

Washington, D.C. 20549

CURRENT REPORT

Securities Exchange Act of 1934

Date of report (Date of earliest event reported): **May 2, 2008**

GENERAL COMMUNICATION, INC

(Exact name of registrant as specified in its charter)

State of Alaska
(State or other
Jurisdiction of
Incorporation or
organization)

0-15279
Commission
File Number

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

NONE

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 1 – Registrant’s Business and Operations

Item 1.01 Entry into a Material Definitive Agreement

(a) The Registrant amended its senior bank facility. See Item 2.03 below.

Section 2 - Financial Information

Item 2.02 Results of Operations and Financial Condition

On May 7, 2008, General Communication, Inc. (GCI) issued a press release announcing earnings for the three months ended March 31, 2008. A copy of the press release is attached as Exhibit 99.1.

The information in this Form 8-K and the Exhibit attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

The earnings release attached as Exhibit 99.1 discloses the non-GAAP financial measure of EBITDAS (Earnings Before Interest, Taxes, Depreciation, Amortization, and Share-based Compensation Expense) for the three months ended March 31, 2008 and 2007. EBITDAS has been reconciled to the closely related GAAP financial measure, Net Income, within the earnings release.

EBITDAS is the sum of Net Income, Interest Expense, Loan and Senior Notes Fees, Interest Income, Income Tax Expense, Depreciation and Amortization Expense, and Share-based Compensation Expense. EBITDAS is not presented as an alternative measure of net income, operating income or cash flow from operations, as determined in accordance with accounting principles generally accepted in the United States of America. GCI’s management uses EBITDAS to evaluate the operating performance of its business, and as a measure of performance for incentive compensation purposes. GCI believes EBITDAS is a measure used as an analytical indicator of income generated to service debt and fund capital expenditures. In addition, multiples of current or projected EBITDAS is used to estimate current or prospective enterprise value. EBITDAS does not give effect to cash used for debt service requirements, and thus does not reflect funds available for investment or other discretionary uses. EBITDAS as presented herein may not be comparable to similarly titled measures reported by other companies.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

(a) On May 2, 2008, GCI Holdings, Inc., a wholly owned subsidiary of the registrant, amended its Amended and Restated Credit Agreement dated as of August 31, 2005 (“Agreement”) to add an Additional Incremental Term Loan of \$145.0 million to its Senior Credit Facility.

- (1) The \$145.0 million Additional Incremental Term Loan will become due under the same terms and conditions as set forth in the Agreement.

- (2) The Additional Incremental Term Loan increased the interest rate on the term loan component of our Senior Credit Facility from LIBOR plus 2.00% to LIBOR plus 4.25%. The interest rate on the revolving loan component of the previous Senior Credit Facility was LIBOR plus a margin dependent upon our Total Leverage Ratio ranging from 1.50% to 2.25%. The Additional Incremental Term Loan increased the revolving credit facility interest rate for our Senior Credit Facility to LIBOR plus the following applicable margin dependent upon our Total Leverage ratio:

Level	Total Leverage Ratio	Applicable Margin for Base Rate	Applicable Margin for Eurodollar Loans	
		Loans	Revolving Loans	Term Loans
I	≥ 3.75	325 bps	425 bps	425 bps
II	≥ 3.25 but < 3.75	275 bps	375 bps	425 bps
III	≥ 2.75 but < 3.25	225 bps	325 bps	425 bps
IV	< 2.75	175 bps	275 bps	425 bps

- (3) The amendment revised various financial covenants in the Agreement and made conforming changes to various covenants to permit certain previously announced acquisitions.

Section 9 – Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits

(d)

Exhibit No.	Description
10.149	Fourth Amendment to the Amended and Restated Credit Agreement dated as of May 2, 2008 by and among GCI Holdings, Inc., the other parties thereto and Calyon New York Branch, as administrative agent, and the other Lenders party thereto
99.1	Press release issued by General Communication, Inc. on May 7, 2008

SIGNATURE

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 hereunto duly authorized.

GENERAL COMMUNICATION, INC.
(Registrant)

Date: May 7, 2008

By /s/ John M. Lowber
Name: John M. Lowber
Title: Senior Vice President,
Chief Financial Officer,
Secretary and Treasurer
(Principal Financial Officer)

FOURTH AMENDMENT TO THE
AMENDED AND RESTATED CREDIT AGREEMENT

THIS FOURTH AMENDMENT TO THE AMENDED AND RESTATED CREDIT AGREEMENT (this “Amendment”), dated as of May 2, 2008, is made by and among GCI HOLDINGS, INC., an Alaska corporation (“Holdings”), GCI COMMUNICATION CORP., an Alaska corporation (“GCICC”), GCI CABLE, INC., an Alaska corporation, GCI FIBER COMMUNICATION CO., INC., an Alaska corporation, POTTER VIEW DEVELOPMENT CO., INC., an Alaska corporation, and ALASKA UNITED FIBER SYSTEM PARTNERSHIP, an Alaska partnership (each individually, a “Borrower” and, collectively, the “Borrowers”), the banks, financial institutions, and other lenders party hereto (the “Lenders”), and CALYON NEW YORK BRANCH, as administrative agent (the “Administrative Agent” and, in its capacity hereunder as arranger, the “Arranger”). All capitalized terms used herein and not otherwise expressly defined herein shall have the respective meanings given to such terms in the Credit Agreement (as defined below).

WHEREAS, the Borrowers, Administrative Agent, Initial Lenders and the other parties thereto entered into that certain Amended and Restated Credit Agreement, dated as of August 31, 2005 (as amended, supplemented or modified from time to time, the “Credit Agreement”);

WHEREAS, the Borrowers, Administrative Agent and Lenders (as such term is defined in the Third Amendment) entered into that certain Third Amendment to the Amended and Restated Credit Agreement, dated as of September 14, 2007 (the “Third Amendment”), which implemented an incremental facility for the Borrowers in an amount equal to one hundred million dollars (\$100,000,000.00) pursuant to Section 2.2(g) of the Credit Agreement;

WHEREAS, the Borrowers have requested that the Administrative Agent and the Lenders agree to amend the Credit Agreement to provide for additional incremental term loans (the “Additional Incremental Term Loans”) to be issued in an amount not to exceed one hundred forty five million dollars (\$145,000,000.00), as more fully set forth herein;

WHEREAS, GCII wishes to consummate the AKD Transaction and the UUI Acquisition (each, as defined herein);

WHEREAS, the Administrative Agent and the Lenders are willing to amend the Credit Agreement to provide for the Additional Incremental Term Loans, subject to the terms and conditions more fully set forth herein, and to allow the consummation of the AKD Transaction and the UUI Acquisition, in each case subject to the terms and conditions more fully set forth herein; and

WHEREAS, the Lenders and Administrative Agent are willing to agree to such amendments more fully set forth herein, subject to the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the foregoing premises, and other good and valuable consideration, the receipt, sufficiency and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. **Amendments to the Credit Agreement.**

- (a) Section 1.1 of the Credit Agreement is hereby amended by deleting the definition of “AKD Investment” in its entirety and, in lieu thereof, inserting the following:
- “‘AKD Investment’ shall mean AKD Debt in a total aggregate outstanding principal amount not to exceed thirty seven million dollars (\$37,000,000) at any time.”
- (b) Section 1.1 of the Credit Agreement is hereby amended by deleting clause (iii) from the definition of “Excluded Asset Sales” and, in lieu thereof, inserting the following clause (iii):
- “(iii) any transfer of assets by any Loan Party to another Loan Party, by any UUI Entity that is not a Loan Party to any other UUI Entity that is not a Loan Party or by any UUI Entity that is not a Loan Party to a Loan Party (so long as such transferred assets are unencumbered at the time of transfer except for Permitted Liens specified in clauses (a) through (j) of the definition thereof), so long as the security interests granted to the Administrative Agent for the benefit of the Lenders pursuant to the Security Documents, if any, 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), provided that this clause (iii) shall not permit any Loan Party to transfer any assets to any of the UUI Entities (unless such UUI Entity is a Loan Party at the time of transfer) at any time or for any purpose without the prior written consent of the Administrative Agent;”
- (c) Section 1.1 of the Credit Agreement is hereby amended by deleting the definition of “Excess Cash Flow” in its entirety and, in lieu thereof, inserting the following:
- “‘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.
- (d) Section 1.1 of the Credit Agreement is hereby amended by deleting the definition of “First Adjustment Date” in its entirety and, in lieu thereof, inserting the following:
- “‘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 June 30, 2008 (as described in and delivered pursuant to Section 6.1 hereof) first become effective in accordance with Section 2.3(e) hereof.”

(e) Section 1.1 of the Credit Agreement is hereby amended by deleting the definition of “Fixed Charge Coverage Ratio” in its entirety and, in lieu thereof, inserting the following:

“‘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; provided that, for any Calculation Date occurring during the period beginning December 31, 2009, and ending March 31, 2010, the Fixed Charge Coverage Ratio shall be calculated on the basis of Operating Cash Flow for the two fiscal-quarter period then ended as of such Calculation Date multiplied by two (2).”

