculated on a consolidated basis in accordance with GAAP, including, without limitation, all Indebtedness under the Fundamental Documents.

"Senior Secured Leverage Ratio" means as of any date of determination, the ratio of (a) Senior Secured Indebtedness on such date of determination to (b) Annualized Operating Cash Flow.

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"Single Employer Plan" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, other than a Multiple Employer Plan, that is maintained for employees of the Borrower or any ERISA Affiliate.

"Solvent" means, with respect to any Person, that on such date (a) the fair value of the Property of such Person is greater than the total amount of liabilities, including without limitation Contingent Liabilities of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature, and (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's Property would constitute an unreasonably small capital. For purposes of the foregoing, "debts" or "liabilities" shall not include amounts owed by any Restricted Subsidiary to the Borrower or to another Restricted Subsidiary.

"Subsidiary" shall mean with respect to any Person, any corporation, association, joint venture, partnership or other business entity (whether now existing or hereafter organized) of which at least a majority of the voting stock or other ownership interests having ordinary voting power for the election of directors (or the equivalent) is, at the time as of which any determination is being made, owned or controlled by such Person or one or more subsidiaries of such Person or by such Person and one or more subsidiaries of such Person.

"Successful Senior Note Transaction" shall mean that prior to February 1, 2007, GCII shall have repaid in full or successfully refinanced the Senior Notes from the proceeds of Indebtedness issued by GCI or GCII, which refinancing Indebtedness shall either (i) (w) mature no earlier than three (3) years after the Final Maturity Date, (x) be unsecured and no more senior in right of payment than the Senior Notes as in effect on the Closing Date, (y) not contain covenants more restrictive than the terms of the Senior Notes as in effect on the Closing Date and (z) be otherwise satisfactory to the Administrative Agent in its sole discretion or (ii) be on terms and conditions otherwise satisfactory to the Required Lenders in their sole discretion.

"Swingline Lender" means Credit Lyonnais, in its capacity as lender of Swingline Loans hereunder.

"Swingline Loan" means a Loan made pursuant to Section 2.17 hereof.

"Swingline Note" shall have the meaning given to such term in Section 2.4(c) hereof.

"Syndication Agent" shall mean CIT Lending Services Corporation, in its capacity as Syndication Agent hereunder.

"Synthetic Purchase Agreement" shall mean any swap, derivative or other agreement or combination of agreements pursuant to which any Transaction Party is or may become obligated to make (i) any payment in connection with a purchase by any third party from a Person other than a Transaction Party or GCI of any Capital Stock in any Transaction Party or GCI or any Disqualified Debt (including, without limitation, the Senior Notes) or (ii) any

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payment (other than on account of a permitted purchase by it of any Capital Stock in any Transaction Party) the amount of which is determined by reference to the price or value at any time of any Capital Stock in any Transaction Party or any Disqualified Debt; provided, that no phantom stock or similar plan providing for payments only to current or former directors, officers or employees of a Transaction Party (or to their heirs or estates) shall be deemed to be a Synthetic Purchase Agreement.

"Taxes" means all taxes, assessments, imposts, fees or other charges at any time imposed by any Governmental Authority.

"Term Loan Commitment" shall mean the commitment of each Lender to make a Term Loan to the Borrower on the Closing Date in an amount not in excess of the amount set forth (i) opposite its name under the column entitled "Term Loan Commitment" in the Schedule of Commitments, or (ii) in any applicable Assignment and Acceptance(s) to which it may be a party, as the case may be, as such amount may be reduced from time to time in accordance with the terms of this Credit Agreement.

"Term Loans" shall mean the loans made hereunder in accordance with the provisions of Section 2.2(a), whether made as a Eurodollar Loan or an Alternate Base Rate Loan, as permitted hereby.

"Term Notes" shall have the meaning given such term in Section 2.4(b) hereof.

"Total Indebtedness" means, without duplication, the sum of all Funded Indebtedness of GCII, the Borrower, the Restricted Subsidiaries, GCI Transport and Satco, calculated on a consolidated basis in accordance with GAAP.

"Total Interest Expense" means for any period for which it is to be determined, the consolidated interest expense of GCII, the Borrower, the Restricted Subsidiaries, GCI Transport and Satco which would be included in a consolidated income statement (without deduction of interest income) on Total Indebtedness for such period calculated on a consolidated basis in accordance with GAAP, including without limitation or duplication (or, to the extent not so included, with the addition of): (a) the amortization of Indebtedness discounts; (b) any commitment fees or agency fees related to any Funded Indebtedness, but specifically excluding any one-time facility and/or arrangement fees; (c) any fees or expenses with respect to letters of credit, bankers' acceptances or similar facilities; (d) fees, expenses and other payments with respect to interest rate swap or similar agreements, other than fees, expenses and other

payments related to the acquisition or termination thereof which are not allocable to interest expense in accordance with GAAP; (e) preferred stock Distributions for GCII, the Borrower and the Restricted Subsidiaries declared and payable in cash; (f) the interest component under Capital Leases; and (g) interest capitalized in accordance with GAAP.

"Total Leverage Ratio" means as of any date of determination, the ratio of (a) Total Indebtedness, on such date of determination to (b) Annualized Operating Cash Flow.

"Transaction Parties" means the Borrower, GCII, each Restricted Subsidiary and each other Guarantor from time to time in existence, and any other Person from time to time constituting a Subsidiary of GCII or the Borrower, except the Unrestricted Subsidiaries.

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"UCC" shall mean the Uniform Commercial Code as in effect in the State of New York.

"UCC-1 Financing Statement" shall mean a financing statement on Form UCC-1, which statement is in appropriate form for filing under the Uniform Commercial Code in effect in the applicable jurisdiction in which such statement is to be filed.

"Unrestricted Subsidiary" means GCI Transport, Satco, and, with the prior written consent of the Required Lenders, any other Subsidiary of the Borrower designated as a "Unrestricted Subsidiary" by the Borrower from time to time.

"Wholly-Owned Subsidiary" means any Subsidiary of the Borrower that is owned 100% by the Borrower, directly or indirectly, except any Unrestricted Subsidiary.

"Withdrawal Liability" has the meaning given such term under Part I of Subtitle E of Title IV of ERISA.

"Worldcom" means MCI Worldcom, Inc. and its Subsidiaries

2. THE LOANS

SECTION 2.1 Revolving Loans. (a) Each Lender, severally and not jointly, agrees, upon the terms and subject to the conditions hereof, to make loans to the Borrower, on any Business Day and from time to time from the Closing Date to but excluding the Revolving Commitment Termination Date, each in an aggregate principal amount which when added to the aggregate principal amount of all outstanding Revolving Loans theretofore made to the Borrower by such Lender, does not exceed such Lender's Revolving Commitment.

(b) Subject to the terms and conditions of this Credit Agreement, at any time prior to the Revolving Commitment Termination Date, the Borrower may borrow, repay and reborrow amounts constituting the Revolving Commitments.

(c) Subject to Section 2.3, the Loans shall be made at such times as the Borrower shall request.

(d) Notwithstanding anything to the contrary above, a Lender shall not be obligated to make any Revolving Loan if, as a result thereof, the aggregate principal amount of all Revolving Loans then outstanding plus the aggregate L/C Exposure then existing plus the aggregate principal amount of all Swingline Loans then outstanding would exceed the aggregate amount of the Revolving Commitments then in effect.

SECTION 2.2. Term Loan. (a) Each Lender, severally and not jointly, agrees, upon the terms and subject to the conditions hereof, to make a loan to the Borrower on the Closing Date in the principal amount equal to such Lender's Term Loan Commitment.

(b) Once repaid, amounts constituting the Term Loan Commitments may not be reborrowed.

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SECTION 2.3. Making of Loans. (a) Each Loan shall be an Alternate Base Rate Loan or a Eurodollar Loan as the Borrower may request subject to, and in accordance with, this Section 2.3; provided, that each Swingline Loan shall be an Alternate Base Rate Loan.

(b) The Borrower shall give the Administrative Agent at least three Business Days' prior written, facsimile or telephonic (promptly confirmed in writing) notice of each Borrowing which is to consist of Eurodollar Loans, and at least one Business Day's prior written, facsimile or telephonic (promptly confirmed in writing) notice of each Borrowing which is to consist of Alternate Base Rate Loans. Each such notice in order to be effective must be received by

the Administrative Agent not later than 1:00 p.m., New York City time, on the day required and shall specify the date (which shall be a Business Day) on which such Loan is to be made, the amount of the requested Borrowing, whether the Borrowing then being requested is to consist of Alternate Base Rate Loans or Eurodollar Loans and in the case of Eurodollar Loans, the Interest Period or Interest Periods with respect thereto. Each such notice shall be irrevocable. If no election of an Interest Period is specified in any such notice in the case of a Borrowing consisting of Eurodollar Loans, such notice shall be deemed to be a request for an Interest Period of one month. If no election is made as to the type of Loan, such notice shall be deemed a request for a Borrowing consisting of Alternate Base Rate Loans. No Borrowing shall consist of Eurodollar Loans if after giving effect thereto an aggregate of more than six (6) separate Eurodollar Loans would be outstanding hereunder with respect to a Lender (as determined in accordance with Section 2.9(c) hereof).

(c) The Administrative Agent shall promptly (but in no event later than two (2) days prior to the date of any proposed Borrowing which is to consist of Eurodollar Loans), notify each Lender (by telecopier) of its proportionate share of each Borrowing under this Section 2.3, the date of such Borrowing, the type of Loans being requested and the Interest Period or Interest Periods applicable thereto. On the borrowing date specified in such notice, each Lender shall make its share of the Borrowing available at the offices of Credit Lyonnais New York Branch, ABA #026-008073, Attention: Loan Servicing Department, Account No. 0188179214500, Attention: John Chianchiano (Reference: GCI Holdings, Inc.) (provided, however, that Swingline Loans shall be made as provided in Section 2.17 hereof), no later than 1:00 p.m. New York City time in Federal or other immediately available funds. Upon receipt of the funds to be made available by the Lenders to fund any Loan hereunder, the Administrative Agent shall disburse such funds by depositing the proceeds of such Loans directly into an account of the Borrower maintained with the Administrative Agent or in such other manner as the Borrower may direct; provided, that Loans made to finance the reimbursement of an obligation under a Letter of Credit as provided in Section 2.18(f) hereof shall be remitted by the Administrative Agent to the Issuing Bank.

(d) Each Lender may at its option fulfill its obligation to make Eurodollar Loans by causing a foreign branch or affiliate to make such Eurodollar Loans, provided, that any exercise of such option shall not affect the obligation of the Borrower to repay Loans in accordance with the terms hereof and the relevant Note. Subject to the other provisions of this Section 2.3, Section 2.8(b) and Section 2.13 hereof, Loans of more than one interest rate type may be outstanding at the same time.

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(e) Each Loan requested hereunder on any date shall be made by each Lender ratably in accordance with their respective portions of the relevant Commitments.

(f) On the date requested by the Borrower for the funding of each Loan, the Administrative Agent shall be authorized (but not obligated) to advance, for the account of each of the Lenders, the amount of the Loan to be made by such Lender. Each of the Lenders hereby authorizes and requests the Administrative Agent to advance for its account, pursuant to the terms hereof, the amount of the Loan to be made by it, and each of the Lenders agrees forthwith to reimburse the Administrative Agent in immediately available funds for the amount so advanced on its behalf by the Administrative Agent. If any such reimbursement is not made in immediately available funds on the same day on which the Administrative Agent shall have made any such amount available on behalf of any Lender, such Lender shall pay interest to the Administrative Agent equal to the Administrative Agent's cost of obtaining overnight funds in the New York Federal Funds Market. If and to the extent that any such reimbursement shall not have been made to the Administrative Agent, the Borrower agrees to repay to the Administrative Agent forthwith on demand a corresponding amount with interest thereon for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent at the rate applicable to such Loan.

(g) The aggregate amount of any Borrowing of a Loan consisting of a Eurodollar Loan shall be in a minimum aggregate principal amount of \$3,000,000 or such greater amount which is an integral multiple of \$500,000. The aggregate amount of any Borrowing of a Loan consisting of an Alternate Base Rate Loan (other than any Swingline Loan) shall be in a minimum aggregate principal amount of \$1,000,000 or such greater amount which is an integral multiple of \$100,000 (or such lesser amount as shall equal the available but unused portion of the Revolving Commitments), or such amount that is required to finance the reimbursement of an obligation under a Letter of Credit as contemplated by Section 2.18(f) hereof. The aggregate amount of any Borrowing of a Loan consisting of a Swingline Loan shall be in a minimum aggregate principal amount of \$250,000 or such greater amount which is an integral multiple of \$50,000.

SECTION 2.4. Notes; Repayment of the Loans. (a) The Revolving Loans made by each Lender hereunder shall be evidenced by a single promissory note substantially in the form of Exhibit A-1 hereto solely to the extent that such Lender requests that the Borrower issue such promissory note (each a

"Revolving Note" and collectively, the "Revolving Notes"), in the face amount of such Lender's Revolving Commitment, payable to the order of such Lender, duly executed by the Borrower and dated as of the date hereof. The principal amount of the Revolving Loans as may be evidenced by the Revolving Notes shall be payable in full on the Final Maturity Date.

(b) The Term Loan made by each Lender hereunder shall be evidenced by a single promissory note substantially in the form of Exhibit A-2 hereto solely to the extent that such Lender requests that the Borrower issue such promissory note (each a "Term Note" and collectively, the "Term Notes"), in the face amount equal to the principal amount of the Term Loan to be made by such Lender on the Closing Date, payable to the order of such Lender, duly executed by the Borrower and dated as of the date hereof. The Borrower will repay a portion of

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the Term Loan on each of the following dates set forth below, in an amount equal to the amount set forth next to such date:

Date	Amount of Repayment
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December 31, 2003	\$5,000,000
March 31, 2004	\$5,000,000
June 30, 2004	\$5,000,000
September 30, 2004	\$5,000,000
December 31, 2004	\$5,000,000
March 31, 2005	\$6,000,000
June 30, 2005	\$6,000,000
September 30, 2005	\$6,000,000
December 31, 2005	\$6,000,000
March 31, 2006	\$8,000,000
June 30, 2006	\$8,000,000
September 30, 2006	\$8,000,000
December 31, 2006	\$8,000,000
March 31, 2007	\$10,000,000
June 30, 2007	\$10,000,000
September 30, 2007	\$10,000,000

The remaining principal amount of the Term Loan as may be evidenced by the Term Notes shall be payable in full on the Final Maturity Date.

(c) The Swingline Loans made by the Swingline Lender hereunder shall be evidenced by a single promissory note substantially in the form of Exhibit A-3 hereto solely to the extent that such Swingline Lender requests that the Borrower issue such promissory note (the "Swingline Note"), in the face amount of \$5,000,000, payable to the order of the Swingline Lender, duly executed by the Borrower and dated as of the date hereof. The principal amount of the Swingline Loans as may be evidenced by the Swingline Note shall be payable in full on the Final Maturity Date.

(d) Each of the Notes shall bear interest on the outstanding principal balance thereof as set forth in Section 2.5 hereof. Each Lender and the Administrative Agent on its behalf is hereby authorized by the Borrower, but not obligated, to enter the amount of each Loan and the amount of each payment or prepayment of principal or interest thereon in the appropriate spaces on the reverse of, or on an attachment to, such Lender's Notes. The entries made on the reverse of, or on an attachment to, any Note shall be prima facie evidence of the existence and amount of the Loans evidenced by such Note; provided, however, that the failure of any Lender or the Administrative Agent to make any such entries shall not in any manner affect the obligations of the Borrower to repay the Loans in accordance with terms hereof and the Notes.

(e) The principal amount of the Swingline Loans shall be payable in full on the earlier of (i) the Final Maturity Date and (ii) the first date after such Swingline Loan is made that is the 15th or last calendar day of a calendar month and is at least two Business Days after

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such Swingline Loan is made; provided, that on each day a Revolving Loan is made, the Borrower shall repay all then-outstanding Swingline Loans.

SECTION 2.5. Interest. (a) Except as provided in Section 2.8 hereof, in the case of a Eurodollar Loan, interest shall be payable by the Borrower to the Lenders at a rate per annum (computed on the basis of the actual number of days elapsed over a year of 360 days) equal to the LIBO Rate plus the Applicable Margin for Eurodollar Loans. Interest shall be payable by the Borrower to the Lenders on each Eurodollar Loan on each applicable Interest Payment Date, at maturity and on the date of a conversion of such Eurodollar Loan to an Alternate Base Rate Loan. The Administrative Agent shall determine the applicable LIBO Rate for each Interest Period as soon as practicable on the date when such determination is to be made in respect of such Interest Period and shall notify the Borrower and the Lenders of the applicable interest rate so determined. Such determination shall be conclusive absent manifest error.

(b) Except as provided in Section 2.8 hereof, in the case of an Alternate Base Rate Loan, interest shall be payable by the Borrower to the Lenders at a rate per annum (computed on the basis of the actual number of days elapsed over a year of 365/366 days, as the case may be) equal to the Alternate Base Rate plus the Applicable Margin for Alternate Base Rate Loans. Interest shall be payable by the Borrower to the Lenders in arrears on each Alternate Base Rate Loan on each applicable Interest Payment Date and at maturity.

(c) Anything in this Credit Agreement or the Notes to the contrary notwithstanding, the interest rate on the Loans shall in no event be in excess of the Maximum Amount.

SECTION 2.6. Commitment Fees and Other Fees. (a) The Borrower agrees to pay to the Administrative Agent for the account of each Lender on the last Business Day of each March, June, September and December in each year (commencing on the last Business Day of December 2003) prior to the Revolving Commitment Termination Date and on the Revolving Commitment Termination Date, an aggregate fee (the "Commitment Fees") calculated in accordance with the following:

<TABLE>
<CAPTION>

Total Leverage Ratio	Commitment Fee if the Outstanding Revolver > 50% of the average Revolving Commitments during such period	Commitment Fee if the Outstanding Revolver Less Than or Equal to 50% of the average Revolving Commitments during such period
<S> > 3.75	<C> 1.00%	<C> 1.25%
> 3.25 but < 3.75	.75%	1.00%
> 2.75 but < 3.25	.50%	.75%
< 2.75	.50%	.75%

</TABLE>

The Commitment Fees shall be computed on the basis of the actual number of days elapsed during the preceding period or quarter over a year of 365/366 days, on the average daily amount by which such Lender's Revolving Commitment (as such Revolving Commitment may be reduced in accordance with the provisions of this Credit Agreement) exceeds the Outstanding Revolver held by such Lender during the preceding period or quarter.

(b) The Commitment Fees shall commence to accrue on the Closing Date.

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(c) The Borrower agrees to pay (i) to the Administrative Agent for the account of each Lender a participation fee with respect to its participations in Letters of Credit, which shall accrue at the Applicable Margin applicable to Eurodollar Loans on the average daily amount of such Lender's L/C Exposure during the period from and including the Closing Date to but excluding the later of the date on which such Lender's Commitment terminates and the date on which such Lender ceases to have any L/C Exposure, and (ii) to the Issuing Bank a fronting fee, which shall accrue at the rate of 0.25% per annum on the average daily amount of the L/C Exposure during the period from and including the Closing Date to but excluding the later of the date of termination of the Commitments and the date on which there ceases to be any L/C Exposure, as well as the Issuing Bank's standard fees with respect to the issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Participation fees and fronting fees accrued through and including the last day of March, June, September and December of each year shall be payable on the third Business Day following such last day, commencing on January 6, 2004; provided, that all such fees shall be payable on the date on which the Commitments terminate and any such fees accruing after the date on which the Commitments terminate shall be payable on demand. Any other fees payable to the Issuing Bank pursuant to this paragraph shall be payable within ten (10) days after demand. All participation fees and fronting fees shall be computed on the basis of a year of 365/366 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(d) In addition, the Borrower agrees to pay to the Administrative Agent and any of the other Lenders or the Issuing Bank on the Closing Date any and all other fees that are then due and payable, including, without limitation, fees due and payable pursuant to the Mandate Letter.

SECTION 2.7. Mandatory Termination or Reduction of

Commitments. (a) The Commitments of all the Lenders shall automatically terminate at 5:00 p.m., New York City time, on the Final Maturity Date.

(b) At any time prior to the Final Maturity Date, the Borrower may, upon three (3) Business Days' prior written or facsimile notice to the Administrative Agent, permanently reduce the Revolving Commitments by the minimum aggregate amount of \$5,000,000; provided, however, that the Revolving Commitments may not be reduced to an amount less than the aggregate principal amount of all Revolving Loans then outstanding plus the aggregate L/C Exposure then existing plus the aggregate principal amount of all Swingline Loans then outstanding. Any reduction of the Revolving Commitments pursuant to this Section 2.7(b) shall be made among the Lenders ratably in accordance with their respective Revolving Commitments.

(c) The Borrower may at any time prior to the Final Maturity Date, upon three (3) Business Days' prior written or facsimile notice to the Administrative Agent, terminate the Revolving Commitments in their entirety, provided, that the principal amount of all Revolving Loans and Swingline Loans then outstanding are repaid in full, and no L/C Exposure is then existing, either prior to, or simultaneously with, such termination.

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(d) Simultaneously with each termination or reduction of the Revolving Commitments, the Borrower shall pay to the Administrative Agent for the benefit of each Lender all accrued and unpaid Commitment Fees on the amount of the Revolving Commitments so terminated or reduced through the date of such termination or reduction.

(e) The Commitments of the Lenders shall automatically terminate at 5:00 p.m., New York City time, on February 1, 2007, unless the Administrative Agent shall have received satisfactory evidence that a Successful Senior Note Transaction has been effected.

SECTION 2.8. Default Interest; Alternate Rate of Interest. (a) Upon the occurrence and during the continuance of an Event of Default, the Borrower shall on demand in writing from time to time pay interest, to the extent permitted by Applicable Law, on all Loans and overdue amounts outstanding up to the date of actual payment of such amounts (after as well as before judgment) (i) for the remainder of the then-current Interest Period for each Eurodollar Loan, at 2% per annum in excess of the rate then in effect for each such Eurodollar Loan and (ii) for all periods subsequent to the then-current Interest Period for each Eurodollar Loan, for all Alternate Base Rate Loans and for all other overdue amounts hereunder, at 2% per annum in excess of the rate then in effect for Alternate Base Rate Loans.

(b) In the event, and on each occasion, that on or before the day on which the LIBO Rate for a Eurodollar Loan is to be determined as set forth herein, (i) the Administrative Agent shall have received notice from any Lender of such Lender's determination (which determination, absent manifest error, shall be conclusive) that Dollar deposits in the amount of the principal amount of such Lender's Eurodollar Loan are not generally available in the London Interbank Market or that the rate at which such Dollar deposits are being offered will not adequately and fairly reflect the cost to such Lender of making or maintaining the principal amount of such Lender's Eurodollar Loan during such Interest Period or (ii) the Administrative Agent shall have determined that reasonable means do not exist for ascertaining the applicable LIBO Rate, the Administrative Agent shall, as soon as practicable thereafter, give written or facsimile notice of such determination to the Borrower and the Lenders, and any request by the Borrower for a Eurodollar Loan (or conversion to or continuation as a Eurodollar Loan pursuant to Section 2.9 hereof) made after receipt of such notice, shall be deemed to be a request for an Alternate Base Rate Loan. After such notice shall have been given and until the circumstances giving rise to such notice no longer exist, each request (or portion thereof, as the case may be) for a Eurodollar Loan shall be deemed to be a request for an Alternate Base Rate Loan.

SECTION 2.9. Continuation and Conversion of Loans. The Borrower shall have the right, at any time, (i) to convert any Eurodollar Loan or portion thereof to an Alternate Base Rate Loan or to continue such Eurodollar Loan or a portion thereof for a successive Interest Period, or (ii) to convert any Alternate Base Rate Loan or a portion thereof to a Eurodollar Loan, subject to the following:

(a) the Borrower shall give the Administrative Agent prior written, facsimile or telephonic (promptly confirmed in writing) notice of each continuation or conversion hereunder of at least three Business Days for continuation as or conversion to a Eurodollar Loan and at least one Business Day for conversion to an Alternate Base Rate Loan; such notice shall

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be irrevocable and to be effective, must be received by the Administrative Agent on the day required not later than 1:00 p.m., New York City time;

(b) no Event of Default or Default shall have occurred and be continuing at the time of any conversion to a Eurodollar Loan or continuation of any such Eurodollar Loan into a subsequent Interest Period;

(c) no Alternate Base Rate Loan may be converted to a Eurodollar Loan and no Eurodollar Loan may be continued as a Eurodollar Loan if, after such conversion or continuance, and after giving effect to any concurrent prepayment of Loans, an aggregate of more than six (6) separate Eurodollar Loans would be outstanding hereunder with respect to each Lender (for purposes of determining the number of such Loans outstanding, Loans with different Interest Periods shall be counted as different Loans even if made on the same date);

(d) if fewer than all Loans at the time outstanding shall be continued or converted, such continuation or conversion shall be made pro rata among the Lenders in accordance with the respective principal amount of such Loans held by the Lenders immediately prior to such continuation or conversion;

(e) the aggregate principal amount of Loans continued as or converted to Eurodollar Loans as part of the same Borrowing shall be at least \$5,000,000;

(f) accrued interest on the Eurodollar Loans (or portion thereof) being continued or converted shall be paid by the Borrower at the time of continuation or conversion (as applicable);

(g) the Interest Period with respect to a new Eurodollar Loan effected by a continuation or conversion shall commence on the date of such continuation or conversion;

(h) if a Eurodollar Loan is converted to an Alternate Base Rate Loan other than on the last day of the Interest Period with respect thereto, the amounts required by Section 2.11 hereof shall be paid upon such conversion; and

(i) each request for a continuation as or conversion to a Eurodollar Loan which fails to state an applicable Interest Period shall be deemed to be a request for an Interest Period of one month.

In the event that the Borrower shall not give notice to continue or convert any Eurodollar Loan as provided above, such Loan (unless repaid) shall automatically be converted to an Alternate Base Rate Loan at the expiration of the then-current Interest Period. The Administrative Agent shall, after it receives notice from the Borrower, promptly (but in no event later than two (2) days prior to the date of any proposed conversion to, or continuation as, a Eurodollar Loan) give the Lenders notice of any continuation or conversion.

SECTION 2.10. Prepayment of Loans. (a) The Borrower shall have the right at its option at any time and from time to time to prepay without penalty or premium except as otherwise provided herein (including, without limitation, pursuant to Section 2.11 hereof) (i) any Alternate Base Rate Loan (other than a Swingline Loan), in whole or in part, upon at least one

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Business Day's prior written, telephonic (promptly confirmed in writing) or facsimile notice to the Administrative Agent, in the minimum principal amount of \$1,000,000 if prepaid in part, or the remaining balance of such Loan if prepaid in full, (ii) any Eurodollar Loan, in whole or in part, upon at least three Business Days' prior written, telephonic (promptly confirmed in writing) or facsimile notice, in the minimum principal amount of \$5,000,000 if prepaid in part, or the remaining balance of such Loan if prepaid in full and (iii) any Swingline Loan, in whole or in part, by providing written, telephonic (promptly confirmed in writing) or facsimile notice to the Administrative Agent and the Swingline Lender no later than 12:00 noon, New York City time, on the day of such prepayment, in the minimum principal amount of \$250,000. Each notice of prepayment shall specify the prepayment date, each Loan to be prepaid and the principal amount thereof, shall be irrevocable and shall commit the Borrower to prepay such Loan in the amount and on the date stated therein. All prepayments of Eurodollar Loans under this Section 2.10(a) shall be accompanied by accrued but unpaid interest on the principal amount being prepaid to (but not including) the date of prepayment.

(b) The Borrower shall prepay the Loans in an amount equal to:

(i) 100% of the net proceeds of any casualty loss or condemnation received by any member of the Restricted Group which proceeds are not applied to the repair or replacement of the affected assets within 12 months of the date of loss so long as pending such repair or replacement, if such net proceeds shall exceed \$5,000,000, all such net proceeds shall be deposited into the Insurance Proceeds Account;

(ii) 100% of the Net Cash Proceeds in excess of

\$1,000,000 from any Permitted Dispositions (as set forth in Section 6.4 hereof) or any net cash proceeds received from any sale of receivables pursuant to Section 6.20 hereof; provided, that no prepayment shall be required to the extent such Net Cash Proceeds (x) result from sales in the ordinary course of business, (y) result from sales or dispositions to members of the Restricted Group or (z) are reinvested in the purchase of assets to be used in the business of the Borrower or any Transaction Party so long as (1) no Event of Default shall have occurred and be continuing and (2) pending such reinvestment, if such Net Cash Proceeds shall exceed \$5,000,000, all such Net Cash Proceeds shall be deposited into the Cash Collateral Account; and

- (iii) 100% of the net proceeds from any Capital Stock issued after the Closing Date by the Borrower or GCII, other than net proceeds used within three months of the receipt thereof to make Permitted New Fiber Cap Ex.

(c) The Borrower shall prepay on February 1, 2007 all Loans outstanding on such date, unless the Administrative Agent shall have received satisfactory evidence that a Successful Senior Note Transaction has been effected.

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(d) All prepayments of Loans shall, as regards interest rate type, be applied first to Alternate Base Rate Loans and then to Eurodollar Loans in order of the scheduled expiry of Interest Periods with respect thereto.

(e) All prepayments of Eurodollar Loans shall be accompanied by accrued but unpaid interest on the principal amount being prepaid to but not including the date of prepayment.

(f) If on any day on which Loans would otherwise be required to be repaid or prepaid in accordance with this Credit Agreement or any other Fundamental Document, but for the operation of this Section 2.10(f) (each a "Prepayment Date"), the amount of such required prepayment exceeds the aggregate principal amount of the then-outstanding Alternate Base Rate Loans, and no Default or Event of Default is then continuing, then on such Prepayment Date (i) the Borrower shall either (x) prepay outstanding Eurodollar Loans in an amount equal to such excess, together with any applicable costs set forth in Section 2.11(a) hereof or (y) in lieu of prepaying outstanding Eurodollar Loans, deposit Dollars into the Cash Collateral Account in an amount equal to such excess and only the outstanding Alternate Base Rate Loans shall be required to be prepaid on such Prepayment Date and (ii) on the last day of each Interest Period in effect with respect to a Eurodollar Loan after such Prepayment Date, the Administrative Agent is irrevocably authorized and directed to apply such funds from the Cash Collateral Account deposited pursuant to Section 2.10(f) (i) to prepay Eurodollar Loans for which the Interest Period is then ending to the extent funds are available in the Cash Collateral Account.

SECTION 2.11. Reimbursement of Loss. (a) The Borrower shall reimburse each Lender on demand for any loss incurred or to be incurred by any such Lender in the reemployment of the funds released (i) by any prepayment (for any reason) of any Eurodollar Loan if such Loan is repaid prior to the last day of the Interest Period for such Loan or (ii) in the event that after the Borrower delivers a notice of borrowing under Section 2.3(b) hereof or a notice of continuation or conversion under Section 2.9(a) hereof in respect of Eurodollar Loans, such Loan is not made, converted to or continued as a Eurodollar Loan on the first day of the Interest Period specified in such notice for any reason other than (A) a suspension or limitation under Section 2.8(b) hereof of the right of the Borrower to select a Eurodollar Loan or (B) a breach by any such Lender of its obligation to fund such borrowing when it is otherwise required to do so hereunder. Such loss shall be the amount as reasonably determined by such Lender as the excess, if any, of (I) the amount of interest which would have accrued to such Lender on the amount so paid or not borrowed, continued or converted at a rate of interest equal to the interest rate applicable to such Loan pursuant to Section 2.5 hereof exclusive of Applicable Margin, for the period from the date of such payment or failure to borrow, continue or convert to the last day (x) in the case of a payment prior to the last day of the Interest Period for such Loan, of the then-current Interest Period for such Loan or (y) in the case of such failure to borrow, continue or convert, of the Interest Period for such Loan which would have commenced on the date of such failure to borrow, continue or convert, over (II) the amount realized or to be realized by such Lender in reemploying the funds not advanced or the funds received in prepayment or realized from the Loan not so continued or converted during the period referred to above. Each Lender shall deliver to the Borrower from time to time one or more certificates setting forth the amount of such loss (and in reasonable detail the manner of computation thereof) as determined by such Lender, which certificates shall be conclusive absent

manifest error. The Borrower shall pay

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such Lender the amounts shown on any such certificate within ten (10) days of the Borrower's receipt of such certificate.

