

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, 2005

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 .

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

The number of shares outstanding of the registrant's classes of common stock as of October 31, 2005 was:

51,437,973 shares of Class A common stock; and
3,845,424 shares of Class B common stock.

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<TABLE>

GENERAL COMMUNICATION, INC.
FORM 10-Q
FOR THE QUARTER ENDED SEPTEMBER 30, 2005

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Cautionary Statement Regarding Forward-Looking Statements

You should carefully review the information contained in this Quarterly Report, but you 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 Private Securities Litigation Reform Act of 1995. Such risks, uncertainties and other factors include but are not limited to those identified below.

- o Local and general market conditions and obstacles, including possible material adverse changes in the economic conditions in the markets we serve and in general economic conditions; the continuing impact of the current stagnant communications industry due to high levels of competition in the long-distance market resulting in continuing pressures to reduce prices; and an oversupply of long-haul capacity and high debt loads;
- 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 The outcome of our negotiations with Incumbent Local Exchange Carriers ("ILECs") and state regulatory arbitrations and approvals with respect to interconnection agreements;
- 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 ("UNEs");
- o Changes in the treatment or classification of services using a particular technology, including Internet protocol;
- 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, Internet, and cellular telephone 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 communications industries are able to offer combined or full service packages prior to our being able to do so;
- o Competitor responses to our products and services and overall market acceptance of such products and services;
- 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, some of which are untested;
- o The level and timing of the growth and profitability of existing and new initiatives, particularly local telephone services expansion including deploying digital local telephone service and wireless services;
- o Start-up costs associated with entering new markets, including advertising and promotional efforts;
- o Risks relating to the operations of new systems and technologies and applications to support new initiatives;
- 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 communications, 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 Uncertainties in federal military spending levels in markets in which we operate;
- o The effect on us of industry consolidation including the merger and potential acquisition of two of our large wholesale customers by companies which may have commercial relationships with other providers and the ongoing global and domestic trend towards consolidation in the communications industry, which may result in our competitors being larger and better financed with extensive resources and greater geographic reach, allowing them to compete more effectively;
- o The effect on us of pricing pressures, new program offerings and continuing market consolidation in the markets served by our major customer, MCI, Inc. ("MCI") and our other common carrier customers; 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.

PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

<TABLE>

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

<CAPTION>

(Amounts in thousands)

(Unaudited)
September 30,

December 31,

ASSETS

2005

2004

<S>

<C>

<C>

Current assets:

Cash and cash equivalents
31,452

\$ 12,719

Receivables

84,531

74,429

Less allowance for doubtful receivables

3,919

2,317

-----		-----
Net receivables		80,612
72,112		
Deferred income taxes, net		14,192
13,893		
Prepaid expenses		7,758
7,907		
Property held for sale		2,284
2,282		
Inventories		1,054
1,215		
Notes receivable from related parties		458
475		
Other current assets		487
2,429		
-----		-----
Total current assets		119,564
131,765		
-----		-----
Property and equipment in service, net of depreciation		449,329
432,249		
Construction in progress		16,000
22,505		
-----		-----
Net property and equipment		465,329
454,754		
-----		-----
Cable certificates		191,241
191,241		
Goodwill		41,972
41,972		
Other intangible assets, net of amortization of \$2,537 and \$1,625 at September 30, 2005 and December 31, 2004, respectively		6,305
6,265		
Deferred loan and senior notes costs, net of amortization of \$1,200 and \$2,602 at September 30, 2005 and December 31, 2004, respectively		8,271
10,341		
Notes receivable from related parties		3,413
3,345		
Other assets		13,003
9,508		
-----		-----
Total other assets		264,205
262,672		
-----		-----
Total assets	\$	849,098
849,191		
=====		=====

</TABLE>
See accompanying notes to interim condensed consolidated financial statements.

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS (Continued)		
<CAPTION>		(Unaudited)
(Amounts in thousands)		September 30,
LIABILITIES, REDEEMABLE PREFERRED STOCK, AND		2005
December 31,		
STOCKHOLDERS' EQUITY		
2004		
-----		-----
<S>		<C>
<C>		
Current liabilities:		
Current maturities of obligations under long-term debt and capital leases	\$	1,763
6,407		
Accounts payable		25,209
28,742		
Accrued payroll and payroll related obligations		16,682
15,350		
Deferred revenue		14,416

16,253		
Accrued liabilities		5,965
6,849		
Accrued interest		3,612
8,747		
Subscriber deposits		377
437		

Total current liabilities		68,024
82,785		
Long-term debt		474,433
436,969		
Obligations under capital leases, excluding current maturities		---
32,750		
Obligation under capital lease due to related party, excluding current maturity		642
672		
Deferred income taxes, net of deferred income tax benefit		58,493
49,111		
Other liabilities		10,408
8,385		

Total liabilities		612,000
610,672		

Redeemable preferred stock		---
4,249		

Stockholders' equity:		
Common stock (no par):		
Class A. Authorized 100,000 shares; issued 51,386 and 51,825 shares at		
September 30, 2005 and December 31, 2004, respectively		180,765
186,883		
Class B. Authorized 10,000 shares; issued 3,845 and 3,862 shares at		
September 30, 2005 and December 31, 2004, respectively; convertible on a		
share-per-share basis into Class A common		
stock		3,248
3,248		
Less cost of 292 and 288 Class A and Class B common shares held in treasury		
at September 30, 2005 and December 31, 2004, respectively		(1,714)
(1,702)		
Paid-in capital		15,845
14,957		
Notes receivable with related parties issued upon stock option exercise		(2,978)
(3,016)		
Retained earnings		41,932
33,900		

Total stockholders' equity		237,098
234,270		

Commitments and contingencies		
Total liabilities, redeemable preferred stock, and stockholders' equity	\$	849,098
849,191		
=====		

See accompanying notes to interim condensed consolidated financial statements.
</TABLE>

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<TABLE>

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

<CAPTION>

Months Ended	Three Months Ended		Nine
	September 30,		
September 30,	2005	2004	2005
(Amounts in thousands, except per share amounts)			
2004			

	<C>	<C>	<C>
<S>			
<C>			
Revenues	\$ 113,761	106,622	330,936
319,324			
Cost of goods sold (exclusive of depreciation, amortization and accretion shown separately below)	36,345	32,876	107,590
104,878			
Selling, general and administrative expenses	38,620	37,324	113,819
108,830			
Restructuring charge	1,894	---	1,894

Bad debt expense (recovery)	31	(281)	(128)
(1,165)			
Depreciation, amortization and accretion expense	18,559	15,297	54,710
46,759			
- -----			
Operating income	18,312	21,406	53,051
60,022			
- -----			
Other income (expense):			
Interest expense	(8,964)	(6,722)	(25,600)
(20,275)			
Loss on early extinguishment of debt and termination of capital lease	(2,797)	---	(2,797)
(6,136)			
Amortization and write-off of loan and senior notes fees	(2,224)	(400)	(3,155)
(3,414)			
Interest income	266	86	557
273			
- -----			
Other expense, net	(13,719)	(7,036)	(30,995)
(29,552)			
- -----			
Net income before income taxes	4,593	14,370	22,056
30,470			
Income tax expense	2,308	5,075	9,824
11,525			
- -----			
Net income	2,285	9,295	12,232
18,945			
Preferred stock dividends	---	381	148
1,228			
- -----			
Net income available to common shareholders	\$ 2,285	8,914	12,084
17,717			
=====			
Basic net income per common share	\$ 0.04	0.15	0.22
0.31			
=====			
Diluted net income per common share	\$ 0.04	0.15	0.22
0.30			
=====			

</TABLE>

See accompanying notes to interim condensed consolidated financial statements.

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<TABLE>

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2005 AND 2004
(Unaudited)

<CAPTION>

				Notes Receivable		
				Issued to		
Accumulated	Class A	Class B	Shares			
Other	Common	Common	Held in	Paid-in	Related	Retained
Comprehensive	Stock	Stock	Treasury	Capital	Parties	Earnings
(Amounts in thousands)						

Loss	Total							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balances at December 31, 2003 (308)	226,642	\$ 202,362	3,269	(1,917)	12,836	(4,971)	15,371	
Components of comprehensive income:								
Net income	18,945	---	---	---	---	---	18,945	-
Change in fair value of cash flow hedge, net of change in income tax liability of \$207	308	---	---	---	---	---	---	

Comprehensive income	19,253							
Tax effect of excess stock compensation expense for tax purposes over amounts recognized for financial reporting purposes	534	---	---	---	534	---	---	-
Shares issued under stock option plan	2,228	2,228	---	---	---	---	---	-
Amortization of the excess of GCI stock market value over stock option exercise cost on date of stock option grant	247	---	---	---	247	---	---	-
Class B shares converted to Class A	2	2	(2)	---	---	---	---	-
Conversion of Series B preferred stock to Class A common stock	6,420	6,420	---	---	---	---	---	-
Payments received on notes receivable issued to related parties upon stock option exercise	620	---	---	---	---	620	---	-
Purchase of treasury stock	(367)	---	---	(367)	---	---	---	-
Preferred stock dividends	(1,228)	---	---	---	---	---	(1,228)	-

Balances at September 30, 2004	254,349	\$ 211,012	3,267	(2,284)	13,617	(4,351)	33,088	--

</TABLE>
See accompanying notes to interim condensed consolidated financial statements.

8 (Continued)

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY NINE MONTHS ENDED SEPTEMBER 30, 2005 AND 2004 (Unaudited) (Continued)							
(Amounts in thousands)	Class A Common Stock	Class B Common Stock	Class A Shares Held in Treasury	Paid-in Capital	Notes Receivable Issued to Related Parties	Retained Earnings	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balances at December 31, 2004	\$ 186,883	3,248	(1,702)	14,957	(3,016)	33,900	234,270
Net income	---	---	---	---	---	12,232	
Tax effect of excess stock compensation expense for tax purposes over amounts recognized for financial reporting purposes	737	---	---	737	---	---	
Common stock repurchases (10,688)	---	---	---	---	---	(10,688)	
Common stock retirements	(8,994)	---	---	---	---	8,994	--
Shares issued under stock option plan	2,876	---	---	---	---	---	
Redemption of Series B redeemable preferred stock (2,358)	---	---	---	---	---	(2,358)	
Amortization of the excess of GCI stock							

market value over stock option exercise cost on date of stock option grant	---	---	---	151	---	---	151
Issuance of stock awards	---	---	22	---	---	---	
22 Purchase of treasury stock (34)	---	---	(34)	---	---	---	
Payment received on note receivable issued to related party upon stock option exercise	---	---	---	---	38	---	
38 Preferred stock dividends (148)	---	---	---	---	---	(148)	

Balances at September 30, 2005	\$ 180,765	3,248	(1,714)	15,845	(2,978)	41,932	237,098

</TABLE>

See accompanying notes to interim condensed consolidated financial statements.

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<TABLE>

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2005 AND 2004
(Unaudited)

<CAPTION>

(Amounts in thousands)

	2005	2004
	-----	-----

<S>	<C>	<C>
Cash flows from operating activities:		
Net income	\$ 12,232	18,945
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion expense	54,710	46,759
Deferred income tax expense	9,824	11,435
Amortization and write-off of loan and senior notes fees	3,155	3,414
Bad debt expense, net of write-offs	1,000	115
Deferred compensation	640	427
Loss on disposal of property and equipment	178	---
Compensatory stock options	151	248
Loss on early extinguishment of debt and termination of capital lease	2,797	6,136
Other noncash income and expense items	731	654
Change in operating assets and liabilities	(18,691)	(25,267)
	-----	-----
Net cash provided by operating activities	66,727	62,866
	-----	-----
Cash flows from investing activities:		
Purchases of property and equipment, including construction period interest	(65,838)	(82,810)
Purchases of other assets and intangible assets	(2,470)	(2,297)
Proceeds from sales of assets	1,995	1,190
Additions to property held for sale	(212)	(128)
Notes receivable issued to related parties	(18)	(27)
Payments received on notes receivable from related parties	---	1,847
Refund of deposit	---	699
	-----	-----
Net cash used in investing activities	(66,543)	(81,526)
	-----	-----
Cash flows from financing activities:		
Borrowing on Senior Credit Facility	38,832	20,000
Repayment of capital lease obligations	(38,981)	(3,538)
Purchase of common stock to be retired	(10,484)	---
Redemption of Series B redeemable preferred stock	(6,607)	---
Proceeds from common stock issuance	2,876	2,228
Payment upon early termination of capital lease	(2,797)	---
Payment of debt issuance costs	(1,085)	(6,659)
Repayment of Senior Credit Facility	(400)	(53,832)
Payment of preferred stock dividends	(237)	(1,042)
Purchase of treasury stock	(34)	(367)
Issuance of new Senior Notes	---	245,720
Repayment of old Senior Notes	---	(180,000)
Payment of bond call premiums	---	(6,136)
Payment received on note receivable from related parties issued upon stock option exercise	---	620
	-----	-----
Net cash provided by (used in) financing activities	(18,917)	16,994
	-----	-----

---	Net decrease in cash and cash equivalents	(18,733)	(1,666)
	Cash and cash equivalents at beginning of period	31,452	10,435
		-----	-----
---	Cash and cash equivalents at end of period	\$ 12,719	8,769
		=====	

</TABLE>

See accompanying notes to interim condensed consolidated financial statements.

10
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, 2004, 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 Origination and 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 our undersea fiber optic cable systems 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,
- o Distribution of white and yellow pages directories to residential and business customers in certain markets we serve and on-line directory products, and
- o Resale of cellular telephone services.

(b) Principles of Consolidation

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

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

(c) Earnings per Common Share

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):

<TABLE>
<CAPTION>

Three Months Ended September 30,						
2005			2004			
Income	Shares	Per-share	Income	Shares	Per-	
(Num-	(Denom-		(Num-	(Denom-		
-----	-----		-----	-----		

share	erator)	inator)	Amounts	erator)	inator)	
Amounts						

<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net income	\$ 2,285			\$ 9,295		
Less preferred stock dividends:						
Series B	---			230		
Series C	---			151		
	---			381		
Basic EPS:						
Net income	2,285	54,677	\$ 0.04	8,914	58,031	\$
0.15						
Effect of Dilutive Securities:						
Unexercised stock options	---	1,304	---	---	1,000	

Series B redeemable preferred stock	---	---	---	230	1,677	

Diluted EPS:						
Net income	\$ 2,285	55,981	\$ 0.04	\$ 9,144	60,708	\$
0.15						
=====						

</TABLE>
<TABLE>
<CAPTION>

share	Nine Months Ended September 30,					
	2005			2004		
Amounts	Income (Num- erator)	Shares (Denom- inator)	Per-share Amounts	Income (Num- erator)	Shares (Denom- inator)	Per-

<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net income	\$ 12,232			\$ 18,945		
Less preferred stock dividends:						
Series B	148			778		
Series C	---			450		
	148			1,228		
Basic EPS:						
Net income	12,084	54,765	\$ 0.22	17,717	57,027	\$
0.31						
Effect of Dilutive Securities:						
Unexercised stock options	---	1,190	---	---	1,135	

Diluted EPS:						
Net income	\$ 12,084	55,955	\$ 0.22	\$ 17,717	58,162	\$
0.30						
=====						

</TABLE>

12

(Continued)

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

Common equivalent shares outstanding which are anti-dilutive for purposes of calculating EPS for the three and nine months ended September 30, 2005 and 2004 are not included in the diluted EPS calculations and consist of the following (shares, in thousands):

<TABLE>
<CAPTION>

Ended	Three Months Ended		Nine Months
	September 30,		September
30,	2005	2004	2005
2004			

<C>	<S>	<C>	<C>	<C>
1,677	Series B redeemable preferred stock	---	---	413
833	Series C redeemable preferred stock	---	833	---

2,510	Anti-dilutive common equivalent shares outstanding	---	833	413
=====				

</TABLE>

Weighted average shares associated with outstanding stock options for the three and nine months ended September 30, 2005 and 2004 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>				
Ended		Three Months Ended		Nine Months
30,		September 30,		September
2004		2005	2004	2005

<C>	<S>	<C>	<C>	<C>
292	Weighted average shares associated with outstanding stock options	126	736	230
=====				

</TABLE>

(d) Common Stock
Following are the changes in common stock for the nine months ended September 30, 2005 and 2004 (shares, in thousands):

<TABLE>			
<CAPTION>			
		Class A	Class B
		-----	-----
<S>	<C>	<C>	<C>
Balances at December 31, 2003	52,589	3,868	
Class B shares converted to Class A	2	(2)	
Shares issued under stock option plan	388	---	
Conversion of Series B preferred stock to Class A common stock	1,160	---	
	-----	-----	
Balances at September 30, 2004	54,139	3,866	
	=====	=====	
Balances at December 31, 2004	51,825	3,862	
Class B shares converted to Class A	17	(17)	
Shares issued under stock option plan	480	---	
Shares retired	(936)	---	
	-----	-----	
Balances at September 30, 2005	51,386	3,845	
	=====	=====	

</TABLE>

At September 30, 2005 and December 31, 2004 we held 309,000 shares and 138,000 shares, respectively, of Class A common stock in treasury with the intent to retire. We held no Class A common stock in treasury with the intent to retire at September 30, 2004 and December 31, 2003. The cost of the repurchased Class A common stock is included in Retained Earnings on our Consolidated Balance Sheets at September 30, 2005 and December 31, 2004.

Our Board of Directors has authorized a common stock buyback program for the repurchase of our Class A and Class B common stock. Our Board of Directors authorized us, and we obtained permission from our lenders and preferred shareholder for up to \$25.0 million of repurchases through September 30, 2005. During the nine month period ended September 30, 2005 we repurchased 1,175,212 shares of our Class A common stock at a cost of approximately \$10.7 million. The repurchases have complied with the restrictions of SEC rule 10b-18. Our Board of Directors authorized repurchases up to \$5.0

million per quarter on an indefinite basis depending upon market conditions.

(e) Redeemable Preferred Stock

In May 2005 we repurchased the remaining 4,314 shares of our Series B redeemable preferred stock for a total purchase price of \$6.6 million from Toronto Dominion Investments, Inc. At September 30, 2005 we have no preferred stock outstanding. At December 31, 2004 we had \$4.2 million of redeemable Series B preferred stock outstanding. We have 1,000,000 shares of preferred stock authorized and had 4,314 shares of Series B issued and outstanding at December 31, 2004.

The redemption amount of our Series B preferred stock at December 31, 2004 was \$4.3 million. The difference of \$89,000 between the carrying and redemption amounts was due to accrued dividends included in Accrued Liabilities.

(f) Asset Retirement Obligations

Following is a reconciliation of the beginning and ending aggregate carrying amount of our asset retirement obligations at September 30, 2005 and 2004 (amounts in thousands):

Balance at December 31, 2003	\$ 2,005
Accretion expense for the nine months ended September 30, 2004	134
Liability settled	(6)
Other	(43)

Balance at September 30, 2004	\$ 2,090
	=====
Balance at December 31, 2004	\$ 2,971
Accretion expense for the nine months ended September 30, 2005	148

Balance at September 30, 2005	\$ 3,119
	=====

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(Continued)

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

Our asset retirement obligations were included in Other Liabilities at September 30, 2005 and December 31, 2004.

(g) Stock Option Plan

At September 30, 2005, 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 Statement of Financial Accounting Standard ("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.

In December 2004, the FASB issued SFAS No. 123R, "Share-Based Payment," requiring all companies to measure compensation cost for all share-based payments (including employee stock options) at fair value. After consideration of the SEC's April 2005 amendment of the SFAS No. 123R compliance dates, SFAS No. 123R is effective for annual periods beginning after June 15, 2005, or December 15, 2005 for small business issuers. As of January 1, 2006, we will apply SFAS No. 123R using a modified version of prospective application. Under that transition method, compensation cost is recognized on or after January 1, 2006 for the portion of outstanding awards for

which the requisite service has not yet been rendered, based on the grant-date fair value of those awards calculated under SFAS No. 123 for either recognition or pro forma disclosures. In March 2005 the SEC issued Staff Accounting Bulletin ("SAB") No. 107 expressing the SEC staff's view regarding the interaction between SFAS No. 123R and certain SEC rules and regulations, and regarding the valuation of share-based payment arrangements for public companies. In August 2005 the FASB staff issued FASB Staff Position ("FSP") SFAS 123R-1 regarding the recognition and measurement requirements of freestanding financial instruments originally issued as employee compensation. In October 2005 the FASB staff issued FSP SFAS 123R-2 regarding guidance on application of grant date as defined in SFAS 123. We estimate the application of SFAS No. 123R will result in an increase in our compensation cost for all share-based payments of approximately \$2.0 million to \$2.5 million during the year ended December 31, 2006.

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GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
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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, 2005 and 2004, 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,	
	2005	2004	2005	2004
<S>	<C>	<C>	<C>	<C>
Net income, as reported	\$ 2,285	9,295	12,232	18,945
Total stock-based employee compensation expense included in reported net income, net of related tax effects	172	53	245	129
Total stock-based employee compensation expense under the fair-value based method for all awards, net of related tax effects	(390)	(594)	(1,327)	(1,682)
Pro forma net income	\$ 2,067	8,754	11,150	17,392
Basic net income per common share, as reported	\$ 0.04	0.15	0.22	0.31
Diluted net income per common share, as reported	\$ 0.04	0.15	0.22	0.30
Basic and diluted net income per common share, pro forma	\$ 0.04	0.14	0.20	0.28

</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.

- (h) New Accounting Standards
Effective July 1, 2005, we adopted SFAS 153, "Exchanges of Nonmonetary Assets," which amends APB Opinion No. 29, "Accounting for Nonmonetary Transactions." The guidance in APB Opinion No. 29 is based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. The guidance in that Opinion, however, included certain exceptions to that principle. SFAS No. 153 amends APB Opinion No. 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the

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Notes to Interim Condensed Consolidated Financial Statements
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exchange. The adoption of SFAS 153 did not have a material effect on our results of operations, financial position or cash flows.

- (2) Consolidated Statements of Cash Flows Supplemental Disclosures
Changes in operating assets and liabilities consist of (amounts in thousands):

<TABLE>

<CAPTION>

Nine month periods ended September 30,	2005	2004
<S>	<C>	<C>
Increase in accounts receivable	\$ (12,027)	(5,365)
Decrease in prepaid expenses	149	4,352
(Increase) decrease in inventories	161	(1,042)
Decrease in other current assets	79	1,064
Decrease in accounts payable	(3,533)	(6,783)
Increase (decrease) in accrued payroll and payroll related obligations	1,332	(3,520)
Decrease in deferred revenues	(1,837)	(7,431)
Decrease in accrued interest	(5,135)	(5,785)
Increase (decrease) in accrued liabilities	1,097	(252)
Decrease in subscriber deposits	(60)	(180)
Increase (decrease) in components of other long-term liabilities	1,083	(325)
	\$ (18,691)	(25,267)

</TABLE>

We paid interest totaling approximately \$30.1 million and \$27.1 million during the nine months ended September 30, 2005 and 2004, respectively. We capitalized interest of \$0 and approximately \$1.1 million during the nine months ended September 30, 2005 and 2004, respectively. Capitalized interest is recorded as an addition to Property and Equipment.

Income tax refunds received totaled \$202,000 and \$0 during the nine months ended September 30, 2005 and 2004, respectively. We paid income taxes of \$133,000 and \$90,000 during the nine months ended September 30, 2005 and 2004, respectively.

We recorded \$737,000 and \$534,000 during the nine months ended September 30, 2005 and 2004, respectively, in paid-in capital in recognition of the income tax effect of excess stock compensation expense for tax purposes over amounts recognized for financial reporting purposes.

In January and August 2004, 3,108 and 3,328 shares of our Series B preferred stock, respectively, were converted to 560,000 and 599,640 shares of our Class A common stock, respectively, at the stated conversion price of \$5.55 per share.

- (3) Intangible Assets

There have been no events or circumstances that indicate the recoverability of the carrying amounts of indefinite-lived and definite-lived intangible assets has changed as of September 30, 2005. The remaining useful lives of our cable certificates and goodwill were evaluated as of September 30, 2005 and events and circumstances continue to support an indefinite useful life. We reviewed the useful lives assigned to our definite-lived intangible assets and believe the lives continue to be appropriate as of September 30, 2005.

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
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On September 29, 2004, the SEC issued SEC Staff Announcement Topic "Use of the Residual Method to Value Acquired Assets Other than Goodwill," ("SEC Staff Announcement") requiring us to apply no later than January 1, 2005 a direct value method to determine the fair value of our intangible assets with indefinite lives other than goodwill for purposes of impairment testing. We adopted the SEC Staff Announcement on December 31, 2004. Our cable certificate assets were originally valued and recorded using the residual method. Impairment testing of our cable certificate assets as of December 31, 2004 used a direct value method pursuant to the SEC Staff Announcement and did not result in impairment.

Cable certificates are allocated to our cable services segment. Goodwill of approximately \$41.0 million is allocated to the cable services segment and approximately \$675,000 is allocated to the long-distance services segment.

Amortization expense for amortizable intangible assets was as follows (amounts in thousands):

<TABLE>
<CAPTION>

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
<S>	<C>	<C>	<C>	<C>
Amortization expense	\$ 307	224	913	575

</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,	
2005	\$ 1,234
2006	1,280
2007	1,210
2008	958
2009	643

(4) MCI Settlement and Release Agreement

On July 21, 2002, MCI and substantially all of its active United States subsidiaries filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court. On July 22, 2003, the United States Bankruptcy Court approved a settlement agreement for pre-petition amounts owed to us by MCI and affirmed all of our existing contracts with MCI. MCI emerged from bankruptcy protection on April 20, 2004. The remaining pre-petition accounts receivable balance owed by MCI to us after this settlement was \$11.1 million ("MCI credit") which we have used and will continue to use as a credit against amounts payable for services purchased from MCI.

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GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
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After settlement, we began reducing the MCI credit as we utilized it for services otherwise payable to MCI. Uncertainties exist with respect to the potential realization and the timing of our utilization of the MCI credit. We have accounted for our use of the MCI credit as a gain contingency and, accordingly, will recognize a reduction of bad debt expense as services are provided by MCI and the credit is realized. The use of the credit is recorded as a reduction of bad debt expense. We have realized the following amounts of the MCI credit against amounts payable for services received from MCI (amounts in thousands):

<TABLE>
<CAPTION>

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
<S>	<C>	<C>	<C>	<C>
MCI credit realized	\$ 1,445	1,090	3,334	3,386

</TABLE>

The remaining unused MCI credit totaled \$324,000 and \$3.7 million at September 30, 2005 and December 31, 2004, respectively. The credit balance is not recorded on the Consolidated Balance Sheet as we are recognizing recovery of bad debt expense as the credit is realized.

(5) Restructuring Charge

On August 22, 2005 we committed to a reorganization plan to more efficiently meet the demands of technological and product convergence by realigning along customer lines rather than product lines. The reorganization plan includes integration of several functions resulting in the layoff of 76 employees by November 30, 2005. The reorganization is expected to be completed and become effective on January 1, 2006. Beginning January 1, 2006 we will be reorganized under Consumer, Commercial, Carrier and Managed Broadband segments, replacing the Long Distance, Cable, Local Access and Internet services segments.

Charges incurred in relation to the reorganization plan were accounted for under SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." We recognized approximately \$1.9 million in Restructuring Charge during the three months and nine months ended September 30, 2005. Our estimate of the total costs to be incurred under this plan is \$2.2 million of which \$1.9 million has been recognized as a liability for one-time termination benefits in accordance with SFAS No. 146. The following table sets forth the restructuring charges by segment during the three and nine months ended September 30, 2005 (amounts in thousands):

<TABLE>

<CAPTION>

	Reportable Segments						Total
	Long-Distance Services	Cable Services	Local Access Services	Internet Services	Total Reportable Segments	All Other	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Estimated total restructuring charges to be incurred	\$ 673	316	203	158	1,350	810	2,160
Total restructuring charges recognized at September 30, 2005	\$ 547	302	194	152	1,195	699	1,894

</TABLE>

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

Following is a reconciliation of our beginning and ending liability related to the reorganization plan at September 30, 2005 (amounts in thousands):

Balance at December 31, 2004	\$ ---
Restructuring charge incurred	1,894
Cash paid	(591)
Non-cash charges	(13)

Balance at September 30, 2005	\$ 1,290
	=====

- (6) Long-term Debt
On August 31, 2005 our April 2004 Senior Credit Facility was amended and restated. The \$215.0 million Amended and Restated Senior Secured Credit Facility ("Amended Senior Credit Facility") includes a \$160.0 million term loan and a \$55.0 million revolving credit facility with a \$25.0 million sublimit for letters of credit. Proceeds were used to pay down our previous Senior Credit Facility and to pay off our Satellite Transponder Capital Lease with the remainder used to pay financing fees. Outstanding principal of \$35.8 million on the Satellite Transponder Capital Lease was repaid, and we incurred a \$2.8 million charge due to the early termination of the capital lease which is classified as Loss on Early Extinguishment of Debt during the three and nine months ended September 30, 2005 on our Consolidated Statements of Income.

The Amended Senior Credit Facility decreased the interest rate on the term loan from LIBOR plus 2.25% to LIBOR plus 1.50%. The interest rate on the revolving portion of the previous Senior Credit Facility was LIBOR plus a margin dependent upon our Total Leverage Ratio (as defined) ranging from 1.75% to 2.50%. The Amended Senior Credit Facility reduced the revolving credit facility interest rate to LIBOR plus the following applicable margin dependent upon our Total Leverage ratio (as defined):

Total Leverage Ratio (as defined)	Applicable Margin
>	
= 3.75	0.175%
>	
= 3.25 but < 3.75	0.150%
>	
= 2.75 but < 3.25	0.125%
< 2.75	0.100%

The commitment fee we are required to pay on the unused portion of the commitment was reduced to 0.375%.

The Amended Senior Credit Facility increased our allowed Total Leverage Ratio (as defined) limit to 4.50:1.0 and our Senior Debt Ratio (as defined) limit to 2.25:1.0. Our Fixed Charge Coverage Ratio (as defined) must be less than 1.0:1.0.

Our term loan is fully drawn and we have letters of credit outstanding totaling \$5.5 million at September 30, 2005, which leaves \$49.5 million available to draw under the revolving credit facility if needed. We have not borrowed under the revolving credit facility in 2005.

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(Unaudited)

This transaction was a substantial modification of our April 2004 Senior Credit Facility and we therefore recognized \$1.8 million in Amortization and Write-off of Loan and Senior Notes Fees during the three and nine months ended September 30, 2005 in our Consolidated Statements of Income. Deferred loan fees of \$362,000 were determined not to be a substantial modification and continue to be amortized over the life of the Amended Senior Credit Facility.

In connection with the Amended Senior Credit Facility, we paid bank fees and other expenses of \$1.0 million during the three and nine months ended September 30, 2005. These costs will be amortized over the life of the Amended Senior Credit Facility.

Borrowings under the Amended Senior Credit Facility are subject to certain financial covenants and restrictions on indebtedness, dividend payments, financial guarantees, business combinations, and other related items. We were in compliance with all loan covenants at September 30, 2005.

As of September 30, 2005 maturities of long-term debt under the Amended Senior Credit Facility were as follows (amounts in thousands):

Years Ending December 31,	
2005	\$ 800
2006	1,600
2007	1,600
2008	1,600
2009	1,600
2010 and thereafter	152,800

	\$ 160,000
	=====

(7) 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.

As of January 1, 2005 financial information for our SchoolAccess(TM) offering to rural school districts and a similar offering to rural hospitals and health clinics ("Broadband services") is not included in the long-distance services segment but is included in the "All Other" category. Additionally, Property and Equipment originally included in the Internet services segment were determined to be Broadband services Property and Equipment and were reclassified to the "All Other" category. Segment and All Other category data for the nine months ended September 30, 2004 have been reclassified to reflect the changes.

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.

Cable services. We provide cable television services to residential, commercial and government users in the state of Alaska. Our cable systems serve 36 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, Cordova, Fairbanks, Homer, Juneau, Kenai, Ketchikan, Kodiak, Kotzebue, the Matanuska-Susitna Valley, Nome, Petersburg, Seward, Soldotna, Valdez and Wrangell 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. Revenue, cost of goods sold and operating expenses for our phone directories are included in the local access services segment.

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 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 Broadband services, 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 in the "Notes to Consolidated Financial Statements" included in Part II of our December 31, 2004 annual report on Form 10-K. 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. All of our long-lived assets are located within the United States of America, except approximately 82% of our undersea fiber optic cable systems which transit international waters.

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GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
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Summarized financial information for our reportable segments for the nine months ended September 30, 2005 and 2004 follows (amounts in thousands):

<TABLE>
<CAPTION>

	Reportable Segments						
	Long-Distance Services	Cable Services	Local Access Services	Internet Services	Total Reportable Segments	All Other	Total
2005	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues:							
Intersegment	\$ 12,871	2,810	6,401	829	22,911	1,008	23,919
External	141,940	78,422	38,463	22,287	281,112	49,824	330,936
Total revenues	\$ 154,811	81,232	44,864	23,116	304,023	50,832	354,855
Earnings (loss) from operations before depreciation, amortization, accretion, net interest expense and income taxes	\$ 82,363	33,026	1,316	9,112	125,817	(18,056)	107,761
Operating income (loss)	\$ 62,814	17,608	(3,798)	6,514	83,138	(30,087)	53,051
2004							
Revenues:							
Intersegment	\$ 10,490	1,866	7,053	2,460	21,869	558	22,427
External	136,729	75,243	34,558	19,592	266,122	53,202	319,324
Total revenues	\$ 147,219	77,109	41,611	22,052	287,991	53,760	341,751
Earnings (loss) from operations before depreciation, amortization, accretion, net interest expense and income taxes	\$ 81,036	33,190	(231)	6,409	120,404	(13,623)	106,781
Operating income (loss)	\$ 63,430	19,118	(3,158)	4,158	83,548	(23,526)	60,022

</TABLE>

A reconciliation of reportable segment revenues to consolidated revenues

follows (amounts in thousands):

	2005	2004
Nine months ended September 30,		
<S>	<C>	<C>
Reportable segment revenues	\$ 304,023	287,991
Plus All Other revenues	50,832	53,760
Less intersegment revenues eliminated in consolidation	23,919	22,427
Consolidated revenues	\$ 330,936	319,324

</TABLE>

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(Continued)

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES

Notes to Interim Condensed Consolidated Financial Statements
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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 follows (amounts in thousands):

	2005	2004
Nine months ended September 30,		
<S>	<C>	<C>
Reportable segment earnings from operations before depreciation, amortization and accretion expense, net other expense and income taxes	\$ 125,817	120,404
Less All Other loss from operations before depreciation, amortization and accretion expense, net other expense and income taxes	18,056	13,623
Consolidated earnings from operations before depreciation, amortization and accretion expense, net other expense and income taxes	107,761	106,781
Less depreciation, amortization and accretion expense	54,710	46,759
Consolidated operating income	53,051	60,022
Less other expense, net	30,995	29,552
Consolidated net income before income taxes	\$ 22,056	30,470

</TABLE>

A reconciliation of reportable segment operating income to consolidated net income before income taxes follows (amounts in thousands):

	2005	2004
Nine months ended September 30,		
<S>	<C>	<C>
Reportable segment operating income	\$ 83,138	83,548
Less All Other operating loss	30,087	23,526
Consolidated operating income	53,051	60,022
Less other expense, net	30,995	29,552
Consolidated net income before income taxes	\$ 22,056	30,470

</TABLE>

(7) Commitments and Contingencies

Litigation, Disputes, and Regulatory Matters
We filed a lawsuit on July 27, 2004 in federal district court against AT&T Corp. ("AT&T") claiming that AT&T has discriminated and continues to discriminate against us by refusing to provide wholesale transport services to us on the same terms and conditions that AT&T makes available to other carriers. On November 30, 2004, AT&T filed a motion for referral of this matter to the Commission under the doctrine of primary jurisdiction. On February 24, 2005, the Court granted AT&T's motion and dismissed our complaint without prejudice. We filed a Formal Complaint against AT&T and its subsidiary AT&T Alascom with the FCC on June 17, 2005 and an Amended Formal Complaint was filed on July 6, 2005, seeking both injunctive relief and damages to remedy the discrimination. We are unable to predict the outcome of our complaint with certainty at this time.

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GENERAL COMMUNICATION, INC. AND SUBSIDIARIES

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On June 25, 2004 the RCA issued an order in our arbitration with ACS to revise the rates, terms, and conditions that govern access to UNEs in the

Anchorage market. The RCA's ruling set rates for numerous elements of ACS' network, the most significant being the lease rate for local loops. The order initially increased the loop rate payable to ACS from \$14.92 to \$19.15 per loop per month. We immediately filed a petition for reconsideration with the RCA to correct computational errors and raise other issues. On August 20, 2004, the RCA ruled on the petition and retroactively lowered the loop rate to \$18.64 per month. The Commission issued a final order approving an interconnection agreement on December 7, 2004. In January 2005 we appealed the RCA ruling to the Federal District Court in Anchorage, Alaska arguing that the pricing and methodology used by ACS and approved by the RCA was flawed and in violation of federal law. We cannot predict at this time the outcome of the litigation.

On May 15, 2003, AT&T filed a petition with the FCC requesting a declaratory ruling that intrastate access charges do not apply to certain of its calling card offerings. When AT&T Alascom, a subsidiary of AT&T, characterized calling card calls that originate and terminate in Alaska as interstate, they shifted certain intrastate access charges payable to Alaska local exchange carriers to us. In a proceeding before the RCA, the RCA had already declared this AT&T Alascom practice to be improper. After AT&T petitioned the FCC, the RCA stayed AT&T Alascom's obligations to make back payments for the period prior to April 2004, but ordered AT&T Alascom to pay on an ongoing basis from April 1, 2004. On February 23, 2005, the FCC also ruled against AT&T, consistent with the RCA's prior findings. By orders dated April 22, 2005 and June 8, 2005, the RCA ruled that AT&T Alascom is required to make back payments of all jurisdictionally shifted access minutes. The RCA accepted a stipulation between the parties to attempt to mediate the amount of access payments owed. If mediation fails, the RCA will establish a schedule for formal proceedings to determine the amount owed by AT&T Alascom. We have not completed our calculations of the amounts due to us and cannot predict at this time with certainty the ultimate amount to be refunded pursuant to this gain contingency, however it could be material to our results of operations, financial position and cash flows.

We are involved in various other lawsuits, billing disputes, legal proceedings, and regulatory matters that have arisen from time to time in the normal course of business. While the ultimate results of these items cannot be predicted with certainty we do not expect at this time the resolution of them to have a material adverse effect on our financial position, results of operations or liquidity.

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Telecommunication Services Agreements

We lease a portion of our 800-mile fiber optic system capacity that extends from Prudhoe Bay to Valdez via Fairbanks, and provide management and maintenance services for this capacity to a significant customer. The telecommunications service agreement is for fifteen years and may be extended for up to two successive three-year periods and, upon expiration of the extensions, one additional year. The agreement may be canceled by either party with 180 days written notice. On March 24, 2005, the lessee announced that they had signed a contract with a competitor to build a microwave system to run parallel with our fiber optic cable system. The lessee may utilize the microwave system in place of or in addition to our fiber optic cable system. The lessee has not notified us in writing of their intent to change or cancel our agreement. We are unable to predict the financial impact of this event on our results of operations, financial position and cash flows.

A summary of minimum future service revenues from this agreement follows (amounts in thousands):

Years ending December 31,	
2005	\$ 13,200
2006	13,200
2007	13,200
2008	13,200
2009	13,200
2010 and thereafter	85,276

Total minimum future service revenues	\$ 151,276
	=====

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 of America. 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 Goods Sold (exclusive of depreciation, amortization and accretion shown separately) ("Cost of Goods Sold") 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

Through our focus on long-term results, acquisitions, and strategic capital investments, we strive to consistently grow our revenues and expand our margins. 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.

As of January 1, 2005 financial information for Broadband services is not included in the long-distance services segment but is included in the "All Other" category. Segment and All Other category data for the three and nine months ended September 30, 2004 have been reclassified to reflect the change.

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Results of Operations

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

Percentage Change (1)	Three Months Ended		Percentage Change (1)		Nine Months Ended	
	September 30,		2005		September 30,	
	2005	2004	2005	2004	2005	2004
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Statements of Income Data:						
Revenues:						
3.8%	43.6%	44.1%	5.6%	42.9%	42.8%	
4.2%	23.0%	23.6%	3.8%	23.7%	23.6%	
11.3%	11.0%	10.8%	8.0%	11.6%	10.8%	
13.8%	6.7%	6.3%	13.5%	6.7%	6.1%	
(6.4%)	15.7%	15.2%	10.6%	15.1%	16.7%	

3.6%	100.0%	100.0%	6.7%	100.0%	100.0%	
4.6%	33.9%	35.0%	3.5%	34.4%	34.1%	
NM	1.7%	---	NM	0.6%	---	
(89.0%)	0.0%	(0.3%)	111.0%	0.0%	(0.4%)	
	16.3%	14.3%	21.3%	16.5%	14.6%	

17.0%	Operating income	16.1%	20.1%	(14.5%)	16.0%	18.8%
(11.6%)	Net income before income taxes	4.0%	13.5%	(68.0%)	6.7%	9.5%
(27.6%)	Net income	2.0%	8.7%	(75.4%)	3.7%	5.9%
(35.4%)						

<TABLE>
<CAPTION>

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Percentage Change (1)	Three Months Ended		Percentage Change (1)		Percentage Change (1)	
	September 30,	September 30,	2005	2005	2005	2005
2005	2005	2004	2004	2004	2004	2004
vs.						
(Unaudited)						
2004	2005	2004	2004	2005	2004	2004
----	----	----	----	----	----	----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
<C>						
Other Operating Data:						
	Long-distance services segment operating income (2)	47.1%	53.0%	(6.3%)	44.3%	46.4%
(1.0%)	Cable services segment operating income (3)	20.0%	23.6%	(11.9%)	22.5%	25.4%
(7.9%)	Local access services segment operating loss (4)	(16.1%)	(15.9%)	(9.6%)	(9.9%)	(9.1%)
(20.3%)	Internet services segment operating income (5)	30.5%	24.6%	40.7%	29.2%	21.2%
56.7%						

-
- Percentage change in underlying data.
 - Computed by dividing total external long-distance services segment operating income by total external long-distance services segment revenues.
 - Computed by dividing total external cable services segment operating income by total external cable services segment revenues.
 - Computed by dividing total external local access services segment operating loss by total external local access services segment revenues.
 - Computed by dividing total external Internet services segment operating income by total external Internet services segment revenues.
- NM - Not meaningful.

</FN>
</TABLE>

Three Months Ended September 30 ("third quarter") 2005 Compared To Three Months Ended September 30, 2004

Overview of Revenues and Cost of Goods Sold

Total revenues increased 6.7% from \$106.6 million in the third quarter of 2004 to \$113.8 million in the third quarter of 2005. Revenue increased in each of our segments and All Other Services. See the discussion below for more information by segment and for All Other Services.

Total Cost of Goods Sold increased 10.6% from \$32.9 million in the third quarter of 2004 to \$36.3 million in the third quarter of 2005. Increases in long-distance services, cable services, and Internet services segments and All Other Services Cost of Goods Sold were partially off-set by decreased local access services segment Cost of Goods Sold. See the discussion below for more information by segment and for All Other Services.

Long-Distance Services Segment Overview

Long-distance services segment revenue in the third quarter of 2005 represented 43.6% of consolidated revenues. Our provision of interstate and intrastate long-distance services, and private line and leased dedicated capacity services accounted for 90.8% of our total long-distance services segment revenues during the third quarter of 2005.

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Factors that have the greatest impact on year-to-year changes in long-distance services segment revenues include the rate per minute charged to customers, usage volumes expressed as minutes of use, and the number of private lines and private networks in use.

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

and from fixed to mobile wireless continues.

Our long-distance services segment faces significant competition from AT&T Alascom, 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.

On July 21, 2002 MCI and substantially all of its active United States subsidiaries, on a combined basis a major customer, filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court. On July 22, 2003, the United States Bankruptcy Court approved a settlement agreement for pre-petition amounts owed to us by MCI and affirmed all of our existing contracts with MCI. MCI emerged from bankruptcy protection on April 20, 2004. The remaining pre-petition accounts receivable balance owed by MCI to us after this settlement was \$11.1 million which we have used and will continue to use as a credit against amounts payable for services purchased from MCI.

After settlement, we began reducing the MCI credit as we utilized it for services otherwise payable to MCI. We have accounted for our use of the MCI credit as a gain contingency, and, accordingly, are recognizing a reduction of bad debt expense as services are provided by MCI and the credit is realized. During the third quarter of 2005 and 2004 we realized approximately \$1.4 million and \$1.1 million, respectively, of the MCI credit against amounts payable for services received from MCI.

The remaining unused MCI credit totaled \$324,000 at September 30, 2005. The credit balance is not recorded on the Consolidated Balance Sheet as we are recognizing recovery of bad debt expense as the credit is realized.

In 2005 we renewed our agreement to provide interstate and intrastate long-distance services to MCI through December 2009 with five one-year automatic extensions to December 2014. The amendment includes new rates mandated by the Consolidated Appropriations Act for Fiscal Year 2005 signed into law December 8, 2004 and effective January 22, 2005 which will result in rate decreases of 3% per year ("Tariff 11 Rates") through 2010, at which time rates will be contractually set.

In May 2005 Verizon Communications, Inc. agreed to merge with MCI, our major customer. The merger was approved by MCI shareholders in October 2005. The merger received FCC approval, but requires other regulatory approvals. We are unable to predict the impact that a merger with MCI will have upon us, however given the materiality of MCI's 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.

The initial term of our contract to provide interstate and intrastate long-distance services and private line and private network services to Sprint Corporation ("Sprint"), one of our significant customers, ends in March 2007 with two one-year automatic extensions to March 2009. In 2005 we amended the original agreement to include Tariff 11 Rates.

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In August 2005 Sprint and Nextel Communications, Inc. completed their merger. While this merger has not had a material adverse effect on our financial position, results of operations and liquidity, we are unable to predict the long-term outcome this merger will have upon us.

Common carrier traffic routed to us for termination in Alaska is largely dependent on traffic routed to our common carrier customers by their customers. Pricing pressures, new program offerings, business failures, and market and business consolidations continue to evolve in the markets served by our other common carrier customers. 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, consistent with federal law. Additionally, disruption in the economy resulting from terrorist attacks and other attacks or acts of war could affect our carrier customers. 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.

Long-distance Services Segment Revenues

Total long-distance services segment revenues increased 6.4% to \$50.0 million in the third quarter of 2005. The components of long-distance services segment revenues are as follows (amounts in thousands):

<TABLE>
<CAPTION>

	Third Quarter		Percentage
	2005	2004	Change
	-----	-----	-----

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

Common carrier message telephone services	\$ 25,250	21,046	20.0%
Residential, commercial and governmental message telephone services	8,782	10,149	(13.5%)
Private line and private network services	11,038	10,973	0.6%
Lease of fiber optic cable system capacity	4,581	4,840	(5.4%)

Total long-distance services segment revenue	\$ 49,651	47,008	5.6%
=====			

</TABLE>

Common Carrier Message Telephone Services Revenue

The increase in message telephone service revenues from our other common carrier customers in the third quarter of 2005 resulted from a 29.2% increase in wholesale minutes carried to 301.7 million minutes.

The third quarter 2005 increase in message telephone service revenues from other common carriers was partially off-set by a 4.7% decrease in the average rate per minute on minutes carried for other common carriers primarily due to a change in the composition of traffic resulting from one of our common carrier customer contracts.

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Residential, Commercial, and Governmental Message Telephone Services Revenue

Selected key performance indicators for our offering of message telephone service to residential, commercial, and governmental customers follow:

<TABLE>

<CAPTION>

	Third Quarter		Percentage Change
	2005	2004	
	-----	-----	-----
<S>	<C>	<C>	<C>
Retail minutes carried	74.8 million	77.3 million	(3.2%)
Average rate per minute (1)	\$0.132	\$0.133	(0.8%)

<FN>

- 1 Residential, commercial, and governmental message telephone services revenues excluding plan fees associated with the carriage of data services divided by the retail minutes carried.

</FN>

</TABLE>

We had 91,500 and 90,300 active residential, commercial and governmental customers at August 31, 2005 and September 30, 2004, respectively. An active customer is a subscriber who has had calling activity during August 2005 and September 2004, respectively. We converted to a new unified order management and fulfillment, billing, customer service, cash application, and credit and collection system on September 1, 2005. The conversion to the new system is still very recent and reports necessary to determine the number of active customers at September 30, 2005 are not yet complete. We do not believe the number of active customers at September 30, 2005 is materially different from the number of active customers at August 31, 2005.

The decrease in message telephone service revenues from residential, commercial, and governmental customers in the third quarter of 2005 is primarily due to a decrease in the minutes carried for these customers and in the average rate per minute and is partially off-set by an increase in the number of active residential, commercial, and governmental customers billed. The increase in the number of customers billed is primarily due to our promotion of and our customers' enrollment in bundled offerings to our residential customers, partially off-set by the effect of customers substituting cellular phone, prepaid calling card, and email usage for direct dial minutes.

Fiber Optic Cable System Capacity Lease Revenue

The decrease in fiber optic cable system capacity lease revenues is primarily due to rate compression in the third quarter of 2005 as compared to the third quarter of 2004 and disconnection of a customer starting in May 2005. The decrease is partially off-set by the resolution of a billing matter with a customer in the third quarter of 2005 which resulted in revenue recognition of \$417,000.

Long-distance Services Segment Cost of Goods Sold

Long-distance services segment Cost of Goods Sold increased 18.9% to \$11.6 million in the third quarter of 2005 primarily due to the following:

- o A 11.9% increase in minutes carried to 347.7 million minutes in the third quarter of 2005,
- o A \$472,000 credit received in the third quarter of 2004 from a vendor due to a rate overcharge,
- o Receipt of a \$429,000 refund in the third quarter of 2004 from an intrastate access cost pool that previously overcharged us for access services, and
- o In the course of business we estimate unbilled long-distance services Cost of Goods Sold 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 the third quarter of 2004 we had a favorable adjustment of \$450,000.

The increase in long-distance services segment Cost of Goods Sold is partially off-set by the following:

- o Recognition of a \$501,000 refund received in the third quarter of 2005 from a vendor due to a rate overcharge in 2001 and 2002, and
- o Reduced access costs resulting from the distribution and termination of our traffic on our own local access services network instead of paying other carriers to distribute and terminate our

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traffic. The statewide average cost savings is approximately \$.010 and \$.046 per minute for originating and terminating 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.

Long-distance Services Segment Operating Income

Long-distance services segment operating income decreased 6.3% to \$23.4 million from the third quarter of 2004 to the third quarter of 2005 primarily due to the following:

- o A 18.9% increase in long-distance services segment Costs of Goods Sold to \$11.6 million in the third quarter of 2005, as discussed above,
- o A 7.2% increase in long-distance services segment selling, general and administrative expenses to \$8.2 million in the third quarter of 2005 primarily due to an increase in promotion expenses. The increase is partially off-set by a decrease in fiber repair expenses in the third quarter of 2005 due to the repair of AULP East in July 2004,
- o Recognition of \$547,000 as the long-distance services segment's portion of the restructuring charge in the third quarter of 2005 discussed further below, and
- o A 18.4% increase in long-distance services segment depreciation, amortization and accretion expense to \$6.6 million in the third quarter of 2005 primarily due to our investment in long-distance services segment equipment and facilities placed into service during the year ended December 31, 2004 for which a full year of depreciation will be recorded in the year ended December 31, 2005, and our investment in long-distance services segment equipment and facilities placed into service during the nine months ended September 30, 2005 for which a partial year of depreciation will be recorded in the year ended December 31, 2005.

The decrease was partially off-set by a 5.6% increase in long-distance services segment revenue to \$49.7 million in the third quarter of 2005, as discussed above.

Cable Services Segment Overview

Cable services segment revenues in the third quarter of 2005 represented 23.0% of consolidated revenues. Our cable systems serve 36 communities and areas in Alaska, including the state's four largest population centers, Anchorage, Fairbanks, the Matanuska-Susitna Valley and Juneau. On February 1, 2005 we acquired all of the assets of Barrow Cable TV, Inc. ("BCTV") for approximately \$1.6 million. The BCTV asset purchase resulted in approximately 950 additional subscribers and approximately 1,100 additional homes passed.

We generate cable services segment 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.

The primary factors that contribute to period-to-period changes in cable services segment revenues include average monthly subscription rates and pay-per-view buys, the mix among basic, premium and digital tier services, the average number of cable television and cable modem subscribers during a given reporting period, set-top box utilization and related rates, revenues generated from new product offerings, and sales of cable advertising services.

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Cable Services Segment Revenues and Cost of Goods Sold

Selected key performance indicators for our cable services segment follow:

<TABLE>

<CAPTION>

	September 30,		Percentage
	2005	2004	Change
<S>	<C>	<C>	<C>
Basic subscribers	136,400	134,300	1.6%
Digital programming tier subscribers	51,300	42,600	20.4%
Cable modem subscribers	74,200	61,200	21.2%
Homes passed	213,100	206,000	3.4%

</TABLE>

A basic cable subscriber is defined as one basic tier of service delivered to an address or separate subunits thereof regardless of the number of outlets purchased. A digital programming tier subscriber is defined as one digital programming tier of service delivered to an address or separate subunits thereof regardless of the number of outlets or digital programming tiers purchased. A cable modem subscriber is defined by the purchase of cable modem service regardless of the level of service purchased. If one entity purchases multiple cable modem service access points, each access point is counted as a subscriber. Digital programming tier subscribers are a sub-set of basic subscribers. Cable modem subscribers may also be basic subscribers though basic cable service is not required to receive cable modem service.

The increases in digital programming tier subscribers and cable modem subscribers are primarily due to customers migrating to bundled product offerings that include digital programming and cable modem service.

The components of cable services segment revenues are as follows (amounts in thousands):

	Third Quarter		Percentage
	2005	2004	Change
<S>	<C>	<C>	<C>
Programming services	\$ 18,800	18,127	3.7%
Cable modem services (cable services segment's allocable share)	3,338	3,106	7.5%
Equipment rental and installation fees	2,795	2,454	13.9%
Advertising sales	1,009	1,304	(22.6%)
Other	237	220	7.7%
-----	-----	-----	-----
Total cable services segment revenue	\$ 26,179	25,211	3.8%
=====	=====	=====	

</TABLE>

Average gross revenue per average basic subscriber per month increased \$2.87 or 4.6% in the third quarter of 2005.

The increase in programming services revenue is primarily due to an increase in basic and digital programming tier subscribers in the third quarter of 2005. The increase in equipment rental and installation fees revenue is primarily caused by the increased use of digital distribution technology. The decrease in advertising sales revenue in the third quarter of 2005 is primarily caused by Olympic and political advertising in the third quarter of 2004 that did not recur in the third quarter of 2005.

Cable services segment Cost of Goods Sold increased 7.8% to \$7.4 million in the third quarter of 2005 primarily due to programming cost increases in the third quarter of 2005 for certain of our cable programming service offerings.

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Cable Services Segment Operating Income

Cable services segment operating income decreased 11.9% to \$5.2 million from the third quarter of 2004 to the third quarter of 2005 primarily due to the following:

- o The 7.8% decrease in Cost of Goods Sold to \$7.4 million in the third quarter of 2005 described above
- o A \$289,000 increase in cable services segment selling, general and administrative expenses to \$7.7 million in the third quarter of 2005 primarily due to an increase in labor costs,
- o Recognition of \$302,000 as the cable services segment's portion of the restructuring charge in the third quarter of 2005 discussed further below, and
- o A 10.5% increase in cable services segment depreciation, amortization and accretion expense to \$5.2 million in the third quarter of 2005 as compared to the third quarter of 2004 primarily due to our investment in cable services segment equipment and facilities placed into service during the year ended December 31, 2004 for which a full year of depreciation will be recorded in the year ended December 31, 2005, and our investment in cable services segment equipment and facilities placed into service during the nine months ended September 30, 2005 for which a partial year of depreciation will be recorded in the year ended December 31, 2005.

The increase in Cable services segment operating income was partially off-set by the 3.8% increase in revenue to \$26.2 million in the third quarter of 2005 described above.

Local Access Services Segment Overview

During the third quarter of 2005 local access services segment revenues represented 11.0% of consolidated revenues. We generate local access services

segment 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.

The primary factors that contribute to year-to-year changes in local access services segment revenues 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, the traffic sensitive access rates charged to carriers and the Universal Service Program.

Our local access services segment faces significant competition in Anchorage, Fairbanks, and Juneau from ACS, which is the largest ILEC in Alaska, and from AT&T Alascom, Inc. in Anchorage for residential services. AT&T Alascom, Inc. has applied to the RCA to extend its certificate to include Fairbanks and Juneau. 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.

In April 2004 we successfully launched our DLPS deployment utilizing our Anchorage coaxial cable facilities. This service delivery method allows us to utilize our own cable facilities to provide local access service to our customers and avoid paying local loop charges to the ILEC. We plan to continue to deploy additional DLPS lines during the year ended December 31, 2005.

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In January 2005 we applied to the RCA to expand our existing certification for the provision of competitive local service. We applied to provide service in competition with the existing service provider in five service areas which include the communities of Ketchikan, Cordova, Chitina, Glenallen, McCarthy, Mentasta, Tatitlek, Valdez, Delta Junction, Homer, Kenai, Kodiak, Soldotna, Nenana, North Pole, and the area from Eagle River to Healy. In addition, we have requested approval to offer local service in six areas covered by our cable facilities only which include the communities of Wrangell, Petersburg, Sitka, Seward, Bethel, and Nome.

We plan to offer service in these new areas using a combination of methods. To a large extent, we plan to use our existing cable network to deliver local services. Where we do not have cable plant, we may use wireless technologies and resale of other carrier's services. We may lease portions of an existing carrier's network or seek wholesale discounts, but our application is not dependent upon access to either unbundled network elements of the ILEC's network or wholesale discount rates for resale of ILEC services. On September 23, 2005, the RCA issued an order approving the application for the first five service areas, and extended the timeframe for an additional 90 days for a decision on the application to offer local service in the remaining six areas covered by our cable facilities.

On June 25, 2004 the RCA issued an order in our arbitration with ACS to revise the rates, terms, and conditions that govern access to UNEs in the Anchorage market. The RCA's ruling set rates for numerous elements of ACS' network, the most significant being the lease rate for local loops. The order initially increased the loop rate payable to ACS from \$14.92 to \$19.15 per loop per month. We immediately filed a petition for reconsideration with the RCA to correct computational errors and raise other issues. On August 20, 2004, the RCA ruled on the petition and retroactively lowered the loop rate to \$18.64 per month. The Commission issued a final order approving an interconnection agreement on December 7, 2004. In January 2005 we appealed the RCA ruling to the Federal District Court in Anchorage, Alaska arguing that the pricing and methodology used by ACS and approved by the RCA was flawed and in violation of federal law. We cannot predict at this time the outcome of the litigation.

On February 22, 2005, in a complaint proceeding brought by us, the RCA held that Matanuska Telephone Association's ("MTA") had surrendered its rural exemption under Section 251(f)(1)(C) in the service territory designated by its wholly owned subsidiary, MTA Visions, when MTA Visions began to provide video service to customers in competition with us. After we requested interconnection services in accordance with the RCA's order, including access to UNEs, MTA subsequently filed a petition under Section 251(f)(2) with the RCA to suspend only our right to arbitrate access to UNEs. While the suspension proceeding is underway, our right to arbitrate access to UNEs with MTA is temporarily suspended, but our right to arbitrate the terms for other interconnection services with MTA is not. We are continuing to negotiate these other interconnection services with MTA and have designated an arbitrator to resolve remaining disputed issues in November 2005.

On May 2, 2005 we tendered an interconnection request to the City of Ketchikan d/b/a Ketchikan Public Utilities ("KPU"), which had been authorized by the RCA to provide video programming services through its KPU CommVision division on April 26, 2005. Under the terms of Section 251(f)(1)(C) of the Telecommunications Act of 1996 KPU's current rural exemption from negotiation will be forfeited if, and when, KPU commences offering video programming. On June 3, 2005, we entered into a stipulation with KPU recognizing that KPU will forfeit its rural exemption and negotiations for interconnection will commence

when KPU commences offering video programming.

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On September 30, 2005, ACS of Anchorage, Inc. petitioned the FCC for forbearance from its statutory obligations to provide access to UNEs at the regulated rate. The FCC has set a December 13, 2005 comment date and January 27, 2006 reply comment date. The statutory deadline for decision is September 30, 2006, with an opportunity for a 90-day extension. The ability to obtain UNEs is an important element of our local access services segment, and the outcome of this proceeding could result in a change in our Cost of Goods Sold in the Anchorage market via the facilities of the ILEC. We are unable to predict the outcome of this proceeding with certainty at this time.

Local Access Services Segment Revenues and Cost of Goods Sold
Selected key performance indicators for our local services segment follow:

<TABLE>

<CAPTION>

	September 30,		Percentage
	2005	2004	Change
<S>	<C>	<C>	<C>
Total lines in service	111,900	110,400	1.4%
DLPS lines in service	16,800	4,000	320.0%

</TABLE>

A line in service is defined as a revenue generating circuit or channel connecting a customer to the public switched telephone network. We estimate that our 2005 and 2004 total lines in service represent a statewide market share of approximately 25% and 24%, respectively.

Our access line mix follows:

	September 30,	
	2005	2004
Residential customers	61%	61%
Business customers	36%	35%
Internet access customers	3%	4%

At September 30, 2005 and 2004 approximately 86% and 85%, respectively, of our lines are provided on our own facilities and leased local loops. At September 30, 2005 and 2004 approximately 7% and 6%, respectively, of our lines are provided using the UNE platform delivery method.

Local access services segment revenues increased 8.0% in the third quarter of 2005 to \$12.5 million primarily due to growth in the average number of lines in service.

Local access services segment Cost of Goods Sold decreased 9.2% to \$7.1 million in the third quarter of 2005 primarily due to the cost savings resulting from the increased deployment of DLPS lines in the third quarter of 2005. The decrease is partially off-set by growth in the average number of lines in service in the third quarter of 2005 and the increased UNE lease rates payable to ACS in Fairbanks and Juneau which increased from \$19.19 to \$23.00 and \$16.71 to \$18.00, respectively, as of January 1, 2005.

Local Access Services Segment Operating Loss

Local access services segment operating loss increased 9.6% to \$2.0 million from the third quarter of 2004 to the third quarter of 2005 primarily due to the following:

- o A \$677,000 increase in local access services segment selling, general and administrative expenses to \$5.2 million in the third quarter of 2005 primarily due to an increase in labor costs,
- 37
- o Recognition of \$194,000 as the local access services segment's portion of the restructuring charge in the third quarter of 2005 discussed further below, and
 - o An 90.1% increase in local access services segment depreciation, amortization and accretion expense to \$1.8 million in the third quarter of 2005 as compared to the third quarter of 2004 primarily due to our investment in local access services segment equipment and facilities placed into service during the year ended December 31, 2004 for which a full year of depreciation will be recorded in the year ended December 31, 2005, and our investment in local access services segment equipment and facilities placed into service during the nine months ended September 30, 2005 for which a partial year of depreciation will be recorded in 2005.

The operating loss increase was partially off-set by the 8.0% revenue increase to \$12.5 million in the third quarter of 2005 discussed above and the 9.2% decrease in Cost of Goods Sold to \$7.1 million in the third quarter of 2005 discussed above.

The local access services segment operating results are negatively affected by

the allocation of all 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 loss would have improved by approximately \$1.7 million and \$1.9 million and the long-distance services segment operating income would have been reduced by an equal amount in the third quarter of 2005 and the third quarter of 2004, respectively.

Internet Services Segment Overview

During the third quarter of 2005 Internet services segment revenues represented 6.7% of consolidated revenues. We generate Internet services segment 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 segment's allocable share of cable modem revenue (a portion of cable modem revenue is also recognized by our cable services segment).

The primary factors that contribute to year-to-year changes in Internet services segment revenues 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 products. Our Internet offerings are bundled with various combinations of our long-distance, cable, and local access services segments' offerings and provide free or discounted basic or premium Internet services. 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.