(f) Section 1.1 of the Credit Agreement is hereby amended by deleting the definition of “Fixed Charges” in its entirety and, in lieu thereof, inserting the following:

“‘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.”

(g) Section 1.1 of the Credit Agreement is hereby amended by deleting the definition of “Lenders” in its entirety and, in lieu thereof, inserting the following:

“‘Lenders’ shall mean the Initial Lenders, any Incremental Lenders, any Additional 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, Additional Incremental Lender or Person, as the case may be, shall be a party to this Agreement.”

(h) Section 1.1 of the Credit Agreement is hereby amended by inserting in the definition of “Operating Cash Flow” the words “, the two fiscal-quarter period” immediately after the words “for the fiscal quarter” and immediately before the words “or the four fiscal-quarter period” therein.

(i) Section 1.1 of the Credit Agreement is hereby amended by deleting from the definition of “Permitted Liens” (A) the word “and” at the end of clause (m) thereof and (B) the period at the end of clause (n) thereof, by inserting the phrase “; and” at the end of clause (n) thereof and by adding the following clause (o) at the end thereof:

“(o) Liens on the assets of the UUI Entities while such UUI Entities are not Loan Parties, to the extent such Liens secure only the Indebtedness of the UUI Entities while such UUI Entities are not Loan Parties to the extent that such Indebtedness is permitted pursuant to Section 7.1(k) and Section 7.22 hereof.”

(j) Section 1.1 of the Credit Agreement is hereby amended by inserting the following definitions in the appropriate place based on alphabetical order:

“Additional Incremental Lenders” shall have the meaning ascribed to such term in Section 2.2(g) hereof.

“Additional Incremental Term Loans” shall have the meaning ascribed to such term in Section 2.2(g) hereof.

“AKD Transaction” shall mean the acquisition by GCII of the remaining minority interest in AKD not currently held by GCII (such that, after such acquisition, GCII shall own one hundred percent (100%) of the equity interest in AKD) and the acquisition of one hundred percent (100%) of the Capital Stock of Fire Lake Partners, L.L.C. (“Fire Lake”), a holding company whose only asset consists of the Capital Stock of AKD, and the subsequent or simultaneous mandatory contribution by GCII to Holdings or another Borrower of one hundred percent (100%) of the Capital Stock of each of AKD and Fire Lake, in all respects subject to the terms and conditions of Section 5.16 hereof.”

“AKD Transaction Documents” shall mean (i) that certain Notice of Intent to Acquire Alaska Digitel, LLC Interests & Fire Lake Partners, L.L.C., dated as of December 28, 2007, among GCII, AKD Holdings, LLC, Fire Lake Partners, L.L.C., Stephen Roberts and William M. Yandell, III, and (ii) a contribution agreement between GCII and Holdings or another Borrower in form and substance satisfactory to the Administrative Agent.

“First Additional Incremental Loan” shall have the meaning ascribed to such term in Section 2.2(g) hereof.

“Funding Period” shall have the meaning ascribed to such term in Section 2.2(g) hereof.

“Initial Additional Incremental Funding Date” shall mean the date on which the First Additional Incremental Loan is funded in accordance with Section 2.2(g) hereof.

“Initial Incremental Loans” shall have the meaning ascribed to such term in Section 2.2(g) hereof.

“Interest Coverage Ratio” shall mean, with respect to GCII, the Borrowers and their respective Subsidiaries on a consolidated basis for any fiscal period, the ratio of (a) Operating Cash Flow for GCII, the Borrowers and their respective Subsidiaries on a consolidated basis for such period to (b) Interest Expense.”

“Maximum UUI Investment Amount” shall mean an amount equal to forty three million dollars (\$43,000,000).

“UUI Acquisition” shall mean the acquisition of the UUI Entities by any of the Borrowers or any of their Subsidiaries in accordance with Section 5.17 hereof.

“UUI Acquisition Date” shall mean the date on which the UUI Acquisition is consummated.

“UUI Acquisition Documents” shall mean the Stock Purchase Agreement dated as of October 12, 2007, by and between GCICC, United Companies, Inc., Sea Lion Corporation and Togiak Natives Limited.

“UUI Debt Documents” shall mean the documents listed on Schedule A attached hereto relating to loans from Rural Utilities Services or CoBank, ACB to any of the UUI Entities, in each case as such documents exist as of the UUI Acquisition Date (as the same may be amended or refinanced as permitted pursuant to the terms hereof and subject to the limitations set forth herein) or as of the date of any refinancing permitted pursuant to the terms herein; together with any and all documents relating to indebtedness incurred by any UUI Entity pursuant to Section 7.1(k)(ii) hereof.

“UUI Entities” shall mean each, any or all of United Utilities, Inc., Unicom, Inc. and United-KUC, Inc., as the context may require.

(k) Section 1.1 of the Credit Agreement is hereby amended by deleting the definitions of “Excluded Capital Expenditure Period” and “Excluded Capital Expenditures” in their respective entirety.

(l) Section 2.2(g) of the Credit Agreement is hereby amended by deleting the first sentence of clause (i) thereof in its entirety and, in lieu thereof, inserting the following text:

“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 (other than with respect to the First Additional Incremental Loan) (a “Request for Incremental Loan”) to the Administrative Agent, to increase the aggregate Commitment as of the Agreement Date, provided that (x) the aggregate amount of the initial increase under this Section 2.2(g) shall not exceed one hundred million dollars (\$100,000,000), such amount having been funded in full on or prior to September 28, 2007 (individually, an “Initial Incremental Loan” and, collectively, the “Initial Incremental Loans”) and (y) the aggregate amount of any subsequent increase under this Section 2.2(g) shall not exceed one hundred forty five million dollars (\$145,000,000) (individually, an “Additional Incremental Term Loan” and, collectively, the “Additional Incremental Term Loans”), such that the aggregate amount of all increases under this Section 2.2(g) shall not exceed two hundred forty five million dollars (\$245,000,000) (each individual increase hereunder, an “Incremental Loan” and, collectively, the “Incremental Loans”), in each case, subject to the receipt by the Administrative Agent of written commitments totaling such requested increased amount of any such 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 that commit to any Incremental Loan, collectively, the “Incremental Lenders” and the “Initial Incremental Lenders” and/or the “Additional Incremental Lenders”, with

respect to Initial Incremental Loans and Additional Incremental Term Loans, respectively). Each Incremental Loan shall be *pari passu* in right of payment with all other existing Obligations.”

(m) Section 2.2(g) of the Credit Agreement is hereby amended by inserting the following text at the end of clause (i) thereof:

“The Additional Incremental Term Loans shall be available in multiple drawings during the period beginning on the Initial Additional Incremental Funding Date and ending ninety (90) days after the Initial Additional Incremental Funding Date (the “Funding Period”). The first drawing shall be on the Initial Additional Incremental Funding Date in a minimum amount of seventy five million dollars (\$75,000,000) (the “First Additional Incremental Loan”). Subsequent to the Initial Additional Incremental Funding Date and through the last day of the Funding Period, Additional Incremental Term Loans may be funded in an aggregate amount not to exceed the difference between (i) one hundred forty five million dollars (\$145,000,000) and (ii) the amount of the First Additional Incremental Loan, provided that any Additional Incremental Term Loan funded after the First Additional Incremental Loan shall be in a minimum amount of ten million dollars (\$10,000,000).”

(n) Section 2.2(g)(iii) of the Credit Agreement is hereby amended by (A) deleting the word “and” after clause (d) thereof, (B) deleting the period at the end of clause (e) thereof, (C) inserting the phrase “; and” at the end of clause (e) thereof and (D) inserting the following clause (f) at the end thereof:

“(f) each of the conditions precedent to the making of each Loan hereunder in accordance with Section 3.2 shall have been satisfied.”

(o) Section 2.3(e) of the Credit Agreement is hereby amended by deleting the first paragraph thereof, including the grid following the first paragraph, in its entirety and substituting the following paragraph and grid in lieu thereof:

“(e) Applicable Margin. With respect to all Loans hereunder, including, without limitation, any Incremental Loans or Additional Incremental Term Loans funded in accordance with Section 2.2(g), from and after May [], 2008, and until one (1) day prior to the First Adjustment Date, the Applicable Margin with respect to any Loans shall be at Level I as specified in the grid below. On and after the First Adjustment Date, the Applicable Margin shall be, with respect to all Loans, a percentage, per annum, determined by reference to the Total Leverage Ratio in effect from time to time as set forth below:”

Level	Total Leverage Ratio	Applicable Margin for Eurodollar Loans		Applicable Margin for Base Rate Loans	
		Revolving Loans	Term Loans	Revolving Loans	Term Loans
I	≥ 3.75	425 bps	425 bps	325 bps	325 bps
II	≥ 3.25 but < 3.75	375 bps	425 bps	275 bps	325 bps
III	≥ 2.75 but < 3.25	325 bps	425 bps	225 bps	325 bps
IV	< 2.75	275 bps	425 bps	175 bps	325 bps

(p) Section 2.4(b) of the Credit Agreement is hereby amended by deleting the text of clause (ii) thereof in its entirety and, in lieu thereof, inserting the following:

“(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.