(b) In the event the Borrower fails to prepay any Loan on the date specified in any prepayment notice delivered pursuant to Section 2.10(a) hereof, the Borrower shall pay to the Administrative Agent for the account of the applicable Lender any amounts required to compensate such Lender for any actual loss incurred by such Lender as a result of such failure to prepay, including, without limitation, any loss, cost or expenses incurred by reason of the acquisition of deposits or other funds by such Lender to fulfill deposit obligations incurred in anticipation of such prepayment. Each Lender shall deliver to the Borrower and the Administrative Agent from time to time one or more certificates setting forth the amount of such loss (and in reasonable detail the manner of computation thereof) as determined by such Lender, which certificates shall be conclusive absent manifest error. The Borrower shall pay such Lender the amounts shown on any such certificate within ten (10) days of the Borrower's receipt of such certificate.

SECTION 2.12. Change in Circumstances. (a) In the event that after the date hereof any change in Applicable Law or in the official interpretation or administration thereof (including, without limitation, any request, guideline or policy not having the force of law) by any authority charged with the administration or interpretation thereof or, with respect to clause (ii), (iii) or (iv) below, any change in conditions shall occur which shall:

- (i) subject a Lender or the Issuing Bank to, or increase, any net tax, levy, impost, duty, charge, fee, deduction or withholding with respect to any Eurodollar Loan (other than withholding tax imposed by the United States of America or any political subdivision or taxing authority thereof or any other tax, levy, impost, duty, charge, fee, deduction or withholding (A) that is measured with respect to the overall net income of such Lender or the Issuing Bank or of a Lending Office of such Lender or the Issuing Bank, and that is imposed by the United States of America, or by the jurisdiction in which such Lender or the Issuing Bank or Lending Office is incorporated, in which such Lending Office is located, managed or controlled or in which such Lender or the Issuing Bank has its principal office (or any political subdivision or taxing authority thereof or therein), or (B) that is imposed solely by reason of such Lender or the Issuing Bank failing to make a declaration of, or otherwise to establish, non-residence, or to make any other claim for exemption, or otherwise to comply with any certification, identification, information, documentation or reporting requirements prescribed under the laws of the relevant jurisdiction, in those cases where such Lender may properly make such declaration or claim or so establish non-residence or otherwise comply); or
- (ii) change the basis of taxation of any payment to a Lender or the Issuing Bank of principal or interest on any Eurodollar Loan or on

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any Letter of Credit or participation therein or other fees and amounts payable to such Lender or the Issuing Bank hereunder, or any combination of the foregoing; other than withholding tax imposed by the United States of America or any political subdivision or taxing authority thereof or any other tax, levy, impost, duty, charge, fee, deduction or withholding that is measured with respect to the overall net income of such Lender or the Issuing Bank or of a Lending Office of such Lender or the Issuing Bank, and that is imposed by the United States of America, or by the jurisdiction in which such Lender or the Issuing Bank or Lending Office is incorporated, in which such Lending Office is located, managed or controlled or in which such Lender or the Issuing Bank has its principal office (or any political subdivision or taxing authority thereof or therein); or

- (iii) impose, modify or deem applicable any reserve,

deposit or similar requirement against any assets held by, deposits with or for the account of, or loans or commitments by, an office of a Lender or the Issuing Bank with respect to any Eurodollar Loan or on any Letter of Credit or participation therein; or

- (iv) impose upon a Lender or the London Interbank Market any other condition with respect to Eurodollar Loans or on any Letter of Credit or participation therein or this Credit Agreement;

and the result of any of the foregoing shall be to increase the actual cost to such Lender or the Issuing Bank (as applicable) of making or maintaining any Eurodollar Loan or participating in a Letter of Credit hereunder or to reduce the amount of any payment (whether of principal, interest or otherwise) received or receivable by such Lender or the Issuing Bank (as applicable) in connection with any Eurodollar Loan hereunder, or to require such Lender to make any payment in connection with any Eurodollar Loan or a participation in a Letter of Credit or to require the Issuing Bank to make any payment in connection with the issuance of a Letter of Credit hereunder, in each case by or in an amount which such Lender or the Issuing Bank (as applicable) in its sole judgment shall deem material, then and in each case, the Borrower shall pay to the Administrative Agent for the account of such Lender or the Issuing Bank (as applicable), as provided in paragraph (c) below, such amounts as shall be necessary to compensate such Lender or the Issuing Bank (as applicable) for such cost, reduction or payment.

(b) If any Lender or the Issuing Bank shall have determined that the applicability of any law, rule, regulation or guideline regarding capital adequacy adopted after the date hereof or any change after the date hereof in any law, rule, regulation or guideline regarding capital adequacy or in the interpretation or administration of any of the foregoing by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by such Lender or the Issuing Bank (or any Lending Office of such Lender or the Issuing Bank) or such Lender's or the Issuing Bank's holding company (if applicable) with any request or directive regarding capital adequacy issued or adopted after the date hereof (whether or not having the force of law) of any such authority,

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central bank or comparable agency, has or would have the effect of reducing the rate of return on such Lender's or the Issuing Bank's capital or on the capital of such Lender's or Issuing Bank's holding company, if any, as a consequence of this Credit Agreement or the Loans or participations in Letter of Credit made by such Lender or the issuance of Letters of Credit by the Issuing Bank pursuant hereto to a level below that which such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company (if applicable) could have achieved but for such applicability, adoption, change or compliance (taking into consideration such Lender's or the Issuing Bank's policies and the policies of such Lender's or the Issuing Bank's holding company (if applicable) with respect to capital adequacy) by an amount deemed by such Lender or the Issuing Bank to be material, then from time to time the Borrower shall pay to such Lender or the Issuing Bank such additional amount or amounts as will compensate such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company (if applicable) for any such reduction suffered with respect to this Credit Agreement or the Loans made or participations in Letters of Credit by such Lender or the issuance by the Issuing Bank of Letters of Credit hereunder.

(c) Each Lender or the Issuing Bank (as applicable) shall deliver to the Borrower and the Administrative Agent from time to time, one or more certificates setting forth the amounts due to such Lender under paragraphs (a) and (b) above, the changes as a result of which such amounts are due and the manner of computing such amounts. Each such certificate shall be conclusive in the absence of manifest error. The Borrower shall pay to the Administrative Agent for the account of each such Lender or the Issuing Bank (as applicable) the amounts shown as due on any such certificate within ten (10) Business Days after its receipt of the same. No failure on the part of any Lender or the Issuing Bank (as applicable) to demand compensation under paragraph (a) or (b) above on any one occasion shall constitute a waiver of its rights to demand compensation on any other occasion. The protection of this Section 2.12 shall be available to each Lender and the Issuing Bank regardless of any possible contention of the invalidity or inapplicability of any law, regulation or other condition which shall give rise to any demand by such Lender or the Issuing Bank (as applicable) for compensation hereunder.

(d) Each Lender and the Issuing Bank agrees that after it becomes aware of the occurrence of an event or the existence of a condition that (i) would cause it to incur any increased cost hereunder or render it unable to perform its agreements hereunder for the reasons specifically set forth in Section 2.8(b) or 2.15 hereof or this Section 2.12 or (ii) would require the Borrower to pay an increased amount under Section 2.8(b) or 2.15 hereof or this Section 2.12, it will use reasonable efforts to notify the Borrower of such event or condition and, to the extent not inconsistent with such Lender's or the

Issuing Bank's internal policies, will use its reasonable efforts to make, fund or maintain the affected Loans or participations in Letters of Credit of such Lender or, in the case of the Issuing Bank, issue Letters of Credit through another Lending Office of such Lender or the Issuing Bank (as applicable) if, as a result thereof, the additional monies which would otherwise be required to be paid or the reduction of amounts receivable by such Lender hereunder in respect of such Loans or participations in Letters of Credit would be materially reduced, or such inability to perform would cease to exist, or the increased costs which would otherwise be required to be paid in respect of such Loans or participations in Letters of Credit pursuant to Section 2.8(b) or 2.15 hereof or this Section 2.12 would be materially reduced or the taxes or other amounts otherwise payable under Section 2.8(b) or 2.15 hereof or this Section 2.12 would be materially reduced, and if, as determined by

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such Lender or the Issuing Bank (as applicable), in its discretion, the making, funding or maintaining of such Loans or participations in Letters of Credit through such other Lending Office would not otherwise materially adversely affect such Loans or, in the case of the Issuing Bank, issue Letters of Credit or such Lender.

(e) If the Borrower shall be required to make any payment or reimbursement or to compensate any Lender under this Section 2.12, so long as no Default has occurred and is continuing, the Borrower shall be free at any time within one hundred eighty (180) days after the receipt of the certificate of the affected Lender, (x) to terminate the affected Lender's Commitment and the affected Lender's entitlement to the Commitment Fee accruing after such termination, (y) to prepay the affected portion of any Loan of such Lender in full (plus all amounts payable pursuant to Section 2.11 hereof with respect to cost of funds or clause (c) above in order to compensate such affected Lender for additional costs, reductions or payments with respect to the period prior to prepayment), together with accrued interest on the amount thereof through the date of such prepayment or (z) to replace any such Lender with another major international bank reasonably acceptable to the Administrative Agent. Upon any exercise of either of the rights described in clauses (x) and (y) above, the aggregate Commitment shall be automatically and irrevocably reduced by the amount of the terminated Commitment in the case of clause (x), and by the amount of prepayment in the case of clause (y).

SECTION 2.13. Change in Legality. (a) Notwithstanding anything to the contrary contained elsewhere in this Credit Agreement, if any change after the date hereof in Applicable Law, guideline or order, or in the interpretation thereof by any Governmental Authority charged with the administration thereof, shall make it unlawful for any Lender to make or maintain any Eurodollar Loan or to give effect to its obligations as contemplated hereby with respect to a Eurodollar Loan, then, by written notice to the Borrower and the Administrative Agent, such Lender may (i) declare that Eurodollar Loans will not thereafter be made by such Lender hereunder and/or (ii) require that, subject to Section 2.11 hereof, all outstanding Eurodollar Loans made by it be converted to Alternate Base Rate Loans, whereupon all of such Eurodollar Loans shall automatically be converted to Alternate Base Rate Loans, as of the effective date of such notice as provided in paragraph (b) below. Such Lender's pro rata portion of any subsequent Eurodollar Loan shall, instead, be an Alternate Base Rate Loan unless such declaration is subsequently withdrawn.

(b) A notice to the Borrower by any Lender pursuant to paragraph (a) above shall be effective for purposes of clause (ii) thereof, if lawful, on the last day of the current Interest Period for each outstanding Eurodollar Loan; and in all other cases, on the date of receipt of such notice by the Borrower.

SECTION 2.14. Manner of Payments. All payments of principal and interest by the Borrower in respect of any Loans to it shall be pro rata among the Lenders holding such Loans in accordance with the then-outstanding principal amounts of such Loans held by them. All payments by the Borrower hereunder and under the Notes shall be made without offset or counterclaim in Dollars in Federal or other immediately available funds at the office of Credit Lyonnais New York Branch, for credit to the Account No. 0188179214500 (Reference: GCI Holdings, Inc.), no later than 1:00 P.M., New York City time, on the date on which such payment shall be due (except for payments to be made directly to the Issuing Bank or the

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Swingline Lender as expressly provided herein). Any payment received at such office after such time shall be deemed received on the following Business Day. Interest in respect of any Loan hereunder shall accrue from and including the date of such Loan to but excluding the date on which such Loan is paid or converted to a Loan of a different type.

SECTION 2.15. United States Withholding. (a) Prior to the date of the initial Loan hereunder, and prior to the effective date set forth in the Assignment and Acceptance with respect to any Lender becoming a Lender after the

date hereof, and from time to time thereafter if requested by the Borrower or the Administrative Agent or required because, as a result of a change in law or a change in circumstances or otherwise, a previously delivered form or statement becomes incomplete or incorrect in any material respect, each Lender organized under the laws of a jurisdiction outside the United States shall provide, if applicable, the Administrative Agent and the Borrower with complete, accurate and duly executed forms or other statements prescribed by the Internal Revenue Service of the United States certifying such Lender's exemption from, or entitlement to a reduced rate of, United States withholding taxes (including backup withholding taxes) with respect to all payments to be made to such Lender hereunder and under the Notes.

(b) The Borrower and the Administrative Agent shall be entitled to deduct and withhold any and all present or future taxes or withholdings, and all liabilities with respect thereto, from payments hereunder or under the Notes, if and to the extent that the Borrower or the Administrative Agent in good faith determines that such deduction or withholding is required by the law of the United States, including, without limitation, any applicable treaty of the United States. In the event that the Borrower or the Administrative Agent shall so determine that deduction or withholding of taxes is required, it shall advise the affected Lender and, if applicable, the Issuing Bank as to the basis of such determination prior to actually deducting and withholding such taxes. In the event the Borrower or the Administrative Agent shall so deduct or withhold taxes from amounts payable hereunder, it (i) shall pay to or deposit with the appropriate taxing authority in a timely manner the full amount of taxes it has deducted or withheld; (ii) shall provide evidence of payment of such taxes to, or the deposit thereof with, the appropriate taxing authority and a statement setting forth the amount of taxes deducted or withheld, the applicable rate, and any other information or documentation reasonably requested by the Lender and, if applicable, the Issuing Bank from whom the taxes were deducted or withheld; and (iii) shall forward to such Lender and, if applicable, the Issuing Bank any official tax receipts or other documentation with respect to the payment or deposit of the deducted or withheld taxes as may be issued from time to time by the appropriate taxing authority. Unless the Borrower and the Administrative Agent have received forms or other documents satisfactory to them indicating that payments hereunder or under the Notes are not subject to United States withholding tax or are subject to such tax at a rate reduced by an applicable tax treaty, the Borrower or the Administrative Agent may withhold taxes from such payments at the applicable statutory rate in the case of payments to or for any Lender organized under the laws of a jurisdiction outside the United States.

(c) Each Lender or the Issuing Bank agrees (i) that as between it and the Borrower or the Administrative Agent, such Lender or, if applicable, the Issuing Bank shall be the Person to deduct and withhold taxes, and to the extent required by law it shall deduct and withhold taxes, on amounts that such Lender or, if applicable, the Issuing Bank may remit to any

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other Person(s) by reason of any undisclosed transfer or assignment of an interest in this Credit Agreement to such other Person(s) pursuant to Section 13.3 hereof and (ii) to indemnify the Borrower and the Administrative Agent and any officers, directors, agents, or employees of the Borrower or the Administrative Agent against, and to hold them harmless from, any tax, interest, additions to tax, penalties, reasonable counsel and accountants' fees, disbursements or payments arising from the assertion by any appropriate taxing authority of any claim against such Lender or the Issuing Bank (as applicable) relating to a failure to withhold taxes as required by law with respect to amounts described in clause (i) of this paragraph (c) or arising from the reliance by the Borrower or the Administrative Agent on any form or other document furnished by such Lender or, if applicable, the Issuing Bank and purporting to establish a basis for not withholding, or for withholding at a reduced rate, taxes with respect to payments hereunder.

(d) Each assignee of a Lender's interest in this Credit Agreement in conformity with Section 13.3 hereof shall be bound by this Section 2.15, so that such assignee will have all of the obligations and shall provide all of the forms and statements and all indemnities, representations and warranties required to be given under this Section 2.15.

(e) Notwithstanding the foregoing, in the event that any additional withholding taxes shall become payable solely as a result of any change in any statute, treaty, ruling, determination or regulation occurring after the Initial Date in respect of any sum payable hereunder or under any other Fundamental Document to any Lender, the Issuing Bank or the Administrative Agent (i) the sum payable by the Borrower shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.15), such Lender, the Issuing Bank or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such withholding deductions been made, (ii) the Borrower shall make such deductions, (iii) the Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with Applicable Law and (iv) the Borrower shall forward to such Lender, the Issuing Bank or the Administrative Agent (as the case may be) the

official tax receipts or other documentation pursuant to Section 2.15(b) hereof. In addition, the Borrower shall indemnify each Lender, the Issuing Bank and the Administrative Agent for any additional withholding taxes paid by such Lender, the Issuing Bank or the Administrative Agent, as the case may be, or any liability (including penalties and interest) arising therefrom or with respect thereto, whether or not such additional withholding taxes were correctly or legally asserted.

(f) In the event that a Lender or the Issuing Bank receives a refund of or credit for taxes withheld or paid pursuant to clause (e) of this Section 2.15, which credit or refund is identifiable by such Lender or the Issuing Bank as being a result of taxes withheld in connection with sums payable hereunder or under any other Fundamental Document, such Lender or the Issuing Bank (as applicable) shall promptly notify the Administrative Agent and the Borrower and shall remit to the Borrower the amount of such refund or credit allocable to payments made hereunder or under the other Fundamental Documents.

SECTION 2.16. Interest Adjustments. If the provisions of this Credit Agreement or any Note would at any time require payment by the Borrower to a Lender or the Issuing Bank of any amount of interest in excess of the Maximum Amount applicable to any Loan, the interest

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payments to that Lender or the Issuing Bank shall be reduced to the extent necessary so that such Lender or the Issuing Bank shall not receive interest in excess of such Maximum Amount. If, as a result of the foregoing, a Lender or the Issuing Bank shall receive interest payments hereunder or under a Note in an amount less than the amount otherwise provided hereunder, such deficit (hereinafter called the "Interest Deficit") will, to the fullest extent permitted by Applicable Law, cumulate and will be carried forward (without interest) until the termination of this Credit Agreement. Interest otherwise payable to a Lender or the Issuing Bank hereunder and under a Note for any subsequent period shall be increased by the maximum amount of the Interest Deficit that may be so added without causing such Lender to receive interest in excess of the Maximum Amount. The amount of any Interest Deficit relating to a particular Loan and Note shall be treated as a prepayment penalty and shall, to the fullest extent permitted by Applicable Law, be paid in full at the time of any optional prepayment by the Borrower to the Lenders of all the Loans at that time outstanding pursuant to Section 2.10(a) hereof. The amount of any Interest Deficit relating to a particular Loan and Note at the time of any complete payment of the Loans at that time outstanding (other than an optional prepayment thereof pursuant to Section 2.10(a) hereof) shall be canceled and not paid.

SECTION 2.17. Swingline Loans. (a) Subject to the terms and conditions set forth herein, the Swingline Lender agrees to make Swingline Loans to the Borrower from time to time prior to the Revolving Commitment Termination Date, in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate principal amount of outstanding Swingline Loans exceeding \$5,000,000 or (ii) the aggregate principal amount of all Revolving Loans then outstanding plus the aggregate L/C Exposure then existing plus the aggregate principal amount of all Swingline Loans then outstanding exceeding the aggregate amount of the Revolving Commitments; provided, that the Swingline Lender shall not be required to make a Swingline Loan to refinance an outstanding Swingline Loan. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Swingline Loans.

(b) To request a Swingline Loan, the Borrower shall notify the Administrative Agent of such request by telephone (confirmed by telecopy), not later than 12:00 noon, New York City time, on the day of a proposed Swingline Loan. Each such notice shall be irrevocable and shall specify the requested date (which shall be a Business Day) and amount of the requested Swingline Loan. The Administrative Agent will promptly advise the Swingline Lender of any such notice received from the Borrower. The Swingline Lender shall make each Swingline Loan available to the Borrower by means of a credit to the general deposit account of the Borrower with the Swingline Lender by 3:00 p.m., New York City time, on the requested date of such Swingline Loan.

(c) The Swingline Lender may by written notice given to the Administrative Agent not later than 10:00 a.m., New York City time, on any Business Day require the Lenders to acquire participations on such Business Day in all or a portion of the Swingline Loans outstanding. Such notice shall specify the aggregate amount of Swingline Loans in which Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each Lender, specifying in such notice such Lender's ratable portion of such Swingline Loan or Loans (in accordance with its respective percentage of the aggregate Revolving Commitments). Each Lender hereby absolutely and unconditionally agrees, upon

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receipt of notice as provided above, to pay to the Administrative Agent, for the account of the Swingline Lender, such Lender's ratable portion of such Swingline Loan or Loans (in accordance with its respective percentage of the aggregate

Revolving Commitments). Each Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.3(c) hereof with respect to Loans made by such Lender (and Section 2.3(c) hereof shall apply, mutatis mutandis, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the Swingline Lender the amounts so received by it from the Lenders. The Administrative Agent shall notify the Borrower of any participations in any Swingline Loan acquired pursuant to this paragraph, and thereafter payments in respect of such Swingline Loan shall be made to the Administrative Agent and not to the Swingline Lender. Any amounts received by the Swingline Lender from the Borrower (or other party on behalf of the Borrower) in respect of a Swingline Loan after receipt by the Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Lenders that shall have made their payments pursuant to this paragraph and to the Swingline Lender, as their interests may appear; provided, that any such payment so remitted shall be repaid to the Swingline Lender or to the Administrative Agent, as applicable, if and to the extent such payment is required to be refunded to the Borrower for any reason. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve the Borrower of any default in the payment thereof.

SECTION 2.18. Letters of Credit. (a) General. Subject to the terms and conditions set forth herein, the Borrower may request the issuance of Letters of Credit for its own account, in a form reasonably acceptable to the Administrative Agent and the Issuing Bank, at any time and from time to time prior to the Revolving Commitment Termination Date. In the event of any inconsistency between the terms and conditions of this Credit Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to, or entered into by the Borrower with, the Issuing Bank relating to any Letter of Credit, the terms and conditions of this Credit Agreement shall control.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Borrower shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the Issuing Bank) to the Issuing Bank and the Administrative Agent (reasonably in advance of the requested date of issuance, amendment, renewal or extension) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by the Issuing Bank, the Borrower also shall submit a letter of credit

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application on the Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension, (i) the L/C Exposure shall not exceed \$10,000,000 and (ii) the aggregate principal amount of all Revolving Loans then outstanding plus the aggregate L/C Exposure then existing plus the aggregate principal amount of all Swingline Loans then outstanding shall not exceed the aggregate amount of the Revolving Commitments.

(c) Expiration Date. Each Letter of Credit shall expire at or prior to the close of business on the earlier of (i) the date one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension) and (ii) the date that is five Business Days prior to the Final Maturity Date.

(d) Disbursement Procedures. The acceptance and payment of drafts under any Letter of Credit shall be made in accordance with the terms of such Letter of Credit and the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce Publication No. 500, as adopted or amended from time to time. The Issuing Bank shall be entitled to honor any drafts and accept any documents presented to it by the beneficiary of such Letter of Credit in accordance with the terms of such Letter of Credit and believed by the Issuing Bank in good faith to be genuine. The Issuing Bank shall not have any duty to inquire as to the accuracy or authenticity of any draft or other drawing documents which may be presented to it, but shall be responsible only to determine in accordance with customary commercial practices that the documents which are required to be presented before payment or acceptance of a

draft under any Letter of Credit have been delivered and that they comply on their face with the requirements of that Letter of Credit.

(e) Participations. If the Issuing Bank shall make payment on any draft presented under a Letter of Credit (regardless of whether a Default, Event of Default or acceleration has occurred), the Issuing Bank shall give notice of such payment to the Administrative Agent and the Lenders and each Lender having a Revolving Commitment hereby authorizes and requests the Issuing Bank to advance for its account, pursuant to the terms hereof, its ratable portion of such payment (in accordance with its respective percentage of the aggregate Revolving Commitments) based upon its participation in the Letter of Credit and agrees promptly to reimburse the Issuing Bank in immediately available funds for the Dollar equivalent of the amount so advanced on its behalf by the Issuing Bank. If any such reimbursement is not made by any Lender in immediately available funds on the same day on which the Issuing Bank shall have made payment on any such draft, such Lender shall pay interest thereon to the Issuing Bank at a rate per annum equal to the Issuing Bank's cost of obtaining overnight funds in the New York Federal Funds Market for the first three days following the time when such Lender fails to make the required reimbursement, and thereafter at a rate per annum equal to the Alternate Base Rate plus the Applicable Margin for Alternate Base Rate Loans.

(f) Reimbursement. If any draft is presented under a Letter of Credit, the payment of which is required to be made at any time on or before the Revolving Commitment Termination Date, then payment by the Issuing Bank of such draft shall constitute an Alternate Base Rate Loan hereunder and interest shall accrue from the date the Issuing Bank makes

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payment on such draft under such Letter of Credit. If any draft is presented under a Letter of Credit, the payment of which is required to be made after the Revolving Commitment Termination Date or at the time when an Event of Default or Default shall have occurred and be continuing, then the Borrower shall immediately pay to the Issuing Bank, in immediately available funds, the full amount of such draft together with interest thereon at a rate per annum of 2% in excess of the rate then in effect for Alternate Base Rate Loans from the date on which the Issuing Bank makes such payment of such draft until the date it receives full reimbursement for such payment from the Borrower. The Borrower further agrees that the Issuing Bank may reimburse itself for such drawing from the balance in the Cash Collateral Account or from the balance in any other account of the Borrower maintained with the Issuing Bank. To the extent that Lenders have made payments pursuant to paragraph (e) of this Section 2.18 to reimburse the Issuing Bank, then any amounts received by the Issuing Bank pursuant to either of the preceding two sentences shall be distributed among such Lenders and the Issuing Bank as their interests may appear.

(g) Obligations Absolute. The Borrower's obligation to reimburse all amounts drawn under each Letter of Credit as provided in paragraph (f) of this Section 2.18 shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Credit Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Credit Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by the Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder. Neither the Administrative Agent, the Lenders nor the Issuing Bank, nor any of their Affiliates, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Issuing Bank; provided, that the foregoing shall not be construed to excuse the Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by the Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of the Issuing Bank (as finally determined by a court of competent jurisdiction), the Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Issuing Bank may, in its sole discretion, either accept and make payment upon

such documents without responsibility for further investigation, regardless of any notice or

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information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(h) Replacement of the Issuing Bank. The Issuing Bank may be replaced at any time by written agreement among the Borrower, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the Lenders of any such replacement of the Issuing Bank. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.6 hereof. From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of the Issuing Bank under this Credit Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Credit Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(i) Cash Collateralization. If any Event of Default shall occur and be continuing on the Business Day that the Borrower receives notice from the Administrative Agent or the Required Lenders demanding the deposit of cash collateral pursuant to this paragraph, the Borrower shall deposit in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Lenders, an amount in cash equal to the L/C Exposure as of such date plus any accrued and unpaid interest thereon; provided, that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to the Borrower described in Section 7.1(g) hereof. Such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the obligations of the Borrower under this Credit Agreement. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the Issuing Bank for amounts it has disbursed pursuant to a Letter of Credit for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the L/C Exposure at such time or, if the maturity of the Loans has been accelerated, be applied to satisfy other obligations of the Borrower under this Credit Agreement. If the Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three Business Days after all Events of Default have been cured or waived.

3. REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants that the following are true and correct:

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SECTION 3.1. Organization and Qualification. Each Transaction Party is a corporation or partnership duly organized, validly existing, and in good standing under the Applicable Laws of its state of incorporation or formation, as applicable. Each Transaction Party is qualified to do business in all jurisdictions where the nature of its business or Properties require such qualification. Set forth on Schedule 3.1 attached hereto is a complete and accurate listing with respect to the Borrower and each other Transaction Party showing (a) the jurisdiction of its organization and its mailing address, which is the principal place of business and executive offices of each unless otherwise indicated, (b) the classes of Capital Stock and shares of Capital Stock issued and outstanding in each Transaction Party, and the numbers or amounts of each Transaction Party's Capital Stock authorized and outstanding, (c) each record and beneficial owner of outstanding Capital Stock on the date hereof, indicating the ownership percentage, and (d) all outstanding options, rights, rights of conversion, purchase or repurchase, rights of first refusal, and similar rights relating to the Capital Stock of each Transaction Party. Except as set forth on Schedule 3.1 hereto, neither the Borrower nor any other Transaction Party has agreed to grant or issue any options, warrants or similar rights to any Person to acquire any Capital Stock of the Borrower or any other Transaction Party. All Capital Stock of each Transaction Party is validly issued and fully paid. The Borrower has no knowledge of any share of Capital Stock of

any Transaction Party being subject to any Lien, including any restrictions on hypothecation or transfer.

SECTION 3.2. Due Authorization; Validity. The board of directors of the Borrower and each other Transaction Party, or of its partners, as applicable, have duly authorized the execution, delivery, and performance of the Fundamental Documents to be executed by the Borrower and each other Transaction Party, as appropriate. Each Transaction Party has full legal right, power, and authority to execute, deliver, and perform under the Fundamental Documents to be executed and delivered by it. The Fundamental Documents constitute the legal, valid, and binding obligations of the Borrower and each other Transaction Party, as appropriate, enforceable in accordance with their terms (subject as to enforcement of remedies to any applicable Debtor Relief Laws).

SECTION 3.3. Conflicting Agreements and Other Matters. The execution or delivery of any Fundamental Documents, and performance thereunder, does not conflict with, or result in a breach of the terms, conditions, or provisions of, or constitute a default under, or result in any violation of, or result in the creation of any Lien (other than in favor of the Administrative Agent) upon any Properties of the Borrower or any other Transaction Party under, or require any consent (other than consents described on Schedule 3.3 hereto), approval, or other action by, notice to, or filing with any Governmental Authority or Person pursuant to, any organizational document, bylaws, award of any arbitrator, or any agreement, instrument, or Applicable Law to which the Borrower or any other Transaction Party, or any of their Properties, is subject.

SECTION 3.4. Financial Statements. (i) The audited financial statements of GCI and its Subsidiaries dated December 31, 2002 and delivered to the Administrative Agent, and (ii) the unaudited balance sheets of GCI and its Subsidiaries dated June 30, 2003 and delivered to the Administrative Agent each fairly present their financial position and the results of operations as of the dates and for the periods shown, all in accordance with GAAP. Such financial statements reflect all material liabilities, direct and contingent, of GCI and its Subsidiaries that are required to be disclosed in accordance with GAAP. As of the date of such financial statements, there

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were no Contingent Liabilities, liabilities for Taxes, forward or long-term commitments, or unrealized or anticipated losses from any unfavorable commitments that are substantial in amount and that are not reflected on such financial statements or otherwise disclosed in writing to the Administrative Agent. Since June 30, 2003, there has been no Material Adverse Effect except as disclosed in the Form 10-Q filed by GCI with respect to the fiscal quarter ended June 30, 2003. The Borrower and each other Transaction Party is Solvent. The Projections dated October 10, 2003 delivered to the Administrative Agent were prepared in good faith and management believes them to be based on reasonable assumptions (each of which are stated in such statement) and to provide reasonable estimations of future performance as of the dates and for the periods shown for GCII, the Borrower and their Subsidiaries, subject to the uncertainty and approximation inherent in any projections. The Borrower's fiscal year ends on December 31.

SECTION 3.5. Litigation. Shown on Schedule 3.5 is, other than routine regulatory proceedings that occur in the ordinary course of business and which would not have a Material Adverse Effect, all Litigation that is pending and, to the Borrower's best knowledge, threatened against the Borrower or any other Transaction Party, any of their Properties or assets on the date hereof. There is no pending or, to the Borrower's best knowledge, threatened Litigation against the Borrower, any other Transaction Party or any of their Properties that could cause a Material Adverse Effect.