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Internet Services Segment Revenues and Cost of Goods Sold

Selected key performance indicators for our Internet services segment follow:

<TABLE>

<CAPTION>

	September 30,		Percentage
	2005	2004	Change
	-----	-----	-----
<S>	<C>	<C>	<C>
Cable modem subscribers	74,200	61,200	21.2%
Dial-up subscribers	18,800	39,900	(52.9%)
	-----	-----	-----
Total Internet subscribers	93,000	101,100	(8.0%)
	=====	=====	=====

</TABLE>

Total Internet subscribers are defined by the purchase of Internet access service regardless of the level of service purchased. If one entity purchases multiple Internet access service points, that entity is included in our total Internet subscriber count at a rate equal to the number of access points purchased. A subscriber with both cable modem and dial-up service is included once as a cable modem subscriber. A dial-up subscriber is defined by the purchase of dial-up Internet service regardless of the level of service purchased. If one entity purchases multiple dial-up service access points, each access point is counted as a subscriber.

The decrease in total Internet subscribers is primarily due to non-revenue affecting adjustments to our customer database resulting from the implementation of a new customer service information system.

Total Internet services segment revenues increased 13.5% to \$7.6 million in the third quarter of 2005 primarily due to the 48.4% increase in its allocable share of cable modem revenues to \$4.3 million in the third quarter of 2005 as compared to the third quarter of 2004. The increase in cable modem revenues is primarily due to growth in cable modem subscribers. Additionally, in the third quarter of 2004 the Internet services segment sold services to Broadband services (included in the All Other category) and all of the revenue was eliminated from the Internet services segment. In the third quarter of 2005 Broadband services and Internet services are operating under a revenue-share agreement that has resulted in an allocation of revenue between the Internet services segment and the All Other category. Internet services segment revenue would have been \$7.1 million and \$6.7 million in the third quarter of 2005 and the third quarter of 2004, respectively, if the change in the external revenue distribution had not occurred.

Internet services Cost of Goods Sold increased \$168,000 to \$1.9 million in the third quarter of 2005 associated with increased Internet services segment revenues.

Internet Services Segment Operating Income

Internet services segment operating income increased 40.7% to \$2.3 million from the third quarter of 2004 to the third quarter of 2005 primarily due to the

13.5% increase in Internet services segment revenues to \$7.6 million in the third quarter of 2005 as described above and a \$200,000 decrease in selling, general and administrative expenses to \$2.3 million in the third quarter of 2005.

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The operating income increase is partially off-set by the following:

- o The \$168,000 increase in Cost of Goods Sold to \$1.9 million in the third quarter of 2005 as described above,
- o Recognition of \$152,000 as the Internet services segment's portion of the restructuring charge in the third quarter of 2005 discussed further below, and
- o A 9.1% increase in Internet services segment depreciation, amortization and accretion expense to \$779,000 in the third quarter of 2005 as compared to the third quarter of 2004 primarily due to our investment in Internet services segment equipment and facilities placed into service during the year ended December 31, 2004 for which a full year of depreciation will be recorded in the year ended December 31, 2005, and our investment in Internet services segment equipment and facilities placed into service during the nine months ended September 30, 2005 for which a partial year of depreciation will be recorded in 2005.

All Other Overview

Revenues reported in the All Other category as described in note 7 in the accompanying "Notes to Interim Condensed Consolidated Financial Statements" include our Broadband services, managed services, product sales, and cellular telephone services.

Revenues included in the All Other category represented 15.7% of total revenues in the third quarter of 2005.

We lease a portion of our 800-mile fiber optic system capacity that extends from Prudhoe Bay to Valdez via Fairbanks, and provide management and maintenance services for this capacity to a significant customer. The telecommunications service agreement is for fifteen years and may be extended for up to two successive three-year periods and, upon expiration of the extensions, one additional year. The agreement may be canceled by either party with 180 days written notice. On March 24, 2005, the lessee announced that they had signed a contract with a competitor to build a microwave system to run parallel with our fiber optic cable system. The lessee may utilize the microwave system in place of or in addition to our fiber optic cable system. The lessee has not notified us in writing of their intent to change or cancel our agreement. Revenue associated with this agreement totals approximately \$13.2 million per year. We are unable to predict the financial impact of this event on our results of operations, financial position and cash flows, however we believe that operating income from sales or leases of capacity and provision of other services on this fiber optic cable system to other customers will partially offset operating income reductions that may result if our contract is changed or cancelled.

All Other Revenues and Cost of Goods Sold

All Other revenues increased 10.6% to \$17.9 million in the third quarter of 2005 primarily due to a 21.9% increase in revenues from managed services to \$8.9 million. The increase in managed services revenue is primarily due to special project revenue for services sold to two customers and a 107.3% increase in revenues from our cellular telephone services to \$1.9 million resulting from increased promotion of our digital cellular telephone service.

All Other revenues would have increased 13.3% to \$18.3 million in the third quarter of 2005 if we had not changed the allocation of external revenue between our Internet services segment and Broadband services. In the third quarter of 2004 all of a certain revenue stream was retained by Broadband services and the associated internal Cost of Goods Sold purchased from the Internet services segment

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was eliminated from the All Other category. In the third quarter of 2005 Broadband services and Internet services operate under a revenue-share agreement that has resulted in an allocation of the revenue between the Internet services segment and the All Other category.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 3.5% to \$38.6 million in the third quarter of 2005 primarily due to a \$1.6 million increase in labor and health insurance costs resulting from an increased number of employees and a \$697,000 increase in our company-wide success sharing bonus accrual. As a percentage of total revenues, selling, general and administrative expenses decreased to 33.9% in the third quarter of 2005 from 35.0% in the third quarter of 2004, primarily due to an increase in revenues without a proportional increase in selling, general and administrative expenses.

Restructuring Charge

On August 22, 2005 we committed to a reorganization plan to more efficiently meet the demands of technological and product convergence by realigning along

customer lines rather than product lines. Effective January 1, 2006 we will be reorganized under Consumer, Commercial, Carrier and Managed Broadband segments, replacing the Long Distance, Cable, Local Access and Internet services segments. The reorganization plan includes integration of several functions resulting in the layoff of 76 employees by November 30, 2005. In the third quarter of 2005 we recognized a restructuring charge of approximately \$1.9 million for workforce reduction costs across all functions. The restructuring charge has been allocated to our reportable segments as follows (amounts in thousands):

Reportable segment:		
Long-distance services	\$	547
Cable services		302
Local access services		194
Internet services		152

		1,195
All other		699

Total restructuring charge	\$	1,894
		=====

Our estimate of the total costs to be incurred under this plan is \$2.2 million.

Bad Debt Expense (Recovery)

Bad debt expense (recovery) increased approximately \$312,000 to a net expense of \$31,000 in the third quarter of 2005. The increase is primarily due to allowances established for certain Broadband services customers. The bad debt expense is partially off-set by realization of approximately \$1.4 million of the MCI credit through a reduction to bad debt expense in the third quarter of 2005, as further discussed above in "Long Distance Services Segment Overview." We realized approximately \$1.1 million of the MCI credit through a reduction to bad debt expense in the third quarter of 2004. The remaining unused MCI credit is \$324,000 at September 30, 2005.

Depreciation, Amortization and Accretion Expense

Depreciation, amortization and accretion expense increased 21.3% to \$18.6 million in the third quarter of 2005. The increase is primarily due to the following:

- o Our \$122.9 million investment in equipment and facilities placed into service during 2004 for which a full year of depreciation will be recorded in 2005,
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- o Our \$72.3 million investment in equipment and facilities placed into service during the nine months ended September 30, 2005 for which a partial year of depreciation will be recorded in 2005, and
 - o A \$527,000 increase in depreciation expense during the third quarter of 2005 due to a decreased useful life of our satellite transponders resulting from the failure of the propulsion system on the Galaxy XR satellite.

Other Expense, Net

Other expense, net of other income, increased 95.0% to \$13.7 million in the third quarter of 2005 primarily due to the following:

- o As described further in "Liquidity and Capital Resources" below, we finalized a \$215.0 Amended and Restated Senior Secured Credit Facility ("Amended Senior Credit Facility") in August 2005 to replace our May 21, 2004 Senior Credit Facility resulting in the following increased expenses:
 - o We recognized a \$2.8 million Loss on Early Extinguishment of Debt in the third quarter of 2005 resulting from termination of our Satellite Transponder Capital Lease,
 - o We recognized approximately \$1.8 million in Amortization and Write-off of Loan and Senior Notes Fees in the third quarter of 2005 because a portion of the Amended Senior Credit Facility was a substantial modification of the May 21, 2004 Senior Credit Facility, and
 - o An increase in interest expense of approximately \$765,000 in the third quarter of 2005 due to an increase in the outstanding balance owed on the new facility.
- o An increase in interest expense of approximately \$1.4 million in the third quarter of 2005 on our new Senior Notes due to an increase in the outstanding balance owed.

The increase in other expense, net of other income is partially off-set by decreased interest rates on our Amended Senior Credit Facility in the third quarter of 2005 as compared to the third quarter of 2004.

Income Tax Expense

Income tax expense was \$2.3 million in the third quarter of 2005 and \$5.1 million in the third quarter of 2004. The change was due to decreased net income before income taxes in the third quarter of 2005 as compared to the third quarter of 2004. Our effective income tax rate increased from 35.3% in the third

quarter of 2004 to 50.3% in the third quarter of 2005 due to adjustments to deferred tax assets and liabilities balances in the third quarter of 2004 and increases in nondeductible expenses in the third quarter of 2005.

At September 30, 2005, we have (1) tax net operating loss carryforwards of approximately \$172.8 million that will begin expiring in 2007 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. We estimate that we will utilize net operating loss carryforwards of \$10.0 million to \$11.0 million during the year ended December 31, 2005. 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

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estimate that our effective annual income tax rate for financial statement purposes will be 43% to 45% in the year ended December 31, 2005.

Nine Months Ended September 30, 2005 ("2005") Compared To Nine Months Ended September 30, 2004 ("2004")

Overview of Revenues and Cost of Goods Sold

Total revenues increased 3.6% from \$319.3 million in 2004 to \$330.9 million in 2005. Revenue increases in each of our segments were partially off-set by a decrease in All Other Services revenues. See the discussion below for more information by segment.

Total Cost of Goods Sold increased 2.6% from \$104.9 million in 2004 to \$107.6 million in 2005. Cost of Goods Sold increases in each of our segments were partially off-set by a decrease in All Other Services Cost of Goods Sold. See the discussion below for more information by segment.

Long-Distance Services Segment Overview

Long-distance services segment revenue in 2005 represented 42.9% of consolidated revenues. Our provision of interstate and intrastate long-distance services, and private line and leased dedicated capacity services accounted for 90.2% of our total long-distance services segment revenues during 2005.

After the settlement agreement for pre-petition amounts owed to us by MCI discussed above, we have been recognizing a reduction of bad debt expense as services are provided by MCI and the credit is realized. During 2005 and 2004 we realized approximately \$3.3 million and \$3.4 million, respectively, of the MCI credit against amounts payable for services received from MCI.

Please refer to our discussion of the three-month results of operations for more information about this segment.

Long-distance Services Segment Revenues

Total long-distance services segment revenues increased 3.8% to \$141.9 million in 2005. The components of long-distance services segment revenues are as follows (amounts in thousands):

	2005	2004	Percentage Change
	-----	-----	-----
<S>	<C>	<C>	<C>
Common carrier message telephone services	\$ 67,196	62,885	6.9%
Residential, commercial and governmental message telephone services	27,925	30,406	(8.2%)
Private line and private network services	32,903	32,008	2.8%
Lease of fiber optic cable system capacity	13,916	11,430	21.7%
	-----	-----	-----
Total long-distance services segment revenue	\$ 141,940	136,729	3.8%
	=====	=====	=====

</TABLE>

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Common Carrier Message Telephone Services Revenue

The 2005 increase in message telephone service revenue from our other common carrier customers resulted from a 18.3% increase in wholesale minutes carried to 799.6 million minutes.

The increase in message telephone service revenues from other common carriers in 2005 was partially off-set by a 8.6% decrease in the average rate per minute on minutes carried for other common carriers primarily due to the Tariff 11 Rate decrease effective January 23, 2005.

Residential, Commercial, and Governmental Message Telephone Services Revenue
 Selected key performance indicators for our offering of message telephone
 service to residential, commercial, and governmental customers follow:

<TABLE>
 <CAPTION>

	2005	2004	Percentage Change
<S>	<C>	<C>	<C>
Retail minutes carried	227.2 million	230.3 million	(1.3%)
Average rate per minute (1)	\$0.132	\$0.132	0.0%

<FN>

 1 Residential, commercial, and governmental message telephone services
 revenues excluding plan fees associated with the carriage of data services
 divided by the retail minutes carried.

</FN>
 </TABLE>

Please refer to our discussion of the three-month results of operations for more
 information about the number of active residential, commercial and governmental
 customers.

The decrease in message telephone service revenues from residential, commercial,
 and governmental customers in 2005 is primarily due to decreased minutes carried
 for these customers and is partially off-set by an increase in the number of
 active residential, commercial, and governmental customers billed. The increase
 in the number of customers billed is primarily due to our promotion of and our
 customers' enrollment in bundled offerings to our residential customers,
 partially off-set by the effect of customers substituting cellular phone,
 prepaid calling card, and email usage for direct dial minutes.

Fiber Optic Cable System Capacity Lease Revenue
 The increase in fiber optic cable system capacity lease revenues is primarily
 due to a lease of capacity on the AULP East fiber optic cable system resulting
 in increased monthly revenue of approximately \$430,000 starting in July 2004 and
 the resolution of a billing matter with a certain customer in 2005 which
 resulted in revenue recognition of \$417,000. The increase is partially off-set
 by rate compression in 2005 as compared to 2004 and disconnection of a customer
 in May 2005.

Long-distance Services Segment Cost of Goods Sold
 Long-distance services segment Cost of Goods Sold increased 5.4% to \$36.4
 million in 2005 primarily due to the following:

- o A 13.3% increase in minutes carried to 1.0 billion minutes,
- o Receipt of a \$1.2 million refund in 2004 from an intrastate access cost
 pool that previously overcharged us for access services,
- o A \$472,000 credit received in 2004 from a vendor due to a rate
 overcharge, and
- o In the course of business we estimate unbilled long-distance services
 Cost of Goods Sold based upon minutes of use processed through our
 network and established rates. Such estimates are

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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 2004 we had a
 favorable adjustment of \$450,000.

The increase in long-distance services segment Cost of Goods Sold is partially
 off-set by the following:

- o Recognition of a \$501,000 refund received in 2005 from a vendor due to
 a rate overcharge in 2001 and 2002,
- o Reduced access costs resulting from the 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 \$.010 and \$.046 per minute for
 originating and terminating 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 We performed an analysis of circuit costs directly contributing to
 long-distance services segment and Broadband services revenues and, as
 a result, decreased the allocation of Cost of Goods Sold to the
 long-distance services segment by \$808,000 in 2005. Broadband services
 segment Cost of Goods Sold included in the All Other category was
 increased an equal amount in 2005.

Long-distance Services Segment Operating Income
 Long-distance services segment operating income decreased 1.0% to \$62.8 million
 from 2004 to 2005 primarily due to the following:

- o A 5.4% increase in long-distance services segment Cost of Goods Sold to

\$36.4 million as discussed above,

- o A 3.2% increase in long-distance services segment selling, general and administrative expenses to \$24.4 million in 2005,
- o Recognition of \$547,000 as the long-distance services segment's portion of the restructuring charge discussed above, and
- o A 11.0% increase in long-distance services segment depreciation, amortization and accretion expense to \$19.5 million in 2005 as compared to 2004 primarily due to our investment in long-distance services segment equipment and facilities placed into service during the year ended December 31, 2004 for which a full year of depreciation will be recorded in the year ended December 31, 2005, and our investment in long-distance services segment equipment and facilities placed into service during the nine months ended September 30, 2005 for which a partial year of depreciation will be recorded in the year ended December 31, 2005.

The decrease in long-distance services segment operating income was partially off-set by a 3.8% increase in long-distance services segment revenue to \$141.9 million in 2005, as discussed above.

Cable Services Segment Overview

Cable services segment revenues in 2005 represented 23.7% of consolidated revenues.

Please refer to our discussion of the three-month results of operations for more information about this segment.

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Cable Services Segment Revenues and Cost of Goods Sold

The components of cable services segment revenues are as follows (amounts in thousands):

<TABLE>
<CAPTION>

	2005	2004	Percentage Change
	-----	-----	-----
<S>	<C>	<C>	<C>
Programming services	\$ 56,475	54,875	2.9%
Cable modem services (cable services segment's allocable share)	9,912	9,636	2.9%
Equipment rental and installation fees	8,339	7,155	16.5%
Advertising sales	2,970	2,919	1.7%
Other	726	658	10.3%
	-----	-----	-----
Total cable services segment revenue	\$ 78,422	75,243	4.2%
	=====	=====	

</TABLE>

Average gross revenue per average basic subscriber per month increased \$3.04 or 4.8% in 2005.

The increase in programming services revenue is primarily due to an increase in basic and digital programming tier subscribers in 2005. The increase in equipment rental and installation fees revenue is primarily caused by the increased use of digital distribution technology.

Cable services segment Cost of Goods Sold increased 8.4% to \$22.0 million in 2005 primarily due to a \$407,000 refund received in 2004 from a supplier retroactive to August 2003, an arrangement with a supplier in which we earned a \$328,000 rebate in 2004 upon us meeting a specified goal, and programming cost increases in 2005 for most of our cable programming service offerings.

Cable Services Segment Operating Income

Cable services segment operating income decreased 7.9% to \$17.6 million from 2004 to 2005 primarily due to the following:

- o The 8.4% increase in Cost of Goods Sold to \$22.0 million in 2005 described above,
- o A 6.3% increase in cable services segment selling, general and administrative expenses to \$22.4 million in 2005 primarily due to an increase in labor costs and contract labor and contract services expenses,
- o Recognition of \$302,000 as the cable services segment's portion of the restructuring charge discussed further above, and
- o A 9.6% increase in cable services segment depreciation, amortization and accretion expense to \$15.4 million in 2005 as compared to 2004 primarily due to our investment in cable services segment equipment and facilities placed into service during the year ended December 31, 2004 for which a full year of depreciation will be recorded in the year ended December 31, 2005, and our investment in cable services segment equipment and facilities placed into service during the nine months ended September 30, 2005 for which a partial year of depreciation will be recorded in the year ended December 31, 2005.

The decrease in Cable services segment operating income was partially off-set by the 4.2% increase in cable services segment revenues to \$78.4 million in 2005 described above.

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Multiple System Operator ("MSO") Operating Statistics

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 segment's facilities.

Our capital expenditures by standard reporting category for the nine months ended September 30, 2005 and 2004 follows (amounts in thousands):

<TABLE>

<CAPTION>

	2005	2004
	-----	-----
<S>	<C>	<C>
Customer premise equipment	\$ 12,330	12,136
Upgrade/rebuild	10,291	6,516
Line extensions	2,620	517
Scalable infrastructure	2,315	3,782
Support capital	685	1,013
Commercial	270	348
	-----	-----
Sub-total	28,511	24,312
Remaining reportable segments and All Other capital expenditures	37,327	58,498
	-----	-----
	\$ 65,838	82,810
	=====	=====

</TABLE>

The standardized definition of a customer relationship is the number of customers that receive at least one level of service utilizing our cable services segment's facilities, encompassing voice, video, and data services, without regard to which services customers purchase. At September 30, 2005 and 2004 we had 124,300 and 122,100 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, 2005 and 2004 we had 227,400 and 199,400 revenue generating units, respectively.

Local Access Services Segment Overview

During 2005 local access services segment revenues represented 11.6% of consolidated revenues.

Please refer to our discussion of the three-month results of operations for more information about this segment.

Local Access Services Segment Revenues and Cost of Goods Sold

Local access services segment revenues increased 11.3% in 2005 to \$38.5 million primarily due to the following:

- o Growth in the average number of lines in service,
- o \$1.6 million increase in support from the Universal Service Program, and
- o A \$519,000 increase in local access services private line revenue to \$2.0 million in 2005.

Local access services segment Cost of Goods Sold increased 1.9% to \$21.6 million in 2005 primarily due to growth in the average number of lines in service and the increased costs resulting from the RCA's Anchorage UNE arbitration settlement order in June 2004 which increased the UNE lease rate payable to ACS from \$14.92 to \$18.64 per line per month beginning on June 25, 2004.

Additionally, the UNE

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lease rates payable to ACS in Fairbanks and Juneau increased from \$19.19 to \$23.00 and \$16.71 to \$18.00, respectively, as of January 1, 2005.

The increase in local access services segment Cost of Goods Sold is partially off-set by cost savings resulting from the increased deployment of DLPS lines in 2005.

Local Access Services Segment Operating Loss

Local access services segment operating loss increased 20.3% to \$3.8 million from 2004 to 2005 primarily due to the following:

- o The 1.9% increase in Cost of Goods Sold to \$21.6 million discussed above,
- o A 11.7% increase in local access services segment selling, general and administrative expenses to \$15.0 million in 2005 primarily due to an

increase in interconnect rates resulting from a renewed Anchorage interconnection agreement beginning in November 2004 and increased labor costs,

- o Recognition of \$194,000 as the local access services segment's portion of the restructuring charge discussed further above, and
- o An 74.7% increase in local access services segment depreciation, amortization and accretion expense to \$5.1 million in 2005 as compared to 2004 primarily due to our investment in local access services segment equipment and facilities placed into service during the year ended December 31, 2004 for which a full year of depreciation will be recorded in the year ended December 31, 2005, and our investment in local access services segment equipment and facilities placed into service during the nine months ended September 30, 2005 for which a partial year of depreciation will be recorded in 2005.

The operating loss increase was partially off-set by the 11.3% revenue increase to \$38.5 million in 2005 discussed above.

The local access services segment operating results are negatively affected by the allocation of all 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 loss would have improved by approximately \$5.1 million and \$5.2 million and the long-distance services segment operating income would have been reduced by an equal amount in 2005 and 2004, respectively.

Internet Services Segment Overview

During 2005 Internet services segment revenues represented 6.7% of consolidated revenues.

Please refer to our discussion of the three-month results of operations for more information about this segment.

Internet Services Segment Revenues and Cost of Goods Sold

Total Internet services segment revenues increased 13.8% to \$22.3 million in 2005 primarily due to the 24.9% increase in its allocable share of cable modem revenues to \$10.5 million in 2005 as compared to 2004. The increase in cable modem revenues is primarily due to growth in cable modem subscribers.

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In 2004 the Internet services segment sold services to Broadband services (included in the All Other category) and all of the revenue was eliminated from the Internet services segment. In 2005 Broadband services and Internet services are operating under a revenue-share agreement that has resulted in an allocation of revenue between the Internet services segment and the All Other category. Additionally, in 2004 an intracompany service valued at approximately \$514,000 was not eliminated from Internet services segment revenue and selling, general and administrative expenses until the year ended December 31, 2004. Internet services segment revenue would have been \$21.4 million and \$19.1 million in 2005 and 2004, respectively, if the change in the external revenue distribution had not occurred and the elimination of the intracompany service had been recognized during the nine months ended September 30, 2004.

Internet services Cost of Goods Sold increased 6.8% to \$5.6 million in 2005 associated with increased Internet services segment revenues.

Internet Services Segment Operating Income

Internet services segment operating income increased 56.7% to \$6.5 million from 2004 to 2005 primarily due to the 13.8% increase in Internet services segment revenues to \$22.3 million in 2005 as described above and a \$635,000 decrease in selling, general and administrative expenses to \$7.2 million. The decrease in selling, general and administrative expenses is primarily due to the elimination of an intracompany service that was not recognized until the year ended December 31, 2004. If the elimination of the intracompany service had been recognized during the nine months ended September 30, 2004, Internet services segment selling, general and administrative expenses would have decreased \$121,000.

The operating income increase is partially off-set by the following:

- o A 6.8% increase in Cost of Goods Sold to \$5.6 million as described above,
- o Recognition of \$152,000 as the Internet services segment's portion of the restructuring charge discussed further above, and
- o A 15.4% increase in Internet services segment depreciation, amortization and accretion expense to \$2.6 million in 2005 as compared to 2004 primarily due to our investment in Internet services segment equipment and facilities placed into service during the year ended December 31, 2004 for which a full year of depreciation will be recorded in the year ended December 31, 2005, and our investment in Internet services segment equipment and facilities placed into service during the nine months ended September 30, 2005 for which a partial year of depreciation will be recorded in 2005.

Revenues included in the All Other category represented 15.1% of total revenues in 2005.

Please refer to our discussion of the three-month results of operations for more information about the All Other category.

All Other Revenues and Cost of Goods Sold

All Other revenues decreased 6.4% to \$49.8 million in 2005 primarily due to \$6.1 million earned in 2004 from an equipment sale and installation project and a \$889,000 decrease in product sales revenue primarily due to the sale of product to a customer in 2004 that did not recur in 2005. The decrease in All Other revenues is partially off-set by a 9.7% increase in managed services revenues to

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\$22.7 million primarily due to special project revenue earned in 2005 for services sold to two customers and a 88.8% increase in revenues from our cellular telephone services to \$4.6 million resulting from increased promotion of our digital cellular telephone service.

All Other revenues would have decreased 4.7% to \$50.7 million in 2005 if we had not changed the allocation of external revenue between our Internet services segment and Broadband services. In 2004 all of a certain revenue stream was retained by Broadband services and the associated internal Cost of Goods Sold purchased from the Internet services segment was eliminated from the All Other category. In 2005 Broadband services and Internet services operate under a revenue-share agreement that has resulted in an allocation of the revenue between the Internet services segment and the All Other category.

All Other Cost of Goods Sold decreased 6.8% to \$22.0 million in 2005 due to \$5.5 million in costs in 2004 associated with an equipment sale and installation project. The decrease in All Other Cost of Goods Sold is partially off-set by increased costs associated with managed services and cellular telephone services revenues.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 4.6% to \$113.8 million in 2005 primarily due to a \$3.0 million increase in labor and health insurance costs resulting from an increased number of employees, a \$1.4 million increase in contract labor and contract services expenses associated with special projects, and a \$858,000 increase in our company-wide success sharing bonus accrual. As a percentage of total revenues, selling, general and administrative expenses increased to 34.4% in 2005 from 34.1% in 2004, primarily due to an increase in selling, general and administrative expenses without a proportional increase in revenues.

Restructuring Charge

Please refer to our discussion in the three-month results of operations for information about the restructuring charge.

Bad Debt Recovery

Bad debt recovery decreased 89.0% to a net recovery of \$128,000 in 2005. The decrease is primarily due to allowances established for certain Broadband services customers.

Bad debt recovery includes realization of approximately \$3.3 million of the MCI credit through a reduction to bad debt expense in 2005, as further discussed above in "Long Distance Services Segment Overview." We realized approximately \$3.4 million of the MCI credit through a reduction to bad debt expense in 2004.

Depreciation, Amortization and Accretion Expense

Depreciation, amortization and accretion expense increased 17.0% to \$54.7 million in 2005. The increase is primarily due to the following:

- o Our \$122.9 million investment in equipment and facilities placed into service during 2004 for which a full year of depreciation will be recorded in 2005,
- o The \$72.3 million investment in equipment and facilities placed into service during the nine months ended September 30, 2005 for which a partial year of depreciation will be recorded in 2005, and

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- o A \$1.1 million increase in depreciation expense during 2005 due to the decreased useful life of our satellite transponders resulting from the failure of the propulsion system on the Galaxy XR satellite.

Other Expense, Net

Other expense, net of other income, increased 4.9% to \$31.0 million in 2005 primarily due to following:

- o As described further in "Liquidity and Capital Resources" below, we finalized a \$215.0 Amended and Restated Senior Secured Credit Facility in August 2005 to replace our May 21, 2004 Senior Credit Facility resulting in the following increased expenses:
 - o We recognized a \$2.8 million Loss on Early Extinguishment of Debt in 2005 resulting from termination of our Satellite Transponder

- o Capital Lease,
- o We recognized approximately \$1.8 million in Amortization and Write-off of Loan and Senior Notes Fees in 2005 because a portion of the Amended Senior Credit Facility was a substantial modification of the May 21, 2004 Senior Credit Facility, and
- o An increase in interest expense of approximately \$2.0 million in 2005 due to an increase in the outstanding balance owed on the new facility.
- o An increase in interest expense of approximately \$3.4 million in 2005 on our new Senior Notes due to an increase in the outstanding balance owed, and
- o An increase in interest expense of approximately \$1.1 million in 2005 due to construction period interest expense capitalization in 2004.

Partially offsetting the increases described above were the following:

- o Decreased interest rates on our Senior Credit Facility and Senior Notes in 2005 as compared to 2004,
- o In 2004 we paid bond call premiums totaling \$6.1 million to redeem our old Senior Notes, and
- o As a result of redeeming our old Senior Notes we recognized \$2.3 million in unamortized old Senior Notes fee expense in 2004.

Income Tax Expense

Income tax expense was \$9.8 million 2005 and \$11.5 million 2004. The change was due to decreased net income before income taxes in 2005 as compared to 2004. Our effective income tax rate increased from 37.8% in 2004 to 44.5% in 2005 due to adjustments to deferred tax assets and liabilities balances in 2004 and increases in nondeductible expenses in 2005.

Liquidity and Capital Resources

Cash flows from operating activities totaled \$66.7 million for the first nine months of 2005 as compared to \$62.9 million for the first nine months of 2004. The 2005 increase is primarily due to increased cash flow from our long-distance services, cable services, local access services and Internet services segments and a \$4.1 million decrease in the payment of our company-wide success sharing bonus in 2005, partially off-set by decreased cash flows from All Other Services.

Other sources of cash during the first nine months of 2005 included \$38.8 million in borrowings on our Amended Senior Credit Facility, as discussed below, and \$2.9 million from the issuance of our Class A common stock. Other uses of cash during the first nine months of 2005 included expenditures of

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\$65.8 million for property and equipment, including construction in progress, \$39.0 million in capital lease obligation repayments, the purchase of \$10.5 million of common stock to be retired and to be held in treasury for general corporate purposes, and the \$6.6 million repurchase of the remaining 4,314 shares of our Series B preferred stock.

Working capital totaled \$51.5 million at September 30, 2005, a \$2.5 million increase as compared to \$49.0 million at December 31, 2004. The increase is primarily due to the \$8.5 million increase in outstanding net accounts receivable in 2005 as compared to 2004 and the \$4.6 million decrease in the portion of our Senior Credit Facility classified as current maturity at September 30, 2005 as compared to December 31, 2004 due to the amendment of our Senior Credit Facility discussed below. The increases are partially off-set by the use of \$10.5 million to repurchase shares of our Class A common stock in 2005 as compared to no such repurchases in 2004.

Net receivables increased \$8.5 million from December 31, 2004 to September 30, 2005 primarily due to the timing of payments on trade receivables from a certain large customer and a seasonal increase in trade receivables for broadband services provided to hospitals and health clinics.

We have outstanding Senior Notes of \$316.2 million at September 30, 2005. We pay interest of 7.25% on the Senior Notes. The Senior Notes are carried on our Consolidated Balance Sheet net of the unamortized portion of the discount, which is being amortized to Interest Expense over the life of the Senior Notes.

Semi-annual interest payments of approximately \$11.6 million were paid in February 2005 and August 2005. The next semi-annual interest payment is due February 2006.

The Senior Notes limit our ability to make cash dividend payments. The Senior Notes are due in February 2014.

We were in compliance with all Senior Notes loan covenants at September 30, 2005.

On August 31, 2005 our April 2004 Senior Credit Facility was amended and restated. The Amended Senior Credit Facility includes a \$160.0 million term loan

and a \$55.0 million revolving credit facility with a \$25.0 million sublimit for letters of credit. Proceeds were used to pay down our previous Senior Credit Facility and to pay off our Satellite Transponder Capital Lease with the remainder used to pay financing fees. Outstanding principal of \$35.8 million on the Satellite Transponder Capital Lease was repaid, and we incurred a \$2.8 million charge due to the early termination of the capital lease which is classified as Loss on Early Extinguishment of Debt during the three and nine months ended September 30, 2005 in our Consolidated Statements of Income.

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The Amended Senior Credit Facility decreased the interest rate on the term loan from LIBOR plus 2.25% to LIBOR plus 1.50%. The interest rate on the revolving portion of the previous Senior Credit Facility was LIBOR plus a margin dependent upon our Total Leverage Ratio (as defined) ranging from 1.75% to 2.50%. The Amended Senior Credit Facility reduced the revolving credit facility interest rate to LIBOR plus the following applicable margin dependent upon our Total Leverage ratio (as defined):

Total Leverage Ratio (as defined)	Applicable Margin
-----	-----
> = 3.75	0.175%
> = 3.25 but < 3.75	0.150%
> = 2.75 but < 3.25	0.125%
< 2.75	0.100%

The commitment fee we are required to pay on the unused portion of the commitment was reduced to 0.375%.

The Amended Senior Credit Facility increased our allowed Total Leverage Ratio (as defined) limit to 4.50:1.0 and our Senior Debt Ratio (as defined) limit to 2.25:1.0. Our Fixed Charge Coverage Ratio (as defined) must be less than 1.0:1.0.

Our term loan is fully drawn and we have letters of credit outstanding totaling \$5.5 million at September 30, 2005, which leaves \$49.5 million available to draw under the revolving credit facility if needed. We have not borrowed under the revolving credit facility in 2005.

This transaction was a substantial modification of our April 2004 Senior Credit Facility and we therefore recognized \$1.8 million in Amortization and Write-off of Loan and Senior Notes Fees during the three and nine months ended September 30, 2005 in our Consolidated Statements of Income. Deferred loan fees of \$362,000 were determined not to be a substantial modification and continue to be amortized over the life of the Amended Senior Credit Facility.

In connection with the Amended Senior Credit Facility, we paid bank fees and other expenses of \$1.0 million during the three and nine months ended September 30, 2005.

Borrowings under the Amended Senior Credit Facility are subject to certain financial covenants and restrictions on indebtedness, dividend payments, financial guarantees, business combinations, and other related items. We were in compliance with all Amended Senior Credit Facility loan covenants at September 30, 2005.

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As of September 30, 2005 maturities of long-term debt under the Amended Senior Credit Facility were as follows (amounts in thousands):

Years Ending December 31,	

2005	\$ 800
2006	1,600
2007	1,600
2008	1,600
2009	1,600
2010 and thereafter	152,800

	\$ 160,000
	=====

Our expenditures for property and equipment, including construction in progress, totaled \$65.8 million and \$82.8 million during the nine months ended September 30, 2005 and 2004, respectively. Our capital expenditures requirements in excess of approximately \$25 million per year are largely success driven and are a result of the progress we are making in the marketplace. We expect our 2005 expenditures for property and equipment for our core operations, including construction in progress, to total approximately \$85.0 million, depending on available opportunities and the amount of cash flow we generate during 2005.

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 deployment of DLPS, and upgrades to and expansions of our cable television plant.

In August 2005 Sprint and Nextel Communications, Inc. completed their merger. While this merger has not had a material adverse effect on our financial position, results of operations and liquidity, we are unable to predict the long-term outcome this merger will have upon us.

In May 2005 Verizon Communications, Inc. agreed to merge with MCI, our major customer. The merger was approved by MCI shareholders in October 2005. The merger received FCC approval, but requires other regulatory approvals. We are unable to predict the impact that a merger with MCI will have upon us, however given the materiality of MCI's 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.

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

In May 2005 we repurchased the remaining 4,314 shares of our Series B preferred stock for a total purchase price of \$6.6 million. The 4,314 preferred shares were convertible into 777,297 shares of our Class A common stock and the transaction price represented an equivalent Class A common stock purchase price of \$8.50 per share. The repurchase of our Series B preferred stock was not part of our buyback program discussed below.

GCI's Board of Directors has authorized a common stock buyback program for the repurchase of our Class A and Class B common stock. Our Board of Directors authorized us and we obtained permission

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from our lenders and preferred shareholder for up to \$25.0 million of repurchases through September 30, 2005. During the nine month period ended September 30, 2005 we repurchased 1,175,212 shares of our Class A common stock at a cost of approximately \$10.7 million. We expect to continue the repurchases at a rate of approximately \$5.0 million per quarter for an indefinite period subject to the availability of free cash flow, availability under our credit facilities, and the price of our Class A and Class B common stock. The repurchases have and will continue to comply with the restrictions of SEC rule 10b-18.

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 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 under acceptable terms and conditions.

We believe that we will be able to meet our current and long-term liquidity and capital requirements, and fixed charges 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.

New Accounting Standards

In December 2004, the FASB issued SFAS No. 123R, "Share-Based Payment," requiring all companies to measure compensation cost for all share-based payments (including employee stock options) at fair value. After consideration of the SEC's April 2005 amendment of the SFAS No. 123R compliance dates, SFAS No. 123R is effective for annual periods beginning after June 15, 2005, or December 15, 2005 for small business issuers. As of January 1, 2006, we will apply SFAS No. 123R using a modified version of prospective application. Under that transition method, compensation cost is recognized on or after January 1, 2006 for the portion of outstanding awards for which the requisite service has not yet been rendered, based on the grant-date fair value of those awards calculated under SFAS No. 123 for either recognition or pro forma disclosures. In March 2005 the SEC issued SAB No. 107 expressing the SEC staff's view regarding the interaction between SFAS No. 123R and certain SEC rules and regulations, and regarding the valuation of share-based payment arrangements for public companies. In August 2005 the FASB staff issued FASB Staff Position ("FSP") FAS 123(R)-1 regarding the recognition and measurement requirements of freestanding financial instruments originally issued as employee compensation. In October 2005 the FASB staff issued FSP FAS 123(R)-2 regarding guidance on application of grant date as defined in SFAS 123. We estimate the application of SFAS No. 123R and other applicable guidance will result in an increase in our compensation cost for all share-based payments of approximately \$2.0 million to

\$2.5 million during the year ended December 31, 2006.

In March 2005, the FASB issued FASB Interpretation ("FIN") 47, "Accounting for Conditional Asset Retirement Obligations." FIN 47 clarifies that the term conditional asset retirement obligation as used in SFAS No. 143, "Accounting for Asset Retirement Obligations," refers to a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity. The obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and (or) method of settlement. Thus, the timing and (or) method of settlement may be conditional on a future event.

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Accordingly, an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. The fair value of a liability for the conditional asset retirement obligation should be recognized when incurred--generally upon acquisition, construction, or development and (or) through the normal operation of the asset. We will adopt FIN 47 on December 31, 2005 and do not expect it to have a material effect on our results of operations, financial position and cash flows.

In May 2005, the FASB issued SFAS 154, "Accounting Changes and Error Corrections--a replacement of APB Opinion No. 20 and FASB Statement No. 3." SFAS 154 replaces APB Opinion No. 20, "Accounting Changes," and FASB Statement No. 3, "Reporting Accounting Changes in Interim Financial Statements," and changes the requirements for the accounting for and reporting of a change in accounting principle. SFAS 154 applies to all voluntary changes in accounting principle. It also applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions. When a pronouncement includes specific transition provisions, those provisions should be followed. We will adopt this statement January 1, 2006 and do not expect it to have a material effect on our results of operations, financial position and cash flows.

In June 2005, the FASB ratified EITF Issue No. 04-10, "Determining Whether to Aggregate Operating Segments That Do Not Meet the Quantitative Thresholds," which clarifies the guidance in paragraph 19 of SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." According to EITF Issue No. 04-10, operating segments that do not meet the quantitative thresholds can be aggregated only if aggregation is consistent with the objective and basic principles of SFAS No. 131, the segments have similar economic characteristics, and the segments share a majority of the aggregation criteria listed in items (a)-(e) in paragraph 17 of SFAS No. 131. We will adopt EITF Issue No. 04-10 on December 31, 2005 and do not expect it to result in a change to our SFAS No. 131 disclosures.

In October 2005 the FASB issued FSP No. FAS 13-1, "Accounting for Rental Costs Incurred During a Construction Period." FSP No. FAS 13-1 requires a reporting entity to recognize rental costs associated with ground or building operating leases that are incurred during a construction period as rental expense in income from continuing operations. We will begin application of FSP No. FAS 13-1 on January 1, 2006 and do not expect it to have a material effect on our results of operations, financial position and cash flows.

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 our 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

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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 our Audit Committee.

Those policies considered to be critical accounting policies for the nine months ended September 30, 2005 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 also maintain an allowance for doubtful accounts based on our assessment of the likelihood that our customers will satisfactorily comply with rules necessary to obtain supplemental funding from the Universal Service Administration Company ("USAC") for services provided by us under our packaged communications offerings to rural hospitals, health clinics and school districts. We base our estimates on the aging of our accounts receivable balances, financial health of specific customers, regional economic data, changes in our collections process, our customers' compliance with USAC rules, 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 No. 141, "Business Combinations." Goodwill and indefinite-lived assets such as our cable certificates are not amortized but are subject, at a minimum, to annual tests for impairment and quarterly evaluations of whether events and circumstances continue to support an indefinite useful life as required by SFAS No. 142, "Goodwill and Other Intangible Assets." Other intangible assets are amortized over their estimated useful lives using the straight-line method, and are subject to impairment if events or circumstances indicate a possible inability to realize the carrying amount as required by SFAS No. 142. The initial goodwill and other intangibles recorded and subsequent impairment analysis requires management to make subjective judgments concerning estimates of the applicability of quoted market prices in active markets and, if quoted market prices are not available and/or are not applicable, how the acquired asset will perform in the future using a discounted cash flow analysis. 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 goodwill and other intangibles, we may consider other information to validate the reasonableness of our valuations including 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. Our cable certificate and goodwill assets are our only indefinite-lived intangible assets and because of their significance to our consolidated balance sheet, our

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annual and quarterly impairment analyses and quarterly evaluations of remaining useful lives are critical. Any changes in key assumptions about the business and its prospects, changes in market conditions or other externalities, or recognition of previously unrecognized intangible assets for impairment testing purposes could result in an impairment charge and such a charge could have a material adverse effect on our consolidated results of operations.

- o We estimate unbilled long-distance services segment Cost of Goods Sold based upon minutes of use carried through our network and established rates. We estimate unbilled costs for new circuits and services, and network changes that result in traffic routing changes or a change in carriers. Carriers that provide service to us regularly make network changes that 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 \$70.7 million associated with income tax net operating losses that were generated from 1992 to 2003, and that expire from 2007 to 2023. 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 \$20.0 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, 2005 based on management's belief that future reversals of existing taxable temporary differences and estimated future taxable income exclusive of reversing temporary 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 position or 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 are among topics currently under reexamination by accounting standards setters and regulators. No specific conclusions reached by these standard setters appear likely to cause a material change in our accounting policies, although outcomes cannot be predicted with confidence. A complete discussion of

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our significant accounting policies can be found in note 1 in the "Notes to Consolidated Financial Statements" of our annual report on Form 10-K for the year ended December 31, 2004.

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 and the majority of investment revenues are dedicated for specific purposes, leaving oil revenues as the primary source of general operating revenues. In fiscal 2004 the State of Alaska reported that oil revenues, federal funding and investment revenues supplied 28%, 23% and 41%, respectively, of the state's total revenues. In fiscal 2005 state economists forecast that Alaska's oil revenues, federal funding and investment revenues will supply 33%, 34% and 23%, 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 0.980 million barrels produced per day in fiscal 2004. The state forecasts the production rate to decline from 0.920 million barrels produced per day in fiscal 2005 to 0.833 million barrels produced per day in fiscal 2015.

Market prices for North Slope oil averaged \$31.74 in fiscal 2004 and are forecasted to average \$41.75 in fiscal 2005. The closing price per barrel was \$59.33 on October 21, 2005. To the extent that actual oil prices vary materially from the state's projected prices, the state's projected revenues and deficits will change. When the price of oil is \$30.00 per barrel or greater, every \$1 change in the price per barrel of oil is forecasted to result in an approximately \$60.0 million change in the state's fiscal 2005 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 2010. 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 evaluate cost cutting and revenue enhancing measures.

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. Periodically there are renewed efforts to allow exploration and development in the Arctic National Wildlife Refuge ("ANWR"). The United States 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

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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 could provide a substantial stimulus to the Alaska economy. In October 2004 both houses of Congress passed and the President signed legislation allowing loan guarantees of up to \$18.0 billion, certain favorable income tax provisions and tax credits, and expedited permitting and judicial review for the construction of an Alaska natural gas pipeline. To support the construction of a natural gas pipeline, the governor of the State of Alaska has announced that he believes the state must assume some level of shipper risk, serve as an equity partner or both. The State of Alaska is in contract negotiations with ConocoPhillips, BP and ExxonMobil to construct a natural gas pipeline. In October 2005 the State of Alaska announced that it has reached agreement with ConocoPhillips on the base fiscal contract terms. The State is continuing to negotiate with BP and ExxonMobil. Ultimate approval of any contract is uncertain as it must be approved by the Alaska legislature.

Development of the ballistic missile defense system project may have a significant impact on Alaskan telecommunication requirements and the Alaska economy. The system is 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 system includes deployment of up to 100 ground-based interceptor silos and battle management command and control facilities at Fort Greely, Alaska.

The United States 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. Construction began on the Fort Greely test bed in 2002. The first ground-based missile interceptor was placed in an underground silo on July 22, 2004. The Missile Defense Agency is reported to expect to have up to ten more interceptors emplaced by the end of 2005.

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.

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

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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.

Seasonality

Long-distance services segment 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 services segment revenues are higher in the winter months because consumers spend more time at home and tend to watch more television during these months. The local access and Internet services segments do not 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.

Schedule of Certain Known Contractual Obligations

The following table details future projected payments associated with our certain known contractual obligations as of December 31, 2004, the date of our most recent fiscal year-end balance sheet. Our schedule of certain known contractual obligations has been updated to reflect our Amended Senior Credit Facility in August 2005, the pay-off of our Satellite Transponder Capital Lease in August 2005, and our repurchase of the remaining 4,314 shares of Series B preferred stock in May 2005.

<TABLE>
<CAPTION>

Payments Due by Period

	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	\$ 480,000	800	3,200	3,200	472,800
Interest on long-term debt	220,400	23,200	46,400	46,400	104,400
Capital lease obligations, including interest	1,974	495	510	517	452
Operating lease commitments	72,771	14,564	21,080	15,070	22,057
Purchase obligations	43,168	24,076	15,183	3,909	---
Total contractual obligations	\$ 818,313	63,135	86,373	69,096	599,709

</TABLE>

For long-term debt included in the above table, we have included principal payments on our Senior Credit Facility and on our Senior Notes. Interest on amounts outstanding under our Senior Credit Facility is based on variable rates and therefore the amount is not determinable. Our Senior Notes require semi-annual interest payments of \$11.6 million through August 2014. For a discussion of our Senior Notes see note 7 in the "Notes to Consolidated Financial Statements" included in Part II of our December 31, 2004 annual report on Form 10-K. For discussion of our Amended Senior Credit Facility see note 6 in the accompanying "Notes to Interim Condensed Consolidated Financial Statements."

For a discussion of our capital and operating leases, see note 15 in the "Notes to Consolidated Financial Statements" included in Part II of our December 31, 2004 annual report on Form 10-K and the accompanying "Notes to Interim Condensed Consolidated Financial Statements."

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In May 2005 we repurchased the remaining 4,314 shares of our Series B preferred stock for a total purchase price of \$6.6 million. The 4,314 preferred shares were convertible into 777,297 shares of our Class A common stock and the transaction price represented an equivalent Class A common stock purchase price of \$8.50 per share.

Purchase obligations include a remaining commitment to purchase a certain number of outdoor, network powered multi-media adapters, indoor multi-media adapters, cable modems, and cable modem termination systems of \$13.5 million, a remaining \$13.9 million commitment for our Alaska Airlines agreement as further described in note 15 in the "Notes to Consolidated Financial Statements" included in Part II of our December 31, 2004 annual report on Form 10-K, and a \$411,000 maintenance contract commitment. The contracts associated with these commitments are non-cancelable. Purchase obligations also include open purchase orders for goods and services for capital projects and normal operations totaling \$15.4 million which are not included in our Consolidated Balance Sheets at December 31, 2004, because the goods had not been received or the services had not been performed at December 31, 2004. The open purchase orders are cancelable.

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 Amended Senior Credit Facility carries interest rate risk. Amounts borrowed under this Agreement bear interest at LIBOR plus 1.50% or less depending upon our Total Leverage Ratio (as defined). Should the LIBOR rate change, our interest expense will increase or decrease accordingly. As of September 30, 2005, we have borrowed \$159.6 million subject to interest rate risk. On this amount, each 1% increase in the LIBOR interest rate would result in \$1,596,000 of additional gross interest cost on an annualized basis.

PART I.
ITEM 4.

Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, 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 - 15(e)) 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

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is accumulated and communicated to management to allow timely decisions regarding required disclosure.

Changes in Internal Controls

On September 1, 2005 we converted our commercial and consumer long-distance services (excluding our carrier customers), local access services, Internet services, and cellular telephone services order management and fulfillment, billing, customer service, cash application, and credit and collection systems to a new unified system. The implementation of the new system has resulted in certain changes to our processes and procedures affecting internal control over financial reporting. We have committed substantial internal and external resources to revise and document processes and related internal controls.

The conversion to the new system is still very recent. Due to the complexities of implementing a new billing system across multiple segments and products, we expect to continue to experience a period of stabilization and fine-tuning for several months. While nothing has come to our attention that would lead us to believe that we may experience material errors or misstatements of financial results during this time, we recognize that this continues to be a complex transition that will require close monitoring and evaluation. We believe we have the processes and appropriate management in place to effectively manage this transition.

Our evaluation of the operating effectiveness of related key controls will occur during the fourth quarter of 2005.

Except as discussed above, there were no changes in our internal control over financial reporting during the third quarter of 2005 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

PART II.
ITEM 1.

LEGAL PROCEEDINGS

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

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PART II.
ITEM 2.

UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

- (a) Not applicable.
- (b) Not applicable.
- (c) The following table provides information about repurchases of shares

of our Class A common stock during the quarter ended September 30, 2005:

<TABLE>
<CAPTION>

Issuer Purchases of Equity Securities

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	(d) Maximum Number (or approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs (2)
<S>	<C>	<C>	<C>	<C>
July 1, 2005 to July 31, 2005	---	\$ ---	1,196,943	\$13.703 million
August 1, 2005 to August 31, 2005	19,250 (3)	\$10.44	1,216,193	\$13.502 million
September 1, 2005 to September 30, 2005	225,200 (4)	\$9.93	1,441,393	\$11.266 million
Total	244,450			

<FN>

- (1) The repurchase plan was publicly announced on November 3, 2004. Our plan does not have an expiration date, however transactions pursuant to the plan are subject to periodic approval by our Board of Directors. We expect to continue the repurchases throughout and beyond 2005 subject to the availability of free cash flow, availability under our credit facilities, and the price of our Class A and Class B common stock. We do not intend to terminate this plan in 2005. No plan has expired during the quarter ended September 30, 2005.
- (2) The total amount approved for repurchase was \$25.0 million through September 30, 2005 consisting of \$10.0 million through December 31, 2004 and an additional \$5.0 million per quarter through September 30, 2005.
- (3) Private party transactions made under our publicly announced repurchase plan.
- (4) Open-market purchases and private party transactions made under our publicly announced repurchase plan.

</FN>
</TABLE>

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PART II.
ITEM 6.

EXHIBITS

<TABLE>
<CAPTION>

Exhibit No.	Description
<S>	<C>
10.129	Ninth Amendment to Contract for Alaska Access Services between General Communication, Inc. and its wholly owned subsidiary GCI Communication Corp., and MCI WorldCom Network Services, Inc. *
10.130	Amended and Restated Credit Agreement among GCI Holdings, Inc. and Calyon New York Branch as Administrative Agent, Sole Lead Arranger, and Co-Bookrunner, The Initial Lenders and Initial Issuing Bank Named Herein as Initial Lenders and Initial Issuing Bank, General Electric Capital Corporation as Syndication Agent, and Union Bank of California, N.A., CoBank, ACB, CIT Lending Services Corporation and Wells Fargo Bank, N.A. as Co-Documentation Agents, dated as of August 31, 2005
10.131	Amended and Restated 1986 Stock Option Plan of General Communication, Inc. as of June 7, 2005
31.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by our President and Director
31.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by our Senior Vice President, Chief Financial Officer, Secretary and Treasurer
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by our President and Director
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by our Senior Vice President, Chief Financial Officer, Secretary and Treasurer

* CONFIDENTIAL PORTION has been omitted pursuant to a request for confidential treatment by us to, and the material has been separately filed with, the Securities and Exchange Commission. Each omitted Confidential Portion is marked by three asterisks.

</TABLE>

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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>
<CAPTION>

Signature	Title	Date
----- ----- <S> /s/ ----- Ronald A. Duncan	<C> President and Director (Principal Executive Officer)	<C> November 7, 2005 -----
/s/ ----- John M. Lowber	Senior Vice President, Chief Financial Officer, Secretary and Treasurer (Principal Financial Officer)	November 7, 2005 -----
/s/ ----- Alfred J. Walker	Vice President, Chief Accounting Officer (Principal Accounting Officer)	November 7, 2005 -----

*** CONFIDENTIAL PORTION has been omitted pursuant to a request for confidential treatment by the Company to, and the material has been separately filed with, the SEC. Each omitted Confidential Portion is marked by three Asterisks.

NINTH AMENDMENT TO CONTRACT FOR ALASKA ACCESS SERVICES

This NINTH AMENDMENT TO THE CONTRACT FOR ALASKA ACCESS SERVICES ("Ninth Amendment") is effective as of the 23rd day of January, 2005 ("Effective Date"), by and between GENERAL COMMUNICATION, INC. and its wholly owned subsidiary, GCI COMMUNICATION CORP., both Alaska corporations (together, "GCI") with offices located at 2550 Denali Street, Suite 1000, Anchorage, Alaska 99503-2781 and MCI WORLDCOM NETWORK SERVICES, INC. ("MWNS"), formerly known as MCI Telecommunications Corporation, with offices located at 1133 19th Street, N.W., Washington, D.C. 20036 (GCI with MWNS, collectively, the "Parties," and individually, a "Party").

RECITALS

WHEREAS, GCI and MWNS entered into that certain Contract for Alaska Access Services dated January 1, 1993 ("Original Agreement"), as amended by (i) the First Amendment to Contract for Alaska Access Services dated as of March 1, 1996, (ii) the Second Amendment to the Contract for Alaska Access Services dated as of January 1, 1998, (iii) the Third Amendment to Contract for Alaska Access Services dated as of March 1, 1998, (iv) the Fourth Amendment to Contract for Alaska Access Services dated as of January 1, 1999, (v) the Fifth Amendment to Contract for Alaska Access Services dated as of August 7, 2000, (vi) the Sixth Amendment to Contract for Alaska Access Services dated as of February 14, 2001, (vii) the Seventh Amendment to Contract for Alaska Access Services dated as of March 8, 2001 and (viii) the Eighth Amendment to the Contract for Alaska Access Services dated as of July 1, 2003 (collectively, "Agreement") which set forth the general terms and conditions under which GCI provides certain telecommunications services to MWNS; and,

WHEREAS, the President signed into law the Consolidated Appropriations Act of 2005 (the "Act") on December 8, 2004 (the "Date of Enactment"), an excerpt of which is attached hereto as Exhibit 1; and,

WHEREAS, the Act requires that on January 23, 2005 (forty-five (45) days after the Date of Enactment) all wholesale Alaska interstate switched services be sold in accordance with the terms of AT&T Contract Tariff 11, effective as of the Date of Enactment; and,

WHEREAS, in accordance with the Act, those provisions of the Act addressing the Alaska wholesale switched traffic rate structure shall terminate on December 31, 2009 (the "Sunset Date").

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FINAL

*** CONFIDENTIAL TREATMENT

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Definitions of Terms. All capitalized terms used in the Ninth Amendment but not defined herein shall have the meanings given to such terms in the Agreement. Additionally, any reference to MWNS in this Ninth Amendment shall be a reference to MCI in the Original Agreement, as amended, and visa versa.

2. Rates and Charges

A. Exhibit 2 (AT&T Alascom Tariff 11 effective on the Date of Enactment is hereby incorporated by reference to the Agreement and the *** therein, along with applicable *** provisions therein, shall be used to determine *** GCI *** MWNS for *** Alaska *** Services under this Agreement.

B. As of the Effective Date, Paragraph 2.B.(1) of the Agreement is hereby deleted and the following inserted in its place:

2.B.(1) MWNS Northbound Traffic. MWNS Northbound Traffic shall be *** specified in Exhibit 2 (AT&T Alascom Tariff 11). In accordance with the Act, GCI shall *** under this Agreement three percent (3%) annually on January 1st of each year through to the Sunset Date. After the Sunset Date, GCI shall maintain *** MWNS Northbound Traffic *** Sunset Date. The Parties agree to jointly and in good faith *** of other carriers *** following the Sunset Date. If it is determined at that time that the *** Agreement for Northbound Traffic ***,

the Parties agree to negotiate *** Northbound traffic *** MWNS ***.

- C. As of the Effective Date, Paragraph 2.B.(2) of the Agreement is hereby deleted and the following inserted in its place:

2.B.(2) MWNS Southbound Traffic. MWNS Southbound Traffic shall be *** specified in Exhibit 2 (AT&T Alascom Tariff 11). In accordance with the Act, GCI shall *** under this Agreement three percent (3%) annually on January 1st of each year through to the Sunset Date. After the Sunset Date, GCI shall maintain *** MWNS Southbound Traffic *** Sunset Date. The Parties agree to jointly and in good faith *** of other carriers *** following the Sunset Date. If it is determined at that time that the *** Agreement for Southbound Traffic are ***, the Parties agree to negotiate *** Southbound

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*** CONFIDENTIAL TREATMENT

FINAL

traffic *** MWNS ***.

MWNS hereby assumes responsibility of reporting and compensating ***, carried by GCI, as a subset of MWNS Southbound Traffic. GCI and MWNS shall cooperate with each other, and agree to make records available (subject to reasonable confidentiality guarantees, where appropriate) to verify proper and timely reporting, payment and billing for *** and to help manage questions or disputes raised by *** or their agents. The Parties acknowledge that FCC requirements and industry practices for *** during the term of the Agreement. In the event *** in the applicable FCC rules or common industry practice concerning *** and upon thirty (30) days' written notice to the other Party, either Party may reopen negotiations concerning this provision of the Agreement.

- D. Section 2.B.9 of the Agreement shall be deleted in its entirety and the following inserted in its place:

2.B.(9) MWNS *** and *** Services. MWNS *** and *** Services shall be *** GCI FCC Tariff #1 and *** shall reflect the requested terrestrial or satellite ***. Each month GCI shall calculate the total *** MWNS *** and *** Service *** for all *** requirements of *** and below and *** will be calculated and applied as follows:

*** MWNS Northbound Traffic *** and shall be identified on such *** as ***; and

*** MWNS Southbound Traffic *** and shall be identified on such *** as ***.

Further, during ***, GCI shall calculate the total *** MWNS *** and *** Service *** for all *** requirements of *** or *** services and *** will be calculated and applied as follows:

*** MWNS Northbound Traffic *** and shall be identified on such *** as ***; and

*** MWNS Southbound Traffic *** and shall be identified on such *** as ***.

During *** and each ***, the *** shall be subject to *** based on *** northbound and southbound *** MWNS transports on GCI's network *** (the "Total Annual MWNS ***"), as follows:

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*** CONFIDENTIAL TREATMENT

FINAL

Should the Total Annual MWNS *** equal or exceed ***, then GCI shall provide MWNS with a ***; and

Should the Total Annual MWNS *** not exceed ***, then GCI shall provide MWNS ***.

In the event that any of the above *** cannot be fully used ***, the remaining amount of such *** as directed by MWNS or refunded to MWNS upon request.

- E. A new Section 2.B.(10) of the Agreement shall be added as follows:

Section 2.B.(10) Reporting Percent Interstate Usage. MWNS shall provide GCI *** a Percent Interstate Usage ("PIU") factor applicable to *** for MWNS Originating and Terminating Alaska traffic. GCI shall be responsible *** the Alaska *** the PIU provided by MWNS.

- F. A new Section 2.B.(11) of the Agreement shall be added as follows:

Section 2.B.(11) Contract Review. Both Parties agree to meet and review the Agreement on or about *** thereafter to determine if MWNS *** as a direct result of the changes agreed to in the Ninth Amendment ("Contract Reviews"). For the purpose of the Contract Reviews, *** shall determined *** Northbound and Southbound *** this Ninth Amendment *** under the application *** the Agreement ***, during the relevant period of the ***. If at the time of the initial or and subsequent Contract Reviews, it is determined by both Parties that MWNS ***, GCI shall ***, as estimated in good faith by the Parties, of the ***. The *** as determined by the Contract Reviews shall remain fixed and in effect through the earlier of the effective date of *** as agreed upon by the Parties pursuant to a subsequent Contract Review, or the Termination Date of the Agreement.

Further, GCI *** MWNS *** in combined Northbound and Southbound billing for *** through the date that the *** becomes effective. Except as expressly set forth in the immediately proceeding sentence, the terms of this Contract Review's provision shall apply solely to *** and shall have no applicability to *** under this Agreement.

- G. A new Section 2.B.(12) of the Agreement shall be added as follows:

Section 2.B.(12) ***. GCI shall have sole responsibility to pay *** including, without limitation, ***. GCI shall charge MWNS *** MWNS *** in accordance with the rates provided under the *** (see ***, as summarized in

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FINAL

*** CONFIDENTIAL TREATMENT

Exhibit 3 hereto). *** for Anchorage do not include ***. The rates are subject to change according to ***, specifically, *** ACS of Alaska, GCI, and NECA. GCI will provide MWNS the current *** by NPA-NXX with all MWNS Northbound and Southbound Traffic invoices. GCI shall provide MWNS written notice of changes to any ***. GCI shall provide MWNS an update of Exhibit 3 *** throughout the term of the Agreement.

- H. The text of the Tariff 11 rates is attached hereto as Exhibit 4, and is incorporated, solely with respect to the *** and applicable rating and measurement provisions therein, by reference herein.

3. Term. Paragraph 3 of the Agreement shall be deleted in its entirety and the following inserted in its place:

3. TERM. Except for MWNS ***, services provided pursuant to Section 2.A shall be for an initial term beginning on the first (1st) day following the Effective Date of the Ninth Amendment and terminating on December 8, 2009. The term shall be automatically extended for five (5), one (1) year periods, unless either Party elects to cancel the renewal periods by giving written notice of non-renewal at least one (1) year prior to the commencement of the next renewal term. The service for MWNS *** shall be for a term of seven (7) years upon the first access service request ("ASR") ***.

4. Amendment ***. Upon execution of this Ninth Amendment, MWNS *** GCI (the ***). GCI shall *** the MWNS *** for GCI services ***.

5. Effect of Amendment. All other terms and conditions of the Agreement not expressly modified by this Ninth Amendment shall remain in full force and effect. The Parties hereby affirm and agree such terms remain binding.

6. Further Assurances. The Parties shall cooperate in good faith, and enter into such other instruments and take such other actions, as may be necessary or desirable, to fully implement the intent of this Ninth Amendment.

7. Counterparts; Signatures. This Ninth Amendment may be executed in counterparts, each of which shall be deemed an original and both of which together shall constitute one and the same instrument. When signed by each Party's authorized representative, a copy or facsimile of this Ninth Amendment shall have the same force and effect as one bearing an original signature.

This Ninth Amendment, together with the Agreement, is the complete agreement of the Parties and supersedes all other prior contracts and representations concerning its subject matter. Any further amendments must be in writing and signed by both Parties.

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IN WITNESS WHEREOF, the Parties hereto each acting with proper authority have executed this Ninth Amendment as of the Effective Date.

MCI WORLDCOM NETWORK SERVICES, INC.

By: /s/

Printed Name: Peter H. Reynolds

Title: Director, National Carrier Contracts & Initiatives

GCI COMMUNICATION CORP.