Calendar Quarters Ending During the Period:	Percentage of Term Loans Outstanding as of the close of business on August 31, 2005 to be Reduced Each Quarter:	Percentage of Incremental Term Loans Outstanding, if any, as of the end of each designated Quarter to be reduced at the end of such Quarter:
September 30, 2005 through and including June 30, 2011	0.25%	0.25%

The remaining balance of all Term Loans as of December 31, 2011, shall be repaid in two (2) equal installments on December 31, 2011, and August 31, 2012. Notwithstanding anything to the contrary contained herein, any unpaid principal and interest owing on the Term Loans shall be due and payable in full on August 31, 2012.”

(q) Section 2.5(b) of the Credit Agreement is hereby amended by deleting the reference to “.375%” therein and, in lieu thereof, inserting “0.50%”.

(r) Section 5 of the Credit Agreement is hereby amended by adding the following Sections 5.16, 5.17, 5.18, 5.19 and 5.20 at the end thereof:

“Section 5.16. AKD Transaction. Notwithstanding anything contained herein to the contrary, the Borrowers and their Subsidiaries shall be permitted to consummate the AKD Transaction subject to the following terms and conditions: (i) the delivery to the Administrative Agent of executed counterparts to documentation in form and substance reasonably satisfactory to the Administrative Agent pursuant to Section 5.12 hereof and such other documentation as the Administrative Agent may reasonably request and (ii)

the delivery to the Administrative Agent of evidence satisfactory to the Administrative Agent in its sole discretion of the Borrowers', and their Subsidiaries', pro forma compliance with the financial covenants set forth in Section 7.5 hereof. For the avoidance of doubt and in accordance with Section 5.12 hereof, the Administrative Agent shall retain the right, upon the consummation of the AKD Transaction, to elect whether AKD shall become a Borrower or a Guarantor hereunder."

"Section 5.17. UUI Acquisition. (i) Notwithstanding anything contained herein to the contrary, and subject to Section 7.1 (k) hereof, the Borrowers and their Subsidiaries shall be permitted to consummate the UUI Acquisition in accordance with the terms of the UUI Acquisition Documents as disclosed to the Administrative Agent and so long as such documents, as disclosed, are not amended or modified in any way without the prior written consent of the Administrative Agent; provided that in no event shall the aggregate amount of cash (whether the proceeds of Loans or other cash on hand) and other assets of the Borrowers and their Subsidiaries (other than cash or assets of the UUI Entities that are not Loan Parties) used directly or indirectly to directly or indirectly acquire the UUI Entities, any of the Capital Stock of the UUI Entities or any of the assets of the UUI Entities exceed the Maximum UUI Investment Amount; for the avoidance of doubt, the aggregate amount of proceeds of Loans, cash or assets of the Borrowers and their Subsidiaries (other than cash or assets of the UUI Entities that are not Loan Parties) used directly or indirectly to directly or indirectly acquire the UUI Entities, any of the Capital Stock of the UUI Entities or any of the assets of the UUI Entities shall be Investments for purposes of Section 7.21. Upon the consummation of the UUI Acquisition, no UUI Entity shall become a Loan Party nor shall any UUI Entity be required to comply with the provisions of Section 5.12, including, but not limited to, the requirement that such UUI Entity pledge its assets; provided that, in the event that either (1) the UUI Debt Documents expire or terminate and are not otherwise refinanced or replaced in accordance with the terms of Section 7.22 or (2) the Indenture no longer prohibits a Restricted Subsidiary from being an obligor under the UUI Debt Documents, and the UUI Debt Documents no longer contain restrictions that restrict or prohibit the ability of the UUI Entities to incur Liens or pledge assets in order to secure indebtedness or assume obligations are no longer applicable, then the UUI Entities shall become Loan Parties hereunder as if the UUI Acquisition were permitted at the time of such acquisition and shall, within five (5) Business Days of such event, comply in all respects with each of the provisions of Section 5.12.

(ii) The consummation of the UUI Acquisition is further conditioned upon the execution and delivery of a Pledge Amendment in substantially the same form as Exhibit B to that certain Borrower Pledge Agreement, dated as of August 31, 2005, by and between GCICC and the Administrative Agent, by which GCICC shall pledge to the Administrative Agent and shall grant to the Administrative Agent, for itself and for the benefit of the Lenders, a first priority security interest in all of the capital stock of the UUI Entities that is or shall be held by GCICC upon the consummation of the UUI Acquisition."

“Section 5.18. Interest Rate Hedge Agreements. Within sixty (60) days from the date of funding of any Additional Incremental Term Loan pursuant to Section 2.2(g) hereof, Holdings shall have entered into Hedge Agreements, in form and substance satisfactory to the Administrative Agent, for not less than fifty percent (50%) of the aggregate principal balance of all Term Loans.”

“Section 5.19. Mortgages. Borrowers shall deliver to the Administrative Agent no later than (30) days following the last day of the Funding Period amended and restated mortgages securing the aggregate amount of all Loans, including but not limited to any Incremental Loans, under this Agreement.”

“Section 5.20. Taxes on Account of the UUI Entities. In the event that GCI will be required to make any payment on account of any cash income Taxes attributable to the UUI Entities that are not Loan Parties, (i) the Borrowers and their Subsidiaries other than the UUI Entities that are not Loan Parties shall cause the UUI Entities that are not Loan Parties to make an aggregate cash Distribution to GCICC in an amount equal to the amount of such Tax payment that will be made by GCI that is attributable to income of the UUI Entities that are not Loan Parties, and (ii) GCICC shall make a cash Distribution to Holdings in the same amount as the cash Distribution received from such UUI Entities and, in turn, Holdings shall make a Restricted Payment of a cash Distribution to GCII in the same amount as the cash Distribution that Holdings received from such UUI Entity. For the avoidance of doubt, any such cash Distribution received by Holdings and in turn made to GCII shall reduce the amount of Distributions otherwise permitted to be made by the Borrowers and their Subsidiaries pursuant to clause (iii) of the second paragraph of Section 7.6(b). Notwithstanding the foregoing, to the extent that GCI has the ability to fund the aforementioned Tax payments on account of income attributable to the UUI Entities that are not Loan Parties from sources other than Restricted Payments from any of the Borrowers or their Subsidiaries, GCICC shall not be required to make a Distribution to Holdings and, in turn, Holdings shall not be required to make a Distribution to GCII.”

(s) Section 7.1 of the Credit Agreement is hereby amended by (A) amending clause (g) thereof by deleting the text thereof in its entirety and, in lieu thereof, inserting the following clause (g) and (B) adding the following clauses (k) and (l) at the end thereof:

“(g) Indebtedness owed by a Loan Party to another Loan Party;”

“(k) Indebtedness in an amount equal to (i) the actual amount of indebtedness of the UUI Entities owed to CoBank, ACB and the Rural Utilities Services as of the UUI Acquisition Date and reported to the Administrative Agent no later than one (1) Business Day following the consummation of the UUI Acquisition, provided that the principal amount of such indebtedness shall not exceed forty five million dollars (\$45,000,000) and (ii) additional secured indebtedness incurred by the UUI Entities that are not Loan Parties following the UUI Acquisition, provided that the aggregate principal amount of such additional secured indebtedness of the UUI Entities shall not at any time exceed twenty million dollars (\$20,000,000); provided further that such additional secured indebtedness shall not be secured at any time by any assets of any Loan Party or any assets of GCII;

provided further that any refinancing or replacement in compliance with Section 7.22(ii)(A) shall not be additional secured indebtedness for purposes of this clause (ii).”

“(l) Indebtedness owed by a UUI Entity to another UUI Entity, so long as neither the obligor nor the obligee is a Loan Party hereunder.”

(t) Section 7.3(a) of the Credit Agreement is hereby amended by deleting clause (iii) thereof in its entirety and, in lieu thereof, inserting the following:

“(iii) so long as there exists no Default or Event of Default both before and after giving effect to such disposition, assets sales do not exceed an aggregate amount of \$20,000,000 over the term of this Agreement.”

(u) Section 7.3(b) of the Credit Agreement is hereby amended by adding the following proviso at the end thereof:

“provided that, notwithstanding anything contained herein to the contrary, in no event shall any Borrower or any Subsidiary of a Borrower enter into any of the permitted transactions, as described more fully in clauses (i) through (iv) of this Section 7.3(b), with any of the UUI Entities that are not Loan Parties at the time of such merger, consolidation or other transaction without the prior written consent of the Administrative Agent; provided further that mergers and consolidations shall be permitted between UUI Entities, so long as each UUI Entity party to such merger or consolidation is not a Loan Party.”