SECTION 3.6. Compliance With Laws Regulating the Incurrence of Indebtedness. No proceeds of any Loan will be used directly or indirectly to acquire any security in any transaction which is subject to Sections 13 and 14 of the Securities Exchange Act of 1934, as amended. The Borrower is not, nor is any other Transaction Party, engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no proceeds of any Borrowing will be used to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock. Following the Borrower's intended use of the proceeds of each Borrowing, not more than 25% of the value of the assets of the Borrower will be Margin Stock. The Borrower is not subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Investment Company Act of 1940, the Interstate Commerce Act (as any of the preceding acts have been amended), or any other Applicable Law that the incurring of Indebtedness by the Borrower would violate in any material respect, including without limitation Applicable Laws relating to common or contract carriers or the sale of electricity, gas, steam, water, or other public utility services. None of the Borrower and its Restricted Subsidiaries, nor any agent acting on their behalf, have taken or will knowingly take any action which might cause this Credit Agreement or any Fundamental Documents to violate any regulation of the Board or to violate the Securities Exchange Act of 1934, in each case as in effect now or as the same may hereafter be in effect.

SECTION 3.7. Licenses, Title to Properties, and Related Matters. Except as listed on Schedule 3.7(a) hereto, the Borrower and each other Transaction Party possess all material Authorizations necessary and appropriate to own and operate their businesses and to perform under the Fundamental Documents and are not in violation thereof in any material respect. All such Authorizations are in full force and effect, and no event has occurred that permits, or after notice or lapse of time could permit, the revocation, termination or material and adverse modification of any such Authorization, except those which in the aggregate could not

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reasonably be expected to cause a Material Adverse Effect. Schedule 3.7(a) shows the expiration date and/or termination date for each Authorization (other than FCC Licenses expected to be renewed in the ordinary course) in effect on the Closing Date. The Borrower is not, nor is any Subsidiary of the Borrower or GCII, in violation of any material duty or obligation required by the Communications Act of 1934, as amended, or any material rule or regulation of the FCC or any other Governmental Authority. There is not pending or, to the best knowledge of the Borrower, threatened, any action by the FCC or any other Governmental Authority to revoke, cancel, suspend or refuse to renew any License or Authorization of any Transaction Party. There is not pending or, to the best knowledge of the Borrower, threatened, any action by the FCC or any other Governmental Authority to modify adversely, revoke, cancel, suspend or refuse to renew any other Authorization of any Transaction Party. There is not issued or outstanding or, to the best knowledge of the Borrower, threatened, any notice of any hearing, violation or material complaint against the Borrower, GCII or any of the Restricted Subsidiaries with respect to the operation of any portion of its business and the Borrower has no knowledge that any Person intends to contest renewal of any Authorization. Each Transaction Party has requisite corporate or partnership power (as applicable) and legal right to own and operate its Property and to conduct its business. Each has good and indefeasible title (fee or leasehold, as applicable) to its Property, subject to no Liens of any kind, except Permitted Encumbrances. All of the assets of the Borrower and each other Transaction Party are located within the municipalities and borough locations described on Schedule 3.7(b). No Transaction Party is in violation of its respective articles of organization or incorporation (as applicable) or bylaws. None of the Transaction Parties is in violation of any Applicable Law, or material agreement or instrument binding on or affecting it or any of its Properties, the effect of which could reasonably be expected to cause a Material Adverse Effect. No business or Properties of GCII, the Borrower or any Restricted Subsidiary is affected by any drought, storm, earthquake, embargo, act of God or public enemy, or other casualty, the effect of which could reasonably be expected to cause a Material Adverse Effect.

SECTION 3.8. Outstanding Indebtedness and Liens. The Transaction Parties have no outstanding Indebtedness, Contingent Liabilities or Liens, except (i) Permitted Encumbrances and (ii) Indebtedness, Contingent Liabilities or Liens as shown on Schedule 3.8 hereto. No breach, default or event of default exists under any document, instrument or agreement evidencing or otherwise relating to any Funded Indebtedness of any Transaction Party which could reasonably be expected to cause a Material Adverse Effect.

SECTION 3.9. Taxes. GCII, the Borrower and each Subsidiary of GCII and the Borrower has filed all federal, state, and other Tax returns (or extensions related thereto) which are required to be filed, and has paid all Taxes as shown on said returns, as well as all other Taxes, to the extent due and payable, except to the extent payment is contested in good faith and for which adequate reserves have been established therefor in accordance with GAAP. All Tax liabilities of GCII, the Borrower and each Subsidiary of GCII and the Borrower are adequately provided for on its books, including interest and penalties, and adequate reserves have been established therefor in accordance with GAAP. No income Tax liability of a material nature has been asserted by taxing authorities for Taxes in excess of those already paid, and no taxing authority has notified GCII, the Borrower or any Subsidiary of GCII or the Borrower of any deficiency in any Tax return.

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SECTION 3.10. Compliance with ERISA. (a) Each Plan has been maintained and operated in all material respects in accordance with all Applicable Laws, including ERISA and the Code except to the extent that any failure thereof could not reasonably be expected to result in a material liability. Each Plan intended to qualify under Section 401(a) of the Code so qualifies except to the extent that any failure to so qualify could not reasonably be expected to result in a material liability. No Plan has an "accumulated funding deficiency," within the meaning of Section 412 of the Code or Section 302 of ERISA, or has applied for or received a waiver of the minimum funding standards or an extension of any amortization period, within the meaning of Section 412 of the Code or Section 303 or 304 of ERISA. No material liability has been, and no circumstances exist pursuant to which any such material liability could be reasonably likely, imposed upon any Transaction Party or ERISA Affiliate (i) under Sections 4971 through 4980B of the Code, Section 409, 502(i), 502(l) or 515 of ERISA, or under Title IV of ERISA with respect to any

Plan or Multiemployer Plan, or with respect to any plan heretofore maintained by any Transaction Party or ERISA Affiliate, or any entity that heretofore was an ERISA Affiliate, or (ii) for the failure to fulfill any obligation to contribute to any Multiemployer Plan. Neither any Transaction Party nor any ERISA Affiliate has received any notification that any Multiemployer Plan is in reorganization or has been terminated within the meaning of Title IV of ERISA, no Multiemployer Plan is reasonably expected to be in reorganization or to be terminated and, using actuarial assumptions and computation methods consistent with Part 1 of Subtitle E of Title IV of ERISA, the aggregate liabilities of the Transaction Parties and their ERISA Affiliates to all Multiemployer Plans in the event of a complete withdrawal therefrom, as of the close of the most recent fiscal year of each such Plan then ended would not exceed \$1,000,000.

(b) Assuming none of the Lenders is using assets of any employee benefit plan subject to Title I of ERISA or any "plan" (within the meaning of Section 4975(e) of the Code) maintained by the Borrower or any of its ERISA Affiliates to make the Loans, the execution, delivery and performance of the Fundamental Documents and the consummation of the transactions contemplated hereby and thereby will not involve any "prohibited transaction" within the meaning of Section 406 of ERISA or Section 4975 of the Code.

SECTION 3.11. Environmental Laws. The Borrower and each other Transaction Party has obtained all material environmental, health and safety permits, licenses and other material authorizations required under all applicable Environmental Laws to carry on its business as being conducted. On the Closing Date, there are no environmental liabilities of the Borrower or any other Transaction Party (with respect to any fee owned or leased Properties), except as disclosed and described in detail on Schedule 3.11 hereto. Each of such permits, licenses and authorizations is in full force and effect and the Borrower and each other Transaction Party is in compliance with the terms and conditions thereof, and is also in compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in any applicable Environmental Law or in any regulation, code, plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder, except to the extent failure to comply with any thereof could not reasonably be expected to cause a Material Adverse Effect. In addition, no written notice, notification, demand, request for information, citation, summons or order has been issued, no written complaint has been filed, no penalty has been assessed and no investigation or review is pending or, to the best knowledge of the Borrower or any other Transaction Party, threatened, by

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any Governmental Authority or other entity with respect to any alleged failure by the Borrower or any other Transaction Party to have any environmental, health or safety permit, license or other authorization required under any applicable Environmental Law in connection with the conduct of the business of the Borrower or any other Transaction Party or with respect to any generation, treatment, storage, recycling, transportation, discharge, disposal or release of any Hazardous Materials by the Borrower or any other Transaction Party. To the best knowledge of the Borrower and each other Transaction Party, there are no environmental liabilities of the Borrower or any other Transaction Party which could reasonably be expected to cause a Material Adverse Effect, nor has the Borrower or any such Transaction Party received any material environmental studies or reports in connection with any real Property. No Hazardous Materials are generated or produced at or in connection with the Properties and operations of any of the Borrower or any of the other Transaction Parties, nor have any Hazardous Materials been disposed of or otherwise released on or to any Property on which any operations of the Borrower or any other Transaction Parties are conducted, except in compliance with applicable Environmental Laws.

SECTION 3.12. Disclosure. Neither the Borrower nor any other Transaction Party has made a material misstatement of fact, or failed to disclose any material fact necessary to make the facts disclosed not misleading, in light of the circumstances under which they were made, to the Administrative Agent or any Lender during the course of application for and negotiation of any Fundamental Documents or otherwise in connection with any Loans. There is no fact known to the Borrower or any other Transaction Party that materially adversely affects any of the Borrower's or any of the other Transaction Party's Properties or business, or that could constitute a Material Adverse Effect, and that has not been set forth in the Fundamental Documents or in other documents furnished to the Administrative Agent or any Lender.

SECTION 3.13. Investments. The Transaction Parties have no Investments other than Investments (i) as described on Schedule 3.13 hereto or (ii) as otherwise permitted by Section 6.9 hereof.

SECTION 3.14. Intellectual Property. The Borrower and each other Transaction Party has obtained all patents, patent rights or licenses, trademarks, trademark rights or licenses, service-marks, trade names, copyrights, copyright rights or licenses, software, rights and licenses to software, and other similar rights (collectively, "Proprietary Rights") free from material restrictions, which are necessary for the operation of their respective businesses as presently conducted and as proposed to be conducted. On

the Closing Date, the Borrower does not possess any Proprietary Rights other than those that are owned by the Transaction Parties or readily available at a reasonable cost or are transferable with the services, products or equipment in respect of which they are expected to be used. Nothing has come to the attention of the Borrower or any other Transaction Party to the effect that (a) any process, method, part or other material presently employed or contemplated to be employed by the Borrower or any other Transaction Party may or could reasonably be alleged to infringe any patent, trademark, service-mark, trade name, license or other right (except copyright) owned by any other Person, or (b) except as shown on Schedule 3.5 attached hereto, there is pending or threatened any claim or litigation against or affecting the Borrower or any other Transaction Party contesting its right to sell or use any such process, method, part or other material. Nothing has come to the attention of the Borrower or any other Transaction Party to the effect that any material presently

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contemplated to be employed by the Borrower or any other Transaction Party may or could reasonably be alleged to infringe any copyright owned by any other Person, except to the extent that any such infringement, when aggregated with all other copyright infringements, could not reasonably be expected to cause a Material Adverse Effect.

SECTION 3.15. Labor Matters. There are no collective bargaining agreements or Multiemployer Plans covering the employees of any Transaction Party or any Subsidiary of a Transaction Party, and no Transaction Party nor any Subsidiary of a Transaction Party has suffered any strikes, walkouts or work stoppages within the last three (3) years.

SECTION 3.16. Security Interest; Other Security. This Credit Agreement and the other Fundamental Documents, when executed and delivered and, upon the making of the initial Loan hereunder, will create and grant to the Administrative Agent for the benefit of the Lenders, upon (i) the timely filing of the appropriate UCC-1 Financing Statements with the filing offices listed on Schedule 3.16 and (ii) the timely recording of the respective Amendments to Deeds of Trust with the recording offices listed on Schedule 3.16, valid and first priority perfected security interests in the Collateral subject only to Permitted Encumbrances.

SECTION 3.17. Agreements. (a) The Borrower is not in breach of, or default with respect to, the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument (including, without limitation, this Credit Agreement and the other Fundamental Documents to which it is a party), and the Borrower does not have any knowledge of any breach, default or anticipated breach by any other parties thereto, which breach or default, in either case, either individually or when aggregated with all other breaches of defaults, could have a Material Adverse Effect.

(b) Schedule 3.17 is a true and complete listing as of the Closing Date of all credit agreements, indentures, and other agreements related to any Indebtedness of the Transaction Parties, other than the Fundamental Documents. No Transaction Party is party to or obligated under any material agreement other than those (i) listed on Schedule 3.17 hereto or (ii) filed with the Securities and Exchange Commission. The Borrower has delivered or made available to the Administrative Agent a true and complete copy of each agreement described on Schedule 3.17, including all exhibits and schedules.

SECTION 3.18. Bank Accounts. A true and complete list of all deposit accounts appears on Schedule 3.18 hereto.

4. CONDITIONS OF LENDING

SECTION 4.1. Conditions Precedent to Initial Revolving Loans, Term Loans or Letter of Credit. The obligation of the Issuing Bank to issue its initial Letter of Credit and of each Lender to make its initial Revolving Loan and the Term Loan or participate in the initial Letter of Credit is subject to the following conditions precedent:

(a) Partnership and Corporate Documents. The Administrative Agent shall have received, with copies for each of the Lenders:

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- (i) a copy of the articles or certificate of incorporation of each of the Borrower, each Transaction Party (other than A USP), GCI Transport and Satco;
- (ii) a certificate of the Secretary of State (or the equivalent thereof) and of the franchise tax entity of Alaska (or, if any such Transaction Party is not incorporated or organized under the laws of Alaska, from the Secretary of State and the franchise tax entity of such Person's jurisdiction of

incorporation or organization), if available, dated as of a recent date as to the good standing of, and payment of taxes by the Borrower, each Transaction Party (other than AUSP), GCI Transport and Satco;

- (iii) a certificate of the Secretary of the Borrower, each Transaction Party (other than AUSP), GCI Transport and Satco, dated the Closing Date and certifying (A) that attached thereto is a true and complete copy of the articles or certificate of incorporation and the by-laws of such party as in effect on the date of such certification, (B) that the articles or certificate of incorporation have not been altered, amended or rescinded (C) in the case of each of the Transaction Parties (other than AUSP), that attached thereto is a true and complete copy of resolutions adopted by the Board of Directors of such party authorizing the execution, delivery and performance of the Fundamental Documents to which it is a party and any other documents required or contemplated hereunder or thereunder and that such resolutions have not been amended, rescinded or supplemented and are currently in effect and (D) as to the incumbency and specimen signature of each officer of such party executing (as applicable) this Credit Agreement, the Notes, and any other Fundamental Document or any other document delivered by it in connection herewith or therewith (such certificate to contain a certification by another officer of such party as to the incumbency and signature of the officer signing the certificate referred to in this clause (iii));
 - (iv) with respect to AUSP, a certificate of the General Partners, dated the Closing Date, certifying that attached thereto is a true and complete copy of the Partnership Agreement of AUSP as in effect on the Closing Date;
 - (v) with respect to AUSP, a certificate of the Secretary of State (or the equivalent thereof) of Alaska dated as of a recent date as to the good standing of AUSP; provided, however, that such a certificate shall not be required if the Secretary of State (or the equivalent thereof) of Alaska does not provide such a certificate with respect to general partnerships;
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- (vi) with respect to AUSP, a certificate of the General Partners, dated the Closing Date and certifying (A) that attached thereto is a true and complete copy of the resolution or authorization adopted by each of the General Partners authorizing the execution, delivery and performance of the Fundamental Documents to which AUSP is a party and any other documents required or contemplated hereunder or thereunder and that such resolution or authorization has not been amended, rescinded or supplemented and is currently in effect and (B) as to the incumbency and specimen signature of each officer or General Partner of AUSP executing the Credit Agreement and any other Fundamental Document or any other document delivered by it in connection herewith or therewith (such certificate to contain a certification by an officer or another General Partner of AUSP as to the incumbency and signature of the officer or General Partner signing the certificate referred to in this clause (vi)); and
 - (vii) such additional supporting documents as the Administrative Agent or its counsel or any Lender may reasonably request.

(b) Credit Agreement; Notes. The Administrative Agent shall have received this Credit Agreement and the Notes, all duly executed on behalf of the Borrower.

(c) Opinions of Counsel. The Administrative Agent shall have received the written opinions dated the Closing Date, addressed to the Administrative Agent and the Lenders and in form and substance satisfactory to the Administrative Agent and its counsel of (i) Sherman & Howard L.L.C., counsel to the Borrower and the other Transaction Parties, substantially in the form attached as Exhibit B-1 hereto, (ii) Mark R. Moderow, corporate counsel of GCI, substantially in the form attached as Exhibit B-2 hereto, (iii) Hartig Rhodes Hoge & Lekisch, P.C., Alaska counsel to the Borrower and the other Transaction

Parties, substantially in the form attached as Exhibit B-3 hereto and (iv) Drinker, Biddle & Reath LLP, FCC counsel to the Borrower and GCI, substantially in the form attached as Exhibit B-4 hereto.

(d) No Material Adverse Effect. No Material Adverse Effect shall have occurred with respect to the business, operations, performance, assets, properties, condition (financial or otherwise) or prospects of the Borrower or any of the Transaction Parties except as disclosed in the Form 10-Q filed by GCI with respect to the fiscal quarter ending June 30, 2003.

(e) Insurance. The Borrower shall have furnished the Administrative Agent with (i) a summary of all existing insurance coverage, (ii) evidence acceptable to the Administrative Agent that the insurance policies required by Section 5.2 hereof have been obtained and are in full force and effect and (iii) certificates of insurance with respect to all existing insurance coverage, which certificates shall name Credit Lyonnais New York Branch, as Administrative Agent, as the certificate holder and shall evidence the Borrower's compliance with Section 5.2 hereof with respect to all insurance coverage existing as of the Closing Date.

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(f) Security and Other Documentation. On or prior to the Closing Date, the Administrative Agent shall have received: (i) for filing, all appropriate UCC-1 Financing Statements from each of the Transaction Parties necessary to perfect its security interest in the Collateral; (ii) in connection with the pledge by the Pledgors hereunder, the certificates representing the Pledged Interests and appropriate undated stock powers executed in blank; and (iii) an amendment to each Deed of Trust substantially in the form of Exhibit H hereto.

(g) Security Interests in Collateral. On or prior to the Closing Date, the Administrative Agent shall have received evidence reasonably satisfactory to it that (i) the Borrower and the other Transaction Parties have sufficient right, title and interest in and to the Collateral and other applicable assets which it purports to own (including appropriate licenses with respect to Proprietary Rights), as set forth in its financial statements and/or in the other documents presented to the Lenders, to enable each such party to grant to the Administrative Agent for the benefit of the Lenders the security interests contemplated by the Fundamental Documents, and (ii) all UCC-1 Financing Statements and other filings under Applicable Law necessary to provide the Administrative Agent for the benefit of the Lenders with a first priority perfected security interest in the collateral under any Fundamental Document (in each case subject to Permitted Encumbrances) have been filed or delivered to the Administrative Agent in satisfactory form for filing; provided, however, that the relevant amendments to the Deeds of Trust shall be executed on or prior to the Closing Date, but may be filed or recorded after the Closing Date if such additional time is necessary in the judgment of the Administrative Agent or its outside counsel.

(h) Payment of Fees. All fees and expenses then due and payable by the Borrower or GCI to the Administrative Agent and the Lenders pursuant to the Mandate Letter or otherwise in connection with the transactions contemplated hereby shall have been paid.

(i) Searches. The Administrative Agent shall have received UCC and tax liens searches satisfactory to it indicating that no other filings (other than in connection with Permitted Encumbrances) with regard to any collateral referred to in any Fundamental Document are of record in any jurisdiction in which it shall be necessary or desirable for the Administrative Agent to make a UCC filing in order to provide the Administrative Agent (for the benefit of the Lenders) with a perfected security interest in such collateral.

(j) Delivery of Material Agreements. The Administrative Agent shall have received copies of each of the Material Agreements listed on Schedule 3.17 hereto (certified by an Authorized Officer of the Borrower) and the Lenders shall be satisfied with the terms and provisions thereof.

(k) Compliance with Laws. The Administrative Agent shall be satisfied that the transactions contemplated hereby and by the other Fundamental Documents will not violate any provision of Applicable Law.

(l) Required Consents and Approvals. The Administrative Agent shall be satisfied that all required consents and approvals have been obtained with respect to the loan transaction contemplated hereby and the transactions contemplated by the other Fundamental Documents from all Governmental Authorities with jurisdiction over the business and activities

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of the Transaction Parties, and any other entity whose consent or approval the Administrative Agent in its reasonable discretion deems necessary to such transactions.

(m) Approval of Counsel to the Administrative Agent. All legal

matters incident to this Credit Agreement and the transactions contemplated hereby shall be reasonably satisfactory to counsel to the Administrative Agent.

(n) Financial Statements. The Administrative Agent shall have received the financial statements and other financial information referenced in Section 3.4 hereof, together with any other financial information reasonably requested by the Administrative Agent, each in form and substance satisfactory to the Administrative Agent.

(o) Existing Indebtedness. Simultaneously with the making of the initial Loans, all Indebtedness of the Borrower under the Existing Credit Agreement (and all other Indebtedness arising under an agreement listed on Schedule 3.17 scheduled to be paid at Closing) shall have been paid in full, the commitments of the lenders thereunder shall have been terminated and all security interests, liens and other encumbrances granted thereunder shall have been released.

(p) Other Documents. The Administrative Agent shall have received such other documentation as the Administrative Agent may reasonably request.

SECTION 4.2. Conditions Precedent to Each Loan and Letter of Credit. The obligation of the Lenders to make each Loan (including the initial Revolving Loan, the Term Loan and participations under the initial Letter of Credit but excluding a continuation or conversion which does not increase the outstanding principal amount of the Loans) and of the Issuing Bank to issue, amend, renew or extend any Letter of Credit is subject to the following conditions precedent:

(a) Notice. The Administrative Agent shall have received a notice with respect to such Borrowing or the Issuing Bank shall have received a notice with respect to such Letter of Credit as required by Article 2 hereof.

(b) Borrowing Certificate. Except in the case of the initial Loan or the initial Letter of Credit, the Administrative Agent shall have received a Borrowing Certificate with respect to such Borrowing, duly executed by an Authorized Officer.

(c) Representations and Warranties. The representations and warranties set forth in Article 3 hereof and in the other Fundamental Documents shall be true and correct in all material respects on and as of the date of each Borrowing or the date of issuance, amendment, renewal or extension of such Letter of Credit, as applicable, hereunder (except to the extent that such representations and warranties expressly relate to an earlier date) with the same effect as if made on and as of such date.

(d) No Material Adverse Change. No material adverse change shall have occurred with respect to the business, operations, performance, assets, properties, condition (financial or otherwise) or prospects of the Borrower and the Transaction Parties individually or

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taken as a whole since June 30, 2003 except as disclosed in the Form 10-Q filed by GCI with respect to the fiscal quarter ending June 30, 2003.

(e) No Event of Default. On the date of each Borrowing or the date of issuance, amendment, renewal or extension of such Letter of Credit, as applicable, the Borrower and each Transaction Party shall be in compliance with all of the terms and provisions set forth herein and in the other Fundamental Documents to be observed or performed by it and no Event of Default or Default shall have occurred and be continuing.

(f) Additional Documents. The Lenders and the Issuing Bank shall have received from the Borrower on the date of each Borrowing or the date of issuance, amendment, renewal or extension of such Letter of Credit, as applicable, such documents and information as they may reasonably request relating to the satisfaction of the conditions in this Section 4.2.

Each request for a Borrowing (other than a continuation or conversion which does not increase the outstanding principal amount of the Loans) or the issuance, amendment, renewal or extension of a Letter of Credit shall be a representation and warranty by the Borrower on the date of such Borrowing or the date of issuance, amendment, renewal or extension of such Letter of Credit, as applicable, as to the matters specified in paragraphs (c), (d), (e) and (f) of this Section 4.2.

5. AFFIRMATIVE COVENANTS

From the date hereof and for so long as any Commitments shall be in effect, any Loan or any portion of the Obligations or any Letter of Credit is outstanding, or the Borrower or any other Transaction Party owes any other amount hereunder or under any other Fundamental Document, each Transaction Party agrees that, unless the Required Lenders shall otherwise consent in writing, each of them will:

SECTION 5.1. Compliance with Laws and Payment of Indebtedness. Comply with all Applicable Laws, including without limitation compliance with ERISA and all applicable federal and state securities laws, and pay its (a) Funded Indebtedness as and when due (or within any applicable grace period), unless payment thereof is being contested in good faith by appropriate proceedings and adequate reserves have been established therefor and (b) trade debt in accordance with its past practices, and in any event, before any trade creditor takes any action or terminates any relationship, except those disputes diligently contested in good faith by the Borrower and/or such Transaction Party, and for which appropriate reserves have been established in accordance with GAAP.

SECTION 5.2. Insurance. (a) Keep its offices and other insurable Properties adequately insured at all times by reputable insurers to such extent and against such risks, including fire and other risks insured against by extended coverage, as is customary with companies similarly situated and in the same or similar businesses;

(b) maintain in full force and effect public liability (including liability insurance for all vehicles and other insurable Property) and worker's compensation insurance, in amounts customary for such similar companies to cover normal risks, by insurers satisfactory to the Administrative Agent;

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(c) maintain business interruption insurance in amounts satisfactory to the Lenders;

(d) maintain other insurance as may be required by Applicable Law or reasonably requested by the Administrative Agent;

(e) cause all such above-described insurance (excluding worker's compensation insurance) to be endorsed as follows: (i) to provide for the benefit of the Lenders that 30 days' prior written notice of cancellation, termination, non-renewal or lapse or material change of coverage shall be given to the Administrative Agent; (ii) to name the Administrative Agent for the benefit of the Issuing Bank and the Lenders as a loss payee (except for third party liability insurance); (iii) to the extent that none of the Administrative Agent, the Issuing Bank nor the Lenders shall be liable for premiums or calls, name the Administrative Agent (for the benefit of the Lenders) as an additional insured; (iv) with respect to the property policies described in subsections (a) and (c) above, the interests of the Administrative Agent and the Lenders shall not be invalidated by any action or inaction of the Borrower, or any other person, and shall insure the Administrative Agent and the Lenders regardless of any breach or violation by the Borrower, or any other person, of any warranties, declarations or conditions of such policies; (v) inasmuch as the liability policies described in subsection (b) above are written to cover more than one insured, all terms conditions, insuring agreements and endorsements, with the exception of the limits of liability, shall operate in the same manner as if there were a separate policy covering each insured; (vi) the insurers thereunder shall waive all rights of subrogation against the Administrative Agent and the Lenders, any right of setoff or counterclaim and any other right to deduction, whether by attachment or otherwise; and (vii) such insurance shall be primary without right of contribution of any other insurance carried by or on behalf of the Administrative Agent or any Lender with respect to its interests as such in this transaction;

(f) in the event of a recovery of any insurance loss relating to the Collateral, cause such recovery or amount to be deposited into an account maintained with the Administrative Agent for such purpose (the "Insurance Proceeds Account") in accordance with Section 2.10(b) (i) hereof; and

(g) Deliver evidence of renewal of each insurance policy on or before the date of its expiration, and from time to time deliver to the Administrative Agent, upon demand, evidence of the maintenance of such insurance.

SECTION 5.3. Inspection Rights. Permit the Administrative Agent or any Lender, upon one day's notice or such lesser notice as is reasonable under the circumstances, to examine and make copies of and abstracts from their records and books of account, to visit and inspect their Properties and to discuss their affairs, finances, and accounts with any of their directors, officers, employees, accountants, attorneys and other representatives, in each case, as the Administrative Agent or any Lender may reasonably request.

SECTION 5.4. Records and Books of Account; Changes in GAAP. Keep adequate records and books of account in conformity with GAAP. In connection with any change in the fiscal year or method or accounting of the Borrower or any Restricted Subsidiary

after the date hereof, the Borrower and Lenders shall negotiate in good faith to make appropriate alterations to the covenants set forth in Sections 6.11, 6.12, 6.13 and 6.14 hereof, reflecting such change.

SECTION 5.5. Reporting Requirements. Furnish to each Lender and the Administrative Agent:

(a) As soon as available and in any event within 60 days after the end of the Borrower's fiscal quarters, (i) consolidated balance sheets of GCI and consolidating balance sheets of the Borrower and its Subsidiaries, as of the end of such quarter, and consolidated statements of income and statements of cash flows of GCI and GCII, and consolidating statements of income of the Borrower and its Subsidiaries, for the portion of the fiscal year ending with such quarter, setting forth, in comparative form, figures for the corresponding periods in the previous fiscal year, all in reasonable detail, and certified by an Authorized Officer as prepared in accordance with GAAP, and fairly presenting the financial position and results of operations of GCI, the Borrower and their Subsidiaries and (ii) for the Borrower and its Restricted Subsidiaries, comparisons and reconciliations of actual results to the budget delivered pursuant to Section 5.5(e) below for the fiscal quarter most recently ended, in reasonable detail and satisfactory to the Administrative Agent;

(b) As soon as available and in any event within 120 days after the end of each fiscal year, (i) consolidated balance sheets of GCI and GCII, and consolidating balance sheets of the Borrower and its Subsidiaries, as of the end of such fiscal year, and consolidated statements of income and cash flows of GCI, and consolidating statements of income of the Borrower and its Subsidiaries, for such fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by an unqualified opinion of the Auditor, which opinion shall state that such financial statements were prepared in accordance with GAAP, that the examination by the Auditor in connection with such financial statements was made in accordance with generally accepted auditing standards, and that such financial statements present fairly the financial position and results of operations of GCI and its Subsidiaries and (ii) for the Borrower and the Restricted Subsidiaries, all information set forth in (i) above in a separate presentation;

(c) Promptly upon receipt thereof, (i) copies of all material reports or letters submitted to the Borrower, GCII or any Subsidiary of the Borrower or GCII by the Auditor or any other accountants in connection with any annual, interim, or special audit, including without limitation the comment letter submitted to management in connection with any such audit, (ii) each financial statement, report, notice or proxy statement sent by GCI, GCII, the Borrower or any Restricted Subsidiary in writing to stockholders generally, (iii) each regular or periodic report and any preliminary and final registration statement or prospectus filed by GCII, the Borrower or any Restricted Subsidiary with any securities exchange, with the Securities and Exchange Commission or any successor agency, and (iv) all press releases concerning material financial aspects of GCII, the Borrower or any Restricted Subsidiary;

(d) Together with each set of financial statements delivered pursuant to subsections (a) and (b) above, a Compliance Certificate executed by an Authorized Officer, which such Compliance Certificate must (i) certify that there has occurred no Default or Event of

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Default, and (ii) set forth the detailed calculations with respect to the financial covenants required by Sections 6.11, 6.12, 6.13 and 6.14 hereof;

(e) As soon as available and in any event not later than 30 days after the beginning of each fiscal year of the Borrower, the annual operating and Capital Expenditure budgets of the Borrower and the Restricted Subsidiaries for such fiscal year;

(f) (i) Promptly upon knowledge by the Borrower or any other Transaction Party of the occurrence of any Default or Event of Default, a notice from an Authorized Officer, setting forth the details of such Default or Event of Default, and the action being taken or proposed to be taken with respect thereto, and (ii) promptly upon knowledge by the Borrower or any other Transaction Party of the occurrence of any material adverse change regarding the financial condition, business, operations or prospects of any Unrestricted Subsidiary, a notice from an Authorized Officer, setting forth the details of such material adverse change and the action being taken or proposed to be taken with respect thereto;

(g) As soon as possible and in any event within five Business Days after knowledge thereof by the Borrower or any other Transaction Party, notice of any Litigation pending or threatened against the Borrower or any other Transaction Party which, if determined adversely, could reasonably be expected to result in a judgment, penalties, or damages in excess of \$1,000,000 together with a statement of an Authorized Officer describing the allegations of such Litigation, and the action being taken or proposed to be taken with respect thereto;

(h) Promptly following notice or knowledge thereof by the Borrower or any other Transaction Party, notice of any actual or threatened loss or termination of any material Authorization of the Borrower or any other Transaction Party or any Unrestricted Subsidiary, together with a statement of an Authorized Officer describing the circumstances surrounding the same, and the action being taken or proposed to be taken with respect thereto;

(i) Promptly after filing or receipt thereof, copies of all reports and notices that the Borrower or any other Transaction Party or Unrestricted Subsidiary (i) files or receives in respect of any Plan with or from the Internal Revenue Service, the PBGC, or the United States Department of Labor, or (ii) furnishes to or receives from any holders of any Indebtedness or Contingent Liability, if in either case, any information or dispute referred to therein either causes a Default or Event of Default, or could reasonably be expected to cause or result in a Default or an Event of Default;

(j) Within 30 days after renewal or issuance of any hazard, public liability, business interruption, or other insurance policy maintained by the Borrower or any other Transaction Party, a copy of the binder or insurance certificate (showing the Administrative Agent, on behalf of the Borrower or such Transaction Party, as loss payee or additional insured, as appropriate);

(k) As soon as possible, and in any event within 10 days after receipt by the Borrower or any other Transaction Party, a copy of (a) any notice or claim to the effect that the Borrower or any other Transaction Party is or may be liable to any Person as a result of the release by the Borrower, any other Transaction Party or any other Person of any toxic or

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hazardous waste or substance into the environment, and (b) any notice alleging any violation of any federal, state or local environmental, health or safety law or regulation by the Borrower or any other Transaction Party which could reasonably be expected to, in either case, cause a Material Adverse Effect; and

(l) Promptly upon request, such other information concerning the condition or operations of the Borrower, any other Transaction Party, Unrestricted Subsidiary and any of their Affiliates, financial or otherwise, as the Administrative Agent, Issuing Bank or any Lender may from time to time reasonably request.