By: /s/

Printed Name: Richard Westlund

Title: VP/GM Long Distance & Wholesale

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Exhibit 1

Alaska Market Structure Legislation
An excerpt from the Consolidated Appropriations Act for FY05

H. R. 4818--537

SEC. 112. (a) Notwithstanding any other provision of law or any contract: (1) the rates in effect on November 15, 2004, under the tariff (the "tariff") required by FCC 94-116 (reduced three percent annually starting January 1, 2006) shall apply beginning 45 days after the date of enactment of this Act through December 31, 2009, to the sale and purchase of interstate switched wholesale service elements offered by any provider originating or terminating anywhere in the area (the "market") described in section 4.7 of the tariff (collectively the "covered services"); (2) beginning April 1, 2005, through December 31, 2009, no provider of covered services may provide, and no purchaser of such services may obtain, covered services in the same contract with services other than those that originate or terminate in the market, if the covered services in the contract represent more than 5 percent of such contract's total value; and (3) revenues collected hereunder (less costs) for calendar years 2005 through 2009 shall be used to support and expand the network in the market.

(b) Effective on the date of enactment of this Act: (1) the conditions described in FCC 95-334 and the related conditions imposed in FCC 94-116, FCC 95-427, and FCC 96-485; and (2) all pending proceedings relating to the tariff, shall terminate. Thereafter, the State regulatory commission with jurisdiction over the market shall treat all interexchange carriers serving the market the same with respect to the provision of intrastate services, with the goal of reducing regulation, and shall not require such carriers to file reports based on the Uniform System of Accounts. (c) Any provider may file to enforce this section (including damages and injunctive relief) before the FCC (whose final order may be appealed under 47 U.S.C. 402(a)) or under 47 U.S.C. 207 if the FCC fails to issue a final order within 90 days of a filing. Nothing herein shall affect rate integration, carrier-of-last-resort obligations of any carrier or its successor, or the purchase of covered services by any rural telephone company (as defined in 47 U.S.C. 153(37)), or an affiliate under its control, for its provision of retail interstate interexchange services originating in the market.

Page 1 of 1
Exhibit 2

Tariff 11 Rates and Definitions

1. Rate Elements:

Rate Element	Charge Per Minute
CONUS/Alaska Transport	\$0.0276
Non-Bush Switching	\$0.0104
Bush Switching	\$0.0226

Intra-Alaska Non-Bush Transport	\$0.0459
Intra-Alaska Bush Transport	\$0.1622
LEC Interstate Access	Variable
Toll Free Query Charges	Variable

2. Non-Bush Locations:

Adak	Fairbanks	Ninilchik
Anchorage	Fort Richardson	North Pole
Big Lake	Fort Wainwright	Palmer
Bird Creek	Girdwood	Seldovia
Chugiak	Homer	Seward
Cordova	Hope	Sitka
Deadhorse	Juneau	Soldotna
Douglas	Kenai	Unalaska
Eagle River	Ketchikan	Valdez
Eielson AFB	Kodiak	Wasilla
Elmendorf AFB	N. Kenai	Willow

3. Definitions:

CONUS/Anchorage Transport: The rate element charged to transport a Minute of Use (MOU) from the Portland Point of Interconnection (POI) to the Anchorage Switch. An interexchange carrier (IXC) may purchase dedicated transport from their lower 48 location to Anchorage. If a carrier purchase dedicated transport, then a dedicated charge would apply in lieu of the CONUS/Alaska transport rate element.

Non-Bush Switching: The rate element charged to switch a MOU when an interstate switched voice call originates or terminates to an Alaska location listed above in "Non-Bush Locations" .

Bush Switching: The rate element charged to switch a MOU when an interstate switched voice call originates or terminates to an Alaska location NOT listed above in "Non-Bush Locations".

Page 1 of 2

Intra-Alaska Non-Bush Transport: The rate element charged to transport a MOU when an interstate switched voice call originates or terminates to an Alaska location listed above in "Non-Bush Locations".

Intra-Alaska Bush Transport: The rate element charged to transport a MOU when an interstate switched voice call originates or terminates to an Alaska location NOT listed above in "Non-Bush Locations".

LEC Interstate Access: The rate element charged to originate or terminate an interstate switched voice call to a Local Exchange Carriers (LEC) end office switch. This element is not specifically defined in Alascom FCC Tariff No. 11. This element varies depending on LEC tariff and must be added to determine the complete per minute rate for Alaska interstate switched voice service.

Toll Free Query Charges: The rate element charged to perform the necessary SS7 look-up to determine the carrier of toll free calls originating from Alaska LEC end offices. This is a per call charge assessed at a pass though from the LEC tariff.

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Exhibit 3

LEC Interstate Access Rates

<TABLE>
<CAPTION>

NPA	NXX	OCN	Remote	Rate	Band	LOC NAME	SWITCH	LEC ACCESS RATE
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
907	556	3023		7		QUINHAGAK	QNHGAKXA556	0.021198
907	750	6677		1		NORTH POLE	FRBNAKXCOMD	0.013708
907	209	6677		2		JUNEAU	JUNEAKBDCM0	0.011534
907	221	3023		7		BIRCHCREEK	BRCKAKXBDS1	0.021198
907	222	7785	x			ANCHORAGE	ANCRAXXNRSG	0.008077
907	223	6677				ANCHORAGE	ANCRAXMWC1	0.008077
907	224	3011		8		SEWARD	SWRDAKXADS0	0.023131
907	225	3013		3		KETCHIKAN	KTCHAKXBDS1	0.013467
907	226	3030		1		HOMER	HOMRAKXADS1	0.009601
907	227	6677				ANCHORAGE	ANCRAXMWC1	0.008077
907	228	3013		3		KETCHIKAN	KTCHAKXBDS1	0.013467
907	228	3013		3		KETCHIKAN	KTCHAKXBDS1	0.013467
907	229	6677				ANCHORAGE	ANCRAXMWC1	0.008077
907	230	6677				ANCHORAGE	ANCRAXMWC1	0.008077
907	231	6521				ANCHORAGE	ANCRAX500MD	0.008077
907	232	6677		1		WASILLA	WLLAKMCC1	0.009601
907	233	3030		4		EGEGIK	EGEKAKXADS1	0.015400

907	234	3030	x	1	SELDOVIA	SLDVAKXARS1	0.014038
907	235	3030		1	HOMER	HOMRAKXADS1	0.009601
907	236	3018		3	EKUK	EKUKAKXA236	0.013467
907	237	3023		7	NEWTOK	NWTKAKXA237	0.021198
907	238	3023		7	ALAKANUK	AKUKAKXA238	0.021198
907	239	3030		4	ELFIN COVE	EFCVAKXADS1	0.015400
907	240	6304			ANCHORAGE	ANCRAXCCM2	0.008077
907	241	3030		4	KARLUK	KRLKAKXADS1	0.015400
907	242	6304			ANCHORAGE	ANCRAXCCM2	0.008077
907	243	3000			ANCHORAGE	ANCRAXWDS1	0.008077
907	244	6304			ANCHORAGE	ANCRAXCCM2	0.008077
907	245	3000			ANCHORAGE	ANCRAXWDS1	0.008077
907	246	3003		5	KINGSALMON	KGSLAKXACG1	0.017333
907	247	3013		3	KETCHIKAN	KTCHAKXBDS1	0.013467
907	248	3000			ANCHORAGE	ANCRAXWDS1	0.008077
907	249	3000			ANCHORAGE	ANCRAXWDS1	0.008077
907	250	6677			ANCHORAGE	ANCRAXMWC1	0.008077
907	251	3027		0	P.S. 7	PSSVAKZAH01	0.000000
907	252	6677		1	SOLDOTNA	SLDTAKMCC1	0.009601
907	253	6292		8	CORDOVA	ANCRAXZA04T	0.023131
907	254	6304		3	KETCHIKAN	KTCHAKZA2MD	0.013467
907	255	6292		6	VALDEZ	VLDZAKGMCM1	0.019265
907	256	3023		7	TUNTUTULIK	TTTLAKXA256	0.021198
907	257	3000			ANCHORAGE	ANCRAXNDS1	0.008077
907	258	3000			ANCHORAGE	ANCRAXNDS1	0.008077
907	259	6292		6	GLENNALLEN	ANCRAXZA04T	0.019265
907	260	3030		1	SOLDOTNA	SLDTAKXADS2	0.009601
907	261	3000			ANCHORAGE	ANCRAXCDS1	0.008077
907	262	3030		1	SOLDOTNA	SLDTAKXADS2	0.009601
907	263	3000			ANCHORAGE	ANCRAXNDS1	0.008077
907	264	3000			ANCHORAGE	ANCRAXNDS1	0.008077
907	265	3000			ANCHORAGE	ANCRAXNDS1	0.008077
907	266	3000			ANCHORAGE	ANCRAXWDS1	0.008077

</TABLE>

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Exhibit 3
LEC Interstate Access Rates

<TABLE> <CAPTION>							
NPA	OCN	Remote	Rate Band	LOC NAME	SWITCH	LEC ACCESS RATE	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	
907	267	3000		ANCHORAGE	ANCRAXSADS1	0.008077	
907	268	6521		ANCHORAGE	ANCRAX500MD	0.008077	
907	269	3000		ANCHORAGE	ANCRAXXEDS1	0.008077	
907	270	3000		ANCHORAGE	ANCRAXXNDS1	0.008077	
907	271	3000		ANCHORAGE	ANCRAXCDS1	0.008077	
907	272	3000		ANCHORAGE	ANCRAXNDS1	0.008077	
907	273	3000		ANCHORAGE	ANCRAXCDS1	0.008077	
907	274	3000		ANCHORAGE	ANCRAXXNDS1	0.008077	
907	275	3000		ANCHORAGE	ANCRAXSADS1	0.008077	
907	276	3000		ANCHORAGE	ANCRAXXNDS1	0.008077	
907	277	3000		ANCHORAGE	ANCRAXXNDS1	0.008077	
907	278	3000		ANCHORAGE	ANCRAXXNDS1	0.008077	
907	279	3000		ANCHORAGE	ANCRAXXNDS1	0.008077	
907	280	3000		ANCHORAGE	ANCRAXXNDS1	0.008077	
907	281	3030		4 ENGLISHBAY	EHBAAKXA281	0.015400	
907	282	3030		4 KAKHONAK	KHNKAKXA282	0.015400	
907	283	3030		1 KENAI	KENAAXADS1	0.009601	
907	284	3030		4 PORTGRAHAM	PTGMAKXADS1	0.015400	
907	285	3017		8 HYDABURG	HYBGAKXADS1	0.023131	
907	286	3030		4 OLD HARBOR	OLHBAKXADS1	0.015400	
907	287	3003		5 LEVELOCK	LVLKAKXA287	0.017333	
907	288	3011	x	8 MOOSE PASS	MSPSAKXARS0	0.029053	
907	289	3018		3 MANOKOTAK	MNKTAKXA289	0.013467	
907	291	3006		6 MENTASTA	MNTSAKXADS1	0.019265	
907	292	6292		8 WHITTIER	ANCRAXZA04T	0.023131	
907	293	3023		7 NIKOLAI	NKLAAXXA293	0.021198	
907	294	3030		4 NONDALTON	NDLTAKXADS1	0.015400	
907	295	3023		7 LIVENGOD	LVGDAKXADS1	0.021198	
907	296	3030		4 HALIBUT CV	HTCVAKXADS1	0.015400	
907	297	3000		ANCHORAGE	ANCRAXNDS1	0.008077	
907	298	3023		7 TAKOTNA	TKTNAKXA298	0.021198	
907	299	6677		1 HOMER	HOMRAKMCH01	0.009601	
907	301	6677		ANCHORAGE	ANCRAXMWC1	0.008077	
907	317	6677		ANCHORAGE	ANCRAXMWC1	0.008077	
907	320	6677		6 GLENNALLEN	GLALAKACH01	0.019265	
907	321	6304		2 JUNEAU	JUNEAKTUCM1	0.011534	
907	322	6304		1 FAIRBANKS	FRBNAKZACM1	0.009601	
907	323	3017		8 DRYCREEK	DRCKAKXADS1	0.023131	
907	324	3017		8 TETLIN	TLINAKXBDS1	0.023131	
907	325	3006		6 TATTLEK	TTLKAKXA325	0.019265	
907	329	3030		4 COFFMAN CV	CFCVAKXADS1	0.015400	
907	330	3000		ANCHORAGE	ANCRAXXEDS1	0.008077	
907	331	3000		ANCHORAGE	ANCRAXXEDS1	0.008077	

907	332	3000		ANCHORAGE	ANCRAXEDS1	0.008077
907	333	3000		ANCHORAGE	ANCRAXEDS1	0.008077
907	334	7785		ANCHORAGE	ANCRAXGDS0	0.008077
907	335	3030	1	KENAI	KENAAKXADS1	0.009601
907	336	3000		ANCHORAGE	ANCRAXSDS1	0.008077
907	337	3000		ANCHORAGE	ANCRAXEDS1	0.008077
907	338	3000		ANCHORAGE	ANCRAXEDS1	0.008077

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LEC Interstate Access Rates

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907	342	3000			ANCHORAGE	ANCRAXWDS1	0.008077
907	343	3000			ANCHORAGE	ANCRAXNDS1	0.008077
907	344	3000			ANCHORAGE	ANCRAXSDS1	0.008077
907	345	3000	x	1	ANCHORAGE	ANCRAXRRS1	0.011096
907	346	3000	x	1	ANCHORAGE	ANCRAXORS1	0.011096
907	347	6677		1	FAIRBANKS	FRBNAXHSCM1	0.009601
907	348	3000	x	1	ANCHORAGE	ANCRAXRRS1	0.011096
907	349	3000			ANCHORAGE	ANCRAXSDS1	0.008077
907	350	6677			ANCHORAGE	ANCRAXMWC1	0.008077
907	351	6677			ANCHORAGE	ANCRAXMWC1	0.008077
907	352	3015		1	WASILLA	WLLAKXADS1	0.009601
907	353	3027		0	FTWAINWRIT	FTWRAXXGDS1	0.000000
907	354	6733		1	WASILLA	WLLAKXACM1	0.009601
907	355	6733		1	WASILLA	WLLAKMKCM1	0.009601
907	356	3022		1	FTWAINWRIT	FTWRAXXADS1	0.009601
907	357	3015		1	WASILLA	WLLAKXADS1	0.009601
907	358	3023		7	RAMPART	RMPRAXXADS1	0.021198
907	359	411A		8	UNALASKA	DUHRAK01CM0	0.023131
907	360	6677			ANCHORAGE	ANCRAXMWC1	0.008077
907	362	6304		8	SEWARD	SWRDAKZA0MD	0.023131
907	363	3019		8	DEERING	DRNGAKXADS1	0.023131
907	364	3022	x	2	DOUGLAS	DGLSAXXARS1	0.013496
907	365	3000			ANCHORAGE	ANCRAXSDS1	0.008077
907	366	3025		8	TANANA	TANNAKXADS1	0.023131
907	367	6354		8	BARROW CEL	BRRWAKXACM1	0.023131
907	368	3001		8	POINT HOPE	PNHPAKXADS1	0.023131
907	369	3028		8	CHENA HOT	CHHSAKXADS1	0.023131
907	370	3027		0	PORT BAILY	PTBLAKZA370	0.000000
907	371	3027		0	ALITAK	ALITAKZA371	0.000000
907	372	3022		1	EIELSONAFB	ELSNAXXADS1	0.009601
907	373	3015		1	WASILLA	WLLAKXADS1	0.009601
907	374	7785		1	FAIRBANKS	FRBNAK07DS0	0.009601
907	375	7785			ANCHORAGE	ANCRAXBZ01T	0.008077
907	376	3015		1	WASILLA	WLLAKXADS1	0.009601
907	377	3027		0	EIELSONAFB	ELSNAXXGDS1	0.000000
907	378	6677		1	FAIRBANKS	FRBNAKHSCM1	0.009601
907	379	3027		0	KAZAKOFBAY	KZBYAKZB379	0.000000
907	380	3000			ANCHORAGE	ANCRAXSDS1	0.008077
907	382	6677		1	GIRDWOOD	ANCRAXMWC4	0.015853
907	383	3011		8	SAND POINT	SNPNAKXA383	0.023131
907	384	3027		0	FT RICH	FTRCAKXG384	0.000000
907	388	6677		1	FAIRBANKS	FRBNAKHSCM1	0.009601
907	389	3028		8	CLEARYSMMT	CYSTAKXADS1	0.023131
907	391	6747		8	UNALASKA	UNLSAKBBCM1	0.023131
907	392	3027		0	EARECKSON	SHMYAKXGDS1	0.000000
907	393	3027		0	EARECKSON	SHMYAKZB393	0.000000
907	394	6304		1	SOLDOTNA	SLDTAKXA0MD	0.009601
907	398	6304		1	SOLDOTNA	SLDTAKXA0MD	0.009601

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LEC Interstate Access Rates

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907	425	6747		4	ST GEORGE	STGRAKAACM1	0.015400
907	426	3019		8	RED DOG MN	RDDGAKXADS1	0.023131
907	427	3023		7	TOKSOOKBAY	TKBYAKXA427	0.021198
907	428	3000	x	1	FTRICHADSN	FTRCAKXARS1	0.021887
907	429	6882		8	CORDOVA	CRCVAKXACM1	0.023131
907	430	6733		1	WASILLA	WLLAKMKCM1	0.009601
907	432	3004		8	CROOKEDCRK	CKCKAKXA432	0.023131
907	437	3019		8	SHUNGNAK	SHGKAKXADS1	0.023131

907	438	3023	7	ST MARYS	STMYAKXA438	0.021198
907	439	6747	5	KINGSALMON	KGSLAKBBCM1	0.017333
907	440	6304		ANCHORAGE	ANCRAXCCM2	0.008077
907	441	6304		ANCHORAGE	ANCRAXCCM2	0.008077
907	442	3019	8	KOTZEBUE	KTZBAKXADS1	0.023131
907	443	3016	8	NOME	NOMEAKXADS0	0.023131
907	444	6872		ANCHORAGE	ANCRABZ01T	0.008077
907	445	3019	8	AMBLER	AMBLAKXADS1	0.023131
907	446	3027	0	GALENA AFS	GALNAKXG446	0.000000
907	447	3004	8	RED DEVIL	RDDVAKXA447	0.023131
907	448	6354	8	DEADHORSE	DHRSAXXACM1	0.023131
907	449	3004	8	SLEETMUTE	SLMTAKXA449	0.023131
907	450	3008	1	FAIRBANKS	FRBNAKXADS1	0.009601
907	451	3008	1	FAIRBANKS	FRBNAKXADS1	0.009601
907	452	3008	1	FAIRBANKS	FRBNAKXADS1	0.009601
907	453	3004	8	GRAYLING	GRYLAKXA453	0.023131
907	454	3011	8	PORT LIONS	PTLNAKXA454	0.023131
907	455	3008	1	FAIRBANKS	FRBNAKXADS1	0.009601
907	456	3008	1	FAIRBANKS	FRBNAKXADS1	0.009601
907	457	3008	1	FAIRBANKS	FRBNAKXADS1	0.009601
907	458	3008	1	FAIRBANKS	FRBNAKXADS1	0.009601
907	459	3008	1	FAIRBANKS	FRBNAKXADS1	0.009601
907	460	6304	1	FAIRBANKS	FRBNAKZACM1	0.009601
907	463	3022	2	JUNEAU	JUNEAKXADS1	0.011534
907	464	3003	5	EKWOK	EKWAKAXA464	0.017333
907	465	3022	2	JUNEAU	JUNEAKXADS1	0.011534
907	466	4358	8	NOME	NOMEAK01CM0	0.023131
907	467	3023	7	CHAUTHBALK	CHBKAKXA467	0.021198
907	468	3025	8	RUBY	RUBYAKXADS1	0.023131
907	471	3004	8	KALSKAG	KLKGAKXA471	0.023131
907	472	3025	8	WHITTIER	WHTRAKXADS0	0.023131
907	473	3004	8	SHAGELUK	SHLKAKXA473	0.023131
907	474	3008	1	FAIRBANKS	FRBNAKXADS1	0.009601
907	475	3019	8	KIANA	KIANAKXADS1	0.023131
907	476	3004	8	HOLY CROSS	HLCRAKXA476	0.023131
907	477	3023	7	KASIGLUK	KSGKAKXA477	0.021198
907	478	3023	7	STEVENSVLG	STVGAKXADS1	0.021198
907	479	3008	1	FAIRBANKS	FRBNAKXADS1	0.009601
907	480	3001	8	NUIQSUT	NUSTAKXADS1	0.023131
907	481	3030	1	KODIAK	KODKAKXCDS1	0.009601

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907	486	3030		1	KODIAK	KODKAKXCDS1	0.009601
907	487	3030	x	1	KODIAKUSCG	KODKAKAGRS1	0.011233
907	488	3030	x	1	NORTH POLE	NRPLAKXADS1	0.013708
907	489	3030		4	PT PROTECT	PTPRAKXADS1	0.015400
907	490	3030	x	1	NORTH POLE	NRPLAKXADS1	0.013708
907	491	6677		8	SEWARD	SWRDAKMCH01	0.023131
907	493	3023		7	TOGIAK	TGAKAKXA493	0.021198
907	494	3019		8	BUCKLAND	BCLDAKXADS1	0.023131
907	495	3015		1	WILLOW	WLLWAKXADS1	0.009601
907	496	6926		1	FAIRBANKS	FRBNAK01DS0	0.009601
907	497	3011		8	KING COVE	KGCVAKXA497	0.023131
907	498	3023		7	SHELDON PT	SLPNAKXA498	0.021198
907	520	3023		7	CENTRAL	CNTLAKXADS1	0.021198
907	522	3000			ANCHORAGE	ANCRAXXSDS1	0.008077
907	523	7785		2	JUNEAU	JUNEAKGCDS0	0.011534
907	524	1449		7	MCGRATH	MGRTAKXADS0	0.021198
907	525	3023		7	TWIN HILLS	TWHLAKXA525	0.021198
907	526	3023		7	LIME VLG	LMVGAKXA526	0.021198
907	527	3023		7	NUNAPTCHUK	NNPCAAXA527	0.021198
907	528	6747		1	KODIAK	KODKAKBBCM1	0.009601
907	529	6304			ANCHORAGE	ANCRAXCCM2	0.008077
907	530	3017		8	HOLLIS	HLLSAKXADS1	0.023131
907	532	3011		8	COLD BAY	CLBAKXA532	0.023131
907	533	3003		5	IGIUGIG	IGUGAKXA533	0.017333
907	534	3030		4	KALTAG	KLTGAKXA534	0.015400
907	535	3027		0	GRNCRKMINE	GCMNAKZAH01	0.000000
907	536	3023		7	EEK	EEK AKXA536	0.021198
907	537	3004		8	STONYRIVER	STRVAKXA537	0.023131
907	538	3000			ANCHORAGE	ANCRAXXEDS1	0.008077
907	541	3002		8	JIMRIVCAMP	JRCPAKXADS1	0.023131
907	542	3030		4	KASAAN	KASNAKXADS1	0.015400
907	543	1449		7	BETHEL	BETHAKXADS0	0.021198
907	544	6531		7	BETHEL	BETHAKAFCM1	0.021198

907	546	3030	4	ST PAUL	STPLAKXADS1	0.015400
907	547	3026	8	EAGLE	EAGLAKXADS1	0.023131
907	548	3030	4	FALSE PASS	FLPSAKXADS1	0.015400
907	549	3023	7	PILOT STA	PLSTAKXA549	0.021198
907	550	3000		ANCHORAGE	ANCRAXXCDS1	0.008077
907	551	3027	0	ELMEDRFAPB	ELMNAKXG552	0.000000
907	552	3027	0	ELMEDRFAPB	ELMNAKXG552	0.000000
907	553	3023	7	ATMAUTLUAK	AMLKAKXA553	0.021198
907	554	3006	6	MCCARTHY	MCCRAXXADS1	0.019265
907	557	3023	7	KONGIGANAK	KNGGAKXA557	0.021198
907	558	3023	7	SCAMMONBAY	SMBAAKXA558	0.021198
907	559	3030	4	POINTBAKER	PNBKAKXADS1	0.015400
907	561	3000		ANCHORAGE	ANCRAXXCDS1	0.008077
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907	566	3000			ANCHORAGE	ANCRAXXCDS1	0.008077
907	567	3030	x	1	NINILCHIK	NCHKAKXARS0	0.017668
907	568	3030		4	PTALEXANDR	PTALAKXADS1	0.015400
907	569	3000			ANCHORAGE	ANCRAXXCDS1	0.008077
907	570	3000			ANCHORAGE	ANCRAXXCDS1	0.008077
907	571	3011		8	ILIAMNA	ILMNAKXA571	0.023131
907	573	3023		7	CHENEGABAY	CHBYAKXB573	0.021198
907	575	6304			ANCHORAGE	ANCRAXXCCM2	0.008077
907	576	3030		4	NIKOLSKI	NKLIAXXADS1	0.015400
907	580	3027		0	ELMEDRFAPB	ELMNAKXG552	0.000000
907	581	3011		8	UNALASKA	UNLSAKXA581	0.023131
907	582	3015		1	CLEAR AFS	CLERAKXADS1	0.016881
907	583	3015	x	1	TYONEK	TYNKAKXARS0	0.020473
907	584	3023		7	RUSSINMSSN	RUMNAKXACG1	0.021198
907	585	3027		0	CLEAR AFS	CLERAKXGDS1	0.000000
907	586	3022		2	JUNEAU	JUNEAKXADS1	0.011534
907	587	3023		7	ARCTIC VLG	ARVGAKXADS1	0.021198
907	588	3023		7	KWIGILLNGK	KWKGAKXA588	0.021198
907	589	3023		7	NAPAKIAK	NPKKAKXA589	0.021198
907	590	6304		1	FAIRBANKS	FRBNAKZACM1	0.009601
907	591	3023		7	MOUNTANVLG	MTVGAKXA591	0.021198
907	592	3027		0	ADKUSNVLST	ADAKAKXG592	0.000000
907	594	3017		8	EDNA BAY	EDBYAKXADS1	0.023131
907	595	3011		8	COOPER LDG	CPLDAKXA595	0.023131
907	596	3003		5	KOLIGANEK	KLKGAKXA596	0.017333
907	597	3027		0	VALDEZCRK	VLCKAKZA597	0.000000
907	598	6304		1	SOLDOTNA	SLDTAKXAOMD	0.009601
907	599	6677		8	COOPER LDG	CPLDAKXACM1	0.023131
907	617	6677		3	KETCHIKAN	JUNEAKBDCM0	0.013467
907	617	6677		3	KETCHIKAN	JUNEAKBDCM0	0.013467
907	621	3027		0	P.S. 2	PSTWAKZAH01	0.000000
907	622	3015		1	EAGLERIVER	EGRVAKXA69X	0.009601
907	624	1449		7	UNALAKLEET	UNLKAKXADS0	0.021198
907	628	3023		7	BEAVER	BEVRAXXADS1	0.021198
907	629	3017		8	NAUKATI	NUKIAKXADS1	0.023131
907	630	3027		0	ROWAN BAY	RWBAAKZAH01	0.000000
907	632	6304			ANCHORAGE	ANCRAXXCCM2	0.008077
907	633	3001		8	ATKASUK	ATKSAXXADS1	0.023131
907	635	6009		2	JUNEAU	LNPNAKZACM2	0.011534
907	636	3019		8	NOORVIK	NRVKAKXADS1	0.023131
907	638	3016		8	WHITE MT	WTMTAKXADS1	0.023131
907	640	3001		8	KAKTOVIK	KKTVAKXADS1	0.023131
907	641	3027		0	P.S. 10	PSTNAKZAH01	0.000000
907	642	3016		8	TELLER	TLLRAKXA642	0.023131
907	644	7785	x		ANCHORAGE	ANCRAXXSRSG	0.008077
907	645	3019		8	KIVALINA	KVLNAKXA645	0.023131
907	646	7785	x		ANCHORAGE	ANCRAXXNRSG	0.008077

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907	652	3023		7	TUNUNAK	TNNKAKXA652	0.021198

907	653	3000	x	1	BIRD CREEK	INDNAKXARS1	0.014203
907	654	1797		1	KODIAK	KODKAKXCCM0	0.009601
907	655	3027		0	YUKON CAMP	YVCPAKZAH01	0.000000
907	656	3011		8	GALENA	GALNAKXA656	0.023131
907	659	3001		8	DEADHORSE	DHRSAKXA659	0.023131
907	661	3001		8	ANATVVKPASS	AKPSAKXADS1	0.023131
907	662	3011		8	FORT YUKON	FTYKAKXADS1	0.023131
907	663	3004		8	ANVJK	ANVKAKXA663	0.023131
907	664	3016		8	WALES	WALSAKXADS1	0.023131
907	665	3016		8	COUNCIL	CNCLAKXADS1	0.023131
907	669	3030		4	IVANOFFBAY	IVBAAKXADS1	0.015400
907	670	3001		8	DEADHORSE	DHRSAKXA659	0.023131
907	671	3027		0	P.S. 3	PSTHAKZAH01	0.000000
907	672	3023		7	MANLYHTSPG	MHSPAKXADS1	0.021198
907	673	3030		4	HOBART BAY	HBBAKXADS1	0.015400
907	674	3023		7	MINCHUMINA	MNCHAKXDDS1	0.021198
907	675	3004		8	ANIAC	ANIKAKXA675	0.023131
907	676	6856		7	CHAUTHBALK	CHBKAKXACM1	0.021198
907	677	7785	x		ANCHORAGE	ANCRAXWRSR	0.008077
907	678	3028		8	COLDFOOT	CLFCAKZADS0	0.023131
907	679	3023		7	MARSHALL	MRSHAKXACG1	0.021198
907	680	3030		4	OUZINKIE	OUZNAKXADS1	0.015400
907	681	3027		0	P.S. 4	PSFRAKZAH01	0.000000
907	683	3015		1	HEALY	HELYAKXADS1	0.009601
907	686	3016		8	LTLDIOMEDE	LTDMAKXADS1	0.023131
907	688	3015	x	1	CHUGIAK	CHGKAKXARS1	0.012388
907	689	3015		1	EAGLERIVER	EGRVAKXA01T	0.009601
907	691	3027		0	P.S. 5	PSFVAKZAH01	0.000000
907	692	3002		8	BETTLES	BTLSAKXADS1	0.023131
907	693	3003		5	NEWSTUYHOK	NWSKAKXA693	0.017333
907	694	3015		1	EAGLERIVER	EGRVAKXA69X	0.009601
907	695	3023		7	TULUKSAK	TLSKAKXA695	0.021198
907	696	3015		1	EAGLERIVER	EGRVAKXA69X	0.009601
907	697	3030		4	GUSTAVUS	GSTVAKXADS1	0.015400
907	698	3030		4	AKUTAN	AKTNAKXADS1	0.015400
907	699	6304		1	FAIRBANKS	FRBNAKZACM1	0.009601
907	712	3008		1	FAIRBANKS	FRBNAKXADS1	0.009601
907	713	3022		2	JUNEAU	JUNEAKXADS1	0.011534
907	714	3030		1	SOLDOTNA	SLDTAKXADS2	0.009601
907	715	6304		1	WASILLA	ANCRAXCCM4	0.009601
907	720	6009			ANCHORAGE	ANCRAX02CM0	0.008077
907	721	3027		0	KNGSLMNAFS	KGSLAKXG721	0.000000
907	722	3027		0	INDINMTAFS	INMTAKZB722	0.000000
907	723	6677		2	JUNEAU	JUNEAKBDCM0	0.011534
907	724	3027		0	TINCITYAFS	TNCYAKZA724	0.000000
907	725	3027		0	CPLSBRNAFS	CPLSAKZB725	0.000000
907	727	6009			ANCHORAGE	ANCRAX02CM0	0.008077

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NPA	NXX	OCN	Remote	Rate	Band	LOC NAME	SWITCH	LEC ACCESS RATE
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907	728	3027		0		TATALINAFS	TTLNAKZB728	0.000000
907	729	3000				ANCHORAGE	ANCRAXCDS1	0.008077
907	730	6733		1		WASILLA	WLLAKXACM1	0.009601
907	731	3027		0		SPAREHNAFS	SPRVAKZB731	0.000000
907	733	3015		1		TALKEETNA	TLKTAKXA733	0.009601
907	734	3017		8		CHISANA	CHSNAKXADS1	0.023131
907	735	3030		4		PELICAN	PLCNAKXADS1	0.015400
907	736	3030		4		TENAKEESPG	TKSPAAXADS1	0.015400
907	737	3023		7		NAPASKIAK	NPSKAKXA737	0.021198
907	738	6677		4		SITKA	SITKAKXADS1	0.015400
907	742	3000				ANCHORAGE	ANCRAXNDS1	0.008077
907	743	7785	x			ANCHORAGE	ANCRAXCRSG	0.008077
907	744	6009				ANCHORAGE	ANCRAX02CM0	0.008077
907	745	3015		1		PALMER	PLMRAKXADS1	0.009601
907	746	3015		1		PALMER	PLMRAKXADS1	0.009601
907	747	3030		4		SITKA	SITKAKXADS1	0.015400
907	748	6304				ANCHORAGE	ANCRAXCCM2	0.008077
907	749	3030		4		CHIGNIK	CGNKAKXADS1	0.015400
907	751	3000				ANCHORAGE	ANCRAXCDS1	0.008077
907	752	6304		4		SITKA	SITKAKACOMD	0.015400
907	753	3000	x	1		ELMEDRFAPB	ELMNAKXARS1	0.018240
907	754	3000	x	1		GIRWOOD	GRWDAXARS1	0.015853
907	755	3030		4		KLAWOCK	KLWKAKXADS1	0.015400
907	756	6677		8		WHITTIER	ANCRAXMWC4	0.023131
907	757	3023		7		KWETHLUK	KWLKAKXACG1	0.021198
907	758	3023		7		HOOPER BAY	HPBYAKXA758	0.021198
907	761	3015		1		PALMER	PLMRAKXADS1	0.009601
907	762	3000				ANCHORAGE	ANCRAXCDS1	0.008077
907	763	3001		8		WAINWRIGHT	WNRTAKXADS1	0.023131

907	764	6009			ANCHORAGE	ANCRAX02CM0	0.008077
907	765	3023		7	AKIAK	AKIKAKXA765	0.021198
907	766	3017		8	HAINES	HANSAXXADS0	0.023131
907	767	3017		8	KLUKWAN	KLWAAXXADS0	0.023131
907	768	3015		1	CANTWELL	PLMRAKXADS1	0.009601
907	770	7785	x		ANCHORAGE	ANCRAXXCRSG	0.008077
907	772	3017		8	PETERSBURG	PTBRAKXADS0	0.023131
907	773	3005		8	CIRCLE	CRCLAKXADS1	0.023131
907	774	3030		4	BORDERCITY	BRCYAKXADS1	0.015400
907	775	6009		1	PALMER	ANCRAX02CM0	0.009601
907	776	3030	x	1	NORTHKENAI	NKENAKXARS1	0.013213
907	777	3000			ANCHORAGE	ANCRAXXNDS1	0.008077
907	778	3030		4	NORTHWAY	NRWYAKXADS1	0.015400
907	779	3016		8	GOLOVIN	GLVNAKXADS1	0.023131
907	780	3022	x	2	LEMONCREEK	JUNEAKXBR1	0.021887
907	781	3030		4	PTALSWORTH	PTAHAKXADS1	0.015400
907	782	3000			ANCHORAGE	ANCRAXXSDS1	0.008077
907	783	3000	x	1	GIRWOOD	GRWDAXXARS1	0.015853
907	784	3030		4	YAKUTAT	YKUTAKXADS1	0.015400
907	785	3030		4	KAKE	KAKEAKXADS1	0.015400
907	786	3000			ANCHORAGE	ANCRAXXCDS1	0.008077

</TABLE>

Exhibit 3
LEC Interstate Access Rates

<TABLE>								
<CAPTION>								
NPA	NXX	OCN	Remote	Rate	Band	LOC NAME	SWITCH	LEC ACCESS RATE
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
907	787	3000				ANCHORAGE	ANCRAXXNDS1	0.008077
907	788	3030		4		ANGOON	ANGNAKXADS1	0.015400
907	789	3022	x	2		JUNEAU	JUNEAKXSRS1	0.014651
907	790	3022	x	2		JUNEAU	JUNEAKXSRS1	0.014651
907	791	3027		0		OLIKTOK	OLKTAKXG791	0.000000
907	792	3000				ANCHORAGE	ANCRAXXNDS1	0.008077
907	793	3000				ANCHORAGE	ANCRAXXNDS1	0.008077
907	794	3027		0		CPNEWENAFS	CPNWAKZB794	0.000000
907	795	3027		0		CPRMANZAFS	CPRMAKZB795	0.000000
907	796	3022	x	2		JUNEAU	JUNEAKXSRS1	0.014651
907	797	3030		4		PILOTPOINT	PLPTAKXADS1	0.015400
907	798	3023		7		MINTO	MINTAKXADS1	0.021198
907	822	3006		6		GLENNALLEN	GLLAKXA822	0.019265
907	823	3006		6		CHITINA	CHTNAXXADS1	0.019265
907	824	3027		0		SAG RIVER	SRCPAKZAH01	0.000000
907	825	3023		7		AKIACHAK	AKCKAKXA825	0.021198
907	826	3017		8		CRAIG	CRAGAKXADS1	0.023131
907	827	3023		7		MEKORYUK	MKYKAKXA827	0.021198
907	828	3030		4		THORNE BAY	THBYAKXADS1	0.015400
907	829	3030		4		HUSLIA	HUSLAKXACG1	0.015400
907	830	6677				ANCHORAGE	ANCRAXMWCM1	0.008077
907	831	6677		6		VALDEZ	VLDZAKXACM1	0.019265
907	832	3030		1		NENANA	NENAAKXADS1	0.009601
907	833	3001		8		POINT LAY	PNLYAKXADS1	0.023131
907	834	3006		6		VALDEZ	VLDZAKXA835	0.019265
907	835	3006		6		VALDEZ	VLDZAKXA835	0.019265
907	836	3030		4		AKHIOK	AKHKAKXADS1	0.015400
907	837	3030		4		MESHIC	MSHKAKXADS1	0.015400
907	838	3027		0		CHANDALAR	CHCPAKZAH01	0.000000
907	839	3030		4		ATKA	ATKAAXXADS1	0.015400
907	840	3030		4		CHIGNILGON	CGLGAKXADS1	0.015400
907	841	6677		1		WASILLA	WSSLAKMCCM1	0.009601
907	842	3018		3		DILLINGHAM	DLHMAKXADS0	0.013467
907	845	3030		4		CHIGNIK LK	CGLKAKXADS1	0.015400
907	846	3017		8		WHALE PASS	WPSSAKXADS1	0.023131
907	847	3030		4		LARSEN BAY	LRBAAXXADS1	0.015400
907	848	3023		7		CHALKYITSK	CHKYAKXADS1	0.021198
907	849	3023		7		VENETIE	VENTAKXA849	0.021198
907	850	3030		4		PEDRO BAY	PDBAAKXA850	0.015400
907	852	3001		8		BARROW	BRRWAKXADS1	0.023131
907	853	3030		4		PERRYVILLE	PYVLAKXADS1	0.015400
907	855	3027		0		ADAK T.C.	ADAKAKZA855	0.000000
907	858	3023		7		CHEVAK	CHVKAKXA858	0.021198
907	859	3030		4		ST GEORGE	STGRAKXADS1	0.015400
907	860	3015		1		EAGLERIVER	EGRVAKXA69X	0.009601
907	861	3015		1		PALMER	PLMRAKXADS1	0.009601
907	862	3015		1		EAGLERIVER	EGRVAKXA69X	0.009601
907	863	6733		1		WASILLA	WSSLAKXACM1	0.009601
907	864	3015		1		EAGLERIVER	EGRVAKXA69X	0.009601
907	866	3027		0		EXCUSNINLT	EXINAKZAH01	0.000000

</TABLE>

Exhibit 3
LEC Interstate Access Rates

<TABLE>
<CAPTION>

NPA	NXX	OCN	Remote	Rate	Band	LOC NAME	SWITCH	LEC ACCESS RATE
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
907	867	3023		7		CHEFORNAK	CHFNAKXA867	0.021198
907	868	7785	x			ANCHORAGE	ANCRAXSRSG	0.008077
907	869	3030	x	1		FORTGREELY	FTGRAKXARS1	0.012058
907	870	3015		1		EAGLERIVER	EGRVAKXA69X	0.009601
907	871	3027		0		BLK RAPIDS	BLKRAKZAH01	0.000000
907	873	3027		0		FORTGREELY	FTGRAKXGDS1	0.000000
907	874	3017		8		WRANGELL	WRGLAKXADS0	0.023131
907	876	3017		8		HEALY LAKE	HYLKAKXADS1	0.023131
907	878	6304		8		BARROW	FRBNAKZACM1	0.023131
907	879	3027		0		CAPE POLE	CPPLAKXVH01	0.000000
907	882	3017		8		DOT LAKE	DTLKAKXADS1	0.023131
907	883	3017		8		TOK	TOK AKXADS1	0.023131
907	884	6009				ANCHORAGE	ANCRAX02CM0	0.008077
907	885	3027		0		LENA POINT	LNPNAKZA02T	0.000000
907	886	3017		8		METLAKATLA	MTKTAKXADS0	0.023131
907	887	3027		0		ANCHORAGE	ANCRAXZAI1PB	0.000000
907	888	3027		0		FAIRBANKS	FRBNAKZAI1PB	0.000000
907	889	3030		4		HUGHES	HGHSAXKXADS1	0.015400
907	890	3016		8		ELIM	ELIMAKXADS1	0.023131
907	892	3015	x	1		BIG LAKE	BGLKAKXARS1	0.015523
907	895	3030		1		DELTA JCT	DLJTAKXADS1	0.009601
907	896	3023		7		KIPNUK	KPNKAKXA896	0.021198
907	898	3030		4		NULATO	NULTAKXADS1	0.015400
907	899	3023		7		KOTLIK	KTLKAKXA899	0.021198
907	921	3027		0		P.S. 6	PSSXAKZAH01	0.000000
907	923	3016		8		ST MICHAEL	STMCAKXADS1	0.023131
907	927	3030		4		KOYUKUK	KYKKAKXADS1	0.015400
907	929	7785	x			ANCHORAGE	ANCRAXKERSG	0.008077
907	932	3027		0		KANTISHNA	ANCRAXZA04T	0.000000
907	934	3016		8		STEBBINS	STBSAKXADS1	0.023131
907	936	3000				ANCHORAGE	ANCRAXNDS1	0.008077
907	943	6304		8		DEADHORSE	FRBNAKZACM1	0.023131
907	945	3030		4		HOONAH	HONHAKXADS1	0.015400
907	946	3017		8		MYERSCHUCK	MYCHAKXADS1	0.023131
907	948	3019		8		KOBUK	KOBKAKXADS1	0.023131
907	949	3023		7		EMMONAK	EMNKAKXA949	0.021198
907	952	6677				ANCHORAGE	ANCRAXMWC1	0.008077
907	953	6677		1		SOLDOTNA	SLDTAKMCCM1	0.009601
907	955	3016		8		SHAKTOOLIK	SHKTAKXADS1	0.023131
907	957	6677		2		JUNEAU	JUNEAKBDCM0	0.011534
907	963	3016		8		KOYUK	KYUKAKXADS1	0.023131
907	966	3030		4		SITKA	SITKAKXADS1	0.015400
907	967	3023		7		GOODNEWSBY	GNBAAKXA967	0.021198
907	968	3002		8		ALLAKAKET	ALKTAKXA968	0.023131
907	978	6677		1		FAIRBANKS	FRBNAKHSCM1	0.009601
907	979	3023		7		PLATINUM	PLTMAKXA979	0.021198
907	983	3017		8		SKAGWAY	SKWYAKXADS2	0.023131
907	984	3023		7		SAVOONGA	SVNGAKXADS1	0.021198
907	985	3023		7		GAMBELL	GMBLAKXADS1	0.021198
907	987	3027		0		PTMOLLER	PTMRAKXA987	0.000000

</TABLE>

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Exhibit 3
LEC Interstate Access Rates

<TABLE>
<CAPTION>

NPA	NXX	OCN	Remote	Rate	Band	LOC NAME	SWITCH	LEC ACCESS RATE
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
907	988	6304		2		JUNEAU	JUNEAKTUCM1	0.011534
907	989	3030		4		NELSONLGN	NLLGAKXADS1	0.015400
907	992	3000				ANCHORAGE	ANCRAXXCD1	0.008077

</TABLE>

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Exhibit 4

ALASCOM, INC.
Manager, Tariffs
210 East Bluff Drive, Anchorage, AK 99501
Issued: January 7, 2004

SUPPLEMENT NO. 12
Tariff F.C.C. No. 11

Effective: January 8, 2004

COMMON CARRIER SERVICES

This Supplement suspends the effective date of Transmittal No. 1281 for one day, from January 1, 2004 to January 2, 2004 under authority of DA 03-4091 of the Federal Communications Commission.

This Supplement is filed in response to the Federal Communication Commission's Order Adopted December 23, 2003, Released December 23, 2003, in CC Docket No. 95-182.

ALASCOM, INC.
Manager, Tariffs
210 East Bluff Drive, Anchorage, AK 99501
Issued: November 5, 2003

SUPPLEMENT NO. 11
Tariff F.C.C. No. 11

Effective: November 6, 2003

COMMON CARRIER SERVICES

This Supplement suspends the effective date of Transmittal No. 1278 for one day, from October 31, 2003 to November 1, 2003 under authority of DA 03-3454 of the Federal Communications Commission.

This Supplement is filed in response to the Federal Communication Commission's Order Adopted October 30, 2003, Released October 30, 2003, in CC Docket No. 95-182.

ALASCOM, INC. SUPPLEMENT NO.10
Manager, Tariffs Cancels Supplement No. 9
210 East Bluff Road, Anchorage, AK 99501 Tariff F.C.C. No. 11
Issued: August 10, 2001 Effective: August 11, 2001

COMMON CARRIER SERVICES

D

D

This supplement cancels previous Supplement NO. 9 which was inadvertently filed in error under transmittal number 1253, filed on July 30, 2001.

N

This supplement re instates Alascom Inc. Tariff F.C.C. No.11 as it existed on July 30, 2001.

N

ALASCOM, INC. SUPPLEMENT NO.9
Manager, Tariffs Tariff F.C.C. No. 11
210 East Bluff Road, Anchorage, AK 99501
Issued: July 30, 2001 Effective: July 31, 2001

COMMON CARRIER SERVICES

This supplement, filed pursuant to the Commission's Detariffing Order, CC Docket 96-61, 11 FCC Red 20730 (1996) and FCC Report and Order in IB Docket No. 00-202, released March 20, 2001 (the "March 20, 2001") and Rules 61.19 and 61.20 of the FCC's Rules, cancels this tariff in its entirety, effective July 31, 2001. Information regarding rates and regulations for interstate and international services are contained in the AT&T Alascom Business Communications Services Agreement and related Service Guides. This information can be found on the web at: <http://www.att.com/serviceguide/business>. If you need further assistance, please call your customer care center or sales representative.

ALASCOM, INC. TARIFF F.C.C. NO. 11
Manager, Tariffs Supplement No. 8
210 East Bluff Drive, Anchorage, AK 99501 Cancels Supplement No. 7
Issued: December 30, 1998 Effective: December 31, 1998

COMMON CARRIER SERVICES

This Supplement suspends the effective date of Transmittal No. 993 for one day, from January 1, 1999 to January 2, 1999 under authority of DA 98-2620 of the Federal Communications Commission.

This Supplement is filed in response to the Federal Communication Commission's Order Adopted December 23, 1998, Released December 23, 1998, in CC Docket No. 95-182.

ALASCOM, INC. TARIFF F.C.C. NO. 11
Manager, Tariffs Supplement No. 7
210 East Bluff Drive, Anchorage, AK 99501 Cancels Supplement No. 6
Issued: March 9, 1998 Effective: March 10, 1998

COMMON CARRIER SERVICES

This Supplement suspends the effective date of Transmittal Nos. 941 and 942 for one day, from March 4, 1998 to March 5, 1998 under authority of DA 98-429 of the Federal Communications Commission.

This Supplement is filed in response to the Federal Communication Commission's Order Adopted March 3, 1998, Released March 3, 1998 in CC Docket No. 95-182.

ALASCOM, INC. TARIFF F.C.C. NO. 11
Manager, Tariffs Supplement No. 6
210 East Bluff Drive, Anchorage, AK 99501 Cancels Supplement No. 5
Issued: March 18, 1997 Effective: March 19, 1997

COMMON CARRIER SERVICES

This Supplement suspends the effective date of Transmittal No. 852 for one day, from March 15, 1997 to March 16, 1997 under authority of DA 97-554 of the Federal Communications Commission.

This Supplement is filed in response to the Federal Communication Commission's Order Adopted March 14, 1997, Released March 14, 1997 in CC Docket No. 95-182.
ALASCOM, INC. SUPPLEMENT NO. 5
Manager, Tariffs Cancels Supplement No. 4
210 East Bluff Drive, Anchorage, AK 99501 Tariff F.C.C. No. 11
Issued: February 13, 1997 Effective: February 14, 1997

COMMON CARRIER SERVICES

This supplement, filed at the direction of the Common Carrier Bureau by letter dated February 12, 1997, further defers the effective date of material relative to Alascom's Common Carrier Services Tariff which was originally filed under Transmittal No. 852 from February 13, 1997 to March 15, 1997, under authority of Special Permission No. 97-0053.

Alascom, Inc. SUPPLEMENT NO. 4
Manager, Tariffs
210 East Bluff Drive, Anchorage, AK 99501 Tariff F.C.C. No. 11
Issued: January 8, 1997 Effective: January 9, 1997

Common Carrier Services.

This supplement, filed at the direction of the Common Carrier Bureau by letter dated December 27, 1996, defers the effective date of material relative to Alascom's Common Carrier Tariff which was originally filed under Transmittal No. 852 from January 1, 1997 to February 13, 1997, under authority of Special Permission No. 96-0846.

ALASCOM, INC. TARIFF F.C.C. NO. 11
Manager, Tariffs Supplement No. 3
210 East Bluff Drive, Anchorage, AK 99501
Issued: March 28, 1996 Effective: March 29, 1996

COMMON CARRIER SERVICES

This Supplement suspends the effective date of Transmittal No. 807 for one day, from March 24, 1996 to March 25, 1996 under authority of DA 96-404 of the Federal Communications Commission.

This Supplement is filed in response to the Federal Communication Commission's Order Adopted March 22, 1996, Released March 22, 1996 in CC Docket No. 95-182.
ALASCOM, INC. TARIFF F.C.C. NO. 2
Manager, Tariffs
210 East Bluff Drive, Anchorage, AK 99501 Tariff F.C.C. No. 11
Issued: March 15, 1996 Effective: March 17, 1996

COMMON CARRIER SERVICES

This supplement, filed at the direction of the Common Carrier Bureau by letter dated March 15, 1996, defers the effective date of material relative to revisions to Alascom Common Carrier Services Tariff F.C.C. No. 11, in compliance with the requirements of the Chief, Tariff Division which was originally filed under Transmittal No. 807, from March 17, 1996 to March 24, 1996, under authority of Special Permission No. 96-0285.

ALASCOM, INC. TARIFF F.C.C. NO. 11
Manager, Tariffs Supplement No. 1
210 East Bluff Road, Anchorage, AK 99501
Issued: January 16, 1996 Effective: January 17, 1996

COMMON CARRIER SERVICES

Under authority of DA 95-2479 of the Federal Communications Commission, this supplement advances the effective date of Alascom, Inc. Tariff F.C.C. No. 11, Common Carrier Services, from January 1, 1996 to December 31, 1995 and, by Order of the Commission, suspends the effective date of Alascom, Inc. Tariff F.C.C. No. 11 to January 1, 1996.

Alascom, Inc. Tariff F.C.C. 11, Common Carrier Services, was filed under Transmittal No. 790 on September 22, 1995, with a scheduled effective date of January 1, 1996, in compliance with the Federal Communications Commission's rulings in CC Docket 83-1376. Alascom, Inc. subsequently filed revisions to Tariff F.C.C. No. 11 under Transmittal No. 797 on December 14, 1995 scheduled to become effective January 1, 1996. The Commission in its Order Adopted December 14, 1995, Released December 14, 1995 in CC Docket No. 95-182, has required Alascom, Inc. to advance the effective of Tariff F.C.C. No. 11 to December 31, 1995, has suspended the effective date of Tariff F.C.C. No. 11, Transmittal Nos. 790 and 797, for one day, until January 1, 1996, has initiated an investigation of these Transmittals and has required Alascom, Inc. to keep accurate account of all amounts received by reason of the rates that are the subject of its investigation.

ALASCOM, INC. TARIFF F.C.C. NO. 11
Manager, Tariffs 4th Revised Title Page

COMMON CARRIER SERVICES

TITLE PAGE

Applying to the provision of Common Carrier Services for use by interexchange carriers in furnishing their interstate service to or from Alaska. Common Carrier Services provide interstate interexchange transport and switching between points of interconnection with Common Carriers in Alaska and Alascom designated points in Alaska or the Continental United States (CONUS).

Common Carrier Services are provided by means of wire, fiber optics, radio, satellite or any suitable technology or combination of technologies.

D

D
ALASCOM, INC. TARIFF F.C.C. NO. 11
Manager, Tariffs Original Page 2
210 East Bluff Road, Anchorage, AK 99502
Issued: September 22, 1995 Effective: January 1, 1996

COMMON CARRIER SERVICES

CONCURRING CARRIERS
No Concurring Carriers

CONNECTING CARRIERS
No Connecting Carriers

OTHER PARTICIPATING CARRIERS
No Other Participating Carriers

EXPLANATION OF SYMBOLS

The following symbols shall be used in this tariff for the purpose indicated below:

- C To signify changed regulation or rate structure.
- D To signify discontinued material.
- I To signify a increased rate.
- M To signify a move in the location of text.
- N To signify a new rate or regulation
- R To signify a reduced rate.
- S To signify reissued material.
- T To signify a change in text but no change in rate or regulation.
- Z To signify a correction

Other marginal codes are used to direct the tariff reader to a footnote for specific information. Codes used for this purpose are lower case letters of the alphabet, e.g., x, y and z. These codes may appear beside the page revision number in the page header or in the right margin opposite specific text.

ALASCOM, INC. TARIFF F.C.C. NO. 11
Manager, Tariffs 5th Revised Page 3
210 East Bluff Road, Anchorage, AK 99501 Cancels 4th Revised Page 3
Issued: January 28, 1998 Effective: January 29, 1998

COMMON CARRIER SERVICES

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COMMON CARRIER SERVICES

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COMMON CARRIER SERVICES

SECTION 1

APPLICATION OF TARIFF

ALASCOM, INC.
Manager, Tariffs
210 East Bluff Road, Anchorage, AK 99502
Issued: September 22, 1995

TARIFF F.C.C. NO. 11
Original Page 6
Effective: January 1, 1996

COMMON CARRIER SERVICES

SECTION 1 -- APPLICATION OF TARIFF

This Tariff contains regulations, rates and charges applicable to the provision of Common Carrier Services hereinafter referred to collectively as services provided by Alascom, Inc. hereinafter referred to as the Company, to interexchange common carriers connected to this Company, hereafter referred to as the Customer or Customers.

The provision of such services by the Company as set forth in this Tariff does not constitute a joint undertaking with the Customer for the furnishing of any service.

ALASCOM, INC.
Manager, Tariffs
210 East Bluff Road, Anchorage, AK 99502
Issued: September 22, 1995

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Original Page 7
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COMMON CARRIER SERVICES

SECTION 2

GENERAL REGULATIONS

ALASCOM, INC.
Manager, Tariffs

TARIFF F.C.C. NO. 11
1st Revised Page 8

** All material on this page is reissued except as otherwise noted. **

COMMON CARRIER SERVICES

SECTION 2 -- GENERAL REGULATIONS

2.1. UNDERTAKING OF THE COMPANY

2.1.1. Scope

A. The Company does not undertake to transmit messages under this tariff.

B. The Company shall be responsible only for the installation, operation and maintenance of the services it provides.

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C. Services are provided 24 hours daily, seven days per week.

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D. Common Carrier Services is furnished for the transmission of voice grade communications but may also be used for data, facsimile, signaling, metering, or other similar communications, subject to the transmission capabilities of the service.

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2.1.2. Transfer or Assignment -

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The Customer may not assign, or transfer in any manner, the service or any rights associated with the service without the written consent of the Company. The Company will permit a Customer to transfer its existing service to another entity if the existing Customer has paid all charges owed to the Company for the tariffed service it provides to the Customer. Such a transfer will be treated as a disconnection of existing service and installation of new service.

COMMON CARRIER SERVICES

2.1.3. Liability of the Company

A. The Company's liability, if any, for its willful misconduct is not limited by this tariff. With respect to any other claim or suit, by a Customer or by any others, for damages associated with the installation, provision, termination, maintenance, repair or restoration of Common Carrier Services, and subject to the provisions of B. through G. following, the Company's liability, if any, shall not exceed an amount equal to the charge for one minute of use of the Transport and Switching rate elements contained in this tariff. This liability for damages shall be in addition to any amounts that may otherwise be due the Customer under this tariff as a Credit Allowance for Interruptions (see Allowance for Interruption Section 2.5.7. following).

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B. The Company is not liable for damages associated with service, channels, or equipment which it does not furnish.

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C. The Company is not liable for damages to a premises resulting from the furnishing of Common Carrier Services, including the installation and removal of equipment and associated wiring, unless the damage is caused by the Company's negligence.

D. The Company shall be indemnified, defended, and held harmless by the Customer against all claims, losses, or damages arising from the use of the Common Carrier Services furnished pursuant to this tariff, involving:

1. Claims for libel, slander, invasion of privacy, or infringement of copyright arising from any communication;
2. Claims for patent infringement arising from combining or using Common Carrier Services furnished by the Company in connection with facilities or equipment furnished by others; or
3. All other claims arising out of any act or omission of others relating to the Common Carrier Services provided pursuant to this tariff.

E. The Company does not guarantee or make any warranty with respect to Common Carrier Services when used in an explosive atmosphere. The Company shall be indemnified, defended, and held harmless by the Customer against all claims, losses or damages by any person relating to the Common Carrier Services provided pursuant to this tariff when used in an explosive atmosphere.

F. No license under patents (other than the limited license to use) is granted by the Company or shall be implied or arise by estoppel, with respect to any service offered under this tariff. The Company will defend the Customer against claims of patent infringement arising solely from the use by the Customer of the Common Carrier Services offered under this tariff and will indemnify such Customer for any damages awarded based solely on such claims.

G. The Company's failure to provide or maintain service under this tariff shall be excused by labor difficulties, governmental orders, civil commotions, acts of God, and other circumstances beyond the Company's reasonable control, subject to the Allowance for Interruptions provisions of this tariff.

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COMMON CARRIER SERVICES

2.1.4. Transmission Medium - The Company selects and/or arranges for the channels and/or service components used to provide Common Carrier Services. Any suitable technology or combination of technologies may be used by the Company for the provision of Common Carrier Services.

2.1.5. Through Transmission of Signals - The Company is responsible for the

provision of Common Carrier Services between the points specified in Section 4.1. following.

2.1.6. Provision of Customer Equipment and Communications Systems - Customer equipment may be used with Common Carrier Services. The Company does not provide customer equipment.

The operating characteristics of the Customer equipment or Customer-provided communications system connected to Common Carrier Services must not interfere with, or impair, any of the services offered by this Company. In addition, they must not endanger the safety of Company employees or the public, damage or interfere with the proper functioning of Company equipment, or otherwise injure the public in its use of Common Carrier Services .

2.1.7. Availability - Service is furnished subject to the availability of the service components required. The Company will determine which of those components shall be used and make modifications to those components at its option.

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2.1.8. Minimum Quality of Service Standards - The Company shall provide Common Carrier Service through the use of its network and switching equipment at or above the quality of service standards set forth below. Adherence to these standards is measured on the basis of a 12 month rolling average. The Company assumes no liability for the service levels or standards of the Customer's network and switching equipment or for the network of any intermediate carrier or local exchange carrier.

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A. Transport - Common Carrier Service shall be transported over the Company's network using trunking standards no less than the following:

- | | |
|--|-------|
| 1. Intertoll Trunking Availability | 98.0% |
| 2. Toll Connecting Trunking Availability | 99.0% |

B. Switching - The Company shall perform the switching of Common Carrier Service using a minimum standard for effective switch attempts of no less than 99.0%.

x Material filed under Transmittal No. 921 is suspended to January 2, 1998 under authority of Commission Order No. DA 97-2727.

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COMMON CARRIER SERVICES

2.2. USE

2.2.1. General - Common Carrier Services may be used for any lawful purpose consistent with the transmission and switching parameters of the telecommunications network. Common Carrier Service is furnished for use by the Customer.

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2.2.2. Non-Voice Transmission - Common Carrier Services may be used for non-voice transmission.

2.2.3. Abuse - The abuse of Common Carrier Services is prohibited. The following activities constitute abuse:

A. Using Common Carrier Services to make calls which might reasonably be expected to frighten, abuse, torment, or harass another, or

B. Using Common Carrier Services in such a way that it interferes unreasonably with the use of the service by others.

2.2.4. Fraudulent Use - The fraudulent use of, or the intended or attempted fraudulent use of, Common Carrier Service is prohibited. The following activities constitute fraudulent use:

A. Using Common Carrier Services to transmit a message, locate a person, or otherwise give or obtain information, without payment for the service,

B. Using or attempting to use Common Carrier Services with the intent to avoid the payment, either in whole or in part, of any of the Company's tariffed charges by:

1. Rearranging, tampering with, or making connections not authorized by this tariff to any service components used to furnish Common Carrier Services , or

2. Using fraudulent means or devices, tricks, schemes, false or invalid numbers, false credit devices, or electronic devices.

C. 800 callers using Common Carrier Services with the intent of gaining access to a Common Carrier Services Customer's outbound calling capabilities on an unauthorized basis.

D. Using fraudulent means or devices, tricks, schemes, false or invalid numbers, false credit devices or electronic devices to defraud or mislead callers.

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Certain material previously found on this page can now be found on Page 11.1. Material filed under Transmittal No. 790 is scheduled to become effective on January 1, 1996.

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COMMON CARRIER SERVICES

2.2.5. Unlawful Use - The service provided under this tariff shall not be used for an unlawful purpose.

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The services the Company offers shall not be used for any use for which the Customer has not obtained all required governmental approvals, authorization, licenses, consents and permits.

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2.3. LIABILITY OF THE CUSTOMER

The Customer will be liable for damages to the facilities of the Company caused by negligence or willful acts of officers, employees, agents or contractors of the Customer where such negligence or willful act is not the direct result of the Company's negligence.

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COMMON CARRIER SERVICES

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2.4. CUSTOMER DEPOSITS AND ADVANCE PAYMENTS

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2.4.1. Deposits - The following deposit provisions are applicable to Common
Carrier Services :

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A. The Company will require only a Customer who has a proven history of late
payments to the Company or whose financial responsibility is not a matter of
record to make a deposit to be held as a guarantee for the payment of charges. A
deposit does not relieve the Customer of the responsibility for the prompt
payment of bills on presentation. In lieu of a cash deposit, the Company will
accept, as a deposit, Bank Letters of Credit and Surety Bonds.

1. Deposit Amount - The deposit for Common Carrier Services will not exceed an
amount equal to three times the estimated average monthly usage charges.

2. Interest on a Cash Deposit - Interest will be paid to a Customer for the
period that a cash deposit is held by the Company. The interest rate used will
be simple interest at the rate of six percent annually.

3. Return of a Deposit - Any deposit collected will be credited to a
Customer's account, when the Customer has established credit, or when the
Customer has established a prompt payment record with the Company for one year.
When the service for which the deposit has been required is discontinued, the
deposit is applied to the final bill and any credit balance is refunded to the
Customer with applicable interest accrued.