(v) Section 7.4(c) of the Credit Agreement is hereby amended by (A) amending clauses (iv), (v) and (vi) thereof by deleting the text thereof in its entirety and, in lieu thereof, inserting the following clauses (iv), (v) and (vi) and (B) adding the following clauses (ix), (x), (xi), (xii), (xiii) and (xiv) at the end thereof:

“(iv) the Loan Parties may make intercompany loans and advances between and among one another (collectively, the “Intercompany Loans”), provided that each obligor and obligee in respect of 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 Subsidiaries that are Loan Parties;”

“(vi) The Borrowers and their Subsidiaries (other than the non-Loan Party UUI Entities) 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; provided that the UUI Entities that have not become Loan Parties hereunder may not establish any Subsidiaries without the prior written consent of the Administrative Agent;”

“(ix) the AKD Investment;”

“(x) the Loan Parties may make Investments in any UUI Entity that is not a Loan Party so long as the aggregate amount of all such Investments does not exceed the Maximum UUI Investment Amount or are made pursuant to Section 7.21(ii);

“(xi) the UUI Entities may make intercompany loans and advances between and among one another so long as neither party to such intercompany loans or advances is a Loan Party;”

“(xii) any UUI Entity that is not a Loan Party may make capital contributions to its Subsidiaries;”

“(xiii) GCICC may make cash Investments in any UUI Entity that is not a Loan Party so long as such Investment is funded by a concurrent cash distribution from a UUI Entity that is not a Loan Party (other than the UUI Entity into which GCICC is making such Investment) to GCICC in an amount equal to such cash Investment by GCICC, and the Administrative Agent hereby releases any Liens in favor of the Administrative Agent that may otherwise attach to such cash Investment pursuant to the terms of the Security Documents; for the avoidance of doubt, in the event that a UUI Entity that is not a Loan Party makes a cash distribution to GCICC that is not immediately used to fund a cash Investment in another UUI Entity that is not a Loan Party, there shall be no release by the Administrative Agent of any Lien in favor of the Administrative Agent pursuant to the terms of the Security Documents with respect to such cash;”

“(xiv) GCICC may make Investments of assets in any UUI Entity that is not a Loan Party so long as such Investment of assets is made with an asset received directly from a UUI Entity that is not a Loan Party (other than the UUI Entity into which GCICC is making such asset Investment) by GCICC immediately prior to the Investment of such asset by GCICC, and the Administrative Agent hereby releases any Liens in favor of the Administrative Agent that may otherwise attach to such asset Investment pursuant to the terms of the Security Documents; for the avoidance of doubt, in the event that a UUI Entity that is not a Loan Party makes an asset distribution to GCICC that is not immediately used to make an asset Investment in another UUI Entity that is not a Loan Party, there shall be no release by the Administrative Agent of any Lien in favor of the Administrative Agent pursuant to the terms of the Security Documents with respect to such asset.”

(w) Section 7.5 of the Credit Agreement is hereby amended by deleting the text thereof in its entirety and, in lieu thereof, inserting the following:

“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 (i) 5.25:1.00 for the period beginning on the Initial Additional Incremental Funding Date and ending on June 30, 2009, (ii) 5.00:1.00 for the period beginning on July 1, 2009, and ending on December 31, 2009, and (iii) 4.50:1.00 for the period beginning January 1, 2010, and ending on August 31, 2012.

- (b) Senior Debt Ratio: permit the Senior Debt Ratio to exceed (i) 3.25:1.00 for the period beginning on the Initial Additional Incremental Funding Date and ending on June 30, 2009, and (ii) 3.00:1.00 for the period beginning July 1, 2009, and ending on August 31, 2012.
- (c) Fixed Charge Coverage Ratio: beginning December 31, 2009, permit the Fixed Charge Coverage Ratio to be less than 1.0:1.0.
- (d) Interest Coverage Ratio: permit the Interest Coverage Ratio to be less than (i) 2.50:1.00 for the period beginning on the Initial Additional Incremental Funding Date and ending on September 30, 2009, and (ii) 2.75:1.00 for the period beginning October 1, 2009, and ending on August 31, 2012.
- (e) Capital Expenditures: permit Capital Expenditures to exceed the amount set forth below for the applicable period:

<u>Fiscal Year Ended</u>	<u>Maximum Capital Expenditure Amount</u>
December 31, 2008	\$ 225,000,000
December 31, 2009	\$ 125,000,000
December 31, 2010	\$ 125,000,000
December 31, 2011, and each fiscal year ended thereafter	\$ 100,000,000

For purposes of this Section 7.5(d), “Maximum Capital Expenditure Amount” shall mean, for each fiscal year of the Borrowers and their Subsidiaries, the amount set forth in the grid above opposite such fiscal year.

However, to the extent that the aggregate Capital Expenditures made or otherwise incurred by the Borrowers and their Subsidiaries on a consolidated basis during the fiscal year ended December 31, 2008, are less than the Maximum Capital Expenditure Amount set forth above for such fiscal year (such difference, the “2008 Carryover Amount”), then for the fiscal year that will commence on January 1, 2009 (the “2009 Fiscal Year”), in addition to making or otherwise incurring aggregate Capital Expenditures in an amount up to the Maximum Capital Expenditure Amount for the 2009 Fiscal Year, the Borrowers and their Subsidiaries on a consolidated basis may expend or otherwise incur additional Capital Expenditures during the 2009 Fiscal Year in an aggregate amount not to exceed the 2008 Carryover Amount. For each fiscal year of the Borrowers and their Subsidiaries commencing on or after January 1, 2010 (each such subsequent fiscal year, a “Subsequent Fiscal Year”), the Borrowers and their Subsidiaries on a consolidated basis may make or otherwise incur Capital Expenditures during a Subsequent Fiscal Year in an

aggregate amount not to exceed the sum of (x) the Maximum Capital Expenditure Amount for such Subsequent Fiscal Year and (y) the Prior Year Carryover Amount (as defined below) for such Subsequent Fiscal Year, if any. Except as set forth below, with respect to any fiscal year of the Borrowers and their Subsidiaries on a consolidated basis, the Prior Year Carryover Amount shall mean the Dollar amount equal to the lesser of (a) the Maximum Capital Expenditure Amount for the Borrowers and their Subsidiaries for the prior fiscal year and (b) the positive difference, if any, between (x) the sum of (i) the Maximum Capital Expenditure Amount for the Borrowers and their Subsidiaries for the prior fiscal year and (ii) the Prior Year Carryover amount for the prior fiscal year, if any, and (y) the aggregate amount of actual Capital Expenditures made or otherwise incurred by the Borrowers and their Subsidiaries on a consolidated basis during the prior fiscal year; provided, however, the Prior Year Carryover Amount for the fiscal year of the Borrowers and their Subsidiaries that will commence on January 1, 2009, will be an amount equal to the 2008 Carryover Amount.”

(x) Section 7.6(b) of the Credit Agreement is hereby amended by (i) deleting the third paragraph thereof in its entirety (for the avoidance of doubt, the deleted paragraph begins with the words “Notwithstanding the foregoing, to the extent that any Loan Party” and ends with the words “solely for the purpose of making Investments in AKD”) and (ii) deleting the second paragraph thereof in its entirety and, in lieu thereof, inserting the following:

“Notwithstanding anything to the contrary contained in this Agreement, no Restricted Payments shall be made by any Loan Party to a UUI Entity or on behalf of or on account of any UUI Entity so long as such UUI Entity is not a Loan Party. Further notwithstanding anything to the contrary set forth in this Agreement and other than Restricted Payments permitted by exceptions expressly set forth in this sentence and the exception expressly set forth in the following sentence, the Borrowers shall not, and shall cause each of their respective Subsidiaries not to make any Restricted Payments other than (i) those payments permitted pursuant to clause (c) of the definition of Restricted Payments (other than payments to any UUI Entity that is not a Loan Party which shall at all times be prohibited); (ii) payments from one Loan Party to another Loan Party or from a UUI Entity that is not a Loan Party to a Loan Party; or (iii) so long as there is no Default or Event of Default both immediately before and after giving effect to any such Restricted Payment, Restricted Payments in the form of Distributions to GCII in an amount not in excess of cash income Taxes paid by GCI on income attributable to the Borrowers and their Subsidiaries; provided, however, that the restrictions set forth in this sentence shall not apply so long as (x) for the two consecutive quarters ended immediately preceding any such Restricted Payment and (y) immediately following any such Restricted Payment, after giving effect to indebtedness, if any, incurred in connection therewith, on a pro forma basis, the Total Leverage Ratio is less than 4.00:1.00.

Notwithstanding anything to the contrary contained in this Agreement, 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 where there does not exist a Default (provided that, in

no event, shall the Borrowers and their Subsidiaries be prohibited from making such Restricted Payments as set forth in this paragraph for more than 180 days in any consecutive 360-day period, unless (x) there exists an Event of Default under Section 8.1(b) or (y) the maturity of the Loans has been accelerated).

(y) Section 7.8 of the Credit Agreement is hereby amended by deleting clause (ii) thereof in its entirety and, in lieu thereof, inserting the following:

“(ii) any transaction or series of transactions between one Loan Party and another Loan Party or between one UUI Entity and another UUI Entity, so long as no Loan Party engages in any such transaction with any UUI Entity that is not a Loan Party;”

(z) Section 7.10 of the Credit Agreement is hereby amended by adding the following clause (c) to the end thereof:

“or (c) any negative pledge on the property of any UUI Entity under any UUI Debt Document.”