SECTION 5.6. Use of Proceeds. The proceeds of the Loans shall be available, and the Borrower shall use such proceeds, (a) to refinance all outstanding Indebtedness under the Existing Credit Agreement, (b) to finance the payment of all fees and expenses related to such refinancing, and (c) for general corporate purposes.

SECTION 5.7. Maintenance of Existence and Assets. Except as provided by Section 6.6 of this Credit Agreement, maintain its corporate existence, authority to do business in the jurisdictions in which it is necessary for the Borrower or such Transaction Party to do so, and all Authorizations necessary for the operation of any of their businesses. The Borrower shall maintain, and shall cause each other Transaction Party to maintain, the assets necessary for use in their respective businesses in good repair, working order and condition, and make all such repairs, renewals and replacements thereof as may be reasonably required.

SECTION 5.8. Payment of Taxes. The Borrower and GCII will and will cause all Subsidiaries of GCII and the Borrower to, promptly pay and discharge all lawful Taxes imposed upon it or upon its income or profit or upon any Property belonging to it, unless such Tax shall not at the time be due and payable, or if the validity thereof shall currently be contested on a timely basis in good faith by appropriate proceedings (provided that the enforcement of any Liens arising out of any such nonpayment shall be stayed or bonded during the proceedings) and adequate reserves with respect to such Tax shall have been established in accordance with GAAP.

SECTION 5.9. ERISA Plan Compliance and Reports. Furnish to the Administrative Agent (i) as soon as possible, and in any event within ten (10) days after any executive officer of a Transaction Party has knowledge that (A) any Reportable Event with respect to any Plan has occurred, a statement of an executive officer of the Transaction Party, setting forth on behalf of such Transaction Party details as to such Reportable Event and the action which it proposes to take with respect thereto, together with a copy of the notice, if any, required to be filed of such Reportable Event given to the PBGC or (B) an accumulated funding deficiency has been incurred or an application has been made to the Secretary of the Treasury for a waiver or modification of the minimum funding standard or an extension of any amortization period under Section 412 of the Code with respect to a Plan or Multiemployer Plan has been or is proposed to be terminated, reorganized, partitioned or declared insolvent under Title IV of ERISA, proceedings have been instituted to terminate a Plan if such Plan is subject to Title IV of ERISA, an action has been instituted pursuant to Section 515 of ERISA to collect a delinquent contribution to a Multiemployer Plan, or any such Transaction Party or ERISA Affiliate will incur any liability to or on account of the termination of or withdrawal from a Plan subject to

Title IV of ERISA or Multiemployer Plan under Section 4062, 4063, 4201 or 4204 of ERISA, a statement of an executive officer of the Transaction Party, setting forth details as to such event and the action the applicable Transaction Party proposes to take with respect thereto, (ii) promptly upon reasonable request of the Administrative Agent, copies of each annual and other report with respect to each Plan and (iii) promptly after receipt thereof, a copy of any notice any Transaction Party or ERISA Affiliate may receive from the PBGC relating to the PBGC's intention to terminate any Plan subject to Title IV of ERISA or to appoint a trustee to administer any Plan subject to Title IV of ERISA.

SECTION 5.10. Authorizations and Material Agreements. The Borrower and GCII shall, and shall cause the Restricted Subsidiaries to, obtain and comply in all material respects with all FCC Licenses relating to their business or the performance of their obligations under the Fundamental Documents. The Borrower and GCII shall, and shall cause the Restricted Subsidiaries to, obtain and comply in all material respects with all Authorizations relating to their business or the performance of their obligations under the Fundamental Documents, except to the extent failure to do so could not reasonably be expected to cause or result in a Material Adverse Effect. The Borrower shall, and shall cause all other Transaction Parties to, maintain and comply in all material respects with all agreements necessary or appropriate for any of them to own, maintain, or operate any of their businesses or Properties or to perform their obligations under the Fundamental Documents.

SECTION 5.11. Further Assurances. The Borrower shall, and shall cause each other Transaction Party to, make, execute or endorse, and acknowledge and deliver or file or cause the same to be done, all such vouchers, invoices, notices, certifications and additional agreements, undertakings, conveyances, deeds of trust, mortgages, security agreements, transfers, assignments, financing statements or other assurances, and take any and all such other action, as the Administrative Agent may, from time to time, deem reasonably necessary or proper in connection with any Transaction Party's obligations under any of the Fundamental Documents and the obligations of the Borrower thereunder, or for better assuring and confirming unto the Administrative Agent all or any part of the security for any of the Obligations, including, without limitation, (i) using reasonable efforts to obtain and deliver to the Administrative Agent within forty-five (45) days after the Closing Date an Account Control Agreement or an Amendment to Account Control Agreement with respect to each bank account held by the Transaction Parties, duly executed by the applicable Transaction Party and the financial institution party thereto (including, without limitation, all deposit accounts, securities accounts and other accounts listed on Schedule 3.18 hereto) and (ii) delivering to the Administrative Agent within thirty (30) days after the Closing Date copies of the articles or certificate of incorporation of each Transaction Party (other than AUSP), GCI Transport and Satco certified by the Secretary of State (or equivalent thereof) of its jurisdiction of incorporation or organization.

SECTION 5.12. Public Debt Rating. The Borrower shall maintain a public debt rating from a rating agency, which rating agency is acceptable to the Administrative Agent.

SECTION 5.13. Subsidiaries. Deliver to the Administrative Agent reasonably promptly after formation or acquisition of any new Subsidiary which is not an Unrestricted Subsidiary (but in any event prior to commencement of operations by such Subsidiary) an

Instrument of Assumption and Joinder executed by such Subsidiary, appropriate UCC-1 Financing Statements, mortgages and/or other security documents, organizational documents and written opinions of counsel, all as may be reasonably requested by the Administrative Agent or its counsel and all in form and substance reasonably satisfactory to the Administrative Agent and its counsel and if applicable, certificates or other instruments (if any) representing 100% of the stock or other equity interests of such Subsidiary acquired by a Transaction Party together with an undated stock power (or other appropriate document) executed in blank for each such certificate or other instrument.

6. NEGATIVE COVENANTS

From the date hereof and for so long as any Commitment shall be in effect, any loan or any portion of the obligations or any Letter of Credit is outstanding, or the Borrower or any Transaction Party owes any other amount hereunder or under any other Fundamental Document, each Transaction Party agrees that, unless the Required Lenders shall otherwise consent in writing, it will not:

SECTION 6.1. Indebtedness. Create, incur, assume, become or be liable in any manner in respect of, or suffer to exist, any Indebtedness, except (a) Indebtedness under the Fundamental Documents; (b) Indebtedness under the Senior Notes and other Indebtedness in existence on the date hereof as shown on

Schedule 3.8 hereto, and renewals, extensions (but not increases), and refinancings thereof on terms substantially similar thereto and on terms no more restrictive (provided, that the maturity date for any such refinancing is no earlier than twelve (12) months beyond the maturity of the Indebtedness being refinanced); (c) Indebtedness permitted to be incurred as Contingent Liabilities pursuant to Section 6.2 hereof; (d) Indebtedness owed by the Borrower to any of the Restricted Subsidiaries or owed by any of the Restricted Subsidiaries to the Borrower or another Restricted Subsidiary (other than Indebtedness owed by AUSP to such Person); and (e) Indebtedness for any deferred purchase price payable under contracts relating to the construction or acquisition of up to \$58 million of submarine fiber capacity between Alaska and the lower forty-eight states (provided, that the aggregate principal amount outstanding of such Indebtedness shall not exceed \$15,000,000 during the term of this Credit Agreement).

SECTION 6.2. Contingent Liabilities. Create, incur, assume, become or be liable in any manner in respect of, or suffer to exist, any Contingent Liabilities, except (a) Contingent Liabilities under or relating to this Credit Agreement and the other Fundamental Documents, (b) Contingent Liabilities in existence on the Closing Date, as shown on Schedule 3.8 hereto, (c) Contingent Liabilities resulting from the endorsement of negotiable instruments for collection in the ordinary course of business, (d) utility bonds and other similar bonds entered into in the ordinary course of business and (e) Guarantees of the obligations of other members of the Restricted Group (provided, that the underlying obligations being so guaranteed are otherwise permitted to be incurred pursuant to the terms hereof).

SECTION 6.3. Liens. Create or suffer to exist any Lien upon any of its Collateral or any of its Property, except Permitted Encumbrances.

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SECTION 6.4. Dispositions of Assets. Sell, lease, assign, or otherwise dispose of any assets of the Borrower or any Restricted Subsidiary, or otherwise consummate any Asset Sale, except (a) sales or dispositions of inventory in the ordinary course of business, (b) sales or other dispositions of obsolete or useless assets in the ordinary course of business, (c) so long as there exists no Default or Event of Default both before and after giving effect to such disposition, Asset Sales in an aggregate amount over the term of this Credit Agreement not to exceed \$20,000,000, (d) sales, discounts or other dispositions of receivables made pursuant to Section 6.20 hereof and (e) sales or other dispositions solely between members of the Restricted Group (items (a) through (e) collectively referred to herein as "Permitted Dispositions"), the proceeds of which repay the outstanding Obligations in accordance with the terms of Section 2.10 hereof, as applicable.

SECTION 6.5. Distributions and Restricted Payments. Make any Restricted Payments, other than (a) so long as there exists no Default or Event of Default both before and after giving effect to any such Restricted Payment, the Borrower or any Transaction Party may make Restricted Payments in the form of Distributions to GCII in an amount not in excess of cash income Taxes attributable to income from the Borrower and its Restricted Subsidiaries (and GCII may make Restricted Payments in such amounts in the form of Distributions to GCI), and scheduled cash interest payments required to be paid by GCII under the Senior Notes, provided, that the Lenders agree that in no event shall the opening phrase of this subsection (a) prohibit the payment of any such Distribution by the Borrower or payment of interest by GCII on the Senior Notes for more than 180 days in any consecutive 360-day period, unless there exists an Event of Default under Section 7.1(a) hereof (whether by acceleration or otherwise), (b) the Transaction Parties (i) may make required Restricted Payments (but not non-mandatory prepayments) on Funded Indebtedness incurred in accordance with the terms of Section 6.1 hereof (but with respect to the Senior Notes, only payments of cash interest which accrues thereon), and (ii) may make payments of income Taxes, (c) so long as there exists no Default or Event of Default both before and after giving effect to any such Restricted Payment, Distributions payable with respect to the preferred stock of GCI outstanding on the date hereof, not to exceed \$2,200,000 annually in the aggregate, and (d) so long as there exists no Default or Event of Default both before and after giving effect to any such Restricted Payments, Restricted Payments made exclusively out of Excess Cash Flow up to a maximum amount of \$15,000,000 reduced by the aggregate amount of investments made in accordance with Section 6.9(f) hereof and further reduced by the amount of dividends made by the Borrower to GCII on or since the Prior Closing Date.

SECTION 6.6. Merger; Consolidation. Merge into or consolidate with any Person except (a) any Wholly-Owned Subsidiary may merge or consolidate with another Wholly-Owned Subsidiary, and (b) any Wholly-Owned Subsidiary may merge with the Borrower, provided that the Borrower is the surviving entity.

SECTION 6.7. Business. Change the nature of its business as now conducted.

SECTION 6.8. Transactions with Affiliates. Enter into or be party to a transaction with any Affiliate, except on terms no less favorable than could be obtained on an arm's-length basis with a Person that is not an Affiliate. Notwithstanding the foregoing limitation, the Borrower and the

Transaction Parties may enter into or suffer to exist the following: (i) any transaction pursuant to any contract in existence on the Closing Date on the

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terms of such contract as in effect on the Closing Date; (ii) any transaction or series of transactions between the Borrower and one or more of its Restricted Subsidiaries or between two or more of its Restricted Subsidiaries; (iii) any Restricted Payment permitted to be made pursuant to Section 6.5 hereof; (iv) the payment of compensation by GCII, the Borrower or any of its Subsidiaries (including amounts paid pursuant to employee benefit plans) in the ordinary course of business for the personal services of officers, directors and employees of the Borrower or any of its Restricted Subsidiaries, so long as the Board of Directors of GCI and the Borrower in good faith shall have approved the terms thereof and deemed the services theretofore or thereafter to be performed for such compensation or fees to be fair consideration therefor; (v) loans and advances permitted under Section 6.9(c) hereof; and (vi) payment of loans existing on the date hereof owed by an employee or director of a Transaction Party with the Capital Stock of GCI.

SECTION 6.9. Loans and Investments. Make any loan, advance, extension of credit or capital contribution to, or make or have any Investment in, any Person, or make any commitment to make any such extension of credit or Investment, or make any acquisition of the stock or assets of any other Person, except the following (each, a "Permitted Investment"): (a) Investments existing on the date hereof and contemplated by the terms of this Credit Agreement, each as shown on Schedule 3.13 hereto; (b) Investments in Cash Equivalents; (c) Investments constituting advances or loans in the ordinary course of business to officers and employees consistent with past practices, provided, that such loans and advances made in cash do not exceed \$5,000,000 outstanding at any one time; (d) Investments in accounts receivable arising in the ordinary course of business; (e) Investments by the Borrower in any of the Restricted Subsidiaries or by any of the Restricted Subsidiaries in the Borrower or another Restricted Subsidiary (other than Investments by such Person in AUSP) or by GCII in any member of the Restricted Group; (f) Investments of up to \$5,000,000 during each of the 2004, 2005, 2006 and 2007 fiscal years, as measured on December 31st of each such year (provided, that during any such fiscal year, the aggregate amount of such Investments plus any Excess Capital Expenditures shall not exceed the aggregate amount of Excess Cash Flow generated during such fiscal year); and (g) the acquisition of the Capital Stock of GCI to pay compensation pursuant to Section 6.8(iv) hereof.

SECTION 6.10. Fiscal Year and Accounting Method. Change its fiscal year or method of accounting, except as may be required by GAAP.

SECTION 6.11. Total Leverage Ratio. At any time during each period set forth below, permit the Total Leverage Ratio to be greater than the corresponding ratio set forth below:

Period	Total Leverage Ratio
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Closing Date through December 30, 2003	4.25:1
December 31, 2003 through December 30, 2004	4.00:1
December 31, 2004 through December 30, 2005	3.75:1
December 31, 2005 through June 29, 2006	3.50:1
June 30, 2006 through June 29, 2007	3.25:1
June 30, 2007 through September 29, 2007	3.00:1

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September 30, 2007 through Final Maturity Date	2.75:1
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SECTION 6.12. Senior Secured Leverage Ratio. At any time during the periods set forth below, permit the Senior Secured Leverage Ratio to be greater than the corresponding ratio set forth below:

Period	Total Leverage Ratio
Closing Date through December 30, 2004	2.00:1
December 31, 2004 through September 29, 2006	1.75:1
September 30, 2006 through June 29, 2007	1.50:1
June 30, 2007 through September 29, 2007	1.25:1
September 30, 2007 through Final Maturity Date	1.00:1

SECTION 6.13. Interest Coverage Ratio. At any time during the

term hereof, permit the Interest Coverage Ratio to be less than 2.50:1.

SECTION 6.14. Capital Expenditures. (a) The Transaction Parties and, solely for purposes of determining compliance with this Section 6.14, GCI Transport and Satco, shall not make or incur any obligation to make Capital Expenditures (other than Permitted New Fiber Cap Ex) during any of the 2003, 2004, 2005 or 2006 fiscal years (as measured on December 31st of each such year) which in the aggregate exceeds \$25,000,000 in such fiscal year plus the amount by which the aggregate amount of Excess Cash Flow generated during such fiscal year exceeded the amount of any Investments made pursuant to Section 6.9(f) hereof during such fiscal year.

(b) In addition to the restrictions set forth in clause (a) above, during any period when the aggregate outstanding principal amount of Revolving Loans exceeds \$25,000,000, the Transaction Parties may not make or incur any obligation to make Excess Capital Expenditures; provided, that such making or incurrence of an obligation to make Excess Capital Expenditures shall not constitute an Event of Default hereunder if, within sixty (60) days thereof, the Borrower prepays Revolving Loans in an amount sufficient for the aggregate outstanding principal amount of Revolving Loans to be equal to or below \$25,000,000.

SECTION 6.15. Issuance of Partnership Interest and Capital Stock; Amendment of Articles and By-Laws. Except in connection with the transactions consummated on or prior to the Closing Date, and except (i) as permitted in Section 6.4 or 6.6 hereof or (ii) as contemplated in the definition of Permitted New Fiber Cap Ex, issue, sell or otherwise dispose of any Capital Stock of any Transaction Party, or any options or rights to acquire such Capital Stock not issued and outstanding on the Closing Date. The Borrower shall not amend its articles of organization or bylaws and the Borrower shall not permit any of the other Transaction Parties to amend its articles of organization or bylaws or partnership agreement, as applicable; provided, however, that so long as there exists no Default or Event of Default both prior to and after giving effect to such amendment, and after written notice to the Administrative Agent, the Borrower or any of the other Transaction Parties may make (i) changes to comply with Applicable Law and (ii) changes immaterial in nature.

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SECTION 6.16. Change of Ownership. Except as permitted by Section 6.4 or 6.6 hereof, permit any decrease in the ownership of the Borrower and each Guarantor from the ownership thereof as of the date hereof as disclosed on Schedule 3.1 hereto.

SECTION 6.17. Sale and Leaseback. Enter into any arrangement whereby it sells or transfers any of its assets, and thereafter rents or leases such assets other than the leaseback of assets disposed of pursuant to Section 6.4(c) hereof.

SECTION 6.18. Compliance with ERISA. Engage in a "prohibited transaction", as defined in Section 406 of ERISA or Section 4975 of the Code, with respect to any Plan or Multiemployer Plan or knowingly consent to any "party in interest" or any "disqualified person", as such terms are defined in Section 3(14) or ERISA and Section 4975(e)(2) of the Code, respectively, engaging in any "prohibited transaction", with respect to any Plan or Multiemployer Plan; or permit any Plan to incur any "accumulated funding deficiency", as defined in Section 302 of ERISA or Section 412 of the Code; or terminate any Plan in a manner which could result in the imposition of a Lien on any property of any Transaction Party, any Subsidiary of a Transaction Party or any ERISA Affiliate pursuant to Section 4068 of ERISA; or breach or knowingly permit any employee or officer or any trustee or administrator of any Plan to breach any fiduciary responsibility imposed under Title I of ERISA with respect to any Plan; engage in any transaction which would result in the incurrence of a liability under Section 4069 of ERISA; or fail to make contributions to a Plan or Multiemployer Plan which could result in the imposition of a Lien on any property of any Transaction Party, any Subsidiary of a Transaction Party or any ERISA Affiliate pursuant to Section 302(f) of ERISA or Section 412(n) of the Code, if the occurrence of any of the foregoing events (alone or in the aggregate) would result in a liability which has a Material Adverse Effect.

SECTION 6.19. Derivative Exposure. Enter into or become liable in respect of any Derivative Contract except for bonafide hedging purposes in the ordinary course of business.

SECTION 6.20. Sale of Receivables. Sell, discount or otherwise dispose of any receivables owing to any Transaction Party except (i) for purposes of collection in the ordinary course of business, (ii) in connection with the sale of the related Transaction Party, Subsidiary or property to the extent not prohibited by Section 6.4 hereof or (iii) the disposition or reversal of up to \$13,000,000 of certain Worldcom accounts receivable.

SECTION 6.21. Amendments to Material Agreements. Amend or change any Material Agreements of the Borrower in any manner that is material and adverse to the Lenders except with the prior written consent of the Required Lenders, or amend or change any Fundamental Document other than with the prior

written consent of the Lenders pursuant to Section 13.10 hereof, nor shall the Borrower or any other Transaction Party change or amend (or take any action or fail to take any action the result of which is an effective amendment or change) or accept any waiver or consent with respect to any Material Agreement that is material and adverse to the Lenders except with the prior written consent of the Required Lenders.

SECTION 6.22. Limitation on Restrictive Agreements. Other than in connection with the Senior Notes, enter into any indenture, agreement, instrument, fundamental document or other arrangement which, directly or indirectly, prohibits or restrains, or has the effect of

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prohibiting or restraining, or imposes materially adverse conditions upon: (a) the incurrence of Indebtedness; (b) the granting of Liens (except for provisions contained in Capital Leases of property that are permitted hereunder that limit Liens only on the specific property subject to the Capital Lease and, except for Liens in favor of the Administrative Agent and the Lenders); (c) the making or granting of Guarantees; (d) the payment of dividends or Distributions; (e) the purchase, redemption or retirement of any Capital Stock; (f) the making of loans or advances; (g) transfers or sales of property or assets (including Capital Stock) by the Borrower or any of the Restricted Subsidiaries; (h) the making of Investments or acquisitions; or (i) any change of control or management, other than with respect to leases or service contracts entered into the ordinary course of business which are not material.

7. EVENTS OF DEFAULT

SECTION 7.1. Events of Default. Any one or more of the following shall be an "Event of Default" hereunder, if the same shall occur for any reason whatsoever, whether voluntary or involuntary, by operation of law, or otherwise:

(a) The Borrower shall fail to pay (i) any principal on any Note when due, (ii) any interest on any Note within three days after the same becomes due, or (iii) any Commitment Fees, other fees, or other amounts payable under any Fundamental Document within five days after the same becomes due;

(b) Any representation or warranty made or deemed made by the Borrower or any other Transaction Party (or any of its officers or representatives) under or in connection with any of the Fundamental Documents shall prove to have been incorrect or misleading in any material respect when made or deemed made;

(c) The Borrower or any other Transaction Party shall fail to perform or observe any term or condition contained in Article 5 hereof (except Section 5.5(f) hereof) which is not remedied within thirty days after the earlier of (i) actual knowledge of such breach by GCII, the Borrower or any of the Restricted Subsidiaries of such breach and (ii) written notice from the Administrative Agent or any Lender of such breach;

(d) The Borrower or any other Transaction Party shall fail to perform or observe any term or covenant contained in Article 6 hereof or in Section 5.5(f) hereof;

(e) Any Transaction Party shall fail to perform or observe any other term or covenant contained in any Fundamental Document, other than those described in Sections 7.1(a), (b), (c) and (d) hereof which is not remedied within thirty days after the earlier of (i) actual knowledge of such breach by GCII, the Borrower or any of the Restricted Subsidiaries of such breach and (ii) written notice from the Administrative Agent or any Lender of such breach;

(f) Any Fundamental document or material provision thereof shall, for any reason, not be valid and binding on the Transaction Party signatory thereto, or not be in full force and effect, or shall be declared to be null and void; the validity or enforceability of any Fundamental Document shall be contested by any Transaction Party; any Transaction Party shall deny that it has any or further liability or obligation under its respective Fundamental Documents that has not been satisfied; or any default or breach under any provision of any Fundamental

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Documents shall continue after the applicable grace period, if any, specified in such Fundamental Document;

(g) Any of the following shall occur: (i) any Transaction Party, GCI Transport or Satco shall make an assignment for the benefit of creditors or be unable to pay its debts generally as they become due; (ii) any Transaction Party, GCI Transport or Satco shall petition or apply to any Governmental Authority for the appointment of a trustee, receiver, or liquidator of it, or of any substantial part of its assets, or shall commence any proceedings relating to any Transaction Party, GCI Transport or Satco under any Debtor Relief Law, whether now or hereafter in effect; (iii) any such petition

or application shall be filed, or any such proceedings shall be commenced, against any Transaction Party, GCI Transport or Satco, or an order, judgment or decree shall be entered appointing any such trustee, receiver, or liquidator, or approving the petition in any such proceedings and such petition, application or proceedings shall continue undismissed for 30 days or such order, judgment or decree shall continue unstayed and in effect for 30 days; (iv) any final order, judgment, or decree shall be entered in any proceedings against any Transaction Party, GCI Transport or Satco decreeing its dissolution; or (v) any final order, judgment, or decree shall be entered in any proceedings against any Transaction Party, GCI Transport or Satco decreeing its split-up which requires the divestiture of a substantial part of its assets;

(h) Any Transaction Party, GCI Transport or Satco shall fail to pay any Indebtedness or Contingent Liability with an outstanding principal or face amount of \$5,000,000 or more when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Indebtedness or Contingent Liability; or any Transaction Party shall fail to perform or observe any term or covenant contained in any agreement or instrument relating to any such Indebtedness or Contingent Liability, when required to be performed or observed, and such failure shall continue after the applicable grace period, if any, specified in such agreement or instrument, and can result in acceleration of the maturity of such Indebtedness or Contingent Liability; or any such Indebtedness or Contingent Liability shall be declared to be due and payable, or required to be prepaid (other than by a required prepayment), prior to the stated maturity thereof;

(i) Any Transaction Party shall have any judgment(s) outstanding against it for the payment of \$1,000,000 or more, and such judgment(s) shall remain unstayed, in effect, uncontested and unpaid for a period of 30 days;

(j) (i) Any Authorization necessary for the ownership or essential for the operation of the business of any Transaction Party, GCI Transport or Satco, shall expire, and on or prior to such expiration, the same shall not have been renewed or replaced by another Authorization authorizing substantially the same operations, (ii) any such Authorization shall be canceled, revoked, terminated, rescinded, annulled, suspended or modified in a materially adverse respect, or shall no longer be in full force and effect, or the grant or the effectiveness thereof shall have been stayed, vacated, reversed or set aside, and such action shall be no longer subject to further administrative or judicial review, (iii) the FCC shall have issued, on its own initiative and not upon the complaint of or at the request of a third party, any hearing designation order in any non-comparative license renewal proceeding or any license revocation proceeding

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involving any FCC License or Authorization of any Transaction Party, GCI Transport or Satco, or (iv) in any non-comparative license renewal proceeding or license revocation proceeding initiated by the FCC upon the complaint of or at the request of a third party or any comparative (i.e., multiple applicant) license renewal proceeding, in each case involving any FCC License or Authorization of any Transaction Party or Satco; any administrative law judge of the FCC (or successor to the functions of an administrative law judge of the FCC) shall have issued an initial decision to the effect that any Transaction Party, GCI Transport or Satco lacks the basic qualifications to own or operate any portion of its business or is not deserving of a renewal expectancy, and such initial decision shall not have been timely appealed or shall otherwise have become an order that is final and no longer subject to further administrative or judicial review (provided, however, that none of the foregoing events described in clauses (i), (ii), (iii) or (iv) of this Section 7.1(j) shall constitute an Event of Default if such expiration, cancellation, revocation or other loss would not materially adversely affect the value of the Collateral or the ability of any Transaction Party, GCI Transport or Satco to perform its obligations under the Fundamental Documents to which it is a party);

(k) (i) Failure by any Transaction Party or ERISA Affiliate to make any contributions required to be made to a Plan subject to Title IV of ERISA or a Multiemployer Plan, (ii) any accumulated funding deficiency (within the meaning of Section 4971(c) of the Code) shall exist with respect to any Plan (whether or not waived), (iii) failure by any Plan to satisfy the minimum funding standard required for any plan year or part thereof under Section 412 of the Code or Section 302 of ERISA or a waiver of such standard or an extension of any amortization period is sought or granted under Section 412 of the Code or Section 303 or 304 of ERISA, (iv) any Transaction Party or ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred withdrawal liability to such Multiemployer Plan, or that a Multiemployer Plan is in reorganization or is being terminated, (v) a Reportable Event with respect to a Plan shall have occurred, (vi) the withdrawal by any Transaction Party or ERISA Affiliate from a Plan during a plan year in which it was a substantial employer (within the meaning of Section 4001(a)(2) or 4062(e) of ERISA), (vii) the termination of a Plan, or the filing of a notice of intent to terminate a Plan under Section 4041(c) of ERISA, (viii) the institution of proceedings to

terminate, or the appointment of a trustee with respect to, a Plan by the PBGC, (ix) any other event or condition which could constitute grounds under Section 4042(a) of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or (x) the imposition of a Lien pursuant to Section 412 of the Code or Section 302 of ERISA as to any Transaction Party or ERISA Affiliate; and the occurrence of any of the foregoing events, individually or in the aggregate, could reasonably be expected to result in a liability in excess of \$1,000,000;

(l) The Borrower or any Transaction Party shall be required under any Environmental Law (i) to implement any remedial, neutralization, or stabilization process or program, the cost of which could constitute a Material Adverse Effect, or (ii) to pay any penalty, fine, or damages in an aggregate amount of \$1,000,000 or more;

(m) Any Property (whether leased or owned) of any Transaction Party, or the operations conducted thereon by any of them or any current or prior owner or operator thereof (in the case of real Property), shall violate or have violated any applicable Environmental Law, if such violation could constitute a Material Adverse Effect; or any Transaction Party shall not

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obtain or maintain any license required to be obtained or filed under any Environmental Law in connection with the use of such Property and assets, including without limitation past or present treatment, storage, disposal, or release of Hazardous Materials into the environment, if the failure to obtain or maintain the same could constitute a Material Adverse Effect;

(n) Any Fundamental Document shall for any reason (other than pursuant to the terms thereof) cease to create a valid and perfected first priority Lien in the Collateral (subject to Permitted Encumbrances) purported to be covered thereby and the value of such Collateral, singly or in the aggregate, equals or exceeds \$1,000,000;

(o) The occurrence of any Change of Control;

(p) At any time, (i) less than 100% of the Capital Stock of the Borrower, the Restricted Subsidiaries and the Guarantors owned by a Transaction Party shall be pledged to the Lenders (except that the Capital Stock of GCII does not have to be pledged) to secure the Obligations pursuant to a first and prior perfected Lien (subject to inchoate tax liens), (ii) all or any portion of the Collateral constituting any system or systems which service 5% or more of the customers of the Borrower and the Restricted Subsidiaries ("Significant Segment"), or all or any portion of the Pledged Interests, shall be the subject of any proceeding instituted by any Person, (iii) there shall exist any litigation or overtly threatened litigation with respect to all or any portion of the Collateral constituting a Significant Segment or all or any portion of the Pledged Interests, which litigation could reasonably be expected to have a Material Adverse Effect; (iv) all or any portion of the Collateral constituting a Significant Segment shall be the subject of any legal proceeding instituted by any Person other than a Lender or the Administrative Agent (except in connection with any Lender's exercise of any remedies under the Fundamental Documents), which litigation could reasonably be expected to have a Material Adverse Effect; (v) any document or instrument creating or granting a security interest or Lien in any Collateral shall for any reason fail to create a valid first priority security interest (subject to Permitted Encumbrances in any Collateral purported to be covered thereby; or (vi) any material portion of the Collateral shall not be subject to a prior perfected security interest (subject to Permitted Encumbrances), or be subject to attachment, levy or replenishment, unless such attachment, levy or replenishment shall be stayed, or bonded in an amount substantially equal to the fair market value of such Property and only for so long as such stay or bond exists;

(q) (i) A petition or complaint is filed before or by the Federal Trade Commission, the United States Justice Department, or any other Governmental Authority, seeking to cause the Borrower or any other Transaction Party to divest a significant portion of its assets or the Capital Stock of any Transaction Party or the Borrower, pursuant to any antitrust, restraint of trade, unfair competition or similar Applicable Laws, and such petition or complaint is not dismissed or discharged within 60 days of the filing thereof, which such divestiture could reasonably be expected to cause a Material Adverse Effect or (ii) a warrant of attachment or execution or similar process shall be issued or levied against Property of the Borrower or any other Transaction Party which, together with all other such Property of the Borrower and the other Transaction Parties subject to other such process, exceeds in value \$1,000,000 in the aggregate, and if such judgment or award is not insured or, within 60 days after the entry, issue or levy thereof, such judgment, warrant or process shall not have been paid or discharged,

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bonded or stayed pending appeal, or if, after the expiration of any such stay, such judgment, warrant or process shall not have been paid or discharged;

(r) any change, event or circumstance shall occur (including, without limitation, an act of a Governmental Authority or a natural disaster) that could reasonably be expected to have a Material Adverse Effect; or

(s) There shall exist any Event of Default relating to the Senior Notes or under the Indenture.