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COMMON CARRIER SERVICES

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2.5. PAYMENT ARRANGEMENTS

2.5.1. Payment for Service - The Customer is responsible for payment of all charges for services furnished by the Company. Bills are due and payable upon receipt. Common Carrier Services may be denied for nonpayment of a bill. The Company may deny and/or restrict Common Carrier Services for nonpayment of charges due. A written notice will be sent to the Customer at least five days in advance of the restriction and/or denial of Common Carrier Services. Upon payment of charges the restriction and/or denial of Common Carrier Services will be removed.

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2.5.2. Notice to Company for Termination of Service - Customers, desiring to terminate service shall provide Company thirty (30) days written notice of desire to terminate service.

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2.5.3. Discontinuance of Service - When a Customer requests discontinuance of Common Carrier Service, recurring charges will apply for a period of ten business days after notification or until the requested discontinuation date, whichever is longer. The charges will continue to apply whether or not the Customer continues to use the service.

2.5.4. Minimum and Fractional Rates and Charges - Except as noted following, the minimum period for which service is furnished is one month.

When rates are on a monthly basis, the minimum charge is for one month. When service does not begin on the first day of a monthly billing period, or end on the last day of a monthly billing period, the charge for the fractional part of the monthly billing period during which service is furnished will be a proportionate part of the monthly charge based on the ratio of the number of days in such beginning or concluding fractional monthly billing period to 30 days. For example, the pro rata billing for a partial monthly billing period from January 22 through January 31 is 10 thirtieths or one-third of the monthly charge. For this purpose every monthly billing period is considered to have 30 days.

When rates involve a fraction of a cent, the fraction is carried throughout the computation of the charge. When the computed charge includes a fraction of a cent, a fraction of one-half cent or more is treated as one cent and a fraction of less than one-half cent is disregarded.

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COMMON CARRIER SERVICES

2.5. PAYMENT ARRANGEMENTS (continued)

2.5.5. Cancellation of Application for Service - When an application for service is cancelled by the customer prior to the start of installation of facilities, no charge applies.

When installation of facilities has been started prior to the cancellation, the charge specified in (a) or (b) following, whichever is lower, applies.

(a) A charge equal to the estimated costs incurred in such installation, less estimated net salvage, such estimated costs incurred to include the cost of unsalvaged equipment and materials specifically provided or used plus the cost of installing, including engineering, supply expense, labor and supervision, and any other disbursements resulting from the installation and removal work.

(b) The charge for the minimum period of service, including the installation charge.

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Installation of channel facilities or equipment is considered to have started when the Company incurs any expense in connection therewith or in preparation therefore which would not otherwise have been incurred, provided the Customer has advised the Company to proceed with the installation.

2.5.6. Service Rearrangements - All changes to existing services will be treated as a discontinuance of the existing service and an installation of a new service. The nonrecurring charges described in Section 4.6 following will apply for this work activity.

Administrative changes will be made without charge(s) to the Customer. Administrative changes are as follows:

- - Change of Customer name, - Change of Customer premises address,

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- - Change in billing data (name, address, or contact name or telephone number),
- - Change of agency authorization,
- - Change of Customer circuit identification,
- - Change of billing account number,
- - Change of Customer test line number,
- - Change of Customer contact name or telephone number,
- - Change of implementation contact name or telephone number, or
- - Change of design contact name or telephone number,
- - Change of jurisdiction.

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COMMON CARRIER SERVICES

2.5. PAYMENT ARRANGEMENTS (continued)

2.5.7. Allowance for Interruption - When service is interrupted, credit allowance is made as set forth in (a), (b) and (c) below and in (2) and (3) following except as otherwise provided in 6.2.4(J)(2)(b), for the portion of the service which is affected. For the purpose of determining the amount of allowance, every month is considered to have 30 days.

A credit allowance will be given when service is interrupted, except as specified in (i) following. An interruption period begins when the Customer reports the interruption and releases the service for testing and repair. An interruption period ends when the service is operative. If the Customer reports service to be inoperative but declines to release it for testing and repair, it is considered to be impaired, but not interrupted.

When Common Carrier Service is interrupted, the Customer will receive a credit allowance for that portion of the service provided by the Company which is affected.

(i) Credit allowance does not apply for:

- (A) Interruptions caused by the negligence of the Customer, or others authorized by the Customer to use the customer's service
- (B) Interruptions of service because of the failure of equipment or systems not provided by the Company.
- (C) Periods when the Customer elects not to release the service for testing and/or repair and continues to use it on an impaired basis.
- (D) Interruptions during any period when the Customer or User has released the Common Carrier Service for maintenance or rearrangement purposes, or for the implementation of a Customer order,
- (E) Interruptions which continue because of the Customer's failure to authorize replacement of any element of special construction. The period for which credit is not allowed, begins on the seventh day after the Customer receives the

Company's written notification of the need for such replacement. It ends on the day after receipt of the Customer's written authorization for such replacement,

(F) Interruptions caused by the failure of other services provided by this Company which are connected by the Customer or authorized user,

(ii) Use of Another Means of Communication - If the Customer elects to use another means of communications (e.g., LDMS or WATS) during the period that a service is interrupted, it must pay the tariffed rate for the alternative service used.

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COMMON CARRIER SERVICES

2.5.7. Allowance for Interruption (continued)

Calculation of Credit Allowances - Credit allowances for interruptions to Common Carrier Service are determined as set forth in (iv) (A) following. For calculating credit allowances on monthly service, every month is considered to have 30 days.

- (A) Calculate the Average Value for one full day by dividing the monthly rate by 30 days.
- (B) Multiply the Average Value for one day by the interruption period to be credited (see Calculation Table) in order to determine the credit.

Example: A one hour interruption occurs.

Total monthly charge = \$22,700

Average Value for
one full day = $\frac{\$22,700}{30} = \756.67

Amount credited = $\$756.67 \times 1/10 = \75.67

- (C) Calculation Table - The following table is used for calculating credit allowances for interruptions to 1.544 Mbps Private Line Service provided on a monthly basis.

(i) Interruptions of 24 Hours or Less

Length of Interruption	Interruption Period to be Credited
Less than 30 minutes	None
30 minutes up to, but not including 3 hours	1/10 day
3 hours up to, but not including 6 hours	1/5 day
6 hours up to, but not including 9 hours	2/5 day
9 hours up to, but not including 12 hours	3/5 day
12 hours up to, but not including 15 hours	4/5 day
15 hours up to 24 hours inclusive	One Day

Two or more interruptions of 30 minutes or more, during any period up to but not including 3 hours, shall be considered as one interruption.

(ii) Interruptions over 24 Hours

Interruptions over 24 hours will be credited 1/5 day for each 3 hour period or fraction thereof. No more than one full day's credit will be allowed for any period

of 24 hours.

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COMMON CARRIER SERVICES

2.6. APPLICATION OF RATES

The regulations set forth in this section govern the application of rates for services contained in Section 4 of this tariff. Common Carrier Services contain charges based on duration of use, monthly recurring and nonrecurring charges.

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2.6.1. Charges Based on Duration of Use - Customer traffic will be measured by the Company at the Company switching center. Originating and terminating calls will be measured by the Company to determine the basis for computing chargeable minutes, as set forth in Section 4. following.

2.6.2. Monthly Recurring Charge - Monthly Recurring Charges apply each month whether or not the Customer incurs any charges based on duration of use. When the billing date and the date that Common Carrier Services is started, changed or discontinued do not coincide, charges which are based upon monthly rates will be adjusted to reflect the fractional part of the month service is provided, as specified in 2.5.4. preceding.

2.6.3. Nonrecurring Charges - Nonrecurring charges apply to ordering, installation and rearrangement of Common Carrier Services.

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2.7. VIOLATION OF REGULATIONS

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2.7.1. General - The Company may take immediate action to protect its services or interests when certain regulations contained in this tariff are violated. The specific regulations involved and the action(s) which will be taken by this Company are as specified in 2.7.2, 2.7.3 and 2.7.4 following.

2.7.2. Interference, Impairment or Improper Use - The Company may temporarily restrict service immediately when a Customer violation results in any of the following:

- subjects Company or non-Company personnel to hazardous conditions as specified in Section 2.1.6.(Provision of Customer Equipment and Systems) preceding,
- circumvents the Company's ability to charge for its services as specified in Section 2.2.4. (Fraudulent Use) preceding, or
- results in an immediate harm to the Common Carrier Services network or other Company services as specified in Section 2.7.5 (Minimum Protection Criteria).

In such cases, the Company will make a reasonable effort to give the Customer prior notice before restricting service.

If a Customer fails to comply with Section 2.2. (Use), 2.1.6.(Provision of Customer Equipment and Systems), 2.7.6.A (Answer Supervision), 2.7.6.B. (Customer-provided Communications System Failures), and 2.7.5 (Minimum Protection Criteria) preceding the Company may, on ten days written notice by certified U.S. Mail to the Customer deny requests for additional service and/or restrict service to the non-complying Customer. If the Company does not deny or restrict the service involved on the date of the ten days notice, and the Customer non-compliance continues, nothing contained herein shall preclude the Company's right to deny or restrict the service without further notice.

When a violation results in a denial for additional service and/or restriction of service, the denial and/or restriction will be removed when the Customer is in compliance with the regulation and so advises the Company.

The characteristics and methods of operation of any circuits, facilities or equipment provided by other than the Company and associated with the services under this tariff shall not interfere with or impair service over any facilities of the Company, its affiliated companies, or its connecting and concurring carriers involved in its services, cause damage to their plant, impair the privacy of any communications carried over their facilities or create hazards to the employees of any of them or the public.

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COMMON CARRIER SERVICES

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2.7. VIOLATION OF REGULATIONS (continued)

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2.7.3. Nonpayment of Charges - The Company may deny and/or restrict Common Carrier Services for nonpayment of charges due as specified in Section 2.5.1. (Payment for Service) preceding. A written notice will be sent to the Customer at least five days in advance of the restriction and/or denial of Common Carrier Services. Upon payment of charges the restriction and/or denial of Common Carrier Services will be removed.

2.7.4. Fraud or Abuse - In any instance in which Alascom Inc. determines that a Customer is operating an Alascom Inc. service in violation of Section 2.2.4. of this Tariff, Alascom Inc. may, immediately and upon written notice to the Customer, and without incurring any liability except for willful misconduct, restrict, suspend or discontinue providing the service. Alascom Inc. may upon direction of the F.C.C., other government agencies, law enforcement officials or the courts, immediately and upon written notice to the Customer, and without incurring any liability except for willful misconduct, restrict, suspend or discontinue providing service which is being operated in violation of Section 2.2.4. of this Tariff.

2.7.5. Minimum Protection Criteria

A. General - Minimum Protection Criteria have been specified so that Company personnel, equipment, and services will be protected from the harmful effects of signal power overload, hazardous voltages and longitudinal imbalance. Minimum Protection Criteria apply to the direct electrical and Customer-provided communications systems to Common Carrier Services.

B. Connections - Customer-provided communications systems which are connected to Common Carrier Services on a direct electrical basis must comply with the following:

1. To protect other Company services, it is necessary that the signal which is applied meets the following limits:

(a) Metallic Voltage

I. 4 kHz to 270 kHz

Center Frequency (f) of 8 kHz Band	Maximum Voltage in All 8 kHz Bands	Metallic Terminating Impedance
-----	-----	-----
8 kHz to 12 kHz	- (6.4+12.6 log f) dBV*	300 ohms
12 kHz to 90 kHz	(23 - 40 log f) dBV	135 ohms
90 kHz to 266 kHz	- 55 dBV	135 ohms

*dBV = 20 log₁₀ voltage in volts

II. The root-mean-square (RMS) value of the metallic voltage components in the frequency range of 270 kHz to 6 MHz shall, averaged over 2 microseconds, not exceed -15 dBV. This limitation applies with a metallic termination having an

impedance of 135 ohms.

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COMMON CARRIER SERVICES

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2.7.5.B. Connections (continued)

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(b) Longitudinal Voltage

I. 4 kHz to 270 kHz

Center Frequency (f) of 8 kHz Band	Maximum Voltage in All 8 kHz Bands	Longitudinal Terminating Impedance
-----	-----	-----
8 kHz to 12 kHz	-(18.4+20 log f) dBV*	500 ohms
12 kHz to 42 kHz	(3 - 40 log f) dBV	90 ohms
42 kHz to 266 kHz	- 62 dBV	90 ohms

*dBV = 20 log10 voltage in volts

II. The root-mean-square (RMS) value of the longitudinal voltage components in the frequency range of 270 kHz to 6 MHz shall, averaged over 2 microseconds, not exceed -30 dBV. This limitation applies with a longitudinal termination having an impedance of 90 ohms.

2. To prevent the interruption or disconnection of a Common Carrier Services call, it is necessary that the signal power applied be limited. Specifically, the signal shall at no time have energy concentrated solely in the 2450 to 2750 Hz band. If there is signal power in the 2450 to 2750 Hz band, it must not exceed the power present at the same time in the 800 to 2450 Hz band.

C. Direct Electrical Connections - In addition to the regulations in B. preceding, Customer-provided communications systems which are connected to Common Carrier Services on a direct electrical basis must comply with the following:

To prevent excessive noise and crosstalk, it is necessary that the power of the signal presented at the serving office not exceed 12dB below one milliwatt when measured over any three second interval. To insure that this limit is not exceeded, the power of the signal which may be applied by the Customer-provided communications system in no case shall exceed one milliwatt.

...
Nx

x Issued to become effective January 1, 1996 under authority of Special
Permission No. 95-1696.

ALASCOM, INC.
Manager, Tariffs
210 East Bluff Road, Anchorage, AK 99501
Issued: December 14, 1995

TARIFF F.C.C. NO. 11
Original Page 13.4

Effective: January 1, 1996

COMMON CARRIER SERVICES

Nx
...

2.7.6. Connection to a Customer-provided Communications System or to Service(s) Provided by Others - Any system or service connected to a Common Carrier

Services offering must be operated and maintained so it will work satisfactorily with the Common Carrier Services . Connections to Common Carrier Services will be made in accordance with the following:

A. Answer Supervision - Answer supervision must be provided when Common Carrier Services is connected to switching equipment or a Customer-provided communications system which is not subject to Part 68 of the FCC Rules and Regulations, 47 C.F.R. Part 68. In such cases, the equipment or system must provide answer supervision so that the measure of chargeable time begins upon the delivery of the Common Carrier Services call to the switching equipment or to the equipment connected to the communications system and ends upon termination of the call by the calling party.

B. Customer-provided Communications System Failures - When a Customer- provided communications system fails and the connection to Common Carrier Services is not through switching equipment, the Customer-provided communications system must be arranged to promptly return the Common Carrier Services to an idle (on-hook) state. In addition, the Customer must notify the Company when the Customer-provided communications system fails.

C. Use of Satellite Facilities - If a Customer-provided communications system uses satellite facilities (directly or indirectly), and is connected to Common Carrier Services, there may be two or more satellite links involved in the combined connection. In such cases, the Company will not be responsible for any deterioration in transmission. It will continue to furnish Common Carrier Services using the service components that it considers to be appropriate.

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Nx

x Issued to become effective January 1, 1996 under authority of Special Permission No. 95-1696.

ALASCOM, INC. TARIFF F.C.C. NO. 11
Manager, Tariffs 6th Revised Page 14
210 East Bluff Road, Anchorage, AK 99501 Cancels 5th Revised Page 14
Issued: January 28, 1998 Effective: January 29, 1998

COMMON CARRIER SERVICES

2.8. DEFINITIONS

Certain terms used generally throughout this tariff are described below.

Sx
Carrier Identification Code (CIC): Three or four-digit numbers used by end-user customers to reach the services of interexchange carriers through equal access arrangements. The primary carrier of choice is reached by dialing "1" plus the area code and called party number. Secondary IX carriers can still be reached by dialing either 10XXX or 101XXXX where XXX or XXXX is the CIC assigned to the carrier desired. CIC numbers are used to dial around the carrier presubscribed to the calling telephone (e.g. 10XXX or 101XXXX or 950XXXX where XXX or XXXX is the CIC).

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CONUS: Continental United States.

Common Carrier Services Order (CCSO): The written request for Common Carrier Services executed by the Customer and the Company in the format devised and provided by the Company. The signing of a CCSO by the Customer and processing of the CCSO by the Company initiates the respective obligations of the parties as set forth therein and pursuant to this tariff. The CCSO shall not contain terms that are inconsistent with the terms of this Tariff, and shall not impose any obligations on the Customer other than as provided in this Tariff. Should a Customer use the Company's Common Carrier Services without an executed CCSO, the Company will then request the Customer to submit a CCSO.

Company or Alascom, Inc.: Alascom, Inc., the issuer of this tariff.

Customer: The Interexchange Carrier which orders service and is responsible for the payment of charges and compliance with the Company's General Regulations.

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Dedicated Interface A dedicated physical connection between the customer and the company which performs as an entrance and/or exit for CCS traffic.

End User: A person or entity that subscribes to an interexchange carrier and that has been assigned one or more telephone number(s) within a central office code (NPA-NXX) directly assigned to the LSO.

Fiber Optic: A thin filament of glass with a protective outer coating through which a light beam carrying communications signals may be transmitted by means of multiple internal reflections to a receiver, which translates the message.

Dy
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Dy

Interstate Interexchange Carrier (IC) or Interexchange Common Carrier: The terms "Interstate Interexchange Carrier" (IC) or "Interexchange Common Carrier" denotes any individual, partnership, association, joint-stock company, trust, governmental entity or corporation engaged for hire in interstate or foreign communication by wire or radio, between two or more exchanges.

x Material filed under Transmittal No. 921 was effective January 2, 1998 under authority of Commission Order No. DA 97-2727.
y Issued on not less than one day's notice under authority of Special Permission No.98-0027

ALASCOM, INC. TARIFF F.C.C. NO. 11
Manager, Tariffs 2nd Revised Page 14.1
210 East Bluff Road, Anchorage, AK 99501 Cancels 1st Revised Page 14.1
Issued: January 8, 1998 Effective: January 9, 1998

COMMON CARRIER SERVICES

2.8. DEFINITIONS (continued)

Sx
..
LEC Serving Office (LSO): The LSO is the switching center of the Local Exchange Carrier (LEC) which is designated as the connection point to interexchange carrier(s).

Local Exchange Carrier (LEC): A telephone company whose primary function is the provision of local telephone service within specified exchange areas.

..
Sx
Network: Transmission and switching facilities used to connect between two or more points.

Switching Center: The location that performs the functions of establishing and releasing connections on a per call basis between two or more communications systems.

Voice Grade: A transmission path with a range of approximately 300 to 3,000 hertz available for the transmission of speech, low and medium speed data, facsimile, signaling, metering or other similar communications.

x Material filed under Transmittal No. 921 is suspended to January 2, 1998 under authority of Commission Order No. DA 97-2727.

ALASCOM, INC. TARIFF F.C.C. NO. 11
Manager, Tariffs Original Page 15
210 East Bluff Road, Anchorage, AK 99502
Issued: September 22, 1995 Effective: January 1, 1996

COMMON CARRIER SERVICES

SECTION 3

ORDERING OF COMMON CARRIER SERVICES

ALASCOM, INC. TARIFF F.C.C. NO. 11
Manager, Tariffs 7th Revised Page 16
210 East Bluff Road, Anchorage, AK 99501 Cancels 6th Revised Page 16
Issued: January 29, 1998 Effective: February 1, 1998

COMMON CARRIER SERVICES

SECTION 3 -- ORDERING OF
COMMON CARRIER SERVICES

3.1. GENERAL

This section sets forth the regulations for Ordering Common Carrier Services.

Orders for Common Carrier Services hereinafter referred to as "CCSOs" are required to obtain Common Carrier Services or to make changes to existing orders for Common Carrier Services.

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SwZ

3.1.1. Ordering Conditions - When placing an order for Common Carrier Services, the Customer shall provide, at a minimum, to the Company the following order information;

- Customer name and premises address(es).
- Billing name and address (when different from Customer name and address).

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- Contact name(s), address(es), and telephone numbers (for both Alaska end and the CONUS end), for the following: provisioning engineer, facility engineer, IXC test and turnup, order negotiation, order confirmation, interactive design, installation, billing, and overall project management.

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- Trunk group arrangements for Common Carrier Services including the facility assignment and channel assignment for each trunk.

Sx

- Identity of the provider of each trunk group, i.e., Customer, Alascom, interconnecting carrier, other.
- The Customer locations involved, including the applicable switching center(s).

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- If applicable, the switch type, switch CLLI, switch address, and V&H coordinates for the customer's switches in Alaska and in CONUS.
- For SS7 service, the following: Hub Provider company name, address, voice and fax phone numbers, contact name(s) if applicable, switch point codes, the hub STP gateway CLLI, STP point code, generic, and STP type for the control STP and the mate.

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- The Alascom switching center. (See Section 4.8)
- An estimate of Common Carrier Services minutes of use.

Sz

- Carrier Identification Code (CIC), if applicable.

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Z

- Southbound, Northbound, or both.

w Reissued material reflecting withdrawal of material filed under transmittal No. 921, effective January 29, 1998. This footnote and coding was inadvertently omitted from the 6th revised page 16.

x Reissued material effective January 29, 1998 reinstating the then currently effective material and reissued material reflecting newly filed revisions to be effective on March 4, 1998. The March 4, 1998 scheduled effective date was inadvertently omitted from the 6th Revised Page 16.

y Reissued material is effective on January 29, 1998 under authority of Special Permission No. 98-0027.

z Reissued material is to be effective on March 4, 1998 on not less than thirty five days' notice under authority of Special Permission No. 98-0027. The March 4, 1998 scheduled effective date was inadvertently omitted from the 6th Revised page 16.

ALASCOM, INC.
Manager, Tariffs
210 East Bluff Road, Anchorage, AK 99502
Issued: September 22, 1995

TARIFF F.C.C. NO. 11
Original Page 17

Effective: January 1, 1996

COMMON CARRIER SERVICES

SECTION 4

PROVISION OF COMMON CARRIER SERVICES

ALASCOM, INC.
Manager, Tariffs
210 East Bluff Road, Anchorage, AK 99501
Issued: October 2, 1998

TARIFF F.C.C. NO. 11
5th Revised Page 18

Replaces 4th Revised Page 18
Effective: January 1, 1999

COMMON CARRIER SERVICES

SECTION 4 -- PROVISION OF COMMON CARRIER SERVICES

4.1. GENERAL

Common Carrier Services provide a two-point voice grade communications path

- between an LSO serving a Bush or Non-Bush location and a Company's switching center in Alaska to be delivered to the Customer's Dedicated Interface in Alaska;
- between an LSO serving a Bush or Non-Bush location and the Company's point of interconnection in CONUS;

- between a Company's point of interconnection in CONUS and a Company's switching center in Alaska.

Bush and Non-Bush locations are specified in Section 4.7. Alascom switching center location (s) are specified in Section 4.8.

Rates for Common Carrier Services are set forth in 4.6 following. The application of rates for Common Carrier Services are described in 4.5.1 following.

The Customer is limited to a single Dedicated Interface in Alaska and a single Dedicated Interface in CONUS.

4.1.1. Manner of Provision

The Customer may interconnect with Common Carrier Services by using services purchased through Alascom's Tariff F.C.C. No. 14 and/or 15; provided by the Customer; or provided by others.

C

4.1.2. Rate Elements - Transport and switching are provided at the rates set forth in 4.6 following. The application of these rates with respect to the measurement of Common Carrier Services minutes of use is set forth in 4.5.2. following.

There are three rate elements which apply to Common Carrier Services:

- Intra-Alaska Transport Rate Element
- Switching Rate Element
- Alaska/CONUS Transport Rate Element

A. Intra-Alaska Transport - This rate element provides for transmission between an LSO serving a Bush or Non-Bush location and a Company's switching center in Alaska.

B. Switching - This rate element provides for routing of calls over the Company's network to terminating points identified by the Customer.

C. Alaska/CONUS Transport - This rate element provides for transmission between the Company's point of interconnection in CONUS and a Company's switching center in Alaska.

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Manager, Tariffs 1st Revised Page 19
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Issued: December 14, 1995 Effective: January 1, 1996

** All material on this page is reissued except as otherwise noted. **

COMMON CARRIER SERVICES

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4.2. SUPERVISORY SIGNALING

The Customer is responsible to provide to the Company the necessary supervisory signaling to ensure proper measurement of chargeable time as specified in 4.5.2 following.

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Tx

4.3. COMMUNITY OF INTEREST/SHORT DURATION MASS CALLING REQUIREMENTS

When a Customer offers service for which a substantial call volume is expected during a short period of time (e.g., 900 service media stimulated events), or to a community(ies) of interest, the Customer must notify the Company at least 48 hours in advance of each peak period. Notification should include the nature, time, duration, and frequency of the event, an estimated call volume, and the telephone number(s) to be used.

Tx

4.4. DESIGN OF SWITCHED COMMON CARRIER SERVICES

When a Customer orders Common Carrier Services, it is the Customer's responsibility to assure that sufficient interconnection capacity has been ordered to handle its traffic.

Tx

4.5. RATE REGULATIONS

This section contains the specific regulations governing the rates that apply for Common Carrier Services.

Material filed under Transmittal No. 790 is scheduled to become effective on January 1, 1996.

x Issued to become effective January 1, 1996 under authority of Special Permission No. 95-1696.

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Manager, Tariffs 1st Revised Page 20
210 East Bluff Road, Anchorage, AK 99501 Cancels Original Page 20
Issued: December 14, 1995 Effective: January 1, 1996

** All material on this page is reissued except as otherwise noted. **

COMMON CARRIER SERVICES

Tx

4.5.1. Description and Application of Rates - Transport and switching are not available for purchase separately. One or more transport rate elements and the switching rate element apply to all minutes of use.

Usage rates apply only when a specific rate element is used. Usage is accumulated over a monthly period. The usage rates specified in 4.6 following are applied to the total measured minutes of use for the billing period.

Tx

A. Application of Rates

1. Transport Rates - These rates are usage sensitive. These rates are assessed on all Common Carrier Services minutes that are transported over designated portion(s) of the Company's network.

2. Switching Rate - This rate is usage sensitive. The rate is assessed on all Common Carrier Services minutes that are switched by the Company's switching center.

Tx

4.5.2. Measuring Common Carrier Minutes of Use - Customer traffic will be measured by the Company at the Company's switching center. Originating and terminating calls will be measured by the Company to determine the basis for computing chargeable minutes of use. In the event Customer message detail is not available because the Company lost or damaged tapes or experienced recording system outages, the Company will estimate the volume of lost Customer minutes of use based on previously known values for the most recent two billing months. If the Customer has less than two billing months of usage or no history of usage, the Customer must provide an estimate of usage incurred.

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Cx

Common Carrier minutes of use are recorded in increments of tenths of seconds. Common Carrier minutes of use are accumulated by Customer on a daily basis and rounded up to the nearest full minute.

Usage Measurement - Common Carrier Services minutes of use recording begins when the Company's switching center receives answer supervision from the LSO or the Customer indicating the called party's telephone has been answered.

Common Carrier Services minutes of use recording ends when the Company's switching center receives disconnect supervision from the LSO or the Customer indicating call termination from either the calling or called party, whichever is first.

Material filed under Transmittal No. 790 is scheduled to become effective on January 1, 1996.

x Issued to become effective January 1, 1996 under authority of Special Permission No. 95-1696.

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 Manager, Tariffs 14th Revised Page 21
 210 East Bluff Dr., Anchorage, AK 99501 Cancels 13th Revised Page 21
 Issued: November 25, 2003 Effective: January 1, 2004

COMMON CARRIER SERVICES

4.6. RATES -

4.6.1. Transport and Switching -

\$/Minute of Use		
Rate Element	Bush	Non-Bush
Intra-Alaska Transport (Between Alaska LEC offices and Alascom Switching Center location(s) in Alaska)	\$0.1622 R	\$0.0459 R
Switching	\$0.0226 R	\$0.0104 R
Alaska/CONUS Transport (Between Anchorage and the Continental United States) C	\$0.0276 I	\$0.0276 I

4.6.2. Channel Arrangements

DS1 Channel Arrangements

DS1 Termination equipment installed at Alascom points of interconnection for purposes of deriving Customer channels.

	USOC	Nonrecurring Charge	Monthly Recurring Charge
Channel Bank Arrangement or DACS Port Arrangement	CHBA	\$.00	\$225.00
Each 4-wire VF E&M Channel	4VFEMC	\$ 75.00	\$ 5.00
Each 56 Kbps Data Channel	56KDC	\$125.00	\$ 40.00
DACS/Channel Bank DS-1 Port Connection	DACS1	\$.00	\$ 25.00

4.6.3. Service Order Charge - The Service Order Charge covers receiving, recording and processing Customer information relating to an order for an installation, move, signal power adjustments or service rearrangements. One Service Order Charge applies for each Customer-requested order for all work applicable to Common Carrier Services ordered at the same time to be performed on the same date at the same location. Separate Service Order Charges apply to unrelated Orders.

	Non-Recurring Charge
Service Order Charge - per order	\$95.00

ALASCOM, INC. TARIFF F.C.C. NO. 11
 Manager, Tariffs 1st Revised Page 21.1
 210 East Bluff Road, Anchorage, AK 99501 Cancels Original Page 21.1
 Issued: November 15, 1996 Effective: January 1, 1997

COMMON CARRIER SERVICES

4.6. RATES (continued)

C

4.6.4. Expedite Charge - Alascom will process Service Orders for installations, moves, signal power adjustments and service rearrangements on a normal time interval basis. A normal time interval denotes Alascom action to implement the Customer requested Service Order on not less than 60 business days notice from the day the Service Order is received by Alascom. At the Customer's request, Alascom will attempt to advance a Service Order due date to a new negotiated due date of less than 25 business days. If the new due date is met, the following nonrecurring charge applies.

	USOC	Non-Recurring
	----	Charge

Expedite Charge	EXP	
per Service Order		\$275.00

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Issued: November 15, 1996	Effective: January 1, 1997

COMMON CARRIER SERVICES

4.7. BUSH AND NON-BUSH LOCATIONS

4.7.1. Non-Bush Locations

Adak	Fairbanks	Ninilchik
Anchorage	Fort Richardson	North Pole
Big Lake	Fort Wainwright	Palmer
Bird Creek	Girdwood	Seldovia
Chugiak	Homer	Seward
Cordova	Hope	Sitka
Deadhorse	Juneau	Soldotna
Douglas	Kenai	Unalaska
Eagle River	Ketchikan	Valdez
Eielson AFB	Kodiak	Wasilla
Elmendorf AFB	N. Kenai	Willow

4.7.2. Bush Locations - All locations within Alaska not specified as a Non-Bush location above are designated as Bush locations.

C

4.8. Alascom Switching Center

4.8.1. Within Alaska

D
D

Anchorage

4.9. Alascom Point of Interconnection in Conus

Portland, Oregon

C

\$215,000,000

AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of August 31, 2005

among

GCI HOLDINGS, INC. AND THE OTHER BORROWERS
REFERRED TO HEREIN
as Borrowers

THE INITIAL LENDERS AND INITIAL ISSUING BANK
NAMED HEREIN
as Initial Lenders and Initial Issuing Bank

CALYON NEW YORK BRANCH
as Administrative Agent,
Sole Lead Arranger and Sole Bookrunner

GENERAL ELECTRIC CAPITAL CORPORATION
as Syndication Agent

and

UNION BANK OF CALIFORNIA, N.A., COBANK, ACB, CIT LENDING SERVICES CORPORATION
AND WELLS FARGO BANK, N.A.,
as Co-Documentation Agents

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AMENDED AND RESTATED CREDIT AGREEMENT

This AMENDED AND RESTATED CREDIT AGREEMENT, dated as of August 31, 2005, is made by and among GCI Holdings, Inc., an Alaska corporation ("Holdings"), GCI Communication Corp., an Alaska corporation, GCI Cable, Inc., an Alaska corporation, GCI Transport Co., Inc., an Alaska corporation, GCI Fiber Communication Co., Inc., an Alaska corporation, Fiber Hold Co., Inc., an Alaska corporation, GCI Fiber Co., Inc., an Alaska corporation, Potter View Development Co., Inc., an Alaska corporation, WOK 1, Inc., an Alaska corporation, WOK 2, Inc., an Alaska corporation, GCI Satellite Co., Inc., an Alaska corporation, Alaska United Fiber System Partnership, an Alaska partnership and Wood River Venture, Inc., an Alaska corporation (each individually, a "Borrower" and with Holdings, collectively, the "Borrowers"), the banks, financial institutions, and other lenders listed on the signature pages hereof as the Initial Lenders (the "Initial Lenders"), and CALYON NEW YORK BRANCH ("Calyon"), as the initial issuing bank (the "Initial Issuing Bank" and, together with the Initial Lenders, the "Initial Lender Parties") and as administrative agent, (the "Administrative Agent") and General Electric Capital Corporation as syndication agent, (the "Syndication Agent") and Union Bank of California, N.A., CoBank, ACB, CIT Lending Services Corporation and Wells Fargo Bank, N.A., as co-documentation agents, (the "Co-Documentation Agents"), and the foregoing named parties do hereby amend and restate the Existing Agreement (as defined herein).

The parties hereto hereby agree as follows as of the date first above written:

ARTICLE 1.
Definitions

Section 1.1. Defined Terms.

For the purposes hereof, the following terms shall have the following meanings:

"Acquisition" shall mean (whether by purchase, exchange, issuance of Capital Stock or debt securities, merger, reorganization or any other method) (a) any acquisition by any of the Borrowers or any of their Subsidiaries of all or substantially all of any other Person, which Person shall then become consolidated with any of the Borrowers or any such Subsidiary in accordance with GAAP, or (b) any acquisition by any of the Borrowers or any of their Subsidiaries of all or any substantial amount of the assets of any other Person; provided that Acquisition shall not mean or include any acquisition of any direct interest in real property or any Indirect Permitted Real Property Acquisition, either individually or together with the acquisition of other property or assets. For purposes of the preceding sentence, an amount of assets shall be deemed to be "substantial" if such assets have a fair market value in excess of \$5,000,000.

"Administrative Agent" shall have the meaning specified in the preamble to this Agreement.

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"Administrative Agent's Account" shall mean the account of the Administrative Agent maintained by the Administrative Agent at its office at 1301 Avenue of the Americas New York, NY 10019-6022, ABA #026-008073 Account No. 0188179214500, Attention: John Chianchiano, or such other account as the Administrative Agent shall specify from time to time in writing to the Lender Parties.

"Affiliate" shall mean, with respect to a Person, any other Person directly or indirectly controlling, controlled by, or under common control with, such first Person. For purposes of this definition, "control" when used with

respect to any Person includes, without limitation, the power to direct or cause the direction of the management and policies of such Person whether by contract or otherwise. Unless otherwise specified, "Affiliate" shall mean an Affiliate of the Borrowers, and shall include the Subsidiary Guarantors.

"Agreement" shall mean this Amended and Restated Credit Agreement.

"Agreement Date" shall mean the date as of which this Agreement is dated.

"Amended and Restated Deeds of Trust" shall mean the Deeds of Trust, as amended and restated as of even date herewith.

"Applicable Law" shall mean, in respect of any Person, all provisions of constitutions, statutes, rules, regulations and orders of governmental bodies or regulatory agencies applicable to such Person, including, without limiting the foregoing, all Environmental Laws, and all orders, decisions, judgments and decrees of all courts and arbitrators in proceedings or actions to which the Person in question is a party or by which it is bound.

"Applicable Margin" shall mean the interest rate margin applicable to Loans hereunder as determined in accordance with Section 2.3(e) hereof.

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

"Assignment and Acceptance" shall mean an Assignment and Acceptance Agreement substantially in the form attached hereto as Exhibit P.

"Authorized Financial Officer" shall mean with respect to a Loan Party the Chief Financial Officer, Vice President of Finance or the Chief Accounting Officer of such Loan Party.

"Authorized Signatory" shall mean such senior officers of a Borrower as may be duly authorized and designated in writing by such Borrower to execute documents, agreements and instruments on behalf of such Borrower.

"Available Amount" of any Letter of Credit shall mean, at any time, the maximum amount available to be drawn under such Letter of Credit at such time (assuming compliance at such time with all conditions to drawing).

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"Base Rate" shall mean a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to the higher of:

(a) the rate of interest announced by Calyon, from time to time, as its prime rate in effect at its principal office in the city of New York; and

(b) a rate of interest that is 1/2 of 1% above the Federal Funds Rate.

The Base Rate is an index rate and is not necessarily intended to be the lowest or best rate of interest charged to customers in connection with extensions of credit or to other banks.

"Base Rate Basis" shall mean a simple interest rate equal to the sum of (a) the Base Rate and (b) the Applicable Margin. The Base Rate Basis shall be adjusted automatically as of the opening of business on the effective date of each change in the Base Rate to account for such change and shall also be changed to reflect adjustments in the Applicable Margin.

"Base Rate Option Loan(s)" means any or all of a Base Rate Term Loan or a Base Rate Revolving Loan, or a Swingline Loan, as the context may require.

"Base Rate Revolving Loan" shall mean any Swingline Loan and the portion of the Revolving Loans as to which the Borrowers have elected the Base Rate Basis for the interest rate thereon, in accordance with the provisions of Section 2.2 hereof.

"Base Rate Term Loan" shall mean the portion of the Term Loans as to which the Borrowers have elected the Base Rate Basis for the interest rate thereon, in accordance with the provisions of Section 2.2 hereof.

"Borrowers" shall have the meaning specified in the preamble to this Agreement.

"Borrowers' Agent" means Holdings, in its capacity as agent for itself and the other Borrowers pursuant to Section 2.14.

"Borrower Pledge Agreements" shall mean each and all Borrower Pledge Agreements of even date herewith between a Borrower and the Administrative

Agent, substantially in the form of Exhibit A attached hereto.

"Business Day" shall mean a day of the year on which banks are not required or authorized by law to close in New York, New York and, if the applicable Business Day relates to any Eurodollar Option Loans, on which dealings are carried on in the London interbank market.

"Calculation Date" shall mean the last day of each fiscal quarter of Holdings.

"Calyon" shall have the meaning specified in the preamble to this Agreement.

"Capital Expenditures" shall mean, in respect of any Person, expenditures for the purchase of tangible assets of long-term use which are capitalized in accordance with GAAP.

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"Capitalized Lease Obligation" shall mean that portion of any obligation of a Person as lessee under a lease which is required to be capitalized on the balance sheet of such lessee in accordance with GAAP.

"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.

"Certificate of Financial Condition" shall mean a certificate from Holdings, substantially in the form of Exhibit B attached hereto, signed by an Authorized Financial Officer of Holdings, together with any schedules, exhibits or annexes appended thereto.

"Change of Control" shall mean (i) any Person, Affiliated Group or group (such term being used as defined in the Exchange Act) 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 any of GCI or GCII either on a fully diluted basis or based solely on the voting stock then outstanding, (ii) any Person, Affiliated Group or group (such term being used as defined in the Exchange Act), other than a Loan Party, 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 any of the Loan Parties, either on a fully diluted basis or based solely on the voting stock then outstanding, (iii) if at any time, individuals who at the date hereof constituted the Board of Directors of Holdings, GCI or GCII (together with any new directors whose election by such Board of Directors or whose nomination for election by the shareholders of Holdings, GCI or GCII, 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 either the Board of Directors of Holdings, the Board of Directors of GCI or the Board of Directors of GCII then in office, (iv) 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 any of the Borrowers to any Person, other than a Loan Party, or (v) the adoption of a plan relating to the liquidation or dissolution of Holdings, GCI Communication Corp., and GCI Cable, Inc.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Collateral" shall mean, with respect to each Loan Party, all of such Loan 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

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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" shall mean the aggregate amount of the Term Commitment, the Revolving Commitment and the Letter of Credit Commitment.

"Compliance Certificate" shall mean a certificate of an Authorized Financial Officer of Holdings as to the financial performance of any of the Loan Parties, in substantially the form attached hereto as Exhibit C.

"Conduit Lender" shall have the meaning specified in Section 11.5(h).

"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 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.

"Covered Taxes" shall have the meaning set forth in Section 2.13.

"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.

"Default" shall mean any of the events specified in Section 8.1, regardless of whether there shall have occurred any passage of time or giving of notice, or both, that would be necessary in order to constitute such event.

"Default Rate" shall mean a simple per annum interest rate equal to the sum of the otherwise applicable Interest Rate Basis plus two percent (2%). With respect to amounts (other

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than principal) bearing interest at the Default Rate, for purposes of the foregoing sentence, the words "otherwise applicable Interest Rate Basis," shall be deemed to mean the Base Rate Basis.

"Defaulting Lender" shall have the meaning specified in Section 2.2(e) (iv).

"Derivative Contract" means any forward contract (other than a contract to purchase inputs or provide services entered into in the ordinary course of the Permitted Business), futures contract, option (other than an option to purchase inputs or provide services entered into in the ordinary course of the Permitted Business), swap, notional principal contract, synthetic position or other financial contract similar to any of the foregoing.

"Discretionary Swingline Loan" shall have the meaning specified in Section 2.1(d) (ii).

"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 Capital Stock of such Person, or (b) any purchase, redemption, or other acquisition or retirement for value of any shares of Capital Stock or Funded Indebtedness of such Person.

"Dollars" or "\$" shall mean the basic unit of the lawful currency of the United States of America.

"Environmental Claim" shall mean any administrative, regulatory or judicial action (whether by a private party, governmental authority or any other Person) or cause of action, suit, obligation, liability, loss, proceeding, decree, judgment, penalty, fine, fee, demand, order, directive, claim (including any claim involving liability in tort, strict, absolute or otherwise), lien, accusation, allegation, abatement, notice of noncompliance or violation, or legal or consultant fee or cost of investigation or proceeding (hereinafter "Claim"), resulting from or based on any Environmental Law or Environmental Permit, or arising from the actual or alleged presence, Release or threatened Release of any Hazardous Material, including and regardless of the merit of such

Claim, any Claim for enforcement, clean up, removal, response, mitigation, remedial or other activities or damages, contribution, indemnification, cost recovery, compensation or injunctive or declaratory relief pursuant to any Environmental Law or any alleged injury or threat of injury to property, health, safety, natural resources or the environment.

"Environmental Clean-up Activities" shall have the meaning set forth in Section 5.14(d) of the Credit Agreement.

"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.ss. 1251 et seq., the Clean Air Act, 42 U.S.C. ss.ss. 7401 et seq., the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. ss. 136, the Surface Mining Control and Reclamation Act, 30 U.S.C. ss.ss. 1201 et seq., the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. ss.ss. 9601 et

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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.ss. 11001 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. ss. 6901, 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.

"Environmental Permit" shall mean any permit, authorization, approval, license, registration, consent, order, certificate, waiver, exception, variance, exemption or filing with or issued by any court or governmental or regulatory agency, authority, entity, department, commission or board relating to or required by any Environmental Law.

"Environmental Testing" shall have the meaning set forth in Section 5.14(d) of the Credit Agreement.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as in effect from time to time.

"ERISA Affiliate" shall mean any Person, including a Subsidiary or an Affiliate of the Borrowers, that is a member of any group of organizations (within the meaning of Code Sections 414(b), 414(c), 414(m), or 414(o)) of which the Borrowers are members.

"ERISA Affiliate Plan" shall mean any employee pension benefit plan (other than a Multiemployer Plan) as defined in Section 3(2) of ERISA, subject to Title IV of ERISA or Section 302 of ERISA or Section 412 of the Code maintained by an ERISA Affiliate or to which an ERISA Affiliate contributed, contributes or is obligated to contribute.

"Eurocurrency Liabilities" has the meaning specified in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Eurodollar Basis" shall mean a simple per annum interest rate equal to the sum of (a) (i) the Eurodollar Rate, plus (ii) the Applicable Margin. The Eurodollar Basis shall apply to Interest Periods of one (1), two (2), three (3) and six (6) months (each, a "Eurodollar Period"), and, once determined, shall remain unchanged during the applicable Interest Period, except for changes to reflect adjustments in the Applicable Margin pursuant to Section 2.3(e) hereof.

"Eurodollar Option Loan(s)" means either or both of a Eurodollar Term Loan or a Eurodollar Revolving Loan, as the context may require.

"Eurodollar Rate" shall mean, for any Interest Period, an interest rate per annum equal to (a) the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Telerate Page 3750 (or any successor page) as the London interbank offered rate for deposits in U.S. dollars at 11:00 A.M. (London time) or as soon thereafter as possible, two Business Days before the first day of such Interest Period for a period equal to such Interest Period (provided that, if for any reason such rate is not available, the term "Eurodollar Rate" shall mean, for any Interest Period for any Eurodollar Option Loan, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Dow Jones Market Service as the London interbank offered rate for deposits in Dollars at approximately 11:00 A.M. (London time) or as soon thereafter as possible, two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period; provided, however, if more than one rate is specified on

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Dow Jones Market Service, the applicable rate shall be the arithmetic mean of all such rates), or (b) if such rate is for any reason not available, the rate per annum equal to the rate at which the Administrative Agent or its designee is

offered Dollar deposits at or about 11:00 A.M. (London time) two Business Days prior to the beginning of such Interest Period in the interbank eurodollar market for delivery on the first day of such Interest Period for the number of days comprised therein and in the amount requested to be outstanding.

"Eurodollar Revolving Loan" shall mean any portion of the Revolving Loans as to which the Borrowers have elected the Eurodollar Basis for the interest rate thereon, in accordance with the provisions of Section 2.2 hereof.

"Eurodollar Term Loan" shall mean any portion of the Term Loans as to which the Borrowers have elected the Eurodollar Basis for the interest rate thereon, in accordance with the provisions of Section 2.2 hereof.

"Event of Default" shall mean any of the events specified in Section 8.1, provided that any requirement for notice or lapse of time or both has been satisfied.

"Excess Cash Flow" shall mean, for any fiscal quarter of the Borrowers and their Subsidiaries ended on a Calculation Date, based on the financial statements for such fiscal quarter required to be provided under Article 6 hereof, an amount not less than zero (0) and otherwise equal to the remainder, if any, without duplication, of (a) the Holdings Operating Cash Flow for such fiscal quarter minus (b) the sum of the following, in each case for and with respect to such fiscal quarter or as of such Calculation Date: (i) Capital Expenditures; (ii) Pro Forma Debt Service; (iii) cash income tax expense for the Borrowers and their Subsidiaries; and (iv) to the extent not included in the calculation of Holdings Operating Cash Flow, legal fees and expenses of, or the payment of any judgment against, any Loan Party paid by any Borrowers.

"Excluded Asset Sales" shall mean (i) sales, leases or other dispositions of inventory and obsolete equipment in the ordinary course of business, (ii) any sale or discount, in each case without recourse and in the ordinary course of business, of accounts receivable arising in the ordinary course of business, but only in connection with the compromise or collection thereof and not as part of any financing transaction, (iii) any transfer of assets by any Loan Party to another Loan Party, so long as the security interests granted to the Administrative Agent for the benefit of the Lenders pursuant to the Security Documents in the assets so transferred shall remain in full force and effect and remain perfected and of the same priority (to at least the same extent as in effect immediately prior to such transfer), (iv) the sale, lease or other disposition of personal property with a fair market value in the aggregate of less than \$500,000 per year, or (v) dispositions of personal property to the extent that (x) such personal property is exchanged for credit against the purchase price of replacement personal property performing the same or an equivalent function or (y) the proceeds of any such disposition are promptly applied to the purchase price of similar replacement personal property.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as it may be amended, and any successor act thereto.

"Existing Agreement" shall mean the Credit, Guaranty, Security and Pledge Agreement dated October 30, 2003 by and among Holdings, the guarantors referred to therein, the lenders

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referred to therein, Calyon (as successor in interest to Credit Lyonnais New York Branch) and the other parties named therein pursuant to which the lenders provided to Holdings a revolving credit facility in the amount of \$50,000,000 and a term loan in the amount of \$170,000,000, as amended prior to the Agreement Date.

"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 the Borrowers' or any of their Subsidiaries' respective business.

"Federal Funds Rate" shall mean, as of any date, the weighted average of the rates on overnight federal funds transactions with the members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent or its Affiliate from three (3) federal funds brokers of recognized standing selected by the Administrative Agent or its Affiliate.

"Fees" the applicable fees to be paid by the Borrowers to the Administrative Agent in connection with the Loans and the Commitments created hereunder.

First Adjustment Date" shall mean the date on which the respective Applicable Margins determined pursuant to Section 2.3(e) hereof in respect of the financial statements for the fiscal period ended September 30, 2005 (as described in and delivered pursuant to Section 6.1 hereof) first become effective in accordance with Section 2.3(e) hereof.

"Fixed Charge Coverage Ratio" shall mean, as of any Calculation Date and for the four fiscal-quarter period then ended, for GCII, the Borrowers and their respective Subsidiaries on a consolidated basis, the ratio of (a) Operating Cash Flow for GCII, the Borrowers and their respective Subsidiaries on a consolidated basis for such period to (b) Fixed Charges.

"Fixed Charges" shall mean, for the four fiscal-quarter period ending on any Calculation Date, for GCII, the Borrowers and their respective Subsidiaries on a consolidated basis in each case for such fiscal period or as of such Calculation Date, the sum of (a) Pro Forma Debt Service, plus (b) Capital Expenditures paid in cash, plus (c) cash income tax expense.

"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) Capitalized 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

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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 have the meaning specified in Section 1.4.

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

"GCII" shall mean GCI, Inc., an Alaska corporation and immediate parent and holder of 100% of the capital stock of Holdings.

"GCII Guaranty" shall mean that certain GCII Guaranty of even date herewith in favor of the Administrative Agent, for itself and for the ratable benefit of the Lender Parties, given by GCII, substantially in the form of Exhibit H attached hereto.

"GCII Pledge Agreement" shall mean that certain GCII Pledge Agreement of even date herewith between GCII and the Administrative Agent, substantially in the form of Exhibit I attached hereto.

"Granting Lender" shall have the meaning specified in Section 11.5(h).

"Guarantor" shall mean each Subsidiary Guarantor and GCII.

"Guaranty" or "Guaranteed," as applied to an obligation, shall mean and include (a) a guaranty, direct or indirect, in any manner, of all or any part of such obligation, and (b) any agreement, direct or indirect, contingent or otherwise, the practical effect of which is to assure in any way the payment or performance (or payment of damages in the event of non-performance) of all or any part of such obligation, including, without limiting the foregoing, any reimbursement obligations with respect to outstanding letters of credit.

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

"Hedge Agreements" shall mean interest rate cap, collar or similar agreements, provided that such agreements are intended to and reasonably would be expected to reduce the Borrowers' interest rate risk with respect to the Obligations.

"Hedge Bank" shall mean any Lender Party or Affiliate of a Lender Party in its capacity as a party to a Secured Hedge Agreement.

"Holdings" shall have the meaning specified in the preamble to this Agreement.

"Holdings Operating Cash Flow" shall mean, for any fiscal quarter ended on a Calculation Date, the Operating Cash Flow of the Borrowers and their Subsidiaries on a consolidated basis.

"Incremental Lender" shall have the meaning set forth in Section 2.2(g).

"Incremental Loan" shall have the meaning set forth in Section 2.2(g).

"Incremental Revolving Loan" shall mean an Incremental Loan that is designated as a Revolving Loan pursuant to Section 2.2(g).

"Incremental Term Loan" shall mean an Incremental Loan that is designated as a Term Loan pursuant to Section 2.2(g).

"Indebtedness" shall mean (without duplication), 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 representing an extension of credit by banks and other financial institutions for the account of such Person; (iii) Capitalized Lease Obligations; (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, (v) any net obligations of such Person owing under Hedge Agreements and (vi) Indebtedness of others of the type described in clauses (i), (ii), (iii), (iv) and (v) 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.

"Indemnified Costs" shall have the meaning ascribed to it in Section 9.11 hereof.

"Indemnitee" shall have the meaning ascribed to it in Section 5.11 hereof.

"Indenture" means the Indenture dated as of February 7, 2004, between GCII and The Union Bank of California, N.A., 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.

"Indirect Permitted Real Property Acquisition" shall mean a Permitted Real Property Acquisition that is accomplished by the acquisition of ownership interests in an entity, substantially all of the assets of which are Real Property.

"Interest Expense" shall mean, for any period, for any Person and its Subsidiaries, on a consolidated basis, interest paid or accrued in respect of Indebtedness (including, without duplication, any net obligations owing under Hedge Agreements), together with amortization of fees associated with any thereof (other than fees payable prior to the Agreement Date), all as determined in accordance with GAAP and shall also include the interest component of payments for such period in respect of Capitalized Lease Obligations.

"Initial Issuing Bank", "Initial Lender Parties" and "Initial Lenders" each shall have the meaning specified in the preamble to this Agreement.

"Interest Period" shall mean (a) in connection with any Base Rate Option Loan, the period beginning on the date such Loan is made or deemed continued and ending on the last

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Business Day of the calendar quarter in which such Loan is made or deemed continued, provided, however, that if a Base Rate Option Loan is made or deemed continued on the last day of any calendar quarter, it shall have an Interest Period ending on, and its Payment Date shall be, the last day of the following calendar quarter, and (b) in connection with any Eurodollar Option Loan, the term of the related Eurodollar Period selected by the Borrowers or otherwise determined in accordance with this Agreement. Notwithstanding the foregoing, however, (i) any applicable Interest Period which would otherwise end on a day which is not a Business Day shall be extended to the next succeeding Business Day unless, with respect to Eurodollar Option Loans only, such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day, (ii) any applicable Interest Period, with respect to Eurodollar Option Loans only, which begins on a day for which there is no numerically corresponding day in the calendar month during which such Interest Period is to end shall (subject to clause (i) above) end on the last day of such calendar month, and (iii) no Interest Period shall extend beyond the Maturity Date with respect to Interest Periods applicable to Revolving Loans and Term Loans or such earlier date as would interfere with the Borrowers' repayment obligations hereunder. Interest shall be due and payable with respect to any Loan as provided in Section 2.3 hereof.

"Intercompany Loans" shall have the meaning ascribed to it in Section 7.4(c) hereof.

"Interest Rate Basis" shall mean the Base Rate Basis or the Eurodollar Basis, as appropriate.

"Investment" shall mean, with respect to any Person, any loan, advance or extension of credit (other than to customers in the ordinary course of business) by such Person to, or any Guaranty or other contingent liability with respect to the capital stock, limited partnership interests, general partnership interests, or other securities or other equity or ownership interests, Indebtedness or other obligations of, or any contributions to the capital of, any other Person, or any ownership, purchase or other acquisition by such Person of any interest in any Indebtedness or Capital Stock of any such other Person, other than an Acquisition. Investment shall also include the total cost of any future commitment or other obligation binding on any Person to make an Investment or any subsequent Investment.

"IRU" shall mean any agreement whereby a Loan Party acquires or grants, as applicable, 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 Loan Party's own network use, or owned by such Loan Party for such other Person's own network use, as applicable, 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.

"Issuing Bank" shall mean the Initial Issuing Bank and any assignee to which a Letter of Credit Commitment hereunder has been assigned pursuant to Section 11.5 so long as each such assignee expressly agrees to perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as the Issuing Bank and notifies the Administrative Agent of the amount of its Letter of Credit Commitment (which information

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shall be recorded by the Administrative Agent in the Register), for so long as the Initial Issuing Bank or assignee, as the case may be, shall have a Letter of Credit Commitment.

"L/C Collateral Account" shall mean an interest bearing cash collateral account to be established and maintained by the Administrative Agent, over which the Administrative Agent shall have sole dominion and control, upon terms as may be satisfactory to the Administrative Agent.

"L/C Disbursement" shall mean a payment or disbursement made by the Issuing Bank pursuant to a Letter of Credit.

"L/C Related Documents" shall have the meaning specified in Section 2.4(c) (ii).

"Lender Party" shall mean any Lender or the Issuing Bank.

"Lenders" shall mean the Initial Lenders, any Incremental Lenders and each Person that shall become a Lender hereunder pursuant to Section 11.5 for so long as such Initial Lender, Incremental Lender or Person, as the case may be, shall be a party to this Agreement.

"Letter of Credit" shall have the meaning specified in Section 2.1(c).

"Letter of Credit Agreement" shall have the meaning specified in Section 2.2(f) (i).

"Letter of Credit Commitment" shall mean, with respect to the Issuing Bank, an amount equal to \$25,000,000.

"Letter of Credit Loan" shall mean a funding made by the Issuing Bank or any Revolving Lender pursuant to Section 2.2(f) (ii) or (iii).

"Licenses" shall mean any material licenses, including FCC Licenses, held by the Borrowers or any of their Subsidiaries, all of which, as of the Agreement Date, are listed on Schedule 2 hereto.

"Lien" shall mean, with respect to any property, any mortgage, lien, pledge, assignment, charge, security interest, title retention agreement, levy, execution, seizure, attachment, garnishment or other similar encumbrance of any kind in respect of such property, whether created by statute, contract, the common law or otherwise, and whether or not choate, vested or perfected.

"Loan Documents" shall mean this Agreement, any Notes, the Security Documents, each Letter of Credit Agreement, all Requests for Loan, and all other material documents and agreements executed or delivered in connection with or contemplated by this Agreement.

"Loan Parties" shall mean, collectively, the Borrowers and each Subsidiary Guarantor.

"Loans" shall mean, collectively, the Revolving Loans, the Letter of Credit Loans, the Term Loans, the Swingline Loans and the Incremental Loans, if any.

"Majority Lenders" shall mean, at any time, Lenders owed or holding at least a majority in interest of the sum, without duplication, of (a) the aggregate principal amount of the Loans outstanding at such time, (b) the aggregate Available Amount of all Letters of Credit outstanding at such time and (c) the aggregate Unused Revolving Commitments at such time; provided, however, that if any Lender shall be a Defaulting Lender at such time, there shall be excluded from the determination of Majority Lenders at such time (i) the aggregate principal amount of the Loans owing to such Lender (in its capacity as a Lender) and outstanding at such time, (ii) such Lender's Pro Rata Share of the aggregate Available Amount of all Letters of Credit outstanding at such time and (iii) the Unused Revolving Commitment of such Lender at such time. For purposes of this definition, the aggregate principal amount of (x) Letter of Credit Loans owing to the Issuing Bank and (y) the Available Amount of each Letter of Credit shall be deemed "owed to" the Revolving Lenders ratably in accordance with their respective Revolving Commitments.

"Majority Revolving Lenders" shall mean, at any time, Revolving Lenders owed or holding at least a majority in interest of the sum, without duplication, of (a) the aggregate principal amount of the Revolving Loans outstanding at such time, (b) the aggregate Available Amount of all Letters of Credit outstanding at such time and (c) the aggregate Unused Revolving Commitments at such time; provided, however, that if any Revolving Lender shall be a Defaulting Lender at such time, there shall be excluded from the determination of Majority Revolving Lenders at such time (i) the aggregate principal amount of the Revolving Loans owing to such Lender (in its capacity as a Revolving Lender) and outstanding at such time, (ii) such Lender's Pro Rata Share of the aggregate Available Amount of all Letters of Credit outstanding at such time and (iii) the Unused Revolving Commitment of such Lender at such time. For purposes of this definition, the aggregate principal amount of (x) Letter of Credit Loans owing to the Issuing Bank and (y) the Available Amount of each Letter of Credit shall be deemed "owed to" the Revolving Lenders ratably in accordance with their respective Revolving Commitments.

"Material Adverse Change" shall mean any act, omission, event, development or circumstance or any two or more acts, decisions, events, developments or circumstances that exist or are occurring at the same time that has had or would reasonably be expected to have a material adverse effect on (a) the business, assets, property, liabilities (fixed or contingent), condition (financial or otherwise), operations or business of the Borrowers and their Subsidiaries, taken as a whole or (b) the validity, enforceability or priority of any of the Loan Documents or the liens thereunder or the rights and remedies of the Administrative Agent and the Lenders thereunder.

"Material Agreement" shall mean each of those agreements listed on Schedule 5 attached hereto.

"Maturity Date" shall mean (i) with respect to the Revolving Loans, Swingline Loans and Letter of Credit Loans, the earlier of (a) August 31, 2011 or (b) the date on which the payment of all outstanding Obligations shall be due (whether by acceleration or otherwise) and (ii) with respect to the Term Loans, the earlier of (a) August 31, 2012 or (b) the date on which the payment of all outstanding Obligations shall be due (whether by acceleration or otherwise).

"MCI Agreements" shall mean, collectively, each and all of the Material Agreements with MCI, Inc. (formerly known as WorldCom, Inc.) or any of its subsidiaries or Affiliates.

"Measurement Period" means the aggregate period consisting of the two consecutive calendar quarters (a) immediately succeeding a Calculation Date (other than a Calculation Date that falls within another Measurement Period or a Subsequent Measurement Period) as of which the Total Leverage Ratio was greater than 4.0 to 1, and (b) with respect to which the Total Leverage Ratio is greater than 4.0 to 1 for at least one of the Calculation Dates within such two consecutive calendar quarters.

"Moody's" shall mean Moody's Investors Service, a subsidiary of Moody's Corporation.

"Mortgage" shall have the meaning specified in Section 5.10.

"Multiemployer Plan" shall have the meaning set forth in Section 4001(a)(3) of ERISA.

"Necessary Authorizations" shall mean all approvals and licenses from, and all filings and registrations with, any governmental or other regulatory authority, including, without limiting the foregoing, the Licenses and all grants, approvals, licenses, filings and registrations necessary in order to enable the Borrowers or any of their Subsidiaries to own, construct, maintain and operate its Permitted Business and to make and hold Investments in other Persons who own, construct, maintain, and operate their respective Permitted Businesses.

"Net Income" shall mean, for any Person and its Subsidiaries on a

consolidated basis, for any period, net income for such period determined in accordance with GAAP.

"Net Proceeds" shall mean, with respect to any sale, lease, transfer, swap or other disposition of assets or securities by any of the Loan Parties or any of their Subsidiaries, the aggregate amount of cash received for such assets or securities (including, without limitation, any payments received for non-competition covenants, consulting or management fees, and any portion of the amount received evidenced by a buyer promissory note or other evidence of Indebtedness), net of (a) amounts reserved, if any, for taxes payable with respect to any such sale (after application of any available losses, credits or other offsets), (b) reasonable and customary transaction fees, commissions, discounts, costs and out-of-pocket expenses properly attributable to such transaction and payable by such Loan Party or any of its Subsidiaries (other than to an Affiliate if not on an arms length basis) in connection with such sale, lease, transfer or other disposition of assets or securities, and (c) until actually received by such Loan Party or any of its Subsidiaries, any portion of the amount received held in escrow or evidenced by a buyer promissory note, or a non-compete agreement or covenant, management agreement or consulting agreement, for which compensation is paid over time, (d) the principal amount of any Indebtedness (other than the Loans) that is secured by the asset subject to such sale, lease, transfer, swap or other disposition and that is repaid in connection therewith, and (e) any reserve for adjustments in respect of (x) the sale price of such asset or assets established in accordance with GAAP and (y) any pension and other post-employment benefit liabilities associated with such asset or assets and retained by such Loan Party or any of its Subsidiaries after such sale, lease, transfer, swap or other disposition so long as such reserve is required by law. Upon receipt by the Borrowers or any of their Subsidiaries of amounts referred to in clause (c) of the

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preceding sentence or to the extent the amounts referred to in clause (a) and clause (e) of the preceding sentence exceed the amounts actually so required, such amounts shall then be deemed to be "Net Proceeds." With respect to any issuance or sale of Capital Stock issued by, any Loan Party, "Net Proceeds" shall mean the aggregate cash received in connection with such issuance or sale of Capital Stock net of any reasonable fees, commissions, discounts, costs and out-of-pocket expenses associated with such issuance or sale of Capital Stock.

"Non-Compete Agreement" means any agreement or related set of agreements under which the Borrowers or any Subsidiary agrees to pay money in one or more installments to one or more Persons (other than an agreement with a Person who at the time of the execution thereof was an employee of one of the Loan Parties) in exchange for agreements from such Persons to refrain from competing with the Borrowers or such 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.

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

"Notice of Issuance" shall have the meaning specified in Section 2.2(f) (i).

"Notice of Renewal" shall have the meaning specified in Section 2.1(c).

"Notice of Termination" shall have the meaning specified in Section 2.1(c).