(aa) Section 7.11 of the Credit Agreement is hereby amended by adding the following clause (d) to the end thereof:

“and (d) the UUI Debt Documents.”

(bb) Section 7 of the Credit Agreement is hereby amended by adding the following Sections 7.20, 7.21 and 7.22 at the end thereof:

“Section 7.20. Capital Stock Repurchase. The Borrowers shall not, and shall cause each of their Subsidiaries not to, make any distributions to GCII that, either directly or indirectly, would provide liquidity to GCI to fund the repurchase or redemption of shares of GCI’s Capital Stock; provided that, such distributions shall be permitted to be made to GCII to fund the repurchase or redemption of shares of GCI’s Capital Stock so long as (x) for the two consecutive quarters ended immediately preceding any such distribution and (y) immediately following any such repurchase, after giving effect to indebtedness, if any, incurred in connection therewith, on a pro forma basis, the Total Leverage Ratio is less than 4.00:1.00.

Section 7.21. UUI Investments. (i) Notwithstanding the provisions of Sections 7.4 and 7.6, and except as set forth in Section 7.21(ii) below, the Borrowers, GCII and their respective Subsidiaries (other than the UUI Entities that have not become Loan Parties) shall not make any direct or indirect Investments in the UUI Entities (other than Investments in UUI Entities that have become Loan Parties) in an aggregate amount exceeding the Maximum UUI Investment Amount; for the avoidance of doubt, any proceeds of Loans, any cash or any other assets of the Borrowers or any of their Subsidiaries (other than the UUI Entities that have not become Loan Parties) used directly or indirectly (i) to directly or indirectly acquire the UUI Entities, any of the Capital Stock of any of the UUI Entities or any of the assets of the UUI Entities or (ii) to make any other Investment in any of the UUI Entities (other than Investments in any UUI

Entity that has become a Loan Party) after the consummation of the UUI Acquisition, in each case, shall constitute Investments for purposes of this provision. For the further avoidance of doubt, the amount of any cash Investment or asset Investment made by GCICC in accordance with the terms and restrictions of Sections 7.4(c)(xiii) and 7.4(c)(xiv), respectively, shall not constitute Investments for purposes of this Section 7.21(i).

(ii) Following the consummation of the UUI Acquisition, the Borrowers and their Subsidiaries (other than the UUI Entities that are not Loan Parties) may make additional Investments in the UUI Entities that are not Loan Parties in an aggregate amount not to exceed at any time one million dollars (\$1,000,000) for working capital purposes only, and such Investments shall not constitute Investments for purposes of Section 7.21(i).

Section 7.22. **UUI Indebtedness.** (i) Notwithstanding the provisions of Section 7.15, in no event shall the Borrowers, GCII or their Subsidiaries (other than the UUI Entities that have not become Loan Parties) be permitted to guarantee or otherwise become liable for Indebtedness of any kind of any UUI Entity that is not a Loan Party.

(ii) From and after the UUI Acquisition Date, the Borrowers shall not, and shall cause each of their Subsidiaries (other than the UUI Entities) not to, permit the UUI Entities to:

(A) refinance or otherwise replace the indebtedness existing under the terms of the UUI Debt Documents relating to Indebtedness of the UUI Entities pursuant to Section 7.1(k)(i), in each case in accordance with the terms thereof, with indebtedness other than indebtedness to Rural Utilities Services and CoBank, ACB, as applicable, as lenders under the UUI Debt Documents;

(B) refinance or otherwise replace any indebtedness incurred pursuant to Section 7.1(k)(ii) with indebtedness other than indebtedness to the initial lender or lenders providing such financing; and

(C) incur additional indebtedness in the event that the indebtedness of the UUI Entities under the UUI Debt Documents relating to Indebtedness of the UUI Entities pursuant to Section 7.1(k)(i) terminates or is otherwise satisfied other than as a result of a refinancing or replacement pursuant to subsection (A)."

(cc) Section 8.1(j) of the Credit Agreement is hereby amended by adding the following proviso at the end of clause (i) thereof:

"provided that, this Section 8.1(j) shall not apply to a default by any UUI Entity under the UUI Debt Documents so long as the Indenture remains in full force and effect."

2. **Conditions to the Effectiveness of this Amendment.** The effectiveness of this Amendment is conditioned upon (i) the delivery to the Administrative Agent of (A) counterparts to this Amendment executed by each of the Borrowers, the Majority Lenders, the Administrative Agent and any other Lender required pursuant to the provisions of Section 11.12(b) of the Credit Agreement, (B) an executed amendment to the GCII Guaranty in form and substance reasonably

satisfactory to the Administrative Agent which shall include, without limitation, a negative pledge with respect to the Capital Stock of the UUI Entities subject to exceptions to allow for the pledge of the Capital Stock of United-KUC, Inc. as security for the indebtedness permitted pursuant to Section 7.1(k) of the Credit Agreement and (C) such other documentation as the Administrative Agent may reasonably request; (ii) the payment of all fees and expenses due and owing to the Administrative Agent and the Arranger; (iii) one or more legal opinions of counsel to the Borrowers, in each case, in form, scope and substance satisfactory to the Administrative Agent; and (iv) the receipt by the Administrative Agent of written commitments totaling the amount of the First Additional Incremental Loan, and reflected on a revised Schedule 4-B to the Credit Agreement to be provided to the Administrative Agent on the date hereof, from one or more Additional Incremental Lenders. Upon the Administrative Agent's receipt of each such items above, this Amendment shall become effective as of the date hereof and the Additional Incremental Term Loans shall become available for funding to the Borrowers and their Subsidiaries in accordance with Section 2.2(g) of the Credit Agreement.

3. **Representations and Warranties.** To induce the Administrative Agent and the Lenders to enter into this Amendment, each of the Borrowers and their Subsidiaries that are Loan Parties does hereby represent and warrant that as of the date hereof:

- (a) there exists no Default or Event of Default under the Credit Agreement or any of the other Loan Documents;
- (b) each Borrower has the power and authority and has taken all the necessary action to authorize the execution, delivery and performance of this Amendment and the incurrence of the Additional Incremental Term Loans;
- (c) this Amendment and the incurrence of the Additional Incremental Term Loans have been duly executed and delivered by the duly authorized officers of the Borrowers, and this Amendment and the Credit Agreement, as amended hereby, are the legal, valid and binding obligation of each Borrower enforceable against each Borrower in accordance with their terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and by general principles of equity;
- (d) the execution, delivery and performance of this Amendment and the incurrence of the Additional Incremental Term Loans and in accordance with the terms herein do not and will not, with the passage of time, the giving of notice or otherwise:
 - (i) require any consent, approval, authorization, permit or license, governmental or otherwise which has not already been obtained or is not in full force and effect or violate any applicable law relating to any Borrower; (ii) conflict with, result in a breach of or constitute a default under (A) the articles or certificate of incorporation or bylaws, operating agreement or the partnership agreement, as the case may be, of any Borrower, (B) any indenture, material agreement or other material instrument to which any Borrower is a party or by which any of its properties may be bound, or (C) any material Licenses; or (iii) result in or require the creation or imposition of any Lien upon or with respect to any property now owned or hereafter acquired by the Borrowers other than Permitted Liens;

(e) Fire Lake is a holding company with no assets, other than the capital stock of AKD, and owes no liabilities to any party whatsoever;

(f) Neither GCI nor any of its Affiliates has an ownership interest of any kind in United Companies, Inc.

4. **[Intentionally Reserved]**

5. **General.** This Amendment:

(a) shall be deemed to be a Loan Document;

(b) embodies the entire understanding and agreement among the parties hereto and thereto with respect to the subject matter hereof and thereof and supersedes all prior agreements, understandings and inducements, whether express or implied, oral or written; and

(c) may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart by facsimile shall be equally effective as delivery of a manually executed counterpart to this Amendment.

6. **No Course of Dealing or Performance.** Each of the Borrowers acknowledges and agrees that the execution, delivery and performance of this Amendment by the Administrative Agent and each of the Lenders does not and shall not create (nor shall Borrowers rely upon the existence of or claim or assert that there exists) any obligation of any of the Lenders and the Administrative Agent to consider or agree to any other amendment of or consent with respect to any of the Loan Documents, or any other instrument or agreement to which the Administrative Agent or any Lender is a party (collectively an “Amendment or Consent”), and in the event that the Administrative Agent or any of the Lenders subsequently agree to consider any requested Amendment or Consent, neither the existence of this Amendment, nor any other conduct of the Administrative Agent or any of the Lenders related hereto, shall be of any force or effect on the Administrative Agent’s or any of the Lenders’ consideration or decision with respect to any such requested Amendment or Consent, and the Administrative Agent and the Lenders shall not have any obligation whatsoever to consider or agree to any such Amendment or Consent.

7. **Fees and Expenses.** The Borrowers and their Subsidiaries hereby acknowledge and agree that all fees and expenses as described in Section 11.2 of the Credit Agreement incurred by the Administrative Agent, including, without limitation, those related to the preparation, arrangement, negotiation, documentation, syndication, closing and administration of the transactions contemplated by this Amendment, whether or not such transactions are consummated, shall be for the account of the Borrowers.