SECTION 7.2. Remedies Upon Default. If an Event of Default described in Section 7.1(g) hereof shall occur, the Revolving Commitment shall be immediately terminated and the aggregate unpaid principal balance of and accrued interest on all Loans shall, to the extent permitted by Applicable Law, thereupon become due and payable concurrently therewith, without any action by the Administrative Agent or any Lender, and without diligence, presentment, demand, protest, notice of protest or intent to accelerate, or notice of any other kind, all of which are hereby expressly waived. Subject to the foregoing sentence, if any Event of Default shall occur and be continuing, then no Eurodollar Loans shall be available to the Borrower and the Administrative Agent may at its election, and shall at the direction of the Required Lenders, do any one or more of the following:

(a) Declare the entire unpaid balance of all Loans immediately due and payable, whereupon it shall be due and payable without diligence, presentment, demand, protest, notice of protest or intent to accelerate, or notice of any other kind (except notices specifically provided for under Section 7.1 hereof), all of which are hereby expressly waived (except to the extent waiver of the foregoing is not permitted by Applicable Law);

(b) Terminate the Revolving Commitment;

(c) Reduce any claim of the Administrative Agent and the Lenders to judgment; or

(d) Exercise any Rights afforded under any Fundamental Documents, by Applicable Law, including but not limited to the UCC, at equity, or otherwise.

SECTION 7.3. Cumulative Rights. All Rights available to the Administrative Agent and the Lenders under the Fundamental Documents shall be cumulative of and in addition to all other Rights granted thereto at law or in equity, whether or not amounts owing thereunder shall be due and payable, and whether or not the Administrative Agent or any Lender shall have instituted any suit for collection or other action in connection with the Fundamental Documents.

SECTION 7.4. Waivers. The acceptance by the Administrative Agent or any Lender at any time and from time to time of partial payment of any amount owing under any Fundamental Documents shall not be deemed to be a waiver of any Default or Event of Default then existing. No waiver by the Administrative Agent or any Lender of any Default or Event of Default shall be deemed to be a waiver of any Default or Event of Default other than such Default or Event of Default. No delay or omission by the Administrative Agent or any Lender in exercising any Right under the Fundamental Documents shall impair such Right or be construed

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as a waiver thereof or an acquiescence therein, nor shall any single or partial exercise of any such Right preclude other or further exercise thereof, or the exercise of any other Right under the Fundamental Documents or otherwise.

SECTION 7.5. Performance by the Administrative Agent or any Lender. Should any covenant of any Transaction Party fail to be performed in accordance with the terms of the Fundamental Documents, the Administrative Agent may, at its option, perform or attempt to perform such covenant on behalf of such Transaction Party. Notwithstanding the foregoing, it is expressly understood that neither the Administrative Agent nor any Lender assumes, and shall not ever have, except by express written consent of the Administrative Agent or such Lender, any liability or responsibility for the performance of any duties or covenants of any Transaction Party.

SECTION 7.6. Expenditures. The Borrower shall reimburse the Administrative Agent and each Lender for any sums spent by it in connection with the exercise of any Right provided herein. Such sums shall bear interest at the rate in effect for Alternate Base Rate Loans pursuant to Article 2 hereof from the date spent until the date of repayment by the Borrower.

SECTION 7.7. Control. None of the covenants or other provisions contained in this Credit Agreement shall, or shall be deemed to, give the Administrative Agent or any Lender any Rights to exercise control over the affairs and/or management of any Transaction Party, the power of the Administrative Agent and each Lender being limited to the Rights to exercise the remedies provided in this Article; provided, however, that if the Administrative Agent or any Lender becomes the owner of any partnership, stock or other equity interest in any Person, whether through foreclosure or otherwise, it shall be entitled to exercise such legal Rights as it may have by being an owner of such

stock or other equity interest in such Person.

8. GRANT OF SECURITY INTEREST; REMEDIES

SECTION 8.1. Security Interests. The Borrower, as security for the due and punctual payment and performance of the Obligations (including post-petition interest to the extent permitted by Applicable Law), and each of the Guarantors, as security for its obligations under Article 9 hereof, hereby mortgages, pledges, assigns, transfers, sets over, conveys and delivers to the Administrative Agent (for the benefit of the Lenders and the Issuing Bank) and grants to the Administrative Agent (for the benefit of the Lenders and the Issuing Bank) a security interest in the Collateral.

SECTION 8.2. Use of Collateral. So long as no Event of Default or Default shall have occurred and be continuing, and subject always to the various provisions of this Credit Agreement and the other Fundamental Documents, the Transaction Parties may use the Collateral in any lawful manner permitted hereunder.

SECTION 8.3. Transaction Parties to Hold in Trust. Upon the occurrence and during the continuance of an Event of Default and after the request of the Administrative Agent, the Transaction Parties will, upon receipt by any of them of any revenue, income, profits or other sums in which a security interest is granted by this Article 8, payable pursuant to any agreement or otherwise, or of any check, draft, note, trade acceptance or other instrument evidencing an

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obligation to pay any such sum, hold the sum or instrument in trust for the Lenders and the Issuing Bank, and forthwith, without any notice, demand or other action on the part of the Lenders and the Issuing Bank whatsoever (all notices, demands, or other actions on the part of the Lenders and the Issuing Bank being expressly waived), endorse, transfer and deliver any such sums or instruments or both, to the Administrative Agent to be applied to the repayment of the Obligations in accordance with the provisions of Section 8.6 hereof.

SECTION 8.4. Collections, etc. Upon the occurrence and during the continuance of an Event of Default, the Administrative Agent may, in its sole discretion, in its name or in the name of the Borrower, any Transaction Party or otherwise, demand, sue for, collect or receive any money or property at any time payable or receivable on account of or in exchange for, or make any compromise or settlement deemed desirable with respect to, any of the Collateral, but shall be under no obligation to do so, or the Administrative Agent may extend the time of payment, arrange for payment in installments, or otherwise modify the terms of, or release, any of the Collateral, without thereby incurring responsibility to, or discharging or otherwise affecting any liability of the Borrower or any Transaction Party. The Administrative Agent will not be required to take any steps to preserve any rights against prior parties to the Collateral. If the Borrower or any Transaction Party fails to make any payment or to take any action required hereunder or under any Fundamental Document, the Administrative Agent may make such payments and take all such actions as the Administrative Agent reasonably deems necessary to protect the Lenders' Liens and security interests in the Collateral and/or the value thereof, and the Administrative Agent is hereby authorized (without limiting the general nature of the authority hereinabove conferred) to pay, purchase, contest or compromise any Liens which in the judgment of the Administrative Agent appear to be equal to, prior to or superior to the Liens and security interests of the Lenders in the Collateral and any Liens not expressly permitted by this Credit Agreement.

SECTION 8.5. Possession, Sale of Collateral, etc. Upon the occurrence and during the continuance of an Event of Default, the Administrative Agent may enter upon the premises of the Transaction Parties or wherever the Collateral may be, and take possession of the Collateral, and may demand and receive such possession from any Person who has possession thereof, and the Administrative Agent may take such measures as it may deem necessary or proper for the care or protection thereof, including the right to remove all or any portion of the Collateral, and with or without taking such possession, may sell or cause to be sold, whenever the Administrative Agent shall decide, in one or more sales or parcels, at such prices as the Administrative Agent may deem best, and for cash or on credit or for future delivery, without assumption of any credit risk, all or any portion of the Collateral, at any broker's board or at a public or private sale, without any demand of performance or notice of intention to sell or of the time or place of sale (except 10 days' written notice to the Transaction Parties of the time and place of any such sale or sales and such other notices as may be required by Applicable Law and cannot be waived), and any Person may be the purchaser of all or any portion of the Collateral so sold and thereafter hold the same absolutely, free (to the fullest extent permitted by Applicable Law) from any claim or right of whatever kind, including any equity of redemption, of the Transaction Parties, any such demand, notice, claim, right or equity being hereby expressly waived and released to the fullest extent permitted by Applicable Law. At any sale or sales made pursuant to this Article 8, the Administrative Agent may bid for or purchase, free (to the fullest extent permitted by Applicable Law) from any claim or right of whatever

kind, including any

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equity of redemption, of the Transaction Parties, any such claim, right or equity being hereby expressly waived and released, any part of or all of the Collateral offered for sale, and may make any payment on account thereof by using any claim for moneys then due and payable to the Administrative Agent and the Lenders (subject to the provisions of Article 10 hereof) by the Transaction Parties hereunder as a credit against the purchase price. The Administrative Agent shall in any such sale make no representations or warranties with respect to the Collateral or any part thereof, and neither the Administrative Agent nor any Lender shall be chargeable with any of the obligations or liabilities of the Transaction Parties. Each of the Transaction Parties hereby agrees (i) that it will indemnify and hold the Administrative Agent and the Lenders harmless from and against any and all claims with respect to the Collateral asserted before the taking of actual possession or control of the relevant Collateral by the Administrative Agent pursuant to this Article 8, or arising out of any act of, or omission to act on the part of, any Person (other than the Administrative Agent or the Lenders) prior to such taking of actual possession or control by the Administrative Agent, or arising out of any act on the part of any of the Transaction Parties, their Affiliates, or their agents before or after the commencement of such actual possession or control by the Administrative Agent, and (ii) neither the Administrative Agent nor any Lender shall have any liability or obligation to the Transaction Parties arising out of any such claim except for acts of willful misconduct or gross negligence or not taken in good faith. In any action hereunder, the Administrative Agent shall be entitled to the appointment of a receiver, without notice, to take possession of all or any portion of the Collateral and to exercise such powers as the court shall confer upon the receiver. Notwithstanding the foregoing, upon the occurrence of an Event of Default, and during the continuation of such Event of Default, the Administrative Agent shall be entitled to apply, without prior notice to the Transaction Parties except as may be required by Applicable Law, any cash or cash items constituting Collateral in the possession of the Administrative Agent to payment of the Obligations.

SECTION 8.6. Application of Proceeds on Default. Upon the occurrence and during the continuance of an Event of Default, the balances in the Cash Collateral Account or in any other account of the Borrower or any of the Transaction Parties with any Lender, all other income on the Collateral, and all proceeds from any sale of the Collateral pursuant hereto shall be applied in accordance with the provisions of Section 12.2 hereof. Any amounts remaining after such payment in full shall be remitted to the Transaction Parties or as a court of competent jurisdiction may otherwise direct.

SECTION 8.7. Power of Attorney. Upon the occurrence and during the continuance of an Event of Default, (a) each of the Transaction Parties does hereby irrevocably make, constitute and appoint the Administrative Agent or any of its officers or designees its true and lawful attorney-in-fact with full power in the name of the Administrative Agent or the Transaction Parties to receive, open and dispose of all mail addressed to any of the Transaction Parties, and to endorse any notes, checks, drafts, money orders or other evidences of payment relating to the Collateral that may come into the possession of the Administrative Agent, with full power and right to cause the mail of any of the Transaction Parties to be transferred to the Administrative Agent's own offices or otherwise, and to do any and all other acts necessary or proper to carry out the intent of this Credit Agreement and the other Fundamental Documents and the grant of the Liens and security interests hereunder and under the other Fundamental Documents, and each of the Transaction Parties hereby ratifies and confirms all that the Administrative Agent or its substitutes shall properly do by virtue thereof, (b) each of the

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Transaction Parties does hereby further irrevocably make, constitute and appoint the Administrative Agent or any of its officers or designees its true and lawful attorney-in-fact in the name of the Administrative Agent or the Transaction Parties (i) to enforce all of the Transaction Parties' rights under and pursuant to all agreements with respect to the Collateral all for the sole benefit of the Administrative Agent for the benefit of the Lenders, (ii) to enter into and perform such agreements as may be necessary in order to carry out the terms, covenants and conditions of the Fundamental Documents that are required to be observed or performed by the Transaction Parties, (iii) to execute such other and further mortgages, pledges and assignments of the Collateral, and related instruments or agreements, as the Administrative Agent may reasonably require for the purpose of perfecting, protecting, maintaining or enforcing the Liens and security interests granted to the Administrative Agent for the benefit of the Lenders hereunder and under the other Fundamental Documents, and (iv) to do any and all other things necessary or proper to carry out the intention of this Credit Agreement and the grant of the Liens and security interests hereunder and under the other Fundamental Documents and each of the Transaction Parties hereby ratifies and confirms in advance all that the Administrative Agent as such attorney-in-fact or its substitutes shall properly do by virtue of this power of attorney.

SECTION 8.8. Financing Statements, Direct Payment, Confirmation of Receivables. Each of the Transaction Parties hereby authorizes the Administrative Agent to file UCC-1 Financing Statements and any amendments thereto or continuations thereof and any other appropriate security documents or instruments (including, without limitation, the Deeds of Trust and any amendments thereto) and to give any notices necessary or desirable to perfect the Lien and security interests of the Administrative Agent for the benefit of the Lenders and the Issuing Bank on the Collateral, in all cases without the signature of each of the Transaction Parties or to execute such items as attorney-in-fact for the Transaction Parties. Each of the Transaction Parties further authorizes the Administrative Agent upon the occurrence of an Event of Default, and during the continuation of such Event of Default, to notify any account debtor that all sums payable to the Transaction Parties relating to the Collateral shall be paid directly to the Administrative Agent, and to confirm directly with such account debtors the amounts payable by them to the Transaction Parties with regard to the Collateral and the terms of all accounts receivable.

SECTION 8.9. Termination. The security interests granted under this Article 8 shall terminate when all of the Obligations shall have been fully and indefeasibly paid and performed and the Commitments shall have terminated; at such time all rights to the Collateral pledged or assigned by the Transaction Parties shall revert to the Transaction Parties. Upon any such termination, the Administrative Agent will, at the Transaction Parties' expense, execute and deliver to the Transaction Parties such documents (in form and substance satisfactory to the Administrative Agent) as the Transaction Parties shall reasonably request to evidence such termination.

SECTION 8.10. Remedies Not Exclusive. The rights and remedies conferred upon or reserved to the Administrative Agent in this Article 8 are intended to be in addition to, and not in limitation of, any other right or remedy available to the Administrative Agent. Without limiting the generality of the foregoing, the Administrative Agent, the Issuing Bank and the Lenders shall have all rights and remedies of a secured party under Article 9 of the UCC and any other Applicable Law.

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SECTION 8.11. Release of Collateral. Unless a Default or Event of Default shall have occurred and be continuing, upon request by the Borrower to the Administrative Agent in writing, the Administrative Agent shall release its security interest in any Collateral sold by the Borrower in compliance with the terms of this Credit Agreement and the other Fundamental Documents.

SECTION 8.12. Continuation and Reinstatement. The Borrower further agrees that the security interest granted hereunder shall continue to be effective or be reinstated, as the case may be, if at any time payment or any part thereof, of any Obligation is rescinded or must otherwise be restored by the Administrative Agent or the Lenders upon the bankruptcy or reorganization of the Borrower or otherwise.

SECTION 8.13. Regulatory Approvals. During the continuance of an Event of Default, the Borrower will, at its expense, promptly execute and deliver, or cause the execution and delivery of, all applications, certificates, instruments, registration statements and all other documents and papers the Administrative Agent may reasonably request or as may be required by Applicable Law in connection with the obtaining of any consent, approval, registration, qualification or authorization of the FCC or of any other Governmental Authority or Person necessary or appropriate for the effective exercise of any rights under this Credit Agreement or any other Fundamental Document. Without limiting the generality of the foregoing, if an Event of Default shall have occurred and be continuing, the Borrower shall take any action which the Administrative Agent may reasonably request in order to transfer and assign to the Administrative Agent, or to such one or more third parties as the Administrative Agent may designate, or to a combination of the foregoing, each FCC License or Authorization held by any of the Transaction Parties. To enforce the provisions of this Section, the Administrative Agent is empowered to request the appointment of a receiver from any court of competent jurisdiction. Such receiver shall be instructed to seek from the FCC or other Governmental Authority or Person (as applicable) an involuntary transfer of control of each such FCC License or Authorization for the purpose of seeking a bona fide purchaser to whom control will ultimately be transferred. The Borrower hereby agrees to authorize such an involuntary transfer of control upon the request of the receiver so appointed and, if the Borrower shall refuse to authorize the transfer, its approval may be required by the court. Upon the occurrence and continuance of an Event of Default, the Borrower shall further use its best efforts to assist in obtaining approval of the FCC or other Governmental Authority or Person, if required, for any action or transactions contemplated by this Credit Agreement or any other Fundamental Document including, without limitation, the preparation, execution and filing with the FCC or other Governmental Authority or Person of the assignor's or transferor's portion of any application or applications for consent to the assignment of any FCC License or Authorization or license or the transfer of control necessary or appropriate under the rules and regulations of the FCC or other Governmental Authority or otherwise for the approval of the transfer or assignment of any portion of the

Collateral, together with any FCC License or Authorization held by any of the Transaction Parties. The Borrower acknowledges that the assignment or transfer of each FCC License or Authorization held by any of the Transaction Parties is integral to the Administrative Agent's and Lenders' realization of the value of the Collateral, that there is no adequate remedy at law for failure by the Borrower to comply with the provisions of this Section and that such failure would cause irreparable injury not adequately compensable in damages, and therefore agrees that each and every covenant contained in this Section may be specifically enforced, and the Borrower

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hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants.

9. GUARANTY

SECTION 9.1. Guaranty. (a) Each Guarantor unconditionally and irrevocably guarantees to the Secured Parties the due and punctual payment by, and performance of, the Obligations (including interest accruing on and after the filing of any petition in bankruptcy or of reorganization of the obligor whether or not post filing interest is allowed in such proceeding). Each Guarantor further agrees that the Obligations may be increased, extended or renewed, in whole or in part, without notice or further assent from it (except as may be otherwise required herein), and it will remain bound upon this Guaranty notwithstanding any extension or renewal of any Obligation.

(b) Each Guarantor waives presentation to, demand for payment from and protest to, as the case may be, any Transaction Party or any other guarantor of any of the Obligations, and also waives notice of protest for nonpayment, notice of acceleration and notice of intent to accelerate. The obligations of each Guarantor hereunder shall not be affected by (i) the failure of the Administrative Agent, any Lender or any other Secured Party to assert any claim or demand or to enforce any right or remedy against the Borrower or any Guarantor or any other guarantor under the provisions of this Credit Agreement or any other agreement or otherwise; (ii) any extension or renewal of any provision hereof or thereof; (iii) the failure of the Administrative Agent, any Lender or any other Secured Party to obtain the consent of the Guarantor with respect to any rescission, waiver, compromise, acceleration, amendment or modification of any of the terms or provisions of this Credit Agreement, any notes evidencing any of the Loans hereunder or of any other Fundamental Document or other agreement; (iv) the release, exchange, waiver or foreclosure of any security held by the Administrative Agent for the Obligations or any of them; (v) the failure of the Administrative Agent, any Lender, the Issuing Bank or any other Secured Party to exercise any right or remedy against any other Guarantor or any other guarantor of the Obligations; or (vi) the release or substitution of any Guarantor or any other guarantor.

(c) Each Guarantor further agrees that this Guaranty constitutes a guaranty of performance and of payment when due and not just of collection, and waives any right to require that any resort be had by the Administrative Agent, any Lender, the Issuing Bank or any other Secured Party to any security held for payment of the Obligations or to any balance of any deposit, account or credit on the books of the Administrative Agent, any Lender or any other Secured Party in favor of the Borrower or any Guarantor, or to any other Person.

(d) Each Guarantor hereby expressly assumes all responsibilities to remain informed of the financial condition of the Borrower, the Guarantors and any other guarantors and any circumstances affecting the Collateral or the Pledged Interests or the ability of the Borrower to perform under this Credit Agreement.

(e) Each Guarantor's obligations under the Guaranty shall not be affected by the genuineness, validity, regularity or enforceability of the Obligations, any notes evidencing any of the Loans hereunder or any other instrument evidencing any Obligations, or by the

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existence, validity, enforceability, perfection, or extent of any Lien on any Collateral or Pledged Collateral securing any Obligation or by any other circumstance relating to the Obligations which might otherwise constitute a defense to this Guaranty. None of the Administrative Agent, any of the Lenders nor any other Secured Party make any representation or warranty with respect to any such circumstances or have any duty or responsibility whatsoever to any Guarantor in respect to the management and maintenance of the Obligations or any collateral security for the Obligations.

(f) Each Guarantor is personally obligated and fully liable for the amount due under the Obligations (including but not limited to the Notes). Each of the Lenders has the right to sue on the Obligations (including but not limited to obligations arising under the Notes) owing to it and to obtain a personal judgment against each Guarantor for satisfaction of the amount due under the Obligations (including but not limited to obligations arising

under the Notes) either before or after a judicial foreclosure under AS 09.45.170 - 09.45.220 of any mortgage or deed of trust given by said Guarantor.

SECTION 9.2. No Impairment of Guaranty, etc. The obligations of each Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason (except indefeasible payment and performance in full in cash of the Obligations), including, without limitation, any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense or set-off, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of the Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of each Guarantor hereunder shall not be discharged or impaired or otherwise affected by the failure of the Administrative Agent, any Lender or any other Secured Party to assert any claim or demand or to enforce any remedy under this Credit Agreement or any other Fundamental Document or other agreement, by any waiver or modification of any provision hereof or thereof, by any default, failure or delay, willful or otherwise, in the performance of the Obligations, or by any other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of such Guarantor or would otherwise operate as a discharge of such Guarantor as a matter of law, unless and until the Final Maturity Date.

SECTION 9.3. Continuation and Reinstatement, etc. (a) Each Guarantor further agrees that its Guaranty hereunder shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Obligation is rescinded or must otherwise be restored by the Administrative Agent, any Lender, the Issuing Bank or any other Secured Party upon the bankruptcy or reorganization of Borrower or a Guarantor, or otherwise. In furtherance of the provisions of this Article 9, and not in limitation of any other right which the Administrative Agent, any Lender, the Issuing Bank or any other Secured Party may have at law or in equity against the Borrower, a Guarantor or any other Person by virtue hereof, upon failure of the Borrower to pay any Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice or otherwise, each Guarantor hereby promises to and will, upon receipt of written demand by the Administrative Agent, any Lender or any other Secured Party, forthwith pay or cause to be paid to the Administrative Agent for the benefit of the Secured Parties (as applicable) in cash an amount equal to the unpaid amount of such Obligation with interest thereon at a rate of interest equal to the rate specified in Section 2.8(a) hereof, and thereupon the Administrative Agent shall assign such Obligation, together with all security

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interests, if any, then held by the Administrative Agent in respect of such Obligation, to the Guarantors making such payment; such assignment to be subordinate and junior to the rights of the Administrative Agent on behalf of the Secured Parties with regard to amounts payable by the Borrower in connection with the remaining unpaid Obligations (including interest accruing on and after the filing of any petition in bankruptcy or of reorganization of an obligor whether or not post filing interest is allowed in such proceeding) and to be pro tanto to the extent to which the Obligation in question was discharged by the Guarantor or Guarantors making such payments.

(b) All rights of a Guarantor against the Borrower, arising as a result of the payment by such Guarantor of any sums to the Administrative Agent for the benefit of the Secured Parties or directly to the Secured Parties hereunder by way of right of subrogation or otherwise, shall in all respects be subordinated and junior in right of payment to, and shall not be exercised by such Guarantor until and unless, the prior indefeasible payment in full in cash of all the Obligations (including interest accruing on and after the filing of any petition in bankruptcy or of reorganization of an obligor whether or not post filing interest is allowed in such proceeding). If any amount shall be paid to such Guarantor for the account of the Borrower, such amount shall be held in trust for the benefit of the Administrative Agent, segregated from such Guarantor's own assets, and shall forthwith be paid to the Administrative Agent on behalf of the Secured Parties to be credited and applied to the Obligations, whether matured or unmatured.

SECTION 9.4. Limitation on Guaranteed Amount etc. (a) Notwithstanding any other provision of this Article 9, the amount guaranteed by each Guarantor hereunder shall be limited to the extent, if any, required so that its obligations under this Article 9 shall not be subject to avoidance under Section 548 of the Bankruptcy Code or to being set aside or annulled under any Applicable Law relating to fraud on creditors. In determining the limitations, if any, on the amount of any Guarantor's obligations hereunder pursuant to the preceding sentence, it is the intention of the parties hereto that any rights of subrogation or contribution which such Guarantor may have under this Article 9, any other agreement or Applicable Law shall be taken into account.

(b) Notwithstanding any other provision of this Article 9, the amount guaranteed by AUSP hereunder shall be limited to \$75,000,000.

SECTION 10.1. Pledge. Each Pledgor, as security for the due and punctual payment of the Obligations (including interest accruing on and after the filing of any petition in bankruptcy or of reorganization of the Borrower whether or not post filing interest is allowed in such proceeding) in the case of the Borrower and as security for its obligations under Article 9 hereof in the case of a Pledgor which is a Guarantor, hereby pledges, hypothecates, assigns, transfers, sets over and delivers unto the Administrative Agent for the benefit of the Secured Parties, a security interest in all Pledged Collateral now owned or hereafter acquired by it. The Pledgors shall deliver to the Administrative Agent the definitive instruments (if any) representing all Pledged Interests, accompanied by undated stock powers, duly endorsed or executed in blank by the appropriate Pledgor, and such other instruments or documents as the Administrative Agent or its counsel shall reasonably request. Each delivery of securities being pledged

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hereunder shall be accompanied by a schedule showing a description of the securities theretofore and then being pledged hereunder. Each schedule so delivered shall supersede any prior schedules so delivered.

SECTION 10.2. Covenant. Each Pledgor covenants that as stockholder or partner or member of each of its respective Restricted Subsidiaries it will not take any action to allow any additional shares of common stock, preferred stock or other equity securities or interests of any of such Subsidiaries or any securities convertible or exchangeable into common or preferred stock of such Subsidiaries to be issued, or grant any options or warrants, unless such securities are pledged to the Administrative Agent (for the benefit of the Secured Parties) as security for the Obligations.

SECTION 10.3. Registration in Nominee Name; Denominations. Upon the occurrence or continuation of an Event of Default, the Administrative Agent shall have the right (in its sole discretion) to hold the certificates representing any Pledged Interests (a) in its own name (on behalf of itself and any of the Secured Parties) or in the name of its nominee or (b) in the name of the appropriate Pledgor, endorsed or assigned in blank or in favor of the Administrative Agent. Upon the occurrence or continuation of an Event of Default, the Administrative Agent shall have the right to exchange the certificates representing any of the Pledged Interests for certificates of smaller or larger denominations for any purpose consistent with this Credit Agreement.

SECTION 10.4. Voting Rights; Dividends; etc. (a) The appropriate Pledgor shall be entitled to exercise any and all voting and/or consensual rights and powers accruing to an owner of the Pledged Interests being pledged by it hereunder or any part thereof for any purpose not inconsistent with the terms hereof, at all times, except as expressly provided in paragraph (c) below.

(b) All dividends or distributions of any kind whatsoever (other than (x) cash dividends or (y) distributions expressly permitted by Section 6.5 hereof) received by a Pledgor, whether resulting from a subdivision, combination, or reclassification of the outstanding Capital Stock of the issuer or received in exchange for Pledged Interests or any part thereof or as a result of any merger, consolidation, acquisition, or other exchange of assets to which the issuer may be a party, or otherwise, shall be and become part of the Pledged Collateral pledged hereunder and shall immediately be delivered to the Administrative Agent to be held subject to the terms hereof. All dividends and distributions which are received contrary to the provisions of this subsection (b) shall be received in trust for the benefit of the Secured Parties, segregated from such Pledgor's own assets, and shall be delivered to the Administrative Agent.

(c) Upon the occurrence and during the continuance of an Event of Default and notice from the Administrative Agent of the transfer of such rights to the Administrative Agent, all rights of a Pledgor (i) to exercise the voting and/or consensual rights and powers which it is entitled to exercise pursuant to this Section 10.4 and (ii) to receive and retain any dividends and distributions, shall cease, and all such rights shall thereupon become vested in the Administrative Agent, which shall have the sole and exclusive right and authority to exercise such voting and/or consensual rights and receive such dividends and distributions until such time as such Event of Default has been cured; provided, however, that to the extent any governmental

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consents or filings are required for the exercise by the Administrative Agent of any of the foregoing rights and powers, the Administrative Agent shall refrain from exercising such rights or powers until the making of such required filings, the receipt of such consent and the expiration of all related waiting periods.