"Obligations" shall mean all payment and performance obligations of every kind, nature and description of the Borrowers to the Administrative Agent, the Lender Parties or Affiliates of the Lender Parties or any other Lender Party under Section 11.5(h), under or in connection with Secured Hedge Agreements, this Agreement and the other Loan Documents (including any Letter of Credit commissions, interest, fees and other charges on the Loans or otherwise under the Loan Documents that would accrue but for the filing of a bankruptcy action with respect to any Loan Party, whether or not such claim is allowed in such bankruptcy action), as they may be amended from time to time, or as a result of making the Loans, whether such obligations are direct or indirect, absolute or contingent, due or not due, contractual or tortious, liquidated or unliquidated, arising by operation of law or otherwise, now existing or hereafter arising.

"Operating Cash Flow" shall mean, for the fiscal quarter or the four fiscal-quarter period ended on any Calculation Date, as the case may be, for any Person and its Subsidiaries on a consolidated basis, Net Income for such period (after eliminating any extraordinary gains and losses, including gains and losses from the sale of assets, from minority interests, and from any other equity in earnings (losses) of non-consolidated entities), plus, to the extent deducted or accrued in determining Net Income, the sum of each of the following for such period: (a) depreciation, amortization, and other non-cash charges, (b) Interest Expense, (c) cash income tax expense and (d) deferred income Taxes minus (e) proceeds from one-time sales of fiber or fiber capacity (including IRU's and long-term leases that 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 reserved in a lump sum, provided that for purposes of the covenants set

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forth in Section 7.5 hereof, if any of GCII, the Borrowers or any of their respective Subsidiaries makes any Acquisition during a period in which Operating Cash Flow is to be determined hereunder, such Operating Cash Flow will be determined on a pro forma basis as if such Acquisition were consummated on the first day of such period.

"Other Taxes" has the meaning assigned thereto in Section 2.13.

"Patriot Act" shall mean the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. 107-56, signed into law on October 26, 2001.

"Payment Date" shall mean, with respect to any Loan, the last day of any Interest Period applicable to such Loan and the date of payment in full of such Loan.

"PBGC" shall mean the Pension Benefit Guaranty Corporation, or any successor thereto.

"Permitted Acquisition" means an Acquisition that complies with the requirements of Section 7.6.

"Permitted Additional Secured Indebtedness" means Indebtedness of Holdings and its Subsidiaries which (a) is not described under any other category of Permitted Debt, (b) when incurred, and when aggregated with the aggregate amount of all other Permitted Additional Secured Indebtedness then outstanding, does not exceed \$10,000,000, and (c) if secured, is secured or collateralized only by Permitted Additional Secured Indebtedness Liens.

"Permitted Additional Secured Indebtedness Liens" means first priority Liens, securing or collateralizing only Permitted Additional Secured Indebtedness, only on the following described assets or property of the Loan Parties, to the extent that the same are acquired after the Agreement Date with the proceeds of such indebtedness: Real Property and tangible personal property.

"Permitted Business" shall mean the businesses currently conducted by the Borrowers and other media and telecommunication businesses and businesses ancillary thereto.

"Permitted Debt" shall mean Indebtedness permitted to be incurred and to remain outstanding by the Borrowers and their Subsidiaries, pursuant to Section 7.1 hereof.

"Permitted Investments" shall mean Investments described in and permitted to be made under Section 7.4 hereof.

"Permitted Issuances" (i) means any issuance or sale of equity interests by any Loan Party or any of its Subsidiaries (A) made as part of a Permitted Investment, or in partial payment for a Permitted Acquisition, or (B) to any member of management, any employee or any director of any Borrower or GCII pursuant to stock option, stock grant or similar plans for the benefit of management, employees or directors generally or pursuant to any other similar agreement with any member of management, any employee or any director of any Borrower or GCII, or (ii) by Holdings in connection with additional capital contributions from GCII.

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"Permitted Liens" shall mean, as applied to any Person:

(a) Any Lien in favor of the Administrative Agent (for itself and for the ratable benefit of the Lender Parties) given to secure the Obligations;

(b) (i) Liens on real estate for real estate taxes not yet delinquent and (ii) Liens for taxes, assessments, judgments, governmental charges or levies or claims the non-payment of which is being diligently contested in good faith by appropriate proceedings and for which adequate reserves have been set aside on such Person's books, but only so long as no foreclosure, distraint, sale or similar proceedings have been commenced with respect thereto and remain unstayed for a period of thirty (30) days after their commencement unless fully bonded;

(c) Liens of landlords, carriers, warehousemen, mechanics, laborers and materialmen incurred in the ordinary course of business for sums not exceeding \$4,000,000, not yet due, or being diligently contested in good faith, if reserves or appropriate provisions shall have been made therefor;

(d) As to property other than Real Property or Undersea Cable, liens incurred in the ordinary course of business in connection with worker's compensation, unemployment insurance and social security insurance;

(e) Restrictions on the transfer of assets imposed by any of the Licenses or by any Environmental Laws, any state laws, and any regulations thereunder;

(f) Easements, rights-of-way, restrictions and other similar encumbrances on the use of real property which do not interfere with the ordinary conduct of the business of such Person, or Liens incidental to the conduct of the business of such Person or to the ownership of its properties which were not incurred in connection with Indebtedness or other extensions of credit and which do not in the aggregate materially detract from the value of such properties or materially impair their use in the operation of the business of such Person;

(g) As to property other than Real Property or Undersea Cable, purchase money security interests, which are perfected automatically by operation of law, only for the period (not to exceed twenty (20) days) of automatic perfection under the law of the applicable jurisdiction, and limited to Liens on assets so purchased;

(h) 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;

(i) Any Liens listed on Schedule 3 attached hereto;

(j) As to property other than Real Property or Undersea Cable, Liens (i) of a collection bank arising under Section 4-210 of the Uniform Commercial Code on items in the course of collection, and (ii) in favor of a banking institution arising as a matter of law

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encumbering deposits (including the right of setoff) and which are within the general parameters customary in the banking industry;

(k) Liens existing on property at the time of its acquisition or existing on the property of any Person that becomes a Subsidiary; provided that (i) such Lien was not created in contemplation of such acquisition or such Person becoming a Subsidiary, (ii) such Lien does not extend to or cover any other assets or property (other than the proceeds or products thereof) and (iii) the Indebtedness secured thereby is permitted under Section 7.1 hereof;

(l) As to property other than Real Property or Undersea Cable, Permitted Transponder Liens;

(m) Permitted Additional Secured Indebtedness Liens; and

(n) Liens on the Undersea Cable securing up to \$5,000,000 (at any timing outstanding) of Indebtedness incurred in the ordinary course of business of the Loan Parties.

"Permitted Non-Compete Agreement" shall mean a Non-Compete Agreement that the Administrative Agent, in the exercise of its reasonable credit judgment, upon the request of a Borrower, has expressly designated in writing as a Permitted Non-Compete Agreement.

"Permitted Real Property Acquisition" means a Real Property Acquisition which does not exceed \$5,000,000 for any one Real Property Acquisition or \$5,000,000 in the aggregate for all Real Property Acquisitions in any fiscal year of Holdings, whether done and made individually or as part of a transaction including assets or property other than real property and which complies with the requirements of Section 7.7.

"Permitted Transponder Indebtedness" shall mean Funded Indebtedness, incurred after the Agreement Date and which, when incurred, and when aggregated with the aggregate amount of all other Permitted Transponder Indebtedness then outstanding, does not exceed \$100,000,000, the proceeds of which are used to acquire satellite transmission capacity for the purpose of transmitting signals used in the Permitted Business and, if secured, is secured and collateralized only by Permitted Transponder Liens.

"Permitted Transponder Liens" means Liens, securing or collateralizing only Permitted Transponder Indebtedness, only on newly acquired assets, property or property rights that serve to increase, or to replace portions of, the Borrowers' collective satellite transmission capacity (whether such capacity is obtained via ownership of or the right to use specific transponders or the transmission capacity associated therewith) to the extent that such capacity is acquired after the Agreement Date with the proceeds of such Permitted Transponder Indebtedness.

"Person" shall mean an individual, corporation, limited liability company, association, partnership, joint venture, trust or estate, an

unincorporated organization, a government or any agency or political subdivision thereof, or any other entity.

"Plan" shall mean any employee pension benefit plan (other than a Multiemployer Plan) as defined in Section 3(2) of ERISA, subject to Title IV of ERISA or Section 302 of ERISA or

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Section 412 of the Code maintained by the Borrowers or any Subsidiary or to which the Borrowers or any Subsidiary contributed, contributes, is obligated to contribute.

"Pro Forma Debt Service" shall mean, as of any Calculation Date, for any Person and its Subsidiaries on a consolidated basis, the sum of (a) scheduled principal payments (excluding any repayments made or required to be made in accordance with Section 2.7 hereof) in respect of Indebtedness to be made during the next succeeding fiscal four-quarter period after such Calculation Date, and (b) Interest Expense for the four fiscal-quarter period ended as of such Calculation Date, in all cases after giving effect to all Eurodollar Option Loans. For purposes of this definition, 'principal payments' for any period shall include the principal component of payments for such period in respect of Capitalized Lease Obligations.

"Pro Rata Share" of any amount shall mean, with respect to any Revolving Lender at any time, the product of such amount times a fraction the numerator of which is the amount of such Lender's Revolving Commitment at such time and the denominator of which is the aggregate Revolving Commitments at such time.

"Projections" shall mean the projections provided by the Holdings to the Administrative Agent dated July 6, 2005.

"Property" shall mean any and all property now or hereafter owned, operated or leased by any of the Loan Parties.

"Real Property" means, as to any Borrower, any interest in real property held by such Borrower, including without limitation leasehold interests, other than any interest in real property within the meaning of Undersea Cable.

"Real Property Acquisition" shall mean (whether by purchase, exchange, issuance of Capital Stock, debt securities, merger, reorganization or any other method), the direct or indirect acquisition by the Borrowers or any of their Subsidiaries of any interest in real property.

"Register" shall have the meaning set forth in Section 11.5(c) hereof.

"Release" shall mean the release, deposit, disposal or leakage at, into, upon or under any land, water or air, or otherwise into the environment or into the indoor air, including by means of burial, disposal, discharge, emission, injection, spillage, leakage, seepage, leaching, dumping, pumping, pouring, escaping, emptying, migrating, placement and the like (including the disposal of barrels, containers, and other closed receptacles containing Hazardous Materials).

"Remedial Action" shall mean all actions, including, without limitation, any capital expenditures undertaken to (i) clean up, remove, treat, or in any other way address any Hazardous Material; (ii) prevent the Release or threat of Release, or minimize the further Release of any Hazardous Material so it does not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment; (iii) perform pre-remedial studies and investigations or post-remedial monitoring and care; or (iv) bring facilities on any property owned, operated or leased by any of the Loan Parties and the facilities located and operations conducted thereon into compliance with all Environmental Laws and Environmental Permits.

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"Reportable Event" shall have the meaning set forth in Section 4043 of ERISA and any regulations promulgated thereto.

"Request for Loan" shall mean a certificate designated as a "Request for Loan," signed by an Authorized Signatory requesting a Revolving Loan hereunder, which shall be in substantially the form of Exhibit D attached hereto and shall, among other things, (a) specify the date of the Revolving Loan, which shall be a Business Day, the amount of the Revolving Loan, the Type of Loan, and, with respect to a Eurodollar Revolving Loan, the Interest Period selected by the Borrowers, and (b) state that there shall not exist, on the date of the requested Revolving Loan both before and after giving effect thereto, a Default.

"Request for Incremental Loan" shall have the meaning set forth in Section 2.2(g).

"Request for Term Loan Eurodollar Basis" shall mean a certificate designated as a "Request for Term Loan Eurodollar Basis", signed by an Authorized Signatory requesting that a portion of the Term Loans complying with

the requirements of this Agreement applicable to Eurodollar Term Loans bear interest at the Eurodollar Basis, which shall be in substantially the form of Exhibit G attached hereto and shall, among other matters, (a) specify the applicable Interest Period and the requested commencement date thereof, and (b) state that there shall not exist, on the first day of the requested Interest Period, both before and after giving effect to such request, a Default.

"Restricted Payment" shall mean (a) aggregate Distributions or other payment on account of any (or the setting aside of funds for, or the establishment of a sinking fund or analogous fund with respect to) Capital Stock or other equity securities of, any Loan 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, Indebtedness of any Loan Party (other than Permitted Debt); (c) any management administration fee or any administration, consulting or other similar fees, or any interest thereon, payable by any Loan Party to any Affiliate of GCI (other than an Affiliate that is a Borrower or Subsidiary Guarantor) (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 any of the Borrowers or any of their Subsidiaries); (d) fees, loans or other payments or advances (other than such payments expressly permitted pursuant to Section 7.8) by any Loan Party to any Affiliate of GCI (other than an Affiliate that is a Borrower or Subsidiary Guarantor), and (e) payments under any Synthetic Purchase Agreement; provided, however that Restricted Payments shall not include any of the foregoing items (a) through (e) to the extent made from one Loan Party to another Loan Party.

"Revolving Commitment" shall mean, with respect to any Revolving Lender at any time, the amount set forth opposite such Lender's name on Schedule 4-A hereto under the caption "Revolving Commitment" or, in the Register maintained by the Administrative Agent pursuant to Section 11.5(c) as such Lender's "Revolving Commitment" (in each case, as such amount may be increased from time to time in the amount of any Incremental Revolving Loan pursuant to Section 2.2(g)).

"Revolving Lender" shall mean a Lender that has a Revolving Commitment.

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"Revolving Loans" shall mean, collectively, the amount advanced by the Revolving Lenders and the Swingline Lender to the Borrowers under the Revolving Commitment, not to exceed the aggregate amount of the Revolving Commitments.

"Revolving Notes" shall mean those certain revolving promissory notes in the aggregate original principal amount of at least \$1,000,000, one issued by the Borrowers to each of the Revolving Lenders issuing a Revolving Commitment that requests a promissory note, in accordance with each such Revolving Lender's Revolving Commitment (as such amount may be increased from time to time in the amount of any Incremental Revolving Loan) each one substantially in the form of Exhibit E attached hereto, and any extensions, modifications, renewals, endorsements or replacements of or amendments to any of the foregoing.

"S&P" shall mean Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and any successor thereto.

"SATCO" shall mean GCI Satellite Company, Inc., an Alaska corporation.

"Security Agreement" shall mean that certain Security Agreement of even date herewith among the Borrowers, and the Administrative Agent, substantially in the form of Exhibit F attached hereto.

"Security Documents" shall mean the Borrower Pledge Agreements, the GCII Guaranty, the GCII Pledge Agreement, the Security Agreement, the Mortgages, any other agreement or instrument providing collateral for the Obligations whether now or hereafter in existence, and any filings, instruments, agreements, and documents related thereto or to this Agreement, and providing the Administrative Agent, for itself and for the ratable benefit of the Lender Parties, with Collateral for the Obligations.

"Secured Hedge Agreement" shall mean any Hedge Agreement that is entered into by and between any Loan Party and any Hedge Bank and that is secured by the Security Documents.

"Security Interest" shall mean all Liens in favor of the Administrative Agent, for itself and for the ratable benefit of the Lender Parties, created hereunder or under any of the Security Documents to secure the Obligations.

"Senior Debt Ratio" shall mean, as of any Calculation Date and for the four fiscal-quarter period then ended, in each case on a consolidated basis for Holdings and its Subsidiaries, the ratio of Funded Indebtedness of Holdings and its Subsidiaries as of such Calculation Date to the Holdings Operating Cash Flow for such period.

"Senior Notes" means those certain 320,000,000, 7.25% Senior Notes due February 15, 2014 issued by GCII, pursuant to and in accordance with the

Indenture.

"Solvent" means, with respect to any Loan Party, that as of the date of determination, both (i) (a) the sum of such Loan Party's debt (including contingent liabilities) does not exceed the present fair saleable value of such Loan Party's present assets; (b) such Loan Party's capital is not unreasonably small in relation to its business as contemplated on the Agreement Date and

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reflected in the Projections or with respect to any transaction contemplated or undertaken after the Agreement Date; and (c) such Person has not incurred and does not intend to incur, or believe (nor should it reasonably believe) that it will incur, debts beyond its ability to pay such debts as they become due (whether at maturity or otherwise); and (ii) such Person is "solvent" within the meaning given to that term and similar terms under applicable laws relating to fraudulent transfers and conveyances. For purposes of this definition, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability (irrespective of whether such contingent liabilities meet the criteria for accrual under Statement of Financial Accounting Standard No. 5).

"Subordination Agreement" shall mean that certain Subordination Agreement of even date herewith among the Borrowers, and the Administrative Agent, substantially in the form of Exhibit Q attached hereto.

"Subsequent Measurement Period" means the aggregate period consisting of the two consecutive calendar quarters (a) immediately succeeding the last day of a Measurement Period or of another Subsequent Measurement Period, and (b) with respect to which the Total Leverage Ratio is greater than 4.0 to 1 for at least one of the Calculation Dates within such two consecutive calendar quarters; provided, however, that in the event that the Total Leverage Ratio is less than 4.0 to 1 as of both (x) the Calculation Date that immediately precedes such Subsequent Measurement Period, and (y) the Calculation Date for the first calendar quarter of such Subsequent Measurement Period, then such Subsequent Measurement Period shall be deemed terminated as of the Calculation Date for such first calendar quarter.

"Subsidiary" shall mean, as applied to any Person, (a) any corporation of which more than fifty percent (50%) of the outstanding stock (other than directors' qualifying shares) having ordinary voting power to elect its board of directors, regardless of the existence at the time of a right of the holders of any class or classes of securities of such corporation to exercise such voting power by reason of the happening of any contingency, or any partnership of which more than fifty percent (50%) of the outstanding partnership interests, is at the time owned directly or indirectly by such Person, or by one or more Subsidiaries of such Person, or by such Person and one or more Subsidiaries of such Person, or (b) any other entity which is directly or indirectly controlled or capable of being controlled by such Person, or by one or more Subsidiaries of such Person, or by such Person and one or more Subsidiaries of such Person. "Subsidiaries" as used herein, unless otherwise indicated, shall mean all Subsidiaries of the Borrowers, including Subsidiaries of any Subsidiaries of the Borrowers. The Subsidiaries of the Borrowers as of the Agreement Date are set forth on Schedule 7.18 attached hereto.

"Subsidiary Guarantor" shall mean any Subsidiary of a Borrower formed or acquired after the Agreement Date, that is not a Borrower, and that is otherwise required to make a Subsidiary Guaranty under the terms of this Agreement.

"Subsidiary Guaranty" shall mean each subsidiary guaranty given by each Subsidiary Guarantor, in form and substance reasonably satisfactory to the Administrative Agent.

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"Subsidiary Pledge Agreement" shall mean each subsidiary pledge agreement between each Subsidiary Guarantor having one or more of its own corporate Subsidiaries, on the one hand, and the Administrative Agent, on the other hand, in form and substance reasonably satisfactory to the Administrative Agent.

"Subsidiary Security Agreement" shall mean each subsidiary security agreement between each Subsidiary Guarantor, on the one hand, and the Administrative Agent, on the other hand, in form and substance reasonably satisfactory to the Administrative Agent.

"Swingline Lender" means Calyon New York Branch, in its capacity as lender of Swingline Loans hereunder to the Borrowers.

"Swingline Loan" means a Loan made by the Swingline Lender to the Borrowers pursuant to Section 2.1, including a Discretionary Swingline Loan.

"Swingline Loan Ceiling" means, as of any date, an amount equal to the lesser of (a) \$5,000,000 and (b) the aggregate amount of the Lenders' Unused Revolving Commitments as of such date.

"Swingline Note" means the promissory note of the Borrowers substantially in the form of Exhibit J, payable to the order of the Swingline Lender, evidencing the Swingline Loans made or to be made by the Swingline Lender to the Borrowers.

"Synthetic Purchase Agreement" shall mean any swap, derivative or other agreement or combination of agreements pursuant to which any Loan 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 Loan Party or GCI of any Capital Stock in any Loan Party or GCI or any indebtedness of GCI or GCII (including, without limitation, the Senior Notes) or (ii) any payment (other than on account of a permitted purchase by it of any Capital Stock in any Loan Party) the amount of which is determined by reference to the price or value at any time of any Capital Stock in any Loan Party or any indebtedness of GCI or GCII (including, without limitation, the Senior Notes); provided that no phantom stock or similar plan providing for payments only to current or former directors, officers or employees of a Loan Party (or to their heirs or estates) shall be deemed to be a Synthetic Purchase Agreement.

"Taxes" has the meaning assigned thereto in Section 2.13.

"Term Commitment" shall mean, with respect to any Term Lender at any time, the amount set forth opposite such Lender's name on Schedule 4-B hereto under the caption "Term Commitment" or in the Register maintained by the Administrative Agent pursuant to Section 11.5(c) (in each case, as such amount may be increased from time to time by the amount of any Incremental Term Loan pursuant to Section 2.2(g)).

"Term Facility" shall mean, at any time, the aggregate amount of the Term Loans at such time.

"Term Lender" shall mean any Lender that has a Term Commitment.

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"Term Loans" shall mean, collectively, the amounts advanced by the Term Lenders to the Borrowers in an initial aggregate amount of \$160,000,000, as set forth on Schedule 4-B attached hereto and as may be increased from time to time by the amount of any Incremental Term Loan pursuant to Section 2.2(g).

"Term Notes" shall mean those certain term promissory notes in the initial aggregate original principal amount of up to \$160,000,000 and any term promissory notes issued in connection with the funding of an Incremental Term Loan, one issued to each Lender listed on Schedule 4-B hereto or in the Register maintained by the Administrative Agent pursuant to Section 11.5(c) that requests a promissory note, by the Borrowers in the amount of each of such Lender's Term Loan to the Borrowers (as such amount may be increased from time to time by the amount of any Incremental Term Loan pursuant to Section 2.2(g)), each one substantially in the form of Exhibit K attached hereto, and any extensions, modifications, renewals, endorsements or replacements of or amendments to any of the foregoing.

"Total Leverage Ratio" shall mean, as of any Calculation Date and for the most recent four fiscal quarters then ended, in each case, on a consolidated basis for GCII, Holdings and their respective Subsidiaries, the ratio of Funded Indebtedness as of such Calculation Date to the Operating Cash Flow for such period.

"Type" refers to the distinction (a) between Loans bearing interest at the Base Rate and Loans bearing interest at the Eurodollar Rate, (b) among the Revolving Loans, the Letter of Credit Loans and the Term Loans or (c) between the Revolving Commitment and the Letter of Credit Commitment.

"Undersea Cable" means all that property, and those interests in property, described in Schedule 15.

"Uniform Commercial Code" shall mean the Uniform Commercial Code as the same may from time to time be in effect in the State of New York or the Uniform Commercial Code (or similar code or statute) of another jurisdiction, to the extent it may be required to apply to any item or items of Collateral.

"Unused Revolving Commitment" shall mean, with respect to any Lender at any time, an amount equal to (a) such Lender's Revolving Commitment at such time minus (b) the sum (without duplication) of (i) the aggregate principal amount of all Revolving Loans and Letter of Credit Loans made by such Lender (in its capacity as a Lender) and outstanding at such time, and (ii) such Lender's Pro Rata Share of (A) the aggregate Available Amount of all Letters of Credit outstanding at such time, (B) the aggregate principal amount of all Letter of Credit Loans made by the Issuing Bank pursuant to Section 2.2(f)(ii) and outstanding at such time and (c) the aggregate principal amount of the Swingline Loans then outstanding.

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

Section 1.2. Defined Agreements as Modified.

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Each definition of an agreement or instrument in this Article 1 shall include such agreement or instrument as amended, modified, renewed or restated from time to time in accordance herewith.

Section 1.3. Computation of Time Periods; Other Definitional Provisions.

In this Agreement and the other Loan Documents in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding". References in the Loan Documents to any agreement or contract "as amended" shall mean and be a reference to such agreement or contract as amended, amended and restated, supplemented or otherwise modified from time to time in accordance with its terms. All notices shall be required to be in writing. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) and reference herein to any Person shall be construed to include such Person's permitted successors and assigns, (c) the words "herein", "hereof" and hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible, moveable and immovable, and intangible assets and properties, including cash, securities, accounts and contract rights, (f) all financial statements and other financial information provided by the Borrowers to the Administrative Agent or any Lender shall be provided with reference to dollars, (g) all references to "\$" or "dollars" or to amounts of money shall, unless otherwise expressly provided, be deemed to be references to the lawful currency of the United States of America, and (h) this Agreement and the other Loan Documents are the result of negotiation among, and have been reviewed by counsel to, among others, the Borrowers and the Administrative Agent and are the product of discussions and negotiations among all parties. Accordingly, this Agreement and the other Loan Documents are not intended to be construed against the Administrative Agent or any of the Lenders merely on account of the Administrative Agent's or any Lender's involvement in the preparation of such documents.

Section 1.4. Accounting Terms.

All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles, as in effect from time to time consistently applied ("GAAP").

ARTICLE 2.

Loans and Letters of Credit

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Section 2.1. The Loans and the Letters of Credit.

(a) The Revolving Loans. The Revolving Lenders agree, severally in accordance with their respective Revolving Commitments and not jointly, upon the terms and subject to the conditions of this Agreement, to lend and re-lend to the Borrowers, on and after the Agreement Date and prior to the Maturity Date, amounts requested by the Borrowers which, in the aggregate, do not exceed at any time the aggregate Revolving Commitments; provided that no Loan may be made at any time under this Section 2.1(a) in an amount that shall exceed the aggregate Unused Revolving Commitments at such time. Loans under the Revolving Commitment may be repaid and reborrowed as provided in Section 2.2 hereof. The aggregate amount of any borrowing of a Loan (other than a Letter of Credit Loan) that is a Base Rate Revolving Loan or a Eurodollar Revolving Loan shall be in a principal amount of at least \$1,000,000 and in an integral multiple of \$500,000.

(b) The Term Loans. The Term Lenders agree, severally in accordance with their respective Term Commitments as set forth on Schedule 4-B hereof and not jointly, upon the terms and subject to the conditions of this Agreement, to lend to the Borrowers, on the Agreement Date, an initial aggregate amount equal to \$160,000,000. After the Agreement Date, the Term Loans will bear interest at the Eurodollar Basis or the Base Rate Basis as provided in Section 2.2 hereof. Amounts borrowed under this Section 2.1(b) and repaid or prepaid may not be reborrowed. The aggregate amount of any borrowing of a Loan (other than a Letter of Credit Loan) that is a Base Rate Term Loan or a Eurodollar Term Loan shall be in a principal amount of at least \$5,000,000 and in an integral multiple of \$1,000,000.

(c) Letters of Credit. The Issuing Bank agrees, on the terms and conditions hereinafter set forth, to issue (or cause any Affiliate that is a commercial bank to issue on its behalf) standby letters of credit (together with the letters of credit identified on Schedule 2.1(c) hereof, including any replacement or renewals thereof, the "Letters of Credit") in Dollars for the account of the Borrowers or any of their Subsidiaries from time to time on any Business Day during the period from the Agreement Date until 5 days before the Maturity Date in an aggregate Available Amount (i) for all Letters of Credit not to exceed at any time the Letter of Credit Commitment at such time and (ii) for each such Letter of Credit not to exceed the aggregate Unused Revolving Commitments as of the date of issuance thereof. No Letter of Credit shall have an expiration date later than the earlier of (i) one year after the date of issuance thereof, or (ii) five (5) days before the Maturity Date, but may by its terms be renewable annually upon written notice (a "Notice of Renewal") given to the Issuing Bank that issued such Letter of Credit and the Administrative Agent on or prior to any date for notice of renewal set forth in such Letter of Credit but in any event at least ten Business Days prior to the date of the proposed renewal of such Letter of Credit and upon fulfillment of the applicable conditions set forth in Article 3 unless the Issuing Bank has notified the Borrowers' Agent (with a copy to the Administrative Agent) on or prior to the date for notice of termination set forth in such Letter of Credit but in any event at least 5 Business Days prior to the date of automatic renewal of its election not to renew such Letter of Credit (a "Notice of Termination"); provided that the terms of each Letter of Credit that is automatically renewable annually shall (x) require the Issuing Bank that issued such Letter of Credit to give the beneficiary named in such Letter of Credit notice of any Notice of Termination, (y) permit such beneficiary, upon receipt of such notice, to draw under such Letter of Credit prior to the date such Letter of Credit otherwise would have

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been automatically renewed and (z) not permit the expiration date (after giving effect to any renewal) of such Letter of Credit in any event to be extended to a date later than 5 days before the Maturity Date. If either a Notice of Renewal is not given by the Borrowers or a Notice of Termination is given by the Issuing Bank pursuant to the immediately preceding sentence, such Letter of Credit shall expire on the date on which it otherwise would have been automatically renewed. Within the limits of the Letter of Credit Commitment, and subject to the limits referred to above, the Borrowers may request the issuance of Letters of Credit under this Section 2.1(c), repay any Letter of Credit Loans resulting from drawings thereunder pursuant to Section 2.2(f) and request the issuance of additional Letters of Credit under this Section 2.1(c). The Borrowers shall be liable for all obligations in respect of each Letter of Credit issued for the account of any of their Subsidiaries, including, without limitation, the obligations to repay any Letter of Credit Loan in respect thereof under Section 2.4(c).

(d) Swingline Loans.

(i) The Swingline Lender is authorized by the Lenders and shall, subject to the provisions of this Section, make the Swingline Loans up to the Swingline Loan Ceiling in the aggregate outstanding at any time, consisting only of Base Rate Revolving Loans, upon receipt of the Request for Loan (in accordance with Section 2.2(b)) by the Administrative Agent and the Swingline Lender (which notice, at the Swingline Lender's discretion, may be submitted prior to 1:00 p.m., New York City time, on the Business Day on which such Swingline Loan is requested). Swingline Loans shall be subject to periodic settlement with the Lenders under Section 2.1(e) below.

(ii) Swingline Loans may be made only for administrative convenience, and the Swingline Lender shall, at the Borrowers' request, make Swingline Loans in reliance upon the Borrowers' actual or deemed representations under Section 4.2, that the applicable conditions for borrowing are satisfied. If the conditions for borrowing under Section 4.2 cannot be fulfilled, the Borrowers shall give immediate notice thereof to the Administrative Agent and the Swingline Lender (a "Noncompliance Notice"), and the Administrative Agent shall promptly provide each Lender with a copy of the Noncompliance Notice. If the conditions for borrowing under Section 4.2 cannot be fulfilled, the Majority Lenders may direct the Swingline Lender to, and the Swingline Lender thereupon shall, cease making Swingline Loans until such conditions can be satisfied or waived in accordance with Section 11.12. Unless the Majority Lenders so direct the Swingline Lender, the Swingline Lender may, in its discretion, but shall not be obligated to, continue to make Swingline Loans beginning one Business Day after the Non-Compliance Notice is furnished to the Lenders (each, a "Discretionary Swingline Loan"). Notwithstanding the foregoing, no Discretionary Swingline Loan shall be made pursuant to this subsection (ii) if the aggregate amount of all Swingline Loans then outstanding would exceed the Swingline Loan Ceiling.

(e) Settlements of Swingline Loans. The Swingline Lender may (but shall not be obligated to), at any time, on behalf of the Borrowers (which hereby authorize the Swingline Lender to act in their behalf in that regard) request the Administrative Agent to cause the Lenders to make a Revolving Loan (which shall be a Base Rate Revolving Loan) in an aggregate amount equal to the then outstanding amount of any Swingline Loan. Upon such request, each

Lender shall make available to the Administrative Agent the proceeds of such Lender's Pro-Rata Share of such Revolving Loan for the account of the Swingline Lender. The obligation of each Lender to transfer such funds is irrevocable, unconditional and without recourse to or warranty by the Administrative Agent or the Swingline Lender. If and to the extent any Lender shall not have so made such transfer to the Administrative Agent of its Pro-Rata Share of such Revolving Loan, such Lender agrees to pay to the Administrative Agent, forthwith on demand such amount, together with interest thereon, for each day from such date until the date such amount is paid to the Administrative Agent at the Federal Funds Rate.

Section 2.2. Manner of Borrowing and Disbursement.

(a) Choice of Interest Rate, Etc.

(i) Any Loan under the Revolving Commitment or made as a Term Loan shall, at the option of the Borrowers, bear interest as a Base Rate Option Loan, or, subject to Section 2.2(a)(ii) and Article 10 hereof, as a Eurodollar Option Loan. Any notice given to the Administrative Agent in connection with a requested Loan hereunder shall be given to the Administrative Agent prior to 1:00 p.m. (New York time) in order for such Business Day to count toward the minimum number of Business Days required.

(ii) (A) On the date on which the aggregate unpaid principal amount of any Eurodollar Revolving Loan or Eurodollar Term Loan shall be reduced, by payment or prepayment or otherwise, to less than \$1,000,000 or \$5,000,000, respectively, such Eurodollar Option Loan shall either (x) automatically, on the last day of the then existing Interest Period therefor, be (1) reborrowed as a Base Rate Revolving Loan, in the case of any Eurodollar Revolving Loan, or (2) continued as a Base Rate Term Loan, in the case of any Eurodollar Term Loan or (y) be prepaid in full accordance with Section 2.6(a) hereof.

(B) If the Borrowers shall fail to select the duration of any Interest Period for any Eurodollar Revolving Loan or Eurodollar Term Loan in accordance with the provisions contained in the definition of "Interest Period" in Section 1.1, the Administrative Agent will forthwith so notify the Borrowers' Agent and the Lenders which have made such Eurodollar Option Loan, whereupon each such Eurodollar Option Loan shall automatically, on the last day of the then existing Interest Period therefor, be (1) reborrowed as Eurodollar Revolving Loan with an Interest Period of one month, in the case of a Eurodollar Revolving Loan, or (2) continued as a Base Rate Term Loan, in the case of a Eurodollar Term Loan.

(C) Upon the occurrence and during the continuance of any Default, (1) each then outstanding Eurodollar Option Loan will automatically, on the last day of the then existing Interest Period therefor, be (i) reborrowed as a Base Rate Revolving Loan, in the case of a Eurodollar Revolving Loan, or (ii) continued as a Base Rate Term Loan, in the case of a Eurodollar Term Loan, and (2) the obligation of the Lenders to make any Eurodollar Revolving Loan or continue any Eurodollar Term Loan shall be suspended.

(b) Base Rate Option Loans.

(i) Initial Request for Loan. The Borrowers shall give the Administrative Agent in the case of Base Rate Option Loans irrevocable written notice in the form of a Request for Loan, or telephonic notice followed immediately by a Request for Loan, prior to 1:00 p.m., New York time, on the Business Day on which such Base Rate Option Loan is requested; provided, however, that the Borrowers' failure to confirm any telephonic notice with a Request for Loan shall not invalidate any notice so given.

(ii) Repayments and Reborrowings of Base Rate Revolving Loans. Upon any Payment Date, the Borrowers will be deemed automatically to have elected to re-borrow the then outstanding amount of any Base Rate Revolving Loan as a new Base Rate Revolving Loan unless upon at least one (1), with respect to item (B) of this sentence, or three (3), with respect to item (A) of this sentence, Business Days' irrevocable prior written notice to the Administrative Agent, the Borrowers provide notice of their decision to repay or prepay a Base Rate Revolving Loan and (A) reborrow all or a portion of the principal thereof as one or more Eurodollar Revolving Loans for the Interest Period(s) selected or (B) not reborrow all or any portion of such Base Rate Revolving Loan at that time.

(iii) Continuances of Base Rate Term Loans. Upon at least one (1), with respect to items (B) and (C) of this sentence, or three (3), with respect to item (A) of this sentence, Business Days' irrevocable prior written notice to the Administrative Agent, the Borrowers shall specify whether all or a portion of each Base Rate Term Loan outstanding on the related Payment Date (A) is to be continued in whole or in part as one or more Eurodollar Term Loans for the Interest Period(s) selected (B) is to be continued in whole or in part as

one or more Base Rate Term Loans or (C) is to be repaid and not reborrowed.

(c) Eurodollar Option Loans.

(i) Initial Loans. The Borrowers shall give the Administrative Agent in the case of any initial Eurodollar Option Loan at least three (3) Business Days' irrevocable prior written notice in the form of a Request for Loan or Request for Term Loan Eurodollar Basis, or telephonic notice followed immediately by a Request for Loan or Request for Term Loan Eurodollar Basis; provided, however, that the Borrowers' failure to confirm any telephonic notice with a Request for Loan or Request for Term Loan Eurodollar Basis shall not invalidate any notice so given. The Administrative Agent, whose determination shall be conclusive absent manifest error, shall determine the applicable Eurodollar Basis and shall notify the Borrowers' Agent of such Eurodollar Basis. The Borrowers shall promptly notify the Administrative Agent by telephone or teletype, and shall immediately confirm any such telephonic notice in writing, of its selection of a Eurodollar Basis and Interest Period for such Loan; provided, however, that the Borrowers' failure to confirm any such telephonic notice in writing shall not invalidate any notice so given.

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(ii) Repayments and Reborrowings of Eurodollar Revolving Loans. Upon at least one (1), with respect to items (B) and (C) of this sentence, or three (3), with respect to item (A) of this sentence, Business Days' irrevocable prior written notice to the Administrative Agent, the Borrowers shall specify whether all or a portion of each Eurodollar Revolving Loan outstanding on the related Payment Date (A) is to be repaid and then reborrowed in whole or in part as one or more Eurodollar Revolving Loans for the Interest Period(s) selected, (B) is to be repaid and then reborrowed in whole or in part as one or more Base Rate Revolving Loans, or (C) is to be repaid and not reborrowed at that time.

(iii) Continuations of Eurodollar Term Loans. Upon at least one (1), with respect to items (B) and (C) of this sentence, or three (3), with respect to item (A) of this sentence, Business Days' irrevocable prior written notice to the Administrative Agent, the Borrowers shall specify whether all or a portion of each Eurodollar Term Loan outstanding on the related Payment Date (A) is to be continued in whole or in part as one or more Eurodollar Term Loans for the Interest Period(s) selected, (B) is to be continued in whole or in part as a Base Rate Term Loan, or (C) is to be repaid and not reborrowed.

(d) Notification of Lenders. Upon receipt of a Request for Loan, or a notice from the Borrowers with respect to a selection of an Interest Period for a Revolving Loan, or a notice from the Borrowers with respect to any outstanding Revolving Loan prior to the Payment Date for such Revolving Loan, the Administrative Agent shall promptly notify each Lender by telephone or teletype of the contents thereof and the amount of such Lender's portion of the related Revolving Loan. Each Lender shall, not later than 2:30 p.m. (New York time) on the date of borrowing specified in such notice, make available to the Administrative Agent at the Administrative Agent's Account, or at such account as the Administrative Agent shall designate, the amount of its portion of any Revolving Loan which represents an additional borrowing hereunder in immediately available funds.

(e) Disbursement.

(i) Prior to 5:00 p.m. (in the case of a Base Rate Revolving Loan) or 2:00 p.m. (in the case of a Eurodollar Revolving Loan) (New York time) on the date of the making of a Revolving Loan hereunder, the Administrative Agent shall, subject to the satisfaction of any applicable conditions set forth in Article 3 hereof, disburse the amounts made available to it by the Lenders in like funds by (A) transferring the amounts so made available by wire transfer pursuant to the Borrowers' instructions, or (B) in the absence of such instructions, crediting the amounts so made available to the account of the Borrowers maintained with the Administrative Agent; provided, however, that the Administrative Agent shall first make the applicable portion of such funds equal to the aggregate principal amount of any Letter of Credit Loans made by the Issuing Bank and by any other Revolving Lender and outstanding on the date of such Revolving Loan, plus interest accrued and unpaid thereon to and as of such date, available to the Issuing Bank and such other Revolving Lender for repayment of such Letter of Credit Loans.

(ii) Unless the Administrative Agent shall have received notice from a Lender prior to 2:30 p.m. (New York time) on the date of any Loan that such Lender will

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not make available to the Administrative Agent such Lender's ratable portion of such Loan, the Administrative Agent may assume that such Lender has made or will make such portion available to the Administrative Agent on the date of such Loan and the Administrative Agent may in its sole discretion and in reliance upon such assumption, make available to the Borrowers on such date a corresponding amount. If and to the extent the Lender does not make such ratable portion available to the Administrative Agent, such Lender agrees to repay to the Administrative Agent on demand such corresponding amount together with interest

thereon, for each day from the date such amount is made available to the Borrowers until the date such amount is repaid to the Administrative Agent, at the Federal Funds Rate for the first three (3) days and thereafter at the Federal Funds Rate plus one percent (1%).

(iii) If such Lender shall repay to the Administrative Agent such corresponding amount, such amount so repaid shall constitute such Lender's portion of the applicable Loan for purposes of this Agreement. If such Lender does not repay such corresponding amount immediately upon the Administrative Agent's demand therefor, the Administrative Agent shall notify the Borrowers' Agent and the Borrowers shall immediately pay such corresponding amount to the Administrative Agent, together with interest thereon. The failure of any Lender to fund its portion of any Loan shall not relieve any other Lender of its obligation hereunder to fund its respective portion of the Loan on the date of such borrowing, but no Lender shall be responsible for any such failure of any other Lender.

(iv) In the event that, at any time when the Borrowers are not in Default and have satisfied all applicable conditions set forth in Article 3 hereof, a Lender for any reason fails, refuses, or has given notice to the Administrative Agent and/or the Borrowers' Agent that it refuses, to fund its portion of a Loan or, in accordance with clause (f)(ii) below, a disbursed amount (a "Defaulting Lender"), then, until such time as such Defaulting Lender has funded its portion of such Loan, or all other Lenders have received payment in full (whether by repayment or prepayment) of the principal and interest due in respect of such Loan, such Defaulting Lender shall not have the right (i) to vote regarding any issue on which voting is required or advisable under this Agreement or any other Loan Document, and such Lender's Unused Revolving Commitment and interest in any Loans or Letters of Credit shall not be counted as outstanding for purposes of determining "Majority Lenders" hereunder or (ii) to receive payments of (A) principal, interest or fees from the Borrowers in respect of its unfunded portion of Loans, (B) any commitment fee in respect of its Revolving Commitment or (C) any portion of Letter of Credit fees or interests or amounts in respect of any Letter of Credit Loans. In addition to the foregoing, and notwithstanding Section 2.1(c), if any Lender shall become a Defaulting Lender, the Letter of Credit Commitment shall be reduced by an amount equal to such Defaulting Lender's Pro Rata Share of the Letter of Credit Commitment unless and until arrangements reasonably satisfactory to the Issuing Bank have been entered into (the Issuing Bank having made a good faith effort to enter into such arrangements) to eliminate the Issuing Bank's risk with respect to the Defaulting Lender's Pro Rata Share of the Letters of Credit Commitment, including cash collateralizing the Issuing Bank's Letter of Credit Commitment with respect to such Defaulting Lender's Pro Rata Share.

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The provisions of this Section 2.2(e)(iv) are not in lieu of any other claim the Borrowers may have against such Defaulting Lender.

(f) Issuance of and Drawings and Reimbursement Under Letters of Credit.

(i) Request for Issuance. Each Letter of Credit shall be issued upon notice, given not later than 1:00 p.m. (New York time) on the fifth Business Day prior to the date of the proposed issuance of such Letter of Credit, by the Borrowers to the Issuing Bank, which shall give to the Administrative Agent and each Revolving Lender prompt notice thereof by telecopier or electronic communication. Each such notice of issuance of a Letter of Credit (a "Notice of Issuance") shall be by telephone, confirmed immediately in writing, or telecopier or electronic communication, specifying therein the requested (A) date of such issuance (which shall be a Business Day), (B) Available Amount of such Letter of Credit (which amount shall not be less than \$100,000), (C) expiration date of such Letter of Credit, (D) name and address of the beneficiary of such Letter of Credit and (E) form of such Letter of Credit, and shall be accompanied by such application and agreement for letter of credit as the Issuing Bank may specify to the Borrowers for use in connection with such requested Letter of Credit (a "Letter of Credit Agreement"). If (x) the requested form of such Letter of Credit is acceptable to the Issuing Bank in its sole discretion (y) as of the requested date of issuance, the requirements of Section 2.1(c) hereof have been satisfied as to such Letter of Credit, and (z) the Issuing Bank shall not have received notice of any continuing Default or Event of Default by any of the Loan Parties, the Issuing Bank will, upon fulfillment of the applicable conditions set forth in Article 3, make such Letter of Credit available to the Borrowers at its office referred to in Section 11.1 or as otherwise agreed with the Borrowers in connection with such issuance. In the event and to the extent that the provisions of any Letter of Credit Agreement shall conflict with this Agreement, the provisions of this Agreement shall govern.

(ii) Participations. Upon the issuance of a Letter of Credit by the Issuing Bank, the Issuing Bank shall be deemed, without further action by any party hereto, to have sold to each Revolving Lender, and each such Revolving Lender shall be deemed, without further action by any party hereto, to have purchased from the Issuing Bank, a participation in such Letter of Credit in an amount for each Revolving Lender equal to such Lender's Pro Rata Share of the Available Amount of such Letter of Credit, effective upon the issuance of such Letter of Credit. In consideration and in furtherance of the foregoing, each

Revolving Lender hereby absolutely and unconditionally agrees to pay such Lender's Pro Rata Share of each L/C Disbursement made by the Issuing Bank and not reimbursed by the Borrowers forthwith on the date due as provided in Section 2.4(c) (or which has been so reimbursed but must be returned or restored by the Issuing Bank because of the occurrence of an event specified in Section 8.1(f) or (g) or otherwise) by making available to the Administrative Agent for the account of the Issuing Bank by deposit to the Administrative Agent's Account, in same day funds, an amount equal to such Lender's Pro Rata Share of such L/C Disbursement. Each Revolving Lender acknowledges and agrees that its obligation to acquire participations pursuant to this Section 2.2(f)(ii) in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and

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continuance of a Default or an Event of Default or the termination of the Commitments, and that each such payment shall be made without any off-set, abatement, withholding or reduction whatsoever. If and to the extent that any Revolving Lender shall not have so made the amount of such L/C Disbursement available to the Administrative Agent, such Revolving Lender agrees to pay to the Administrative Agent forthwith on demand such amount together with interest thereon, for each day from the date such L/C Disbursement is due pursuant to Section 2.4(c) until the date such amount is paid to the Administrative Agent, at the Federal Funds Rate for its account or the account of the Issuing Bank, as applicable. If such Lender shall pay to the Administrative Agent such amount for the account of the Issuing Bank on any Business Day, such amount so paid in respect of principal shall constitute a Letter of Credit Loan made by such Lender on such Business Day for purposes of this Agreement, and the outstanding principal amount of the Letter of Credit Loan made by the Issuing Bank shall be reduced by such amount on such Business Day.

(iii) Drawing and Reimbursement. The payment by the Issuing Bank of a draft drawn under any Letter of Credit shall constitute for all purposes of this Agreement the making by the Issuing Bank of a Letter of Credit Loan, which shall be a Base Rate Option Loan, in the amount of such draft.

(iv) Applicability of ISP98. Unless otherwise expressly agreed by the Issuing Bank and the Borrowers when a Letter of Credit is issued, the rules of the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice (or such later version thereof as may be in effect at the time of issuance) shall apply to each Letter of Credit.

(v) Failure to Make Letter of Credit Loans. The failure of any Lender to make the Letter of Credit Loan to be made by it on the date specified in Section 2.4(c) shall not relieve any other Lender of its obligation hereunder to make its Letter of Credit Loan on such date, but no Lender shall be responsible for the failure of any other Lender to make the Letter of Credit Loan to be made by such other Lender on such date.

(g) Incremental Facility.

(i) Subject to the conditions set forth below, at any time and from time to time prior to the Maturity Date applicable to Revolving Loans, Borrowers shall have the right, in consultation with the Administrative Agent (but without the consent of any individual Lender), and upon not less than thirty (30) days' prior written notice (a "Request for Incremental Loan") to the Administrative Agent, to increase the aggregate Commitment as of the Agreement Date, provided that the aggregate amount of all such increases shall not exceed \$100,000,000, (individually an "Incremental Loan", and collectively the "Incremental Loans") subject to the receipt by the Administrative Agent of written commitments totaling such requested increased amount of any Incremental Loan from one or more existing Lenders and/or one or more banks or financial institutions approved in writing by the Administrative Agent (such existing Lenders and other banks or financial institutions, the "Incremental Lenders"). Each Request for Incremental Loan must specify the Type (as set forth in clause (a) and (b) of the definition thereof) of Loan being requested and the total requested increased amount, provided that each such request for an Incremental Loan shall be in a principal amount of not less than \$10,000,000. Each Incremental Loan shall be pari passu in right of payment with all other existing Obligations. If the applicable interest rate relating to any Incremental Loan exceeds the applicable interest rate relating to the same Type (as set forth in clause (a) and (b) of the

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definition thereof) of existing Loans, the interest rate relating to such existing Loans will be adjusted to equal the interest rate applicable to such Incremental Loan.

(ii) The Administrative Agent shall have no obligation to arrange, find or locate any Lender or new bank or financial institution to participate in any unsubscribed portion of any Incremental Loan by the Borrowers. No existing Lender shall be obligated to make an Incremental Loan unless and until it commits to do so in writing in its sole discretion. An existing Lender shall not have the right to decrease its existing commitments as a result of any Request for Incremental Loan or the funding of any Incremental Loan.

(iii) The following terms and conditions shall apply to each increase in the Commitment pursuant to this ss. 2.2(g):

(a) such increase in the Commitment pursuant to this ss. 2.2(g) (and any Incremental Loans made thereunder) shall constitute Obligations of the Borrowers;

(b) Borrowers shall, upon the request of any Incremental Lender, execute such Notes as are necessary to evidence the amount(s) funded by such Incremental Lender;

(c) no Default or Event of Default shall have occurred and be continuing as of the date of funding of any Incremental Loan or after giving effect to such increase in the Commitment pursuant to this ss. 2.2(g);

(d) the representations and warranties made by Borrowers in this Agreement and the other Loan Documents shall be true and correct in all material respects on and as of the date any Incremental Loan is funded with the same effect as if made on and as of such date (other than those representations and warranties that by their terms speak as of a particular date, which representations and warranties shall be true and correct as of such particular date); and

(e) the Administrative Agent shall have received a resolution duly adopted by the board of directors of each Borrower authorizing each such Incremental Loan and the related increase in the Commitment pursuant to this ss. 2.2(g).

Section 2.3. Interest.

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(a) On Base Rate Option Loans. Interest on each Base Rate Option Loan shall be computed on the basis of a year of 365/366 days for the actual number of days elapsed and shall be payable at the Base Rate Basis for such Base Rate Option Loan, in arrears on the applicable Payment Date for the period through the date immediately preceding such Payment Date. Interest on Base Rate Option Loans then outstanding shall also be due and payable on the Maturity Date with respect to Revolving Loans and Term Loans.

(b) On Eurodollar Option Loans. Interest on each Eurodollar Option Loan shall be computed on the basis of a 360-day year for the actual number of days elapsed and shall be payable at the Eurodollar Basis for such Eurodollar Option Loan, in arrears on the applicable Payment Date for the period through the day immediately preceding such Payment Date, and, in addition, if the Interest Period for a Eurodollar Option Loan exceeds three (3) months, interest on such Eurodollar Option Loan shall also be due and payable in arrears on every three-month anniversary of the first day of such Interest Period. Interest on Eurodollar Option Loans then outstanding shall also be due and payable on the respective Maturity Date with respect to such Revolving Loans or Term Loans.

(c) Interest Upon Default. Immediately upon the occurrence of an Event of Default hereunder, and during the continuation thereof, the outstanding principal balance of the Loans, together with accrued and unpaid interest and other unpaid sums, shall bear interest at the Default Rate. Such interest shall be payable on demand and shall accrue until the earliest of (a) waiver (by the Lenders required under Section 11.12 hereof to effect the waiver) of the applicable Event of Default, or (b) agreement by the Majority Lenders to rescind the charging of interest at the Default Rate, or (c) payment in full of the Obligations.

(d) Eurodollar Option Loans. At no time may the number of outstanding Eurodollar Option Loans exceed eight (8).

(e) Applicable Margin. With respect to any Loan hereunder, from and after the Agreement Date, and until the day prior to the First Adjustment Date, the Applicable Margin with respect to any Base Rate Option Loans shall be zero (0) basis points and the Applicable Margin with respect to any Eurodollar Option Loan shall be one-hundred and fifty (150) basis points and, on and after the First Adjustment Date, the Applicable Margin shall be, with respect to both Base Rate Option Loans and Eurodollar Option Loans, a percentage, per annum, determined by reference to the Total Leverage Ratio in effect from time to time as set forth below:

<TABLE>
<CAPTION>

Level	Total Leverage Ratio	Applicable Margin for Base Rate Loans	Applicable Margin for Eurodollar Loans Revolving Loans	Applicable Margin for Eurodollar Loans Term Loans
<S>	<C>	<C>	<C>	<C>
I	> = 3.75	25 bps	175 bps	150 bps

>

II	= 3.25 but < 3.75	0 bps	150 bps	150 bps
	>			
III	= 2.75 but < 3.25	0 bps	125 bps	150 bps
IV	< 2.75	0 bps	100 bps	150 bps

</TABLE>

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(i) Adjustments to the respective Applicable Margins, if any shall be implemented quarterly on a prospective basis, for each complete calendar month commencing after the required date of delivery to the Administrative Agent of (i) the applicable financial statements required by Section 6.1 or Section 6.2, as the case may be, of this Agreement and (ii) the Compliance Certificate required by Section 6.3 of this Agreement, evidencing the basis for an adjustment thereto. If an Event of Default has occurred and is continuing at the time any reduction in the Applicable Margins is to be implemented, such reduction shall be deferred until the first day of the first calendar month following the date, if any, on which such Event of Default is waived in writing or cured.

Section 2.4. Repayment.

(a) Any unpaid principal and interest of the Revolving Loans and any other outstanding Obligations under the Revolving Commitment shall be due and payable in full on the applicable Maturity Date.

(b) (i) Commencing September 30, 2005 and at the end of each calendar quarter for the next 23 calendar quarters, the outstanding principal balance of the Term Loans shall be repaid in an amount equal to the product of the outstanding principal balance of the Term Loans as of the close of business on August 31, 2005 multiplied by the percentage set forth in the table below as of the applicable calendar quarter end.

(ii) Commencing on the last day of the first calendar quarter following the issuance of any Incremental Term Loan, and at the end of each calendar quarter thereafter through and including June 30, 2011, the outstanding principal balance of any Incremental Term Loan shall be repaid in an amount, subject to Section 2.6(b), equal to the product of the outstanding principal balance of the Incremental Term Loan as of the end of such quarter multiplied by the percentage set forth in the table below as of the applicable calendar quarter end.

<TABLE>
<CAPTION>

Calendar Quarter Ending During the Period	Percentage of Term Loans Outstanding as of the close of business on August 31, 2005 to be Reduced Each	Percentage of Incremental Term Loans Outstanding, if any, as of the end of each designated Quarter to be reduced at the
<S>	<C>	<C>
September 30, 2005 through and including June 30, 2011	0.25%	0.25%

</TABLE>

On both December 31, 2011 and on August 31, 2012, the outstanding principal balance of the Term Loans, if any, shall be repaid on each date in an amount equal to the product of outstanding principal balance of the Term Loans as of the close of business on August 31, 2005 multiplied by 47.00%. In addition on December 30, 2011, 50% of the then outstanding principal balance of all Incremental Term Loans, if any, shall be repaid. The remaining principal balance of all Incremental Term Loans, if any, shall be repaid on August 31, 2012.

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Notwithstanding anything to the contrary in this Section 2.4(b), any unpaid principal and interest of the Term Loans shall be due and payable in full on the applicable Maturity Date.

(c) Letter of Credit Loans.

(i) The Borrowers shall repay to the Administrative Agent for the account of the Issuing Bank and each other Revolving Lender that has made a Letter of Credit Loan, the outstanding principal amount of each Letter of Credit Loan made by each of them, on the earlier of (1) on the Business Day when such Letter of Credit Loan is made, if made on or prior to 1:00 p.m. (New York time), or the succeeding Business Day, if made after 1:00 p.m. (New York time), and (2) the Maturity Date applicable to Revolving Loans.

(ii) The obligations of the Borrowers and the Revolving Lenders with respect to Letters of Credit under this Agreement, any Letter of Credit Agreement and any other agreement or instrument relating to any Letter of Credit shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement, such Letter of Credit Agreement and such other agreement or instrument under all circumstances, including, without

limitation, the following circumstances:

- (1) any lack of validity or enforceability of any Loan Document, any Letter of Credit Agreement, any Letter of Credit or any other agreement or instrument relating thereto (all of the foregoing being, collectively, the "L/C Related Documents");
- (2) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations of the Borrowers in respect of any L/C Related Document or any other amendment or waiver of or any consent to departure from all or any of the L/C Related Documents;
- (3) the existence of any claim, set-off, defense or other right that the Borrowers may have at any time against any beneficiary or any transferee of a Letter of Credit (or any Persons for which any such beneficiary or any such transferee may be acting), the Issuing Bank or any other Person, whether in connection with the transactions contemplated by the L/C Related Documents or any unrelated transaction;
- (4) any statement or any 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;
- (5) payment by the Issuing Bank under a Letter of Credit against presentation of a draft, certificate or other document that does not strictly comply with the terms of such Letter of Credit provided that such draft, certificate or other document complies in all material respects with such terms; or

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- (6) any exchange, release or non-perfection of any Collateral or other collateral, or any release or amendment or waiver of or consent to departure from any Guaranty or any other guarantee, for all or any of the Obligations of the Borrowers in respect of the L/C Related Documents.

Section 2.5. Fees.

(a) Fees Payable. The Borrowers agree to pay all fees as are due in connection herewith and are otherwise mutually agreed upon between the Borrowers and the Administrative Agent.

(b) Commitment Fee. The Borrowers agree to pay to the Administrative Agent, for the benefit of each of the Revolving Lenders in accordance with their respective Revolving Commitments, a per annum commitment fee equal to .375% on the average daily Unused Revolving Commitments, for each day from the Agreement Date until the Maturity Date applicable to Revolving Loans.

Such commitment fee shall be computed on the basis of a year of 360 days for the actual number of days elapsed, shall be payable quarterly in arrears on the last Business Day of each calendar quarter, commencing September 30, 2005, and on the Maturity Date, shall be fully earned when due, and shall be non-refundable when paid.

(c) Letter of Credit Fees.

(i) The Borrowers shall pay to the Administrative Agent for the account of each Revolving Lender a commission on such Revolving Lender's Pro Rata Share of the average daily aggregate Available Amount of all Letters of Credit outstanding from time to time at a rate per annum equal to the Applicable Margin for Eurodollar Option Loans under the Revolving Commitments in effect from time to time, if any, payable in arrears quarterly on the last Business Day of each calendar quarter, commencing September 30, 2005, and on the Maturity Date and thereafter from time to time on demand, shall be fully earned when due, and shall be non-refundable when paid.

(ii) The Borrowers shall pay to the Issuing Bank, for its own account, a letter of credit fronting fee in respect of each outstanding Letter of Credit, payable in arrears quarterly on the last Business Day of each calendar quarter and on the Maturity Date, of such Letter of Credit, computed at 0.25% per annum of the Available Amount of such Letter of Credit, and shall also pay to the Issuing Bank customary commissions, issuance fees, transfer fees and other fees and charges in connection with the issuance, administration, amendment, payment, and negotiation of each Letter of Credit. Letter of Credit commissions shall be computed on the basis of a year of 360 days for the actual number of days elapsed.

Section 2.6. Optional Prepayments, Application of Prepayments and Commitment Reduction.

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(a) Optional Prepayment of Loans. The principal amount of any Base Rate Option Loan may be prepaid in full or in part at any time, without penalty or premium and without regard to the Payment Date for such Loan, upon prior written notice to the Administrative Agent of such prepayment on or prior to 1:00 pm (New York time) on any Business Day. Eurodollar Option Loans may be prepaid prior to the due date thereof, upon not less than three (3) Business Days' prior written notice to the Administrative Agent. Partial prepayments shall be in a principal amount of not less than \$1,000,000 and in an integral multiple of \$500,000. A notice of prepayment shall be irrevocable.

(b) Application of Prepayment. Each prepayment of the Term Loans shall be applied to the then-remaining principal repayment installments of the Term Facility on a pro rata basis. Any prepayment of Revolving Loans shall be applied (A) first, to prepayment of the Letter of Credit Loans then outstanding until such Loans are paid in full, (B) second, to prepayment of Revolving Loans then outstanding until such Loans are paid in full and (C) third, to be deposited in the L/C Collateral Account to cash collateralize the aggregate Available Amount of the Letters of Credit then outstanding. Any prepayment of the Term Facility may not be reborrowed. Any prepayment of Revolving Loans pursuant to this Section 2.6 shall not reduce the Revolving Commitment. The prepayment of any principal amount of Loans shall be made with accrued interest to the date of such prepayment on the aggregate principal amount prepaid and the Borrowers shall reimburse the Lenders and the Administrative Agent, on demand, for any loss or out-of-pocket expense incurred by any Lender Party or the Administrative Agent in connection with such prepayment, as set forth in Section 2.10 hereof. Any prepayment under this Agreement shall not affect any Borrower's obligation to continue making payments under any Secured Hedge Agreement, which shall remain in full force and effect notwithstanding such prepayment, subject to the terms of such Secured Hedge Agreement.

(c) Commitment Reduction. At any time prior to the Maturity Date of the Revolving Loans, the Borrowers 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 Available Amount of all Letters of Credit then outstanding plus the aggregate principal amount of all Swingline Loans then outstanding. Any reduction of the Revolving Commitments pursuant to this Section 2.6(c) shall be made among the Lenders ratably in accordance with their respective Revolving Commitments. Simultaneously with each such reduction of the Revolving Commitments, the Borrowers 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 reduced through the date of such reduction.

Section 2.7. Mandatory Prepayments.

(a) In addition to the scheduled repayment provided in Section 2.4, to the extent provided in Section 5.5(e), the Borrowers shall prepay the Loans with the Net Proceeds of any casualty loss or condemnation received by any Loan Party which proceeds are not applied to the repair or replacement of the affected assets within one (1) year after the date of receipt of such Net Proceeds;

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(b) In addition to the scheduled repayment provided in Section 2.4, the Borrowers shall prepay the Loans in an amount equal to 100% of the Net Proceeds in excess of \$1,000,000 from any sales of assets other than Excluded Asset Sales or any net cash proceeds received from any sale of receivables pursuant to Section 7.18 hereof; provided that no prepayment shall be required to the extent such Net Proceeds (x) result from sales in the ordinary course of business, (y) result from sales or dispositions to any Loan Party or (z) are reinvested in the purchase of assets to be used in the Permitted Business so long as no Event of Default shall have occurred and be continuing;

(c) In addition to the scheduled repayment provided in Section 2.4, the Borrowers shall prepay the Loans in an amount equal to 100% of the Net Proceeds from any Capital Stock issued after the Agreement Date by the Borrowers other than to another Loan Party or GCII; and

(d) Any prepayment pursuant to this Section 2.7 shall be made in the manner set forth in Section 2.6(b).

Section 2.8. Evidence of Debt.

(a) The Loans shall be repayable in accordance with the terms and provisions set forth herein. Upon the request of any Lender, Notes shall be issued by the Borrowers and payable to the order of such Lender reflecting such Lender's Revolving Commitment and Term Loans. The Notes issued by the Borrowers to the Lenders shall be duly executed and delivered by one or more Authorized Signatories. Upon the request of the Swingline Lender, the Revolving Loans made by the Swingline Lender with respect to Swingline Loans shall be evidenced by a

Swingline Note, duly executed on behalf of the Borrowers, dated the Agreement Date, payable to the order of Swingline Lender, in an aggregate principal amount equal to the Swingline Loan Ceiling.

(b) Each Lender Party shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrowers to such Lender Party resulting from each Loan owing to such Lender Party from time to time, including the amounts of principal and interest payable and paid to such Lender Party from time to time hereunder.

(c) The Register maintained by the Administrative Agent pursuant to Section 11.5(c) shall include a control account, and a subsidiary account for each Lender Party, in which accounts (taken together) shall be recorded (i) the date and amount of each Loan made hereunder, the Type of such Loan and, if appropriate, the Interest Period applicable thereto, (ii) the terms of each Assignment and Acceptance delivered to and accepted by it, (iii) the amount of any principal or interest due and payable or to become due and payable from the Borrowers to each Lender Party hereunder, and (iv) the amount of any sum received by the Administrative Agent from the Borrowers hereunder and each Lender Party's share thereof.