8. **Successors and Assigns.** This Amendment shall be binding upon and inure to the benefit of the successors and permitted assigns of the parties hereto.

9. **Governing Law.** THIS AMENDMENT 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.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective duly authorized representatives as of the date first written above.

Borrowers:

GCI HOLDINGS, INC.
GCI COMMUNICATION CORP.
GCI CABLE, INC.
GCI FIBER COMMUNICATION CO., INC.
POTTER VIEW DEVELOPMENT CO., INC.
each an Alaska corporation,

By: /s/ John M. Lowber
Name: John M. Lowber
Title: Secretary/Treasurer

ALASKA UNITED FIBER SYSTEM
PARTNERSHIP,
an Alaska partnership

By: GCI COMMUNICATION CORP.,
its general partner

By: /s/ John M. Lowber
Name: John M. Lowber
Title: Senior Vice President

By: GCI HOLDINGS, INC.,
its general partner

By: /s/ John M. Lowber
Name: John M. Lowber
Title: Senior Vice President

CALYON NEW YORK BRANCH,
as Administrative Agent and Lender

By: /s/ W. Michael George
Name: W. Michael George
Title: Managing Director

By: /s/ John McCloskey
Name: John McCloskey
Title: Managing Director

UNION BANK OF CALIFORNIA, N.A.,
as Lender

By: /s/ Richard Vian
Name: Richard Vian
Title: Vice President

COBANK, ACB,
as Lender

By: /s/ Ted Koerner
Name: Ted Koerner
Title: Managing Director

WELLS FARGO BANK, N.A., as Lender

By: /s/ Steve Taylor
Name: Steve Taylor
Title: Manager, Alaska Commercial Banking
Group

GENERAL ELECTRIC CAPITAL
CORPORATION, as Lender

By: /s/ Julie Meade
Name: Julie Meade
Title: Authorized Signatory

CIT LENDING SERVICES CORPORATION, as
Lender

By: /s/ Tom Westdyk
Name: Tom Westdyk
Title: Vice President

BNP PARIBAS, as Lender

By: /s/ Ola Anderssen
Name: Ola Anderssen
Title: Director

By: /s/ Yung Wu
Name: Yung Wu
Title: Vice President

U.S. BANK NATIONAL ASSOCIATION, as
Lender

By: /s/ Thomas G. Gunder
Name: Thomas G. Gunder
Title: SVP

May 7, 2008

John Lowber, (907) 868-5628; jlowber@gci.com
Bruce Broquet, (907) 868-6660; bbroquet@gci.com
David Morris, (907) 265-5396; dmorris@gci.com

FOR IMMEDIATE RELEASE

GCI REPORTS FIRST QUARTER 2008 FINANCIAL RESULTS

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

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

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

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

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

"GCI has a strong start in 2008 with both financial and strategic accomplishments," said GCI president Ron Duncan. "I'm pleased to announce that shortly after the close of the first quarter we completed two important strategic goals. As expected we closed on a \$145 million incremental addition to our senior financing facility. Our ability to do this in spite of the turbulent financial markets is a testament both to the underlying strength of the company and the skill and efforts of our financing team. Our five year business plan is now fully financed."

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

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

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

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

Highlights

- GCI closed a \$145 million incremental term loan facility on May 2, 2008. The loan amendment results in the re-pricing of the interest rate margin on the total facility from LIBOR plus 2.0 percent to LIBOR plus 4.25 percent and provides for certain loan covenant changes including an increase in the total debt leverage covenant to a maximum of 5.25 times EBITDAS until June 30, 2009. Thereafter the leverage covenant steps down to 5.0 times and further steps down to 4.50 times beginning in 2010. The loan facility is expected to fully finance the company’s five year capital plan.
 - Subsequent to the close of the quarter GCI executed a binding contract to provide AT&T a large amount of undersea fiber optic capacity between Alaska and the lower 48 states. Under the agreement AT&T will receive a large initial increment of capacity on GCI’s two undersea fiber networks connecting Alaska with Washington and Oregon. AT&T was also granted options to acquire certain additional amounts of capacity in the future. GCI expects to receive cash payments in excess of \$35 million from AT&T in connection with turn up of the initial capacity in 2008. Future payments for additional capacity are not expected to exceed \$10 million. In addition AT&T will make certain payments to GCI associated with the operation and maintenance of GCI’s undersea fiber networks. GCI anticipates that the transaction will be accounted for as an IRU transfer with prepaid revenues to be recognized over the life of the agreement. The AT&T transaction when combined with the other completed fiber IRU contracts will result in the receipt of approximately \$60 million in total value by GCI. GCI anticipates cash receipts in excess of \$45 million during 2008 under these contracts.
 - Consumer revenues totaled \$61.4 million, an increase of 14.5 percent over the prior year and an increase of 5.9 percent over the fourth quarter of 2007. The increases were across all products and services.
 - GCI local access lines increased by 2,800 over the fourth quarter of 2007. Consumer, network access and commercial local access lines totaled 122,900 at the end of the first quarter of 2008, representing an estimated 29 percent share of the total access lines market in Alaska. GCI began providing local access services on its own facilities in the Homer market during the first quarter of 2008.
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- GCI has provisioned 68,900 consumer and commercial access lines on its own facilities at the end of the first quarter of 2008, an increase of 5,700 lines over the fourth quarter of 2007 and an increase of 22,400 lines when compared to the end of the first quarter of the prior year. The company had provisioned 46,500 consumer and commercial access lines on its own facilities at the end of the first quarter of 2007.
- GCI had 99,700 consumer and commercial cable modem access customers at the end of the first quarter of 2008, an increase of 3,200 over the 96,500 cable modem customers at the end of the fourth quarter 2007. Average monthly revenue per cable modem totaled \$36.71 for the first quarter of 2008 as compared to \$33.94 for the fourth quarter of 2007, an increase of 8.2 percent. The increase in average monthly revenues arises in part from customers upgrading to plans with increased levels of service.
- GCI had 80,200 wireless subscribers, an increase of 2,900 subscribers from the fourth quarter of 2007.
- The launch date of the Intelsat Galaxy 18 communications satellite is now scheduled for May 21, 2008. Galaxy 18 will replace the company's existing transponder capacity on Galaxy XR when it reaches its proper orbit and is ready for service. Galaxy XR's service life has been extended and is now expected to end on or about July 7, 2008.
- GCI did not repurchase any shares during the first quarter and its repurchase program is currently suspended. GCI's amended loan agreement prohibits share repurchases when the company's total debt leverage is greater than four times EBITDAS. GCI hopes to resume share repurchases as soon as free cash flows and debt covenants allow it to do so.

Consumer

Consumer revenues increased 14.5 percent to \$61.4 million as compared to \$53.6 million in the first quarter of 2007 and increased 5.9 percent from the fourth quarter of 2007. The increase in revenue is due to increases in revenues from all consumer product offerings of voice, video, data and wireless services.

Consumer voice revenues were up 4.3 percent over the prior year and 3.0 percent over the fourth quarter of 2007. Long distance minutes decreased, as expected, from the prior year. Consumer local access lines in service for the first quarter were up approximately 9,400 lines compared to the first quarter of 2007. Access lines in the first quarter increased by 2,400 over the fourth quarter of 2007. Voice revenues continue to increase due to customers taking voice services in existing and newly opened markets.

GCI serves 55,500 consumer access lines on its own facilities, an increase of 4,800 lines from the fourth quarter of 2007. Using an average lease rate of \$25.00 per line per month these access lines represent avoided costs with annual run rate savings of approximately \$16.6 million.

Consumer video revenues increased 8.5 percent over the prior year and were up 2.8 percent from the fourth quarter of 2007. The increase in revenue is due in part to an increase in video subscribers purchasing higher tier services including high definition or digital service and renting high definition/digital video recorders. Consumer video subscribers increased to 130,700, an increase of 6,200 subscribers over the first quarter of 2007 and an increase of 2,700 subscribers over the fourth quarter of 2007.

Consumer data revenues increased 27.0 percent over the prior year and 8.8 percent over the fourth quarter of 2007. The increase in consumer data revenues is due to an increase in cable modem customers and an increase in average monthly revenue per modem subscriber. The increase in average monthly revenues arises in part from customers upgrading to plans with increased levels of service. GCI added 9,600 consumer cable modem customers over the prior year and 2,900 customers during the first quarter of 2008.

Consumer wireless revenues increased to \$13.8 million, an increase of 29.3 percent over the first quarter of 2007. The increase in wireless revenues is primarily due to an increase in wireless subscribers, including those of the company’s wireless subsidiary, Alaska DigiTel.

Network Access

Network access revenues decreased 2.9 percent to \$39.2 million as compared to \$40.3 million in the first quarter of 2007 and increased 1.0 percent over the fourth quarter of 2007.