SECTION 10.5. Remedies Upon Default. If an Event of Default shall have occurred and be continuing, the Administrative Agent, on behalf of the Secured Parties, may sell the Pledged Collateral, or any part thereof, at a

public or private sale or at any broker's board or on any securities exchange, for cash, upon credit or for future delivery as the Administrative Agent shall deem appropriate subject to the terms hereof or as otherwise provided in the UCC. The Administrative Agent shall be authorized at any such sale (if it deems it advisable to do so) to restrict to the full extent permitted by Applicable Law the prospective bidders or purchasers to Persons who will represent and agree that they are purchasing the Pledged Collateral for their own account for investment and not with a view to the distribution or sale thereof, and upon consummation of any such sale, the Administrative Agent shall have the right to assign, transfer, and deliver to the purchaser or purchasers thereof the Pledged Collateral so sold. Each such purchaser at any such sale shall hold the property sold absolutely, free from any claim or right on the part of any Pledgor. The Administrative Agent shall give the Pledgors ten (10) days' written notice of any such public or private sale, or sale at any broker's board or on any such securities exchange, or of any other disposition of the Pledged Collateral. Such notice, in the case of public sale, shall state the time and place for such sale and, in the case of sale at a broker's board or on a securities exchange, shall state the board or exchange at which such sale is to be made and the day on which the Pledged Collateral, or portion thereof, will first be offered for sale at such board or exchange. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as the Administrative Agent may fix and shall state in the notice of such sale. At any such sale, the Pledged Collateral, or portion thereof, to be sold may be sold in one lot as an entirety or in separate parcels, as the Administrative Agent may (in its sole discretion) determine. The Administrative Agent shall not be obligated to make any sale of the Pledged Collateral if it shall determine not to do so, regardless of the fact that notice of sale of the Pledged Collateral may have been given. The Administrative Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. In case the sale of all or any part of the Pledged Collateral is made on credit or for future delivery, the Pledged Collateral so sold shall be retained by the Administrative Agent until the sale price is paid by the purchaser or purchasers thereof, but the Administrative Agent shall not incur any liability in case any such purchaser or purchasers shall fail to take up and pay for the Pledged Collateral so sold and, in case of any such failure, such Pledged Collateral may be sold again upon like notice. At any sale or sales made pursuant to this Section 10.5, the Administrative Agent, any Lender or any other Secured Party may bid for or purchase, free from any claim or right of whatever kind, including any equity of redemption, of the Pledgors, any such demand, notice, claim, right or equity being hereby expressly waived and released, any or all of the Pledged Collateral offered for sale, and may make any payment on the account thereof by using any claim for moneys then due and payable to the Administrative Agent, the Lenders and any other Secured Party by any Transaction Party as a credit against the purchase price; and the Administrative Agent, upon compliance with the terms of sale, may hold, retain and dispose of the Pledged Collateral without further accountability therefor to any Pledgor or any third party

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(other than to the Secured Parties). The Administrative Agent shall in any such sale make no representations or warranties with respect to the Pledged Collateral or any part thereof, and shall not be chargeable with any of the obligations or liabilities of the Pledgors with respect thereto. The Administrative Agent may exercise, either by itself or by its nominee or designee, in the name of the applicable Pledgor(s), all of the rights, powers and remedies granted to the Administrative Agent in this Section 10 in respect of any Pledged Collateral, any organizational document pursuant to which any Pledgor owns its Pledged Collateral, and may exercise and enforce all of the Administrative Agent's rights and remedies hereunder and under law. Each Pledgor hereby agrees (i) it will indemnify and hold each of the Administrative Agent, the Lenders and any other Secured Party harmless from and against any and all claims with respect to the Pledged Collateral asserted before the taking of actual possession or control of the Pledged Collateral by the Administrative Agent pursuant to this Credit Agreement, or arising out of any act of, or omission to act on the part of, any Person prior to such taking of actual possession or control by the Administrative Agent (whether asserted before or after such taking of possession or control), or arising out of any act on the part of any Pledgor, its agents or Affiliates before or after the commencement of such actual possession or control by the Administrative Agent and (ii) the Administrative Agent, the Lenders and any other Secured Party shall have no liability or obligation arising out of any such claim. As an alternative to exercising the power of sale herein conferred upon it, the Administrative Agent may proceed by a suit or suits at law or in equity to foreclose upon the Collateral and Pledged Interests under this Credit Agreement and to sell the Pledged Collateral, or any portion thereof, pursuant to a judgment or decree of a court or courts having competent jurisdiction.

SECTION 10.6. Application of Proceeds of Sale and Cash. The proceeds of sale of the Pledged Collateral sold pursuant to Section 10.5 hereof shall be applied by the Administrative Agent on behalf of the Secured Parties to the payment of all reasonable out-of-pocket costs and expenses paid or incurred by the Administrative Agent in connection with such sale, including, without

limitation, all court costs, the reasonable fees and expenses of counsel for the Administrative Agent in connection therewith, the reasonable fees and expenses of any financial consultants in connection therewith and the payment of all reasonable out-of-pocket costs and expenses paid or incurred by the Administrative Agent in enforcing this Credit Agreement, in realizing or protecting any Collateral and in enforcing or collecting any Obligations or any Guaranty thereof, including, without limitation, court costs, the reasonable attorneys' fees and expenses incurred by the Administrative Agent in connection therewith and the reasonable fees and expenses of any financial consultants in connection therewith and then to the indefeasible payment in full in cash of the Obligations in accordance with Section 12.2 hereof. Any amounts remaining after such indefeasible payment in full shall be remitted to the appropriate Pledgor, or as a court of competent jurisdiction may otherwise direct.

SECTION 10.7. Securities Act, etc. In view of the position of each Pledgor in relation to the Pledged Interests pledged by it, or because of other present or future circumstances, a question may arise under the Securities Act of 1933, as amended, as now or hereafter in effect, or any similar statute hereafter enacted analogous in purpose or effect (such Act and any such similar statute as from time to time in effect being hereinafter called the "Federal Securities Laws"), with respect to any disposition of the Pledged Interests permitted hereunder. Each Pledgor understands that compliance with the Federal Securities Laws may very strictly limit the course of conduct of the Administrative Agent if the Administrative Agent

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were to attempt to dispose of all or any part of the Pledged Interests, and may also limit the extent to which or the manner in which any subsequent transferee of any Pledged Interests may dispose of the same. Similarly, there may be other legal restrictions or limitations affecting the Administrative Agent in any attempt to dispose of all or any part of the Pledged Interests under applicable Blue Sky or other state securities laws, or similar laws analogous in purpose or effect. Under Applicable Law, in the absence of an agreement to the contrary, the Administrative Agent may perhaps be held to have certain general duties and obligations to a Pledgor to make some effort towards obtaining a fair price even though the Obligations may be discharged or reduced by the proceeds of a sale at a lesser price. Each Pledgor waives to the fullest extent permitted by Applicable Law any such general duty or obligation to it, and the Pledgors and/or the Transaction Parties will not attempt to hold the Administrative Agent, the Issuing Bank, any Lender or any other Secured Party responsible for selling all or any part of the Pledged Interests at an inadequate price, even if the Administrative Agent shall accept the first offer received or does not approach more than one possible purchaser. Without limiting the generality of the foregoing, the provisions of this Section 10.7 would apply if, for example, the Administrative Agent were to place all or any part of the Pledged Interests for private placement by an investment banking firm, or if such investment banking firm purchased all or any part of the Pledged Interests for its own account, or if the Administrative Agent placed all or any part of the Pledged Interests privately with a purchaser or purchasers.

SECTION 10.8. Continuation and Reinstatement. Each Pledgor further agrees that its pledge hereunder shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Obligation is rescinded or must otherwise be restored by the Administrative Agent, any Lender or any other Secured Party upon the bankruptcy or reorganization of any Pledgor or otherwise.

SECTION 10.9. Asset Sales. Upon the disposition of any Pledged Interests permitted under Article 6 hereof and, if a prepayment is required to be made or an amount is required to be deposited into the Cash Collateral Account pursuant to Section 2.10 hereof, upon the receipt by the Administrative Agent of such prepayment or the deposit by the Borrower of such amount into the Cash Collateral Account, the Administrative Agent, at the request of the Borrowers, will promptly deliver any certificates representing such Pledged Interest to the Borrower for further delivery to the transferee and execute and deliver to the Borrower such instruments as the Borrower may reasonably request to evidence the Administrative Agent's release of its security interest in such Pledged Interests.

SECTION 10.10. Termination. The pledge referenced herein shall terminate when all Obligations shall have been fully and indefeasibly paid and performed, all Letters of Credit issued hereunder shall have expired or been terminated and the Commitments shall have been terminated, at which time the Administrative Agent shall assign and deliver to the appropriate Pledgor, or to such Person or Persons as such Pledgor shall designate, against receipt, such of the Pledged Interests (if any) as shall not have been sold or otherwise applied by the Administrative Agent pursuant to the terms hereof and shall still be held by it hereunder, together with appropriate instruments of reassignment and release. Any such reassignment shall be free and clear of all Liens, arising by, under or through any Lender but shall otherwise be without recourse upon or warranty by the Administrative Agent and at the expense of the Pledgors.

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11. CASH COLLATERAL ACCOUNT

SECTION 11.1. Cash Collateral Account. On or prior to the Closing Date, there shall be established with the Administrative Agent a collateral account in the name of the Administrative Agent (the "Cash Collateral Account"), into which the Borrower shall from time to time deposit (or arrange for the deposit of) amounts pursuant to the express provisions of this Credit Agreement requiring or permitting such deposits. Except to the extent otherwise provided in this Credit Agreement, the Cash Collateral Account shall be under the sole dominion and control of the Administrative Agent.

SECTION 11.2. Investment of Funds. (a) The Administrative Agent is hereby authorized and directed to invest and reinvest the funds from time to time deposited in the Cash Collateral Account, so long as no Event of Default has occurred and is continuing, on the instructions of the Borrower (provided that such instructions may be given verbally to be confirmed promptly in writing by facsimile or otherwise) or, if the Borrower shall fail to give such instructions, in the sole discretion of the Administrative Agent, provided, that in no event may the Borrower give instructions to the Administrative Agent to, or may the Administrative Agent in its discretion, invest or reinvest funds in the Cash Collateral Account in other than Cash Equivalents described in clause (i) of the definition of Cash Equivalents, or described in clauses (ii) and (iii) of the definition of Cash Equivalents to the extent issued by Credit Lyonnais New York Branch or Credit Lyonnais Nassau Branch. The Administrative Agent shall have no obligation to invest or reinvest any of the funds from time to time deposited in the Cash Collateral Account if the Borrower shall not have provided the instructions contemplated by this Section 11.2(a).

(b) Any net income or gain on the investment of funds from time to time held in the Cash Collateral Account shall be retained by the Administrative Agent as a part of the Cash Collateral Account and any net loss on any investment shall be charged against the Cash Collateral Account.

(c) Neither the Administrative Agent nor the Lenders shall be a trustee for the Borrower, or shall have any obligations or responsibilities, or shall be liable for anything done or not done, in connection with the Cash Collateral Account, except as expressly provided herein and except that the Administrative Agent (for the benefit of the Lenders) shall have the obligations of a secured party under the UCC. The Administrative Agent and the Lenders shall not have any obligation or responsibilities and shall not be liable in any way for any investment decision made pursuant to this Section 11.2 or for any decrease in the value of the investments held in the Cash Collateral Account.

SECTION 11.3. Grant of Security Interest. For value received and to induce the Lenders to make the Loans from time to time to the Borrower as provided for in this Credit Agreement, as security for the due and punctual payment and performance of all of the Obligations, the Borrower hereby assigns to the Administrative Agent (for the benefit of the Lenders), and grants to the Administrative Agent (for the benefit of the Lenders), a first and prior Lien upon all the Borrower's rights in and to the Cash Collateral Account, all cash, documents, instruments and securities from time to time held therein, and all rights pertaining to investments of funds in the Cash Collateral Account and all products and proceeds of, or income from, any of

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the foregoing. All cash, documents, instruments and securities from time to time on deposit in the Cash Collateral Account, and all rights pertaining to investments of funds in the Cash Collateral Account shall immediately, and without any need for any further action on the part of the Borrower, any Lender or the Administrative Agent, become subject to the Lien set forth in this Section 11.3, be deemed Collateral for all purposes hereof and be subject to the provisions of this Credit Agreement and the other Fundamental Documents.

SECTION 11.4. Remedies. At any time during the continuation of an Event of Default, the Administrative Agent may sell any documents, instruments and securities held in the Cash Collateral Account and may immediately apply the proceeds thereof and any other cash held in the Cash Collateral Account in accordance with Section 8.6 hereof.

12. THE ADMINISTRATIVE AGENT

SECTION 12.1. Administration by the Administrative Agent. (a) The general administration of the Fundamental Documents and any other documents contemplated by this Credit Agreement shall be by the Administrative Agent or its designees. Except as otherwise expressly provided herein, each of the Lenders and the Issuing Bank hereby irrevocably authorizes the Administrative Agent, at its discretion, to take or refrain from taking such actions as the Administrative Agent on its behalf and to exercise or refrain from exercising such powers under the Fundamental Documents, the Notes and any other documents contemplated by this Credit Agreement or any other Fundamental Document as are expressly delegated to the Administrative Agent by the terms hereof or thereof, as appropriate, together with all powers reasonably incidental thereto. The Administrative Agent shall have no duties or responsibilities except as set forth in the Fundamental Documents.

(b) The Lenders and the Issuing Bank hereby authorize the Administrative Agent (in its sole discretion):

- (i) in connection with the sale or other disposition of any asset included in the Collateral, to the extent undertaken in accordance with the terms of this Credit Agreement, to release a Lien granted to it (for the benefit of the Lenders) on such asset;
- (ii) to determine that the cost to the Borrower or a Transaction Party is disproportionate to the benefit to be realized by the Administrative Agent, the Issuing Bank and the Lenders by perfecting a Lien in a given asset or group of assets included in the collateral under any Fundamental Document (which in either case is not material in value or importance) and that the Borrower or Transaction Party should not be required to perfect such Lien in favor of the Administrative Agent (for the benefit of the Lenders and the Issuing Bank); and
- (iii) to appoint subagents to be the holder of record of a Lien to be granted to the Administrative Agent (for the benefit of the Lenders

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and the Issuing Bank) or to hold on behalf of the Administrative Agent such collateral or instruments relating thereto.

SECTION 12.2. Payments. Any amounts received by the Administrative Agent in connection with this Credit Agreement, the Notes or the other Fundamental Documents, the application of which is not otherwise provided for, shall be applied, first, to pay any unpaid costs and expenses incurred by the Administrative Agent, which costs and expenses are to be paid by the Borrower pursuant to Section 13.4 hereof (including, without limitation, the costs and expenses of the Administrative Agent in enforcing this Credit Agreement or any other Fundamental Document, in realizing on or protecting any Collateral and in enforcing or collecting any Obligation or any obligation of a third party in connection therewith), second, to pay accrued but unpaid Commitment Fees ratably in accordance with each Lender's respective portions of the relevant Commitments, third, to pay accrued but unpaid interest on the Notes in accordance with the amount of outstanding Loans owed to each Lender, fourth, to pay amounts outstanding under Interest Rate Protection Agreements with any Lender, fifth, to pay the principal balance outstanding on the Notes in accordance with the amount of outstanding Loans owed to each Lender, sixth, to pay other amounts payable to the Administrative Agent, and seventh, to pay other amounts payable to any of the Lenders. All amounts to be paid to any of the Lenders by the Administrative Agent shall be credited to the Lenders after collection by the Administrative Agent, in immediately available funds, either by wire transfer or deposit in such Lender's correspondent account with the Administrative Agent, or as such Lender and the Administrative Agent shall from time to time agree.

SECTION 12.3. Sharing of Setoffs and Cash Collateral. Each of the Lenders agrees that if it shall, through the exercise of a right of banker's lien, setoff or counterclaim against the Borrower, including, but not limited to, a secured claim under Section 506 of Title 11 of the United States Code or any other security or interest arising from, or in lieu of, such secured claim and received by such Lender or Bank under any applicable bankruptcy, insolvency or other similar law, or otherwise, obtain payment in respect of its Loans as a result of which the unpaid portion of its Loans and L/C Exposure is proportionately less than the unpaid portion of the Loans and L/C Exposure of any of the other Lenders (a) it shall promptly purchase at par (and shall be deemed to have thereupon purchased) from such other Lenders a participation in the Loans or Letters of Credit of such other Lenders, so that the aggregate unpaid principal amount of each of the Lenders' Loans and its participation in Loans or Letters of Credit of the other Lenders shall be in the same proportion to the aggregate unpaid principal amount of all Loans then outstanding as the principal amount of its Loans and L/C Exposure prior to the obtaining of such payment was to the principal amount of all Loans outstanding and L/C Exposure prior to the obtaining of such payment and (b) such other adjustments shall be made from time to time as shall be equitable to ensure that the Lenders share such payment pro rata. If all or any portion of such excess payment is thereafter recovered from the Lender which originally received such excess payment, such purchase (or portion thereof) shall be canceled and the purchase price restored to the extent of such recovery. The Borrower expressly consents to the foregoing arrangements and agrees that any Lender or Lenders holding (or deemed to be holding) a participation in a Note or Letter of Credit may exercise any and all rights of banker's lien, setoff or counterclaim with respect to any and all moneys owing by the Borrower to such Lender or Lenders as fully as if such Lender or Lenders held a Note and was the original obligee thereon or was the issuer of the Letter of Credit, in the amount of such participation.

SECTION 12.4. Notice to the Lenders. Upon receipt by the Administrative Agent or the Issuing Bank from the Borrower of any communication calling for an action on the part of the Lenders, or upon notice to the Administrative Agent of any Event of Default, the Administrative Agent or the Issuing Bank will in turn promptly inform the other Lenders in writing (which shall include facsimile communications) of the nature of such communication or of the Event of Default, as the case may be.

SECTION 12.5. Liability of Administrative Agent and Issuing Bank. (a) The Administrative Agent or the Issuing Bank, when acting on behalf of the Lenders, may execute any of its duties under this Credit Agreement or the other Fundamental Documents by or through its officers, agents, or employees and neither the Administrative Agent, the Issuing Bank nor its officers, agents or employees shall be liable to the Lenders or any of them for any action taken or omitted to be taken in good faith, nor be responsible to the Lenders or to any of them for the consequences of any oversight or error of judgment, or for any loss, unless the same shall happen through its gross negligence or willful misconduct. The Administrative Agent, the Issuing Bank and its directors, officers, agents, and employees shall in no event be liable to the Lenders or to any of them for any action taken or omitted to be taken by it pursuant to instructions received by it from the Required Lenders or in reliance upon the advice of counsel selected by it with reasonable care. Without limiting the foregoing, none of the Administrative Agent, the Issuing Bank nor any of their respective directors, officers, employees, or agents shall be responsible to any of the Lenders for the due execution, validity, genuineness, effectiveness, sufficiency, or enforceability of, or for any statement, warranty, or representation in, or for the perfection of any Lien or security interest contemplated by, this Credit Agreement, any Fundamental Document or any related agreement, document or order, or for freedom of any of the collateral under any Fundamental Document from prior Liens or security interests, or shall be required to ascertain or to make any inquiry concerning the performance or observance by the Borrower or any Transaction Party of the terms, conditions, covenants, or agreements of this Credit Agreement, any Fundamental Document or any related agreement or document.

(b) The Administrative Agent, as agent for the Lenders and the Issuing Bank hereunder, any Lender or any of their respective directors, officers, employees, or agents shall have no responsibility to the Borrower or any Transaction Party on account of the failure or delay in performance or breach by any other Lender of any of such Lender's obligations under this Credit Agreement, the Notes, any Fundamental Document or any related agreement or document or in connection herewith or therewith.

(c) The Administrative Agent, as agent for the Lenders hereunder, and the Issuing Bank in such capacity shall be entitled to rely on any communication, instrument, or document reasonably believed by it to be genuine or correct and to have been signed or sent by a Person or Persons believed by it to be the proper Person or Persons, and it shall be entitled to rely on advice of legal counsel, independent public accountants, and other professional advisers and experts selected by it.

SECTION 12.6. Reimbursement and Indemnification. Each of the Lenders agrees (i) to reimburse the Administrative Agent in accordance with such Lender's respective portion of the relevant Commitments, for any expenses and fees incurred for the benefit of the Lenders under the Fundamental Documents, including, without limitation, counsel fees and

compensation of agents and employees paid for services rendered on behalf of the Lenders, and any other expense incurred in connection with the operations or enforcement thereof not reimbursed by the Borrower, (ii) to indemnify and hold harmless the Administrative Agent and any of its directors, officers, employees, or agents, on demand, in accordance with such Lender's respective portion of the relevant Commitments, from and against, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against, it or any of them in any way relating to or arising out of the Fundamental Documents or any related agreement or document or any action taken or omitted by it or any of them under the Fundamental Documents or any related agreement or document to the extent not reimbursed by the Borrower or any other Transaction Party (except such as shall result from the gross negligence or willful misconduct of the Person to be indemnified or held harmless) and (iii) to indemnify and hold harmless the Issuing Bank and any of its directors, officers, employees, or agents, on demand, in the amount of its Pro Rata Share, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against it or any of them in any way relating to or arising out of the issuance of any Letters of Credit or the failure to issue Letters of Credit if such failure or issuance was at the direction of the Required Lenders (except as shall result from the gross negligence or willful misconduct of the Person to be

reimbursed, indemnified or held harmless, as applicable). To the extent indemnification payments made by the Lenders pursuant to this Section 12.6 are subsequently recovered by the Administrative Agent or the Issuing Bank from the Borrower or a Transaction Party, the Administrative Agent will promptly refund such previously paid indemnity payments to the Lenders.

SECTION 12.7. Rights of Administrative Agent. It is understood and agreed that the Administrative Agent shall have the same rights and powers hereunder (including, without limitation, the right to give such instructions) as any of the other Lenders and may exercise such rights and powers, as well as its rights and powers under other agreements and instruments to which it is or may be party, and engage in other transactions with the Borrower or any Transaction Party (or any affiliate of either thereof), as though it were not the Administrative Agent of the Lenders under this Credit Agreement.

SECTION 12.8. Independent Investigation by Lenders. Each of the Lenders (i) acknowledges that it has decided to enter into this Credit Agreement and to make the Loans and participate in the Letters of Credit hereunder based on its own analysis of the transactions contemplated hereby and of the creditworthiness of the Borrower and the Transaction Parties and has not relied on any representation, warranty, statement or information made or provided by the Administrative Agent and (ii) agrees that neither the Administrative Agent nor the Issuing Bank shall bear responsibility for any Lender's decision to enter into this Credit Agreement and to make the Loans or participate in the Letters of Credit hereunder.

SECTION 12.9. Agreement of Required Lenders. Upon any occasion requiring or permitting an approval, consent, waiver, election or other action on the part of the Required Lenders, action shall be taken by the Administrative Agent for and on behalf of, or for the benefit of, all Lenders upon the direction of the Required Lenders and any such action shall be

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binding on all Lenders. No amendment, modification, consent or waiver shall be effective except in accordance with the provisions of Section 13.10 hereof.

SECTION 12.10. Notice of Transfer. The Administrative Agent and the Issuing Bank may deem and treat any Lender which is a party to this Credit Agreement as the owner of such Lender's respective portions of the Loans for all purposes, unless and until a written notice of the assignment or transfer thereof executed by such Lender shall have been received by the Administrative Agent and become effective in accordance with Section 13.3 hereof.

SECTION 12.11. Successor Administrative Agent. The Administrative Agent may resign at any time by giving ten (10) days prior written notice thereof to the Lenders and the Borrower, but such resignation shall not become effective until acceptance by a successor agent of its appointment pursuant hereto. Upon any such resignation, the retiring Administrative Agent shall promptly appoint a successor agent from among the Lenders, provided that such successor is reasonably acceptable (as evidenced in writing) to the Required Lenders. If no successor agent shall have been so appointed by the retiring agent and shall have accepted such appointment within 30 days after the retiring Administrative Agent's giving of notice of resignation, the Borrower or the Required Lenders may appoint a successor agent (provided, that a successor agent appointed by the Borrower may subsequently be replaced by the Required Lenders; provided, further, that as long as no Event of Default shall have occurred and be continuing, any such successor agent or replacement appointed by the Required Lenders is reasonably acceptable to the Borrower), which shall be either a Lender, or a commercial bank organized under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least \$250,000,000. Upon the acceptance of any appointment as agent hereunder by a successor agent, such successor agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under this Credit Agreement, the other Fundamental Documents and any other credit documentation. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article 12 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Administrative Agent under this Credit Agreement.

SECTION 12.12. Duties and Obligations of Agents. Each of the parties to this Credit Agreement hereby agrees that none of the Agents (other than the Administrative Agent to the extent set forth herein and in the Fundamental Documents) shall have any duties or obligations in its capacity as such under this Credit Agreement.

13. MISCELLANEOUS

SECTION 13.1. Notices. Notices and other communications provided for herein shall be in writing and shall be delivered or mailed (or if by telegram, delivered to the telegraph company and, if by telecopier, delivered by such equipment) addressed, if to the Administrative Agent, the Issuing Bank

or Credit Lyonnais New York Branch, to it at 1301 Avenue of the Americas, 18th Floor, New York, New York 10019-6022, Attn: Media & Telecommunications Group, facsimile no.: (212) 261-3288 with a copy to John Chianchiano, facsimile no.: (212) 459-3180 or if to the Borrower, to it at 2550 Denali Street, Suite 1000, Anchorage, Alaska 99503,

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Attn: Chief Financial Officer, facsimile no.: (907) 265-5676 or if to a Lender, to it at its address set forth on the signature page hereto, or such other address as such party may from time to time designate by giving written notice to the other parties hereunder. Any failure of the Administrative Agent or a Lender giving notice pursuant to this Section 13.1 to provide a courtesy copy to a party as provided herein, shall not affect the validity of such notice. All notices and other communications (other than a notice of a Default or Event of Default) given to any party hereto in accordance with the provisions of this Credit Agreement shall be deemed to have been given on the third Business Day after the date when sent by either overnight mail with a nationally-recognized overnight courier or by registered or certified mail, postage prepaid, return receipt requested, if by mail, or when delivered to the telegraph company, charges prepaid, if by telegram, or when receipt is acknowledged if by telecopier, in each case addressed to such party as provided in this Section 13.1 or in accordance with the latest unrevoked written direction from such party. Any notice of Default or Event of Default given to any party hereto in accordance with the provisions of this Credit Agreement shall be deemed to have been given on the third Business Day after the date when sent by either overnight mail with a nationally-recognized overnight courier or by registered or certified mail, postage prepaid, return receipt requested, if by mail, or when delivered to the telegraph company, charges prepaid, if by telegram, or when receipt is acknowledged by telephonic confirmation with the recipient, if by telecopier, in each case addressed to such party as provided in this Section 13.1 or in accordance with the latest unrevoked written direction from such party.

SECTION 13.2. Survival of Agreement, Representations and Warranties, etc. All warranties, representations and covenants made by the Borrower or any of the Transaction Parties herein, in any Fundamental Document or in any certificate or other instrument delivered by it or on its behalf in connection with this Credit Agreement or any other Fundamental Document shall be considered to have been relied upon by the Administrative Agent and the Lenders and, except for any terminations, amendments, modifications or waivers thereof in accordance with the terms hereof, shall survive the making of the Loans and the issuance of the Letters of Credit herein contemplated and the execution and delivery to the Administrative Agent of the Notes regardless of any investigation made by the Administrative Agent or the Lenders or on their behalf and shall continue in full force and effect so long as any amount due or to become due hereunder is outstanding and unpaid and so long as any Letter of Credit remains outstanding and so long as the Commitments have not been terminated. All statements in any such certificate or other instrument shall constitute representations and warranties by the Borrower hereunder or by a Transaction Party under a Fundamental Document (as applicable).

SECTION 13.3. Successors and Assigns; Syndications; Loan Sales; Participations. (a) Whenever in this Credit Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; provided, however, that the Borrower may not assign any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and all of the Lenders, and all covenants, promises and agreements by or on behalf of the Borrower which are contained in this Credit Agreement shall inure to the benefit of the successors and assigns of the Administrative Agent, the Issuing Bank and any of the Lenders.

(b) Each of the Lenders may (but only, except as otherwise set forth in Section 13.3(c) below, with the prior written consent of the Administrative Agent, such consent

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not to be unreasonably withheld or delayed) assign to one or more banks or other entities all or a portion of its interests, rights and obligations under this Credit Agreement (including, without limitation, all or a portion of its Revolving Credit Commitment and/or Term Loan Commitment and the same portion of all Loans of the corresponding type at the time owing to it and the Notes held by it); provided, however, that (i) each assignment shall (x) in the case of a Revolving Loan or Revolving Commitment, be in a minimum amount of \$1,000,000 (or all of such Lender's Revolving Credit Loans or Revolving Credit Commitment if such Lender currently holds, or as the result of such assignment will hold, less than \$1,000,000 of Revolving Credit Loans or Revolving Credit Commitment), or (y) in the case of a Term Loan be in a minimum amount of \$1,000,000 (or all of such Lender's Term Loans or Term Loan Commitment if such Lender currently holds, or as the result of such assignment will hold, less than \$1,000,000 of Term Loans or Term Loan Commitment) and (ii) the parties to each such assignment shall execute and deliver to the Administrative Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with the original Note subject to such assignment and a processing and recordation fee of

\$2,500 to be paid to the Administrative Agent by the assigning Lender (with contemporaneous assignments to a Lender and its Affiliates and any Approved Fund being considered a single assignment for purposes of such fee). Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, which effective date shall be not earlier than five Business Days after the date of acceptance and recording by the Administrative Agent, (x) the assignee thereunder shall be a party hereto and, to the extent provided in such Assignment and Acceptance, have the rights and obligations of a Lender hereunder and under the other Fundamental Documents and shall be bound by the provisions hereof and thereof and (y) the assigning Lender thereunder shall, to the extent provided in such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Credit Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of the assigning Lender's interests, rights and obligations under this Credit Agreement, such assigning Lender shall cease to be a party hereto), except that notwithstanding such assignment, any rights and remedies available to the Borrower for any breaches by such assigning Lender of its obligations hereunder while a Lender, shall be preserved after such assignment and such Lender shall not be relieved of any liability to the Borrower due to any such breach. It shall not be necessary for any Lender to sell the same percentage of its Revolving Commitment and Revolving Loans or its Term Loans and Term Loan Commitment, as the case may be (although each such percentage of its Revolving Commitment and Revolving Loans or its Term Loans and Term Loan Commitment must be a constant, and not varying, percentage).

(c) Each Lender, in accordance with Section 13.3(b) hereof (other than with respect to the minimum amount of an assignment and the necessity of obtaining consents, which shall be governed by the provisions set forth in this Section 13.3(c)), may at any time make an assignment of its interests, rights and obligations under this Credit Agreement to any Affiliate of such Lender or to a Related Fund without the consent of the Administrative Agent, the Issuing Bank or the Borrower or any other Transaction Party. Any assignment to any Affiliate of the assigning Lender or to a Related Fund hereunder shall not be subject to the requirement of Section 13.3(b) hereof as to a minimum amount and any such assignment to any Affiliate of the assigning Lender or to a Related Fund shall not release the assigning Lender from its remaining obligations hereunder, if any.

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(d) By executing and delivering an Assignment and Acceptance, the assigning Lender thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than the representation and warranty that it is the legal and beneficial owner of the interest being assigned thereby free and clear of any adverse claim, the assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Credit Agreement or the other Fundamental Documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Fundamental Documents or any other instrument or document furnished pursuant hereto or thereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or any of the Transaction Parties or the performance or observance by the Borrower or any of the Transaction Parties of any of their obligations under the Fundamental Documents or any other instrument or document furnished pursuant thereto; (iii) such assignee confirms that it has received a copy of this Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Sections 5.5(a) and (b) (or if none of such financial statements shall have then been delivered, then copies of the financial statements referred to in Section 3.4 hereof) and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee agrees that it will, independently and without reliance upon the Administrative Agent, the Issuing Bank, the assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Credit Agreement or the other Fundamental Documents; (v) such assignee appoints and authorizes the Administrative Agent and the Issuing Bank to take such action as the agent on its behalf and to exercise such powers under this Credit Agreement or the other Fundamental Documents as are delegated to the Administrative Agent and the Issuing Bank by the terms hereof or thereof, together with such powers as are reasonably incidental thereto; and (vi) such assignee agrees that it will be bound by the provisions of this Credit Agreement and it will perform in accordance with its terms all of the obligations which by the terms of this Credit Agreement are required to be performed by it as a Lender.