(d) Entries made in good faith by the Administrative Agent in the Register pursuant to Section 2.8(c) above, and by each Lender Party in its account or accounts pursuant to Section 2.8(b) above, shall be prima facie evidence of the amount of principal and interest due and payable or to become due and payable from the Borrowers to, in the case of the Register, each Lender Party and, in the case of such account or accounts, such Lender Party, under this

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Agreement, absent manifest error; provided, however, that the failure of the Administrative Agent or such Lender Party to make an entry, or any finding that an entry is incorrect, in the Register or such account or accounts shall not limit or otherwise affect the obligations of the Borrowers under this Agreement.

Section 2.9. Manner of Payment.

(a) Each payment (including any prepayment) by the Borrowers on account of the principal of or interest on the Loans, commitment fees and any other amount owed to the Lender Parties, the Administrative Agent or any of them under this Agreement shall be made not later than 2:00 p.m. (New York time) on the date specified for payment under this Agreement to the Administrative Agent at the Administrative Agent's Account, for the account of the Lender Parties, or the Administrative Agent, as the case may be, in lawful money of the United States of America in immediately available funds without set-off or counterclaim. Any payment received by the Administrative Agent after 2:00 p.m. (New York time) shall be deemed received on the next Business Day. Receipt by the Administrative Agent of any payment hereunder at or prior to 2:00 p.m. (New York time) on any Business Day shall be deemed to constitute receipt on such Business Day. In the case of a payment for the account of a Lender Party, the Administrative Agent will promptly thereafter (and, if such amount is received before 2:00 p.m. (New York time), on the same day) distribute the amount so received in like funds to such Lender Party. If the Administrative Agent shall not have received any payment from the Borrowers as and when due, the Administrative Agent will promptly notify the Lender Parties accordingly. Upon its acceptance of an Assignment and Acceptance and recording of the information contained therein in the Register pursuant to Section 11.5(c), from and after the effective date of such Assignment and Acceptance, the Administrative Agent shall make all payments hereunder and under the Notes in respect of the interest assigned thereby to the Lender Party assignee thereunder, and the parties to such Assignment and Acceptance shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) The Borrowers agree to pay principal, interest, fees and all other Obligations due hereunder, or in connection herewith under any Notes, or under the other Loan Documents without set-off or counterclaim or any deduction whatsoever (other than any deductions or withholdings required by law on account of Taxes).

(c) Prior to the acceleration of the Loans under Section 8.2 hereof, if some but less than all amounts due from the Borrowers are received by the Administrative Agent with respect to the Obligations, the Administrative Agent shall distribute such amounts in the following order of priority:

(i) first, to the payment of all of the fees, indemnification payments, costs and expenses that are due and payable to the Administrative Agent (solely in its capacity as the Administrative Agent) under or in respect of this Agreement and the other Loan Documents on such date, ratably based upon the respective aggregate amounts of all such fees, indemnification payments, costs and expenses owing to the Administrative Agent on such date;

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(ii) second, to the payment of all of the fees, indemnification payments, costs and expenses that are due and payable to the

Issuing Bank (solely in its capacity as such) under or in respect of this Agreement and the other Loan Documents on such date, ratably based upon the respective aggregate amounts of all such fees, indemnification payments, costs and expenses owing to the Issuing Bank on such date;

(iii) third, to the payment of all of the indemnification payments, costs and expenses that are due and payable to the Lenders under or in respect of this Agreement and the other Loan Documents on such date, ratably based upon the respective aggregate amounts of all such indemnification payments, costs and expenses owing to the Lenders on such date;

(iv) fourth, to the payment of all of the accrued and unpaid interest on the Obligations of the Borrowers under or in respect of the Loan Documents that is due and payable to the Administrative Agent and the Lender Parties, ratably based upon the respective aggregate amounts of all such interest owing to the Administrative Agent and the Lender Parties on such date;

(v) fifth, ratably to the payment of the principal amount of all of the outstanding Loans that is due and payable to the Administrative Agent and the Lender Parties on such date, ratably based upon the respective aggregate amounts of all such principal owing to the Administrative Agent and the Lender Parties on such date and amounts payable under Secured Hedge Agreements with Lenders and/or their Affiliates (or Persons that were Lenders or Affiliates of Lenders at the time any such Secured Hedge Agreement was entered into); and

(vi) sixth, to the payment of all other Obligations of the Loan Parties owing under or in respect of the Loan Documents that are due and payable to the Administrative Agent and the Lender Parties on such date, ratably based upon the respective aggregate amounts of all such Obligations owing to the Administrative Agent and the Lender Parties on such date.

(d) If the Administrative Agent receives funds for application to the Obligations of the Loan Parties under or in respect of the Loan Documents under circumstances for which the Loan Documents do not specify the Loans to which, or the manner in which, such funds are to be applied, the Administrative Agent may, but shall not be obligated to, in the case of the Term Loans, elect to distribute such funds for application to such principal repayment installments thereof, as the Administrative Agent shall direct, and in other cases, elect to distribute such funds to each of the Lender Parties in accordance with such Lender Party's pro rata share of the sum of (i) the aggregate principal amount of the Loans outstanding at such time and (ii) the aggregate

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Available Amount of all Letters of Credit outstanding at such time, in repayment or prepayment of such of the outstanding Loans or other Obligations then owing to such Lender Party.

(e) Subject to any contrary provisions in the definition of Interest Period, if any payment under this Agreement or any of the other Loan Documents is specified to be made on a day which is not a Business Day, it shall be made on the next Business Day, and such extension of time shall in such case be included in computing interest and fees, if any, in connection with such payment; provided, however, that, if such extension would cause payment of interest on or principal of Eurodollar Option Loans to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(f) Unless the Administrative Agent shall have received notice from the Borrowers prior to the date on which any payment is due to any Lender Party hereunder that the Borrowers will not make such payment in full, the Administrative Agent may assume that the Borrowers have made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each such Lender Party on such due date an amount equal to the amount then due such Lender Party. If and to the extent the Borrowers shall not have so made such payment in full to the Administrative Agent, each such Lender Party shall repay to the Administrative Agent forthwith on demand such amount distributed to such Lender Party together with interest thereon, for each day from the date such amount is distributed to such Lender Party until the date such Lender Party repays such amount to the Administrative Agent, at the Federal Funds Rate.

Section 2.10. Reimbursement.

(a) Whenever any Lender shall sustain or incur any losses or out-of-pocket expenses in connection with (i) failure by the Borrowers to borrow any Eurodollar Option Loan after having given notice of its intention to borrow in accordance with Section 2.2 hereof (whether by reason of the Borrowers election not to proceed or the non-fulfillment of any of the conditions set forth in Article 3), or (ii) payment of any Eurodollar Option Loan prior to the last day of the Interest Period for such Loan in whole or in part pursuant to Section 2.2(a)(ii), 2.6, 2.7 or 10.2, acceleration of the maturity of the Loans pursuant to Section 8.2 or for any other reason, the Borrowers agree to pay to such Lender, upon demand, an amount sufficient to compensate such Lender for all such losses and reasonable out-of-pocket expenses. Such Lender's good faith determination of the amount of such losses or out-of-pocket expenses, as set

forth in writing pursuant to Section 2.10(b) hereof, and accompanied by calculations in reasonable detail demonstrating the basis for its demand, shall be presumptively correct.

(b) Losses subject to reimbursement hereunder shall be (i) any loss incurred by any Lender in connection with the re-employment of funds prepaid, repaid, not borrowed, or paid, as the case may be, and the amount of such loss shall be the excess, if any, of (1) the interest or other cost to such Lender of the deposit or other source of funding used to make any such Eurodollar Option Loan for the remainder of its Interest Period, over (2) the interest earned (or to be earned) by such Lender upon the re-lending or other redeployment of the amount of such Eurodollar Option Loan for the remainder of its putative Interest Period or (ii) any other out-of-pocket expenses incurred by any Lender or any participant of such Lender permitted

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hereunder in connection with the re-employment of funds prepaid, repaid, not borrowed, or paid, as the case may be.

Section 2.11. Pro Rata Treatment.

(a) Loans. Each Loan from the Lenders shall be made pro rata (i) on the basis of the respective Revolving Commitments of the Revolving Lenders as set forth on Schedule 4-A with respect to Loans made under the Revolving Commitment, and (ii) on the basis of the respective Term Commitments of the Term Lenders as set forth on Schedule 4-B hereof with respect to Term Loans.

(b) Payments. Except as specifically provided in Section 2.2(e)(iv) or Article 10 hereof or elsewhere in this Agreement, each payment and prepayment of principal of the Loans, and each payment of interest on the Loans, shall be made to the Lenders pro rata on the basis of their respective unpaid principal amounts outstanding immediately prior to such payment or prepayment. If any Lender shall obtain any payment (whether involuntary, through the exercise of any right of set-off, or otherwise) on account of any Loans made by it in excess of its ratable share of such Loans, such Lender shall forthwith purchase from the other Lenders such interests (whether by purchasing a participation or by assignment) in the applicable Loans made by them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and each such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery; provided further, however, that, so long as the Obligations under the Loan Documents shall not have been accelerated, any excess payment received by any Lender in respect of any Type of Loans shall be shared on a pro rata basis only with other Lenders to which Loans of such Type are owing. The Borrowers agree that any Lender so purchasing a participation from another Lender pursuant to this Section 2.11(b) may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrowers in the amount of such participation.

Section 2.12. Capital Adequacy. If, after the date hereof, the adoption or effectiveness of any Applicable Law regarding the capital adequacy of banks or bank holding companies, or any change or effectiveness in Applicable Law (whether adopted before or after the Agreement Date) or any change in the interpretation or administration or effectiveness thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by such Lender Party with any directive issued or adopted after the date hereof regarding capital adequacy (whether or not having the force of law) of any such governmental authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on any Lender Party's capital, as a consequence of its obligations hereunder with respect to the Loans, such Lender Party's Revolving Commitment or its obligations to issue or participate in any Letter of Credit hereunder, to a level below that which it could have achieved but for such adoption, change or compliance (taking into consideration such Lender Party's policies with respect to capital adequacy immediately before such adoption, change or compliance and assuming that such Lender Party's capital was fully utilized prior to such adoption, change or compliance) by an amount reasonably deemed by such Lender Party to

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be material, then such Lender Party shall promptly notify the Borrowers' Agent of such adoption, compliance, or change. Upon demand by such Lender Party, the Borrowers shall promptly pay to such Lender Party such additional amounts as shall be sufficient to compensate such Lender Party for such reduced return, together with interest on such amount from the fourth (4th) day after the date of demand until payment in full thereof at the Default Rate. A certificate of such Lender Party setting forth the amount to be paid to such Lender Party by the Borrowers as a result of any event referred to in this paragraph and supporting calculations in reasonable detail shall be conclusive, absent manifest error.

Section 2.13. Taxes.

(a) Subject to the exclusions and limitations of this Section 2.13 and subject to the Lender's compliance with Section 2.13(f), any and all payments by the Borrowers hereunder or under the other Loan Documents shall be made free and clear of and without deduction or withholding for any and all present or future taxes, levies, imposts, deductions, charges or withholdings ("Taxes") imposed or assessed on payments made under this Agreement or the other Loan Documents by the United States of America or any political subdivisions thereof or therein or any other jurisdiction from or through which any payments are made under any Loan Documents, and all liabilities with respect hereto or thereto (but excluding, except as provided in the second succeeding sentence, any tax imposed on or measured by the net income or net profits of a Lender, franchise taxes, or any other similar taxes assessed pursuant to the laws of the jurisdiction in which such Lender is organized, the jurisdiction in which the principal office or applicable lending office of such Lender is located or any jurisdiction in which the Lender is engaged in a trade or business or any subdivision thereof or therein) (all such non-excluded taxes, levies, imposts, duties, fees, assessments or other charges being referred to collectively as "Covered Taxes").

If the Borrowers shall be required by law to withhold or deduct any Covered Taxes from or in respect of any sum payable hereunder or under any other Loan Document to any Lender, (i) the sum payable shall be increased as may be necessary so that after making all required deductions or withholdings on account of Covered Taxes (including deductions applicable to additional sums payable under this Section 2.13(a)) such Lender receives an amount equal to the sum it would have received had no such deductions or withholdings of Covered Taxes been made, (ii) the Borrowers shall make such deductions or withholdings, and (iii) the Borrowers shall pay the full amount of Covered Taxes deducted to the relevant taxation authority or other authority in accordance with Applicable Law.

If any amounts are payable in respect of Covered Taxes pursuant to the preceding sentence, the Borrowers shall be obligated to reimburse each Lender, upon the written request of such Lender, for taxes imposed on or measured by the net income or net profits of such Lender pursuant to the laws of the jurisdiction (or the political subdivision or taxing authority of any jurisdiction) in which such Lender is organized or in which the principal office or applicable lending office of such Lender is located and for any withholding of taxes as such Lender shall determine are payable by, or withheld from, such Lender, in respect of such amounts so paid to or on behalf of such Lender pursuant to the preceding sentence and in respect of any amounts paid to or on behalf of such Lender pursuant to this sentence.

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(b) In addition, the Borrowers agree to pay any present or future recordation, transfer, mortgage, stamp or documentary taxes or any other excise or property taxes, charges or similar levies imposed by the United States of America or any political subdivision thereof or any other jurisdiction from or through which any payments under any of the Loan Documents are made that arise from the execution, delivery, registration of, performance under, or enforcement of, this Agreement or any other Loan Document (hereinafter referred to as "Other Taxes").

(c) Without duplication of its obligation to pay increased amounts on account of Covered Taxes and Other Taxes pursuant to Sections 2.13(a) and (b) respectively, the Borrowers shall indemnify each Lender for the full amount of Covered Taxes and Other Taxes (including, without limitation, any Covered Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.13) paid by such Lender and any penalties, interest and expenses arising therefrom or with respect thereto, whether or not such Covered Taxes or Other Taxes were correctly or legally asserted. Such Lender shall promptly give written notice to the Borrowers' Agent, after such Lender has actual knowledge of the imposition of any Covered Taxes or Other Taxes. Payment by the Borrowers pursuant to this indemnification shall be made within thirty (30) days from the date such Lender (as the case may be) makes written demand therefor (submitted through the Administrative Agent). A Lender's failure to provide notice to the Borrowers' Agent shall not relieve the Borrowers of any of its obligations under this Section 2.13. Notwithstanding the foregoing, where notice is not given within one hundred twenty (120) days after the Lender receives written notice of the assertion of taxes and the Borrowers do not otherwise have notice of such assertion, no indemnification shall be required for penalties, additions to tax, expenses, and interest accruing on such Covered Taxes or Other Taxes prior to the date that is 120 days before the date such notice was actually received by the Borrowers.

(d) Within thirty (30) days after the date of any payment of Covered Taxes or Other Taxes by the Borrowers, the Borrowers shall furnish to the Administrative Agent, at its address referred to in Section 11.1 hereof, the original or a certified copy of a receipt evidencing payment thereof. The Borrowers shall compensate each Lender to the extent that such Lender is required to pay any Covered Taxes or Other Taxes as a result of any failure by the Borrowers to so furnish such copy of such receipt.

(e) The agreements and obligations of the Borrowers contained in this Section 2.13 shall survive the indefeasible payment in full of the Obligations.

(f) Notwithstanding any provision to the contrary in this Agreement, on the date a Person becomes a Lender hereunder, such Person agrees that, to the extent that such Person is at such time legally entitled to do so, and at such other times as reasonably requested by the Borrowers or the Administrative Agent in writing, such Person must provide to the Borrowers' Agent and the Administrative Agent two, properly completed and duly executed originals of each of the following, as applicable: (i) Form W-8ECI (in the case of a non-U.S. Person claiming exemption from withholding because the income is effectively connected with a U.S. trade or business), (ii) Form W-8BEN (in the case of a non-U.S. Person claiming exemption from, or reduction of, withholding tax under an income tax treaty or under the portfolio interest exemption), (iii) with respect to any interest in this Agreement in which a participation has been

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sold, a Form W-8IMY along with accompanying Form W-8BEN (claiming exemption from withholding under the portfolio interest exemption), (iv) any other applicable form, certificate or document necessary to establish such non-U.S. Person's entitlement to exemption from United States withholding tax or reduced rate with respect to all payments to be made to such non-U.S. Person under this Agreement, or (v) in the case of any other Person, Form W-9 (claiming exemption from backup withholding tax), or any successor forms. Each Lender agrees that from time to time after the Agreement Date, when a lapse in time or change in circumstances renders the previous certification obsolete or inaccurate in any material respect, such Lender will, to the extent that such Lender is at such time legally entitled to do so, deliver to the Borrowers' Agent and the Administrative Agent two new accurate and complete original signed copies of the applicable certification form. If any form or document referred to in this Section 2.13(f) requires the disclosure of information that the applicable Lender reasonably considers to be confidential, such Lender shall give notice thereof to the Borrowers' Agent and shall not be obligated to include in such form or document such confidential information. Notwithstanding anything to the contrary in this Section 2.13, a Lender shall only be entitled to payment on account of or indemnification for Taxes or Other Taxes imposed by the United States of America (including any political subdivision thereof or therein) if there is a subsequent change of applicable treaty, law or regulation after the Agreement Date and such Lender provides the appropriate documentation outlined above certifying as to such non-U.S. Lender's entitlement to an exemption from United States withholding tax or reduced rate with respect to all payments to be made to such non-U.S. Lender under this Agreement. Each Lender Party will designate a different lending office if such designation will avoid the need for, or reduce the amount of, Taxes or Other Taxes and will not be otherwise disadvantageous to such Lender Party.

Section 2.14. Borrowers' Agent. Each of the Borrowers other than Holdings hereby appoints Holdings, and Holdings shall act under this Agreement, as the agent, attorney-in-fact and legal representative of such other Borrowers for all purposes, including requesting Loans and receiving account statements and other notices and communications to the Borrowers (or any of them) from the Administrative Agent or any Lender. The Administrative Agent, the Issuing Bank and the Lenders may rely, and shall be fully protected in relying, on any notice or communication of any kind received from Borrowers' Agent in respect of any notice or other communication of any kind that shall or may be given hereunder by any or all of the Borrowers, including without limitation notices of borrowing, notices of conversion or continuation, requests for Letters of Credit, disbursement instructions, reports, information or any other notice or communication made or given by Holdings, whether in its own name, as Borrowers' Agent, on behalf of any other Borrower or on behalf of the "Borrowers", and neither the Administrative Agent nor the Issuing Bank nor any Lender shall have any obligation to make any inquiry or request any confirmation from or on behalf of any other Borrower as to the binding effect on it of any such notice, request, instruction, report, information, or other communication, nor shall the joint and several character of the Borrowers' obligations hereunder be affected, provided, that the provisions of this Section 2.14 shall not be construed so as to preclude any Borrower from taking actions permitted to be taken by a "Borrower" hereunder.

Section 2.15. Joint and Several Liability.

(a) Joint and Several Liability. All Loans made to the Borrowers and all of the other Obligations including all interest, fees and expenses with respect thereto and all

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indemnity and reimbursement obligations hereunder, shall constitute one joint and several direct and general obligation of all of the Borrowers. Notwithstanding anything to the contrary contained herein, each of the Borrowers shall be jointly and severally, with each other Borrower, directly and unconditionally, liable for all Obligations, it being understood that the advances to each Borrower inure to the benefit of all Borrowers, and that the Administrative Agent, the Issuing Bank and the Lenders are relying on the joint and several liability of the Borrowers as co-makers in extending the Loans hereunder and issuing Letters of Credit. Each Borrower hereby unconditionally and irrevocably agrees that upon default in the payment when due (whether at stated maturity, by acceleration or otherwise) of any principal of, or interest

on, any Obligation it will forthwith pay the same, without notice or demand, unless such payment is then prohibited by applicable law (provided such Obligation shall not be extinguished by any such prohibition).

(b) No Reduction in Obligations. No payment or payments made by any of the Borrowers or any other Person or received or collected by the Administrative Agent, the Issuing Bank or any Lender from any of the Borrowers or any Person by virtue of any action or proceeding or any setoff or appropriation or application at any time or from time to time in reduction of or in payment of the Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of each Borrower under this Agreement except to the extent of any such payment, which shall remain liable for the Obligations until the Obligations are paid in full and the Commitment is terminated.

Section 2.16. Obligations Absolute. Each Borrower agrees that the Obligations will be paid strictly in accordance with the terms of the Loan Documents, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Administrative Agent, the Issuing Bank or any Lender with respect thereto, unless such payment is then prohibited by Applicable Law (provided such Obligation shall not be extinguished by any such prohibition.) All Obligations shall be conclusively presumed to have been created in reliance hereon. The liabilities under this Agreement shall be absolute and unconditional irrespective of: (a) any lack of validity of enforceability of any Loan Document or any other agreement or instrument relating thereto; (b) any change in the time, manner or place of payment of, or in any other term of, all or any part of the Obligations, or any other amendment or waiver thereof or any consent to departure therefrom, including any increase in the Obligations resulting from the extension of additional credit to any Borrower or otherwise; (c) any taking, exchange, release or non-perfection of any Collateral, or any release or amendment or waiver of or consent to departure from any Guaranty for all or any of the Obligations; (d) any change, restructuring or termination of the corporate structure or existence of any Borrower; or (e) any other circumstance which otherwise constitute a defense available to, or a discharge of, any Borrower. This Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by the Administrative Agent, the Issuing Bank or any Lender upon the insolvency, bankruptcy or reorganization of any Borrower or otherwise, all as though such payment had not been made.

Section 2.17. Waiver of Suretyship Defenses. Each Borrower agrees that the joint and several liability of the Borrowers provided for in Section 2.15 shall not be impaired or affected by any modification, supplement, extension or amendment of any contract or agreement to which

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the other Borrowers may hereafter agree (other than an agreement signed by the Administrative Agent and the Lenders specifically releasing such liability), nor by any delay, extension of time, renewal, compromise or other indulgence granted by the Administrative Agent or any Lender with respect to any of the Obligations, nor by any other agreements or arrangements whatever with the other Borrowers, each Borrower hereby waiving all notice of such delay, extension, release, substitution, renewal, compromise or other indulgence, and hereby consenting to be bound thereby as fully and effectively as if it had expressly agreed thereto in advance. The liability of each Borrower is direct and unconditional as to all of the Obligations, and may be enforced without requiring the Administrative Agent or any Lender first to resort to any other right, remedy or security. Each Borrower hereby expressly waives promptness, diligence, notice of acceptance and any other notice (except to the extent expressly provided for herein or in another Loan Document) with respect to any of the Obligations, this Agreement or any other Loan Documents and any requirement that the Administrative Agent or any Lender protect, secure, perfect or insure any Lien or any property subject thereto or exhaust any right or take any action against any Borrower or any other Person or any collateral.

Section 2.18. Contribution and Indemnification among the Borrowers. Each Borrower is obligated to repay the Obligations as joint and several obligors under this Agreement. To the extent that any Borrower shall, under this Agreement as a joint and several obligor, repay any of the Obligations constituting Loans made to another Borrower hereunder or other Obligations incurred directly and primarily by any other Borrower (an "Accommodation Payment"), then the Borrower making such Accommodation Payment shall be entitled to contribution and indemnification from, and be reimbursed by, each of the other Borrowers in an amount, for each of such other Borrowers, equal to a fraction of such Accommodation Payment, the numerator of which fraction is such other Borrower's "Allocable Amount" (as defined below) and the denominator of which the sum of the Allocable Amounts of all of the Borrowers. As of any date of determination, the "Allocable Amount" of each Borrower shall be equal to the maximum amount of liability for Accommodation Payments which could be asserted against such Borrower hereunder without (a) rendering such Borrower "insolvent" within the meaning of Section 101(31) of Title 11 of the United States Code entitled "Bankruptcy" (the "Bankruptcy Code"), Section 2 of the Uniform Fraudulent Transfer Act (the "UFTA"), or Section 2 of the Uniform Fraudulent Conveyance Act ("UFCA"), (b) leaving such Borrower with unreasonably small capital or assets, within the meaning of Section 548 of the Bankruptcy Code,

Section 4 of the UFTA, or Section 4 of the UFCA, or (c) leaving such Borrower unable to pay its debts as they become due within the meaning of Section 548 of the Bankruptcy Code, Section 4 of the UFTA, or Section 5 of the UFCA. All rights and claims of contribution, indemnification and reimbursement under this Section 2.18 shall be subordinate in right of payment to the prior payment in full of the Obligations.

ARTICLE 3.
Conditions Precedent

Section 3.1. Conditions Precedent to Initial Loans. The obligation of the Lenders to make the initial Loans or of the Issuing Bank to issue a Letter of Credit is subject to the prior fulfillment of each of the following conditions:

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(a) The Administrative Agent shall have received each of the following, in form and substance satisfactory to the Administrative Agent on or prior to August 31, 2005:

(i) the loan certificates of each Borrower, in substantially the form attached hereto as Exhibit L, including a certificate of incumbency with respect to each Authorized Signatory executing any Loan Document, together with appropriate attachments which shall include without limitation, the following items: (A) a copy of the certificate of incorporation or certificate of formation or organization of each Borrower (other than Alaska United Fiber System Partnership), certified to be true, complete and correct by the Secretary of State of Alaska, and a true, complete and correct copy of the Articles of Incorporation of each Borrower, (B) certificates of good standing for each Borrower (other than Alaska United Fiber System Partnership) issued by the Secretary of State or similar state official and by the franchise tax entity, if applicable, for each state in which such Borrower is required to qualify or has qualified to do business, (C) a true, complete and correct copy of the appropriate authorizing resolutions of each Borrower, authorizing such Borrower to execute, deliver and perform this Agreement and the other Loan Documents to which it is a party, and (D) a true, complete and correct copy of any agreement in effect with respect to the voting rights, ownership interests, or management of each Borrower;

(ii) duly executed Notes (to the extent requested by any Lenders) and duly executed counterparts of this Agreement;

(iii) duly executed Borrower Pledge Agreements, together with appropriate stock certificates and undated stock powers executed in blank and appropriate acknowledgements by any pledged partnerships;

(iv) duly executed Security Agreement, together with proper financing statements in form appropriate for filing under the Uniform Commercial Code of all jurisdictions that the Administrative Agent may deem necessary or desirable in order to perfect and protect the first priority liens and security interests created under the Security Agreement, covering the Collateral described in the Security Agreement;

(v) the GCII Guaranty;

(vi) the GCII Pledge Agreement, together with appropriate stock certificates and undated stock powers executed in blank and appropriate acknowledgments;

(vii) the Amended and Restated Deeds of Trust;

(viii) all effective financing statements filed in the jurisdictions referred to in clause (iv) above that name the Borrowers or any Subsidiary as debtor, together with copies of such other financing statements;

(ix) evidence that all other recordings and filings of or with respect to each Security Document shall have been completed and that all other actions that the Administrative Agent may reasonably deem necessary or desirable in order to perfect and

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protect the first priority liens and security interests created under the Security Documents shall have been taken, completed or otherwise provided for in a manner reasonably satisfactory to the Administrative Agent (including, without limitation, receipt of duly executed payoff letters and UCC-3 termination statements) and the Administrative Agent shall have received such assurances, including, without limitation, opinions of counsel, as the Administrative Agent may deem appropriate to establish the Loan Parties' title to, and the due creation and perfection of the Administrative Agent's liens on and security interests in, the Collateral and the absence of any unpermitted liens on or interests in the Collateral, in form and substance satisfactory to the Administrative Agent;

(x) duly executed Amended and Restated Deeds of Trust;

(xi) copies of reasonably satisfactory insurance brokers'

letters, binders or certificates covering the assets of the Borrowers and their Subsidiaries, and otherwise meeting and covering the requirements of Section 5.5 hereof;

(xii) legal opinions of (i) Sherman & Howard L.L.C., special counsel to the Borrowers, (ii) Hartig Rhodes Hoge & Lekisch, Alaska counsel to the Borrowers, (iii) Tina Pidgeon, special internal FCC counsel to the Borrowers and their Subsidiaries, and (iv) Mark Moderow, special Alaska regulatory counsel to the Borrowers and their Subsidiaries, each as counsel to the Borrowers and their Subsidiaries, addressed to each Lender and the Administrative Agent, in form and substance reasonably satisfactory to the Administrative Agent and its counsel, and dated as of the Agreement Date;

(xiii) duly executed Request for Loan and (if applicable) Notice of Issuance and Request for Term Loan Eurodollar Basis, which Request for Loan shall include calculations demonstrating, as of the Agreement Date after giving effect to the borrowings hereunder on the Agreement Date, the Borrowers compliance with Section 2.2 and Section 7.5 hereof;

(xiv) duly executed Certificate of Financial Condition for Holdings and its Subsidiaries on a consolidated basis, which shall include a certification that no event has occurred which would reasonably be expected to have a Material Adverse Change since June 23, 2005;

(xv) a loan certificate from GCII, in substantially the form attached hereto as Exhibit M, including a certificate of incumbency with respect to each officer or partner authorized to execute Loan Documents on behalf of GCII, together with appropriate attachments which shall include, without limitation, the following items: (A) a copy of the certificate or articles of incorporation of GCII or certificate of formation of GCII, as applicable, certified to be true, complete and correct by the Secretary of State from the jurisdiction of incorporation or of formation of GCII, (B) certificates of good standing for GCII issued by the Secretary of State or similar state official and by the franchise tax entity, if applicable, for each state in which GCII is organized or required to qualify to do business, (C) a true, complete and correct copy of the By-Laws of GCII, and (D) a true, complete and correct copy of the respective resolutions of GCII authorizing it to execute, deliver and perform the Loan Documents to which it is a party;

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(xvi) the Subordination Agreement duly executed by each of the Borrowers; and

(xvii) all such other documents as either the Administrative Agent or any Lender may reasonably request, certified by an appropriate governmental official or an Authorized Signatory if so requested.

(b) The Administrative Agent shall have received evidence reasonably satisfactory to it that all Necessary Authorizations, including all necessary consents to the execution, delivery and performance by the Borrowers of this Agreement and the other Loan Documents to which it is a party and by the Subsidiaries and GCII of the Loan Documents to which they are parties, have been obtained or made, are in full force and effect and are not subject to any pending or threatened reversal or cancellation and the Administrative Agent shall have received a certificate of an Authorized Signatory so stating.

(c) The Lenders, the Administrative Agent, and Hunton & Williams LLP, counsel to the Administrative Agent, shall receive payment of all fees and expenses due and payable on the Agreement Date in respect of the transactions contemplated hereby.

(d) The Administrative Agent and the Lenders shall have received evidence reasonably satisfactory to them that, after funding the initial Loans, the Borrowers and their Subsidiaries shall have no outstanding Indebtedness other than Permitted Debt.

(e) The Administrative Agent shall have received a recent lien search in each relevant jurisdiction with respect to the Borrowers and each Guarantor, and such search shall reveal no liens on any of the outstanding shares issued by the Borrowers or any Guarantor and no liens on any of the assets of the Borrowers or any Guarantor, other than liens permitted by the Loan Documents or liens to be discharged on or prior to the Agreement Date pursuant to documentation satisfactory to the Administrative Agent.

(f) Completion satisfactory to both the Administrative Agent and its counsel of the Administrative Agent's due diligence investigation with respect to the Borrowers and their Subsidiaries, including but not limited to completion of a review of the Borrowers accounting and financial information and any pending and threatened litigation that is satisfactory to the Administrative Agent.

(g) All intercompany indebtedness of the Loan Parties and any indebtedness of a Loan Party to GCII shall have been subordinated to their respective obligations hereunder, on terms acceptable to the Administrative Agent.

Section 3.2. Conditions Precedent to Each Loan. The obligation of the Lenders to make each Loan (including the initial Loans hereunder but excluding (w) settlement of a Swingline Loan pursuant to Section 2.1(e), (x) a Letter of Credit Loan made by the Issuing Bank or a Revolving Lender pursuant to Section 2.2(f), (y) a conversion of all or a portion of a Loan from one Type to the other pursuant to Section 2.2(b) or Section 2.2(c), and (z) a reborrowing or continuation of all or a portion of a Loan of the same Type pursuant to Section 2.2(b) or Section 2.2(c)), and the obligation of the Issuing Bank to issue a Letter of Credit (including the initial issuance) or renew or extend a Letter of Credit, is subject to the further conditions precedent that

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on the date of such Loan or issuance or renewal, (a) the following statements shall be true (and each of the giving of the applicable Request for Loan, or Notice of Issuance or Notice of Renewal and the acceptance by the Borrowers of the proceeds of such Loan or of such Letter of Credit or the renewal of such Letter of Credit shall constitute a representation and warranty by the Borrowers that both on the date of such notice and on the date of such Loan or issuance or renewal such statements are true):

(i) All of the representations and warranties of the Borrowers and the Subsidiaries under this Agreement and the other Loan Documents (including, without limitation, all representations and warranties with respect to the absence of material litigation), which, pursuant to Section 4.2 hereof, are made at and as of the time of such Loan, shall be true and correct at such time in all material respects as if made at such time, both before and after giving effect to the application of the proceeds of such Loan, and after giving effect to any updates to information provided to the Lenders in accordance with the terms of such representations and warranties;

(ii) No Default has occurred and is continuing, or would result from such Loan or issuance or renewal or from the application of the proceeds therefrom;

(iii) With respect to any Loan relating to any Acquisition, Investment or the formation of any Subsidiary which is permitted hereunder, the Administrative Agent shall have received such documents and instruments relating to such Acquisition, Investment, or formation of a new Subsidiary as are described in Section 5.12 hereof or otherwise required herein; and

(iv) There shall have occurred no event, and no litigation shall have been commenced (and no adverse development shall have occurred in existing litigation), which would reasonably be expected to have a Material Adverse Change;

(v) Each Loan Party is, both before and after giving effect to such Loan, Solvent;

(b) the Administrative Agent shall have received a duly executed Request for Loan or Notice of Issuance in accordance with the requirements hereof; and (c) each of the Administrative Agent and the Lenders shall have received all such other certificates, reports, statements, opinions of counsel or other documents as the Administrative Agent may reasonably request.

ARTICLE 4.

Representations and Warranties

Section 4.1. Representations and Warranties. The Borrowers hereby agree, represent and warrant in favor of the Administrative Agent and each Lender that:

(a) Organization; Ownership; Power; Qualification. Each Borrower is a corporation or partnership duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, organization or formation. Each Borrower has the corporate or partnership power and authority to own its properties and to carry on its business as now being and hereafter proposed to be conducted. Each Subsidiary of each Borrower is a

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corporation, limited liability company, or a partnership (as the case may be) duly organized, validly existing and in good standing under the laws of the state of its incorporation, organization or formation (as the case may be), and has the necessary power and authority to own its properties and to carry on its business as now being and hereafter proposed to be conducted. Each Borrower and each of their Subsidiaries are duly qualified, in good standing and authorized to do business in each jurisdiction (other than their respective jurisdictions of incorporation, organization or formation) in which the character of their respective properties or the nature of their respective businesses makes such qualification or authorization prudent.

(b) Authorization; Enforceability. Each Borrower has the power and has taken all necessary action to authorize it to borrow hereunder, to execute, deliver and perform this Agreement and each of the other Loan Documents to which it is a party in accordance with their respective terms, and to consummate the transactions contemplated hereby and thereby. This Agreement has been duly

executed and delivered by each Borrower and is, and each of the other Loan Documents to which the Borrowers are party is, a legal, valid and binding obligation of each Borrower enforceable against each Borrower in accordance with its terms, subject, as to enforcement of remedies, to the following qualifications: (i) an order of specific performance and an injunction are discretionary remedies and, in particular, may not be available where damages are considered an adequate remedy at law, (ii) enforcement may be limited by bankruptcy, insolvency, liquidation, reorganization, reconstruction and other similar laws affecting enforcement of creditors' rights generally (insofar as any such law relates to the bankruptcy, insolvency or similar event of the Borrowers), and (iii) enforcement may be subject to general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law) and may be limited by public policies which may affect the enforcement of certain rights or remedies provided for in the Loan Documents.

(c) Subsidiaries; Authorization; Enforceability. The Borrowers' Subsidiaries, and all Investments of Borrowers and their direct and indirect ownership thereof are set forth as of the Agreement Date on Schedule 1 or Schedule 7.18 attached hereto, and the Borrowers have the unrestricted right to vote the issued and outstanding shares of the corporate Subsidiaries, and the right to vote its partnership and membership interests in the partnership and limited liability company Subsidiaries in accordance with the terms of the applicable partnership agreement or operating agreement, shown thereon; such shares of such corporate Subsidiaries have been duly authorized and issued and are fully paid and nonassessable. Each Subsidiary of the Borrowers have the necessary power and authority, and have taken all necessary action to authorize it to execute, deliver and perform each of the Loan Documents to which it is a party in accordance with their respective terms and to consummate the transactions contemplated by this Agreement and by such Loan Documents. Each of the Loan Documents to which any Subsidiary of the Borrowers is party is a legal, valid, and binding obligation of such Subsidiary, respectively, enforceable against such Subsidiary, respectively, in accordance with its terms, subject, as to enforcement of remedies, to the following qualifications: (i) an order of specific performance and an injunction are discretionary remedies and, in particular, may not be available where damages are considered an adequate remedy at law, (ii) enforcement may be limited by bankruptcy, insolvency, liquidation, reorganization, reconstruction and other similar laws affecting enforcement of creditors' rights generally (insofar as any such law relates to the bankruptcy, insolvency or similar event of such Subsidiary), and (iii) enforcement may be subject to general principles of equity (regardless of whether such enforcement is considered in a proceeding in

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equity or at law) and may be limited by public policies which may affect the enforcement of certain rights or remedies provided for in such Loan Documents.

(d) Consents, Applicable Law, Conflicts and Liens. Except as set forth on Schedule 6 hereto, the execution, delivery and performance, in accordance with their respective terms, by the Borrowers of this Agreement and any Notes, and by the Borrowers or any of their Subsidiaries of each of the other Loan Documents to which they are respectively party, and the consummation of the transactions contemplated hereby and thereby, do not and will not (i) require any consent, approval authorization, permit or license, governmental or otherwise, not already obtained or require any filing or registration which has not already been effected, (ii) violate any Applicable Law respecting the Borrowers or any Subsidiary of the Borrowers, (iii) conflict with, result in a breach of, or constitute a default under the certificate or articles of incorporation or by-laws, operating agreement or the partnership agreement, as the case may be, as such documents are amended, of the Borrowers or any Subsidiary of the Borrowers, or under any material indenture, agreement, or other instrument, to which the Borrowers or any of their Subsidiaries is a party or by which any of them or their respective properties may be bound, (iv) conflict with, result in a breach of, or constitute a default or violation of, the terms and conditions of any of the material Licenses, or (v) result in or require the creation or imposition of any Lien upon or with respect to any property now owned or hereafter acquired by any of the Borrowers or any of their Subsidiaries, except for Permitted Liens.

(e) Business. Holdings together with its Subsidiaries is engaged in the business of owning, operating, and investing in the Permitted Businesses.

(f) Licenses, Etc. The Licenses have been duly authorized by the grantors thereof and are in full force and effect. The Borrowers and their Subsidiaries are in compliance in all material respects with all of the provisions thereof. Except as set forth on Schedule 7 attached hereto, the Borrowers and their Subsidiaries have secured all material Licenses and Necessary Authorizations and all such material Licenses and Necessary Authorizations are in full force and effect. Except as set forth on Schedule 7 attached hereto, neither any material License nor any material Necessary Authorization is the subject of any pending or, to the best of each of the Borrower's knowledge, threatened revocation.

(g) Compliance with Law. The Borrowers and their Subsidiaries are in substantial compliance with all material Applicable Law.

(h) Title to Assets. The Borrowers have good, legal, and marketable title to, or a valid leasehold interest in, all of the assets material to its business. Each of the Borrowers' Subsidiaries has good, legal and marketable title to, or a valid leasehold interest in, all of the assets material to its business. None of such properties or assets held by the Borrowers or any of their Subsidiaries, is subject to any Liens, except for Permitted Liens.

(i) Litigation. There is no action, suit, revocation, proceeding or investigation pending against, or, to the best of each Borrower's knowledge, threatened against or in any other manner relating adversely to, the Borrowers or any of their Subsidiaries, or any of their respective properties, including without limitation any License or Necessary Authorization, in any court or before any arbitrator of any kind or before or by any governmental body, except as

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described on Schedule 8 attached hereto as of the Agreement Date or as subsequently disclosed to the Administrative Agent and the Lenders pursuant to Section 6.5 hereof which would reasonably be expected to have an adverse outcome which (i) calls into question the validity of this Agreement or any other Loan Document, (ii) challenges the continued possession and use of any License, by the Borrowers or any of their Subsidiaries, and such challenge could result in a Default pursuant to Section 8.1(k) or Section 8.1(l) hereof, or (iii) except as expressly set forth on Schedule 8 (or as disclosed pursuant to Section 6.5), would reasonably be expected to have a Material Adverse Change.

(j) Taxes. Except as set forth on Schedule 14 as of the date hereof all federal, material state and other material tax returns (including information returns) of the Borrowers, and each of their Subsidiaries, required by law to be filed have been duly filed and all material federal, state and other taxes, including, without limitation, withholding taxes, assessments and other governmental charges or levies required to be paid by the Borrowers or any of their Subsidiaries, or imposed upon the Borrowers or any of their Subsidiaries, or any of their respective properties, income, profits or assets, which are due and payable, have been paid, except any such taxes (i) the payment of which the Borrowers or any of their Subsidiaries, is diligently contesting in good faith by appropriate proceedings, (ii) for which adequate reserves have been provided on the books of the Borrower, the Subsidiary of the Borrower involved, and (iii) as to which no Lien other than a Permitted Lien has attached and no foreclosure, distraint, sale or similar proceedings have been commenced. The charges, accruals and reserves on the books of the Borrowers and each of their Subsidiaries, in respect of taxes are, in the judgment of the Borrowers, adequate.

(k) Financial Statements. The Borrowers have furnished or caused to be furnished to the Administrative Agent and the Lenders its (or its predecessors) audited financial statements on a consolidated basis with their Subsidiaries for the fiscal year ended December 31, 2004, their unaudited financial statements on a consolidated basis with their Subsidiaries for the first calendar quarter of 2005 which, together with other financial statements furnished to the Administrative Agent and the Lenders subsequent to the Agreement Date, are complete and correct in all material respects and present fairly in accordance with GAAP the financial position of the Borrowers and their Subsidiaries on a consolidated basis on and as at such dates and the results of operations for the periods then ended. Except as provided on Schedule 9 attached hereto as of the Agreement Date, none of the Borrowers or any of their Subsidiaries, has any material liabilities, contingent or otherwise, other than (i) as disclosed in the financial statements referred to in the preceding sentence, (ii) those incurred in the ordinary course of business in connection with purchases of equipment or inventory that would not reasonably be expected to have a Material Adverse Change and (iii) as set forth or referred to in this Agreement.

(l) No Adverse Change. Since June 23, 2005, there has occurred no event which has had or which would reasonably be expected to have a Material Adverse Change.

(m) ERISA. The Borrowers and each Subsidiary of the Borrowers and each of their respective Plans are in compliance in all material respects with ERISA and the Code and neither the Borrowers nor any of their Subsidiaries has incurred any accumulated funding deficiency with respect to any such Plan within the meaning of ERISA or the Code. The Borrowers and each of their Subsidiaries have complied in all material respects with all

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applicable requirements of Sections 10001 and 10002 of the Consolidated Omnibus Budget Reconciliation Act of 1985 (Public Law No. 99-272), Section 4980B of the Internal Revenue Code. No Reportable Event, for which the 30-day notice requirement has not been waived, has occurred and is continuing with respect to any such Plan. No such Plan or trust created thereunder, or party in interest (as defined in Section 3(14) of ERISA), or any fiduciary (as defined in Section 3(21) of ERISA), has engaged in a "prohibited transaction" (as such term is defined in Section 406 of ERISA or Section 4975 of the Code) which would reasonably be expected to subject such Plan or any other Plan of the Borrowers or any of their Subsidiaries, any trust created thereunder, or any such party in interest or fiduciary, or any party dealing with any such Plan or any such

trust, to a tax or penalty in any material amount on "prohibited transactions" imposed by Section 502 of ERISA or Section 4975 of the Code.

(n) Compliance with Regulations T, U, and X. None of the Borrowers or any Subsidiary of the Borrowers, is engaged principally in or has as one of its important activities the business of purchasing or carrying, or extending credit for the purpose of purchasing or carrying, any margin stock within the meaning of Regulations T, U, and X of the Board of Governors of the Federal Reserve System; nor will any proceeds of the Loans be used for such purpose.

(o) Investment Company Act. None of the Borrowers or any of their Subsidiaries is required to register under the provisions of the Investment Company Act of 1940, as amended, and neither the entering into or performance by the Borrowers, and any of their Subsidiaries of this Agreement nor the issuance of any Notes violates any provision of such Act or requires any consent, approval or authorization of, or registration with, the Securities and Exchange Commission under such act or any other governmental or public body or authority pursuant to any provisions thereof.

(p) Absence of Default, Etc. The Borrowers and their Subsidiaries, are in compliance in all respects with all of the provisions of their respective certificates or articles of organization or incorporation and by-laws, operating agreement or their partnership agreements, as the case may be, and no event has occurred or failed to occur (including, without limitation, any matter which could create a Default hereunder by cross-default) which has not been remedied or waived, the occurrence or non-occurrence of which constitutes, or with the passage of time or giving of notice or both would constitute, (i) an Event of Default or (ii) a material default by any of the Borrowers or any of their Subsidiaries under any Material Agreement or other instrument relating to Indebtedness of the Borrowers or any of their Subsidiaries, in the amount of \$5,000,000 or more, any License, or any judgment, decree or order in the amount of \$5,000,000 or more to which the Borrowers or any of their Subsidiaries, is a party or by which the Borrowers or any of their Subsidiaries, or any of their respective properties may be bound or affected. None of the Borrowers or any of their Subsidiaries is a party to or bound by any contract or agreement, other than the Material Agreements, continuing after the Agreement Date, the loss of which would be reasonably expected to have a Material Adverse Change or result in the loss of any License.

(q) Accuracy and Completeness of Information. To the best of each Borrower's knowledge as of the Agreement Date, all information, reports, prospectuses and other papers and data relating to the Borrowers or any of their Subsidiaries, or GCII and furnished by or on behalf of the Borrowers or any of their Subsidiaries, or GCII to the Administrative Agent or the Lenders

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taken as a whole were, at the time furnished, true, complete and correct in all material respects to the extent necessary to give the Administrative Agent and the Lenders true and accurate knowledge of the subject matter provided that, with respect to Projections, the Borrowers represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time. No fact or situation is currently known to any of the Borrowers which has had or would reasonably be expected to have a Material Adverse Change.

(r) Agreements with Affiliates and Management Agreements. Except as set forth on Schedule 10 attached hereto as of the Agreement Date, none of the Borrowers or any of their Subsidiaries, has (i) any material written agreements or binding arrangements of any kind with any Affiliate or (ii) any material management or consulting agreements of any kind.

(s) Payment of Wages. The Borrowers and each of their Subsidiaries, are in compliance with the Fair Labor Standards Act, as amended, in all material respects, including, without limitation, the provisions of such Act relating to the payment of all minimum and overtime wages required by law to be paid to their respective employees.

(t) Investments. All Investments of the Borrowers and their Subsidiaries as of the Agreement Date are shown on Schedule 1 attached hereto.

(u) Real Estate. Other than as listed and described on Schedule 11 attached hereto, as of the Agreement Date none of the Borrowers or any of their Subsidiaries has fee simple ownership of any parcel of real estate with an initial cost in excess of \$1,000,000 or leases any real property under any lease with aggregate annual lease payments in excess of \$1,000,000.

(v) Intellectual Property. Except as set forth on Schedule 8, the Borrowers and each of their Subsidiaries, own, possess or have the right to use all material licenses and rights to all patents, trademarks, trademark rights, trade names, trade name rights, service marks and copyrights necessary to conduct their business in all material respects as now conducted, without known conflict with any patent, trademark, trade name, service mark, license or copyright of any other Person, and such intellectual property of the Borrowers or their Subsidiaries, is not subject to any Lien, other than any Permitted Liens. All such material licenses and rights with respect to patents, trademarks, trademark rights, trade names, trade name rights, service marks and

copyrights are in full force and effect in all material respects, and are not subject to any pending or, to the best knowledge of the Borrowers, threatened attack or revocation.

(w) Patriot Act. None of the Borrowers or any of their Subsidiaries, is in material violation of any laws relating to terrorism or money laundering, including, without limitation, the Patriot Act.

(x) Solvency. Each Loan Party is and, both before and after the making of any Loan hereunder, will be Solvent.

(y) Environmental Matters. Except as disclosed on Schedule 12 (none of which is likely to result in a Material Adverse Change): The Borrowers and each other Loan Party have obtained all material environmental, health and safety permits, licenses and other Necessary Authorizations required under all applicable Environmental Laws to carry on its business as

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being conducted. On the Agreement Date, there are no material environmental liabilities of the Borrowers or any other Loan Party (with respect to any fee owned or leased Properties), except as disclosed and described in detail on Schedule 12 hereto. Each of such permits, licenses and Necessary Authorizations is in full force and effect and the Borrowers and each other Loan 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 applicable to the Borrowers or another Loan Party 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 would not reasonably be expected to cause a Material Adverse Change. 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 Borrowers or any other Loan Party, threatened, by any governmental authority or other entity with respect to any alleged failure by the Borrowers or any other Loan 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 Borrowers or any other Loan Party or with respect to any generation, treatment, storage, recycling, transportation, discharge, disposal or release of any Hazardous Materials by the Borrowers or any other Loan Party. To the best knowledge of the Borrowers and each other Loan Party, there are no environmental liabilities of the Borrowers or any other Loan Party which would reasonably be expected to cause a Material Adverse Change, nor has the Borrowers or any Loan Party received any material environmental studies or reports in connection with any real Property since October 30, 2003. No Hazardous Materials are generated or produced at or in connection with the Properties and operations of any of the Borrowers or any of the other Loan Parties, nor have any Hazardous Materials been disposed of or otherwise released on or to any Property on which any operations of the Borrowers or any other Loan Parties are conducted, except in compliance with applicable Environmental Laws, since October 30, 2003 except as is not likely to cause a Material Adverse Change.

(z) Employee Relations. Each Loan Party and each of its Subsidiaries (A) has adequate relations with its employees, and (B) is not, as of the Agreement Date, except as set forth on Schedule 13, party to any collective bargaining agreement. As of the Agreement Date, except as set forth on Schedule 13, no labor union has been recognized as the representative of any Loan Party's or any of its Subsidiaries' employees, and no Loan Party is aware of any pending, threatened or contemplated strikes, work stoppage or other material labor disputes involving such Loan Party's or any of its Subsidiaries' employees.

Section 4.2. Survival of Representations and Warranties, Etc. All representations and warranties made under this Agreement and the other Loan Documents shall be deemed to be made, and shall be true and correct, at and as of the Agreement Date and on the date of each Loan (excluding (v) a Discretionary Swingline Loan, (w) settlement of a Swingline Loan pursuant to Section 2.1(e), (x) a Letter of Credit Loan made by the Issuing Bank or a Revolving Lender pursuant to Section 2.2(f), (y) a conversion of all or a portion of a Loan from one Type to the other pursuant to Section 2.2(b) or Section 2.2(c), and (z) a reborrowing or continuation of all or a portion of a Loan of the same Type pursuant to Section 2.2(b) or Section 2.2(c)) except to the extent expressly applicable only to the Agreement Date (in which case such representations

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and warranties shall have been true and correct in all material respects as of the Agreement Date) or previously fulfilled in accordance with the terms hereof. All representations and warranties made under this Agreement shall survive, and not be waived by, the execution hereof by the Lenders and the Administrative Agent, any investigation or inquiry by any Lender or the Administrative Agent, or the making of any Loan under this Agreement.

General Covenants

So long as any of the Obligations is outstanding and unpaid, any Letter of Credit shall be outstanding or the Borrowers shall have the right to borrow hereunder (whether or not the conditions to borrowing have been or can be fulfilled), and unless the Majority Lenders, or such greater number of Lenders as may be expressly provided herein, shall otherwise consent in writing:

Section 5.1. Preservation of Existence and Similar Matters. Except as otherwise permitted pursuant to Section 7.3(b), the Borrowers will, and will cause each of their Subsidiaries to:

(a) preserve and maintain its existence, rights, franchises, licenses and privileges in the state of its incorporation, organization or formation and in each other state in which it operates a material part of its business, including, without limitation, the Licenses, all other Necessary Authorizations (other than, in each case, any such the loss of which would not be materially disadvantageous to (i) the Lenders or (ii) the Borrowers and their Subsidiaries, taken as a whole); and

(b) qualify and remain qualified and authorized to do business in each jurisdiction in which the character of its properties or the nature of its business makes such qualification or authorization prudent.

Section 5.2. Business; Compliance with Applicable Law. The Borrowers will, and will cause their Subsidiaries to, (a) engage only in the Permitted Business and will not engage in any other business activity, and (b) substantially comply with the requirements relating to the Licenses and of all material Applicable Law.

Section 5.3. Maintenance of Properties. The Borrowers will, and will cause each of their Subsidiaries to, maintain or cause to be maintained in the ordinary course of business in good repair, working order and condition (reasonable wear and tear excepted and except for surplus and obsolete properties) all material properties used in their respective businesses (whether owned or held under lease), and from time to time make or cause to be made all needed and appropriate repairs, renewals, replacements, additions, betterments and improvements thereto.

Section 5.4. Accounting Methods and Financial Records. The Borrowers will, and will cause each of their Subsidiaries on a consolidated basis to, maintain a system of accounting established and administered in accordance with GAAP, keep adequate records and books of account in which complete entries will be made in accordance with GAAP and reflecting all transactions required to be reflected by GAAP and keep accurate and complete records in all

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material respects of their respective properties and assets. The Borrowers and their Subsidiaries will maintain a fiscal year ending on December 31.

Section 5.5. Insurance. The Borrowers will, and will cause their Subsidiaries to:

(a) Maintain insurance including, but not limited to, business interruption coverage and public liability coverage insurance from responsible companies in such amounts and against such risks to the Borrowers and each of their Subsidiaries as is prudent and reasonably satisfactory to the Administrative Agent.

(b) Keep their respective assets insured by responsible companies on terms and in a manner reasonably acceptable to the Administrative Agent against loss or damage by fire, theft, burglary, pilferage, loss in transit, explosions and hazards insured against by extended coverage, in amounts which are prudent for the Permitted Businesses, in accordance with industry standards, and reasonably satisfactory to the Administrative Agent, all premiums thereon to be paid by the Borrowers and their Subsidiaries.

(c) Require that each insurance policy for the Borrowers and their Subsidiaries provide for at least thirty (30) days' prior written notice to the Administrative Agent of any termination of or proposed cancellation or nonrenewal of such policy, or material reduction in coverage, and name the Administrative Agent (for itself and for the ratable benefit of the Lender Parties) as additional named loss payee to the extent of the Obligations and additional named insured.

(d) Subject to subsection (e), below, proceeds of insurance for the Borrowers and their Subsidiaries paid to the Administrative Agent shall be applied to the payment or prepayment of the Obligations as provided under Section 2.9(c) or Section 8.3 hereof, as applicable. Any balance thereof remaining after payment in full of the Obligations shall be paid to the Borrowers or as otherwise required by law.

(e) If any of the Loan Parties shall receive proceeds from any policy for insurance in respect of any claim or series of related claims in an aggregate amount greater than \$5,000,000, then such Loan Party or Parties shall

have the right to use any portion of such proceeds to repair, rebuild or replace the affected assets within one (1) year after the date of such receipt and to the extent that such proceeds are not used to repair, rebuild or replace the affected assets within one (1) year after the date of such receipt then such Loan Party or Parties shall prepay the Loans with such unused portion of such proceeds and such prepayment will be applied as provided under Section 5.5(d) hereof.

Section 5.6. Payment of Taxes and Claims. The Borrowers will, and will cause each of their respective Subsidiaries to, pay and discharge all Taxes, including, without limitation, withholding taxes, assessments and governmental charges or levies required to be paid by them or imposed upon them or their income or profits or upon any properties belonging to them, prior to the date on which penalties attach thereto, and all lawful claims for labor, materials and supplies which, if unpaid, would reasonably be expected to become a Lien or charge upon any of their properties; except that no such tax, assessment, charge, levy or claim need be paid which is being diligently contested in good faith by appropriate proceedings and for which adequate

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reserves shall have been set aside on the appropriate books, but only so long as such tax, assessment, charge, levy or claim does not become a Lien or charge other than a Permitted Lien and no foreclosure, distraint, sale or similar proceedings shall have been commenced. The Borrowers will, and will cause each of their respective Subsidiaries to, timely file all material information returns required by federal, state or local tax authorities.

Section 5.7. Visits and Inspections. The Borrowers each will, and will cause each of their respective Subsidiaries to, permit representatives of the Administrative Agent and any of the Lenders, upon reasonable notice to the Borrowers or their relevant Subsidiary and during normal business hours to, as reasonably requested (a) visit and inspect the properties of the Borrowers or such Subsidiary, (b) inspect and make extracts from and copies of their respective books and records, and (c) discuss with their respective principal officers their respective businesses, assets, liabilities, financial positions, results of operations and business prospects, all at the Borrowers' expense in the case of actions described in the foregoing clauses (a) through (c) by the Administrative Agent's representatives. The Borrowers, and each of their respective Subsidiaries will also permit representatives of the Administrative Agent and any of the Lenders to discuss with their respective auditors their respective businesses, assets, liabilities, financial positions, results of operations and business prospects, at the Borrowers' expense in the case of discussions between the Administrative Agent's representatives and such respective auditors.

Section 5.8. Payment of Indebtedness. The Borrowers each will, and will cause each of their Subsidiaries to, pay any and all of their respective Indebtedness when and as it becomes due, other than amounts diligently disputed in good faith and for which adequate reserves have been set aside in accordance with GAAP.

Section 5.9. Use of Proceeds. The Borrowers will use, and will cause their Subsidiaries to use, the aggregate proceeds of all Loans (a) to refinance all outstanding Indebtedness under the Existing Agreement, (b) at the Borrowers' election, to repay all fees and other amounts in connection with the financing transactions contemplated by this Credit Agreement, (c) for working capital, other general corporate purposes and as otherwise permitted herein and (d) to refinance outstanding satellite lease obligations of SATCO. No proceeds of advances of Loans hereunder shall be used for the purchase or carrying or the extension of credit for the purpose of purchasing or carrying any margin stock within the meaning of Regulations T, U, and X of the Board of Governors of the Federal Reserve System.

Section 5.10. Real Estate. The Borrowers at their sole cost and expense will, and will cause their respective Subsidiaries to, grant and record in the appropriate recording office a mortgage or deed of trust, as applicable, securing the Obligations to the Administrative Agent, for itself and for the ratable benefit of the Lender Parties, in form and substance reasonably satisfactory to the Administrative Agent (each such mortgage or deed of trust, being a "Mortgage"), covering each parcel of real estate acquired directly or indirectly (other than by lease) by the Borrowers or any of their respective Subsidiaries after the Agreement Date with a cost in excess of \$2,500,000. Such Mortgage or deed of trust shall be granted and recorded, promptly (but in no event more than 30 days) after any such acquisition. The Borrowers at their sole cost and expense will, and will cause their Subsidiaries to, deliver to the Administrative Agent all documentation, including data, certificates, reports, statements, opinions of counsel and policies of title insurance, or further information regarding the business, assets, liabilities,

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financial position, projections or business prospects of the Borrowers or any of their Subsidiaries, which in the reasonable opinion of the Administrative Agent is appropriate, in connection with any such Real Property Acquisition or thereafter in connection with such grant, including without limitation any Survey or any Phase I environmental audit requested by the Administrative Agent

or the Majority Lenders.

Section 5.11. Indemnity. The Borrowers, each for itself and on behalf of each of its Subsidiaries agree jointly and severally, to indemnify and hold harmless each Lender and the Administrative Agent and each of their respective affiliates, employees, representatives, officers, trustees, directors, successors and assigns (any of the foregoing shall be an "Indemnitee") from and against any and all claims, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, reasonable attorneys', experts', agents', consultants' fees and expenses (as such fees and expenses are incurred) and demands by any party, including the costs in connection with any investigation, litigation or proceeding or preparation of a defense in connection therewith, whether or not the Borrower, any Subsidiary of the Borrower, or the Person seeking indemnification is the prevailing party, whether or not such investigation, litigation or proceeding is brought by any Loan Party, its members, managers, directors, shareholders or creditors or an Indemnitee or any other Person, whether or not any Indemnitee is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated, (a) resulting from any breach or alleged breach by the Borrowers, or any Subsidiary of the Borrowers of any representation, warranty, or covenant made hereunder or under any other Loan Document; (b) arising out of or in connection with (i) any Commitment, any Loans, any Letter of Credit or otherwise under this Agreement or any other Loan Document (including the taking of Collateral for the Obligations), including the use of the proceeds of Loans or any Letter of Credit hereunder in any fashion by the Borrowers, or any of their Subsidiaries or the performance of their respective obligations under the Loan Documents by the Borrower, or any of the Borrowers' Subsidiaries, (ii) allegations of any participation by the Lenders or the Administrative Agent, or any of them, in the affairs of the Borrowers, or any of the Borrowers' Subsidiaries, or allegations that any of them has any joint liability with the Borrowers, or any of the Borrowers' Subsidiaries for any reason, or (iii) any claims against the Lenders or the Administrative Agent, or any of them, by any shareholder, partner, or other investor in or lender to the Borrowers, or any of the Borrowers' Subsidiaries, by any brokers or finders or investment advisers or investment bankers retained by the Borrowers or by any other third party, arising out of any Commitment, any Loans, any Letter of Credit or otherwise under this Agreement or any other Loan Document, (iv) the presence, use, generation, treatment or Release of any Hazardous Material at, in, on or under, or the transport of Hazardous Materials to or from, property presently or formerly owned or operated by the Borrowers or their predecessors, or any of their Subsidiaries, (v) any Environmental Claim, (vi) the actual or alleged violation of any Environmental Law or Environmental Permit, (vii) any Environmental Testing or Environmental Clean-up Activities required by any applicable governmental authority or Environmental Law, (viii) any undertaking or action in response to a request for information, order or notice from, or investigation by, any governmental authority acting under any applicable Environmental Law, or (ix) any claims relating to natural resource damages, property damage (including diminution in value) or the death, personal injury or harm to any Person actually or allegedly arising from or relating to acts or omissions of the Borrowers or their predecessors, or any of their Subsidiaries or to conduct by any Person on property presently or formerly owned or operated by the Borrower, or any of their Subsidiaries; (c) in connection with fees and other

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charges payable in connection with the Loans, or the execution, delivery, and enforcement of this Agreement, the Security Documents, the other Loan Documents, and any amendments thereto or waivers of any of the provisions thereof; or (d) arising from alleged acts or omissions occurring, or claims arising, after June 23, 2005; unless the Person seeking indemnification hereunder is determined in such case to have acted with gross negligence or willful misconduct or in breach of the Loan Documents, in any case by a final, non-appealable judicial order. The obligations of the Borrowers, and their Subsidiaries under this Section 5.11 are in addition to, and shall not otherwise limit, any liabilities which the Borrowers, or any their Subsidiary might otherwise have in connection with any warranties or similar obligations of the Borrowers, or such Subsidiary in any other agreement or instrument or for any other reason.

Section 5.12. Covenants Regarding Formation of Subsidiaries and the Making of Acquisitions and Investments.