Voice revenues decreased 10.2 percent from the prior year and decreased 1.1 percent from the fourth quarter of 2007. The decrease in voice revenues from the prior year is primarily due to the effects of rate reductions for other common carriers and the transition of voice traffic to dedicated data networks. Network access minutes decreased 0.4 percent to 314.6 million minutes for the first quarter of 2008 as compared to the first quarter of 2007. Minutes for the first quarter of 2008 increased 6.4 percent from the fourth quarter of 2007. The increase in minutes over the fourth quarter of 2007 is due to a shift in carrier traffic back to the company’s network by one of our carrier customers.

Data revenues for the first quarter of 2008 were up 12.0 percent when compared to first quarter 2007 and up 6.0 percent from the fourth quarter of 2007. The increase in data revenues over the prior year is primarily due to an increase in circuits sold and from other common carriers moving switched voice services to data networks.

Commercial

Commercial revenues increased 10.0 percent to \$26.6 million as compared to \$24.2 million in the first quarter of 2007 and decreased 1.5 percent from \$27.0 million in the fourth quarter of 2007. Commercial revenues increased from the prior year primarily due to an increase in wireless and data revenues. Revenues declined from the fourth quarter of 2007 primarily due to seasonal decreases in video advertising and special project revenues.

The decrease in year over year voice revenues was primarily due to a decrease in average revenue per minute. Commercial long distance minutes for the first quarter of 2008 were relatively unchanged from the prior year. Sequentially commercial minutes increased 6.8 percent over the fourth quarter of 2007. GCI increased commercial local access lines by 1,400 over the first quarter of 2007 and 400 commercial local access lines when compared to the fourth quarter of 2007.

Video revenues increased 3.1 percent on a year-over-year basis and declined 13.3 percent sequentially due to seasonal fluctuations. The seasonal decline is primarily attributed to a decrease in advertising revenues.

Commercial data network revenues in the first quarter of 2008 totaled \$16.2 million, an increase of 16.2 percent when compared to \$14.0 million in the first quarter of 2007 and decreased \$0.4 million or 2.2 percent, when compared to \$16.6 million in the fourth quarter of 2007

Commercial data network revenues are comprised of \$9.2 million in monthly recurring charges for data services and \$7.0 million in charges billed on a time and materials basis largely for personnel providing on site customer support. This latter category can vary significantly based on project activity. For the first quarter of 2008 monthly recurring data revenues increased by approximately \$0.2 million when compared to both the first and fourth quarters of 2007. Time and material charges increased by \$2.0 million as compared to the first quarter of 2007 and decreased by \$0.6 million as compared to the fourth quarter of 2007.

Managed Broadband

Managed broadband revenues totaled \$7.5 million in the first quarter of 2008, an increase of 8.8 percent from \$6.9 million in the first quarter of 2007. Revenue for the first quarter was unchanged from the \$7.5 million reported in the fourth quarter of 2007.

GCI is in the process of deploying service for two new large customers, Aleutian East Borough School District and the North Slope Borough School District. Annual revenue for these two customers is expected to total approximately \$2.7 million. Service for both contracts are expected to begin on July 1, 2008.

Other Items

During the first quarter of 2008 GCI’s capital expenditures totaled \$52.7 million as compared to \$47.8 million in the fourth quarter of 2007. GCI’s capital expenditures include those of Alaska DigiTel.

GCI will hold a conference call to discuss the quarter’s results on Thursday, May 8, 2008 beginning at 2 p.m. (Eastern). To access the briefing on May 8, dial 888-592-9602 (International callers should dial 210-795-2680) and identify your call as “GCI.” In addition to the conference call, GCI will make available net conferencing. To access the call via net conference, log on to www.gci.com and follow the instructions. A replay of the call will be available for 72-hours by dialing 800-216-4459, access code 7461 (International callers should dial 402-220-3886.)

GCI is the largest telecommunications company in Alaska. The company’s cable plant, which provides voice, video, and broadband data services, passes 90 percent of Alaska households. GCI operates Alaska’s most extensive terrestrial/subsea fiber optic network, which by the end of 2008, will connect not only Anchorage but also Fairbanks, and Juneau/Southeast to the lower 48 states with a diversely routed, protected fiber network. The company’s satellite network provides communications services to small towns and villages throughout rural Alaska. GCI is now in the process of constructing Alaska’s first truly statewide mobile wireless network, which will seamlessly link urban and rural Alaska for the first time in the state’s history.

A pioneer in bundled services, GCI is the top provider of voice, data, and video services to Alaska consumers with a 70 percent share of the consumer broadband market. GCI is also the leading provider of communications services to enterprise customers, particularly large enterprise customers with complex data networking needs. More information about the company can be found at www.gci.com.

The foregoing contains forward-looking statements regarding the company’s expected results that are based on management’s expectations as well as on a number of assumptions concerning future events. Actual results may differ materially from those projected in the forward looking statements due to uncertainties and other factors, many of which are outside GCI’s control. Additional information concerning factors that could cause actual results to differ materially from those in the forward looking statements is contained in GCI’s cautionary statement sections of Form 10-K and 10-Q filed with the Securities and Exchange Commission.

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

(Amounts in thousands)	(Preliminary) March 31, 2008	December 31, 2007
Assets		
Current assets:		
Cash and cash equivalents	\$ 17,165	13,074
Receivables	92,154	97,913
Less allowance for doubtful receivables	1,551	1,657
Net receivables	90,603	96,256
Prepaid expenses	6,563	5,356
Inventories	3,814	2,541
Deferred income taxes	3,755	5,734
Other current assets	679	717
Total current assets	122,579	123,678
Property and equipment in service, net of depreciation	518,140	502,426
Construction in progress	84,950	69,409
Net property and equipment	603,090	571,835
Cable certificates	191,565	191,565
Goodwill	42,181	42,181
Wireless licenses	25,757	25,757
Other intangible assets, net of amortization	11,873	11,769
Deferred loan and senior notes costs, net of amortization	5,985	6,202
Other assets	9,508	9,399
Total other assets	286,869	286,873
Total assets	\$ 1,012,538	982,386

(Continued)

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

	(Preliminary) March 31, 2008	December 31, 2007
(Amounts in thousands)		
Liabilities, Minority Interest, and Stockholders' Equity		
Current liabilities:		
Current maturities of obligations under long-term debt and capital leases	\$ 2,382	2,375
Accounts payable	41,847	35,747
Deferred revenue	17,385	16,600
Accrued payroll and payroll related obligations	15,263	16,329
Accrued liabilities	8,326	7,536
Accrued interest	3,076	8,927
Subscriber deposits	956	877
Total current liabilities	89,235	88,391
Long-term debt	555,667	536,115
Obligations under capital leases, excluding current maturities	2,306	2,290
Obligation under capital lease due to related party, excluding current maturity	441	469
Deferred income taxes	84,440	83,481
Other liabilities	17,175	13,241
Total liabilities	749,264	723,987
Minority interest	6,528	6,478
Commitments and contingencies		
Stockholders' equity:		
Common stock (no par):		
Class A. Authorized 100,000 shares; issued 49,915 and 50,437 shares at March 31, 2008 and December 31, 2007, respectively; outstanding 49,444 and 49,425 shares at March 31, 2008 and December 31, 2007, respectively	150,616	155,980
Class B. Authorized 10,000 shares; issued 3,256 and 3,257 shares at March 31, 2008 and December 31, 2007, respectively; outstanding 3,254 and 3,255 shares at March 31, 2008 and December 31, 2007, respectively; convertible on a share-per-share basis into Class A common stock	2,750	2,751
Less cost of 473 Class A and Class B common shares held in treasury at March 31, 2008 and December 31, 2007	(3,450)	(3,448)
Paid-in capital	22,180	20,132
Retained earnings	84,650	76,506
Total stockholders' equity	256,746	251,921
Total liabilities, minority interest, and stockholders' equity	\$ 1,012,538	982,386

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS

	(Unaudited) Three Months Ended March 31,	
	2008 (preliminary)	2007 (as amended)
<u>(Amounts in thousands, except per share amounts)</u>		
Revenues	\$ 134,674	125,031
Cost of goods sold (exclusive of depreciation and amortization shown separately below)	51,179	47,990
Selling, general and administrative expenses	46,538	43,605
Depreciation and amortization expense	22,470	21,416
Operating income	14,487	12,020
Other income (expense):		
Interest expense	(8,685)	(8,700)
Loan and senior notes fees	(223)	(180)
Interest income	81	184
Minority interest	(50)	13
Other expense, net	(8,877)	(8,683)
Income before income tax expense	5,610	3,337
Income tax expense	2,931	1,525
Net income available to common shareholders	<u>\$ 2,679</u>	<u>1,812</u>
Basic net income available to common shareholders per common share	<u>\$ 0.05</u>	<u>0.03</u>
Diluted net income available to common shareholders per common share	<u>\$ 0.04</u>	<u>0.03</u>
Common shares used to calculate basic EPS	<u>52,259</u>	<u>53,260</u>
Common shares used to calculate diluted EPS	<u>52,906</u>	<u>54,953</u>

Note:

We reclassified \$4.9 million of network maintenance and operations expense from selling, general and administrative expense to Cost of Goods Sold for the three months ended March 31, 2007 to make our income statement classification more consistent with that of our peers.