(e) The Administrative Agent shall maintain at its address at which notices are to be given to it pursuant to Section 13.1 hereof a copy of each Assignment and Acceptance and a written or electronic record of the names and addresses of the Lenders and the Commitments of, and principal amount of the Loans owing to, each Lender from time to time (the "Register"). The entries in the Register shall be conclusive, in the absence of manifest error, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of the

Fundamental Documents. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(f) Subject to the foregoing, upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee together with the original Note subject to such assignment and the processing and recordation fee, the Administrative Agent shall, if such Assignment and Acceptance has been completed and is in the form of Exhibit C hereto, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt written notice thereof to the Borrower. Within five (5)

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Business Days after receipt of the notice, the Borrower, at its own expense, shall execute and deliver to the Administrative Agent, in exchange for the surrendered Note, a new Note to the order of such assignee in an amount equal to the Commitments and/or Loans (as applicable) assumed by it pursuant to such Assignment and Acceptance and if the assigning Lender has retained Commitments and/or Loans (as applicable) hereunder, a new Note to the order of the assigning Lender in an amount equal to the Commitments and/or Loans (as applicable) retained by it hereunder. Such new Notes shall be in an aggregate principal amount equal to the principal amount of the surrendered Note or the amount of outstanding Loans then due to the assigning Lender (as applicable), shall be dated the date of the surrendered Note and shall otherwise be in substantially the form of Exhibit A-1 or A-2 hereto (as applicable). In addition the Borrower will promptly, at its own expense, execute such amendments to the Fundamental Documents to which each is a party and such additional documents, and take such other actions as the Administrative Agent or the assignee Lender may reasonably request in order to give such assignee Lender the full benefit of the Liens contemplated by the Fundamental Documents.

(g) Each of the Lenders may, without the consent of the Borrower, sell participations to one or more banks or other entities in all or a portion of its interests, rights and obligations under this Credit Agreement (including, without limitation, all or a portion of its Commitments and the Loans owing to it and the Note held by it); provided, however, that (i) any such Lender's obligations under this Credit Agreement shall remain unchanged, (ii) such participant shall not be granted any voting rights or any right to control the vote of such Lender under this Credit Agreement, except with respect to proposed changes to interest rates, amount of Commitments, final maturity of Loans, releases of all or substantially all the Collateral and fees (as applicable to such participant), (iii) any such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iv) the participating banks or other entities shall be entitled to the cost protection provisions contained in Sections 2.11, 2.12 and 2.15(e) hereof but a participant shall not be entitled to receive pursuant to such provisions an amount larger than its share of the amount to which the Lender granting such participation would have been entitled to receive and (v) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's interests, rights and obligations under this Credit Agreement.

(h) Any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 13.3, disclose to the assignee or participant or proposed assignee or participant, any information relating to the Borrower or any of the Transaction Parties furnished to the Administrative Agent or such Lender by or on behalf of the Borrower or any of the Transaction Parties; provided, that prior to any such disclosure, each such assignee or participant or proposed assignee or participant shall agree, by executing a confidentiality letter substantially in the form of Exhibit F hereto, to preserve the confidentiality of any confidential information relating to the Borrower or any of the Transaction Parties received from such Lender.

(i) Any assignment pursuant to paragraph (a) or (b) of this Section 13.3 shall constitute an amendment of the Schedule of Commitments as of the effective date of such assignment.

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(j) The Borrower consents that any Lender may at any time and from time to time pledge or otherwise grant a security interest in any Loan or in any of the Notes evidencing the Loans (or any part thereof) to secure any obligations of a Lender, including to any Federal Reserve Bank.

SECTION 13.4. Expenses; Documentary Taxes. Whether or not the transactions hereby contemplated shall be consummated, the Borrower agrees to pay all reasonable out-of-pocket expenses incurred by the Administrative Agent in connection with, or growing out of, the performance of due diligence, the syndication of the credit facility contemplated hereby, the negotiation, preparation, execution, delivery, waiver or modification and administration of this Credit Agreement and any other documentation contemplated hereby, the Notes, the making of the Loans and the issuance of Letters of Credit, the

Collateral or the Fundamental Documents, including, but not limited to, the reasonable out-of-pocket costs of audit or field examinations, the reasonable fees and disbursements of any counsel that the Administrative Agent shall retain, and the reasonable fees and expenses of technical or other consultants engaged by the Administrative Agent. Such payments shall be made on the date of execution of this Credit Agreement and thereafter on demand. In addition, the Borrower agrees to pay all reasonable out-of-pocket expenses and reasonable allocated costs of in-house counsel incurred by the Administrative Agent or the Lenders in the enforcement or protection of the rights and remedies of the Lenders in connection with this Credit Agreement, the Notes, the Letters of Credit or the other Fundamental Documents, and with respect to any action which may be instituted by any Person other than the Borrower or any Lender against the Administrative Agent or any Lender, or as a result of any transaction, action or non-action arising from any of the foregoing, including but not limited to the reasonable fees and disbursements of any counsel for the Administrative Agent or the Lenders. Such payments shall be made on demand after the date of execution of this Credit Agreement. The Borrower agrees that it shall indemnify the Administrative Agent and the Lenders from and hold them harmless against any documentary taxes, assessments or charges made by any Governmental Authority by reason of the execution and delivery of this Credit Agreement or the Notes or the issuance of the Letters of Credit. The obligations of the Borrower under this Section 13.4 shall survive the termination of this Credit Agreement and/or the payment of the Loans and/or the expiration or termination of any Letter of Credit.

SECTION 13.5. Indemnification of the Agents, the Lenders and the Issuing Bank. The Borrower agrees to indemnify and hold harmless each of the Agents, each Lender and the Issuing Bank, and their respective directors, officers, employees and agents (each an "Indemnified Party") (to the full extent permitted by Applicable Law) from and against any and all claims, demands, losses, judgments, damages and liabilities (including liabilities for penalties) incurred by any of them as a result of, or arising out of, or in any way related to, or by reason of, any investigation, litigation or other proceeding (whether or not any Indemnified Party is a party thereto) related to the entering into and/or performance of any Fundamental Document or the use of the proceeds of any Loans hereunder or the consummation of any other transaction contemplated in any Fundamental Document, including, without limitation, the reasonable fees and disbursements of counsel incurred in connection with any such investigation, litigation or other proceeding (but excluding any such losses, liabilities, claims, damages or expenses of an Indemnified party to the extent incurred by reason of the gross negligence or willful misconduct of such Indemnified Party). If any proceeding, including any governmental investigation, shall be instituted involving any Indemnified Party, in respect of which indemnity may be sought

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against the Borrower, such Indemnified Party shall promptly notify the Borrower in writing, and the Borrower shall assume the defense thereof on behalf of such Indemnified Party including the employment of counsel (reasonably satisfactory to such Indemnified Party) and payment of all reasonable expenses. Any Indemnified Party shall have the right to employ separate counsel in any such proceeding and participate in the defense thereof, but the fees and expenses of such separate counsel shall be at the expense of such Indemnified Party unless (i) the employment of such separate counsel has been specifically authorized by the Borrower or (ii) the named parties to any such action (including any impleaded parties) include such Indemnified Party and the Borrower and such Indemnified Party shall have been advised by counsel to the Administrative Agent that there may be one or more legal defenses available to such Indemnified Party which are different from or in addition to those available to the Borrower (in which case the Borrower shall not have the right to assume the defense of such action on behalf of such Indemnified Party). At any time after the Borrower has assumed the defense of any proceeding involving any Indemnified Party in respect of which indemnity has been sought against the Borrower, such Indemnified Party may elect, by written notice to the Borrower, to withdraw its request for indemnity and thereafter the defense of such proceeding shall be maintained by counsel of the Indemnified Party's choosing and at the Indemnified Party's expense. The foregoing indemnity agreement includes any reasonable costs incurred by an Indemnified Party in connection with any action or proceeding which may be instituted in respect of the foregoing by the Administrative Agent or by any other Person either against the Administrative Agent, the Issuing Bank or the Lenders or in connection with which any officer or employee of the Administrative Agent, the Issuing Bank or the Lenders is called as a witness or deponent, including, but not limited to, the reasonable fees and disbursements of any counsel to the Administrative Agent and any out-of-pocket costs incurred by the Administrative Agent, the Issuing Bank or the Lenders in appearing as a witness or in otherwise complying with legal process served upon them.

If the Borrower or any Transaction Party shall fail to do any act or thing which it has covenanted to do hereunder or under a Fundamental Document, or any representation or warranty of the Borrower or any Transaction Party shall be breached, the Administrative Agent may (but shall not be obligated to) do the same or cause it to be done or remedy any such breach and if the Administrative Agent does the same or causes it to be done, there shall be added to the Obligations hereunder the cost or expense incurred by the Administrative Agent in so doing, and any and all amounts expended by the

Administrative Agent in taking any such action shall be repayable to it upon its demand therefor and shall bear interest at 4% in excess of the Alternate Base Rate from time to time in effect from the date advanced to the date of repayment.

All indemnities contained in this Section 13.5 shall survive the expiration or earlier termination of this Credit Agreement and payment of the Loans and shall inure to the benefit of any Person who was a Lender notwithstanding such Person's assignment of all its Loans and Commitments hereunder.

SECTION 13.6. CHOICE OF LAW. THIS CREDIT AGREEMENT AND THE NOTES SHALL IN ALL RESPECTS BE CONSTRUED IN ACCORDANCE WITH, AND GOVERNED BY, THE LAWS OF THE STATE OF NEW YORK WHICH ARE APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED WHOLLY WITHIN SUCH STATE AND, IN THE CASE OF PROVISIONS RELATING TO INTEREST RATES, ANY APPLICABLE LAW OF THE UNITED STATES OF AMERICA.

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SECTION 13.7. WAIVER OF JURY TRIAL. TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW WHICH CANNOT BE WAIVED, THE BORROWER HEREBY WAIVES, AND COVENANTS THAT IT WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE) ANY RIGHT TO TRIAL BY JURY IN ANY FORUM IN RESPECT OF ANY ISSUE, CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS CREDIT AGREEMENT, THE SUBJECT MATTER HEREOF, ANY FUNDAMENTAL DOCUMENT OR THE SUBJECT MATTER THEREOF, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING AND WHETHER IN CONTRACT OR TORT OR OTHERWISE. THE BORROWER ACKNOWLEDGES THAT IT HAS BEEN INFORMED BY THE LENDERS THAT THE PROVISIONS OF THIS SECTION CONSTITUTE A MATERIAL INDUCEMENT UPON WHICH THE LENDERS HAVE RELIED, ARE RELYING AND WILL RELY IN ENTERING INTO THIS CREDIT AGREEMENT AND ANY OTHER FUNDAMENTAL DOCUMENT. THE ADMINISTRATIVE AGENT OR ANY LENDER MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 13.7 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE BORROWER TO THE WAIVER OF ITS RIGHTS TO TRIAL BY JURY.

SECTION 13.8. No Waiver. No failure on the part of the Administrative Agent or any Lender to exercise, and no delay in exercising, any right, power, privilege or remedy hereunder, under the Notes or under any other Fundamental Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power, privilege or remedy preclude any other or further exercise thereof or the exercise of any other right, power, privilege or remedy and no course of dealing shall operate as a waiver of any right, power, privilege or remedy of the Administrative Agent. All remedies hereunder are cumulative and are not exclusive of any other remedies provided by law.

SECTION 13.9. Extension of Payment Date. Should any payment or prepayment of principal of or interest on the Notes or any other amount due hereunder become due and payable on a day other than a Business Day, the due date of such payment or prepayment shall be extended to the next succeeding Business Day and, in the case of a payment or prepayment of principal, interest shall be payable thereon at the rate per annum herein specified during such extension.

SECTION 13.10. Amendments, etc. (a) No modification, amendment or waiver of any provision of this Credit Agreement, and no consent to any departure by the Transaction Parties from the provisions hereof, shall in any event be effective unless the same shall be in writing and signed by the Required Lenders and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given; provided, however, that no such modification, waiver, consent or amendment shall, without the written consent of all of the Lenders, (i) change the Commitment of any Lender, (ii) amend or modify any provision of this Credit Agreement which provides for the unanimous consent or approval of the Lenders, (iii) release any Collateral or any collateral under any other Fundamental Document (except as contemplated herein) or release any Transaction Party from any monetary obligation under any Fundamental Document, (iv) alter the fixed scheduled maturity or principal amount of any Loan, or the rate of interest payable thereon, or the rate at which the Commitment Fees accrue or the fixed scheduled maturity date or payment date or amount of any other payment required to be

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made under this Credit Agreement, (v) amend the definition of "Required Lenders," or (vi) amend this Section 13.10. No such amendment or modification may adversely affect the rights and obligations of the Administrative Agent hereunder or the rights and obligations of the Issuing Bank hereunder without its prior written consent. No notice to or demand on the Borrower shall entitle the Borrower to any other or further notice or demand in the same, similar or other circumstances. Each holder of a Note shall be bound by any amendment, modification, waiver or consent authorized as provided herein, whether or not such Note shall have been marked to indicate such amendment, modification, waiver or consent and any consent by any holder of a Note shall bind any Person subsequently acquiring such Note whether or not such Note is so marked.

(b) If a condition to Borrowing or the issuance of a Letter of

Credit hereunder is not satisfied or some other event occurs that would prohibit the Borrower from borrowing or receiving a Letter of Credit hereunder, then in order to waive such condition or consent to such event, the consent of the Required Revolving Lenders (as a separate group) shall be required in addition to any other consent required pursuant this Credit Agreement.

(c) Notwithstanding the provisions set forth in subsection (a) above, in the event that a modification, amendment, waiver or consent to or under this Credit Agreement requiring the unanimous consent of all Lenders has been approved by the Required Lenders (including the Administrative Agent), the Borrower shall have the right, upon thirty (30) days' prior notice to the Administrative Agent (or such shorter period as is acceptable to the Administrative Agent in its sole discretion), to replace any Lender or Lenders, that refuses to consent to such modification, amendment or waiver (each a "Non-Consenting Lender") with a replacement Lender or Lenders satisfactory to the Administrative Agent in its sole discretion (each a "Replacement Lender"). If the Borrower obtains such Replacement Lenders, then each Non-Consenting Lender must, within fifteen (15) days' notice from the Administrative Agent, sell and assign all of its interests, rights and obligations under this Credit Agreement, including, without limitation, its Revolving Commitment, then-outstanding Loans and L/C Exposure, to the Replacement Lenders as instructed by the Administrative Agent for an amount equal to the principal amount outstanding of all Loans plus all L/C Exposure held by such Non-Consenting Lender plus all accrued interest and fees payable with respect thereto through the date of such sale. In connection with such sale, each of the Non-Consenting Lenders and Replacement Lenders shall promptly execute an Assignment and Acceptance and otherwise comply with the terms of Section 13.3 hereof.

SECTION 13.11. Severability. Any provision of this Credit Agreement or of the Notes which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 13.12. SERVICE OF PROCESS. THE BORROWER HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE STATE COURTS OF THE STATE OF NEW YORK AND TO THE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK FOR THE PURPOSES OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF OR

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BASED UPON THIS CREDIT AGREEMENT, THE SUBJECT MATTER HEREOF, ANY FUNDAMENTAL DOCUMENT OR THE SUBJECT MATTER THEREOF BROUGHT BY THE ADMINISTRATIVE AGENT OR A LENDER OR ANY OF THEIR SUCCESSORS OR ASSIGNS IN EITHER OF THE ABOVE-REFERENCED FORUMS AT THE SOLE OPTION OF THE ADMINISTRATIVE AGENT OR A LENDER. THE BORROWER TO THE EXTENT PERMITTED BY APPLICABLE LAW (A) HEREBY WAIVES, AND AGREES NOT TO ASSERT, BY WAY OF MOTION, AS A DEFENSE, OR OTHERWISE, IN ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH COURTS, ANY CLAIM THAT IT IS NOT SUBJECT PERSONALLY TO THE JURISDICTION OF THE ABOVE-NAMED COURTS, THAT ITS PROPERTY IS EXEMPT OR IMMUNE FROM ATTACHMENT OR EXECUTION, THAT THE SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION OR PROCEEDING IS IMPROPER OR THAT THIS CREDIT AGREEMENT, THE SUBJECT MATTER HEREOF, ANY FUNDAMENTAL DOCUMENT OR THE SUBJECT MATTER THEREOF MAY NOT BE ENFORCED IN OR BY SUCH COURT, (B) HEREBY WAIVES THE RIGHT TO REMOVE ANY SUCH ACTION, SUIT OR PROCEEDING INSTITUTED BY THE ADMINISTRATIVE AGENT OR A LENDER IN STATE COURT TO FEDERAL COURT, AND (C) HEREBY WAIVES THE RIGHT TO ASSERT IN ANY SUCH ACTION, SUIT OR PROCEEDING ANY OFFSETS OR COUNTERCLAIMS EXCEPT COUNTERCLAIMS THAT ARE COMPULSORY OR OTHERWISE ARISE FROM THE SAME SUBJECT MATTER. THE BORROWER HEREBY CONSENTS TO SERVICE OF PROCESS BY MAIL AT ITS ADDRESS TO WHICH NOTICES ARE TO BE GIVEN PURSUANT TO SECTION 13.1 HEREOF. THE BORROWER AGREES THAT ITS SUBMISSION TO JURISDICTION AND CONSENT TO SERVICE OF PROCESS BY MAIL IS MADE FOR THE EXPRESS BENEFIT OF THE ADMINISTRATIVE AGENT AND THE LENDERS. FINAL JUDGMENT AGAINST THE BORROWER IN ANY SUCH ACTION, SUIT OR PROCEEDING SHALL BE CONCLUSIVE, AND MAY BE ENFORCED IN ANY OTHER JURISDICTION (X) BY SUIT, ACTION OR PROCEEDING ON THE JUDGMENT, A CERTIFIED OR TRUE COPY OF WHICH SHALL BE CONCLUSIVE EVIDENCE OF THE FACT AND THE AMOUNT OF INDEBTEDNESS OR LIABILITY OF THE BORROWER THEREIN DESCRIBED OR (Y) IN ANY OTHER MANNER PROVIDED BY, OR PURSUANT TO, THE LAWS OF SUCH OTHER JURISDICTION, PROVIDED, HOWEVER, THAT THE ADMINISTRATIVE AGENT OR A LENDER MAY AT ITS OPTION BRING SUIT, OR INSTITUTE OTHER JUDICIAL PROCEEDINGS AGAINST THE BORROWER OR ANY OF ITS ASSETS IN ANY STATE OR FEDERAL COURT OF THE UNITED STATES OR OF ANY COUNTRY OR PLACE WHERE THE BORROWER OR SUCH ASSETS MAY BE FOUND.

SECTION 13.13. Headings. Section headings used herein and the table of contents are for convenience only and are not to affect the construction of, or be taken into consideration in interpreting, this Credit Agreement.

SECTION 13.14. Execution in Counterparts. This Credit Agreement may be executed in any number of counterparts, each of which shall constitute an original, but all of which taken together, shall constitute one

and the same instrument.

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SECTION 13.15. Subordination of Intercompany Indebtedness, Receivables and Advances. (a) Each Transaction Party hereby agrees that any intercompany Indebtedness or other intercompany receivables or intercompany advances of any other Transaction Party, directly or indirectly, in favor of such Transaction Party of whatever nature at any time outstanding shall be completely subordinate in right of payment to the prior indefeasible payment in full of the Obligations, and that no payment on any such Indebtedness, receivable or advance shall be made until the prior indefeasible payment in full of all the Obligations and the termination of the Commitments (i) except intercompany receivables and intercompany advances permitted pursuant to the terms hereof may be repaid and intercompany Indebtedness permitted pursuant to the terms hereof may be repaid, in each case so long as no Default or Event of Default, shall have occurred and be continuing and (ii) except as specifically consented to by the Administrative Agent and the Required Lenders in writing.

(b) In the event that any payment on any such Indebtedness shall be received by such Transaction Party other than as permitted by Section 13.15(a) hereof before payment in full of all Obligations and the termination of the Commitments, such Transaction Party shall receive such payments and hold the same in trust for, segregate the same from its own assets and shall immediately pay over to, the Administrative Agent on behalf of the Secured Parties all such sums to the extent necessary so that the Secured Parties shall have been paid all Obligations owed or which may become owing.

SECTION 13.16. Confidentiality. Each of the Lenders understands that certain information furnished to it pursuant to this Credit Agreement will be received by it prior to the time that such information shall have been made public, and each of the Lenders hereby agrees that it will keep, and will direct its officers and employees to keep, all the information provided to it pursuant to this Credit Agreement confidential prior to its becoming public except that the Lenders shall be permitted to disclose such information (i) to officers, directors, employees, representatives, agents, auditors, accountants, consultants, advisors, lawyers and affiliates of such Lender, in the ordinary course of business who have been made aware of the confidential nature of the information; (ii) to prospective assignees or participants and their respective officers, directors, employees, agents and representatives in accordance with Section 13.3(h) hereof; (iii) as required by Applicable Law, or pursuant to subpoenas or other legal process, or as requested by governmental agencies and examiners; (iv) in proceedings to enforce the Lenders' rights and remedies hereunder or under any other Fundamental Document or in any proceeding against the Lenders in connection with this Credit Agreement or under any other Fundamental Document or the transactions contemplated hereunder or thereunder; (v) to the extent such information (A) becomes publicly available other than as a result of a breach of this Credit Agreement or (B) becomes available to a Lender or a participant on a non-confidential basis, not in breach of any agreement or other obligation to Borrower, from a source other than Borrower; or (vi) to the extent the Borrower shall have consented to such disclosure in writing. Notwithstanding the foregoing, each Lender and its Affiliates shall have the right to (i) list the Borrower's name and logo, as provided by the Borrower from time to time, and describe the transaction that is the subject of this Credit Agreement in their marketing materials and (ii) post such information, including, without limitation, a customary "tombstone", on their website. Notwithstanding anything herein to the contrary, each party hereto (and each employee, representative or other agent of such party) may disclose to any and all Persons, without limitation of any kind, the tax treatment and tax structure (as such terms are used in Sections

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6011, 6111 and 6112 of the Code and the Treasury Regulations promulgated thereunder) of the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are or have been provided to such party (or to any employee, representative, or other agent of any party) relating to such tax treatment and tax structure, other than any information for which nondisclosure is reasonably necessary in order to comply with applicable securities laws.

SECTION 13.17. Entire Agreement. This Credit Agreement including the Exhibits and Schedules hereto represents the entire agreement of the parties with regard to the subject matter hereof, and the terms of any letters and other documentation entered into between any of the parties hereto (other than the Mandate Letter with respect to the fees payable thereunder) prior to the execution of this Credit Agreement which relate to Loans to be made hereunder shall be replaced by the terms of this Credit Agreement.

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IN WITNESS WHEREOF, the parties hereto have caused this Credit Agreement to be duly executed as of the day and the year first written.

BORROWER:

GCI HOLDINGS, INC.

By /s/

Name:

Title:

GUARANTORS:

FIBER HOLD CO., INC.

GCI CABLE, INC.

GCI COMMUNICATION CORP.

GCI FIBER CO., INC.

GCI FIBER COMMUNICATION CO., INC.

GCI, INC.

POTTER VIEW DEVELOPMENT CO., INC.

WOK 1, INC.

WOK 2, INC.

By /s/

Name:

Title:

ALASKA UNITED FIBER SYSTEM PARTNERSHIP

By: GCI Fiber Co., Inc., its general partner

By /s/

Name:

Title:

By: Fiber Hold Co., Inc., its general partner

By /s/

Name:

Title:

LENDERS:

CREDIT LYONNAIS NEW YORK BRANCH

individually and as Administrative Agent,

Issuing Bank, Co-Bookrunner and Co-Arranger

By /s/

Name:

Title:

Address: 1301 Avenue of the Americas

New York, NY 10019

Attention: Media & Communications

Group

Facsimile: 212-261-3288

GENERAL ELECTRIC CAPITAL

CORPORATION, individually and as Documentation

Agent, Co-Arranger and Co-Bookrunner

By /s/

Name:

Title:

Address: 120 Long Ridge Road

Stamford, CT 06927

Attention: Manager, Telecom Portfolio

Facsimile: 203-968-8938

CIT LENDING SERVICES CORPORATION,

individually and as Syndication Agent

By /s/

Name:

Title:

Address: 1 CIT Drive

Livingston, NJ 07039

Attention: Vice President, Credit:

Communications and Media Finance

Group with a copy to Legal Counsel,

Communications and Media Finance

<TABLE>

Schedule of Commitments

<CAPTION>

Lender -----	Revolving Commitment -----	Term Loan Commitment -----
<S>	<C>	<C>
Credit Lyonnais New York Branch	\$12,000,000.00	\$98,800,000.01
General Electric Capital Corporation	\$9,000,000.00	\$15,542,857.14
CIT Lending Services Corporation	\$9,000,000.00	\$11,000,000.00
Toronto Dominion (Texas), Inc.	\$1,500,000.00	\$3,400,000.00
Cobank, ACB	\$6,000,000.00	\$5,828,571.43
Wells Fargo Bank Alaska, N.A.	\$5,000,000.00	\$13,214,285.71
Credit Industriel et Commercial	\$0.00	\$9,714,285.71
Union Bank of California	\$7,500,000.00	\$12,500,000.00
TOTAL:	\$50,000,000.00	\$170,000,000.00

</TABLE>

SCHEDULE 3.1
 ORGANIZATIONAL INFORMATION

GCI, INC.

A. Jurisdiction	State of Alaska
and Address:	2550 Denali Street, Suite 1000 Anchorage, Alaska 99503
B. Class of Stock:	Common Stock, No Par Value
Shares Issued and Outstanding:	106
Shares Authorized:	10,000
C. Ownership:	General Communication, Inc.
Percent of Ownership:	100%
D. Options Outstanding:	N/A

GCI HOLDINGS, INC.

A. Jurisdiction	State of Alaska
and Address:	2550 Denali Street, Suite 1000 Anchorage, Alaska 99503
B. Class of Stock:	Common Stock, No Par Value
Shares Issued and Outstanding:	114
Shares Authorized:	10,000
C. Ownership:	GCI, Inc.
Percent of Ownership:	100%
D. Options Outstanding:	N/A

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GCI COMMUNICATION CORP.

A. Jurisdiction	State of Alaska
and Address:	2550 Denali Street, Suite 1000 Anchorage, Alaska 99503
B. Class of Stock:	Class A Common Stock Class B Common Stock Preferred Stock
Shares Issued and Outstanding:	131,000 Class A
Shares Authorized:	Class A - 25,000,000

Class B - 10,000,000
Preferred - 1,000,000

C. Ownership: GCI Holdings, Inc.
Percent of Ownership: 100%
D. Options Outstanding: N/A

GCI CABLE, INC.

A. Jurisdiction: State of Alaska
and Address: 2550 Denali Street,
Suite 1000
Anchorage, Alaska 99503
B. Class of Stock: Common Stock, No Par Value
Shares Issued and
Outstanding: 101
Shares Authorized: 10,000
C. Ownership: GCI Holdings, Inc.
Percent of Ownership: 100%
D. Options Outstanding: N/A

2

GCI FIBER COMMUNICATION CO., INC.

A. Jurisdiction: State of Alaska
and Address: 2550 Denali Street,
Suite 1000
Anchorage, Alaska 99503
B. Class of Stock: Common Stock, No Par Value
Shares Issued and
Outstanding: 42,500
Shares Authorized: 100,000
C. Ownership: GCI Holdings, Inc.
Percent of Ownership: 100%
D. Options Outstanding: N/A

POTTER VIEW DEVELOPMENT CO., INC.

A. Jurisdiction: State of Alaska
and Address: 2550 Denali Street,
Suite 1000
Anchorage, Alaska 99503
B. Class of Stock: Common Stock, No Par Value
Shares Issued and
Outstanding: 100
Shares Authorized: 10,000
C. Ownership: GCI Communication Corp.
Percent of Ownership: 100%
D. Options Outstanding: N/A

3

ALASKA UNITED FIBER SYSTEM PARTNERSHIP

A. Jurisdiction: State of Alaska
and Address: 2550 Denali Street,
Suite 1000
Anchorage, Alaska 99503
B. Class of Stock: N/A

Shares Issued and Outstanding:	N/A Partnership Interests Only
Shares Authorized:	N/A
C. Ownership:	GCI Fiber Co., Inc. and Fiber Hold Co., Inc.
Percent of Ownership:	50% to GCI Fiber Co., Inc. and 50% to Fiber Hold Co., Inc.
D. Options Outstanding:	N/A

GCI FIBER CO., INC.

A. Jurisdiction and Address:	State of Alaska 2550 Denali Street, Suite 1000 Anchorage, Alaska 99503
B. Class of Stock:	Common Stock, No Par Value
Shares Issued and Outstanding:	100
Shares Authorized:	10,000
C. Ownership:	GCI Holdings, Inc.
Percent of Ownership:	100%
D. Options Outstanding:	N/A

4

FIBER HOLD CO., INC.

A. Jurisdiction and Address:	State of Alaska 2550 Denali Street, Suite 1000 Anchorage, Alaska 99503
B. Class of Stock:	Common Stock, No Par Value
Shares Issued and Outstanding:	100
Shares Authorized:	10,000
C. Ownership:	GCI Holdings, Inc.
Percent of Ownership:	100%
D. Options Outstanding:	N/A

WOK 1, INC.