(a) At the time of any Indirect Permitted Real Property Acquisition or Acquisition permitted hereunder by the Borrowers, or any of their Subsidiaries, or the formation of any new Subsidiary of any of the Borrowers, or any of their Subsidiaries which is permitted under this Agreement, the Borrowers each will, and will cause their Subsidiaries, as appropriate, to (1) in the case of the formation or acquisition of a new Subsidiary, at the discretion of the Administrative Agent, provide to the Administrative Agent either (x) an executed Subsidiary Guaranty and an executed Subsidiary Security Agreement, if the Administrative Agent decides that such new Subsidiary will be a Subsidiary Guarantor, or (y) a Security Agreement in substantially the form of Exhibit F attached hereto for such new Subsidiary together with a joinder agreement making such new Subsidiary a party to this Agreement, if the Administrative Agent decides that such new Subsidiary will be a Borrower, in each case, together with

a joinder agreement making such new Subsidiary a party to the Subordination Agreement, appropriate UCC-1 financing statements, which shall, along with each other document referred to in this clause (a)(1) constitute both Security Documents and Loan Documents for purposes of this Agreement, as well as a loan certificate for such new Subsidiary, substantially in the form of Exhibit L, Exhibit M, Exhibit N or Exhibit O attached hereto, as appropriate, together with appropriate attachments; (2) in the case of any Indirect Permitted Real Property Acquisition or Acquisition by the Borrowers or any of their respective Subsidiaries or the formation of any new Subsidiary, pledge to the Administrative Agent all of the capital stock, limited partnership interests, general partnership interests, or other securities or other equity or ownership interests of such Subsidiary or Person which is acquired or formed, beneficially owned by the Borrowers, or any of their respective Subsidiaries, as the case may be, as additional Collateral for the Obligations to be held by the Administrative Agent in accordance with the terms of the Borrower Pledge Agreements, GCII Pledge Agreement, any Subsidiary Pledge Agreement, or a new Subsidiary Pledge Agreement, and execute and deliver to the Administrative Agent all such documentation for such pledge as, in the reasonable opinion of the Administrative Agent, is appropriate; and (3) in any case, provide all other documentation, including any opinions of counsel reasonably satisfactory to the Administrative Agent which in the reasonable opinion of the Administrative Agent is appropriate with respect to such Indirect Permitted Real Property Acquisition or Acquisition or the formation of such Subsidiary. Investments made by the Borrowers, or any of their respective Subsidiaries after the Agreement Date shall also be treated as additional Collateral and shall be subject to the provisions of appropriate Security Documents.

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Any document, agreement or instrument executed or issued pursuant to this Section 5.12 shall be a "Loan Document" for purposes of this Agreement.

(b) In connection with any proposed Acquisition by the Borrowers or any Subsidiary described in Section 7.6, and promptly upon each request, such data, certificates, reports, statements, opinions of counsel prepared for the Administrative Agent and the Lenders, or any of them, documents or further information regarding the business, assets, liabilities, financial position, projections, results of operations or business prospects of the Borrowers or any of their Subsidiaries as the Administrative Agent or any Lender may reasonably request.

Section 5.13. Payment of Wages. The Borrowers, and each of their respective Subsidiaries shall at all times comply, in all material respects, with the requirements of the Fair Labor Standards Act, as amended, including, without limitation, the provisions of such Act relating to the payment of minimum and overtime wages as the same may become due from time to time.

Section 5.14. Environmental Compliance. The Borrower and each of its Subsidiaries shall:

(a) comply, and cause all other Persons to comply, in all material respects with all Environmental Laws and Environmental Permits now or hereafter applicable to the Property or the Permitted Business and the Borrowers shall have sole responsibility for all costs and expenses (including legal, consultant and other professional fees and expenses and costs of investigation) associated with such compliance;

(b) obtain and maintain in full force and effect all Environmental Permits required under applicable Environmental Law or otherwise necessary for operation of the Permitted Business;

(c) not, and shall not allow any other Person to, Release, treat, store, dispose, use, recycle or generate Hazardous Materials at, on or under the Property, and shall not transport or permit the transportation of Hazardous Materials to or from the Property other than in the normal course of the Permitted Business and in material compliance with all applicable Environmental Laws;

(d) conduct and complete, at its sole cost and expense, any investigation, study, sampling, monitoring or testing (collectively "Environmental Testing") and undertake any cleanup, removal, remedial, corrective, mitigation, response or any other activity (collectively "Environmental Clean-up Activities") required by any applicable governmental authority or Environmental Law with respect to Hazardous Materials at, in, on, under or from the Property, and any such Environmental Testing or Environmental Clean-up Activities shall be undertaken with appropriate diligence and in full compliance with all applicable Environmental Laws;

(e) provide as promptly as practicable (and in any event within 20 days of receipt thereof) to the Administrative Agent written notice of and copies of all written non-privileged and material communications relating to (i) any pending or threatened Environmental Claim pertaining to the Property, or the use or operation thereof, the Borrowers or the Permitted Business, or (ii) any fact, condition, event or other circumstance with respect to the Property or

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any other facility or property presently or formerly owned or operated by any Borrower or any Person for which a Borrower is responsible, that is reasonably likely to result in a material Environmental Claim pertaining to the Property or any Borrower or is reasonably likely to result in a Material Adverse Change; all such notices shall describe in reasonable detail the nature of the Environmental Claim, investigation, fact, condition, event, or other circumstance and the applicable Borrower's response thereto;

(f) provide such detailed reports relating to any Environmental Claim as may be reasonably requested by the Administrative Agent; and

(g) at any time, if any Borrower receives notice that an adverse change in the environmental condition of the Property has occurred or an adverse environmental condition with respect to the Property has been discovered, and at such Borrower's sole cost and expense (i) diligently commence (or cause another Person to commence) to cure such condition, to the extent required by applicable Environmental Laws (including commencing any evaluation or assessment of such conditions and the development of an appropriate plan with respect thereto) within 30 days after receipt of such notice (or such shorter period as may be required by applicable Environmental Laws or in the event of an emergency) and (ii) thereafter diligently prosecute (or cause another Person to diligently prosecute) such cure to completion.

Section 5.15. Required Consents and Transfer of Licenses in Event of Default. If an Event of Default specified in Section 8.1 shall have occurred and be continuing and the Administrative Agent exercises a remedy under Section 8.2, Borrowers shall, at the request of the Administrative Agent: (a) use commercially reasonable efforts to seek and obtain all required prior approvals and consents to the direct or indirect transfer of control of the Property, the Permitted Business, or the applicable Licenses or Environmental Permits, including all approvals and consents required by any License, Environmental Law, or Environmental Permit, (b) cooperate with the Administrative Agent, or any receiver or other Person appointed by the Administrative Agent, to assist such Person in identifying the Licenses and Environmental Permits required to own, maintain, operate or transfer the Property or the Permitted Business from and after the Event of Default, and (c) use commercially reasonable efforts to either transfer to the Administrative Agent or a Person designated by the Administrative Agent the Licenses and Environmental Permits of the Borrowers, where permissible, or obtain new Licenses and Environmental Permits for the Administrative Agent or Person designated by the Administrative Agent. Such efforts, cooperation and assistance shall include, but are not limited to, the Borrowers', or its agents' attendance at public hearings and, to the extent necessary, the use of the knowledge, expertise and information of the Borrowers, and its agents, experts and employees.

ARTICLE 6. Information Covenants

So long as any of the Obligations is outstanding and unpaid, any Letter of Credit shall be outstanding or the Borrowers have a right to borrow hereunder (whether or not the conditions to borrowing have been or can be fulfilled), and unless the Majority Lenders, or such greater number of Lenders as may be expressly provided herein, shall otherwise consent in writing, the

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Borrowers will furnish or cause to be furnished to each Lender and the Administrative Agent, at their respective offices:

Section 6.1. Quarterly Financial Statements and Information. Within sixty (60) days after the last day of each of the first three quarters of each fiscal year of Holdings, commencing with the fiscal quarter ended September 30, 2005, an unaudited balance sheet of GCII on a consolidated basis with its Subsidiaries and an unaudited balance sheet of Holdings on a consolidated basis with its Subsidiaries, as at the end of such quarter and as of the end of the preceding fiscal year, and the related statements of operations and the related statements of cash flows of GCII and Holdings on a consolidated basis with their respective Subsidiaries, for such quarter and for the elapsed portion of the year ended with the last day of such quarter, which shall set forth in comparative form such figures as at the end of and for such quarter and the appropriate prior period (but only for such quarter and other periods for which such comparative figures are available) and shall be certified by an Authorized Financial Officer of Holdings, to be, in his or her opinion, complete and correct in all material respects and to present fairly, in accordance with GAAP the respective financial positions of GCII and of the Borrowers, on a consolidated basis with their respective Subsidiaries, as at the end of such period and the respective results of operations for such period, and for the elapsed portion of the year ended with the last day of such period, subject only to normal year-end adjustments.

Section 6.2. Annual Financial Statements and Information. Within one hundred and twenty (120) days after the end of each fiscal year of Holdings the audited balance sheet of GCII on a consolidated basis with its Subsidiaries and the audited balance sheet of Holdings on a consolidated basis with its Subsidiaries, as of the end of such fiscal year and the related respective audited consolidated statements of operations for such fiscal year and, to the extent available, for the previous fiscal year, the related respective audited

consolidated statements of changes in members' equity for such fiscal year and, to the extent available, for the previous fiscal year, and related respective audited consolidated statements of cash flows of such fiscal year and, to the extent available, for the previous fiscal year, which shall be accompanied by an opinion of KPMG LLP or other independent certified public accountants of recognized national standing reasonably acceptable to the Administrative Agent, together with a statement of such accountants that in connection with their audit, nothing came to their attention that caused them to believe that the Borrowers were not in compliance with the terms, covenants, provisions or conditions of Article 7 hereof.

Section 6.3. Compliance Certificates. Simultaneously with each delivery of the respective financial statements pursuant to Sections 6.1 and 6.2 hereof, a Compliance Certificate:

(a) setting forth as at the end of each of the first three quarterly periods of each fiscal year or a fiscal year, as the case may be, whether or not the Borrowers were in compliance with the requirements of Section 7.5 hereof; and

(b) stating that, to the best of his or her knowledge, no Default or Event of Default has occurred as at the end of such quarterly period or year, as the case may be, or, if a Default or an Event of Default has occurred, disclosing each such Default or Event of Default and its nature, when it occurred, whether it is continuing and the steps being taken by the Borrowers with respect to such Default or Event of Default.

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Section 6.4. Copies of Other Reports.

(a) Promptly upon receipt thereof, copies of all material reports, if any, submitted to the Borrowers by the Borrowers' independent public accountants regarding the Borrowers, including, without limitation, any management report prepared in connection with the annual audit referred to in Section 6.2.

(b) Promptly upon receipt thereof, copies of any material adverse notice or report regarding any License held by the Borrowers, or any of their Subsidiaries.

(c) On or before September 15, 2005, the financial statements described in Section 6.1 hereof, and a Compliance Certificate, with respect to the fiscal quarter ended June 30, 2005.

(d) Annually, a certificate of insurance indicating that the requirements of Section 5.5 hereof remain satisfied for such fiscal year.

(e) Annually, and in no event later than January 31 of any year, a copy of each Borrowers' annual financial forecasts for itself and their Subsidiaries for such fiscal year.

Section 6.5. Notice of Litigation and Other Matters. Notice specifying the nature and status of any of the following events, promptly, but in any event not later than ten (10) days after any officer of any Borrower becomes aware of the occurrence of any of the following events:

(a) the commencement of all material proceedings and investigations by or before any governmental body and all actions and proceedings in any court or before any arbitrator against, or to the extent known to the Borrowers, in any other way relating materially adversely to the Borrowers, GCII, or any Subsidiary of either the Borrowers or GCII, or any of their respective properties, assets or businesses or any License;

(b) any adverse change with respect to the business, assets, liabilities, financial position, results of operations or business prospects of the Borrowers or any Subsidiary of any Borrower, other than changes in the ordinary course of business which have not had and would not reasonably be expected to have a Material Adverse Change;

(c) any Default or the occurrence or non-occurrence of any event (A) that constitutes, or that with the passage of time or giving of notice or both would constitute a material default by any Borrowers, or any of the Borrower's Subsidiaries under any material agreement other than this Agreement to which any of the Borrowers or any of the Borrowers' Subsidiaries is a party or by which any of their respective properties may be bound, or (B) which would reasonably be expected to have a Material Adverse Change, giving in each case the details thereof and specifying the action proposed to be taken with respect thereto;

(d) the occurrence of a "prohibited transaction" (as such term is defined in Section 406 of ERISA or Section 4975 of the Code) with respect to any Plan that would result in the imposition on the Borrowers or any of their Subsidiaries of a tax or penalty in any material amount or any Reportable Event (for which the 30-day notice requirement has not been waived) with respect to any Plan or the institution or threatened institution by the PBGC of proceedings

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under ERISA to terminate or to partially terminate any such Plan or appoint a trustee to administer any such Plan or the commencement or threatened commencement of any litigation regarding any such Plan;

(e) the occurrence of any event subsequent to the Agreement Date which, if such event had occurred prior to the Agreement Date, would have constituted an exception to the representation and warranty in Section 4.1(m) of this Agreement.

Section 6.6. Certain Modifications of MCI Agreements. Notice of any amendment or other modification, not later than five (5) Business Days after the effective date thereof, of any of the MCI Agreements if and to the extent that the impact of any such amendment or modification, using historical information and assumptions reasonable under the circumstances, would reasonably be expected to be a loss of gross revenue, on an annualized basis, in an amount in excess of fifteen percent (15%) of the Borrowers' aggregate gross revenue for the four fiscal quarters most recently ended.

ARTICLE 7. Negative Covenants

So long as any of the Obligations is outstanding and unpaid, any Letter of Credit shall be outstanding or the Borrowers have a right to borrow from the Lenders hereunder (whether or not the conditions to borrowing have been or can be fulfilled), and unless the Majority Lenders and, in the case of any Real Property Acquisition other than a Permitted Real Property Acquisition or any Acquisition other than a Permitted Acquisition, the Administrative Agent, or such greater number of Lenders as may be expressly provided herein, shall otherwise consent in writing:

Section 7.1. Indebtedness of the Borrowers and their Subsidiaries. The Borrowers each shall not, and shall cause each of their Subsidiaries not to, create, assume, incur or otherwise become or remain obligated in respect of, or permit to be outstanding, any Indebtedness, except:

(a) The Obligations and the Senior Notes;

(b) Current accounts payable, accrued expenses and obligations in respect of customer advance payments incurred in the ordinary course of the Permitted Business;

(c) Indebtedness secured by Permitted Liens described in clauses (g) (h) and (j) of the definition of "Permitted Liens";

(d) Indebtedness permitted to be incurred as contingent liabilities pursuant to Section 7.15 below;

(e) Indebtedness pursuant to a Permitted Non-Compete Agreement;

(f) Indebtedness representing replacement, renewal, extension, refinancing or refunding of the foregoing; provided, however, that such Indebtedness does not exceed the principal amount of outstanding or committed Indebtedness so replaced, renewed, extended, refinanced or refunded plus financing fees and other expenses associated therewith; provided

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further, however, that (A) such replacing, renewing, extending, refinancing or refunding Indebtedness shall have no mandatory repayments or redemptions prior to the Indebtedness being replaced, renewed, extended, refinanced or refunded and (B) in the case of any replacing, renewing, extending, refinancing or refunding of Indebtedness pari passu to the Obligations hereunder, the replacing, renewing, extending, refinancing or refunding Indebtedness is made pari passu or subordinated to the Obligations hereunder and, in the case of any replacing, renewing, extending, refinancing or refunding of Indebtedness subordinated to the Obligations hereunder, the replacing, extending, refinancing or refunding Indebtedness is made subordinate to the Obligations hereunder to substantially the same or a greater extent as the Indebtedness replaced, renewed, extended, refinanced or refunded.

(g) Indebtedness owed to another Loan Party;

(h) Permitted Transponder Indebtedness;

(i) Permitted Additional Secured Indebtedness; and

(j) Indebtedness secured by Liens on property at the time of its acquisition or owed by a Person that becomes a Subsidiary; provided that, such Indebtedness was not created in contemplation of such acquisition or such Person becoming a Subsidiary.

Section 7.2. Limitation on Liens. The Borrowers shall not, and shall cause each of their respective Subsidiaries not to, create, assume, incur or permit to exist or to be created, assumed, incurred or permitted to exist, directly or indirectly, any Lien on any of its properties or assets, whether now owned or

hereafter acquired, except for Permitted Liens.

Section 7.3. Liquidation, Merger, Disposition of Assets.

(a) Disposition of Assets. The Borrowers shall not, and shall cause each of their respective Subsidiaries not to, at any time sell, lease, license, abandon, transfer, assign, or otherwise dispose of any of their assets other than Excluded Asset Sales, unless (i) any Net Proceeds therefrom are applied as provided in Section 2.7 hereof, (ii) any such sale, lease, license or disposition resulting in Net Proceeds in excess of \$500,000 is made for fair market value as determined by the managers of the Borrowers and (iii) 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 not to exceed \$20,000,000 over the term of this Agreement.

(b) Liquidation, Merger or Consolidation. The Borrowers each shall not, and shall cause each of their respective Subsidiaries not to, at any time liquidate or dissolve itself (or suffer any liquidation or dissolution) or otherwise wind up, or enter into any merger or consolidation; provided that if no Default then exists or would be caused thereby, the following such transactions are permitted: (i) a merger or consolidation among any of the Borrowers and one or more of their Subsidiaries, provided a Borrower is the surviving Person; (ii) a merger or consolidation between or among two or more Subsidiaries of Borrowers; (iii) an Acquisition permitted hereunder effected by a merger or consolidation in which any of the Borrowers or a Subsidiary of the Borrowers is the surviving Person; and (iv) a liquidation or dissolution of one or more Subsidiaries of Borrowers into its or their parent entity (provided a Borrower or one of their Subsidiaries is such parent entity).

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Section 7.4. Investments and Acquisitions. The Borrowers shall not, and shall cause each of their Subsidiaries not to, make any Investment in any Person, or make any Acquisition, or any Real Property Acquisition, except that the Borrowers may make Investments in other Loan Parties, Acquisitions of and from other Loan Parties, and Real Property Acquisitions from other Loan Parties, and, so long as no Default has occurred and is continuing, or would occur after giving effect thereto:

(a) Cash Equivalents. The Borrowers and their Subsidiaries may, directly or through a brokerage account (i) purchase marketable, direct obligations of the United States of America, its agencies and instrumentalities maturing within one year from the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from either S&P or Moody's, (ii) dollar denominated time deposits, certificates of deposit and bankers acceptances of any Lender or any commercial bank having, or which is the principal banking subsidiary of a bank holding company having, a long-term unsecured debt rating of at least "A" or the equivalent thereof from S&P or "A2" or the equivalent thereof from Moody's with maturities of not more than one year from the date of acquisition by such Person, (iii) repurchase obligations with a term of not more than seven days for underlying securities of the type described in clauses (i) and (ii) above entered into with any bank meeting the qualifications specified in clause (ii) above, (iv) commercial paper issued by any Person incorporated in the United States rated at least A-1 or the equivalent thereof by S&P or at least P-1 or the equivalent thereof by Moody's and in each case maturing not more than one year after the date of acquisition by such Person, and (v) investments in money market funds substantially all of whose assets are comprised of securities of the types described in clauses (i) through (iv) above.

(b) Acquisitions. Subject to compliance with Section 7.6, the Borrowers and their Subsidiaries may make Permitted Acquisitions.

(c) Investments. Subject to compliance with Section 5.12, (i) the Borrowers and their Subsidiaries may make Investments which are in compliance with Section 7.6 and (ii) the Borrowers and their Subsidiaries may make the following Investments (collectively "Permitted Investments"):

(i) the Borrowers and their Subsidiaries may acquire and hold accounts receivable owing to any of them, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms of any such Borrower or Subsidiary;

(ii) the Borrowers and their Subsidiaries may acquire and own Investments (including debt obligations) received in connection with the bankruptcy or reorganization of its suppliers and customers or in good faith settlement of delinquent obligations of, and other disputes with, its customers and suppliers arising in the ordinary course of business;

(iii) the Borrowers and their Subsidiaries may enter into Secured Hedge Agreements;

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(iv) the Borrowers and any of their Subsidiaries may make intercompany loans and advances between and among one another (collectively, the "Intercompany Loans"), provided that each obligor and obligee in respect of each such Intercompany Loan shall have executed and delivered to the Administrative Agent a counterpart of the Subordination Agreement or a joinder agreement making such obligor or obligee a party to the Subordination Agreement;

(v) the Borrowers and their Subsidiaries may make capital contributions to their respective Subsidiaries;

(vi) the Borrowers and their Subsidiaries may (x) establish Subsidiaries in compliance with Section 5.12 and (y) make Investments in such Subsidiaries to the extent permitted by the other applicable clauses of this Section 7.4;

(vii) the Borrowers and their Subsidiaries may acquire and hold promissory notes and other non-cash consideration issued by the purchaser of assets in connection with a sale of such assets to the extent permitted by Section 7.3; and

(viii) 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) Real Property Acquisitions. The Borrowers and their Subsidiaries may make Permitted Real Property Acquisitions.

Section 7.5. Financial Covenants. The Borrowers and their Subsidiaries shall not, as of any Calculation Date:

(a) Total Leverage Ratio: permit the Total Leverage Ratio to exceed 4.50:1.0;

(b) Senior Debt Ratio: permit the Senior Debt Ratio to exceed 2.25:1.0; and

(c) Fixed Charge Coverage Ratio: permit the Fixed Charge Coverage Ratio to be less than 1.0:1.0.

Section 7.6. Conditions to Acquisitions, Investments and Restricted Payments.

(a) Subject to paragraph (b) below, to the extent applicable, Acquisitions, Investments, and Restricted Payments may be made by any Loan Party if:

(i) the Borrowers shall be in pro forma compliance with the financial covenants set forth in Section 7.5 before and after giving effect to such Acquisition, Investment or Restricted Payment, as the case may be;

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(ii) with respect to any Acquisition or Investment of more than \$5,000,000, and with respect to any Restricted Payment of more than \$2,500,000 (but only if either (x) as of the most recent Calculation Date prior to the effective date of such Acquisition, Investment, or Restricted Payment, the Total Leverage Ratio was greater than 4.0 to 1 or (y) the result of the proposed Acquisition, Investment, or Restricted Payment on a pro forma basis would cause the Total Leverage Ratio to be greater than 4.0 to 1 as of the most recent Calculation Date), the Borrowers shall provide the Administrative Agent and the Lenders with notice thereof, prior to the proposed closing thereof, and with copies of all material information pertaining to such Acquisition, Investment or Restricted Payment, as the case may be, and a certificate signed by an Authorized Financial Officer of the relevant Loan Party, certifying the Borrowers' pro forma compliance with the covenants listed in clause (i) of this Section 7.6, together with any calculations necessary to demonstrate such compliance; and

(iii) Section 5.12 of this Agreement has been complied with.

(b) During any Measurement Period or Subsequent Measurement Period, no Acquisition, Investment or Restricted Payment may be made unless the amount or cost thereof, as the case may be, when aggregated with the cost and amount of all other Acquisitions, Investments and Restricted Payments made during such Measurement Period or Subsequent Measurement Period, as the case may be, does not exceed an amount equal to twenty-five percent (25%) of the Excess Cash Flow for and with respect to such Measurement Period or Subsequent Measurement Period, as the case may be.

Notwithstanding the foregoing, Borrowers and their Subsidiaries may make Restricted Payments to GCII for the purpose of, and in an amount sufficient to fund, the payment of interest in respect of the Senior Notes (provided, that such payment is due or to become due within 30 days from the date of such Restricted Payment) at a time when there does not exist a Default (provided

that, in no event, shall the Borrowers and their Subsidiaries be prohibited from making such Restricted Payments for more than 180 days in any consecutive 360-day period, unless (i) there exists an Event of Default under Section 8.1(b) or (ii) the maturity of the Loans has been accelerated).

Section 7.7. Conditions to Real Property Acquisitions. No Real Property Acquisition by any Loan Party (except from another Loan Party) may be made or consummated unless:

(i) The Borrowers shall be in pro forma compliance with the financial covenants set forth in Section 7.5 before and after giving effect to such Real Property Acquisition; and

(ii) With respect to any Real Property Acquisition with a cost of more than \$2,500,000, the Borrowers shall provide the Administrative Agent and the Lenders with notice thereof, not less than ten (10) days prior to the proposed closing thereof, and with copies of all material information pertaining to such Real Property Acquisition, and a certificate signed by an Authorized Financial Officer of the relevant Loan Party, certifying the Borrowers' pro forma compliance with the covenants listed in clause (i) of

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this Section 7.7, together with any calculations necessary to demonstrate such compliance; and

(iii) Section 5.10 and, to the extent applicable, Section 5.12(a) (2) of this Agreement have been complied with.

Section 7.8. Affiliate Transactions. Except as specifically provided herein, including without limitation pursuant to Section 7.6, the Borrowers shall not, and shall cause their Subsidiaries not to, at any time except as described on Schedule 10 attached hereto, engage in any transaction with an Affiliate of GCI, other than Borrowers and Subsidiary Guarantors, or make an assignment or other transfer of any of its properties or assets to any Affiliate of GCI, other than Borrowers and Subsidiary Guarantors, except on terms no less favorable than could be obtained on an arm's-length basis with a Person that is not an Affiliate of GCI. Notwithstanding the foregoing limitation, the Borrowers and the Loan Parties may enter into or suffer to exist the following: (i) any transaction pursuant to any contract in existence on the Agreement Date and disclosed to the Administrative Agent on the terms of such contract as in effect on the Agreement Date; (ii) any transaction or series of transactions between any of the Borrowers and one or more of their Subsidiaries or between two or more of their Subsidiaries; (iii) the payment of compensation by the Borrowers or any of their 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 Borrowers or any of their Subsidiaries, so long as the Board of Directors of the Borrowers 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; (iv) loans and advances permitted under Section 7.4(c) hereof; and (v) payment of loans existing on the date hereof owed by an employee or director of a Loan Party with the Capital Stock of GCI.

Section 7.9. Issuance of Partnership Interest and Capital Stock; Amendment of Articles and By-Laws. Except for Permitted Issuances, sell or otherwise dispose of any Capital Stock of any Loan Party, or any options or rights to acquire such Capital Stock not issued and outstanding on the Agreement Date. The Borrowers shall not amend their articles or certificate of organization or incorporation or bylaws or partnership agreement and the Borrowers shall not permit any of the other Loan Parties to amend their articles or certificate of organization or incorporation 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 Borrowers or any of the other Loan Parties may make (i) changes to comply with Applicable Law (ii) changes immaterial in nature and (iii) changes in connection with a transaction otherwise permitted hereunder.

Section 7.10. Prohibition on Negative Pledge. The Borrowers each shall not, and shall cause each of their respective Subsidiaries not to, enter into after the Agreement Date or permit to exist after the Agreement Date any new agreement (other than this Agreement or any other Loan Document) that limits or conditions the ability of the Borrowers, or any of their respective Subsidiaries to create, incur, assume or suffer to exist Liens on property of such Person except that this Section 7.10 shall not prohibit (a) any negative pledge incurred or provided in connection with any Lien referred to in clause (e), (l) or (m) of the definition of "Permitted Lien" in Article 1 solely to the extent any such negative pledge relates to the property secured by or the

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subject of such Lien or (b) any restrictions on any Subsidiary of either the Borrowers under any agreement in effect at the time such Subsidiary becomes a Subsidiary of the Borrowers so long as such agreement was not entered into in contemplation of such Person becoming a Subsidiary of the Borrowers.

Section 7.11. Payment Restrictions Affecting Subsidiaries. The Borrowers shall not, directly or indirectly, enter into after the Agreement Date or suffer to exist after the Agreement Date, or permit any of their Subsidiaries to enter into after the Agreement Date or suffer to exist after the Agreement Date, any new agreement or arrangement limiting the ability of any of their Subsidiaries to declare or pay dividends or other distributions in respect of its equity interests or repay or prepay any Indebtedness owed to, the Borrowers or any Subsidiary of the Borrowers (whether through a covenant restricting dividends, loans, asset transfers or investments, a financial covenant or otherwise), except (a) the Loan Documents (b) any agreement in effect at the time a Subsidiary becomes a Subsidiary of the Borrowers, so long as such agreement was not entered into in contemplation of such Person becoming a Subsidiary of the Borrowers, and (c) any new agreement or arrangement containing restrictions on the ability of Subsidiaries of Holdings to transfer property acquired with Permitted Transponder Indebtedness or Permitted Additional Secured Indebtedness.

Section 7.12. Speculative Transactions. The Borrowers shall not, and shall cause each of their respective Subsidiaries not to, enter into any Derivative Contract other than a Hedge Agreement.

Section 7.13. Name, Jurisdiction of Organization and Business. None of the Borrowers shall change its name or its jurisdiction of incorporation, nor shall the Borrowers or any of their Subsidiaries enter into or conduct any business other than a Permitted Business.

Section 7.14. Plans. The Loan Parties shall not, directly or indirectly, adopt, sponsor, maintain, or contribute to (or become obligated to contribute to), any employee benefit plan (including a Multiemployer Plan) as defined in Section 3(2) of ERISA, subject to Title IV of ERISA or Section 302 of ERISA or Section 412, it being agreed, however, that a Loan Party shall not be deemed to be in breach of this covenant solely as a result of incurring (i) liability in its capacity as Guarantor under this Agreement or (ii) joint and several liability under applicable provisions of the Code or ERISA for acts or omissions of the Borrowers, any Subsidiary or any ERISA Affiliate with respect to a Plan or ERISA Affiliate Plan.

Section 7.15. 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 Loan 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 (e) Guarantees of the obligations of the Borrowers and their Subsidiaries (provided that the underlying obligations being so guaranteed are otherwise permitted to be incurred pursuant to the terms hereof) and (f) Guarantees of obligations under agreements of any of the Borrowers or any of their Subsidiaries entered into in connection with the acquisition of services,

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supplies and equipment in the ordinary course of the Permitted Business of the Borrowers or any of their Subsidiaries.

Section 7.16. Change of Ownership. Other than in connection with a liquidation or dissolution otherwise permitted hereunder, permit any decrease in the percentage ownership of the Borrowers and each Guarantor from the percentage ownership thereof as of the date hereof as disclosed on Schedule 3.1 hereto.

Section 7.17. Sale and Leaseback. Enter into any arrangement whereby it sells or transfers any of its assets, and thereafter rents or leases such assets.

Section 7.18. Sale of Receivables. Sell, discount or otherwise dispose of any receivables owing to any Loan Party except for purposes of collection in the ordinary course of business.

Section 7.19. ERISA Liabilities. The Borrowers shall not, and shall cause each of their Subsidiaries not to, (a) permit the assets of any of their respective Plans to be less than the amount necessary to provide all accrued benefits under such Plans on an ongoing basis, or (b) enter into any Multiemployer Plan.

ARTICLE 8. Default

Section 8.1. Events of Default. Each of the following shall constitute an Event of Default, whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment or order of any court or any order, rule or regulation of any governmental or non-governmental body:

(a) Any representation or warranty made under this Agreement or any other Loan Document shall prove to be incorrect or misleading in any material respect when made, or when deemed to be made pursuant to Section 4.2 hereof;

(b) The Borrowers (i) shall default in the payment of any principal amount of the Loans when due, or (ii) shall default in the payment of any interest on any of the Loans when due and such default shall not be cured by payment in full within three (3) Business Days, or (iii) shall default in the payment of any Fees or other fees or other amounts payable to the Lender Parties, the Administrative Agent, or any of them, when due, and such Default shall not be cured by payment in full within five (5) Business Days;

(c) The Borrowers shall default in the performance or observance of any agreement or covenant contained in Article 7 hereof;

(d) The Borrowers shall default in the performance or observance of any other agreement or covenant contained in this Agreement not specifically referred to elsewhere in this Section 8.1, and such Default shall not be cured within a period of thirty (30) days from the earlier of (i) actual knowledge of such Default by the Borrowers or any of their Subsidiaries, and (ii) written notice from the Administrative Agent or any Lender of such Default;

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(e) There shall occur any default in the performance or observance of any agreement or covenant or breach of any representation or warranty contained in any of the Loan Documents (other than this Agreement or as otherwise provided in this Section 8.1) by the Borrowers or any of their Subsidiaries, or any other obligor thereunder, which shall not be cured within a period of thirty (30) days from the earlier of (i) actual knowledge of such Default by the Borrowers, any obligor or any of their Subsidiaries, and (ii) written notice from the Administrative Agent or any Lender of such Default;

(f) There shall be entered and remain unstayed a decree or order for relief in respect of GCII, the Borrowers or any of their respective Subsidiaries under Title 11 of the United States Code as now constituted or hereafter amended, or any other applicable Federal or state bankruptcy law or other similar law, or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or similar official of GCII, the Borrowers or any of their respective Subsidiaries, or of any substantial part of their respective properties, or ordering the winding-up or liquidation of the affairs of GCII, the Borrowers or any of their respective Subsidiaries; or an involuntary petition shall be filed or case commenced against GCII, the Borrowers or any of their respective Subsidiaries and a temporary stay entered, and (i) such petition and stay shall not be diligently contested, or (ii) such petition and stay shall continue undismissed for a period of forty-five (45) consecutive days;

(g) GCII, the Borrowers or any of their respective Subsidiaries shall file a petition, answer or consent seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other applicable Federal or state bankruptcy law or other similar law, or GCII, the Borrowers or any of their respective Subsidiaries shall consent to the institution of proceedings thereunder or to the filing of any such petition or shall seek or consent to the appointment or taking of possession of a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of GCII, the Borrowers or any of their respective Subsidiaries, or of any substantial part of their respective properties, or GCII, the Borrowers or any of their respective Subsidiaries shall fail generally to pay their respective debts as they become due, or GCII, the Borrowers or any of their respective Subsidiaries shall take any action in furtherance of any such action;

(h) A judgment shall be entered by any court against any of the Borrowers or any of their Subsidiaries for the payment of money which exceeds singly or in the aggregate with other such judgments, \$5,000,000, or a warrant of attachment or execution or similar process shall be issued or levied against property of the Borrowers or any of their Subsidiaries which, together with all other such property of the Borrowers or any of their Subsidiaries subject to other such process, exceeds in value \$5,000,000 in the aggregate, and if, within thirty (30) days after the entry, issue or levy thereof, such judgment, warrant or process shall not have been paid or discharged or stayed pending appeal, or if, after the expiration of any such stay, such judgment, warrant or process shall not have been paid, discharged or reduced to an amount less than \$5,000,000;

(i) (A) there shall be at any time any "accumulated funding deficiency," as defined in Section 302 of ERISA or in Section 412 of the Code, with respect to any Plan or any ERISA Affiliate Plan, or to which the Borrowers or any of their Subsidiaries has any liabilities, or any trust created thereunder; (B) a trustee shall be appointed by a United States District Court

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to administer any such Plan or ERISA Affiliate Plan; (C) the filing pursuant to Section 412(d) of the Code or Section 303 of ERISA of an application for a waiver of the minimum funding standard with respect to any such Plan or ERISA Affiliate Plan; (D) the PBGC or a plan administrator shall institute proceedings to terminate any such Plan or ERISA Affiliate Plan; or the Borrowers or any of their Subsidiaries shall incur any liability under Title IV of ERISA in connection with the termination of any such Plan or an ERISA Affiliate Plan

(other than liabilities for benefit obligations that are sufficiently funded at the time of termination in accordance with applicable provisions of Title IV of ERISA); (E) any Plan, or trust created under any such Plan, shall engage in a "prohibited transaction" (as such term is defined in Section 406 of ERISA or Section 4975 of the Code) which would subject any such Plan, any trust created thereunder, any trustee or administrator thereof, or any party dealing with any such Plan or trust to the tax or penalty in any material amount on "prohibited transactions" imposed by Section 502 of ERISA or Section 4975 of the Code or (F) the incurrence by the Borrowers or any of their Subsidiaries of any liability with respect to a withdrawal or partial withdrawal from any Multiemployer Plan or the receipt by the Borrowers or any Subsidiary of any notice, or the receipt by any Multiemployer Plan from the Borrowers or any Subsidiary of any notice, concerning the imposition on the Borrowers or any Subsidiary of withdrawal liability as defined under Title IV of ERISA or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization with the meaning of Title IV of ERISA, in each case, such event or condition, together with other such events or conditions, if any, would reasonably be expected to subject the Borrowers and their Subsidiaries to any tax, liability or penalty in excess of \$1,000,000;

(j) There shall occur (i) any default under any Indebtedness (other than the Loans) of the Borrowers or any of their Subsidiaries in an aggregate principal amount exceeding \$5,000,000 at maturity and which default shall continue unremedied or unwaived for any applicable period of time sufficient to allow the holder of such Indebtedness to accelerate the maturity of such Indebtedness, or (ii) any default under any Hedge Agreement having a notional principal amount of \$5,000,000 or more;

(k) One or more of the Licenses or Necessary Authorizations shall be, or any of the Borrowers receives a final notice from, after a final adjudication or determination by, the FCC or any state or local authority, that one or more of the Licenses or Necessary Authorizations will be, terminated, revoked, modified or suspended such that the Borrowers and their Subsidiaries are no longer able to operate their businesses or any portion thereof or any of such Licenses or Necessary Authorizations shall fail to be renewed at the stated expiration thereof such that the Borrowers and their Subsidiaries are no longer able to operate their businesses or any portion thereof and retain the revenue received therefrom, except, in each case, in the event that such termination, revocation, modification or suspension, or such failure to renew, would not reasonably be expected to have a Material Adverse Change;

(l) Any Security Document or any Note or any other Loan Document or any material provision thereof shall at any time and for any reason be declared by a court of competent jurisdiction to be null and void, or a proceeding shall be commenced by GCII, the Borrowers or any of Borrowers' Subsidiaries, or by any governmental authority having jurisdiction over any of them seeking to establish the invalidity or unenforceability thereof (exclusive of questions of interpretation of any provision thereof), or GCII, the Borrowers or any

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of Borrowers' Subsidiaries shall deny that it has any liability or obligation for the payment of principal or interest or other obligations purported to be created under any Loan Document to which it is a party;

(m) Any Security Document shall for any reason fail or cease to create a valid and first-priority Lien on or Security Interest in any material portion of the Collateral purported to be covered thereby, subject to any Permitted Lien, or any such Lien or Security Interest shall cease to be perfected, except if such failure results from the Administrative Agent's failure to file any UCC-1 financing statement or UCC-3 continuation statement in the appropriate jurisdiction or to maintain possession or control of such portion of the Collateral as a result of a sale or assignment of such Collateral by the Administrative Agent;

(n) There shall occur a Change of Control;

(o) There shall exist any event of default relating to the Senior Notes or under the Indenture;

(p) The Borrowers or any Loan Party shall be required under any Environmental Law (i) to implement any remedial, neutralization, or stabilization process or program, the cost of which would constitute a Material Adverse Change, or (ii) to pay any penalty, fine, or damages in an aggregate amount of \$1,000,000 or more; or

(q) Any Property (whether leased or owned) of any Loan 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 would constitute a Material Adverse Change; or any Loan Party shall not 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 would constitute a Material Adverse Change.

Section 8.2. Remedies.

(a) If an Event of Default specified in Section 8.1 (other than an Event of Default under Section 8.1(f) or Section 8.1(g)) shall have occurred and shall be continuing, the Administrative Agent may, and at the request of the Majority Lenders shall, formally declare that an Event of Default has occurred and the Administrative Agent may, and at the request of the Majority Lenders shall, (i) terminate all or any portion of the Commitments of each Lender Party and the obligation of each Lender Party to make Loans (other than in respect of purchases of participations, Letter of Credit Loans by the Issuing Bank or a Revolving Lender pursuant to Section 2.2(f)(ii)) and of the Issuing Bank to issue Letters of Credit and (ii) declare the principal of and interest on the Loans and any Notes and all other amounts owed to the Lender Parties and the Administrative Agent under this Agreement and any Notes and any other Obligations to be forthwith due and payable without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived, anything in this Agreement or in the Notes or any other Loan Document to the contrary notwithstanding, and the Commitments shall thereupon forthwith terminate and all such amounts shall be immediately due and payable.

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(b) Upon the occurrence and continuance of an Event of Default specified in Section 8.1(f) or Section 8.1(g), all principal, interest and other amounts due hereunder and under any Notes, and all other Obligations, shall thereupon and concurrently therewith become due and payable, the Commitments of each Lender Party and the obligation of each Lender Party to make Loans (other than in respect of or Letter of Credit Loans by the Issuing Bank or a Revolving Lender pursuant to Section 2.2(f)(ii)) and of the Issuing Bank to issue Letters of Credit shall forthwith terminate and the principal amount of the Loans outstanding hereunder shall bear interest at the Default Rate, all without any action by the Administrative Agent, the Lender Parties or the Majority Lenders or any of them and without presentment, demand, protest or other notice of any kind, all of which are expressly waived, anything in this Agreement or in the other Loan Documents to the contrary notwithstanding.

(c) Upon acceleration of the Obligations, as provided in Section 8.2(a) or (b), the Administrative Agent and the Lender Parties shall have all of the post-default rights granted to them, or any of them, under the Loan Documents and under Applicable Law.

(d) Upon acceleration of the Obligations, as provided in Section 8.2(a) or (b), the Administrative Agent, upon request of the Majority Lenders, shall have the right to the appointment of a receiver for the properties and assets of the Borrowers and their Subsidiaries, both to operate and to sell such properties and assets, and each of the Borrowers, for itself and on behalf of their Subsidiaries, hereby consents to such right and such appointment and hereby waives any objection the Borrowers or any Subsidiary may have thereto or the right to have a bond or other security posted by the Administrative Agent on behalf of the Lender Parties, in connection therewith.

(e) The rights and remedies of the Administrative Agent and the Lender Parties hereunder shall be cumulative and not exclusive.

Section 8.3. Payments Subsequent to Declaration of Event of Default.

Subsequent to the acceleration of the Loans under Section 8.2 hereof, payments and prepayments under this Agreement made to any of the Administrative Agent, the Lender Parties or otherwise received by any of such Persons (from realization on Collateral for the Obligations or otherwise) shall be paid over to the Administrative Agent (if necessary) and distributed by the Administrative Agent as follows: first, to reimburse the reasonable costs and expenses, if any, incurred in connection with the collection of such payment or prepayment including, without limitation, any reasonable costs incurred by any of them in connection with the sale or disposition of any Collateral for the Obligations; second, to make distributions in accordance with Section 2.9(c); and third, upon satisfaction in full of all Obligations, to the Borrowers or as otherwise required by law.

Section 8.4. Actions in Respect of the Letters of Credit upon Default. If any Event of Default shall have occurred and be continuing, the Administrative Agent may, or shall at the request of the Majority Lenders, irrespective of whether it is taking any of the actions described in Section 8.2 or otherwise, make demand upon the Borrowers' Agent to, and forthwith upon such demand the Borrowers will, pay to the Administrative Agent on behalf of the Lender Parties in same day funds at the Administrative Agent's office designated in such demand, for deposit in the L/C Collateral Account, an amount equal to the aggregate Available Amount of all Letters of Credit then outstanding. If at any time the Administrative Agent determines that any funds held

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in the L/C Collateral Account are subject to any right or claim of any Person other than the Administrative Agent and the Lender Parties or that the total amount of such funds is less than the aggregate Available Amount of all Letters of Credit, the Borrowers will, forthwith upon demand by the Administrative Agent, pay to the Administrative Agent, as additional funds to be deposited and

held in the L/C Collateral Account, an amount equal to the excess of (a) such aggregate Available Amount over (b) the total amount of funds, if any, then held in the L/C Collateral Account that the Administrative Agent determines to be free and clear of any such right and claim. Upon the drawing of any Letter of Credit for which funds are on deposit in the L/C Collateral Account, such funds shall be applied to reimburse the Issuing Bank or Revolving Lenders, as applicable, to the extent permitted by Applicable Law.

ARTICLE 9.
The Agents

Section 9.1. Appointment and Authorization. Each Lender (in its capacities as a Lender and the Issuing Bank (if applicable)) hereby irrevocably appoints and authorizes, and hereby agrees that it will require any transferee of any of its interest in its Loans irrevocably to appoint and authorize, the Administrative Agent to take such actions as its agent on its behalf and to exercise such powers hereunder and under the Security Documents as are delegated by the terms hereof and thereof, together with such powers as are reasonably incidental thereto. Neither the Administrative Agent nor any of its respective directors, officers, employees or agents shall be liable for any action taken or omitted to be taken by it or them hereunder or in connection herewith, except for its or their own gross negligence or willful misconduct.

Section 9.2. Interest Holders. The Administrative Agent may treat each Lender Party, or the Person designated in the last notice filed with the Administrative Agent, whether under Section 11.1, Section 11.5, or otherwise hereunder, as the holder of all of the interests of such Lender Party in its Loans and Commitments until written notice of transfer, signed by such Lender Party (or the Person designated in the last notice filed with the Administrative Agent) and by the Person designated in such written notice of transfer, in form and substance satisfactory to the Administrative Agent, shall have been filed with the Administrative Agent.

Section 9.3. Consultation with Counsel. The Administrative Agent may consult with Hunton & Williams LLP, special counsel to the Administrative Agent, or with other legal counsel selected by it with due care (which may include counsel to the Borrowers) and shall not be liable for any action taken or suffered by it in good faith in consultation with the Majority Lenders and in reasonable reliance on such consultations.

Section 9.4. Documents. The Administrative Agent shall be under no duty to examine, inquire into, or pass upon the validity, effectiveness or genuineness of this Agreement, any Note, any other Loan Document, or any other instrument, document or communication furnished pursuant hereto or in connection herewith, and the Administrative Agent shall be entitled to assume (absent knowledge to the contrary) that they are valid, effective and genuine, have been signed or sent by the proper parties and are what they purport to be.

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Section 9.5. Administrative Agent and Affiliates. With respect to its Commitments, the Loans made by it and the Notes issued to it, if any, the Administrative Agent shall have the same rights and powers under the Loan Documents as any other Lender Party and may exercise the same as though it were not the Administrative Agent; and the term "Lender Party" or "Lender Parties" shall, unless otherwise expressly indicated, include the Administrative Agent in its individual capacity. The Administrative Agent and its affiliates may accept deposits from, lend money to, act as trustee under indentures of, accept investment banking engagements from and generally engage in any kind of business with, any Loan Party, any of its Subsidiaries and any Person that may do business with or own securities of any Loan Party or any such Subsidiary, all as if the Administrative Agent was not the Administrative Agent and without any duty to account therefor to the Lender Parties. The Administrative Agent shall have no duty to disclose any information obtained or received by it or any of its Affiliates relating to any Loan Party or any of its Subsidiaries to the extent such information was obtained or received in any capacity other than as such Administrative Agent.

Section 9.6. Responsibility of the Administrative Agent. The duties and obligations of the Administrative Agent under this Agreement and the Security Documents are only those expressly set forth in this Agreement and the Security Documents. The term "Agent", as used in reference to the Administrative Agent, is used merely for convenience of reference, and the Administrative Agent, neither as a result of the use of such term nor for any other reason, shall have any duties or responsibilities, except those expressly set forth herein or in the other Loan Documents, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against the Administrative Agent. The Administrative Agent shall be entitled to assume that no Default has occurred and is continuing unless it has actual knowledge, or has been notified by the Borrowers' Agent, of such fact, or has been notified by a Lender Party in writing that such Lender Party considers that a Default has occurred and is continuing, and such Lender Party shall specify in detail the nature thereof in writing. The Administrative Agent shall not be liable hereunder for any action taken or omitted to be taken except for its own gross negligence or willful misconduct. The Administrative Agent shall provide

promptly each Lender Party with copies of such documents received from the Borrowers in connection with this Agreement as such Lender Party may reasonably request.

Section 9.7. Collateral and Guaranty Matters.

(a) The Administrative Agent, is also hereby designated as collateral agent under the Security Documents, is hereby authorized to act on behalf of the Lender Parties, in its own capacity and through other agents and sub-agents appointed by it with due care, under the Security Documents. In connection with its role as secured party with respect to the Collateral hereunder, the Administrative Agent shall act as collateral agent, for itself and for the ratable benefit of the Lender Parties, and such role as administrative agent shall be disclosed on all appropriate accounts, certificates, filings, mortgages, and other Collateral documentation.

(b) The Lender Parties irrevocably authorize the Administrative Agent, at its option and in its discretion:

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(i) to release any Lien on any property granted to or held by the Administrative Agent under any Loan Document (A) upon termination of the Commitments and payment in full of all Obligations (other than contingent indemnification obligations) and the expiration or termination of all Letters of Credit, (B) that is sold or to be sold as part of or in connection with any sale permitted hereunder or under any other Loan Document, or (C) subject to Section 11.12, if approved, authorized or ratified in writing by the Majority Lenders; and

(ii) to release any Guarantor from its obligations under the Guaranty if such Person ceases to be a Subsidiary as a result of a transaction permitted hereunder.

Upon request by the Administrative Agent at any time, the Majority Lenders will confirm in writing the Administrative Agent's authority to release or subordinate its interest in particular types or items of property, or to release any Guarantor from its obligations under the Guaranty pursuant to this Section 9.7.

Section 9.8. Action by the Administrative Agent.

(a) The Administrative Agent shall be entitled to use its discretion with respect to exercising or refraining from exercising any rights which may be vested in it by, and with respect to taking or refraining from taking any action or actions which it may be able to take under or in respect of, this Agreement, unless the Administrative Agent shall have been instructed by the Majority Lenders to exercise or refrain from exercising such rights or to take or refrain from taking such action. The Administrative Agent shall incur no liability under or in respect of this Agreement with respect to anything which it may do or refrain from doing in the reasonable exercise of its judgment or which may seem to it to be necessary or desirable in the circumstances for the protection of the interests of the Lender Parties, except for its gross negligence or willful misconduct as determined by a final, non-appealable order of a court having jurisdiction over the subject matter.

(b) In any event, the Administrative Agent shall not be liable to the Lenders or to any Lender in acting or refraining from acting under this Agreement or any other Loan Document in accordance with the instructions of the Majority Lenders or of all the Lenders, where expressly required by this Agreement, and any action taken or failure to act pursuant to such instructions shall be binding on all Lenders.

Section 9.9. Notice of Default or Event of Default. In the event that the Administrative Agent or any Lender Party shall acquire actual knowledge, or shall have been notified, of any Default (other than through a notice by one party hereto to all other parties), the Administrative Agent or such Lender Party shall promptly notify the Administrative Agent, and the Administrative Agent shall take such action and assert such rights under this Agreement as the Majority Lenders or of all the Lenders, where expressly required by this Agreement, shall request in writing, and the Administrative Agent shall not be subject to any liability by reason of its acting pursuant to any such request. If the Majority Lenders shall fail to request the Administrative Agent to take action or to assert rights under this Agreement in respect of any Default within ten (10) days after their receipt of the notice of any Default from the Administrative Agent or any Lender Party, or shall request inconsistent action with respect to

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such Default, the Administrative Agent may, but shall not be required to, take such action and assert such rights as it deems in its discretion to be advisable for the protection of the Lender Parties.

Section 9.10. Responsibility Disclaimed. The Administrative Agent shall not be under any liability or responsibility whatsoever as Administrative Agent:

(a) To the Borrowers or any other Person as a consequence of any failure or delay in performance by or any breach by, any Lender Party or Lender Parties of any of its or their obligations under this Agreement;

(b) To any Lender Party or Lender Parties, as a consequence of any failure or delay in performance by, or any breach by, (i) the Borrowers of any of their obligations under this Agreement or any Notes or any other Loan Document, or (ii) any Subsidiary of the Borrowers or any other obligor under any other Loan Document; or

(c) To any Lender Party or Lender Parties, for any statements, representations or warranties in this Agreement, or any other document contemplated by this Agreement or any other Loan Document, or any information provided pursuant to this Agreement, any other Loan Document, or any other document contemplated by this Agreement, or for the validity, effectiveness, enforceability or sufficiency of this Agreement, any Notes, any other Loan Document, or any other document contemplated by this Agreement.

(d) To any Lender Party for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, any Loan Document or any other instrument or document furnished pursuant thereto.

(e) Under or in respect of any Loan Document by acting upon any notice, consent, certificate or other instrument or writing (which may be by telegram, telecopy or telex) believed by it to be genuine and signed or sent by the proper party or parties.

Section 9.11. Indemnification.

(a) Each Lender Party severally agrees to indemnify the Administrative Agent (to the extent not promptly reimbursed by the Borrowers) from and against such Lender Party's ratable share (determined as provided below) of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against such Administrative Agent in any way relating to or arising out of the Loan Documents or any action taken or omitted by such Administrative Agent under the Loan Documents (collectively, the "Indemnified Costs"); provided, however, that no Lender Party shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's gross negligence or willful misconduct as found in a final, non-appealable judgment by a court of competent jurisdiction. Without limitation of the foregoing, each Lender Party agrees to reimburse the Administrative Agent promptly upon demand for its ratable share of any costs and expenses (including, without limitation, fees and expenses of counsel) payable by the Borrowers under Section 11.2, to the

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extent that the Administrative Agent is not promptly reimbursed for such costs and expenses by the Borrowers. In the case of any investigation, litigation or proceeding giving rise to any Indemnified Costs, this Section 9.11 applies whether any such investigation, litigation or proceeding is brought by any Lender Party or any other Person.

(b) Each Lender Party severally agrees to indemnify the Issuing Bank (to the extent not promptly reimbursed by the Borrowers) from and against such Lender Party's ratable share (determined as provided below) of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against the Issuing Bank in any way relating to or arising out of the Loan Documents or any action taken or omitted by the Issuing Bank under the Loan Documents; provided, however, that no Lender Party shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Issuing Bank's gross negligence or willful misconduct as found in a final, non-appealable judgment by a court of competent jurisdiction. Without limitation of the foregoing, each Lender Party agrees to reimburse the Issuing Bank promptly upon demand for its ratable share of any costs and expenses (including, without limitation, fees and expenses of counsel) payable by the Borrowers under Section 11.2, to the extent that the Issuing Bank is not promptly reimbursed for such costs and expenses by the Borrowers.

(c) For purposes of this Section 9.11, the Lender Parties' respective ratable shares of any amount shall be determined, with respect to any time deemed appropriate by the Administrative Agent, according to the sum of (i) the aggregate principal amount of the Loans outstanding at such time and owing to the respective Lender Parties, (ii) their respective Pro Rata Shares of the aggregate Available Amount of all Letters of Credit outstanding at such time and (iii) the aggregate unused portions of their respective Revolving Commitments at such time; provided that the aggregate principal amount of Letter of Credit Loans owing to the Issuing Bank shall be deemed "owed to" the Revolving Lenders ratably in accordance with their respective Revolving Commitments. The failure of any Lender Party to reimburse the Administrative Agent or the Issuing Bank,

as the case may be, promptly upon demand for its ratable share of any amount required to be paid by the Lender Parties to the Administrative Agent or the Issuing Bank, as the case may be, as provided herein shall not relieve any other Lender Party of its obligation hereunder to reimburse the Administrative Agent or the Issuing Bank, as the case may be, for its ratable share of such amount, but no Lender Party shall be responsible for the failure of any other Lender Party to reimburse the Administrative Agent or the Issuing Bank, as the case may be, for such other Lender Party's ratable share of such amount. Without prejudice to the survival of any other agreement of any Lender Party hereunder, the agreement and obligations of each Lender Party contained in this Section 9.11 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the other Loan Documents.

Section 9.12. Credit Decision. Each Lender Party represents and warrants to each other Lender Party and to the Administrative Agent that:

(a) In making its decision to enter into this Agreement and to make its Loans it has independently taken whatever steps it considers necessary to evaluate the financial condition and affairs of the Borrowers and their Subsidiaries and that it has made an independent credit

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judgment, and that it has not relied upon the Administrative Agent or any other Lender Party, or information provided by the Administrative Agent (other than information provided to the Administrative Agent by the Borrowers and forwarded by the Administrative Agent to the Lender Parties); and

(b) So long as any portion of the Obligations remains outstanding, it will continue to make its own independent evaluation of the financial condition and affairs of the Borrowers.

Section 9.13. Successor Administrative Agent.

(a) Resignation. Subject to the appointment and acceptance of a successor Administrative Agent as provided below, the Administrative Agent may resign at any time by giving written notice thereof to the Lender Parties and the Borrowers' Agent. Upon any such resignation, the Majority Lenders shall have the right to appoint a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Majority Lenders and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of resignation, then the retiring Administrative Agent may, on behalf of the Lender Parties, appoint a successor Administrative Agent which shall be any Lender Party or a commercial bank organized under the laws of the United States of America or any political subdivision thereof which has combined capital and reserves in excess of \$250,000,000. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges, duties and obligations of the retiring Administrative Agent and the retiring Administrative Agent shall be discharged from its duties and obligations under the Loan Documents. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as the Administrative Agent. The resignation of the Administrative Agent may not take effect until a successor Administrative Agent is appointed.

(b) General. If within 45 days after written notice is given of the retiring Administrative Agent's resignation under this Section 9.13 no successor Administrative Agent shall have been appointed and shall have accepted such appointment, then on such 45th day (i) the retiring Administrative Agent's resignation shall become effective, (ii) the retiring Administrative Agent shall thereupon be discharged from its duties and obligations under the Loan Documents and (iii) the Majority Lenders shall thereafter perform all duties of the retiring Administrative Agent under the Loan Documents until such time, if any, as the Majority Lenders appoint a successor Administrative Agent as provided above. After any retiring Administrative Agent's resignation hereunder as Administrative Agent shall have become effective, the provisions of this Article 9 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement.

Section 9.14. Delegation of Duties. The Administrative Agent may execute any of its respective duties under the Loan Documents by or through agents or attorneys selected by it using reasonable care, and shall be entitled to advice of counsel concerning all matters pertaining to such duties.

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Section 9.15. Additional Agents. None of the Lender Parties or other entities identified on the facing page of, signature pages of or elsewhere in this Agreement as a "Syndication Agent," as one of the "Co-Documentation Agents" or as a "Sole Bookrunner" shall have any right, power, obligation, liability, responsibility or duty under this Agreement or any other Loan Document other than those applicable to all Lender Parties as such. Without limiting the foregoing, none of the Lender Parties so identified shall have or be deemed to have any fiduciary relationship with any other Lender Party. Each Lender Party

acknowledges that it has not relied, and will not rely, on any of the Lender Parties or other entities so identified in deciding to enter into this Agreement or any other Loan Document or in taking or not taking action hereunder or thereunder.

Section 9.16. Administrative Agent May File Proofs of Claim.

(a) In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan or Letter of Credit shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrowers' Agent) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(i) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, Letters of Credit Agreement and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lender Parties and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lender Parties and the Administrative Agent and their respective agents and counsel and all other amounts due the Lender Parties and the Administrative Agent under Sections 2.3, 2.5 and 11.2) allowed in such judicial proceeding; and

(ii) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender Party to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lender Parties, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.5 and 11.2.

(b) Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender Party any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender Party or to authorize the Administrative Agent to vote in respect of the claim of any Lender Party in any such proceeding.

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ARTICLE 10.

Change in Circumstances
Affecting Fixed Rate Loans

Section 10.1. Eurodollar Basis Determination Inadequate or Unfair. If with respect to any proposed Eurodollar Option Loan for any Interest Period, the Administrative Agent determines after consultation with the Lenders that deposits in Dollars (in the applicable amount) are not being offered to each of the Lenders in the relevant market for such Interest Period, the Administrative Agent shall forthwith give notice thereof to the Borrowers' Agent and the Lenders, whereupon until the Administrative Agent notifies the Borrowers' Agent that the circumstances giving rise to such situation no longer exist, the obligations of any affected Lender to make or continue Eurodollar Option Loans shall be suspended.

Section 10.2. Illegality. If after the date hereof, the adoption of any Applicable Law, or any change in any Applicable Law (whether adopted before or after the Agreement Date), or any change in interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender with any directive (whether or not having the force of law) of any such authority, central bank or comparable agency, shall make it unlawful or impossible, or any such governmental authority, central bank or comparable agency shall assert that it is unlawful, for any Lender to make, maintain or fund Eurodollar Option Loans, such Lender shall so notify the Administrative Agent, and the Administrative Agent shall forthwith give notice thereof to the other Lenders and the Borrowers' Agent. Before giving any notice to the Administrative Agent pursuant to this Section 10.2, such Lender shall designate a different lending office if such designation will avoid the need for giving such notice and will not, in the sole judgment of such Lender, be otherwise materially disadvantageous to such Lender. Upon receipt of such notice, notwithstanding anything contained in Article 2 hereof, (a) the obligation of the Lenders to make or continue Eurodollar Option Loans shall be suspended until the Administrative Agent shall notify the Borrowers' Agent and the Lenders that the circumstances causing such suspension no longer exist and (b) unless Borrowers, within three (3) Business Days thereafter, converts all Eurodollar Option Loans into Base Rate Option Loans in accordance with the terms of this Agreement, the Borrowers shall repay in full the then outstanding principal amount of each affected Eurodollar Option Loan of such Lender, together with

accrued interest thereon and any reimbursement required under Section 2.10 hereof, on either (i) the last day of the then current Interest Period applicable to such affected Eurodollar Option Loans if such Lender may lawfully continue to maintain and fund such Eurodollar Option Loans to such day or (ii) immediately if such Lender may not lawfully continue to fund and maintain such affected Eurodollar Option Loans to such day. Concurrently with repaying each affected Eurodollar Option Loan of such Lender, notwithstanding anything contained in Article 2 or Article 3 hereof, the Borrowers may borrow a Base Rate Option Loan from such Lender, and such Lender shall make such Base Rate Option Loan, if so requested, in an amount such that the outstanding principal amount held by such Lender shall equal the outstanding principal amount immediately prior to such repayment.

Section 10.3. Increased Costs.

(a) If after the date hereof, the adoption or effectiveness of any Applicable Law, or any change or effectiveness in any Applicable Law (whether adopted before or after the

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Agreement Date), or any interpretation or change in interpretation or administration or effectiveness thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof or compliance by any Lender Party with any directive (whether or not having the force of law) of any such authority, central bank or comparable agency:

(i) shall subject any Lender Party to any tax, duty or other charge with respect to its obligation to make or continue Eurodollar Option Loans, or its Eurodollar Option Loans, or shall change the basis of taxation of payments to any Lender Party of the principal of or interest on its Eurodollar Option Loans or in respect of any other amounts due under this Agreement, in respect of its Eurodollar Option Loans or its obligation to make or continue Eurodollar Option Loans (except for changes in the rate or method of calculation of tax on the overall net income of such Lender Party); or

(ii) shall impose, modify or deem applicable any reserve (including, without limitation, any imposed by the Board of Governors of the Federal Reserve System), special deposit, capital adequacy, assessment or other requirement or condition against assets of, deposits with or for the account of, or commitments or credit extended by, any Lender Party or shall impose on any Lender Party or the London interbank borrowing market or the New York certificate of deposit market any other condition affecting its obligation to make or continue Eurodollar Option Loans or its Eurodollar Option Loans;

and the result of any of the foregoing is to increase the cost to such Lender Party of making or maintaining any such Eurodollar Option Loans, or of agreeing to issue or of issuing or maintaining or participating in Letters of Credit or of agreeing to make or of making or maintaining Letter of Credit Loans, or to reduce the amount of any sum received or receivable by such Lender Party under this Agreement with respect thereto, then, within five (5) days after demand by such Lender Party, the Borrowers agree to pay to such Lender Party such additional amount or amounts as will compensate such Lender Party for such increased costs. Each Lender Party will promptly notify the Borrowers' Agent and the Administrative Agent of any event of which it has knowledge, occurring after the date hereof, which will entitle such Lender Party to compensation pursuant to this Section 10.3 and will designate a different lending office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the sole judgment of such Lender Party, be otherwise disadvantageous to such Lender Party.