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
SUPPLEMENTAL SCHEDULES
(Unaudited)

(Amounts in thousands)

	First Quarter 2008					First Quarter 2007 (as amended)				
	Consumer	Network Access	Commercial	Managed Broadband	Totals	Consumer	Network Access	Commercial	Managed Broadband	Totals
Revenues										
Voice	\$ 11,844	21,942	7,214	—	41,000	11,353	24,437	7,857	—	43,647
Video	25,647	—	1,820	—	27,467	23,631	—	1,766	—	25,397
Data	10,096	16,839	16,209	7,526	50,670	7,947	15,034	13,954	6,920	43,855
Wireless	13,796	393	1,348	—	15,537	10,672	856	604	—	12,132
Total	61,383	39,174	26,591	7,526	134,674	53,603	40,327	24,181	6,920	125,031
Cost of goods sold (exclusive of depreciation and amortization)	24,701	10,255	14,071	2,284	51,311	21,955	11,245	12,265	2,525	47,990
Contribution	36,682	28,919	12,520	5,242	83,363	31,648	29,082	11,916	4,395	77,041
Less SG&A	25,118	9,431	8,818	3,039	46,406	22,059	9,482	9,078	2,986	43,605
Add other income (expense)	(22)	(19)	(9)	—	(50)	6	5	2	—	13
EBITDA	11,542	19,469	3,693	2,203	36,907	9,595	19,605	2,840	1,409	33,449
Add share-based compensation	485	415	262	98	1,260	341	332	229	83	985
EBITDAS	\$ 12,027	19,884	3,955	2,301	38,167	9,936	19,937	3,069	1,492	34,434

Note:
We reclassified \$4.9 million of network maintenance and operations expense from selling, general and administrative expense to Cost of Goods Sold for the three months ended March 31, 2007 to make our income statement classification more consistent with that of our peers.

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
SUPPLEMENTAL SCHEDULES
(Unaudited)

(Amounts in thousands)

	First Quarter 2008					Fourth Quarter 2007				
	Consumer	Network Access	Commercial	Managed Broadband	Totals	Consumer	Network Access	Commercial	Managed Broadband	Totals
Revenues										
Voice	\$ 11,844	21,942	7,214	—	41,000	11,501	22,192	7,021	—	40,714
Video	25,647	—	1,820	—	27,467	24,955	—	2,100	—	27,055
Data	10,096	16,839	16,209	7,526	50,670	9,278	15,882	16,576	7,549	49,285
Wireless	13,796	393	1,348	—	15,537	12,242	704	1,300	—	14,246
Total	61,383	39,174	26,591	7,526	134,674	57,976	38,778	26,997	7,549	131,300
Cost of goods sold (exclusive of depreciation and amortization)	24,701	10,255	14,071	2,284	51,311	21,291	11,499	14,849	2,378	50,017
Contribution	36,682	28,919	12,520	5,242	83,363	36,685	27,279	12,148	5,171	81,283
Less SG&A	25,118	9,431	8,818	3,039	46,406	22,640	9,804	8,784	2,754	43,982
Add other income (expense)	(22)	(19)	(9)	—	(50)	4	4	2	—	10
EBITDA	11,542	19,469	3,693	2,203	36,907	14,049	17,479	3,366	2,417	37,311
Add share-based compensation	485	415	262	98	1,260	518	531	288	117	1,454
EBITDAS	\$ 12,027	19,884	3,955	2,301	38,167	14,567	18,010	3,654	2,534	38,765

Note:
We reclassified \$4.2 million of network maintenance and operations expense from selling, general and administrative expense to Cost of Goods Sold for the three months ended December 31, 2007 to make our income statement classification more consistent with that of our peers.



GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
KEY PERFORMANCE INDICATORS
(Unaudited)

	March 31, 2008	March 31, 2007	December 31, 2007	March 31, 2008 as compared to		March 31, 2008 as compared to	
	March 31, 2008	March 31, 2007	December 31, 2007	March 31, 2007	December 31, 2007	March 31, 2007	December 31, 2007
Consumer							
Voice							
Long-distance subscribers	90,400	89,600	89,900	800	500	0.9%	0.6%
Total local access lines in service	76,800	67,400	74,400	9,400	2,400	13.9%	3.2%
Local access lines in service on GCI facilities	55,500	37,400	50,700	18,100	4,800	48.4%	9.5%
Video							
Basic subscribers	130,700	124,500	128,000	6,200	2,700	5.0%	2.1%
Digital programming tier subscribers	68,100	60,600	65,800	7,500	2,300	12.4%	3.5%
HD/DVR converter boxes	55,400	34,600	50,200	20,800	5,200	60.1%	10.4%
Homes passed	225,700	220,100	224,700	5,600	1,000	2.5%	0.4%
Data							
Cable modem subscribers	90,900	81,300	88,000	9,600	2,900	11.8%	3.3%
Wireless							
Wireless lines in service	73,000	60,000	70,000	13,000	3,000	21.7%	4.3%
Network Access Services							
Data:							
Total ISP access lines in service	2,600	3,100	2,600	(500)	—	-16.1%	0.0%
Commercial							
Voice:							
Long-distance subscribers	10,400	11,100	10,500	(700)	(100)	-6.3%	-1.0%
Total local access lines in service	43,500	42,100	43,100	1,400	400	3.3%	0.9%
Local access lines in service on GCI facilities	13,400	9,100	12,500	4,300	900	47.3%	7.2%
Video							
Hotels and mini-headend subscribers	14,000	13,600	13,400	400	600	2.9%	4.5%
Basic subscribers	2,000	2,100	1,900	(100)	100	-4.8%	5.3%
Total basic subscribers	16,000	15,700	15,300	300	700	1.9%	4.6%
Data							
Cable modem subscribers	8,800	8,000	8,500	800	300	10.0%	3.5%
Wireless							
Wireless lines in service	7,200	6,200	7,300	1,000	(100)	16.1%	-1.4%
Broadband							
SchoolAccess [®] customers	51	48	51	3	—	6.3%	0.0%
ConnectMD [®] customers	33	21	21	12	12	57.1%	57.1%

		Three Months Ended			March 31, 2008 as Compared to		March 31, 2008 as Compared to	
		March 31, 2008	March 31, 2007	December 31, 2007	March 31, 2007	December 31, 2007	March 31, 2007	December 31, 2007
Consumer								
Voice								
Long-distance minutes carried (in millions)		33.7	34.2	34.8	(0.5)	(1.1)	-1.5%	-3.2%
Video								
Average monthly gross revenue per subscriber		\$ 66.09	\$ 63.38	\$ 65.44	\$ 2.71	\$ 0.65	4.3%	1.0%
Wireless								
Average monthly gross revenue per subscriber		\$ 56.76	\$ 53.59	\$ 59.18	\$ 3.17	\$ (2.42)	5.9%	-4.1%
Network Access Services								
Voice								
Long-distance minutes carried (in millions)		314.6	315.8	295.6	(1.2)	19.0	-0.4%	6.4%
Commercial								
Voice:								
Long-distance minutes carried (in millions)		32.8	32.9	30.7	(0.1)	2.1	-0.3%	6.8%
Total								
Long-distance minutes carried (in millions)		381.1	382.9	361.1	(1.8)	20.0	-0.5%	5.5%

General Communication, Inc.
Non-GAAP Financial Reconciliation Schedule
(Unaudited, Amounts in Millions)

	Three Months Ended		
	March 31, 2008 (preliminary)	March 31, 2007 (as amended)	December 31, 2007
Net income available to common shareholders	\$ 2.7	1.8	3.8
Income tax expense	2.9	1.5	3.5
Income before income tax expense	5.6	3.3	7.3
Other (income) expense:			
Interest expense	8.7	8.7	9.4
Loan and senior notes fees	0.2	0.2	0.3
Interest income	(0.1)	(0.2)	(0.1)
Other	0.1	—	—
Other expense, net	8.9	8.7	9.6
Operating income	14.5	12.0	16.9
Depreciation and amortization expense	22.5	21.4	20.4
Other	(0.1)	—	—
EBITDA (Note 2)	36.9	33.4	37.3
Share-based compensation expense	1.3	1.0	1.5
EBITDAS (Note 1)	\$ 38.2	34.4	38.8

Notes:

- (1) EBITDA (as defined in Note 2 below) before deducting share-based compensation expense.
- (2) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is the sum of Net Income, Interest Expense, Amortization of Loan and Senior Notes Fees, Interest Income, Income Tax Expense, and Depreciation and Amortization Expense. EBITDA is not presented as an alternative measure of net income, operating income or cash flow from operations, as determined in accordance with accounting principles generally accepted in the United States of America. GCI’s management uses EBITDA to evaluate the operating performance of its business, and as a measure of performance for incentive compensation purposes. GCI believes EBITDA is a measure used as an analytical indicator of income generated to service debt and fund capital expenditures. In addition, multiples of current or projected EBITDA are used to estimate current or prospective enterprise value. EBITDA does not give effect to cash used for debt service requirements, and thus does not reflect funds available for investment or other discretionary uses. EBITDA as presented herein may not be comparable to similarly titled measures reported by other companies.