A. Jurisdiction and Address:	State of Alaska 2550 Denali Street, Suite 1000 Anchorage, Alaska 99503
B. Class of Stock:	Common Stock, No Par Value
Shares Issued and Outstanding:	100
Shares Authorized:	10,000
C. Ownership:	GCI Communication Corp.
Percent of Ownership:	100%
D. Options Outstanding:	N/A

5

A. Jurisdiction State of Alaska
 and Address: 2550 Denali Street,
 Suite 1000
 Anchorage, Alaska 99503

B. Class of Stock: Common Stock, No Par Value
 Shares Issued and Outstanding: 100
 Shares Authorized: 10,000

C. Ownership: GCI Communication Corp.
 Percent of Ownership: 100%

D. Options Outstanding: N/A

6
 SCHEDULE 3.3
 Required Consents

o Consents of the Boards of Directors or Partners of the applicable Transaction Parties are required

<TABLE>

Schedule 3.7(a)-Authorizations

<CAPTION>

CALL SIGN Long/Lat	TYPE	LOCATION	ADDRESS	GRANT DATE	EXP. DATE	STATUS	MOST CURRENT LICENSEE
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
E940285 Ak. Hi	Earth Station	1.2m Ku Blanket License	50 states	09-Sep-94	09-Sep-04	current	GCI Comm. Corp. Conus,
E940286 Ak. Hi	Earth Station	3.6m Ku Blanket License	50 states	09-Sep-94	09-Sep-04	current	GCI Comm. Corp. Conus,
E940287 Ak. Hi	Earth Station	3.7m Ku Blanket License	50 states	09-Sep-94	09-Sep-04	current	GCI Comm. Corp. Conus,
E940288 Ak. Hi	Earth Station	3.8m Ku Blanket License	50 states	09-Sep-94	09-Sep-04	current	GCI Comm. Corp. Conus,
E940289 Ak. Hi	Earth Station	4.5m Ku Blanket License	50 states	09-Sep-94	09-Sep-04	current	GCI Comm. Corp. Conus,
E940290 Ak. Hi	Earth Station	4.6m Ku Blanket License	50 states	09-Sep-94	09-Sep-04	current	GCI Comm. Corp. Conus,
E950224 40 162-19-08	Earth Station	King Cove (County), Alaska	N/A	28-Apr-95	28-Apr-05	current	Peter Pan Comm. 55-03-
KNLF298 License	Radio Station	Lic.		23-Jun-95	23-Jun-05	current	GCI Comm. Corp. PCS
E960383 40 161-45-57	Earth Station	Bethel, Alaska	N/A	16-Aug-96	16-Aug-06	current	GCI Comm. Corp. 60-47-
E960384 25 158-27-18	Earth Station	Dillingham, Alaska	N/A	16-Aug-96	16-Aug-06	current	GCI Comm. Corp. 59-02-
E960386 15 162-36-40	Earth Station	Kotzebue, Alaska	N/A	04-Oct-96	04-Oct-06	current	GCI Comm. Corp. 66-53-
E960385 26 156-39-25	Earth Station	King Salmon, Alaska	N/A	25-Oct-96	25-Oct-06	current	GCI Comm. Corp. 58-40-
E960387 16 165-25-30	Earth Station	Nome, Alaska	N/A	25-Oct-96	25-Oct-06	current	GCI Comm. Corp. 64-30-
E960388 18 156-46-03	Earth Station	Barrow, Alaska	N/A	25-Oct-96	25-Oct-06	current	GCI Comm. Corp. 71-16-
WPLM396 License	Radio Station	Lic.		17-Jun-98	17-Jun-08	current	GCI Comm. Corp. LMDS
E960369 04 165-46-28	Earth Station	Akutan, Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp. 54-08-
E960393 10 160-01-29	Earth Station	Wainwright, Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp. 70-36-
E960394 30 151-43-45	Earth Station	Anktuvuk Pass, Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp. 68-08-
E960395 16 162-58-00	Earth Station	Noatak, Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp. 67-34-
E960396 26 154-50-58	Earth Station	Nondalton, Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp. 59-58-
E960397 48 154-49-10	Earth Station	Iliamna (County), Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp. 59-45-
E960398 46 157-24-41	Earth Station	Atqasuk, Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp. 70-29-
E960399 37 143-36-41	Earth Station	Kaktovik (County), Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp. 70-07-
E960400 49 151-00-03	Earth Station	Nuiqsut (County), Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp. 70-12-

E960401	Earth Station Point Lay (County), Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	69-44-28	163-00-33
E960423	Earth Station False Pass (County), Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	54-51-20	163-24-36
E960424	Earth Station King Cove (County), Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	55-03-39	162-18-53
E960425	Earth Station Cold Bay, Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	55-12-25	162-42-41
E960426	Earth Station Sand Point (County), Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	55-20-37	160-28-56
E960427	Earth Station Perryville (County), Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	55-54-40	159-08-33
E960428	Earth Station Nelson Lagoon (County), Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	56-00-15	161-15-45
E960429	Earth Station Chignik Lake, Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	56-15-20	158-45-53
E960430	Earth Station Chignik, Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	56-18-26	158-24-42
E960431	Earth Station Chignik Lagoon, Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	56-18-39	158-32-12
E960432	Earth Station Port Heiden (County), Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	56-55-31	158-36-57
E960433	Earth Station Pilot Point (County), Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	57-34-00	157-34-34
E960434	Earth Station Ekuk/Clarks Point (County), Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	58-50-07	158-32-23
E960435	Earth Station Manokotak (County), Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	58-58-47	159-03-09
E960436	Earth Station Togiak (County), Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	59-03-46	160-22-36
E960437	Earth Station Levelock (County), Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	59-06-45	156-51-29
E960438	Earth Station Ekwok (County), Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	59-21-03	157-28-30
E960439	Earth Station New Stuyahok (County), Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	59-27-09	157-18-47

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CALL SIGN	TYPE	LOCATION	ADDRESS	GRANT DATE	EXP. DATE	STATUS	MOST CURRENT LICENSEE		

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E960440	Earth Station	Koliganek (County), Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	59-43-38	157-16-50
E960441	Earth Station	St. Michael (County), Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	63-28-44	162-02-25
E960442	Earth Station	Stebbins (County), Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	63-31-13	162-16-51
E960443	Earth Station	Unalakleet (County), Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	63-52-40	160-47-10
E960444	Earth Station	Shaktoolik (County), Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	64-20-58	161-10-51
E960445	Earth Station	Golovin (County), Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	64-32-41	163-01-50
E960446	Earth Station	Elim (County), Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	64-37-08	162-15-22
E960447	Earth Station	White Mountain (County), Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	64-40-56	163-24-25
E960448	Earth Station	Koyuk (County), Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	64-55-59	161-09-36
E960449	Earth Station	Teller (County), Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	65-15-58	166-21-44
E960450	Earth Station	Wales (County), Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	65-37-07	168-05-22
E960451	Earth Station	Buckland, Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	65-58-41	161-07-35
E960452	Earth Station	Deering, Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	66-04-38	162-43-31
E960453	Earth Station	Shishmaref (County), Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	66-15-18	166-04-18
E960454	Earth Station	Selawik (County), Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	66-36-13	159-59-58
E960455	Earth Station	Noorvik (County), Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	66-50-08	161-02-16
E960456	Earth Station	Shungnak (County), Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	66-53-20	157-08-09
E960457	Earth Station	Kobuk (County), Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	66-54-27	156-52-39
E960458	Earth Station	Kiana (County), Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	66-58-28	160-25-36
E960459	Earth Station	Ambler, Alaska	N/A	10-Aug-98	T.B.D.	S.T.A.	GCI Comm. Corp.	67-05-	

50	149-52-38	WHA560 Microwave	Eagle River, Alaska	5 Mi. Eagle River Road	17-Jan-01	01-Feb-11	current	GCI Comm. Corp.	61-17-
53	149-26-35	WHA629 Microwave	BP Earth Station, Alaska	900 Benson Blvd.	17-Jan-01	01-Feb-11	current	GCI Comm. Corp.	61-11-
33	140-51-44	WHA646 Microwave	BP Bldg, Alaska	900 Benson Blvd.	17-Jan-01	01-Feb-11	current	GCI Comm. Corp.	61-11-
33	149-51-52	WLT719 Microwave	Kenai, Alaska	Mt. Redoubt Ave.	17-Jan-01	01-Feb-11	current	GCI Comm. Corp.	60-34-
27	151-18-08	WLV263 Microwave	Prudhoe Bay, Alaska	3 Miles NNE of Deadhorse Airport	17-Jan-01	01-Feb-11	current	GCI Comm. Corp.	70-13-
59	148-22-33	WLV267 Microwave	Deadhorse, Alaska	Adjacent to Deadhorse Airport	17-Jan-01	01-Feb-11	current	GCI Comm. Corp.	70-11-
59	148-28-11	WMT650 Microwave	Federal Express Anchorage	6050 Rockwell Ave	17-Jan-01	01-Feb-11	current	GCI Comm. Corp.	61-11-
31	150-00-07	WLR379 Microwave	Alaska Airlines	4750 W. Intl. Airport Rd.	30-Jan-01	01-Feb-11	current	GCI Comm. Corp.	61-10-
26	149-58-24	WLT720 Microwave	Glen Alps, Alaska	10 miles SE of Anchorage	06-Feb-01	06-Feb-11	current	GCI Comm. Corp.	61-06-
23	149-43-04	WLT721 Microwave	Swanson River, Alaska	15 mi. N. of Sterling	06-Feb-01	06-Feb-11	current	GCI Comm. Corp.	60-43-
35	150-52-30	WLU551 Microwave	Frontier, Alaska	3601 C St.	13-Feb-01	01-Feb-11	current	GCI Comm. Corp.	61-11-
15	149-53-01	WLC631 Microwave	Polaris, Alaska (near Fbks)	Lat 64 56 34N/Long 147 42 48W	27-Mar-01	01-Feb-11	current	GCI Comm. Corp.	64-50-
32	147-42-56	WLC632 Microwave	Esro, Alaska (near Fbks)	Lat 64 55 53N/Long 147 29 49W	27-Mar-01	01-Feb-11	current	GCI Comm. Corp.	64-55-
49	147-29-57	E010091 Earth Station	0.95m Ku Blanket License	N/A	11-Jun-01	11-Jun-11	current	GCI Comm. Corp.	
		E010030 Earth Station	Savoonga, Alaska	N/A	19-Nov-01	19-Nov-11	current	GCI Comm. Corp.	63-41-
28	170-29-03	E010032 Earth Station	Gambell, Alaska	N/A	19-Nov-01	19-Nov-11	current	GCI Comm. Corp.	63-46-
45	171-43-45	E873586 Earth Station	Prudhoe Bay BP	N/A	18-Dec-01	06-Apr-10	current	GCI Comm. Corp.	70-17-
32	148-42-54	E874279 Earth Station	Sea Tac, Washington	20313 28th Ave. South	19-Dec-01	13-Apr-10	current	GCI Comm. Corp.	47-25-
26	122-17-52	E010335 Earth Station	Diomedede, Alaska	N/A	21-Feb-02	21-Feb-12	current	GCI Comm. Corp.	65-45-
29	168-57-10	E2491 Earth Station	Eagle River, Alaska	Mi. 5.1 Eagle River Road	08-Jul-02	10-Dec-09	current	GCI Comm. Corp.	61-17-
50	149-26-34	E850089 Earth Station	Fairbanks, Alaska	Mi. 2.6 Esro Rd.	08-Jul-02	06-Apr-10	current	GCI Comm. Corp.	64-55-
53	147-29-49	E990444 Earth Station	Waterfall - Ketchikan, Alaska	310 Dock Street	08-Jul-02	06-Apr-10	current	Waterfall Group LTD	55-
17-49	133-14-30	E020104 Earth Station	Nikolski	N/A	08-Jul-02	08-Jul-17	current	GCI Comm. Corp.	52-56-
20	168-51-38	E020105 Earth Station	Chefornak	N/A	08-Jul-02	08-Jul-17	current	GCI Comm. Corp.	60-09-
32	164-16-48	E020106 Earth Station	Eek	N/A	08-Jul-02	08-Jul-17	current	GCI Comm. Corp.	60-13-
08	162-01-48	E020107 Earth Station	Atka	N/A	08-Jul-02	08-Jul-17	current	GCI Comm. Corp.	52-12-
04	174-11-50	E020108 Earth Station	Kipnuk	N/A	08-Jul-02	08-Jul-17	current	GCI Comm. Corp.	59-56-
07	164-02-03	E020111 Earth Station	Nightmute	N/A	08-Jul-02	08-Jul-17	current	GCI Comm. Corp.	60-28-
45	164-43-37	E020112 Earth Station	Tununak	N/A	08-Jul-02	08-Jul-17	current	GCI Comm. Corp.	60-34-
57	165-15-39	E020113 Earth Station	Tuntutuliak	N/A	08-Jul-02	08-Jul-17	current	GCI Comm. Corp.	60-20-

24	162-40-08	E020114	Earth Station	Kongiganak	N/A	08-Jul-02	08-Jul-17	current	GCI Comm. Corp.	59-57-
33	161-53-36	E020115	Earth Station	Kwigillingok	N/A	08-Jul-02	08-Jul-17	current	GCI Comm. Corp.	59-52-
05	163-08-35	E020116	Earth Station	Newtok	N/A	08-Jul-02	08-Jul-17	current	GCI Comm. Corp.	60-56-
34	164-37-57	KNEN497	Land Mobile/ Business Radio	Adak/Anchorage/Fairbanks/ Juneau, Alaska (mobile)		02-Aug-02	15-Sep-12	current	GCI Comm. Corp.	61-11-
45	152-30-00	E020210	Earth Station	Valdez, Alaska	N/A	09-Oct-02	09-Oct-17	current	GCI Comm. Corp.	61-07-
53	146-20-18	E020212	Earth Station	Pump Station #11, Alaska	N/A	09-Oct-02	09-Oct-17	current	GCI Comm. Corp.	62-5-16
145-28-48		E020221	Earth Station	Steven's Village, Alaska	N/A	09-Oct-02	09-Oct-17	current	GCI Comm. Corp.	66-00-
29	149-05-41	E020222	Earth Station	Rampart, Alaska	N/A	09-Oct-02	09-Oct-17	current	GCI Comm. Corp.	65-30-
32	150-09-34	E020224	Earth Station	Venetie, Alaska	N/A	09-Oct-02	09-Oct-17	current	GCI Comm. Corp.	67-00-
51	146-24-56	E020211	Earth Station	Pump Station #12	N/A	18-Nov-02	18-Nov-17	current	GCI Comm. Corp.	61-28-
32	145-08-48	E020213	Earth Station	Pump Station #1	N/A	18-Nov-02	18-Nov-17	current	GCI Comm. Corp.	70-15-
31	148-36-38									

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CALL	SIGN	TYPE	LOCATION	ADDRESS	GRANT DATE	EXP. DATE	STATUS	MOST CURRENT LICENSEE	
Long/Lat									

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E020280	Earth Station	Pump Station #9	N/A	18-Nov-02	18-Nov-17	current	GCI Comm. Corp.	63-55-	
52	145-46-04								
E020263	Earth Station	Pump Station #10	N/A	26-Nov-02	26-Nov-17	current	GCI Comm. Corp.	63-25-	
25	145-45-57								
E020265	Earth Station	Pump Station #7	N/A	26-Nov-02	26-Nov-17	current	GCI Comm. Corp.	65-18-	
38	148-16-41								
E020266	Earth Station	Pump Station #4	N/A	26-Nov-02	26-Nov-17	current	GCI Comm. Corp.	68-25-	
22	149-21-20								
E020267	Earth Station	Pump Station #3	N/A	26-Nov-02	26-Nov-17	current	GCI Comm. Corp.	68-50-	
30	149-49-44								
E020268	Earth Station	Pump Station #6	N/A	26-Nov-02	26-Nov-17	current	GCI Comm. Corp.	65-51-	
14	149-44-19								
E020269	Earth Station	Pump Station #5	N/A	26-Nov-02	26-Nov-17	current	GCI Comm. Corp.	66-48-	
46	150-39-44								
E020176	Earth Station	Unalakleet (County), Alaska	N/A	09-Dec-02	26-Aug-17	current	GCI Comm. Corp.	63-52-	
37	160-47-20								
E020225	Earth Station	Arctiv Village	N/A	09-Dec-02	09-Dec-17	current	GCI Comm. Corp.	68-07-	
41	145-32-15								
E020226	Earth Station	Beaver, Alaska	N/A	09-Dec-02	09-Dec-17	current	GCI Comm. Corp.	66-21-	
34	147-24-45								
E020227	Earth Station	Birch Creek, Alaska	N/A	09-Dec-02	09-Dec-17	current	GCI Comm. Corp.	66-15-	
49	145-49-07								
E020253	Earth Station	Circle, Alaska	N/A	09-Dec-02	09-Dec-17	current	GCI Comm. Corp.	65-49-	
27	144-04-04								
E020133	Earth Station	St. Paul	N/A	12-Dec-02	08-Jul-17	current	GCI Comm. Corp.	57-07-	
14	170-17-01								
E020223	Earth Station	Fort Yukon, Alaska	N/A	07-Jan-03	09-Oct-17	current	GCI Comm. Corp.	66-34-	
05	145-14-31								
E020283	Earth Station	Chalkyitsik, Alaska	N/A	07-Jan-03	07-Jan-18	current	GCI Comm. Corp.	66-39-	
15	143-43-26								
WPWY494	Microwave	Valdez, Alaska		10-Feb-03	10-Feb-13	current	GCI Comm. Corp.	61-05-	
04	146-23-39								
E020336	Earth Station	GCI Warehouse (Test)	4901 Fairbanks Street	24-Feb-03	24-Feb-18	current	GCI Comm. Corp.	61-10-	
32	149-52-24								
WPXC376	Microwave	Valdez, Alaska	Alyeska Valdez Earth Station	04-Mar-03	04-Mar-13	current	GCI Comm. Corp.	61-05-	
22	146-22-40								
E000224	Earth Station	Kodiak, Alaska	N/A	20-May-03	28-Jun-10	current	Alaska Aerospace Dev. Corp.	57-	
27-09	152-22-42								
E873414	Earth Station	Anchorage BP	900 E. Benson Blvd.	21-Jul-03	10-Dec-09	current	GCI Comm. Corp.	61-11-	
33	149-51-44								
E030192	Earth Station	Temporary Fixed	King Salmon	14-Oct-03	14-Oct-18	current	GCI Comm. Corp.	various	
KNHN226	Land Mobile/ Business Radio	Soldotna, Alaska	139A Warehouse						

53	151-01-47			Ave	29-Jun-99	20-Jun-04	current	GCI Cable Inc	60-28-
WNJY380	Land Mobile/ Business Radio	Bethel, Alaska		210 3rd Ave	29-Jun-99	30-Jun-04	current	GCI Cable Inc	60-47-
43	161-45-55								
WNPU406	Land Mobile/ Business Radio	Kotzebue, Alaska		1.1 Mi from Downtown	24-May-99	06-Jul-04	current	GCI Cable Inc	66-53-
55	162-35-43								
WNPU410	Land Mobile/ Business Radio	Nome, Alaska		Federal Bldg Front St	24-May-99	06-Jul-04	current	GCI Cable Inc	64-30-
00	165-30-00								
WPOY279	Radio Service	Ketchikan, Alaska			31-Aug-99	31-Aug-04	current	GCI Cable Inc	55-20-
54	131-40-22								
WNAP874	Land Mobile/ Business Radio	Valdez, Alaska		N/A	15-Nov-99	26-Oct-04	current	GCI Cable Inc	61-07-
43	146-20-50								
WNRG645	Land Mobile/ Business Radio	Cordova, Alaska		202 Nicholoff	23-Dec-99	29-Jan-05	current	GCI Cable Inc	60-32-
49	145-44-48								
WNSC321	Land Mobile/ Business Radio	Peterburg, Alaska		3/4 Mi SE of Post Office	09-May-00	08-May-05	current	GCI Cable Inc	56-48-
41	132-57-27								
WPQG371	Radio Service	Seward, Alaska			05-Jul-00	05-Jul-05	current	GCI Cable Inc	60-06-
23	149-26-16								
WPFT991	Land Mobile/ Business Radio	Anchorage, Alaska		550 W 7th Ave	14-Dec-99	05-Oct-09	current	GCI Cable Inc	61-12-
57	149-53-26								
KNCD389	Land Mobile/ Business Radio	Anchorage, Alaska		550 W 7th Ave	06-Feb-01	19-Dec-09	current	GCI Cable Inc	61-12-
55	149-53-33								
KD74	Earth Station -R	Juneau, Alaska			12-Sep-00	12-Sep-10	current	GCI Cable Inc	58-19-
47	134-28-17								
KE92	Earth Station -R	Anchorage, Alaska		N/A	21-Dec-00	17-Feb-11	current	GCI Cable Inc	61-10-
49	149-53-06								
KNNT 594	Land Mobile/ Business Radio	Kodiak, Alaska		189 S. Binkley St, Ste 101	22-May-01	03-May-11	current	GCI Cable Inc	57-47-
20	152-25-21								
KNJA855	Land Mobile/ Business Radio	Juneau, Alaska		3161 Channel Dr	01-Jun-01	09-May-11	current	GCI Cable Inc	58-19-
33	134-26-28								
KTJ272	Land Mobile/ Business Radio	Sitka, Alaska		107 Cathedral Way	22-May-01	18-Jul-11	current	GCI Cable Inc	57-03-
00	135-20-10								

Certificates of Public
Convenience and Necessity

Alaska RCA	246	Bethel	Perpetual	GCI Cable, Inc.
	261	Anchorage/Wasilla/ Palmer		
	287	Kenai/Soldotna		
	144	Ketchikan		
	143	Sitka		
	158	Wrangell/Petersburg		

</TABLE>

<TABLE>

<CAPTION>

CALL SIGN	TYPE	LOCATION	ADDRESS	GRANT DATE	EXP. DATE	STATUS	MOST CURRENT LICENSEE
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
		157	Cordova				
		191	Valdez				
		168	Kodiak				
		164	Nome				
		245	Kotzebue				
		401	Homer				
		367	Seward				

252 Fairbanks North Star
Borough
156 Juneau

PCS License
KNLF 298PCS Broadband MO49 Alaska

23-Jun-95 23-Jun-05

WPLM396 LMDS License

Cable Landing License-FCC (AU East) 07-Nov-97
Cable Landing License-Snohomish County, WA 02-Jun-99

WPLM396 LMDS License
Cable Landing License-FCC (AU West) 02-Aug-02

Cable Landing License-FCC (AU East) 07-Nov-97
Cable Landing License-Snohomish County, WA 02-Jun-99

Cable Landing License-FCC (AU West) 02-Aug-02

</TABLE>
<TABLE>

Schedule 3.7(b)
Location of Collateral

<CAPTION>
GCI Locations
Alaska:

	<S>	<C>	<C>	<C>
	ADAK	ELIM	MANOKOTAK	SHAGELUK
	AGULAWOK	ELMENDORF	MARSHALL	SHAKTOOLIK
	AKHIOK	EMMONAK	MCGRATH	SHELDON PT /
NUNAM IQUA				
	AKIACHAK	FAIRBANKS	MEKORYUK	SHISHMAREF
	AKIAK	FALSE PASS	MENTASTA LAKE	SHUNGNAC
	AKUTAN	FORT GREELY	MICHAEL BAKER	SITKA
	ALAKANUK	FORT YUKON	MINTO	SKAGWAY
	ALEKNAGIK	GALENA	MOUNTAIN VILLAGE	SLEETMUTE
	ALLAKAKET	GAMBELL	NAKED ISLAND	SOLDOTNA
	AMBLER	GLENALLEN	NAKNEK	ST GEORGE
ISLAND				
	ANAKTUVUK PASS	GOLOVIN	NANWALEK	ST MARY'S
	ANCHORAGE	GOODNEWS BAY	NAPAKIAK	ST MICHAEL
	ANDERSON	GRAYLING	NELSON LAGOON	ST PAUL
	ANGOON	HAINES	NENANA	STEBBINS
	ANIAK	HEALY	NEW HALEN	STEVENS
VILLAGE				
	ANVIK	HEALY LAKE	NEW STUYAHOK	STONY RIVER
	ARCTIC VILLAGE	HOLY CROSS	NEWTOK	SWANSON RIVER
	ATIGAN PASS	HOMER	NIGHTMUTE	TAKOTNA
	ATKA	HOONAH	NIKOLAI	TANACROSS
	ATMAUTLUAK	HOOPER BAY	NIKOLSKI	TANANA
	ATQASUK	HUGHES	NOATAK	TAPS
	BARROW	HUSLIA	NOME	TATITLEK
	BEAVER	HYDABURG	NONDALTON	TELLER
	BETHEL	ICY BAY	NOORVIK	TENAKEE SPRINGS
	BETTLES	IGIUGIG	NORTHWAY	TETLIN
	BIG SANDY LAKE	ILIAMNA	NUIQSUT	THORN BAY
	BIRCH CREEK	ILLINOIS CREEK	NULATO	TOGIAC
	BREVIK MISSION	JUNEAU	NUNAPITCHUK	TOK
	BUCKLAND	KAKE	OLD HARBOR	TOKSOOK BAY
	CANTWELL	KAKTOVIK	OUZINKIE	TULUKSAK
	CHALKYITSIK	KALSKAG	PALMER	TUNTUTULIAK
	CHEFORNAK	KALTAG	PEDRO BAY	TUNUNAK
	CHENEGA BAY	KANAS	PELICAN	TWIN HILLS
	CHEVAK	KARLUK	PERRYVILLE	TYONEK
	CHICAGO	KASIGLUK	PETERSBURG	UNALAKLEET
	CHIGNIK BAY	KENAI	PILOT POINT	UNALASKA /
DUTCH HARBOR				
	CHIGNIK LAGOON	KETCHIKAN	PILOT STATION	VALDEZ
	CHIGNIK LAKE	KIANA	PITKAS POINT	VENETIE
	CHINIAK	KING COVE	PLATINUM	WAINWRIGHT
	CHUATHBALUK	KING SALMON	POGO MINE	WALES
	CIRCLE	KIPNUK	POINT HOPE	WASILLA
	CLARKS POINT	KIVALINA	POINT LAY	WHITE MT
	COLD BAY	KLAWOCK	PORT ALSWORTH	WHITTIER
	COLDFOOT	KOBUK	PORT GRAHAM	WILDWOOD
	CORDOVA	KODIAK	PORT HEIDEN	WISEMAN
	CRAIG	KOKHANOK	PORT LIONS	WRANGELL
	CROOKED CREEK	KOLIGANEK	PORT MOLLIER	YAKUTAT
	DANGER BAY	KONGIGANAK	PORTAGE CREEK	
	DEADHORSE	KOTLIK	PRUDHOE BAY	
	DEERING	KOTZEBUE	QUINHAGAK	
	DELTA JUNCTION	KOYUK	RAMPART	
	DILLINGHAM	KOYUKUK	RED DEVIL	
	DOT LAKE	KUPARUK	RED DOG MINE	
	EAGLE	KWETHLUK	REEF ISLAND	

EAGLE RIVER
 EEK
 EGGIK
 EKUK / CLARKS PT
 EKWOK

KWIGILLINGOK
 LAKE MINCHUMINA
 LARSEN BAY
 LEVELOCK
 LITTLE DIOMEDE
 LIVENGOOD
 MAIN BAY
 MANLEY HOT SPRINGS

RUBY
 RUSSIAN MISSION
 S. NAKNEK
 SALCHA HILLS
 SAND POINT
 SAVOONGA
 SCAMMON BAY
 SELAWIK
 SELDOVIA
 SEWARD

</TABLE>
 Page 2

Arizona: MCNARY
 ST MICHAELS

Montana: HAYS
 HEART BUTTE
 LAVINA
 LODGE POLE
 PRYOR

New Mexico: ABIQUIU
 COLUMBUS
 CUBA
 GALLINA
 GALLUP
 GRANTS
 JEMEZ MOUNTAIN
 LUMBERTON
 LYBROOK
 SAN FIDEL
 THOREAU
 ZUNI

Washington: KING COUNTY
 CLALLUM COUNTY
 ISLAND COUNTY
 JEFFERSON COUNTY
 KING COUNTY
 KITSAP COUNTY
 SNOHOMISH COUNTY

Other: Undersea fiber optic
 cable from Seward, AK
 to Pacific City, OR

<TABLE>

SCHEDULE 3.8
 Existing Indebtedness, Contingent Liabilities, Liens

<CAPTION>

Amount of Indebtedness Incurred By	Indebtedness Owed To	Property Encumbered	Maturity and Indebtedness
<S> GCI, Inc. 08/01/07	<C> Public Noteholders	<C> None	<C> \$180,000,000
GCI Communication Corp. 08/15/05	Wells Fargo	Capital Lease, Lucent Switch	\$ 654,349
GCI Communication Corp. 01/15/06	Individual, Terrance May	Unsecured	\$ 435,700
GCI Communication Corp. 12/31/03	IBM Credit Corp.	Capital Lease, VSS Storage	\$ 29,535
GCI Holdings, Inc. 10/31/07	Credit Lyonnais, New York Branch, as Administrative Agent	100% of Common Stock and Assets of: o GCI Holdings, Inc. o Potter View Development Co., Inc. o GCI Communication Corp. o GCI Cable, Inc. o WOK 1, Inc. o WOK 2, Inc. o GCI Fiber Co., Inc. o Fiber Hold Co., Inc. o GCI Fiber Communication Co., Inc.	\$170,000,000
GCI Communication Corp.	Lucent	Products and licensed materials	\$ 300,000

Liens associated with
 various operating leases

Liens associated with
intercompany loans

</TABLE>

<TABLE>

LETTERS OF CREDIT

<CAPTION>

L/C Obligor	L/C Beneficiary	Face Amount	Expiration Date
<S>	<C>	<C>	<C>
GCI Communication Corp.	Alaska Exchange Carriers Association	\$ 3,000,000	04/25/04
GCI Communication Corp.	Sumitomo Corporation	\$ 3,517,385	06/30/04

</TABLE>

SCHEDULE 3.11
Environmental Liabilities

o None

<TABLE>

SCHEDULE 3.13
Investments

<CAPTION>

Name	Investment Type	Owner and % Ownership
<S>	<C>	<C>
GCI Transport Co., Inc. 100%	100 shares of Common Stock	GCI Holdings, Inc.
GCI Satellite Co., Inc. Inc. 100%	100 shares of Common Stock	GCI Transport Co.,
GCI Fiber Communication Co., Inc.	Note Receivable Balance \$89,296,575	GCI Holdings, Inc. 100%
GCI Fiber Communication Co., Inc.	Accrued Interest Receivable \$13,990,065	GCI Holdings, Inc. 100%

</TABLE>

In addition, the Investments of the Transaction Parties in the Capital Stock of
other Transaction Parties are as disclosed on Schedule 3.1.

SCHEDULE 3.16
FILING AND RECORDING LOCATIONS FOR UCC-1
FINANCING STATEMENTS AND DEEDS OF TRUST

1. State of Alaska UCC Central - UCC 1 Financing Statements
to be filed:

Support Services Division, UCC Central
Alaska Department of Natural Resources
550 W. 7th Ave., Ste. 1200A
Anchorage, Alaska 99501
269-8899 / 269-8873
2. State of Washington UCC Central - UCC 1 Financing Statement
to be filed:

Department of Licensing
Uniform Commercial Code Division
405 Black Lake Blvd., Bldg. 2 (Fed Ex)
Olympia, Washington 98502
or P.O. Box 9660
Olympia, Washington 98507-9660
(360) 664-1530
3. State of Alaska Recording Districts - Deed of Trust to be
recorded:
 - 3.1 Anchorage
550 W. 7th Ave., Ste. 1200
Anchorage, Alaska 99501
269-8899 / 269-8872
 - 3.2 Chitna
Attn: Magistrate
Box 2023
Valdez, Alaska 99686
835-3153
 - 3.3 Cordova (in Anchorage)
550 W. 7th Ave., Ste. 1200
Anchorage, Alaska 99501
269-8899 / 269-8872
 - 3.4 Fairbanks

- 1648 S. Cushman St. Suite 201
Fairbanks, Alaska 99701-6206
452-3521 / 452-2298
 - 3.5 Juneau
400 Willoughby St.
3rd Floor
Juneau, Alaska 99801
465-3449 / 465-2514
 - 3.6 Ketchikan
415 Main St., Room 310
Ketchikan, Alaska 99901
225-3142 / 225-3143
 - 3.7 Petersburg (in Ketchikan)
415 Main St., Room 310
Ketchikan, Alaska 99901
225-3142 / 225-3143
 - 3.8 Seward
Attn: Magistrate
Box 1929
Seward, Alaska 99664
224-3075
 - 3.9 Sitka
210-C Lake Street
Sitka, Alaska 99835
747-3275
 - 3.10 Valdez
Attn: Magistrate
Box 2023
Valdez, Alaska 99686
835-3153
 - 4. State of Washington Recording Districts - Deed of Trust to be recorded:
 - 4.1 Snohomish County Auditor
Recording Division
3000 Rockefeller Ave., M/S-204
Everett, Washington 98201
(425) 388-3483 Fax (425) 259-2777
 - 4.2 King County Records & Elections Division
Recorder's Office
King County Administration Building
500 Fourth Avenue, Room 311
Seattle, Washington 98104
(206) 296-1570 Fax: (206) 205-8396
- SCHEDULE 3.17
Material Agreements
- o All Credit facilities are included on Schedule 3.8
 - o No other Material Agreements other than those on file with the Securities Exchange Commission

SECTION 302 CERTIFICATION

I, Ronald A. Duncan, certify that:

1. I have reviewed this report on Form 10-Q of General Communication, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2003

/s/
Ronald A. Duncan
President and Director

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SECTION 302 CERTIFICATION

I, John M. Lowber, certify that:

1. I have reviewed this report on Form 10-Q of General Communication, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have;

- a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions);
- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2003

/s/
John M. Lowber
Senior Vice President, Chief Financial
Officer, Secretary and Treasurer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of General Communication, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ronald A. Duncan, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 7, 2003

/s/
Ronald A. Duncan
Chief Executive Officer
General Communication, Inc.

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CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of General Communication, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John M. Lowber, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 7, 2003

/s/
John M. Lowber
Chief Financial Officer
General Communication, Inc.

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