(b) Any Lender Party claiming compensation under this Section 10.3 shall provide the Borrowers' Agent with a written certificate setting forth the additional amount or amounts to be paid to it hereunder and calculations therefor in reasonable detail. Such certificate shall be presumptively correct, absent manifest error. In determining such amount, such Lender Party may use any reasonable averaging and attribution methods. If any Lender Party demands compensation under this Section 10.3 or Section 2.12 or 2.13, the Borrowers may at any time, upon at least five (5) Business Days' prior notice to such Lender Party, prepay in full the then outstanding affected Eurodollar Option Loans of such Lender Party, together with accrued interest thereon to the date of prepayment, along with any reimbursement required under Section 2.10 hereof. Concurrently with prepaying such Eurodollar Option Loans, notwithstanding anything contained in Article 2 or Article 3 hereof, the Borrowers may borrow a Base Rate

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Option Loan from such Lender Party, and such Lender Party shall, if so requested, make such Base Rate Option Loan in an amount such that the outstanding principal amount held by such Lender Party shall equal the outstanding principal amount immediately prior to such prepayment. If any Lender Party demands compensation under Section 10.3, 2.12 or 2.13, the Borrowers may cause the replacement of such Lender Party by causing the Loans and commitment of such Lender Party to be assigned, at par, to one or more institutions reasonably acceptable to the Administrative Agent.

Section 10.4. Effect On Other Loans.

(a) If notice has been given pursuant to Section 10.1, 10.2 or 10.3 suspending the obligation of any Lender to make or continue Eurodollar Option Loans, or requiring Eurodollar Option Loans of any Lender to be repaid or prepaid, then, unless and until such Lender notifies the Borrowers' Agent that the circumstances giving rise to such repayment no longer apply, all Loans which would otherwise be made or continued as Eurodollar Option Loans shall, at the option of the Borrowers, be made or continued instead as Base Rate Option Loans.

(b) If, with respect to any Eurodollar Option Loan, Lenders owed at least 51% of the then aggregate unpaid principal amount thereof notify the Administrative Agent that the Eurodollar Rate for any Interest Period for such Loan will not adequately reflect the cost to such Lenders of making, funding or maintaining their Eurodollar Option Loans for such Interest Period, the Administrative Agent shall forthwith so notify the Borrowers' Agent and the Lenders which have made such Loan, whereupon (i) such Eurodollar Revolving Loan will automatically, on the last day of the then existing Interest Period therefor, be reborrowed as a Base Rate Revolving Loan, (ii) such Eurodollar Term Loan will automatically, on the last day of the then existing Interest Period therefor, be continued as a Base Rate Term Loan and (iii) the obligation of the Lenders which have made such Loan to make further or continue Eurodollar Option Loans shall be suspended until the Administrative Agent shall notify the Borrowers' Agent that such Lenders have determined that the circumstances causing such suspension no longer exist.

ARTICLE 11.
Miscellaneous

Section 11.1. Notices.

(a) All notices and other communications provided for hereunder shall be in writing (including fax communication) and mailed, telecopied or delivered. All such notices and other communications shall, when mailed or faxed (with electronic confirmation), be effective when deposited in the mail or transmitted by fax, except that notices and communications to the Administrative Agent pursuant to Article 2, 3 or 9 shall not be effective until received by the Administrative Agent. All notices and other communications under this Agreement shall be given to the parties hereto at the following addresses:

(i) If to the Borrowers or Borrowers' Agent:

GCI Holdings, Inc.
2550 Denali Street

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Suite 1000
Anchorage, Alaska 99503
Title: Chief Financial Officer
Facsimile No.: (907) 868-5676
E-mail: jlowber@gci.com

with a copy to:

Sherman & Howard L.L.C.
633 17th Street, Suite 3000
Denver, CO 80202
Attn: Steven D. Miller, Esq.
Facsimile No.: (303) 298-0940
E-mail: smiller@sah.com

(ii) If to the Administrative Agent or the Swingline Lender, to it at:

Calyon New York Branch
1301 Avenue of the Americas
New York, NY 10019-6022
Attn: Media & Communications Group
Administrative Agent Account Number:
Facsimile No.: (212) 261-3288

with a copy to:

Hunton & Williams LLP
200 Park Avenue
New York, NY 10166
Attn: Bruce W. Moorhead, Jr., Esq. and
Thomas A. Rice, Esq.
Facsimile No.: (212) 309-1100
E-mail: bmoorhead@hunton.com and
trice@hunton.com

(iii) If to the Lender Parties, to them at the addresses set forth beside their names on Schedules 4-A and 4-B.

Copies shall be provided to Persons other than parties hereto only in the case of notices under Article 8 hereof.

(b) Any party hereto may change the address to which notices shall be directed under this Section 11.1 by giving ten (10) days' written notice of such change to the other parties.

(c) Delivery by fax of an executed counterpart of a signature page to any amendment or waiver of any provision of this Agreement or the Notes or of any Exhibit hereto to be executed and delivered hereunder shall be effective as delivery of an original executed counterpart thereof. Electronic mail and Internet and intranet websites may be used by the Administrative Agent distribute communications, such as financial statements and other information as provided in Article 6, and to distribute Loan Documents for execution by the

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parties thereto, and the Administrative Agent shall not be responsible for any losses, costs, expenses and liabilities that may arise by reason of the use thereof, except for their own gross negligence or willful misconduct. The Administrative Agent and the Parties shall be entitled to rely and act upon any notices (including telephonic notices) purportedly given by or on behalf of the Borrowers even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. Neither the Administrative Agent nor any Lender Party shall be liable or responsible for any loss, cost, expense or liability resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Borrowers in accordance with this Agreement, other than, with respect to the Administrative Agent or any Lender Party, the losses, costs, expenses and liabilities that result from the gross negligence or willful misconduct of the Administrative Agent or such Lender Party. All telephonic notices to and other communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

Section 11.2. Costs and Expenses.

(a) The Borrowers will promptly pay, or reimburse:

(i) all reasonable out-of-pocket expenses of the Administrative Agent in connection with the preparation, structuring, due diligence, negotiation, execution, delivery, syndication, and administration of this Agreement and the other Loan Documents, and the transactions related hereto, contemplated hereunder and thereunder and the making of the initial Loans hereunder (whether or not such Loans are made), including, but not limited to, the fees and disbursements of Hunton & Williams LLP, special counsel for the Administrative Agent and its Affiliates, if any, and local counsel for the Administrative Agent and its Affiliates;

(ii) all reasonable out-of-pocket expenses of the Administrative Agent in connection with the administration of the transactions contemplated in this Agreement or the other Loan Documents, the restructuring and "work out" of such transactions, and the preparation, negotiation, execution and delivery of any waiver, amendment or consent, whether or not such waiver, amendment or consent shall become effective, by the Administrative Agent and the Lender Parties relating to this Agreement or the other Loan Documents, including, but not limited to, the fees and disbursements of any experts, agents or consultants and of special counsel for the Administrative Agent, but excluding any assignment fee pursuant to Section 11.5(b) hereof; and

(iii) all out-of-pocket costs and expenses of the Administrative Agent and the Lenders in connection with the enforcement of this Agreement or the other Loan Documents and all out-of-pocket costs and expenses of collection if an Event of Default occurs, and for so long as the same continues, in the payment of the Loans or the other Obligations, whether in any action, suit or litigation, or any bankruptcy, insolvency, liquidation, or other similar proceeding affecting creditors' rights generally, which in each case shall include reasonable fees and out-of-pocket expenses the respective counsel of the Administrative Agent and the Lenders.

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(b) The Borrowers also agree not to assert any claim against the Administrative Agent, any Lender Party or any of their Affiliates, or any of their respective officers, directors, employees, agents and advisors, on any theory of liability, for special, indirect, consequential or punitive damages arising out of or otherwise relating to the Commitments, the actual or proposed use of the proceeds of any Loan or Letter of Credit, the Loan Documents, or any of the transactions contemplated by the Loan Documents.

(c) If any Loan Party fails to pay when due any costs, expenses, or other amounts payable by it under any Loan Document, including, without limitation, fees and expenses of counsel and indemnities, such amount may be paid on behalf of such Loan Party by the Administrative Agent. Any amounts paid by the Administrative Agent in accordance with the immediately preceding sentence shall be deemed to be a Revolving Loan from the Administrative Agent to

the applicable Loan Party subject to the same terms and conditions applicable to Revolving Loans set forth in this Agreement.

Section 11.3. Waivers. The rights and remedies of the Administrative Agent and the Lender Parties under this Agreement and the other Loan Documents shall be cumulative and not exclusive of any rights or remedies which they would otherwise have. No failure or delay by the Administrative Agent or the Lender Parties, or any of them, in exercising any right, shall operate as a waiver of such right. The Administrative Agent and the Lender Parties expressly reserve the right to require strict compliance with the terms of this Agreement in connection with any future funding of a request for a Loan. In the event the Lender Parties decide to fund a Loan or issue a Letter of Credit at a time when the Borrowers are not in strict compliance with the terms of this Agreement, such decision by the Lender Parties shall not be deemed to constitute an undertaking by the Lender Parties to fund any further Loans, to issue any further Letter of Credit or to preclude the Lender Parties and the Administrative Agent from exercising any rights available under the Loan Documents or at law or equity. Any waiver or indulgence granted by the Administrative Agent, the Lender Parties or the Majority Lenders shall not constitute a modification of this Agreement, except to the extent expressly provided in such waiver or indulgence, or constitute a course of dealing at variance with the terms of this Agreement such as to require further notice of their intent to require strict adherence to the terms of this Agreement in the future.

Section 11.4. Set-Off. In addition to any rights now or hereafter granted under Applicable Law and not by way of limitation of any such rights, upon the occurrence of an Event of Default and during the continuation thereof, the Administrative Agent and the Lender Parties are hereby authorized by the Borrowers at any time or from time to time, without notice to the Borrowers or to any other Person, any such notice being hereby expressly waived, to set off and to appropriate and to apply any and all deposits (general or special, time or demand, including, but not limited to, Indebtedness evidenced by certificates of deposit, in each case whether matured or unmatured) and any other Indebtedness at any time held or owing by any Lender Party or the Administrative Agent to or for the credit or the account of the Borrowers or any of their Subsidiaries against and on account of the Obligations irrespective of whether (a) any Lender Party or the Administrative Agent shall have made any demand hereunder or (b) the Administrative Agent shall have declared the principal of and interest on the Loans and other amounts due hereunder to be due and payable as permitted by Section 8.2 and although such Obligations or any of them, shall be contingent or unmatured. Upon direction by the

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Administrative Agent with the consent of the Majority Lenders, each Lender Party holding deposits of the Borrowers or any of their Subsidiaries shall exercise its set-off rights as so directed.

Section 11.5. Binding Effect and Assignment.

(a) This Agreement shall become effective when it shall have been executed by the Borrowers and the Administrative Agent shall have been notified by each Initial Lender Party, and the Borrowers' Agent shall have been notified by the Administrative Agent, that each such Initial Lender Party has executed it and thereafter shall be binding upon and inure to the benefit of the Borrowers, the Administrative Agent and each Lender Party and their respective successors and assigns, except that the Borrowers shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lender Parties or as otherwise provided below in this Section 11.5.

(b) Each Lender may enter freely into participation agreements with respect to or otherwise grant participations in its Loans to one or more banks or other lenders or financial institutions; provided, however, that (i) such Lender's obligations hereunder shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the participant shall not be entitled by the benefit of its participation to vote or otherwise take action under this Agreement or any other Loan Document, except with respect to the matters referred to in Section 11.12 hereof relating to the matters in which affected Lenders are required to vote or all Lenders are required to vote, (iv) such Lender shall deliver to the Administrative Agent and the Borrowers' Agent (in such number of copies as shall be reasonably requested by the recipient) duly signed and properly completed copies of Internal Revenue Service Form W-8 IMY (or any successor thereto), for each participant, and (v) the Borrowers shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations hereunder. In addition, each Lender may sell up to 100%, assign or create a security interest in all or any portion of its rights hereunder and under the other Loan Documents to any other Person on an assignment basis; provided that (A) (I) at any time hereunder such assignment is to an Affiliate of the assignor, an Approved Fund, or another Lender or (II) the Borrowers' Agent (unless there exists at the time of such assignment an Event of Default hereunder) and the Administrative Agent have given their prior written consent to the proposed assignee of a Lender hereunder, which consents shall not be unreasonably delayed, conditioned or withheld, provided that such consents may be reasonably withheld if the proposed assignee is subject to withholding tax of

the sort referred to in Section 2.13 hereof, and (B) each such assignment shall be in a principal amount of not less than the lesser of (I) the entire amount of such Lender's interest hereunder or (II) \$1,000,000 unless an assignment is from one Lender to another or to an Approved Fund, or an Affiliate of a Lender, in which case there shall be no minimum assignment amount. Each Lender who sells or assigns a portion of its Loans pursuant hereto shall pay to the Administrative Agent an assignment fee of \$3,500 with respect to each assignment, such fee to be paid to the Administrative Agent not later than the effective date of the assignment of the Loan relating thereto. All assignments by any of the Lenders of any interests hereunder shall be made pursuant to an Assignment and Acceptance. Each Lender may provide any proposed participant or assignee with confidential information provided to such Lender regarding the Borrowers and their Subsidiaries on a confidential basis, and such participant or assignee shall agree to maintain such confidentiality in accordance with the

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provisions of Section 11.19 hereof. Further, each permitted assignee of any portion of the Loans shall be entitled to the benefits, and subject to the burdens, of Sections 2.10, 2.12, 2.13 and Article 10 hereof and all other provisions hereof and of the other Loan Documents as a 'Lender' hereunder. Upon the grant of a participation of its commitment by a Lender pursuant to this Section 11.5(b), such Lender shall maintain a register analogous to the Register described in Section 11.5(c) below.

(c) The Administrative Agent, acting for this purpose as an agent of the Borrowers, shall maintain a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and the principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, absent manifest error, and the Borrowers, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection at the offices of the Administrative Agent by the Borrowers or any Lender, at any reasonable time during normal business hours and from time to time upon reasonable prior notice. Each Lender agrees to provide the Administrative Agent and the Borrowers' Agent with written notice of the assignment of all or part of its rights hereunder. Upon the Administrative Agent's receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee Lender, the assignee's completed administrative questionnaire (unless the assignee is already a Lender), the fee referred to in Section 11.5(b) above, and any written consent to such assignment required thereby, the Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register. No assignment shall be effected for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(d) Notwithstanding anything to the contrary contained in this Section 11.5, any Lender that is a fund that invests in bank loans may (without the consent of the Borrowers or the Administrative Agent) pledge all or a portion of its rights in connection with this Agreement to the trustee or any holder of obligations or agents therefor owed, or securities issued, by such fund as security for such obligations or securities; provided that such trustee shall not be entitled to exercise any of the rights of a Lender Party under the Loan Documents even though such trustee may have acquired ownership rights with respect to the pledged interest through foreclosure or otherwise. No pledge described in the immediately preceding sentence shall release any such Lender from its obligations hereunder.

(e) The Issuing Bank may assign to an assignee all of its rights and obligations under the undrawn portion of its Letter of Credit Commitment at any time; provided, however, that (i) each such assignment shall be made in accordance with clause (A) of the second proviso in Section 11.5(b) 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 a processing and recordation fee of \$3,500. The Issuing Bank shall promptly notify the Borrowers' Agent of such Assignment.

(f) Except as specifically set forth in Section 11.5(b) hereof, nothing in this Agreement or any Notes, expressed or implied, is intended to or shall confer on any Person other

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than the respective parties hereto and thereto and their successors and assignees permitted hereunder and thereunder any benefit or any legal or equitable right, remedy or other claim under this Agreement or any Notes.

(g) The provisions of this Section 11.5 shall not apply to any purchase of participations among the Lenders pursuant to Section 2.11 hereof.

(h) Notwithstanding anything to the contrary contained herein, any Lender Party (a "Granting Lender") may grant to a special purpose funding vehicle identified as such in writing from time to time by the Granting Lender to the Administrative Agent and the Borrowers' Agent (a "Conduit Lender") the

option to provide all or any part of any Loan that such Granting Lender would otherwise be obligated to make pursuant to this Agreement; provided that (i) nothing herein shall constitute a commitment by any Conduit Lender to fund any Loan, and (ii) if a Conduit Lender elects not to exercise such option or otherwise fails to make all or any part of such Loan, the Granting Lender shall be obligated to make such Loan pursuant to the terms hereof. The making of a Loan by a Conduit Lender hereunder shall utilize the applicable Commitment of the Granting Lender to the same extent, and as if, such Loan were made by such Granting Lender. Each party hereto hereby agrees that (i) no Conduit Lender shall be liable for any indemnity or similar payment obligation under this Agreement for which a Lender Party would be liable, (ii) no Conduit Lender shall be entitled to the benefits of Sections 2.12, 2.13 and 10.3 (or any other increased costs protection provision) and (iii) the Granting Lender shall for all purposes, including, without limitation, the approval of any amendment or waiver of any provision of any Loan Document, remain the Lender Party of record hereunder. In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior Indebtedness of any Conduit Lender, it will not institute against, or join any other Person in instituting against, such Conduit Lender any bankruptcy, reorganization, arrangement, insolvency, or liquidation proceeding under the laws of the United States or any State thereof. Notwithstanding anything to the contrary contained in this Agreement, any Conduit Lender may (i) with notice to, but without prior consent of, the Borrowers' Agent and the Administrative Agent and without paying any processing fee therefor, assign all or any portion of its interest in any Loan to the Granting Lender and (ii) disclose on a confidential basis any non-public information relating to its funding of advances to any rating agency, commercial paper dealer or provider of any surety or guarantee or credit or liquidity enhancement to such Conduit Lender. This subsection Section 11.5(h) may not be amended without the prior written consent of each Granting Lender, all or any part of whose Loans are being funded by the Conduit Lender at the time of such amendment.

(i) Notwithstanding any contrary provision of this Section 11.5, any Lender may at any time pledge the Obligations held by it and such Lender's rights under this Agreement and the other Loan Documents to a Federal Reserve Bank; provided, that no such pledge to a Federal Reserve Bank shall release such Lender from such Lender's obligations hereunder or under any other Loan Document.

Section 11.6. Performance. If any performance (other than payment) under this Agreement or any of the other Loan Documents is specified to be made on a day which is not a Business Day, it shall be made on the next Business Day.

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Section 11.7. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such separate counterparts shall together constitute but one and the same instrument.

Section 11.8. Governing Law and Jurisdiction.

(a) THIS AGREEMENT, ANY NOTES AND ANY LOAN DOCUMENTS SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN NEW YORK.

(b) EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF ANY NEW YORK STATE COURT OR FEDERAL COURT OF THE UNITED STATES OF AMERICA SITTING IN NEW YORK CITY, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS TO WHICH IT IS A PARTY, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT SHALL AFFECT ANY RIGHT THAT ANY PARTY MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS IN THE COURTS OF ANY JURISDICTION.

(c) EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY LEGALLY AND EFFECTIVELY DO SO, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS TO WHICH IT IS A PARTY IN ANY NEW YORK STATE OR FEDERAL COURT. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

Section 11.9. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof in that jurisdiction or affecting the validity or

enforceability of such provision in any other jurisdiction.

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Section 11.10. Interest.

(a) In no event shall the amount of interest due or payable hereunder or under any Notes exceed the maximum rate of interest allowed by Applicable Law, and in the event any such payment is inadvertently made by the Borrowers or inadvertently received by any Lender, then such excess sum shall be credited as a payment of principal, unless the Borrowers shall notify the Administrative Agent or such Lender in writing that it elects to have such excess returned forthwith. It is the express intent hereof that the Borrowers not pay and the Lenders not receive, directly or indirectly in any manner whatsoever, interest in excess of that which may legally be paid by the Borrowers under Applicable Law.

(b) Notwithstanding the use by the Lenders of the Base Rate, the Federal Funds Rate, and the Eurodollar Rate as reference rates for the determination of interest on the Loans, the Lenders shall be under no obligation to obtain funds from any particular source in order to charge interest to the Borrowers at interest rates related to such reference rates.

Section 11.11. Table of Contents and Headings. The Table of Contents and the headings of the various subdivisions used in this Agreement are for convenience only and shall not in any way modify or amend any of the terms or provisions hereof, nor be used in connection with the interpretation of any provision hereof.

Section 11.12. Amendment and Waiver. Neither this Agreement nor any other Loan Document nor any term hereof or thereof may be amended orally, nor may any provision hereof or thereof be waived orally but only by an instrument in writing signed by (or, in the case of Security Documents executed by the Administrative Agent for itself and on behalf of the Lender Parties, signed by the Administrative Agent and approved by) the Majority Lenders and, in the case of an amendment, by the Borrowers, except that (a) any amendment or waiver or consent relating to (i) any delay or extension in the terms of repayment or of the expiration date of any Commitment, or change in the order of application of repayment or application in the reduction of any Commitment of the Loans provided in Section 2.4 or Section 2.7 hereof, shall be made only with the written consent by each Lender Party affected thereby, (ii) any reduction in principal, interest (other than as a result of any waiver in respect of the Default Rate) or fees due hereunder or postponement of the payment thereof, shall be made only with the written consent by each Lender Party affected thereby, (iii) the release of all or substantially all of the Collateral for the Loans, shall be made only with the written consent by each Lender Party, (iv) any waiver of any Default due to the failure by the Borrowers to pay any sum due to any of the Lenders hereunder, shall be made only with the written consent by each Lender Party affected thereby, (v) any release of any material Guarantor under any Guaranty of all or any portion of the Obligations, except in connection with a merger, sale or other disposition otherwise permitted hereunder, shall be made only with the written consent by each Lender Party and (vi) any amendment of this Section 11.12, or of the definition of Majority Lenders, or of any portion of Section 2.6, 2.7, 2.9, 2.11 or 8.3, as it relates to the relative priority of payment among the Obligations, or any other provision of this Agreement or any of the other Loan Documents specifically requiring the consent or approval of each of the Lender Parties, shall be made only with the written consent by each Lender Party; (b) any amendment relating to any increase in any Commitment of any Lender shall be made only by an instrument in writing signed by such Lender, the Administrative Agent and the Borrowers, (c) no amendment, waiver or consent shall,

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unless in writing and signed by the Issuing Bank, in addition to the Lenders required above, affect the rights or duties of the Issuing Bank under this Agreement or any Letter of Credit Agreement, and (d) no amendment or modification that would require the Revolving Lenders to make a Loan or other extension of credit at a time they otherwise would not be required to do so shall be effective without the prior written consent of the Majority Revolving Lenders. Any amendment to any provision hereunder governing the rights, obligations, or liabilities of the Administrative Agent in its capacity as such, may be made only by an instrument in writing signed by the Administrative Agent and by each of the Lender Parties. In the event that, as to any matter requiring unanimous consent of all Lender Parties, the Majority Lenders shall have approved the same, then the Borrowers may cause the replacement of any non-consenting Lender Party by causing the Loans and Commitment of such non-consenting Lender Party to be assigned, at par, to one or more institutions reasonably acceptable to the Borrowers and the Administrative Agent and otherwise meeting the requirements of this Agreement in respect of institutions eligible to be Lenders hereunder. Notwithstanding anything to the contrary herein, no change, amendment or other modification to or of the definition of "Swingline Lender", "Swingline Loan", "Swingline Loan Ceiling", or "Swingline Note", or to or of any other provision of this Agreement in respect of Swingline Loans may be made, or shall become effective, in the absence of the express, written consent of the Swingline Lender.

Section 11.13. Entire Agreement. Except as otherwise expressly provided herein, this Agreement and the other documents described or contemplated herein embody the entire agreement and understanding among the parties hereto and thereto and supersede all prior agreements and understandings relating to the subject matter hereof and thereof.

Section 11.14. Other Relationships. No relationship created hereunder or under any other Loan Document shall in any way affect the ability of the Administrative Agent or its Affiliates and each Lender Party or its respective Affiliates to enter into or maintain business relationships with the Borrowers or any of their Affiliates beyond the relationships specifically contemplated by this Agreement and the other Loan Documents.

Section 11.15. Directly or Indirectly. If any provision in this Agreement refers to any action taken or to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person, whether or not expressly specified in such provision.

Section 11.16. Reliance on and Survival of Various Provisions. All covenants, agreements, statements, representations and warranties made herein or in any certificate delivered pursuant hereto (a) shall be deemed to have been relied upon by the Administrative Agent and each of the Lender Parties notwithstanding any investigation heretofore or hereafter made by them, and (b) shall survive the execution and delivery of this Agreement and shall continue in full force and effect so long as any Obligation is outstanding and unpaid. Any right to indemnification hereunder, including, without limitation, rights pursuant to Sections 2.10, 2.12, 2.13, 5.11, 9.11, 10.3 and 11.2 hereof, shall survive the termination of this Agreement and the payment and performance of all other Obligations.

Section 11.17. Senior Debt. The Obligations of the Borrowers evidenced by this Agreement are secured by the Security Documents and are intended by the parties hereto to be in

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parity with the Secured Hedge Agreements in effect from time to time between any Borrower and any Hedge Bank (with respect to Obligations under Secured Hedge Agreements) and senior in right of payment to any other Person having an Investment in any of the Loan Parties.

Section 11.18. Obligations Several. The obligations of the Administrative Agent and each of the Lender Parties hereunder are several, not joint.

Section 11.19. Confidentiality. The Lender Parties shall hold all non-public, proprietary or confidential information obtained pursuant to the requirements of this Agreement in accordance with their customary procedures for handling confidential information of this nature and in accordance with safe and sound financial service industry practices; provided, however, that the Lender Parties may make disclosure of any such information (a) to their examiners, Affiliates, outside auditors, counsel, consultants, appraisers and other professional advisors in connection with this Agreement; (b) to any direct or indirect contractual counterparty in swap agreements or such contractual counterparty's professional advisor (so long as such contractual counterparty or professional advisor to such contractual counterparty agrees to be bound by the provisions of this Section 11.19); (c) to the National Association of Insurance Commissioners or any similar organization or any nationally recognized rating agency that requires access to information about a Lender Party's investment portfolio in connection with ratings issued with respect to such Lender Party or its Affiliates; (d) as reasonably required by any proposed syndicate member or any proposed transferee or participant in connection with the contemplated transfer of any Loans or participation therein provided that such transferee or participant agrees to be bound by this Section 11.19; (e) as required or requested by any governmental authority or representative thereof; (f) in connection with the exercise of any right or remedy under this Agreement, any Secured Hedge Agreement, any other Loan Document or related document; (g) as required by any law, rule, regulation or judicial process; or (h) with respect to any litigation to which any Loan Party, the Administrative Agent, any Lender Party, or any of their Affiliates is a party. In no event shall any Lender Party be obligated or required to return any materials furnished to it by the Borrowers. The foregoing provisions shall not apply to a Lender Party with respect to information that (i) is or becomes generally available to the public (other than through a breach of this Section 11.19 by such Lender Party), (ii) is already in the possession of such Lender Party on a nonconfidential basis, or (iii) comes into the possession of such Lender Party in a manner not known to such Lender Party to involve a breach of a duty of confidentiality owing to the Borrowers.

Section 11.20. No Liability of the Issuing Bank. The Borrowers assume all risks of the acts or omissions of any beneficiary or transferee of any Letter of Credit with respect to its use of such Letter of Credit. Neither the Issuing Bank nor any of its officers or directors shall be liable or responsible for: (a) the use that may be made of any Letter of Credit or any acts or omissions of any beneficiary or transferee in connection therewith; (b) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if

such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged; (c) payment by the Issuing Bank against presentation of documents that do not comply with the terms of a Letter of Credit, including failure of any documents to bear any reference or adequate reference to the Letter of Credit; or (d) any other circumstances whatsoever in making or failing to make payment under any Letter of Credit, except that the Borrowers shall have a claim against the Issuing Bank, and the Issuing Bank shall be liable to the Borrowers, to the extent of any direct, but not

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consequential, damages suffered by the Borrowers that the Borrowers prove were caused by (i) the Issuing Bank's willful misconduct or gross negligence as determined in a final, non-appealable judgment by a court of competent jurisdiction in determining whether documents presented under any Letter of Credit comply with the terms of the Letter of Credit or (ii) the Issuing Bank's willful failure to make lawful payment under a Letter of Credit after the presentation to it of a draft and certificates strictly complying with the terms and conditions of the Letter of Credit. In furtherance and not in limitation of the foregoing, the Issuing Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

Section 11.21. Patriot Act Notice. Each Lender Party and the Administrative Agent (for itself and not on behalf of any Lender Party) hereby notifies the Loan Parties that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies each Loan Party, which information includes the name and address of such Loan Party and other information that will allow such Lender Party or the Administrative Agent, as applicable, to identify such Loan Party in accordance with the Patriot Act. The Borrowers shall, and shall cause each of their Subsidiaries to, provide, to the extent commercially reasonable, such information and take such actions as are reasonably requested by the Administrative Agent or any Lender Parties in order to assist the Administrative Agent and the Lenders in maintaining compliance with the Patriot Act.

ARTICLE 12. .
Waiver of Jury Trial

Section 12.1. Waiver of Jury Trial. EACH OF THE BORROWERS, THE GUARANTORS, THE ADMINISTRATIVE AGENT AND THE LENDER PARTIES IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO ANY OF THE LOAN DOCUMENTS, THE LOANS, THE LETTERS OF CREDIT OR THE ACTIONS OF THE ADMINISTRATIVE AGENT OR ANY LENDER PARTY IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT THEREOF.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first appearing above.

THE BORROWERS:

GCI HOLDINGS, INC.
GCI Communication Corp.
GCI Cable, Inc.
GCI Transport Co., Inc.
GCI Fiber Communication Co., Inc.
GCI Fiber Co., Inc.
Fiber Hold Co., Inc.
WOK 1, Inc.
WOK 2, Inc.
GCI Satellite Co., Inc.
Potter View Development Co., Inc.
Wood River Venture, Inc.

each an Alaska corporation,

By: /s/
Name: John M. Lowber
Title: Secretary

ALASKA UNITED FIBER SYSTEM PARTNERSHIP

By: GCI Fiber Co., Inc., its general partner

By: /s/
Name: John M. Lowber
Title: Secretary

By: Fiber Hold Co., Inc., its general partner

By: /s/
Name: John M. Lowber
Title: Secretary

CALYON NEW YORK BRANCH, as Administrative Agent,
Initial Issuing Bank, and Lender

By: /s/
Name: Douglas E. Roper
Title: Managing Director

By: /s/
Name: Jeremy Horn
Title: Vice President

LENDERS:

GENERAL ELECTRIC CAPITAL CORPORATION

By: /s/
Name: Jason Soto
Title: Senior Vice President

UNION BANK OF CALIFORNIA, N.A.

By: /s/
Name: Matthew H. Fleming
Title: Vice President

COBANK, ACB

By: /s/
Name: Ted Koerner
Title: Vice President

CIT LENDING SERVICES CORPORATION

By: /s/
Name: Michael V. Monahan
Title: Vice President

WELLS FARGO BANK, N.A.

By: /s/
Name: J. Steven Taylor
Title: Vice President

AMENDED AND RESTATED 1986 STOCK OPTION PLAN
OF
GENERAL COMMUNICATION, INC.

AS OF JUNE 27, 2005

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Amended and Restated 1986 Stock Option Plan
of General Communication, Inc.

1. PURPOSE AND TERM OF PLAN.

1.1 Restatement of Plan. The Amended and Restated 1986 Stock Option Plan of General Communication, Inc. (the "Plan") hereby is restated in its entirety by this document effective as of June 27, 2005, the date of its approval by the shareholders of the Company (the "Effective Date").

1.2 Purpose. The purpose of the Plan is to provide a special incentive to selected officers, directors and other employees of, and consultants and advisors to, General Communication, Inc. and its present and future subsidiaries in order to promote the business of the Company and to encourage such persons to accept or continue their relationship with the Company. Accordingly, the Plan seeks to achieve this purpose by providing for Options and Restricted Stock Awards.

1.3 Term of Plan. The Plan shall continue in effect until the earlier of its termination by the Board or the date on which all of the shares of Stock available for issuance under the Plan have been issued and all restrictions on such shares under the terms of the Plan and the agreements evidencing Awards granted under the Plan have lapsed.

2. DEFINITIONS AND CONSTRUCTION.

2.1 Definitions. As used in the Plan, the following terms shall have the indicated meanings:

"Award" means any Option or Restricted Stock Award granted under the Plan.

"Award Agreement" means a written agreement between the Company and a Participant setting forth the terms, conditions and restrictions of the Award granted to the Participant. An Award Agreement may be an "Option Agreement" or a "Restricted Stock Agreement."

"Board" means the Board of Directors of the Company.

"Code" means the Internal Revenue Code of 1986, as amended, and any applicable regulations promulgated thereunder.

"Committee" means the Compensation Committee or other committee of the Board duly appointed to administer the Plan and having such powers as shall be specified by the Board. If no committee of the Board has been appointed to administer the Plan, the Board shall exercise all of the powers of the Committee granted herein, and, in any event, the Board may in its discretion exercise any or all of such powers.

"Company" means General Communication, Inc., an Alaska corporation, or any successor corporation thereto.

"Consultant" means a person engaged to provide consulting or advisory services (other than as an Employee or a member of the Board) to the Company or a Subsidiary.

"Director" means a member of the Board.

"Disability" means the permanent and total disability of the Participant, within the meaning of Section 22(e)(3) of the Code.

"Employee" means any person treated as an employee (including an Officer or a member of the Board who is also treated as an employee) in the records of the Company or a Subsidiary and, with respect to any Incentive Stock Option granted to such person, who is an employee for purposes of Section 422 of the Code; provided, however, that neither service as a member of the Board nor payment of a director's fee shall be sufficient to constitute employment for purposes of the Plan. The Company shall determine in good faith and in the exercise of its discretion whether an individual has become or has ceased to be an Employee and the effective date of such individual's employment or termination of employment, as the case may be. For purposes of an individual's rights, if any, under the Plan as of the time of the Company's determination, all such determinations by the Company shall be final, binding and conclusive, notwithstanding that the Company or any court of law or governmental agency subsequently makes a contrary determination.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Fair Market Value" means the closing price of the Stock on the principal exchange on which the stock is traded or, if the Stock is not traded on an exchange, as reported by Nasdaq, or, if the closing price of the Stock is not reported by Nasdaq, the fair market value of the Stock as determined by the Committee in good faith by any reasonable means, in each case, on such date of determination.

"Incentive Stock Option" means an Option intended to be (as set forth in the applicable Award Agreement) and which qualifies as an incentive stock option within the meaning of Section 422(b) of the Code.

"Insider" means an Officer, a Director or any other person whose transactions in Stock are subject to Section 16 of the Exchange Act.

"ISO-Qualifying Corporation" means the Company or a Subsidiary that is a "subsidiary corporation" of the Company as defined in Section 424(f) of the Code.

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"Nonstatutory Stock Option" means an Option not intended to be (as set forth in the applicable Award Agreement) an incentive stock option within the meaning of Section 422(b) of the Code.

"Officer" means any person designated by the Board as an officer of the Company.

"Option" means the right to purchase Stock at a stated price for a specified period of time granted to a Participant pursuant to Section 6 of the Plan. An Option may be either an Incentive Stock Option or a Nonstatutory Stock Option.

"Participant" means any person to whom an Award may be granted pursuant to Section 5 of the Plan and to whom one or more Awards has been granted.

"Restricted Stock" means Stock issued to a Participant subject to vesting conditions.

"Restricted Stock Award" means an Award of Restricted Stock pursuant to Section 7 of the Plan.

"Rule 16b-3" means Rule 16b-3 under the Exchange Act, as amended from time to time, or any successor rule or regulation.

"Section 162(m)" means Section 162(m) of the Code.

"Securities Act" means the Securities Act of 1933, as amended.

"Service" means a Participant's employment or service with the Company or a Subsidiary, whether in the capacity of an Employee, a Director or a Consultant. A Participant's Service shall not be deemed to have terminated merely because of a change in the capacity in which the Participant renders such Service or a change in the entity for which the Participant renders such Service, provided that there is no interruption or termination of the Participant's Service. Furthermore, a Participant's Service shall not be deemed to have terminated if the Participant takes any military leave, sick leave, or other bona fide leave of absence approved by the Company. However, if any such leave taken by a Participant exceeds 90 days, then on the 181st day following the commencement of such leave any Incentive Stock Option held by the Participant shall cease to be treated as an Incentive Stock Option and instead shall be treated thereafter as a Nonstatutory Stock Option, unless the Participant's right to return to Service with the Company or a Subsidiary is guaranteed by statute or contract.

Notwithstanding the foregoing, unless otherwise designated by the Company or required by law, a leave of absence shall not be treated as Service for purposes of determining vesting under the Participant's Award Agreement. A Participant's Service shall be deemed to have terminated either upon an actual termination of Service or upon the entity for which the Participant performs Service ceasing to be a Subsidiary. Subject to the foregoing, the Company, in its discretion, shall determine whether the Participant's Service has terminated and the effective date of such termination.

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"Stock" means the Class A common stock of the

Company.

"Subsidiary" means any entity in which the Company owns, directly or indirectly, more than 50% of the total voting power.

"Ten Percent Owner" means a Participant who, at the time an Option is granted to the Participant, owns stock possessing more than 10% of the total combined voting power of all classes of stock of all ISO-Qualifying Corporations within the meaning of Section 422(b)(6) of the Code.

"Vesting Conditions" mean those conditions established in Section 7 of the Plan prior to the satisfaction of which shares subject to a Restricted Stock Award remain subject to forfeiture in favor of the Company upon the Participant's termination of Service.

2.2 Construction. Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of the Plan. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

3. ADMINISTRATION.

3.1 Administration by the Committee. The Plan shall be administered by the Committee. A majority of the members of the Committee shall constitute a quorum, and all decisions, determinations and interpretations of the Committee shall be made by a majority of such quorum. All questions of interpretation of the Plan or of any Award shall be determined by the Committee, and such determinations shall be final and binding upon all persons having an interest in the Plan or such Award. Any decision, determination or interpretation of the Committee under the Plan in writing signed by all members of the Committee shall be fully effective as if it had been made by a majority vote at a meeting duly called and held.

3.2 Administration with Respect to Insiders. Unless otherwise determined by the Board, with respect to participation by Insiders in the Plan, at any time that any class of equity security of the Company is registered pursuant to Section 12 of the Exchange Act, the Plan shall be administered in compliance with the requirements, if any, of Rule 16b-3.

3.3 Committee Complying with Section 162(m). If the Company is a "publicly held corporation" within the meaning of Section 162(m), the Board may establish a Committee of "outside directors" within the meaning of Section 162(m) to approve the grant of any Award which might reasonably be anticipated to result in the payment of employee remuneration that would otherwise exceed the limit on employee remuneration deductible for income tax purposes pursuant to Section 162(m).

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3.4 Powers of the Committee. In addition to any other powers set forth in the Plan and subject to the provisions of the Plan, the Committee shall have the full and final power and authority, in its discretion:

(a) to determine the persons to whom, and the time or times at which, Awards shall be granted and the number of shares of Stock to be subject to each Award;

(b) to determine the type of Award granted and to designate Options as Incentive Stock Options or Nonstatutory Stock Options;

(c) to determine the Fair Market Value of shares of Stock or the fair market value of any other property;

(d) to determine the terms, conditions and restrictions applicable to each Award (which need not be identical) and any shares acquired pursuant thereto, including, without limitation, (i) the exercise or purchase price of shares purchased pursuant to any Award, (ii) the method of payment for shares purchased pursuant to any Award, (iii) the method for satisfaction of any tax withholding obligation arising in connection with an Award, including by the withholding or delivery of shares of Stock, (iv) the timing, terms and conditions of the exercisability or vesting of any Award or any shares acquired pursuant thereto, (v) the time of the expiration of any Award, (vi) the effect

of the Participant's termination of Service on any of the foregoing, and (vii) all other terms, conditions and restrictions applicable to any Award or shares acquired pursuant thereto not inconsistent with the terms of the Plan;

(e) to approve one or more forms of Award Agreement;

(f) to amend, modify, extend, cancel or renew any Award or to waive any restrictions or conditions applicable to any Award or any shares acquired pursuant thereto;

(g) to accelerate, continue, extend or defer the exercisability or vesting of any Award or any shares acquired pursuant thereto, including with respect to the period following a Participant's termination of Service;

(h) to decide all questions and settle all controversies and disputes which may arise in connection with the Plan; and

(i) to correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award Agreement, to interpret the Plan and to make all other determinations and take such other actions with respect to the Plan or any Award as the Committee may deem advisable to the extent not inconsistent with the provisions of the Plan or applicable law.

3.5 Indemnification. In addition to such other rights of indemnification as they may have as members of the Board or the

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Committee or as officers or employees of the Company or any Subsidiary, members of the Board or the Committee shall be indemnified by the Company against all reasonable expenses, including attorneys' fees, actually and necessarily incurred in connection with the defense of any action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan, or any right granted hereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by independent legal counsel selected by the Company) or paid by them in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such person is liable for gross negligence, bad faith or intentional misconduct in duties; provided, however, that within 60 days after the institution of such action, suit or proceeding, such person shall offer to the Company, in writing, the opportunity at its own expense to handle and defend the same.

4. SHARES SUBJECT TO PLAN.

4.1 Maximum Number of Shares Issuable. Subject to adjustment as provided in Section 4.2, the maximum aggregate number of shares of Stock that may be issued under the Plan shall be 13,200,000 and shall consist of authorized but unissued or reacquired shares of Stock or any combination thereof. If an outstanding Award for any reason expires or is terminated or canceled without having been exercised or settled in full, or if shares of Stock acquired pursuant to an Award subject to forfeiture are forfeited, the shares of Stock allocable to the terminated portion of such Award or such forfeited shares of Stock shall again be available for issuance under the Plan. Shares of Stock withheld or reacquired by the Company in satisfaction of tax withholding obligations pursuant to Section 10.2 shall not be deemed to have been issued pursuant to the Plan. If the exercise price of an Option is paid by tender to the Company of shares of Stock owned by the Participant, the number of shares available for issuance under the Plan shall be reduced by the net number of shares for which the Option is exercised.

4.2 Adjustments for Changes in Capital Structure. In the event of a stock dividend, stock split or other change in corporate structure or capitalization affecting the Stock, the number and kind of shares of stock on which Awards may be granted hereunder, the number and kind of shares of stock remaining subject to each Award outstanding at the time of such change and the Award price shall be appropriately adjusted by the Committee, whose determination shall be binding on all parties concerned. Subject to any required action by the shareholders, if the Company shall be the surviving corporation in any merger or consolidation (other than a merger or consolidation in which the Company survives but its outstanding shares are converted into securities of another corporation or exchanged for other consideration), any Award granted hereunder shall pertain and apply to the securities which a holder of the number of shares of Stock then subject to the Award should have been entitled to receive. A dissolution or liquidation of the Company or a merger or consolidation in which the Company is not the surviving corporation or its outstanding shares are so converted or exchanged shall cause every option hereunder to terminate, but at least 20 days prior to the effective date of any such dissolution or liquidation (or if earlier any related sale of all or substantially all assets) or of any such merger or consolidation, the Committee shall either make all Awards outstanding hereunder immediately exercisable or arrange that

the successor or surviving corporation, if any, grant replacement Awards. The Committee in its sole discretion, also may make such adjustments in the terms of any Award to reflect, or related to, such changes in the capital structure of the Company or distributions as it deems appropriate, including modification of any performance criteria or performance period applicable to such award.

5. ELIGIBILITY AND AWARD LIMITATIONS.

5.1 Persons Eligible for Awards. Awards may be granted only to Employees, Consultants and Directors. For purposes of the foregoing sentence, "Employees," "Consultants" and "Directors" shall include prospective Employees, prospective Consultants and prospective Directors to whom Awards are granted in connection with written offers of an employment or other service relationship with the Company or a Subsidiary; provided, however, that no Stock subject to any such Award shall vest, become exercisable or be issued prior to the date on which such person commences Service.

5.2 Participation. Awards are granted solely at the discretion of the Committee. Eligible persons may be granted more than one Award.

5.3 Award Limits.

(a) Maximum Number of Shares Issuable as ISOs Under Plan.

Subject to adjustment as provided in Section 4.2, the maximum aggregate number of shares of Stock that may be issued under the Plan pursuant to the exercise of Incentive Stock Options is 13,200,000 shares, but no more than the total number of shares available for grant as Awards.

(b) Maximum Number of Shares Issuable to any Individual Under Plan. The maximum number of shares that may be issued under Awards granted to any individual in a calendar year may not exceed 500,000 shares of Stock.

(c) Section 162(m) Award Limits. The following limits shall apply to the grant of any Award if, at the time of grant, the Company is a "publicly held corporation" within the meaning of Section 162(m).

(i) Options. Subject to adjustment as provided in Section 4.2, no Employee shall be granted within any fiscal year of the Company one or more Options which in the aggregate are for more than 500,000 shares of Stock.

(ii) Restricted Stock Awards. Subject to adjustment as provided in Section 4.2, no Employee shall be granted within any fiscal year of the Company one or more Restricted Stock Awards for more than 500,000 shares of Stock.

6. TERMS AND CONDITIONS OF OPTIONS.

Options shall be evidenced by Award Agreements specifying the number of shares of Stock covered thereby, in such form as the Committee shall from time to

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time establish. No Option or purported Option shall be a valid and binding obligation of the Company unless evidenced by a fully executed Award Agreement. Award Agreements evidencing Options may incorporate all or any of the terms of the Plan by reference and shall comply with and be subject to the following terms and conditions:

6.1 Exercise Price. The exercise price for each Option shall be established in the discretion of the Committee; provided, however, that no Incentive Stock Option granted to a Ten Percent Owner shall have an exercise price per share less than 110% of the Fair Market Value of a share of Stock on the effective date of grant of the Option.

6.2 Exercisability and Term of Options. Options shall be exercisable at such time or times, or upon such event or events, and subject to such terms, conditions, performance criteria and restrictions as shall be determined by the Committee and set forth in the Award Agreement evidencing such Option; provided, however, that (a) no Option shall be exercisable after the expiration of 10 years after the effective date of grant of such Option, and (b) no Incentive Stock Option granted to a Ten Percent Owner shall be exercisable after the expiration of five years after the effective date of grant of such Option.

6.3 Payment of Exercise Price.

(a) Forms of Consideration Authorized. Except as otherwise provided below, payment of the exercise price for the number of shares of Stock being purchased pursuant to any Option shall be made (i) in cash, by check or in cash equivalent, (ii) by tender to the Company of shares of Stock owned by the Participant having a Fair Market Value not less than the exercise price, (iii) by delivery of a properly executed notice of exercise together with irrevocable instructions to a broker providing for the assignment to the Company of the proceeds of a sale or loan with respect to some or all of the shares being acquired upon the exercise of the Option (including, without limitation, through

an exercise complying with the provisions of Regulation T as promulgated from time to time by the Board of Governors of the Federal Reserve System) (a "Cashless Exercise"), (iv) by such other consideration as may be approved by the Committee from time to time to the extent permitted by applicable law, or (v) by any combination thereof. The Committee may at any time or from time to time grant Options which do not permit all of the foregoing forms of consideration to be used in payment of the exercise price or which otherwise restrict one or more forms of consideration.

(b) Limitations on Forms of Consideration.

(i) Tender of Stock. Notwithstanding the foregoing, an Option may not be exercised by tender to the Company of shares of Stock to the extent such tender would constitute a violation of the provisions of any law, regulation or agreement restricting the redemption of the Company's stock. Unless otherwise provided by the Committee, an Option may not be exercised by tender to the Company of shares of Stock unless such shares either have been owned by the Participant for more than 6 months or were not acquired, directly or indirectly, from the Company.

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(ii) Cashless Exercise. The Company reserves, at any and all times, the right, in the Company's sole and absolute discretion, to establish, decline to approve or terminate any program or procedures for the exercise of Options by means of a Cashless Exercise, including with respect to one or more Participants specified by the Company notwithstanding that such program or procedures may be available to other Participants.

6.4 Effect of Termination of Service.

(a) Option Exercisability. Subject to earlier termination of the Option as otherwise provided herein and unless otherwise provided by the Committee in the grant of an Option and set forth in the Award Agreement, an Option shall be exercisable after a Participant's termination of Service only during the applicable time period determined in accordance with this Section and thereafter shall terminate:

(i) Disability. If the Participant's Service terminates because of the Disability of the Participant, the Option, to the extent unexercised and exercisable on the date on which the Participant's Service terminated, may be exercised by the Participant (or the Participant's guardian or legal representative) at any time prior to the expiration of 12 months after the date on which the Participant's Service terminated, but in any event no later than the date of expiration of the Option's term as set forth in the Award Agreement evidencing such Option (the "Option Expiration Date").

(ii) Death. If the Participant's Service terminates because of the death of the Participant, the Option, to the extent unexercised and exercisable on the date on which the Participant's Service terminated, may be exercised by the Participant's legal representative or other person who acquired the right to exercise the Option by reason of the Participant's death at any time prior to the expiration of 12 months after the date on which the Participant's Service terminated, but in any event no later than the Option Expiration Date. The Participant's Service shall be deemed to have terminated on account of death if the Participant dies within three months after the Participant's termination of Service.

(iii) Other Termination of Service. If the Participant's Service terminates for any reason other than Disability, death, or for Cause, the Option, to the extent unexercised and exercisable by the Participant on the date on which the Participant's Service terminated, may be exercised by the Participant at any time prior to the expiration of 30 days after the date on which the Participant's Service terminated, but in any event no later than the Option Expiration Date.

(iv) Termination for Cause. If the Participant's Service terminates for cause, then all Options held by the Participant as of such termination (whether or not exercisable) shall be terminated and canceled and the Participant shall have no further rights under this Plan. For purposes of this Section 6.4(a)(iv), "cause" shall have the meaning ascribed thereto in any employment agreement with the Company or any Subsidiary to which such Participant is a party or, in the

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absence thereof, shall include but not be limited to an illegal or negligent action by the Participant that materially adversely affects the Company or any Subsidiary or, engaging in misconduct involving serious moral turpitude, or the failure or refusal to perform one's duties and responsibilities for any reason other than illness or incapacity; provided, however, that if such termination occurs within 12 months after a change of control of the Company (as determined by the Committee, in its sole discretion), "cause" shall mean only a felony conviction for fraud, misappropriation or embezzlement.

(b) Extension if Exercise Prevented by Law. Notwithstanding the foregoing, if the exercise of an Option within the applicable time periods

set forth in Section 6.4(a) is prevented by the provisions of Section 9 below, the Option shall remain exercisable until three months (or such longer period of time as determined by the Committee, in its discretion) after the date the Participant is notified by the Company that the Option is exercisable, but in any event no later than the Option Expiration Date.

(c) Extension if Participant Subject to Section 16(b).

Notwithstanding the foregoing, if a sale within the applicable time periods set forth in Section 6.4(a) of shares acquired upon the exercise of the Option would subject the Participant to suit under Section 16(b) of the Exchange Act, the Option shall remain exercisable until the earliest to occur of (i) the 10th day following the date on which a sale of such shares by the Participant would no longer be subject to such suit, (ii) the 190th day after the Participant's termination of Service, or (iii) the Option Expiration Date.

6.5 Transferability of Options. Except as otherwise provided in this Section 6.5, during the lifetime of the Participant, an Option shall be exercisable only by the Participant or the Participant's guardian or legal representative. Prior to the issuance of shares of Stock upon the exercise of an Option, the Option shall not be subject in any manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance, or garnishment by creditors of the Participant or the Participant's beneficiary, except transfer by will or by the laws of descent and distribution. Notwithstanding the foregoing, the Participant, with the approval of the Committee, may transfer the Option for no consideration to or for the benefit of the Participant's immediate family (including, without limitation, to a trust for the benefit of the Participant's immediate family or to a partnership or limited liability company for one or more members of the Participant's immediate family), subject to such limits as the Committee may establish, and the transferee shall remain subject to all the terms and conditions applicable to the Option prior to such transfer. The foregoing right to transfer the Option shall apply to the right to consent to amendments to this Plan and the Award Agreement and, in the discretion of the Committee, shall also apply to the right to transfer ancillary rights associated with the Option. The term "immediate family" shall mean the Participant's spouse, parents, children, stepchildren, adoptive relationships, sisters, brothers and grandchildren (and, for this purpose, shall also include the Participant). In addition, notwithstanding the foregoing, to the extent permitted by the Committee, in its discretion, and set forth in the Award Agreement evidencing such Option, a Nonstatutory Stock Option shall be assignable or transferable subject to the applicable limitations, if any, described in the General Instructions to Form S-8

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Registration Statement under the Securities Act. Any attempted assignment, transfer, pledge, hypothecation or other disposition of any option contrary to the provisions of the Plan, and any levy of any attachment or similar process upon an option will be null and void and without effect, and the Committee may, in its discretion, upon the happening of any such event, terminate an option forthwith.

6.6 Incentive Stock Option Limitations.

(a) Persons Eligible. An Incentive Stock Option may be granted only to a person who, on the effective date of grant, is an Employee of an ISO-Qualifying Corporation. Any person who is not an Employee of an ISO-Qualifying Corporation on the effective date of the grant of an Option to such person may be granted only a Nonstatutory Stock Option. An Incentive Stock Option granted to a prospective Employee upon the condition that such person become an Employee of an ISO-Qualifying Corporation shall be deemed granted effective on the date such person commences Service with an ISO-Qualifying Corporation, with an exercise price determined as of such date in accordance with Section 6.1.

(b) Fair Market Value Limitation. To the extent that options designated as Incentive Stock Options (granted under all stock option plans of the Company, including the Plan) become exercisable by a Participant for the first time during any calendar year for stock having a Fair Market Value greater than \$100,000, the portion of such options which exceeds such amount shall be treated as Nonstatutory Stock Options. For purposes of this Section, options designated as Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of stock shall be determined as of the time the option with respect to such stock is granted. If the Code is amended to provide for a limitation different from that set forth in this Section, such different limitation shall be deemed incorporated herein effective as of the date and with respect to such Options as required or permitted by such amendment to the Code. If an Option is treated as an Incentive Stock Option in part and as a Nonstatutory Stock Option in part by reason of the limitation set forth in this Section, the Participant may designate which portion of such Option the Participant is exercising. In the absence of such designation, the Participant shall be deemed to have exercised the Incentive Stock Option portion of the Option first. Upon exercise, shares issued pursuant to each such portion shall be separately identified.

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Restricted Stock Awards shall be evidenced by Award Agreements specifying the number of shares of Stock subject to the Award, in such form as the Committee shall from time to time establish. No Restricted Stock Award or purported Restricted Stock Award shall be a valid and binding obligation of the Company unless evidenced by a fully executed Award Agreement. Award Agreements evidencing Restricted Stock Awards may incorporate all or any of the terms of the Plan by reference and shall comply with and be subject to the following terms and conditions:

7.1 Purchase Price. No monetary payment (other than applicable tax withholding) shall be required as a condition of receiving shares of Stock pursuant to a Restricted Stock Award, the consideration for which shall be services actually rendered to the Company or a Subsidiary or for its benefit. Notwithstanding the foregoing, the Participant shall furnish consideration in the form of cash or past services rendered to the Company or a Subsidiary or for its benefit having a value not less than the par value of the shares of Stock subject to such Restricted Stock Award.

7.2 Vesting. Shares of Restricted Stock issued pursuant to any Restricted Stock Award shall be subject to the vesting conditions described in the Award Agreement.

7.3 Restrictions on Transfer. Until shares subject to a Restricted Stock Award have vested, such shares may not be sold, exchanged, transferred, pledged, assigned or otherwise disposed of by the Participant. Upon request by the Company, each Participant shall execute an agreement evidencing such transfer restrictions prior to the receipt of shares of Stock hereunder and shall promptly present to the Company any and all certificates representing shares of Stock acquired hereunder for the placement on such certificates of appropriate legends evidencing any such transfer restrictions.

7.4 Voting Rights; Dividends and Distributions. Except as provided in this Section and any Award Agreement, the Participant shall have all of the rights of a shareholder of the Company with respect to unvested shares of Restricted Stock, including the right to vote such shares and to receive all dividends and other distributions paid with respect to such shares. However, in the event of a dividend or distribution paid in shares of Stock or any other adjustment made upon a change in the capital structure of the Company as described in Section 4.2, any and all new, substituted or additional securities or other property (other than normal cash dividends) to which the Participant is entitled by reason of such unvested shares shall be immediately subject to the same vesting conditions as the unvested shares with respect to which such dividends or distributions were paid or adjustments were made.

7.5 Effect of Termination of Service. Unless otherwise provided in the Award Agreement, if a Participant's Service terminates for any reason, whether voluntarily or involuntarily (including the Participant's death or disability), then the Participant shall forfeit to the Company any shares of Restricted Stock which remain unvested as of the date of the Participant's termination of Service.

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7.6 Exercise of Rights. All rights with respect to a Restricted Stock Award granted to a Participant hereunder shall be exercisable during his or her lifetime only by such Participant or the Participant's guardian or legal representative.

8. STANDARD FORMS OF AWARD AGREEMENT.

8.1 Award Agreements. Each Award shall comply with and be subject to the terms and conditions set forth in the appropriate form of Award Agreement approved by the Committee and as amended from time to time. Any Award Agreement may be in form or forms, including electronic media, as the Committee may approve from time to time.

8.2 Authority to Vary Terms. The Committee shall have the authority from time to time to vary the terms of any standard form of Award Agreement either in connection with the grant or amendment of an individual Award or in connection with the authorization of a new standard form or forms; provided, however, that the terms and conditions of any such new, revised or amended standard form or forms of Award Agreement are not inconsistent with the terms of the Plan.

9. COMPLIANCE WITH SECURITIES LAW.

The grant of Awards and the issuance of shares of Stock pursuant to any Award shall be subject to compliance with all applicable requirements of federal, state and foreign law with respect to such securities and the requirements of any stock exchange or market system upon which the Stock may then be listed. In addition, no Award may be exercised or shares issued pursuant to an Award unless (a) a registration statement under the Securities Act shall at the time of such exercise or issuance be in effect with respect to the shares issuable pursuant to the Award or (b) in the opinion of legal counsel to the Company, the shares issuable pursuant to the Award may be issued in

accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any shares hereunder shall relieve the Company of any liability in respect of the failure to issue or sell such shares as to which such requisite authority shall not have been obtained. As a condition to issuance of any Stock, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company.

10. TAX WITHHOLDING.

10.1 Tax Withholding in General. The Company shall have the right to deduct from any and all payments made under the Plan, or to require the Participant, through payroll withholding, cash payment or otherwise, including by means of a Cashless Exercise of an Option, to make adequate provision for, the federal, state, local and foreign taxes, if any, required by law to be withheld by the Company or a Subsidiary

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with respect to an Award or the shares acquired pursuant thereto. The Company shall have no obligation to deliver shares of Stock, to release shares of Stock from an escrow established pursuant to an Award Agreement, or to make any payment in cash under the Plan until such tax withholding obligations have been satisfied by the Participant.

10.2 Withholding in Shares. The Company shall have the right, but not the obligation, to deduct from the shares of Stock issuable to a Participant upon the exercise or settlement of an Award, or to accept from the Participant the tender of, a number of whole shares of Stock having a Fair Market Value, as determined by the Company, equal to all or any part of the tax withholding obligations of the Company and its Subsidiaries. The Fair Market Value of any shares of Stock withheld or tendered to satisfy any such tax withholding obligations shall not exceed the amount determined by the applicable minimum statutory withholding rates.

11. AMENDMENT OR TERMINATION OF PLAN.

The Company may amend, suspend or terminate the Plan at any time. However, without the approval of the Company's shareholders, there shall be (a) no increase in the maximum aggregate number of shares of Stock that may be issued under the Plan (except by operation of the provisions of Section 4.2), (b) no change in the class of persons eligible to receive Incentive Stock Options, and (c) no other amendment of the Plan that would require approval of the Company's shareholders under any applicable law, regulation or rule. No amendment, suspension or termination of the Plan shall affect any then outstanding Award unless expressly provided by the Committee. In any event, no amendment, suspension or termination of the Plan may adversely affect any then outstanding Award without the consent of the Participant unless expressly authorized by the Plan or necessary to comply with any applicable law, regulation or rule. The Committee may at any time or times amend any outstanding Award for the purpose of satisfying the requirements of any changes in applicable laws or regulations and, with the consent of the Participant, the Committee may make such modifications or amendments to any outstanding Award as it shall deem advisable.

12. MISCELLANEOUS PROVISIONS.

12.1 Repurchase Rights. Stock issued under the Plan may be subject to one or more repurchase options, or other conditions and restrictions as determined by the Committee in its discretion at the time the Award is granted. The Company shall have the right to assign at any time any repurchase right it may have, whether or not such right is then exercisable, to one or more persons as may be selected by the Company. Upon request by the Company, each Participant shall execute any agreement evidencing such transfer restrictions prior to the receipt of shares of Stock hereunder and shall promptly present to the Company any and all certificates representing shares of Stock acquired hereunder for the placement on such certificates of appropriate legends evidencing any such transfer restrictions.

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12.2 Provision of Information. Each Participant shall be given access to information concerning the Company equivalent to that information generally made available to the Company's common shareholders.

12.3 Rights as Employee, Consultant or Director. No person, even though eligible pursuant to Section 5, shall have a right to be selected as a Participant, or, having been so selected, to be selected again as a Participant. Nothing in the Plan or any Award granted under the Plan shall confer on any Participant a right to remain an Employee, Consultant or Director or interfere with or limit in any way any right of the Company or a Subsidiary to terminate the Participant's Service at any time. To the extent that an Employee of a Subsidiary receives an Award under the Plan, that Award shall in no event be

understood or interpreted to mean that the Company is the Employee's employer or that the Employee has an employment relationship with the Company.

12.4 Rights as a Shareholder. A Participant shall have no rights as a shareholder with respect to any shares covered by an Award until the date of the issuance of such shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date such shares are issued, except as provided in Section 4.2 or another provision of the Plan.

12.5 Other Awards and Compensation. The Plan shall not restrict the authority of the Company, acting directly or by authorization to any committee, for proper corporate purposes, to grant or assume stock options or replacements or substitutions therefore, other than under the Plan, whether in connection with any acquisition or otherwise, and with respect to any employee or other person, or to award bonuses or other benefits to Participants under the Plan in connection with exercises under the Plan or otherwise or to maintain or establish other compensation or benefit plans or practices.

12.6 Fractional Shares. The Company shall not be required to issue fractional shares upon the exercise or settlement of any Award.

12.7 Termination of Right of Action. Every right of action arising out of or in connection with the Plan by or on behalf of the Company or any Subsidiary, or by any shareholder of the Company against any past, present or future member of the Board or against any employee, or by an employee (past, present or future) against the Company or any Subsidiary shall, irrespective of the place where an action may be brought and irrespective of the place or residence of any such shareholder, director or employee, cease and be barred by the expiration of three years from the date of the act or omission with respect to which such right of action is alleged to have arisen.

12.8 Severability. If any one or more of the provisions (or any part thereof) of this Plan shall be held invalid, illegal or unenforceable in any respect, such provision shall be modified so as to make it valid, legal and enforceable, and the validity, legality and enforceability of the remaining provisions (or any part thereof) of the Plan shall not in any way be affected or impaired thereby.

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12.9 Choice of Law. Except to the extent governed by applicable federal law, the validity, interpretation, construction and performance of the Plan and each Award Agreement shall be governed by the laws of the State of Alaska, without regard to its conflict of law rules.

12.10 Effectiveness of the Plan. The Plan originally became effective on December 20, 1986, and has been amended and restated, the most recent amendment and restatement of which shall, subject to approval by the shareholders of the Company at a meeting of shareholders duly called and held, or by written consent duly given, be effective on the Effective Date.

IN WITNESS WHEREOF, General Communication, Inc. has executed this Amended and Restated 1986 Stock Option Plan of General Communication, Inc. effective June 27, 2005.

GENERAL COMMUNICATION, INC.

By: /s/ Ronald A. Duncan

Title: President & CEO

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SECTION 302 CERTIFICATION

I, Ronald A. Duncan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of General Communication, Inc. for the period ended September 30, 2005;
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 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) 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
 - d) 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
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
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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.

November 7, 2005

/s/
Ronald A. Duncan
President and Director

SECTION 302 CERTIFICATION

I, John M. Lowber, certify that:

1. I have reviewed this quarterly report on Form 10-Q of General Communication, Inc. for the period ended September 30, 2005;
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 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) 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
 - d) 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
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
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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.

November 7, 2005

/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, 2005 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, 2005

/s/
Ronald A. Duncan
Chief Executive Officer
General Communication, Inc.

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, 2005 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, 2005

/s/
John M. Lowber
Chief Financial Officer
General Communication, Inc.